



## **Interim Report 1 January - 31 March 2001**

- Operating income increased by 37 percent to MSEK 37.4 (27.3).
- Profit before restructuring expenses and depreciation of goodwill amounted to MSEK 6.8 (4.1).
- The operating margin before restructuring expenses and depreciation of goodwill amounted to 18 percent.
- Since the beginning of the year, the number of customers increased by 21 percent to 78,600.
- Net flows in HQ.SE Fonder amounted to MSEK -40 (+380).

### **Operations**

Operations within the HQ.SE Group have continued to develop at a fast pace at the beginning of 2001. Notwithstanding the very weak market climate in which the Stockholm Stock Exchange fell by 18 percent during the first quarter, HQ.SE reported a strong overall increase in income and significant improvements in results. The most important reasons for the strong increase in earnings are the income contributions and costs savings which resulted from the acquisition of Aktiespar Fondkommission, and also the positive contribution to income due to the acquisition of PFK's stock of custodian account customers, which was consolidated in the accounts commencing 12 February. HQ.SE's cost efficiency and economies of scale within all business areas in the Group have also been important contributory factors to the operations reporting a profit during the period.

On 4 April, the Annual General Meeting of the shareholders adopted the Board of Directors' proposed resolution to spin-off the operations within the HQ.SE Fonder business area. Restructuring work has been taking place within the Group to prepare for the spin-off and separate listing of HQ.SE Fonder.

### **Results and financial position**

#### **The Group**

For the first quarter, the profit before restructuring expenses and depreciation of goodwill amounted to MSEK 6.8 (4.1). Accordingly, the operating margin before restructuring expenses and depreciation of goodwill amounted to 18 percent. Marketing expenses amounted to MSEK 0.8 (5.5). Restructuring expenses regarding the distribution of HQ.SE Fonder amounted to MSEK 3.5, and accordingly, the operating profit after restructuring expenses amounted to MSEK 3.3 (-3.9). During the first quarter, depreciation of goodwill amounted to MSEK 11.0 (0).

During the first three months, commission income amounted to MSEK 42.3 (30.1), and the operating income amounted to MSEK 37.4 (27.3), corresponding to increases of 41 percent and 37 percent respectively for comparable units.

As of 31 March 2001, shareholders' equity amounted to MSEK 349.8 (355.3) or MSEK 16.67 (16.93) per share. The Group's liquid funds amounted to MSEK 214.1 (210.9).

### **The parent company**

For the period, HQ.SE Holding reports a loss before provisions and taxes of MSEK -2.2 (-7.0). During the period, net turnover amounted to MSEK 0.8 (-1.0). The company's liquid funds amounted to MSEK 104 (104 as per 31 December 2000).

### **HQ.SE Aktiespar**

HQ.SE Aktiespar's operating income amounted to MSEK 20.2 (6.1), corresponding to an increase of 231 percent. The operating result before depreciation of goodwill amounted to MSEK -1.5 (-6.2).

Commission income increased by 677 percent to MSEK 17.1 (2.2). The significant increase is mainly attributable to the larger customer base. Commission income was negatively affected, however, by the lower customer activity. On average, custodian account customers conducted 1.3 (2.8) transactions per customer and month during the first quarter. The average commission per contract note for custodian account customers amounted to SEK 76. However, the share of other commission income, among others, custodian account fees, increased significantly as a result of the integration of Aktiespar Fondkommission. Accordingly, during the first quarter, average total revenues per custodian account customer increased to SEK 400. HQ.SE Aktiespar has also attracted new institutional investors through an attractive product offer, which made a positive contribution to income.

Operating profit was strengthened as a result of the costs savings carried out by HQ.SE Aktiespar due to the acquisition of Aktiespar Fondkommission. As a consequence, HQ.SE Aktiespar is right at the top in the branch as regards costs efficiency, which is regarded as being an important condition for long-term competitiveness and profitability. The extended opening hours of the Stockholm Stock Exchange until 8 p.m., which started in February, has also had a positive effect upon HQ.SE Aktiespar's results.

An improved net interest income made a positive contribution to the earnings. This was due, among other things, to increased lending and introduction of an interest ladder. Extraordinary income in the amount of MSEK 1.8 million is also included in the profits for the first quarter. .

As of the end of March, there were 52,900 active customers, compared to 39,000 at the beginning of the year. Accordingly, during the first quarter, the number of active customers increased by 13,900, with the consolidation of the stock of custodian account customers from PFK accounting for 12,500. The extremely weak market climate has resulted in a weakening interest in securities trading during the period which, combined with the reduction in marketing efforts, meant that the influx of active customers (excluding those from PFK) only amounted to 1,400 (4,900).

At the end of the quarter, the total custodian account value at HQ.SE Aktiespar amounted to MSEK 5.8 billion. During the first quarter, HQ.SE Aktiespar's market share on the Stockholm Stock Exchange amounted to 3.7 (0.3) percent of the number of transactions, and 0.5 (0.0) percent of the

turnover. During the first quarter, measured by the number of transactions, HQ.SE Aktiespar was the second largest independent Internet broker, and seventh largest on the Stockholm Stock Exchange in total.

Response times on HQ.SE Aktiespar's homepage improved significantly during the period. Due to, among other things, certain problems concerning the Exchange's extended opening times and operational tests, the degree of accessibility was, however, 98.7 percent, which is less than the long-term objective of 99.5 percent.

During the first quarter, HQ.SE Aktiespar introduced trading in foreign shares via Jiway. In addition, interest increased markedly in the company's monitoring and information services via SMS and e-mail. During the second quarter, HQ.SE Aktiespar will, among other things, be launching a new version of the homepage.

## **HQ.SE Fonder**

Operating income declined by 19 percent to MSEK 17.2 (21.2) and operating profit before restructuring expenses declined by 19 percent to MSEK 8.3 (10.3). Restructuring expenses amounted to MSEK 3.5 and relate entirely to the spin-off and listing of HQ.SE Fonder.

The reduction in income is largely due to the weak stock exchange climate during the period. Managed assets are less during 2001 compared to the same period of 2000 and the result-based management fee in HQ.SE Absolut Strategi failed to take off.

Since a large part of the operation's costs are fixed costs, changes in income have direct, significant effects upon earnings.

HQ.SE Fonder manages a total of twelve mutual funds, of which eight are equity funds, three fixed-income funds, and one a mixed fund. As of 31 March 2001, managed assets amounted to MSEK 7,400 (8,300 as per 31 December 2000), broken down into MSEK 7,053 in equity funds, MSEK 270 in fixed-income funds, and MSEK 77 in the mixed fund.

During the first quarter of the year, savings in mutual funds in Sweden has continued to increase. However, compared to the first quarter of 2000 net savings, i.e. investments less withdrawals declined by 50 percent to MSEK 11.7 million. The change is even more pronounced for equity funds, which is by far the most important segment for HQ.SE Fonder. Net savings in equity funds declined to MSEK -1.1 billion, compared to MSEK 16.0 billion in the positive net flow during the corresponding period of 2000. For HQ.SE Fonder, net savings amounted to MSEK -40 million, compared to MSEK 380 million for 2000. A large withdrawal in January of a large deposit which was made in December 2000 in one of the fixed-income funds played a major part in the negative net flow for the period.

Equity funds made a weak, positive contribution to the net flow. The relatively weak interest in equity funds during the year is probably due to the weak stock market. During the first weeks of April when stock markets experienced an upturn, HQ.SE Fonder can once again report a good, positive net flow.

The weak stock markets have resulted in negative performance by a number of equity funds. However, HQ.SE Rysslandsfond and HQ.SE Tillväxtmarknadsfond performed best, with increases of 32.1 and 5.8 percent respectively since the beginning of the year. Fixed-income funds can also report a positive return. With the exception of HQ.SE Rysslandsfond, which far exceeded its comparison index, the funds have performed approximately in line with their respective comparison indices.

In addition to the day-to-day operational work, preparations are being made so that the organisation will comfortably meet the requirements imposed upon an independent, listed company. Accordingly, HQ.SE Fonder has created, for example, its own finance, advice and marketing functions. These functions were shared in the past with HQ.SE Aktiespar. Work is continuing to improve communications with mutual fund owners. Among other things, this has resulted in fund managers writing each quarter to mutual fund holders concerning market and fund performance.

## **Prospects for the second quarter**

Growth in income and earnings is largely dependent upon market trends. It is believed that the weak start to April, combined with the relatively low number of trading days during the second quarter, will result in both income and earnings for the second quarter being lower than for the first quarter.

## **Other**

### **Spin-off of HQ.SE Fonder**

On 4 April, the Annual General Meeting of the shareholders resolved to adopt the Board of Directors' proposed resolution to spin-off the operations within the HQ.SE Fonder business area. The spin-off means that shareholders will receive one share in HQ.SE Fonder for each share held in HQ.SE Holding. The last day for trading in shares in HQ.SE Holding which includes an entitlement to shares in HQ.SE Fonder is 7 May. HQ.SE Fonder will be listed on the New Market, and the first listing day is planned to be 14 May. The listing prospectus will be made available and sent to all shareholders at the beginning of May.

The business area report explains the effects of the spin-off on income and expenses. As a result of the spin-off, Group equity will be reduced by approximately MSEK 12, and total assets will be reduced by approximately MSEK 25.

### **Change of name**

In light of the acquisition of Aktiespar Fondkommission, and the spin-off of HQ.SE Fonder, the Annual General Meeting of the shareholders adopted the proposed resolution that HQ.SE Holding AB change its name to HQ.SE Aktiespar AB. It is estimated that the change of name will be completed during May.

## **Future reports**

Interim report January - June 2001	10 August 2001
Interim report January – September 2001	25 October 2001

Press release of unaudited  
earnings figures

February 2002

Stockholm, 24 April 2001.

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This report has not been the subject of a separate audit by the company's auditors.

## Results per business area

SEK millions	HQ.SE Aktiespar			HQ.SE Fonder			Group		
	Q 1 2001	Q 1 2000	Full year 2000	Q 1 2001	Q 1 2000	Full year 2000	Q 1 2001	Q 1 2000	Full year 2000
Operating income	20.2	6.1	26.6	17.2	21.2	80.6	37.4	27.3	107.2
Operating expenses	-21.7	-12.3	-71.7	-8.9	-10.9	-47.1	-30.6	-23.2	-118.8
Operating profit/loss before restructuring expenses	-1.5	-6.2	-45.1	8.3	10.3	33.5	6.8	4.1	-11.6
Restructuring expenses	—	-8.0	-19.7	-3.5	—	—	-3.5	-8.0	-19.7
Profit/loss before depreciation of goodwill	-1.5	-14.2	-64.8	4.8	10.3	33.5	3.3	-3.9	-31.3
Depreciation of goodwill	-11.0	—	-3.6	—	—	—	-11.0	—	-3.6
Profit/loss before tax	-12.5	-14.2	-68.4	4.8	10.3	33.5	-7.7	-3.9	-34.9

## Statistics

	31 March 2001	31 Dec. 2001	30 Sept 2000	30 June 2000	31 March 2000
<b>HQ.SE</b>					
Number of active customers	78,600	65,200	35,000	33,700	31,500
Average no. of employees	77	52	45	53	41
<b>HQ.SE Aktiespar</b>					
Number of active customers	52,900	39,000	8,800	6,900	5,000
Average no. of employees	57	27	23	25	18
<b>HQ.SE Fonder</b>					
Managed assets, MSEK	7,400	8,300	8,300	8,300	8,700
Net flow per quarter, MSEK	-40	+840	0	+140	+380
Number of customers	25,700	26,200	26,200	26,800	26,500
Average no. of employees	18	22	20	25	22

## The Group's development per quarter

<b>MSEK</b>	<b>1 Q 2001</b>	<b>4 Q 2000</b>	<b>3 Q 2000</b>	<b>2 Q 2000</b>	<b>1 Q 2000 *</b>
<b>Commission income</b>					
HQ.SE Aktiespar	17.1	10.0	4.9	3.0	2.2
HQ.SE Fonder	25.2	26.8	27.0	27.3	27.9
Total commission income	42.3	36.8	31.9	30.3	30.1
Operating income	37.4	27.4	28.6	23.7	27.3
Operating expenses	-45.1	-53.6	-22.6	-34.9	-31.2
Profit/loss before tax	-7.7	-26.2	6.0	-11.2	-3.9

\* Excluding spun-off operations in Hagströmer & Qviberg.

## Key ratios for the Group

	<b>1 Q 2001</b>	<b>1 Q 2000 *</b>	<b>Full year 2000 *</b>
Operating income, MSEK	37.4	27.3	107.2
Operating expenses, MSEK	-45.1	-31.2	-142.1
Profit/loss before tax, MSEK	-7.7	-3.9	-34.9
Earnings per share, MSEK	-0.26	-0.21	-1.69
Earnings per share after dilution, MSEK	-0.25	—	-1.67
Equity per share, MSEK	16.67	10.96	16.93
Return on equity, %	neg.	neg.	neg.
Number of shares	20,989,571	14,257,408	20,989,571
Average number of shares	20,989,571	14,257,408	15,001,903
Number of shares after dilution	22,003,180	—	15,170,837
Capital adequacy ratio, %	85	—	99

\* Excluding spun-off operations in Hagströmer & Qviberg.

## Definitions

### Earnings per share after tax

The profit/loss after tax in proportion to the average number of shares during the period and after dilution of warrants.

### Equity per share

Equity in proportion to the number of ordinary shares at the end of the period.

### Return on equity

The profit/loss after tax in proportion to the average equity during the period.

### Capital adequacy ratio

The capital base in proportion to risk-weighted capital.

### Operating margin

The operating profit/loss as a percentage of operating income.

## Consolidated income statement (SEK millions)

	1 Jan. 2001- 31 March 2001	1 Jan. 2000- 31 March 2000	1 Jan. 2000- 31 Dec. 2000
<b>Operating income</b>			
Commission income	42.3	30.1	129.1
Commission expenses	-12.3	-8.4	-37.4
Interest income	8.9	5.5	22.0
Interest expenses	-3.5	-0.1	-6.5
Dividends received	—	—	0.0
Net result of financial transactions	0.2	0.2	0.0
Other operating income	1.8	—	—
<b>Total operating income</b>	<b>37.4</b>	<b>27.3</b>	<b>107.2</b>
<b>Operating expenses</b>			
General administration expenses	-24.9	-21.5	-71.7
Depreciation of tangible and intangible fixed assets	-12.4	-0.8	-7.4
Other operating expenses	-7.8	-8.9	-63.0
Net credit losses	—	—	—
<b>Total operating expenses</b>	<b>-45.1</b>	<b>-31.2</b>	<b>-142.1</b>
<b>Operating profit/loss</b>	<b>-7.7</b>	<b>-3.9</b>	<b>-34.9</b>
Taxes	2.3	0.9	9.6



Profit/loss from distributed operation	Note 1	–	82.5	82.5
<b>Profit/loss for the period</b>		<b>-5.4</b>	<b>79.5</b>	<b>57.2</b>
Earnings per share, SEK		-0.26	-0.21	-1.69

## Consolidated balance sheet (MSEK)

	31 March 2001	31 March 2000 *	31 Dec. 2000
<b>Assets</b>			
Lending to credit institutions	214.1	62.6	210.9
Lending to the public	Note 2 91.8	–	61.1
Shares and participations	2.1	2.5	1.5
Intangible fixed assets	212.0	1.3	220.9
Tangible fixed assets	8.3	7.1	9.0
Other assets	92.2	417.7	88.7
<b>Total assets</b>	<b>620.5</b>	<b>491.2</b>	<b>592.1</b>
<b>Liabilities, provisions and equity</b>			
Deposits and borrowing from the public	121.4	90.0	139.5
Other liabilities	149.3	244.9	97.3
Equity	Note 3 349.8	156.3	355.3
<b>Total liabilities, provisions and equity</b>	<b>620.5</b>	<b>491.2</b>	<b>592.1</b>

\* Excluding spun-off operations in Hagströmer & Qviberg

## Cash flow statement for the Group (MSEK)

	1 Jan. 2001- 31 March 2001	1 Jan. 2000- 31 March 2000
Cash flow from ongoing operations	7.2	136.3
Cash flow from ongoing operations, assets and liabilities	-1.1	838.5
Cash flow from ongoing operations	6.1	974.8
Cash flow from investment operations	-2.9	-18.8
Cash flow from financing operations	–	–
<b>Cash flow for the period</b>	<b>3.2</b>	<b>956.0</b>
Liquid funds at the beginning of the year**	210.9	668.7
Liquid funds at the end of the period**	214.1	1,624.7
<b>Cash flow for the period</b>	<b>3.2</b>	<b>956.0</b>

\* Including the spun-off operations in Hagströmer & Qviberg

\*\* Liquid funds are defined as the total of cash balances, lending to credit institutions, and liabilities to credit institutions.

## Notes

### Accounting principles

This interim report has been prepared in accordance with the Annual Reports (Credit Institutions and Securities Companies) Act (SFS 1995:1559), the Swedish Financial Supervisory Authority Regulation (FFFS 2000:18), and the recommendations of the Swedish Financial Accounting Standards Council. The accounting principles and methods of calculation used in the interim report are the same as those used in the most recent annual report. In addition, the company applies the new recommendations of the Swedish Financial Accounting Standards Council that enter into force in 2001. The income tax recommendation (RR9) has meant that a loss-carried forward in a total amount of MSEK 9.2 has been reported as income for 2000. The change in accounting principles is reported in accordance with RR5, and the comparison figures have thereupon been recalculated. Other recommendations have not affected the Group's accounting.

### Note 1 – Results from the spun-off operations

In accordance with the resolution adopted by the Annual general meeting of the shareholders of HQ.SE in June 2000, all of the shares in Hagströmer & Qviberg were distributed. For the first quarter of 2000, the revenues from the spun-off operations amounted to MSEK 329.

### Note 2 – Lending to the public (SEK millions)

	31 March 2001	31 March 2000
Lending to the public	91.8	61.1
Managed funds on behalf of third parties	513.2	487.1

### Note 3 – Changes in equity (SEK millions)

	Share capital	Restricted reserves	Unrestricted reserves	Total equity
<b>Equity, 31 December 2000</b>	<b>52.5</b>	<b>224.7</b>	<b>68.9</b>	<b>346.1</b>
Effect of change in accounting principles	–	–	9.2	9.2
Adjusted opening balance	52.5	224.7	78.1	355.3
Translation difference	–	–	-0.1	-0.1
Profit/loss for the period	–	–	-5.4	-5.4
<b>Equity, 31 March 2001</b>	<b>52.5</b>	<b>224.7</b>	<b>72.6</b>	<b>349.8</b>

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