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## Avanza and HQ.SE Aktiespar form the largest Internet broker

**Avanza and HQ.SE Aktiespar are merging to form the largest Internet broker in Scandinavia with almost 80,000 active customers. As a result, with the current market activity, a profitable company is created.**

- **Avanza's site has received many awards and HQ.SE Aktiespar has the industry's best cost efficiency. This is a combination which would have taken many years to build up in practice. We are now able to seriously challenge the traditional banks and provide savers with what they have been wanting for a long time, says Nicklas Storåkers, CEO in the new company.**

**The company's name will be presented in the next few weeks. Commencing in the autumn, when the merger is completed, the company will save up to SEK 50 million per year.**

- **With its profits, the new company can become the first to offer new services within, for example, advice and investor support, which can both activate and also attract entirely new savers, says Per Nordlander, responsible for the strategic development in the new company.**

In the past six years, trading in shares and mutual funds via the Internet has grown to cover almost 500,000 private savers in Sweden. At the most, there were seven pure Internet brokers. In the past ten months, and with today's transaction, the industry has concentrated to two major Internet brokers in Sweden: the merged Avanza and HQ.SE Aktiespar and NordnetTeletrade. The new company will have 77,000 customers, equal to 51% of the active savers among pure Internet brokers.

- The fact that we are now forming an Internet broker well-positioned for profitability will strengthen our ability to compete with the investment services offered by the banks, says Nicklas Storåkers.

### **Clear strategy**

Profitability will provide the new company with an important advantage over its competitors.

- Profitability in a weak economy provides us with a lead and a platform when we develop new services, and also when prepare ourselves for the next upswing in the economy. We are already discussing how to increase the range of products for our customers and strengthen the company further, says Per Nordlander.

### **Stronger company**

The profile of the new company's customers will also be more varied than previously.

- Avanza's customers are more actively engaged in trading during certain periods, while trading by HQ.SE Aktiespar's customers is more even. The combination will provide a stronger company and a broad range of products and services for many different types of active savers, says Nicklas Storåkers.

In addition to the fact that both companies' customers will now have access to a range of new services, a subsidised offer to members of the Swedish Shareholders' Association will also be retained in the future.

### **Two very different companies**

The merger also means that two very different companies will merge and act as one.

- Avanza is a very creative organisation. HQ.SE Aktiespar is more efficient. Obviously, this involves a very special marriage of cultures, but also a commercially sound merger for both customers and shareholders, says Nicklas Storåkers.

In total, the number of employees in the new company will be reduced from 105 to 75. Half of those involved are permanent employees.

## FACTS, Avanza and HQ.SE Aktiespar merge

- HQ.SE Aktiespar has acquired 92% of the shares and warrants in Avanza.
- The purchase price amounts to a maximum of 5.9 million shares, which at yesterday's closing price for HQ.SE Aktiespar's share corresponds to a value of SEK 74 million. The purchase price amounts to a maximum of 22% of the number of shares in HQ.SE Aktiespar after the proposed new issues.
- With 77,000 active custodian accounts customers, Avanza and HQ.SE Aktiespar together are forming Sweden's largest Internet broker measured in number of customers.
- The synergy effects, which are estimated to amount to almost SEK 50 million per year, will create a profitable company, assuming the current market activity level.
- A competitive company with a 51% market share among the pure Internet brokerage firms will be created through a combination of Avanza's creativity and HQ.SE Aktiespar's efficiency.

### **Proposed transaction**

HQ.SE Aktiespar AB ("HQ.SE Aktiespar") has entered into an agreement to acquire 92% of the outstanding shares and warrants in Avanza Holding AB ("Avanza"). HQ.SE Aktiespar also intends to make a bid for the remaining shares and warrants.

### **The new group**

Avanza and HQ.SE Aktiespar will together have 77,000 active custodian account customers (March 2001), thus forming Sweden's largest Internet broker, measured in terms of the number of customers. The market share will thus amount to 51% among the pure Internet brokerage firms. Avanza and HQ.SE Aktiespar together accounted for 6.2% of the number of transactions on the Stockholm Stock Exchange during May 2001, which in total made it the fourth largest player.

The new group will be a Nordic company with the Swedish operations as its base, which accordingly means that all of Avanza's former foreign operations will be terminated. A decision regarding trade marks will be taken in June.

Through significant synergy effects, a profitable company will be created, with the current market activity. The total cost savings are estimated to amount to approx. SEK 50 million annually, resulting from reductions in both internal and external costs. Opportunities for additional income will primarily be created through what will be, in total, an expanded range of products and services. It is estimated that cost savings will be fully realised during the autumn of 2001. Non-recurring restructuring costs are estimated at SEK 30-35 million.

Nicklas Storåkers will be the CEO of the merged business. Per Nordlander, currently CEO in Avanza, is proposed for election as a member of the Board of Directors. Per Nordlander will also continue to play an active executive role, responsible for the strategic development of the business.

### Key Ratios\*

Income statements Jan-March 2001 (SEK million)	HQ.SE Aktiespar	Avanza**
Operating income	20.2	15.7
Operating expenses	-21.7	-18.7
Result before amortisation of goodwill	-1.5	-3.0
Active number of custodian account customers	53,000	24,000
Managed assets, SEK billion	5.8	2.8

\* Before cost savings amounting to SEK 50 million

\*\* Relates only to Avanza's Swedish business

### Balance sheet, estimate May 2001 (SEK million) after acquisition

Financial and other assets	720
Tangible assets	20
Intangible assets	290
Assets	1 030
Liabilities	630
Shareholders' equity	400
Liabilities & shareholders' equity	1 030
Capital adequacy ratio	Approx. 40%

### Purchase price and financing

The purchase price for all of the shares and warrants in Avanza amounts to not more than 5,937,500 newly issued shares in HQ.SE Aktiespar, which at yesterday's closing share price corresponds to a value of SEK 74 million. It is proposed that the purchase price is paid in two instalments. Following completion of the new issues, it will correspond to a maximum of 22.1% of the total number of shares in HQ.SE Aktiespar. The number of shares after the proposed new issues will not exceed 26,927,071, which based on the closing share price in HQ.SE Aktiespar as of yesterday correspond to SEK 337 million.

The first instalment will be paid directly upon closing of the acquisition and corresponds to between 50% and 75% of the maximum purchase price. The second instalment, which is scheduled for the autumn of 2001, is dependent on the cost for the termination of Avanza's foreign operations, and amounts to between 0% and 25% of the maximum purchase price.

In order to carry out the proposed new issues of shares, HQ.SE Aktiespar will hold an extraordinary general meeting of shareholders. Representatives of HQ.SE Aktiespar's largest shareholder, TMT One, whose holding amounts to 39% of the voting capital and share capital in HQ.SE Aktiespar, have declared that they intend to vote in favour of the proposed new issue. The acquisition of Avanza will give rise to a goodwill item estimated at SEK 82 million. HQ.SE Aktiespar applies a goodwill amortisation period of 5 years. The acquisition

is, among other things, conditional upon the shareholders' meeting adopting a resolution in favour of the proposed new issues and on necessary consents and approvals being granted by the Swedish Financial Supervisory Authority.

### **Internet Brokers in Sweden**

<b>Active Savers</b>	
<b><u>Avanza+HQ.SE</u></b>	<b><u>77 000</u></b>
NordnetTeletrade	65 000
<u>HQ.SE Aktiespar</u>	<u>53 000</u>
Nordnet	34 000
SEB Swedbank	32 000
Teletrade	31 000
<u>Avanza</u>	<u>24 000</u>
SEB	22 000
Handelsbanken	16 000
E*Trade	10 000
Nettrade	10 000
Matteus	10 000
Skandiabanken	9 000

Source: Avanza, Nordnet *et al*

<b>Prior to merger</b>	<b>Currently</b>
Aktiedirekt	<u>Avanza+HQ.SE Aktiespar</u>
Aktiespar	NordnetTeletrade
<u>Avanza</u>	E*Trade
E*Trade	
<u>HQ.SE</u>	
Nordnet	
Teletrade	

H&Q Technology has acted as financial advisor to HQ.SE Aktiespar in connection with the transaction.

### **For more information**

Nicklas Storåkers, CEO, HQ.SE Aktiespar tel: +46 70 410 26 01

Per Nordlander, CEO, Avanza, tel: +46 70 861 80 03

Claes Hemberg, Information Manager, Avanza, tel: +46 70 861 80 47 [claes.hemberg@avanza.se](mailto:claes.hemberg@avanza.se)

This press release is available at [www.hq.se](http://www.hq.se), [www.avanza.se](http://www.avanza.se).

***A press conference will be held at 09.00 today at Ingenjörshuset, Malmskillnadsgatan 46.***