



Interim Report, 1 January - 30 September 2003

- Operating income increased by 22.4% to SEK 103.4 million (SEK 84.5 m).
- The profit after tax was SEK 22.8 million (SEK 3.3 m).
- Earnings per share after dilution totalled SEK 0.85 (SEK 0.12). EPS excluding goodwill amortisation after dilution totalled SEK 1.03 (SEK 0.30).
- The result before goodwill amortisation increased to SEK 38.4 million (SEK 11.2 m).
- Net deposits totalled SEK 990 million, corresponding to 15% of the custodian accounts at the start of the year.

Comments from the Managing Director

“Private share trading has really picked up and increased by almost 50% during the third quarter. We have seen a marked recovery during the last six months and our operations have developed well on all fronts. Private investors, day-traders and institutional investors have all become more active. The growth in new custodian account customers has now reached 8-10% per annum,” says Nicklas Storåkers, Avanza’s Managing Director.

“Avanza’s revenues have increased by 22% and our focus is now on increasing the rate of growth still further. We anticipate a continued strong performance in the fourth quarter. Avanza shall be at the forefront of developing newly minted services for active saving, and the next six months will see us introduce more new products and services that will enable Avanza’s growth to continue.”

For more information, please contact Nicklas Storåkers, Managing Director of Avanza, telephone: +46 70 861 80 01.

Business performance

Stockholmsbörsen’s All Share index rose by 7.2 %(-26.5%) during the third quarter, and has risen by 15.2% (-43.8%) since the beginning of the year. Much of the upturn is due to the recovery by the biggest and most heavily traded shares.

Net deposits with Avanza totalled SEK 990 million during the first nine months of the year. This corresponds to 15.2% of the total value of the custodian accounts at the beginning of the year, and is hence well in line with Avanza’s target growth figure of 15-20% in annual net deposits. The total value of custodian accounts was SEK 9,000 million, as of 30 September 2003 (SEK 6,500 million as of 31 December 2002). As of September, customers can transfer and trade in all of the major Swedish banks’ mutual funds through Avanza, thereby improving our ability to offer the customers a comprehensive solution for all forms of active saving.

The positive stock market trend has led to a growth in the influx of customers, and the number of custodian account customers increased during the third quarter by a net of 2.2% (1.8%) to 78,300 (76,600 as of 31 December 2002). A large number of custodian account applications during September means that the influx of customers will continue strong during the start of the fourth quarter. Substantial resources are being invested in improving the website, expanding the product range and developing new tools for share trading with a view to boosting Avanza’s competitiveness with regard to its ability to attract new custodian account customers.

Avanza’s custodian account customers averaged 0.88 (0.74) contract notes per month during the first nine months of the year. The corresponding figure in Q3 was 1.16 (0.77) contract notes per custodian account customer and month, which is equivalent to an increase of 49% (24%) compared with Q2. The rise in the price of the biggest shares has led to an increasing number of customers starting to do business again. The average brokerage fee per contract note for custodian account customers was SEK 105 (SEK 97) during the period from January to

September 2003, and SEK 105 (SEK 96) during the third quarter. The number of transactions per contract note was 1.58 (1.46) during the first nine months of the year, and operating income per custodian account customer totalled SEK 1,320 (SEK 1,070) during the same period.

Borrowing, including client funds, increased to SEK 1,277 million (SEK 1,031 million as of 31 December 2002) as of 30 September 2003. Lending increased by 67% to SEK 414 million (SEK 248 million as of 31 December 2002). Borrowing and lending corresponded to 14.1% (15.8% as of 31 December 2002) and 4.6% (3.8% as of 31 December 2002), respectively, of the total value of custodian accounts.

Avanza's market share of Stockholmsbörsen during the first nine months of the year was 6.5% (4.8%) of the number of transactions and 1.4% (0.7%) of turnover. The equivalent figures for Q3 were 7.4% (5.0%) of the number of transactions and 1.5% (0.9%) of turnover.

Financial results and status

Avanza's business concept is based on offering active savers an easily accessible, fast and value for money service for handling their investments. The business model is based on charging each customer a small fee but creating economies of scale through large volumes. Avanza invests substantial amounts in developing the service and ensuring a high standard and quality level, and thanks to extensive investments over a period of several years, combined with a number of corporate acquisitions, Avanza has now achieved the size necessary for stable profitability.

Operating income during the first nine months of 2003 increased by 22.4% to SEK 103.4 million (SEK 84.5 m). Operating income during Q3 totalled SEK 40.8 million (SEK 30.2 m), corresponding to an increase of 35.1%. Commission income rose to SEK 78.3 million (SEK 58.2 m) for the nine-month period. The higher income is due both to a recovery in activity levels and a higher income per contract note, and to an underlying growth in both total custodian account value and the number of customers. Net interest income totalled SEK 32.4 million (SEK 29.4 m), corresponding to an increase of 10.2% compared with the first nine months of 2002.

Brokerage income, less deductions for direct expenses, totalled 57% (53%) of total operating income, whilst net interest income, custodian account fees and other income accounted for the remaining 43% (47%). Brokerage income from institutional customers totalled 7.5% (8.9%) of total brokerage income.

Operating expenses for the first nine months of the year, excluding goodwill amortization, totalled SEK 65.0 million (SEK 73.3 m) in a fall of 11.3% in comparison with the same period last year. The number of full-time employees (excluding those on parental or unpaid leave) came to 54 at the end of September (53 as of 31 December 2002).

The profit before goodwill amortization for the period from January to September 2003 totalled SEK 38.4 million (SEK 11.2 m), which equates to an operating margin of 37.1% (13.3%). The corresponding profit for Q3 was SEK 20.1 million (SEK 8.1 m). The pre-tax profit for the first nine months of the year improved to SEK 31.8 million (SEK 4.7 m). Earnings per share after dilution totalled SEK 0.85 (SEK 0.12), and the corresponding figure excluding goodwill amortization was SEK 1.03 (SEK 0.30) per share. The return on equity was 11.2% (1.8%).

Shareholders' equity on 30 September 2003 totalled SEK 214.8 million (SEK 192.0 m as of 31 December 2002), or SEK 8.07 (SEK 7.21) per share, and the capital adequacy ratio was 27% (37%). The Group's liquid assets totalled SEK 710.8 million (SEK 514.2 m).

Outlook for the future

Growth is being created by Avanza giving active savers better tools for handling their investments on both a broad front and in depth. An increased acceptance of internet-based services, combined with a higher degree of internet familiarity mean that the preconditions for growth are better than for a long time.

The growth on a broad front happens when Avanza transfers the competence and technology present in the company to create cost-effective services in adjacent areas. The next product launch will be the first completely internet-based service for individual pension savings. In-depth growth is created by Avanza's policy of continuously expanding the functionality of its site on the basis of what the customer demands. The focus is both on developing better tools for share trading and on ensuring that customers perceive Avanza as a smooth and

simple service. A reinforced product and service offering creates additional sales and stronger relationships with customers, at the same time as it generates more customers. In early October, for example, Avanza launched the market's broadest range of real-time trading applications for all customers, and we have noted considerable interest in this offering.

Seasonally speaking, the fourth quarter is normally a strong one. The influx of new customers is expected to outstrip that seen in the third quarter. Both net deposits and activity levels are expected to be as good as in Q3. Overall, this should mean that Avanza exceeds its growth target figure of annual net deposits totalling 15-20% of the total custodian account value.

Costs are expected to be higher than in previous quarters due to seasonal variations and the costs associated with moving office. Overall, however, Avanza is expected to achieve its goal for 2003 of costs, excluding goodwill amortizations, of less than SEK 22-23 million per quarter.

Financial calendar

Preliminary year-end report	26 January 2004
Annual Report	March 2004

Stockholm, 8 October 2003.

Nicklas Storåkers
Managing Director

Review report Avanza AB

We have conducted a review of this Interim Report in accordance with the recommendation issued by FAR (the Swedish Institute of Authorised Public Accountants). A review is significantly restricted in comparison with an audit. Nothing has emerged to indicate that the Interim Report fails to comply with the requirements laid down in the Swedish Stock Market and Annual Report Acts.

Stockholm, 8 October 2003

KPMG Bohlins AB

Anders Bäckström
Authorised Public Accountant

The Group's quarterly performance

SEK million	1 July 03 30 Sept 03	1 April 03 30 June 03	1 Jan 03 31 Mar 03	1 Oct 02 31 Dec 02	1 July 02 30 Sept 02	1 April 02 30 June 02	1 Jan 02 31 Mar 02
Operating income	40.8	33.6	29.0	38.1	30.2	24.6	29.7
Operating expenses	-20.7	-21.3	-23.0	-22.4	-22.1	-24.0	-27.2
Profit before goodwill amortization	20.1	12.3	6.0	15.7	8.1	0.6	2.5
Goodwill amortization	-2.2	-2.2	-2.2	-2.3	-2.1	-2.2	-2.2
Pre-tax profit/loss	17.9	10.1	3.8	13.4	6.0	-1.6	0.3
No. custodian account customers	78,300	76,600	77,500	76,600	73,700	72,400	73,400
No. contract notes per custodian account customer and month	1.16	0.78	0.71	1.20	0.77	0.62	0.83
Value of custodian accounts, SEK m	9,000	7,700	6,300	6,500	5,200	6,600	8,700
No. transactions per contract note	1.53	1.60	1.60	1.66	1.56	1.40	1.41
Average no. employees	56	51	53	58	61	62	65

Key financial figures for the Group

	1 July 03 30 Sept 03	1 Jan 03 30 Sept 03	1 Jan 02 30 Sept 02	1 Oct 02 30 Sept 03	1 Jan 02 31 Dec 02
Earnings per share SEK	0.48	0.86	0.12	1.24	0.51
Earnings per share after dilution, SEK	0.48	0.85	0.12	1.23	0.50
Earnings per share excluding goodwill amortization, SEK	0.54	1.04	0.30	1.46	0.73
Earnings per share excluding goodwill depreciation after dilution, SEK	0.54	1.03	0.30	1.45	0.73
Operating margin %	49.3	37.1	13.3	38.1	21.9
Equity per share, SEK	8.07	8.07	6.84	8.07	7.21
Return on equity, %	6.2	11.2	1.8	16.6	7.3
Capital adequacy ratio, %	27	27	40	27	37
Average number of shares before dilution	26,622,874	26,622,874	26,622,874	26,622,874	26,622,874
Average number of shares after dilution	26,760,673	26,741,527	26,675,446	26,728,311	26,703,504
Outstanding number of shares before dilution	26,622,874	26,622,874	26,622,874	26,622,874	26,622,874
Outstanding number of shares after dilution	26,831,750	26,831,750	26,675,446	26,831,750	26,734,258
Number of shares on full dilution	27,435,674	27,435,674	28,245,224	27,435,674	28,245,224

Definitions

Earnings per share

Profit/loss after tax in relation to the average number of shares over the period. Earnings per share excluding goodwill amortization is defined as the profit/loss before goodwill amortization less the standard tax deduction in relation to the average number of shares over the period.

Operating margin

Operating profit/loss before goodwill amortization in relation to operating income.

Equity per share

Shareholders' equity in relation to the number of ordinary shares at the end of the period.

Return on equity

Profit/loss after tax in relation to the average shareholders' equity over the period.

Capital adequacy ratio

The capital base in relation to the risk-weighted capital.

Custodian account customer

An account opened with holdings.

Transactions

Buying and selling transactions completed in different markets and involving different securities.

Contract note

Daily compilation of the buying and selling assignments completed by a customer and involving a specific security. A contract note may include one or more transactions. Brokerage fees are charged on the basis of the contract notes.

Consolidated income statement (SEK million)

	1 July 03 30 Sept 03	1 July 02 30 Sept 02	1 Jan 03 30 Sept 03	1 Jan 02 30 Sept 02
Operating income				
Commission income	33.6	19.7	78.3	58.2
Commission expenses	-4.1	-2.7	-9.9	-7.9
Interest income	13.1	13.5	39.2	41.7
Interest expenses	-1.8	-3.5	-6.8	-12.3
Net result of financial transactions	0.0	3.2	0.3	4.2
Other operating income	-0.0	-	2.3	0.6
Total operating income	40.8	30.2	103.4	84.5
Operating expenses				
General administrative costs	-17.8	-18.2	-54.8	-59.4
Depreciation of tangible and amortization of intangible fixed assets	-3.4	-4.9	-11.1	-14.8
Other operating expenses	-1.7	-1.2	-5.7	-5.6
Net credit losses	0.0	0.1	0.0	0.0
Total operating expenses	-22.9	-24.2	-71.6	-79.8
Operating profit	17.9	6.0	31.8	4.7
Taxes	-5.0	-1.8	-9.0	-1.4
Minority holdings	0.0	0.0	0.0	0.0
Profit for the period	12.9	4.2	22.8	3.3
Earnings per share, SEK	0.48	0.16	0.86	0.12
Earnings per share after dilution, SEK	0.48	0.16	0.85	0.12

Consolidated Balance Sheet (SEK million)

		30 Sept 2003	31 Dec 2002
Assets			
Loans to credit institutions		710.8	514.2
Loans to the public	Note 1	413.5	247.9
Bonds and other interest-bearing securities		1.2	1.2
Shares and participations		0.4	0.1
Intangible fixed assets		26.2	32.5
Tangible assets		4.3	5.6
Other assets	Note 2	91.7	99.2
Prepaid costs and accrued income		10.4	3.6
Total assets		1,258.5	904.3
Liabilities and shareholders' equity			
Lending and borrowing from the public	Note 3	923.5	686.7
Other liabilities		97.0	13.0
Accrued costs and deferred income		22.9	12.3
Minority holdings		0.3	0.3
Shareholders' equity		214.8	192.0
Total liabilities and shareholders' equity		1,258.5	904.3

Consolidated Cashflow Statement (SEK million)

	1 Jan 03 30 Sept 03	1 Jan 02 30 Sept 02
Cashflow from current operations	42.8	19.8
Cashflow from assets and liabilities of current operations	157.2	97.2
Cashflow from investment operations	-3.4	-0.9
Cashflow from financing operations	-	0.5
Cashflow for the period	196.6	116.6
Liquid assets at the start of the period*	514.2	356.7
Liquid assets at the end of the period*	710.8	473.3
Cashflow for the period	196.6	116.6

* Liquid assets are defined as the sum of cash in hand, and loans and liabilities to credit institutions.

Changes in the Group's shareholders' equity (SEK million)

	1 Jan 03 30 Sept 03	1 Jan 02 30 Sept 02	1 Jan 02 31 Dec 02
Shareholders' equity at the start of the year	192.0	178.3	178.3
Translation difference	-	-	-0.3
Warrants	-	0.5	0.5
Profit for the year	22.8	3.3	13.5
Shareholders' equity at the end of the period	214.8	182.1	192.0

Notes

Accounting principles

This Interim Report has been drawn up in accordance with the Swedish Financial Accounting Standards Council's recommendation concerning interim reports (RR 20) and complies with the regulations of the Swedish Financial Supervisory Authority (FFFS 2002:22). The accounting principles and calculation methods are the same as those used in the 2002 Annual Report. New recommendations from the Swedish Financial Accounting Standards Council have had no impact on the period's accounts.

Note 1 – Loans to the public

Loans to the public are reported after deductions for actual and anticipated credit losses. All loans, known as custodian account credits, are secured by collateral in the form of securities valued at no more than the lending value.

Note 2 – Other assets

The Balance Sheet item comprises SEK 74.5 million (SEK 83.4 m) in receivables booked as assets in respect of deferred tax.

Note 3 – Funds managed on behalf of third parties

In addition to the borrowing reported in the Balance Sheet, Avanza also has borrowing from third parties on client fund accounts totalling SEK 353.5 million (SEK 344.5 m) as of 30 September 2003.