

Nordnet AB (publ)

# Interim Report.

July-September 2020.



*The English version of the interim report is a translation.  
In case of any discrepancy between the Swedish version  
and the English version, the Swedish version shall prevail.*

# The quarter in brief

“For us, the right focus is a crucial factor for success. We strongly believe in being the best at something. Nordnet has set its sights on becoming a leader in a single area – savings and investments. Our home market is the Nordic region, and our target group is private savers in Sweden, Norway, Denmark and Finland.”

Lars-Åke Norling, CEO Nordnet

Customer growth for the past 12 months amounted to

**27 percent**

(19 percent)

- Operating income of SEK 617.1 million (371.4)
- Operating expenses of SEK 277.1 million (273.7)
- Operating profit of SEK 336.6 million (92.3)
- Net savings of SEK 9.7 billion (4.2)

The figures above refer to the period July-September 2020. The comparative figures in brackets refer to July-September 2019.

- Strong growth in the business with savings capital and lending reaching new records, continued major inflow of new customers and high trading activity
- Continued improvements of the platform – new function for monthly savings, launch of proprietary index funds, integration of the Nordnet blog on the customer site, and additional inspiring functions in the app
- Strong financial results – increased income and stable cost level give an operating profit of SEK 337 million
- Nordnet is reviewing strategic options, including a potential listing of Nordnet AB (publ)

MSEK	Q3 2020	Q2 2020	Change %	Q3 2019	Change %	Jan-Sep 2020	Jan-Sep 2019	Change %	Q4 2019 - Q3 2020
Operating income	617.1	650.3	-5%	371.4	66%	1,911.6	1,145.2	67%	2,339.8
Operating expenses	-277.1	-271.2	2%	-273.7	1%	-807.2	-817.9	-1%	-1,151.5
Credit losses	-3.4	-10.0	-66%	-5.5	-38%	-31.6	-23.9	32%	-41.3
Operating profit	336.6	369.1	-9%	92.3	265%	1,072.8	303.3	254%	1,146.9
Profit after tax	277.4	302.0	-8%	80.9	243%	880.7	273.2	222%	947.0
Earnings per share before and after dilution (SEK)	1.07	1.17	-8%	0.29	272%	3.42	1.02	235%	3.65
Income in relation to savings capital	0.55%	0.67%	-0.12%	0.41%	0.13%	0.62%	0.43%	0.18%	0.58%
Operating margin %	55%	57%	-2%	25%	30%	56%	26%	30%	49%
Adjusted operating expenses <sup>1</sup>	-258.2	-260.2	-1%	-271.6	-5%	-777.3	-802.0	335%	-1,072.5
Adjusted operating profit <sup>1</sup>	355.5	380.1	-6%	94.4	277%	1,102.7	253.3	335%	1,226.0
Adjusted operating margin %	58%	58%	-1%	25%	32%	58%	22%	36%	52%
Adjusted earnings per share pre amortization of intangible assets due to PPA before and after dilution (SEK)	1.17	1.24	-6%	0.36	272%	3.62	0.94	284%	4.05
Total number of customers	1,122,900	1,069,200	5%	882,200	27%	1,122,900	882,200	27%	1,122,900
Net savings (SEK billion)	9.7	13.4	-27%	4.2	132%	47.0	13.6	245%	54.3
Savings capital at the end of the period (SEK billion)	477.8	424.6	13%	365.2	31%	477.8	365.2	31%	477.8
Average savings capital per customer SEK	411,660	376,279	9%	413,874	-1%	402,084	402,760	0%	404,184

For definitions of key figures, see pages 36-37.

<sup>1</sup> See table of items affecting comparability on page 12.

# This is Nordnet

Nordnet is a leading digital platform for savings and investments with operations in Sweden, Norway, Denmark and Finland. With user-friendliness, availability, a broad offering and low prices, we give our customers the opportunity to realize their savings ambitions.



The overarching purpose of Nordnet's operations is to democratize savings and investments. By that, we mean giving private savers access to the same information and tools as professional investors. This purpose has driven us since the outset in 1996 and remains our direction to this day. In the 1990s, the idea of democratization entailed offering easily accessible and inexpensive share trading via internet, and building a mutual funds supermarket with products from a number of different distributors and where savers could easily compare returns, risk and fees. During the journey, we have simplified matters and pressed down fees on, for example, pension savings, index funds and private banking services. In recent years, we have democratized the financial sector with, for example, the stock lending program that we launched just over a year ago. We are always on the savers' side, and pursue issues of, for example, the right to transfer pension savings free of charge and reasonable and predictable taxation of holdings of shares and mutual funds.

## Vision

Our vision is to become the Nordic private savers' first choice. To achieve this objective, we must always continue to challenge and innovate, keeping user-friendliness and savings benefit at the top of the agenda. Only then can we achieve the high level of customer satisfaction and brand strength required to become a leader in the Nordic region in terms of attracting new customers and producing loyal ambassadors for Nordnet.

## Our business areas

### Savings and investments

Nordnet's core business is saving and investments. Our customers can save and invest in stocks, funds and other types of securities at low fees in seven markets. We offer a number of different interfaces, including the website, the app or more advanced applications. The less-active savers can also use our digital advisory services, including Robosave and Fund Advisor or invest in one of our index funds. Nordnet operates the Nordic region's largest social investment network Shareville, with more than 250,000 members.

### Pension

In Sweden, Norway and Denmark, we offer pension savings without fixed fees and with a wide range of investment opportunities. In Sweden, we have the most complete pension solution for individuals and companies.

### Loans

Nordnet offers three kinds of loans – margin lending, residential mortgages and personal loans (unsecured loans). Margin lending with securities as collateral is available in all four of our markets and allows our customers to borrow against their securities, increasing their investments. Our residential mortgages are offered only to natural persons in Sweden. Personal loans are offered both through Nordnet's own brand and under the brand Konsumentkredit, and are directed at natural persons in Sweden.

## Medium-term financial targets<sup>1</sup>

- Annual customer growth in a range of 10-15 percent, in line with the average growth rate over the past ten years;
- Income in relation to savings capital (defined as the revenues, adjusted for items affecting comparability, in the last twelve months in relation to the average quarterly savings capital for the same period) to remain marginally above 40 bps, based on the current interest rate environment, through 2023;
- Average savings capital per customer (defined as the average quarterly savings capital per customer the last twelve months) at the levels experienced in 2019 through 2023;
- Adjusted annual operating expenses in line with adjusted operating expenses, for 2019 through 2023; and
- Nordnet intends to distribute 70% of the profit for the year.

<sup>1</sup> For status of the financial targets, see page 10.

# Comments from the CEO

**Nordnet's** operations developed well in the third quarter. We are seeing continued strong interest in savings and investments, and a high level of activity in the market. There are several reasons for this. The high level of attention on the impact of the coronavirus on the global economic trend has shone the spotlight on aspects of private finance, and many people are realizing the soundness of maintaining a buffer and saving long-term in shares and mutual funds. Lifestyle changes and the fact that our home, in many cases, having become the hub of both our private and working lives – entailing lower costs for most – has led to a redistribution from consumption to savings. The digital transition is progressing faster than previously, resulted in altered consumption patterns. When it comes to choosing a bank, this transformation has favoured digital platforms, such as Nordnet, over more traditional players in banking and pensions. Finally, the relatively strong volatility in the market has led to a higher number of transactions per customer than previously.

The structural changes, both temporary and more permanent, affecting Nordnet's business in a positive direction, have been supported by a strong stock market. Since the initial acute phase of the corona crisis, the stock market has made a v-shaped recovery, and the Swedish stock market has risen by slightly more than 40 percent since bottoming out at the end of March. In general, companies' second quarter reports brought positive surprises. Many of the listed companies for which sharp reductions in sales and profits were feared, turned out to have managed the altered conditions well, and many sectors have benefited from the new consumption patterns brought by our changed lifestyles. The positive mood on the stock exchange continued in the third quarter and, towards the end of the period, we saw a large number of "reverse profit warnings", in which companies announced to the market that their profits would be stronger than previously communicated.

Nordnet is well positioned in this partly new reality. In the third quarter, we welcomed slightly more than 50,000 new savers to our platform, and we now have more than 1.1 million customers in total. Our customers' savings capital amounts to a record SEK 478 billion and has increased by 13 percent in just one quarter, due to a

combination of a strong stock market, existing customers' savings and the capital that new customers are bringing to our platform. Net savings during the quarter amounted to almost SEK 10 billion – a very strong figure from a historical perspective and more than double figures compared with the third quarter 2019.

The number of transactions has risen sharply since the corresponding period last year, and our customers made a total of 13.5 million transactions during the third quarter. Volatility leads to activity and, during the coronavirus period, we have seen more transactions being conducted due to larger market fluctuations than previously. In the event that volatility decreases and the situation surrounding the coronavirus becomes less uncertain, we expect the number of transactions per customer to decline slightly. However, the large number of new savers on our platform, combined with a high level of customer loyalty, means that we envisage the number of transactions remaining high compared with earlier periods. We are also capturing market shares and were the largest brokers on the Oslo Stock Exchange in both June and August, measured in terms of both transactions and volume.

Although the main focus of our business is on savings and investments, complementary loan products are linked to this in the form of margin loans, residential mortgages and personal loans. Nordnet's loan portfolio is now approaching SEK 18 billion. In one year, total lending has grown by 20 percent, with residential mortgages accounting for the largest increase. Residential mortgages are an exciting area and we have well succeeded here in our role as innovators in a conservative industry. To date, we only offer this product in our Swedish store, which is also where we have the market's lowest interest rates. Although, we are also exploring how we can launch residential mortgages in Norway and Finland in the future, in our role of challenger to the traditional players.

Combined, the high levels of activity and growth gave a strong financial result for the third quarter. Income totalling SEK 617 million, combined with a stable cost level, gave profit before tax of SEK 337 million, which is a sharp increase compared with the third quarter of 2019 when profit amounted to SEK 92 million.



Ahead of me, I see a continued strong market position for Nordnet. Our Nordic strategy gives us an amazing potential and we still hold only a very small share of the total market in the four countries in which we operate. In addition, the market for Nordnet's offering is continues to expand through savings-friendly reforms, such as the introduction of the new Norwegian pension account (EPK) at the end of the year, as well as upcoming legislative changes in Sweden capping the fees charged for transferring occupational pensions – the latter being a change that we have been involved in advocating.

For us, the right focus is a crucial factor for success. We strongly believe in being the best at something. Nordnet has set its sights on becoming a leader in a single area – savings and investments. We do not offer services such as debit cards, invoice payment, corporate credits or the like. Instead, we invest all of our resources into building the world's best platform for savings and investments. Our home market is the Nordic region, and our target group is private savers in Sweden, Norway, Denmark and Finland. In line with our ambition, we are continuously launching improvements, large and small, in the app and on our websites. Worth mentioning during the quarter is a new function for initiating monthly savings based on the customer's individual savings targets, savings horizon and preferences in terms of sectors or focus. We have also expanded our platforms with a variety of content intended to inspire better investment decisions.

Maintaining focus is also a matter of review. Among other things, it is a matter of deriving insights regarding how our services and brand are experienced in general, how attractive our platform is for new savers, how our business grows, and regarding customer satisfaction and loyalty. To transparently clarify our expectations in terms of growth and financial development, we have adopted a number of medium-term targets. These targets detail our ambitions in terms of customer growth, savings capital per customer, cost level and income in relation to savings capital, and are described in greater detail on page 3 of this report.

Finally, we announced in early September that we were reviewing our strategic options, including an assessment of the possibilities for listing Nordnet. Being listed on the stock exchange is not an end in itself but, as I see it, there are a couple of advantages in the form of, for example, greater visibility and increased flexibility to be able to easily offer customers and employees alike the opportunity of becoming Nordnet shareholders – I believe this would increase commitment among the stakeholder groups with whom we have the strongest relationships. Although it is still too early to announce the results of our review, I perceive substantial curiosity about our digital platform, and that the general view of Nordnet in the market is that we are an interesting company embarking on an exciting journey.

Thank you for following Nordnet.

Lars-Åke Norling  
CEO, Nordnet

# Operations

## Events in the third quarter

### The financial markets

The third quarter of the year brought mixed stock market performance with considerable differences in different parts of the world. The stock markets in Asia and the US performed best, closing the quarter with gains in the order of 10 percent. Progress was worse in Europe, with the UK standing out on the negative side, declining by 3 percent, meaning that Europe's financial centre remains down 20 percent since the start of the year. The Nordic economies have, however, recovered at a fair pace following the crash in the spring, with all stock markets rising over the quarter: Sweden, Denmark and Finland could present gains of about 10 percent each, while Norway held at 3 percent up.

The strong performance of the Asian stock market can partly be explained by China's success in reducing the spread of the coronavirus. Europe, on the other hand, is being held down by a sharp increase in the number of infections in Spain, France and the UK. The UK is also being impacted negatively by stranded Brexit negotia-

tions, a weakened currency and the Bank of England's unwillingness to impose negative interest rates. Altered habits in the wake of the coronavirus, with, for example, a large portion of the labour force working from home, have led to a sharp increase in the use of digital services. Growth equities, led by the major US tech companies, had a very good quarter, affecting the US index in a positive direction.

A number of factors will affect the stock market situation near term, including, of course, developments in the coronavirus pandemic but also the presidential election in the US. At the time of writing, the election campaign is in full swing and it remains far from clear who will win. The outcome will be of great importance in how the market develops, as the situation is currently locked between the Democrat-controlled House of Representatives and the Republican-controlled Senate, which is currently impeding continued fiscal stimuli, for example. If the election resolves this deadlock, the stock market will receive an injection of positive energy.

Market shares local stock exchanges <sup>1</sup>	Q3 2020		Q2 2020		Q3 2019	
Countries	No. of trades	Turnover	No. of trades	Turnover	No. of trades	Turnover
Sweden (Nasdaq Stockholm)	5.1%	3.6%	5.0%	3.5%	4.5%	2.8%
Norway (Oslo Börs)	12.0%	8.5%	13.2%	8.9%	6.7%	4.5%
Denmark (Nasdaq Copenhagen)	5.5%	4.8%	6.0%	4.6%	4.0%	3.3%
Finland (Nasdaq Helsinki)	10.8%	5.5%	11.8%	6.2%	6.3%	3.3%

Trading information, Group <sup>2</sup>	Q3 2020	Q2 2020	Q3 2019
Traded value cash market (SEK million)	341,958	371,659	192,784
Total number of trades	13,477,400	14,474,600	7,316,300
whereof cross-border trading %	24%	23%	19%
Number of trading days	66	59	66
Average number of trades per day	204,203	247,429	110,853

<sup>1</sup> Nordnet's monthly average market share of share trading on the Nordic exchanges. Source: Market data from Nasdaq in Sweden, Denmark and Finland and from the Oslo Stock Exchange in Norway.

<sup>2</sup> Nordnet's total volume and number of trades on all stock exchanges and markets for all customers, as well as the average number of trades per day. The daily average is calculated as the total number of trades divided by the number of trading days on which the Swedish stock exchange was open.

## Development of Nordnet's operations

The third quarter showed continued favourable development for Nordnet in all four markets, with strong growth in customers and savings capital, as well as a high level of trading activity. In Sweden, more than 17 million transactions have been made since the beginning of the year, an increase of 73 percent compared with January-September 2019. In Norway, Nordnet has consolidated its position as one of the country's largest brokers, leading the Oslo Stock Exchange in both June and August, in terms of both volume and number of transactions. Denmark and Finland are also showing strong trends in trading activity, with the total number of transactions for the Group as a whole ended up at more than 42 million for the period January-September, an increase of 102 percent compared with the corresponding period last year.

The number of new savers on our platform continues to increase, with the number of customers amounting to 1,122,900 at the end of September 2020, meaning that our customer base has grown by 27 percent over the past 12 months. Although the Finnish customer base has grown by 32 percent compared with 30 September last year, the largest increase is in the Danish market, where the number of savers has increased by as much as 52 percent. Consolidated savings capital has increased by 31 percent compared with the end of the third quarter last year, amounting to SEK 477.8 billion at the end of September 2020. Over the period January-September, net savings have been positive in all of our markets, amounting to almost SEK 47 billion for the Group, an increase of 245 percent compared with the corresponding period last year.

The financial result remains strong with an operating margin above 50 percent in all of our markets for the first nine months of the year. For the period January-September, costs were slightly lower than in the corresponding period last year, while consolidated income has increased by as much as 67 percent over the same period. Finland and Denmark lead with income increases of well over 100 percent. This outcome builds on high levels of trading activity, strong customer growth and increased savings. At the same time, good cost control is made possible by a scalable and efficient business model, the principal components of which are digital interfaces and automated processes.

We are continuing to develop the customer experience on a Nordic basis and, at the end of June/beginning of July, we launched index funds under our own name in Sweden, Denmark and Finland. In September, we conducted the same launch in the Norwegian market in connection with the introduction of a new pricing model for funds. Our award-winning stock lending program continues to generate value for savers, and we made a record payment during the quarter within the framework of the program in Sweden as well as Norway. Our websites and app are being continuously improved through minor and major releases affecting navigation, as well as concrete products and functions. Innovations introduced during the quarter include a new function for initiating monthly savings based on our customers' individual savings targets, savings horizon and preferences in terms of sectors or focus.

The formal aspects of saving are constantly changing and, in the Nordic markets, improvement and stream-

January - September	Sweden		Norway		Denmark		Finland		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Number of customers	388,400	358,800	210,300	143,500	172,300	113,600	351,900	266,300	1,122,900	882,200
Savings capital SEK billion	208.3	157.1	70.4	57.7	101.2	74.6	98.0	75.9	477.8	365.2
of which shares/ derivatives/bonds	133.2	92.1	42.8	35.7	75.6	55.1	77.5	61.7	329.0	244.5
of which funds	50.6	44.8	18.5	15.9	11.9	9.4	7.3	5.5	88.2	75.6
of which deposits	24.5	20.2	9.1	6.1	13.7	10.1	13.2	8.7	60.5	45.1
Number of trades	17,342,500	10,050,400	9,299,600	3,749,900	6,800,100	3,192,100	8,636,700	3,842,100	42,078,900	20,834,500
Whereof cross-border trading %	11%	9%	24%	23%	45%	41%	27%	27%	23%	20%
Net savings (SEK million)	9,650	5,877	10,844	2,399	13,388	2,498	13,072	2,838	46,954	13,612
Margin lending (SEK billion) <sup>1</sup>	3.1	2.4	1.5	1.5	1.5	1.2	1.9	1.5	8.0	6.6
Mortgage (SEK billion)	5.8	4.3	0.0	0.0	0.0	0.0	0.0	0.0	5.8	4.3
Personal loans (SEK billion)	4.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	4.0

<sup>1</sup> Lending excluding pledged cash and equivalents.

Financial overview, SEK million	Q3 20	Q2 20	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18
<b>Consolidated income statement</b>								
Net commission income	451.2	480.5	493.5	272.5	231.3	219.5	216.6	233.4
Net Interest income	152.1	156.2	147.0	132.1	128.8	132.9	103.9	95.0
Net result of financial transactions	2.0	-4.4	-7.5	0.5	-3.0	1.8	66.8	-1.8
Other operating income	11.8	17.9	11.3	23.1	14.4	16.9	15.2	20.9
<b>Operating income</b>	<b>617.1</b>	<b>650.3</b>	<b>644.2</b>	<b>428.2</b>	<b>371.4</b>	<b>371.2</b>	<b>402.5</b>	<b>347.5</b>
General administrative expenses	-231.3	-225.5	-210.2	-283.6	-216.6	-227.6	-219.8	-255.4
Depreciation, amortization and impairments	-39.2	-39.3	-38.5	-48.4	-47.5	-40.5	-38.0	-28.1
Other operating expenses	-6.5	-6.4	-10.2	-12.4	-9.6	-9.3	-9.1	-18.3
<b>Operating expenses</b>	<b>-277.1</b>	<b>-271.2</b>	<b>-258.9</b>	<b>-344.4</b>	<b>-273.7</b>	<b>-277.4</b>	<b>-266.8</b>	<b>-301.8</b>
Net credit losses	-3.4	-10.0	-18.2	-9.7	-5.5	-11.7	-6.7	-4.7
<b>Operating profit</b>	<b>336.6</b>	<b>369.1</b>	<b>367.1</b>	<b>74.1</b>	<b>92.3</b>	<b>82.1</b>	<b>129.0</b>	<b>41.0</b>
<b>Earnings per share before and after dilution, (SEK)</b>	<b>1.07</b>	<b>1.17</b>	<b>1.17</b>	<b>0.23</b>	<b>0.29</b>	<b>0.26</b>	<b>0.47</b>	<b>0.14</b>
Items affecting comparability <sup>1</sup>	-18.9	-11.0	0.0	-49.2	-2.1	-7.7	59.8	-15.9
Adjusted operating expenses before credit losses	-258.2	-260.2	-258.9	-295.2	-271.6	-269.7	-260.7	-285.9
Adjusted operating profit <sup>1</sup>	355.5	380.1	367.1	123.3	94.4	89.8	69.1	56.9
Adjusted earnings per share pre amortization of intangible assets due to PPA before and after dilution (SEK)	1.17	1.24	1.21	0.43	0.36	0.33	0.25	0.22
<b>Key figures</b>								
Income in relation to savings capital - rolling 12 months %	0.58%	0.55%	0.51%	0.44%	0.43%	0.43%	0.43%	0.44%
Operating margin %	55%	57%	57%	17%	25%	22%	32%	12%
Adjusted operating margin %	58%	58%	57%	29%	25%	24%	21%	16%
Cost/income %	45%	42%	40%	80%	74%	75%	66%	87%
Profit margin %	45%	46%	47%	15%	22%	20%	30%	10%
Return on equity (annulized) %	34%	36%	38%	12%	14%	15%	21%	6%
Adjusted return on equity (annulized) %	35%	37%	38%	12%	11%	11%	10%	7%
Adjusted return on equity excl intangible assets (annulized) %	48%	52%	54%	18%	17%	16%	14%	10%
Customers	1,122,900	1,069,200	1,002,400	913,600	882,200	854,800	794,800	765,200
Annual customer growth %	27%	25%	26%	19%	19%	19%	14%	14%
Net savings (SEK billion)	9.7	13.4	23.8	7.3	4.2	2.4	7.0	1.4
Savings ratio %	15%	14%	12%	7%	5%	5%	7%	9%
Savings capital (SEK billion)	477.8	424.8	354.9	394.5	365.2	353.7	323.5	285.5
of which shares/derivatives/bonds	329.0	283.4	223.2	268.1	244.5	238.0	216.3	185.3
of which funds	88.2	79.3	64.7	81.5	75.6	71.3	65.9	57.2
of which deposits	60.5	61.8	67.0	45.0	45.1	44.4	41.2	43.0
Average savings capital per customer - 12 months rolling (SEK)	404,184	400,851	402,851	409,063	408,983	412,197	411,640	411,796
Lending (SEK billion)	17.8	16.1	14.7	15.6	14.9	14.6	14.4	13.7
of which margin lending <sup>2</sup>	8.0	6.8	5.7	7.1	6.6	6.4	6.1	5.6
of which mortgages	5.8	5.3	4.9	4.5	4.3	4.3	4.3	4.2
of which personal loans	4.0	4.0	4.1	4.1	4.0	4.0	3.9	4.0
Investments in tangible assets (SEK million)	4.2	3.7	0.9	4.5	1.0	34.8	5.8	9.0
Investments in intangible assets excl. company acquisitions (SEK million)	20.7	23.8	20.0	20.5	18.9	21.4	30.4	33.6
Number of full-time equivalents at end of period	528	543	510	497	506	496	494	526

For definitions of key figures, see pages 36-37.

<sup>1</sup> See table of items affecting comparability on page 12.

<sup>2</sup> Lending excluding pledged cash and equivalents.



lining is often achieved by introducing new types of accounts. At the start of 2020, the new Finnish account form "osakesäästötili" (share savings account) was introduced, with 95,000 new accounts being opened at Nordnet over the first nine months of the year. This means that we account for 70 percent of the total market share for such accounts. In Norway, we are preparing for the launch of a new form of pension account at the end of the year, "egen pensjonskonto" (personal pension account).

## Consolidated net profit

### July – September 2020

(April – June 2020)

Operating income amounted to SEK 617.1 million (650.3), decreasing by five percent compared with the second quarter of 2020. Although slightly down compared with the second quarter of 2020, trading activity remains high with customers being very interested in investing in foreign markets. Revenues from the fund business were slightly higher as a result increased volumes. Overall, net commission income amounted to SEK 451.2 million (480.5).

Net interest income decreased by SEK 4.1 million to SEK 152.1 million (156.2). Increased lending and higher income from Nordnet's stock lending program made positive contribution to the net interest income, however lower income from excess liquidity was a decreasing factor.

The net result of financial transactions increased by SEK 6.3 million compared with the year-earlier period.

Operating expenses before credit losses amounted to SEK 277.1 million (271.2) which was SEK 5.9 million higher than the second quarter 2020. The underlying cost level was essentially constant, but costs for personnel and consultants increased while costs for software licenses and system for securities and insurance administration decreased. The increase of the costs are primarily attributed to items affecting comparability of ca SEK 9 million resulting from an adjusted assessment regarding the Nordnet Group's right to deduct opening VAT. An additional SEK 10 million is attributable to costs relating to the strategic review being conducted. Items affecting comparability of SEK 11 million was also reported during the second quarter this year.

Credit losses amount to SEK 3.4 million (10.0), which is lower compared to the second quarter, when extra credit reserves were made due to increased risk attributable to the ongoing corona pandemic. There are no indications today that credit losses will increase and that the extra credit reserves will need to be realized.

Operating profit amounted to SEK 336.6 million (369.1), which is 9 percent lower compared with the second quarter 2020. The operating margin was 55 percent (57). Profit after tax for the period decreased by 8 percent to SEK 277.4 million (302.0), resulting in a profit margin of 45 percent (46).

### January – September 2020

(January – September 2019)

Operating income for the period January–September increased by 67 percent, amounting to SEK 1,911.6 million (1,145.2). Net commission income increased by SEK 757.7 million to SEK 1,425.1 million (667.4). Increased transaction-related income, attributable

January - September, SEK million	Sweden		Norway		Denmark		Finland		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating income	808.0	572.8	373.1	223.3	395.0	186.7	335.5	162.3	1,911.6	1,145.2
Operating expenses	-332.2	-360.7	-171.7	-179.9	-143.9	-134.0	-159.3	-143.4	-807.2	-817.9
<b>Operating profit before credit losses</b>	<b>475.7</b>	212.1	<b>201.4</b>	43.4	<b>251.1</b>	52.8	<b>176.2</b>	18.9	<b>1,104.4</b>	327.3
Credit losses	-30.9	-22.5	-0.7	-0.7	-0.1	-0.7	0.0	0.0	-31.6	-23.9
<b>Operating profit</b>	<b>444.9</b>	189.6	<b>200.7</b>	42.7	<b>251.0</b>	52.0	<b>176.2</b>	18.9	<b>1,072.8</b>	303.3
<b>Operating margin %</b>	<b>55%</b>	31%	<b>54%</b>	13%	<b>64%</b>	21%	<b>53%</b>	2%	<b>56%</b>	26%
<b>Income in relation to savings capital<sup>1</sup> %</b>	<b>0.61%</b>	<b>0.53%</b>	<b>0.81%</b>	<b>0.63%</b>	<b>0.60%</b>	<b>0.36%</b>	<b>0.52%</b>	<b>0.31%</b>	<b>0.62%</b>	<b>0.46%</b>

<sup>1</sup> For definitions of key figures, see pages 36-37.

to an increased number of transactions, contributed positively to the increase. Higher volumes in Nordnet Markets, combined with increased mutual fund savings, contributed to improved commission income.

Net interest income increased by SEK 89.7 million to SEK 455.3 million (365.6). Greater income from excess liquidity and from Nordnet's stock lending program contributed to the increase. Larger volumes of residential mortgages and margin lending have also contributed to an improvement in net interest income.

Operating expenses before credit losses fell by 1 percent compared with January–September 2019 and amounted to SEK 807.2 million (817.9). Expenses for consultants, marketing and other external services decreased compared with the same period last year. Net profit was also burdened by items affecting comparability of SEK 20 million resulting from an adjusted assessment regarding the right to deduct opening VAT. An additional SEK 10 million is attributable to costs relating to the strategic review being conducted. During January–September 2019, items affecting comparability amounted to SEK 16 million.

Credit losses totalled SEK 31.6 million (23.9). The increase is due to a reinforcement of reserves based on a more negative macroeconomic scenario stemming from the coronavirus pandemic. There are no indications today that credit losses will increase and that the extra credit reserves will need to be realized.

Operating profit increased by 254 percent to SEK 1,072.8 million (303.3), and the operating margin was 56 percent (26). Profit after tax for the period rose by 222 percent to SEK 880.7 million (273.2), resulting in a profit margin of 46 percent (24).

## Status financial targets

Regarding the medium-term financial targets that Nordnet has decided on, the status is as following at 30 September:

Financial position SEK million	Q3 20	Q2 20	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18
Equity	3,880.7	3,596.8	2,615.1	3,057.8	3,013.8	2,940.8	2,026.9	1,988.2
Equity excluding Tier 1 capital	3,389.3	3,105.3	2,123.6	2,566.4	2,522.4	2,451.0	1,528.4	1,988.2
Own funds consolidated situation	2,389.4	2,128.0	2,118.8	1,990.6	1,913.5	1,749.5	1,946.1	1,455.7
CET1 ratio %	15.0%	13.7%	14.1%	14.8%	14.6%	13.0%	16.1%	17.1%
Total capital ratio %	19.0%	18.0%	18.5%	19.7%	19.7%	18.3%	21.7%	17.1%
Leverage ratio %	3.30%	2.95%	2.56%	3.82%	3.67%	3.59%	4.23%	3.18%
Lending/deposits %	32%	28%	24%	36%	35%	35%	36%	33%
Deposits/savings capital %	13%	15%	19%	11%	12%	13%	13%	15%

- Annual customer growth for the past 12 months corresponds to 27 percent (19)
- Average savings capital per customer amounted to SEK 404,184 (408,983)
- Income in relation to savings capital amounted to 0.58 percent (0.43)
- Adjusted operating expenses amounted to SEK 258.2 million (271.6)

The comparative figures in brackets refer to the third quarter 2019.

## Financial position as at 30 September 2020

(31 December 2019)

At the end of September, consolidated cash and cash equivalents amounted to SEK 2,082.4 million (914.7). Restricted cash amounted to SEK 357 million (103) of which SEK 159 million (103) is used. In addition, interest-bearing investments were held with a total fair value of SEK 17,812.9 million (18,676.6). In addition to investments that are valued at a fair value, Nordnet holds interest-bearing investments which are to be held to maturity and thus valued at amortized cost in the amount of SEK 23,068.9 (9,586.1) million. Nordnet's liquidity is mainly invested in covered bonds, sovereign securities, the Swedish Riksbank, the Danish National Bank and the Nordic banking system. Most of the investments have a short remaining maturity.

Consolidated equity amounted to SEK 3,880.7 million (3,057.8). The bonds for SEK 500 million issued by the Group (AT1) have an indefinite maturity with the first opportunity for redemption after five years, in the first quarter of 2024, and run with interest of three-month Stibor +6.75 percent. The bonds are listed on Nasdaq Stockholm. For more information, see the Group's specification of equity on pages 16-17.

For the consolidated situation in which Nordnet AB (publ) is the parent company, the capital base amount-

ted to SEK 2,389.4 million (1,990.6) and the total risk exposure amounted to SEK 12,581.0 million (10,090.3). At the end of the period, the capital ratio was 19.0 percent, compared with 19.7 percent on 31 December 2019. For more information, see Note 8.

## Cash flow

In the third quarter, cash flow from operating activities was affected negatively by a reduction in the liquidity of customer deposits by SEK 830.9 million, as well as an increase in lending of SEK 1,822.6 million. During the quarter, cash flow in investing activities was a positive SEK 7,470.1 million due to reduced purchases and increased sales of bonds and other fixed-income securities.

## Parent Company

### January – September 2020

*(January – December 2019)*

Nordnet AB (publ) is a holding company and conducts no operations beyond its role as the owner of Nordnet Bank AB, Nordnet Pensionsförsäkring AB and the Group's other companies. Operating income for January–September 2020 amounted to SEK 17.1 million (18.7) and relates to Group-internal administrative services.

The result from financial investments has decreased by SEK 260.8 million to SEK -0.7 million (260.1). The change is due to the Parent Company not receiving any dividends, SEK 0.0 million (260.0) from the subsidiaries during the year. The Parent Company's result after financial items for the period January–September 2020 amounted to SEK -15.6 million (250.5). The Parent Company's cash and cash equivalents amounted to SEK 123.4 million (69.4), and shareholders' equity to SEK 2,118.5 million (2,158.1).

## Significant risks and uncertainties

Risk taking is an essential part of Nordnet's business. Nordnet's profitability is directly dependent on its capacity to identify, analyze, control and price risk. Risk management in Nordnet serves several purposes. Partly to achieve desired profitability and growth, given a deliberately accepted level of risk and to maintain a high level of trust from customers and the external

community. A trust that is essential for Nordnet's long-term profitability and existence.

How risk management is conducted is described in the risk management framework. The framework describes the strategies, processes, procedures, internal regulations, limits, controls and reporting procedures related to risk management. Combined, these are intended to ensure that Nordnet can, on an on-going basis, identify, measure, guide, internally report and maintain control over the risks to which Nordnet is, or is likely to be, exposed. A detailed description of Nordnet's exposure to risk and handling of risks can be found under Note 7 in the 2019 Annual Report.

Developments in the coronavirus situation represent an uncertainty factor that could affect risk in Nordnet. Regarding portfolio lending, it is above all high volatility and especially sharp declines on the stock exchange that may increase the risk of credit losses. Nordnet addressed this credit risk well during the major fall of the stock exchange in the beginning of 2020, and no increase in credit losses could be noted. Additionally, no increased credit risks referable to mortgages has been noted, and only 54 customers have requested deferral on mortgage payments based on the exception which Finansinspektionen gave permission for during the spring. The primary risk of higher credit losses is assessed to personal loans, as an effect of increased unemployment which could have a negatively impact on the customers' repayment capacity. Nordnet has not, however, noted any changed payment capacity among its customers. Nordnet has during the quarter also continued to take measures aimed at limiting its risk in issuing new personal loans, which are unsecured.

## Other company events

On 10 September, the Annual General Meeting of Nordnet AB (publ) resolved to increase the number of shares in the company from 1,039,545 shares to 249,490,800 shares by means of a share split. The Meeting further resolved to increase the share capital by SEK 2,212.67 through a bonus issue with comprising 509,200 new fund units. Finally, the Annual General Meeting resolved to increase the share capital by a further SEK 208,333.33 through a bonus issue. No shares were issued in connection with the aforementioned increase in the share capital. With these issues having been completed, the company's share capital amounts

to SEK 1,250,000 and 250,000,000 shares.

During the third quarter, Nordnet has decided on the following four financial goals:

- Annual customer growth in a range of 10-15 percent, in line with the average growth rate over the past ten years;
- Income in relation to savings capital (defined as the revenues, adjusted for items affecting comparability, in the last twelve months in relation to the average quarterly savings capital for the same period) to remain marginally above 40 bps, based on the current interest rate environment, through 2023;
- Average savings capital per customer (defined as the average quarterly savings capital per customer the last twelve months) at the levels experienced in 2019 through 2023;
- Adjusted annual operating expenses in line with adjusted operating expenses, for 2019 through 2023.

In addition, Nordnet has decided to change its dividend policy from intending to distribute 60 percent of the profit for the year to intending to distribute 70 percent of the profit for the year. In connection to this, the board decided that no dividend will be recommended during 2020 for previous years.

During the quarter, Nordnet decided to review strategic options, including a potential listing of Nordnet AB (publ).

## Employees

As of 30 September 2020, there were 528 full-time employees at Nordnet (497 as of 31 December 2019). Full-time employees include temporary employees but not employees on parental or other leave. There were an

average 533 full-time employees over the period January–September (502 as of 31 December 2019).

## Annual General Meeting 2021

The 2021 Annual General Meeting is scheduled for 29 April 2021.

## Upcoming report events

Year-end report	5 February 2021
Annual and Sustainability Report	24 March 2021
Interim Report January – March	29 April 2021
Interim Report January – June	23 July 2021

## Closely related transactions

E. Öhman J:or AB with subsidiaries (“Öhman Group”) and Nordic Capital Fund VIII (“Nordic Capital”) are closely related to Nordnet AB (publ). Family members of the owners Öhman Group also possess direct ownership in Nordnet AB (publ).

Nordnet Bank AB regularly enters into business relations with Öhman Group in the same way as is regularly done with other financial players. Nordnet’s no-fee index funds are managed by E. Öhman J:or Fonder AB, a company within the Öhman Group. The agreement has been entered into on market terms. For additional information, please refer to Note 6 in the 2019 Annual Report.

## Events after 30 September 2020

No significant events have occurred after the end of the period.

## Items affecting comparability

Items affecting comparability, SEK million	Q3 2020	Q2 2020	Q3 2019	Jan-sep 2020	Jan-sep 2019	2019	2018	2017
Delisting from Nasdaq								-45
Acquisition of Netfonds			-2		-16	-35	-16	
Deduction right VAT	-9	-11		-20		-30		
Expenses related to future strategic alternatives	-10			-10				
Revaluation of the shareholdings in Tink AB <sup>1</sup>					66	66		
<b>Total</b>	<b>-19</b>	<b>-11</b>	<b>-2</b>	<b>-30</b>	<b>50</b>	<b>1</b>	<b>-16</b>	<b>-45</b>

<sup>1</sup> The shares were sold during 2019.

# Financial statements



# Financial statements

## Consolidated income statement

SEK million	Note	3 months July-Sep 2020	3 months Apr-Jun 2020	3 months July-Sep 2019	9 months Jan-Sep 2020	9 months Jan-Sep 2019	12 months Jan-Dec 2019
Commission income <sup>1</sup>	2	589.4	616.7	311.7	1,837.1	904.3	1,247.0
Commission expenses	2	-138.2	-139.2	-80.4	-412.0	-236.9	-307.2
Interest income	3	193.6	201.7	142.5	586.9	444.3	620.2
Interest expenses	3	-41.5	-45.5	-13.7	-131.6	-78.7	-122.5
Net result of financial transactions		2.0	-4.4	-2.9	-9.9	65.6	66.1
Other operating income		11.8	17.9	14.4	41.1	46.5	69.7
<b>Total operating income</b>		<b>617.1</b>	<b>650.3</b>	<b>371.4</b>	<b>1,911.6</b>	<b>1,145.2</b>	<b>1,573.4</b>
General administrative expenses		-231.4	-225.5	-216.6	-677.0	-664.1	-947.7
Depreciation, amortization and impairments of intangibles and equipment		-39.2	-39.3	-47.5	-117.0	-126.0	-174.3
Other operating expenses		-6.5	-6.4	-9.6	-23.2	-27.9	-40.3
<b>Total expenses before credit losses</b>		<b>-277.1</b>	<b>-271.2</b>	<b>-273.7</b>	<b>-807.2</b>	<b>-817.9</b>	<b>-1,162.3</b>
<b>Profit before credit losses</b>		<b>340.0</b>	<b>379.1</b>	<b>97.7</b>	<b>1,104.4</b>	<b>327.3</b>	<b>411.1</b>
Credit losses, net	4	-3.4	-10.0	-5.5	-31.6	-23.9	-33.6
<b>Operating profit</b>		<b>336.6</b>	<b>369.1</b>	<b>92.3</b>	<b>1,072.8</b>	<b>303.3</b>	<b>377.4</b>
Tax on profit for the period		-59.2	-67.1	-11.4	-192.1	-30.1	-37.9
<b>Profit for the period <sup>2</sup></b>		<b>277.4</b>	<b>302.0</b>	<b>80.9</b>	<b>880.7</b>	<b>273.2</b>	<b>339.5</b>
Earnings per share before and after dilution, SEK <sup>3</sup>	9	1.07	1.17	0.29	3.42	1.02	1.25
Number of outstanding shares before and after dilution <sup>3</sup>	9	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000

## Statement of other comprehensive income

SEK million	3 months July-Sep 2020	3 months Apr-Jun 2020	3 months July-Sep 2019	9 months Jan-Sep 2020	9 months Jan-Sep 2019	12 months Jan-Dec 2019
<b>Profit for the period</b>	<b>277.4</b>	<b>302.0</b>	<b>80.9</b>	<b>880.7</b>	<b>273.2</b>	<b>339.5</b>
<b>Items that will be reversed to the income statement</b>						
Changes in value of financial assets recognized at fair value through other comprehensive income	21.9	26.4	-0.5	19.7	8.2	0.2
Tax on changes in value of financial assets recognized at fair value through other comprehensive income	-4.7	-5.7	0.1	-4.2	-1.8	0.0
Translation of foreign operations	-1.8	-8.4	2.0	-40.7	17.0	9.6
Tax on translation of foreign operations	-0.2	-2.1	-0.4	-6.9	-0.6	-0.9
<b>Total other comprehensive income after tax</b>	<b>15.2</b>	<b>10.2</b>	<b>1.2</b>	<b>-32.1</b>	<b>22.8</b>	<b>8.9</b>
<b>Total profit or loss and other comprehensive income <sup>2</sup></b>	<b>292.6</b>	<b>312.1</b>	<b>82.1</b>	<b>848.6</b>	<b>296.0</b>	<b>348.3</b>

<sup>1</sup> Nordnet has adjusted the classification of exchange income generated from customers' trading in securities from Net income from financial transactions to Commission income. For more information see Note 1.

<sup>2</sup> The entire profit accrues to the Parent Company's shareholders.

<sup>3</sup> Added information. For more information see Note 9.

## Consolidated balance sheet

SEK million	Note	30/09/2020	31/12/2019
<b>Assets</b>			
Cash and balances in Central banks		1,540.9	409.5
Treasury bills and other interest bearing securities eligible for refinancing		29,864.2	22,035.9
Loans to credit institutions		541.5	505.2
Loans to the general public	4	19,097.0	16,127.8
Bonds and other interest bearing securities		3,320.4	1,563.7
Shares and participations		6.2	6.6
Assets for which customers bear the investment risk		89,439.4	70,089.2
Intangible fixed assets		862.7	917.1
Tangible fixed assets		287.3	306.8
Deferred taxed assets		2.2	2.8
Current tax assets		67.9	63.6
Other assets		5,450.7	3,368.5
Prepaid expenses and accrued income		245.6	206.6
<b>Total assets</b>		<b>150,726.0</b>	<b>115,603.2</b>
<b>Liabilities</b>			
Deposits and borrowing from the general public		51,319.7	38,572.1
Liabilities for which customers bear the investment risk		89,441.3	70,091.0
Other liabilities		5,563.2	3,547.7
Current tax liabilities		234.0	92.2
Deferred tax liabilities		69.6	82.6
Accrued expenses and deferred income		217.5	159.9
<b>Total liabilities</b>		<b>146,845.3</b>	<b>112,545.4</b>
<b>Equity</b>			
Share capital		1.2	1.0
Other capital contributions		7,571.2	7,571.2
Other reserves		-108.2	-76.1
Retained earnings/cumulative losses including profit and loss for the period		-3,583.5	-4,438.3
<b>Total equity</b>		<b>3,880.7</b>	<b>3,057.8</b>
<b>Total liabilities and equity</b>		<b>150,726.0</b>	<b>115,603.2</b>

## Consolidated statement of changes in equity

SEK million	Share capital	Additional Tier 1 (AT1) capital	Other contributed capital	Other reserves	Retained earnings including profit for the year	Total equity
<b>Equity brought forward 1 January 2020</b>	<b>1.0</b>	<b>500.0</b>	<b>7,071.2</b>	<b>-76.1</b>	<b>-4,438.3</b>	<b>3,057.8</b>
Profit after tax reported in the income statement	-	-	-	-	880.7	<b>880.7</b>
Other comprehensive income after tax	-	-	-	-32.1	-	<b>-32.1</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-32.1</b>	<b>880.7</b>	<b>848.6</b>
<b>Transactions reported directly in equity</b>						
Bonus issue	0.2	-	-	-	-0.2	0.0
Interest on Tier 1 capital	-	-	-	-	-25.7	-25.7
<b>Total transactions reported directly in equity</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-25.9</b>	<b>-25.7</b>
<b>Equity carried forward 30 September 2020</b>	<b>1.2</b>	<b>500.0</b>	<b>7,071.2</b>	<b>-108.2</b>	<b>-3,583.5</b>	<b>3,880.7</b>
<b>Transactions reported directly in equity</b>						
Shareholder contribution, unconditional	-	-	250.0	-	-	<b>250.0</b>
Issue of Tier 1 capital <sup>1</sup>	0.0	500.0	-	-	-	<b>500.0</b>
Transaction costs in connection with issue of Tier 1 capital <sup>2</sup>	-	-	-	-	-3.2	<b>3.2</b>
Tax on transaction cost with issue of Tier 1 capital	-	-	-	-	0.7	<b>0.7</b>
Interest on Tier 1 capital	-	-	-	-	-26.3	<b>26.3</b>
<b>Total transactions reported directly in equity</b>	<b>0.0</b>	<b>500.0</b>	<b>250.0</b>	<b>-</b>	<b>-28.8</b>	<b>721.2</b>
<b>Equity carried forward 31 December 2019</b>	<b>1.0</b>	<b>500.0</b>	<b>7,071.2</b>	<b>-76.1</b>	<b>-4,438.3</b>	<b>3,057.8</b>

<sup>1</sup> The shareholders' contribution is unconditional.

<sup>2</sup> Issue of Tier 1 capital of SEK 500 million. The bonds have an indefinite maturity, with the first redemption after five years and runs with interest of three-month Stibor + 6.75 percent. The bonds are listed on the Nasdaq Stockholm exchange.



## Cont. Consolidated statement of changes in equity

SEK million	Share capital	Additional Tier 1 (AT1) capital	Other contributed capital	Other reserves	Retained earnings including profit for the year	Total equity
<b>Equity brought forward 1 January 2019</b>	1.0	0.0	6,821.3	-85.0	-4,749.0	<b>1,988.2</b>
Profit after tax reported in the income statement	-	-	-	-	273.2	<b>273.2</b>
Comprehensive income after tax	-	-	-	22.8	-	<b>22.8</b>
<b>Total comprehensive income</b>	-	-	-	<b>22.8</b>	<b>273.2</b>	<b>296.0</b>
<b>Transactions reported directly in equity</b>						
Shareholder contribution, unconditional	-	-	250.0	-	-	<b>250.0</b>
Issue of Tier 1 capital <sup>1</sup>	0.0	500.0	-	-	-	<b>500.0</b>
Transaction costs in connection with issue of Tier 1 capital <sup>2</sup>	-	-	-	-	-3.4	<b>-3.4</b>
Tax on transaction cost with issue of Tier 1 capital	-	-	-	-	0.7	<b>0.7</b>
Interest on Tier 1 capital	-	-	-	-	-17.7	<b>-17.7</b>
<b>Total transactions reported directly in equity</b>	<b>0.0</b>	<b>500.0</b>	<b>250.0</b>	-	<b>-20.4</b>	<b>729.6</b>
<b>Equity carried forward 30 September 2019</b>	<b>1.0</b>	<b>500.0</b>	<b>7,071.2</b>	<b>-62.2</b>	<b>-4,496.2</b>	<b>3,013.8</b>

<sup>1</sup> The shareholders' contribution is unconditional.

<sup>2</sup> Issue of Tier 1 capital of SEK 500 million. The bonds have an indefinite maturity, with the first redemption after five years and runs with interest of three-month Stibor + 6.75 percent. The bonds are listed on the Nasdaq Stockholm exchange.

## Cash Flow Statement

SEK million	3 months July-Sep 2020	3 months Apr-Jun 2020	3 months July-Sep 2019	9 months Jan-Sep 2020	9 months Jan-Sep 2019	12 months Jan-Dec 2019
<b>Operating activities</b>						
Cash flow from operating activities before changes in working capital	273.3	232.4	-91.3	915.6	-5.4	418.2
Cash flow from changes in working capital	-2,754.0	-7,199.9	907.7	9,951.1	1,469.6	2,044.2
<b>Cash flow from operating activities</b>	<b>-2,480.7</b>	<b>-6,967.5</b>	<b>816.4</b>	<b>10,866.7</b>	<b>1,464.2</b>	<b>2,462.5</b>
<b>Investing activities</b>						
Purchases and disposals of intangible and tangible fixed assets	-24.9	-27.6	6.0	-70.3	-543.0	-564.0
Net investments in financial instruments	1,862.3	5,590.0	-594.2	-9,574.6	-2,322.8	-3,378.7
<b>Cash flow from investing activities</b>	<b>1,837.4</b>	<b>5,562.4</b>	<b>-588.2</b>	<b>-9,644.9</b>	<b>-2,865.8</b>	<b>-3,942.7</b>
<b>Financing activities</b>						
Cash flow from financing activities	-8.6	-8.8	-1.0	-25.8	747.3	718.7
<b>Cash flow for the period</b>	<b>-651.9</b>	<b>-1,413.9</b>	<b>227.2</b>	<b>1,196.0</b>	<b>-654.3</b>	<b>-761.6</b>
<b>Cash and cash equivalents at the start of the period</b>	<b>2,737.0</b>	<b>4,156.2</b>	<b>804.6</b>	<b>914.7</b>	<b>1,677.2</b>	<b>1,677.2</b>
Exchange rate difference for cash and cash equivalents	-2.7	-5.2	-4.0	-28.3	4.8	-0.9
<b>Cash and cash equivalents at the end of the period</b>	<b>2,082.4</b>	<b>2,737.1</b>	<b>1,027.8</b>	<b>2,082.4</b>	<b>1,027.8</b>	<b>914.7</b>
<i>whereof cash and cash equivalents in Central Banks</i>	1,540.9	2,192.0	528.1	1,540.9	528.1	409.5
<i>whereof loans to credit institutions</i>	541.5	545.1	499.6	541.5	499.6	505.2

## Parent company's income statement

SEK million	3 months July-Sep 2020	3 months Apr-Jun 2020	3 months July-Sep 2019	9 months Jan-Sep 2020	9 months Jan-Sep 2019	12 months Jan-Dec 2019
Net sales	9.2	4.5	9.3	17.1	15.0	18.7
<b>Total operating income</b>	<b>9.2</b>	<b>4.5</b>	<b>9.3</b>	<b>17.1</b>	<b>15.0</b>	<b>18.7</b>
Other external costs	-17.8	-2.6	-1.4	-21.9	-7.5	-9.5
Personnel costs	-2.9	-3.4	-9.2	-9.1	-14.4	-17.4
Other operating expenses	-0.4	-0.3	-0.4	-1.0	-1.1	-1.4
<b>Operating profit</b>	<b>-11.9</b>	<b>-1.8</b>	<b>-1.6</b>	<b>-14.9</b>	<b>-8.0</b>	<b>-9.6</b>
<b>Result from financial investments:</b>						
Result from participations in Group companies	-	-	60.0	-	60.0	260.0
Interest expense and similar items	-0.2	-0.2	-0.5	-0.7	0.5	0.1
<b>Result from financial investments</b>	<b>-0.2</b>	<b>-0.2</b>	<b>59.5</b>	<b>-0.7</b>	<b>60.5</b>	<b>260.2</b>
<b>Profit after financial items</b>	<b>-12.1</b>	<b>-2.0</b>	<b>57.9</b>	<b>-15.6</b>	<b>52.5</b>	<b>250.5</b>
Tax on profit for the year	1.8	-	0.4	1.8	1.3	1.6
<b>Profit for the period</b>	<b>-10.3</b>	<b>-2.0</b>	<b>58.3</b>	<b>-13.9</b>	<b>53.8</b>	<b>252.1</b>

The result for the period corresponds to the total result.

## Parent company's Balance Sheet

SEK million	30/09/2020	31/12/2019
<b>Assets</b>		
Financial fixed assets	1,989.1	1,989.1
Current assets	19.0	205.0
Cash and bank balances	123.4	69.4
<b>Total assets</b>	<b>2,131.5</b>	<b>2,263.5</b>
<b>Equity and liabilities</b>		
Restricted equity	1.2	1.0
Non-restricted equity	2,117.3	2,157.1
Current liabilities	13.0	105.4
<b>Total equity and total liabilities</b>	<b>2,131.5</b>	<b>2,263.5</b>

# Notes

## Note 1 Accounting principles

This interim report for the Group has been compiled in accordance with IAS 34, Interim Financial Reporting. In addition, the Group adheres to the Annual Accounts Act of Credit Institutions and Securities Companies and the Financial Supervisory Authority's regulations (FFFS 2008:25) and RFR 1 Supplementary Accounting Rules for Groups. The Parent Company's Interim Report has been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and with application of the Swedish Financial Reporting Boards RFR 2 Accounting for legal entities.

The accounting principles applied in this Interim Report are those described in the 2019 Nordnet Annual Report, Note 5, the section entitled "Accounting principles applied". The accounting principles and bases of calculation applied remain unchanged compared with the 2019 Annual Report, except for the following amendments.

### Provisions for credit losses on financial assets

#### Default and doubtful receivables

Default is defined in accordance with the Group's credit policy as a combination of both quantitative and qualitative factors.

For unsecured personal loans, default is defined either as a receivable having been due for payment for more than 90 days, or other indications that borrowers will encounter difficulties meeting their obligations. Receivables exceeding 100 days past default are sold on to debt collection companies. Receivables with other indications of default, such as debt restructuring, bankruptcy, death, fraud or emigration, are not resold to debt collection companies. This definition diverges from previously applied principles, with Nordnet previously applying the default definition of 100 days overdue. The reason for Nordnet having chosen to change the definition of default is that it now better reflects the actual credit risk and the Group's current procedures and processes. Read more about credit loss reserves in Note 4 Loans to the general public.

### Currency exchange income

Historically, Nordnet has reported currency exchange income generated through customers' securities trading under the item "net result of financial transactions". Nordnet has chosen to change the accounting policy and the classification of this income to "commission income". This currency exchange income derives exclusively from customers' transactions, with the currency risk lying with the customers. The new classification provides a more accurate portrayal of the actual underlying income stream. Compared with previously published annual reports, Nordnet has made these following changes in the table below and on page 21:

Restated exchange income, SEK million	Restated commission income	Restated net result of financial transactions
<b>Jan-dec 2019</b>		
<b>Before reclassification</b>	<b>1,070.1</b>	<b>243.0</b>
Sweden	58.1	-58.1
Norway	31.5	-31.5
Denmark	66.7	-66.7
Finland	20.6	-20.6
<b>Total reclassification</b>	<b>176.9</b>	<b>-176.9</b>
<b>Total after reclassification</b>	<b>1,247.0</b>	<b>66.1</b>
<b>Jan-sep 2019</b>		
<b>Before reclassification</b>	<b>775.5</b>	<b>194.4</b>
Sweden	42.5	-42.5
Norway	22.8	-22.8
Denmark	48.4	-48.4
Finland	15.1	-15.1
<b>Total reclassification</b>	<b>128.8</b>	<b>-128.8</b>
<b>Total after reclassification</b>	<b>904.3</b>	<b>65.6</b>

Restated exchange income, SEK million	Restated commission income	Restated net result of financial transactions
<b>Jul-sep 2019</b>		
<b>Before reclassification</b>	<b>266.3</b>	<b>42.4</b>
Sweden	13.6	-13.6
Norway	10.4	-10.4
Denmark	16.0	-16.0
Finland	5.4	-5.4
<b>Total reclassification</b>	<b>45.4</b>	<b>-45.4</b>
<b>Total after reclassification</b>	<b>311.7</b>	<b>-3.0</b>
<b>Apr-june 2020</b>		
<b>Before reclassification</b>	<b>498.0</b>	<b>117.4</b>
Sweden	32.9	-32.9
Norway	26.9	-26.9
Denmark	46.4	-46.4
Finland	15.5	-15.5
<b>Total reclassification</b>	<b>121.7</b>	<b>-121.7</b>
<b>Total after reclassification</b>	<b>619.7</b>	<b>-4.3</b>

## New and amended standards from 1 January 2020

### Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

As of 1 January 2020, amendments to IAS 39, IFRS 9 and IFRS 7 brought about by the ongoing reform of current benchmark rates (IBOR) shall be applied.

The amendment includes an upcoming replacement of commonly used benchmark rates (such as STIBOR, EURIBOR, LIBOR) with alternative, risk-free interest rates. In Sweden, the Riksbank will start publishing a new reference rate on the shortest maturity. As a consequence of the effects of the corona pandemic on the Swedish economy and the Swedish financial markets, the test period for the reference rate and its publication have been postponed. Instead, a new reference rate will be introduced when the conditions have improved to gain the market's acceptance and scrutiny during the test period.

A review is in progress within Nordnet regarding the handling of the transition to new benchmark interest rates. The review is focused on the liquidity portfolio as no products are linked to benchmark interest rates, except Nordnet's bond, which is listed on Nasdaq that runs with STIBOR interest. The issues concern practical aspects of systems, as well as risk and return issues linked to the actual transition for placements that were previously quoted at one benchmark rate and then shift to another one.

The amendments to IFRS 7 and IFRS 9 have not had any significant impact on Nordnet's financial statements. We are continuing to assess the impact of the IBOR reform.

### Standards that will come into force in 2021 and beyond

#### IFRS 17 Insurance Contracts and IFRS 4 Insurance Contracts

The standard will replace IFRS 4 Insurance Contracts and aims at creating a uniform method of accounting for all types of insurance contracts, a higher degree of transparency of insurance companies' earnings and increased comparability between companies and countries. In June 2020, the International Accounting Standards Board (IASB) adopted amendments to the insurance standard IFRS 17 Insurance Contracts and IFRS 4 Insurance Contracts. The purpose of the amendments is to reduce the expense of applying IFRS 17 by introducing certain simplifications of the standard's requirements and making it easier for companies to explain their results when applying the standard. The purpose is also to simplify the transition for companies so that they can start applying the standard by postponing mandatory application by two years, from 2021 to 2023.

## Note 2 Net commission income

SEK million	3 months July-Sep 2020	3 months Apr-Jun 2020	3 months July-Sep 2019	9 months Jan-Sep 2020	9 months Jan-Sep 2019	12 months Jan-Dec 2019
<b>Commission income</b>						
Commission income - transaction related	375.3	406.8	181.2	1,203.2	531.6	727.0
Commission income - not transaction related <sup>2</sup>	97.5	91.2	85.2	283.3	243.9	343.1
Currency exchange income	116.6	121.7	45.3	350.6	128.8	176.9
<b>Total commission income<sup>1</sup></b>	<b>589.4</b>	<b>619.7</b>	<b>311.7</b>	<b>1,837.1</b>	<b>904.3</b>	<b>1,247.0</b>
<b>Commission expenses</b>						
Commission expenses - transaction related	-114.1	-117.0	-57.8	-340.0	-169.9	-219.2
Commission expenses - not transaction related	-24.1	-22.2	-22.6	-72.0	-67.0	-88.0
<b>Commission expenses</b>	<b>-138.2</b>	<b>-139.2</b>	<b>-80.4</b>	<b>-412.0</b>	<b>-236.9</b>	<b>-307.2</b>
<b>Net commission income</b>	<b>451.2</b>	<b>480.5</b>	<b>231.3</b>	<b>1,425.1</b>	<b>667.4</b>	<b>939.8</b>

<sup>1</sup> Nordnet has adjusted the classification of exchange income generated from customers' trading in securities from Net income from financial transactions to Commission income. For more information see Note 1 page 20.

<sup>2</sup> Refers primarily to commission income from fund savings.

## Not 3 Net interest income

SEK million	3 months July-Sep 2020	3 months Apr-Jun 2020	3 months July-Sep 2019	9 months Jan-Sep 2020	9 months Jan-Sep 2019	12 months Jan-Dec 2019
<b>Interest income according to the effective interest rate method</b>						
Loans to credit institutions	33.2	28.0	19.6	87.4	43.1	67.4
Interest bearing securities	20.0	42.8	-1.1	97.0	35.0	59.3
Loans to the general public	138.5	129.0	123.0	396.6	363.0	488.8
Other interest income	1.9	1.9	1.1	6.0	3.2	4.7
<b>Total interest income</b>	<b>193.6</b>	<b>201.7</b>	<b>142.5</b>	<b>586.9</b>	<b>444.3</b>	<b>620.2</b>
<b>Interest expenses</b>						
Liabilities to credit institutions	-2.7	-2.9	-1.5	-7.2	-4.3	-6.3
Interest bearing securities	-16.1	-19.3	6.9	-56.0	-22.8	-41.9
Deposits and borrowing from the general public	-0.5	-2.1	-2.9	-5.3	-9.2	-11.9
Other interest expenses	-22.2	-21.2	-16.2	-63.2	-42.4	-62.4
<b>Total interest expenses</b>	<b>-41.5</b>	<b>-45.5</b>	<b>-13.7</b>	<b>-131.6</b>	<b>-78.7</b>	<b>-122.5</b>
<b>Net interest income</b>	<b>152.1</b>	<b>156.2</b>	<b>128.8</b>	<b>455.3</b>	<b>365.6</b>	<b>497.7</b>

## Note 4 Loans to the public

Total borrowing amounts to SEK 19,097 million (16,128 as of 31 December 2019). As of 30 September, SEK 1,276.8 million (482.6 as of 31 December 2019) of lending to the public involves account credits that are fully covered by pledged cash and cash equivalents on endowment insurance plans and investment savings accounts (ISKs), the lending rate applied to the credits corresponds to the deposit rate on the pledged cash and cash equivalents.

Lending to the general public is reported after deduction of realized and expected credit losses. At the end of the period, the total provision for feared credit losses amounted to SEK 104.8 million (98.7 as of 31 December 2019), including an additional provision of SEK 2.0 million (0.0 as of 31 December 2019), taking into account the prevailing uncertainty attributable to the coronavirus. The credit loss provisions are distributed between personal loans, in the amount of SEK 81.6 million (78.3) and portfolio lending in the amount of SEK 23.2 million (20.3).

Nordnet reports reserves for credit losses on financial assets valued at amortized cost. For all credit products, Nordnet has developed statistical models that consist of a combination of historical, current, future-oriented and macroeconomic data and benchmarks deemed relevant by Nordnet, as well as external data from multiple sources to be able to measure the credit risk and assess the potential risk of default. Measurement

of credit exposure and calculation of expected credit losses are complex and include the use of models that are based on the probability of default, exposure at default and loss given default.

Due to the current uncertainty surrounding the ongoing pandemic, the economic situation and customers' future repayment capacity, Nordnet has chosen to maintain in the third quarter the adjusted weighting implemented in the first quarter, when calculating credit loss provisions for personal and margin loans. The forecasts for the three scenarios – medium, positive and negative are based on different assumptions regarding future unemployment and economic recovery.

Weighting of scenarios for personal and margin loans:

	Scenario	Weight
Before March 2020	Positive	25 %
	Medium	50%
	Negative	25%
After March 2020	Positive	10%
	Medium	20%
	Negative	70%

The model for residential mortgages has also been calculated with stressed scenarios, although, because the effects of this have been very limited, the weighting of the scenarios has not been adjusted. Provision needs for residential mortgages are calculated with the following scenario weightings: positive 25 percent, medium 50 percent and negative 25 percent.

Credit loss reserve 30/09/2020	Stage 1	Stage 2	Stage 3	Total
Amortized cost	17,206.0	1,888.3	107.5	19,201.8
Provisions for expected credit losses	-22.2	-22.9	-59.7	-104.8
<b>Total lending to the public</b>	<b>17,183.8</b>	<b>1,865.4</b>	<b>47.8</b>	<b>19,097.0</b>

Credit loss reserve 31/12/2019	Stage 1	Stage 2	Stage 3	Total
Amortized cost	14,623.8	1,507.9	94.7	16,226.4
Provisions for expected credit losses	-22.0	-24.5	-52.2	-98.7
<b>Total lending to the public</b>	<b>14,601.8</b>	<b>1,483.5</b>	<b>42.5</b>	<b>16,127.8</b>

Loans, MSEK	30/09/2020	30/06/2020	Change %	31/12/2019	Change %
Residential mortgage	5,829.6	5,299.7	10.0%	4,515.4	29.1%
Loans secured by collateral in form of securities	9,257.1	7,949.6	16.5%	7,560.3	22.5%
Unsecured loans	4,010.3	4,034.4	-0.7%	4,052.1	-1.1%
<b>Total lending to the public</b>	<b>19,097.0</b>	<b>17,283.7</b>	<b>10.5%</b>	<b>16,127.8</b>	<b>18.4%</b>
whereof credits covered by pledged cash and cash equivalents	1,276.8	1,143.9	11.6%	482.6	164.6%

The effect of the adjusted weighting for private and margin loans provides for a larger number of loans in stage 2. For private loans and portfolio lending, the future-based scenarios have been adjusted, to a higher weighting against a negative scenario. This means that the general risk level rises, even if we do not see any increase at the individual level, e.g. through an increase in late payers.

In addition to the previous assessment of changing probability, Nordnet has experienced only minor real effects of the coronavirus pandemic in terms of credit losses and provisions due to the corona pandemic. Nordnet has offered temporary repayment relief on residential mortgages in accordance with the possibilities for exemption from repayment requirements announced by the Swedish Financial Supervisory Authority due to the coronavirus pandemic. Only a few of Nordnet's customers have applied for temporary repayment relief, meaning that provisions for residential mortgages have not been affected. As of 30 September 2020, the average loan-to-value ratio for mortgages was 40.2 percent. Nordnet offers mortgages with a maximum loan-to-value ratio of 60 percent. During the third quarter, housing prices rose throughout the country.

As a consequence of the new definition of default on personal loans, from 100 to 90 days past due, SEK 4 million of the provisions will be moved from stage 2 to stage 3. The amendment has had only a marginal effect on the Group's estimated credit provisions. For more information, please see Note 1 Accounting principles.



## Note 5 Group - segment

Jan-Sep 2020, SEK million					
	Sweden	Norway	Denmark	Finland	Group
Net commission income	472.2	268.3	372.7	311.9	<b>1,425.2</b>
Net interest income	318.3	111.7	19.9	5.4	<b>455.3</b>
Net results after financial transactions	-1.3	-3.3	-2.6	-2.7	<b>-9.9</b>
Other interest income	18.8	-3.6	5.0	20.9	<b>41.1</b>
<b>Total operating income</b>	<b>808.0</b>	<b>373.1</b>	<b>395.0</b>	<b>335.5</b>	<b>1,911.6</b>
Total operating expenses	-332.2	-171.7	-143.9	-159.3	<b>-807.2</b>
<b>Total expenses before credit losses</b>	<b>-332.2</b>	<b>-171.7</b>	<b>-143.9</b>	<b>-159.3</b>	<b>-807.2</b>
<b>Profit before credit losses</b>	<b>475.7</b>	<b>201.4</b>	<b>251.1</b>	<b>176.2</b>	<b>1,104.4</b>
Credit losses, net	-30.9	-0.7	-0.1	0.0	<b>-31.6</b>
<b>Operating profit</b>	<b>444.9</b>	<b>200.7</b>	<b>251.0</b>	<b>176.2</b>	<b>1,072.8</b>

### Jan-sep 2019, SEK million

	Sweden	Norway	Denmark	Finland	Group
Net commission income	269.1	117.4	159.2	121.8	<b>667.4</b>
Net interest income	265.8	84.4	5.0	10.4	<b>365.6</b>
Net results after financial transactions	14.9	15.3	17.5	18.0	<b>65.6</b>
Other interest income	23.1	6.2	5.1	12.2	<b>46.5</b>
<b>Total operating income</b>	<b>572.8</b>	<b>223.3</b>	<b>186.7</b>	<b>162.3</b>	<b>1,145.2</b>
Total operating expenses	-360.7	-179.9	-134.0	-143.4	<b>-817.9</b>
<b>Total expenses before credit losses</b>	<b>-360.7</b>	<b>-179.9</b>	<b>-134.0</b>	<b>-143.4</b>	<b>-817.9</b>
<b>Profit before credit losses</b>	<b>212.1</b>	<b>43.4</b>	<b>52.8</b>	<b>18.9</b>	<b>327.3</b>
Credit losses, net	-22.5	-0.7	-0.7	0.0	<b>-23.9</b>
<b>Operating profit</b>	<b>189.6</b>	<b>42.7</b>	<b>52.0</b>	<b>18.9</b>	<b>303.3</b>

## Note 6 Group – Financial instruments

### Categorization of financial instruments

30/09/2020	Fair value through consolidated income statement			Fair value through other comprehensive income	Non financial instruments	Total
	Amortized cost	Held for trading	Other business models			
<b>Assets</b>						
Cash and balances in Central banks	1,540.9	-	-	-	-	1,540.9
Treasury bills and other interest bearing securities eligible for refinancing	22,117.2 <sup>1</sup>	-	-	7,747.0	-	29,864.2
Loans to credit institutions	541.5	-	-	-	-	541.5
Loans to the general public	19,097.0	-	-	-	-	19,097.0
Bonds and other interest bearing securities	951.9	-	-	2,368.5	-	3,320.4
Shares and participations, listed	-	5.5	-	-	-	5.5
Shares and participations, non-listed	-	0.7	-	-	-	0.7
Assets for which customers bear the investment risk <sup>2</sup>	1,527.5	-	80,214.5	7,697.4	-	89,439.4
Other assets	5,450.7	-	-	-	67.9	5,518.6
Accrued income	245.6	-	-	-	-	245.6
<b>Total assets</b>	<b>51,472.3</b>	<b>6.2</b>	<b>80,214.5</b>	<b>17,812.9</b>	<b>67.9</b>	<b>149,573.8</b>
<b>Liabilities</b>						
Deposits and borrowing from the general public	51,319.7	-	-	-	-	51,319.7
Liabilities for which customers bear the investment risk	-	-	89,441.3	-	-	89,441.3
Other liabilities	5,563.2	-	-	-	303.6	5,866.8
Accrued expenses	217.5	-	-	-	-	217.5
<b>Total liabilities</b>	<b>57,100.3</b>	<b>-</b>	<b>89,441.3</b>	<b>-</b>	<b>303.6</b>	<b>146,845.3</b>

<sup>1</sup> Market value amounted to SEK 22,178.2 million

<sup>2</sup> SEK 7,697.4 million refers to reinvestments in bonds and SEK 1,527.5 million refers to liquid assets.

31/12/2019	Fair value through consolidated income statement			Fair value through other comprehensive income	Non financial instruments	Total
	Amortized cost	Held for trading	Other business models			
<b>Assets</b>						
Cash and balances in Central Banks	409.5	-	-	-	-	409.5
Treasury bills and other interest bearing securities eligible for refinancing	8,845.4 <sup>1</sup>	-	-	13,190.4	-	22,035.8
Loans to credit institutions	505.2	-	-	-	-	505.2
Loans to the general public	16,127.8	-	-	-	-	16,127.8
Bonds and other interest bearing securities	740.6	-	-	823.1	-	1,563.7
Shares and participations, listed	-	6.0	-	-	-	6.0
Shares and participations, non-listed	-	0.6	-	-	-	0.6
Assets for which customers bear the investment risk <sup>2</sup>	1,776.4	-	63,649.7	4,663.1	-	70,089.2
Other assets	3,368.5	-	-	-	63.6	3,432.1
Accrued income	206.6	-	-	-	-	206.6
<b>Total assets</b>	<b>31,980.1</b>	<b>6.6</b>	<b>63,649.7</b>	<b>18,676.6</b>	<b>63.6</b>	<b>114,376.6</b>
<b>Liabilities</b>						
Deposits and borrowing from the general public	38,572.1	-	-	-	-	38,572.1
Liabilities for which customers bear the investment risk	-	-	70,091.0	-	-	70,091.0
Other liabilities	3,547.7	-	-	-	174.7	3,722.4
Accrued expenses	159.9	-	-	-	-	159.9
<b>Total liabilities</b>	<b>42,279.7</b>	<b>-</b>	<b>70,091.0</b>	<b>-</b>	<b>174.7</b>	<b>112,545.4</b>

<sup>1</sup> Market value amounted to SEK 8,840.8 million

<sup>2</sup> SEK 4,663.1 million refers to reinvestments in bonds and SEK 1,776.4 million refers to liquid assets.

## Cont. Note 6 Group – Financial instruments

### Determination of fair value of financial instruments

When the Group determines fair values for financial instruments, different methods are used depending on the degree of observability of market data in the valuation and the market activity. An active market is considered either a regulated or reliable trading venue where quoted prices are easily accessible with regularity. An ongoing assessment of the activity is done by analyzing factors such as differences in buying and selling prices.

The methods are divided into three different levels:

Level 1 – Financial assets and financial liabilities valued on the basis of unadjusted listed prices from an active market for identical assets or liabilities.

Level 2 – Financial assets and financial liabilities valued on the basis of input data other than that included in Level 1, either directly (prices) or indirectly (derived from prices) observable. Instruments in this category are measured applying:

- a) Quoted prices for similar assets or liabilities, or identical assets or liabilities from markets not deemed to be active; or
- b) Valuation models based primarily on observable market data.

Level 3 – Financial assets and financial liabilities valued on the basis of observable market data.

The level of the fair value hierarchy to which a financial instrument is classified is determined based on the lowest level of input data that is significant for the fair value in its entirety.

In cases where there is no active market, fair value is determined using established valuation methods and models. In these cases, assumptions that cannot be directly derived from a market can be applied. These assumptions are then based on experience and knowledge about valuation in the financial markets. However, the goal is always to maximize the use of data from an active market. In cases when deemed necessary, relevant adjustments are made to reflect a fair value, in order to correctly reflect the parameters contained in the financial instruments and to be reflected in its valuation.

For financial instruments recognized at fair value through the income statement, mainly assets where the customer bears the investment risk, fair value is determined based on quoted purchase prices on the balance sheet date for the assets. Liabilities where the customer bears the investment risk receive an indirect asset valuation, which classifies them as Level 2 instruments, with the exception of liabilities relating to insurance contracts not classified as a financial liability.

Forward rate agreements are valued at fair value by discounting the difference between the contracted forward rate and the forward rate available on the balance sheet date for the remaining contract period. The discount rate is the risk-free rate based on government bonds.

The fair value of interest-bearing securities has been calculated by discounting anticipated future cash flows, with the discount rate being set based on the current market interest rate.

Fund units not considered to be traded in an active market at listed prices are measured at fair value based on NAV (net asset value).

For lending and deposits with flexible interest rates, including lending with financial instruments or housing as collateral, which are reported at amortized cost, the carrying amount is considered to be fair value. For assets and liabilities in the balance sheet with a remaining maturity of less than six months, the carrying amount is considered to reflect the fair value.

## Financial instruments recognized at fair value

30/09/2020				
SEK million	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>				
Treasury bills and other interest bearing securities eligible for refinancing	7,747.0	-	-	7,747.0
Bonds and other interest bearing securities	2,368.5	-	-	2,368.5
Shares and participations <sup>1</sup>	5.5	-	0.7	6.2
Assets for which customers bear the investment risk	88,438.0	547.5	453.9	89,439.4
<b>Subtotal</b>	<b>98,559.0</b>	<b>547.5</b>	<b>454.6</b>	<b>99,561.0</b>
<b>Financial assets where fair value is given for information purposes</b>				
Cash and balances in Central Banks	1,540.9	-	-	1,540.9
Loans to credit institutions	-	541.5	-	541.5
Loans to the general public	-	19,097.0	-	19,097.0
Treasury bills and other interest bearing securities eligible for refinancing	-	22,178.7	-	22,178.7
Bonds and other interest bearing securities	-	954.2	-	954.2
Other assets	5,450.6	-	-	5,450.7
Accrued income	245.6	-	-	245.6
<b>Subtotal</b>	<b>7,237.1</b>	<b>42,771.4</b>	<b>-</b>	<b>50,008.7</b>
<b>Total</b>	<b>105,796.1</b>	<b>45,318.9</b>	<b>454.6</b>	<b>149,569.7</b>
<b>Financial liabilities at fair value</b>				
Liabilities for which customers bear the investment risk	-	89,441.3	-	89,441.3
<b>Total</b>	<b>-</b>	<b>89,441.3</b>	<b>-</b>	<b>89,441.3</b>

<sup>1</sup> Shares and participations at level 3 refers to unlisted shares.

31/12/2019				
SEK million	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>				
Treasury bills and other interest bearing securities eligible for refinancing	13,190.4	-	-	13,190.4
Bonds and other interest bearing securities	823.1	-	-	823.1
Shares and participations <sup>1</sup>	6.0	-	0.6	6.6
Assets for which customers bear the investment risk	69,170.4	697.8	221.0	70,089.2
<b>Subtotal</b>	<b>83,189.9</b>	<b>697.8</b>	<b>221.6</b>	<b>94,108.3</b>
<b>Financial assets where fair value is given for information purposes</b>				
Cash and balances in Central Banks	409.5	-	-	409.5
Loans to credit institutions	-	505.2	-	505.2
Loans to the general public	-	16,127.8	-	16,127.8
Treasury bills and other interest bearing securities eligible for refinancing	-	8,840.8	-	8,840.8
Bonds and other interest bearing securities	-	740.7	-	740.7
Other assets	3,368.5	-	-	3,368.5
Accrued income	206.6	-	-	206.6
<b>Subtotal</b>	<b>3,984.7</b>	<b>26,214.5</b>	<b>-</b>	<b>30,199.2</b>
<b>Total</b>	<b>87,174.6</b>	<b>26,912.3</b>	<b>221.6</b>	<b>114,308.5</b>
<b>Financial liabilities at fair value</b>				
Liabilities for which customers bear the investment risk	-	70,091.0	-	70,091.0
<b>Total</b>	<b>-</b>	<b>70,091.0</b>	<b>-</b>	<b>70,091.0</b>

<sup>1</sup> Shares and participations at level 3 refers to unlisted shares.

## Cont. Note 6 Group – Financial instruments

### Description of valuation levels

Level 1 mainly contains shares, mutual funds, bonds, treasury bills and standardized derivatives where the quoted price has been used in the valuation.

Level 2 contains substantially less liquid bonds valued on curves and liabilities in the insurance operations, the value of which is indirectly linked to a specific asset value valued based on observable input data. For less liquid bond holdings, credit spread adjustments are based on observable market data such as the credit derivatives market. This category includes mutual funds, derivatives and certain interest-bearing securities.

Level 3 contains other financial instruments for which own internal assumptions have a significant effect on the calculation of fair value. Level 3 contains mainly unlisted equity instruments. When valuation models are used to determine fair value of financial instruments in Level 3, the consideration paid or received is considered to be the best assessment of fair value on initial recognition.

When the Group determines the level at which financial instruments are to be recognized, each one is individually assessed in its entirety.

Financial instruments are transferred to or from Level 3 depending on whether internal assumptions have changed for the valuation.

### Relocation between levels

Financial instruments that have been transferred from level 1 to level 2 during the period amount to SEK 35 million and pertain primarily to bonds and other interest-bearing securities of SEK 32 million and derivatives of SEK 2 million. The main reason for the transfers from level 1 to level 2 was that the instruments ceased being actively traded during the period, with fair value now being calculated applying valuation methods based on observable market data. Shares and participations of SEK 24 million have been transferred from level 1 to level 3, with the principal reason for the transfers being that the shares have been de-listed and no active market share price is therefore available.

Bonds and other interest-bearing securities of SEK 14 million have been transferred from level 2 to level 1, with the principal reason for the transfers being that the instruments were actively traded during the period and reliable price quotations are now therefore available in the market.

Shares and participations of SEK 1 million have been transferred from level 3 to level 1, with the principal reason for the transfers being that the instruments, which were not previously listed, are now listed. All instruments transferred pertain to assets where the customer bears the investment risk.

Shares and participations of SEK 7 million have been transferred from level 3 to level 2, mainly because it has now been possible to assess instruments previously lacking reliable data by means of an independent counterparty's theoretical assessment.

## Note 7 Pledged assets, contingent liabilities and commitments

SEK million	30/09/2020	31/12/2019
<b>Provided collaterals</b>		
Pledged assets and comparable collateral for own liabilities	none	none
<b>Other pledged assets and comparable collateral</b>		
Bonds and other interest bearing securities <sup>1</sup>	3,550.8	2,224.5
<i>of which deposits with credit institutions</i>	2,927.9	1,842.0
<i>of which deposits with clearing organisations</i>	622.9	382.6
<b>Pledged assets and comparable collateral provided for own liabilities</b>		
Contingent liabilities	none	none
<b>Commitments</b>		
Credit granted but not yet paid, unsecured loans <sup>2</sup>	668.0	426.4
<b>Funds managed on behalf of third parties</b>		
Client funds	166.0	148.5

<sup>1</sup> The amount includes restricted cash of SEK 357 million (103) of which SEK 159 million (103) is used.

As of 30 September 2020, the insurance business held registered assets amounting to SEK 89,439 (70,090 as at 31 December 2019) million to which the policyholders have priority rights.

<sup>2</sup> The amount includes granted, unpaid mortgages of SEK 588.2 (321.7) million.

## Note 8 Capital adequacy information

Disclosures in this note are provided in accordance with the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25) regarding annual reports in credit institutions and securities companies and the Swedish Financial Supervisory Authority's regulations (FFFS 2014:12) regarding supervisory requirements and capital buffers. Other required disclosures in accordance with Regulation (EU) 575/2013 of the European Parliament and of the Council on supervisory requirements for credit institutions and investment firms ("the supervisory regulation") and regulations supplementing the supervisory regulation are provided on the Nordnet website; see [www.nordnetab.com](http://www.nordnetab.com).

### Capital base and capital requirement of the financial conglomerate

The financial conglomerate comprises Nordnet AB (publ) and all its subsidiaries. The capital base and capital requirement have been calculated in accordance with the consolidation method.

The capital requirement for units in the insurance business is affected by the policyholders' assets. The capital requirements for the banking operations vary primarily in terms of the size and credit quality of the bank's exposures. Solvency capital requirements and capital base are calculated according to the standard model under Solvency II. As a consequence of the solvency rules, the item Solvency capital, which refers to the estimated future present value of the insurance companies in the conglomerate (Nordnet Pensionsförsäkring AB including the subsidiary Nordnet Livsförsäkring AS), includes cash flows generated by the policyholders' capital.

For the insurance sector, a review was carried out in the spring of 2020 and changes were made in the assumptions on which the calculations of insurance technical provisions and capital requirements are based, resulting in an increased contribution to both the capital base and the capital requirement for the insurance operations. Because the relationship between the key figures is largely unchanged, the capital adequacy ratio is not affected.

## The financial conglomerate

SEK million	30/09/2020	31/12/2019
Own funds after regulatory adjustments	3,629.8	2,538.5
Capital requirement	2,937.0	2,160.8
Excess capital	692.8	377.1
Capital ratio	1.2	1.2

From June 30, 2019, Solvency II figures are reported with one quarter delay.

### Capital base and capital requirements for the consolidated situation

The consolidated situation consists of Nordnet AB (publ) and Nordnet Bank AB. Consequently, the difference between the financial conglomerate and the consolidated situation is that the financial conglomerate also consolidates the insurance business.

Nordnet applies the standard method for calculating capital requirements for credit risk. Capital base requirement for exchange rate risk comprises all items in and outside the balance sheet measured at current market value and converted to Swedish kronor at the balance sheet date. Capital base requirements for operational risk are calculated according to the base method, which implies that the capital requirement amounts to 15 percent of the average operating income for the last three financial years.

The capital base shall cover minimum capital requirements and the combined buffer requirement, as well as supplemental Pillar 2 requirements. Net profit until the third quarter of 2020 is included since the external auditors have verified the profit and permission has been obtained from the Swedish Financial Supervisory Authority.

### Internally assessed capital requirement

In accordance with the EU directive on capital adequacy 2013/36/EU Article 73 and the Swedish Financial Supervisory Authority regulations (FFFS 2014:12) regarding supervisory requirements and capital buffers, Nordnet evaluates the total capital requirements that were the result of the bank's annual internal capital adequacy assessment (ICAAP) with the aim of identifying significant risks to which the bank is exposed and to ensure that the bank has adequate capital.

The ICAAP is based on Nordnet's business plan, current and future regulatory requirements and scenario-based simulations and stress tests. The results are reported to the Board annually and form the basis of the Board's capital planning.

Nordnet has calculated the internal capital requirement for the consolidated situation to be SEK 448.9 million (429.8 as of 31 December 2019). This is considered to be a satisfactory capital situation with regard to the activities that Nordnet conducts. Nordnet's internal assessment of the capital requirement is not entirely comparable with the estimated capital requirement that the Swedish Financial Supervisory Authority publishes quarterly.

In addition to that stated by this interim report, Nordnet's risk management and capital adequacy is described in more detail in Nordnet's annual report for 2019 and on the Nordnet website; see [www.nordnetab.com](http://www.nordnetab.com).

## cont. Note 8 Capital adequacy information

## Capital requirements consolidated situation

SEK million	30/09/2020	31/12/2019
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>		
Capital instruments and the related share premium accounts	6,691.2	6,690.9
Retained earnings	-4351.4	-4766.2
Accumulated other comprehensive income (and other reserves)	153.5	180.4
Independently reviewed interim profits net of any foreseeable charge or dividend	204.6	236.3
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>2,697.8</b>	<b>2,341.5</b>
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>		
Additional value adjustments (negative amount)	-17.8	-18.7
Intangible assets (net of related tax liability) (negative amount)	-790.6	-832.2
Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	-	-
Deferred tax assets arising from temporary differences	-	-
<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-808.4</b>	<b>-850.9</b>
<b>Common Equity Tier 1 (CET1) Capital</b>	<b>1,889.4</b>	<b>1,490.6</b>
<b>Additional Tier 1 (AT1) capital: instruments</b>		
Capital instruments and the related share premium accounts	500.0	500.0
of which: classified as equity under applicable accounting standards	500.0	500.0
<b>Additional Tier 1 (AT1) capital</b>	<b>500.0</b>	<b>500.0</b>
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>2,389.4</b>	<b>1,990.6</b>
<b>Tier 2 (T2) capital</b>	<b>-</b>	<b>-</b>
<b>Total capital (TC = T1 + T2)</b>	<b>2,389.4</b>	<b>1,990.6</b>
<b>Total risk weighted assets</b>	<b>12,581.0</b>	<b>10,090.3</b>
<b>Capital ratios and buffers</b>		
Common Equity Tier 1 (as a percentage of total risk exposure amount)	15.0%	14.8%
Tier 1 (as a percentage of total risk exposure amount)	19.0%	19.7%
Total capital (as a percentage of total risk exposure amount)	19.0%	19.7%
Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	7.1%	9.3%
of which: capital conservation buffer requirement	2.5%	2.5%
of which: countercyclical buffer requirement	0.1%	2.3%
of which: systemic risk buffer requirement	-	-
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	-
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	10.5%	10.3%
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10 % threshold and net of eligible short positions)	126.5	126.5

Figures are only published for those buffer requirements which have gained legal force.



## cont. Note 8 Capital adequacy information

## Consolidated situation

SEK million	30/09/2020		31/12/2019	
<b>Risk weighted exposures</b>				
Exposure to credit risk according to the standardized method	9,905.5		7,498.4	
of which exposures to institutions	657.4		518.8	
of which exposures to corporates	629.7		186.1	
of which retail exposures	3,694.3		3,506.2	
of which exposures secured by mortgages on immovable property	1,322.9		1,033.5	
of which in default	66.8		68.5	
of which exposures in the form of covered bonds	2,590.7		1,297.0	
of which equity exposures	395.3		401.9	
of which regional governments or local authorities	-		-	
of which other items	548.3		486.4	
Exposures market risk	95.2		11.6	
Exposure operational risk	2,580.3		2,580.3	
<b>Total risk weighted exposures</b>	<b>12,581.0</b>		<b>10,090.3</b>	
<b>Capital requirement</b>				
Credit risk according to the standardized method	792.4	6.3%	599.9	5.9%
Market risk	7.6	0.1%	0.9	0.0%
Operational risk	206.4	1.6%	206.4	2.0%
<b>Capital requirement Pillar 1</b>	<b>1,006.5</b>	<b>8.0%</b>	<b>807.2</b>	<b>8.0%</b>
Concentration risk	90.4	0.7%	81.8	0.8%
Market risk excluding interest rate risk	139.6	1.1%	117.2	1.2%
Interest rate risk	218.6	1.7%	190.5	1.9%
Credit risk in government exposures	0.3	0,0%	0.3	0.0%
Other	-	-	-	-
Capital planning buffer	-	-	40.0	0.0
<b>Capital requirement Pillar 2</b>	<b>448.9</b>	<b>3.6%</b>	<b>429.8</b>	<b>4.3%</b>
<b>Buffer requirement</b>	<b>331.2</b>	<b>2.6%</b>	<b>485.8</b>	<b>4.8%</b>
<b>Total capital requirement, incl. buffer requirement</b>	<b>1,786.6</b>	<b>14.2%</b>	<b>1,722.9</b>	<b>17.1%</b>

This table shows capital requirement in MSEK and as a percentage of risk weighted exposures.

## Note 9 Earnings per share

SEK million	3 months July-Sep 2020	3 months Apr-Jun 2020	3 months July-Sep 2019	9 months Jan-Sep 2020	9 months Jan-Sep 2019	12 months Jan-Dec 2019
<b>Earning per share before and after dilution</b>						
Profit for the year	277.4	302.0	80.9	880.7	273.2	339.5
Interest on Tier 1 capital recognised in equity <sup>1</sup>	-8.8	-8.7	-8.7	-26.1	-17.9	-26.7
Profit attributable to shareholders of the Parent Company before and after dilution	268.6	293.3	72.2	854.6	255.3	312.8
Number of outstanding shares before and after dilution	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Earning per share before and after dilution <sup>2</sup>	<b>1.07</b>	<b>1.17</b>	<b>0.29</b>	<b>3.42</b>	<b>1.02</b>	<b>1.25</b>
<sup>1</sup> Including interest for the period and accrued transaction costs, net after tax	-0.1	-0.1	-0.1	-0.4	-0.3	-0.4

<sup>2</sup> During the year, there was an increase in the number of shares in the company, mainly through a share split. No capital has been provided in connection with the increase in the number of shares.

# Signatures of the Board of Directors

The Board and CEO provide their assurance that this interim report for the period January - September 2020 provides an accurate overview of the operations, position and earnings of the Group and the Parent Company, and that it also describes the principal risks and sources of uncertainty faced by the Parent Company and the companies within the Group.

This report has not been reviewed by the Company's auditors.

Stockholm, 23 October 2020

**Tom Dinkelspiel**  
Chairman of the Board

**Anna Bäck**  
Board member

**Jan Dinkelspiel**  
Board member

**Christopher Ekdahl**  
Board member

**Karitha Ericson**  
Board member

**Christian Frick**  
Board member

**Hans Larsson**  
Board member

**Per Widerström**  
Board member

**Lars-Åke Norling**  
CEO

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This information is information that Nordnet AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8.00 a.m. CET on 23 October 2020.

# Definitions

Alternative Performance Measures (APM) are financial measures of historical or future earnings development, financial position or cash flow that are not defined in applicable reporting regulations (IFRS) or in the fourth capital requirement directive (CRD IV) or in the EU capital requirement regulation no. 575/2013 (CRR) or the EU's Solvency II directive 2015/35. Nordnet uses alternative key performance measures when it is relevant to describe our operations and monitor our financial situation. These measures are not directly comparable with similar key figures presented by other companies. Disclosures regarding financial measures not defined in IFRS but stated outside of the formal financial statements, "alternative performance measures", are presented in the note references below.

## **Adjusted earnings per share pre amortization of intangible assets due to PPA before and after dilution (SEK)<sup>2</sup>**

Calculated as statutory net income after deducting AT1 coupon, adjusted for items affecting comparability and amortization of intangible assets due to PPA for the period divided by the average number of common shares before and after dilution.

## **Adjusted net income pre amortization of intangible assets due to PPA<sup>2</sup>**

Defined as the profit after tax adjusted for items affecting comparability as well as amortization of intangible assets due to PPA. Items affecting comparability have been illustratively taxed at an assumed tax rate of 20% to the extent that they are tax deductible and/or give rise to a tax expense. The purchase price allocation amortisation is not tax deductible and has not been illustratively taxed.

## **Adjusted operating income<sup>2</sup>**

Operating income adjusted for items affecting comparability over the period.

## **Adjusted operating expenses<sup>2</sup>**

Expenses before credit losses, adjusted for items affecting comparability over the period.

## **Adjusted operating margin<sup>2</sup>**

Adjusted operating profit before tax in relation to operating income.

## **Adjusted operating profit<sup>2</sup>**

Profit before tax adjusted for items affecting comparability. Items affecting comparability are items reported separately due to their nature and amount.

## **Adjusted return on equity<sup>2</sup>**

Defined as annualized return on equity calculated as the year's adjusted accumulated profit in relation to the average value of equity over the corresponding period.

## **Adjusted return on shareholders' equity, excluding intangible assets<sup>2</sup>**

Defined as annualized return on equity calculated as the year's accumulated profit after tax adjusted for items affecting comparability and amortization of intangible assets due to PPA to the average value of equity excluding intangible assets, over the corresponding period

## **Average savings capital per active customer<sup>2</sup>**

Average quarterly savings capital per customer over the relevant period (calculated as the average quarterly savings capital per customer including the beginning of period figure as well as the individual ending of period quarterly figures within the relevant period).

## **Capital base<sup>3</sup>**

The sum of Core Tier 1 capital and Tier 2 capital.

## **Cash deposits at end of period<sup>2</sup>**

Deposits including deposits attributable to liabilities in the insurance operations at end of period.

## **Cash market<sup>2</sup>**

Cash market refers to trade in shares, warrants, ETFs, certificates, bonds and similar instruments.

## **CET1 ratio<sup>3</sup>**

Equity excluding proposed dividend, deferred taxes and intangible assets and some further adjustments in accordance with the EU capital requirements regulation no. 575/2013 (CRR) and EU 241/2014 divided by total risk-weighted exposure.

## **Common Equity Tier 1 capital<sup>3</sup>**

Common Equity Tier 1 capital divided by total risk-weighted exposure amount.

<sup>1</sup> Financial key figures that are directly reconcilable with the financial statements.

<sup>2</sup> Financial key figures that can be deduced from historical financial data published quarterly at <https://nordnetab.com/about/financials/>

<sup>3</sup> Definitions in accordance with IFRS and the EU's capital requirement regulation no. 575/2013 (CRR) and according to the EU's Solvency II directive 2015/35

**Cost/income ratio<sup>1</sup>**

Operating expenses excluding credit losses in relation to operating income.

**Customer growth<sup>2</sup>**

Annual growth rate in customers over the period.

**Earnings per share<sup>1</sup>**

Calculated as statutory net income after deducting AT1 coupon for the period divided by the average number of common shares before and after dilution.

**Equity excluding intangible assets<sup>2</sup>**

Total equity less intangible assets.

**Income in relation to savings capital<sup>2</sup>**

Annualized income for the relevant period divided by average quarterly savings capital over the same period (calculated as the average quarterly savings capital including the beginning of period figure as well as the individual ending of period quarterly figures within the relevant period).

**Lending at end of period<sup>2</sup>**

Lending to the public at the end of the period.

**Lending/deposits<sup>2</sup>**

Lending to the public as a percentage of deposits from the public.

**Lending excluding pledged cash and equivalents<sup>2</sup>**

Lending to the public, excluding lending through "account credits" that are fully covered by pledged cash and cash equivalents on endowment insurance plans and investment savings accounts (ISKs), where the lending rate applied to the credits corresponds to the deposit rate on the pledged cash and cash equivalents.

**Leverage ratio<sup>2</sup>**

Tier 1 capital as a percentage of the total exposure amount.

**Net savings<sup>2</sup>**

New deposits of cash and cash equivalents and securities, less withdrawals of cash and cash equivalents and securities.

**Number of customers<sup>2</sup>**

Number of natural persons and legal entities who hold at least one account with a value of SEK 0 or more, or who had an active credit commitment at the end of the period.

**Number of full-time employees at end of period<sup>2</sup>**

Number of full-time employees at end of period, including fixed-term employees and excluding employees on parental leave or other leave.

**Number of trades per day<sup>1</sup>**

Number of trades during the period divided by the number of trading days in Sweden during the period.

**Number of trading days<sup>1</sup>**

Number of days when the relevant exchanges are open.

**Number of transactions<sup>1</sup>**

A registered transaction on the stock exchange or in the marketplace. Orders sometimes involve several trades.

**Operating expenses<sup>2</sup>**

Operating expenses excluding credit losses.

**Operating margin<sup>1</sup>**

Operating profit in relation to operating income.

**Profit margin<sup>1</sup>**

Profit for the period in relation to operating income.

**Return on equity<sup>2</sup>**

Defined as annualized return on equity calculated as the year's accumulated profit in relation to the average value of equity over the corresponding period.

**Savings capital<sup>2</sup>**

Total of cash and cash equivalents and value of securities for all active accounts.

**Savings ratio<sup>2</sup>**

Net savings over the past 12 months as a percentage of savings capital 12 months ago.

**Total capital ratio<sup>2</sup>**

Total capital base in relation to risk-weighted exposure amount.

**Traded value cash market<sup>2</sup>**

Cash market refers to trade in shares, warrants, ETFs, certificates, bonds and similar instruments.

<sup>1</sup> Financial key figures that are directly reconcilable with the financial statements.

<sup>2</sup> Financial key figures that can be deduced from historical financial data published quarterly at <https://nordnetab.com/about/financials/>

<sup>3</sup> Definitions in accordance with IFRS and the EU's capital requirement regulation no. 575/2013 (CRR) and according to the EU's Solvency II directive 2015/35

