

## Interim report, 1 January – 30 June 2001

*Unless otherwise stated, all of the figures contained in this report are stated excluding the operations conducted within the business area HQ.SE Fonder, which was spun-off to the shareholders in May of 2001.*

- Operating income increased by 296 percent to MSEK 36.4 (9.2).
- Profit before restructuring costs and depreciation of goodwill improved to MSEK –5.5 (-17.9).
- During the first half of 2001, the number of customers increased by 31% to 50,900.
- The merger with Avanza produced Sweden's largest Internet broker with almost 80,000 customers.

### Results and financial position

#### The Group

Profit for the period, prior to restructuring costs and depreciation of goodwill, amounted to MSEK –5.5 (-17.9). The improvement in profits over last year may be primarily explained by revenue contributions and cost savings as a result of the acquisition of Aktiespar Fondkommission which was carried out in December of 2000.

The acquisition of Avanza was announced on 8 June and completed on 30 July 2001. The acquisition of Avanza affected profits during the second quarter with restructuring costs in the amount of MSEK 3.7. Goodwill depreciation during the period amounted to MSEK 22.0 (0.0). Operating profit prior to taxes amounted to MSEK –31.2 (-28.9)

Commission income during the first half of the year amounted to MSEK 29.1 (5.2) and operating income was MSEK 36.4 (9.2) which is an increase of 460 and 296 percent respectively as compared with the same period last year. The increase is primarily explained by the acquisition of Aktiespar Fondkommission. However, improved net interest items and increased custodian account fees have also contributed to the increased revenues. The weak market with a lower level of business activity and commission revenues as a consequence has, however, significantly affected growth.

Net interest items amounted to MSEK 10.7 (8.2) which represents an increase of 30% as compared with last year, despite the fact that HQ.SE Aktiespar carried out a cash redemption in the autumn of 2000 in the amount of MSEK 202.

Operating costs excluding restructuring costs and goodwill depreciation amounted to MSEK 41.9 (27.1). Through savings during the second quarter, operating costs decreased, excluding restructuring costs and goodwill depreciation, by 7 percent as compared with the first quarter.

Shareholders' equity amounted to MSEK 323.2 (350.5) on 30 June 2001 or SEK 15.4 (16.7) per share. The Group's liquid funds amounted to MSEK 184.9 (199.2).

## Parent company

HQ.SE Aktiespar reports profits for the period prior to appropriations and taxes in the amount of MSEK 15.7 (-8.6). Net turnover amounted to MSEK 1.5. The profits include dividends received from subsidiaries in the amount of MSEK 23.0 and costs incurred in conjunction with the acquisition of Avanza in the amount of MSEK 3.7. The Company's liquid funds amounted to MSEK 92.1 (104.0) as per 31 December 2000.

## Operations

Operations within HQ.SE Aktiespar have been carried out at a fast pace during the first half of the year. The previous acquisitions, among others of Aktiespar Fondkommission, have resulted in an increase many times over of both operating revenues and the number of custodian account customers as compared with the same period last year. The acquisition of Avanza will also result in the number of customers increasing by approximately an additional 50 percent and an almost doubling of operating income.

During the first half of the year, the Stockholm Stock Exchange fell by 14.1 percent with significantly lower trading activity as a consequence. The average number of transactions per customer and month was 1.0 during the first six months of the year as compared with 2.0 transactions during the same period last year. The average commission per contract note was SEK 76.

HQ.SE Aktiespar has compensated for the weak stock exchange and low levels of activity by increasing sources of revenue other than commission revenues. During the first half of the year, commission revenues, less direct costs, constituted 57 percent of the total operating revenue while net interest items, custodian account fees, and other revenues constituted 43 percent.

As per 30 June 2001, the number of active customers was 50,900 compared with 39,000 at the end of last year. Of this increase, 12,500 represents the consolidation of the customer stock from PFK and therefore the net flow of active customers during the period amounted to -600 (6,800). The net outflow of customers is primarily explained by the fact that HQ.SE Aktiespar has closed a large number of inactive custodian accounts.

HQ.SE Aktiespar has maintained its position as one of the largest Internet brokers on the Stockholm Stock Exchange. It's market share during the first six months amounted to 3.6 (0.1) percent of the number of transactions and 0.4 (0.0) percent of the turnover. Measured in number of transactions, HQ.SE Aktiespar was the second largest among the independent Internet brokers and the seventh largest on the Stockholm Stock Exchange as a whole during the first half of the year. The acquisition of Avanza means that this position will be maintained in the future as well. The total value of custodian accounts held by HQ.SE Aktiespar was SEK 5.8 billion at the end of the half-year period.

The reply times on HQ.SE Aktiespar's website have improved gradually during the period. After initial operating problems during the first quarter, accessibility has been improved significantly. During the second quarter, the accessibility level was 99.6 percent which exceeds the long-term goal of 99.5 percent.

During the first half of the year, HQ.SE Aktiespar has, among other things, launched trading with foreign shares on Jiway. In addition, a first version of the new website was launched in June of 2001 which was received positively by customers. As a result of, among other things, quality advice and competitive prices, HQ.SE Aktiespar was named Sweden's best Internet broker by the newspaper "*Sparöversikt*" in June of 2001.

## **Acquisition of Avanza**

On 8 June, the acquisition of Avanza was announced. Through a merger between HQ.SE Aktiespar and Avanza, Sweden's largest Internet broker was formed with almost 80,000 customers. The total market share for HQ.SE Aktiespar amounted, during the first half of the year, to 6.0 percent of the number of transactions and 0.8 percent of the turnover and the single unit thus comprises a formidable competitor to the traditional brokerage firms as well.

The integration work between the two companies is proceeding according to plan and is expected to be completed during the month of October. The total cost savings are estimated to amount to almost MSEK 50 and are a result of decreases in both internal and external costs. In the future, the conditions will be also be created for improved revenues through an expanded range of products and services.

Since all of the conditions for the acquisition of Avanza have been fulfilled, HQ.SE Aktiespar has acquired 93.6% of the shares in Avanza which will thereby be consolidated as of 30 July 2001. As payment for Avanza, HQ.SE Aktiespar made payment of 4,425,907 shares and the number of outstanding shares thereby amounted to 25,415,478.

A supplemental purchase price may be payable in a maximum amount of 1,511,593 shares which, among other things, is dependent on the cost of winding-up Avanza's previous foreign activities. The supplemental purchase price will be determined no later than December 2001. The total number of outstanding shares may thereafter amount to a maximum of 26,927,071.

## **Prospects for the third and fourth quarters**

The business is extremely dependent on the climate of the stock exchange. The levels of activity are seasonally weak during the beginning of the third quarter but have also been negatively affected by an uneasy market.

As a consequence of the acquisition of Avanza, the remaining restructuring costs will affect profit during the third quarter in the amount of MSEK 25-30.

During the fourth quarter, the synergies from the integration with Avanza are expected to contribute positively to profits.

## **Miscellaneous**

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

The spin-off of the operations within the business area HQ.SE Fonder was carried out during May in accordance with a resolution adopted by the Annual General Meeting of the Shareholders. The last day for trading in shares in HQ.SE Aktiespar including the right to shares in HQ.SE Fonder was 7 May 2001. HQ.SE Fonder was thereafter listed on the New Market.

### **Change of name**

As a consequence of the completed acquisition of Avanza, it is proposed that HQ.SE Aktiespar AB change its name to Avanza AB. As a consequence, HQ.SE Aktiespar will convene an extraordinary meeting of the shareholders to be held in September 2001.

## **Future reports**

Interim report, January – September 2001  
Press release of unaudited annual earnings figures

25 October 2001  
February 2002

Stockholm, 10 August 2001.

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This report has not been the subject of a special review by the company's auditors.

## The Group's development per quarter

MSEK	Q. 2 2001	Q. 1 2001	Q. 4 2000	Q. 3 2000	Q. 2 2000	Q. 1 2000
Commission income	12.0	17.1	10.0	4.9	3.0	2.2
Operating income	16.2	20.2	8.5	8.9	3.1	6.1
Operating expenses	-20.2	-21.7	-32.0	-12.7	-14.8	-12.3
<b>Profit before restructuring costs and goodwill depreciation</b>	<b>-4.0</b>	<b>-1.5</b>	<b>-23.5</b>	<b>-3.8</b>	<b>-11.7</b>	<b>-6.2</b>
Restructuring costs	-3.7	-	-8.7	-	-3.0	-8.0
Goodwill depreciation	-11.0	-11.0	-3.6	-	-	-
<b>Losses before tax</b>	<b>-18.7</b>	<b>-12.5</b>	<b>-35.8</b>	<b>-3.8</b>	<b>-14.7</b>	<b>-14.2</b>
Number of active customers	50,900	52,900	39,000	8,800	6,900	5,000
Contract notes per customer and month	0.8	1.3	1.3	1.1	1.2	2.8
Average number of employees	57	57	27	23	25	18

## Key ratios for the group

	Jan. 1, 2001- June 30, 2001	Jan. 1, 2000- June 30, 2000	Jan. 1, 2000- Dec. 31, 2000
Operating income, MSEK	36.4	9.2	26.6
Operating expenses, MSEK	-67.6	-38.1	-95.1
Profit/loss before tax, MSEK	-31.2	-28.9	-68.5
Earnings per share, SEK	-1.08	-1.36	-3.52
Earnings per share after dilution, SEK	-1.08	-1.36	-3.48
Equity per share, SEK	15.4	23.69	16.7
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	15,273,808	15,001,903
Number of shares after dilution	22,092,281	14,257,408	22,104,541
Capital adequacy ratio, %	82	74	99

## Definitions

### Earnings per share after tax

The result after tax, excluding results from spun-off operations, in relation to the average number of shares during the period. The value of any outstanding warrants has been included in the calculation of the average number of shares after dilution.

### Equity per share

Equity in relation to the number of shares at the end of the period.

### Return on equity

The result after tax in relation to average equity during the period.

### Capital adequacy ratio

The capital base in relation to risk-weighted capital.

### Operating margin

Operating result in relation to operating income.

## Consolidated Income statement (MSEK)

	1 April 2001- 30 June 2001	1 April 2000- 30 June 2000*	1 Jan. 2001- 30 June 2001	1 Jan. 2000- 30 June 2000*	1 Jan. 2000- 31 Dec. 2000*
Operating income					
Commission income	12.0	30.3	29.1	60.4	129.1
Commission expenses	-1.5	-9.5	-5.5	-18.1	-37.4
<b>Interest income</b>	9.5	6.6	18.2	12.1	22.0
<b>Interest expenses</b>	-4.0	-3.3	-7.5	-3.4	-6.5
Net result of financial <b>transactions</b>	-0.7	-0.1	-0.6	0.2	0.0
Other operating income	0.9	0.0	2.7	-	-
<b>Total operating income</b>	<b>16.2</b>	<b>24.0</b>	<b>36.4</b>	<b>51.2</b>	<b>107.2</b>
<b>Operating expenses</b>					
General administration expenses	-17.6	-30.9	-34.7	-46.1	-71.7
Depreciation of tangible and intangible fixed assets	-12.4	-0.7	-24.6	-1.5	-7.4
Items affecting comparability	-3.7	-3.0	-3.7	-11.0	-19.7
Other operating expenses	-1.2	-	-4.6	-7.2	-43.3
Net credit losses	-	-	-	-	-
<b>Total operating expenses</b>	<b>-34.9</b>	<b>-34.6</b>	<b>-67.6</b>	<b>-65.8</b>	<b>-142.1</b>
<b>Operating profit/loss</b>	<b>-18.7</b>	<b>-10.6</b>	<b>-31.2</b>	<b>-14.6</b>	<b>-34.9</b>
Tax	5.3	3.2	8.5	4.2	9.6
Profit/loss from distributed operations	Not 1	-	4.1	82.5	82.5

<b>Profit/loss for the period</b>	<b>-13.4</b>	<b>-7.4</b>	<b>-18.6</b>	<b>72.1</b>	<b>57.2</b>
Earnings per share, SEK	-0.64	-0.48	-1.08	-0.68	-1.69

\* Including spun-off operations in HQ.SE Fonder

## Consolidated Balance Sheet (MSEK)

		<b>30 June 2001</b>	<b>30 June 2000*</b>	<b>31 Dec. 2000*</b>
<b>Assets</b>				
Lending to credit institutions		184.9	234.1	210.9
Lending to the public	Note 2	86.5	35.6	61.1
Shares and participating interests		2.1	-	1.5
Intangible fixed assets		199.3	1.2	220.9
Tangible assets		6.9	10.2	9.0
Other assets		89.1	235.9	76.0
Pre-paid expenses and accrued income		16.1	5.9	12.7
<b>Total assets</b>		<b>584.9</b>	<b>522.9</b>	<b>592.1</b>
<b>Liabilities, provisions, and equity</b>				
Deposits and borrowing from the public		181.5	85.3	139.5
Other liabilities		57.9	68.3	74.3
Accrued costs and pre-paid income		22.3	20.7	23.0
Equity	Note 3	323.2	348.6	355.3
<b>Total liabilities, provisions, and equity</b>		<b>584.9</b>	<b>522.9</b>	<b>592.1</b>

\* Including spun-off operations in HQ.SE Fonder

## Consolidated cash flow statement (MSEK)

	<b>Jan. 1, 2001- June 30, 2001</b>	<b>Jan. 1, 2000- June 30, 2000*</b>
Cash flow from current operations	-5.6	-249.7
Cash flow from assets and liabilities of current operations	-0.6	75.4
Cash flow from investment operations	-4.7	-10.1
Cash flow from financing operations	-15.1	-250.2
<b>Cash flow for the period</b>	<b>-26.0</b>	<b>-434.6</b>
Liquid funds** at the beginning of the year	210.9	668.7
Liquid funds** at the close of the period	184.9	234.1
<b>Cash flow for the period</b>	<b>-26.0</b>	<b>-434.6</b>

\* Including spun-off operations in HQ.SE Fonder and 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, the operations in HQ.SE were spun-off in May 2001. For the first quarter of 2001, the revenues from the spun-off operations amounted to MSEK 17.

### Note 2 – Lending to the public (MSEK)

	<b>30 June 2001</b>	<b>31 Dec. 2000</b>
Lending to the public	86.5	61.1

Lending to the public is reported after deductions for realized and anticipated credit losses. As per 30 June 2001, the company reports no doubtful claims. All loans, custodian account credits, are fully secured by securities to the determined lending value.

### Note 3 – Changes in equity (MSEK)

	<b>Share capital</b>	<b>Restricted reserves</b>	<b>Unrestricted equity</b>	<b>Total equity</b>
Equity, 31 December 2000	<b>52.5</b>	<b>224.7</b>	<b>68.9</b>	<b>346.1</b>
Effect of changes in accounting principles	-	-	9.2	9.2
<b>Adjusted opening balance</b>	<b>52.5</b>	<b>224.7</b>	<b>78.1</b>	<b>355.3</b>
Dividend, HQ.SE Fonder	-	-	-13.4	-13.4
Recalculation difference	-	0.0	-0.1	-0.1
Transfer between restricted and unrestricted shareholders' equity	-	0.0	0.0	-
Profit/loss for the period	-	-	-18.6	-18.6
<b>Equity, 30 June 2001</b>	<b>52.5</b>	<b>224.7</b>	<b>46.0</b>	<b>323.2</b>

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