Title		Version	Replaces	Org. location	Page # (of #)
Financial Policy		1.4	1.3	N/A	1(12)
Owner	**Changed by**		**Last changed**	**Document type**	
CFO	Jens Melin		2023-03-13	Policy	
Adopted by	**Adopted on (Date)**	**Status**		**Replaced by**	
Board of Directors	2023-04-27	Adopted		N/A	

Financial Policy

Information

What does this policy cover?

This policy states the financial risks Hemnet Group AB (publ) and its subsidiaries (the "Company", the "Group") are exposed to, and how these risks should be minimised. The purpose is also to define the different roles and responsibilities within the organisation.

Who is affected by this policy?

This policy pertains primarily to the Chief Financial Officer ("CFO") and its closest colleagues.

Why was this policy created?

The purpose of this policy is to: establish financial targets; establish frameworks and guidelines for organising financial operations; establish frameworks and guidelines for limiting financial risks from occurring in the financial operations; and establish frameworks and guidelines for reporting and monitoring financial operations.

Content

Introduction

Purpose and scope

- This financial policy sets out guidelines and rules for conducting the financial operations of the Group.
- This financial policy defines financial risks, how they should be limited and what risks the Group may take.
- This financial policy determines the distribution of responsibilities and rules on administration.
- This financial policy shall serve as a guide in the day-to-day work of the CFO.

Objectives

The Group has the following overall objectives for its financial operations:

- Conduct a non-speculative financial business which supports the operations of the business.
- Ensure the Group's short- and long-term capital needs.
- Within the rules and guidelines of this financial policy, optimize financial income and expenses.
- Create the conditions for a long-term stable capital structure
- Ensure that the Group is perceived as a professional business partner.
- Support executive management based on the financial targets set by the Board of Directors.

Updating the financial policy

The financial policy and its appendices must be revised annually, as well as continuously if necessary. The Audit Committee is responsible for the process, and updates are established by the Board of Directors.

General principles

This financial policy is group-wide and must be followed by all units within the Group. All external financial transactions are to be performed or coordinated by the CFO.

Well-functioning and active financial risk management provides the readiness and chance to plan and execute business activities to manage risks. An important prerequisite is that the risks are known and defined so that the Group can choose to take or not take action following conscious decisions. So risk management contributes to making decisions about balances between risks and costs.

Speculative positions are prohibited for trading purposes. Trading in this case means taking a position with the aim of exploiting faith in the market.

Rules violations

Violations of guidelines and/or risk limits in this financial policy shall be reported immediately to the Chairman of the Board and the CEO as well as taken up at the next Board meeting.

Reporting and risk evaluation

Actual financial exposure and status should be reported on an ongoing basis. Financial reports shall be produced with the purpose of being in part the basis for planning and decisions, and partly as a means of oversight and control over how well the objectives and guidelines of the financial policy are complied with. The contents and reporting frequency of the financial reports are set out in Appendix 1.

Organisation, roles and division of responsibilities

Organisation

Finances are part of the CFO's area of responsibility. The CFO reports to the CEO, who in turn reports to the Board of Directors.

It is the CFO's responsibility to ensure that the financial operations always have sufficient resources and skills to carry out the assigned tasks.

Roles and division of responsibilities

The CFO is the owner of the Group's financial policy and is responsible for keeping it updated and for internal communication to relevant parts of the Group.

The Board of Directors is responsible for approving the financial policy, including:

- Objectives for financial targets, including the capital structure.
- Objectives and guidelines for debt financing
- Objectives and guidelines for managing the Group's financial risks.

- Objectives and guidelines for cash management.

The Board of Directors is responsible for the division of responsibilities and the authority for these; that is, the above four points.

The CFO is responsible for the Group's compliance with the financial policy, including:

- Initiating and preparing proposals for updating this financial policy.
- Following up on the implementation of this financial policy.
- Ensuring that system support and expertise are in place so that this financial policy can be followed.
- Implementing financing decided by the Board of Directors.
- Ensuring that financial agreements and transactions take place within the framework of the financial policy.
- Representing the Group to banks and other financial institutions.

General principles

Hemnet shall primarily finance its operations and investments through internally generated cash flow. In addition, the company can access the bank loan market and other debt financing sources. When these sources are not sufficient and attractive investment opportunities arise, the company can consider proposing equity funding from the shareholders. Any excess cash resources not needed for the company's current or future operations, shall be proposed to be returned to the shareholders via dividend or other means in accordance with the Company's dividend policy.

Banking relations

The Group's banking relations shall be limited primarily to the counterparties as shown in Appendix 2. The CFO is free to make use of these approved counterparties as deemed necessary for the Group's ongoing operations, but in the case of change of main counterpart, the Board of Directors must be notified. Outside these six counterparties, the Board's approval is required.

These approved counterparties shall be used for the Group's financing, as counterparties for hedging contracts and financial instruments and for the placement of surplus cash.

The CFO is responsible for establishing and maintaining banking relations to the extent required, ensuring the required reporting is made to the banks (e.g. financial covenant reporting), and keeping abreast of the banks' creditworthiness, services and price levels.

The goal of the Group is to build long-term relations with a limited number of banks. The emphasis should be placed on the following criteria:

- When choosing a lender, their capacity and willingness to help the Group is crucial.
- The location and scope of banking operations, so that they have a presence and understanding of the markets in which the Group operates.
- The Group emphasises the importance of long-term relationships being profitable for both parties.

Capital structure

The CFO is responsible for ensuring that the Group's capital structure is in line with the objectives and guidelines set by the Board of Directors for the Group. The CFO is also obligated to continuously evaluate whether it is necessary to change the capital structure and if so, propose changes in the capital structure to the CEO and the Board of Directors.

Financing

The CFO is responsible for ensuring that the Group is an attractive borrower and has sufficient foresight that the Group can always have access to the necessary external funding to support the Group's strategic objectives.

The Company's debt financing should be at a level not to jeopardise any financial covenants in the agreements with debt providers, or, if lower, meet the financial targets defined by the Board. The following areas are high priority:

- Securing access to external financing at competitive terms and prices. The following components are important when evaluating the cost of external financing:
  - Total cost of the loan capital (margin in addition to variable base interest rates).
  - Terms of reimbursement.
  - Financial covenants that give the Group the necessary flexibility.
- The following areas are important to ensure an acceptable level of refinancing risk:
  - In order to avoid dependence on one or a few specific lenders, loans should, if possible, be spread over several different instruments and lenders. If a decision is made to use only one specific lender, it is important that relationships with other potential lenders are maintained on a regular basis.
  - Contractual repayments and maturities should be spread over time.

Actual financing structures need to be evaluated on a case-by-case basis, taking into account underlying business events that have given rise to the financing needs and also the creditors' requirements for security for financing.

The CFO is responsible for producing material for evaluating the financing structure in connection with, for example, acquisitions or other business events outside of day-to-day operations. Evaluation of financing based on the above criteria as well as decisions are made by the Board.

Establishment of new financing and/or programs for issuing debt instruments requires prior approval by the Board of Directors.

Financial risk management

Credit and counterparty risks

Credit and counterparty risks are defined as risks that counterparties, both financial and commercial, will not be able to fulfil their obligations in time or offer security for performance.

Counterparty risks for the Group's financial operations mainly arise when investing surplus cash and in stand-by credit line agreements.

The Group's commercial counterparties consist of three main customer groups: private individuals, advertising & media agencies and B2B customers, with private customers forming the largest customer group. In view of the large private customer group that the Group's business entails, it is important to have routines and procedures for controlling maturity structure and the counterparties where the Group has the largest receivables.

The assessment of counterparty risk must be based on the conditions for each customer group. The assessment should be made regarding net exposure and the Group's total engagement with the counterparty. The Group should strive to spread out counterparty risks. As far as individuals are concerned, no further action should be taken beyond careful monitoring of maturity structure, as the net exposure to the respective counterparty is very low. However, if this becomes a negative trend for the customer group as a whole, a change in billing routines and/or credit terms should be evaluated. Debt collection and reminder management is handled by external service providers and the receivables are followed up individually and contact is made with the customer immediately in cases where debt collection measures have not led to the receivable being paid. If payment is not made despite contact, any ongoing campaign can be paused or the customer suspended from services and a payment order is sent. Historically, customer losses have been low and most customers are recurring and do business continuously. The largest individual receivables are found in the advertising business, where new customers must be checked regarding rating and solvency in Creditsafe. In addition, an annual credit assessment of the 20 largest B2B customers must be performed. Customers based abroad are judged to entail a higher risk, whereby prepayment is required in these cases.

Regarding the financial counterparty risk, only approved counterparties may be used (see Appendix 2), unless a decision by the Board of Directors dictates otherwise. The Group's financial credit risk mainly pertains to bank balances and investments of surplus liquidity, see further under the section Cash-flow management below. The financial credit risk is assessed as low with regard to investment rules and approved counterparties.

Interest rate risks

Interest rate risk is defined as a risk that developments in the interest rate market will have negative effects on the Group. Interest rate risk affects the Group as current interest costs for loans.

The objective of interest rate risk management is to achieve the desired stability in the Group's overall cash flows.

As a borrower, shorter interest-rate lock-in periods result in higher cash flow sensitivity, which is seen as an increased risk. A longer interest-rate lock-in period increases stability but can at the same time be a disadvantage if the market interest rate falls. The interest rate lock-in strategy shall consist of a balanced combination of variable interest rate and fixed interest rate lock-ins. When choosing an interest rate risk strategy, consideration should be given to how sensitive the Group's overall cash flow is to developments in the interest rate market over a multi-year time horizon.

If the Board decides to take up loans, an assessment of the interest rate risk is made in conjunction. The interest rate risk strategy should be evaluated on an ongoing basis and reviewed if necessary.

Financing and cash risks

Financing and cash risks are defined as risks of not having access to, or only access at an increased cost at any time, to liquid funds or credit facilities for refinancing, investments and other payments.

In order to limit these risks, the following general guidelines must be followed:

- Two to three main providers of financing.
- No individual lender shall over the long-term account for more than 50 per cent of the total loan volume.
- A maximum of 50 per cent of the loan portfolio agreements may mature for renegotiation over a rolling 12-month period.
- The Group should always have good foresight when it comes to refinancing renegotiations so that refinancing risks are reduced and liquidity problems do not arise. Renegotiations shall be initiated no later than 12 months before maturity.
- In order to simplify administration, all borrowing should, if possible, be kept together in one of the Group companies rather than spread out over several.

Deviations from the above points decided by the Board of Directors shall be justified on business grounds in connection with the respective decisions.

Currency risks

Exchange rate risks are defined as risks that changes in exchange rates will adversely affect the income statement and balance sheet. Currency risk exposure refers to unsecured net short positions, that is, the difference between assets and liabilities, inflows and outflows in foreign currency.

The Group conducts operations where the proportion of transactions in foreign currency is limited primarily to certain purchases of services. Due to the limited risk, the Group does not hedge these flows.

Cash-flow management

Cash-flow management must ensure the efficient and optimal management of the Group's cash flows and cash balances with the aim of optimising working capital and minimising the number of transactions and financial costs.

A cash-flow forecast for the next 12 months must be prepared at least twice a year, once in connection with the presentation of the budget and business plan. The forecast should include inflows and outflows as well as significant investment needs. The consolidated cash-flow forecast forms the basis for the Group's borrowing or investment needs, as well as control of the overall cash-flow situation and need for cash reserves.

Cash reserves

A cash reserve for the business must be available at all times in order to secure the Group's short-term ability to pay. The long-term target for the amount of liquidity, in the form of cash reserves and credit lines, is an amount corresponding to at least 12 months of known payments, including interest payments and current or decided repayments.

The cash reserves include:

- Unrestricted bank funds.
- The market value of interest-bearing investments that can be released within 3 business days.
- The unused portion of confirmed credit lines with a remaining maturity of at least 12 months.

Confirmed credit lines refer to credit lines and coverage commitments with an agreed interest rate and that can be called off within a maximum of two banking days. Approved counterparties for the signing of lines of credit are set out in Appendix 2.

If any deviation from the long-term target is identified, a proposal of correcting measures must be prepared as soon as possible, no later than within 1 month, and be reported to the Board.

Cash surplus

Cash surplus is defined as all cash in excess of the cash reserve.

First and foremost, long-term cash surpluses should be used to repay debt. In cases where it is considered advantageous on a practical level, surplus cash, as an alternative to amortisation of interest-bearing external debt, may be used to meet a known future financing need. Funding from borrowing in advance for later financing may also be invested.

Unless otherwise decided by the Board of Directors, the overall objective of the Group's surplus cash is to preserve capital rather than to generate financial income. Investment rules for cash surpluses are set out in Appendix 3.

In order to meet the overall goal, the Group works according to the following principles:

- To normally own investments until they mature.
- To strive for low financial risk.
- To avoid currency exposure, i.e. only make investments in Swedish kronor.
- To adjust the cash flow to match the expected capital requirement in the Group's operations.

All investments must be made in Swedish kronor. Guidelines on permitted counterparties, instruments and volumes are set out in Appendices 2 and 3.

Financial derivatives

Derivatives may not be used, unless specifically decided by the Board.

The possible use of derivatives requires that the instruments are valued on an ongoing basis and that there are administrative procedures in place for the management of derivative transactions. The value of any derivative instruments must then also be included in the financial reporting that is submitted to the Board on a monthly basis.

Furthermore, the Group will only enter into agreements on possible derivatives with counterparties with whom there is an ISDA agreement or an ISDA agreement can be reached.

Follow-up & review

This policy shall be followed up annually to see that it is implemented and firmly rooted in the business. In connection with this follow-up, a review of the policy should also be made to ensure that it remains relevant and effective. The review shall be planned and carried out by the Group's CFO and the results reported to the Audit Committee and the Board of Directors.

Ensuring compliance with this policy

Updates to this policy

This policy is to be reviewed by the Company's CFO for content and correctness annually in accordance with Guidelines for Hemnet's Steering Documents.

The CFO is responsible for continuously ensuring that the policy complies with, and is otherwise updated with, current legislation.

Assessment of compliance

Internal assessments in order to confirm that the Company complies with the content of the Finance Policy shall be conducted by the CFO on an ongoing basis throughout the year. These assessments includes:

- Monthly evaluation that only the company's approved banking relationships have been used (as in Appendix 2). If other banking relationships have been used, these shall have been approved by the Board.
- Monthly evaluation that the company's goal regarding total leverage and any debt covenants has been achieved.
- Monthly evaluation that new funding and / or programs for issuing debt instruments have been approved by the Board.
- An annual credit assessment has been conducted for the 20 largest B2B customers.
- Monthly evaluation that financing and liquidity risks have been managed in accordance with Hemnet's overall guidelines regarding; (i) number of principal suppliers, (ii) loan volume per lender, (iii) timing of the renegotiation of agreements, (iv) anticipation of refinancing renegotiations, (v) early redemption, and (vi) total borrowing.
- A liquidity forecast for the next 12 months has been prepared at least twice a year, one of which is in connection with the presentation of the budget and business plan.
- Monthly evaluation that a liquidity reserve that guarantees the Company's short-term ability to pay is available.
- Monthly evaluation that all surplus liquidity investments have been made in SEK and follow the guidelines specified in Appendices 2 and 3.
- The *Monthly Financial Report* has been reported monthly.
- The *Investments report* has been appended to the *Monthly Financial Report*.

Conclusions and any proposals for changes or updates are reported to the Company's CEO.

Deficiencies in compliance should be reported to the General Counsel.

Reporting to the Board of Directors

The CEO annually reports policy compliance to the Board of Directors. The results of the internal assessment described above shall be reported annually to the Company's Audit Committee and the Board of Directors within the framework of this report.

Reporting channels for compliance issues

Hemnet's Code of Conduct indicates which reporting channels are to be used by employees who detect violations in compliance with Hemnet's steering documents. Each employee is asked to raise compliance issues with the person concerned in the matter in the first place where possible. If it is not suitable or possible, the employee should contact the immediate supervisor. If that is also not suitable or possible, employees are asked to contact their supervisor's supervisor, Hemnet's Chief People & Culture Officer or Hemnet's General Counsel. Also, severe misconduct can be reported anonymously via the Company's whistleblower function available via https://report.whistleb.com/en/hemnet.

Violations of this policy

Violations of this policy will always be taken very seriously and may lead to disciplinary action, including dismissal. In addition, violation of relevant laws may mean that you (and/or the Company) are subject to legal sanctions.

Relating documents

- Financial Handbook

Appendix 1

Financial reporting - content and frequency

Report	Content	Frequency
Monthly results	Balance sheet total, equity ratio, total borrowing from credit institutions, total investment of surplus cash, calculation of key ratios in bank agreements (so-called covenants)	Monthly
Investments (attached to the monthly report)	Total investment of surplus cash, broken down per investment, including historical return and risk class	Monthly

Appendix 2

Approved counterparties

Listed below are the approved counterparties that the CFO is free to use when drawing up external financing, signing derivative agreements and placing cash surpluses.

- Handelsbanken
- Nordea
- SEB
- Swedbank
- Danske Bank
- DNB

Appendix 3

Guidelines for holding and investing cash surpluses

If the Company has excess cash, it must be allocated and balanced among at least two of the approved counterparties to minimize counterparty risk.

Surplus cash may only be invested in interest-bearing instruments with good risk spread. Ethical investments take precedence over other investments. All investments must be listed in Swedish kronor.

The investments can be divided into two portfolios with different purposes and risks:

- Current cash investments – Investment periods between three and 12 months.
- Interest-bearing investments – Investment periods between 12 months and three years.

Allowable short-term cash investments consist of:

- Bank accounts in an authorised bank (see section 3.1).
- Short-term mutual funds in risk class 1 according to the UCITS 7-point scale.
- Treasury bills and government bonds.
- Deposits issued by any authorised bank (see section 3.1).

Permissible interest-bearing investments consist of:

- Investment funds in risk class 2 according to the UCITS 7-degree scale.

The following financial instruments are not allowed for cash management:

- Fixed rate bonds with a longer maturity than one year (due to possible accounting items that may be the result of fluctuations in current interest rates).
- Subordinated loans (for example hybrid capital, AT1, etc.).
- Structured instruments.

The CFO is responsible for establishing and maintaining a list of permitted instruments, which must be approved in advance by the Board of Directors.