

IMPORTANT NOTICE (FOR ELECTRONIC DELIVERY)

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached prospectus (the “document”) and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached document. In accessing the document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended only for you and you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the attached document (electronically or otherwise) to any other person.

The document and the Offer (as defined in the attached document) when made are only addressed to and directed at persons in member states of the European Economic Area (“EEA”) (each a “**Relevant State**”) who are “qualified investors” within the meaning of the Prospectus Regulation (Regulation (EU) 2017/1129) (the “**Prospectus Regulation**”) (“**Qualified Investors**”). In the United Kingdom (“UK”), this document is being distributed only to, and is directed only at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Financial Promotion Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**relevant persons**”). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to and will be engaged in only with relevant persons.

THE SECURITIES REFERENCED IN THIS DOCUMENT MAY ONLY BE DISTRIBUTED IN “OFFSHORE TRANSACTIONS” AS DEFINED IN, AND IN ACCORDANCE WITH, REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “**U.S. SECURITIES ACT**”) OR WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS (“**QIBs**”) AS DEFINED IN AND IN ACCORDANCE WITH RULE 144A UNDER THE U.S. SECURITIES ACT (“**RULE 144A**”) OR ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OR IN ANY OTHER JURISDICTION OTHER THAN SWEDEN AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES.

ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THE DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Information to Distributors: Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares have been subject to a product approval process, which has determined that the shares are: (i) compatible with an end target market of retail clients and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the shares may decline and investors could lose all or part of their investment; the shares offer no guaranteed income and no capital protection; and an investment in the shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers (as defined below) will only procure investors who meet the criteria of professional clients and eligible counterparties in Member States of the EEA other than Sweden.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares. Each distributor is responsible for undertaking its own target market assessment in respect of the shares and determining appropriate distribution channels. Solely for the purposes of the product governance requirements contained within: (a) Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union Withdrawal Act (“**EUWA**”) (“**UK MiFIR**”); and (b) the FCA Handbook Product Intervention and Product Governance sourcebook (together, the “**UK MiFIR Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the UK MiFIR Product Governance Requirements) may otherwise have with respect thereto, the shares have been subject to a product approval process, which has determined that the shares are: (i) compatible with an end target market of retail clients as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA, professional clients as defined in UK MiFIR, and eligible counterparties as defined in the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all distribution channels as are permitted by UK MiFIR (the

"UK Target Market Assessment"). Notwithstanding the UK Target Market Assessment, distributors should note that: the price of the shares may decline and investors could lose all or part of their investment; the shares offer no guaranteed income and no capital protection; and an investment in the shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The UK Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the UK Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties in the UK. For the avoidance of doubt, the UK Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares. Each distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the shares and determining appropriate distribution channels.

Confirmation of your representation: By accepting electronic delivery of this document, you are deemed to have represented to Carnegie Investment Bank AB (publ) ("**Carnegie**"), Morgan Stanley & Co. International plc. ("**Morgan Stanley**"), Citigroup Global Markets Europe AG ("**Citi**") and together with Carnegie and Morgan Stanley, the "**Joint Global Coordinators**"), Nordea Bank Abp, filial i Sverige ("**Nordea**") and Barclays Bank Ireland PLC ("**Barclays**") and together with Nordea and the Joint Global Coordinators, the "**Joint Bookrunners**" or the "**Managers**"), the Selling Shareholders (as each such term is defined in the attached document) and the Company (as each such term is defined in the attached document) that: (i) you are acting on behalf of, or you are either (a) acquiring such securities in an "offshore transaction" (as defined in Regulation S under the U.S. Securities Act), or (b) in the United States and a QIB within the meaning of Rule 144A under the U.S. Securities Act that is acquiring securities for your own account or for the account of another QIB; (ii) if you are in the UK, you are a relevant person; (iii) if you are in any other Relevant State, you are a Qualified Investor; (iv) the securities acquired by you in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may constitute or give rise to an offer of any securities to the public other than their offer or resale in any Relevant State to Qualified Investors (as defined in the Prospectus Regulation); and (v) if you are outside the US, UK and EEA (and the electronic mail addresses that you gave us and to which this document has been delivered are not located in such jurisdictions) you are a person into whose possession this document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

This document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, the Selling Shareholders, the Managers, or any of their respective affiliates, directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and any hard copy version. By accessing the linked document, you consent to receiving it in electronic form.

A hard copy of the document will be made available to you only upon request.

You are reminded that this document has been made available to you solely on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this document, electronically or otherwise, to any other person.

Restriction: Nothing in this electronic transmission constitutes, or may be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed, and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described herein. In connection with the Offer, the Company has prepared a prospectus in Swedish (the "**Swedish Prospectus**") which has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the Prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**") and this document is the English translation thereof. In the event of any discrepancies between the document and the Swedish Prospectus, the Swedish Prospectus shall prevail. The SFSA only approves the Swedish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer or of the quality of the securities that are the subject of this document.

None of the Managers, or any of their respective affiliates, or any of their respective directors, officers, employees or agents accepts any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by it, or on its behalf, in connection with the Offer. The Managers and any of their respective affiliates accordingly disclaim all and any liability, whether arising in tort, contract or otherwise, which they might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by any of the Managers or any of their respective affiliates as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in this document.

The Managers are acting exclusively for the Company and the Principal Shareholder and no one else in connection with the Offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the Offer and will not be responsible to anyone other than the Company and the Principal Shareholder for providing the protections afforded to their clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to herein.

You are responsible for protecting against viruses and other destructive items. Your receipt of this document via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



HEMNET GROUP AB (PUBL)

Offer of 17,893,231 Shares¹⁾

This is an offer (the “Offer”) of 17,893,231 existing shares of Hemnet Group AB (publ) (the “Company”), a Swedish public limited liability company, offered by all current shareholders as of the date of the prospectus, except for Mäklarsamfundet Bransch i Sverige AB and a member of the Company’s executive management (the “Selling Shareholders”). The number of 17,893,231 existing shares in the Offer is based on an assumed price in the Offer corresponding to the midpoint of the price range. See “The Offer in brief” in the prospectus.

General Atlantic RR B.V. (the “Principal Shareholder”) and Sprints Euphrasia S.à r.l. (“Sprints Capital”) have granted an option to Carnegie Investment Bank AB (publ) (“Carnegie”), Morgan Stanley & Co. International plc. (“Morgan Stanley”), Citigroup Global Markets Europe AG (“Citi” and together with Carnegie and Morgan Stanley, the “Joint Global Coordinators”), Nordea Bank Abp, filial i Sverige (“Nordea”) and Barclays Bank Ireland PLC (“Barclays”) and together with Nordea and the Joint Global Coordinators, the “Joint Bookrunners” or the “Managers”) to acquire up to 1,789,323 additional shares²⁾ in the Company from the Principal Shareholder and Sprints Capital to cover any potential over-allotment in connection with the Offer (the “Over-Allotment Option”). Provided that the Over-Allotment Option is exercised in full, the Offer will comprise 19,682,554 shares, which corresponds to approximately 19.5 percent of the total number of shares in the Company following the Offer.³⁾

The price of the shares in the Offer is expected to be set within the range SEK 95 – 115 per share. The final price in the Offer will be determined through a book-building process. The final price in the Offer to the public in Sweden will not exceed SEK 115 per share. The final price in the Offer is expected to be announced through a press release on or around 26 April 2021. See “The Offer in brief” in the prospectus.

The Offer consists of a public offering in Sweden, a private placement in the United States to persons reasonably believed to be qualified institutional buyers, as defined in, and in reliance on, Rule 144A (“Rule 144A”) under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), and an offering outside of Sweden and the United States in reliance on Regulation S under the U.S. Securities Act.

Prior to the Offer, there has been no public market for the shares. Nasdaq Stockholm’s listing committee have assessed that the Company fulfils the listing requirements for the regulated market, operated by Nasdaq Stockholm AB, subject to customary conditions, such as that the dispersion requirements in respect of the Company’s ordinary shares are fulfilled not later than the first day of trading. Trading is expected to begin on April 27, 2021. The shares will be traded in SEK on Nasdaq Stockholm.

Investing in the shares involves risks. See “Risk factors” beginning on page 9 of the prospectus.

Price range: SEK 95 – 115 per share

The shares have not been and will not be registered under the U.S. Securities Act and are being offered or sold in the United States only to qualified institutional buyers as defined in and in reliance on Rule 144A, or other exemptions from the registration requirements under the U.S. Securities Act, and outside the United States in “offshore transactions” in reliance on Regulation S under the U.S. Securities Act. Prospective investors are hereby notified that sellers of the Company’s shares may be relying on the exemptions from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act. The Company’s shares are not transferable except in accordance with the restrictions described under “NOTICE TO INVESTORS”.

The decision regarding allocation of shares will be taken by Principal Shareholder after consultation with the Joint Global Coordinators and Joint Bookrunners based on a book-building procedure.

There is no guarantee that any potential investor will be allocated shares. The shares will be uncertificated and will be delivered, once payment for allocated shares has been made and received by the Joint Global Coordinators and Joint Bookrunners, by registration on the recipient’s VP account or securities deposit account with a bank or a Swedish securities firm. As confirmation of the entry, Euroclear Sweden AB will send a VP notice indicating the number of shares in the Company that have been registered on the recipient’s VP account. The Joint Global Coordinators and Joint Bookrunners expect that the shares will be delivered through the facilities of Euroclear Sweden AB on or about April 29, 2021 against payment of the offer price and commissions.

Joint Global Coordinators and Joint Bookrunners

Morgan Stanley



Joint Bookrunners



Nordea

April 16, 2021

1) Assuming a price in the Offer corresponding to the midpoint of the price range.

2) Assuming a price in the Offer corresponding to the midpoint of the price range.

3) Assuming a price in the Offer corresponding to the midpoint of the price range.

INTERNATIONAL SUPPLEMENT

IN CONNECTION WITH THE OFFER, CARNEGIE, IN ITS CAPACITY AS STABILISATION AGENT FOR THE JOINT GLOBAL COORDINATORS AND BOOKRUNNERS (THE “**STABILISATION AGENT**”), MAY, TO THE EXTENT PERMITTED UNDER SWEDISH LAW, CARRY OUT TRANSACTIONS IN ORDER TO STABILISE, MAINTAIN, OR OTHERWISE SUPPORT THE MARKET PRICE OF THE COMPANY’S SHARES FOR UP TO 30 DAYS AFTER THE FIRST DAY OF TRADING IN THE COMPANY’S SHARES ON NASDAQ STOCKHOLM. THE STABILISATION AGENT MAY OVER-ALLOT SHARES OR EFFECT TRANSACTIONS IN ORDER TO MAINTAIN THE MARKET PRICE OF THE SHARES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. THE STABILISATION AGENT IS, HOWEVER, NOT REQUIRED TO CARRY OUT SUCH TRANSACTIONS AND THERE IS NO ASSURANCE THAT SUCH ACTIVITIES WILL BE UNDERTAKEN. SUCH TRANSACTIONS MAY BE EFFECTED ON ANY SECURITIES MARKET, OVER-THE-COUNTER MARKET OR OTHERWISE. THE TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE, BUT MUST BE ENDED UPON THE EXPIRY OF THE ABOVE-MENTIONED 30-DAY PERIOD. NO LATER THAN BY THE END OF THE SEVENTH TRADING DAY AFTER STABILISATION TRANSACTIONS HAVE BEEN UNDERTAKEN, THE STABILISATION AGENT SHALL DISCLOSE THAT THE STABILISATION TRANSACTIONS HAVE BEEN UNDERTAKEN IN ACCORDANCE WITH ARTICLE 5(4) IN EU’S MARKET ABUSE REGULATION 596/2014. WITHIN ONE WEEK OF THE END OF THE STABILISATION PERIOD, THE STABILISATION AGENT WILL MAKE PUBLIC WHETHER OR NOT STABILISATION WAS UNDERTAKEN, THE DATE ON WHICH STABILISATION COMMENCED, THE DATE ON WHICH STABILISATION LAST OCCURRED, AND THE PRICE RANGE WITHIN WHICH STABILISATION WAS CARRIED OUT, FOR EACH OF THE DATES DURING WHICH STABILISATION TRANSACTIONS WERE CARRIED OUT. EXCEPT AS REQUIRED BY LAW OR REGULATION, NEITHER THE JOINT BOOKRUNNERS NOR THE STABILISATION AGENT WILL DISCLOSE THE EXTENT OF ANY STABILISATION AND/OR OVER-ALLOTMENT TRANSACTIONS CONCLUDED IN RELATION TO THE OFFER.

No action has been or will be taken in any jurisdiction other than Sweden that would permit a public offering of the shares, or the possession, circulation or distribution of this prospectus or any other material relating to the Company or the shares in any jurisdiction where action for that purpose is required.

Any offer or sale of shares in connection with the Offer in the United States will be made by one or more broker-dealers registered as such under the U.S. Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”).

The distribution of this prospectus and offer and the sale of the shares to which it relates may be restricted by law in certain jurisdictions.

Persons into whose possession this prospectus comes are required by the Company, the Selling Shareholders and the Joint Global Coordinators and Joint Bookrunners to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on the offering of shares to qualified institutional buyers in the United States in reliance on Rule 144A under the U.S. Securities Act and the private placement to institutional investors outside Sweden and the United States, see “**NOTICE TO INVESTORS**”. This prospectus does not constitute an offer of, or an invitation to purchase, any of the shares in any jurisdiction in which such offer or invitation would be unlawful. None of the Company, the Selling Shareholders or any of the Joint Global Coordinators and Joint Bookrunners accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions.

This prospectus is confidential and is being furnished by the Company in connection with an offering exempt from registration under the U.S. Securities Act, solely for the purpose of enabling prospective investors to consider the purchase of the shares of the Company described herein. The information contained in this prospectus has been provided by the Company and other sources identified herein. No representation or warranty, express or implied, is made by the Joint Global Coordinators and Joint Bookrunners as to the accuracy or completeness of such information, and nothing contained in this prospectus is, or shall be relied upon as, a promise or representation by the Joint Global Coordinators and Joint Bookrunners. The Joint Global Coordinators and Joint Bookrunners assume no responsibility for its accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise that they might otherwise be found to have in respect of this prospectus or any such statement. Any reproduction or distribution of this prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the shares offered hereby is prohibited. You agree with us that each of you or us (and each employee, representative, or other agent of you or us) may disclose to any and all persons, without limitation of any kind, the U.S. federal tax treatment and U.S. federal tax structure of the transactions contemplated by this prospectus and all materials of any kind (including opinions or other tax analysis) that are provided to you or us relating to such U.S. federal tax treatment or U.S. federal tax structure. Each offeree of the shares, by accepting delivery of this prospectus, agrees to the foregoing.

Notwithstanding anything to the contrary herein, it should be noted that Nordea will not participate in the solicitation, offer or sale of any securities within or directed into the United States and will not be involved in any activities relating to securities within or directed into the United States.

Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstances imply that there has been no change in the Company’s affairs or that the information set forth in this prospectus is as of any date subsequent to the date hereof.

The Joint Global Coordinators and the Joint Bookrunners are acting exclusively for the Company and the Principal Shareholder and no one else in connection with the Offer. They will not regard any other person (whether or not a recipient of this Prospectus) as their client in relation to the Offer and will not be responsible to anyone other than the Company and the Principal Shareholder for providing the protections afforded to their clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to herein.

You hereby acknowledge that: (i) you have not relied on the Joint Global Coordinators and Joint Bookrunners or any person affiliated with the Joint Global Coordinators and Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this prospectus or your investment decision; and (ii) you have relied only on the information contained in this prospectus, and that no person has been authorized to give any information or to make any representation concerning the Company, its subsidiaries, the shares (other than as contained in this prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company, the Selling Shareholders or the Joint Global Coordinators and Joint Bookrunners.

In connection with the Offer, the Managers and any of their respective affiliates may take up a portion of the shares in the Offer as a principal position and in that capacity may retain, subscribe for, purchase, sell, offer to sell or otherwise deal for their own accounts in such shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this document to shares being, offered, acquired, placed or otherwise dealt in should be read as including any offer, acquisition, placing or dealing by each of the Managers and any of their affiliates acting in such capacity. In addition, certain of the Managers or their affiliates may enter into financing arrangements (including swaps, warrants or contracts for difference) with investors in connection with which such Managers (or their affiliates) may from time to time acquire, hold or dispose of shares. None of the Managers or any of their affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

THE SHARES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO INVESTORS

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the shares.

The shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, the shares will not be offered or sold in the Offer within the United States, except to "qualified institutional buyers" as defined in, and in reliance on, Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and are being offered and sold in the Offer outside the United States in "offshore transactions" pursuant to Regulation S under the U.S. Securities Act.

Any offer regarding sales of shares in the United States will be made by one or more broker-dealers registered under the U.S. Exchange Act, as amended. In addition, until 40 days after the commencement of the Offer, an offer or sale of shares within the United States by a dealer, whether or not participating in the Offer, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act and in accordance with any applicable U.S. state securities law.

Transfers of the shares will be restricted and each purchaser will be deemed to have made acknowledgements, representations and agreements, as described below.

Each purchaser of the shares offered hereby and each subsequent purchaser thereof will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S under the U.S. Securities Act are used herein as defined therein):

1. You (A) (i) are a qualified institutional buyer, (ii) are aware, and each beneficial owner of such shares has been advised, that the sale of shares is being made in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and (iii) are acquiring such shares for your own account or for the account of a qualified institutional buyer, as the case may be, or (B) are purchasing the shares in an offshore transaction, as such term is defined by Rule 902 under the U.S. Securities Act, in accordance with Regulation S.
2. You understand that the shares have not been and will not be registered under the U.S. Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (A) (i) to a person whom you reasonably believe is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available) and (B) in accordance with all applicable securities laws of the states of the United States.

3. You acknowledge that (i) the shares (whether in physical certificated form or in uncertificated form held in Euroclear Sweden AB) are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and (ii) none of the Company, the Selling Shareholders, or any of the Joint Global Coordinators and Joint Bookrunners makes any representation or warranty as to the availability of the exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder for resales of shares.
4. You agree that, notwithstanding anything to the contrary herein, for so long as they are “restricted securities”, none of the shares may be deposited into any unrestricted depositary receipt facility in respect of the shares that may be established or maintained by a depositary bank.
5. You understand and acknowledge that, if you purchase shares you will be deemed to have made, for the benefit of the Company, the Selling Shareholders, and the Joint Global Coordinators and Joint Bookrunners and their respective affiliates and agents, all such representations, warranties, agreements and acknowledgements contained herein.
6. You acknowledge that the Company, the Selling Shareholders, and the Joint Global Coordinators and Joint Bookrunners and others will rely upon the truth and accuracy of the foregoing representations and agreements and are entitled to rely upon these representations and warranties.

NOTICE TO UNITED KINGDOM INVESTORS

This prospectus has been prepared on the basis that any offer of shares in the United Kingdom (“UK”) will be made pursuant to an exemption under the FSMA from the requirement to publish a prospectus for offers of securities. The expression “FSMA” means the Financial Services and Markets Act 2000 (as amended).

This prospectus is for distribution only to persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Financial Promotion Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**relevant persons**”). This prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this prospectus relates is available only to and will be engaged in only with relevant persons.

NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS

In any Member State of the European Economic Area (the “**EEA**”) other than Sweden (each, a “**Relevant Member State**”), this prospectus is only addressed to and is only directed at qualified investors in that EEA Member State within the meaning of Prospectus Regulation (Regulation (EU) 2017/1129) (the “**Prospectus Regulation**”) (“**qualified investors**”). This prospectus has been prepared on the basis that all offers of the shares outside Sweden will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offer of shares. Accordingly, any person making or intending to make any offer to the public within any Member State of the EEA (other than Sweden) of the shares which are the subject of the Offer contemplated in this prospectus should only do so in circumstances in which no obligation arises for the Company or any of the Joint Global Coordinators and Joint Bookrunners to publish a prospectus or a supplement to a prospectus under the Prospectus Regulation for such offer. None of the Company, the Selling Shareholders or the Managers have authorized, nor do they authorize, the making of any offer of the shares through any financial intermediary, other than offers made by the Managers that constitute the final placement of the shares contemplated in this prospectus. For the purposes of this provision, the expression an “offer to the public” in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and the shares so as to enable an investor to decide to purchase shares.

AVAILABLE INFORMATION

At any time when the Company is neither subject to Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, it will furnish, upon request, to any holder or beneficial owner of the shares, or any prospective investor designated by any such holder or beneficial owner, information satisfying the requirements of subsection (d)(4)(i) of Rule 144A under the U.S. Securities Act to permit compliance with Rule 144A in connection with resales of the shares for so long as any of the shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a Swedish public limited liability company and its assets are located entirely outside the United States. In addition, most of the members of the Company's board of directors and its officers are non-residents of the United States whose assets are located primarily or entirely outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce against them or the Company judgments of courts of the United States, whether predicated upon the civil liability provisions of the federal securities laws of the United States or other laws of the United States or any state thereof. The United States and Sweden, respectively, do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters, other than for arbitration awards.

Therefore, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, may not be enforceable, either in whole or in part, in Sweden. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in Sweden, such party may submit to the Swedish court, as applicable, the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the Company or such persons will be regarded by a Swedish court only as evidence of the outcome of the dispute to which such judgment relates, and a Swedish court may choose to re-hear the dispute. In addition, awards of punitive damages in actions brought in the United States or elsewhere are unenforceable in Sweden.

EXCHANGE RATE AND OTHER INFORMATION

Fluctuations in the exchange rate between the Swedish krona and the U.S. dollar will affect the U.S. dollar amounts received by owners of shares in the Company on conversion of dividends, if any, paid in Swedish kronor on the shares.

Investors with a reference currency other than the Swedish krona will become subject to certain foreign exchange risks when investing in the shares. The Company's equity capital is denominated in Swedish kronor. Investors whose reference currency is a currency other than the Swedish krona may be adversely affected by any reduction in the value of the Swedish krona relative to the respective investor's reference currency. In addition, such investors could incur additional transaction costs in converting Swedish kronor into another currency. Investors whose reference currency is a currency other than the Swedish krona are therefore urged to consult their financial advisors with a view to determining whether they should enter into hedging transactions to offset these currency risks.

The following table sets forth, for the periods indicated, the period end, period average, high and low Bloomberg Composite Rate (London) expressed in SEK per \$1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The below rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this prospectus. We make no representation that the SEK or U.S. dollar amounts referred to in this prospectus have been, could have been or could, in the future, be converted into U.S. dollars or SEK, as the case may be, at any particular rate, if at all.

The average rate for a period means average of the closing Bloomberg Composite Rate on each business day during the relevant period.

The closing Bloomberg Composite Rate on April 13, 2021 was SEK 8.5218 per \$1.00.

	Period end	Average ¹⁾	High	Low
Annual Data (Year ended December 31)	<i>SEK per U.S. dollar</i>			
2018	8.8789	8.6974	9.2477	7.8271
2019	9.3501	9.4574	9.9655	8.8417
2020	8.2179	9.2046	10.5086	8.1494
	Period end	Average ¹⁾	High	Low
Recent Monthly Data	<i>SEK per U.S. dollar</i>			
October 2020	8.9069	8.8315	8.9770	8.6905
November 2020	8.5459	8.6432	8.9473	8.4445
December 2020	8.2179	8.3538	8.5863	8.1494
January 2021	8.3590	8.2914	8.4310	8.1253
February 2021	8.4279	8.3414	8.4807	8.2058
March 2021	8.7151	8.5441	8.7646	8.3557
April 2021 (through April 13, 2021)	8.5218	8.6168	8.7625	8.5183

1) The average of the closing Bloomberg Composite Rate on each business day during the relevant period.

The above rates differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this prospectus. Our inclusion of the exchange rates is not meant to suggest that the SEK amounts actually represent U.S. dollar amounts or that these amounts could have been converted into U.S. dollars at any particular rate, if at all.

FORWARD-LOOKING STATEMENTS

The prospectus contains forward-looking statements. Forward-looking information refers to all statements in the prospectus which do not refer to historical facts and events, and statements which are attributable to the future, such as expressions as “deem”, “assess”, “expect”, “await”, “judge”, “assume”, “predict”, “can”, “will”, “shall”, “should or ought to”, “according to estimates”, “consider”, “may”, “plan”, “potential”, “calculate”, “as far as is known”, “target”, “aim”, or similar expressions suitable for identifying information that refers to future events. This applies in particular to statements in the prospectus referring to future results, financial position, cash flow, plans and expectations for the Company’s business and management, future growth and profitability and general economic and regulatory environment and other circumstances which affect the Company.

Forward-looking statements are based on current estimates and assumptions which are based on the Company’s current intelligence. Such forward looking statements are subject to risks, uncertainties and other factors which may result in actual results, including the Company’s financial position, cash flow and profitability, deviating considerably from the results which expressly or indirectly form the basis of, or are described in, statements, or may result in the expectations which, expressly or indirectly, form the basis of or are described in statements not being met or turning out to be less advantageous compared to the results, which expressly or indirectly formed the basis of or were described in the statements.

The Company’s business is exposed to a number of risks and uncertainties which may result in forward-looking statements having a different actual outcome or an estimate or calculation being incorrect. Therefore, potential investors should not place undue reliance on the forward-looking statements herein and are strongly advised to read the following sections in the prospectus: “Summary”, “Risk factors”, “Market overview”, “Business description”, “Selected financial information” and “Operating and financial review”, which include a more detailed description of factors which may have an effect on the Company’s business and the market in which the Company operates. The Company, the Selling Shareholders and the Managers cannot in any way guarantee the correctness of the statements about future events made herein or as concerns the actual outcome of any predicted developments.

The Company expressly disclaims any obligation or undertaking to update these forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based, unless required to do so by applicable law or Nasdaq’s Nordic Main Market Rulebook for Issuers of Shares (“**Nasdaq Main Market Rulebook**”). All subsequent forward-looking statements, written and oral, attributable to the Company or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in the prospectus.

None of the Company, the Selling Shareholders or the Joint Global Coordinators and Joint Bookrunners can in any way guarantee the correctness of the statements about future events made herein or as concerns the actual outcome of any predicted developments.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain material U.S. federal income tax considerations applicable to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of the shares acquired pursuant to the Offer.

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder arising from and relating to the acquisition, ownership, and disposition of shares. This summary is limited to U.S. Holders who hold shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes). In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences to such U.S. Holder, including, without limitation, specific tax consequences to a U.S. Holder under an applicable income tax treaty. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. This summary does not address the U.S. federal alternative minimum, U.S. federal net investment income, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences to U.S. Holders of the acquisition, ownership, and disposition of shares. In addition, except as specifically set forth below, this summary does not discuss applicable tax reporting requirements. Each prospective U.S. Holder should consult its own tax advisor regarding the U.S. federal income, U.S. federal alternative minimum, U.S. federal net investment income, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences relating to the acquisition, ownership, and disposition of shares.

No ruling from the Internal Revenue Service (the “IRS”) has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the acquisition, ownership, and disposition of shares. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary are based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the conclusions described in this summary.

Scope of this Summary

Authorities

This summary is based on the Internal Revenue Code of 1986, as amended (the “Code”), Treasury Regulations (whether final, temporary, or proposed), published rulings of the IRS, published administrative positions of the IRS, the Convention Between the Government of Sweden and the Government of the United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed on September 1, 1994, as amended (the “**Sweden-U.S. Tax Convention**”), and U.S. court decisions that are applicable, and, in each case, as in effect and available, as of the date of this document. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied retroactively. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation.

U.S. Holders

For purposes of this summary, the term “U.S. Holder” means a beneficial owner of shares acquired pursuant to the Offer that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (i) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions or (ii) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax considerations applicable to U.S. Holders that are subject to special provisions under the Code, including, but not limited to, U.S. Holders that: (a) are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) are financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) are broker-dealers, dealers, or traders in securities or currencies that elect to apply a mark-to-market accounting method; (d) have a “functional currency” other than the U.S. dollar; (e) own shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other integrated transaction; (f) acquire shares in connection with the exercise of employee stock options or otherwise as compensation for services; (g) are subject to special tax accounting rules; or (h) own, have owned or will own (directly, indirectly, or by attribution) 10% or more of the total combined voting power or value of the outstanding shares of the Company. This summary also does not address the U.S. federal income tax considerations applicable to U.S. Holders who are: (a) U.S. expatriates or former long-term residents of the U.S.; (b) persons that have been, are, or will be a resident or deemed to be a resident in Sweden; (c) persons that use or hold, will use or hold, or that are or will be deemed to use or hold shares in connection with carrying on a business in Sweden; or (d) persons that have a permanent establishment in Sweden for the purposes of the Sweden-U.S. Tax Convention. U.S. Holders that are subject to special provisions under the Code, including, but not limited to, U.S. Holders described immediately above, should consult their own tax advisor regarding the U.S. federal income, U.S. federal alternative minimum, U.S. federal net investment income, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences relating to the acquisition, ownership and disposition of shares.

If an entity or arrangement that is classified as a partnership (or other “pass-through” entity) for U.S. federal income tax purposes holds shares, the U.S. federal income tax consequences to such entity and the partners (or other owners) of such entity or arrangement generally will depend on the activities of the entity or arrangement and the status of such partners (or owners). This summary does not address the tax consequences to any such partner (or owner). Partners (or other owners) of entities or arrangements that are classified as partnerships or as “pass-through” entities for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences arising from and relating to the acquisition, ownership, and disposition of shares.

Ownership and Disposition of Shares

The following discussion is subject in its entirety to the rules described below under the heading “Passive Foreign Investment Company Rules”.

Taxation of Distributions

A U.S. Holder that receives a distribution, including a constructive distribution, with respect to a share will be required to include the amount of such distribution in gross income as a dividend (without reduction for any foreign income tax withheld from such distribution) to the extent of the current or accumulated “earnings and profits” of the Company, as computed for U.S. federal income tax purposes. To the extent that a distribution exceeds the current and accumulated “earnings and profits” of the Company, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder’s tax basis in the shares and thereafter as gain from the sale or exchange of such shares (see “Sale or Other Taxable Disposition of Shares” below). However, the Company may not maintain the calculations of its earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder may have to assume that any distribution by the Company with respect to the shares will constitute dividend income. Dividends received on shares by corporate U.S. Holders generally will not be eligible for the “dividends received deduction”. Provided the Company is eligible for the benefits of the Sweden-U.S. Tax Convention or the shares are readily tradable on a United States securities market, dividends paid by the Company to non-corporate U.S. Holders, including individuals, generally will be eligible for the preferential tax rates applicable to long-term capital gains for dividends, provided certain holding period and other conditions are satisfied, including that the Company not be classified as a PFIC (as defined below) in the tax year of distribution or in the preceding tax year. However, even assuming the Company is not classified as a PFIC, the Company does not expect that the shares will be readily tradable on a United States securities market and there is no guarantee that the Company will qualify as a resident of Sweden under the Sweden-U.S. Tax Convention. The qualified dividend income rules are complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

Receipt of Foreign Currency

The amount of any distribution paid to a U.S. Holder in foreign currency generally will be equal to the U.S. dollar value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into U.S. dollars at that time). A U.S. Holder will have a basis in the foreign currency received equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of the foreign currency after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Each U.S. Holder should consult its own U.S. tax advisor regarding the U.S. federal income tax consequences of receiving, owning, and disposing of foreign currency.

Foreign Tax Credit

Subject to the PFIC rules discussed below, a U.S. Holder that pays (whether directly or through withholding) Swedish income tax with respect to dividends paid on the shares generally will be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Swedish income tax. Generally, a credit will reduce a U.S. Holder’s U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder’s income that is subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year. The foreign tax credit rules are complex and involve the application of rules that depend on a U.S. Holder’s particular circumstances. Accordingly, each U.S. Holder should consult its own U.S. tax advisor regarding the foreign tax credit rules.

Sale or Other Taxable Disposition of Shares

A U.S. Holder will generally recognize gain or loss on the sale or other taxable disposition of shares in an amount equal to the difference, if any, between (a) the amount of cash plus the fair market value of any property received and (b) such U.S. Holder’s tax basis in such shares sold or otherwise disposed of, in each case as determined in U.S. dollars. U.S. Holders should consult their own tax advisors about how to account for proceeds received on the sale or other disposition of shares that are not paid in U.S. dollars.

Any such gain or loss generally will be capital gain or loss, which will be long-term capital gain or loss if, at the time of the sale or other disposition, such shares are held for more than one year. Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

Passive Foreign Investment Company Rules

If the Company were to constitute a “passive foreign investment company” (“PFIC”) for any year during a U.S. Holder’s holding period, then certain potentially adverse rules would affect the U.S. federal income tax consequences to a U.S. Holder resulting from the acquisition, ownership and disposition of shares. The Company believes that it was not a PFIC for the prior tax year, and based on current business plans and financial expectations, the Company expects that it will not be a

PFIC for the current tax year and expects that it will not be a PFIC for the foreseeable future. No opinion of legal counsel or ruling from the IRS concerning the status of the Company as a PFIC has been obtained or is currently planned to be requested. PFIC classification is fundamentally factual in nature, is determined annually, and generally cannot be determined until the close of the tax year in question. In addition, the analysis depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. Consequently, there can be no assurance that the Company has never been and will not become a PFIC for any tax year during which U.S. Holders hold shares.

In any year in which the Company is classified as a PFIC, a U.S. Holder will be required to file an annual report with the IRS containing such information as Treasury Regulations and/or other IRS guidance may require. In addition to penalties, a failure to satisfy such reporting requirements may result in an extension of the time period during which the IRS can assess a tax. U.S. Holders should consult their own tax advisors regarding the requirements of filing such information returns under these rules, including the requirement to file an IRS Form 8621 annually.

The Company generally will be a PFIC if, after the application of certain "look-through" rules with respect to subsidiaries in which the Company holds at least 25% of the value of such subsidiary, for a tax year, (a) 75% or more of the gross income of the Company for such tax year is passive income (the "income test") or (b) 50% or more of the value of the Company's assets either produce passive income or are held for the production of passive income (the "asset test"), based on the quarterly average of the fair market value of such assets.

If the Company were a PFIC in any tax year during which a U.S. Holder held shares, such holder generally would be subject to special rules with respect to "excess distributions" made by the Company on the shares and with respect to gain from the disposition of shares. An "excess distribution" generally is defined as the excess of distributions with respect to the shares received by a U.S. Holder in any tax year over 125% of the average annual distributions such U.S. Holder has received from the Company during the shorter of the three preceding tax years, or such U.S. Holder's holding period for the shares. Generally, a U.S. Holder would be required to allocate any excess distribution or gain from the disposition of the shares ratably over its holding period for the shares. Such amounts allocated to the year of the disposition or the excess distribution would be taxed as ordinary income, and amounts allocated to prior tax years would be taxed as ordinary income at the highest tax rate in effect for each such year and an interest charge at a rate applicable to underpayments of tax would apply.

While there are U.S. federal income tax elections that sometimes can be made to mitigate these adverse tax consequences (including the "QEF Election" under Section 1295 of the Code and the "Mark-to-Market Election" under Section 1296 of the Code), such elections are available in limited circumstances and must be made in a timely manner.

U.S. Holders should be aware that, for each tax year, if any, that the Company is a PFIC, the Company can provide no assurances that it will satisfy the record keeping requirements or make available to U.S. Holders the information such U.S. Holders require to make a QEF Election with respect to the Company or any subsidiary that also is classified as a PFIC. A Mark-to-Market Election is only available if the shares are "marketable stock," which requires, among other things, that the shares are regularly traded on a "qualified exchange or market." There is currently no guidance as to whether any particular foreign exchange, including the Nasdaq Stockholm, should be treated as a "qualified exchange or other market," so there can be no certainty as to whether shares that trade only on foreign exchanges like the Nasdaq Stockholm should be treated as "marketable stock." In addition, the Company makes no representation as to whether the shares will satisfy the applicable trading requirements.

Certain additional adverse rules may apply with respect to a U.S. Holder if the Company is a PFIC, regardless of whether the U.S. Holder makes a QEF Election. These rules include special rules that apply to the amount of foreign tax credit that a U.S. Holder may claim on a distribution from a PFIC. Subject to these special rules, foreign taxes paid with respect to any distribution in respect of stock in a PFIC are generally eligible for the foreign tax credit. U.S. Holders should consult their own tax advisors regarding the potential application of the PFIC rules to the ownership and disposition of shares, and the availability of certain U.S. tax elections under the PFIC rules.

Additional Considerations

Backup Withholding and Information Reporting

Under U.S. federal income tax law and Treasury Regulations, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. For example, U.S. return disclosure obligations (and related penalties) are imposed on individuals who are U.S. Holders that hold certain specified foreign financial assets in excess of certain threshold amounts. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity. U.S. Holders may be subject to these reporting requirements unless their shares are held in an account at certain financial institutions. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult their own tax advisors regarding the requirements of filing information returns, including the requirement to file an IRS Form 8938.

Payments made within the U.S. or by a U.S. payor or U.S. middleman, of dividends on, and proceeds arising from the sale or other taxable disposition of, shares will generally be subject to information reporting and backup withholding, at the rate of 24%, if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. Certain exempt persons, however, generally are excluded from these information reporting and backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the U.S. backup withholding rules generally will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner.

The discussion of reporting requirements set forth above is not intended to constitute a complete description of all reporting requirements that may apply to a U.S. Holder. A failure to satisfy certain reporting requirements may result in an extension of the time period during which the IRS can assess a tax, and under certain circumstances, such an extension may apply to assessments of amounts unrelated to any unsatisfied reporting requirement. Each U.S. Holder should consult its own tax advisor regarding the information reporting and backup withholding rules.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS APPLICABLE TO U.S. HOLDERS WITH RESPECT TO THE ACQUISITION, OWNERSHIP, AND DISPOSITION OF OFFERED SHARES. U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSIDERATIONS APPLICABLE TO THEM IN THEIR OWN PARTICULAR CIRCUMSTANCES.

TRANSFER RESTRICTIONS

The shares in the Offer have not been, and will not be, registered under the U.S. Securities Act or the applicable laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

Investors outside of the United States

Each purchaser of the shares in the Offer outside the United States in compliance with Regulation S will be deemed to have represented, acknowledged and agreed that it has received a copy of this prospectus and such other information as it deems necessary to make an informed investment decision and that:

- 1) the purchaser is authorized to consummate the purchase of the shares in compliance with all applicable laws and regulations;
- 2) the purchaser acknowledges that the shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;
- 3) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the shares, was located outside the United States at the time the buy order for the shares was originated and continues to be located outside the United States and has not purchased the shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the shares or any economic interest therein to any person in the United States;
- 4) the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate;
- 5) the shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;
- 6) the purchaser acknowledges that the Company and the Selling Shareholders shall not recognize any offer, sale, pledge or other transfer of the shares made other than in compliance with the above-stated restrictions;
- 7) if it is acquiring any of the shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- 8) the purchaser acknowledges that the Company, the Selling Shareholders, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each person in a Relevant Member State, other than persons receiving Permitted Public Offers (as defined above) contemplated in the Swedish prospectus registered with the Swedish Financial Supervisory Authority, who receives any communication in respect of, or who acquires any shares under, the offers contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Managers, the Selling Shareholders and the Company that:

- 1) it is a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation; and
- 2) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation: (i) the shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Regulation, or in other circumstances falling within Article 5(1) of the Prospectus Regulation and the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (ii) where shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Regulation as having been made to such persons.

Each person in the United Kingdom who receives any communication in respect of, or who acquires any shares under, the offers contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Managers, the Selling Shareholders and the Company that:

- 1) it is a qualified investor within the meaning of Article 2(e) of the UK Prospectus Regulation; and
- 2) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the UK Prospectus Regulation: (i) the shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in the UK other than qualified investors, as that term is defined in the UK Prospectus Regulation, or in other circumstances falling within Article 5(1) of the UK Prospectus Regulation and the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (ii) where shares have been acquired by it on behalf of persons in the UK other than qualified investors, the offer of those shares to it is not treated under the UK Prospectus Regulation as having been made to such persons.

Investors in the United States

Each purchaser of the shares in the Offer within the United States purchasing pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have represented, acknowledged and agreed that it has received a copy of this prospectus and such other information as it deems necessary to make an informed investment decision and that:

- 1) the purchaser is authorized to consummate the purchase of the shares in compliance with all applicable laws and regulations;
- 2) the purchaser acknowledges that the shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;
- 3) the purchaser (i) is a QIB, (ii) is aware that the sale to it is being made in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and (iii) is acquiring such shares for its own account or for the account of a QIB and not with a view to further distribution of the shares;
- 4) the purchaser is aware that the shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;
- 5) if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such shares, or any economic interest therein, such shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only: (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 (if available), or (iv) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- 6) the purchaser acknowledges that the shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any shares;
- 7) the purchaser will not deposit or cause to be deposited such shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;
- 8) the purchaser acknowledges that the Company and the Selling Shareholders shall not recognize any offer, sale, pledge or other transfer of the shares made other than in compliance with the above-stated restrictions;
- 9) if it is acquiring any of the shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- 10) the purchaser acknowledges that the Company, the Selling Shareholder, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreement;

- 11) the purchaser acknowledges that the shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:
THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER, AS DEFINED IN, AND IN RELIANCE ON, THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT PROVIDED IN RULE 144A UNDER THE US SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE US SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT FOR REALES OF THE ORDINARY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS
- 12) The purchaser acknowledges that if, in the future, it offers, resells, pledges or otherwise transfers such shares while they remain "restricted securities" within the meaning of Rule 144, it shall notify such subsequent transferee of the restrictions set out above.



Hemnet



Invitation to acquire shares in Hemnet Group AB (publ)

Joint Global Coordinators and Joint Bookrunners

Morgan Stanley



Joint Bookrunners



Nordea

IMPORTANT INFORMATION

INFORMATION FOR INVESTORS

This prospectus (the "**Prospectus**") has been prepared in connection with the offer to the general public in Sweden and the application for admission to trading on Nasdaq Stockholm of the shares in Hemnet Group AB (publ) (a Swedish public limited liability company) (the "**Offer**"). "**Hemnet**", the "**Company**" or the "**Group**" refers, depending on the context, to Hemnet Group AB (publ), the group of which Hemnet Group AB (publ) is the parent company or a subsidiary of the group. The "**Principal Shareholder**" refers to General Atlantic RR B.V. The "**Selling Shareholders**" refers to all current shareholders as of the date of the Prospectus, except for Mäklarsamfundet Bransch i Sverige AB and a member of the Company's executive management. "**Joint Global Coordinators**" refers to Carnegie Investment Bank AB (publ) ("**Carnegie**"), Morgan Stanley & Co. International plc. ("**Morgan Stanley**"), and Citigroup Global Markets Europe AG ("**Citi**"). "**Joint Bookrunners**" and "**Managers**" refers to the Joint Global Coordinators and Nordea Bank Abp, filial i Sverige ("**Nordea**") and Barclays Bank Ireland PLC ("**Barclays**"). For more defined terms, please refer to the section "**Definitions**".

The Offer is not intended for the general public in countries other than Sweden. Nor is the Offer intended for persons whose participation requires additional prospectuses, registrations or other measures other than those required by Swedish law. The Prospectus, the application form and/or other documents connected to the Offer may not be distributed in any country where the Offer requires measures as described above or contravenes the rules in these countries. No measure has been nor will be taken in any jurisdiction besides Sweden that would allow an offer of shares to the public, holdings of shares, distribution of the Prospectus or other information relating to the Offer, the Company or the shares in any such jurisdiction. Applications to acquire shares in violation of the above may be deemed invalid. Persons receiving copies of the Prospectus are required, by the Company and the Managers, to inform themselves about, and comply with, such restrictions. Neither the Company, the Principal Shareholder nor any of the Managers assumes any legal responsibility for any violations of such restrictions, irrespective of whether such violations are made by a potential investor or anyone else.

The shares included in the Offer have not been recommended by any United States federal or state authority. Moreover, no such authority has confirmed the correctness or reviewed the suitability of the Prospectus. Any representation to the contrary is a criminal offence in the United States. The shares in the Offer have not been registered and will not be registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**"), or under any U.S. state securities laws. The shares in the Offer are being offered and sold in the United States only to qualified institutional buyers, as defined in and in reliance on Rule 144A under the Securities Act, or other exemptions from the registration requirements under the Securities Act, and outside the United States in accordance with Regulation S under the Securities Act. Any offer regarding sales of shares in the United States will be made solely by one or more broker-dealers registered in accordance with the United States Securities Exchange Act of 1934, as amended.

Potential investors are hereby informed that the sellers of the shares in the Offer may rely upon the exemption from the registration requirements in Section 5 of the Securities Act, as provided for in Rule 144A, or other exemptions from the registration requirements under the Securities Act. The shares must not be offered or sold in the United States, except in reliance on exemptions from, or in transactions not subject to, the registration requirements in the Securities Act, and in accordance with applicable state securities legislation. In the United States the Prospectus is being provided to qualified institutional buyers only on a confidential basis exclusively for the purpose of enabling potential investors to consider acquiring the specific securities described herein. The information in the Prospectus has been provided by the Company and other sources as identified herein. Distribution of the Prospectus to persons other than those designated by the Managers or their representatives, and persons having been appointed to give advice to such receiving persons concerning the Prospectus, is prohibited, and the disclosure of the contents of the Prospectus without prior written consent from the Company is prohibited. The Prospectus is personal for each receiver and does not constitute an offer to any other person or the public in the United States to acquire shares in the Offer.

The Prospectus has been prepared in a Swedish and an English language version. In the event of discrepancies between the versions, the Swedish version shall prevail. The Prospectus is governed by Swedish law. Any disputes arising from the Prospectus or other legal matters in this connection shall be exclusively settled by a Swedish court under Swedish law without regard to conflict of law principles. The Stockholm District Court (Sw. *Stockholms tingsrätt*) shall be the court of first instance.

A Swedish language version of the Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") as competent authority pursuant to the European Union Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The SFSA only approves that the Prospectus meets the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Further, this approval should not be considered as any endorsement, neither of the issuer referred to in the Prospectus nor of the quality of the securities that are the subject of the Prospectus, and investors should make their own assessment as to the suitability of investing in the securities. The Prospectus is available in electronic format on the Company's website (www.hemnet-group.com) and will be available in Swedish on the SFSA's website (www.fi.se).

STABILISATION

In connection with the Offer, Morgan Stanley, in its capacity as stabilisation agent for the Joint Global Coordinators and Bookrunners (the "**Stabilisation Agent**"), may, to the extent permitted under Swedish law, carry out transactions in order to stabilise, maintain, or otherwise support the market price of the Company's shares for up to 30 days after the first day of trading in the Company's shares on Nasdaq Stockholm. The Stabilisation Agent may over-allot shares or effect transactions in order to maintain the market price of the shares at levels above those which might otherwise prevail in the open market. The Stabilisation Agent is, however, not required to carry out such transactions and there is no assurance that such activities will be undertaken. Such transactions may be effected on any securities market, OTC-market or otherwise. The transactions, if commenced, may be discontinued at any time without prior notice, but must be ended upon the expiry of the above-mentioned 30-day period. No later than by the end of the seventh trading day after stabilisation transactions have been undertaken, the Stabilisation Agent shall disclose that the stabilisation transactions have been undertaken in accordance with Article 5(4) in EU's Market Abuse Regulation

596/2014. Within one week of the end of the stabilisation period, the Stabilisation Agent will make public whether or not stabilisation was undertaken, the date on which stabilisation commenced, the date on which stabilisation last occurred, and the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out. Except as required by law or regulation, neither the Joint Bookrunners nor the Stabilisation Agent will disclose the extent of any stabilisation and/or over-allotment transactions concluded in relation to the Offer.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise stated herein, no financial information in the Prospectus has been audited or reviewed by the Company's auditor. Financial information relating to the Company in the Prospectus and that is not a part of the information that has been audited or reviewed by the Company's auditor in accordance with what is stated herein, has been collected from the Company's internal accounting and reporting system. All financial amounts are in Swedish kronor ("**SEK**"), unless indicated otherwise. Figures reported in the Prospectus have in some cases been rounded and therefore the tables do not necessarily always add up exactly.

FORWARD-LOOKING INFORMATION

The Prospectus contains forward-looking statements. Forward-looking information refers to all statements in the Prospectus which do not refer to historical facts and events, and statements which are attributable to the future, such as expressions as "deem", "assess", "expect", "await", "judge", "assume", "predict", "can", "will", "shall", "should or ought to", "according to estimates", "consider", "may", "plan", "potential", "calculate", "as far as is known", "target", "aim", or similar expressions suitable for identifying information that refers to future events. This applies in particular to statements in the Prospectus referring to future results, financial position, cash flow, plans and expectations for Hemnet's business and management, future growth and profitability and general economic and regulatory environment and other circumstances which affect the Company.

Forward-looking statements are based on current estimates and assumptions which are based on the Company's current intelligence. Such forward looking statements are subject to risks, uncertainties and other factors which may result in the actual results, including the Company's financial position, cash flow and profitability, deviating considerably from the results which expressly or indirectly form the basis of, or are described in, statements, or may result in the expectations which, expressly or indirectly, form the basis of or are described in statements not being met or turning out to be less advantageous compared to the results, which expressly or indirectly formed the basis of or were described in the statements.

The Company's business is exposed to a number of risks and uncertainties which may result in forward-looking statements having a different actual outcome or an estimate or calculation being incorrect. Therefore, potential investors should not place undue reliance on the forward-looking statements herein and are strongly advised to read the following sections in the Prospectus: "*Summary*", "*Risk factors*", "*Market overview*", "*Business description*", "*Selected financial information*" and "*Operating and financial review*", which include a more detailed description of factors which may have an effect on the Company's business and the market in which the Company operates. The Company, the Selling shareholders and the Managers cannot in any way guarantee the correctness of the statements about future events made herein or as concerns the actual outcome of any predicted developments.

The Company expressly disclaims any obligation or undertaking to update these forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based, unless required to do so by applicable law or Nasdaq's Nordic Main Market Rulebook for Issuers of Shares ("**Nasdaq Main Market Rulebook**"). All subsequent forward-looking statements, written and oral, attributable to the Company or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in the Prospectus.

SECTOR AND MARKET INFORMATION

The Prospectus contains information from third parties in the form of sector and market information, including a market study prepared for Hemnet by an external consulting firm, as well as statistics and calculations obtained from sector reports and studies, market surveys, publicly available information and commercial publications. Such statements can be identified by references to their respective sources.

Certain information about market shares and other statements in the Prospectus including information relating to the sector in which the Company operates and the Company's position compared to its competitors, is not based on published statistics or information from independent third parties, and therefore lacks source references. Information and statements of this kind reflect the Company's best estimates based on the information obtained from customers, authorities, trade and business associations and other contacts in the sector where the Company competes and information which has been published by the Company's competitors. The Company believes that such information and such statements are useful in helping investors understand the sector in which the Company operates and the Company's position in the sector. However, the Company has no access to the facts and assumptions behind the figures, market information and other information retrieved from publicly available sources nor has the Company independently verified the information about the market provided by third parties or the sector, or generally available publications. Furthermore, such information may not accurately reflect certain aspects of the current market and industry, and in particular, the information may no longer be accurate or relevant to current expectations as they do not contemplate and therefore factor in the effects of Covid-19. All such third parties whose information has been used as sources explicitly disclaim any liability for any loss or damage, howsoever caused, arising from any errors, omissions or reliance on any information or views contained in their reports. Even if the Company's best estimate is that these internal analyses are reliable, they have not been verified by any independent source and the Company cannot guarantee their correctness.

Neither the Company nor the Managers have verified, and can therefore not guarantee, the correctness of any market share or sector information in the Prospectus. The Company confirms that information sourced by a third party has been accurately reproduced and that as far as the Company is aware, and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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The Offer in brief Indicative timetable

Application period (for the general public in Sweden):
19 April – 26 April 2021

Application period (institutional offer):
19 April – 26 April 2021

First day of trading in Hemnet's shares:
27 April 2021

Settlement date:
29 April 2021

Miscellaneous

ISIN-code: SE0015671995

LEI-code: 5493008VIU67J3HUAR07

Ticker: HEM

Financial calendar

Q1 Interim report January – March 2021 31 May 2021

Q2 Interim report January – June 2021 20 August 2021

Q3 Interim report January – September 2021 4 November 2021

Number of shares offered

The Offer comprises 17,893,231 shares¹⁾ in the Company, offered by all current shareholders as of the date of the Prospectus, except for Mäklarsamfundet Bransch i Sverige AB and a member of the Company's executive management (the "Selling Shareholders"). General Atlantic RR B.V., (the "Principal Shareholder" or "General Atlantic") and Sprints Euphrasia S.à r.l. ("Sprints Capital") have granted an option to the Managers to purchase up to 1,789,323 additional shares in the Company from the Principal Shareholder and Sprints Capital to cover any potential over-allotment in connection with the Offer (the "Over-Allotment Option").²⁾ Provided that the the Over-Allotment Option is exercised in full, the Offer will comprise 19,682,554 shares, which corresponds to approximately 19.5 percent of the total number of shares in the Company following the Offer.³⁾

Price range and the final price in the Offer

The price of the shares in the Offer is expected to be set within the range SEK 95–115 per share. The final price in the Offer will be determined through a book-building process. The final price in the Offer to the public in Sweden will not exceed SEK 115 per share. The final price in the Offer is expected to be announced through a press release on or around 26 April 2021.

1) Assuming a price in the Offer corresponding to the midpoint of the price range.
2) Assuming a price in the Offer corresponding to the midpoint of the price range.
3) Assuming a price in the Offer corresponding to the midpoint of the price range.

Summary

Introduction and warnings

Introduction and warnings	<p>This summary should be read as an introduction to the prospectus (the “Prospectus”). Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. The investor could lose all or part of the invested capital.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to persons who have tabled the summary including any translation thereof, but only when the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>																																																																																																				
About Hemnet	<p>Hemnet Group AB (publ) (the “Company”), registration number 559088-4440, address c/o Hemnet AB, Klarabergsgatan 60 3tr, 111 21 Stockholm.</p> <p>The Company’s LEI-code is: 5493008VIU67J3HUAR07</p> <p>The shares’ ticker: HEM</p> <p>The shares’ ISIN-code: SE0015671995</p>																																																																																																				
Information on Selling Shareholders	<p>At the date of the Prospectus, the Company has 22 direct shareholders. The Selling Shareholders are offering 19,682,554 existing shares in the Offer¹⁾. Information regarding the Selling Shareholders is presented in the table below:</p> <table><tr><th>Name</th><th>Address</th><th>LEI-code</th><th>Legal form</th><th>Country of incorporation and jurisdiction</th></tr><tr><td>General Atlantic RR B.V.</td><td>Raamplein 1, 1016XK Amsterdam, The Netherlands</td><td>724500HWS74G03RQRT75</td><td>Besloten Vennootschap</td><td>Netherlands</td></tr><tr><td>Sprints Euphrasia S.à r.l.</td><td>51-53 rue de Merl, L-2146</td><td>549300JMJD426ML4JY06</td><td>Société à respons- abilité limitée</td><td>Luxembourg</td></tr><tr><td>Care of Hemnet AB (publ)</td><td>Sveavägen 9, 111 57 Stockholm</td><td>8945006YCV6K102TF796</td><td>Publikt aktiebolag</td><td>Sweden</td></tr><tr><td>Håkan Erixon¹⁾</td><td>Company address²⁾</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Tracey Fellows¹⁾</td><td>Company address²⁾</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Kerstin Lindberg Göransson¹⁾</td><td>Company address²⁾</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Nicholas McKittrick¹⁾</td><td>Company address²⁾</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Pierre Siri¹⁾</td><td>Company address²⁾</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Cecilia Beck-Friis³⁾</td><td>Company address²⁾</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Carl Johan Åkesson³⁾</td><td>Company address²⁾</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Jessica Sjöberg³⁾</td><td>Company address²⁾</td><td>–</td><td>–</td><td>–</td></tr><tr><td>PerOla Schelvander³⁾</td><td>Company address²⁾</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Pierre Bergström³⁾</td><td>Company address²⁾</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Nikita Lundvall³⁾</td><td>Company address²⁾</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Henrik Persson⁴⁾</td><td>Company address²⁾</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Anna Lagerborg⁵⁾</td><td>Company address²⁾</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Ninni Mörch⁵⁾</td><td>Company address²⁾</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Norrängen Media AB⁶⁾</td><td>Majstigen 4 182 73 Stocksund</td><td>549300ZHSP8SMPT0H222</td><td>Privat aktiebolag</td><td>Sweden</td></tr><tr><td>Zamok Investment AB⁷⁾</td><td>C/O Segerborg St. Eriksplan 5, 113 20 Stockholm</td><td>549300JHQWT8Y2C5YQ12</td><td>Privat aktiebolag</td><td>Sweden</td></tr></table> <p>1) Board member. 2) C/O Hemnet AB, Klarabergsgatan 60, 3tr 112 21 Stockholm. 3) Employee. 4) Previous board member. 5) Previous employee. 6) Norrängen Media AB is wholly owned by Cecilia Beck-Friis. 7) Zamok Investment AB is wholly owned by Erik Segerborg, who is a previous employee.</p> <p>1) Assuming a price in the Offer corresponding to the mid-point of the price range, and that the Offer is increased in full and that the Over-Allotment Option is exercised.</p>	Name	Address	LEI-code	Legal form	Country of incorporation and jurisdiction	General Atlantic RR B.V.	Raamplein 1, 1016XK Amsterdam, The Netherlands	724500HWS74G03RQRT75	Besloten Vennootschap	Netherlands	Sprints Euphrasia S.à r.l.	51-53 rue de Merl, L-2146	549300JMJD426ML4JY06	Société à respons- abilité limitée	Luxembourg	Care of Hemnet AB (publ)	Sveavägen 9, 111 57 Stockholm	8945006YCV6K102TF796	Publikt aktiebolag	Sweden	Håkan Erixon ¹⁾	Company address ²⁾	–	–	–	Tracey Fellows ¹⁾	Company address ²⁾	–	–	–	Kerstin Lindberg Göransson ¹⁾	Company address ²⁾	–	–	–	Nicholas McKittrick ¹⁾	Company address ²⁾	–	–	–	Pierre Siri ¹⁾	Company address ²⁾	–	–	–	Cecilia Beck-Friis ³⁾	Company address ²⁾	–	–	–	Carl Johan Åkesson ³⁾	Company address ²⁾	–	–	–	Jessica Sjöberg ³⁾	Company address ²⁾	–	–	–	PerOla Schelvander ³⁾	Company address ²⁾	–	–	–	Pierre Bergström ³⁾	Company address ²⁾	–	–	–	Nikita Lundvall ³⁾	Company address ²⁾	–	–	–	Henrik Persson ⁴⁾	Company address ²⁾	–	–	–	Anna Lagerborg ⁵⁾	Company address ²⁾	–	–	–	Ninni Mörch ⁵⁾	Company address ²⁾	–	–	–	Norrängen Media AB ⁶⁾	Majstigen 4 182 73 Stocksund	549300ZHSP8SMPT0H222	Privat aktiebolag	Sweden	Zamok Investment AB ⁷⁾	C/O Segerborg St. Eriksplan 5, 113 20 Stockholm	549300JHQWT8Y2C5YQ12	Privat aktiebolag	Sweden
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Competent Authority	The Swedish Financial Supervisory Authority (the “SFSA”) (Sw. <i>Finansinspektionen</i>) (visiting address: Brunnsgatan 3, Stockholm, Sweden; postal address: Box 7821, 103 97 Stockholm, Sweden; e-mail: finansinspektionen@fi.se; telephone: +46 (0)8 408 980 00; website: www.fi.se) has approved the Swedish Prospectus as competent authority under Regulation (EU) 2017/1129 (the “Prospectus Regulation”). The Swedish prospectus was approved on 16 April 2021.
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Key information on the issuer

Who is the issuer of the securities?

Issuer information	The Company is a Swedish public limited liability company (Sw. <i>publikt aktiebolag</i>) with LEI-code: 5493008VIU67J3HUAR07. The Company has its registered office in Stockholm, Sweden, was incorporated in Sweden and is subject to Swedish corporate law.																																																	
The issuer’s principal activities	<p>Hemnet operates the leading¹⁾ property platform in Sweden. Hemnet emerged as an industry initiative in 1998 and has since then transformed into a “win-win” value proposition for the housing market. By offering a unique combination of products, insights and inspiration, Hemnet has built lasting relationships with buyers, sellers, and agents for more than 20 years. Hemnet and its stakeholders share a mutual passion for homes, and are driven to be an independent go-to-place for people to turn to with various housing needs that arise through their lives. This is mirrored in the Company’s vision, to be the key to your property journey, where Hemnet through its products and services wants to improve the efficiency, transparency and mobility on the housing market.</p> <p>Hemnet is the Swedish property portal that gathers the highest number of visitors and the largest²⁾ selection of listings in one single place. With superior traffic and leading brand recognition, Hemnet is one of the most recognised and trustworthy Swedish media brands,³⁾ and an online platform with a large and loyal visitor base, and an average monthly visits count of 62.5 million⁴⁾. In 2020, 64.6 million hours were spent browsing on Hemnet, which corresponds to an average monthly time spent on Hemnet of 38 minutes⁵⁾ per capita.</p> <p>1) Monthly visits to mobile web and desktop (excluding apps) according to data from Similarweb during the period January – December 2020.</p> <p>2) Excluding aggregators such as Booli. Source: OC&C Strategy Consultants LLP’s market study which has been prepared for Hemnet.</p> <p>3) Hemnet is the second most known local media brand after SVT, and only after Spotify, Netflix, Google and YouTube in addition to SVT among all media brands in Sweden, based on consumers’ overall impression and perception of content quality, value for money, employer brand, customer satisfaction and willingness to recommend the brand: YouGov Brand Index report, September 2020.</p> <p>4) Google analytics, January – December 2020.</p> <p>5) Company information and SCB, Population statistics January 2021. Excluding the part of the population under 14 years.</p>																																																	
Issuer’s major shareholders	<p>The table below sets forth the shareholders who possess at minimum 5 percent of the shares and the votes in Hemnet Group AB (publ) immediately before the Offer. In accordance with the table set forth below, the Company will not have any controlling shareholders following the Offer.</p> <table><tr><th>Shareholder</th><th>Number of shares and votes before the Offer</th><th>Percentage of shares and votes before the Offer</th><th>Number of shares and votes after the Offer at full subscription, if the Over-Allotment Option is not exercised</th><th>Percentage of shares and votes after the Offer at full subscription, if the Over-Allotment Option is not exercised</th><th>Number of shares and votes after the Offer at full subscription, if the Over-Allotment Option is fully exercised</th><th>Percentage of shares and votes after the Offer at full subscription, if the Over-Allotment Option is fully exercised</th></tr><tr><td>General Atlantic RR B.V.¹⁾</td><td>53,853,791</td><td>53.3%</td><td>43,083,033</td><td>42.6%</td><td>41,692,006</td><td>41.2%</td></tr><tr><td>Sprints Euphrasia S.à r.l.²⁾</td><td>15,420,092</td><td>15.2%</td><td>12,336,074</td><td>12.2%</td><td>11,937,778</td><td>11.8%</td></tr><tr><td>Care of Hemnet AB (publ)³⁾</td><td>13,590,290</td><td>13.4%</td><td>100</td><td>0.0%</td><td>100</td><td>0.0%</td></tr><tr><td>Mäklarsamfundet Bransch i Sverige AB</td><td>9,871,881</td><td>9.8%</td><td>10,113,148</td><td>10.0%</td><td>10,113,148</td><td>10.0%</td></tr><tr><td>Other shareholders</td><td>8,395,424</td><td>8.3%</td><td>35,599,123</td><td>35.2%</td><td>37,388,446</td><td>37.0%</td></tr><tr><td>Total:</td><td>101,131,478</td><td>100.0%</td><td>101,131,478</td><td>100.0%</td><td>101,131,478</td><td>100.0%</td></tr></table> <p>¹⁾ General Atlantic RR B.V. is directly controlled by General Atlantic Coöperatief U.A. and indirectly controlled by GAP (Bermuda) Limited.</p> <p>²⁾ Sprints Euphrasia S.à r.l. is indirectly owned by Sprints Capital Management Limited.</p> <p>³⁾ Care of Hemnet AB (publ) is mainly owned by real estate agents, real estate agencies and real estate firms (as well as certain members of the board of directors).</p>	Shareholder	Number of shares and votes before the Offer	Percentage of shares and votes before the Offer	Number of shares and votes after the Offer at full subscription, if the Over-Allotment Option is not exercised	Percentage of shares and votes after the Offer at full subscription, if the Over-Allotment Option is not exercised	Number of shares and votes after the Offer at full subscription, if the Over-Allotment Option is fully exercised	Percentage of shares and votes after the Offer at full subscription, if the Over-Allotment Option is fully exercised	General Atlantic RR B.V. ¹⁾	53,853,791	53.3%	43,083,033	42.6%	41,692,006	41.2%	Sprints Euphrasia S.à r.l. ²⁾	15,420,092	15.2%	12,336,074	12.2%	11,937,778	11.8%	Care of Hemnet AB (publ) ³⁾	13,590,290	13.4%	100	0.0%	100	0.0%	Mäklarsamfundet Bransch i Sverige AB	9,871,881	9.8%	10,113,148	10.0%	10,113,148	10.0%	Other shareholders	8,395,424	8.3%	35,599,123	35.2%	37,388,446	37.0%	Total:	101,131,478	100.0%	101,131,478	100.0%	101,131,478	100.0%
Shareholder	Number of shares and votes before the Offer	Percentage of shares and votes before the Offer	Number of shares and votes after the Offer at full subscription, if the Over-Allotment Option is not exercised	Percentage of shares and votes after the Offer at full subscription, if the Over-Allotment Option is not exercised	Number of shares and votes after the Offer at full subscription, if the Over-Allotment Option is fully exercised	Percentage of shares and votes after the Offer at full subscription, if the Over-Allotment Option is fully exercised																																												
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Total:	101,131,478	100.0%	101,131,478	100.0%	101,131,478	100.0%																																												
Board of directors and executive management	The Company’s board of directors comprises: Håkan Erixon (chairman), Christopher Caulkin, Anders Edmark, Tracey Fellows, Håkan Hellström, Kerstin Lindberg Göransson, Nicholas McKittrick and Pierre Siri. The executive management of the Company comprises: Cecilia Beck-Friis (CEO), Carl Johan Åkesson (Chief Financial Officer), Francesca Cortesi (Chief Product Officer), Jessica Sjöberg (Chief Communications and People Officer), PerOla Schelvander (Chief Technology Officer), Pierre Bergström (Chief Sales Officer) and Sarah Wu (Chief Commercial Officer).																																																	
Auditor	Ernst & Young Aktiebolag (“EY”), with address Hamngatan 26, 111 47 Stockholm, is the auditor of the Company. The authorised public accountant Anna Svanberg, who is a member of FAR (professional institute for authorised public accountants) is the main responsible auditor.																																																	

What is the key financial information regarding the issuer?

Key financial information in summary	Selected income statement items			
	For the year ended 31 December ¹⁾			
	(MSEK)	2020 Audited	2019 Audited	2018 Audited
	Net sales	544.1	444.4	373.1
	Operating profit (EBIT)	110.5	98.7	73.3
	Profit for the period	67.7	65.6	53.2
	Selected balance sheet items			
	As of 31 December ¹⁾			
	(MSEK)	2020 Audited	2019 Audited	2018 Audited
	Total assets	2,373.3	2,398.7	2,539.0
	Total equity	1,349.6	1,280.5	1,388.2
	Selected cash flow items			
	For the year ended 31 December ¹⁾			
	(MSEK)	2020 Audited	2019 Audited	2018 Audited
	Cash flow from operating activities	127.0	138.8	91.0
	Cash flow from investing activities	(7.0)	(10.8)	(7.1)
	Cash flow from financing activities	(92.3)	(219.2)	92.8
	Cash flow for the period	27.7	(91.3)	176.7
	1) Derived from the Company's audited historical financial information from 2020, 2019 and 2018.			
	Selected key performance measures			
	For the year ended 31 December			
	(MSEK, unless otherwise stated)	2020	2019	2018
	# of listings, thousand	189.3	185.0	188.0
	Average revenue per listing (ARPL), SEK	1,760	1,414	1,079
	EBITDA	188.0	171.9	138.1
	EBITDA margin, %	34.5%	38.7%	37.0%
	Adjusted EBITDA	202.1	171.9	138.1
	Adjusted EBITDA margin (%)	37.1%	38.7%	37.0%
	Operating profit (EBIT)	110.5	98.7	73.3
	Operating profit margin, %	20.3%	22.2%	19.6%

What are the key risks that are specific to the issuer?

Material risk factors specific to the issuer	<p>Prior to any investment decision it is important to carefully analyse the risk factors that are deemed to be material for Hemnet. These risks include, <i>inter alia</i>, the following industry and business related risks:</p> <ul style="list-style-type: none"> ● <i>Hemnet may be exposed to competition from competitors with better resources, and real estate agents and home sellers could begin to prefer other alternatives to Hemnet, which in extension may lead to a reduced demand for Hemnet's services, which would have an adverse effect on Hemnet's net sales and thereby its results of operations and financial position.</i> ● <i>Hemnet faces risks related to factors that affect the Swedish real estate market, including macroeconomic but also other factors that affect buying and selling decisions. Adverse macroeconomic and other factors affecting the Swedish housing market may lead to uncertainty which may cause potential buyers and sellers of housing to delay any decisions on transactions and consequently of property listings, as well as less traffic to Hemnet's platform, which could each result in a fall in demand for Hemnet's products and services and, as a result, have a material adverse effect on Hemnet's net sales and thereby its results of operations and financial position.</i>
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Material risk factors specific to the issuer, cont.	<ul style="list-style-type: none"> ● Hemnet is dependent on having good relations with the real estate agent industry. Should real estate agents choose Hemnet's competitors or other options to property listings instead of Hemnet, it could lead to a reduced supply and content of property listings on Hemnet's platforms which may lead to lower revenues from property sellers and possibly a deteriorating market position, as well as loss of revenues directly from the real estate agent industry. ● Any failure by Hemnet to, in comparison with its competitors, innovate its products and services or to keep pace with new technological developments or adapt to changed consumer behaviour may result in visitors and customers choosing a competing housing portal or an alternative service over Hemnet, which could lead to adverse effects on Hemnet's net sales and thereby its results of operations and financial position. ● A strong brand and reputation are vital to the business of Hemnet. Actions and events that may adversely impact Hemnet's brand or reputation may have a material adverse effect on Hemnet's competitiveness in relation to both existing and potential new competitors and by extension, also prospects of growth in relation to net sales. ● Hemnet's website Hemnet.se and mobile applications are central for Hemnet's ongoing operations. As the mobile applications and website require third party services to function effectively, Hemnet faces risks associated with the delivery of these third-party services. A loss of visitors, temporarily or over time due to visitors choosing competing services, due to downtime or a deterioration in reputation, may in turn result in fewer customers wanting to advertise their housing on Hemnet, which may lead to adverse effects on Hemnet's business, financial position and results of operations as well as a deterioration in goodwill. ● Hemnet and its platform is a potential target for external threats such as cyber-attacks and having its infrastructure in its cloud platform hacked or attacked. An incident could significantly disrupt Hemnet's operations, damage Hemnet's reputation, expose Hemnet to a risk of loss of personal data relating to customers, visitors or employees, and possibly expose Hemnet to the liability and loss suffered by customers and business partners. External threats may also cause Hemnet to incur significant expenditure and may divert the attention of the board and the executive management team from the day-to-day management of Hemnet in order to resolve problems caused by such incidents.
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Key information on the securities

What are the main features of the securities?

Securities offered	The Offer is in respect of existing ordinary shares in Hemnet Group AB (publ), reg. nr 559088-4440, ISIN-code SE0015671995. The shares are denominated in Swedish Kronor (SEK).
Total number of shares in the Company	The Company's share capital, as of the day of the Prospectus, amounts to SEK 68,354,528.030000 divided into 89,262,058 shares, of which 39,397,287 are shares of class A, 7,101,190 are shares of class B, 1,114,710 are shares of class C, 37,148,872 are shares of class D, 2,767,856 are shares of class E and 1,732,142 are shares of class F. The quota (par) value per share is SEK 0.765774.
Rights associated with the securities	<p>There will be two classes of shares in the Company at the first day of trading, ordinary shares and shares of class A1. The shares of class A1 have veto rights against changes to the business object in the Company's articles of association. The holder of shares of class A1 may request a conversion of the shares of class A1 to ordinary shares. The class A1 shares are subject to pre-emption rights in accordance with the articles of association. In other respects, ordinary shares and shares of class A1 have the same rights.</p> <p>At the first day of trading, each share will entitle the holder thereof to one (1) vote at general meetings. All shares will at that time carry equal rights to the Company's assets in the event of liquidation and to dividends. The shares entitle the holder the right to dividend for the first time as of the record date for distribution that occurs after the listing of the shares. Persons registered as owners in the share register maintained by Euroclear Sweden AB ("Euroclear") on the record date determined by the general meeting are entitled to dividend.</p> <p>If Hemnet issues new shares, warrants or convertibles in a cash or set-off issuance, the shareholders have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issuance. The articles of association do not restrict Hemnet's ability to issue new shares, warrants or convertibles with deviation from the shareholders' preferential rights under the Swedish Companies Act.</p> <p>The ordinary shares in the Company, which will be listed shares, are freely transferable in accordance with Swedish law. The rights associated with the shares issued by the Company, including those pursuant to the articles of association, can only be amended in accordance with the procedures set out in the Swedish Companies Act.</p>

Distribution and dividend policy	Hemnet targets a minimum annual dividend of one third of net income. In the event that the Company retains excess cash, this will be returned to shareholders e.g. through special dividends or share repurchases.
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Where will the securities be traded?

Admission to trading	Nasdaq Stockholm's listing committee have assessed that Hemnet Group AB (publ) fulfils the listing requirements for the regulated market, operated by Nasdaq Stockholm AB, subject to customary conditions, such as that the dispersion requirements in respect of the Company's ordinary shares are fulfilled not later than the first day of trading. Trading is expected to begin on 27 April 2021. The shares will be traded in SEK on Nasdaq Stockholm.
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What are the key risks that are specific to the securities?

Material risk factors related to the securities	<p>Material risks specific to the Offer and the Company's shares include the following:</p> <ul style="list-style-type: none"> ● <i>Prior to the Offer, there has been no orderly trading arranged for Hemnet's shares. There is a risk that an active and liquid market cannot develop or, if developed, that it will be sustained after completion of the Offer.</i> ● <i>The amount of any future dividends that Hemnet will pay, if any, will depend upon a number of factors, such as future earnings, financial condition, cash flows, net working capital requirements, capital expenditures and other factors. Hemnet may furthermore not have sufficient distributable funds and Hemnet's shareholders may not resolve to pay dividends in the future.</i> ● <i>If Hemnet issues new shares in a rights offering, shareholders shall, as a general rule, have preferential rights to subscribe for new shares proportionally to the number of shares held prior to the issue. Shareholders in certain countries may be subject to limitations that prevent them from participating in rights offerings, or that otherwise makes participation difficult or limited. Shareholders in other jurisdictions outside Sweden, including United States, may not be able to subscribe for shares if the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction.</i>
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Key information on the offer of securities to the public and the admission to trading on a regulated market

Under which conditions and timetable can I invest in this security?

General conditions	<p>The Offer: The Offer comprises 17,893,231 shares¹⁾, offered by the Selling Shareholders. The Offer is divided into two components: (i) the Offer to the public in Sweden and (ii) the Offer to institutional investors in Sweden and abroad.</p> <p>Over-allotment Option: The Principal Shareholder and Sprints Capital have granted an Over-Allotment Option to the Managers, which can be exercised in full or in part for a period of 30 days from the first day of trading in the Company's shares on Nasdaq Stockholm, to acquire up to 1,789,323 additional shares²⁾ from the Principal Shareholder and Sprints Capital corresponding to no more than 10 percent of the total number of shares comprised by the Offer, for a price equal to the price in the Offer.</p> <p>Offer price: The price of the shares in the Offer is expected to be set within the range SEK 95–115 per share. The final price in the Offer will be determined through a book-building process. The final price in the Offer to the public in Sweden will not exceed SEK 115 per share. The final price in the Offer is expected to be announced through a press release on or about 26 April 2021. No commission is payable in connection with the Offer.</p> <p>Application period: Applications from the public in Sweden to acquire shares must be made during the period 19 April – 26 April 2021. The application period for institutional investors in Sweden and abroad is between 19 April – 26 April 2021.</p> <p>Application: Applicants applying to acquire shares through Carnegie must have a securities depository account or an investment savings account with Carnegie. Depository account customers with Nordnet can apply to acquire shares via Nordnet's Internet service.</p> <p>1) Assuming a price in the Offer based on the mid-point of the price range. 2) Assuming a price in the Offer based on the mid-point of the price range.</p>
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General conditions, cont.	<p>Allocation: The decision concerning the allocation of shares will be made by the Principal Shareholder in consultation with the Managers, whereby the objective will be to achieve a strong institutional ownership base and a wide spread of shares among the public in Sweden to enable regular and liquid trading of the Company's shares on Nasdaq Stockholm. The allocation is not dependent on when during the application period the application was submitted. Allocation is expected to take place on or around 27 April 2021.</p> <p>Admission to trading on Nasdaq Stockholm: On 6 April 2021, Nasdaq Stockholm's listing committee made the assessment that the Company fulfils the applicable listing requirements on Nasdaq Stockholm. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq Stockholm subject to customary conditions, including that the Company submits such an application and that the distribution requirement for the Company's shares is met. The first day of trading is expected to be on 27 April 2021.</p>
Timetable for the Offer	<p>Application period for the general public: 19 April – 26 April 2021</p> <p>Application period for institutional investors: 19 April – 26 April 2021</p> <p>Announcement of the price of the Offer: 26 April 2021</p> <p>First day of trading in the Company's shares: 27 April 2021</p> <p>Settlement date: 29 April 2021</p>
Offer costs	Hemnet's costs attributable to the Offer and the acceptance of its shares for trading on Nasdaq Stockholm, including payment to the issuing institute and other advisors, and other estimated transaction costs are estimated to amount to approximately SEK 41 million.

Who is the offeror and the person asking for admission to trading?

Offeror of the securities	At the date of the Prospectus, the Company has 22 direct shareholders. The Selling Shareholders are offering 19,682,554 existing shares in the Offer. ¹⁾ Information regarding the Selling Shareholders is presented in the table below:				

Summary

Person asking for admission to trading	The person asking for admission to trading is Hemnet Group AB (publ).
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Why is this Prospectus being produced?

Reasons for the offer	<p>Hemnet's board of directors, together with the two major shareholders General Atlantic and Sprints Capital, consider that a listing of the Company's shares on Nasdaq Stockholm represents an important step in the continued development of the Company. The board of directors also assesses that a listing of Hemnet's shares will benefit the Company by broadening the shareholder base and providing access to the Swedish and international capital markets. It is also the board of directors' opinion that the opportunity to own shares in Hemnet may lead to increased engagement from consumers, business partners as well as employees. In addition, the Offer allows the Selling Shareholders to sell a portion of their current shareholding and thereby creating a liquid market for the shares.</p>
Interests and conflicts of interest	<p>Carnegie Investment Bank AB (publ) ("Carnegie"), Morgan Stanley & Co. International plc. ("Morgan Stanley"), and Citigroup Global Markets Limited. ("Citi") are Joint Global Coordinators and Bookrunners. Managers refers to the Joint Global Coordinators and Booksrunners and Nordea Bank Abp, filial i Sverige ("Nordea") and Barclays Bank Ireland PLC ("Barclays"). The Managers provide financial advice and other services to Hemnet and the Principal Shareholder in connection with the Offer, for which they will receive customary remuneration. The total compensation will be dependent on the success of the Offer. The Managers have, from time to time, provided and may in the future provide, the Principal Shareholder and parties affiliated with the Principal Shareholder, services within the scope of the daily operations in connection with other transactions.</p> <p>Roschier Advokatbyrå is legal counsel to the Principal Shareholder and the Company in connection with the Offer and the listing on Nasdaq Stockholm as to Swedish law and Paul, Weiss, Rifkind, Wharton & Garrison LLP is legal counsel to the Principal Shareholder and the Company as to U.S. law. The legal counsels have provided and may in the future provide the Company, the Principal Shareholder and parties affiliated with the Principal Shareholder legal advice. In connection with the Offer, the legal counsels will receive customary compensation for the advice given.</p> <p>In connection with the Offer, Nordea will be the lender that, subject to certain customary conditions, has undertaken to provide the Company certain credit facilities upon closing of the Offer in order to refinance the existing financing and to ensure the ongoing financing of the Group's operations.</p>

Risk factors

This section contains risk factors and significant circumstances considered to be material to Hemnet's business and future development. The risk factors relate to Hemnet's business, industry and markets, and further include operational risks, legal risks, regulatory risks, tax risks, financial risks as well as risk factors related to the securities. The assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. In accordance with the Prospectus Regulation, the risk factors mentioned below are not an exhaustive description, instead they are limited to such risks which are specific to the Company and/or to the securities.

The description below is based on information available as of the date of the Prospectus. The risk factors that are currently considered to be the most material is presented first in each category, and the subsequent risk factors are presented in no particular order.

Risks related to Hemnet's industry and markets

Hemnet faces competition and Hemnet may be unable to retain or grow its market share in the future

Hemnet faces competition from a number of competitors and may face competition from new market entrants. Currently, Hemnet's largest competitor measured by visitor traffic is the property search service Booli, which is owned by SBAB and primarily scrapes other services' websites, such as real estate agencies' own websites, to obtain an inventory of listings. Another competitor is Boneo, which was launched in 2019 by a number of the larger real estate firms in Sweden.

Hemnet competes to attract customers on the basis of its brand and reputation, the quality and reliability of its website and mobile applications and the quality and volume of listings, all of which drive traffic to the platform and, as a result, make it more appealing to customers. Hemnet's current competitors and potential future competitors may be able to provide Hemnet's customers with services that are different from or better to those of Hemnet, which could lead to reductions in viewer traffic to the platform, or provide more competitive pricing for the same services that Hemnet offers, which could reduce customer demand for Hemnet's services (refer to the risk factors *"Hemnet is dependent on providing products and services that are attractive to users"* and *"Risk of failure to continue developing new products and services"*).

There is also a risk that new entrants, such as large and economically well-resourced internet media companies with major technological capabilities and/or strong brands, will disrupt the market for online property listings,

possibly with new and evolving business models. Hemnet also faces risks that major international property platforms, with significant economic resources, experience and potential brand recognition, enter the Swedish market. Existing competitors could also consolidate and thus become more well-resourced in terms of economic resources, experience and strong brands. These factors could result in Hemnet facing competition from better-resourced competitors, who may offer even more attractive services to Hemnet's customers and potential customers, or be able to drive higher traffic levels to their respective sites, either of which could result in reduced demand for Hemnet's services. Competition from existing or potential future competitors may impact Hemnet's ability to retain its customers or to win new customers.

Due to Hemnet's business model, where real estate agencies are both users of Hemnet's products for the real estate industry and mediators of Hemnet's products and services to property sellers, the real estate agents', in addition to the home sellers', perception of Hemnet as the most suitable option for property listings, is of material importance to Hemnet (also refer to the risk factor *"Hemnet is dependent on having good relations with the real estate agent industry"*). Should any of Hemnet's current or potential future competitors, including listing services run by real estate agencies, be the real estate agents' preferred option for property listings, Hemnet may not be able to grow or retain its market share, which would have an adverse effect on Hemnet's net sales and thereby its results of operations and financial position.

Hemnet operates in the Swedish housing market which is affected by a variety of macroeconomic factors and other factors that affect housing decisions

Hemnet faces risks related to factors that affect the Swedish real estate market, including those that impact its principal customers (including home sellers, real estate agents, real estate developers and other business partners), as well as home buyers that uses Hemnet's platform. In particular, these parties are highly exposed to, and as a result are affected by, the transactional activity in the Swedish housing market. The Swedish housing market is in turn affected by macroeconomic and other factors that affect buying and selling decisions, such as overall economic trends, national and regional economic trends, employment rate, income development, population growth, production rate for new housing, availability of rentals, availability of mortgage financing, inflation and interest rates (also refer to the risk factors "*Risks relating to the Covid-19 pandemic*" and "*Hemnet is affected by local political decisions and legislation, which could be changed and have a negative impact on Hemnet*"). Adverse macroeconomic and other factors affecting the Swedish housing market may lead to short or long periods of uncertainty in terms of pricing of housing objects. Such uncertainty may cause potential buyers and sellers of housing to delay any decisions on transactions and consequently of property listings, as well as less traffic to Hemnet's platform, which could each result in a fall in demand for Hemnet's products and services and, as a result, have a material adverse effect on Hemnet's net sales and thereby its results of operations and financial position.

Hemnet is dependent on the characteristics of property listings on the Swedish housing market

In Sweden, about 96 percent of all housing transactions are mediated by real estate agents. Pursuant to Hemnet's business objects, all listings on Hemnet (excluding new production and property sold by the Swedish Enforcement Authority (Sw. *Kronofogdemyndigheten*)) shall be mediated by a registered real estate agent. Hemnet is therefore dependent on housing transactions on the Swedish housing market continuing to be mediated by real estate agents. Additionally, the Company believes that the number of pre-market sales (property sales through real estate agents without prior listing or listing through the real estate agencies own channels) vary over time. A shift on the market towards private property sales and/or pre-market sales would limit Hemnet's addressable market, which could have a material adverse effect on Hemnet's net sales and thereby its results of operations and financial position.

Risks relating to the Covid-19 pandemic

The extent of the Covid-19 pandemic and the long-term financial effects that may follow from the pandemic are as per this date still unknown. The Covid-19 pandemic has

affected market conditions globally and consequently the prospects, operating results and financial conditions of countries, companies and banks. The Covid-19 pandemic and the global and regional economic and political changes that are occurring as an effect, and changes due to any future viral outbreaks, may affect the volumes of housing transactions (refer to the risk factor "*Hemnet operates on the Swedish housing market which is affected by a variety of macroeconomic factors and other factors that affect housing decisions*"). Should the Covid-19 pandemic continue, the adverse effects on the global economy activity could lead to a recession or depression, which could lead to an increased unemployment rate and poorer availability of mortgages, which would materially disturb the activity on the Swedish housing market and consequently have an adverse effect on Hemnet's net sales and thereby its results of operations and financial position.

In order to prevent the spread of Covid-19, political decisions on the closing-down of societies (referred to as lock-downs) have been made globally. Any decisions on lock-downs have not been made in Sweden, however Swedish citizens are expected to abide the national regulations and general guidelines issued by the Public Health Agency of Sweden, including the recommendations on maintaining social distance to other people and to avoid crowds. Should the Covid-19 pandemic continue, or should the spread of the Covid-19 virus increase, there is a risk that local or national provisions on more or less full lock-downs are issued also in Sweden. Should the possibilities to arrange or attend residential property viewings deteriorate due to lock-downs or otherwise stricter national regulations and general guidelines, it may result in property sellers choosing to postpone any planned housing sales, which could temporarily affect the available housing inventory and therefore the volumes of housing transactions and, consequently, the number of listings on Hemnet's website, which could have an adverse effect on Hemnet's net sales and thereby its results of operations and financial position.

Operational risks

Hemnet is dependent on having good relations with the real estate agent industry

Hemnet works with a number of customer groups, of which real estate agents have a special position as real estate agencies administer and mediate Hemnet's property listings to property sellers against an administration fee and (with regards to those having chosen to resell add-on services) commission on such additional services, which is paid to the real estate agency. In addition, the majority of the real estate agencies are customers to Hemnet through acquisitions of services for the real estate industry. In Sweden, about 96 percent of all housing transactions are mediated by real estate agents. Thus, real estate agents function as an extension of Hemnet towards the sellers of housing.

In addition to being both customers of and partners to Hemnet, Swedish real estate agents, real estate agencies and real estate firms hold shares in Hemnet, and will continue to hold shares following the Offer. Thereto, the Association of Swedish Real Estate Agents (Sw. *Mäklarsamfundet*) ("**Mäklarsamfundet**"), which is an industry and member organisation for Swedish real estate agents, is one of the larger shareholders of the Company and will continue to be one of the larger shareholders following the Offer.

Hemnet and Mäklarsamfundet have entered into a long-term framework agreement which sets out certain principles for the relationship between Hemnet and real estate agencies in order to create long-term conditions and stability for real estate agencies and to secure a sound commercial development for Hemnet. Hemnet and the real estate industry therefore have a mutually beneficial relationship where the parties are dependent on each other.

Should real estate agents choose Hemnet's competitors or other options to property listings instead of Hemnet, such as pre-market sales outside Hemnet, either due to the options to Hemnet having better pricing, content, contract terms or otherwise being deemed the better option (also refer to the risk factors "*Hemnet faces competition from other online real estate listing services and Hemnet may be unable to retain or grow its market share in the future*" and "*Hemnet is dependent on the characteristics of property listings on the Swedish housing market*") or due to a deteriorating relationship with the real estate industry as an effect of, for instance, new pricing or remuneration models or as a result of Mäklarsamfundet or shareholding real estate firms, real estate agencies or real estate agents choosing to sell their shares in Hemnet and thereby no longer having an ownership interest in Hemnet, or due to any conflicts concerning the framework agreement, it could lead to a reduced supply and content of property listings on Hemnet's platforms. A reduced supply and content of property listings on Hemnet's platform could lead to lower revenues from property sellers and possibly a deteriorating market position, as well as loss of revenues directly from the real estate agent industry.

Hemnet is dependent on providing products and services that are attractive to users

Hemnet's success depends on its continued ability to innovate and develop services that retain and attract customers and visitors. For instance, there has during a longer period been a shift from visitors using the platform on a web browser to visitors using mobile applications. Hemnet must therefore invest significant resources in innovation and development in order to continuously improve its existing products and services and increase its product and service portfolio in order to attract and retain visitors and home buyers on its platform and, consequently, home sellers, real estate agents and advertisers.

Further, Hemnet's success is also affected by its ability to store, retrieve, process, manage and display substantial amounts of information, which requires investments in equipment and software and the development, either internally or through consultants, of new proprietary software. Should Hemnet not be able to continuously design, develop, implement, or utilise information technology systems in a cost-effective manner, Hemnet may not be able to compete effectively.

Any failure by Hemnet to, in comparison with its competitors, innovate its products and services or to keep pace with new technological developments or adapt to changed consumer behavior may result in visitors and customers choosing a competing housing portal or an alternative service over Hemnet, which could lead to adverse effects on Hemnet's net sales and thereby its results of operations and financial position.

Hemnet is dependent on the strength of its brand and its reputation

A strong brand and reputation are vital to the business of Hemnet. A strong brand with extensive brand awareness is important to drive traffic to Hemnet's platforms, and the amount of traffic on the platforms is an important factor underpinning the retention and recruitment of customers. The actions of competitors, negative publicity involving Hemnet or its employees, malfunctions in Hemnet's services, an inability to protect the personal data of customers or offer products and services that differentiate Hemnet from its competitors, or other risk factors described in the Prospectus, may adversely impact Hemnet's brand and reputation which may have a material adverse effect on Hemnet's competitiveness in relation to both existing and potential new competitors and by extension, also prospects of growth in relation to net sales.

Hemnet relies on its mobile applications and its website Hemnet.se to attract customers and visitors and is dependent on third parties for the ongoing operations

Hemnet's website Hemnet.se and mobile applications are central for Hemnet's ongoing operations. As the mobile applications and website require third party services to function effectively, Hemnet faces risks associated with the delivery of these third-party services. For example, Hemnet's website is hosted on cloud platforms. Hemnet is thereby dependent on the services of third parties for its critical operations. Hemnet and Hemnet's suppliers of services use technical measures in place to prevent downtime and Hemnet's mobile applications and website have historically not had any significant downtime. However, neither Hemnet nor any third parties providing services to Hemnet may fully prevent downtime or outages due to events or catastrophic occurrences such as earthquakes, floods, fires, power loss, telecommunication failures, terrorist attacks, computer viruses, or similar. Any downtime of the website or the mobile application, or failure in

maintaining and keeping the information on the website or mobile application up to date, for any reason, may damage Hemnet's reputation and lead to a loss of visitors. There is a risk that Hemnet may not successfully recover from any loss resulting from the failure of any of its third-party suppliers, which could possibly expose Hemnet to liability from customers and partners. Further, Hemnet and its service providers might need to take steps to increase the reliability of Hemnet's systems to avoid recurrent interruptions or system failures. This could be expensive and may not be successful in reducing the frequency or duration of unscheduled downtime. Hemnet is further dependent on maintaining its relationships with its suppliers, including maintaining its suppliers on existing or similar terms. Should any of Hemnet's most significant suppliers stop its supplies to Hemnet, Hemnet could face difficulties in replacing such suppliers on short notice, on similar terms or at all, which could lead to increased costs for Hemnet.

There are agreements in place between Hemnet and real estate agencies that contain instructions on what content should, and what content must not, be included in the listings. However, as the listings on Hemnet's platform are provided by real estate agents, the accuracy and completeness of the content on Hemnet's website is not fully within Hemnet's control. Hemnet does not independently verify the accuracy or completeness of all the information provided by the real estate agents. Should any content provided by third parties as described not be reliable, visitors may choose competing listing services over Hemnet.

A loss of visitors, temporarily or over time due to visitors choosing competing services, may result in fewer customers wanting to advertise their housing on Hemnet, which may have an adverse effect on Hemnet's business, financial position and results of operations as well as a deterioration in goodwill.

Hemnet could be a potential target for external threats, including cyber-attacks

Hemnet is one of the most visited platforms in Sweden in terms of traffic and time spent on the platform, which makes Hemnet and its platform a potential target for external threats such as cyber-attacks. Such attacks may occur for the purpose of, among others, sabotage and financial blackmail through, for example, ransomware. Hemnet could also be subject to DDoS-attacks (Distributed Denial-of-Service attacks resulting in slow connection or unavailable access to Hemnet's platforms due to an overwhelming amount of traffic) or spear phishing (unauthorised access to Hemnet's information or systems via targeted social engineering). Hemnet is also exposed to the risk of having its infrastructure in its cloud platform hacked or attacked, which could cause significant service disruptions on Hemnet's platforms. Furthermore, as

Hemnet has introduced digital payment options, further entrances to the operations of Hemnet through third parties have emerged, entailing that the "attack surface" of Hemnet's software environment has grown and is likely to continue to grow, which may cause the threat of cyber-attacks to increase. Techniques used to obtain unauthorised access to, or for sabotage of, systems and data change frequently, are becoming even more sophisticated and may not be publicly known until launched against Hemnet or its third-party service providers. Hemnet may be unable to anticipate such incidents or may not have adequate preventive measures in place. Depending on the scale and sophistication of any potential attack or sabotage, Hemnet may not be able to resolve and eliminate such threat promptly after becoming aware of it. An incident could significantly disrupt Hemnet's operations, damage Hemnet's reputation, expose Hemnet to a risk of loss of personal data relating to customers, platform visitors or employees, and possibly expose Hemnet to the liability and loss suffered by customers and business partners. Since Hemnet's internal IT infrastructure is decentralised and cloud-based, it entails risks such as unforeseeable downtime (also refer to the risk factor "*Hemnet relies on its mobile applications and its website Hemnet.se to attract customers and visitors and is dependent on third parties for the ongoing operations*"), limited insight to data processing of Hemnet's own data and decreased possibilities to adapt the service after preferred security measures.

Any incident as described above may also cause Hemnet to incur significant expenditure and may divert the attention of the board and the executive management team from the day-to-day management of Hemnet in order to resolve problems caused by such incidents.

Risk of failure to continue developing new products and services

Hemnet has in recent years diversified its revenue streams by developing products and services that give property sellers the opportunity to influence the listing by choosing between Hemnet's listing products and services. Hemnet has also introduced new products and services for other parties that operate in the housing market, such as products and services for real estate agencies, developers and banks. Hemnet's future growth is dependent on Hemnet continuing to provide new and attractive products and services to customers and potential customers, which will require Hemnet to invest in product development and in maintaining and enhancing its information technology systems. Should Hemnet not successfully be able to develop new products and services or expand its categories of customers it could have an adverse effect on Hemnet's growth prospects and therefore on Hemnet's net sales and thereby its results of operations and financial position.

Deficiencies in internal control may lead to a risk of being subject to fraud, and in extension a risk of having Hemnet's brand and reputation damaged, which could have a negative impact on the future operations of Hemnet

Being a large well-known property portal in Sweden makes Hemnet to some extent exposed to attempts of fraud, for example through stealing or hacking user data and login credentials (also known as phishing), fraudulent invoices and other measures which may lead to unauthorised transactions and other fraudulent activities. Such risks could materialise, for example, due to a lack of efficient and adequate internal control procedures and possibly insufficient knowledge and experience among Hemnet's employees. If an unauthorised transaction was to occur, it would foremost risk damaging Hemnet's strong reputation, especially in relation to business partners and financial counterparties who trust Hemnet to have adequate guidelines and procedures in place for preventing and detecting fraudulent activities. Hemnet's relationships with its financial counterparties and business partners are of significant importance to Hemnet's business and a loss of trust from such parties could in the long-term damage Hemnet's funding and therefore have an adverse effect on Hemnet's financial position. Hemnet may also, although to a lesser extent, be adversely affected by any direct financial damage as a result of an unauthorised transaction being made.

Hemnet's intellectual property rights are central to Hemnet's business

Hemnet protects its intellectual property through a combination of trade marks, domain names and, to some extent, copyrights. However, such protections may be inadequate and third parties may infringe or misappropriate Hemnet's intellectual property rights. For example, consultants, third-party vendors, former employees and current employees may breach their obligations regarding non-disclosure and restrictions on use regarding the intellectual property right. Hemnet's employment and consultancy agreements include intellectual property rights clauses that give Hemnet protection, although the agreements do not explicitly regulate the transfer of any work-related intellectual property developed or created outside of working hours and are silent as regards the moral rights belonging to the employee or consultant under the copyright legislation.

In addition, intellectual property laws in Sweden and other jurisdictions may afford differing or provide for limited protection, may not permit Hemnet to gain or maintain a competitive advantage, and may not prevent Hemnet's competitors from duplicating Hemnet's products and services or gaining access to Hemnet's proprietary information and technology. In addition, a third party could seek to challenge, invalidate, circumvent or render unenforceable any of Hemnet's intellectual property. Such

claims, whether or not valid, could require Hemnet to spend significant sums in litigation, pay damages, re-brand or re-engineer services, acquire licenses to third-party intellectual property, and distract management attention from Hemnet's business which may have an adverse impact on Hemnet's results of operations as well as being a reputational risk.

Furthermore, Hemnet has not until recently performed formal reviews of open source license terms for components used in the development of software. Certain "open source" software license terms contain so-called strong copyleft which require disclosure of source code for not only the open source components, but also for software combined with and/or linked to the open source software. Hemnet extensively uses open source software components in its development of its proprietary software but according to Hemnet's knowledge, no strong copyleft licenses are used in a way that would require disclosure of proprietary source code and an update to Hemnet's formal routine for secure software development has been implemented to ensure the review of license terms and to maintain necessary security requirements in the development process. However, there can be no assurance that these will be successful under all circumstances, which could result in use of strong copyleft licenses in the development of software, which could have harmful implications on Hemnet.

Hemnet is reliant on its ability to retain existing and recruit new senior management and key employees

Hemnet's operations are dependent on the experience, relevant skills within product development and technology, and knowledge of its senior executives and key employees, who provide expertise and experience in the implementation of Hemnet's strategy, and develop and improve Hemnet's products and services. Hemnet's continued success depends on its ability to attract and retain talented key employees. If any of Hemnet's senior executives or other key employees terminated their employment with Hemnet, Hemnet may not be able to replace them in a timely manner with other employees capable of making comparable contributions to Hemnet's business.

In addition, certain key employees possess important knowledge of Hemnet's processes and systems, which is not always documented, and if such employees terminate their employment with Hemnet, Hemnet's ability to follow such processes or maintain such systems may be diminished.

A loss of key employees, or the inability to recruit experienced, qualified and trained employees, in a timely manner as needed, may cause disruption to Hemnet's business and potentially loss, which could have an adverse effect on Hemnet's development and revenue growth, and in turn on the results of operations.

Hemnet may not be able to execute its growth strategy and Hemnet's growth strategy may prove unsuccessful

Hemnet has a growth strategy which is based on Hemnet's three strategic pillars: grow loyalty beyond the buy-sell moment; make upgraded listings the obvious choice; and create unrivalled products to meet agent and partner needs, aiming to enable Hemnet to reach its strategic and financial targets. Should Hemnet be unable to implement its growth strategy, Hemnet may not be able to reach its strategic and financial targets, and its core business could thus be adversely affected. In addition, should Hemnet not be able to successfully execute its growth strategy in a timely manner or should the assumptions underlying Hemnet's strategy prove to be incorrect or should Hemnet's strategy otherwise prove unsuccessful, there is a risk that Hemnet's business could be negatively affected and its past growth rates may not be maintained, which could have a material adverse effect on Hemnet's net sales and thereby its results of operations and financial position.

Hemnet has recently implemented a new pricing model for home sellers and a new remuneration model for real estate agencies. It may be difficult for Hemnet to predict the result of any implementation of new pricing or remuneration models, which may in the short to medium term lead to deviations from Hemnet's growth strategy and failure of reaching Hemnet's financial targets.

Financial risks

Interest rate risk and risks relating to credit agreements

Hemnet is exposed to interest rate risk through its long- and short-term borrowing. Interest rate risk refers to the risk that changes in interest rates will impact Hemnet's net interest expenses as Hemnet's borrowings, to some extent, bear floating interest rates. In addition to the size of the interest-bearing liabilities, which on 31 December 2020 amounted to SEK 686,742 thousand, interest expenses are mainly affected by the current market rates, the credit institutions' margins and Hemnet's strategy regarding fixed-interest periods. Hemnet has not entered into any hedging arrangements to secure interest rate exposure. Materially increased interest rates may have an adverse effect on Hemnet's financial position and profitability. Furthermore, the facility agreement that Hemnet in connection with the Offer has entered into with Nordea contains various covenants limiting or restricting the Group's ability to, among other things, (i) provide security, (ii) incur additional subsidiary debt, (iii) divest assets, (iv) make acquisitions or mergers, and (v) make loans or grant credits, including guarantees. All such limitations or restrictions are subject to exceptions and baskets. The covenants could limit the Group's ability to finance future business and demand for capital and may affect its ability to carry out business opportunities and activities that may be of interest. The facilities agreement contains a change of control clause that may be triggered following a delisting of the shares on Nasdaq Stockholm or if one

person, or several persons, other than General Atlantic, who either (i) are in respect of individuals, related, (ii) are, in respect of legal entities, members of the same group, or (iii) who act or have agreed to act in concert, (A) acquires shares representing more than 30 percent of the votes in Hemnet or (B) establishes control over more than 30 percent of the votes in Hemnet. A cancellation of the facility agreement due to a change of control event could lead to a situation where Hemnet has to repay the entire credit in a short period of time which would affect the liquidity of Hemnet.

Credit and counterparty risk

Hemnet is subject to the risk that counterparties, both financial and commercial, will not be able to fulfil their obligations in time. For financial counterparties, the risk relates mainly to investments of surplus cash and in stand-by credit line agreements, meanwhile the risk of commercial counterparties not fulfilling their obligations in time relate mainly to customers' obligations in respect of accounts receivables. Hemnet has policies and routines in place for continuous assessment and handling of the credit and counterparty risk, however should Hemnet's measures to minimise the credit and counterparty risk prove insufficient and should Hemnet's counterparties regularly not be able to meet its contractual payment obligations in time, this could in turn lead to Hemnet not being able to meet its financial obligations. Should a not insignificant portion of Hemnet's counterparties fail to meet its contractual payment obligations, it would have an adverse impact on Hemnet's cashflow, which would lead to an adverse effect on Hemnet's results of operations and financial position.

Legal and regulatory risks

Hemnet is affected by local political decisions and legislation, which could be changed and have a negative impact on Hemnet

Hemnet conducts its business in Sweden and its operations are mainly subject to Swedish rules and legislation and EU regulations and rules that are applicable in Sweden. Changes in national and international rules and regulations applicable to the Swedish market on which Hemnet operates may affect Hemnet's operations negatively. The business of Hemnet is dependent on the volumes of housing transactions, which could be affected if existing laws, or interpretations of such, were to change. Also refer to the risk factor "*Risks relating to the Covid-19 pandemic*" with respect to political decisions that may affect the volumes of housing transactions.

The volumes of housing transactions could for example decline if, through changes in legislation, the possibilities for individuals to sublet housing were facilitated or market rent was allowed. Should the special investigator's proposal for a market rent model for new residential production in accordance with the Swedish government's committee directive Dir. 2020:42, which is to be presented

not later than 31 May 2021, lead to changed legislation, this would open up possibilities for a property owner to freely decide on the rent for newly produced housing. Such market rent model could lead to increased supply of newly produced rental apartments which in turn could have a negative impact on the volume of housing transactions.

The volumes of housing transactions may also decline due to changes in regulations affecting the availability of mortgages and the mortgage interest rates. In Sweden, a home buyer may only borrow up to 4.5 times their gross annual income and not more than 50 percent of the value of the housing object without being required to amortise, as prescribed by regulations from the SFSA. The amortisation rate varies depending on the size of the mortgage in relation to the value of the housing object to be bought. As of June 2020, Swedish banks have been granted the option to grant exemptions from amortisation for existing as well as new mortgage borrowers. The requirement will however, according to the SFSA, be reintroduced in the early fall of 2021. Except for the amortisation requirements, it is in the discretion of the relevant bank to assess how much a mortgage borrower shall be allowed to borrow. Although it varies, the ceiling for the mortgage debt ratio (Sw. *bolånetak*) accepted by Swedish banks are generally five times the borrower's gross annual income. The interest rate for mortgages is determined on an individual basis, generally based on factors such as the overall economy, competition between loan lenders, other commercial aspects as well as the borrowers credit rating, but is also generally affected by the repo rate. The repo rate is a policy instrument and the rate is decided by the central bank of Sweden (Sw. *Riksbanken*). Should new regulations, or changes in the existing regulations and routines adopted by the banks, that limit the availability of mortgages or increase the mortgage interest rates, come into effect, the number of people looking to buy housing could decrease, which could affect the volumes of housing transactions negatively.

In Sweden, a municipal property tax is levied on houses. The property tax for houses for the income year 2021, which will be paid in 2022, amounts to 0.75 of the taxable value of the house, however not more than SEK 8,524. Should the levels of property tax increase due to political decisions or should the principles for property tax change due to changed tax regulations, it could affect the volumes of housing transactions.

Should the volumes of housing transactions decrease due to political decisions or changed legislation, the number of objects listed on Hemnet could decrease which could have an adverse effect on Hemnet's net sales and thereby its results of operations and financial position.

Hemnet is subject to the competition laws of Sweden and the European Union and inspections regarding such matters

Hemnet is subject to the competition laws and regulations of Sweden and of the European Union. In general, these laws are designed to preserve free and open competition in the marketplace in order to enhance competitiveness and economic efficiency. Hemnet holds a market share which could be considered to indicate a dominant position in Sweden. Companies having a dominant position have a special obligation not to harm competition. Infringements of competition law can result in fines amounting to up to ten percent of a group's yearly turnover.

The Swedish Competition Authority (the "SCA") has previously indicated that Hemnet holds a dominant position, and a complaint was submitted to the SCA in 2013 when Hemnet started to charge a fee from sellers advertising their property on Hemnet's platform. The complainant claimed that Hemnet was abusing a dominant position when charging a fee, however, the SCA closed the investigation with reference to its priority policy.

Hemnet may become the subject of additional inspections, investigations and/or proceedings conducted by national and European Union competition and antitrust authorities for alleged infringements of competition or antitrust laws.

An infringement of competition or antitrust laws could result in operational or structural measures having to be undertaken by Hemnet in order to comply with a decision by the SCA. It could also give rise to private enforcement actions being brought by competitors, customers and other parties claiming compensation for damages suffered as a result of infringements.

Fines and damage claims for competition and antitrust infringements can be significant and, if successfully levied or successfully claimed, could have a material adverse effect on Hemnet's reputation, as well as lead to costs and have an adverse effect on Hemnet's net sales and thereby its results of operations and financial position.

Deficiencies in routines and processes risk leading to incorrect financial reporting

To provide reliable and correct financial reporting to shareholders and the market is essential to any limited liability company, and particularly to listed companies. Internal control with respect to financial reporting is an integral part of the overall internal control in Hemnet. Internal control of the financial reporting is intended to provide reasonable assurances regarding the reliability of external financial reporting as well as to ensure that external financial reporting is prepared in accordance with applicable law, applicable accounting standards and other requirements for listed companies. Should Hemnet's routines and processes to ensure that the financial reporting is accurate prove not to be adequate, there is a risk of failing to report in accordance with applicable require-

ments, which could lead to liability for Hemnet and have a significant impact on Hemnet's reputation, which could lead to an adverse effect on Hemnet's net sales and thereby its results of operations and financial position.

Hemnet processes personal data and must comply with GDPR and the e-Privacy Directive

Hemnet processes and stores different types of information and data, for example, personal data relating to customers, visitors and employees. When Hemnet processes such data by publishing it on the platform Hemnet is not, subject to a few exceptions, required to comply with the General Data Protection Regulation (EU) 2016/679 (the "GDPR") due to Hemnet's voluntary certificate of publication which provides for protection under constitutional law. Although Hemnet is not legally required to comply with the GDPR in its publishing of editorial content, all processing activities that are not directly related to the publishing are still subject to the GDPR. Overall, Hemnet has a well-structured and continuous GDPR work for the purpose of ensuring compliance with the GDPR in the areas where the GDPR *does* apply to Hemnet.

Hemnet processes data on users visiting Hemnet's website and mobile applications and sometimes by means of cookies and similar tracking technology ("**Cookies**") used for analytics and statistics purposes. Hemnet must ensure that the use of Cookies are in compliance with applicable regulations, including to obtain consent for non-essential Cookies in accordance with the Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (the "**e-Privacy Directive**"), which has been implemented in Sweden via lag (2003:389) om elektronisk kommunikation ("**LEK**"). Data collected via Cookies include personal data and therefore, non-compliance with the consent requirements in LEK may also result in penalties under the GDPR. The legal development in the area of e-privacy is under constant development and the guidance in terms of consent, in certain aspects, is neither clear, adequate nor fully aligned on EU and national level. Despite that Hemnet recently adapted its consent management to what Hemnet has assessed necessary in light of the legal development, it may be that Hemnet does not obtain consent in the correct way or as required for all non-essential Cookies. A breach of the consent requirement may result in damage claims from data subjects affected or penalties pursuant to the GDPR.

To ensure compliance with the requirement on storage limitation, Hemnet must continuously review its data processing, both through Hemnet's set principles on retention and practical retention routines. Even if Hemnet has a structured work for GDPR, Hemnet may fail to ensure that adequate measures are taken for the timely erasure of data, for example due to the human factor, which may result in damages claims from any data subject affected or penalties pursuant to the GDPR.

In general, compliance with the GDPR and LEK requires a continuous and systematic work and although Hemnet has a well-structured and implemented GDPR plan, there is a risk that Hemnet is unable to demonstrate its compliance with all the requirements under the GDPR (which is an obligation pursuant to the accountability principle) and, therefore, a risk that Hemnet will need to pay penalties for breach of the GDPR (amounting to a maximum of the greater of EUR 20 million and four percent of Hemnet's annual global turnover). The risk of penalties for breach of the GDPR is expected to generally increase due to an expected enhanced supervision by the Swedish Authority for Privacy Protection. Any penalties for breach of the GDPR would lead to increased costs and thereby have an adverse effect on Hemnet's financial position and results of operations. Any breach of the GDPR could also have an adverse effect on Hemnet's reputation, which may in turn have an adverse effect on Hemnet's net sales and thereby its results of operations and financial position.

Hemnet is subject to risks related to disputes and other legal proceedings

There is a risk that Hemnet becomes subject to claims relating to, *inter alia*, interpretation of customer agreements, alleged deficiencies, delays in connection with the execution of contracts, intellectual property rights and marketing and advertising (including the risk that e.g. competitors, users, or the Swedish Consumer Ombudsman (Sw. *Konsumentombudsmannen*) would question Hemnet's marketing for being e.g. misleading and unfair). There are inherent difficulties in predicting the outcome of legal, administrative and other proceedings or claims. In the event that a dispute arises, the handling of such disputes and claims can be time consuming, disrupt the day-to-day operations, and involve large amounts and result in significant costs for Hemnet, regardless of whether Hemnet or the other party initiates the dispute. Accordingly, if Hemnet would become involved in disputes, regardless of whether any such dispute were to lead to legal liability being established, it could have a material adverse effect on Hemnet's revenues and costs. Any legal proceedings would also risk Hemnet's reputation being damaged, see further above under "*Hemnet is dependent on the strength of its brand and its reputation*".

Tax risks

Hemnet is subject to the risk of an increased tax rate, tax audits, tax disputes and changes in existing regulations or adoptions of new rules or regulations

The Group is comprised of companies that are subject to taxation in Sweden. There is a risk that Hemnet's understanding and interpretation of tax law, tax treaties and other provisions are not correct in all respects. There is also a risk that tax authorities make assessments and decisions that differ from Hemnet's understanding and interpretation of such laws, tax treaties and other provi-

sions, which could negatively impact Hemnet's tax expenses and effective tax rate. Accordingly, amended laws, tax treaties or other provisions, which may apply retroactively, could have a material adverse effect on Hemnet's results of operations and financial position, including tax expense, deferred tax and effective tax rate.

Hemnet's projections of future taxable income are based on estimates and assumptions. Accordingly, changes in assumptions or inaccurate estimates in the projection of future taxable income could result in significant differences in the valuation of deferred taxes. As of 31 December 2020, Hemnet had a net amount of SEK 234,275 recognised as deferred tax liability in excess of deferred tax assets.

Some of the Company's employees have acquired shares in the Company at an estimated fair market value at a time when there was no public market for the Company's shares. In the event tax authorities would deem the purchase price as lower than the fair market value for such investments there is a risk that the Company becomes liable for paying social security fees based on the difference between the tax authorities' view of the fair market value and the purchase price at the time of the investment.

Hemnet may also, from time to time, become involved in tax litigations, tax audits or other processes of varying complexity and magnitude. Such processes can be lengthy and reach over several years, and as a result, Hemnet may be liable for significant amounts additional tax, which would lead to extensive costs and could thereby have an adverse negative impact on Hemnet's results of operations and financial position.

Risks related to the offer to the public and admission of the securities to trading on a regulated market

An active, liquid and orderly trading market for Hemnet's shares may not develop or be sustained

Prior to the Offer, there has been no orderly trading arranged for Hemnet's shares. There is a risk that an active and liquid market will not develop or, if developed, that it cannot be sustained after completion of the Offer. The price in the Offer will be determined through a book-building procedure and, consequently, based on demand and the overall market conditions. The final price in the Offer will be determined by the Principal Shareholder in consultation with the Joint Global Coordinators and Bookrunners based on a so called book-building process. The price in the Offer will not necessarily reflect the price at which investors in the market will be willing to buy and sell the shares following the Offer. Investors may thus not be able to sell shares at or above the price in the Offer.

The price in the Offer is not indicative of the market price of the shares following admission to trading on Nasdaq Stockholm. The market price of Hemnet's shares may be volatile and subject to fluctuations. The market

price of Hemnet's shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to elsewhere in the Prospectus, as well as period-to-period variations in operating results or changes in revenue or profit estimates by Hemnet or financial analysts. The market price could also be adversely affected by developments unrelated to the Group's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to Hemnet, speculation about Hemnet in the press or the investment community, unfavourable press, strategic actions by competitors, changes in conditions and regulatory changes. Any or all of these factors could result in material fluctuations in the price of Hemnet's shares, which could lead to investors getting back less than they invested or a total loss of their investment.

Hemnet will become subject to increased regulatory and other additional costs following the completion of the Offer

In the capacity as a listed company, Hemnet will be subject to certain laws, regulations and requirements, including (but not limited to) obligations regarding information disclosure, governance and financial reporting. As a consequence, Hemnet may face increased costs, for example, for legal advice, which Hemnet did not have when Hemnet was an unlisted company. Furthermore, certain activities will be more difficult, require more time and become more expensive and the demands for Hemnet's systems and resources will increase. In particular, complying with the obligations relating to Hemnet being a listed company will occupy a significant amount of time of Hemnet's board of directors and senior management.

The regulations and requirements applicable to listed companies are frequently changing, and the amendments can be difficult to survey, causing risk of infringements by Hemnet which can result in extensive fines and administrative fees. In addition, the board of directors and the executive management may be required to devote additional time and effort to ensure compliance with such rules and regulations, which may entail that less time and effort can be devoted to other aspects of the business.

Mäklarsamfundet will be a substantial shareholder following the completion of the Offer, with veto rights against changes to business object as set out in Hemnet's articles of association

Mäklarsamfundet will, following the completion of the Offer, own 10 percent of the shares in Hemnet. Mäklarsamfundet, which represents real estate agents in Sweden which are Hemnet's most important partners and also one of Hemnet's large customer groups, will therefore continue to have an influence over Hemnet's business. Two of Hemnet's board members are also board members in Mäklarsamfundet.

In connection with the Offer, five percent of the shares in Hemnet is intended to be converted to shares of a special share class that have veto rights against changes to the business object as set out in the articles of association of the Company. These shares will be held by Mäklarsamfundet. The veto rights of Mäklarsamfundet as holder of the shares of the special share class shall, under certain conditions¹⁾, subsist for as long as Mäklarsamfundet holds at least two²⁾ percent of all outstanding shares in the Company (including ordinary listed shares as well as shares of the special share class), which entails that the share structure of the Company may prevent the Company from developing the business outside the current objects of the company.

Sales of shares by existing shareholders could cause the share price to decline

The market price of Hemnet's shares could decline if there are substantial sales of Hemnet's shares, particularly sales by Hemnet's board members, executive management and significant shareholders, or otherwise when a large number of shares are sold. After completion of the Offer, the Principal Shareholder will own in aggregate approximately 42.6 percent of the shares in Hemnet, based on a final price in the Offer at the midpoint of the price range and assuming that the Over-Allotment Option is not exercised. Members of the board of directors, executive management and other employees will, after completion of the Offer, own in aggregate approximately 6.4 percent of the shares in Hemnet, based on a final price in the Offer at the midpoint of the price range and assuming that the Over-Allotment Option is not exercised.

The Principal Shareholder and members of the board of directors, certain employees and executive management currently holding shares, have each agreed, subject to certain exceptions, for a certain period of time, not to sell their shares or enter into transactions with a similar effect without the prior written consent of the Joint Global Coordinators and Bookrunners. After the expiry of the relevant Lock-up Period or before the expiry the shareholders subject to lock-up will be free to sell their shares in Hemnet. Any sales of substantial amounts of Hemnet's shares by the Selling Shareholders or Hemnet's other current shareholders, or the perception that such sales might occur, could cause the market price of Hemnet's shares to decline and could impair Hemnet's ability to raise capital in the future.

The Principal Shareholder will continue to have substantial influence over Hemnet after the Offer and could delay or prevent a change in control over Hemnet

After completion of the Offer, the Principal Shareholder will own in aggregate approximately 42.6 percent of the shares in Hemnet, based on a final price in the Offer at the midpoint of the price range and assuming that the Over-

Allotment Option is not exercised. Thus, the Principal Shareholder is likely to continue to have a significant influence over the outcome of matters submitted to Hemnet's shareholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of Hemnet's assets.

The interests of the Principal Shareholder may differ significantly from or compete with Hemnet's interests or those of the other shareholders, and the Principal Shareholder could exercise influence over Hemnet in such a manner that is contrary to the interests of the other shareholders. For example, there could be a conflict between the interests of the Principal Shareholder on the one hand, and Hemnet's interests or the interests of its other shareholders on the other hand with respect to distribution of dividends.

The obligation to disclose information publicly may put Hemnet at a disadvantage relative to competitors that are private companies

Due to the listing of Hemnet's shares on Nasdaq Stockholm, Hemnet is subject to increased disclosure obligations due to, *inter alia*, the applicability of the market abuse regulation (EU) 596/2014 (MAR) and Nasdaq Main Market Rulebook through, for example, disclosure obligations as part of Hemnet's reporting obligations in relation to periodic reports. This means that Hemnet will be providing financial and other information that Hemnet would not be required to disclose were Hemnet a private company. Hemnet's competitors are primarily private companies. All of Hemnet's competitors will have access to information it makes public, which otherwise may have been confidential. These disclosures could give competitors advantages in competing with Hemnet. To the extent compliance with Hemnet's reporting obligations decreases its competitiveness, Hemnet's public company status could affect its business, prospects and results of operations.

Risks related to the nature of the securities

Hemnet's ability to pay dividends is dependent upon Hemnet's future earnings, financial condition, cash flows, net working capital requirements, capital expenditures and other factors

The amount of any future dividends that Hemnet will pay, if any, will depend upon a number of factors, such as future earnings, financial condition, cash flows, net working capital requirements, capital expenditures and other factors. Hemnet may furthermore not have sufficient distributable funds and Hemnet's shareholders may not resolve to pay dividends in the future. The target is that the dividend shall amount to at least one third of the income in accordance with Hemnet's dividend policy. There is a risk however that Hemnet will not be able to pay out dividends at all or that future dividends will be lower

1) See the section "Legal considerations and supplementary information – Material agreements – Framework agreement with Mäklarsamfundet".

2) 5 percent after 2045.

than expected. This entails a risk for investors and may affect Hemnet's ability to attract investors whose investment decision is particularly dependent on the opportunity to receive recurring dividends.

Shareholders in the United States or other countries outside Sweden may not be able to exercise their preferential right in any potential future rights offerings

If Hemnet issues new shares in a rights offering, shareholders shall, as a general rule, have preferential rights to subscribe for new shares proportionally to the number of shares held prior to the issue. Shareholders in certain other countries may, however, be subject to limitations that prevent them from participating in such rights offerings, or that otherwise makes participation difficult or limited. For example, shareholders in the United States may be unable to exercise any such rights to subscribe for new shares unless a registration statement under the Securities Act is effective in respect of such subscription rights and shares or an exemption from the registration requirements under the Securities Act is available. Shareholders in other jurisdictions outside Sweden may be similarly affected if the rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. Hemnet is under no obligation to file a registration statement under the Securities Act or seek similar approvals under the laws of any other jurisdiction outside Sweden in respect of any subscription rights and shares and doing so in the future may be impractical and costly. To the extent that shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares in any future rights issues, their ownership in Hemnet may be diluted or reduced.

Investors may not be able to recover in civil proceedings for U.S. securities law violations

Hemnet and its subsidiaries are organised outside the United States, and the business is conducted entirely outside the United States. Except for one director, all of the directors and executive officers of Hemnet are non-residents of the United States. Investors may be unable to effect service of process in the United States on the directors and executive officers of Hemnet and its respective subsidiaries and its directors and executive officers who are located outside the United States, and investors may be unable to enforce judgments obtained in U.S. courts against these persons. As most of the assets and those of the directors and executive officers are located outside of the United States, actions of Hemnet may not be subject to the civil liability provisions of the federal securities laws of the United States.

The United States is not currently bound by a treaty providing for the reciprocal recognition and enforcement

of judgments, other than arbitral awards, rendered in civil and commercial matters with Sweden. There is, therefore, doubt as to the enforceability in Sweden of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment in Sweden. In addition, the enforcement in Sweden of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a Swedish court would have the requisite power or authority to grant remedies sought in an original action brought in Sweden on the basis of U.S. securities laws violations.

The rights and responsibilities of shareholders are governed by Swedish law and will differ in some respects from the rights and obligations of shareholders under the laws of other jurisdictions and the shareholder rights under Swedish law may not be as clearly established as the rights of a shareholder established under the laws of some other jurisdictions

The Company is incorporated and exists under the laws of Sweden. Accordingly, the Company's corporate structure as well as the rights and obligations of the shareholders may be different from the rights and obligations of shareholders of companies under the laws of other jurisdictions. The exercise of certain shareholders' rights by the Company's shareholders outside Sweden may be more difficult and costly than the exercise of rights in a company organised under the laws of other jurisdictions. Resolutions of the general meeting of shareholders may be adopted with majorities different from the majorities required for adoption of equivalent resolutions in companies organised under the laws of other jurisdictions. Any action to contest any of the Company's corporate actions must be filed with, and will be reviewed by, a Swedish court, in accordance with Swedish law.

Investors with a reference currency other than Swedish krona will become subject to a foreign exchange risk when investing in shares of the Company

The Company's shares are, and any dividends to be paid in respect of the shares will be, denominated in Swedish krona. An investment in the Company's shares by an investor whose principal currency is not Swedish krona exposes the investor to currency exchange risks that may impact the value of the investment in the shares and any dividends. Any depreciation of Swedish krona in relation to such foreign currency will reduce the value of the investment in the shares and any dividends in foreign currency.

Invitation to acquire shares in Hemnet

Hemnet and the Principal Shareholder have resolved to diversify the ownership of shares in the Company through a sale of existing shares by the Selling Shareholders. Accordingly, Hemnet's board of directors has decided to apply for a listing of the Company's shares on Nasdaq Stockholm. The sale of existing shares and the listing is believed to contribute to increased attention and brand awareness among current and potential customers as well as other parties, which is a natural step in the continued growth of Hemnet as a company and enables for both existing and new shareholders to trade the share in the public equity market. Furthermore, Hemnet's board of directors and management are of the opinion that an initial public offer is to the Company's advantage since this gives the Company access to the Swedish and international capital markets for any future capital needs.

Nasdaq Stockholm's listing committee have assessed that Hemnet Group AB (publ) fulfils Nasdaq Stockholm's listing requirements, provided that customary requirements, including the dispersion requirement for the Company's shares, are fulfilled not later than on the first day of trading. Hemnet's board of directors intends to apply for a listing of the Company's shares on the regulated market operated by Nasdaq Stockholm and expects trading to commence on 27 April 2021.

The final price in the Offer will be determined by the Principal Shareholder, in consultation with the Joint Global Coordinators and Bookrunners based on a book-building process and is expected to be set within the range SEK 95–115. The final price in the Offer to the general public will not exceed SEK 115 per share. The final price in the Offer is expected to be made public through a press release on 26 April 2021.

Investors are hereby invited to acquire up to 17,896,856 existing shares comprised by the Offer, corresponding to no more than 17.7 percent of the total number of shares in the Company.¹⁾ In order to cover over-allotment, if any, in connection with the Offer, the Principal Shareholder and Sprints Capital have granted the Over-Allotment Option to the Managers, which can be exercised in full or in part for a period of 30 days from the first day of trading in the Company's shares on Nasdaq Stockholm, to acquire up to 1,789,686 additional shares in the Company from the Principal Shareholder and Sprints Capital corresponding to no more than 10 percent of the total number of shares comprised by the Offer.²⁾

Stockholm, 16 April 2021

Hemnet Group AB (publ)
(The board of directors)

The board of directors of Hemnet Group AB (publ) is responsible for the content of the Prospectus. The board of directors hereby declares that, to the best of their knowledge, the information contained in the Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

The board of directors of Hemnet Group AB (publ) alone is responsible for the content of the Prospectus in accordance with what is set out herein.

1) Assuming a price in the Offer corresponding to the lowest point of the price range.

2) Assuming that the Offer is increased in full and assuming a price in the Offer corresponding to the lowest point of the price range.

Background and reasons

Hemnet operates the leading¹⁾ property platform in Sweden. Hemnet emerged as an industry initiative in 1998 and has since then transformed into a “win-win” value proposition for the housing market. By offering a unique combination of products, insights and inspiration, Hemnet has built lasting relationships with buyers, sellers, and agents for more than 20 years. Hemnet and its stakeholders share a mutual passion for homes, and are driven to be an independent go-to-place for people to turn to with various housing needs that arise through their lives. This is mirrored in the Company’s vision, to be the key to your property journey, where Hemnet through its products and services wants to improve the efficiency, transparency and mobility on the housing market.

Hemnet is the Swedish property portal that gathers the highest number of visitors and the largest selection of listings²⁾ in one single place. With superior traffic and leading brand recognition, Hemnet is one of the most recognised and trustworthy Swedish media brands,³⁾ and an online platform with a large and loyal visitor base, and an average monthly visits count of 62.5 million⁴⁾. In 2020, 64.6 million hours were spent browsing on Hemnet, which corresponds to an average monthly time spent on Hemnet of 38 minutes⁵⁾ per capita.

When Hemnet was founded, real estate agents invested a significant amount of money on traditional advertising in various forms, and the real estate agents saw the potential to create an online marketplace to consolidate all the residential property listings into one platform. In 2013, Hemnet began to charge sellers for property listings, which was the beginning of the Company’s commercialisation and growth phase. Consequently, the Company increased its focus on product development which has since been a central part of Hemnet’s business.

Hemnet’s board of directors, together with the two major shareholders General Atlantic and Sprints Capital, consider a listing of the Company’s shares on Nasdaq Stockholm to represent an important step in the continued development of the Company. The board of directors also assess that a listing of Hemnet’s shares will benefit the Company by broadening the shareholder base providing access to the Swedish and international capital markets. It is also the board of directors’ opinion that the opportunity to own shares in Hemnet may lead to increased engagement from consumers, business partners as well as employees. In addition, the Offer allows the Selling Shareholders to sell a portion of their current shareholding and thereby creating a liquid market for the shares.

Stockholm, 16 April 2021

Hemnet Group AB (publ)

1) Monthly visits to mobile web and desktop (excluding apps), according to data from Similarweb during the period January – December 2020.

2) Excluding aggregators such as Booli. Source: OC&C.

3) Hemnet is the second most known local media brand after SVT, and only after Spotify, Netflix, Google and YouTube in addition to SVT among all media brands in Sweden, based on consumers’ overall impression and perception of content quality, value for money, employer brand, customer satisfaction and willingness to recommend the brand: YouGov Brand Index report, September 2020.

4) Google analytics, January – December 2020.

5) Company information and SCB, Population statistics January 2021. Excluding the part of the population under 14 years.



Terms and instructions

Terms and instructions

The Offer

The Offer comprises 17,893,231 shares¹⁾ offered by the Selling Shareholders. The Offer is divided into two components: (i) the Offer to the public in Sweden²⁾ and (ii) the Offer to institutional investors in Sweden and abroad.³⁾

Over-allotment option

The Principal Shareholder and Sprints Capital have granted the Over-Allotment Option to the Managers, which can be exercised in full or in part for a period of 30 days from the first day of trading in the Company's shares on Nasdaq Stockholm, to acquire up to 1,789,323 additional existing shares from the Principal Shareholder and Sprints Capital corresponding to no more than 10 percent of the number of shares comprised by the Offer, for a price equal to the final price in the Offer.⁴⁾

Distribution of shares

Distribution of shares between the respective components of the Offer will be based on demand. The distribution will be determined by the Principal Shareholder in consultation with the Managers.

Offer price

The price of the shares in the Offer is expected to be set within the range SEK 95 – 115 per share. The final price in the Offer will be determined through a book-building process. The final price in the Offer to the public in Sweden will not exceed SEK 115 per share. The final price in the Offer is expected to be announced through a press release on or about 26 April 2021.

No commission is payable in connection with the Offer.

Application

The offer to the public

Applications from the public in Sweden to acquire shares must be made during the period 19 April – 26 April 2021 and pertain to a minimum of 100 shares and a maximum of 8,000 shares⁵⁾, in even lots of 50 shares.

Late applications, as well as applications that are incomplete or incorrectly filled out, may be disregarded. No additions or adjustments may be made on the

pre-printed text on the application form. Only one application per investor may be made. If more than one application is submitted, Carnegie and Nordnet reserve the right to consider only the first application received. Applications are binding. The Principal Shareholder, in consultation with the Managers, reserve the right to extend the application period. Such an extension will be disclosed by way of a press release before the end of the application period.

All legal entities need a global identification code (a so-called Legal Entity Identifier (LEI)) in order to carry out a securities transaction. To be entitled to participate in the Offer and be allotted shares, a legal entity must hold and state their LEI code. Registration for a LEI code must take place in ample time prior to application since the code must be stated on the application. More information about LEI requirements is available on the SFSA's website (www.fi.se).

Anyone wishing to use an account/a deposit with specific rules for securities transactions, such as endowments, for the acquisition of shares in the Offer must check with the bank or institution providing the endowment if this is possible.

Applications to acquire shares shall be made in accordance with the instructions as described below. The Prospectus is available on Hemnet's website (www.hemnetgroup.com) and Carnegie's website (www.carnegie.se). The Swedish Prospectus will also be available on the SFSA's website (www.fi.se).

Applications via Carnegie

Applicants applying to acquire shares through Carnegie must have a securities depository account or an investment savings account with Carnegie. For customers with an investment savings account with Carnegie, Carnegie will, if the application results in allocation, acquire the corresponding number of shares in the Offer for further sale to the customer at the price specified in the Offer. Applicants may submit their applications by contacting their adviser at Carnegie. If the applicant does not have an adviser, the applicant may contact Carnegie Private Banking.

1) Assuming a price in the Offer corresponding to the mid-point of the price range.

2) The term "public" refers to private individuals and legal entities in Sweden applying to acquire a maximum of 8,000 shares.

3) The term "institutional investors" refers to private individuals and legal entities applying to acquire for more than 8,000 shares.

4) Assuming a price in the Offer corresponding to the mid-point of the price range.

5) To acquire more than 8,000 shares, the Managers should be contacted in the manner presented in the section "Application – The offer to institutional investors".

Applications via Nordnet

Depository account customers with Nordnet can apply to acquire shares via Nordnet's Internet service. Applications via Nordnet can be submitted from 19 April 2021 up to and including 15:00 CEST on 26 April 2021. To ensure that they do not lose their right to any allotment, Nordnet depository account customers must have sufficient funds, corresponding to at least the amount stated in the application and calculated at the maximum price in the price range, available in their depository account from 15:00 CEST on 26 April 2021 until the settlement date, which is expected to be on 29 April 2021. Only one (1) application per investor may be made. If more than one application is submitted, Nordnet reserves the right to consider only the first application received. Full details of the application procedure via Nordnet are available on www.nordnet.se.

The offer to institutional investors

The application period for institutional investors in Sweden and abroad is between 19 April – 26 April 2021. The Principal Shareholder, together with the Managers, reserve the right to shorten or extend the application period for the offer to institutional investors. Notification of any such shortening or extension will be disclosed by Hemnet by way of a press release. Expressions of interest from institutional investors in Sweden and abroad are to be submitted to the Managers according to special instructions.

Employee offering

Employee's of the Company wishing to acquire shares in the Offer must follow special instructions from the Company.

Allocation

The decision concerning the allocation of shares will be made by the Principal Shareholder in consultation with the Managers, whereby the objective will be to achieve a strong institutional ownership base and a wide spread of shares among the public in Sweden to enable regular and liquid trading of the Company's shares on Nasdaq Stockholm. The allocation is not dependent on when during the application period the application was submitted.

In the event of oversubscription, allocation may be withheld or scaled back to a lower number of shares than stated in the application, in which case allocation may be carried out entirely or partly through random selection. Applications from certain customers of Joint Bookrunners and Nordnet, as well as registered real estate agents may be given special consideration. Moreover, employees and certain related parties of the Company as well as

customers of the Joint Bookrunners may be considered separately in allocation. Allocation may also be made to employees of the Managers, however without these being prioritised. In such cases, allocation will be made in accordance with the rules of the Swedish Securities Market Association's (Sw. *Föreningen Svensk Värdepappersmarknad*) and the SFSA's regulations.

Allocation to the public

The allocation is not dependent on when during the application period the application was submitted. In the event of over-subscription, allocation may be withheld or scaled back to a lower number of shares than stated in the application, in which case allocation may be carried out entirely or partly through random selection. Allocation may also be made to employees of the Managers, however without these being prioritised. In such cases, allocation will be made in accordance with the rules of the Swedish Securities Market Association's and the SFSA's regulations.

Allocation to institutional investors

When determining the allocation of shares to institutional investors the objective will, as referred to above, be to achieve a strong institutional ownership. The allocation of shares to institutional investors that have submitted applications is entirely discretionary.

Allocation to employees

Employee's of Hemnet are given priority for allocation with a value amounting to SEK 30,000 per employee.

Allocation to Mäklarsamfundet

Mäklarsamfundet will following the Offer hold 9,871,881 shares in the Company, corresponding to 9.8 percent of the total number of shares in the Company.¹⁾ Mäklarsamfundet is given priority for allocation of the number of shares needed for Mäklarsamfundet to achieve a holding of shares amounting to 10 percent of the total numbers of shares in the Company plus one share.

Information regarding allocation and payment

The offer to the public

Allocation is expected to take place on or around 27 April 2021. As soon as possible thereafter, contract notes will be sent to those who have been allotted shares in the Offer. Those who have not been allotted shares will not be notified.

Full payment for allocated shares is to be made no later than 29 April 2021 in accordance with the instructions on the distributed contract note.

1) Assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-Allotment Option is exercised.

Applications received by Carnegie

Those who applied via Carnegie can receive information on allocation through their adviser or customer manager from 27 April 2021 at 09:00 CEST. Funds for payment are to be available in the stated securities depository account or the investment savings account from 27 April 2021.

Applications received by Nordnet

Those who applied via Nordnet's Internet service will receive information on allotment by the allotted number of shares being booked against payment of funds in the specified account, which is expected to take place on or about 09:00 CEST on 27 April 2021.

For securities deposit customers with Nordnet, funds for allotted Shares will be drawn not later than the settlement date of 29 April 2021. Note that funds for the payment of allotted Shares are to be available from 15:00 CEST on 26 April 2021, up to and including 29 April 2021.

The offer to institutional investors

Institutional investors are expected to receive information regarding allocation according to a special procedure on or around 27 April 2021 after which contract notes will be sent. Full payment for allotted shares must be made in cash in accordance with the instructions on the contract note not later than on 29 April 2021.

Insufficient or incorrect payment

If full payment is not made within the prescribed time, the allotted shares may be transferred to another party. If the selling price for such transfer would be less than the price in the Offer, the one who was originally allotted these shares may have to pay the difference.

Registration and reporting of allotted and paid shares

Registration of allotted and paid shares with Euroclear for both institutional investors and the public in Sweden, is expected to take place on or around 29 April 2021, after which Euroclear will distribute a notice stating the number of shares in the Company that have been registered in the recipient's securities account. Shareholders whose holdings are nominee-registered will be notified in accordance with the procedures of the respective nominee.

Listing on Nasdaq Stockholm

On 6 April 2021, Nasdaq Stockholm's listing committee made the assessment that the Company fulfils the applicable listing requirements on Nasdaq Stockholm. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq Stockholm subject to certain conditions, including that the Company submits such an application and that the distribution requirement for the Company's shares is met.

The first day of trading is expected to be on 27 April

2021. This means that trading will commence before the shares have been transferred to the acquirer's securities account, service account, securities depository account or investment savings account and, in certain cases, before a contract note has been received. This also means that trading will commence before the conditions for completion of the Offer have been met. If the Offer is not completed, any trading in the Company's shares that occurs before the Offer becomes unconditional will be rescinded.

The ticker for the Company's shares on Nasdaq Stockholm will be HEM.

Important information regarding the possibility to sell allotted shares

As soon as payment for the allotted shares has been processed by Carnegie and Nordnet, paid shares will be transferred to the securities depository account, investment savings account or securities account specified by the acquirer. Due to the time required for transferring payment and transferring paid shares to such acquirers, the acquirer will be unable to access such shares in the specified securities depository or specified account until on or around 29 April 2021 at the earliest. Trading in the Company's shares on Nasdaq Stockholm is expected to commence on 27 April 2021. Given that the shares will not be available in the acquirer's account or securities depository until on or around 29 April 2021 at the earliest, the acquirer may not be able to sell these shares from and including the first day of trading on Nasdaq Stockholm. Instead, they may only be able to sell the shares once they are available in the securities account, investment savings account or securities depository account. Investors will be able to receive a notification of allocation from 27 April 2021. See also the section "*Information regarding allocation and payment*" above.

Stabilisation

In connection with the Offer, Morgan Stanley, in its capacity as stabilisation agent for the Joint Bookrunners (the "**Stabilisation Agent**"), may carry out transactions for the purpose of supporting the market price of the Company's shares above that which might otherwise prevail in the market. Such stabilisation transactions may be effected on Nasdaq Stockholm, the OTC market or otherwise, and may be carried out at any time during the period beginning on the first day of trading in the share on Nasdaq Stockholm and ending not later than 30 calendar days thereafter.

The Stabilisation Agent is not obliged to carry out stabilisation transactions and there is no assurance that stabilisation will take place. Commenced stabilisation may be discontinued at any time. Stabilisation transactions will not be effected at a price higher than the price in the Offer. Not later than by the end of the seventh trading

day after a stabilisation transaction has been undertaken, the Stabilisation Agent shall disclose information on the stabilisation transaction in accordance with Article 5(4) of the Market Abuse Regulation (EU) 596/2014. Within one week after the end of the stabilisation period, the Stabilisation Agent shall disclose whether stabilisation transactions have been carried out, the dates on which stabilisation transactions were carried out (where applicable), including the date at which such actions last occurred, and the price range within which the stabilisation transactions were carried out, for each of the dates on which stabilisation transactions were carried out.

Announcement of the outcome of the Offer

The final outcome of the Offer is expected to be announced through a press release on or around 26 April 2021. The press release will also be made available on Hemnet's website (www.hemnetgroup.com).

Right to dividends

The shares offered in the Offer carry a right to dividends for the first time on the record date for dividends occurring immediately after completion of the Offer. For more information, see the section "*Share capital and ownership – Dividends and dividend policy*".

Conditions for completion of the Offer

The Offer is conditional upon the Company, the Selling Shareholders, and the Managers entering into a placing agreement, which is expected to take place on 26 April 2021 (the "**Placing Agreement**"). The Offer is conditional on the Company, the Selling Shareholders, and the Managers believing there to be sufficient interest in the Offer to enable trading in the share, the Placing Agreement being signed, certain terms and conditions in the Placing Agreement being fulfilled and the Placing Agreement not being terminated. The Placing Agreement stipulates that the Managers' undertakings to serve as intermediaries for buyers in the acquisition of shares in the Offer are conditional upon, inter alia, the Company's representations and warranties being correct and no events occurring that have such a material adverse effect on the Company that it would be inappropriate to carry out the Offer. If any material adverse events occur, if the warranties and representations that the Company has issued to the Managers should fall short or if any of the other conditions pursuant to the Placing Agreement are not fulfilled, the Managers are entitled to terminate the Placing Agreement up to and including the settlement date on 29 April 2021. If these conditions are not fulfilled and if the Managers terminate the Placing Agreement, the Offer may be terminated. In such cases, neither delivery nor payment of shares will be carried out under the Offer. Under the Placing Agreement, the Company will undertake to indemnify the Managers against certain claims subject to certain conditions.

Other information

Although Carnegie, Morgan Stanley, and Citi are the Joint Global Coordinators and Managers together with Nordea and Barclays, this does not necessarily mean that the Joint Global Coordinators or other Managers consider applicants for the Offer to be customers of the respective banks for the investment. For the investment, an acquirer is considered a customer only if the bank has provided advisory services about the investment to the acquirer or otherwise has contacted the acquirer about the investment. Should the bank not consider the acquirer to be a customer for the investment, the investment will not be subject to the rules on investor protection stipulated in the Swedish Securities Market Act (Sw. *lagen (2007:528) om värdepappersmarknaden*). This means, inter alia, that neither customer categorisation nor a suitability assessment will be applied to the investment. Accordingly, the acquirers themselves are responsible for ensuring that they have sufficient experience and knowledge to understand the risks associated with the investment.

Information about the processing of personal data

Carnegie

Personal data that is submitted to Carnegie, for example contact information and personal identification number, or which is otherwise registered in connection with the preparation or administration of the Offer, is processed by Carnegie, as controller of the personal data, for the administration and execution of the Offer. Processing of personal data also takes place to enable Carnegie to comply with its statutory duties.

Personal data may for a defined purpose, in observance of bank secrecy rules, occasionally be disclosed to other companies within the Carnegie group or to undertakings which co-operate with Carnegie, within and outside the EU/EEA in accordance with EU's approved and appropriate protective measures. In certain cases, Carnegie is also under a statutory duty to provide information, e.g. to the SFSA and the Swedish Tax Agency.

Similarly, to the Swedish Securities Market Act, the Swedish Banking and Financing Business Act (Sw. *lagen (2004:297) om bank- och finansieringsrörelse*) contains confidentiality provisions according to which all of Carnegie's employees are bound by a duty of confidentiality with regard to clients of Carnegie and other parties to whom services are provided. The duty of confidentiality also applies between and within the various companies in the Carnegie group.

Information regarding what personal data is processed by Carnegie, deletion of personal data, limitation on the processing of personal data, data portability or the rectification of personal data can be requested from Carnegie's data protection officer. It is also possible to contact the data protection officer to obtain further information about how Carnegie processes personal data.

If the investor wishes to make a complaint regarding Carnegie's processing of personal data, the investor is entitled to turn to the Swedish Authority for Privacy Protection (Sw. *Integritetsskyddsmyndigheten*) in its capacity as supervisory authority.

Personal data shall be deleted if it is no longer needed for the purposes for which it was originally collected or otherwise processed, provided that Carnegie has no legal obligation to preserve the personal data. The normal storage time for personal data is ten years. Address to Carnegie's data protection officer: dpo@carnegie.se.

Nordnet

Personal data may be submitted to Nordnet in connection with acquisitions of shares in the Offer via Nordnet's Internet service. Personal data submitted to Nordnet will be processed in data systems to the extent required to provide services and administer customer arrangements. Personal data obtained from sources other than the customer may also be processed.

The personal data may also be processed in the data systems of companies or organisations with which Nordnet cooperates. After the customer relationship ceases, Nordnet erases all relevant personal data in accordance with applicable law. Information pertaining to the processing of personal data can be obtained from Nordnet, which also accepts requests for the rectification of personal data. For more information about how Nordnet processes personal data, contact Nordnet's customer service center by telephone +46 10 506 330 00 or e-mail info@nordnet.se.

Information to distributors

In consideration of the product governance requirements in: (a) EU Directive 2014/65/EU on markets in financial instruments ("**MiFID II**"), (b) Articles 9 and 10 of the Commissions Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) Chapter 5 of the SFSA's regulations regarding investment services and activities (FFFS 2017:2) (jointly referred to below as "**MiFID II's product governance requirements**"), and with no liability to pay damages for claims that may rest with a "manufacturer"

(in accordance with MiFID II's product governance requirements) that may otherwise be relevant, the Company's shares have been subject to a product approval process whereby the target market for the Company's shares comprises (i) retail clients, and (ii) investors who meet the requirements for non-retail clients and equivalent counterparties, each in accordance with MiFID II (the "**Target Market**"). Notwithstanding the assessment of the Target Market, distributors are to note the following: the value of the Company's shares may decline and it is not certain that investors will recover all or portions of the amount invested; the Company's shares offer no guaranteed income and no protection of capital; and an investment in the Company's shares is suitable only for investors who do not require a guaranteed income or protection of capital, who (either themselves or together with an appropriate financial advisor or other type of advisor) are capable of evaluating the benefits and risks of such an investment and who have sufficient funds with which to sustain such losses as may arise from the investment. The assessment of the Target Market does not impact the requirements in the contractual, statutory, regulatory or sales restrictions in relation to the Offer.

The assessment of the Target Market is not to be considered to be: (a) an assessment of suitability and appropriateness under MiFID II, or (b) a recommendation to any investors or group of investors to invest in, procure or take any other action regarding shares in the Company.

Each distributor is responsible performing their own assessment of the Target Market regarding the Company's shares and for deciding on suitable channels of distribution.



Market overview

Market overview

The Prospectus contains information on the conditions, trends, the competitive situation and growth rates in the markets and regions where the Company operates. Unless otherwise stated in source references, the market, economic and industry data in the Prospectus constitute the Company's estimates, using underlying data from independent third parties. The Company has obtained market data and certain industry forecasts from internal surveys, reports and studies. Where appropriate, data from external market research, publicly available information and industry publications, including analysis and data compiled by OC&C Strategy Consultants LLP ("OC&C") have also been obtained. The Company confirms that all information from third-parties in the Prospectus have been accurately reproduced and, so far as the Company is aware and able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in the Prospectus, the source of such information has been identified. The Company's own estimates are based on information obtained from customers, suppliers, trade and business organisations and other contacts in the market where Hemnet operates.

Data regarding the industry in which the Company operates and its market position and market share within this industry are inherently imprecise and subject to uncertainties. This uncertainty could be of business, economic and competitive nature and beyond the Company's control. However, the management believes that this information generally indicates the Company's size, position and market share within the industry. Other factors, which should also be considered in assessing the usefulness of the market and competitive data, are described elsewhere in the Prospectus, inter alia, in the section "Risk factors".

Introduction

Hemnet operates in the Swedish real estate market, which is considered especially favorable for real estate listings. This is because the real estate agents ensure high quality in listings, transaction volumes are stable and it is easy to carry out property transactions. Hemnet has a central role in these transactions as the preferable place where buyers search for new homes and where sellers list properties for sale.

Approximately 96 percent of residential sales transactions¹⁾ in Sweden are intermediated by real estate agents. A university degree of approximately two years is generally required to be allowed to operate as a real estate agent and handle most transaction related matters such as legal matters and payment matters, which is rarely observed in other countries. All registered real estate agents are supervised by the Swedish Estate Agents Inspectorate (Sw. *Fastighetsmäklarinspektionen*) which in turn operates under the Swedish Ministry of Finance. The real estate agent represents both the buyer and seller and, in most transactions, the agent also has the exclusivity of the intermediary assignment. A real estate agent's involvement positively impacts the quality of listings both in terms of photos and descriptions as well as transparency, which leads to higher level of trust among the parties.

The Swedish market for residential sales has demonstrated stability and resilience as regards to transaction volumes during the Covid-19 pandemic. The historically stable demand on the market is driven by a number of factors, including;

- People seeking a new home following a life changing event
- Low levels of speculative purchases (buy-to-let)
- A regulated market for rentals
- Stable Swedish macro environment
- Continuous population growth of approximately 1 percent per annum with positive net migration and increasing urbanisation²⁾

The Swedish real estate market has a higher liquidity compared to similar countries. The typical timeline for a property being listed on Hemnet to being sold is approximately three weeks, which is significantly faster compared to other mature real estate classifieds

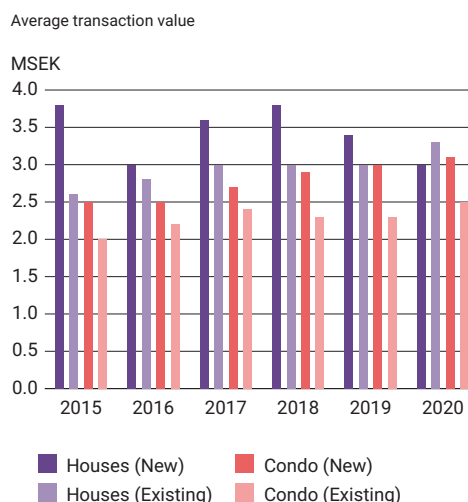
markets.³⁾ The speed of the process, simplicity and predictability that characterises a property sale on the Swedish market when using a property platform promotes trust between all stakeholders that are part of the transaction.

Hemnet has a business model where the seller pays for the property listing. For this reason, the Company has played a central role in differentiating the Swedish market for property listings in an international context. The property seller is the stakeholder with the highest incentive of getting a successful outcome in the transaction and is thus most interested in getting the best possible exposure of its property. Hemnet offers a more prominent exposure through its selection of products and additional services, from which the seller can choose in consultation with their real estate agent and pay for themselves.

Swedish real estate market size, historical developments and prospects

Historical developments

The Swedish real estate market can be divided into residential and commercial properties, and was estimated to be approximately SEK 700 billion in 2020. The residential property market accounted for approximately 200,000 sale transactions, corresponding to an aggregated value of approximately SEK 560 billion. The below chart sets out the average residential property transaction value by property type:^{4), 5)}



1) OC&C's analysis.

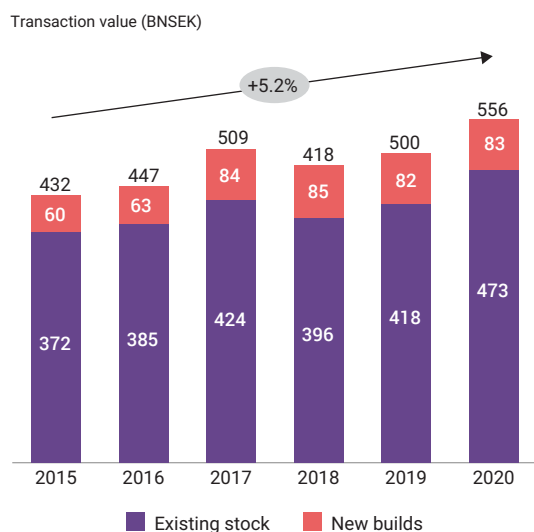
2) SCB: Summary of Population Statistics, 1960 – 2020; Population 1 November by region, age and sex, 2000 – 2020; Population forecast for Sweden; Immigrations and emigrations by country of birth and sex, 2000 – 2020.

3) Hemnet and its advisors have collectively identified REA Group, Rightmove and ImmoScout24 to be the most comparable companies as they are market leaders in markets with similar characteristics as the Swedish market, in Australia, United Kingdom and Germany respectively. Sources: Company data, websites, OC&C analysis from expert and real estate agent interviews.

4) SCB: Sold real estates, newly constructed buildings (tenant-owned flats), sold tenant-owned flats and completed properties. Svensk Mäklarstatistik: Prices on newly constructed buildings, 2019/2020 growth rates.

5) 2020 figures estimated using 2019/2020 growth rates (from Mäklarstatistik).

The below chart displays the value development on completed residential sale transactions split by existing stock and new builds:¹⁾

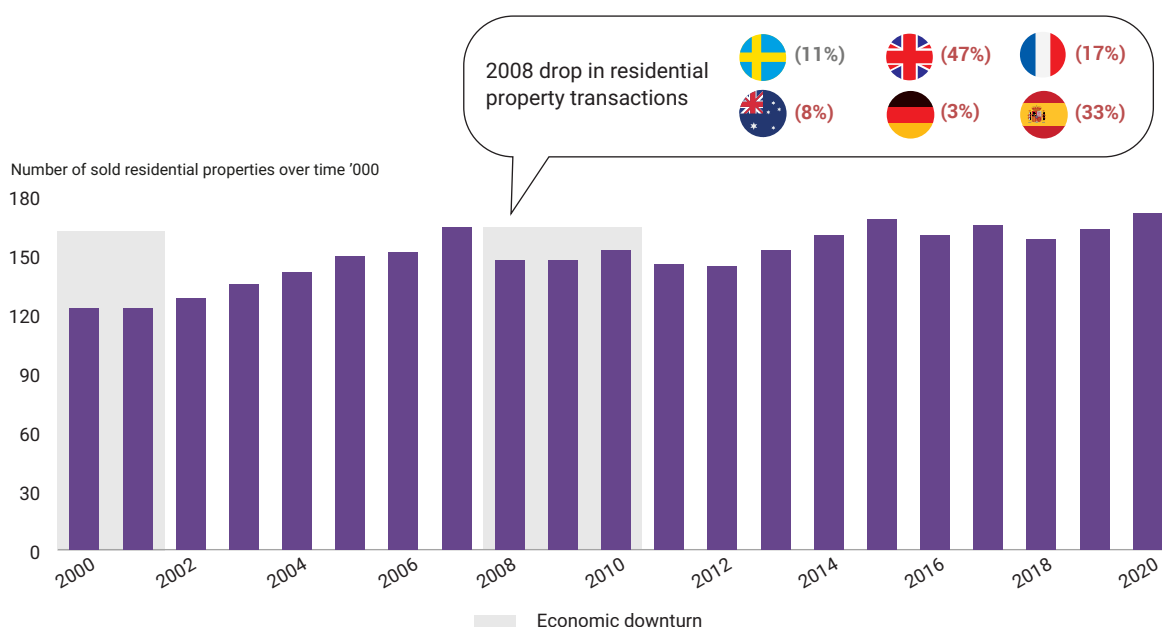


Between the years 2015 and 2020, the Swedish residential property market showed a compound annual growth rate (CAGR) of a total transaction value of 5.2 percent, from SEK 432 billion in 2015 to SEK 556 billion in 2020. The Swedish commercial real estate market grew as well, from SEK 105 billion in 2017 to SEK 121 billion in 2020²⁾

driven by increased investment in real estate and high demand for new properties.

The Swedish residential property market has been resilient and remained active even during times of economic downturn and financial crises. During the global financial crisis in 2008, Sweden witnessed a decline in the number of residential property transactions of 11 percent³⁾ compared to 47 percent in UK⁴⁾, 33 percent in Spain⁵⁾, 17 percent in France⁶⁾ and 8 percent in Australia⁷⁾ over the same time period. The economic recovery in 2009 and 2010 resulted in an increase of the number of property transactions, which then stagnated slightly in 2011–2012. In 2013, the number of transactions resumed growth, which has continued as an overall upward trend since. Swedish property prices have also increased during recent years (4 percent per annum 2015–2020 and 7 percent per annum 2000–2020), which can be explained by a continually growing demand in combination with limited supply. Swedish housebuilding activity has not yet exceeded the total population growth and there is still a structural housing shortage in many metropolitan areas. Hence, the supply and demand equilibrium has not fundamentally shifted for many years.

The below chart represents the number of transactions in the Swedish residential property market from 2000–2020:⁸⁾



- 1) SCB: Sold real estates, newly constructed buildings (tenant-owned flats), sold tenant-owned flats and completed properties. Svensk Mäklarstatistik: Prices on newly constructed buildings, 2019/2020 growth rates.
- 2) Cushman & Wakefield: Office Snapshot Sweden Q4 2020, 20 January 2021.
- 3) SCB: Sold real estate and sold tenant-owned flats.
- 4) HMRC: Monthly property transactions completed in the UK with a value of £40,000 or above, 23 February 2020.
- 5) Spanish Ministry of Development: Annual newsletter 2019.
- 6) European Central Bank – Statistical Data Warehouse: France, Number of housing transactions, Absolute value (1970–2017).
- 7) Australian Bureau of Statistics: Residential Property Price Indexes: Eight Capital Cities, 8 December 2020.
- 8) vdpResearch for Germany figures.

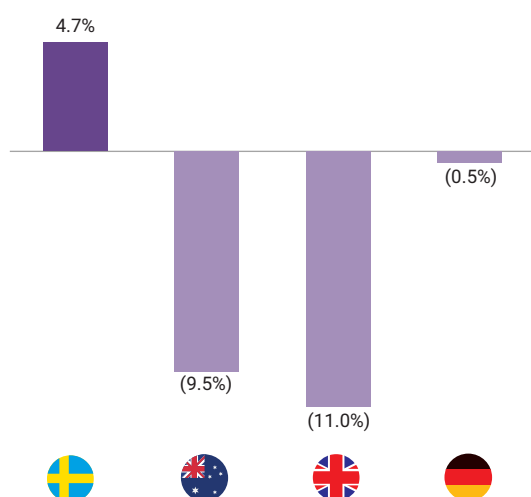
Impact on the Swedish real estate market by Covid-19

Sweden's measures to reduce the spread of Covid 19 have been less intrusive than those of many other countries. Sweden has not had a complete lockdown and focus has been on slowing, rather than stopping, the pandemic. This has led to the economic effects of Covid-19 in Sweden at a rough estimate being somewhat more limited compared to the rest of Europe and with a relatively more optimistic economic recovery outlook. With regards to GDP during 2020, Sweden is only expecting a reduction by approximately 2.9 percent compared to EU27 average of 7.4 percent¹⁾. Furthermore, Sweden has maintained a relatively low government debt of 38 percent in Q3 2020 compared to other European countries (average of 90 percent in EU27).²⁾

2020 was a strong year for the Swedish residential property market, with transaction volumes up 5 percent and prices up 6 percent compared to 2019. During 2020, there was some changes in general demand patterns to other types of residential properties, compared to previous years. There was a clear growth in transaction volumes in more rural areas outside of major cities, and at the same time purchases of holiday homes continued to grow, although to a lesser extent compared to previous year.

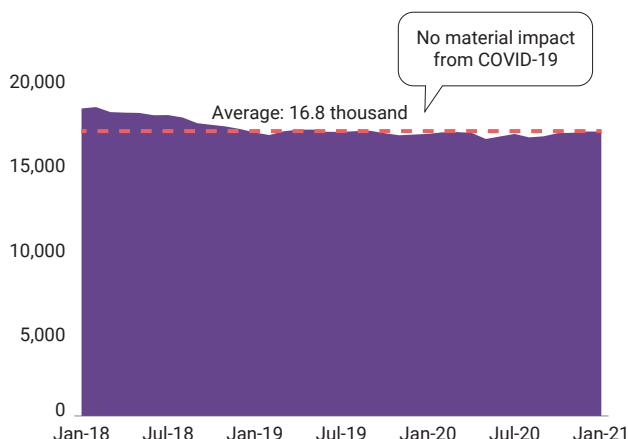
The below chart shows the percentage change in transaction volumes from 2019 to 2020 in Sweden³⁾ compared to Australia⁴⁾, United Kingdom⁵⁾ and Germany⁶⁾, highlighting the resilience of the Swedish real estate market through Covid-19:

Percentage (%) change in residential sales transactions (2019/2020)



For Hemnet, no material impact from Covid-19 was experienced in terms of property listings. On a rolling last-twelve-months average basis, there was an average of approximately 17,000 new listings every month since January 2018. The below chart demonstrates the stability of listing volumes on Hemnet before and throughout the pandemic:⁷⁾

Number of new monthly listings on Hemnet (Rolling LTM average)



Prospects of Swedish real estate

The total value of residential sales transactions in Sweden is projected to grow from approximately SEK 560 billion in 2020 to approximately SEK 700 billion in 2026.⁸⁾ During the same period, transaction volumes are projected to grow at 0.3 percent per annum and the average transaction value is projected to increase by 3.6 percent per annum. Factors driving future market demand include population growth, low interest rates for mortgages and projected economic growth, which is likely to support disposable income and stability on the labor market. Supply growth is likely to be supported to a certain extent by the increase in new builds over the projected period.

1) Swedish Ministry of Finance: Key indicators forecast, 16 December 2020. EC Europe: European Economic Forecast page 172, Autumn 2020.

2) Eurostat: General government gross debt (EDP concept), consolidated quarterly data, 8 February 2021, IMF: Report for Selected Countries and Subjects, October 2020.

3) SCB (existing stock only): Sold real estate, newly constructed buildings (tenant-owned flats), sold tenant-owned flats, completed flats in newly constructed buildings. 2020 figures calculated using Svensk Mäklarstatistik 2019/2020 growth rate of real estate agent-mediated sales.

4) Australian Bureau of Statistics: Residential Property Price Indexes: Eight Capital Cities, 8 December 2020. 2020 figures calculated using extrapolation of Q1–Q3 '2020.

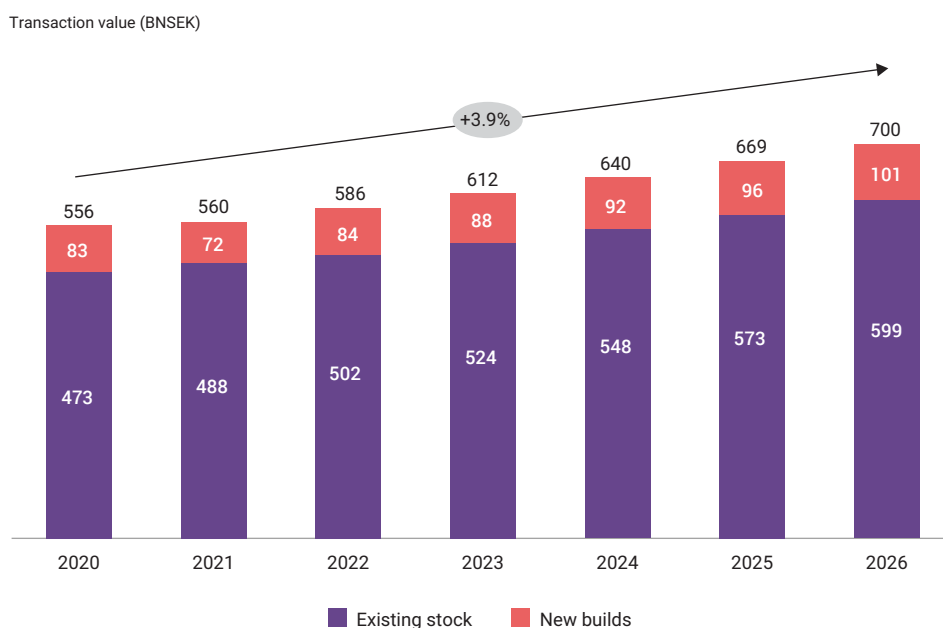
5) HMRC: Monthly property transactions completed in the UK with value £40,000 or above, 23 February 2020.

6) Estimated by GEWOS: Leaflet for IMA 2020.

7) Company information.

8) OC&C's analysis.

The chart and table below illustrate the projected trends in total value, total volume and average price in the Swedish real estate market from 2020–2026:¹⁾



								CAGR
Total Volume ('000)	198	193	194	196	198	200	202	0.3 %
Average Price (SEK x M)	2.8	2.9	3.0	3.1	3.2	3.3	3.5	3.6 %

Swedish residential rental market

The Swedish residential rental market can be divided into a primary and a secondary market. The primary market is regulated, is the larger of the two markets and consists of approximately 1.9 million²⁾ rented dwellings. The primary market consists of rental properties owned by municipalities and by private companies. In several cities, the contracts are allocated via a regional rental queue system. The rent is capped and deposits are not allowed. As a result, turnover is low and queues are often long. The secondary market is smaller than the primary market with approximately only 90,000 – 134,000 properties³⁾ that are available for rental.

Swedish property market structure

The Swedish real estate market structure is unique and favourable to real estate classifieds. The section below describes the dynamics between the key stakeholders in the market.

Home buyers

Home buyers' key objectives in a real estate transaction is finding and buying the right object in an efficient and safe manner. Potential home buyers use digital property portals to become more informed about relevant properties for sale, insights on the property market and to get inspiration for their current or future home. As buyers start thinking about buying a new home they also want to find out more about mortgages, home insurance, and other services part of the buying process.

Home sellers

During a sale transaction the seller consults with a real estate agent, but bears all costs for the marketing of the property on Hemnet. Although sellers have different needs, maximising the value from their property transaction and a fast and smooth transaction are the main goals for most sellers. The seller has a high incentive to engage in the property sale and its outcome. For example, the seller is highly interested in getting the best possible exposure of the property, which Hemnet provides through

1) OC&C's analysis.

2) SCB: Number of dwellings by region, type of building and year (including special housing), 1990 – 2019.

3) OC&C's analysis.

its products. In consultation with the real estate agent, the seller can choose between Hemnet's products and is the person paying for its own choices.

Real estate agents

The real estate agent's responsibility in a transaction is to convey the dwelling for sale and to act as advisor to both the seller and the buyer. The primary source of income for the real estate agencies is the agent commission paid by the seller, which can be either fixed, variable related to the final price of the property or a combination of the two. Agent commission constituted approximately 98 percent of seller costs in 2015 (SEK 9.8–10.1 billion) and remains on a similar level in 2020, constituting approximately 95 percent (SEK 10.3–10.6 billion) of seller costs.

In their role as key advisor to the seller, real estate agents also provide advice to the seller on what marketing support to purchase. Thus, real estate agents do play an important part of Swedish property platforms. As regards to Hemnet in particular, real estate agents are the most important partners as only agent listings are allowed on Hemnet and the real estate agent thus handle the publication of the property listings on the platform. In return, Hemnet pays all real estate agencies an administration compensation for the work related to the listing. Furthermore, the real estate agencies that have willingly signed commission contracts with Hemnet also receive sales commission for upselling value-added services to the seller. The compensation from Hemnet functions as an additional source of income for the real estate agencies. This business model is unique from an international perspective and results in a closer relationship between Hemnet and real estate agents.

Furthermore, mandates between the seller and the real estate agent are usually exclusive, and the real estate agent is required by law to represent both the buyer and seller in a transaction. This allows real estate agents to invest in, among others, the quality of their listings, including high-resolution images, complete data, and provide detailed descriptions of the property, contributing to a top user experience for buyers as well as users visiting Hemnet for inspiration.

Real estate developers

Real estate developers are professional construction and real estate companies. Their sales process is different compared to the succession market due to for example the amount of identical properties for sale at the same time and the fact that the property sale process usually runs for several years. The ability to effectively reach a wide and relevant audience in the marketing process is important for real estate developers as they try to de-risk

their project portfolio. They use property classifieds as part of their marketing efforts to build their brand, inform the market about their upcoming projects and new builds for sale.

Role of tenant associations

The tenant association is the economic association that formally owns all apartments in a real estate. The home buyer thus buys a share in the association and the right to live in the apartment. The majority of apartments are owned under this form of ownership. In connection with the real estate transaction processes, tenant associations either accept or reject new residents into a building. Once a buyer has been accepted and moved in, they become a member of the tenant association. A tenant in a tenant association pays a housing association fee which depends, among several factors, on the fixed and variable costs for running the building.

Tenant associations are also to some extent part of the reason why only a limited amount of properties are available on the secondary market for residential rental. Apartment owners cannot rent out their apartments without the permission of the tenant association, which often has rules for how short and long of a timeframe the rental can be.

Role of the legal framework for taxation

In Sweden, any cash gain made from the divestment of a private property is subject to a 22 percent capital gains tax.

However, there are certain tax laws that enables buyers and sellers of properties to push taxes forward, referred to as "uppskov" in Sweden, meaning that the seller applies for a postponement of taxation on the gains from the divestment with the Swedish Tax Agency, creating a deferred tax liability.

The creation of this deferred tax liability is dependent on the purchase of a new private property, while the purchase price of the new property will determine the size of the deferred tax liability. If the purchase price of the new property exceeds the divestment price, the full amount will be subject to deferral, while if the purchase price is lower, the total capital gains subject to deferral will be proportioned. Remaining value will be subject to 22 percent capital gains tax.

In addition, according to Swedish tax law, home owners can also get tax deductions of a portion of the interest paid on their mortgage when completing their income-tax return.¹⁾

This ability to push a taxation forward indefinitely²⁾ in combination with the relative low cost of mortgages has enabled a more flexible housing market in Sweden.

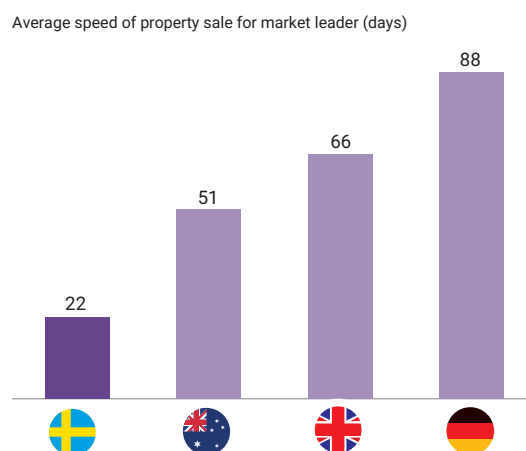
1) OC&C's analysis.

2) These rules do not always apply. Circumstances such as time between divestment and purchase may impact ability to apply for a deferred tax liability with the Swedish Tax Agency.

Efficiency of the Swedish real estate ecosystem for property sales

Swedish residential properties currently sell significantly faster than properties in the UK, Germany and Australia once listed, with most properties being sold on average 22 days after listing.¹⁾

The below chart sets out the average speed of property sale for each country's market leader:²⁾



The typical timeline of a property sale on Hemnet follows a standard pattern. A listing is usually published on Friday's and is advertised for approximately two weeks, followed by viewings usually over a weekend and a sale closed in the middle of the week thereafter:³⁾



Competition in Swedish property advertising market

The online real estate classifieds market Hemnet is operating on consists of local digital classifieds platforms as well as global internet companies and aggregators targeting property listings.

Hemnet is the property portal in Sweden with the highest amount of traffic⁴⁾ and the first choice for the majority of all home sellers and buyers. The high interest for the platform is a result of innovative offers that facilitates the real estate transaction for all parties.

Market dynamics and key characteristics for listing platforms

An online classifieds site's potential ability to generate revenues depends largely on the number of listings on the site and the amount of visits it generates. The more sellers and buyers on the platform, the more valuable the platform becomes to all parties involved. Sellers have the

opportunity to reach a wider buyer audience and buyers get more results when searching for a property. This dynamic is called network effect and is a central part of classifieds business models, such as Hemnet.

"First mover" advantage is particularly important for classifieds. Those players who were able to reach critical mass in terms of active buyers and sellers early on have good opportunities to establish leadership positions that become challenging for others to dislodge. As market share governs turnover of listings, which in turn is one of the key factors for attracting buyers and sellers to the platform, it becomes difficult for potential new entrants in creating equal or better value propositions compared to the market leaders.

As a result, the difference in reach and market position leads to monetisation levels and profitability often differs significantly between number 1 and number 2 players on the market.

1) Company reports and OC&C's analysis.





2) Company reports, announcements, news and McMakler. Data for Sweden and Germany from 2020 and for Australia and UK from 2019.

3) Company information.

4) Blocket excluded as it is considered a generalist portal that do not display agent listings.

Market overview





The below table illustrates the competition within the respective real estate classifieds markets, and compares several key performance indicators between the market leader and closest competitor in each market:^{1), 2), 3), 4)}

				
Seller pays for classifieds	✓	✓	⊗	⊗
Near 100% exclusivity of agent mandates	✓	✓	⊗	⊗
Δ Revenue (#1/#2)	12.2x	3.0x	1.9x	2.1x
Δ Monthly visits (#1/#2)	10.7x	2.3x	2.2x	1.4x

Competition from local property classifieds platforms
Hemnet's main competitors are Booli (owned by SBAB), Boneo (owned by a few real estate firms) and HittaHem

(owned by Bonnier). Hemnet is the only player that has successfully managed to generate revenues through its seller paid model for listings.

The below table illustrates qualitative and quantitative metrics between Hemnet and its local competition:^{5), 6)}

				
Focus	Agent listings	Mortgage leads	Newspaper advertising	Initiative by certain agents
Monetisation model	Classifieds listings	Advertising revenues/ data subscription to developers	Subscription-based 'agent pay listing' model	Classifieds listings
Listing fees	✓	⊗	⊗	✓
Web traffic (million visits per month)	18.7	1.8	0.2	0.2
Inventory (for sale property listings)	16,854	14,905	5,426	12,987

1) Similarweb: Web traffic analysis (hemnet.se, booli.se, hittahem.se, boneo.se), Companies House: ZPG Ltd – group of companies accounts, 2018, Annual reports, gov.uk: Research on buying and selling homes, October 2017, CapitalIQ: Barclays broker report "Axel Springer SE valuation interesting ahead of FY", March 2019, Lund University: Booli annual report 2019, OC&C's analysis.

2) Revenue is calculated as total reported revenue attributable to specified geography.

3) Monthly visits calculated as average of 2020. UK player number 2 visits to largest site. Germany player number 2 sum of visits over two sites.

4) Revenue and monthly visits figures refer to market leader's metric divided by closest competitor's metric.

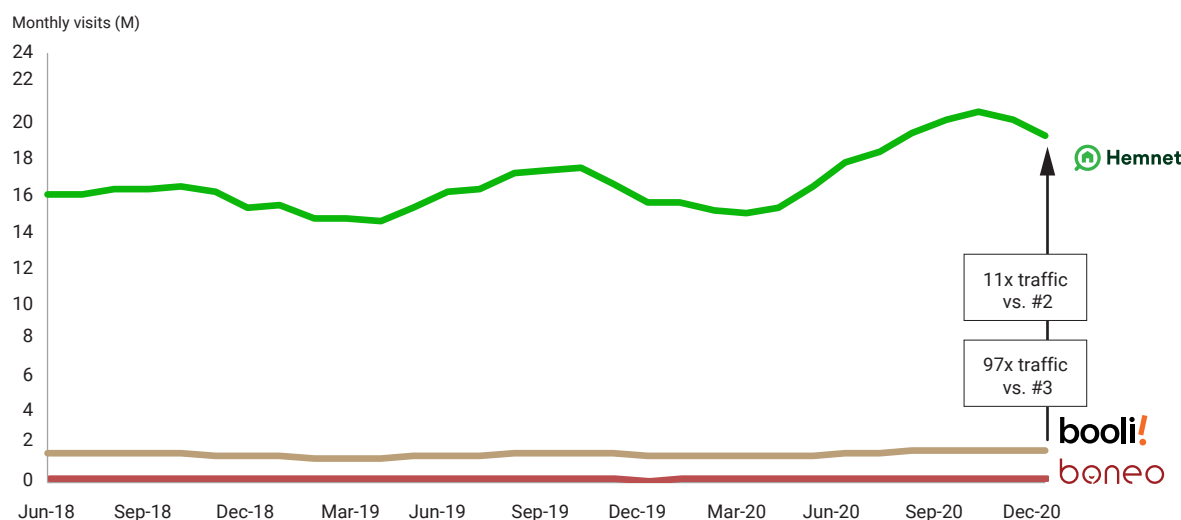
5) Similarweb: Web traffic analysis (hemnet.se, booli.se, hittahem.se, boneo.se), company websites.

6) Web traffic and inventory figures as of 9 February 2021. Source: OC&C's analysis.

Blocket Bostad & Qasa, a customer-to-customer platform owned by Schibsted, is not considered a direct competitor as it primarily targets the secondary rental market and does not provide real estate agent listings, which is the focus of Hemnet. In 2015, Blocket was trying to win market share from Hemnet by aggressively investing on product development as well as using marketing tactics

like “3 days before Hemnet”. However, as Blocket did not get the desired result, it decided to cancel its real estate agent listings offerings. Instead, Blocket has focused on the market for property rentals (*inter alia*, through the acquisition of Qasa) as well as holiday houses.

The below chart sets out the difference in monthly traffic¹⁾ between Hemnet and its closest competitors:²⁾



Booli has 1.8 million website visits per month compared to 18.7 millions for Hemnet. Booli also offers Hittamäklare which is used by many real estate agents in Sweden. Hittamäklare is a marketplace for real estate agents to market themselves through reviews etc. that the agent pays for through a subscription-based listing model. Booli acts as a lead-generator to SBAB by trying to create a one-stop-shop for mortgage customers looking to buy a property. This focus, and the platform's adjacent services, have resulted in signs of growth in traffic and usage. However, Booli's overall monetisation appears to remain low when compared to other platforms.³⁾ Boneo was launched in 2019 as a real estate agencies initiative with an aim to become a market challenger. Whilst the business model is similar to Hemnet's, since monetisation is generated through listings, Hemnet's primary source of income is the seller, whereas Boneo monetise the agent in the form of, for example, optional upgrades from a free basic listing.

Overview of other advertising channels

Some of the real estate agents are engaged in additional “off market” advertising, such as through the agents' own websites or social media. There are also a number of new product offerings on the real estate market, e.g. platforms that allow users to show interest on any property in Sweden (not just the ones for sale) and more specialised players, e.g. “Nya Boendet” that was launched in 2018 and lists only new development objects.

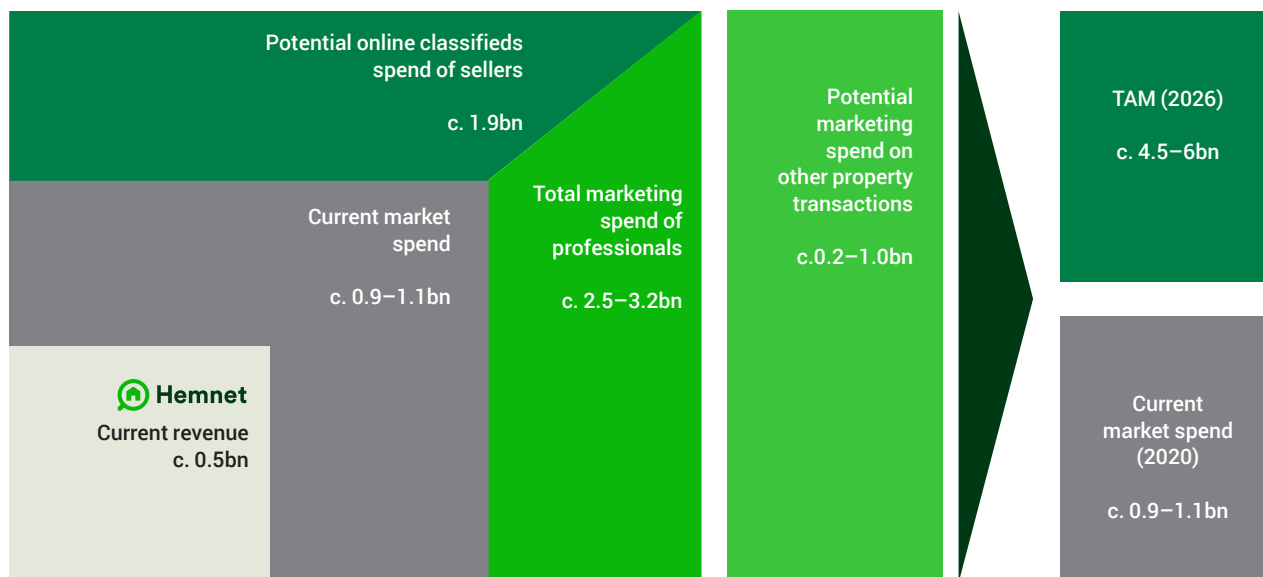
1) L6M average shown; excludes app traffic.

2) Similarweb Web traffic analysis (hemnet.se, booli.se, boneo.se).

3) Company information.

Overview of Hemnet's total addressable market

The below figure illustrates Hemnet's total addressable market ("TAM") in SEK in 2026^{1),2)}



Hemnet's total addressable market comprises the following categories of revenue opportunities:

- Monetising property sellers, which include the fees paid by the property seller in order to display a listing and other products and additional services purchased by the property seller.
- Monetising professionals involved in property sales transactions who use the online-classified market-places to promote their products and reach out to new customers. These players include real estate agents, property developers, banks, energy companies, moving companies, and insurance companies.
- Monetising other property transactions such as rentals, holiday lets and commercial property.

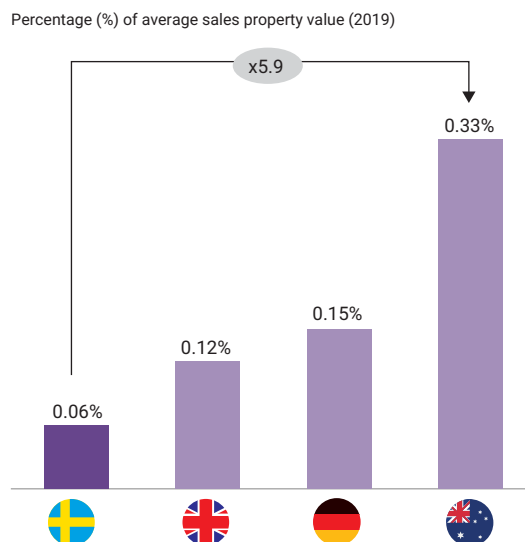
Current market spend

Total market spend in 2020 is estimated to be approximately SEK 0.9–1.1 billion. This includes approximately SEK 0.4 billion in online classifieds listings, of which approximately SEK 335 million is from sellers and approximately SEK 25 million from developers. Total market spend also consists of approximately SEK 0.6–0.8 million in display advertising by real estate agents, developers, as well as banks for finding new mortgage customers.³⁾

Monetising opportunities from property sellers

Despite possessing a majority of the market share in Sweden, Hemnet's business strategy has been centered around innovation and improvement of the user experience on the platform. This focus creates significant headroom for commercialisation in the near future.

The below chart compares the amount of real estate classifieds advertising spend as a percentage of average property value⁴⁾ in Sweden compared to other countries:⁵⁾



1) Breakdown of potential Total Addressable Market in 2026, shown by segment, according to OC&C.

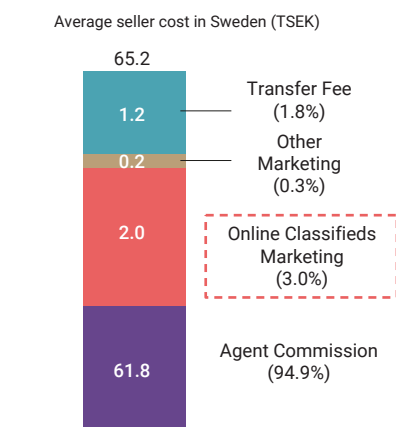
2) Hemnet's current position from company information.

3) OC&C's analysis.

4) Includes new builds.

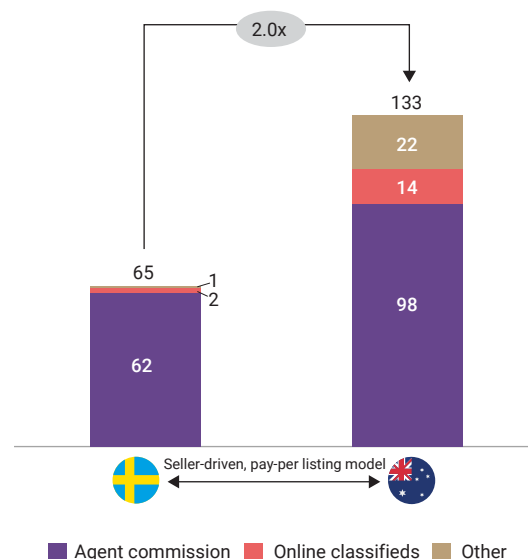
5) Australian Bureau of Statistics: Residential Property Price Indexes: Eight Capital Cities, 8 December 2020, Annual reports, SCB:: Sold real estate; newly constructed buildings (tenant-owned flats); sold tenant-owned flats; completed flats in newly constructed buildings. ONS: UK House Price Index, January 2020, HMRC: Monthly property transactions completed in the UK with value of £40,000 or above, 23 February 2021, SEB: Schibsted – Full control in challenging times, 20 July 2020, IBISWorld: Residential Real Estate Advertising in Australia, July 2020, Credit Suisse (broker report): Scout24 – Quality vertical operator – but fairly valued, 29 July 2020, JP Morgan (broker report): Schibsted – very strong on costs, 17 July 2020; sourced by OC&C.

Leading digital classifieds platforms today offer their advertisers a larger value for housing transactions compared to other marketing channels. In combination with the relatively low cost of a listing (especially when compared to the underlying property transaction value), this creates a headroom for growth on these platforms. Moreover, seller transaction costs are relatively low in Sweden. The below chart breaks down average seller costs in Sweden:^{1),2)}

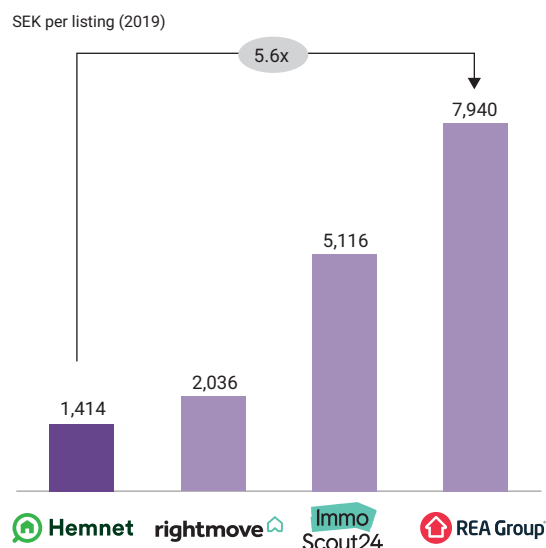


In Australia, a comparable market that also has a seller-driven, pay-per-listing model, the seller costs are approximately twice that of Sweden. The below chart compares a seller's costs by cost type in Sweden compared to that of Australia.^{3),4),5)}

Seller transaction costs by type, excluding capital gains tax (TSEK)



The below chart illustrates the headroom Hemnet has in its average revenue per listing ("ARPL")⁶⁾ when compared to international players:⁷⁾



Assuming that the value utilisation of home sellers were to grow in line with the Australian market, this would correspond to a potential TAM of approximately SEK 1.9 billion in 2026.

1) OC&C's analysis.

2) Excludes capital gains tax and non-essential selling costs such as inspections, styling/staging, cleaning, moving costs, early mortgage repayment fees, conveyancing fees etc.

3) Based on a typical real estate agent intermediated transaction; average property price of SEK 2.8 million in Sweden (Source: SBC: Sold real estate, newly constructed buildings (tenant-owned flats), sold tenant-owned flats, completed flats in newly constructed buildings. Svensk Mäklarstatistik: New build house price, 2019/2020 growth rates) vs. SEK 4.4 million in Australia (Source: Australian Bureau of Statistics: Residential Property Price Indexes: Eight Capital Cities, 8 December 2020).

4) Swedish seller costs include administrative costs incurred with the change of ownership and marketing outside classifieds.

5) Australian seller costs include conveyancing fees, marketing outside classifieds and search fees.

6) ARPL figures exclude VAT and includes rental revenues for each market leader.

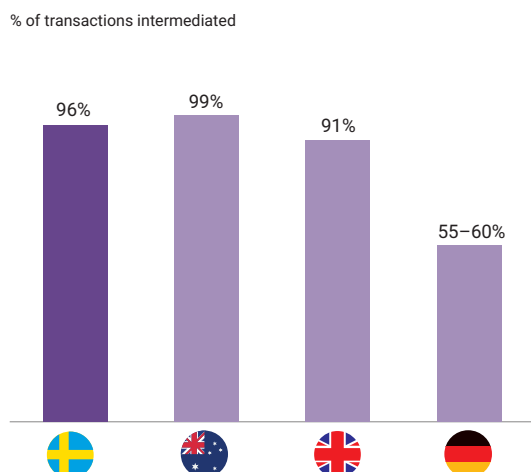
7) Annual reports, Australian Bureau of Statistics: Residential Property Price Indexes: Eight Capital Cities, 8 December 2020, GEWOS, IMA Real Estate Market Analysis: Immobilienmarktanalyse, ONS: UK House Price Index, January 2020; UK Private Rented Sector 2018, 18 January 2019, Management data, Core Logic: Monthly Chart Pack – 2020 in Review, January 2021, Techem: Wer hat, der bleibt, 27 June 2018; sourced by OC&C.

Monetising opportunities from professionals involved in property sales transactions

Professionals involved in property sale transactions can generally be categorised into four groups: real estate agents, banks, property developers and others.

In Sweden, real estate agents play a central role in the property transaction and represent both sellers and buyers. In 2020, real estate agents in Sweden were estimated to be involved in approximately 96 percent of all property transactions on the succession market, versus approximately 91 percent (2019)¹⁾ in the UK, 55–60 percent (2019) in Germany and 99 percent (2016) in Australia. Real estate agents in Sweden generally do not intermediate rental contracts, and the non-intermediated transactions are often inheritance, selling to neighbour and similar.

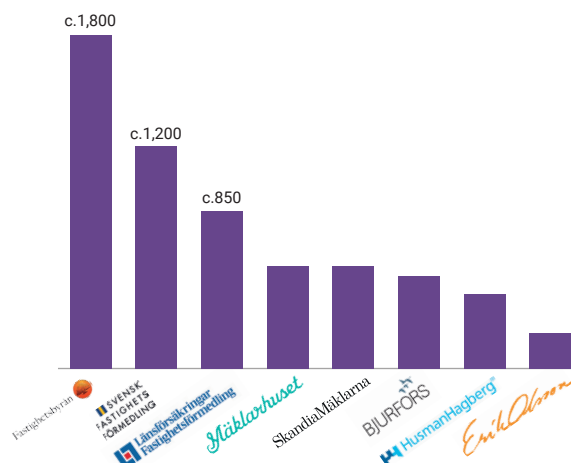
The below chart compares the rate of intermediated transactions in Sweden to that of Australia, United Kingdom and Germany:²⁾



The number of registered real estate agencies in Sweden grew from approximately 2,400 in 2015 to 2,800 in 2020 corresponding to a growth rate of 4 percent per annum, compared to an annual growth rate of 5 percent per annum in total residential sales transaction value.³⁾ Swedish real estate agencies vary widely in size and comprise everything from large, nation-wide franchises, to small, often single-agent, operations.

In 2020, approximately 80 percent of individual agents were affiliated to one of the ten largest, nation-wide real estate firms compared to approximately 20 percent who were independent.⁴⁾ The below chart lists some of the largest real estate firms in Sweden:⁵⁾

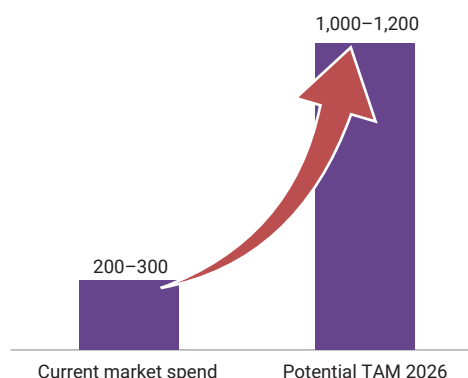
Number of real estate agents per real estate firm (2019)



However, many of these real estate firms lack the online presence to successfully bring their properties to the market. This results in a preference for Hemnet that provides the infrastructure and expertise needed to get direct attention from a large scale of interested parties.

Marketing spend by real estate agents totalled in approximately SEK 0.9–1.1 billion in 2020, of which only approximately SEK 0.2–0.3 billion was online display.⁶⁾ The migration from print media to more cost effective and measurable online channels, with the emergence of social media as one of the key channels, is estimated to be an important factor for continued market growth. This in combination with monetisation of existing products, as well as the expansion of additional services to serve a broader range of marketing purpose, is estimated to result in a potential TAM for Hemnet of approximately SEK 1.0–1.2 billion in 2026:⁷⁾

Evolution of marketing spend for real estate agents, 2020–2026 (MSEK)



1) OC&C's analysis.

2) OC&C's analysis; Sweden in 2019 – existing stock sales only, Australia in 2016, United Kingdom in 2019, Germany in 2019 – expert interview estimates.

3) SCB Business Database: Enterprises (FDB) by industrial classification SNI 2007 and size class, 2008 – 2020, OC&C's analysis.

4) Mäklarsamfundet: Fastighetsmäklarbranschen Fakta & Nyckeltal 2020, November 2020, OC&C's analysis.

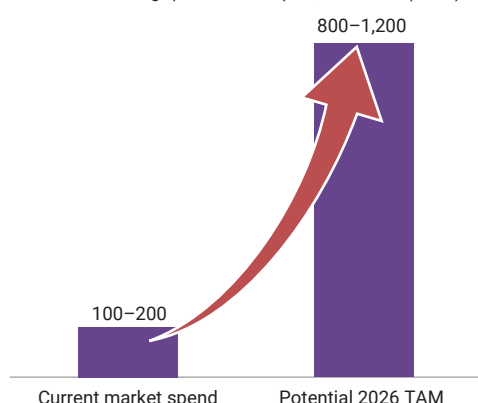
5) Company data, company websites, Mäklarsamfundet: Fastighetsmäklarbranschen Fakta & Nyckeltal 2020, November 2020.

6) OC&C's analysis.

7) OC&C's analysis.

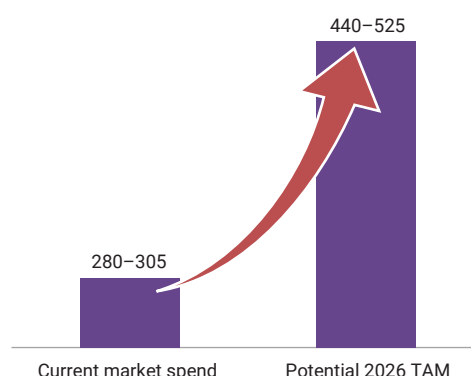
Developers only spent SEK 0.3–0.5 billion on marketing in Sweden in 2020, of which approximately 40–60 percent was spent via digital channels.¹⁾ Future market growth is expected to be driven by increasing monetisation of developers in terms of Swedish online classifieds spend, in line with international benchmarks (0.03 percent of revenue in Sweden in 2020 vs. 0.4 percent in Australia in 2019²⁾). In addition, further monetisation opportunities are expected by development of tailored products to cater for the needs of the developers. The projected TAM in 2026 for developers is worth approximately SEK 0.8–1.2 billion:

Evolution of marketing spend for developers, 2020–2026 (MSEK)



In addition to monetisation opportunities from real estate agents and developers, Hemnet also has further opportunities to monetise from banks and other professional players. Banks invested approximately SEK 280–305 million to reach new customers through digital channels in 2020.³⁾ Assuming this market will continue to grow in line with gross mortgage lending, which in turn is driven by sale transaction volume (approximately 4 percent per annum) and Hemnet continues to explore monetising opportunities from these professionals (e.g. mortgage calculator), the TAM for this segment has been projected to grow to approximately SEK 440–525 million in 2026.⁴⁾

Online display and lead generation spend by banks, 2020–2026 (MSEK)



In addition to the above-mentioned segments, there also exists opportunities to monetise from other professionals involved in residential sale transactions (for example insurance and utility companies, and similar). This segment is estimated to reach a potential TAM for Hemnet of approximately SEK 210–310 million in 2026.⁵⁾

The sum of the four markets (real estate agents, developers, banks, and others) mentioned above gives Hemnet a total potential TAM of approximately SEK 2.5–3.2 billion from professionals involved in real estate transactions.

Monetising opportunities from other property transactions

While currently focused on residential sales transactions, Hemnet can utilise its favorable market position to enter adjacent markets that present further opportunities in the long run. In the rental market, TAM in 2026 is projected to grow to approximately SEK 125–860 billion.⁶⁾ Market growth is driven mostly by the development of payment processing models in primary and secondary rental markets. Based on Hemnet's existing capacity, Hemnet can also penetrate the market for holiday homes and offer competitive service fees. This market has a potential TAM of approximately SEK 40–65 million in 2026. Finally, there are also monetising opportunities for Hemnet within the commercial market for rental contracts for offices and retail space. This segment is estimated to reach a TAM in 2026 of approximately SEK 110–120 million.^{7), 8)}

1) OC&C's analysis.

2) OC&C's analysis.

3) WARC: Sweden, Financial Services advertising spend, 11 February 2021, SFSA: The Swedish Mortgage Market, 2 April 2020; Stability in the Financial System, 28 November 2019.

4) OC&C's analysis.

5) Insplanet, GlobalData: Sweden General Insurance: Key Trends and Opportunities to 2024, 24 December 2020, SCB: Electricity use in Sweden GWh by use and year – 2019 average annual use by houses and apartments; Number of dwellings, El.se: Swedish electricity and natural gas market 2019, OC&C Consumer Survey (Feb 2021).

6) In the upper part of the market range, it has also been taken into account that payment processing models can be applied to secondary market contracts with shorter terms.

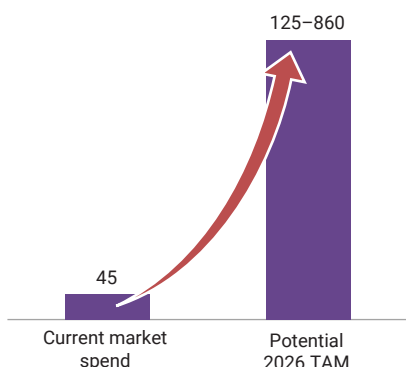
7) OC&C's analysis.

8) Rentals TAM driven by development of payment processing models in the primary and secondary rental markets, extrapolated to the whole market.

Market overview

Rentals

MSEK (2019–2026)



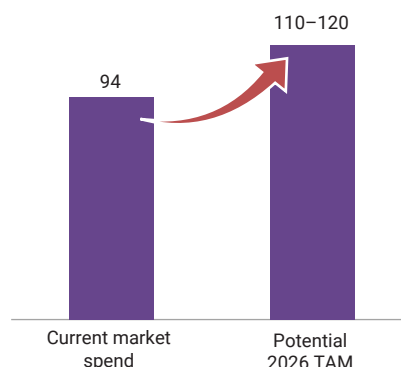
Holiday lets

MSEK (2026)



Commercial properties

MSEK (2019–2026)



Market Drivers and Trends

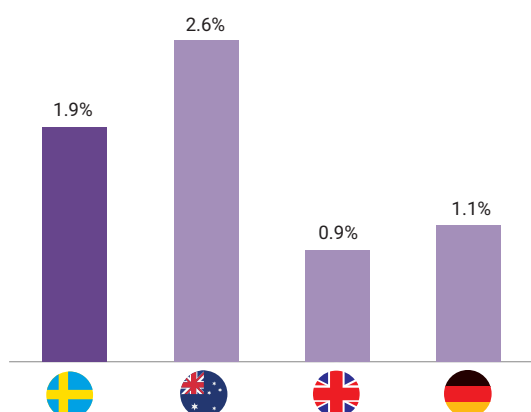
The below sections highlight drivers and trends expected to have a decisive impact on the future development of the Swedish residential market.

Economic growth and favorable demographic development

Sweden is the eighth largest economy in Europe with a gross domestic product of SEK 4.6 trillion in 2019, which corresponds to GDP per capita at SEK 446 thousand, which is the sixth largest in Europe.¹⁾

The below chart sets out the GDP growth of Sweden compared to Australia, United Kingdom and Germany between 2000–2020.²⁾

Percent (%) annual GDP growth rate (2000–2020)



Sweden's GDP has during the last 20 years grown by approximately 2 percent per annum. This development has facilitated an increase in Swedish household's disposable income, positively impacting the residential real estate market. During the same period, Sweden has also had an annual population growth of approximately 1 percent, further impacting the demand on the residential real estate market positively.

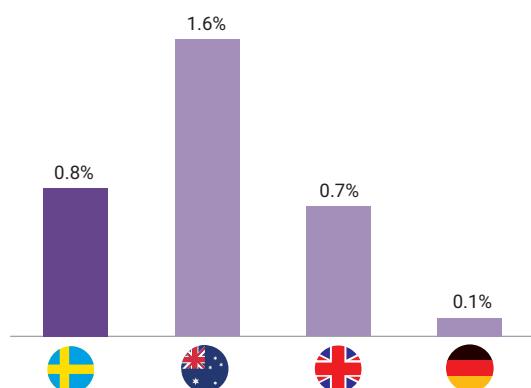
Sweden's demographic development is also expected to support growth on the real estate market. The participation rate among the working-age population rose from around 79 percent in 2007 to 83 percent in 2019. Ageing population, immigration and strong population growth in urban areas (0.8 percent growth in 2020) have been a few of the underlying drivers for the increase in number of buyers in real estate.

1) Ministry of Finance: Key indicators forecast, 16 December 2020, SCB: Summary of Population Statistics, 1960–2020.

2) Oxford Economics: GDP, real, LCU, 25 January 2021.

The below chart compares annualised population growth between Sweden, Australia, United Kingdom and Germany:

Percent (%) annual population increase (2000–2020)



Attractive features of digital online classifieds platforms to consumers and advertisers

Over time, the market for online real estate classifieds industry has come to offer self-reinforcing value propositions to both buyers and sellers, where:

- (i) buyers have access to a wide (sometimes close to exhaustive) portion of an otherwise fragmented inventory that can be conveniently searched and filtered on a range of devices; which
- (ii) attracts potential buyers to the property platform where sellers benefit from the high traffic, and quickly receiving large volumes of interested qualified buyers with an ambition to purchase the listed objects; and
- (iii) the property platform is often improved with functions and ancillary services that facilitates for both buyers and sellers (e.g. alerts, filters, valuation tools, real estate agent directories or introductions, and mortgage offers).

As consumers increasingly search for new homes online, home sellers, real estate agents and other professionals are shifting their marketing investments to digital channels, such as online newspapers and display ad networks in addition to property portals like Hemnet. The costs real estate agents spent on print media decreased from approximately SEK 400–500 million in year 2015 to only SEK 100–150 million in year 2020. Further, the total cost that real estate agents spent on “offline” marketing decreased from approximately SEK 700–900 million in year 2015 to SEK 400–600 million in year 2020, which only corresponds to 45–55 percent of their total marketing spend. For developers, costs spent on “offline” marketing was approximately SEK 150–200 million in 2020, which corresponds to 50–60 percent of their total marketing spend.¹⁾ Online real estate classifieds platforms have enabled these groups to optimise their marketing by providing a highly effective and measurable tool to find customers and buyers, increasing the return on their marketing investment.

The Swedish advertising market also continues to move online. Although a strong historical development of the Swedish online advertising market, with a growth of approximately 30 percent between 2015 and 2020, there still seems to be a substantial headroom for growth if looking at international benchmarks.

1) OC&C's analysis.



Business description

Business description

Introduction

Hemnet operates the leading¹⁾ property platform in Sweden. Hemnet emerged as an industry initiative in 1998 and has since then transformed into a “win-win” value proposition for the housing market. By offering a unique combination of products, insights and inspiration, Hemnet has built lasting relationships with buyers, sellers, and agents for more than 20 years. Hemnet and its stakeholders share a mutual passion for homes, and are driven to be an independent go-to-place for people to turn to with various housing needs that arise through their lives. This is mirrored in the Company’s vision, to be the key to your property journey, where Hemnet through its products and services wants to improve the efficiency, transparency and mobility on the housing market.

Hemnet is the Swedish property portal that gathers the highest number of visitors and the largest²⁾ selection of listings in one place. With superior traffic and leading brand recognition, Hemnet is one of the most recognised and trustworthy Swedish media brands,³⁾ and an online platform with a large and loyal visitor base, and an average monthly visits count of 62.5 million⁴⁾. In 2020, 64.6 million hours were spent browsing on Hemnet, which corresponds to an average monthly time spent on Hemnet of 38 minutes⁵⁾ per capita.

Hemnet has become the preferred meeting place for sellers, buyers and real estate agents by developing innovative products that generate a high amount of interest and traffic, resulting in an efficient property transaction for all stakeholders⁶⁾. Product development is a central part of Hemnet’s business and the Company has a long track record of staying at the forefront of innovation.⁷⁾ Hemnet provides home buyers with an extensive array of property listings as well as transparent information about homes and the housing market, and services that help them search for properties and connect with real estate agents.

The Company considers itself to be the home sellers’ most effective sales channel. Approximately 50 percent of Hemnet’s traffic consists of visitors with an intention to find a new home within the next six months. Hemnet’s high numbers of visits enables for home sellers to market their properties through real estate agents to the broadest and most relevant buyer audience in Sweden. In addition to

home sellers, Hemnet believes that the platform is the best place for real estate agents and business partners to grow their business and connect with relevant prospects. Home sellers, real estate agents, and business partners accounted for 60 percent, 15 percent, and 25 percent of net sales in 2020, respectively.

The strong and long-lasting partnership with real estate agents in Sweden and the direct relationship with home sellers is central to Hemnet’s business model. In contrast to other existing property portals around the world, the listing fee for a property on Hemnet is paid for by the home sellers. The home seller’s real estate agency thereafter receives a share of the listing fee as an administration compensation for all listings published on Hemnet, and a commission-based compensation for sales of additional services, subject to the real estate agency having signed a commission agreement. The compensation model thus strengthens the “win-win” relationship between Hemnet and the real estate agents. Hemnet’s strong relationship with the real estate agent community is further displayed through the Company’s ownership structure. As of the date of the Prospectus, approximately 10 percent of Hemnet is owned by Mäklarsamfundet, an industry organisation where approximately 86 percent of the real estate agents in Sweden are members. Furthermore, approximately 11 percent of Hemnet is owned by Care of Hemnet AB (publ), in which most of the shareholders are real estate agencies and real estate agents. Building the business together with the real estate agents is an integral part of Hemnet’s business model and success.

Hemnet has a scalable business model and an attractive financial profile. Hemnet’s financial profile combines strong net sales growth, attractive profitability and robust cash conversion. The Company grew its net sales by a CAGR of 21 percent and adjusted EBITDA by a CAGR of 21 percent between 2018 and 2020. The Company maintains the growth momentum by continuously enriching its offering through product development. In the twelve-month period that ended 31 December 2020, the Company generated net sales of SEK 544 million, and adjusted EBITDA of SEK 202 million, corresponding to an EBITDA margin of 37 percent, and cash conversion of 97 percent.

1) Monthly visits to mobile web and desktop (excluding apps), according to data from Similarweb during the period January – December 2020.

2) Excluding aggregators such as Booli. Source: OC&C.

3) Hemnet is the second most known local media brand after SVT, and only after Spotify, Netflix, Google and YouTube in addition to SVT among all media brands in Sweden, based on consumers’ overall impression and perception of content quality, value for money, employer brand, customer satisfaction and willingness to recommend the brand: YouGov Brand Index report, September 2020.

4) Google analytics, January – December 2020.

5) Company information and SCB, Population statistics January 2021. Excluding the part of the population under 14 years.

6) The average listing time on Hemnet is approximately 22 days, according to OC&C.

7) Company information.

History

Hemnet was founded in 1998 as an initiative by the real estate industry. When Hemnet was launched, real estate agents invested a significant amount of money on offline advertising in various forms, and the industry therefore saw the potential to create an online marketplace to consolidate all the listings into one digital platform.

In 2013, Hemnet began to charge sellers for listings, which was the beginning of the Company's current commercialisation phase. Since 2018, Hemnet has increased its focus on growth and product development, which is a central part of the Company's business, and now has a track record of staying at the forefront of innovation in the housing market for more than 20 years.¹⁾

Hemnet was founded by and for the real estate agents

1998	Hemnet is founded as an initiative by the real estate industry, and is owned by Mäklarsamfundet, Fastighetsmäklarförbundet ("FMF"), Fastighetsbyrån ("FB"), and Svensk Fastighetsförmedling ("SF"). The Swedish newspapers Dagens Nyheter ("DN") and Göteborgs-Posten ("GP") are co-owners and DN handles the operations of hemnet.se.
2009	Hemnet's own organisation is set up and the first employees are recruited.
2009	The Company's iOS (iPhone) application is launched.
2011	DN and GP sell their shares in Hemnet.

First step in commercialisation

2013	The launch of a revenue model where home sellers are paying to list their property. Hemnet charges sellers SEK 600 for a property listing and pays an administration compensation of 50 percent (calculated on the listing fee excluding VAT) to the real estate agencies.
2015	The first tiered price model for property listings is introduced.
2017	General Atlantic, Sprints Capital and Care of Hemnet AB (publ) (an entity set-up by the new owners to enable real estate agents, board members and Hemnet employees to indirectly invest in Hemnet), become new majority owners.

Product expansion and accelerated growth – Hemnet remains the key partner for real estate agents, now and for the long term

2018	Hemnet launches the first subscription product for real estate agents – Hemnet Business, and the first boost product – Raketen.
2019	Hemnet launches value-added services for home sellers – Hemnet Plus and Hemnet Premium.
2020	Hemnet grows in revenue, traffic, and full-time employees ("FTEs") despite an extraordinary challenging year. New products and services are launched.
2021	Hemnet launches a new compensation model to real estate agents and new segmented pricing for all listing products.

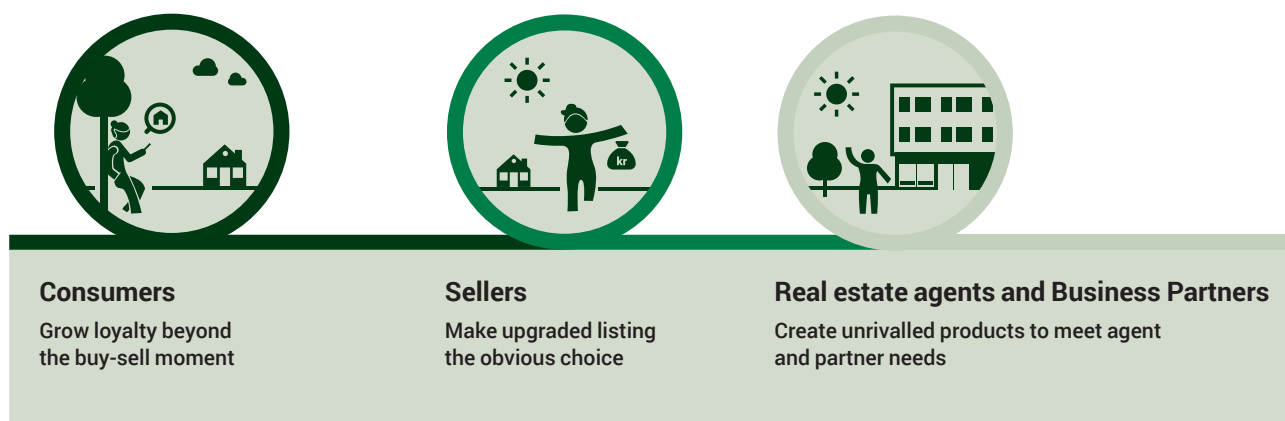
1) Company information.

Mission, vision, and goals

Hemnet's vision is: *The key to your property journey – we increase efficiency, transparency, and mobility on the housing market.*

Hemnet's mission is: *At Hemnet, we build lasting relationships, with buyers, sellers, and agents. Driven by our mutual passion for homes, we are an independent go-to place enabling property journeys.*

Hemnet has a history of sustained market leadership and innovation, and is the fastest-growing developed market player in an industry with attractive financial characteristics.¹⁾ Hemnet maintains growth momentum by continuously enriching the Company's offers through growing loyalty beyond the buy-sell moment, making value-added services the obvious choice and, creating unrivalled products to meet agent and partner needs.

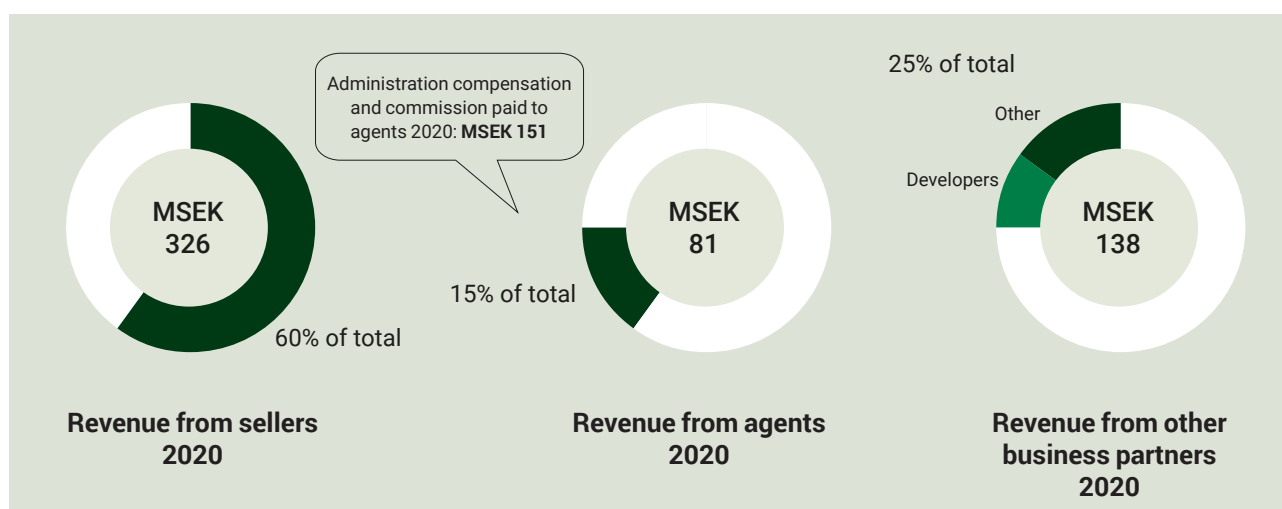


Business model

Hemnet has become the preferred meeting place for home sellers, home buyers, and real estate agents by developing innovative products that generate a high amount of interest and traffic, resulting in a highly efficient property transaction for all stakeholders.²⁾ By improving the access to property listings, Hemnet promotes a transparent and mobile housing market. This represents Hemnet's value proposition to both ends of real estate demand and supply – potential buyers can get a clear

overview of, and visit, a large volume of property listings and sellers can market their homes to a large transaction-ready audience wanting to buy a property.

Hemnet monetises its marketplace by generating sales from listings and value-added additional services purchased by home sellers, real estate agents, and business partners. The largest part of the revenue is attributable to sellers, which accounted for 60 percent of the revenue during 2020. Real estate agents accounted for 15 percent, and business partners accounted for 25 percent of the revenue during the same period.



1) ImmoScout24's, Rightmove's and REA Group's annual reports for the period 2018 – 2019.

2) The average listing time on Hemnet is approximately 22 days, according to OC&C.

Business description

Strengths and competitive advantages

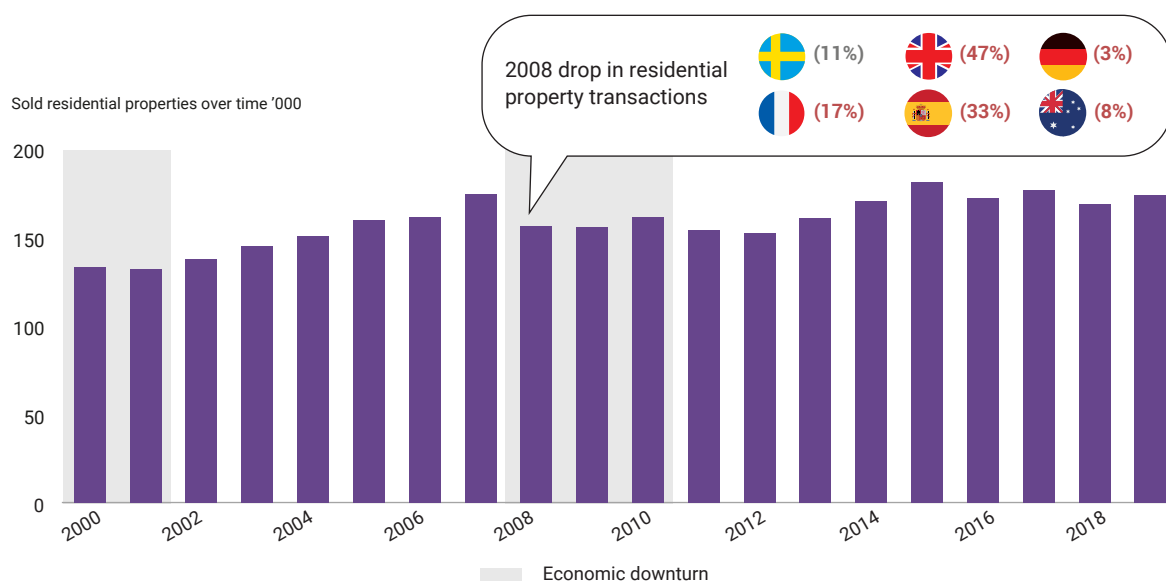
Hemnet considers itself to possess several strengths and competitive advantages that support Hemnet in implementing its strategy which leads to achieving its financial targets.

Uniquely stable and efficient housing market and resilient business model

The Company views the Swedish housing market as highly structured, efficient, and resilient to market downturns in comparison to housing markets in other geographies. Approximately 96 percent of all real estate transactions¹⁾ in Sweden are brokered²⁾, resulting in a simple and professional transaction execution, overall trust between the parties of a transaction, resulting in a more efficient and structured real estate market. The efficiency of the sales process is evidenced by the short period of time the average property is listed on Hemnet before being sold. The average listing time on Hemnet is currently 22 days.

Turning to other developed housing markets, this can be compared to an average time of 51, 66 and 88 days in Australia, UK, and Germany respectively, according to OC&C.

The Swedish housing market has historically experienced a higher resilience to economic downturns compared to other developed European housing markets. For example, during the economic downturn in 2008, the number of residential properties sold in Sweden was approximately 11 percent³⁾ lower in 2008 compared to 2007, whereas large European markets such as the UK, Spain and France experienced market downturns of 47 percent⁴⁾, 33 percent⁵⁾, and 17 percent⁶⁾, respectively. Moreover, despite a global economic market contraction in 2020 due to the Covid-19 pandemic, the Swedish housing market experienced its strongest year ever, with volumes increasing by 5 percent and prices by 6 percent compared to 2019.



Source: SCB (Swedish office for statistics). Houses include permanent residencies and holiday houses.

- 1) Refers only to residential market.
- 2) Excluding new build. Source: OC&C.
- 3) Source: OC&C.
- 4) Source: OC&C.
- 5) Source: OC&C.
- 6) Source: OC&C.

The market resilience is supported by a stable macro-economic environment, increasing property prices, increased urbanisation, and a supply and demand imbalance where the demand is growing faster than the level of newly built residential properties. The Swedish economy is the sixth largest economy per capita in Europe¹⁾ and has a stable outlook²⁾ which supports the growth in the Swedish housing market. According to OC&C, the Swedish housing market has grown with a CAGR of 9 percent between 2000 and 2020, and OC&C estimates that price increases represent 7 percentage points of the market growth, and that the remaining 2 percentage points are volume related. The value of residential sales transactions is projected to grow by approximately 4 percent per year between 2020 and 2026, whereas the transaction volume is projected to grow by approximately 1 percent per year during the same period. The historical and continued price related growth is partly a result of a real estate supply and demand imbalance, where the demand to buy is increasing. The growing demand to buy has primarily been supported by population growth, increased urbanisation in the major cities, a favourable lending environment, a long period of low interest rates, and the close to non-existence of "buy-to-let" in the Swedish rental market. The imbalance due to the supply shortage is particularly apparent in the major urban centers Stockholm, Gothenburg and Malmö, which house approximately 40 percent of the Swedish population.

Hemnet currently earns the majority of net sales from property listing revenues, which primarily is driven by transaction volumes rather than property prices. Additionally, Hemnet's business model, built around increasing the efficiency of a property transaction through innovation

and product development, has proven to further strengthen the Company's resilience to market downturns. Hemnet as a marketing channel for listings is important regardless of how the property market fares as sellers, regardless of the economic situation, benefit from attracting more traffic and the largest audience of potential buyers to their property listing. For sellers, Hemnet has developed a range of products that improve the exposure of the property listing. Consequently, Hemnet increases sellers' probability of a successful transaction and thus return on investment in Hemnet, while Hemnet achieves a higher monetisation for the listing.

Hemnet also offers a range of advertising products for real estate agents, real estate developers, and other business partners, that are not directly affected by the conditions of the market.³⁾ The advertising products are a substantial part of Hemnet's business model, and a substantial part of Hemnet's net sales. Advertising products have historically displayed resilience to price and volume fluctuations in the housing market.

The go-to marketplace with unmatched traffic and brand recognition

Hemnet benefits from being one of the most recognised media brands in Sweden and being the preferred real estate platform. Hemnet is the second most recognised local media brand and the sixth most recognised media brand overall in Sweden, beaten only by the global brands Spotify, Netflix, Google, YouTube, and the local state-owned television SVT.⁴⁾ The Company believes that it has reached this position by continuously improving its offering and content, as well as through client focused product development.

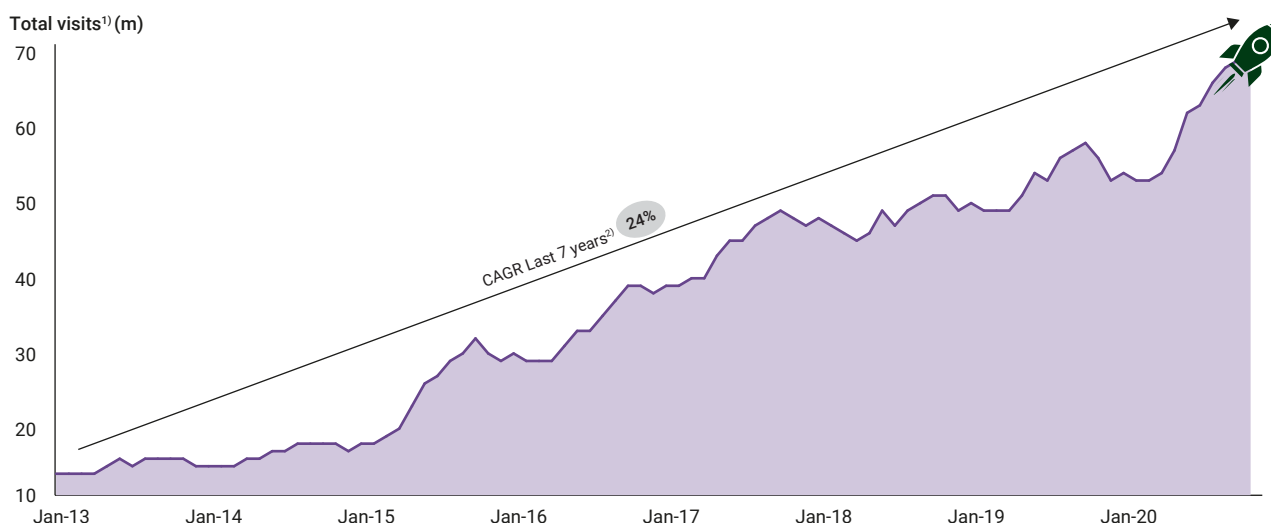
1) According to OC&C, the Swedish economy is the sixth largest economy per capita in Europe with a GDP per capita of USD 57,660 (European average of USD 31,020 in 2021).

2) IMF estimates Sweden's GDP growth to 4.5% per year between 2021 and 2025. Source: IMF real GDP growth per January 2021.

3) Other business partners refer to advertisers of adjacent products, including mortgages, insurance, energy and interior design.

4) Based on consumers' overall impression and perception of content quality, value for money, employer brand, customer satisfaction and willingness to recommend the brand, according to YouGov Brand Index report, September 2020.

Business description



- 1) Rolling six month average.
2) As of November 2020.

Hemnet's marketplace hosts an extensive number of listings and a large audience compared to competing Swedish online real estate classifieds. By visits per capita, Hemnet is the most popular property platform in the world¹⁾ and has a brand recognition exceeding 95 percent amongst buyers and sellers.²⁾ Hemnet has in terms of traffic to its platform become the market leader and the average Swede spends 38 minutes on Hemnet every month.³⁾ Hemnet has approximately 62.5 million⁴⁾ monthly visits to

its platform in total. Excluding visits to the mobile applications, Hemnet has, according to Similarweb, approximately 18.7 million⁵⁾ visits, which is more than ten times as many as the competitor with the highest number of visits. See the section "*Operating and financial review – Development of competitive environment*" for a description of how the competitive environment affects Hemnet's results of operations.

1) By visits per 1,000 population from AIM Group Marketplaces Report – December 2020.

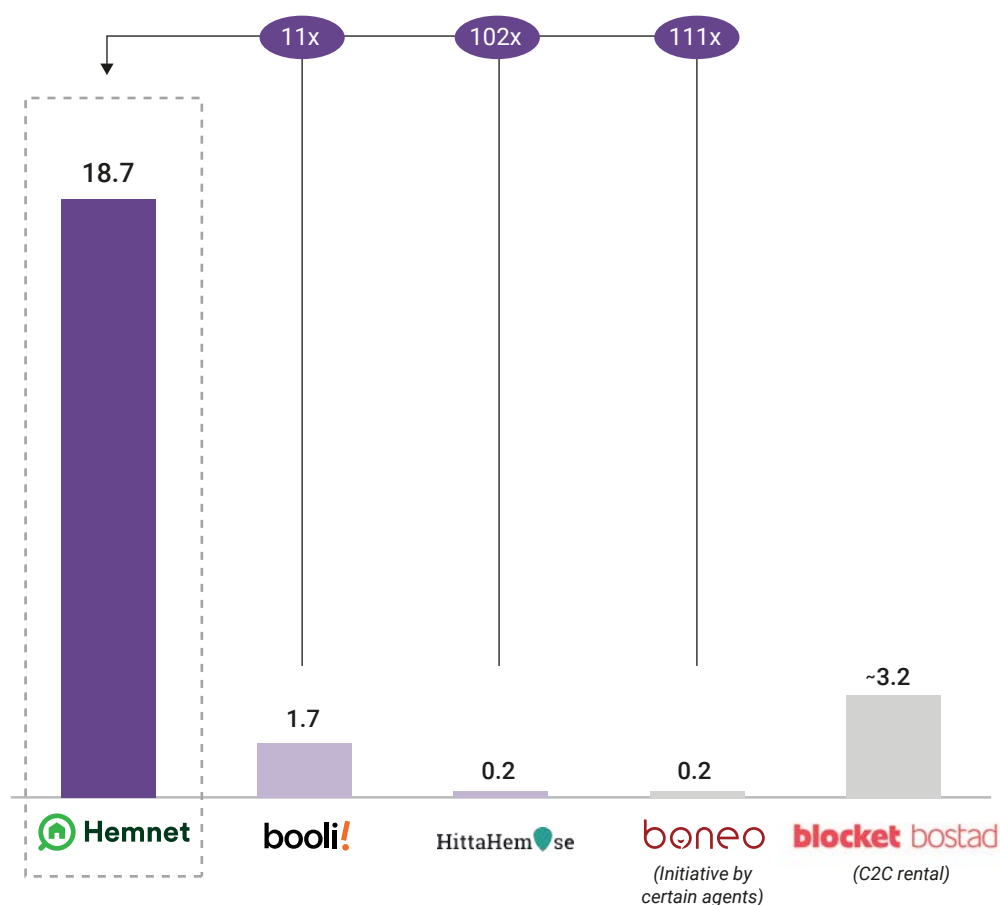
2) NEPA Consumer report, December 2020.

3) Company information and SCB Population statistics January 2021. Excluding people below 14 years old.

4) Google analytics, January – December 2020.

5) Similarweb, January – December 2020. Data from another source than Hemnet's monthly visits of 62.5 million incl. app visits, hence these numbers are not comparable.

Monthly visits to mobile web and desktop (excl. apps) (M)



Source: Similarweb, average of January–December 2020; Blocket Bostad based on reported data 2019, including app visits.

Similar to other marketplaces, being the most recognised brand is highly valuable as the platform with the highest traffic typically achieve beneficial network effects (see the section *“Unbundled and seller-paid business model demonstrates higher monetisation potential”* below). The Company believes that its brand recognition and brand value is continuously strengthened by having the highest quality and most relevant content on its platform.

Seller-paid business model demonstrates higher monetisation potential

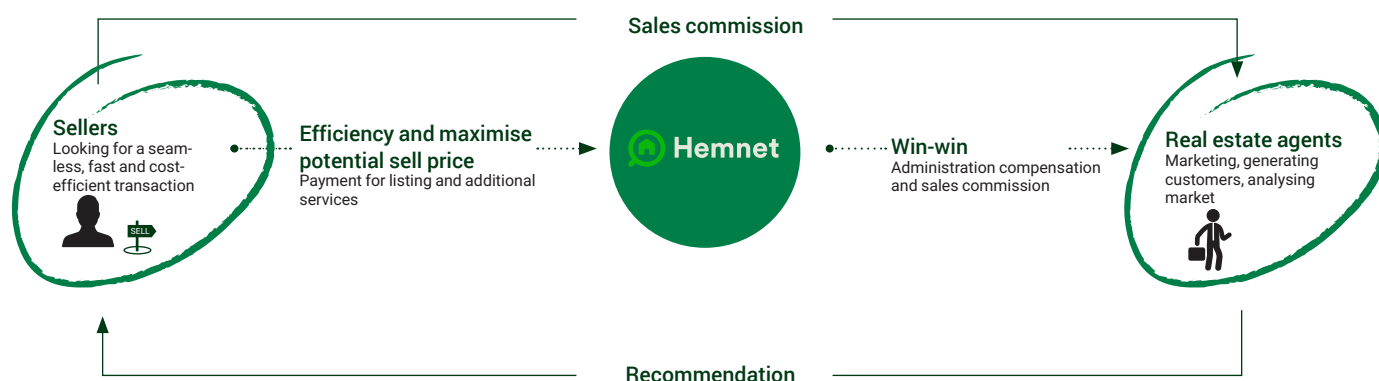
The online digital industry is a winner-takes-most market where the so called “network effects” enable the opportunity for high profitability and cash generation. The most important factor for an online digital marketplace is to offer liquidity for buyers and sellers. It typically takes a significant amount of time and investments to obtain a market-leading position, but when the critical liquidity is achieved, network effects kick in and reinforce the market position of the market leader. Thanks to its leading market position in number of visits and listings in the Swedish housing market (see the section “*The go-to marketplace with unmatched traffic and brand recognition*”), Hemnet’s marketplace benefits from strong network effects. More listings attract more prospective buyers, and the more prospective buyers, the more home sellers want exposure on the property portal to reach out to the broadest audience possible.

Hemnet believes that these network effects help to strengthen the Company’s audience, content quality, and monetisation leadership. These network effects support Hemnet’s revenue growth through increased income from property listing fees, value-added service fees, and other closely related sources, as the audience increase.

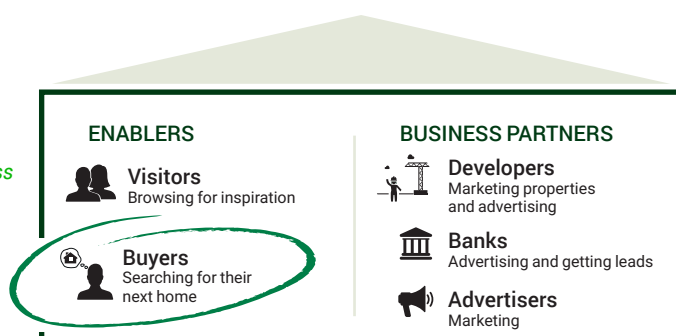


Hemnet’s business model is highly scalable and consequently characterised by healthy profitability, low marketing investments and low ongoing capital expenditure requirements. Hemnet believes that this inherent scalability, combined with the Company’s focus on product development and innovation, supports continued high growth, attractive profitability, and stable cash generation while offering the best return on investment.

Hemnet believes that the Company has a differentiated business model compared to similar international peers since the sellers pay Hemnet directly rather than the real estate agents. Hemnet believes this has a number of advantages, including that the home seller is less price sensitive and more willing to invest to maximise the selling. Hemnet has also established a win-win partnership with real estate agents, where Hemnet generates revenue rather than being a cost center. Sellers typically look for a transaction that is seamless, fast, and maximises value, and therefore select a qualified real estate agent and Hemnet for the marketing and listing of their property. The real estate agents benefit from the sellers using Hemnet as they are offered a fully integrated and digitalised publishing process and at the same time provided with access to the whole potential buyer market. Furthermore, the real estate agencies receive both administration compensation for all listings published on Hemnet and sales commissions for sales of additional services, subject to the real estate agency having signed a commission agreement, as a result of the relationship with Hemnet since sellers pay for the listing. Consequently, there is a strong relationship between all parties of a transaction, as everyone benefits from each other.

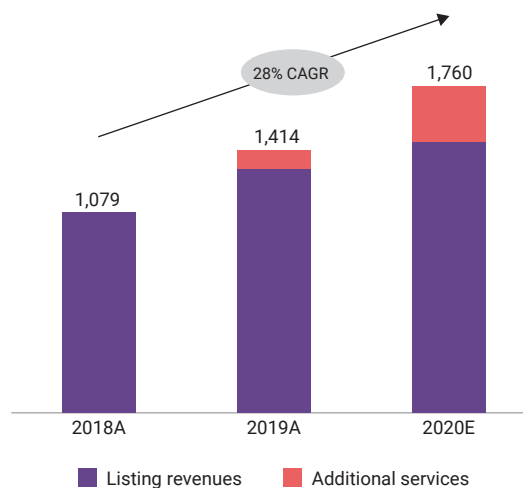


Key to Hemnet's success



The key driver to Hemnet's growth during the last three years has been its improved monetisation on property listings, underpinned by continuous enrichment of the product offering and price. Hemnet had an ARPL of SEK 1,079 in 2018 and an ARPL of SEK 1,760 in 2020, corresponding to a CAGR of 28 percent. Hemnet's ARPL remains substantially lower than that of its peer group of international companies which enjoy leading market positions in their respective mature markets.

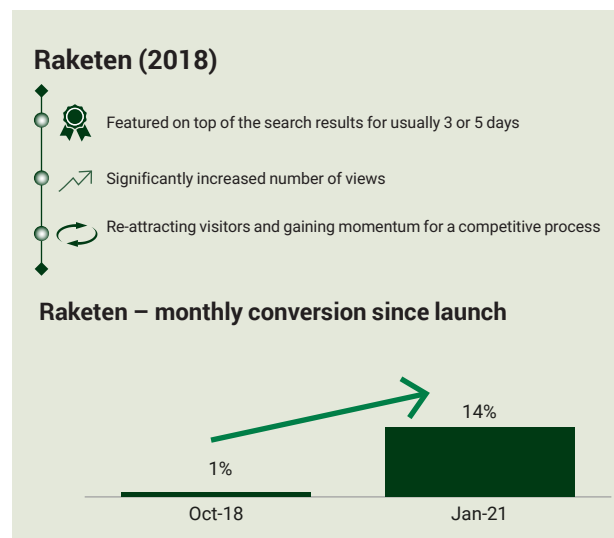
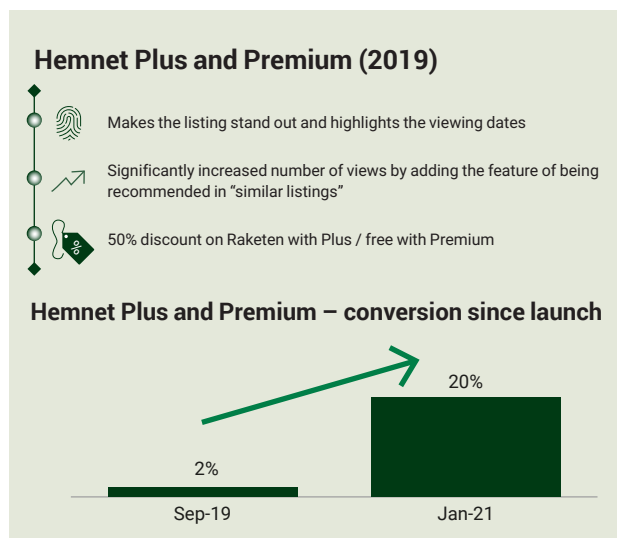
Average Revenue per Listing
SEK



Business description

Hemnet believes that the Company can continue to increase its ARPL by further improving existing products to meet different home sellers needs, and by optimising pricing, packaging, and the number of sellers choosing to upgrade their listing. According to the Company, Hemnet's track record of successfully launching value-added services is evidenced by the launch of Raketen in October

2018, Hemnet Plus and Hemnet Premium in September 2019 and Republishing in October 2020. Product development has been focused on the upgraded packages Hemnet Plus and Hemnet Premium since 2019. In January 2021, approximately 20 percent¹⁾ of the sellers chose to upgrade to Hemnet Plus and Hemnet Premium to increase the exposure of its listing.



Hemnet is growing faster than any developed market peer

Hemnet has maintained a high growth momentum by continuously enriching its offers through innovation and product development, leveraging its extensive market insight and long-standing relationships with different market participants. Hemnet's net sales amounted to SEK 544 million in 2020 and the Company has experienced stable organic growth since it was founded.

Hemnet's net sales growth makes it one of the fastest growing developed real estate marketplaces in the world.²⁾ Hemnet grew with 19 percent in 2019, which is almost twice as fast as the German property portal Scout24 growing with 10 percent and the UK property portal Rightmove growing with 8 percent. The Australian property portal REA Group had a negative growth of 3 percent due to unfavourable market conditions but grew with 8 percent during the fiscal year 2018–19.

During the same period, Hemnet also experienced improved margins and faster EBITDA growth compared with international peers, growing with 25 percent, whereas Scout24 and Rightmove grew EBITDA by 11 percent and 7 percent, respectively. REA Group had a negative EBITDA growth of 3 percent during 2019 but generated a growth of 11 percent during the fiscal year 2018–19.

Hemnet further benefits from an attractive and predictable cash flow profile, based on strong cash conversion.³⁾ As a result of the capital expenditure light business model, the Company had a cash conversion of 96 percent during 2019. Hemnet's cash conversion was higher than, or in line with, the international peers Scout24 (95 percent) and REA Group (87 percent), with Rightmove showing further potential upside having a cash conversion of 100 percent in 2019.

1) Share of listings made in January 2021 where sellers chose to upgrade to Hemnet Plus or Hemnet Premium.

2) Scout24's, Rightmove's and REA Group's annual reports for the period 2018 – 2019, OC&C analysis, Company information.

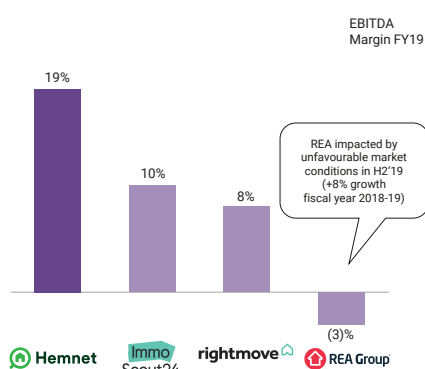
3) Refer to the definition of cash conversion in the section "Selected financial information - Definitions of alternative performance measures not defined in accordance with IFRS".

Hemnet is the fastest growing developed market real estate classifieds company...

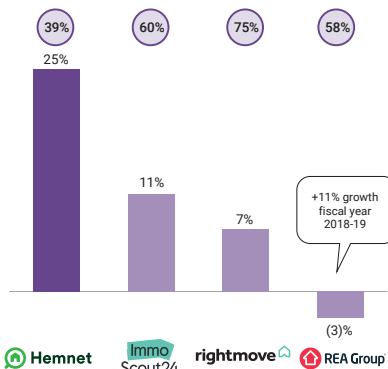
... in an industry with expanding margins / profitability growing faster than revenues ...

... and very robust cash generation

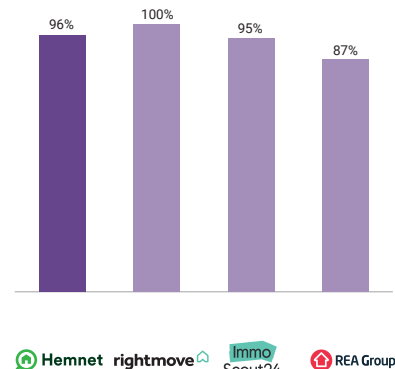
Revenue growth, calendar year 2018–19



EBITDA growth, calendar year 2018–19



Cash conversion calendar year (2019)



Source: Company information and public filings. Please refer to the definition of cash conversion in the section "Selected financial information - Definitions of alternative performance measures not defined in accordance with IFRS".

Growth strategy

Hemnet's growth strategy is built on its vision of being the key to your property journey by increasing efficiency, transparency and mobility on the housing market. The strategy is based on three pillars and built on Hemnet's existing network of consumers, sellers, buyers, real estate agents, and business partners. These are the core stakeholders to Hemnet's history and future and the Company has grown together with them for more than two decades. Hemnet expects to reach its strategic and financial targets through these three strategic pillars.

Strategic pillars

Hemnet has based its growth strategy on three strategic pillars:

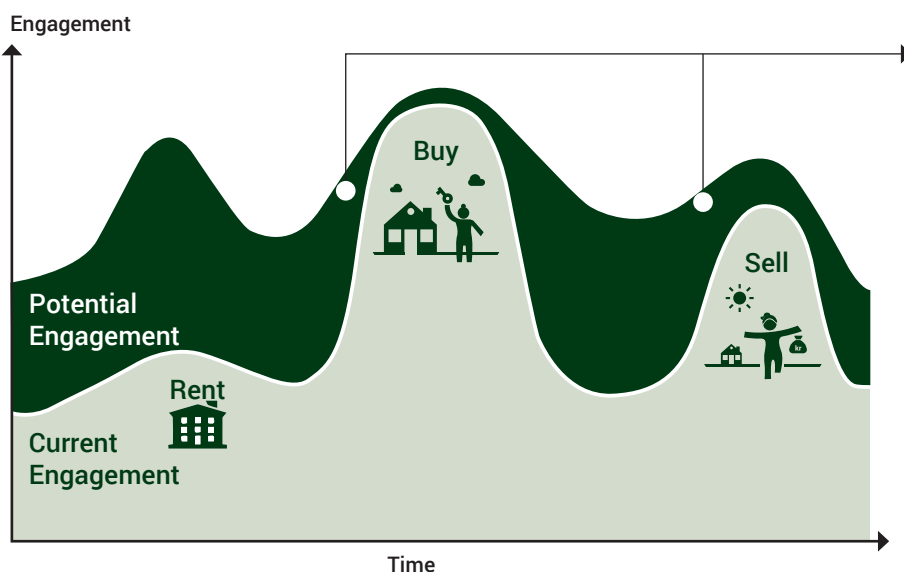
- Grow loyalty beyond the buy-sell moment
- Make upgraded listings the obvious choice
- Create unrivalled products to meet real estate agent and partner needs

Grow loyalty beyond the buy-sell moment






Hemnet is already the market leader for active home buyers and sellers. From a strategic perspective, the Company believes it is possible to engage consumers during an earlier phase to ensure further growth. People's property needs change through their lives and Hemnet wants to be of help throughout this property journey. Most consumers go through a research phase prior to deciding to buy or sell a property. By putting more emphasis on the research phase and broaden the customer journey, Hemnet sees potential to build long-term relationships with consumers, which in turn will strengthen Hemnet's leading market position and open up for further growth opportunities.

Possible long-term opportunities created by focusing on customers

Increasing engagement throughout the property journey



Product examples from international peers

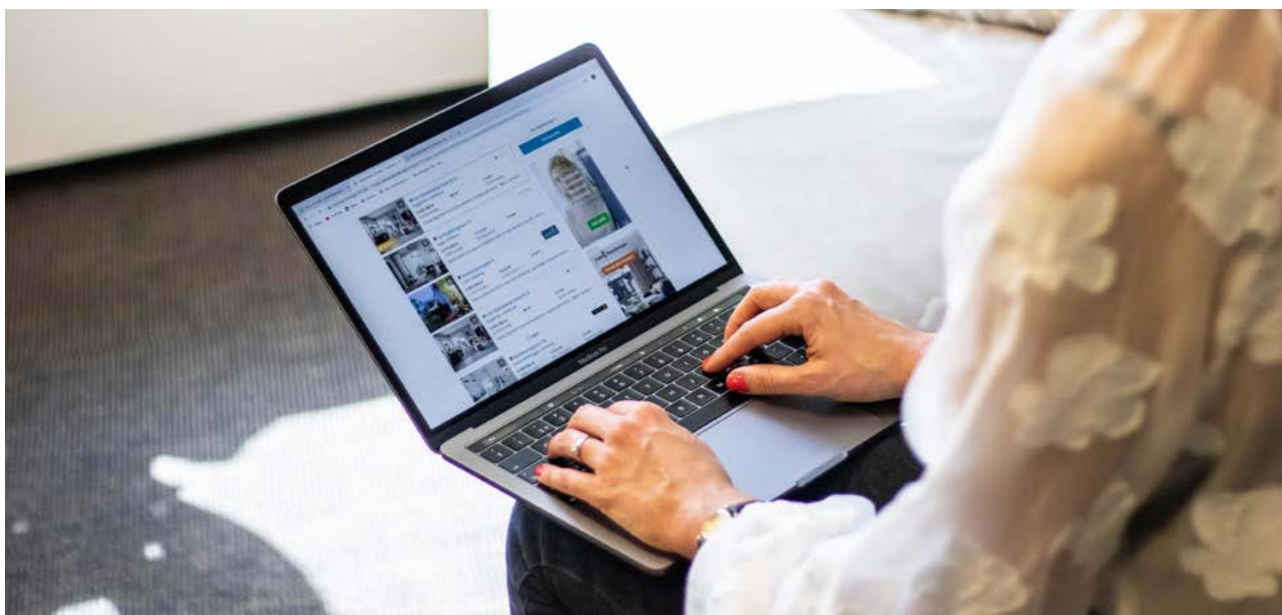
-  Valuation tools
-  Advanced analytics and data visualisation tools
-  "Track your home value" capability
-  Cost of living/price comparison features
-  Find a real estate agent tools



Make upgraded listings the obvious choice

Continued product development of new additional services to sellers and pricing are important growth drivers for Hemnet. The Company has recently developed and launched several successful additional services that have been well received by sellers. The Company believes that there is still significant headroom to grow by increasing the proportion of sellers that choose to buy value-added additional services. Hemnet believes that more home sellers will choose to buy value-added additional services by improving the product offering and product awareness, the purchase flow, the upsell process as well as implementing the new agent compensation model for real

estate agencies. With the recently implemented pricing model, for both property listings and additional services, the Company will be able to optimise pricing further to target different customers. The Company believes that the new compensation model for real estate agents will result in an increase of commissions paid in absolute terms, but a decrease relative to net sales. Pricing of additional services is currently based on geographical location and property value, while the next step for Hemnet is to create an optimal pricing model, covering several additional factors specific for each customer, in order to increase the customer's return on investment.



Today

- **Hemnet Bas is the default** package option
- **80%** of sellers use the Bas package¹⁾
- **63%** of sellers say the agent selected their package²⁾
- **69%** of sellers not even aware of different packages²⁾
- **Upgraded packages conversion** below its full potential

1) Company data as of Jan–2021.

2) OC&C survey.

Next steps



Fully digitalised publishing flow

100%

of sellers to **actively select package** before listing



Agents able to recommend packages

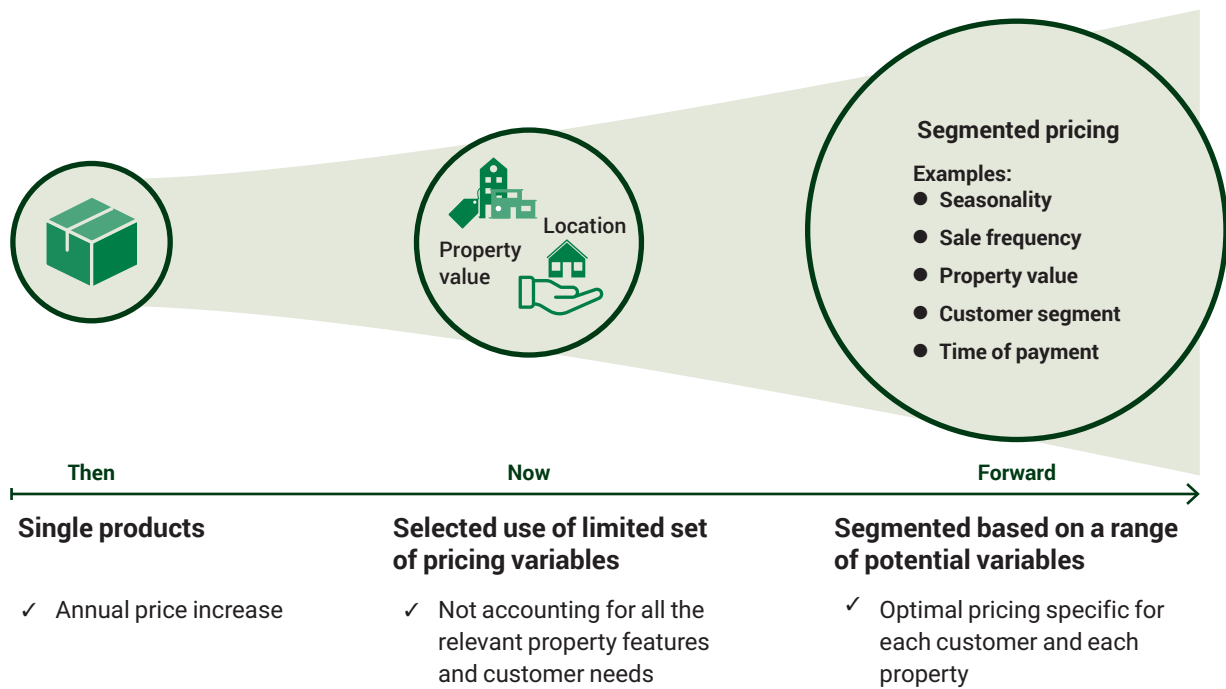


Aligning new commission model to actual workflow

Optimise conversion to upgraded packages

Hemnet believes that its products offer a higher return on investment to sellers than other alternatives such as print and other generalist digital advertising places, as Hemnet provides sellers with the opportunity to connect with the largest audience of transaction-ready buyers. Based on an international comparison with similar companies, Hemnet believes that there is considerable potential in up-selling of value-added services by developing and enhancing products for the sellers. OC&C estimates that Hemnet's ARPL is approximately 5.5 times lower than REA Group's ARPL in Australia, excluding VAT and including rental revenues.

A significant portion of revenue growth is expected to come from an increased proportion of sellers choosing to upgrade their listing as Hemnet's value-added additional services are being improved and enhanced. Hemnet successfully launched the value-added additional services Raketen in October 2018, Hemnet Plus and Hemnet Premium in September 2019 and Republishing in October 2020. The Company believes that the full potential has not yet been achieved in terms of adoption and pricing, and that the Company has the ability to build on existing features to improve the offering. The Company has implemented a more flexible and segmented price list and improved the payment flow for value-added additional services, which is expected to further improve the conversion and up-selling. Moreover, the Company believes that there is still significant potential in continuing enriching the product offering.



Create unrivalled products to meet real estate agent and partner needs

Hemnet believes that there is significant untapped potential in offering better solutions to the customer's problems than what they can find on the market today. Hemnet has developed a portfolio of successful business-to-business products but has yet to adopt a pricing and segmentation strategy for these. The Company also sees significant potential in increasing the current product offering to real estate agents, property developers and banks who, on average, are believed to spend only a small part of their total marketing spend on Hemnet today, especially in relation to the size and value-added of Hemnet as a platform.

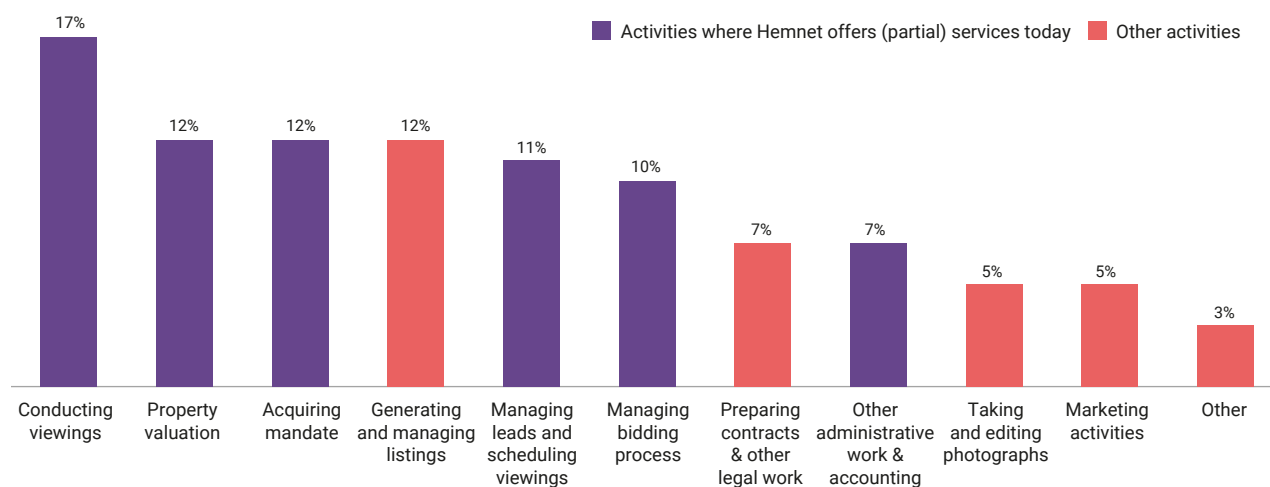
Real estate agents spend significant time on several activities connected to the sales process. Hemnet fulfills some of the real estate agencies' needs, but the Company sees potential in helping them grow their business by creating product to support them in more steps of the sales process. The figure below illustrates the percentage of time real estate agents spend on various activities, and in which of the activities Hemnet offers (partial) services today.

Create unrivalled products to meet agent and partner needs



Real estate agents

Approximately what % of your time/your agents' time is spent on the following activities (n=49)? (Σ100%)



Real estate agents spend significant time on activities where Hemnet has an opportunity to deepen product and service offering and strengthen partnership with agents.

Source: OC&C Phone survey (n=49 real estate agents) conducted in January/February 2021.

Hemnet's current product offering does not fully meet property developers' needs. The Company sees potential in increasingly supporting them in their needs connected to understanding of the property market and to cater for a longer sales process. For banks, Hemnet does for example see potential in mediating more and better contacts with potential customers.

Financial targets

Hemnet's board of director has adopted the following financial targets.

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

*All statements in this section ("**Financial targets**") are forward looking statements. Although Hemnet believes that the expectations reflected in these forward-looking statements are reasonable, Hemnet can give no assurances that they will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors outside Hemnet's control. Many of these factors are described in "Risk factors". The forward-looking statements in this section apply only as of the date of the Prospectus. Hemnet expressly undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation. Accordingly, investors are cautioned not to place undue reliance on any of the forward-looking statements.*

Business description

Product offering

Hemnet aims to provide high quality products and services. These products and services are designed to allow for simpler and more efficient property transactions for all stakeholders. Hemnet has five groups of stakeholders that are important for its business model: home buyers, home sellers, real estate agents, property developers and other business partners.

Product offering to consumers

Hemnet has, on average, approximately 62.5 million visits each month and is one of the most recognised media brands in Sweden.¹⁾ Besides the large number of active home buyers, Hemnet is also visited by a significant number of visitors looking to become informed about the property market, get inspired, or simply dream away. Approximately half of Hemnet's visitors state that they plan to move within the next six months. The Company estimates that active home buyers are usually highly engaged and visit Hemnet more often than other visitors.

Hemnet is a real estate marketplace where consumers have extensive access to nearly all available properties for

sale in Sweden. To make the search procedure as efficient as possible, Hemnet provides visitors with custom search filters and individually tailored monitoring. The search filters facilitate seamless screening of properties meeting certain criteria set by the visitors. Non-exhaustive examples of search filters include price, location, size, and specific keywords to identify attributes that meet the home buyers' requirements. The Hemnet feed is sorted based on time, creating a behaviour among the consumers to visit Hemnet frequently, an active buyer typically visits Hemnet several times per day, to ensure that they do not miss out on any new relevant listing. Hemnet has been at the forefront of developing the customer experience and has had a mobile-first approach to its platform since launching its iOS application in 2009.

Consumers and home buyers can access additional information and services that can help them search for a certain property, research the housing market, connect with real estate agents, and make better-informed property related decisions through Hemnet. An example is free access to historical prices and price comparisons. These features make it easier for the home buyers to compare the price of a listing with the prices of similar properties



1) Based on consumers' overall impression and perception of content quality, value for money, employer brand, customer satisfaction, and willingness to recommend the brand, YouGov Brand Index Report, September 2020.

previously sold. In addition, 11 Swedish mortgage banks, including the five largest mortgage banks¹⁾, are advertising customers to Hemnet through the product “Bolånekalysten”, which enables home buyers to compare example mortgages offered by different banks.

For Hemnet, the focus is on developing a world class customer journey helping consumers to navigate almost the entire Swedish market for properties for sale to find their dream home, while also creating engagement with data and informative articles. By doing this, Hemnet retains consumers' interest until it is time to buy or sell a home. Furthermore, Hemnet is an educational and inspirational platform for visitors who among other things can find real estate agents and interior design inspiration. Hemnet believes that the high quality of the platform drives consumers to spend time on Hemnet even when they are not planning on buying or selling a property.

During the Covid-19 pandemic, Hemnet showcased the effectiveness of its team's agile setup for the benefit of the visitors by launching Hemnet Live. Hemnet Live enables virtual showings, with the aim to enable continued high volumes of home showings and consequently property transactions during 2020.

Hemnet's strong product offering to home buyers has made the Company rank highest among its competitors on all of home buyers' five most important criteria: 1) large number of property listings, 2) detailed photos, descriptions and floorplans, 3) tailored listings (by location, price etc.), 4) intuitive and easy to use website, and 5) trustworthy brand.²⁾ This has led to an NPS score of +45 for the Company, compared to the local competitors' average of -37.³⁾

Product offering to home sellers

Hemnet provides home sellers with exposure to a majority of the property buyers in Sweden. Hemnet's extensive reach and marketing tools enable the Company to offer an efficient and price-to-value proposition. As a result, Hemnet provides the most cost-effective channel for sellers to market their homes and reach out to the most relevant buyers, ensuring speed in delivery of sale compared to international markets.

Upon listing of the property, the seller, together with its real estate agent, can easily follow the interest of the listing and analyse statistics through Hemnet's tool Säljkollen. Through this tool, the seller can purchase additional services or upgrade its listing to one of the other packages, as described below. This tool ensures strong seller engagement throughout the life of the listing.

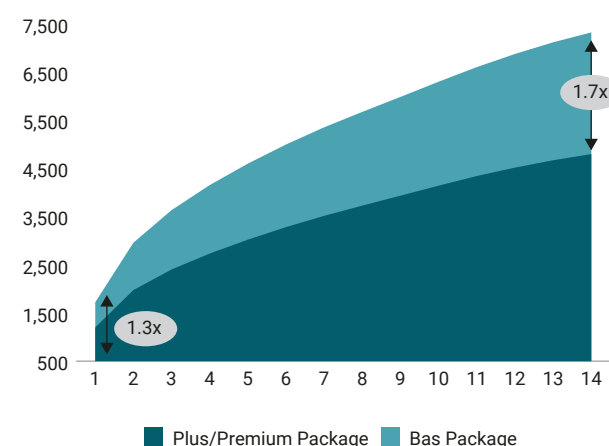
Once the sale is completed, the real estate agent will then remove the listing from Hemnet. The median time between the listing and the sales of a property is currently 22 days on Hemnet, which is significantly faster than international comparable markets (51 in Australia, 66 in the UK, 88 in Germany).⁴⁾

To facilitate the advertisement needs among home sellers, Hemnet has developed a default package “Hemnet Bas” and two upgraded packages “Hemnet Plus” and “Hemnet Premium”, which were launched in September 2019. The prices for Hemnet's different packages and products currently depend on the asking price and location of the property. During 2021, Hemnet launched its segmented pricing model for Hemnet Bas, which will take a wider range of factors into account in order to create a better customer value and to optimise the pricing.

Plus and Premium packages enable the sellers to maximise visibility for the property listing, and hence actively influence the transaction. These packages make the property listing stand out and appear more often as recommended in certain parts of Hemnet's platform, as well as highlighting the viewing dates. As a result, Plus and Premium result in an average increase of up to 55 percent in views per listing, and 30 percent higher clicks to contact the responsible real estate agents. The figure below illustrates cumulative daily views for Bas and Plus/Premium, respectively.

Daily viewings

Average property views per day from date of publishing (cumulative).



5)

1) Swedbank, Nordea, Handelsbanken, SEB, SBAB (based on lending volumes). Source: Swedish bank association, January 2021.

2) OC&C. Survey, based on answers to “on a scale of 1 to 5, how would you rate <portal> against the following criteria?”, from 579 respondents for Hemnet.

3) OC&C. Survey, based on answers to “How likely is it that you would recommend <portal> to a friend or colleague?”, from 579 respondents for Hemnet.

4) Company information, OC&C.

5) Based on property listings published between 1 August 2020 and 31 January 2021.

Business description

When listing a property, sellers can choose between the following packages:

Hemnet Bas (default package) – Available and visible on Hemnet. An offering which includes a listing and access to statistics related to the listing through Säljkollen.

Hemnet Plus – More visibility on Hemnet. An offering which increases the listing's visibility on Hemnet, both on the result list and specifically for home buyers looking for similar properties. This package also includes a 50 percent discount on Raketen, a value-added additional service described below. The conversion of Hemnet Plus was approximately 15 percent of newly published listings in January 2021.

Hemnet Premium – Maximised visibility on Hemnet and social media. An offering which maximises the listing's visibility on Hemnet. This package also includes one Raketen free of charge, as well as advertising on social media. The conversion of Premium was approximately 5 percent of newly published listings in January 2021.

In addition to the marketing packages, Hemnet offers the upselling product Raketen, often used before the first showing, to attract more potential buyers:

Raketen – provides the seller with the opportunity to temporarily place the listing at the top of Hemnet result list, significantly increasing views and gaining momentum to drive a competitive process. The price for Raketen currently varies with the number of days a seller wants to be displayed at the top of Hemnet's result list, the listing

price of the property and the geographic location of the property. The conversion of Raketen was 14 percent of newly published listings in January 2021.

In case of an unsuccessful sale, Hemnet has developed a republishing product. Republishing, allowing sellers to restart all of the listing's statistics and get back to the top of the feed:

Republishing – enables renewal of the seller's listing, taking it to the top of the result list, which increases the possibility for a sale. This feature is used to have another try with the listing, and are often used in the beginning of high seasons for property transactions. Republishing has proven to be highly effective, 74 percent of the listings that were republished in October 2020 had been sold as of February 2021. The conversion of republishing was 12 percent of newly published listings in January 2021. The product is to a greater extent used after traditional holiday seasons, such as christmas and new year, and after summer holidays.

Hemnet's strong product offering to home sellers has made the Company the highest ranking among its competitors on nine of home sellers' most important criteria: 1) intuitive and easy to use website, 2) trustworthy brand, 3) value for money, and 4) quality/quantity of leads.¹⁾ This has led to a NPS score of +31 for the Company, compared to the local competitors' average of -43.²⁾ Furthermore, 80 percent of sellers view Hemnet as their first choice when selling a home.³⁾ 90 percent of sellers agree, or neither agree nor disagree, that online classifieds provide good value for money⁴⁾, and 62 percent do not recall how much they paid or believe they paid nothing.⁵⁾

Hemnet Bas	Hemnet Plus	Hemnet Premium
Basic listing on Hemnet	Everything in Hemnet Bas	Everything in Hemnet Plus
	+	+
✓ Basic listing on Hemnet	✓ Result list: large images	✓ Result list: priority from day 2
	✓ Result list: open house times	✓ Result list: thumbnails
	✓ Priority in similar listings	✓ Retargeting on social media
	✓ 50% discount on Raketen	✓ 1 free Raketen

1) OC&C. Survey, based on answers to "On a scale of 1 to 5, how would you rate <portal> against the following criteria?", from 723 respondents for Hemnet.

2) OC&C. Survey, based on answers to "How likely is it that you would recommend <portal> to a friend or colleague?", from 723 respondents for Hemnet.

3) NEPA brand report Q4 2020.

4) OC&C survey, based on 281 respondents.

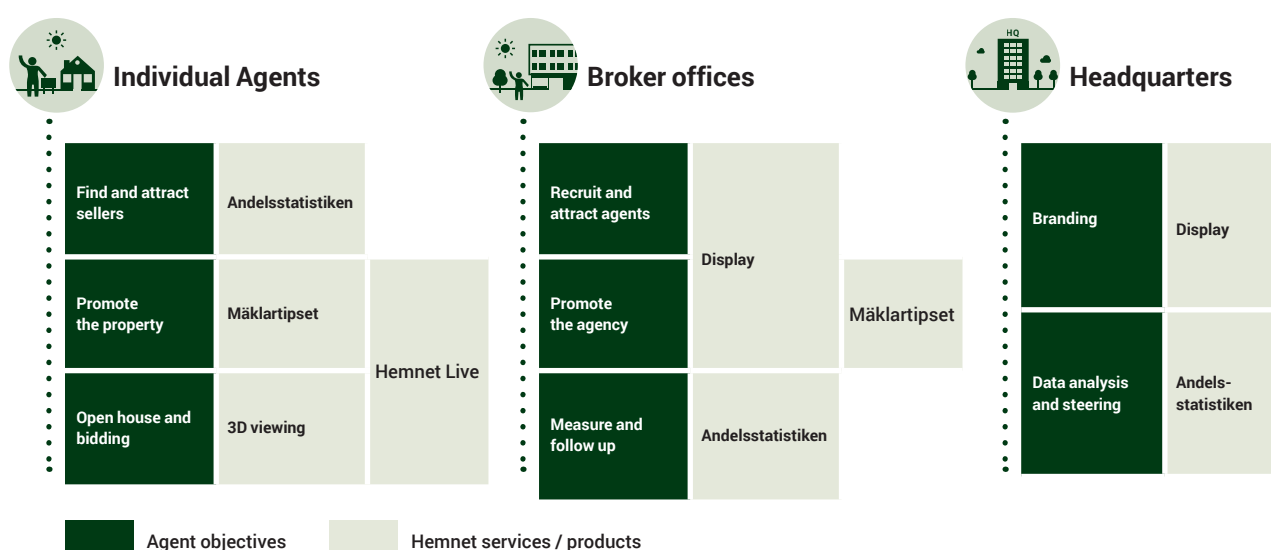
5) OC&C survey, based on 744 respondents.

Product offering to real estate agents

Real estate agents are the Company's most important collaborative partners, as they handle the publication of listings on Hemnet. Hemnet has strong partnerships throughout the agent vertical: individual agents, real estate agencies and headquarters. Approximately 7,000¹⁾ individual real estate agents use Hemnet. Furthermore, Hemnet serves approximately 2,000²⁾ real estate agencies and 15^{3), 4)} real estate firms/headquarters. The real estate agency receives an administration compensation for a property listing and sales commission for potential up-selling of value-added additional services (where there

is a commission agreement) from Hemnet. Hemnet strives to educate and inform real estate agents about the benefits of the Company's various products and services, so that they have the right foundation to provide relevant and effective advice to their customers.

Hemnet empowers real estate agents with cost effective publishing, branding, and analytical tools, and provides access to the whole Swedish buyer market. Hemnet's product offering to the real estate community has been developed to meet a wide range of the real estate agents' objectives. Some of these are illustrated in the figure below.



Hemnet Business, a monthly subscription package, is the core of the offering for real estate agencies, and was launched in September 2018. The product quickly became a success, reaching a 33 percent penetration level in the first month, and 85 percent in December 2020. Hemnet is continuously enhancing Hemnet Business by adding new products and features, including video, 3D, and live showings. The product is sold on a monthly subscription basis and enables real estate agents to promote their brand and

analyse their performance. Every Hemnet Business listing becomes a marketing event for the real estate agencies as the logos appear on the listings.




In addition to increased brand visibility, Hemnet Business provides real estate agents with powerful analytics tools and extra valuable features, developed to drive additional viewers and enhance the visual experience for potential buyers.

1) Company information.

2) Company information.

3) Company information.

4) Headquarters with above 1 percent market share.

Subscriptions Products	Hemnet Business		
	Branding on the result list 	Andelstatistiken: Insight tool 	Listing enhancements and Hemnet Live 
Other Agent Products	Mäklartipset	On top of the result list (position 1). Positions are limited and sold annually	
Advertising Products	Display- & Native Products	Agents are one of the most important customer for our display advertising revenues	

Mäklartipset is another powerful marketing tool, boosting listings to the top of Hemnet's result list for a certain geography, to ensure maximum exposure. The real estate agent's profile picture and real estate agencies logo are featured on the property listing. Mäklartipset is an exclusive real estate agent product with a limited number of places, purchased on a "first-come-first-serve" basis.

Hemnet's strong product offering to real estate agents has led to an NPS score of +74 for the Company, compared to the local competitors' average of -45.¹⁾

Product offering to property developers

Hemnet is the obvious platform to reach consumers looking for a new home. The access to relevant buyers is critical for developers as they look for a cost-efficient way to market their new-build projects to de-risk their investment. The main difference for property developers compared to other home sellers is that their sales process starts before there is a property to see or visit. In addition, there are

often several of the same kind of properties to sell and thus developers advertise properties in upcoming projects as a bulk.

Hemnet's current product offering for developers is an annual subscription package that consists of project listings that contain information and branding for the project as a whole, as well as for the property developer. Further, each project listing includes a number of unit listings where the property developers are able to choose what properties within the project they wish to promote to the potential buyers as they search Hemnet for their new home. This enables the property developers to choose different properties within the project to advertise more, depending on where they are in their sales process.

For larger developers, unlimited numbers of project listings and five featured listings are included in a subscription package, which is charged on an annual basis for a fixed cost. Hemnet has all of the top 5 residential property developers by revenue as customers.²⁾

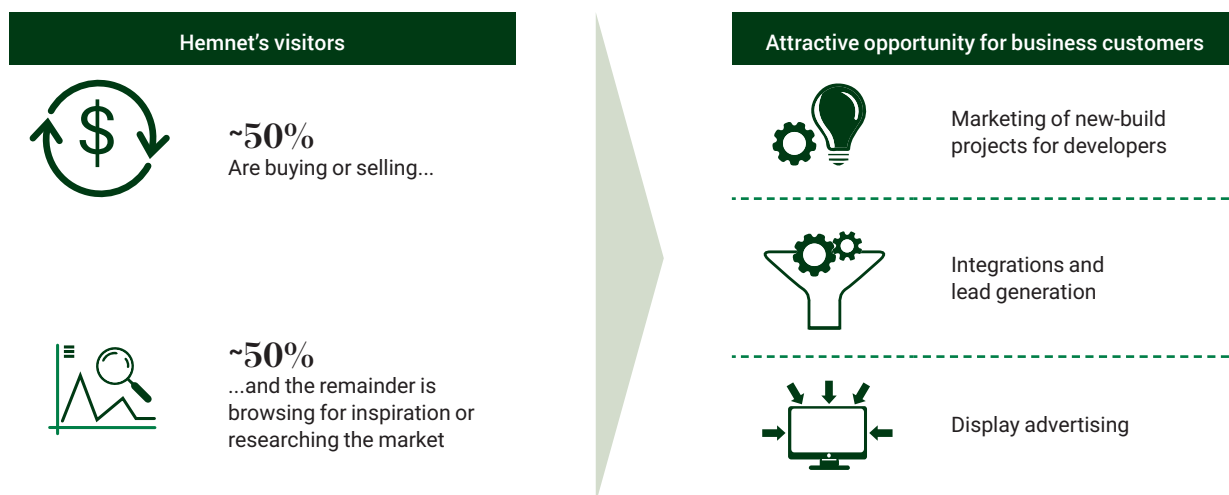
1) OC&C. Survey, based on answers to "How likely is it that you would recommend <portal> to a friend or colleague?", from 49 respondents.

2) By 2019 revenue (Peab, Skanska, Veidekke, JM, Serneke). Source: Byggföretagen.

Product offering to other business partners

Hemnet is the preferred destination for consumers when buying and selling a property which makes Hemnet well positioned to offer advertising solutions for advertisers with adjacent product offerings. Approximately 50 percent of the visitors are either considering buying or selling a home, and thus have a strong purchasing power, whilst the remaining visitors is browsing for inspiration or

researching the market.¹⁾ Hemnet is far ahead of its local competitors, and has more than 60 million monthly visits.²⁾ Since Hemnet reaches both a large part of the Swedish population in general, as well as active property buyers and sellers, the Company is able to offer products including broad branding campaigns, sponsored articles, and integrations.



Hemnet puts great emphasis on having advertising content of high quality and relevance for the users. This is achieved by maintaining a high CPM³⁾, a relatively low number of programmatic ads and limited advertising space. The Company believes that relevant advertising will improve user experience and the return of investment for the business partners on the platform compared to general advertising. Combining the environment, the quality of data, and the large number of visits, Hemnet becomes a brand safe, relevant, and cost-effective alternative compared to broad advertising platforms as well as less niched alternatives.

Hemnet's advertising products can be divided into three main categories: Display products, Native formats

and Integrations. The Company's primary customers are businesses that have specific interest in the property market such as real estate agents and property developers, as well as banks and insurance companies.

Display

Hemnet offers standardised display formats that are easy to sell. Most of Hemnet's display products serve a local market. The key selling points for Hemnet's advertising offerings are relevance, context and high-intent target groups, enhanced by low ad-density on Hemnet's platform. This enables consistent return on investment for the advertisers despite the limited inventory of listing space.

1) Based on company survey, average between January 2020 and February 2021.

2) Google analytics, January – December 2020.

3) CPM = Cost per thousand visits.

Business description

Native

Hemnet is well positioned to offer native advertisement products to its customers. Since approximately 50 percent of users visit Hemnet for inspiration and to research the market, the average time spent on the portal is high, making the portal relevant for inspiring and informative articles and sponsored content. For some of the popular articles published by advertisers, Hemnet has proven to be competitive even with nationwide media in Sweden in terms of exposure. The purpose of Hemnet's native products is to help advertisers move from recognition to building relationships with potential customers and create an emotional impact.

Integrations

Hemnet has for several years worked to provide deeper integrations that enable advertisers to not only sell their brand but also reach high intent traffic or leads that are ready to act on their offering. One such example is the mortgage calculator which the five largest banks and an increasing number of smaller banks in Sweden are subscribed to. The calculator is not only a way for banks to convert buyers or sellers actively looking for a mortgage, but also relevant for the visitors looking to understand their budget or need for a loan. The combination of user value and advertiser value is at the core of many of Hemnet's advertising products, but this applies especially to the Company's integration offerings. According to OC&C, there are several areas of relevance for Hemnet and there is potential to further expand its integration offering to advertisers, buyers and sellers.

Buyers' change of providers and suppliers at relocation

When you purchased and moved into the property, which of these things did you purchase? (n=606)?



Source: Company information and OC&C.

Product development

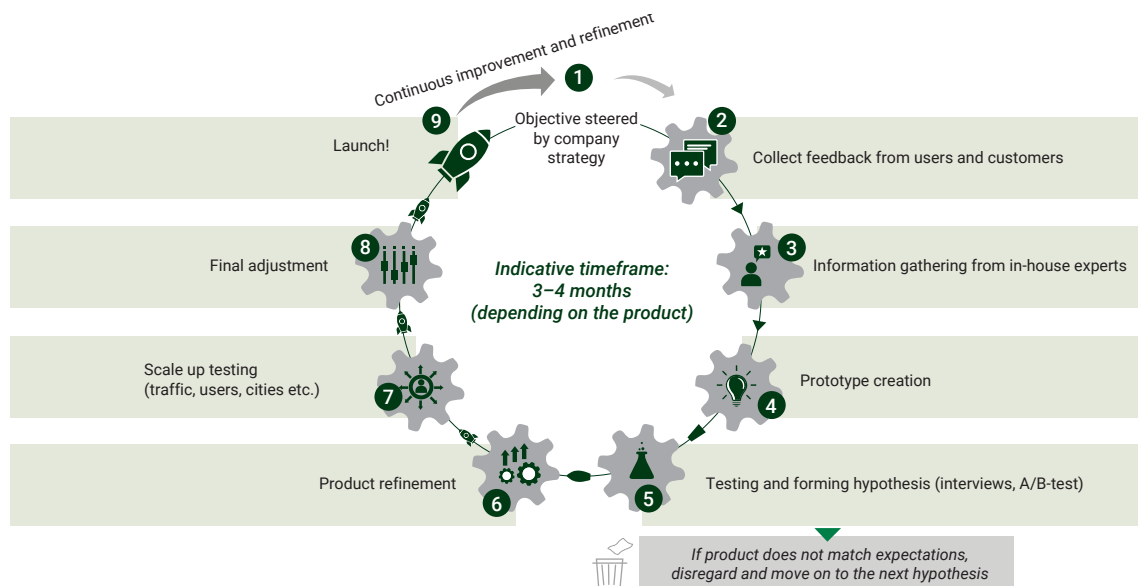
Product development is a central part of Hemnet's ability to maintain its strong competitive advantage. Hemnet has a strong track record of staying at the forefront of innovation for more than 20 years.¹⁾ Through continuous improvement, Hemnet provides all stakeholders with a more efficient, transparent, and mobile property market. Approximately 50 percent of the Company's employees in 2020 were dedicated to product development to ensure that Hemnet can deliver on its strategy.

Hemnet has a customer-centric product development organisation that is divided based on the most important groups of stakeholders: Consumers, Home sellers, Real estate agents and Other business partners to ensure continuous focus on developing value-adding products for these stakeholders.

As part of implementing its strategy, Hemnet sets a three-year product horizon which is divided into yearly objectives. In order to turn the yearly objectives into concrete initiatives, Hemnet has quarterly product planning sessions. The quarterly product planning sessions are based on the Company's strategy, which in turn is based on insights from the property market and key stakeholders; such insights are continuously gathered by the product teams. Every quarter they organise a walk-through with all internal stakeholders where they assess the backlog, objectives and focus. These items are then prioritised during product development meetings where product managers, developers, and technical directors participate and provide their view on prioritisation, and the CPO has the ultimate decision-making mandate. The Company's budget, business plan, received feedback, and an assessment of the objectives and key results are all material during the evaluation of which items to prioritise in the coming quarter.

1) Company information.

Once Hemnet has made a decision to develop a product or focus on a specific objective, the development process typically follows the steps illustrated below:

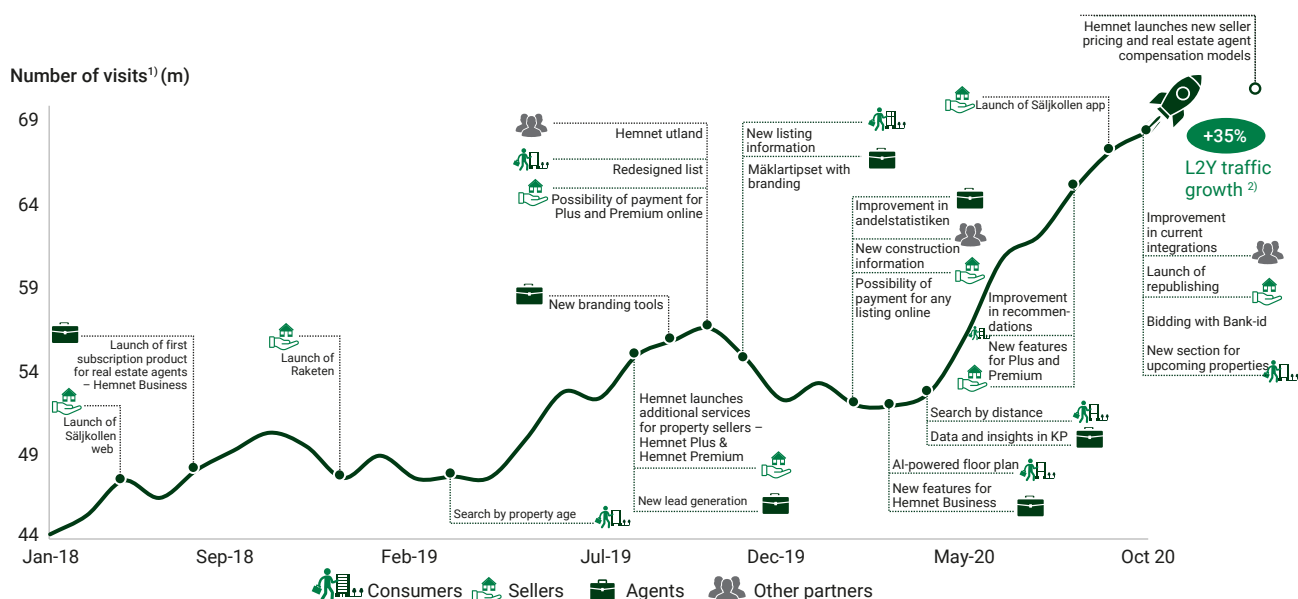


If the product does not match the expectations during any of the steps above, the teams stop working on the hypothesis and the process starts over again. Hemnet strives to test viability of new products quickly to use resources efficiently.

Beyond its normal course product development process, Hemnet also has semi-annual "lab weeks" where employees can work on projects of their own design. Lab weeks have resulted in a number of important innovations

for Hemnet, including AI-enabled floorplan presentation, ability to search for properties by their proximity to water and ability to view the most clicked listings on Hemnet.

Hemnet has a proven track record of continuously releasing innovative new products and product features on an ongoing basis to enhance visitor and customer engagement and usability of the platform. Selected features and product releases during 2018 through 2020 are illustrated below.



1) Rolling average 6 months.

2) As of November 2020.

Business description

As a specific example on its ability to react to a potentially changing market environment, Hemnet developed and released Hemnet Live, a service for online showings, in 2020 spending only 10 days from conceptualising to launching the product. This example showcases the effectiveness of Hemnet's agile team setup, which allows quick decision-making and minimising time to market.

Business model from a sustainability perspective

The essence of the Company's business model is that registered real estate agents mediate an offer to list on Hemnet's platform to home sellers. Due to Hemnet's number of visits, home sellers get extensive exposure for the home they are selling to the largest and most relevant audience in Sweden, while giving agents an efficient way to market the property they have been commissioned to sell. Home buyers and those following the property market are given access to a majority of available homes for sale in Sweden, and as a result of 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 society in a number of dimensions, and that impact can involve risks and opportunities.

A fair marketplace

As a marketplace where sellers and buyers meet, Hemnet takes responsibility to ensure that buyers, sellers and real estate agents are on level terms and have access to the property market. Hemnet aims to offer a world-class user experience, which means high demands on quality and accurate information of property listings. For example, it is vital that the same rules apply to all real estate agents who place property advertisements on the platform.

Hemnet as an advertising space

Advertising sales is an important source of revenue for Hemnet. Hemnet is a niche property platform with a broad reach and a premium experience where advertisers expect to be visible in an environment relevant to their target groups. To ensure this, Hemnet has identified a number of industries/groups that are not allowed to advertise on the platform. Examples of such industries include the gaming industry (casino and betting), political and opinion advertising, and alcohol, etc.

Hemnet as a workplace

Hemnet's corporate culture is characterised by a constant desire to refine and improve the Company's products and services and the employees are driven by a mutual passion for homes. Hemnet's management believes that superior user experience can only be

created with engaged and satisfied employees. In order for the business model to work, Hemnet must retain and attract talented people who can drive the platform and continue to develop the customer offering. Hence, it is important for Hemnet to be a workplace where employees are satisfied, motivated and want to stay, and where talented people are attracted to join. Some of the focus areas to ensure employee satisfaction is effective and transparent internal communication as well as health and wellbeing. On a weekly basis, the Company monitors employee satisfaction and commitment through a digital tool. The employee surveys show that the Company's employees are very happy at Hemnet.

Anti-corruption

Hemnet's business is run on strong principles of ethics and responsibility that permeate every part of the business. Hemnet's employees are engaged in marketing activities and relationship building activities. These are natural parts of how long-term relationships are created and maintained, but it is of utmost importance that these activities are compliant to laws and regulations. Hemnet's employees are therefore trained to carefully make credible judgement calls, which is an important aspect of the Company's Code of Conduct.

Customer privacy

As one of Sweden's most popular and frequently visited digital platforms, Hemnet has access to large amounts of data. In addition to the information being published, which may contain information that is indirectly linked to an individual, the high amount of traffic to the platform creates large amounts of data. Although Hemnet has a voluntary publication license for Hemnet, which means that applicable data protection legislation is not applicable to the core of Hemnet's business, the Company is careful that the information published is not perceived as a privacy violation. Hemnet values the fact that visitors should feel secure in how the Company treats the data it collects through cookies.

The Company is carrying out its business with respect for the privacy of the individuals whose data is being processed by Hemnet and there are areas of the Company's business where GDPR is applicable in full. However, the Company has an exception from GDPR applicability on Hemnet's core business since all processing of data in relation to the publication of information on Hemnet is governed by Swedish constitutional law. Privacy is nevertheless an integrated part of Hemnet's business and culture. A target operating model for GDPR compliance has been developed and implemented in order for Hemnet to comply with GDPR.



Economic sustainability

Running a financially sound and stable business is a basic requirement to Hemnet in order to continue to develop efficient and sustainable services for the property market, to be an attractive employer, and to deliver value to its owners.

Through solid work on the Company's annual business plan and a budget that is monitored monthly, Hemnet carefully plans and monitors its financial position to ensure financial soundness. The Company monitors the development of its business daily and makes adjustments to its operations in order to deliver in accordance with the business plan and budget.

Strategic collaboration

Hemnet has a variety of strategic collaborations with advertisers and other business partners. Real estate agents, property developers and banks are among some of the Company's most important partners, along with companies that choose to advertise with Hemnet.

Hemnet manages, strengthens, and develops its most important strategic partnerships on a daily basis. For example, Hemnet builds its business together with real estate agents, whose work with sales and administration of listings on Hemnet is reimbursed through an administration compensation. Moreover, Hemnet also offers all real estate agencies offices the opportunity to earn commission when selling Hemnet's additional services for home sellers.

Procurement

As Hemnet is mainly built and developed by internal means, the procurement from external parties is limited. However, the Company expects suppliers to live up to the legal, ethical and moral requirements that Hemnet imposes on itself.

In 2019, Hemnet established a Code of Conduct for suppliers to ensure that the principles the Company adhere to are also clear to Hemnet's suppliers. The code of conduct for suppliers describes Hemnet's expectations in relation to human rights, working conditions, the environment and anti-corruption.

Business description

Emission of greenhouse gases

Hemnet, through its fully digitised service, has a limited impact on the environment. Reducing greenhouse gas emissions is an important issue and Hemnet works actively to limit greenhouse gas emissions by limiting travelling and by taking an environmental perspective with business decisions and product development.

The Company uses cloud-based IT solutions and storage services as much as possible, to ensure lowest possible environmental impact. Currently, Hemnet has 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

A well-functioning property market is an important foundation for society. Having a home of one's own is crucial for much of life to function, including work and relationships. Being Sweden's largest property portal, Hemnet plays an important role in helping people to effectively sell and buy homes. That, however, does not help those without the funds to access the property market. The Company has therefore focused its social responsibility on supporting an initiative that helps the homeless to obtain tenancy contracts. By supporting this initiative, Hemnet hopes to contribute to everyone's right to housing and reduce the number of homeless people in Sweden.

The initiative that Hemnet supports is initiated and organised by the Stockholm City Mission (Sw. *Stockholms Stadsmission*) and their business Bobyrån. The target group is people who are homeless, have a psychosocial problem and are in need of support. 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. In 2020, Bobyrån managed over 100 apartments.

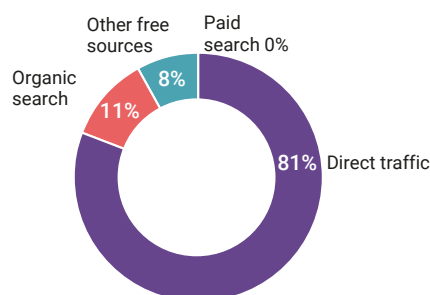
Marketing and sales

Hemnet's marketing and sales strategy towards home sellers is based on building a seamless customer experience on the platform, making it easier for sellers to choose additional services once the property listing is active. When a listing is active, the Company focuses on upselling additional services. When properties are listed by real estate agents, the real estate agents represent content creators as well as a key marketing and sales channel for Hemnet. Hence, working closely and building relationships with the real estate agents is an important sales element, as they typically connect Hemnet's product offering to the home sellers in the first step of their journey and throughout the process, including promotion of Hemnet's products.

As the residential property industry is relationship driven, Hemnet has a sales team dedicated to real estate agents and property developers, and a separate sales team dedicated to other advertisers. Both focusing on building long-term relationships.

Given the already strong market position of Hemnet combined with the platforms' high number of visits, the Company has not historically prioritised paid marketing efforts towards driving traffic to its platform. As illustrated by the chart below, 100 percent of the traffic on Hemnet during 2020 was from free sources such as direct traffic, organic search and social media.

Traffic sources (2020)



Information technology and data

Hemnet is a data- and technology-driven company. Agile product development methods and striving for innovation are core pillars within the Company. All software developed to operate Hemnet's core services has been developed in-house, either by employees or consultants.

Safety is an important aspect of Hemnet's IT strategy. Delivery of safe and high-quality services to the customers is a prioritised area. Hemnet's assets are protected against unintentional or unauthorised access, alteration or destruction during storage, transmission, and dissemination. Hemnet's information security work aims to ensure that communication networks, systems, and client units are protected against intrusion and unauthorised use, theft or damage, and malfunction. Furthermore, the Company has guidelines for how employees should handle, for example, incident management, continuity planning, procurement and development, and external operations and service.

Intellectual property

Hemnet's marketplace operates under one brand. Building and maintaining this brand is an important part of the Company's strategy, and Hemnet is to some extent dependent on the ability to protect its brand through trademark registrations and domain registrations. Hemnet's brand is well known and its domains and trademarks are protected through national and international trademark registrations, as well as through registration of relevant domain names related to its brands. Consequently, Hemnet believes that it has built an extensive portfolio of registered trademarks and domain names.

Real estate and leases

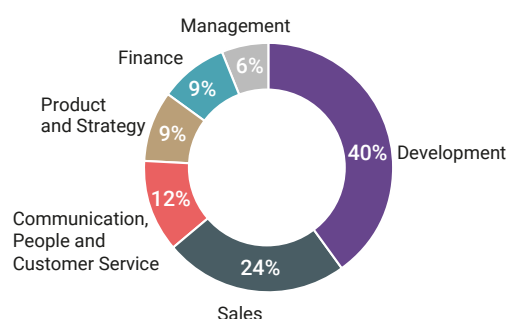
Hemnet does not own any real estate. As of 31 December 2020, the Company leased an office in Stockholm, Sweden, and office spaces in Gothenburg, Sweden. As of 31 December 2020, the Company's right-of-use assets attributable to leased offices amounted to SEK 12.7 million.

Employees

The number of employees has grown from 83 in 2018 to 92 in 2019 and 108 in 2020. The growth in employees is a result of an increased focus on becoming a truly leading product company, partly through the hiring within Development and Product and Strategy.

The majority of Hemnet's employees work within development and sales and the following chart shows the distribution of Hemnet's employees by function. Payments (including invoicing), salary management, and customer support are the Company's main critical outsourced functions. There have been no significant changes as to the number of employees since 31 December 2020.

Employees (31 December 2020)





Selected financial information

Selected financial information

Selected historical financial information for the Group for the 2020, 2019, and 2018 financial years is presented below. The financial information for the 2020, 2019 and 2018 financial years has been retained from the Company's audited consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU, the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups), and audited by Hemnet's auditor in accordance with the audit report (RevR 5). The information in this section should be read together with the sections "*Operating and financial review*", "*Capitalisation, indebtedness and other financial information*", as well as the Company's audited consoli-

dated financial statements as per and for the three years ending 31 December 2020, 2019 and 2018.

Other than which is expressly stated, no information in the Prospectus has been reviewed or audited by the Group's auditor. Financial information relating to the Company in the Prospectus and that is not a part of the information that has been audited or reviewed by the Company's auditor in accordance with what is stated herein, has been collected from the Company's internal accounting and reporting system. The amounts stated in the tables below have been rounded, while the calculations have been performed with a larger number of decimals. Therefore, the tables do not necessarily always add up exactly.

Consolidated income statement

(MSEK)	For the year ended 31 December ¹⁾		
	2020 Audited	2019 Audited	2018 Audited
Net sales	544.1	444.4	373.1
Other operating income	1.8	2.0	1.7
Capitalised development costs	3.9	4.2	4.1
Personnel costs	(114.8)	(88.7)	(74.0)
Other external expenses	(245.3)	(189.0)	(166.8)
Other operating costs	(1.7)	(1.0)	(0.1)
Depreciation of tangible and intangible non-current assets	(77.4)	(73.2)	(64.8)
Operating profit (EBIT)	110.5	98.7	73.3
Financial income	0.5	1.7	0.4
Financial expenses	(24.2)	(16.8)	(25.9)
Profit before tax	86.8	83.6	47.7
Tax on pro fit	(19.1)	(18.0)	5.5
Profit for the year	67.7	65.6	53.2
Total comprehensive income for the year	67.7	65.6	53.2
<i>Total comprehensible income attributable to:</i>			
Owners of the parent company ²⁾	67.7	65.6	53.2
Non-controlling interest	–	–	–
Dividend per share, SEK ³⁾	–	0.1	–

1) Derived from the Company's audited historical financial information from 2020, 2019 and 2018.

2) Profit for the year and total comprehensive income for the year belong entirely to the shareholders of the parent company.

3) Dividend per share calculated as the Company's total dividend divided by total number of shares outstanding.

Consolidated statement of financial position

(MSEK)	As of 31 December ¹⁾		
	2020 Audited	2019 Audited	2018 ²⁾ Audited
ASSETS			
Non-current assets			
Goodwill	902.8	902.8	902.8
Customer relationships	870.1	925.5	980.9
Trademarks	241.5	241.7	241.2
Other non-current assets	36.0	36.2	32.6
Total non-current assets	2,050.4	2,106.2	2,157.5
Current assets			
Accounts receivables	20.4	26.3	24.2
Other current receivables	14.0	1.0	11.1
Prepaid expenses and accrued income	16.9	21.7	12.1
Interest bearing securities, current	24.5	24.1	23.4
Cash and cash equivalents	247.1	219.4	310.7
Total current assets	322.9	292.5	381.5
Total assets	2,373.3	2,398.7	2,539.0
EQUITY AND LIABILITIES			
Equity			
Share capital, other capital contributions, and retained earnings	1,349.6	1,280.5	1,388.2
Total equity	1,349.6	1,280.5	1,388.2
Liabilities			
Non-current liabilities			
Liabilities to credit institutions	667.9	674.4	430.6
Other non-current liabilities	5.7	0.3	182.8
Deferred tax liabilities	234.4	247.9	257.8
Total non-current liabilities	907.9	922.6	871.3
Current liabilities			
Liabilities to credit institutions	7.6	7.8	10.0
Accounts payable	10.3	13.0	11.7
Tax liabilities	12.5	18.9	8.0
Other current liabilities	16.4	85.5	193.3
Accrued expenses and deferred income	68.9	70.4	56.5
Total current liabilities	115.8	195.7	279.5
Total liabilities	1,023.7	1,118.3	1,150.8
Total equity and liabilities	2,373.3	2,398.7	2,539.0

1) Derived from the Company's audited historical financial information from 2020, 2019 and 2018.

2) In accordance with IFRS, not restated for the impact of IFRS 16.

Consolidated Cash Flows

(MSEK)	For the year ended 31 December ¹⁾		
	2020 Audited	2019 Audited	2018 ²⁾ Audited
Cash flow from operating activities			
Operating profit	110.5	98.7	73.3
Adjustments for non-cash items			
Depreciation of fixed assets	77.4	73.2	64.8
Capital gains on fixed assets	(0.0)	–	–
Interest received	0.1	0.1	0.1
Interest paid	(23.4)	(20.2)	(15.7)
Paid income tax	(39.0)	(16.9)	(18.1)
Changes in working capital	1.3	3.9	(13.4)
Cash flow from operating activities	127.0	138.8	91.0
Cash flow from investing activities			
Investments in intangible non-current assets	(6.0)	(9.9)	(6.2)
Investments in tangible non-current assets	(1.0)	(0.9)	(0.9)
Divestment of tangible non-current assets	0.0	–	–
Cash flow from investing activities	(7.0)	(10.8)	(7.1)
Cash flow from financing activities			
Borrowings	–	285.7	262.4
Dividend paid to parent company owners	–	(125.0)	–
Rights issue	4.1	1.5	1.5
Share redemption	(2.7)	(50.0)	(1.3)
Repayment of lease liabilities	(7.0)	(6.0)	–
Amortisation of loans and contingent consideration	(86.7)	(325.6)	(169.8)
Cash flow from financing activities	(92.3)	(219.2)	92.8
Total cash flows	27.7	(91.3)	176.7
Cash and cash equivalents at the beginning of the year	219.4	310.7	134.0
Cash and cash equivalents at the end of the year	247.1	219.4	310.7

1) Derived from the Company's audited historical financial information from 2020, 2019 and 2018.

2) In accordance with IFRS, not restated for the impact of IFRS 16.

Selected financial information

Key ratios for the Group

The Company applies the European Securities and Markets Authority's (ESMA) guidelines on alternative performance measures in the Prospectus. The guidelines aim to make alternative performance measures in financial statements more comprehensible, reliable and comparable, and thereby promote their usability. Alternative performance measures (APM measures) are financial measures of historical or future financial performance,

financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework (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.

IFRS key performance measures

(MSEK)	For the year ended 31 December ¹⁾		
	2020 Audited	2019 Audited	2018 Audited
Net sales	544.1	444.4	373.1
Net profit for the year	67.7	65.6	53.2

1) Derived from the Company's audited historical financial information from 2020, 2019 and 2018.

Alternative performance measures not defined in accordance with IFRS

(MSEK, unless otherwise stated)	For the year ended 31 December		
	2020	2019	2018
Sales growth (%)	22.4 %	19.1 %	17.6 %
EBITDA margin (%)	34.5 %	38.7 %	37.0 %
Adjusted EBITDA	202.1	171.9	138.1
Adjusted EBITDA margin (%)	37.1 %	38.7 %	37.0 %
Operating margin (%)	20.3 %	22.2 %	19.6 %
Net debt	415.1	521.4	471.3
Net debt / EBITDA (x)	2.2	3.0	3.4
Net debt / Adjusted EBITDA (x)	2.1	3.0	3.4
Dividend / Net income (%)	–	190%	–
Debt / Equity ratio (x)	0.5	0.6	0.6
Equity / Assets ratio (%)	56.9 %	53.4 %	54.7 %
Free cash flow	182.3	165.0	117.6
Cash conversion (%)	97.0 %	96.0 %	85.2 %
ARPL, SEK	1,760	1,414	1,079

Development of net sales and number of listings per quarter

(MSEK, unless otherwise stated)	2020			
	Q4	Q3	Q2	Q1
Net sales	142.7	141.9	144.1	115.3
Number of listings (k)	40.4	49.5	52.6	46.8

(MSEK, unless otherwise stated)	2019			
	Q4	Q3	Q2	Q1
Net sales	116.3	111.4	122.4	94.4
Number of listings (k)	37.1	49.8	54.7	43.4

Reconciliation of alternative performance measures not defined in accordance with IFRS

Certain statements and analyses presented include alternative performance measures (APMs) that are not defined by IFRS. The Company believes that this information, together with comparable defined IFRS metrics, are useful to investors as they provide a basis for measuring operating profit and ability to repay debt and invest in operations. Corporate management use these financial measure-

ments, along with the most directly comparable financial metrics under IFRS, to evaluate operational results and value added. The APMs should not be assessed in isolation from, or as a substitute for, financial information presented in the financial statements in accordance with IFRS. The APMs reported need not necessarily be comparable to similar metrics presented by other companies. The reconciliations are presented in the tables below.

(MSEK)	For the year ended 31 December		
	2020	2019	2018
Sales growth			
Net sales	544.1	444.4	373.1
Sales growth (%)	22.4 %	19.1 %	17.6 %
EBITDA margin			
Operating profit	110.5	98.7	73.3
Depreciation	(77.4)	(73.2)	(64.8)
Profit before depreciation, EBITDA	188.0	171.9	138.1
Net sales	544.1	444.4	373.1
EBITDA margin (%)	34.5 %	38.7 %	37.0 %
Items affecting comparability			
Advertising revenue	(4.3)	–	–
Marketing costs	13.4	–	–
Consultant costs	5.1	–	–
Items affecting comparability	14.1	–	–
Adjusted EBITDA			
EBITDA	188.0	171.9	138.1
Items affecting comparability	14.1	–	–
Adjusted EBITDA	202.1	171.9	138.1
Adjusted EBITDA Margin			
Adjusted EBITDA	202.1	171.9	138.1
Net sales	544.1	444.4	373.1
Adjusted EBITDA margin (%)	37.1 %	38.7 %	37.0 %
Operating profit margin (%)			
Operating profit	110.5	98.7	73.3
Net sales	544.1	444.4	373.1
Operating profit margin (%)	20.3 %	22.2 %	19.6 %
Net debt			
Non-current interest-bearing liabilities	673.5	674.7	613.5
Current interest-bearing liabilities	13.2	90.3	192.0
Cash and cash equivalents, including interest bearing securities, current	271.6	243.5	334.1
Net debt	415.1	521.4	471.3
Net debt / EBITDA			
Net debt	415.1	521.4	471.3
EBITDA	188.0	171.9	138.1
Net debt / EBITDA (x)	2.2	3.0	3.4
Net debt / Adjusted EBITDA			
Net debt	415.1	521.4	471.3
Adjusted EBITDA	202.1	171.9	138.1
Net debt / Adjusted EBITDA (x)	2.1	3.0	3.4

Reconciliation of alternative performance measures not defined in accordance with IFRS, *cont.*

(MSEK)	For the period ended 31 December		
	2020	2019	2018
Dividend / Net income (%)			
Dividend	–	125.0	–
Net income	67.7	65.6	53.2
Dividend / Net income (%)	–	190%	–
Leverage ratio			
Interest-bearing liabilities	686.7	765.0	805.4
Shareholder equity	1,349.6	1,280.5	1,388.2
Leverage ratio (x)	0.5	0.6	0.6
Equity ratio			
Shareholder equity	1,349.6	1,280.5	1,388.2
Total assets	2,373.3	2,398.7	2,539.0
Equity ratio (%)	56.9%	53.4 %	54.7 %
Free cash flow			
EBITDA	188.0	171.9	138.1
Decrease / (Increase) in net working capital	1.3	3.9	(13.4)
Capital expenditures	(7.0)	(10.8)	(7.1)
Free cash flow	182.3	165.0	117.6
Cash conversion			
Free cash flow	182.3	165.0	117.6
EBITDA	188.0	171.9	138.1
Cash conversion (%)	97.0 %	96.0 %	85.2 %
Average revenue per listing (ARPL)			
Listing revenues	296.8	251.4	202.6
Revenue from supplementary services to property sellers	36.3	10.2	0.3
Number of published properties (k)	189.3	185.0	188.0
ARPL, SEK	1,760	1,414	1,079

Definitions of alternative performance measures not defined in accordance with IFRS

Alternative Performance Measures (APMs) are financial measures of historical or future financial performance, financial position or cash flows that are not defined in applicable accounting regulations (IFRS). APMs are used

by Hemnet when it is relevant to monitor and describe Hemnet's financial situation and to provide additional useful information to users of financial statements. These measures are not directly comparable to similar key ratios presented by other companies.

Key Ratios	Definition	Reason for Usage
ARPL (Average revenue per listing) ¹⁾	Average revenue per listing, calculated as revenue from home sellers' published listings including related add-on products during the period, in relation to the number of published listings during the period.	It is a measure that shows the Company's earning capacity per published listing.
Sales growth ¹⁾	Period-over-period growth of Net sales.	It is a measure that is used by investors, analysts and the company's management to evaluate the company's growth.
EBITDA (earnings before interest, taxes, depreciation and amortisation) ¹⁾	Operating profit before amortisation and impairment of intangible and tangible assets.	The measure enables comparison of profitability over time, regardless of amortization and depreciation of intangible and tangible fixed assets as well as independent of taxes and the Company's financing structure.
EBITDA margin ¹⁾	EBITDA in relation to net sales.	The measure reflects the business's operating profitability before amortisation and depreciation of intangible and tangible fixed assets. The measure is an important component, together with net sales growth, to follow the Company's value creation.
Adjusted EBITDA ¹⁾	EBITDA plus items affecting comparability.	This measure enables comparison of profitability over time, regardless of amortisation and depreciation of intangible and tangible fixed assets as well as independent of taxes and the Company's financing structure. The measure is also adjusted for the impact of items affecting comparability to increase comparability over time.
Items affecting comparability ¹⁾	Items affecting comparability include revenue and expenses that is not expected to arise regularly in the operating activities.	A separate disclosure of items affecting comparability clarifies the development of the underlying business and improves the comparability between different periods.
Adjusted EBITDA margin ¹⁾	Adjusted EBITDA in relation to net sales.	The measure reflects the business's operating profitability before amortisation and depreciation of intangible and tangible fixed assets. The measure is an important component, together with net sales growth, to follow the Company's value creation. The measure is also adjusted for the impact of items affecting comparability to increase comparability over time.
Net debt ¹⁾	Interest-bearing liabilities less cash and cash equivalents and current interest-bearing securities.	Net debt is a measure used to follow the development of debt and the size of the refinancing need. Since cash and cash equivalents can be used to pay off debt at short notice, net debt is used instead of gross debt as a measure of the total loan financing.
Net debt / (Adjusted) EBITDA ¹⁾	Interest-bearing liabilities less cash and cash equivalents and current interest-bearing securities as of the balance day in relation to depreciation and amortisation of intangible and tangible assets (EBITDA) for the last twelve months.	The measure is a debt ratio that shows how many years it would take to pay off the Company's debt, provided that its net debt and (Adjusted) EBITDA are constant and without taking into account the cash flows regarding interest, taxes and investments.

1) Alternative performance measures in the definition list.

Definitions of alternative performance measures not defined in accordance with IFRS, *cont.*

Key Ratios	Definition	Reason for Usage
Dividend / Net income ¹⁾	Dividend in relation to net income for the period.	The measure is important to show the scale of funds distributed to owners in proportion to underlying profits.
Operating margin ¹⁾	Operating profit/loss after depreciation and amortisation in relation to the operating net sales.	The measure reflects the operational profitability of the business. The measure is an important component, together with net sales growth, to follow the Company's value creation.
Leverage ratio ¹⁾	Interest bearing liabilities less interest-bearing securities in relation to equity.	The measure shows the relation between the Company's two forms of financing. The measure shows how large a share the debt financing is in relation to the owners' invested capital. The measure reflects the financial strength, but also the leverage effect of the debt. A higher leverage ratio means a higher financial risk and a higher financial leverage on invested capital.
Equity ratio ¹⁾	Equity in relation to total assets.	The measure reflects the Company's financial position. A high equity ratio provides a readiness to be able to handle periods of weak economic growth. At the same time, a higher equity ratio creates a lower financial leverage.
Free cash flow ¹⁾	EBITDA less increase/plus decrease in net working capital and capital expenditures.	The measure reflects the Company's ability to generate cash flows.
Cash conversion ¹⁾	Free cash flow in relation to EBITDA.	The measure reflects how efficient the Company utilises its capital expenditures and net working capital in relation to EBITDA.

1) Alternative performance measures in the definition list.

Operating and financial review

This section should be read together with the information contained in the sections “*Selected financial information*”, “*Capitalisation, indebtedness and other financial information*” as well as the Group’s audited consolidated financial statements as of and for the financial years ended 31 December 2020, 2019 and 2018, which have been prepared in accordance with IFRS, as adopted by the EU, and audited by the Group’s independent auditors as set forth in their report included elsewhere in the Prospectus.

This operating and financial review is intended to facilitate the understanding and evaluation of trends and fluctuations in the Group’s financial performance. The historical performance included in this operating and financial review is not an indication of the future financial performance of the Group. This section contains forward-looking statements. Such forward-looking statements are dependent on assumptions and subject to risks, uncertainties and other factors, including those set forth in the section “*Risk factors*”, which could cause the Group’s financial performance to differ materially from the financial performance expressed or implied in such forward-looking statements. See the section “*Important information – Forward-looking statements*” for further information on forward-looking statements.

Overview

Hemnet operates the leading¹⁾ property platform in Sweden. Hemnet emerged as an industry initiative in 1998 and has since then transformed into a “win-win” value proposition for the housing market. By offering a unique combination of products, insights and inspiration, Hemnet has built lasting relationships with buyers, sellers, and agents for more than 20 years. Hemnet and its stakeholders share a mutual passion for homes, and are driven to be an independent go-to-place for people to turn to with various housing needs that arise through their lives. This is mirrored in the Company’s vision, to be the key to your property journey, where Hemnet through its products and services wants to improve the efficiency, transparency and mobility on the housing market.

Hemnet is the Swedish property portal that gathers the highest number of visitors and the largest²⁾ selection of listings in one single place. With superior traffic and leading brand recognition, Hemnet is one of the most recognised and trustworthy Swedish media brands,³⁾ and an online platform with a large and loyal visitor base, and an average monthly visits count of 62.5 million⁴⁾. In 2020, 64.6 million hours were spent browsing on Hemnet, which corresponds to an average monthly time spent on Hemnet of 38 minutes⁵⁾ per capita.

Hemnet has become the preferred meeting place for sellers, buyers and real estate agents by developing innovative products that generate a high amount of interest and traffic, resulting in an efficient property transaction for all stakeholders.⁶⁾ Product development is a central part of Hemnet’s business and the Company has a long track record of staying at the forefront of innovation.⁷⁾ Hemnet provides home buyers with an extensive array of property listings as well as transparent information about homes and the housing market, and services that help them search for properties and connect with real estate agents.

The Company considers itself to be the home sellers’ most effective sales channel. Approximately 50 percent of Hemnet’s traffic consists of visitors with an intention to find a new home within the next six months. Hemnet’s high numbers of visits enables for home sellers to market their properties through real estate agents to the broadest and most relevant buyer audience in Sweden. In addition to home sellers, Hemnet believes that the platform is the best place for real estate agents and business partners to grow their business and connect with relevant prospects. Home sellers, real estate agents, and business partners accounted for 60 percent, 15 percent, and 25 percent of net sales in 2020, respectively.

The strong and long-lasting partnership with real estate agents in Sweden and the direct relationship with home sellers is central to Hemnet’s business model. In contrast to other existing property portals around the world, the listing fee for a property on Hemnet is paid for by the home sellers. The home seller’s real estate agency thereafter

1) Monthly visits to mobile web and desktop (excluding apps), according to data from Similarweb during the period January – December 2020.

2) Excluding aggregators such as Booli. Source: OC&C.

3) Hemnet is the second most known local media brand after SVT, and only after Spotify, Netflix, Google and YouTube in addition to SVT among all media brands in Sweden, based on consumers’ overall impression and perception of content quality, value for money, employer brand, customer satisfaction and willingness to recommend the brand: YouGov Brand Index report, September 2020.

4) Google analytics, January – December 2020.

5) Company information and SCB, Population statistics January 2021. Excluding the part of the population under 14 years.

6) The average listing time on Hemnet is approximately 22 days, according to OC&C.

7) Company information.

receives a share of the listing fee as an administration compensation for all listings published on Hemnet, and a commission-based compensation for sales of additional services, subject to the real estate agency having signed a commission agreement. The compensation model thus strengthens the “win-win” relationship between Hemnet and the real estate agents. Hemnet’s strong relationship with the real estate agent community is further displayed through the Company’s ownership structure. As of the date of the Prospectus, approximately 10 percent of Hemnet is owned by Mäklarsamfundet, an industry organisation where approximately 86 percent of the real estate agents in Sweden are members. Furthermore, approximately 11 percent of Hemnet is owned by Care of Hemnet AB (publ), in which most of the shareholders are real estate agencies and real estate agents. Building the business together with the real estate agents is an integral part of Hemnet’s business model and success.

Hemnet has a scalable business model and an attractive financial profile. Hemnet’s financial profile combines strong net sales growth, attractive profitability and robust cash conversion. The Company grew its net sales by a CAGR of 21 percent and adjusted EBITDA by a CAGR of 21 percent between 2018 and 2020. The Company maintains the growth momentum by continuously enriching its offering through product development. In the twelve-month period that ended 31 December 2020, the Company generated net sales of SEK 544 million, and adjusted EBITDA of SEK 202 million, corresponding to an EBITDA margin of 37 percent, and cash conversion of 97 percent.

Current trading

The information and presentation below relating to the Group’s Net sales is based on the Group’s internal management accounts and represent the Group’s preliminary expectations on Net sales for the three months ended 31 March 2021 (Q1 2021). While the Group believes this presentation to be reasonable, the Group’s actual results could vary from this presentation and the differences could be material. This presentation has been prepared by and is the responsibility of management and has not been reviewed or audited by an auditor and investors should not place undue reliance on it.

Net sales in Q1 2021 is estimated to show a year-on-year increase that is above the upper end of the Group’s financial target range of 15–20 percent.

The increased sales are mainly due to (i) the Group’s continued growth in ARPL, on the back of increased conversion for additional services for property sellers, and price adjustments implemented by the Company towards property sellers, and (ii) good performance in revenue from business partners. Except as disclosed in this section of the Prospectus, “Operating and financing review”, there has been no material change in the financial and trading position of the Group since 31 December 2020.

Key factors affecting Hemnet’s results of operations

Overview

The Group’s results have been affected, and are expected to be affected in the future, by a variety of factors. Certain of these key factors that have had, or may have an effect on the Group’s results are set forth below. For a further discussion of the factors affecting the Group’s results of operations, see the section “Risk Factors”.

The key factors affecting the Group’s results of operations described in this section of the Prospectus are:

- residential property market in Sweden;
- pricing of the Group’s products and services;
- ability to develop attractive services, adapt to changing customer behaviour and monetize customer interest;
- development of competitive environment;
- maintaining good ongoing relationships with the real estate agent industry;
- administration and commission expenses as a part of the Group’s compensation model to real estate agents; and
- macroeconomic environment and the Covid-19 pandemic.

Residential property market in Sweden

The Group’s business model is based on being the obvious meeting place for home buyers and sellers. On the Group’s different platforms, apps and on its website, the Group gathers a large number of home buyers, home sellers and real estate agents in one place. The Group’s business model has strong network effects whereby home buyers visit the platform to search and explore the Group’s comprehensive inventory of properties, which in turn results in sellers listing their properties on the Group’s platform in order to showcase them to as large of an audience as possible. This results in the Group becoming the natural meeting place that consumers turn to first when considering changing home.

Property portals, like the one operated by the Group, have become an integral part of the process for property search and the process for marketing properties by allowing property professionals to access a wide audience in a cost-effective manner. Therefore, the Group is also, although indirectly, affected by downturns in the Swedish residential property market. To a lesser extent, the availability of credit to property buyers as well as the prevailing interest rate level have an indirect effect on the Group’s business. Any slowdown in the housing market may result in a lower volume of property listings, which account for the largest part of the Group’s revenue by service category. Any decrease in the volume of property listings may, in turn, result in a decreased number of visitors on the Group’s platforms. Decreased traffic on the Group’s platforms due to a slowdown in the housing market could also

negatively impact the net sales derived from advertisers. Conversely, a boom in the residential property market is likely to result in higher interest in property buying and selling, which indirectly benefits the Group's business.

Revenue derived from property listings remains the Group's most important source of revenue and despite any fluctuations in the market, the volume of property listings has remained relatively stable during the last years. The Group had a total of 188,012, 185,031 and 189,305 property listings from property sellers in the 2018, 2019

and 2020 financial years, respectively. While most listings generate a listing fee paid by property sellers to the Group, the Group also has arrangements in place with property developers, under which the property developers may publish an unlimited number of listings for a fixed and separately agreed fee. See "*Business description—Product offering—Product offering to property developers*" for more information on real estate developers as a customer group of the Group.

The below table presents a breakdown of the Group's revenue by service category.

Revenue by service category

(MSEK)	2020		2019		2018	
	Revenue	% of total	Revenue	% of total	Revenue	% of total
Listings	312.7	57.5 %	268.6	60.4 %	220.6	59.1 %
Additional services	77.5	14.2 %	47.2	10.6 %	32.1	8.6 %
Advertising services and other	153.9	28.3 %	128.5	28.9 %	120.4	32.3 %
Total	544.1	100.0 %	444.4	100.0 %	373.1	100.0 %

In addition to macroeconomic shifts in the Swedish residential property market, the Group's business is also affected by the market's seasonality as the number of listings and visits to the Group's platform vary seasonally. Historically, slower months have correlated with traditional holiday seasons in Sweden, mainly the summer holiday season in July and Christmas holiday season in December. In terms of quarterly seasonality, the fourth quarter of each year has historically been the slowest in terms of listings, while the second quarter of each year has historically been the most active, which reflects customer behaviour of home buyers and sellers being particularly active during spring with market activity thereafter slowing down in the third and fourth quarters. However, lower volume of listings in the fourth quarter has historically been offset by higher average revenue per listing. Furthermore, net sales remain fairly consistent across quarters, with the exception of the first quarter, where activity historically has been lower. Earnings before interest, tax, depreciation and amortisation is closely tied to the Group's net sales, but it is also affected by timing of the Group's operating costs.

Pricing of the Group's products and services

Pricing of the Group's products and services is a key component affecting the Group's results of operations. The Group has had a CAGR of 20.8% during the three-year period between the 2018 and 2020 financial years, as net sales grew by 19.1% from the 2018 financial year to the 2019 financial year and by 22.4% from the 2019 financial year to the 2020 financial year. Growth contribution are spread over property listings which contributed 67.3%, additional services 21.1% and advertising and other 11.5% of the annual growth in net sales between the years 2018 and 2019. In the 2020 financial year, the corresponding numbers for net sales growth contribution were 44.3%,

30.3% and 25.4% for listings, additional services and advertising services and other, respectively.

Net sales generated by property listing paid by home sellers have been the most significant source of net sales for the Group. The average listing fee paid by home sellers to the Group, including both the base listing fee and the additional services related to the listing, for the property listing amounted to SEK 1,079 per listing in the 2018 financial year, SEK 1,414 per listing in the 2019 financial year and SEK 1,760 in the 2020 financial year, representing CAGR of 27.7% during the said three-year period. Up until 1 March 2021, the price model for the base listing was a pricing model based on only the asking price for the property. From 1 March 2021 onward, more parameters were added to the pricing model to create a segmented pricing model. A similar segmented pricing model has been applied also to the additional services from the time these were introduced. Finally, as for Hemnet Business, since its launch in the 2018 financial year, monthly subscription price for Hemnet Business has been SEK 1,250 per 20 listings.

Net sales arising from advertising services and other have been SEK 120.4 million, SEK 128.5 million, and SEK 153.9 million in the 2018, 2019 and 2020 financial years, respectively, corresponding to 32.3%, 28.9% and 28.3% of the Group's aggregate net sales. Advertising revenue consists mainly of the products: display advertising and sponsored content or so called native advertising. The pricing model for both advertising products is a fee that is based on the number of exposures for a certain display advertisement or native advertisement.

The Group believes that a part of the historical growth of net sales is attributable to the Group's strategic pricing decisions on its products and services, and that such decisions will continue to play an important role for the Group's results of operations.

Ability to develop attractive services, adapt to changing customer behaviour and monetise customer interest

As revenue generated from property listings and additional services to home sellers accounts for the largest portion of the Group's revenue streams when divided by customer category, the Group's business model is dependent on being able to develop and offer value-added additional services to its customers and the customers' willingness to pay for such services, including as customer behaviours change through time, which at times require significant innovations to support continued operating and the financial performance. See *"Business description – Product offering – Product development"* for more information on the Group's product development approach and efforts. As the largest portion of the Group's revenue is generated from and attributable to home sellers, who are the customers paying for the property listing and any additional services relating to such listing, innovations in recent years have focused on this customer category. During the past years, the Group has developed additional services that give home sellers the opportunity to

influence their property sale, such as Hemnet Plus and Hemnet Premium, which were both launched in 2019 and create, for example, increased visibility for property listings. See *"Business description – Product offering – Product offering to home sellers"* for more information on additional services. These innovative new services have diversified the Group's revenue streams stemming from home sellers and supported revenue growth during the last years. As for the product offering towards real estate agents, the Group launched its subscription-based product for real estate agents, Hemnet Business, in 2018. For more information on product offering to real estate agents, see *"Business description – Product offering – Product offering to real estate agents"*.

In addition to the development and implementation of new services is pricing of these services of strategic importance, for the development of the Group's revenue. The table below shows the breakdown of the Group's net sales by customer category and the percentage of each customer category's net sales of the aggregate net sales.

Net sales by customer category

(MSEK)	2020		2019		2018	
	Net sales	% of total	Net sales	% of total	Net sales	% of total
Home sellers	325.8	59.9 %	256.7	57.8 %	197.3	52.9 %
Real estate developers	56.5	10.4 %	62.0	13.9 %	63.8	17.1 %
Advertisers	81.1	14.9 %	61.1	13.8 %	60.5	16.2 %
Real estate agents	80.7	14.8 %	64.6	14.5 %	51.4	13.8 %
Total	544.1	100.0 %	444.4	100.0 %	373.1	100.0 %

Development of competitive environment

The Group currently competes against other property portals, such as Boneo, which is a property portal that was launched in 2019 by some of the larger real estate firms. The purpose of Boneo has been to build an alternative to Hemnet, where real estate agents could publish for-sale listings just as on Hemnet's platform. Currently Boneo offers a similar service to Hemnet, but as a distinguishing factor Boneo has a larger inventory of upcoming listings. In addition to property portals like Boneo, the Group also competes against property search engines, for example Booli. Booli also owns Hittamäklare, a service allowing prospective sellers to find a real estate agent. Booli is Hemnet's largest competitor measured by visitor traffic. In addition to competitors like Boneo and Booli, the Group also competes against property professionals' own activities, websites and social media as well as traditional print media, including newspapers and magazines.

In terms of factors driving competition, the Group competes mainly on the basis of property listings since the number of property listings drives the interest to the Group's platform and, consequently, number of visitors and traffic on the Group's platform. See *"Business description – Product offering – Product offering to visitors"* for

more information on the relationship of visitors and the business of the Group. In turn, the number of visitors and website traffic also attract advertisers. See *"Business description – Product offering – Product offering to other business partners"* and *"Business description – Business model from a sustainability perspective – Hemnet as an advertising space"*. In terms of revenue, advertising services and other revenue accounted for 32.3% of the Group's revenue in the 2018 financial year, 28.9% in the 2019 financial year and 28.3% in the 2020 financial year.

Any future market entrants could negatively affect the Group's ability to compete successfully to attract home sellers and buyers. See *"Risk factors – Risks related to Hemnet's industry and markets – Hemnet faces competition and Hemnet may be unable to retain or grow its market share in the future"*. However, the Group believes that substantial product development resources as well as sales resources and marketing spend are required to obtain a significant share of the listings inventory in the Swedish residential property market and to develop a brand with high levels of national awareness. In this respect, the Group believes that it benefits from two factors in particular: 1) the first mover advantage the Group has enjoyed since the Group's founding in 1998,

and 2) the network effect of higher number of users leading to more sellers listing their properties, which in turn attracts more users and reinforces the Group's leadership. See *"Business description – History"*. In its more than 20 years of operations, the Group has continuously strived to increase its brand awareness, functionality of its services and the number of listings, which will remain a key area of strategic focus, see *"Business description – Strengths and competitive advantages"*.

Maintaining good relationships with the real estate agent industry

Because of the mutually beneficial relationship between the Group and real estate agents – where the Group depends on real estate agents to mediate property listings and additional services to property sellers and where the real estate agents depend on the Group to facilitate sales of properties – maintaining good relationships with real estate agents is an essential aspect of the business model of the Group. The Group's relationship with real estate agent industry has traditionally been good as the relationship has developed and strengthened over time since the Group's founding in 1998. In particular, real estate agents have an important role in mediating the Group's property listings by encouraging home sellers to use Hemnet's platform for their listing and, as a result, the Group's revenue generation. By virtue of facilitating sales from base listings and sales generated by the Group's additional services, real estate agents function as a contact center, administrator and reseller towards home sellers, who at the end are the customer group that pay the base listing and the additional services.

In 2018, the Group cooperated with 2,055 real estate agencies, whereas in 2019 and 2020 the corresponding numbers were 2,035 and 1,983, respectively. Although the number of real estate agencies the Group cooperated with decreased slightly in both the 2019 and 2020 financial years, the Group increased its net sales to both home sellers and real estate agents in both years due to no material change in the volume of property listings. Accordingly, the revenue growth has been driven by price increases on the fees charged for property listings as well as increased sales of additional services.

In addition to encouraging revenue generation by home sellers, real estate agents are one of the Group's core customer groups by virtue of having the option to subscribe to Hemnet Business, a subscription based service that provides property data and other information of real estate agents. Hemnet Business was launched by the Group in the 2018 financial year and since its launch its popularity among real estate agents has increased steadily. In the first full year of operation of Hemnet Business in the 2019 financial year, approximately 67% of property listings on Hemnet came from real estate agencies with a Hemnet Business subscription. In the 2020 financial year, that number increased by 20 percentage points to 87%. In 27 months of operations, the share of

property listings on Hemnet coming from real estate agencies with a Hemnet Business subscription rose from 33% in September 2018 to 85% in December 2020.

Because of the Group's mutually beneficial relationship with real estate agents, any change in the relationship could affect the business of the Group, either by way of real estate agents seeking alternatives to the services of the Group or otherwise. See *"Risk factors – Operational risks – Hemnet is dependent on having good relations with the real estate agent industry."* Although Hemnet enjoys strong brand recognition and market position, it is essential for the Group's business model to maintain the relationships with real estate agents and serve their needs as customers of the Group. Furthermore, the Group aspires to continue being mindful of any concerns that real estate agents could have with respect to the Group or its business, such as the Group making adverse pricing model changes too quickly or the real estate agents' perceived threat of the Group taking over real estate agents' role in mediating property transactions.

Administration and commission expenses as a part of the Group's compensation model to real estate agents

Administration and commission expenses are a significant cost item for the Group, as they accounted for 34.4% of the Group's total operating expenses in the 2020 financial year, as compared to 35.5% and 32.9% in the 2019 and 2018 financial years, respectively. Administration and commission expenses also account for the bulk of the Group's other external expenses. See *"Key items in the income statement – Other external expenses"* for more information on other external expenses. For the reasons discussed below, the administration fees have in the past and are expected in the future to directly correlate with the sales from the base listings the Group receives, whereas the commission expenses have in the past and are expected in the future to correlate with sales of additional services.

The level of the Group's administration and commission expenses each year are driven by its relationships with real estate agents and, to an extent, real estate agents' relationships with sellers. Real estate agents are one of the Group's most important collaborative partners, as they are responsible for both preparing (including taking pictures and preparing written descriptions of the properties for sale) and publishing of property listings on the Group's platform, for which they receive an administration fee from the Group. In addition, real estate agents, in consultation with home sellers, can choose additional services that best fit a property seller's listing. See *"Business description – Product offering – Product offering to real estate agents"* for more information on real estate agents as the Group's most important collaborative partners. Where there are commission agreements in place between a real estate agent firm and the Group, the real estate agencies also receives commission fees from the Group for sales of such additional services. The commission agreements were introduced in September 2019 and,

Operating and financial review

during the month of December 2019, approximately 16% of all published listings on the Group's platform were from real estate agencies that had entered into a commission agreement with the Group. For the month of December 2020, that share had increased by approximately

26 percentage points, with approximately 42% of all published listings on the Group's platform for December 2020 were from real estate agent firms that had entered into a commission agreement with the Group.

The following table presents the Group's operating expenses by category for the 2018, 2019 and 2020 financial years.

Operating expenses by category

(MSEK)	2020		2019		2018	
	Expenses	% of total	Expenses	% of total	Expenses	% of total
Administration and commission compensation	-151.2	34.4 %	-124.9	35.5 %	-100.1	32.9 %
Other	-94.1	21.4 %	-64.1	18.2 %	-66.2	21.7 %
Total other external expenses	-245.3	55.9 %	-189.0	53.7 %	-166.8	54.6 %
Personnel costs	-114.8	26.1 %	-88.7	25.2 %	-74.0	24.2 %
Depreciation of tangible and intangible non-current assets	-77.4	17.6 %	-73.2	20.8 %	-64.8	21.2 %
Other operating costs	-1.7	0.4 %	-1.0	0.3 %	-0.1	0.0 %
Total operating expenses	-439.2	100.0 %	-351.9	100.0 %	-305.6	100.0 %

The administration compensation payable by the Group to real estate agent firms is applicable on the base listing fee of a property listing. Therefore, there is a direct link between the revenue the Group receives from property listings and the fees it pays to real estate agent firms as administration compensation. The higher the volume and price of property listings are, the higher are the administration compensation paid by the Group. Consequently, the administration compensation paid by the Group have in the past, and will continue in the future, to fluctuate in correlation with the volume and price of property listings and, as a result, the overall revenue generated by the base listing fees paid by home sellers to the Group. The administration compensation has historically been 50% of the fee paid by the home seller to the Group for the property listing. The Group has introduced an updated administration compensation in the first quarter of 2021, under which the administration compensation has been reduced from 50% to 30% of the base listing fee paid by the property seller to the Group.

In addition to the administration compensation, the Group has in place a remuneration model for real estate agents to encourage the agents to market additional services to home sellers in connection with listings. The Group pays real estate agencies commission fees that are based on additional services purchased by the home sellers for their property listings, such as Hemnet Plus and Hemnet Premium. During each of 2018, 2019 and 2020, the commission was 20% of the additional revenue generated by these additional services, subject to the real estate agent firm having signed a commission agreement with the Group. The Group has introduced an updated remuneration model in the first quarter of 2021 that works

as an incentive for real estate agencies to support Hemnet's strategy with focus on value-added services. In the new model, the real estate agent firm, still subject to having signed a commission agreement, will during the transition period of the 2021 financial year receive a commission of either 30%, 40% or 50% of the additional revenue for the additional services Hemnet Plus, Hemnet Premium, Raketen and Republishing, based on the share of that particular real estate agencies' listings that include the additional services Hemnet Plus and Hemnet Premium. See "*Business description – Product offering – Product offering to home sellers*" for more information on Hemnet Plus, Hemnet Premium, Raketen and renewal of the listing add. Following the 2021 financial year, it is expected that the commission fees are reduced to range from 20%, 30% or 40% of the additional revenue based on the share of that particular real estate agent firm's listings that include the additional services Hemnet Plus and Hemnet Premium.

In connection with the administration compensation and commission compensation being redone in 2021, the Group will offer real estate agencies a certain compensation per employed real estate agent so that each agency will have the opportunity to let its employees educate themselves with regards to how the Groups value-added additional services function. The compensation offered in connection with this educational initiative will be SEK 2,000 per employed real estate agent. The Group expects that the total cost of the educational initiative will not exceed SEK 15 million during the 2021 financial year.

In the short term, fully implementing and finalising the ongoing compensation model adjustments affecting both the administration fees and commission fees is one the

Group's key focus areas. Both in the short-term and in the long-term pricing of property listings and additional services and the related administration and commission compensation all play a key role in the Group's revenue growth. The Group believes that the recent changes made to the administration fee and commission fee model will result in continued revenue growth and, therefore, also an increase of administration and commission expenses in coming years. However, since the administration and commission expenses occur only as a result of actual sales, increased administration and commission expenses should not have an adverse impact on the Group's margins.

Macroeconomic environment and the Covid-19 pandemic

Since the outbreak of the novel coronavirus was first identified in December 2019, the virus has spread to nearly all regions of the world, resulting in the World Health Organization declaring the outbreak a pandemic and governments in the majority of countries taking unprecedented steps to try to contain, and then to slow down, the spread of the coronavirus, aiming to reduce the rate and risks of infection. In light of the foregoing, widespread and onerous social distancing measures have been introduced in many countries and regions, including stay at home orders, restrictions on travel, bans on people gathering in workspaces, public places and at events such as entertainment and sporting events. Businesses that have been deemed non-essential have been required to heavily curtail or cease entirely their operations. In addition, many governments and central banks have intervened in economies by introducing various schemes to try to mitigate the negative economic consequences of social distancing measures.

The Group has taken several measures, such as increasing the frequency of scenario planning and forecast updates, reviewing operational costs and launching live video home viewings on its platform with the service Hemnet Live, to mitigate the effects of the pandemic on its business. The Group is continuously planning and monitoring the effects of the pandemic to ensure timely response. The Group believes that the impact of Covid-19 pandemic on the Group's financial position and results of operations for the year ended 31 December 2020 was limited. As noted above, the number of listings, being the most important revenue driver for the Group, remained relatively stable during the 2020 financial year compared to the 2018 and 2019 financial years. Furthermore, Hemnet has seen increased number of visitors to its platform and the accumulated number of new listings for the 2020 financial year increased compared to the 2019 financial year, as the Swedish property market seemed to attract increased attention due to people spending significantly more time in their homes. The Group also saw increased advertising revenue on its platform during the 2020 financial year, considered to be the result of increased number of visits to Hemnet's property

platform in combination with a brand-safe environment and target audiences relevant for the Group's core customer groups.

Even though at present the financial impact of Covid-19 pandemic on the Group is believed to be limited, given the Group's operations, the continuing effects of Covid-19 pandemic cannot be foreseen. If the continuing pandemic causes the number of property listings to decrease, Covid-19 pandemic may have a greater impact on the Group's financials going forward. Additionally, if the possibilities to arrange or attend housing viewings deteriorate due to lock-downs or otherwise stricter national regulations and general guidelines, it may result in home sellers choosing to postpone any planned property sales, which could temporarily have an adverse effect on the Group's financial results.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function responsible for allocating resources and assessing the performance of the operating segments. The Group has identified one operating segment, which is the Group as a whole. The decision is based on the fact that the Group's management group follows up the Group as a whole where any form of geographical division or division into business area or product category is not applicable. The financial reporting is based on a Group-wide organisational and management structure.

Key items in the income statement

Net sales

Net sales refer to the remuneration received from the services provided to the following main customer groups, namely: property sellers, real estate developers, advertisers and real estate agents. Net sales is equal to aggregate gross revenues received by the Group, less fees paid for advertising through media agencies. Net sales and performance commitments for the various products of the Group are as follows:

- **Property listings:** Listings are charged upfront at the beginning of publication of each listing for the full term of the listing (which is not limited in time), but net sales for a listing is accrued over the average maturity of a listing. The Group is considered to have fulfilled its performance commitment when the listing is removed from advertising, which is done by the real estate agent who mediated the listing. For preparing and administering the property listing, the real estate agencies receives administrative compensation based on the amount of listing fee. Listing fees applied by the Group have historically been fixed fees based on the value of the property subject to the listing and were subject to annual adjustments. However, beginning in the first quarter of 2021, the Group introduced a new segmented listing fee model, which allows for more flexibility and bases the listing fee

not only on the value of the property, but also its location. Additional factors affecting the listing fee, such as type of the property, could be introduced in the future.

- **Additional services:** Net sales for additional services attributable to the home sellers' property listings, such as the services Hemnet Plus and Premium, are charged on a monthly basis at the end of each month and are accrued over average maturity. The Group is considered to have fulfilled its performance commitment for additional services related to property listings when the listing is removed from advertising or when the period for which the additional service extends is over. For example, the product Raketen, is sold for a certain number of days. For administering additional services linked to property listings, there is an opportunity for real estate agent firms to enter into an agreement and receive commission compensation. Additional services for real estate agents consist of Mäklartipset and Hemnet Business. Mäklartipset consists of an attractive spot at the top of the search result list, where the real estate agency can present objects of choice within a certain geography. Hemnet Business gives the real estate agency access to a statistics tool and the opportunity for marketing in the results list of all listings. Both products are invoiced monthly. The Group is considered to fulfill its performance commitment on an ongoing basis as the services are provided. See the section "*Business description–Product offering*" for further information on the additional services offered by the Group and the relevant customer base for such services.
- **Advertising services and others:** Advertising services consist, among other things, of income from real estate developers, banks and other companies who market their properties, brands or services. Advertisements are recognised as revenue over the period that the advertising campaign is published on Hemnet.se and in the Group'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 Group's services are invoiced with a 30-day payment period. Advertising services are invoiced in line with the campaign period. Invoicing for advertising takes place in connection with publication. During the 2020 financial year, home sellers have been offered to pay for their listings via Klarna, a payment services provider, up to seven days after the time of publication. In the event that the sellers choose to pay via Klarna, an invoice will be drawn up via Klarna and Hemnet will receive a settlement claim on Klarna. If the home seller does not choose to pay via Klarna within seven days, a paper invoice will be issued. Accrued income is reported in the balance sheet for published advertisements that have not been invoiced as of the balance sheet date. The part relating to remaining

publication time regarding invoiced and accrued invoicing is reported as prepaid income in the balance sheet.

When used in the Prospectus, the term net sales is used interchangeably with the term revenues.

Other operating income

Other operating income consists primarily of reminder fees and interest for late payments, commission income from collection fees and exchange rate differences receivables of an operative nature. Reminder fees are charged on invoices that are not paid in time by the relevant customer group. In addition to any reminder fees charged, the Group also charges interest for any late payments.

Capitalised development costs

As part of the Group's ongoing product development, certain projects are identified to be of such nature that the Group with reasonable certainty foresees future earnings to arise from such projects. Capitalised development costs represent expenditures on such development work that is directly attributable to the development and testing of identifiable and unique software that is controlled by the Group, and recognised as intangible assets when the following criteria are met: (i) it is technically possible to complete the software development as well as products associated with it so it can be used, (ii) the Group's intention is to complete the software and to use or sell it, (iii) there are conditions for using the software and associated products, (iv) it can be shown how the software generates probable future economic benefits, (v) adequate technical, financial and other resources for completing the development and for using the software and related products are available, and (vi) 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. Capitalised development expenses are amortised on a straight-line basis over three years.

Other external expenses

Other external expenses mainly comprise the administration fees and commission fees paid to real estate agencies, for their role in administering and mediating property listings and sale of additional services on the Group's platform. Other external expenses also include costs for external services included in additional services and transaction costs for external suppliers for invoicing and payment services. Finally, other external expenses also comprise general administrative costs, such as office lease and related items, hardware and software, consultancy, travel, licenses and marketing activities.

Personnel costs

Personnel expenses include salaries, pension, and social charges for the Group's employees.

Depreciation of tangible and intangible non-current assets

Depreciation of tangible and intangible non-current assets primarily relates to amortisation of intangible assets, mainly related to customer relationships that have been capitalised on the Group's balance sheet as intangible assets. Depreciation of tangible and intangible non-current assets also include amortisation of capitalised development costs as well as depreciation of computer hardware used by staff.

Other operating costs

Other operating expenses relate to other expenses relating to the operations of the Group, including foreign exchange losses, and fees to third parties for handling of reminders and collection activities for late payments.

Financial income

Financial income primarily relates to income from financial items recorded at market value, as well as net exchange gains on financial items.

Financial costs

Financial costs primarily relate to the interest rate component of any facility or debt of the Group and costs for taking up any such facility or debt.

Income tax

Income taxes consist of current and deferred tax.

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.

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. Deferred tax is reported 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.

Other comprehensive income

Other comprehensive income comprises revenues, expenses, gains, and losses that have not yet been realised and which according to the IFRS are excluded from net income.

Comparison between the financial years ended 31 December 2020 and 2019

	For the year ended 31 December	
	2020	2019
Operating income		
Net sales	544.1	444.4
Other operating income	1.8	2.0
Total	545.8	446.4
Capitalised development costs	3.9	4.2
Operating expenses		
Other external expenses	-245.3	-189.0
Personnel costs	-114.8	-88.7
Depreciation of tangible and intangible non-current assets	-77.4	-73.2
Other operating costs	-1.7	-1.0
Total	-439.2	-351.9
Operating profit	110.5	98.7
Financial income	0.5	1.7
Financial costs	-24.2	-16.8
Financial items - net	-23.7	-15.1
Profit before tax	86.8	83.6
Income tax	-19.1	-18.0
Net income	67.7	65.6
Other comprehensive income	-	-
Total comprehensive income for the period	67.7	65.6

Net sales

Net sales increased by SEK 99.7 million, or 22.4%, from SEK 444.4 million in the 2019 financial year to SEK 544.1 million in the 2020 financial year. The growth was organic as net sales from property listings increased by SEK 44.1 million, or 16.4%, from SEK 268.6 million in the 2019 financial year to SEK 312.7 million in the 2020 financial year. Net sales from property listings increased primarily due to higher prices for property listings. Even though the Group did not have any price increases in the 2020 financial year, it benefitted from the full year effect of the price increase carried out in July 2019. Listing volume increase was modest with 2.3% increase in the 2020 financial year compared to the 2019 financial year, but partly contributed to the increased listing revenue. See the section "Key items in the income statement – Net sales – Listings" for more information on the Group's pricing model for listings.

The Group also increased net sales from additional services to home sellers, with a full year revenue from the Group's additional services, Hemnet Plus, Hemnet Premium and Raketen. Net sales from additional services products increased by SEK 30.2 million, or 64.0%, from SEK 47.2 million in the 2019 financial year to SEK 77.5 million in the 2020 financial year.

Net sales from advertising services and other revenue streams increased by SEK 25.3 million, or 19.7%, from

SEK 128.5 million in the 2019 financial year to SEK 153.9 million in the 2020 financial year. Growth in advertising net sales was mainly derived from programmatic advertising, but broker branding also contributed to the increase in net sales.

Other operating income

Other operating income decreased by SEK 0.2 million, or 10.5%, from SEK 2.0 million in the 2019 financial year to SEK 1.8 million during the corresponding period, 2020. The decrease was mainly due to the termination of renting out the Group's office space to a third party, which arrangement was terminated in March 2020.

Total operating income

Total operating income increased by SEK 99.5 million, or 22.3%, from SEK 446.4 million in the 2019 financial year to SEK 545.8 million in the 2020 financial year. The increase was mainly due to increased net sales.

Capitalised development costs

Capitalised development costs decreased by SEK 0.4 million, or 8.3%, from SEK 4.2 million in the 2019 financial year to SEK 3.9 million in the 2020 financial year. The decrease was mainly due to a decline in capitalised development activities during the 2020 financial year as compared to the 2019 financial year, during which the Group made significant investments in the development of Hemnet Plus and Hemnet Premium, which resulted in significant capitalised development costs in the 2019 financial year. Although the level of capitalised development activities declined in the 2020 financial year, the Group continued the development of several new commercial products, such as Republishing, real estate agent pages and digital publication flow.

Other external expenses

Other external expenses increased by SEK 56.3 million, or 29.8%, from SEK 189.0 million in the 2019 financial year to SEK 245.3 million in the 2020 financial year. A major driver for the increase was the increase in administration fees paid to real estate agent firms. In the 2020 financial year, administration fees increased by 23.3 million, or 18.7%, from 124.7 million in the 2019 financial year to SEK 148.1 million in the 2020 financial year. Listing volume increase in the 2020 financial year was 2.2%. Therefore, the increase in the amount of administration fees paid to real estate agencies was mainly driven by higher prices on property listings. This is also demonstrated by the fact that the increase in the amount of administration fees paid by the Group was in line with the increase in listing sales.

Commission fees paid to real estate agent firms increased by SEK 2.9 million, or 1505.6%, from SEK 0.2 million to 3.1 million. The increase was mainly due to growth in sales of additional services, including Hemnet Plus, Hemnet Premium and Raketen.

The Group also had increased marketing and PR costs that were incurred in an effort to strengthen the Group's position on the market, which to a large extent was implemented together with Mäklarsamfundet. In addition, increased consulting costs was also a driver for increased other external expenses. Increased consultancy costs were mainly due to increased number of consultants in the Group's development team as well as the consultancy costs incurred in connection with the Group's initial public offering preparations.

Personnel costs

Personnel costs increased by SEK 26.1 million, or 29.4%, from SEK 88.7 million in the 2019 financial year to SEK 114.8 million in the 2020 financial year. The increase was mainly attributable to the Group increasing the number of its employees, mainly in the Group's development team to support product development of new and existing products.

Depreciation of tangible and intangible non-current assets

Depreciation of tangible and intangible non-current assets increased by SEK 4.2 million, or 5.8%, from SEK 73.2 million in the 2019 financial year to SEK 77.4 million in the 2020 financial year. The increase was mainly due to higher amortisation of capitalised development costs and higher depreciation of right of use assets relating to a new lease contract for the Group's office.

Other operating costs

Other operating costs increased by SEK 0.7 million, or 69.0%, from SEK 1.0 million in the 2019 financial year to SEK 1.7 million in the 2020 financial year. The increase was mainly due to currency exchange losses primarily related to the Group's programmatic advertising, where income accrued to the Group is booked at the prevailing United States Dollar to Swedish Krona exchange rate a month before the cash flow occurs for the Group's benefit at the then prevailing exchange rate, and where the United States dollar depreciated against Swedish Krona in the 2020 financial year while the volume of programmatic advertising during that year increased. In relation to programmatic advertising, income is accrued to the Group in United States Dollars as it is the transaction currency for programmatic advertisements published through Google AdSense.

Total operating expenses

Total operating expenses increased by SEK 87.3 million, or 24.8%, from SEK 351.9 million in the 2019 financial year to SEK 439.2 million in the 2020 financial year. The increase was mainly due to increased administration and commission fees paid to real estate agencies, increased personnel costs from the Group's increased number of employees, mainly in the Group's development team.

Operating profit

Operating profit increased by SEK 11.8 million, or 12.0%, from SEK 98.7 million in the 2019 financial year to SEK 110.5 million in the 2020 financial year. The increase was mainly due to increased net sales, which increase was partly offset by costs related to the administration fee and commission to real estate agencies, as well as increased personnel costs from having an increased number of employees, mainly in the development team. The Group also had increased consulting costs, mainly in the development team, and consulting costs incurred in connection with the Group's initial public offering preparations. The Group also had increased marketing and PR costs in an effort to strengthen the Group's position on the market, which to a large extent was implemented together with Mäklarsamfundet.

Financial income

Financial income decreased by SEK 1.3 million, or 72.7%, from SEK 1.7 million in the 2019 financial year to SEK 0.5 million in the 2020 financial year. The decrease was mainly due to the 2019 financial year including a positive revaluation of interest cap derivative of SEK 0.9 million. In addition, the return from fixed income funds (Catella Avkastningsfond and SPP Företagsobligation A) decreased by SEK 0.3 million from SEK 0.7 million to SEK 0.4 million in the 2019 financial year. The interest cap derivative was held until to 31 March 2020 as the Group's bank loan agreement required hedging a part of the loan's interest rates during an initial period of the loan.

Financial costs

Financial costs increased by SEK 7.4 million, or 44.0%, from SEK 16.8 million in the 2019 financial year to SEK 24.2 million in the 2020 financial year. The increase was mainly due to increased interest costs to credit institutions, which increased by SEK 8.3 million from SEK 15.2 million in the 2019 financial year to 23.5 million in the 2020 financial year. The increase in interest costs to financial institutions was due to increased drawings under the Group's existing revolving facilities agreement, mostly in the later part of the 2019 financial year to finance repayment of deferred and contingent considerations, dividend to preference shareholders and redemption of shares.

Interest rate under the Group's revolving facilities agreement also rose as the leverage ratio on which the interest margin is based on under the revolving facilities agreement increased because of a change in the Group's capital structure.

The increase in financial costs was partially offset by a decrease in interest cost and change in fair value of deferred and contingent considerations, which decreased from SEK 5.1 million in the 2019 financial year by SEK 5.0 million to SEK 0.1 million in the 2020 financial year as most of the liabilities were settled in the 2019 financial year and the remaining part was finally settled in January 2020. Renegotiation of the credit facility in the 2019 financial year gave a positive revaluation effect on the loans to credit institutions of SEK 4.3 million, which had an equal decreasing effect on financial costs in the 2019 financial year.

Net financial items

Net financial items decreased by SEK 8.7 million, or 57.5%, from SEK -15.1 million in the 2019 financial year to SEK -23.7 million in the 2020 financial year. The decrease was mainly due to interest cost to credit institutions.

Profit before tax

Profit before tax increased by SEK 3.2 million, or 3.8%, from SEK 83.6 million in the 2019 financial year to SEK 86.8 million in the 2020 financial year. The increase was mainly due to increased operating profit, partly offset by higher financial costs.

Income tax

Income tax expense increased by SEK 1.1 million, or 5.8%, from SEK 18.0 million in the 2019 financial year to SEK 19.1 million in the 2020 financial year. The increase was mainly due to increased operating profit, partly offset by higher financial costs.

Net income

Net income increased by SEK 2.1 million, or 3.2%, from SEK 65.6 million in the 2019 financial year to SEK 67.7 million in the 2020 financial year. The increase was mainly due to increased operating profit, partly offset by higher financial costs and increased income tax.

Other comprehensive income

There was no other comprehensive income in 2019 or 2020 financial years.

Total comprehensive income for the period

Total comprehensive income for the period was equal to net income in both 2019 and 2020 financial years.

Comparison between the financial years ended 31 December 2019 and 2018

(MSEK)	For the year ended 31 December	
	2019	2018
Operating income		
Net sales	444.4	373.1
Other operating income	2.0	1.7
Total	446.4	374.8
Capitalised development costs	4.2	4.1
Operating expenses		
Other external expenses	-189.0	-166.8
Personnel costs	-88.7	-74.0
Depreciation of tangible and intangible non-current assets	-73.2	-64.8
Other operating costs	-1.0	-0.1
Total	-351.9	-305.6
Operating profit	98.7	73.3
Financial income	1.7	0.4
Financial costs	-16.8	-25.9
Financial items – net	-15.1	-25.6
Profit before tax	83.6	47.7
Income tax	-18.0	5.5
Net income	65.6	53.2
Other comprehensive income	–	–
Total comprehensive income for the period	65.6	53.2

Net sales

Net sales increased by SEK 71.3 million, or 19.1%, from SEK 373.1 million in the 2018 financial year to SEK 444.4 million in the 2019 financial year. The growth was organic and was primarily the result of price adjustments made to the pricing of property listings. The Group carried out price adjustments to the pricing of property listings both in July 2018 and 2019 while the volume of property listings has remained relatively stable. See the section *“Key factors affecting the Group’s results of operations – Maintaining good relationships with the real estate agent industry”*. Consequently, the first half of 2019 benefitted from the price increase carried out in July 2018, while the second half of 2019 benefitted from the price adjustment carried out in July 2019. Annual listing volumes were relatively stable from 2018 to 2019 and, accordingly, the minor fluctuations in the listing volumes did not have a material effect on net sales. Growth in additional services, both to real estate agents through Hemnet Business and to property sellers through Hemnet Plus, Hemnet Premium and Raketen, was the second main driver for increased net sales.

Other operating income

Other operating income increased by SEK 0.2 million, or 13.9%, from SEK 1.7 million in the 2018 financial year to SEK 2.0 million in the corresponding period in 2019. The

increase was driven by increased reminder fees for overdue invoices. In the 2018 financial year, overdue invoices were handled by the Group. In the 2019 financial year, the Group signed an agreement with a third-party supplier specialising in overdue invoices to improve the Group’s handling and collection of overdue invoices. There was no significant increase in overdue invoices from the 2018 financial year to the 2019 financial year, but the selected third-party supplier charged reminder fees more efficiently than what the Group had done previously, which resulted in the increase in income from reminder fees. See *“Key items in the income statement – Net sales – Listings”* for more information on reminder fees for overdue invoices.

In addition to reminder fees for overdue invoices, the Group also had additional income from renting out office space to a third-party during 2019 financial year.

Total operating income

Total operating income increased by SEK 71.6 million, or 19.1%, from SEK 374.8 million in the 2018 financial year to SEK 446.4 million in the 2019 financial year. The increase was mainly due to increased net sales.

Capitalised development costs

Capitalised development costs increased by SEK 0.2 million, or 3.9%, from SEK 4.1 million in the 2018 financial year to SEK 4.2 million in the 2019 financial year. The increase was mainly due to the increased spending on developing new additional services for home sellers, such as Hemnet Plus and Hemnet Premium, both of which were launched during the 2019 financial year. As Hemnet has increased the number of commercial initiatives and related development work, expenditures on such development work have increased.

Other external expenses

Other external expenses increased by SEK 22.3 million, or 13.4%, from SEK 166.8 million in the 2018 financial year to SEK 189.0 million in the 2019 financial year. The administration fees paid to real estate agencies account for a large part of the Group’s other external expenses. The administration fee is tied to the price of a property listing and changes in volume and pricing of property listings thereby impact the administration fees. In the 2019 financial year, administration fees increased by SEK 24.4 million, or 24.3%, from SEK 100.5 million in the 2018 financial year to SEK 124.7 million in the 2019 financial year. Listing volume increase in the 2019 financial year was modest and, therefore, the increase in the amount of administration fees paid was mainly driven by higher prices on property listings. This is also demonstrated by the fact that the increase in the amount of administration fees paid by the Group was in line with the increase in income from property listing sales.

The increase on other external expenses is partly offset by IFRS 16 standard becoming effective on 1 January 2019 and giving rise to reclassification of the Group’s office lease. Due to IFRS 16, the Group’s lease costs are

decreased by SEK 6.1 million in the 2019 financial year according to IFRS 16 and such costs are instead reflected in depreciation of fixed assets and financial costs pursuant to IFRS 16.

Personnel costs

Personnel costs increased by SEK 14.7 million, or 19.9%, from SEK 74.0 million in the 2018 financial year to SEK 88.7 million in the 2019 financial year. The increase was mainly due to an increase in the number of employees, primarily the development team, to support the continued growth of the Group. In addition to the increase due to new recruitments in the 2019 financial year, the increase was also partly due to the full year effect of the recruitments that took place in the 2018 financial year.

Depreciation of tangible and intangible non-current assets

Depreciation of tangible and intangible non-current assets increased by SEK 8.4 million, or 13.0%, from SEK 64.8 million in the 2018 financial year to SEK 73.2 million in the 2019 financial year. The increase was mainly due to depreciation of leasing contracts as the 2019 financial year was the first year reflecting IFRS 16 standard requiring lease costs to be reflected as amortisation.

Other operating costs

Other operating costs increased by SEK 0.9 million, or 822.7%, from SEK 0.1 million in the 2018 financial year to SEK 1.0 million in the 2019 financial year. The increase was mainly due to increased costs from a third-party supplier relating to handling of overdue invoices. Prior to the 2019 financial year, overdue invoices were handled by the Group. In the 2019 financial year, the Group signed an agreement with a third-party supplier concerning handling and collection of overdue invoices, which increased other operating costs. See *"Key items in the income statement – Other operating costs"*.

Total operating expenses

Total operating expenses increased by SEK 46.3 million, or 15.1%, from SEK 305.6 million in the 2018 financial year to SEK 351.9 million in the 2019 financial year. The increase was mainly due to increased administration and commission fees paid to real estate agencies, increased personnel costs from the Group's increased number of employees, mainly in the Group's development team, and increased costs from amortisation of lease contracts as the 2019 financial year was the first year to reflect IFRS 16 standard, requiring lease costs to be reflected as amortisation.

Operating profit

Operating profit increased by SEK 25.4 million, or 34.7%, from SEK 73.3 million in the 2018 financial year to SEK 98.7 million in the 2019 financial year. The increase

was mainly due to increased net sales while the increase in total operating expenses was lower than the increase in net sales.

Financial income

Financial income increased by SEK 1.4 million, or 392.7%, from SEK 0.4 million in the 2018 financial year to SEK 1.7 million in the 2019 financial year. The increase was mainly due to change in fair value of interest-bearing securities and interest rate cap derivative. The Group has placed a part of its positive cash flow in certain fixed income funds, (Catella Avkastningsfond and SPP Företagsobligation A). The Group's holdings in the funds increased by SEK 0.7 million in value in the 2019 financial year, which corresponds to an increase of 3.2%, while in the 2018 financial year the market value had decreased by SEK 0.3 million. During the 2019 financial year, the interest rate cap derivative changed in value from a liability of SEK 0.9 million at the end of the 2018 financial year to value of zero at the end of the 2019 financial year due to the derivative approaching the end of its duration and market rate interests increasing between 2018 and 2019.

Financial costs

Financial costs decreased by SEK 9.1 million, or 35.2%, from SEK 25.9 million in the 2018 financial year to SEK 16.8 million in the 2019 financial year. The decrease was mainly due to reduction of interest expenses related to debt deferred consideration and contingent consideration with respect to the acquisition of Hemnet Sverige AB. Renegotiation of liabilities to credit institutions also contributed to the decrease in financial costs, where a positive outcome of SEK 4.3 million arose as the Group's existing credit facility was extended and increased to SEK 720 million on 27 May 2019, representing an increase of SEK 117.5 million.

Financial items – net

Financial net items increased by SEK 10.5 million, or 41.1% from SEK –25.6 million in the 2018 financial year to SEK –15.1 million in the 2019 financial year. The increase was mainly due to reduction of interest expenses related to the debt deferred consideration and contingent consideration with respect to the acquisition of Hemnet Sverige AB. The Group had a liability regarding contingent consideration to Hemnet Sverige AB Group's previous owners totalling SEK 79.1 million as of 31 December 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 ran at market interest rates. In the 2019 financial year, a total of SEK 289.8 million was paid in respect to deferred consideration, contingent consideration and interest.

Profit before tax

Profit before tax increased by SEK 35.9 million, or 75.4%, from SEK 47.7 million in the 2018 financial year to SEK 83.6 million in the 2019 financial year. The increase was mainly due to the Group generating higher net sales, other operating income and financial income while having lower financial costs.

Income tax

Income tax expense increased by SEK 23.5 million, or 427.6%, from positive SEK 5.5 million in the 2018 financial year to negative SEK 18.0 million in the 2019 financial year. 2018 financial year's deferred tax was affected by a positive one-off effect of SEK 16.4 million regarding revaluation of deferred tax assets as a result of a decision to change corporate taxation.

Net income

Net income increased by SEK 12.5 million, or 23.4%, from SEK 53.2 million in the 2018 financial year to SEK 65.6 million in the 2019 financial year. The increase was mainly due to higher operating profit and lower financial costs partly offset by increased income tax expenses.

Other comprehensive income

There was no other comprehensive income in 2018 or 2019 financial years.

Total comprehensive income for the period

Total comprehensive income for the period was equal to net income in both 2018 and 2019 financial years.

Liquidity and Capital Resources

Liquidity

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, debt service obligations, capital expenditures, contractual obligations and other commitments, as well as acquisitions. The Group's primary sources of liquidity has been its cash flows from operating activities and its financings. The management team expects the Group to continue to rely on its cash flows from operating activities as its principal source of liquidity going forward. As at 31 December 2020, the Group had cash on hand of SEK 247.1 million. For non-IFRS liquidity measures such as net debt/EBITDA, debt/equity ratio and equity/assets ratio, please see the section "Selected financial information – Alternative performance measures not defined in accordance with IFRS".

The management expects that the Group's main uses of cash in the future will be funding business operations, capital expenditures, any acquisitions opportunities that may arise, debt repayment and returning capital to shareholders, including in the form of dividends.

For information on existing long-term financial resources of the Group, please see the section "Capitalisation, indebtedness and other financial information – Refinancing in connection with the Offer".

Cash flows

(MSEK)	For the year ended 31 December		
	2020	2019	2018
Cash flow from operating activities	127.0	138.8	91.0
Cash flow from investing activities	-7.0	-10.8	-7.1
Cash flow from financing activities	-92.3	-219.2	92.8
Cash flow for the year	27.7	-91.3	176.7
Cash and cash equivalents at the beginning of the year	219.4	310.7	134.0
Cash and cash equivalents at the end of the year	247.1	219.4	310.7

Cash flow from operating activities

Cash flow from operating activities during the 2020 financial year gave rise to an inflow of SEK 127.0 million compared to an inflow of SEK 138.8 million in the 2019 financial year, which represents a decrease of SEK 11.8 million or 8.5% compared to the 2019 financial year. The decrease was mainly due to increase in tax payments, which increased by SEK 22.1 million from SEK 16.9 million to SEK 39.0 million as tax liabilities related to both the 2018 and 2019 financial years were paid in the 2020 financial year. The increase in tax payments was partly offset by increased earnings before interest and reversal of increased depreciation.

Cash flow from operating activities during the 2019 financial year gave rise to an inflow of SEK 138.8 million compared to an inflow of SEK 91.0 million in the 2018 financial year, which represents an increase of SEK 47.8 million or 52.5%. The increase was mainly due to increased earnings before interest, depreciation, and amortisations as a result of increased net sales. The difference between increase in net sales and increase in cash flow from operating activities was further driven by the difference in working capital and tax payments in relation to earnings. Working capital may generally fluctuate with respect to both received payments of receivables and received invoices for expenses. Paid taxes in relation to earnings decreased in the 2019 financial year as tax payments were not adjusted for increase in profit and larger portion of the tax payment was deferred to the following financial year.

Cash flow from investing activities

2020

Cash flow from investing activities during the 2020 financial year gave rise to an outflow of SEK 7.0 million. The outflow resulted primarily from capitalised development expenditures for product development, of services such as Republishing and Hemnet Live, and further development functions in existing services, such as Hemnet Plus.

2019

Cash flow from investing activities during 2019 financial year gave rise to an outflow of SEK 10.8 million. The outflow resulted primarily from capitalised development expenditures for new services, mainly Hemnet Plus and Hemnet Premium (see "*Business description – Product offering*"), amounting to SEK 8.9 million, and acquisition of assets in Tryggabud Sweden AB, amounting to SEK 1.0 million.

2018

Cash flow from investing activities during 2018 financial year gave rise to an outflow of SEK 7.1 million. The outflow resulted primarily from capitalised development expenditures for new services, mainly the additional services Raketen and Hemnet Business (see "*Business description – Product offering*"), which amounted to SEK 6.2 million.

Cash flow from financing activities**2020**

Cash flow from financing activities during the 2020 financial year gave rise to an outflow of SEK 92.3 million. The outflow resulted primarily from final settlement of contingent consideration of SEK 76.4 million and amortisation to credit institutions of SEK 10.3 million. Payment on leasing debt gave rise to an outflow of SEK 7.0 million, while a new share issue and redemption of shares in connection with the Group's management incentive program (MIP) resulted in a net inflow of SEK 1.4 million.

2019

Cash flow from financing activities during the 2019 financial year gave rise to an outflow of SEK 219.2 million. The outflow was primarily a result of payment of deferred and contingent considerations of SEK 281.4 million as well as dividend distributed on preference shares of the Group of SEK 125.0 million. In addition, a directed share redemption was carried out in the amount of SEK 50.0 million. The outflow was partly offset by a net increase in borrowings of SEK 241.6 million.

As regards the outflow related to the contingent consideration, it arose in connection with the acquisition of HemNet Sverige AB group, where the Group had an obligation to pay contingent consideration, provided that two of the sellers published a certain minimum number of their listings on the Group's platform, in line with their historical levels, to qualify for the contingent consideration. The reason for basing the said contingent consideration on the sellers' performance rather than acquiree's performance was that the sellers were the main owners as well as important partners to the acquired business in the sellers' role as real estate agencies. The contingent consideration was set to ensure that the sellers' remained committed to conducting business through Hemnet in accordance with their historical activity levels.

The preference shares have taken precedence over the ordinary shares in terms of dividend and surplus in

liquidation. The holders of preference shares have been entitled to an accumulated interest of 7% year of the calculated amount. The calculated amount has referred to the sum paid for all shares in the relevant class of issued preference shares plus the amount of accrued interest, which has not been paid or exchanged in the event of a liquidation. The company will following the Offer not have any outstanding preference shares and there will after this point in time be no deferred payments (interest or other) to be made under the previous preference share arrangements.

2018

Cash flow from financing activities during the 2018 financial year gave rise to a inflow of SEK 92.8 million. The inflow resulted primarily from borrowings from credit institutions exceeding the repayment of loans and contingent considerations. The Group borrowed SEK 262.4 million under its credit facility in the 2018 financial year for financing its repayment of deferred and contingent considerations, whereas the repayment of the loans and contingent considerations amounted to SEK 169.8 million during the 2018 financial year.

Investments

As set out in the section "*Cash flows – Cash flows from investing activities*," the Group's cash flow from investing activities amounted to SEK –7.1 million for the 2018 financial year, SEK –10.8 million for the 2019 financial year and SEK –7.0 million for the 2020 financial year. The Group's capital expenditures consist mainly of capitalised development cost driven by product development and with only limited capital expenditures on tangible assets. For more information on capitalised development costs, see the section "*Key items in the income statement – Capitalised development costs*". Cash flow from capitalised development costs amounted to SEK –6.2 million for the 2018 financial year, SEK –9.9 million for the 2019 financial year and SEK –6.0 million for the 2020 financial year. The higher amount for the 2019 financial year was mainly driven by development work performed for additional services. Regular renewal of equipment amounted to between SEK –0.9 and –1.0 million during the financial years 2018 to 2020. In the 2019 financial year, an asset purchase of technology and trademark related to safe biddings was carried out in form of acquisition of Tryggabud Sweden AB, amounting to SEK 1.0 million.

Significant changes after 31 December 2020

In the beginning of 2021, Hemnet communicated an upcoming revised model for administration and commission compensation to the real estate agent industry. Hemnet's compensation model, until the introduction of the revised model, was based partly on a compensation to real estate agencies for the work performed in relation to administration and intermediation carried out, and, for affiliated real estate agencies, a commission compensation for the sale of the Company's additional services for

home sellers. The new revised model has the same components as previously, but the compensation levels for each part have been adjusted to give the commission compensation a greater weight than previously. This change took effect on 1 March 2021. Hemnet's assessment is that this change can have a positive impact on sales of listings related additional services and thus on the Group's profit margins. See the section *"Administration and commission expenses as a part of the Group's compensation model to real estate agents"* for more information about Hemnet's revised compensation model.

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

On 25 March 2021, Hemnet and Mäklarsamfundet entered into a framework agreement which sets out certain principles for the relationship between real estate agencies and Hemnet in order to create long-term conditions and stability for real estate agencies and at the same time secure a sound commercial development of Hemnet. The agreement will enter into force upon completion of the listing on Nasdaq Stockholm. See the section *"Legal considerations and supplementary information – Material agreements – Framework"*

agreement with Mäklarsamfundet" for more information about the agreement.

In connection with the Offer, the Company has on 1 April 2021 entered into a SEK 500,000,000 multicurrency revolving facility agreement, which is intended to be the Group's main financing after the listing and will be used to refinance the Group's existing debt and finance general corporate purposes of the Company and the Group. See the section *"Capitalisation, indebtedness and other financial information – Refinancing in connection with the Offer"* for more information about the revolving facility agreement.

Apart from the above, no significant changes have occurred with regard to the Group's financial position or financial performance after 31 December 2020.

Working capital statement

It is the Group's opinion that the working capital available is sufficient for the Group's needs for the twelve months following the date of the Prospectus. Working capital refers to a group's ability to access cash and cash equivalents to fulfil its payment obligations as they become due.

Contractual obligations, commitments and contingencies

The following table presents the Group's contractual obligations and commitments as of 31 December 2020. See Note "G20" to the Group's consolidated financial statements as of and for the year ended 31 December 2020, which are included elsewhere in the Prospectus.

(MSEK)	Payments due by period				
	Total	Less than 1 year	1–3 years	3–5 years	More than 5 years
Long-term debt obligations	688.6	10.3	32.8	645.6	–
Capital (finance) lease obligations	11.4	5.7	5.7	–	–
Accounts payable	10.3	10.3	–	–	–
Other current liabilities	10.9	10.9	–	–	–
Total	721.2	37.1	38.5	645.6	–

Off-balance sheet arrangements

As of 31 December 2020, the Group had no off-balance sheet arrangements in accordance with IFRS.

Summary of important accounting principles

For information on the summary of important accounting principles, see Note "G1" to the Group's consolidated financial statements as of and for the year ended 31 December 2020, which are included elsewhere in the Prospectus.

Important estimates and assessments for accounting purposes

For information on the important estimates and assessments for accounting purposes, see Note "G2" to the Group's consolidated financial statements as of and for the year ended 31 December 2020, which are included elsewhere in the Prospectus.

Qualitative and quantitative disclosures about market risk

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. See Note "G20" to the Group's consolidated financial statements as of and for the year ended 31 December 2020, which are included elsewhere in the Prospectus for further details.

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 Group 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.

The Group's risk exposure in foreign currency as of 31 December 2020, expressed in MSEK, was the following:

(MSEK)	As of 31 December 2020		
	USD	GBP	EUR
Cash and cash equivalents	0.6	0.1	0.5
Accounts payable	0.3	–	0.1
Accrued income	3.6	–	–
Other current liabilities	–	–	–

Sensitivity

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% in relation to the USD with all other variables constant, the recalculated profit after tax/effect on shareholder equity as of 31 December 2020 would be SEK 0.4 million 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% relative to GBP with all other variables constant, the recalculated profit after tax/effect on shareholder equity as of 31 December 2020 would be SEK 0.0 million 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% relative to the EUR with all other variables constant, the recalculated profit after tax/effect on shareholder equity as of 31 December 2020 would be SEK 0.5 million higher/ lower, largely as a result of gains/losses on the conversion of cash and cash equivalents and accounts payable in EUR.

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 and cash equivalents with variable interest rates. In connection with the Offer, the Group have entered into a new facility agreement with Nordea. The loan matures in April 2024 and runs at a variable interest rate equivalent to STIBOR in relation to any loan in SEK, EURIBOR in relation to any loan in EUR and the relevant IBOR to a loan in another currency, plus 1.40–2.00% per year, depending on the leverage covenant plus any mandatory cost. Hemnet will have to pay a commitment fee of 35% per annum of the applicable margin on the undrawn part of the facility. The

Group must adhere to two financial covenants under the loan agreement, leverage and interest cover. Leverage is calculated according to the formula net debt to EBITDA. Interest cover is calculated according to the formula EBITDA to net finance charges.

The Group's borrowing is available in SEK, EUR and any optional currencies that the lender has approved. The Group has previously chosen to hedge cash flow regarding future interest payments since the previous loan agreement required certain hedging arrangements. The hedging was carried out by using a derivative in the form of an interest rate cap. The new loan agreement does not require hedging and the Group has, therefore, chosen not to enter into any new derivatives after the previous interest rate cap expired in 2020. 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%.

Sensitivity

If interest rates on borrowing in Swedish kronor in 2020 were 100 basis points higher/lower with all other variables constant, the calculated profit after tax for the financial year would have been SEK 5.5 million 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.

Liquidity risks

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

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

Capitalisation, indebtedness and other financial information

The tables in this section describe the Company's capitalisation and indebtedness at Group level as of 31 January 2021. See the section *"Share capital and ownership"* for further information about the Group's share capital and shares. The tables in this section should be read in conjunction with the section *"Operating and financial review"* and the section *"Historical financial information"*, which may be found elsewhere in the Prospectus.

Capitalisation

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. Hemnet's managed capital consists of equity. Changes in managed capital are stated in the Group's consolidated financial statements as of and for the year ended 31 December 2020, which are included elsewhere in the Prospectus. 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 table below presents the Group's capital structure as of 31 January 2021. "Current" means liabilities that are expected to be settled within twelve months from the balance sheet date.

	As of 31 January 2021 (unaudited)
(MSEK)	
Cash and cash equivalents ¹⁾	206.0
Current debt	
Guaranteed	–
Secured ²⁾	7.5
Unguaranteed / unsecured ³⁾	6.2
Total current debt	13.7
Non-current debt	
Guaranteed	–
Secured ²⁾	668.1
Unguaranteed / unsecured ³⁾	5.1
Total non-current debt	673.2
Total current and non-current debt	686.9
Shareholders' equity	
Share capital	68.4
Other capital contributions	1,245.1
Retained earnings ⁴⁾	36.2
Total equity	1,349.6
Total capitalisation	2,036.5

1) Reflects amounts as of 31 January 2021 corresponding to the "cash and cash equivalents" line item as shown in the Company's audited consolidated financial statements as of and for the year ended 31 December 2020.

2) Secured current debt and secured non-current debt relate to the current portion and the non-current portion, respectively, of the long-term bank loan secured by pledged shares in material subsidiaries.

3) Unguaranteed / unsecured debt relates to the Group's leasing liabilities.

4) Retained earnings reflects "retained earnings (including net income for the period)" as shown in the Company's audited consolidated financial statements as of and for the year ended 31 December 2020. Retained earnings are deemed unchanged since 31 December 2020 and no retained earnings have been set for 31 January 2021.

Net indebtedness

The table below presents the Group's net indebtedness as of 31 January 2021. As of such date, there are no indirect debts and contingent liabilities to third parties.

"Current" means assets or liabilities that are expected to be recovered or settled within twelve months of the balance sheet date. Both interest-bearing and non-interest-bearing liabilities have been included in the table below.

(MSEK)	As of 31 January 2021 (unaudited)
(A) Cash ¹⁾	206.1
(B) Cash equivalents ²⁾	–
(C) Trading securities ³⁾	24.6
(D) Total liquidity (A) + (B) + (C)	230.7
(E) Current financial receivables	–
(F) Current bank debt	–
(G) Current portion of non-current debt ⁴⁾	7.5
(H) Other current financial debt ⁵⁾	6.2
(I) Total current financial liabilities (F) + (G) + (H)	13.7
(J) Net current financial liabilities (I) – (E) – (D)	(217.0)
(K) Non-current bank loans ⁶⁾	668.1
(L) Bonds issued	–
(M) Other non-current financial debt ⁷⁾	5.1
(N) Non-current financial indebtedness (K) + (L) + (M)	673.2
(O) Net financial indebtedness (J) + (N)	456.2

1) Reflects amounts as of 31 January 2021 corresponding to the "cash and cash equivalents" line item as shown in the Company's audited consolidated financial statements as of and for the year ended 31 December 2020.

2) The Company did not have any cash equivalents as of 31 January 2021.

3) Reflects amounts as of 31 January 2021 corresponding to the "interest bearing securities, current" line item as shown in the Company's audited consolidated financial statements as of and for the year ended 31 December 2020.

4) Reflects amounts as of 31 January 2021 corresponding to the "liabilities to credit institutions" line item as shown in the Company's audited consolidated financial statements as of and for the year ended 31 December 2020.

5) Reflects amounts as of 31 January 2021 corresponding to the "leasing liabilities" line item as shown in the Company's audited consolidated financial statements as of and for the year ended 31 December 2020.

6) Reflects amounts as of 31 January 2021 corresponding to the "liabilities to credit institutions" line item as shown in the Company's audited consolidated financial statements as of and for the year ended 31 December 2020.

7) Reflects amounts as of 31 January 2021 corresponding to the "leasing liabilities" line item as shown in the Company's audited consolidated financial statements as of and for the year ended 31 December 2020.

Indirect indebtedness and contingent indebtedness

As of 31 December 2020, the Group had no indirect indebtedness or any contingent indebtedness.

Dividends

The annual general meeting of the Company resolved on 9 April 2021 that no dividend is to be paid to the shareholders. See the section "*Share capital and ownership – Dividends and dividend policy*" for further information.

Refinancing in connection with the Offer

In connection with the Offer, the Company has on 1 April 2021 entered into a SEK 500,000,000 multicurrency revolving facility agreement with Nordea Bank Abp, filial i Sverige (the "**Lender**") (the "**Facility Agreement**"), which is intended to be Group's main financing after the listing and will be used to refinance the Group's existing debt and finance general corporate purposes of the Company and the Group.

The Facility Agreement contains one multicurrency revolving credit facility (the "**Facility**"), which can also be utilised as ancillary facilities in the form of, *inter alia*, overdrafts and guarantees. The Facility Agreement will mature three years from the signing of the Facility Agreement, with two one-year extension options subject to the Lender's consent.

The Facility carries interest based on the applicable IBOR screen rate (with a floor at zero percent in the case IBOR is below zero) plus the applicable margin and mandatory costs, if any. The margin is determined by reference to the ratio of net debt to EBITDA, determined in accordance with the Facility Agreement. The Company is also obliged to pay an arrangement fee, commitment fee and extension fees (if any) in accordance with the Facility Agreement.

The Facility Agreement contains customary representations and undertakings, subject to certain agreed expectations and qualifications, which among other things include restrictions regarding disposals, additional subsidiary financial indebtedness, mergers and acquisitions. Furthermore, the Facility Agreement contains financial covenants, stating that the leverage ratio and the interest coverage ratio, are not allowed to breach certain levels specified in the Facility Agreement.

The Facility may on the Lender's request be cancelled and the outstanding loans thereunder may be demanded to be repaid prematurely if certain events occur, if anyone (other than General Atlantic RR B.V.) acquires ownership or control of more than 30 percent of the voting or share capital of the Company or, after the first day of trading on Nasdaq Stockholm, all shares in the Company cease to be listed on Nasdaq Stockholm. In addition, the Facility may be cancelled and the outstanding loans thereunder may be due and payable in connection with a Sanctions Event (as defined in the Facility Agreement) or if it would become unlawful for the Lender or an affiliate thereof to perform its obligations under the Facility Agreement or fund or maintain its participation in any loan. The commitment of the Lender will be automatically terminated if the first day of trading on Nasdaq Stockholm has not occurred on or before 30 June 2021.

Board of directors, executive management and auditors

Board of directors

According to Hemnet's articles of association which will apply on the first day of trading on Nasdaq Stockholm, the board of directors shall consist of between five to nine ordinary members appointed by the general meeting, without deputies. At present, Hemnet's board of directors consists of eight members appointed by the general meeting. The current board of directors is appointed for the period until the end of the annual general meeting to be held in 2022.

The board of directors of Hemnet

Name	Position	Year of birth	Appointed	Independent of the	
				Company and executive management	major shareholders
Håkan Erixon	Chairman, member of the board	1961	2017	Yes	Yes
Christopher Caulkin	Member of the board	1980	2017	Yes	No
Anders Edmark	Member of the board	1959	2017	No	No
Tracey Fellows	Member of the board	1965	2020	Yes	Yes
Håkan Hellström	Member of the board	1958	2021	No	No
Kerstin Lindberg Göransson	Member of the board	1956	2018	Yes	Yes
Nicholas McKittrick	Member of the board	1968	2020	Yes	Yes
Pierre Siri	Member of the board	1974	2017	Yes	No



Håkan Erixon

Born in 1961. Chairman of the board of directors of Hemnet since 2017.

Education: B.Sc. in Business Administration and Economics from University of Gothenburg, Sweden.

Other current assignments: Chairman of the board of directors of Transfer Galaxy AB, member of the board of directors of Vattenfall AB (publ) and Alfvén & Didrikson Invest AB, member of the board of directors and owner of H.Erixon & Co AB, as well as member of the board of directors, owner of, and consultant through Queensdale Consulting Limited.

Previous assignments (last five years): Chairman of the board of directors of Capacent Holding AB (publ), Orio AB, HemNet Sverige AB and Hemnet AB (previously named HemNet Service HNS AB), member of the board of directors of Opus Group AB (publ), IT-Gården AB, Norrporten AB, Castellum Norr AB, Castellum Norr 2 AB, and Iver Syd AB.

Håkan Erixon has also been a member of the Listing Committee of Nasdaq Stockholm AB during 2010–2016.

Shareholding in the Company: As of the date of the Prospectus, Håkan Erixon holds 44,160 shares of class C and is expected to hold 569,402 shares in the Company following completion of the Offer.¹⁾



Christopher Caulkin

Born in 1980. Member of the board of directors of Hemnet since 2017.

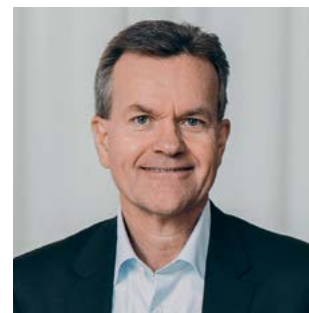
Education: M.Eng. in Information and Computer Engineering from University of Cambridge, Girton College, and Master in Finance from London Business School, United Kingdom.

Other current assignments: Managing Director at General Atlantic LLC and a limited partner in a number of investment funds managed by General Atlantic Service Company, L.P., member of the board of directors of Studio Moderna Holdings B.V., Typeform S.L., Colibri SAS (doing business as ManoMano), Open-Classrooms SAS, Property Finder International Ltd, Doctolib SAS, Uni Compare Limited and Wembley Multi-Academy Trust.

Previous assignments (last five years): Advisor to the board of directors of Delivery Hero SE, member of the board of directors of Brent Academies Trust, chairman of the board of directors of Hemnet Holding AB, Hemnet Holding II AB, Hemnet Holding III AB, and member of the board of directors of HemNet Sverige AB and Hemnet AB (previously named HemNet Service HNS AB).

Shareholding in the Company:

Christopher Caulkin does not hold any shares in the Company.²⁾



Anders Edmark

Born in 1959. Member of the board of directors of Hemnet since 2017.

Education: Studies in economics at upper secondary school, real estate agent via AFR (known today as Mäklarsamfundet), Sweden.

Other current assignments: Chairman of the board of directors of Mäklarsamfundet Bransch i Sverige AB, Svensk Mäklarstatistik AB, Mäklarsamfundet Service i Sverige AB, Mäklarsamfundet Utveckling i Sverige AB, Mäklarsamfundet Fastigheter i Sverige AB, Mäklarsamfundet Fastigheter Holding i Sverige AB, and Vistornet 9 AB, Partner and founder of MÄKLARHUSET, Anders Edmark Handelsbolag, Partner and co-founder of Mäklarbyrån i Örnköldsvik Handelsbolag, member of the board of directors and co-founder of SAH INVEST Aktiebolag, member of the board of directors and founder of Konsulthuset i Örnköldsvik AB, Chief Executive Officer, founder and member of the board of directors of FASTIGHETSBOLAGET HUSET I ÖRNKÖLDSVIK Aktiebolag, member of the board of directors of Auktoriserade Fastighetsmäklares Riksförbund AFR:s Service Aktiebolag, as well as deputy board member and co-founder of Sven Bagare AB.

Previous assignments (last five years): Partner and co-founder of VÄSKCITY HANDELSBOLAG and Sven Bagare Handelsbolag, as well as member of the board of directors of HemNet Sverige AB and Hemnet AB (previously named HemNet Service HNS AB).

Shareholding in the Company: As of the date of the Prospectus, Anders Edmark does not hold any shares in the Company. Anders Edmark is expected to hold 16,663 shares in the Company following completion of the Offer.³⁾

- 1) Assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-Allotment Option is exercised. 316,330 of these shares will derive from a dividend in kind of shares in Hemnet from Care of Hemnet AB (publ), in which Håkan Erixon is a shareholder.
- 2) Christopher Caulkin is a limited partner in an investment fund that is an indirect shareholder of General Atlantic (the Principal Shareholder), and participates in the carried interest of certain General Atlantic funds.
- 3) Assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-Allotment Option is exercised. The shares will derive from a dividend in kind of shares in Hemnet from Care of Hemnet AB (publ), in which Anders Edmark is a shareholder.

**Tracey Fellows**

Born in 1965. Member of the board of directors of Hemnet since 2020.

Education: B.A. in Economics from Monash University, Australia.

Other current assignments: President for Digital Real Estate at News Corporation, member of the board of directors of REA Group Limited and Elara Technologies Pte Ltd.

Previous assignments (last five years): Chief Executive Officer of REA Group Limited.

Shareholding in the Company: As of the date of the Prospectus, Tracey Fellows holds 10,000 shares of class C and is expected to hold 70,143 shares in the Company following completion of the Offer.¹⁾

**Håkan Hellström**

Born in 1958. Member of the board of directors of Hemnet since 2021. Served as deputy member of the board between 2017 – 2021.

Education: Studies at upper secondary school and educated real estate agent, Sweden.

Other current assignments: Chairman of the board of directors of Svensk Fastighetsförmedling Aktiebolag, Översta Förmedlingsbolaget Invest AB (publ), and Översta Förmedlingsbolaget AB, member of the board of directors and deputy chairman of Mäklarsamfundet Bransch i Sverige AB, Mäklarsamfundet Service i Sverige AB, Mäklarsamfundet System i Sverige AB, Svensk Mäklarstatistik AB, Mäklarsamfundet Fastigheter i Sverige AB, Mäklarsamfundet Utveckling i Sverige AB, and Mäklarsamfundet Fastigheter Holding i Sverige AB, chairman of the board of directors and Chief Executive Officer of Bo1 Sverige AB, Bo1 Ost AB, Bo1 Syd AB, Bo1 Kalmar AB, Bo1 Service AB, SF Sydost AB, and SF Sydost Holding AB, member of the board of directors and Chief Executive Officer of BoService Sydost AB and Kalmar Bobutik AB, member of the board of directors of Smålandsgården Aktiebolag, Dina Försäkringar Syd AB, SF Real Estate AB, and Vistor-net 9 AB, as well as deputy board member of Auktoriserade Fastighetsmäklares Riksförbund AFR:s Service Aktiebolag.

Previous assignments (last five years): Chairman of the board of directors of SF Real Estate AB, vice chairman of the board of directors of Dina Försäkringar Syd, Chief Executive Officer of SF Real Estate AB, member of the board of directors of HemNet Sverige AB, Hemnet AB (previously HemNet Service HNS AB), and UnderPartner 1 Sydost AB.

Shareholding in the Company: As of the date of the Prospectus, Håkan Hellström does not hold any shares in the Company. Håkan Hellström is expected to hold 154,220 shares in the Company following completion of the Offer.²⁾

**Kerstin Lindberg Göransson**

Born in 1956. Member of the board of directors of Hemnet since 2018.

Education: B.Sc. in Economics from Umeå University, Sweden.

Other current assignments: Chief Executive Officer of Akademiska Hus Aktiebolag, chairman of the board of directors and Chief Executive Officer of Akademiska Hus Holding AB, chairman of the board of directors of Akademiska Hus Utveckling och Support AB, Kunskapsmiljön 7 AB, Akademiska Hus Kunskapen 1 AB, Akademiska Hus Kunskapen 2 AB, and member of the board of directors of Sveaskog AB and Sveaskog Förvaltnings Aktiebolag.

Previous assignments (last five years): Chairman of the board of directors of Balder Tre Vapen 7 AB and Balder Arkitektus AB, member of the board of directors of Third Swedish National Pension Fund, Jernhusen AB, BYGGHERRARNA Sverige AB, and Håll Nollan Serviceaktiebolag, as well as member of the board of directors of HemNet Sverige AB and Hemnet AB (previously named HemNet Service HNS AB).

Shareholding in the Company: As of the date of the Prospectus, Kerstin Lindberg Göransson holds 10,000 shares of class C and is expected to hold 60,890 shares in the Company following completion of the Offer.³⁾

1) Assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-Allotment Option is exercised.

2) Assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-Allotment Option is exercised. The shares will derive from a dividend in kind of shares in Hemnet from Care of Hemnet AB (publ), in which Håkan Hellström is a shareholder. Håkan Hellström will following the dividend in kind of shares in Hemnet from Care of Hemnet AB (publ) also own additional shares indirectly through Översta Förmedlingsbolaget Invest AB (publ), a company in which Håkan Hellström indirectly holds shares.

3) Assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-Allotment Option is exercised.



Nicholas McKittrick

Born in 1968. Member of the board of directors of Hemnet since 2020.

Education: B.Eng. in Electronic Engineering from Southampton University, United Kingdom.

Other current assignments: Member of the board of directors of TX Markets AG and Burns Sheehan Limited.

Previous assignments (last five years): Chief Executive Officer of Rightmove Plc, Rightmove Group Limited, Rightmove Home Information Packs Limited and Rightmove.co.uk Limited, member of the board of directors and Chief Executive Officer of Homegate AG, as well as Director of The Outside View Analytics Ltd.

Shareholding in the Company: As of the date of the Prospectus, Nicholas McKittrick holds 30,000 shares of class C and is expected to hold 210,428 shares in the Company following completion of the Offer.¹⁾



Pierre Siri

Born in 1974. Member of the board of directors of Hemnet since 2017.

Education: Certified upper secondary school environmental engineer, educated in Sweden.

Other current assignments: Member of the board of directors of Chrono24 GmbH, advisor to the IT Committee of Nordnet AB (publ), and a part of the senior management of Sprints Capital Management Limited and Nordic Light Ltd.

Previous assignments (last five years): Chairman of the board of directors of Dubicars International FZ-LLC, member of the board of directors of Nordnet AB (publ), Nordnet AB, and Nordnet Bank AB, HemNet Sverige AB, and Hemnet AB (previously named HemNet Service HNS AB) as well as part of the senior management of Property Finder International Ltd.

Shareholding in the Company: As of the date of the Prospectus, Pierre Siri holds 496,800 shares of class C and is expected to hold 3,479,720 shares in the Company following completion of the Offer.²⁾

1) Assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-Allotment Option is exercised.

2) Assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-Allotment Option is exercised. 623,661 of these shares will derive from a dividend in kind of shares in Hemnet from Care of Hemnet AB (publ), in which Pierre Siri is a shareholder. Pierre Siri is also a partner at Sprints Capital Management Limited, the indirect advisor to Sprints Euphrasia S.à r.l.

Executive management

The table below lists the name, position, year of birth and year of current position held in the Company of the members of the Company's executive management.

Executive management of Hemnet

Name	Position	Year of birth	Held position since
Cecilia Beck-Friis	Chief Executive Officer	1973	2017
Carl Johan Åkesson	Chief Financial Officer	1975	2018
Francesca Cortesi	Chief Product Officer	1983	2020
Jessica Sjöberg	Chief Communications and People Officer	1977	2019
PerOla Schelvander	Chief Technology Officer	1980	2018
Pierre Bergström	Chief Sales Officer	1972	2017
Sarah Wu	Chief Commercial Officer	1985	2020



Cecilia Beck-Friis

Born in 1973. Chief Executive Officer of the Hemnet group since 2017¹⁾.

Education: Executive Management Program, SSE Executive Education, Sweden, Diploma in Entertainment Marketing and studies in strategic marketing management, NYU's School of Professional Studies, United States, and DRMI-PAD Production (Diploma in Production management) from Berghs School of Communication, Sweden.

Other current assignments: Chairman of the board of directors of Hemnet Holding AB, Hemnet Holding II AB, Hemnet Holding III AB, HemNet Sverige AB, Hemnet AB and member of the board of directors of Norrängen Media AB.

Previous assignments (last five years): Chairman of the board of directors of Tryggabud Sweden AB, member of the board of directors of Paradox Interactive AB (publ), Acando AB, and Net Insight AB, Chief Executive Officer, chairman and ordinary member of the board of directors of Rayvr AB and Rayvr Holding AB (company name changed to Sista versen 51993 AB after resignation).

Shareholding in the Company: As of the date of the Prospectus, Cecilia Beck-Friis holds 104,838 shares²⁾ of class C and is expected to hold 804,397 shares in the

Company following completion of the Offer.³⁾ Cecilia Beck-Friis has committed to subscribe for 97,135 warrants in the long-term incentive program that is intended to be implemented in connection with the listing of the Company's shares.



Carl Johan Åkesson

Born in 1975. Chief Financial Officer of Hemnet since 2018.

Education: M.Sc. in Business Administration and Economics from Stockholm School of Economics, Sweden.

Other current assignments: Member of the board of directors of Hemnet Holding AB, Hemnet Holding II AB, Hemnet Holding III AB, HemNet Sverige AB, Hemnet AB and Farnavedsnacken AB.

Previous assignments (last five years): Chief Financial Officer of Sdip AB (publ), chairman of the board of directors of S:t Eriks Hiss Aktiebolag, KM Hiss & Portservice AB, Sdip Telfero AB, chairman and member of the board of ManKan Hiss AB, member of the board of directors of Multitech Site Holdings Limited, Multitech Site Services Limited, Optyma (Holdings) Limited, Optyma Security Systems Limited, Sdip Movebla Limited, Sdip Aliro

Limited, Thors Trading Aktiebolag, Unipower AB, Topas Vatten AB, AVA Monitoring AB, Storadio Aero AB, Cliff models AB, Castella Entreprenad AB, Centralmontage i Nyköping AB, Tello Service Partner AB, Topas Vatten Service AB, Juno Ekonomi AB, Torslanda Person-aluthyrning AB, Medicvent Aktiebolag, Torslanda Maskin AB, APP-Models-Trollhättan AB, Polyproject Environment AB, Strömfors 1:3 Norrköping AB, Trollhättan Maskin AB, Sdip Cocello AB, Hydro-standard Mätteknik Nordic AB, Tryggabud Sweden AB, Sdip Modelo AB, Hansa Vibrations & Omgivningskontroll AB, deputy board member of Stockholms Hiss- & Elteknik Aktiebolag, EuroTech Sire System AB, Centralbyggarna Sverige AB, Serendipity ATS AB, Serendipity ES AB, Sdip Metro AB, Sdip Stucco AB, Sdip Glacio AB, Sdip Dinamito AB, Fastighetsbolaget Noman 5 AB, Sdip Sinuso AB, Sdip Purigado AB, Sdip Monitorado AB, Sdip Multe AB, Sdip Plafono AB, Sdip Stratosfero AB, Sdip Monto AB, Sdip Klimkontroll AB, and Sdip Holding 1 AB.

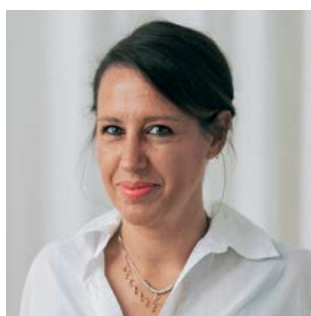
Shareholding in the Company: As of the date of the Prospectus, Carl Johan Åkesson holds 33,120 shares of class C and is expected to hold 225,392 shares in the Company following completion of the Offer.⁴⁾ Carl-Johan Åkesson has committed to subscribe for 31,675 warrants in the long-term incentive program that is intended to be implemented in connection with the listing of the Company's shares.

1) Cecilia Beck-Friis became the Chief Executive Officer of Hemnet Group AB (publ) in 2020, but has held the equivalent position in Hemnet AB during 2017–2020.

2) 16,715 of the shares are held by Cecilia Beck-Friis' wholly owned company Norrängen Media AB.

3) Assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-Allotment Option is exercised. 95,811 of these shares will derive from a dividend in kind of shares in Hemnet from Care of Hemnet AB (publ), in which Cecilia Beck-Friis is a shareholder. 15,935 of the shares will be held by Cecilia Beck-Friis' wholly owned company Norrängen Media AB.

4) Assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-Allotment Option is exercised.



Francesca Cortesi

Born in 1983. Chief Product Officer since 2020. Interim Chief Product Officer during September 2019 – June 2020, Product Manager App during March 2019 – September 2019.

Education: B.A in Communication and M.A. in Communication and Media Studies from University of Milan, Italy.

Other current assignments: -

Previous assignments (last five years): Head of Product at YDB Technologies AB, co-founder, chairman of the board of directors and Deputy Chief Executive Officer of Mo4Mo AB (company name changed to Termino C 1781 AB after resignation), and Product Manager at Fyndiq AB.

Shareholding in the Company: As of the date of the Prospectus, Francesca Cortesi holds 8,280 shares of class C and is expected to hold 66,379 shares in the Company following completion of the Offer.¹⁾ Francesca Cortesi has committed to subscribe for 21,116 warrants in the long-term incentive program that is intended to be implemented in connection with the listing of the Company's shares.



Jessica Sjöberg

Born in 1977. Chief Communication and People Officer of Hemnet since 2019.

Education: Studies in Media and Communication Sciences and Political Science at Stockholm University, Sweden.

Other current assignments: Deputy member of the board of directors of Fiali Collective AB.

Previous assignments (last five years): Vice President of Corporate Communications, Sweden, at Nordic Entertainment Group AB.

Shareholding in the Company: As of the date of the Prospectus, Jessica Sjöberg holds 16,560 shares of class C and is expected to hold 112,894 shares in the Company following completion of the Offer.²⁾ Jessica Sjöberg has committed to subscribe for up to 21,116 warrants, in the long-term incentive program that is intended to be implemented in connection with the listing of the Company's shares.



PerOla Schelvander

Born in 1980. Chief Technology Officer of Hemnet since 2018. Agile Development Manager in 2018, prior to current position.

Education: Master's degree in Media Technology and Master's degree in Philosophy from KTH Royal Institute of Technology, Sweden.

Other current assignments: Deputy member of the board of directors of Vialogos AB.

Previous assignments (last five years): Agile Development Manager and Agile Development Lead at Kambi Sweden AB.

Shareholding in the Company: As of the date of the Prospectus, PerOla Schelvander holds 16,560 shares of class C and is expected to hold 113,092 shares in the Company following completion of the Offer.³⁾ PerOla Schelvander has committed to subscribe for 21,116 warrants in the long-term incentive program that is intended to be implemented in connection with the listing of the Company's shares.

1) Assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-Allotment Option is exercised. 7,065 of these shares will derive from warrants exercised prior to the Offer.

2) Assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-Allotment Option is exercised.

3) Assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-Allotment Option is exercised.



Pierre Bergström

Born in 1972. Chief Sales Officer of Hemnet since 2017.

Education: Degree of Master in Business Administration from Mid Sweden University, Sweden.

Other current assignments: -

Previous assignments (last five years): Member of the board of directors of Svenska Dagbladet Annons AB, and Sales Director at HANDELSBOLAGET SVENSKA DAGBLADETS AKTIEBOLAG & CO.

Shareholding in the Company: As of the date of the Prospectus, Pierre Bergström holds 17,060 shares of class C and is expected to hold 112,947 shares in the Company following completion of the Offer.¹⁾ Pierre Bergström has committed to subscribe for 21,116 warrants in the long-term incentive program that is intended to be implemented in connection with the listing of the Company's shares.



Sarah Wu

Born in 1985. Chief Commercial Officer of Hemnet since 2020. Interim Chief Commercial Officer during September 2020 – February 2021, Head of Business Development and BI during March – September 2020.

Education: M.Eng. in Molecular Biotechnology from Uppsala University, Sweden.

Other current assignments: Owner and member of the board of directors of SRW Consulting AB.

Previous assignments (last five years): Commercial Director and Country Manager, Sweden, at Kry International AB, Head of Generalist Marketplace and Head of Business Development and Analytics at Blocket AB, member of the board of directors of ServiceFinder Sverige AB.

Shareholding in the Company: Sarah Wu does not hold any shares in the Company. Sarah Wu has committed to subscribe for 21,116 warrants in the long-term incentive program that is intended to be implemented in connection with the listing of the Company's shares.

1) Assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-Allotment Option is exercised.

Auditors

EY, with address Hamngatan 26, 111 47 Stockholm, is the auditor of the Company. The authorised public accountant Anna Svanberg, who is a member of FAR (professional institute for authorised public accountants) is the main responsible auditor. EY has been the Company's auditor during the whole time that has been referenced in the historical financial information of the Prospectus.

Further information on the members of the board of directors and executive management

There are no family ties between any of the members of the board of directors or executive management.

Other than what is stated in the immediately following paragraph, there are no conflicts of interest or potential conflicts of interest between the obligations of the members of the board of directors and executive management of Hemnet towards the Company and their private interests and/or other undertakings. However, several of the board of directors and executive management have financial interests in Hemnet due to their shareholdings in the Company. Furthermore, the board member Anders Edmark is the chairman of the board of directors, and the board member Håkan Hellström is the vice chairman of the board of directors, of Mäklarsamfundet, which is an industry and member organisation for real estate agents in Sweden. The interest of Mäklarsamfundet may differ from the interests of other shareholders in Hemnet. Furthermore, Anders Edmark is partner at MÄKLARHuset, Anders Edmark Handelsbolag, and Håkan Hellström is partner and chairman of the board of directors in Svensk Fastighetsförmedling Aktiebolag. Both companies

are dependant on Hemnet as an important marketing channel. Furthermore, shareholding members of the board of directors and the executive management have undertaken, with certain exceptions, not to sell their respective holdings for a certain period after the trading on Nasdaq Stockholm has commenced, see the section *"Share capital and ownership – Undertaking to refrain from selling shares"*.

During the past five years, no members of the board of directors or executive management described above have (i) been convicted in relation to fraudulent offences, (ii) represented a company which has been declared bankrupt, put in receivership, filed for involuntary liquidation or put into administration, (iii) been the subject of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies), or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer, as referred to in the Commission Delegated Regulation (EU) 2019/980, Annex 1, Item 12.1.

The board members are not entitled to any benefits when they retire from the board. For information on management's right to severance pay if their position with the Company is terminated, see the section *"Corporate governance – Remuneration for members of the board of directors and executive management – Remuneration for the CEO and executive management"*.

All members of the board of directors and executive management are available at the Company's domicile at Klarabergsgatan 60, 3 tr., SE-111 21 in Stockholm.

Corporate governance

Hemnet is a Swedish public limited liability company. Prior to the listing on Nasdaq Stockholm, corporate governance in the Company was mainly based on Swedish law, the Company's articles of association and internal rules and instructions. The Company has also during the past few years conformed to the requirements for listed companies, such as the establishment of board committees and the adoption of guidelines for remuneration to the executive management. Once the Company has been listed on Nasdaq Stockholm, the Company will, in addition to the Swedish Companies Act (Sw. *Aktiebolagslagen* (2005:551)), the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen* (1995:1554)), and the Company's articles of association, apply the rules of Nasdaq Main Market Rulebook and the Swedish Corporate Governance Code (the "**Code**") and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes (Sw. *Regler om ersättningar till ledande befattningshavare och om incitamentsprogram*) (the "**Remuneration Rules**") as well as other Swedish and foreign laws and regulations, as applicable. The Code and the Remuneration Rules apply to all Swedish companies whose shares are listed on a regulated market in Sweden and shall be applied at the date of the listing of the Company's shares on Nasdaq Stockholm. The Code defines a standard for good corporate governance that exceeds the minimum requirements of the Swedish Companies Act. The Code is based on the principle comply or explain. This means that the Company is not required to apply every rule of the Code at all occasions, but may choose alternative solutions, deemed to better respond to the particular circumstances, provided that the Company openly discloses all such deviations, describes the alternative solution and states the reason for the deviation. The Remuneration Rules define what is good practice in the Swedish securities market regarding remuneration to a company's board and executive management and regarding shares related incentive programmes and supplements the Swedish Companies Act on remuneration guidelines and remuneration reports.

Hemnet will apply the Code and the Remuneration Rules from the date of the listing of the Company's shares on Nasdaq Stockholm. Any deviations from the Code will be described in the Company's corporate governance report. The Company is however not required to explain non-compliance with such rules that have not been relevant during the period covered by the corporate governance report. The Company does not expect to report any deviations from any of the rules of the Code in the corporate governance report.

The primary objective of Hemnet's corporate governance is to create a framework for rules and regulations, areas of responsibility and processes and routines that

efficiently protects the interests of shareholders and other parties by minimising risks and create good conditions for a stable expansion of the Company's business.

Neither the Company's board of directors nor its general meeting has passed any resolution that will, or potentially may have, a material impact on the corporate governance of the Company and the Group, including future changes in the board of directors and the board committees, in relation to the description herein.

The general meeting

According to the Swedish Companies Act, the general meeting is a company's highest decision-making body. The general meeting may resolve upon every issue for the company, which is not specifically reserved for another company body's exclusive competence. At the annual general meeting, which shall be held within six months from the end of each financial year, shareholders exercise their voting rights on issues, such as adoption of income statements and balance sheets, allocation of the company's profits or losses, discharge of liability for the board of directors and the CEO for the financial year, appointment of members of the board of directors and auditor, and remuneration for the board of directors and the auditor.

Besides the annual general meeting, extraordinary general meetings may be convened. In accordance with the Company's articles of association, all general meetings shall be convened through announcements in the Swedish Official Gazette (Sw. *Post- och Inrikes Tidningar*) and by posting the notice of the meeting on the Company's website. An announcement shall simultaneously be placed in Svenska Dagbladet with information that the meeting has been convened.

Right to attend general meetings

All shareholders who are directly registered in the share register kept by Euroclear, six banking days prior to the general meeting, and who have notified the Company of their intention to attend the general meeting at the latest by the date specified in the notice convening the meeting, shall be entitled to attend the general meeting and vote according to the number of shares they hold. In addition to notifying the Company of their intention to participate in the general meeting, shareholders whose shares are registered in the name of a nominee, through a bank or other nominee, must request that their shares are temporarily registered in their own names in the share register maintained by Euroclear in order to be entitled to participate in the general meeting. Shareholders may attend general meetings in person or through a proxy, and may also be accompanied by not more than two assistants.

Shareholder initiatives

Shareholders who wish a matter to be discussed at the general meeting must submit a written request in that regard to the board of directors. Requests must normally be received by the board of directors at least seven weeks prior to the general meeting.

Nomination committee

The general meeting held on 9 April resolved to adopt instructions for the nomination committee. According to the instructions for the nomination committee, the nomination committee shall consist of four members, each of whom is to be appointed by the four largest shareholders or shareholder groups with regards to the number of votes in the company as of the last banking day in August the year before the annual general meeting and who wish to appoint a representative. In addition to these four members, the chairman of the board of directors shall be a member of the nomination committee. The nomination committee shall appoint within the committee the chairman of the nomination committee.

The instructions for the nomination committee comply with the Code with respect to the appointment of committee members. The members of the nomination committee shall be announced not later than six months prior to the annual general meeting. The nomination committee shall convene as often as is necessary in order to fulfil its duties and responsibilities. Scheduling of meetings shall be made with regard to the timing of the annual general meeting. The members of the nomination committee shall, in connection with their assignments, conduct their duties in accordance with the Code. The nomination committee's main duties are to propose candidates for the positions as chairman of the board of directors and other members of the board of directors, as well as propose fees and other remuneration to each member of the board of directors. The nomination committee is also to make proposals on the election and remuneration of the statutory auditor.

The board of directors

The board of directors is the highest decision-making body after the general meeting and is also the highest executive body. The board of directors' responsibility is regulated on various levels, mainly in the Swedish Companies Act. Pursuant to the Swedish Companies Act, the board of directors is responsible for the company's organisation and the administration of the company's affairs. Furthermore, the board of directors shall continuously assess the company's financial position, as well as to ensure that the company's organisation is formed in a way that the accounting, management of funds and the company's financial conditions otherwise are controlled in a secure manner.

The board of directors will, after the listing of the Company's shares on Nasdaq Stockholm, comply with the Code, the Remuneration Rules and Nasdaq Main Market Rulebook, as well as other Swedish and foreign laws and regulations, as applicable.

The board of directors' responsibility is further regulated in the Company's articles of association, directions given by the general meeting and rules of procedure for the board of directors of the Company adopted by the board of directors.

The assignments of the board of directors include, among other things, to set objectives and strategies, ensure that there are effective systems for follow-up and control of the Company's operations, and ensure that there is satisfactory control of the Company's compliance with legislation and other regulations applicable to the Company's operations. The board of directors decides on the Company's business direction, strategy, business plan, resources and capital structure, organisation, acquisitions, major investments, divestments, annual and interim reports and other general issues of a strategic nature. In addition, the board of directors addresses issues and makes decisions regarding other matters considered to be outside the scope of the CEO's authority.

The board of directors shall also define appropriate guidelines to govern the Company's conduct in society, with the aim of ensuring its long-term value creation capability, as well as ensure that the Company's disclosure of information is characterised by transparency and is accurate, reliable, relevant and not misleading. In addition, the assignments of the board of directors include appointing, evaluating and if necessary removing the CEO.

Members of the board of directors are appointed annually by the annual general meeting for the period until the end of the next annual general meeting. According to the Company's articles of association, the members of the board of directors to be elected by the general meeting shall consist of a minimum of five members and a maximum of nine members. At the date of the Prospectus, the Company's board of directors consists of eight members elected by the general meeting. The board members are presented in detail in the section "*Board of directors, executive management and auditors*". Hemnet's board of directors follows a written procedure, which has been adopted by the board of directors and which is reviewed annually. Among other things, the procedure for the board of directors regulates the board of directors' role and responsibility, the board of directors' way of working and how the work is divided within the board of directors. The board of directors has also adopted instructions for the CEO of Hemnet, including instructions for financial reporting.

Audit committee

In 2017, the board of directors established an audit committee. According to the Swedish Companies Act, members of the audit committee may not be employed by the Company and at least one member of the audit committee shall hold accounting or auditing competence. The Code further prescribes that the majority of the committee's members are to be independent in relation to the company and the executive management. At least one member who is independent in relation to the company and its executive management must also be independent in relation to the

company's major shareholders. The current audit committee consists of three members: Kerstin Lindberg Göransson, Nicholas McKittrick and Tracey Fellows.

The audit committee is, without otherwise affecting the board's responsibilities and duties, responsible for monitoring the Company's financial reporting and for providing recommendations and proposals to ensure reliable reporting, monitoring the efficiency of the Company's internal controls, internal audits, risk assessment and risk management as well as accounting and auditing, including assisting the Company's nomination committee with the proposal for election of auditor ahead of the general meeting. The audit committee also reviews and monitors the auditors' impartiality and independence, and other services provided by the Company's auditor.

Remuneration committee

In 2017, the board of directors established a remuneration committee. According to the Code, the chairman of the board may chair the remuneration committee, and all other members must be independent of the company and the executive management. The current remuneration committee consists of three members: Håkan Erixon, Christopher Caulkin, and Pierre Siri.

The remuneration committee's main tasks are to discuss matters regarding salaries and fees, as well as other terms of employment, pension benefits and other financial benefits such as bonus systems for the CEO and to managers reporting directly to the CEO, and matters regarding remuneration in general. The committee shall also, in due time before each annual general meeting, prepare the board's proposal for guidelines regarding remuneration and other terms of employment for the CEO and other senior management of the Group. The remuneration committee shall also prepare and make proposals for the board's resolutions regarding remuneration and other terms of employment on an individual basis to the CEO and prepare the remuneration report. As regards to matters of fixed remuneration to other senior executives, these should normally be handled by the CEO as set forth in Hemnet's remuneration guidelines. Resolutions regarding such remuneration to the senior executives decided by the CEO should however be presented to the remuneration committee and the board before they can be considered as determined and communicated. Further, the remuneration committee shall prepare documentation in certain other remuneration matters of principal nature or otherwise of significant importance, e.g. stock option programs and profit-sharing systems as well as any resolutions regarding bonus schemes (including the terms for such schemes), and overall monitor and evaluate the application of the guidelines for remuneration that the annual general meeting is legally obliged to establish, as well as the current remuneration structures and levels in the Company. The remuneration committee shall also assist the board in ensuring that public disclosure of information regarding remuneration and other terms of employment for the CEO and other senior executives complies with applicable rules.

CEO and executive management

The CEO's responsibilities are regulated at various levels. The CEO's responsibilities are mainly regulated in the Swedish Companies Act. According to the Swedish Companies Act, the CEO shall attend to the day-to-day management according to the guidelines and instructions set out by the board. The CEO has a corresponding right to represent the Company. In addition, the CEO shall take all measures necessary in order to maintain the Company's accounts according to applicable laws and to have an adequate asset management.

After the listing of the Company's shares on Nasdaq Stockholm, the CEO shall comply with the Code and Nasdaq Main Market Rulebook, as well as other Swedish and foreign laws and regulations, as applicable.

The CEO must also adhere to the Company's articles of association, directions given by the general meeting, the instructions for the CEO, and the instructions for financial reporting, and other internal directions and guidelines established by the board of directors. The division of work between the board of directors and the CEO is described in the instructions for the CEO, including instructions for financial reporting. The instruction therein applies not only to Hemnet Group AB (publ) but also to the group in which the Company is the parent company if not clear from the context.

The CEO reports to the board of directors and is responsible for the ongoing management and the day-to-day business operations in the Company and to execute the resolutions passed by the board of directors. The CEO shall refer all matters that are of principal nature, of a significant importance, of an unusual character or otherwise prescribed in applicable rules and regulations, to the board. The CEO shall control and monitor that the matters to be dealt with by the board of directors according to applicable legislation, the articles of association or internal instructions are presented to the board of directors, and shall continuously keep the chairman of the board of directors informed about the performance of the Company's operations, its earnings and financial position, as well as any other important events, circumstances or conditions that can be assumed to be relevant to the board of directors or to the shareholders.

The CEO members of the executive management are presented in greater detail in the section "*Board of directors, executive management and auditors*".

Remuneration for members of the board of directors and executive management

Remuneration to members of the board of directors

Fees and other remuneration for members of the board of directors, including the chairman of the board, are resolved upon by the annual general meeting. At the annual general meeting held on 9 April 2021, it was resolved that remuneration to the chairman of the board shall amount to SEK 500,000, the remuneration to the other board members shall amount to SEK 250,000, with the exception of the directors representing the Principal

Shareholder and Sprints Capital, who shall not receive remuneration for the board- or committee work. In addition to the remuneration that the board members receive per annum and reimbursement for travel and accommodation, the board members residing outside Europe shall receive an amount of SEK 10,000 per board meeting when attending a physical board meeting in Sweden. In addition, members of the board's committees shall each receive a fee of SEK 50,000, with an addition of SEK 50,000 for the chairman of the audit committee and of SEK 25,000 for the chairman of the remuneration committee. For information regarding historical remuneration to the board of directors, pensions and other benefits for the board of directors, please see note G8 included in the section *"Historical financial information"*.

Remuneration for the CEO and executive management

At the annual general meeting on 9 April 2021 it was resolved to adopt guidelines for remuneration to the executive management in Hemnet. The guidelines encompass the terms for the CEO and other senior executives in Hemnet, i.e. managers reporting directly to the CEO. The guidelines also encompass members of the board of directors in Hemnet, to the extent to which they perform services outside of their directorship. Below is a summary of the Company's guidelines for remuneration to the executive management.

Remuneration principles

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

Remuneration to senior executives shall consist of:

- Fixed market salary
- Variable cash remuneration based on fulfilment of clear goals for the Company
- Possibility to participate in long-term share-related incentive programmes
- Pension and other customary benefits

As regards variable remuneration, such compensation shall be tied to financial or non-financial concrete, measurable goals for the Company and/or the department that the manager is responsible for. Decisions regarding variable payment models and the outcome of such models shall be made by the board of directors. The variable cash remuneration may amount to not more than 50 percent of the fixed annual salary.

In addition to the aforementioned remuneration forms, remuneration may also in certain exceptional cases and in accordance with the principles set forth in the Company's HR Policy, be paid in connection with new employment in order to attract certain key individuals to the Company for the purpose of supporting Hemnet's business strategy. Such remuneration shall be limited to the first year of employment.

Pension and other customary benefits

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

Other customary benefits (such as company health care) shall be on market terms. Such benefits may amount to not more than 20 percent of the fixed annual cash salary.

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Yearly Review

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

Termination Notice and Severance Pay

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

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

Compensation to Board Members

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

Salary and employment conditions for employees

In the preparation of the board of directors' proposal for remuneration guidelines, salary and employment conditions for employees of Hemnet Group AB have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out therein are reasonable.

Deviations

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

Long-term share-related incentive program to the executive management and other employees

In connection with the admission to trading of the Company's ordinary shares on Nasdaq Stockholm, Hemnet will resolve on a share-related incentive program in the form of a warrant program offered to the Company's executive management and certain other employees with key competences. The purpose of the incentive program is, *inter alia*, to maintain and attract key competence, increase the alignment of interest between the employees and the Company's shareholders and increase motivation to reach or exceed the Company's financial targets.

An extraordinary general meeting of the Company to be held prior to the first day of trading in the Company's ordinary shares on Nasdaq Stockholm is expected to resolve on an issue of warrants of series 2021/2024 to the Company and to the executive management and other employees with key competence in the Group participating in the warrant program (the "**Participants**"). The general meeting is also expected to resolve on an approval of transfer of warrants to current and/or new Participants no later than on 31 December 2021.

In total, the warrant program will comprise up to 40 individuals and not more than 469,253 warrants, meaning that the increase in the Company's share capital will, assuming full subscription and full exercise of the warrants, amount to not more than approximately SEK 359,342. The maximum number of shares that may be subscribed by the Participants corresponds to, assuming full exercise of the warrants, approximately 0.46 percent of the total number of outstanding shares in the Company following the completion of the Offer.

It is the board of directors' intention that the structure of the warrant program shall be on a long-term basis and the board of directors therefore intends to, following evaluation of the program for 2021/2024, present corresponding proposals regarding the implementation of warrant programs for 2022/2025 and 2023/2026 to the annual general meeting 2022 and 2023.

The warrants shall be issued to the Company without consideration and to the Participants at market value. Transfer of warrants to current and/or new Participants shall be made at the market value at the date of the transfer. The number of warrants per Participant depends on the Participant's position and responsibilities within the Group.

The number of warrants that each member of the executive management has committed to subscribe is presented in "*Board of directors, executive management and auditors—Executive management*".

The warrants may only be exercised during a period of three months following the expiry of a vesting period of three years from the issue of the warrants. Each warrant may be exercised to subscribe for one ordinary share in the Company during the exercise period.

The exercise price for the warrants of series 2021/2024 will correspond to 135 percent of the final price in the Offer. Furthermore, if upon subscription of new shares by exercising the warrants the average share price of the Company's share, calculated in accordance with the complete terms and conditions for the warrants, exceeds 250 percent of the final price in the Offer, a recalculated lower number of ordinary shares to which each warrant entitles shall apply, creating an upper limit for the outcome of the program.

The complete terms of the warrants also include customary recalculation provisions, including for dividend payments made prior to the exercise of the warrants.

The Company will reserve the right to repurchase warrants if, *inter alia*, the Participant's employment with the Company is terminated. The Company deems that the warrant program will not entail any social security contributions and that the Company's costs for the program will thus consist only of limited administrative costs.

Remuneration during the financial year 2020

Remuneration received by the board of directors and executive management during the financial year 2020 is listed below.

(TSEK)	Board fee	Fixed salary	Variable salary	Pension	Total
<i>Board members</i>					
Håkan Erixon, <i>chairman</i>	566.1 ¹⁾	–	–	–	566.1
Christopher Caulkin	–	–	–	–	–
Anders Edmark	100.0	–	–	–	100.0
Tracey Fellows ²⁾	30.1	–	–	–	30.1
Håkan Hellström ³⁾	100.0	–	–	–	100.0
Kerstin Lindberg Göransson	250.0	–	–	–	250.0
Nicholas McKittrick ⁴⁾	163.2	–	–	–	163.2
Pierre Siri	–	–	–	–	–
Thomas Hussey ⁵⁾	–	–	–	–	–
Erik Olsson ⁶⁾	38.7	–	–	–	38.7
Henrik Persson, <i>deputy</i> ⁷⁾	–	–	–	–	–
Marta Suarez Estebanez, <i>deputy</i> ⁸⁾	–	–	–	–	–
<i>Executive management</i>					
Cecilia Beck-Friis, CEO	–	2,441.2	2,475.6 ⁹⁾	508.3	5,425.1
Other members of the executive management ¹⁰⁾	–	6,951.8 ¹¹⁾	2,064.4 ¹²⁾	1,232.9	10,249.1
Total	1,248.2	9,393.1	4,540.0	1,741.2	16,922.4

1) SEK 66,129 was paid retroactively for an increase in remuneration during 2019.

2) Tracey Fellows became a member of the board of directors on 18 November 2020.

3) Håkan Hellström was a deputy board member until 1 March 2021 and is a member of the board of directors since 1 March 2021.

4) Nicholas McKittrick became a member of the board of directors on 6 May 2020.

5) Thomas Hussey was a member of the board of directors until 1 March 2021.

6) Erik Olsson was a member of the board of directors until 6 May 2020.

7) Henrik Persson was a member of the board of directors until 6 May 2020, and deputy board member from 6 May 2020 until 1 March 2021.

8) Marta Suarez Estebanez was a deputy board member up until 6 May 2020.

9) Includes a bonus payment of SEK 734,400 relating to the year 2019 and two lump sum payments amounting to SEK 709,883 and SEK 918,022. The remaining amount consists of the year's cost for changed bonus reserve. SEK 827,880 has been accrued as a bonus payment in 2020. The accrued bonus payment has not been included in the table.

10) The number of members of the executive management included in the table is on average six.

11) Includes consulting fee paid to Sarah Wu.

12) SEK 2,064,374 has been reserved as a bonus payment in 2020.

Current employment agreements for the CEO and other senior executives

The employment agreement for the CEO states a mutual notice of termination of six months. A termination from the Company also gives the CEO an entitlement to severance pay amounting to six times the monthly salary at the time of the termination. In the employment agreements for all other members of management, a mutual notice of termination of six months is stated. There is no entitlement to severance pay for other members of management.

According to the employment agreement for the CEO, the CEO is entitled to a bonus payment in an amount of up to 50 percent of the annual salary. The Group also has a management bonus scheme. The management bonus scheme has been prepared by the remuneration committee and was approved by the board of directors on 5 March 2020. The Group also has a management incentive program that was introduced 2017 (see further below in the section "*Management incentive program*", which will be terminated in connection with the IPO, and the section "*Long term share-related incentive programs to the executive management and other employees*").

Warrant program

The board of directors resolved on 17 October 2019, pursuant to the authorisation granted by the extraordinary general meeting held on 30 September 2019, to issue a maximum of 4,729,228 warrants to employees of the

Company for a subscription price of SEK 0.57 per warrant. 3,324,104 warrants have been subscribed for. Due to the reversed share split resolved by the extraordinary general meeting on 1 March 2021 and registered with the Swedish Companies Registration Office (the "**SCRO**") on 8 April 2021, the number of shares that each warrant entitles to as well as the subscription price for the exercise of the warrants have been recalculated. Following recalculation, the warrants entitle the holder of warrants to exercise the warrants for shares at a subscription price of SEK 30.75 per share. 15 warrants entitle the warrant holder to one share. Pursuant to the terms of the warrants, the subscription period is set to 1 November – 1 December 2024, however the subscription period is accelerated if the Company is subject to a public listing or if the board of directors resolves to accelerate the subscription period. The board of directors resolved on 17 March 2021 that, conditional on the listing process still being active and with mainly the same timetable on 15 April, the subscription period will be set to 15 – 23 April 2021. Assuming that all warrant holders exercise their warrants for shares, the number of shares in the Company prior to the Offer will increase with 221,558. The Company's costs are limited to costs to prepare and administrate the warrant program.

Management incentive program

The Company has, as of the date of the Prospectus, in place a management participation program consisting of 16,720,658 shares of class C issued to certain board

members and key employees of the Company. The participants in the current management participation program have adhered to the shareholders' agreement applicable between Hemnet's shareholders and Hemnet, which will be terminated in connection with the IPO and the shares of class C will be converted to ordinary shares. See "*Share capital and ownership*" below for further information regarding the different share classes in the Company as per the date of the Prospectus.

Internal control

The board of directors' and the CEO's responsibilities for internal control is governed by the Swedish Companies Act and the Code and comprises control of Hemnet's organisation, procedures and support measures. The goal of internal control in Hemnet 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 to those areas most important in reducing the overall risk exposure of the Company.

According to the Swedish Companies Act, the board of directors of a company is responsible for the company's organisation and management of the company's affairs and shall ensure that the company's organisation is structured in such way that accounting, asset management and the company's financial conditions are controlled in a satisfactory manner.

The CEO of a company shall, according to the Swedish Companies Act, manage the day-to-day business according to the instructions and guidelines issued by the board of directors. Furthermore, the CEO shall take necessary measures to ensure that the company's bookkeeping is done in accordance with the law and that the asset management is handled in a satisfactory manner.

According to the Code, it is the responsibility of the board of directors to ensure that there are effective systems for follow-up and control of the company's operations. Processes and measures of control have been developed in close collaboration with the Company's advisors but is based on Hemnet's needs and current industry practice within the line of business of which the Company operates. The Company is working systematically to ensure that the internal control is adequate by way of, *inter alia*, carrying out risk identifications and self-assessments. The CEO is responsible for the yearly risk identification. The risks identified are divided into different categories and is assessed on the basis of consequences and probability, where the self-assessments aim to ensure effective risk control. The prepared risk identification is presented on a yearly basis to the audit committee and the board of directors of Hemnet.

Internal control is by practice defined as a process involving the board of directors, the audit committee, the CEO, other members of the executive management and other employees and which is intended to provide a reasonable assurance that a company's goals are met, with respect to: appropriate and efficient operations, reliable reporting and compliance with applicable laws and regulations. The Company is working systematically to identify and develop processes for internal control and has a clear division of responsibilities within the different functions of the Company where each function is responsible

for establishing processes for conducting risk analyses, establish adequate internal controls, allocate resources and to establish routines and guidelines for the processes. The board of directors of Hemnet is ultimately responsible for the internal control in the Company.

Internal control over financial reporting is intended to provide reasonable assurances regarding the reliability of the external financial reporting in the form of quarterly and annual reports and financial statements as well as that the external financial reporting is prepared in accordance with applicable legislation and accounting standards and other requirements for listed companies. Ultimately, the responsibility for the internal control rests with the board of directors, which continuously, through the audit committee, evaluates Hemnet's risk management and internal control.

Auditing

The Company's statutory auditor is appointed by the annual general meeting. The auditor shall audit the Company's annual report and accounts, the consolidated accounts and the subsidiaries, as well as the management by the board of directors and the CEO. Following each financial year, the auditor shall submit an audit report to the annual general meeting.

According to the Company's articles of association, the Company shall have one auditor, and not more than one deputy auditor. The Company's auditor is EY, with Anna Svanberg as auditor-in-charge. The Company's auditor is presented in more detail in the section "*Board of directors, executive management and auditors – Auditors*".

Total fee for the Company's auditor in 2020 amounted to SEK 3.7 million, of which SEK 2.95 million was paid for audit services, and SEK 0.75 million for audit activity in addition to the audit engagement.

Stock market information and Insider rules

In connection with listing on Nasdaq Stockholm, there are requirements to ensure that all stakeholders in the stock market and the public have simultaneous access to insider information concerning the Company, and insider rules in order to prevent market abuse.

The Company has a communication policy as well as an insider policy, which are adopted by the board, to ensure that the Company's disclosure of information and handling of insider information take place correctly with a proper degree of quality, internally as well as externally. The CEO has the overall responsibility for the Company's external communications. Issues and communications related to the owners are handled by the chairman of the board.

The Company's procedures and regulations for the disclosure of information and insider rules consisting of policies and guidelines are formulated in accordance with Swedish legislation, Nasdaq Stockholm's regulations for issuers, the Code and the Market Abuse Regulation ("**MAR**") adopted by the EU. Hemnet's employees have access to, and receive instructions on, the policies and guidelines currently applicable to the Company. The Company's financial reports and press releases will in the future be published on the Company's website (www.hemnetgroup.com) in connection with the public disclosure.

Share capital and ownership

The Company's share capital as of the balance sheet date 31 December 2020, amounted to SEK 68,306,663.190000, divided into 1,337,993,327 shares, of which 590,959,307 were shares of class A, 106,517,850 were shares of class B, 15,783,080 were shares of class C, 557,233,090 were shares of class D, 41,517,850 were shares of class E and 25,982,150 were shares of class F. The quota (par) value per share was SEK 0.051052.

The Company's share capital, as of the day of the Prospectus, amounts to SEK 68,354,528.030000 divided into 89,262,058 shares, of which 39,397,287 are shares of class A, 7,101,190 are shares of class B, 1,114,710 are shares of class C, 37,148,872 are shares of class D, 2,767,856 are shares of class E and 1,732,142 are shares of class F. The quota (par) value per share is SEK 0.765774. All outstanding shares are fully paid.

Following completion of the Offer (i.e. after conversion of the ownership structure as described in the section "*Share capital and ownership – Conversion of previous ownership structure*"), the Company's share capital will amount to SEK 77,443,817, divided into a total of 101,131,478 shares, each with a quota (par) value of SEK 0.765774. There will be two classes of shares, ordinary shares and class A1 shares, in the Company and each share will carry one (1) vote at general meetings and hold equal rights to the Company's assets upon liquidation and distribution of dividends. Only the ordinary shares will be listed.

The ISIN-code for the Company's ordinary shares following the Offer will be SE0015671995. The Company's share capital is expressed in SEK and is distributed among the shares issued by the Company with a quota (par) value expressed in SEK. The Company's shares have been issued in accordance with Swedish law and the shareholders' rights may only be altered or modified in accordance with the Swedish Companies Act.

The Company's ordinary shares are registered with Euroclear, which is the central securities depository and clearing organisation for the shares in accordance with the Swedish Financial Instruments Accounts Act (1998:1479) (Sw. *lag (1998:1479) om kontoföring av finansiella instrument*).

Certain rights associated with the shares

The rights associated with the Company's shares, including those pursuant to the articles of association, can only be amended in accordance with the procedures set out in the Swedish Companies Act. Below is a description of certain rights associated with the Company's shares following the completion of the Offer.

Voting rights

Each share in the Company entitles the holder to one (1) vote at the general meeting. Each shareholder is entitled to cast votes for all of the shares held by the shareholder in the Company.

Preferential right to new shares

If Hemnet issues new shares, warrants or convertibles in a cash or set-off issuance, the shareholders have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issuance. The articles of association do not restrict Hemnet's ability to issue new shares, warrants or convertibles with deviation from the shareholders' preferential rights under the Swedish Companies Act. See the section "*Articles of association*" for further information.

Rights to dividends and surplus in the event of liquidation

All shares in the Company give equal rights to dividends and the Company's assets and possible surpluses in the event of liquidation. Resolutions regarding dividends are passed by the general meeting. All shareholders registered as shareholders in the share register maintained by Euroclear on the record date adopted by the general meeting shall be entitled to receive dividends. Dividends are normally paid to shareholders in cash or on a per share basis through Euroclear but may also be paid out in kind (Sw. *sakutdelning*). If a shareholder cannot be reached through Euroclear, such shareholder still retains its claim on the Company to the dividend amount, subject to a limitation period of ten years (Sw. *preskriptionstid*). Upon the expiry of the period of limitation, the dividend amount shall pass to the Company.

Share capital and ownership

There are no restrictions on the right to dividends for shareholders domiciled outside Sweden. Shareholders not resident in Sweden for tax purposes must normally pay Swedish withholding tax on dividends distributed by the Company, see the section "*Taxation of investors – Shareholders who are unlimited tax liable in Sweden*".

Certain rights associated with class A1 shares

In accordance with the framework agreement entered into between the Company and Mäklarsamfundet (see further in the section "*Legal considerations and supplementary information – Material agreements – Framework agreement with Mäklarsamfundet*"), Mäklarsamfundet will following the Offer hold shares of class A1. The shares of class A1 have veto rights against changes to the business object in the Company's articles of association. The holder of shares of class A1 may request a conversion of the shares of class A1 to ordinary shares. The shares of class A1 are subject to pre-emption rights in accordance with the articles of association.

Dividends and dividend policy

Hemnet targets a minimum annual dividend of one third of the net income. In the event that the Company retains excess cash, this will be returned to shareholders e.g. through special dividends or share repurchases. Hemnet distributed the following dividends during the last three financial years: SEK 0 for the financial year 2020, SEK 125 million for the financial year 2019 and SEK 0 for the financial year 2018.

The shares offered in the Offer carry a right to dividends for the first time on the record date for dividends occurring immediately after completion of the Offer.

Development of the share capital

The table below sets forth the changes in the share capital of the Group during the years 2018 – 2021.

Date of adoption	Date of registration with the SCRO ¹⁾	Transaction	Change in number of shares	Total number of shares	Change in share capital (SEK)	Total share capital (SEK)	Quota (par) value (SEK)	Subscription price (SEK)
11 April 2018	26 June 2018	Redemption of shares	-434,700 ²⁾	1,366,238,683	-21,735.000000	68,311,934.150000	0.05	–
12 June 2018	23 August 2018	Redemption of shares	-82,800 ³⁾	1,366,155,883	-4,140,000000	68,307,794.150000	0.05	–
22 October 2018	17 January 2019	Cash issue	646,800 ⁴⁾	1,366,802,683	32,340.000000	68,340,134.150000	0.05	1.23
23 November 2018	17 January 2019	Cash issue	576,800 ⁵⁾	1,367,379,483	28,840.000000	68,368,974.150000	0.05	1.23
23 November 2018	17 January 2019	Redemption of shares	-683,100 ⁶⁾	1,366,696,383	-34,155.000000	68,334,819.150000	0.05	–
20 June 2019	8 August 2019	Redemption of shares	-28,151,536 ⁷⁾	1,338,544,847	-1,407,576.800000	66,927,242.350000	0.05	–
20 June 2019	8 August 2019	Bonus issue of shares	–	1,338,544,847	1,407,576.800000	68,334,819.150000	0.051052	–
14 February 2020	26 March 2020	Cash issue	165,000 ⁸⁾	1,338,709,847	8,423.510000	68,343,242.660000	0.051052	3.70
3 November 2020	13 November 2020	Redemption of shares	-716,520 ⁹⁾	1,337,993,327	-36,579.470000	68,306,663.190000	0.051052	–
18 November 2020	12 January 2021	Cash issue	937,578 ¹⁰⁾	1,338,930,905	47,864.840000	68,354,528.030000	0.051052	3.70
1 March 2021	8 April 2021	Reversed share split 1:15	-1,249,668,847	89,262,058	–	68,354,528.030000	0.765774	–
20 April 2021	23 April 2021	New issue of shares through exercise of warrants	221,558 ¹¹⁾	89,483,616	169,663.268589	68,524,191.298589	0.765774	–
26 April 2021	28 April 2021 ¹²⁾	Reclassification of shares	– ¹³⁾	–	–	68,524,191.298589	0.765774	–
26 April 2021	28 April 2021 ¹⁴⁾	Bonus issue of shares	11,647,864 ¹⁵⁾	101,131,480	8,919,627	77,443,818.115592	0.765774	–
26 April 2021	28 April 2021 ¹⁶⁾	Redemption of shares	-28,571 ¹⁷⁾	101,102,909	-21,879	77,421,939.197896	0.765774	–
26 April 2021	29 April 2021 ¹⁸⁾	New issue of shares against payment in kind	3,403,983 ¹⁹⁾	104,506,892	2,606,680	80,028,619.534430	0.765774	0.765774
26 April 2021	29 April 2021 ²⁰⁾	Redemption of shares	-3,375,412 ²¹⁾	101,131,480	-2,584,801	77,443,818.115592	0.765774	–
26 April 2021	29 April 2021 ²²⁾	Redemption of shares	2 ²³⁾	101,131,478	-1.53	77,443,816.584044	0.765774	–

1) Swedish Companies Registration Office (Sw. *Bolagsverket*).

2) 434,700 ordinary shares of class C.

3) 82,800 ordinary shares of class C.

4) 646,800 ordinary shares of class C.

5) 576,800 ordinary shares of class C.

6) 683,100 ordinary shares of class C.

7) 13,301,361 preference shares of class D, and 14,850,175 ordinary shares of class A.

8) 165,000 ordinary shares of class C.

9) 716,520 ordinary shares of class C.

10) 937,578 ordinary shares of class C.

11) 221,558 ordinary shares of class B, assuming that all outstanding warrants are exercised.

12) Expected date for registration with the Swedish Companies Registration Office.

13) 96,074,904 shares of all share classes will be reclassified to ordinary shares.

5,056,574 shares will be reclassified to shares of class A1.

14) Expected date for registration with the Swedish Companies Registration Office.

15) 11,647,864 ordinary shares.

16) Expected date for registration with the Swedish Companies Registration Office.

17) 28,571 ordinary shares.

18) Expected date for registration with the Swedish Companies Registration Office.

19) Ordinary shares.

20) Expected date for registration with the Swedish Companies Registration Office.

21) 3,375,412 ordinary shares.

22) Expected date for registration with the Swedish Companies Registration Office.

23) One (1) share of class A and one (1) share of class F.

Share capital and ownership

Convertibles, warrants, etc.

Other than the warrants described in the section “*Corporate governance – Remuneration for members of the board of directors and executive management – Warrant Program*”, and the warrants described in the section “*Corporate governance – Remuneration for members of the board of directors and executive management – Long-term share-related incentive programs to the executive management and other employees*” there are no outstanding convertibles or other share-related financial instruments in the Company.

Ownership structure prior to and following the Offer

The table below sets forth the shareholding of the Company immediately before and after the Offer, assuming the conversion of the previous ownership structure has been carried out in accordance with what is described in the section “*Share capital and ownership – Conversion of previous ownership structure*” below and that the Offer is made at a price corresponding to the midpoint, SEK 105, in the price range.¹⁾ In addition to the Principal Shareholder, the other Selling Shareholders will sell shares in the Offer as presented in the table below. All Selling Shareholders are available at the Company’s address. In accordance with the table set forth below, the Company will not have any controlling shareholders following the Offer.

Shareholder	Number of shares and votes before the Offer	Percentage of shares and votes before the Offer	Number of shares and votes after the Offer at full subscription, if the Over-Allotment Option is not exercised	Percentage of shares and votes after the Offer at full subscription, if the Over-Allotment Option is not exercised	Number of shares and votes after the Offer at full subscription, if the Over-Allotment Option is fully exercised	Percentage of shares and votes after the Offer at full subscription, if the Over-Allotment Option is fully exercised
General Atlantic RR B.V. ¹⁾	53,853,791	53.3%	43,083,033	42.6%	41,692,006	41.2%
Sprints Euphrasia S.à r.l. ²⁾	15,420,092	15.2%	12,336,074	12.2%	11,937,778	11.8%
Care of Hemnet AB (publ) ³⁾	13,590,290	13.4%	100	0.0%	100	0.0%
Mäklarsamfundet Bransch i Sverige AB	9,871,881	9.8%	10,113,148	10.0%	10,113,148	10.0%
Håkan Erixon ⁴⁾	316,340	0.3%	569,402	0.6%	569,402	0.6%
Anders Edmark ⁴⁾	–	0.0%	16,663	0.0%	16,663	0.0%
Tracey Fellows ⁴⁾	71,635	0.1%	70,143	0.1%	70,143	0.1%
Håkan Hellström ⁴⁾	–	0.0%	154,220	0.2%	154,220	0.2%
Kerstin Lindberg Göransson ⁴⁾	71,635	0.1%	60,890	0.1%	60,890	0.1%
Nicholas McKittrick ⁴⁾	214,905	0.2%	210,428	0.2%	210,428	0.2%
Pierre Siri ⁴⁾	3,558,824	3.5%	3,479,720	3.4%	3,479,720	3.4%
Cecilia Beck-Friis ⁵⁾	734,295	0.7%	788,462	0.8%	788,462	0.8%
Carl Johan Åkesson ⁵⁾	237,255	0.2%	225,392	0.2%	225,392	0.2%
Pierre Bergström ⁵⁾	122,209	0.1%	112,947	0.1%	112,947	0.1%
Jessica Sjöberg ⁵⁾	118,628	0.1%	112,894	0.1%	112,894	0.1%
PerOla Schelvander ⁵⁾	118,628	0.1%	113,092	0.1%	113,092	0.1%
Francesca Cortesi ⁵⁾	59,314	0.1%	66,379	0.1%	66,379	0.1%
Norrängen Media AB ⁶⁾	16,715	0.0%	15,935	0.0%	15,935	0.0%
Other shareholders	2,755,041	2.7%	29,602,556	29.3%	31,391,879	31.0%
Total:	101,131,478	100.0%	101,131,478	100.0%	101,131,478	100.0%

1) General Atlantic RR B.V. is directly controlled by General Atlantic Coöperatief U.A. and indirectly controlled by GAP (Bermuda) Limited.

2) Sprints Euphrasia S.à r.l. is indirectly owned by Sprints Capital Management Limited.

3) Care of Hemnet AB (publ) is mainly owned by real estate agents, real estate agencies and real estate firms (as well as certain members of the board of directors).

4) Member of the board of directors.

5) Executive management.

6) Norrängen Media AB is wholly owned by Cecilia Beck-Friis.

1) The number and percentages of shares and votes before the Offer are reported as if the warrants have been exercised.

At the date of the Prospectus, the Company has 22 direct shareholders, all of whom, except for Mäklarsamfundet and a member of the Company's executive management team, will sell shares in the Offer. See below a table setting out the Selling Shareholders.

Name	Address	LEI-code	Legal form	Country of incorporation and jurisdiction	Total shares offered by each Selling Shareholder ¹⁾
General Atlantic RR B.V.	Raamplein 1, 1016XK Amsterdam, The Netherlands	724500HWS74G03RQRT75	Besloten Vennootschap	Netherlands	12,161,785
Sprints Euphrasia S.à r.l.	51-53 rue de Merl, L-2146	549300JMD426ML4JY06	Société à responsabilité limitée	Luxembourg	3,482,314
Care of Hemnet AB (publ)	Sveavägen 9, 111 57 Stockholm	8945006YCV6K102TF796	Publikt aktiebolag	Sweden	2,718,101
Håkan Erixon ²⁾	Company address ³⁾	–	–	–	63,268
Tracey Fellows ²⁾	Company address ³⁾	–	–	–	1,492
Kerstin Lindberg Göransson ²⁾	Company address ³⁾	–	–	–	10,745
Nicholas McKittrick ²⁾	Company address ³⁾	–	–	–	4,477
Pierre Siri ²⁾	Company address ³⁾	–	–	–	711,765
Cecilia Beck-Friis ⁴⁾	Company address ³⁾	–	–	–	41,644
Carl Johan Åkesson ⁴⁾	Company address ³⁾	–	–	–	11,863
Jessica Sjöberg ⁴⁾	Company address ³⁾	–	–	–	5,734
PerOla Schelvander ⁴⁾	Company address ³⁾	–	–	–	5,536
Pierre Bergström ⁴⁾	Company address ³⁾	–	–	–	9,262
Nikita Lundvall ⁴⁾	Company address ³⁾	–	–	–	9,262
Henrik Persson ⁵⁾	Company address ³⁾	–	–	–	395,425
Anna Lagerborg ⁶⁾	Company address ³⁾	–	–	–	13,840
Ninni Mörch ⁶⁾	Company address ³⁾	–	–	–	5,931
Norrängen Media AB ⁷⁾	Majstigen 4, 182 73 Stocksund	549300ZHSP8SMPT0H222	Privat aktiebolag	Sweden	780
Zamok Investment AB ⁸⁾	C/O Segerborg St. Eriksplan 5, 113 20 Stockholm	549300JHQT8Y2C5YQ12	Privat aktiebolag	Sweden	29,330

1) Assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-Allotment Option is exercised.

2) Member of the board of directors.

3) C/O Hemnet AB, Klarabergsgatan 60, 3tr 112 21 Stockholm, Sweden.

4) Employee.

5) Previous board member.

6) Previous employee.

7) Norrängen Media AB is wholly owned by Cecilia Beck-Friis.

8) Zamok Investment AB is wholly owned by Erik Segerborg, who is a previous employee.

Conversion of previous ownership structure

Prior to the registration of the Prospectus, in order to facilitate and make possible the Offer, all shareholders have agreed to convert all outstanding shares into new shares, of two share classes, in the Company. The ordinary shares will then be allocated among the shareholders in connection with the Offer based on the value of shares previously held by the shareholders and the final price in the Offer. In addition, a portion of Mäklarsamfundet's shares corresponding to 5 percent of the total number of shares in the Company will be converted into shares of class A1.

The reorganisation will be carried out in several steps, including a conversion of all shares of all share classes to shares of two share classes, ordinary shares and shares of class A1, a bonus issue of shares in order to compensate for the value transfer between shareholders which otherwise would have happened as an effect of the share conversion, redemptions of shares and a new issue of shares against payment in kind. All shares of class A1 will be owned by Mäklarsamfundet, in accordance with the framework agreement entered into between Hemnet and Mäklarsamfundet on 25 March 2021. See further the section "*Legal considerations and supplementary information – Material agreements – Framework agreement with Mäklarsamfundet*".

Undertaking to refrain from selling shares

Certain shareholders in the Company, including the Company's executive management, will commit, subject to certain exemptions, not to sell their respective remaining holdings, following any potential sale of shares in the Offer, during a certain period of time after trading at Nasdaq Stockholm has been initiated (the "**Lock-up Period**"). The three categories of shareholders making such commitments will be (a) the directors of the board and executive management of the Company, (b) Mäklarsamfundet, and (c) other shareholders who hold shares corresponding to more than 0.5 percent of the shares in the Company following the Offer. Existing shareholders not falling within any of these categories, and new shareholders resulting from the Offer, have not made any such commitments not to sell shares. Such shareholders that have not made any such commitments not to sell shares will together represent approximately 23.1 percent of the Company's shares following the Offer, assuming a price in the Offer corresponding to the mid-point of the price range and that the Over-allotment option is exercised in full.

The Lock-up Period for shareholding board members and shareholding members of the executive management, will be 365 days, subject to certain exemptions which may be granted by the Managers. The Lock-up Period for Mäklarsamfundet will be 180 days. The Lock-up Period for other shareholders who hold shares corresponding to more than 0.5 percent of the total number of shares following the Offer will be 180 days, subject to certain exemptions which may be granted by the Managers. The 180 day-Lock-up Period for this latter category of share-

holders will also be terminated if the shares of the Company, 120 days following the Offer or thereafter, are traded at 130 percent of the price in the Offer or above on a 5-day volume weighted average price basis, subject to any sell-down being made in an orderly manner.

In the Placing Agreement, the Company will commit towards the Managers to, among other things, with certain reservations, during a period of 180 days from the first day of trading in the Company's shares on Nasdaq Stockholm, not to, without written approval from the Managers, decide on or propose a general meeting to decide on an increase of the share capital through the issuance of shares or other financial instruments. See also the section "*Legal considerations and supplementary information – Material agreements – Placing agreement*".

Shareholders' agreements etc.

All existing shareholders' agreements will be terminated in connection with the Offer. The board is not aware of any other agreements nor similar that may lead to a change of control over the Company. However, the Principal Shareholder and Sprints Capital have entered into an agreement pursuant to which they have agreed to coordinate their sales of shares in the Company for a period until the earlier of (i) either of the parties holding less than 5 percent of the total number of ordinary shares in the Company and (ii) the date falling 12 months after the first day of trading in the Company's ordinary shares. The agreement entails a right but no obligation for each of the parties to transfer a pro rata number of ordinary shares in case the other party transfers ordinary shares as part of an underwritten book building transaction.

Restrictions on the disposal of the Company's shares and public takeover offers

At the time of the listing, the ordinary shares in Hemnet will be freely transferable. The ordinary shares are not subject to any transfer restrictions in Sweden. Furthermore, the shares in Hemnet are not subject to any mandatory takeover bid, squeeze-out or sell-out process. No public takeover bid relating to the Company's shares has occurred since the Company was established.

Swedish law will apply to any future public takeover offers for the shares in the Company. In a public takeover offer, the shareholders have the right, but not the obligation to sell their shares to the offeror on the terms and conditions set out in an offer document. Acceptances may be withdrawn up until such time when the offer is unconditional (i.e. when there are no outstanding conditions for the takeover offer). Mandatory offers may not be subject to conditions. A shareholder who reaches 30 percent or more of the votes in the Company will be obliged to either make a mandatory offer for all shares in the Company, or to sell shares so that the shareholding falls below 30 percent. A minority squeeze out can be initiated by a shareholder who holds more than 90 percent of the shares in the Company.

Articles of association

N.B. The English text is an unofficial translation.

Articles of association of Hemnet Group AB (publ), reg. no. 559088-4440, which will be adopted at the extraordinary general meeting of the Company to be held on 26 April 2021.

§ 1 Company name

The name of the company is Hemnet Group AB (publ).

§ 2 Registered office

The registered office of the company is in the municipality of Stockholm, Stockholm county.

§ 3 Objects of the company

The object of the company's business is to directly or indirectly hold and manage shares, interests in subsidiaries and other moveable assets as well as to provide administrative and financial services to these companies and to conduct any other activities compatible therewith, including through subsidiaries to;

- a) develop, maintain, market and conduct an internet based advertising portal offering search services relating to property objects (real properties, cooperative apartments, leaseholds etc.) available for sale and where an owner of a property object may buy publication of an ad relating to the sale of his/her property object, provided that the sale is mediated by an in due course registered realtor, against the owner paying an advertising price, which shall not be effected by the total number of ads which the realtor, or the company group to which the realtor belongs, mediate (however, property objects sold by the Swedish Enforcement Authority (Sw. *Kronofogden*) and new production do not need to be mediated by realtors in order to be advertised on the advertising portal),
- b) conduct other businesses compatible or consistent with and not violating what is set out in section a above (*inter alia* to hold and manage real and tangible property and market and sell other services and products related to property objects), however not realtor business.

An amendment or repeal of this provision requires that a majority of all class A1 shares vote in favour of such amendment or repeal.

§ 4 Classes of shares

The share capital shall be not less than SEK 49,000,000 and not more than SEK 196,000,000. The number of shares shall be not less than 80,000,000 and not more than 320,000,000.

Two classes of shares may be issued, ordinary shares and class A1 shares. The maximum number of ordinary shares shall be 320,000,000 and the maximum number of class A1 shares shall be 15,000,000.

At a general meeting, ordinary shares and class A1 shares carry one vote. Ordinary shares and class A1 shares carry equal rights to share in the assets and earnings of the company.

After request from a shareholder, class A1 shares (one or more) belonging to that shareholder shall be converted to ordinary shares. The request of conversion, which shall be in writing and state the number of shares to be converted, shall be addressed to the board of directors. The company shall without delay notify the conversion to the Swedish Companies Registration Office for registration.

§ 5 Pre-emption right clause

Where title to a class A1 share has been transferred, to another shareholder or a person who is not previously a shareholder in the company, the share shall immediately be offered to HN Hem AB, reg. no. 559264-9775, for pre-emption through notice in writing to the board of directors. The offeror shall provide proof of his title to the share and, in case of share transfer by way of purchase, information on the purchase price. The pre-emption right may be exercised for a lower number of shares than that comprised by the offer. The provision applies to all transfers of ownership of shares.

When the company has been notified of a share transfer, the board of directors shall immediately notify HN Hem AB and request that HN Hem AB shall notify the board of directors in writing within two months from the date the board of directors was given notice of the share transfer.

In order to restrict transfers of the class A1 shares, the purchase price shall be SEK 0 irrespective of the manner in which the share was transferred and the market value of such share. The purchase pursuant to post-transfer purchase rights shall not be subject to any other terms.

Where the offeror and HN Hem AB do not agree on the pre-emption price, HN Hem AB may investigate legal proceedings within two months from the date the board of directors was given notice of the exercise of the pre-emption right. Disputes shall be settled in accordance with the Swedish Arbitration Act (1999:116).

The pre-emption price shall be paid within one month from the date the pre-emption price was determined.

In the event that HN Hem AB does not notify the board of directors that HN Hem AB wishes to exercise this right within the stipulated period of time, the person who made the offer for pre-emption shall have the right to be entered as shareholder in the share register of the company and noted in the CSD-register.

§ 6 Board of directors

The board of directors shall comprise not less than five (5) and not more than nine (9) members without deputy board members.

§ 7 Auditors

The company shall have 1–2 auditors and not more than 2 alternate auditors or a registered accounting firm.

§ 8 Convening of a general meeting

Notice to attend general meeting shall be issued by publishing in the Official Swedish Gazette (Sw. *Post- och Inrikes Tidningar*) as well as at the Company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

§ 9 Participation in general meeting

Shareholders wishing to participate in a general meeting shall give notice of their attendance to the company by the date specified in the notice convening the meeting. The latter day shall not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and shall not be more than five working days before the meeting.

At a general meeting shareholders may be accompanied by one or two assistants, although only if the shareholder has given notification of this as specified on the previous paragraph.

§ 10 Opening of the meeting

The chairman of the board of directors or a person appointed by the board of directors for this purpose opens the general meeting and presides over the proceedings until a chairman of the meeting is elected.

§ 11 Annual general meeting

The annual general meeting is held each year within six months of the end of the financial year.

The following matters shall be addressed at the annual general meeting.

1. Election of a chairman of the meeting;
2. Preparation and approval of the voting register;
3. Approval of the agenda;
4. Election of one or two persons to attest the minutes;
5. Determination of whether the meeting was duly convened;
6. Presentation of the annual report and auditor's report and, where applicable, the consolidated financial statements and auditor's report for the group;
7. Resolutions regarding
 - (a) adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and consolidated balance sheet;
 - (b) allocation of the company's profit or loss according to the adopted balance sheet;
 - (c) discharge from liability for board members and the managing director;
8. Determination of fees for the board of directors and the auditors;
9. Election of the board of directors and accounting firm or auditors;
10. Any other business incumbent on the meeting according to the Companies Act or the articles of association.

§ 12 Financial year

The company's financial year shall be the calendar year.

§ 13 Record day provision

Shareholders or trustees which on the record date are entered in the shareholders' register and noted in a Record day Register, according to Chapter 4 of the Swedish Central Securities Depositories and Financial Instrument Accounts Act (1998:1479) or noted on a Record day Account according to Chapter 4 Section 18 first paragraph 6–8 in the aforementioned law, shall be presumed to be authorised to exercise the rights in Chapter 4 Section 39 of the Swedish Companies Act (2005:551).

Legal considerations and supplementary information

Approval of the Prospectus

A Swedish language version of the Prospectus has been approved by the SFSA as competent authority under Regulation (EU) 2017/1129. The SFSA approves the Prospectus only to the extent that it meets the requirements for completeness, comprehensibility and consistency imposed by the Regulation (EU) 2017/1129. The approval should not be regarded as any endorsement of the issuer referred to in the Prospectus or the quality of the securities referred to in the Prospectus. Investors should make their own assessment of whether it is appropriate to invest in these securities.

The Swedish language version of the Prospectus was approved by the SFSA on 16 April 2021. The validity period for the Prospectus will expire on 16 April 2022. The obligation to supplement the Prospectus in the event of significant new circumstances, factual errors or material inaccuracies does not apply when the Swedish Prospectus is no longer valid.

The Prospectus is governed by Swedish law. Any disputes arising from the Prospectus or other legal matters in this connection shall be exclusively settled by a Swedish court under Swedish law without regard to conflict of law principles.

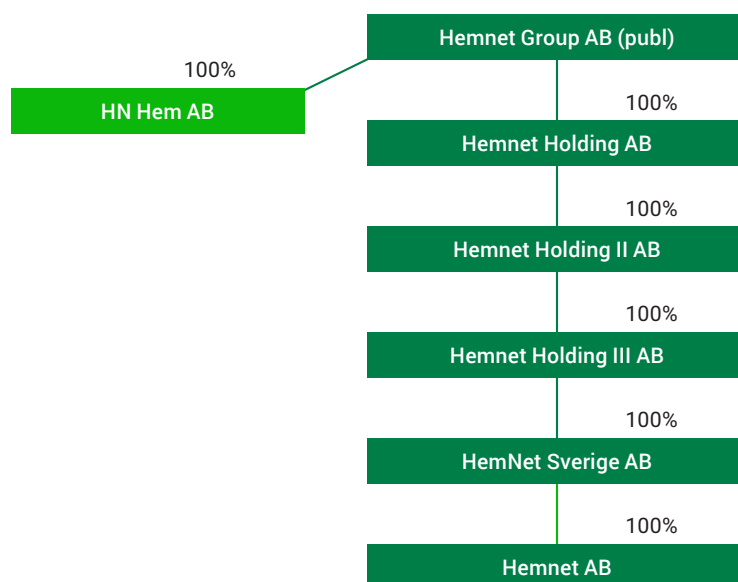
General corporate information and legal group structure

Hemnet Group AB (publ) (corporate registration number 559088-4440) is a Swedish public limited liability company (Sw. *publikt aktiebolag*), established on 9 November 2016 in Sweden and registered with the SCRO on 2 December 2016. The Company's activities are carried out in compliance with the Swedish Companies Act. The Company's current name was registered on 8 April 2021.

The Company has its registered office in Stockholm, Sweden. Hemnet Group AB (publ) is the parent company of the Hemnet Group which as of the date of the Prospectus consists of Hemnet Group AB (publ) and six Swedish wholly owned subsidiaries.¹⁾ The Company's LEI code is 5493008VIU67J3HUAR07.

Legal group structure

The below structure illustrates the legal structure of the Group as of the date of the Prospectus.



1) Hemnet is contemplating a simplification of the Group structure, as the Group comprises more companies than necessary after the refinancing of bank liabilities in connection with the Offer. As a part of the conversion of the previous ownership structure as described in the section "Share capital and ownership – Conversion of previous ownership structure" the Company's Swedish shareholders of class C will sell the portion of their shares which will not be sold in the Offer to an off-the-shelf company, acquired by the Swedish shareholders of class C. The shareholders of the off-the-shelf company will thereafter, through an issue against payment in kind, receive shares in the Company whereupon the off-the-shelf company will become a subsidiary of the Company.

Agreements in the ordinary course of business

Agreements for listings of properties for sale

Hemnet's operations are carried out through Hemnet AB.

Hemnet is Sweden's largest property portal in relation to traffic. Hemnet's core business consist of operating the Hemnet property platform where property sellers through real estate agents list properties for sale. In 2020, approximately 203,000 properties were listed for sale on the Hemnet property platform.

Hemnet Bas is Hemnet's standard offering for listing of properties. When purchasing Hemnet Bas, home sellers enter into a listing agreement with Hemnet AB (the "**Listing Agreement**"). The Listing Agreement is heavily standardised and mainly directed towards consumers, but it is also used in relation to legal entities. Under the Listing Agreement, the price for Hemnet Bas is based on, *inter alia*, the relevant property's starting price (Sw. *utgångspris*). Each Listing Agreement is valid for as long as the respective customer's agreement with their real estate agent is valid unless terminated beforehand. The max term is however five years.

In addition to Hemnet Bas, Hemnet also offers its customers the possibility to upgrade to Hemnet Plus or Hemnet Premium, either in combination with the payment for Hemnet Bas or at a later stage. Home sellers may also purchase the additional services Republishing (of the listing add) and Raketen in relation to a listing. Such additional services are governed by separate standard terms which contain basic terms on, *inter alia*, pricing, right of withdrawal and contract term.

Agency, commission and broker agreements

When entering into the Listing Agreements with property sellers Hemnet is represented by the real estate agent who has been appointed by the seller to handle the sale of the relevant property. For this purpose, Hemnet has entered into an agreement with all real estate agencies mediating Hemnet's offer Hemnet Bas. The agreement is a standard agreement which runs on further notice and may be terminated with three months' notice (the "**Agency Agreement**"). The real estate agencies may also choose to enter into a commission agreement regulating resale of Hemnet's additional services under which they are entitled to commission for upselling additional services to the property sellers (the "**Commission Agreement**").

Under the Agency Agreement, the real estate agency is obligated to ensure that their real estate agents present Hemnet's listing service to all customers and that they comply with the Agency Agreement. If a customer wants to list its property on the Hemnet property platform, the real estate agent shall also list such property on the platform in accordance with what is further described in the Agency Agreement.

The Agency Agreement also contains general terms and conditions and publishing rules which may be unilaterally amended by Hemnet. Hemnet's liability is limited to

direct damages and to a maximum amount of five times the current price base amount (Sw. *prisbasbelopp*) pursuant to the Social Insurance Code (Sw. *Socialförsäkringsbalken* (2010:110)).

On 1 March 2021, revised general terms and conditions with a changed remuneration model for the real estate agencies entered into force. According to the previous remuneration model, 50 percent of the price paid to Hemnet for Hemnet Bas under the Listing Agreement was paid in administration compensation and 20 percent of the actual price per add-on service in commission fee. Under the revised general terms and conditions, 30 percent of the price paid for Hemnet Bas is paid in administration compensation, and for additional services, a commission fee is paid on the value that exceeds Hemnet Bas with a percentage that is dependent on the share of upgraded property listings for the real estate agency during a quarter (provided that a Commission Agreement has been entered). Under the updated remuneration model, the commission may vary between 20 to 40 percent. During a transition period up until 31 December 2021, an additional 10 percentage units is paid as commission (between 30 to 50 percent).

Hemnet further offers the following services directed towards real estate agencies (i) Hemnet Business, a subscription-based service used for statistics, marketing and mobile content such as video in connection with property listings, (ii) Hemnet Live, a tool for livestreaming showings and creating videos from viewings of properties, and (iii) Mäklartipset, a marketing service (jointly the "**Broker Services**"). Hemnet's liability in relation to the Broker Services is limited to direct damages and to a maximum amount corresponding to the fees paid by the relevant real estate agency during the previous twelve months.

Property developer agreements

Hemnet also enters into customer agreements with property developers for the advertisement and listing of newly produced properties. Agreements are generally entered into on a yearly basis with a fixed price. Under the agreement, Hemnet undertakes to publish on its platform, both advertisements for whole new building projects as well as a limited number of advertisements for specific apartments within the relevant new building project.

Advertisement agreements

Hemnet publishes advertisements on its property platform. Agreements with advertisers are entered into on general terms and conditions through a basic advertisement agreement or via an order confirmation, which both incorporate Hemnet's general terms and conditions for advertisement. The general terms and conditions may be unilaterally amended by Hemnet. Advertisement customers include, *inter alia*, property developers and major banks.

Agreements with mortgage lenders

Under each property listing, Hemnet has incorporated a section titled "Estimate the costs for your new accommodation (Sw. *Räkna på ditt nya boende*") where mortgage lenders may market mortgages by incorporating links leading to the relevant mortgage lender's mortgage calculator instrument (Sw. *bolånekalkyl*). Agreements relating to these services are either entered into using Hemnet's or, in some cases, the relevant mortgage lender's template agreement or alternatively via e-mail confirmations. Hemnet charges the mortgage lenders a yearly fixed fee in relation to these services.

Material agreements

Presented below is a summary of material agreements which the Group has entered into over the past two years, as well as all other agreements that the Group has entered into that contain rights or obligations that are of material importance to the Group (other than agreements entered into within the scope of the ordinary course of business). The Group does not regard any specific agreements to be of material importance to the Group's business as a whole, other than the agreements described below.

Framework agreement with Mäklarsamfundet

In January 2017, shareholders of Hemnet, including General Atlantic RR B.V., Sprints Capital Rob R Partners S.A., and Mäklarsamfundet entered into a shareholders agreement regarding Hemnet, which, *inter alia*, set out the framework for the business of the Group. Pursuant to the shareholders agreement, Hemnet was obligated to, upon termination of the agreement, offer Mäklarsamfundet to enter into a framework agreement. Following the shareholders' agreement being terminated, the Company has entered into a new framework agreement with Mäklarsamfundet. The agreement was entered into on 25 March 2021 and will enter into force after completion of the listing on Nasdaq Stockholm. The Framework Agreement sets out certain principles for the real estate agencies' relationship to Hemnet, which Hemnet is obligated to follow, in order to create long-term conditions and stability for real estate agencies and to secure a sound commercial development of Hemnet.

The Framework Agreement is valid until 31 December 2045 and is prolonged for two years at a time unless terminated with three months' notice prior to expiration. Hemnet is entitled to prematurely terminate the Framework Agreement, if Mäklarsamfundet, directly or indirectly, conducts, owns, co-owns or recommends business that provides an internet-based listing portal that offers search services regarding properties for sale or rental, and such actions are not rectified within 60 days from request of rectification from Hemnet. "Property" in this context refers to whole or part of a tenant-owned apartment, real estate, condominium, site leasehold right and / or building on non-freehold property, located in Sweden, for which a real estate agent has an active assignment from a customer to

sell. Furthermore, the ground for termination also include internet-based listing portals that offers search services regarding tenancies, but not commercial properties, new builds or agriculture.

According to the Framework Agreement, real estate agencies are entitled to a commercially based compensation for the agency- and sales effort and for related administration that is required by the real estate agencies in connection with the offering of Hemnet's property listing services. In addition, Hemnet shall not apply terms that regulate how such compensation is divided between a real estate agency and the relevant company which holds the trademark under which the real estate agency operates (the "**Trademark Company**"). Hemnet shall also, in general, act to ensure that no real estate agencies are disadvantaged compared to any other real estate agency. For example, a smaller real estate agency should not be disadvantaged compared to a larger real estate agency or vice versa. This applies, for example, to services and advertisements for real estate agencies' own operations.

Pursuant to the Framework Agreement, Hemnet is limited in its use of the personal information of individuals that Hemnet obtains through its property listing service in relation to marketing of mortgages or mortgages services. Hemnet may not (i) use such personal information for marketing and/or customer surveys concerning mortgage services or (ii) transfer such personal information to third parties for such purpose, without consent from the relevant Trademark Company or, in case where there is no Trademark Company, the relevant real estate agency whose real estate agent has mediated the relevant object. In addition, Hemnet may not use such personal information for real estate agency business or for organisation of real estate agents regardless of consent from the relevant Trademark Company or real estate agency (as applicable). Hemnet's pricing and terms for such mortgage related business shall be provided on a non-exclusive basis.

Hemnet's pricing and other terms of such advertising shall be objective and non-discriminatory to all agencies and companies providing such services. Hemnet shall also apply objective and non-discriminatory terms as regards to other relevant agreements, collaborations and arrangements between Hemnet and such agencies and companies. For the avoidance of doubt, the above regulation shall not prevent Hemnet from establishing or applying more restrictive commitments as regards to the handling of personal data.

In connection with the listing on Nasdaq Stockholm, five percent of the shares in Hemnet is intended to be converted to class A1 shares. These shares will be held by Mäklarsamfundet. These shares shall grant a veto right in relation to changes of the objects of Hemnet, as prescribed in Hemnet's articles of association. For more information about the objects of the Company, see the section "*Articles of association*".

The class A1 shares will not be listed, but Mäklarsamfundet can require that class A1 shares are to be

converted to shares of the listed share class. If Mäklarsamfundet wishes to transfer such shares, the shares must first be converted into ordinary shares. If Mäklarsamfundet's total shareholdings in the Company falls below two percent prior to 31 December 2045, Mäklarsamfundet is obligated to convert all of its class A1 shares to ordinary listed shares. The veto rights of Mäklarsamfundet as holder of the class A1 shares shall subsist, in other words, for as long as Mäklarsamfundet holds at least two percent of all the outstanding shares in the Company (including ordinary listed shares and the class A1 shares). In the event that Mäklarsamfundet's total shareholdings in the Company fall below five percent following 31 December 2045, Mäklarsamfundet must convert all of its class A1 shares to listed ordinary shares. This means that the veto rights of Mäklarsamfundet extend beyond the expiration of the Framework Agreement provided that, (i) Mäklarsamfundet holds at least five percent of all outstanding shares in the Company, and (ii) Mäklarsamfundet has not freely converted all of its class A1 shares to ordinary listed shares. If there is ground for Hemnet to prematurely terminate the Framework Agreement as described above, either before or after 31 December 2045, Mäklarsamfundet is also obligated to convert all its class A1 shares to ordinary listed shares.

None of the contracting parties have the right to transfer the Framework Agreement or the rights or obligations attributable to the Framework Agreement without the other contracting party's written consent.

In addition to the above description, the Framework Agreement does not contain any terms or provisions of material importance. Furthermore, the agreement does not contain anything that Hemnet deems to be an obstacle with regards to executing the Company's strategy. Hemnet believes that the agreement creates long-term conditions for an important cooperation, as well as an assurance of the expectations of Hemnet's operations. Thus, the agreement is considered to be a basis for a continued mutual trust between the parties, and the Mäklarsamfundet's continued ownership in Hemnet marks a long-term continuation of a strategic and important partnership stretching back over 20 years.

The credit facility

Hemnet has entered into a multicurrency revolving credit facility agreement with Nordea in connection with the Offer. Please refer to the section "*Capitalisation, indebtedness and other financial information – Refinancing in connection with the Offer*" for more information about the credit facility.

Placing agreement

Pursuant to the Placing Agreement, certain Selling Shareholders and Nordnet Bank AB¹⁾ undertake to divest approximately 17.7 percent of the shares in the Company to the buyers procured by the Managers. If the Managers fail to procure buyers, they have undertaken to themselves acquire the shares comprised by the Offer. The Principal Shareholder and Sprints Capital also intends to grant an Over-Allotment Option, to divest an additional maximum of 10 percent of the total number of shares comprised in the Offer. The Over-Allotment Option may only be exercised in order to cover possible over-allotments within the framework of the Offer.

Through the Placing Agreement, the Company makes customary representations and warranties to the Managers, primarily in relation to the information in the Prospectus being correct, the Prospectus and the Offer fulfilling requirements in laws and regulation and that there are no legal, or other, hindrances for the Company to enter into the agreement or for the completion of the Offer. Pursuant to the Placing Agreement, the Managers' commitment to procure purchasers to or, if the Managers fail to do so, themselves acquire the shares comprised by the Offer is conditional upon, among other things, that the representations and warranties provided by the Company and the Selling Shareholders are correct. Under the Placing Agreement, the Company will, subject to customary qualifications, undertake to indemnify the Managers against certain claims under certain conditions.

Through the Placing Agreement, certain board members and employees, including the Company's executive management, undertake, with customary conditions and exemptions, not to sell their shares during the Lock-up Period (see further in section "*Share capital and ownership structure - Undertaking to refrain from selling shares*"). Under the Placing Agreement, the Company also undertakes, with customary conditions and exemptions, not to (i) issue, offer, pledge, sell, undertake to sell or otherwise transfer or divest, directly or indirectly, any shares in the Company or any other securities which are convertible to or can be exercised or exchanged for such shares, or (ii) purchase or sell options or other instruments or enter into swap agreements or other arrangements which wholly or partly assign financial risk associated with ownership of the Company to another party prior to 180 days at the earliest after the date when trading starts on Nasdaq Stockholm. The Joint Global Coordinators may, however, grant exemptions from these limitations.

1) Certain Selling Shareholders (the "**Indirect Sellers**") will in immediate connection with the Offer sell their shares to Nordnet Bank AB, who will be a party to the Placing Agreement and thereby the party selling the shares in the Offer. The Indirect Sellers and Nordnet Bank AB will for this purpose enter into so-called back-to-back agreements with respect to Nordnet Bank AB's sale of shares in the Offer.

Claims, litigations and investigations

Hemnet is not, and has not during the last 12-month period, been party to any material administrative proceedings, legal proceedings or arbitration proceedings that has had or may have a significant effect on the financial position or the profitability of Hemnet.

Permits, regulatory and compliance

Hemnet does not operate in a highly regulated legal environment and is not subject to any specific regulatory approvals or permits.

Real estate

Hemnet does not own any real property. Hemnet leases its head office which is located on Klarabergsgatan, Stockholm. The lease on Klarabergsgatan is a short-term lease as the landlord intends to build on the property where the office is located. Therefore, new office premises will need to be located. The lease expires on 30 September 2022. Under the lease, Hemnet has forfeited its indirect tenancy protection (Sw. *indirekt besittningsskydd*). In addition to the head office, Hemnet also leases two office spaces in an office hotel in Gothenburg.

Insurance

Hemnet's insurance, which is comprehensive for the business, covers all companies within the Group. The insurance covers, *inter alia*, property damage, offences against property, personal injuries and directors' and officers' liability. The Company's assessment is that the Group's current insurance coverage is adequate and consistent with industry practice and sufficient for the risks normally associated with the Group's business.

Intellectual property rights

The Group's registered intellectual property rights consists of a number of trademarks and domain names related to its core business. To date, Hemnet owns approximately 50 trademark registrations across the European market and approximately 60 registered domain names. In addition to the registered rights, the Group also owns self-developed intellectual property rights to e.g. self-developed software and acquired rights to ideographs, pattern and typeface.

Copyright

The most important copyright is developed in-house and consists of Hemnet's software used for its core business. The rights are transferred to Hemnet via intellectual property rights clauses in the agreements with employees and consultants and the development is subject to Hemnet's own routines on secure software development practices.

The Company has also acquired all rights necessary to design concepts developed by an external design agency, which has assisted in the development of the Company's brand profile. The designs consist of ideographs, pattern and typeface.

Trademarks

Relevant trademarks (wordmarks, figurative marks and selected sub-brands) have been registered, and are owned by Hemnet Sverige AB. For the management and maintenance of Hemnet's trademark portfolio, Hemnet uses an external service provider. The portfolio is actively monitored and enforced to ensure that the exclusive rights to the trademarks are maintained. Following Brexit, the trademark portfolio as of 1st January 2021 includes a number of national UK trademark rights that correspond to the EU trademarks held by Hemnet Sverige AB.

Domain names

Important domain names, including relevant ccTLDs (for example .se, .dk, .no, .fi, .eu), and TLDs (for example .com, .biz, .org, .design) are owned and controlled by entities within Hemnet. A majority of the domain names are registered by Hemnet Sverige AB, but there is also a smaller number of domain names that have been registered by Hemnet AB. Hemnet Sverige AB has also secured domain name registration of common misspellings, such as wwwhemnet.com, hemnett.se and www-hemnet.com.

IT and data protection

Description of core IT-systems

Hemnet has licenses and subscriptions to several information technology systems used for the purpose of maintaining its property platform and providing associated services. All software used in the core business is mainly developed in-house by employees and consultants. Customer support is however managed by an external service provider. Hemnet's Head of Information Security has conducted an Information Security report in 2020 for the purpose of analysing and evaluating Hemnet's IT environment and compliance with certain regulations. According to the report, Hemnet's IT environment is overall well-structured and secure.

Data Protection and GDPR

Hemnet holds a voluntary certificate of publication for its website (hemnet.se), which means that personal data published on the property platform is protected under constitutional law and, with a few exemptions, exempted from the GDPR. However, the exemption only applies to personal data processing in connection with publishing. Accordingly, Hemnet is not legally required to comply with the GDPR within the framework of its publishing, but all personal data processing activities that are not directly related to the publishing is still subject to the GDPR.

Hemnet has adopted a number of policies, guidelines, privacy routines, and so forth in order to implement the GDPR and Hemnet conducts continuous and structured GDPR work. Hemnet has also developed procedures to ensure its compliance with the GDPR and uses systems such as DPOrganizer to keep continuously updated records of personal data processing. Hemnet's data processors are mainly IT system suppliers and service

suppliers such as AWS, Google and Slack, and Hemnet has implemented procedures to ensure that data processing agreements are entered into.

Transactions with related parties

Prior to becoming an employee, Hemnet's Chief Commercial Officer, Sarah Wu was engaged as a consultant through the consultancy company SRW Consulting AB. Sarah Wu owns 100 percent of the shares and is the sole board member in SRW Consulting AB. Sarah Wu has been a part of the management since September 2020 and has invoiced a consulting fee of SEK 720,000 (excl. VAT), during the period 1 September 2020 – February 2021.

In 2019, a payment was made to Mäklarsamfundet of approximately SEK 12.5 million which was a prepaid cost for marketing measures that were to be administrated by Mäklarsamfundet mainly in 2020.

In 2019, a redemption of Fastighetsmäklarförbundet's 28,151,536 shares was also effected, which affected the share capital by approximately SEK 1.4 million and other contributed capital by approximately SEK 48.6 million. In connection with the redemption, a bonus issue of approximately SEK 1.4 million was made from other contributed capital to share capital in order to keep the share capital intact.

For more information regarding transactions with related parties, see the section "*Historical financial information – Note G31*".

Competition matters

Hemnet is subject to the competition laws of Sweden and the European Union. Compliance with competition law is relevant in several areas of Hemnet's business, e.g., regarding customer agreements, cooperative agreements, and in relation to M&A activities. Moreover, Hemnet holds a market share which could indicate that Hemnet's holds a dominant position in Sweden. Companies with a dominant position have a special obligation not to harm competition. Infringements of competition law can result in fines amounting to up to ten percent of a group's yearly turnover.

The SCA has previously indicated that Hemnet holds a dominant position, and a complaint was submitted to the SCA in 2013 when Hemnet started to charge a fee from sellers advertising their properties on Hemnet's property platform. The complainant claimed that Hemnet was abusing a dominant position when charging a fee, however, the SCA closed the investigation with reference to its priority policy. This means that the SCA assessed, *inter alia*, the seriousness of the issue investigated, the importance of receiving a ruling on the issue and the SCA's possibilities to investigate and act, and that the SCA, *inter alia*, on these factors decided that the complaint did not merit further investigation.

Hemnet has implemented internal measures for compliance such as standard agreements used for the majority of the customers, and which have been reviewed by external competition law counsel. Where deviations from these standard agreements are made, each deviation is reviewed by Hemnet's legal department. All major changes in Hemnet's standard terms are discussed with external competition law counsels.

Some of Hemnet's customers are also, in part, competitors to Hemnet. For example, real estate agents list properties on the real estate agencies' own websites as well as on Hemnet's platform. Contacts with customers that are also, in part, competitors may increase the risk of intentional or accidental sharing of competitively sensitive information. However, Hemnet only has contacts with competitors, that are also customers, within the context of Hemnet's ordinary course of business in relation to its customers and Hemnet's legal team is typically involved in all contract negotiations and review all non-standard agreements.

Hemnet is currently implementing a whistle blower system, provided by WhistleB, through which serious irregularities such as potential infringements of competition law may be reported. Furthermore, all employees of Hemnet have undergone training in the Company's code of conduct, which includes competition law compliance.

Stabilisation

In connection with the Offer the Stabilisation Agent, may, to the extent permitted under Swedish law, carry out transactions in order to stabilise, maintain, or otherwise support the market price of the Company's shares for up to 30 days after the first day of trading in the Company's shares on Nasdaq Stockholm. The Stabilisation Agent may over-allot shares or effect transactions in order to maintain the market price of the shares at levels above those which might otherwise prevail in the open market. The Stabilisation Agent is, however, not required to carry out such transactions and there is no assurance that such activities will be undertaken. Such transactions may be effected on any securities market, OTC market or otherwise. The transactions, if commenced, may be discontinued at any time without prior notice, but must be ended upon the expiry of the above-mentioned 30-day period. No later than by the end of the seventh trading day after stabilisation transactions have been undertaken, the Stabilisation Agent shall disclose that the stabilisation transactions have been undertaken in accordance with Article 5(4) in EU's Market Abuse Regulation 596/2014. Within one week of the end of the stabilisation period, the Stabilisation Agent will make public whether or not stabilisation was undertaken, the date on which stabilisation commenced, the date on which stabilisation last occurred, and the price range within which stabilisation was carried

out, for each of the dates during which stabilisation transactions were carried out. Except as required by law or regulation, neither the Joint Bookrunners nor the Stabilisation Agent will disclose the extent of any stabilisation and/or over-allotment transactions concluded in relation to the Offer.

Interests of advisors

The Managers will provide financial advisory and other services to the Company in connection with the admission to trading of Hemnet's shares on Nasdaq Stockholm, for which the Managers will receive customary remuneration. As of the date of the Prospectus, Nordea is lender to Hemnet, refer to the section "*Capitalisation, indebtedness and other financial information – Refinancing in connection with the Offer*" for more information.

From time to time, the Managers will also provide services within the ordinary course of business and in connection with other transactions, to Hemnet and parties affiliated with Hemnet.

Roschier Advokatbyrå is legal counsel to the Principal Shareholder and the Company in connection with the Offer and the listing on Nasdaq Stockholm as to Swedish law and Paul, Weiss, Rifkind, Wharton & Garrison LLP is legal counsel to the Principal Shareholder and the Company as to U.S. law. The legal counsels have provided and may in the future provide the Company, the Principal Shareholder and parties affiliated with the Principal Shareholder with legal advice. In connection with the Offer, the legal counsel will receive customary compensation for the advice given.

Transaction costs

Hemnet's costs attributable to the Offer and the acceptance of its shares for trading on Nasdaq Stockholm, including payment to the issuing institute and other advisors, and other estimated transaction costs are estimated to amount to approximately SEK 41 million.

Website

The Company's website is www.hemnetgroup.com. The information on the website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.

Documentation available for inspection

Copies of (i) the Company's certificate of registration, (ii) the Company's current articles of association, and (iii) all such historical financial statements as referred to in the Prospectus, including auditors' reports, are available for inspection during office hours at Hemnet's office at Klarabergsgatan 60, 3 tr in Stockholm. These documents are also available in electronic form on Hemnet's website at www.hemnetgroup.com.

Taxation of investors

The tax legislation in the country where an investor is liable to pay taxes and where the issuer is registered may affect the investors' income from the securities.

Sweden

The following is a summary of certain Swedish tax consequences that may arise from the Offer, especially for individuals or limited liability companies being unlimited tax liable in Sweden. General information regarding shareholders being limited tax liable in Sweden is also provided. The summary is based on current legislation and is only intended as general information, any changes occurring after this date may have retroactive effect.

This description is not intended to deal comprehensively with all tax consequences that may occur in this context. For instance, the summary does not address shares held on a so-called investment savings account that are subject to special rules on standardised taxation, shares held by partnerships or shares as current assets in business operations. Moreover, the summary does not address the specific rules on tax-exempt capital gains and dividends (including non-deductibility for capital losses) in the corporate sector that may be applicable when shares are considered to be held for business purposes (Sw. *näringsbetingade andelar*) by the shareholder. Neither are the specific rules covered that, in some cases, could be applicable to holdings in companies that are, or have previously been, closely held companies or shares acquired on the basis of such holdings. Special tax rules apply to certain categories of taxpayers, for example, investment companies, mutual funds and insurance companies. The taxation of each individual shareholder depends on such investor's particular circumstances. Each holder of shares should therefore consult a tax advisor for information on the specific implications that may arise in an individual case, including the applicability and effect of foreign rules and tax treaties. Potential taxation of dividends and/or capital gains in other jurisdictions, is not covered by this summary and should be analysed in each individual case.

Shareholders who are unlimited tax liable in Sweden

Individuals

Dividend taxation

For individuals, dividends on listed shares are taxed as capital income at a tax rate of 30 percent. A preliminary tax of 30 per cent is generally withheld on dividends paid to individuals' being unlimited tax liable Sweden. The preliminary tax is withheld by Euroclear or, regarding nominee-registered shares, by the Swedish nominee.

An individual being unlimited tax liable in Sweden who is residing abroad might, based on the applicable tax treaty, be regarded as a tax treaty resident of the other country. Following the rules of the treaty, the Swedish taxation of dividends may be limited.

Capital gains taxation

Upon sale or other disposal of listed shares a taxable capital gain or a deductible capital loss may arise. Capital gains are taxed as capital income at a tax rate of 30 percent. The capital gain or loss is generally calculated as the difference between the sales proceeds, after deducting sales costs, and the tax basis. The tax basis for all shares of the same class and type is calculated together in accordance with the average cost method or, alternatively, shareholders may choose to use 20 percent of the sales proceeds after deducting sales costs, as the tax basis for the sale of listed shares.

Capital losses on listed shares are fully deductible against taxable capital gains on listed and non-listed shares in Swedish limited liability companies and foreign legal entities as well as other equity-related securities which has been realised during the same fiscal year. This is not applicable for units in investment funds or special funds that consist solely of Swedish receivables ("**interest funds**"). Up to 70 percent of capital losses on listed shares that cannot be offset in this way are deductible against other capital income. Capital losses on investment funds or special funds that consist solely of interest funds are fully deductible against other capital income. If there is a net loss in the capital income category, a tax reduction is allowed against municipal and national income tax, as well as against real estate tax and municipal real estate charges. A tax reduction of 30 percent is allowed on the portion of such net loss that does not exceed SEK 100,000 and of 21 percent on any remaining loss. Such net loss cannot be carried forward to future fiscal years.

A Swedish tax resident individual who is residing abroad might, based on the applicable tax treaty, be regarded as a tax treaty resident of the other country. Following the rules of the treaty, the Swedish taxation of capital gains may be limited.

Limited liability companies

Dividend and capital gains taxation

For a limited liability company, all income, including taxable capital gains and dividends, is taxed as business income at a tax rate of 20.6 percent.

Capital gains and capital losses are calculated in the same manner as set forth above with respect to individuals. Deductible capital losses on shares and other equity-related securities may only be deducted against taxable capital gains on shares or other securities that are taxed in the same manner. Under certain circumstances such capital losses may also be deducted against capital gains in another company in the same group, provided, *inter alia*, that the companies can tax consolidate (Sw. *koncern-bidragsrätt*). A capital loss that can not be utilised during a given year may be carried forward and offset taxable capital gains on shares and other equity-related securities during subsequent fiscal years without any limitation in time.

Shareholders who are limited tax liable in Sweden

Dividend taxation

For shareholders being limited tax liable in Sweden and who receive dividends on shares from a Swedish limited liability company, Swedish withholding tax is normally payable. In Sweden, normally Euroclear, or in the case of nominee-registered shares, the nominee, carries out the deduction of withholding tax.

The tax rate is 30 percent. However, the tax rate is generally reduced for shareholders resident in other jurisdictions with which Sweden has entered a tax treaty. The majority of Sweden's tax treaties enable an at-source reduction of the Swedish withholding tax to the tax rate stipulated in the treaty at the time of payment of dividends, provided that necessary information is made available to Euroclear in relation to the person entitled to such dividends.

If a 30 percent withholding tax is deducted from a payment to a person entitled to be taxed at a lower tax rate, or in case too much withholding tax has otherwise been withheld, a refund can be claimed from the Swedish Tax Agency prior to the expiry of the fifth calendar year following the dividend distribution.

Capital gains taxation

Shareholders being limited tax liable in Sweden and who are not operating a business from a permanent establishment in Sweden are normally not liable for Swedish capital gains taxation on the disposal of shares. However, shareholders may be taxed in their state of resident. Under a specific tax rule, individuals that are being limited tax liable in Sweden may, however, be subject to Swedish taxation on the sale of shares if they have been resident or stayed permanently in Sweden at any time during the calendar year of such disposal or during any of the previous ten calendar years. The applicability of this rule is, however in several cases limited by tax treaties between Sweden and other countries.



Historical financial information

Historical financial information

The consolidated financial statements for the financial years 2020, 2019 and 2018

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Historical financial information

Consolidated income statement

Amount in thousand SEK	Note	January 1 – December 31		
		2020	2019	2018
Operating income				
Net sales	3	544,079	444,394	373,084
Other operating income	4, 10	1,767	1,975	1,734
Total		545,846	446,369	374,818
Capitalised development costs	13	3,896	4,249	4,090
Operating expenses				
Other external expenses	6, 7	–245,308	–189,027	–166,752
Personnel costs	8	–114,756	–88,679	–73,975
Depreciation of tangible and intangible non-current assets	13, 14, 15	–77,447	–73,202	–64,793
Other operating costs	5	–1,715	–1,015	–110
Total		–439,226	–351,923	–305,630
Operating profit		110,516	98,695	73,278
Financial income	9, 10	477	1,749	355
Financial costs	9, 10	–24,200	–16,807	–25,942
Financial net		–23,723	–15,058	–25,587
Profit before tax		86,793	83,637	47,691
Income tax	11	–19,052	–18,001	5,494
Net income		67,741	65,636	53,185
Other comprehensive income		–	–	–
Total comprehensive income for the period		67,741	65,636	53,185
Earnings per share, basic (SEK) ¹⁾	12	0.46	0.31	0.12
Earnings per share, diluted (SEK) ¹⁾	12	0.45	0.31	0.12

Net income and total comprehensive income for the period belong entirely to the shareholders of the parent company.

1) Adjusted for the reverse split of shares 15:1 which took place after December 31, 2020.

Consolidated statement of financial position

Amount in thousand SEK	Note	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
ASSETS				
Non-current assets				
Goodwill	13	902,815	902,815	902,815
Customer relationships	13	870,086	925,471	980,857
Platform	13	8,402	16,557	24,172
Trademarks	13	241,468	241,666	241,190
Capitalised development costs	13	12,974	12,392	5,991
Equipment	14	1,874	1,999	2,262
Right of use assets	15	12,690	5,265	–
Deferred tax assets	16	95	7	200
Total non-current assets		2,050,404	2,106,172	2,157,487
Current assets				
Accounts receivable	17	20,399	26,268	24,248
Other current receivables	18	13,960	1,031	11,064
Prepaid expenses and accrued income	19	16,929	21,711	12,142
Interest bearing securities	21	24,525	24,132	23,390
Cash and cash equivalents	28	247,092	219,397	310,699
Total current assets		322,905	292,539	381,543
TOTAL ASSETS		2,373,309	2,398,711	2,539,030
EQUITY AND LIABILITIES				
Equity	20			
Share capital		68,354	68,335	68,335
Other capital contributions		1,245,110	1,243,701	1,292,155
Retained earnings/loss (including net income for the period)		36,155	–31,586	27,757
		1,349,619	1,280,450	1,388,247
Non-current liabilities				
Liabilities to credit institutions	22	667,860	674,400	430,614
Other non-current liabilities	23	5,687	262	181,945
Derivatives	24	–	0	904
Deferred tax liabilities	16	234,370	247,910	257,824
		907,917	922,572	871,287
Current liabilities				
Liabilities to credit institutions	22	7,622	7,789	10,026
Accounts payable		10,290	12,996	11,676
Tax liabilities		12,516	18,947	8,029
Other current liabilities	25	16,428	85,521	193,314
Accrued expenses and deferred income	26	68,917	70,436	56,451
		115,773	195,689	279,496
TOTAL EQUITY AND LIABILITIES		2,373,309	2,398,711	2,539,030

Consolidated statement of changes in equity

Amount in thousand SEK	Share capital (Note G20)	Other capital contributions (Note G20)	Retained earnings (including net income for the period) (Note G20)	Total equity (Note G20)
Opening balance as of Jan. 1, 2018	68,334	1,291,956	-25,428	1,334,862
Profit for the period			53,185	53,185
Other comprehensive income			-	-
Total comprehensive income for the period			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	0	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
Profit for the period			65,636	65,636
Other comprehensive income			-	-
Total comprehensive income for the period			65,636	65,636
Transactions with shareholders in their capacity as owners				
Dividends			-124,978	-124,978
Share redemption	-1,408	-48,592		-50,000
Issue of bonus shares	1,408	-1,408		-
Rights issue (Shareholder program-warrants)*		1,895		1,895
Issue costs		-349		-349
Total transactions with owners	0	-48,454	-124,978	-173,432
Closing balance as of Dec. 31, 2019	68,335	1,243,701	-31,586	1,280,450
Opening balance as of Jan. 1, 2020	68,335	1,243,701	-31,586	1,280,450
Profit for the period			67,741	67,741
Other comprehensive income			-	-
Total comprehensive income for the period			67,741	67,741
Transactions with shareholders in their capacity as owners				
Share redemption	-37	-2,614		-2,651
New C share issue	56	4,023		4,079
Total transactions with owners	19	1,409	0	1,428
Closing balance as of Dec. 31, 2020	68,354	1,245,110	36,155	1,349,619

* The Group's shareholder program for Hemnet employees is described in Note G8. Equity is entirely attributable to the shareholders of the Parent company.

Consolidated statement of cash flows

Amount in thousand SEK	Note	2020	2019	2018
Cash flow from operating activities				
Operating profit		110,516	98,695	73,278
Adjustments for items not affecting cash flow:				
Depreciation of fixed assets		77,448	73,202	64,793
Disposal of fixed assets		-9	-	-
Interest received		84	103	110
Interest paid		-23,419	-20,187	-15,716
Paid income tax		-38,983	-16,933	-18,055
Cash flow from operating activities before changes in working capital		125,637	134,880	104,410
Cash flow from changes in working capital				
Change in operating receivables		-2,406	-3,057	-18,812
Change in operating liabilities		3,738	6,931	5,406
Total changes in working capital		1,332	3,874	-13,406
Cash flow from operating activities		126,969	138,754	91,004
Cash flow from investing activities				
Investments in intangible non-current assets	13	-6,038	-9,947	-6,162
Investments in tangible non-current assets	14	-967	-868	-918
Disposal of tangible fixed assets	14	17	-	-
Cash flow from investing activities		-6,988	-10,815	-7,080
Cash flow from financing activities				
Borrowings	27	-	285,725	262,385
Dividend paid to parent company owners		-	-124,978	-
Rights issue		4,079	1,546	1,505
Share redemption		-2,651	-50,000	-1,305
Repayment of lease liabilities	27	-6,990	-5,979	-
Amortisation of loans and contingent consideration	27	-86,724	-325,555	-169,778
Cash flow from financing activities		-92,286	-219,241	92,807
Cash flow for the year		27,695	-91,302	176,731
Cash and cash equivalents at beginning of the year		219,397	310,699	133,968
Cash and cash equivalents at end of the year		247,092	219,397	310,699

Note G1 – Summary of important accounting principles

Hemnet Group AB (publ) (the “**Company**”) and its subsidiaries (collectively referred to as 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 in Sweden.

The Company is a limited liability company registered in Sweden and based in Stockholm. The address for the head office is Klarabergsgatan 60, SE-111 21 Stockholm.

The Group uses the calendar year (Jan. 1 – Dec. 31) as its fiscal year. 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 (publ) and its subsidiaries.

Basis of presentation

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

Preparing reports in accordance with IFRS requires use of several important estimates for accounting purposes. Furthermore, management is required to make certain 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*”.

New standards, changes and interpretations applied by the Group

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

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

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 lease agreements.

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 liability as of Jan. 1, 2019	9,949

The discount rate used in assessing lease liability 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 lease liability consists mainly of the head office's lease agreement in Stockholm. The contract initially had a short lease period and originally expired in September 2020 when IFRS 16 was reported 2019, which explains why a large part of the lease liability 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 assets 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.

2019 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. 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 lease liability is classified as cash flow from financing operations.

For further information about IFRS 16 Leases, see “*Note G15 Leases*” and “*Note G1 Summary of important 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 statements

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

Asset or business acquisitions

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

Asset acquisitions

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

Business combinations

The difference between the acquisition value of business combinations and the acquired share of the net assets, valued at fair value, in the acquired business is classified as goodwill and is recognised as an intangible asset in the balance sheet. Goodwill is measured at cost less 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 issued shares. 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.

Segment reporting

The operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker, who for Hemnet is the Group CEO. The chief operating decision maker is the function responsible for allocating resources and assessment of the performance of the operating segment. The Group has identified one operating segment, which is the group as a whole. The assessment is based on the fact that the Group is followed up as a whole when some form of geographical division or division into business area / product category, etc. is not applicable. The financial reporting is based on a group-wide organizational and management structure.

Conversions of foreign currency

Functional and reporting currency

The various units in the Group have the local currency as the functional currency, as the local currency has been defined as the currency used in the primary financial environment in which each unit is mainly operating. In the financial statement, Swedish 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 with the exchange rates prevailing on the transaction date or the date when 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 statement as financial income or expenses.

Revenue recognition

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

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

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

See "Note G3 Revenue from customer agreements."

Financial income and expenses

Interest income

Interest income is recognised in revenue using the effective interest method. When the value of a receivable in the category of loan receivables and accounts receivable has decreased, the Group reduces the carrying amount to its recoverable amount, which is the estimated future cash flow, discounted with the original effective interest rate for the instrument, and

continues to dissolve the discount effect as interest income. Interest income on impaired loans and accounts receivable is recognised at the original effective interest rate.

Interest expenses

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

Taxes

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

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

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

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

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

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

Intangible assets

Goodwill

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

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

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

Other intangible assets

Customer relationships

Customer relationships that were acquired as part of a business acquisition (see "Note G13 Intangible Assets for details") are recognised at fair value at the acquisition date and amortised on a straight-line basis over the forecasted useful life corresponding to the estimated time they will generate cash flow. The useful life is 10 and 20 years respectively.

Historical financial information

Platform

Platforms acquired as part of business acquisitions (see "*Note G13 Intangible Assets for details*") are recognised at fair value at the acquisition date and are amortised on a straight-line basis over the projected useful life, corresponding to the estimated time they will generate cash flow. The useful life is 5 years.

Trademarks

Trademarks acquired as part of a business combination are reported at fair value on the acquisition date (see "*Note G13 Intangible Assets for details*"). As long as trademarks are used, maintained and invested in, they have been assessed to have an indefinite useful life and are reported at cost and tested annually for impairment. Trademarks with indefinite useful life are distributed to cash-generating units in the same way as goodwill. The depreciation period for intangible assets with a definite useful life is also tested annually and on indication that the useful life has changed. The useful life period of a trademark that is amortised is 3 years.

Capitalised development costs

Maintenance costs are expensed as incurred. Expenditures on development work that is directly attributable to the development and testing of identifiable and unique software that is controlled by the Group, are recognised as intangible assets when the following criteria are met:

- it is technically possible to complete the software development as well as products associated with it so it can be used,
- the company's intention is to complete the software and to use or sell it,
- there are conditions for using the software and associated products,
- it can be shown that the software generates probable future economic benefits,
- adequate technical, financial and other resources for completing the development and for using the software and related products are available, and
- the expenses associated with the software during its development can be reliably calculated.

Other development expenses, which do not meet these criteria, are expensed as incurred. Development expenses that were previously expensed are not recognised as assets in the subsequent period. Expenses for development work reported in the balance sheet are entered at cost less accumulated depreciation and including any impairment losses. The useful life is 3 years. See also "*Note G2, Important estimates and assessments for accounting purposes*".

Tangible fixed assets

Equipment

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

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

Impairment losses of non-financial assets

Assets with an indefinite useful life (goodwill and trademark) or intangible assets that are not ready for use are not amortised but are tested annually for any impairment. Assets that are amortised are assessed for impairment whenever events or changes in circumstances indicate that the

carrying amount may not be recoverable. An impairment loss is determined by the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling costs and its utility value. When assessing impairment, assets are grouped at the lowest levels where there are essentially independent cash flows (cash-generating units), which for the Hemnet Group AB (publ) 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 as assets in the balance sheet includes on the asset side cash and cash equivalents, current investments, accounts receivable and other receivables. Financial instruments recognised as liabilities on the balance sheet are liabilities to credit institutions, contingent consideration, debt deferred consideration, derivative instruments, other liabilities and accounts payable. The accounting depends on how the financial instruments have been classified.

Accounting and removal

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

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

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

Classification and valuation

The Group's classification of financial assets as debt instruments is based on the Group's business model for asset management and the nature of the asset's contractual cash flows. The Group classifies its financial assets 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 receivables are initially reported at fair value, which normally corresponds to the invoiced value. After initial recognition, the assets are valued using the effective interest method. Assets classified at amortised cost are held, according to the business model, to collect contractual cash flows that are only payments of capital amount and interest on the outstanding capital amount. The assets are subject to a loss provision for expected credit losses. The Group's assets classified at amortised cost consist of accounts receivable, cash and cash equivalents and other current receivables.

b) Financial assets valued at fair value through profit or loss

Financial assets valued at fair value through profit or loss refer 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 G21*".

c) Financial liabilities valued at amortised cost

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

d) Financial liabilities valued at fair value through profit or loss

Derivatives and contingent consideration in connection with business combinations are classified at fair value through profit or loss. The Group does not apply hedge accounting. The fair value is determined as described in "Note G21".

Impairment of financial instruments

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

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

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

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

If there has been a significant increase in credit risk since the first accounting date, which results in a rating below investment grade, a loss reserve for the remaining maturity of the asset is reported (Stage 2). An assessment of whether a significant increase in credit risk exists is based on whether payment is delayed for more than 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 customer losses combined with expectation of future risks. Other receivables and assets are written down according to a rating-based method based on probability of default, expected loss in default and exposure in default, through the application of an external credit rating or assessed rating. Expected credit losses are measured at fair value to the product by probability of default, loss due to default and exposure at default. For credit-impaired assets and receivables, an individual assessment is made taking into account historical, current and forward-thinking information.

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

Accounts receivables

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

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

Cash and cash equivalents

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

Accounts payable and other liabilities

Accounts payable are financial instruments and refer to obligations to pay for goods and services acquired in the day-to-day operations of suppliers. Accounts payable and other liabilities are classified as current liabilities if they fall due within one year. If not, they are reported as non-current liabilities.

Accounts payable and other liabilities are initially recognised at fair value and thereafter at amortised cost using the effective interest method.

Borrowing

Borrowing is initially recognised at fair value, net after transaction costs. Borrowing is then reported at 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 expensed during the facility's term.

Borrowing is classified under current liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the end of the reporting period.

Leases

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

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

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

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

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

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

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

Historical financial information

The company has not recalculated 2018 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 G15 Leases" and a separate section in "Accounting principles about 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 in advance. When remuneration is submitted as an offer to encourage voluntary resignation, an expense is reported if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Share-based transactions

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

Note G2 Important estimates and assessments for accounting purposes

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

Important estimates and assessments for accounting purposes

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

(a) Impairment testing of intangible assets

Customer relationships and platforms acquired as part of business acquisitions are recognised at fair value at the time of acquisition and are amortised on a straight-line basis over the forecasted useful life corresponding to the estimated time they will generate cash flow. Assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 "Note G1 and G13 for accounting principles and estimated useful lives" and "Note G13 for reported values". The majority of the customer relationships have an estimated useful life of 20 years and the remaining depreciation period is 16 years.

(b) Contingent consideration

According to the agreement on contingent consideration in connection with the acquisition of Hemnet Sverige AB Group, the Group would pay a contingent consideration, provided that two of the sellers met future advertising levels. The fair value of the contingent consideration agreement was based on the management's assessment of what would probably be paid, given the terms of the share transfer agreement. In the financial statements 2018 and 2019, the management made the assessment that the entire amount stated would be paid out.

(c) Capitalised development costs

The Group conducts development work of software attributable to the technical platform and the website hemnet.se. Accounting for self-accumulated intangible assets means that the company must make a number of assessments about the future. A 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. Also see "Note G1 and G13".

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 general meeting. With this in mind the preference shares have been classified as equity.

Note G3 Revenue from contracts with customers

Revenue breakdown by customer category	2020	2019	2018
Property sellers	325,815	256,685	197,278
Real estate developers	56,491	61,973	63,832
Advertisers	81,052	61,146	60,527
Real estate agents	80,721	64,590	51,448
Total	544,079	444,394	373,084

Revenue breakdown by service category	2020	2019	2018
Listings	312,720	268,606	220,604
Additional services	77,468	47,246	32,127
Advertising services and others	153,891	128,542	120,353
Total	544,079	444,394	373,084

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

The single largest revenue stream comes from the property sellers' property listings. In order for property sellers to be able to influence their property sales, additional services such as Hemnet Plus and Hemnet Premium are offered, which give a more prominent exposure of the property listing compared with the basic version.

Advertising services consist, among other things, of income from real estate developers who market their properties and brands. The real estate agents are an important partner, as they administer the property sellers' listings on Hemnet and provide information about Hemnet's services.

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

Listings: Revenue is accrued over average maturity. Hemnet is considered to have fulfilled its performance commitment with regard to property listings when the listing is removed from advertising, which is done by way of terminating the assignment by the real estate agent who arranged it. For arranging the property listing, the real estate agent firm receives administrative compensation. See also "note G6".

Additional services: Revenue for additional services attributable to the property sellers' property listing, such as the products Hemnet Plus and Premium, is accrued over average maturity. Hemnet is considered to have fulfilled its performance commitment for additional services related to property 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, is active for a certain number of days after purchase. For mediating additional services linked to property listings, there is an option for real estate agent firms to enter into an 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 a 30 days payment due. Advertising services are billed in line with campaign times. Invoicing for property listings takes place in connection with publication. In 2020, the property listing sellers have been offered to pay for their property listing via Klarna up to seven days after the time of publication. In the event that the sellers choose to pay via Klarna, an invoice will be drawn up via Klarna and Hemnet will receive a settlement claim on Klarna. If the property seller chooses not to pay via Klarna within seven days, a paper invoice will be issued. Accrued income is reported in the balance sheet for published listings that have not been invoiced as of the balance sheet date. Implementation of a new publication flow where the seller chooses invoicing alternatives before publication, and invoicing can thus take place on the publication date regardless of digital or paper invoice, is planned to be introduced in 2021. The part relating to remaining publication time regarding invoiced and accrued invoicing is reported as prepaid income in the balance sheet.

The remaining performance commitments as of December 31, 2020 amounts to SEK 8,228 thousand (2019 SEK 12,878 thousand and 2018 SEK 12,839 thousand), including prepaid income reported as contractual liabilities. The performance commitments are expected to essentially be paid, and income to be reported within, one month from the balance sheet day. Furthermore, no revenue related to performance commitments that were fulfilled in previous years has been recognised in 2020, 2019 or 2018.

Note G4 Other operating income

	2020	2019	2018
Reminder fees and interest for late payments	1,114	919	834
Commission income	217	247	258
Exchange rate differences receivables of an operative nature	128	92	367
Other	308	717	275
Total	1,767	1,975	1,734

Note G5 Other operating costs

	2020	2019	2018
Foreign exchange losses	-646	-114	-110
Reminder and requirements management costs	-1,058	-894	-
Other	-11	-7	-
Total	-1,715	-1,015	-110

Note G6 Other external expenses

	2020	2019	2018
Administration and commission compensation	-151,187	-124,915	-100,505
Other	-94,121	-64,112	-66,247
	-245,308	-189,027	-166,752

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

Note G7 Auditor remuneration

	2020	2019	2018
Ernst & Young			
– Audit engagement	2,955	2,095	1,364
– Audit activity in addition to the audit engagement	758	–	97
– Tax services	–	–	–
– Other services	–	450	20
Total compensation for the auditors	3,713	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 services.

Note G8 Employee remuneration, etc

	2020		2019		2018	
	Salaries and other remuneration	Social contributions	Salaries and other remuneration	Social contributions	Salaries and other remuneration	Social contributions
Board and senior executives (including profit-sharing)	15,181 (–)	6,686	10,816 (–)	5,660	10,011 (–)	5,268
whereof pension costs		1,741		1,820		1,757
Other employees	63,364	27,598	48,172	21,391	39,309	17,362
whereof pension costs		6,615		4,916		3,790
Total	78,545	34,284	58,988	27,051	49,320	22,630
whereof pension costs		8,356		6,736		5,547

Senior executives include CEO and other senior executives.

Average number of employees

	2020		2019		2018	
	Average number of employees	Number of women	Average number of employees	Number of women	Average number of employees	Number of women
Sweden	102	35	80	29	79	28
Group total	102	35	80	29	79	28

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

	2020-12-31		2019-12-31		2018-12-31	
	Number on balance sheet day	Number of women	Number on balance sheet day	Number of women	Number on balance sheet day	Number of women
Board members	8	2	8	1	7	1
CEO and other senior executives	7	4	6	2	8	4
Group total	15	6	14	3	15	5

Note G8 Employee remuneration, etc cont.**Board and senior executives salaries and remuneration**

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

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

* from May 6, 2020.

** from May 6, 2020, before this board member.

*** until May 6, 2020.

**** from November 18, 2020.

***** the group of other senior executives includes Erik Segerborg 3 months, Sarah Wu 4 months and the group consists of a total of 7 people.

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

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

* from May 2, 2019, before this deputy.

** until June 28, 2019.

*** from June 28, 2019.

**** the group of other senior executives includes Anna Lagerborg 3 months and the group consists of a total of 6 people.

Historical financial information

Note G8 Employee remuneration, etc cont.

	2018			
	Pension costs	Social costs incl payroll tax	Total	Summa
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	–	–	–	–
Håkan Hellström, deputy	106	–	23	129
Magnus Miramadi, deputy	100	–	31	131
Cecilia Beck-Friis, "Group CEO and CEO for Hemnet AB"	2,723	522	982	4,227
Other senior executives*	6,245	1,235	2,262	9,742
Total	10,011	1,757	3,511	15,279

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

* the group of other senior executives includes Levina Persson 1 month, Ninni Mörch 7 months, Caroline Thomasdotter 10 months, Carl Johan Åkesson 5 months and the group consists of a total of 7 people.

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

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

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

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

Incentive program

Incentive program for senior executives and board of directors – MIP

In 2017, 11 key executives and board members were offered to invest in Hemnet Group AB (publ) by subscribing to 16,311,600 series C shares. Shareholding is conditioned upon the continued 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 under certain conditions if the employment or board assignment should cease.

If a person in the management resigns, the company has the right to redeem or assign acquirers of all Class C shares (both earned and unearned). If the MIP participant is defined as a good leaver, the redemption price shall correspond to the C-share's market value for earned shares and the acquisition cost in respect of unearned shares. If the MIP participant becomes a so-called bad leaver, the redemption price must correspond to either the MIP participant's acquisition cost or the lower of the acquisition cost and the C share's market value. 50 percent of MIP-participating executives' shares are earned over a five-year period from the day the participant subscribes for the C shares, with 20 percent earned on the anniversary of the time the shares were subscribed and the remaining 80 percent earned linearly monthly during the following four-year period. In the event of an IPO, all shares are earned automatically, while in the event of another exit, the company may decide that unearned shares shall be rolled over into a new structure and replaced by securities in such a new structure at the same value. Such a rollover is conditional upon the existence of an arrangement that ensures that the participant can sell or otherwise obtain liquidity for its new securities within a reasonable time after

exit. The remaining 50 percent of the shares that have not been earned are earned automatically at exit but not earlier.

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

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

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

The average acquisition value of the 16,720,658 shares subscribed is SEK 1.27 and has been determined by an estimated market price in the range 1.09–3.70, depending on when the investment was made. Since the shares have been subscribed for at market value and the program is regulated with equity, no cost for the program is recognised in the income statement. The initial 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 profit or loss (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 shares. The market value of shares awarded in 2020 has been generated via an external valuation based on a model that calculates the value based on the traded value

Note G8 Employee remuneration, etc cont.

of shares in Care of Hemnet at Pepins. A Monte Carlo simulation model has been used to calculate the market value of all shares in Hemnet, which is implied by the market's valuation of shares in Care of Hemnet at the most recent trading opportunity. Furthermore, an illiquidity and minority discount has also been applied to the value of the shares.

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

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

Awarded per year, incentive program for management and board	Number outstanding as of Dec. 31, 2020	Number outstanding as of Dec. 31, 2019	Number outstanding as of Dec. 31, 2018	Value per share, span (SEK)
MIP – Senior executives	3,716,258	3,930,200	3,930,200	1,09–3,70
<i>Holdings members of management team</i>				
<i>Cecilia Beck-Friis</i>	<i>1,572,578</i>	<i>1,194,200</i>	<i>1,194,200</i>	
<i>Carl Johan Åkesson</i>	<i>496,800</i>	<i>496,800</i>	<i>496,800</i>	
<i>Jessica Sjöberg</i>	<i>248,400</i>	<i>248,400</i>	<i>248,400</i>	
<i>Pierre Bergström</i>	<i>255,900</i>	<i>255,900</i>	<i>255,900</i>	
<i>Francesca Cortesi</i>	<i>124,200</i>	<i>–</i>	<i>–</i>	
<i>PerOla Schelvander</i>	<i>248,400</i>	<i>248,400</i>	<i>248,400</i>	
<i>Not current executives</i>	<i>769,980</i>	<i>1,486,500</i>	<i>1,486,500</i>	
MIP – Board	13,004,400	12,404,400	12,404,400	1,09–3,70
<i>Holdings board members and alternate</i>				
<i>Håkan Erixon</i>	<i>662,400</i>	<i>662,400</i>	<i>662,400</i>	
<i>Kerstin Lindberg Göransson</i>	<i>150,000</i>	<i>150,000</i>	<i>150,000</i>	
<i>Pierre Siri</i>	<i>7,452,000</i>	<i>7,452,000</i>	<i>7,452,000</i>	
<i>Nick McKittrick</i>	<i>450,000</i>	<i>–</i>	<i>–</i>	
<i>Tracey Fellows</i>	<i>150,000</i>	<i>–</i>	<i>–</i>	
<i>Henrik Persson*</i>	<i>4,140,000</i>	<i>4,140,000</i>	<i>4,140,000</i>	
Total awarded shares to incentive programs	16,720,658	16,334,600	16,334,600	

* Board member until 6 May 2020 and deputy board member from 6 May 2020 until 1 March 2021.

Shareholder program for Hemnet employees

At the Extraordinary General Meeting on September 30, 2019, it was resolved to authorise the board of directors to decide on the issuance of a maximum of 4,729,228 warrants 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 (publ), with the aim of transferring the warrants at market price to participant 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 3,324,104 warrants were acquired for a value of SEK 1,894,758, which is considered to be market value according to valuation with the so-called Monte Carlo model. The Company's market value at the end of the subscription period has been simulated based on a lognormal distribution, based on a risk-free interest rate and volatility which was produced 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 warrant.

The warrants entitle the holder to acquire shares at a price of SEK 2.05 each. The warrants are earned over 36 months, but according to the warrant terms can also be used earlier in the event of a board decision for a listing of company or a sale of all shares to an external buyer. The warrant 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 by a separate incentive program.

Awarded per year, number of warrants acquired by employees	Accumulated number outstanding Dec. 31, 2020	Accumulated number outstanding Dec. 31, 2019	Exercise price	Value per awarded warrant	Maturity
Awarded 2019	3,324,104	3,324,104	2,05	0,57	2022

Note G9 Financial income and costs

	2020	2019	2018
<i>Liabilities valued at amortized cost</i>			
Interest expenses to credit institutions	-23,523	-15,215	-12,226
Renegotiation results, net*	-	4,305	-
Other interest expenses	-267	-7	-3
Interest expense deferred consideration	-67	-4,430	-11,106
Total interest costs according to effective interest method	-23,857	-15,347	-23,335
<i>Assets and liabilities measured at fair value in profit or loss</i>			
Change in value contingent consideration	-	-633	-1,586
Interest-rate cap, pre-fixed coupons	-	-733	-733
Interest bearing securities, current	-	-	-288
Total costs at fair value	-	-1,366	-2,607
<i>Other interest expenses</i>			
Foreign exchange losses, net	-126	-	-
Leasing, interest rate component	-217	-94	-
Total other	-343	-94	-
Financial costs, total	-24,200	-16,807	-25,942
<i>Interest bearing securities valued at fair value</i>			
Interest bearing securities	393	705	-
Interest-rate cap	-	904	245
Total revenue at fair value	393	1,609	245
<i>Other</i>			
Foreign exchange gain, net	-	103	110
Other	84	37	-
Total other	84	140	110
Financial income, total	477	1,749	355
Financial items, net	-23,723	-15,058	-25,587

*Renegotiation results attributable to renegotiation of the Group's liabilities to credit institutions, see also "Note G22".

Note G10 Exchange rate differences, net

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

	2020	2019	2018
Other operating income (Note G4)	128	92	367
Other operating costs (Note G5)	-646	-114	-110
Financial items, net (Note G9)	-126	103	110
	-644	81	367

Note G11 Income tax

	2020	2019	2018
Current tax:			
Current tax on profit for the year	-32,680	-27,722	-16,763
Total current tax	-32,680	-27,722	-16,763

Deferred tax (Note G16)

Deferred tax on temporary differences and tax loss	13,628	9,720	5,824
Effect on changed tax rate	-	-	16,433
Total deferred tax	13,628	9,720	22,257
Total income tax	-19,052	-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:

	2020	2019	2018
Profit before tax	86,793	83,637	47,691
Income tax calculated according to tax rate in Sweden (21,4% in 2020 and 2019, 22% in 2018)	-18,574	-17,898	-10,492
Tax effect of:			
Non-deductible costs	-502	-452	-266
Non-taxable income	-	74	-
Utilisation of previous year's unrecognised loss carry forwards	-	240	-
Effect of change of tax rate	-	-	16,433
Other	24	36	-181
Income tax expense	-19,052	-18,001	5,494

Effective tax rate is -22.0% (2019 -21.5%, 2018 +11.5%).

Note G12 Earnings per share

	2020	2019	2018
<i>Earnings per share basic and diluted</i>			
Net profit for the year attributable to Parent Company shareholders (thousand SEK)	67,741	65,636	53,185
The preference shares' right to dividend regarding the financial year (thousand SEK)	46,059	50,532	47,183
Net profit for the year attributable to the parent company's shareholders adjusted for preference shares	21,682	15,104	6,002
Average number of shares outstanding ¹⁾	47,595,185	48,078,388	48,555,679
Earnings per share basic (SEK)¹⁾	0.46	0.31	0.12
Earnings per share diluted (SEK)¹⁾	0.45	0.31	0.12

1) adjusted for the reverse split of shares 15:1 which took place after December 31, 2020.

When calculating earnings per share after dilution, the weighted average number of outstanding ordinary shares is adjusted for the dilution effect of all potential ordinary shares. These potential ordinary shares are attributable to the warrants acquired by employees in the shareholder program at the end of 2019. See also "Note G8". As no market price is available to set against the exercise price and the number of warrants is limited in relation to the number of ordinary shares, the dilution effect has been calculated based on maximum theoretical dilution for 2020, while no dilution is deemed to exist in 2019 as the warrants were acquired at market value in close connection to the end of the reporting period.

For information on changes in the number of outstanding shares see "Note G20 Equity".

For information purposes

In connection with the listing on Nasdaq Stockholm, all outstanding shares in the Company will be converted into shares of two share classes. The restructuring will be carried out in several steps, including, among other things, a reclassification of all shares of all share classes to shares of two share classes, ordinary shares (which will be the listed shares) and shares of share class A1. For further information, see the section "Share capital and ownership – Conversion of previous ownership structure".

Note G13 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
Accumulated 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 acquisition	–	–	463	558	–	1,021
Closing acquisition value	902,815	1,090,436	40,463	241,748	15,087	2,290,549
Opening accumulated depreciation	–	–109,579	–15,828	–	–171	–125,578
Depreciation for the year	–	–55,386	–8,079	–82	–2,524	–66,071
Closing accumulated depreciation	–	–164,965	–23,907	–82	–2,695	–191,649
As of December 31, 2019						
Acquisition value	902,815	1,090,436	40,463	241,748	15,087	2,290,549
Accumulated depreciation	–	–164,965	–23,907	–82	–2,695	–191,649
Closing carrying amount	902,815	925,471	16,557	241,666	12,392	2,098,901

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

For fiscal year 2020, the Group estimated that SEK 6,039 thousand (2019 SEK 8,925 thousand and 2018 SEK 6,162 thousand) meets the criteria for capitalisation of development costs, see "Note G1 for accounting principles".

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

Customer relationships, platform and trademarks, like goodwill, are mainly attributable to the acquisition of Hemnet Sverige AB Group in 2017. During 2019, a minor asset acquisition took place when Tryggabud Sweden AB was acquired. Tryggabud Sweden AB has been merged with Hemnet AB in 2020.

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

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

Trademarks are for the most 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 the Hemnet brand, why it is indefinable. The trademark TryggaBud, with acquisition value SEK 558 thousand is depreciated over three years.

Impairment testing of goodwill and trademarks

Management assesses the company's performance based on the Group's overall results. The management has therefore 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.

Note G13 Intangible assets, cont

Sensitivity analysis Goodwill

The recoverable amount exceeds the carrying amount of goodwill with a good margin. This also applies to each individual assumption that:

- the discount rate before tax had been 1 percentage point higher,
- the estimated growth rate to extrapolate cash flows beyond the five-year period was 0 percent.

Essential assumptions used for calculating utility values:

Discount rate before tax 20201), %	15.5% (2019 15.6%, 2018 15.7%)
Long-term growth rate2), %	2.0% (2019 2.0%, 2018 2.0%)

- 1) Pre-tax discount rate used in the present value calculation of estimated future cash flows.
- 2) Growth rate used to extrapolate cash flows beyond the budget period.

The discount rate used is stated before tax and reflects the specific risks that exist for the Group.

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

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

Note G14 Tangible non-current assets

Equipment	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Opening acquisition value	9,617	9,301	9,721
Acquisitions for the year	967	882	933
Sales for the year	-49	-16	-22
Disposals for the year	-	-550	-1,331
Closing acquisition value	10,535	9,617	9,301
Opening accumulated depreciation	-7,618	-7,039	-7,139
Depreciation for the year	-1,082	-1,130	-1,237
Sales for the year	39	9	14
Disposals for the year	-	542	1,323
Closing accumulated depreciation	-8,661	-7,618	-7,039
Closing carrying amount	1,874	1,999	2,262

Note G15 Leases

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

A new agreement has been signed in 2020 with an extension of the rental period by two years to apply until September 2022.

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

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

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

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

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

Future leasing fees are shown in the table below:

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

Note G16 Deferred tax

Deferred tax assets and liabilities are distributed as follows:

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Deferred tax assets:			
deferred tax assets assessed to be utilised after more than 12 months	49	7	200
deferred tax assets assessed to be utilised within 12 months	46	–	–
	95	7	200
Deferred tax liabilities			
deferred tax liabilities assessed to be utilised after more than 12 months	219,898	233,116	244,260
deferred tax liabilities assessed to be utilised within 12 months	14,472	14,794	13,564
	234,370	247,910	257,824

Net change in deferred taxes is as follows:

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Opening balance	247,903	257,624	279,880
Reported in statement of comprehensive income	–13,628	–9,720	–22,256
Closing balance	234,275	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	–3377	–62	30,439
<i>Of which is effect of changed tax rate</i>	–12,846	–210	–3377	–	–16,433
As of Dec. 31, 2018	202,942	5,108	49,685	88	257,823
Reported in statement of comprehensive income	–11,852	–1,712	–	3,651	–9,913
As of Dec. 31, 2019	191,090	3,396	49,685	3,739	247,909
Reported in statement of comprehensive income	–11,852	–1,713	–	26	–13,539
As of Dec. 31, 2020	179,238	1,683	49,685	3,765	234,370

Deferred tax assets	Interest cap rate	Activated loss carry forward	Right of use assets	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	6	–	–	6
Reported in statement of comprehensive income	–6	–	95	89
As of Dec. 31, 2020	–	–	95	95

Note G17 Accounts receivable

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Accounts receivable	24,753	29,795	26,565
Reserve for expected credit losses	-4,354	-3,527	-2,317
Total	20,399	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, 2020 net accounts receivable amounted to SEK 20,399 thousand (2019 SEK 26,268 thousand, 2018 SEK 24,248 thousand) after the provision of expected customer losses. Accounts receivable overdue amounted to SEK 6,987 thousand (2019 SEK 9,494 thousand, 2018 SEK 8,748 thousand). Of the SEK 2,722 thousand accounts receivables overdue between 1–60 days at the balance sheet date 2020, SEK 2,298 thousand had been paid before Jan. 31, 2021.

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

The age analysis of accounts receivable is as follows:

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Not overdue accounts receivable	17,766	20,301	17,817
1–30 days	2,396	5,512	4,204
31–60 days	326	471	309
>61 days	4,265	3,511	4,235
Total overdue accounts receivable	6,987	9,494	8,748
<i>Change in reserve for expected credit losses:</i>			
Opening balance	3,527	2,317	1,520
Reserve for expected credit losses/reserve reversal	895	1,384	797
Credit losses recovered and reversed	-68	-174	-
Closing balance	4,354	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 December 31, 2020 are gross at SEK 2 977 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 credit loan losses are reserved for the remaining term, which is expected to be less than one year for all receivables. The Group's accounts receivables are divided into two groups: property sellers and other customers. The customers within each group are considered to have a similar risk profile, which is why the credit risk is initially assessed collectively for all customers in each group. In case of individual major receivables that are more than 60 days overdue or where the credit risk is assessed to be material, 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 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 G18 Other current receivables

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Settlement receivables	10,700	555	2,725
VAT recoverable	-	6	97
Tax account	3,234	291	8,043
Other	26	178	198
Total	13,960	1,031	11,064

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

Note G19 Prepaid expenses and accrued income

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Prepaid rents	-	-	1,501
Accrued income	10,035	4,183	8,823
Prepaid marketing costs	3,415	14,000	-
Prepaid costs, other	3,479	3,528	1,818
Total	16,929	21,711	12,142

The change in prepaid rents between 2018 and 2019 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 G20 Equity

	Voting rights	No. of shares	Share capital
<i>Ordinary shares:</i>			
Series A	5,909,593,070	590,959,307	30,169,402
Series B	106,517,850	106,517,850	5,437,904
Series C	16,720,658	16,720,658	853,616
<i>Preference shares:</i>			
Series D	5,572,330,900	557,233,090	28,447,625
Series E	41,517,850	41,517,850	2,119,552
Series F	259,821,500	25,982,150	1,326,430
As of Dec. 31, 2020	11,906,501,828	1,338,930,905	68,354,529

As of Dec. 31, 2020, the number of shares consists of 1,338,930,905 shares divided into ordinary shares and preference shares. The shares have been issued in six series. Series A, B, C constitute ordinary shares and series D, E and F constitute preference shares. Series A, D and F have a voting value of 10 votes/share. Series B, C and E have a voting value of 1 vote/share. The preference shares take precedence over the ordinary shares in terms of dividend and surplus in liquidation. The holders of preference shares are entitled to an accumulated dividend of 7 percent per year of the calculated amount. The calculated amount refers to the sum paid for all shares in the relevant series of issued preference shares plus the number of accrued dividends that have been listed and which have not

been paid or exchanged in the event of a liquidation. No shareholder has the right to call for a dividend from the company before a general meeting. There are also no repayment terms attached to the preference shares. The cumulative pre-emptive rights of the preference shareholders as of Dec. 31, 2020 amounted to SEK 58,877 thousand (2019 SEK 12,818 thousand and 2018 SEK 87,265 thousand).

Other contributed capital consists of premiums for a new issue of SEK 1,243,564 thousand (2019 1,242,155 and 2018 1,292,155).

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

Note G21 Financial risk management and financial instruments by category

Financial risk factors

Through its operations, the Group is exposed to a variety of financial risks: market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of the financial markets and strives to minimise potential adverse effects on the Group's financial results.

Risk management is handled by the Group's CFO. CFO provides monthly information on the Group's results, financial position and how the operations develop to the board and management of Hemnet. The Group has a finance policy established by the 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 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. As an alternative, surplus liquidity can also as an alternative to amortisation of interest-bearing debt be placed 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, 2020

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

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

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

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

Note G21 Financial risk management and financial instruments by category, cont**Sensitivity**

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

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

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

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

Amounts reported in the Group's statement of comprehensive income

During the year, the following currency-related amounts were reported in the consolidated income statement:

	2020	2019	2018
Net exchange rate gain (+)/-loss (-), included in other operating income/other operating expenses	-518	-22	257
Net exchange rate gains (+)/-currency (-), included in financial income/expenses	-126	103	110

Interest rate risk

The Group's interest rate risk arises through long- and short-term borrowing. Liabilities to credit institutions comprises of 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 assets with variable interest rates. The bank loan was renegotiated and extended during 2019. 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 unused 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 Group has previously chosen to hedge cash flow regarding future interest payments when the loan terms required a certain hedge initial. Hedging then took place by using a derivative in the form of one interest rate cap. The loan terms no longer require any hedging and the Group has chosen not to raise any new derivatives after the previous interest rate cap expired in 2020. 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 2020 were 100 basis points higher/lower with all other variables constant, the calculated profit after tax for the financial year would have been SEK 5,453 thousand higher/lower, as an effect of higher/lower interest costs for borrowing with variable interest rates.

Credit 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. Interest bearing securities consist of investments in fixed income funds, which are considered low risk investments.

Credit risk exposure and potential provision for expected loan losses are stated in "Note G17 Accounts receivables", "Note G19 Prepaid expenses and deferred income" and "Note G28 Cash and cash equivalents".

Liquidity risks

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

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

Credit facility

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

Variable interest rate utilized credit: Stibor plus 1.75–3.50 percent, depending on Net Leverage. Fixed interest-on unutilized credit: 0.75 percent.

Expires within one year (bank loan) SEK 10.3 million.

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

The credit facilities can be utilised at any time provided that the covenants in the loan agreement are fulfilled. The 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. Hemnets managed capital consists of equity. Changes in managed capital are stated in the *Group's consolidated statement of changes in equity*.

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

The Group assesses its capital requirements, among other things, on the basis of the leverage ratio, which is the key figure for net debt/adjusted EBITDA and amounted to 2.2 on December 31, 2020 (2019 3.0. 2018 3.4). Net debt is calculated as total borrowing (including the items Liabilities to credit institutions and Derivative instruments in the consolidated balance sheet) less cash and cash equivalents. The Group's goal is to achieve a net debt/adjusted EBITDA of less than 2.0.

Historical financial information

Note G21 Financial risk management and financial instruments by category, cont

Expected maturity of financial liabilities

As of Dec. 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual undiscounted cash flows	Reported value
<i>Financial liabilities</i>							
Liabilities to credit institutions		10.3	13.3	665.1		688.6	675.5
Leasing debt	0.0	5.6	5.8	0.0		11.4	11.3
Accounts payable	10.3					10.3	10.3
Other current liabilities	10.9					10.9	10.9
	21.1	16.0	19.0	665.1	0.0	721.2	707.9
<i>As of Dec. 31, 2019</i>							
<i>Financial liabilities</i>							
Liabilities to credit institutions		10.3	10.3	678.3		698.9	682.2
Contingent consideration	79.2					79.2	79.1
Leasing debt	0.0	3.4	0.2	0.1		3.7	3.6
Accounts payable	13.0					13.0	13.0
Other current liabilities	3.0					3.0	3.0
<i>Derivatives</i>							
Interest rate cap						–	–
	95.2	13.7	10.5	678.4	0.0	797.8	780.9
<i>As of Dec. 31, 2018</i>							
<i>Financial liabilities</i>							
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	11.7
Other current liabilities	11.2					11.2	11.2
<i>Derivatives</i>							
Interest rate cap		0.7				0.7	0.9
	205.1	13.2	213.4	415.0	0.0	846.7	828.4

Fair value calculation

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

(a) Level 1 financial instruments

Listed prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 financial instruments

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

(c) Level 3 financial instruments

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

Note G21 Financial risk management and financial instruments by category, cont

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

	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Financial assets at fair value through profit or loss</i>				
Interest bearing securities, current (fixed income funds)	24,525	–	–	24,525
Total financial assets	24,525	–	–	24,525
Financial liabilities				
<i>Financial liabilities at fair value through profit or loss</i>				
Contingent consideration				–
Total financial liabilities	–	–	–	–

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				
<i>Financial assets at fair value through profit or loss</i>				
Interest bearing securities, current (fixed income funds)	24,132			24,132
Total financial assets	24,132	–	–	24,132
Financial liabilities				
<i>Financial liabilities at fair value through profit or loss</i>				
Derivative instruments held for trading:				
– Interest rate cap		–		–
Interest rate cap			79,129	79,129
Total financial liabilities	–	–	79,129	79,129

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

	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Financial assets at fair value through profit or loss</i>				
Interest bearing securities, current (fixed income funds)	23,390			23,390
Total financial assets	23,390	–	–	23,390
Financial liabilities				
<i>Financial liabilities at fair value through profit or loss</i>				
Derivative instruments held for trading:				
– Interest rate cap		904		–
Interest rate cap			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 AB group.

There were no transfers between the levels during the year.

Level 3 financial instruments

The following table shows the changes for Level 3 instruments.

Contingent consideration in correlation to acquisitions

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Opening balance	79,129	181,945	263,536
Contingent consideration paid during the year	–79,196	–105,883	–87,911
Interest accrued over the total profit during the year	67	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. Contingent consideration is measured at fair value at a discounted amount. The remaining part of the contingent consideration was settled in January 2020.

Historical financial information

Note G21 Financial risk management and financial instruments by category, cont

Financial instruments by category

Assets as of Dec. 31, 2020	Financial assets at fair value through profit or loss	Financial assets reported at amortised cost	Total
Assets in the balance sheet			
Interest bearing securities, current	24,525		24,525
Accounts receivable and other receivables		44,394	44,394
Cash and cash equivalents		247,092	247,092
Total	24,525	291,486	316,011
Liabilities as of Dec. 31, 2020	Financial liabilities at fair value through profit or loss	Financial liabilities reported at amortised cost	Total
Liabilities in the balance sheet			
Liabilities to credit institutions		675,482	675,482
Contingent consideration		–	–
Other liabilities		22,115	22,115
Accounts payable		10,290	10,290
Accrued expenses		59,593	59,593
Total	–	767,480	767,480
Assets as of Dec. 31, 2019	Financial assets at fair value through profit or loss	Financial assets reported at amortised cost	Total
Assets in the balance sheet			
Interest bearing securities, current	24,132		24,132
Accounts receivable and other receivables		31,482	31,482
Cash and cash equivalents		219,397	219,397
Total	24,132	250,879	275,011
Liabilities as of Dec. 31, 2019	Financial liabilities at fair value through profit or loss	Financial liabilities reported at amortised cost	Total
Liabilities in the balance sheet			
Liabilities to credit institutions		682,189	682,189
Contingent consideration	79,129		79,129
Derivatives	0		0
Other liabilities		73	73
Accounts payable		12,996	12,996
Accrued expenses		4,838	4,838
Total	79,129	700,096	779,225
Assets as of 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 and 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

Interest bearing securities are valued at fair value in level 1 in the fair value hierarchy. The fair value of current liabilities to credit institutions corresponds to their carrying amount, as the discounting effect is not significant. The fair value of long-term liabilities to credit institutions is based on discounted cash flows (level 2) and amounts to SEK 678 million as of December 31, 2020. Contingent consideration is valued at fair value and is

at level 3, which means that observable input data for the debt is lacking and the fair value is instead based on management's assessment of what is likely to be paid given the terms of the share transfer agreement. For other financial assets and liabilities, book value is an approximation of fair value, which is why these items are not divided into levels according to the valuation hierarchy.

Note G22 Liabilities to credit institutions

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Long-term liabilities			
Liabilities to credit institutions	678,375	688,625	440,000
Effective interest rate/ settlement fee/renegotiation result	-10,515	-14,225	-9,386
	667,860	674,400	430,614
Short-term liabilities			
Liabilities to credit institutions	10,250	10,250	12,500
Effective interest rate/ settlement fee/renegotiation result	-2,628	-2,461	-2,474
	7,622	7,789	10,026
Total liabilities to credit institutions	675,482	682,189	440,640

Liabilities to credit institutions

The Group's borrowing matures on May 27, 2025 and runs at a variable interest rate with a margin spread of 1.75–3.5 percentage points against the reference interest rate, depending on the net leverage covenant.

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, 2020.

In May 2019, the loan was and the credit limit were renegotiated and extended.

For liabilities to credit institutions, collateral has been provided, see "Note G29".

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

Note G23 Other non-current liabilities

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Deferred consideration	–	–	90,973
Contingent consideration	–	–	90,973
Non-current leasing debt	5,687	262	–
Total	5,687	262	181,945

See "Notes G2 and G20" for further description of the item contingent consideration and deferred consideration. See "Note G15 Leases for information on lease liabilities".

Note G24 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	2020-12-31	2019-12-31	2018-12-31
Interest rate cap – holding for trading	–	0	904
Total	–	0	904

The Group has partly hedged cash flow regarding future interest payments by using a derivative in the form of an interest rate cap 2018 and 2019. 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 2018 and 2019.

Note G25 Other current liabilities

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Deferred consideration	–	–	90,973
Contingent consideration	–	79,129	90,973
VAT credit	4,229	2,815	9,802
Personnel-related taxes	6,514	–	–
Lease liability, short-term	5,573	3,396	–
Other items	112	181	1,567
Total	16,428	85,521	193,314

See "Note G21 Calculation of fair value" for further description of the item deferred consideration and contingent consideration. See "Note G15 Leases for information on Lease liability".

Note G26 Accrued expenses and deferred income

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Accrued personnel costs	14,124	8,755	7,281
Deferred income	8,228	12,878	12,839
Accrued administration and commission compensation	40,003	44,718	34,648
Other accrued costs	6,562	4,084	1,682
Total	68,917	70,436	56,451

Note G27 Changes in liabilities belonging to the financing operations

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

	Jan. 1, 2019	Cash inflow	Cash inflow	Non-cash flow items		Leasing	Dec. 31, 2019
				Unpaid interest expenses	Accrual of financing costs		
Liabilities to credit institutions	440,640	285,724	-44,125		-51		682,189
Debt deferred consideration	181,945		-180,279	-1,665			-
Contingent consideration	181,945		-101,151	-1,665			79,129
Leasing liabilities	-		-5,979			9,637	3,657
Total	804,530	285,724	-331,534	-3,331	-51	9,637	764,977

	Jan. 1, 2018	Cash inflow	Cash inflow	Non-cash flow items		Leasing	Dec. 31, 2018
				Unpaid interest expenses	Accrual of financing costs		
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 G28 Cash and cash equivalents

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Bank balances	247,092	219,397	310,699
Total	247,092	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 G29 Pledged assets

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Net assets in subsidiaries	1,108,550	1,037,907	1,510,274
Trademarks	241,190	241,190	241,190
Total	1,349,740	1,279,097	1,751,464

Pledged assets relate to debt to credit institutions, and the loan from Nordea. The loan is conditional upon the company meeting certain covenants. See also "Notes G21 and G22". Net assets in subsidiaries refer to Hemnet AB, Hemnet Sverige AB and Hemnet Holding III AB.

Note G30 Participations in Group companies

The Group has the following subsidiaries

Name	Corp. reg. no	Location	Share capital
Hemnet Holding AB	559088-4457	Stockholm	100%
Hemnet Holding II AB	559088-4465	Stockholm	100%
Hemnet Holding III AB	559088-4473	Stockholm	100%
Hemnet Sverige AB	556536-0202	Stockholm	100%
Hemnet AB	556260-0089	Stockholm	100%

Note G31 Related party transactions

Related parties are owners, all subsidiaries within the Group and senior executives in the Group and their affiliates. Goods and services are bought and sold to related parties on normal commercial terms on a commercial basis. Within the Group, goods and services are priced in accordance with established internal pricing policies based on the arm's length principle.

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

During 2019, redemption of the Fastighetsmäklarförbundet's 28,151,536 shares went into effect, which decreased the share capital by SEK 1,408 thousand meanwhile other contributed capital decreased the share 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.

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

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

Note G32 Events after the reporting period

In the beginning of 2021, Hemnet communicated an upcoming revised model for administration and commission compensation to the brokerage industry. Hemnet's current compensation model is based on a compensation to affiliated real estate agencies for administration and intermediation work, as well as a commission compensation for the sale of the company's products. The new revised model has the same components, but the compensation levels for each part have been adjusted to give the commission compensation a greater weight. This change will take effect on March 1, 2021. Hemnet's assessment is that this change can have a positive impact on sales of additional products and on the company's profit margins.

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

Auditor's report regarding financial reports on historical financial information

Auditor's Report on historical financial statements

Independent auditor's report

To the Board of Directors of Hemnet Group AB (publ), corporate identity number 559088-4440

Report on the consolidated accounts

Opinions

We have audited the consolidated accounts of Hemnet Group AB (publ) for the period of three years ended 31 December 2020. The consolidated accounts of the company are included on pages F-1-29 in this document.

In our opinion, 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 the 31 December 2020, 31 December 2019 and 31 December 2018 and their financial performance and cash flow for each of the three financial years ending the 31 December 2020 in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

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 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 and the Managing Director are responsible for the preparation of the consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and 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 consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of 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 intends to liquidate the group, 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 consolidated accounts as a whole are free from material misstatements, 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 consolidated accounts.

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

- Identify and assess the risks of material misstatement of the 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, misrepresentation, or the override of internal control.
- Obtain an understanding of the group'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 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 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 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 consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the 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 group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the 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.

Stockholm, 16 April 2021

Ernst & Young AB

Anna Svanberg

Authorized Public Accountant

Definitions

Broker services refers to the following services directed towards real estate agents (i) Hemnet Business, a subscription-based service used for statistics, marketing and listings, (ii) Hemnet Live, a service for offering online viewings of properties, and (iii) Mäklartipset, a marketing service.

Code refers to the Swedish Corporate Governance Code.

EUR refers to euro.

Euroclear refers to Euroclear Sweden AB (Box 7822, 103 97 Stockholm, Sweden).

EY refers to Ernst & Young Aktiebolag.

GDPR refers to the General Data Protection Regulation (EU) 2016/679.

Hemnet, Company or Group refers to, depending on the context, Hemnet Group AB (publ), corporate registration number 559088-4440, the group in which Hemnet Group AB (publ) is parent company or a subsidiary in the group.

IFRS refers to International Financial Reporting Standards, as adopted by the European Union.

Joint Bookrunners and Managers refers to the Joint Global Coordinators, and Nordea Bank Abp, filial i Sverige ("**Nordea**") and Barclays Bank Ireland PLC ("**Barclays**").

Joint Global Coordinators and Bookrunners refers to Carnegie Investment Bank AB (publ) ("**Carnegie**"), Citigroup Global Markets Europe AG ("**Citi**") and Morgan Stanley & Co. International plc ("**Morgan Stanley**").

Lock-up Period refers to the time period after the trading on Nasdaq Stockholm has been initiated under which the Company, the Principal Shareholder and other Selling Shareholders have undertaken not to sell their shares in the Company.

Mäklarsamfundet refers to Mäklarsamfundet Bransch i Sverige AB (the Association of Swedish Real Estate Agents).

Nasdaq Main Market Rulebook refers to Nasdaq's Nordic Main Market Rulebook for Issuers of Shares.

Nasdaq Stockholm refers to the regulated market operated by Nasdaq Stockholm Aktiebolag.

OC&C refers to OC&C Strategy Consultants LLP.

Offer refers to the offer of shares described in the Prospectus.

Placing Agreement refers to the placing agreement described in the section "*Terms and instructions – Conditions for completion of the Offer*".

Prospectus refers to this Prospectus which has been drawn up on the account of the Offer and the admission to trading of the Company's shares on Nasdaq Stockholm.

Prospectus Regulation refers to the European Union Regulation (EU) 2017/1129.

Over-Allotment Option refers to the allotment option described in the section "*The Offer in brief*".

Principal Shareholder or General Atlantic refers to General Atlantic RR B.V.

SCA refers to The Swedish Competition Authority.

SEK refers to Swedish krona.

Selling Shareholders refers to all current shareholders as of the date of the Prospectus, except for Mäklarsamfundet Bransch i Sverige AB and a member of the Company's executive management.

SFSA refers to the Swedish Financial Supervisory Authority.

Sprints Capital refers to Sprints Euphrasia S.à r.l.

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