

Q4 2023

Presentation of the year-end report

Hemnet Group | 31 Jan 2024



Agenda

10:00 CET START

Q4 2023 and Year-end report

Cecilia Beck Friis, CEO

Financial highlights

Anders Örnulf, CFO

Business update

Lisa Farrar, COO

Closing remarks and Q&A

11:00 CET END

Submit your questions via the webcast:

<https://ir.financialhearings.com/hemnet-q4-report-2023/>

Q4 2023 Summary

Key financials

Net sales growth

36.8%
(SEK 275.0m)

ARPL growth

46.2%
(SEK 5,911)

EBITDA-margin

51.5%
(SEK 141.6m)

Highlights

- Revenue from property sellers up 55%, driven by increased demand for value-added services (ARPL contribution from VAS almost doubled from LY)
- Improvements to the market environment, with Q4 listings higher than 2022 for the first time in 2023 (+5.3%)
- Announcing a revised compensation model to better reward agents that are proactive ambassadors of our value-added services (VAS)
- Hemnet continues to be the natural go-to place for anyone buying or selling a home, with the largest audience and 9 in 10 of all sold properties in Sweden



“Strong ARPL growth of 37% for the full year - despite challenging market conditions - driven by high demand for value-added services”

Hemnet is the Swedish property market, and the best portal to maximise your listing and brand

9 in 10 properties sold in Sweden are on Hemnet

Hemnet delivers 19x more clicks to listings



Average number of clicks to a property listing



Q4 ARPL growth of 46% as contribution from value added services almost doubled from LY

Y/Y growth
(most recent)

+38%

+31%

+28%

+46%

Strong growth in revenue from VAS driven by product and pricing

- ARPL from our value-added services nearly doubled compared to last year
- A significant part of the VAS growth can be attributed to the increasing demand for Hemnet Premium, as more agents and property sellers want to tap into the increased audience engagement
- “Pay when listing is removed” gives sellers more flexibility following launch in Q4 2023



Q4 number of listings exceeded last year's volumes for the first time in 2023, up 5.3%

Paid published listings per month (Y/Y change)



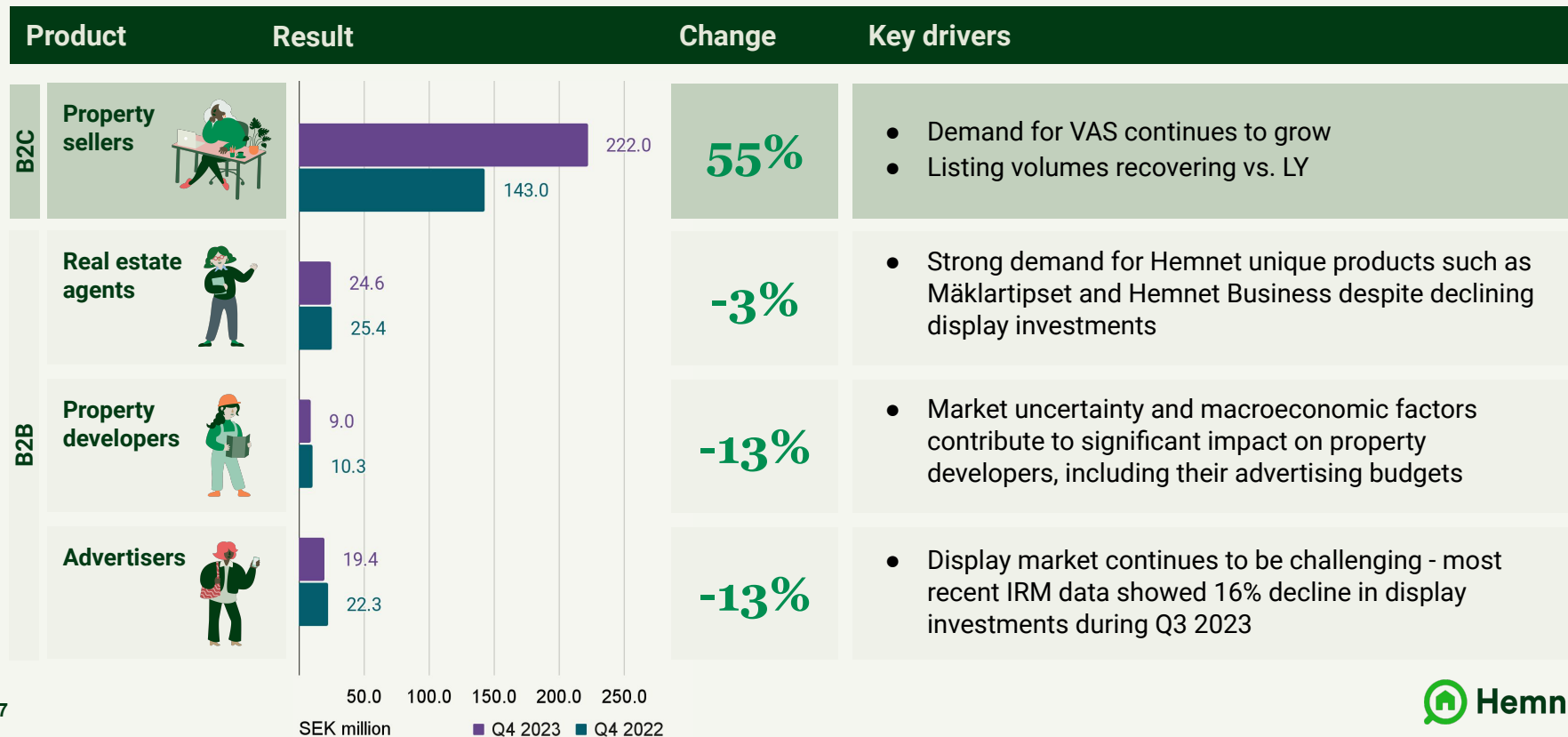
Property market commentary

Annual listing volumes are down 11.6%, but Q4 volumes are up 5.3%. The number of transactions has decreased in line with these figures

Sale prices are back to 2020 levels, up 1% in 2023 and down 12% from the peak in March 2022

Buyer's barometer at strongest level since April 2022, with 78% of respondents expecting higher or unchanged prices in the coming 6 months (as of Jan 2024)

Marketing investments remain under pressure as uncertainty persists



19 employees added in 2023, with Q4 headcount unchanged from Q3 2023 at 154

19 employees added during 2023

2023 was a successful recruitment year

Q/Q growth
(most recent)

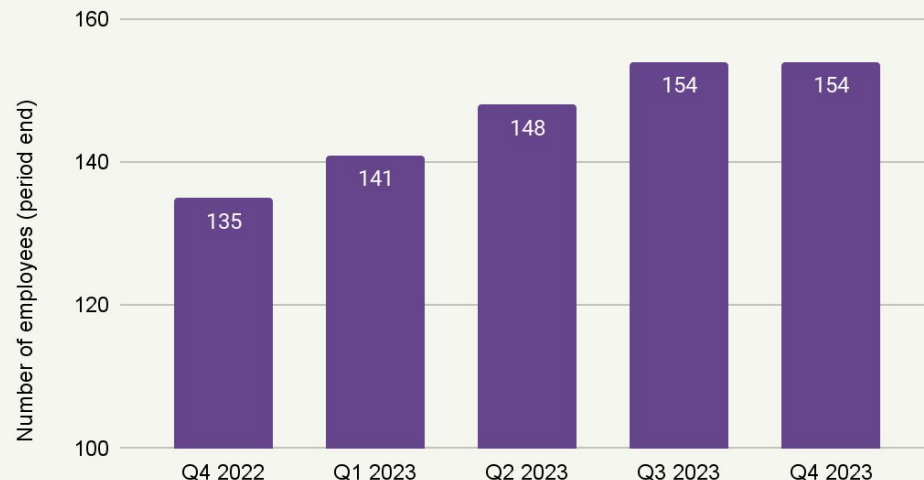
+11

+6

+7

+6

-



- Successful year where we filled a number of key roles and moved several consultants into full-time roles
- Majority of investments in product and tech
- Recruitment market continues to be favourable to Hemnet
- Investments in product and tech are yielding results, as we continue to execute on our strategy

Milestone of SEK 1Bn net sales at 52% EBITDA margin reached in 2023

Net sales growth

+13%

ARPL growth

+37%

EBITDA growth

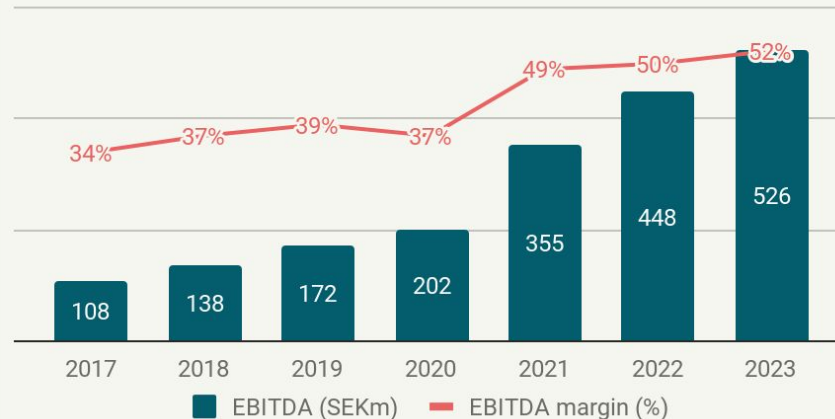
+17%

Margin expansion

+2 pp



Hemnet aims to achieve annual **net sales growth of 15-20 percent**



Hemnet aims to achieve an adjusted **EBITDA margin of over 55 percent** in the long term

A productive year, despite market challenges

Success in business operations...

13% net sales growth, despite 12% decline in published listings

Strong market position, with 9 in 10 sold properties listed on Hemnet

Great place to work, with high eNPS

...as well as product execution

Buyers



Photos on sold properties

Increased My Home retention and engagement

Migration to Next.js

Sellers



Republishing included in Premium package

Pay when listing is removed (PLiR)

23-day rule change for republishing

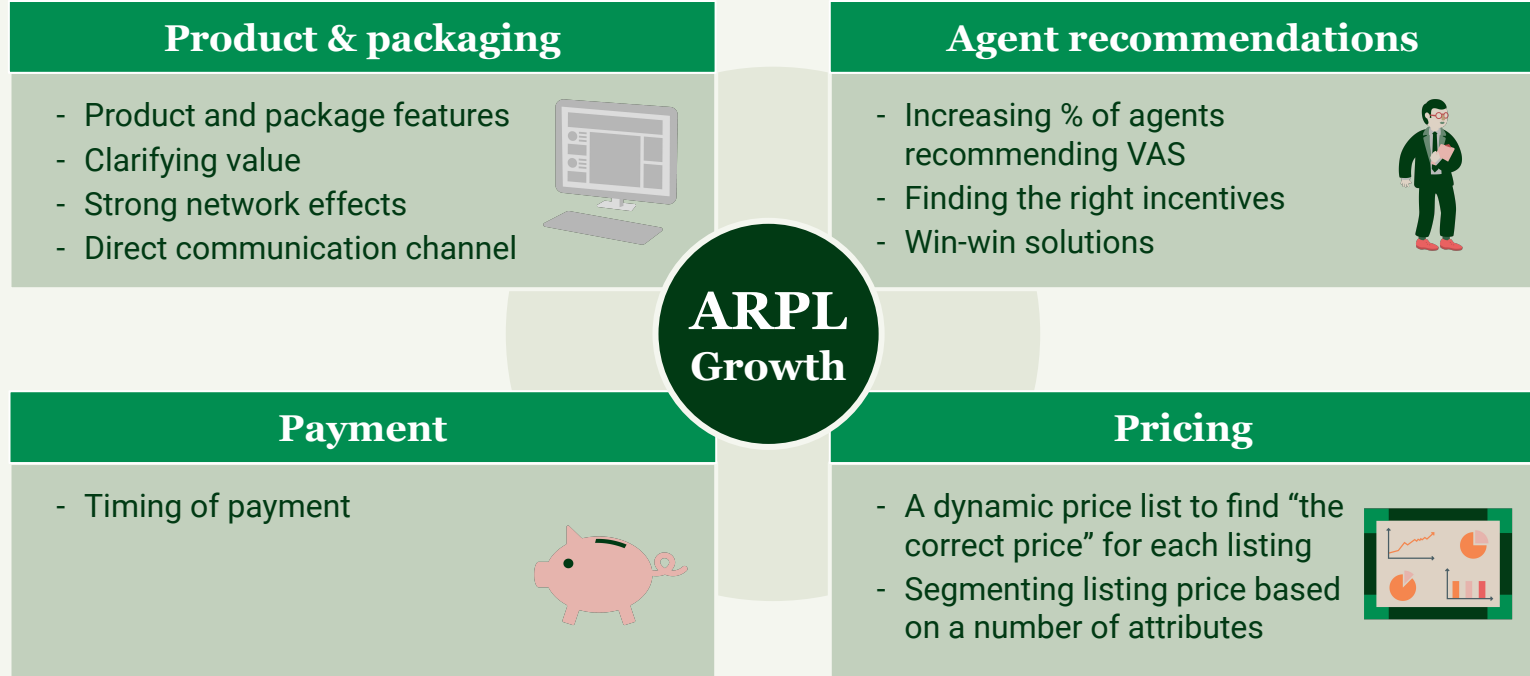
Agents



Sold by Us

Ecosystem for agent search

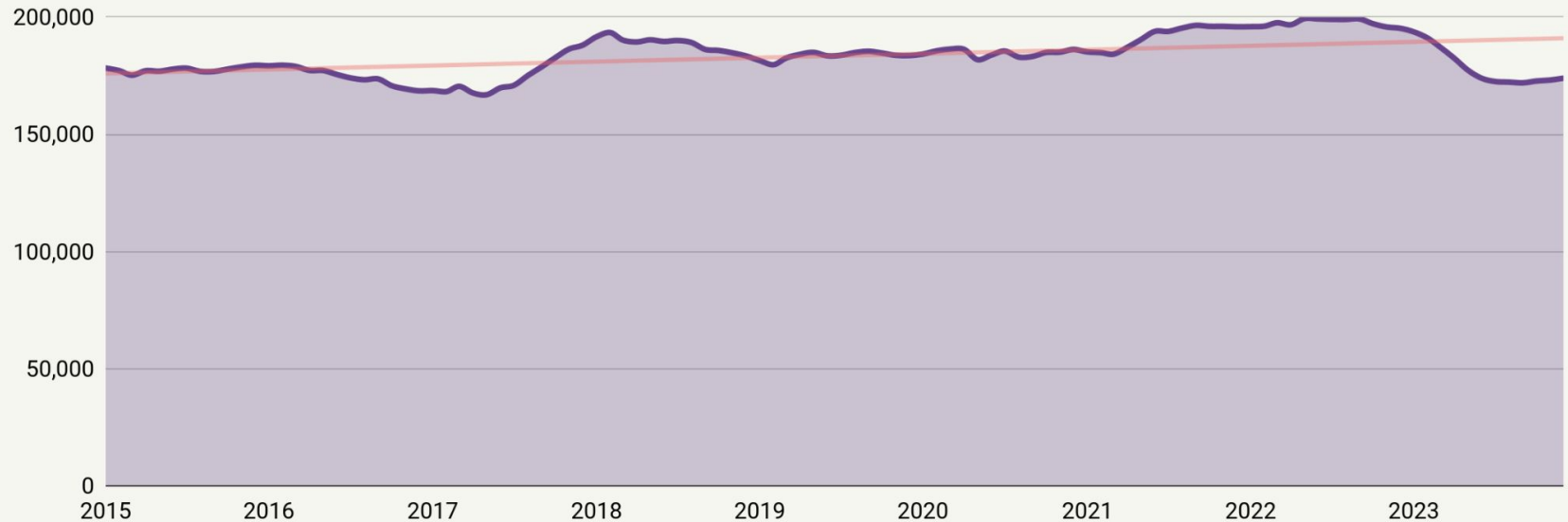
We have developed several levers to drive sustainable ARPL growth



Our thesis is unchanged - the Swedish property market is stable over time

Published listings

(Country, 12 month moving sum - including trendline)



We continue to actively develop our ESG agenda

Science Based Targets Initiative (SBTi)



- Long-term target for net-zero greenhouse gas emissions by 2050 approved by the Science Based Target initiative (SBTi)

Corporate Sustainability Reporting Directive (CSRD)



- Defined process for 2024 to prepare for upcoming CSRD regulations

Corporate & Social Responsibility



- Christmas fundraising campaign with UNHCR
- Employee volunteering for the Stockholm City Mission

Financial Highlights

Anders Örnulf, CFO



Q4 2023 Financial Summary

37%

Net Sales
SEK 275.0m

+46%

ARPL
SEK 5,911

60%

EBITDA
SEK 141.6m

92%

Cash conversion
FCF/Adj. EBITDA

+7.3pp

EBITDA margin
51.5%

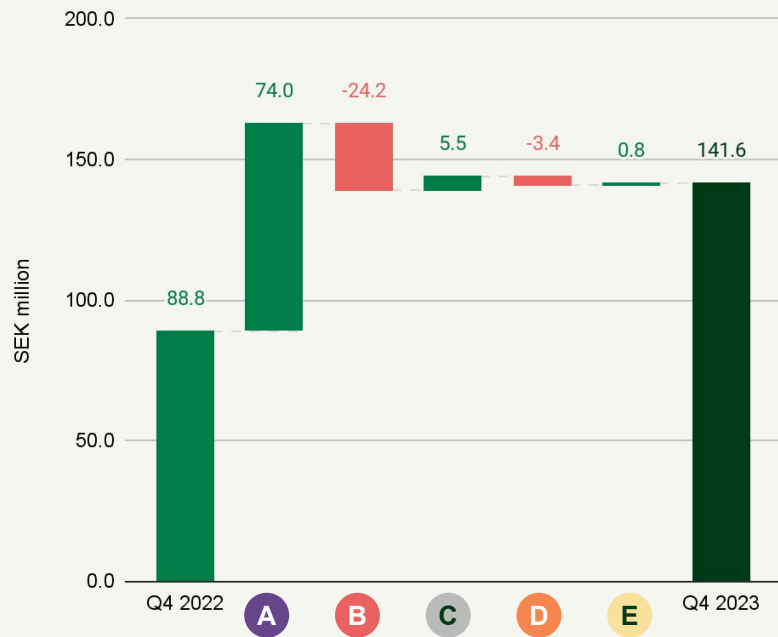
0.8x

Leverage
Net debt/Adj. EBITDA

60% growth in EBITDA versus Q4 2022

EBITDA bridge

SEK million, Y/Y change



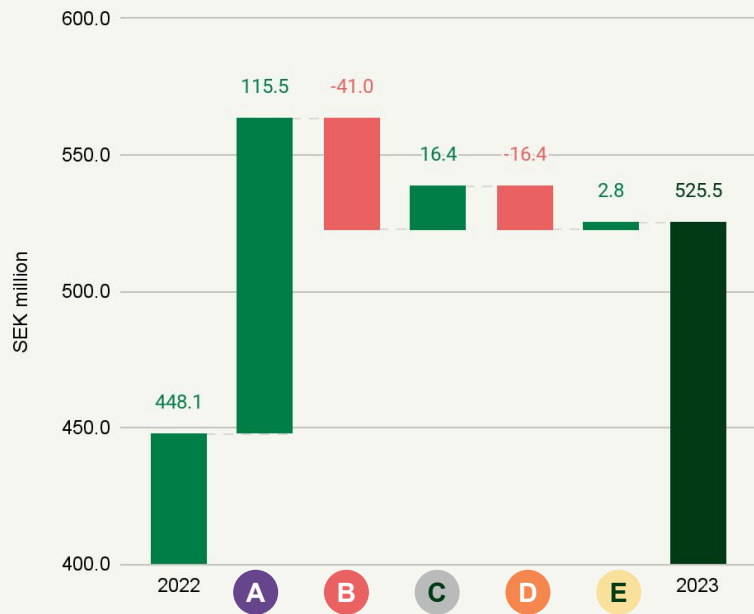
Key drivers

- | | | |
|----------|---|---|
| A | Net sales | 55% growth in net sales from property sellers |
| B | Compensation to real estate agents | Grows in line with seller revenue |
| C | Other external expenses | Lower consulting and marketing costs |
| D | Personnel costs | No changes in number of employees in Q4 - some impact from cost phasing |
| E | Other | Primarily driven by an increase in own work capitalised |

17% growth in 2023 full year EBITDA

EBITDA bridge

SEK million, Y/Y change

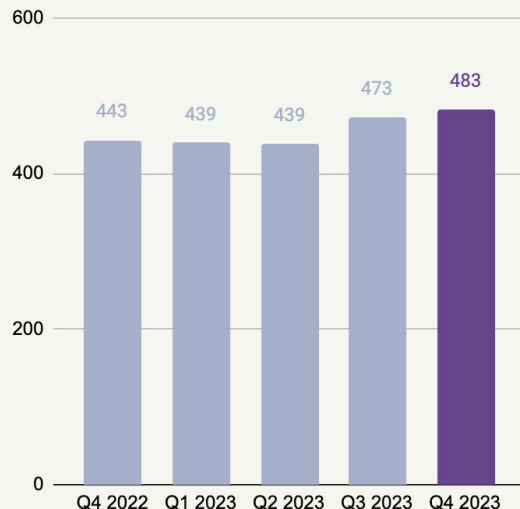


Key drivers

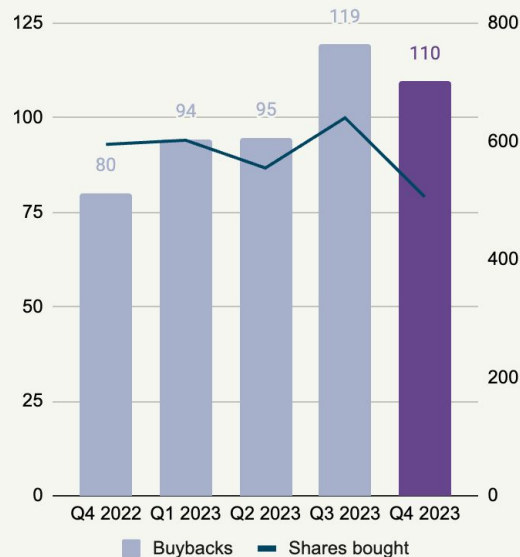
A	Net sales	ARPL growth and stabilisation in listing volumes
B	Compensation to real estate agents	Grows in line with seller revenue
C	Other external expenses	Paused marketing spend and reduced consultant spend
D	Personnel costs	+19 employees compared with Q4 2022
E	Other	Primarily driven by an increase in own work capitalised

LTM cash flow grows and is used for investments & share buybacks, while leverage remains stable

LTM Free cash flow
SEK million



Share buybacks
SEK million, thousand shares bought



Net debt and leverage
SEK million, leverage

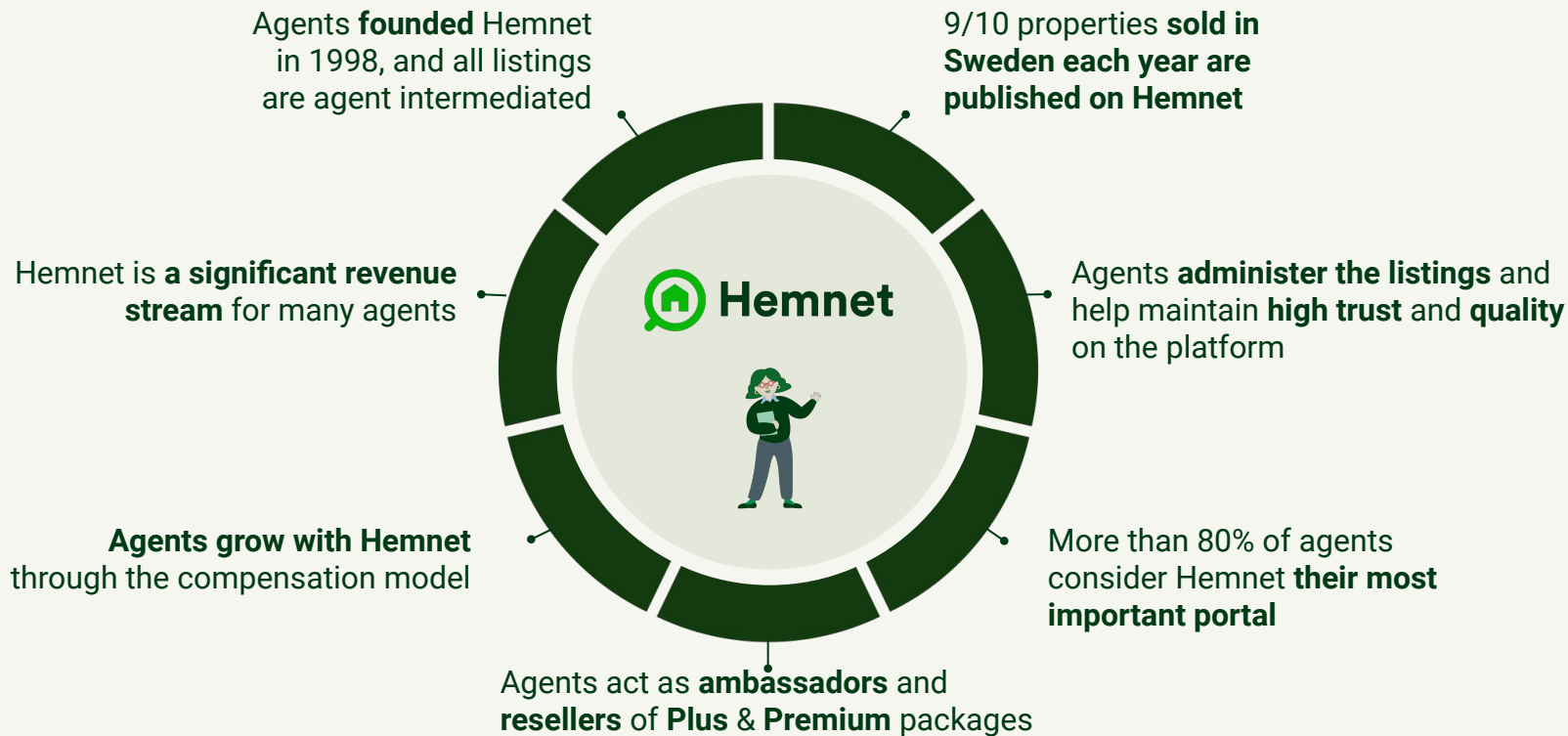


Business Update

Lisa Farrar, COO

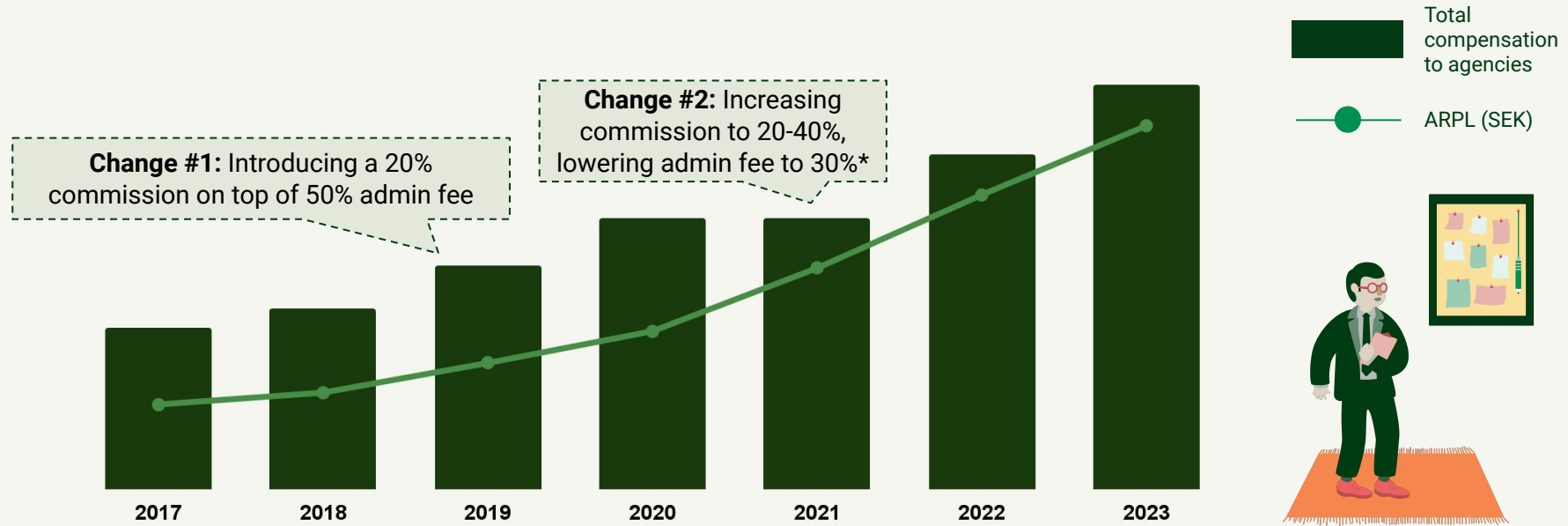


The Swedish agent industry and Hemnet have a unique and mutually beneficial partnership



The unique relationship enables Hemnet to grow ARPL and the total compensation to agents

Total agent compensation and ARPL growth



Updating the compensation model to drive simplicity, fairness and the right incentives

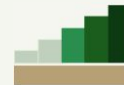
Why we are updating the model?

- Our Plus and Premium packages have become the **obvious choice among sellers**
- Agents play a **crucial role** to help sellers understand the value of these packages, where 3 out of 4 sellers follow their agent's recommendation
- The updated model **better rewards agencies** that **often recommend Plus and Premium**
- Such agencies are considered **active partners**, contributing more to Hemnets growth

What are we changing?



Admin fee becomes **fixed**



Changing the **commission levels** and adding more tiers



An **agent recommendation** is required to qualify for commission

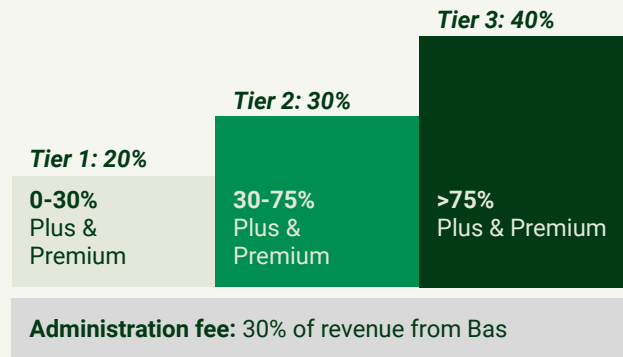


Commission is calculated on the **total revenue from all sold products**

The updated model is designed to reward offices that actively promote Hemnet's VAS

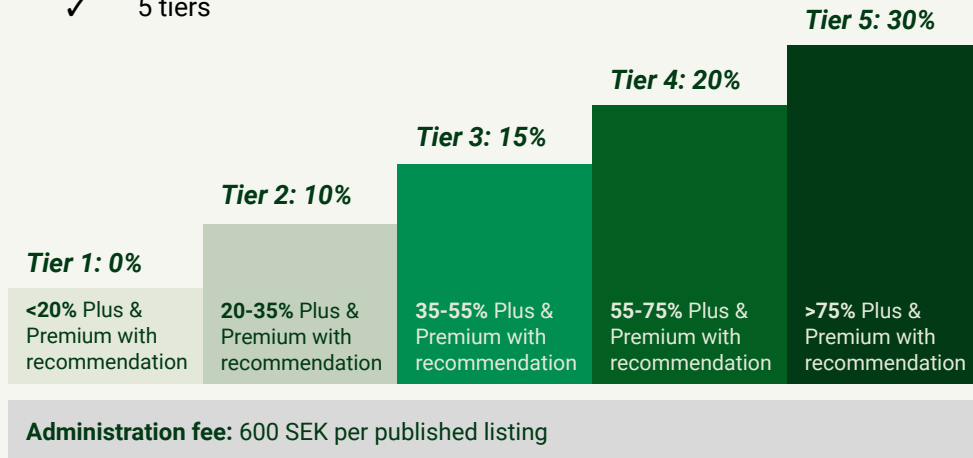
Before the update

- ✓ Administration fee variable
- ✓ Commission calculated only on revenue from VAS
- ✓ Commission tiers based on share of sold Plus and Premium
- ✓ 3 tiers



After the update

- ✓ Administration fee fixed
- ✓ Commission is calculated on total revenue from all seller products
- ✓ Commission tiers based on share of sold Plus and Premium with a recommendation
- ✓ 5 tiers



Giving agents the right tools and information to be better ambassadors and resellers for our VAS

Tools that help agents be better ambassadors and resellers for VAS

The right process and sale arguments

Visualising total compensation

Understanding the benefits of our VAS

Launching a full digital publishing flow in Q2 2024

NEW!

Main benefits from a full digital flow implementation



Sellers

- Better track progress of listing
- Make active package choice



Agents

- Remove physical paperwork
- More control over publication timing and sales commission



- Increased compliance
- Satisfied customers and partners

Summary

Cecilia Beck-Friis, CEO



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“Strong ARPL growth of 37% for the full year - despite challenging market conditions - driven by high demand for value-added services”

A close-up photograph of two hands. The hand on the left is wearing a silver watch and a ring. The hand on the right is wearing a patterned sleeve. They are both holding a small green plant with a wooden stick.

Q&A

Dial-in instructions

Hemnet invites analysts, investors and media to participate in the results presentation on 31st January 2024 at 10:00 CET. The results will be presented by CEO Cecilia Beck-Friis and CFO Anders Örnulf.

The presentation will be held in English, followed by a Q&A session. Participants are welcome to join via the below link or by phone.

Webcast and teleconference info:
<https://financialhearings.com/event/47327>

Financial calendar

23 Apr 2024	Interim report Q1 2024
25 Apr 2024	Annual general meeting
18 Jul 2024	Interim report Q2 2024
24 Oct 2024	Interim report Q3 2024

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