



# Interim report January–September 2005

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Third quarter the best ever with a profit before tax of SEK 59 million – continued strong growth outside of Sweden

## Financial development for the nine month period

- Revenues increased with 48% to SEK 302.2 (204.0) million. The part of revenues from operations outside of Sweden increased to 45 (20)%
- Profit after tax amounted increased with 65% to SEK 94.6 (57.2) million
- Profit per share (after tax) increased with 57% to SEK 0.58 (0.37)
- Profit before tax increased with 58% to SEK 128.1 (81.2) million

## Financial development for the third quarter

- Revenues increased with 108% to SEK 119.3 (57.4) million. The part of revenues from operations outside of Sweden increased to 48 (24)%
- Profit after tax increased with 611% to SEK 43.4 (6.1) million
- Profit per share (after tax) increased with 575% to SEK 0.27 (0.04)
- Profit before tax increased with 441% to SEK 59.0 (10.9) million

## Business development

- The number of trades from operations outside of Sweden amounted to 56 (27\*)%
- Number of trades per day increased with 87%\* to 20,800 (11,100\*)
- Number of accounts increased with 54%\* to 110,900 (72,200\*)
- Assets Under Management increased with 107%\* to SEK 32.1 (15.5\*) billion
- Cash deposits and managed client funds increased with 103%\* to SEK 4.4 (2.2\*) billion
- Margin lending increased with 97%\* to SEK 2.3 (1.2\*) billion

\*In comparison with the same period previous year. Figures for the previous year does not include the acquisition of the Internet broker Stocknet, which was consolidated as of October 2004.

# CEO Comment

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Dear shareholder,

A strong first quarter was followed by an even better second quarter to be completely outdone by the recently concluded record third quarter. Our cost-efficient, geographical growth strategy has hit a jackpot. We are the market leader within stock brokerage for private clients in the Nordic region and on several specific Nordic markets. On the markets that we have been established on for some time our profitability and growth is strong, and on our new markets, Germany and Finland, we are growing according to plan. We are the largest brokerage firm in the Nordic region with regards to the number of trades when you add up the trading volume on the four largest Nordic exchanges. Our mutual fund supermarket is growing and our newly launched pension insurance company in Sweden has received a stronger response than we had dared to hope for.

On the whole, all of our business areas are showing strong development. We are currently operating at record levels regarding the number of clients, AUM growth, account value, lending, deposits, the number of trades and the level of service use. Our strong development combined with good market conditions has made us expand during the year and we will continue along this road. With our feet firmly on the ground and as long as we believe that our investments will continue to yield strong returns we will keep on investing for higher growth. Therefore, the organisation will continue to grow and the market investments will continue to increase, but to a lesser degree than the expansion during the past four quarters.

Regarding larger projects the focus is currently on pension services in which the occupational pension (tjänstepension) is our final pension product scheduled to be launched during the fourth quarter. During the upcoming quarters, we aim to focus on improving the user friendliness of our services, implementing efficiency measures as well as improving our internal processes. Of course we will also continue to launch new customer friendly services and functionality. It is important, however, that we do not forget to maximise our efficiency despite the growth that often consumes most of our resources.

We have many exciting growth initiatives ahead of us. Among other things, I am thinking about our goal, as in Sweden, to expand our service offering on all of our Nordic markets with mutual fund supermarkets and pension products. The interest for stock and mutual fund investments has strengthened during the year, most noticeably in Norway, where the high price of oil has favoured the Norwegian economy significantly. Before we expand further geographically, we shall therefore broaden our service offering on our current markets where Norway is the most interesting market at the moment.



Klas Danielsson, CEO

# The Group's revenues and profits

## First nine months 2005

Revenue increased by 48% to SEK 302.2 (204.0) million. SEK 192.6 (126.0) million was net commission income, SEK 85.6 (60.1) million equals net interest income, SEK 19.7 (16.3) million equals fees and other income and SEK 4.3 (1.6) million is net income from financial transactions. Operating expenses increased by 41% to SEK -172.8 (-122.5) million. Profit before tax amounted to SEK 128.1 (81.2) million. Operating margin amounted to 42 (40)%. Profit after tax equalled SEK 94.6 (57.2) million. Profit margin amounted to 31 (28)%. Approximately 17 SEK million of the period's tax expense of SEK -33.5 will affect liquidity. The remaining amount does not affect liquidity since this represents utilization of previously capitalized tax gains and excess depreciations. Earnings per share amounted to SEK 0.58 (0.37). Earnings per share after dilution amounted to SEK 0.057 (0.037). Operating cash flow from business activities amounted to SEK 119,8 (91,8) million. Operating cash flow per share equalled SEK 0,73 (0,59).

## Third quarter 2005

Revenue increased by 108% to SEK 119.3 (57.4) million. SEK 79.1 (31.1) million was net commission income, SEK 32.9 (20.7) million equals net interest income, SEK 6.4 (5.4) million equals fees and other income and SEK 0.9 (0.2) million is net income from financial transactions. Operating expenses increased by 27% to SEK -59.0 (-46.5) million. Profit before tax amounted to SEK 59.0 (10.9) million. Operating margin amounted to 49 (19)%. Profit after tax equalled SEK 43.4 (6.1) million. Profit margin amounted to 36 (11)%. The period's tax expense of SEK -15.6 million will affect liquidity million will affect liquidity. Earnings per share amounted to SEK 0.27 (0.04). Earnings per share after dilution amounted to SEK 0.26 (0.04). Operating cash flow from business activities amounted to SEK 56,3 (17,5) million. Operating cash flow per share equalled SEK 0,34 (0,11).

| Financial development per quarter [SEK mil]        | Q4 03       | Q1 04       | Q2 04       | Q3 04       | Q4 04       | Q1 05       | Q2 05       | Q3 05       |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenues   | 54,7        | 87,2        | 59,5        | 57,4        | 76,4        | 89,7        | 93,2        | 119,3       |
| Operating expenses                                 | -29,5       | -33,0       | -34,3       | -34,6       | -44,8       | -49,7       | -52,3       | -53,7       |
| Depreciation and amortization                      | -3,9        | -4,2        | -4,8        | -4,8        | -5,5        | -5,7        | -6,1        | -6,6        |
| <b>Profit before goodwill amortization and tax</b> | <b>21,3</b> | <b>50,0</b> | <b>20,4</b> | <b>18,0</b> | <b>26,1</b> | <b>34,3</b> | <b>34,8</b> | <b>59,0</b> |
| Goodwill amortization                              | -3,4        | -           | -           | -7,1        | -           | -           | -           | -           |
| <b>Profit before tax</b>                           | <b>17,9</b> | <b>50,0</b> | <b>20,4</b> | <b>10,9</b> | <b>26,1</b> | <b>34,3</b> | <b>34,8</b> | <b>59,0</b> |
| Statistics per quarter                             | Q4 03       | Q1 04       | Q2 04       | Q3 04       | Q4 04       | Q1 05       | Q2 05       | Q3 05       |
| Number of active accounts                          | 62 200      | 67 100      | 70 000      | 72 200      | 101 400     | 105 100     | 106 900     | 110 900     |
| Assets under management [SEK billion]              | 11,0        | 14,1        | 14,8        | 15,5        | 20,9        | 24,2        | 26,7        | 32,1        |
| Average account value [SEK]                        | 177 000     | 210 000     | 211 000     | 215 000     | 206 000     | 230 000     | 250 000     | 290 000     |
| Number of transactions                             | 581 000     | 1 033 000   | 564 000     | 508 000     | 1 028 000   | 1 232 000   | 1 201 000   | 1 548 000   |
| Number of trading days                             | 62          | 64          | 60          | 66          | 64          | 62          | 63          | 66          |
| Number of transactions per trading day             | 9 400       | 16 100      | 9 400       | 7 700       | 16 100      | 19 900      | 19 100      | 23 500      |
| # of transactions per account and month            | 3,2         | 5,3         | 2,7         | 2,4         | 3,9         | 4,0         | 3,8         | 4,7         |

The table is a quarterly compilation of the last eight quarters. The implementation of IFRS resulted in the figures for 2004 being recalculated for amortization and write-down of goodwill, and thus working income has changed in comparison to previous reports.

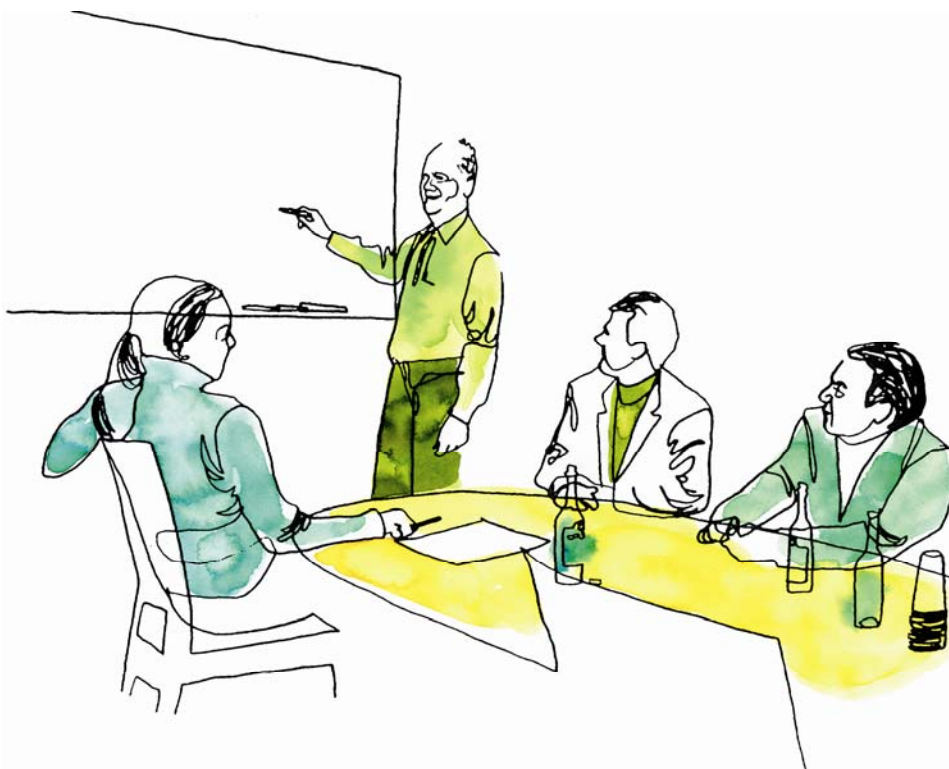
## Revenues, costs and result allocated to geographical markets

|                               | Sweden      |             | Norway      |             | Denmark     |            | Luxembourg |            | Germany     |          | Finland     |          | Other/Elim  |            | Group        |             |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|-------------|----------|-------------|----------|-------------|------------|--------------|-------------|
| First nine month              | 2005        | 2004        | 2005        | 2004        | 2005        | 2004       | 2005       | 2004       | 2005        | 2004     | 2005        | 2004     | 2005        | 2004       | 2005         | 2004        |
| Operating income              | 165,8       | 162,6       | 81,6        | 20,6        | 38,6        | 13,7       | 8,5        | 7,0        | 7,1         | 0,0      | 0,1         | 0,0      | 0,5         | 0,1        | 302,2        | 204,0       |
| Operating costs               | -87,2       | -95,4       | -43,7       | -8,9        | -16,6       | -6,4       | -4,6       | -5,0       | -15,0       | -        | -5,4        | -        | -1,6        | -          | -174,1       | -115,7      |
| <b>Profit before goodwill</b> | <b>78,6</b> | <b>67,2</b> | <b>37,9</b> | <b>11,7</b> | <b>22,0</b> | <b>7,3</b> | <b>3,9</b> | <b>2,0</b> | <b>-7,9</b> | <b>-</b> | <b>-5,3</b> | <b>-</b> | <b>-1,1</b> | <b>0,1</b> | <b>128,1</b> | <b>88,3</b> |
| Goodwill amortization         | -           | -           | -           | -           | -           | -          | -          | -          | -           | -        | -           | -        | -           | -          | -            | -7,1        |
| <b>Profit before tax</b>      | <b>78,6</b> | <b>67,2</b> | <b>37,9</b> | <b>11,7</b> | <b>22,0</b> | <b>7,3</b> | <b>3,9</b> | <b>2,0</b> | <b>-7,9</b> | <b>-</b> | <b>-5,3</b> | <b>-</b> | <b>-1,1</b> | <b>0,1</b> | <b>128,1</b> | <b>81,2</b> |
| <b>Operating margin</b>       | <b>47%</b>  | <b>41%</b>  | <b>46%</b>  | <b>57%</b>  | <b>57%</b>  | <b>53%</b> | <b>46%</b> | <b>29%</b> | <b>-</b>    | <b>-</b> | <b>-</b>    | <b>-</b> | <b>-</b>    | <b>-</b>   | <b>42%</b>   | <b>43%</b>  |

The geographical markets' operating expenses and operating margin for the first nine month of 2005 have been affected compared to the equivalent period the previous year since the new model for cost allocation within the Group has been implemented as of 2005.

The share of operating income from operations outside of Sweden increased strongly due to organic growth and acquisitions to 45 (20)%. The share of profit before tax from operations outside of Sweden increased to 40 (26)%.

Nordnet operates its business based on a joint infrastructure and a central matrix organisation without any larger individual country organisations, the so called Nordnet-model. Nordnet does not normally establish offices in the different markets. Instead the whole operation is run out of the head office in Bromma, Stockholm. Exemptions are the branch office in Oslo with 6 people and the subsidiary in Luxembourg with 5 people. The cost allocation principle between the various business areas is primarily built on the relative share of the number of clients and trades. Profitability and operating margin was good in Sweden, Norway, Denmark and Luxembourg. The goal is for Germany and Finland to show a profit as of the second half of 2006.



# Business performance

## Revenues, costs and breakeven

Operating revenue excluding commission revenue amounted to 70 % of operating expenses for the nine month period compared to 74% for the same period 2004. For the first, second and third quarters the equivalent figure, the so called cost coverage ratio, were 67%, 68% and 75%. The target for cost coverage is 70-75% for the fourth quarter. The long-term target is a 100% cost coverage ratio.

Operating expenses per active account decreased by -4% compared to the first nine months of the previous year and amounted to SEK -1,630 (-1,700). Operating expenses on the whole increased by 50% for the nine month period compared to the previous year and amounted to SEK -19.2 (-12.8) million per month. During the first, second and third quarters operating expenses amounted to SEK -18.5 , -19.5 and -19.7 million per month. For the upcoming quarters operating expenses are expected to increase due to an increased organisation and since marketing investments will be intensified. In the long-run operating expenses per active account will continue to decrease.

The breakeven level for the first nine months of the year compared to the equivalent period last year amounted to 6.100 (2.700) trades per day. Within the nine month period the breakeven level continued to decrease during the third quarter. During the first, second and third quarters the breakeven levels amounted to 6,900, 6,700 and 4,700. Expansion within new service areas and on new markets has a negative impact on the breakeven level in the short-term, but will have a positive impact in the long-term, as non-trading commission related revenues such as net interest income, fees and other commissions successively increase due to this expansion. In the current market climate the breakeven level is therefore expected to decrease from current levels but with variance. The long-term goal is a breakeven level of zero trades per day.

| Breakeven analysis per month                    | Q4 03 | Q1 04  | Q2 04 | Q3 04 | Q4 04  | Q1 05  | Q2 05  | Q3 05  |
|---|-------|--------|-------|-------|--------|--------|--------|--------|
| Costs (SEK million)                             | 11,1  | 12,3   | 13,0  | 13,1  | 16,8   | 18,5   | 19,5   | 19,7   |
| Revenue excluding commissions (SEK million)     | 7,3   | 10,2   | 8,8   | 9,6   | 10,5   | 12,4   | 13,2   | 14,7   |
| Cost coverage in percent                        | 66%   | 83%    | 68%   | 73%   | 63%    | 67%    | 68%    | 74%    |
| Required commission for breakeven (SEK million) | 3,8   | 2,1    | 4,2   | 3,5   | 6,3    | 6,1    | 6,3    | 5,0    |
| Net revenue per trade                           | 57    | 55     | 59    | 57    | 44     | 43     | 44     | 49     |
| Number of trades per day for breakeven          | 3 200 | 1 800  | 3 600 | 2 800 | 6 700  | 6 900  | 6 700  | 4 700  |
| Number of trades done per day                   | 9 400 | 16 100 | 9 400 | 7 700 | 16 100 | 19 900 | 19 100 | 23 500 |

**The table accounts for, among other things, the number of trades per day that have been needed in order to reach a breakeven profit before credit losses, goodwill amortisation/write-downs and tax for the past eight quarters.**

## Customer development

The net number of active accounts increased during the nine month period by 9,500 to 110,900, equivalent to an increase of 9%. During the first, second and third quarters the number of active accounts increased by 3,700, 1,800 and 4.000. In comparison to 30 September 2004 the number of active accounts increased by 38,700, or 54%, where the acquisition of Stocknet contributed with 26,200 accounts. Customer growth is expected to remain or increase during the fourth quarter.

During the third quarter Nordnet Pensionsförsäkring AB started its business thru the launch of the insurance- and pensions savings products Kapitalpension, Kapitalförsäkring and Privatpension. The customer inflow has been good with 500 active accounts with SEK 200 million in assets. Total assets on the Nordnet Groups pension and insurance related accounts amounted to SEK 1,2 billion. At the end of the period Nordnet Private Banking was launched with positive feedback from existing and new clients.

The upswing on the stock market as well as the strong new savings in form of capital inflow from new and existing customers resulted in total assets under management for the nine month period compared to the year-end increasing by SEK 11.2 billion to 32.1 billion, or an increase of 54%. The increase was 20 % compared to the previous quarter and compared to 30 September 2004 the increase was 107%. The target for 2005 with new savings from new and existing customers of at least 20% of total assets under management excluding value changes in existing accounts will be exceeded.

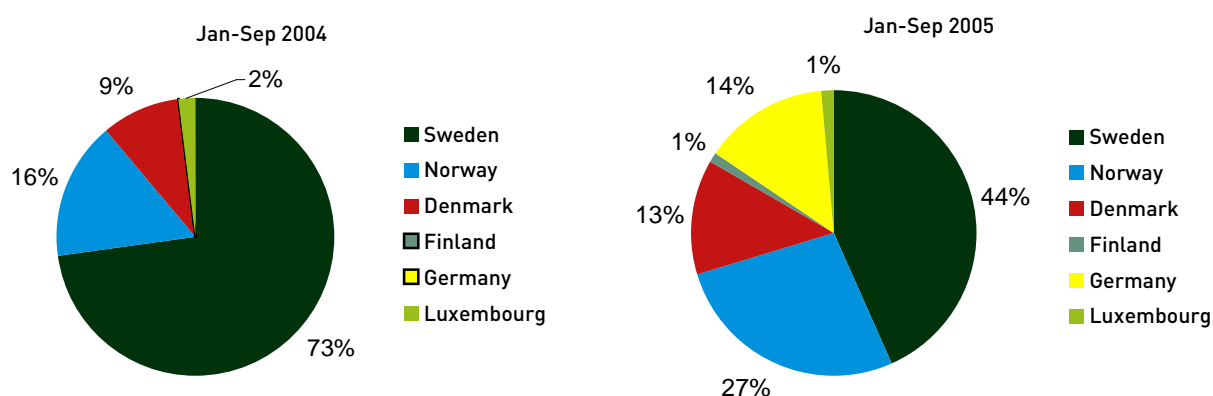
Cash deposits and managed client funds increased during the nine month period compared to the year-end by SEK 1.8 billion, equivalent to 68%, to SEK 4.4 billion. The increase was 15% compared to the previous quarter and 103% compared to 30 September 2004. Lending increased during the first nine months of the year compared to the year-end by SEK 0.8 billion, or 57%, to SEK 2.3 billion. The increase was 24% compared to the previous quarter and 97% compared to 30 September 2004. Given a decent market climate and continued low interest rates margin lending is expected to continue to increase.

Nordnets sales and marketing investments during the nine month period equalled SEK -17.1 million compared to SEK -11.7 million during the same period previous year. Sales and marketing costs per new net active account for the nine month period was SEK -1,800, which can be compared to average annual net income per account for the nine month period (annualised) of SEK 3,788.

## Trading

During the nine month period Nordnet executed 3,980,945 trades, which equals 20,843 trades per trading day, an increase by 89% compared to the same period previous year. For the first, second and third quarters, the number of trades per trading day amounted to 19,900, 19,100 and 23,500. The number of trades per month and active account for the nine month period amounted to 4.2 with 4,0 during the first quarter, 3.8 during the second quarter and 4.7 during the third quarter. During the nine month period of 2004 the equivalent figure was 3.4.

The average net commission revenue per trade was SEK 43 for the nine month period. During the first, second and third quarter it was SEK 43, SEK 44 and SEK 49. In a positive market climate the average commission per trade increase because normally value per trade increase. No significant change is expected for the near term future from the periods net commission per trade. During the nine month period of 2004 it was SEK 56. One trade is a registered transaction on an exchange or equivalent marketplace and thus not the same as an order or a contract note.



The share of the Group's number of trades by clients outside of Sweden has risen in recent years. During the nine month period of 2005 this share amounted to 56%, an increase from 27% from the same period 2004. Growth outside Sweden is expected to outpace that in Sweden alone which makes this trend likely to continue.

| Number of active accounts | 30-sep-04     | 31-dec-04      | 30-sep-05      | Sep/Dec % | Sep/Sep %  |
|---------------------------|---------------|----------------|----------------|-----------|------------|
| Nordnet Sweden            | 57 200        | 58 000         | 59 600         | 3%        | 4%         |
| Nordnet Norway            | 2 600         | 21 500         | 22 800         | 6%        | 777%       |
| Nordnet Denmark           | 2 000         | 5 300          | 6 400          | 21%       | 220%       |
| Nordnet Finland           |               |                | 300            | n/a       | n/a        |
| Nordnet Germany           |               | 4 400          | 4 900          | 11%       | n/a        |
| Aktiedirekt               | 8 900         | 10 600         | 15 300         | 44%       | 72%        |
| Eurotrade Luxembourg      | 1 500         | 1 600          | 1 600          | 0%        | 7%         |
| <b>Total</b>              | <b>72 200</b> | <b>101 400</b> | <b>110 900</b> | <b>9%</b> | <b>54%</b> |

| AUM SEK billion      | 30-sep-04   | 31-dec-04   | 30-sep-05   | Sep/Dec %  | Sep/Sep %   |
|----------------------|-------------|-------------|-------------|------------|-------------|
| Nordnet Sweden       | 12,4        | 13,1        | 19,0        | 45%        | 53%         |
| Nordnet Norway       | 0,8         | 3,5         | 5,9         | 70%        | 638%        |
| Nordnet Denmark      | 0,7         | 1,8         | 2,8         | 54%        | 300%        |
| Nordnet Finland      |             |             | 0,1         | n/a        | n/a         |
| Nordnet Germany      |             | 0,6         | 0,9         | 55%        | n/a         |
| Aktiedirekt          | 0,6         | 0,8         | 1,6         | 95%        | 167%        |
| Eurotrade Luxembourg | 1,0         | 1,1         | 1,8         | 67%        | 80%         |
| <b>Total</b>         | <b>15,5</b> | <b>20,9</b> | <b>32,1</b> | <b>54%</b> | <b>107%</b> |

| Number of trades     | Jan-Sep 2004     | Jan-Sep 2005     | Jan-Sep/Jan-Sep |
|----------------------|------------------|------------------|-----------------|
| Nordnet Sweden       | 1 241 900        | 1 220 500        | -2%             |
| Nordnet Norway       | 333 500          | 1 080 000        | 224%            |
| Nordnet Denmark      | 198 900          | 531 800          | 167%            |
| Nordnet Finland      |                  | 37 100           | n/a             |
| Nordnet Germany      |                  | 547 700          | n/a             |
| Aktiedirekt          | 290 100          | 505 100          | 74%             |
| Eurotrade Luxembourg | 40 300           | 58 700           | 46%             |
| <b>Total</b>         | <b>2 104 700</b> | <b>3 980 900</b> | <b>89%</b>      |

The table shows the distribution, and the change between periods, for the Group's various units regarding accounts and AUM between the nine month period of 2005, the year-end and the nine month period of 2004 as well as for the number of trades between the nine month periods.

## Market shares

Market share development was good during the first three quarters of the year. In recent years Nordnet has strengthened its market share within all the important Nordic market segments. Market share of the number of trades for the nine month period compared to the equivalent period the previous year was 8,8% and 8,8% on the Stockholm Stock Exchange, 14,0% and 6,2% on the Oslo Stock Exchange, 6,5% and 3,2% on the Copenhagen Stock Exchange and 0,5% and 0,0% on the Helsinki Stock Exchange and 0,3% and 0,0% on Xetra. With regards to the number of trades in the Nordic region as a whole, which combines the market shares on the Stockholm, Oslo, Copenhagen and Helsinki stock exchanges, Nordnet was with a market share of 7,7% the largest broker of all during the first nine months of the year.

|    | Broker           | # trades Jan-Sep | Market share |
|----|------------------|------------------|--------------|
| 1  | Nordnet          | 3 106 747        | 7,7%         |
| 2  | SEB              | 2 696 278        | 6,7%         |
| 3  | Nordea           | 2 603 848        | 6,5%         |
| 5  | Handelsbanken    | 1 936 022        | 4,8%         |
| 4  | Fischer Partners | 1 822 881        | 4,5%         |
| 6  | Avanza           | 1 718 753        | 4,3%         |
| 8  | Danske Bank      | 1 682 633        | 4,2%         |
| 7  | Morgan Stanley   | 1 648 992        | 4,1%         |
| 9  | Carnegie         | 1 495 917        | 3,7%         |
| 10 | E*Trade          | 1 263 693        | 3,2%         |

The table shows the number of trades and market share for the 10 largest brokers in the Nordic region with regards to the number of trades on the four largest stock exchanges in the Nordic region (Stockholm Stock Exchange, Oslo Stock Exchange, Helsinki Stock Exchange and Copenhagen Stock Exchange) for the period January-September 2005. Source: Official statistics from the exchanges.

# The Group and Parent company

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## The Group and Parent company

The Groups liquid assets amounted to SEK 1,408 million at the end of the period, of which SEK 590 million represents blocked funds. Liquid assets do not include treasury bills amounting to SEK 400 million, which have over 90 days remaining to maturity. Shareholders' equity for the Group amounted to SEK 465 million. The shareholders equity is based on 165,018,878 shares at SEK 2.82 per share.

The Groups capital adequacy ratio was 10 %. Continued increased lending negatively affects the capital adequacy while the Groups positive earnings development affects it positively. Current business development is believed to affect the capital adequacy positively. The new Basel II capital adequacy rules , which is to be implemented as of January 2007, is expected to significantly improve the Groups capital adequacy ratio.

The Norwegian company Stocknet Securities ASA was acquired on October 1, 2004. A final acquisition analysis has been established whereas the goodwill has been adjusted to NOK 92.4 million corresponding to SEK 100.1 million. Com-parative Information has been adjusted from the acquisition date with affect only on balance sheet Items.

The Parent Company s net interest income for the nine month period amounted to SEK -6.9 million. This figure includes the Groups internal interest rate expense of SEK -0.8 million. The Parent Company s profit/loss before tax for the nine month period equalled SEK -11.8 million. The Parent Company is a holding company without any business activity. The Parent Company s liquid assets equalled SEK 10.8 million. The Parent Company's equity amounted to SEK 447 million.

The number of permanent employees as at the end of the period equalled 141 compared to 97 at the end of the equivalent period the previous year and 136 at the end of the previous quarter. The number does not include employees on parental leave or leave of absence. The number of employees has increased in comparison to the previous year due to: strong growth, expansion on more geographical markets, acquisitions, new products and service areas, and the general development of the organisation required in order to create a basis for long term growth and quality within a larger international business. The number of employees is expected to increase during the coming quarters given a continued positive business development.

## Future report releases

End of year financial report will be released on 23 February 2006

Interim report for January-March 2006 will be released on 26 April 2006

Shareholder annual general meeting will be held on 26 April 2006

Interim report for January-June 2006 will be released on 20 July 2006

Interim report for January-September 2006 will be released on 26 October 2006

Bromma

21 October 2005

Klas Danielsson

CEO

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## Telephone Conference

CEO Klas Danielsson will be presenting the report for media and analysts at a telephone conference starting at 11 AM CET today 21 October. The presentation will be held in English. For more information please visit [www.nordnet.se](http://www.nordnet.se) and in the menu on the left hand side click on Om Nordnet & Aktien, chose Investor relations and then chose Kalender.

## Web Conference

CEO Klas Danielsson will answer questions about this report, Nordnets business development and the future via a live-hearing on [www.vcw.se](http://www.vcw.se) today, 21 October 2005, starting at 13.00 Swedish time. A live hearing is a form of chat where you may ask questions and the CEO answers. All questions and answers will be published directly for everyone to read during the live hearing on [www.vcw.se](http://www.vcw.se).

## Company information

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Company registration number 556249-1687

Company web page: [www.nordnet.se](http://www.nordnet.se)

Group web pages: [www.nordnet.se](http://www.nordnet.se), [www.nordnet.no](http://www.nordnet.no), [www.nordnet.dk](http://www.nordnet.dk), [www.nordnetpankki.fi](http://www.nordnetpankki.fi), [www.nordnetonline.de](http://www.nordnetonline.de), [www.eurotrade.lu](http://www.eurotrade.lu), [www.aktiedirekt.se](http://www.aktiedirekt.se), [www.vcw.se](http://www.vcw.se)

## Auditors' review report

We have reviewed the Interim report of Nordnet AB (publ) for the nine-month period ending September 30, 2005. Our review has been conducted in accordance with the recommendation issued by the Swedish Institute of Authorized Public Accountants.

The review has been planned and performed to obtain limited assurance that the interim report is free of material misstatement. A review is largely limited to queries of the company's personnel and an analytical evaluation of financial data, and our assurance is limited compared with an audit.

Nothing has come to our attention during the review that causes us to believe that the interim report does not comply with the requirements for interim reports according to the Annual Accounts Act and IAS 34.

Bromma  
21 October 2005

ERNST & YOUNG AB

Björn Fernström  
Authorised Public Accountant

| Consolidated Income Statement SEK million               |        | 9 months<br>jan-sep 2005 | 3 months<br>jul-sep 2005 | 9 months<br>jan-sep 2004 | 3 months<br>jul-sep 2004 | 12 months<br>Rolling | 12 months<br>jan-dec 2004 |
|---|--------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------|---------------------------|
| Interest income   |        | 104,8                    | 39,8                     | 68,5                     | 22,9                     | 133,9                | 97,7                      |
| Interest expenses                                       |        | -19,2                    | -6,9                     | -8,4                     | -2,2                     | -24,2                | -13,4                     |
| Commission income                                       |        | 334,1                    | 134,5                    | 173,5                    | 45,6                     | 421,1                | 260,5                     |
| Commission expenses                                     |        | -141,5                   | -55,4                    | -47,5                    | -14,5                    | -178,3               | -84,4                     |
| Net result of financial transactions                    |        | 4,3                      | 0,9                      | 1,6                      | 0,2                      | -0,6                 | -3,2                      |
| Other operating income                                  |        | 19,7                     | 6,4                      | 16,3                     | 5,4                      | 26,7                 | 23,3                      |
| <b>Total operating income</b>                           |        | <b>302,2</b>             | <b>119,3</b>             | <b>204,0</b>             | <b>57,4</b>              | <b>378,6</b>         | <b>280,5</b>              |
| General administrative costs                            | Note 1 | -135,4                   | -45,4                    | -88,5                    | -29,2                    | -171,7               | -124,8                    |
| Deprec. of tangible and amortiz. of intangible fix.ass  | Note 2 | -18,4                    | -6,6                     | -20,9                    | -11,9                    | -23,9                | -26,5                     |
| Other operating expenses                                | Note 3 | -19,0                    | -7,0                     | -13,1                    | -5,4                     | -27,5                | -21,5                     |
| <b>Total operating expenses</b>                         |        | <b>-172,8</b>            | <b>-59,0</b>             | <b>-122,5</b>            | <b>-46,5</b>             | <b>-223,1</b>        | <b>-172,8</b>             |
| <b>Operating income before credit losses</b>            |        | <b>129,4</b>             | <b>60,3</b>              | <b>81,5</b>              | <b>10,9</b>              | <b>155,5</b>         | <b>107,7</b>              |
| Net credit losses                                       |        | -1,3                     | -1,3                     | -0,3                     | -                        | -1,3                 | -0,3                      |
| Profit before tax                                       |        | 129,4                    | 60,3                     | 81,2                     | 10,9                     | 154,2                | 107,4                     |
| Tax   |        | -33,5                    | -15,6                    | -24,0                    | -4,8                     | -32,9                | -23,5                     |
| <b>Profit</b>   |        | <b>95,9</b>              | <b>44,7</b>              | <b>57,2</b>              | <b>6,1</b>               | <b>121,3</b>         | <b>83,9</b>               |
| Average number of shares before dilution                |        | 165 018 878              | 165 018 878              | 155 745 308              | 155 745 308              | 165 018 878          | 158 063 701               |
| Earnings per share before dilution                      |        | 0,58                     | 0,27                     | 0,37                     | 0,04                     | 0,74                 | 0,53                      |
| Average number of shares after dilution                 |        | 167 045 781              | 170 491 515              | 155 745 308              | 155 745 308              | 166 539 055          | 158 063 701               |
| Earnings per share after dilution                       |        | 0,57                     | 0,26                     | 0,37                     | 0,04                     | 0,73                 | 0,53                      |
| Earnings per share calculated in accordance with IAS 33 |        |                          |                          |                          |                          |                      |                           |
| <u>Note 1</u>   |        |                          |                          |                          |                          |                      |                           |
| Personnel expenses                                      |        | -67,1                    | -23,2                    | -44,5                    | -15,5                    | -82,4                | -59,9                     |
| Other expenses  |        | -68,3                    | -22,2                    | -44,0                    | -13,7                    | -89,3                | -64,9                     |
|   |        | -135,4                   | -45,4                    | -88,5                    | -29,2                    | -171,7               | -124,8                    |
| <u>Note 2</u>   |        |                          |                          |                          |                          |                      |                           |
| Goodwill amortization                                   |        | -                        | -                        | -7,1                     | -7,1                     | -                    | -7,1                      |
| Other depreciation                                      |        | -18,4                    | -6,6                     | -13,8                    | -4,8                     | -23,9                | -19,4                     |
|   |        | -18,4                    | -6,6                     | -20,9                    | -11,9                    | -23,9                | -26,5                     |
| <u>Note 3</u>   |        |                          |                          |                          |                          |                      |                           |
| Marketing expenses                                      |        | -17,1                    | -6,1                     | -11,7                    | -4,9                     | -24,2                | -18,8                     |
| Other   |        | -1,9                     | -0,9                     | -1,4                     | -0,5                     | -3,3                 | -2,7                      |
|   |        | -19,0                    | -7,0                     | -13,1                    | -5,4                     | -27,5                | -21,5                     |

|   | 2005-09-30          | 2004-09-30          | 2004-12-31          |
|---|---------------------|---------------------|---------------------|
| <b>Consolidated balance sheet SEK million</b>     |                     |                     |                     |
| Chargeable treasury bills                         | 1 044,9             | 401,0               | 629,1               |
| Loans to credit institutions                      | 763,1               | 429,8               | 222,3               |
| Loans to the public                               | 2 332,0             | 1 183,0             | 1 485,4             |
| Bonds and other financial instruments             | -                   | -                   | -                   |
| Shares and participants                           | 4,7                 | 2,0                 | 2,0                 |
| Intangible fixed assets                           | 283,4               | 78,0                | 255,4               |
| Tangible assets                                   | 16,8                | 14,4                | 14,6                |
| Other assets                                      | Note 4 545,1        | 255,2               | 152,4               |
| Prepaid expenses and accrued income               | 22,8                | 24,2                | 21,8                |
| <b>Total assets</b>                               | <b>5 012,8</b>      | <b>2 387,6</b>      | <b>2 785,9</b>      |
| Deposits by credit institutions                   | 20,0                | 20,0                | 20,0                |
| Lending and borrowing from the public             | 3 949,1             | 1 965,8             | 2 193,9             |
| Other liabilities                                 | Note 4 399,8        | 126,7               | 106,0               |
| Accrued expenses and deferred income              | 58,4                | 28,1                | 36,5                |
| Subordinated liabilities                          | 120,5               | -                   | 85,0                |
| Shareholders' equity                              | 465,0               | 247,0               | 341,5               |
| <b>Total liabilities and shareholders' equity</b> | <b>5 012,8</b>      | <b>2 387,6</b>      | <b>2 785,9</b>      |
| <b>Memorandum items</b>                           |                     |                     |                     |
| Pledged assets                                    | 589,8               | 260,9               | 328,3               |
| Contingent liabilities                            | 497,8               | 234,6               | 433,8               |
|   |                     |                     |                     |
|   | <b>9 months</b>     | <b>9 months</b>     | <b>12 months</b>    |
| <b>Changes to shareholders' equity</b>            | <b>jan-sep 2005</b> | <b>jan-sep 2004</b> | <b>jan-dec 2004</b> |
| Opening shareholders' equity                      | 341,5               | 189,8               | 189,8               |
| Profit for the period                             | 94,6                | 57,2                | 83,9                |
| New share issue                                   | -                   | -                   | 67,4                |
| Convertible debt                                  | 10,0                | -                   | -                   |
| Translation difference                            | 18,9                | -                   | -                   |
| Other   | 0,0                 | 0,0                 | 0,4                 |
| Closing shareholders' equity                      | 465,0               | 247,0               | 341,5               |

Note 4. The amount includes assets and liabilities of 205 SEK million related to policyholders

## Accounting principles

This interim report for the Group has been prepared in accordance with IAS 34, which coincides with the requirements stated in the Swedish Financial Standards Council's recommendation RR 31, interim reports for groups. In addition, Nordnet complies with ÅRKL (Annual Accounts Act for accounting in Credit Institutes and Securities Institutions) and the Swedish Financial Supervisory Authority directives (FFFS 2004:20). Accounting principles applied in this interim report coincides with Nordnet's annual report for 2004, Note 1; section "revised and new accounting principles." It states, among others, that International Reporting Standards (IFRS) will be adopted as of 2005 and comparative figures for 2004 will be recalculated in accordance with new principles.

According to IFRS 1, the accounting shall be prepared according to IFRS applicable as of December 31, 2005. Moreover, the accounting standards must be approved by the EU. Accounted effects caused by transition to IFRS will therefore be preliminary and based on current IFRS interpretations thereof, which may be changed by December 31, 2005 with the accompanied effects on reported amounts. Starting 2004, according to IFRS, goodwill will not be depreciated. Instead, it will be subject of impairment test where book value is tested for possible write-down. Only acquisitions subsequent to January 1, 2004 have been recalculated according to IFRS.

### Recalculation of comparable numbers

For the comparable period January to September 2004, recalculation according to IFRS gives a positive effect of SEK 6.2 million on the result and shareholders equity. The positive effect is due to the non existent depreciation of goodwill which generates an increase of the result and shareholders equity by SEK 2.1 million. Corresponding amount for the period January to December 2004 is a positive effect of SEK 6,6 million on the result and shareholders equity. Nordnet's annual report for 2004 states the information regarding opening balance for shareholders equity in note 1, section, "revised and new accounting principles." All financial reports and tables pertaining to 2004 and 2005 are prepared according to IFRS. 2003 has been reported according to previous accounting principles.

| Cash flow analysis SEK million   |  | 9 months       | 3 months       | 9 months     | 3 months     | 12 months    |
|--|--|----------------|----------------|--------------|--------------|--------------|
| Group  |  | jan-sep 2005   | jul-sep 2005   | jan-sep 2004 | jul-sep 2004 | jan-dec 2004 |
| <b>Cashflow from change in working capital</b>                             |  |                |                |              |              |              |
| Cash flow from current operations  |  |                |                |              |              |              |
| before changes in working capital  |  | 175,5          | 83,9           | 79,4         | 25,0         | 140,5        |
| Cash flow from changes in working capital                                  |  | 369,7          | 228,0          | -99,2        | 5,4          | -163,6       |
| Cash flow from current operations  |  | 545,2          | 311,9          | -19,8        | 30,4         | -23,1        |
| <b>Investment activities</b>   |  |                |                |              |              |              |
| Acquisitions and disposals of intangible and fixed assets                  |  | -31,5          | -9,1           | -17,0        | -8,2         | -33,1        |
| Acquisitions and disposals of financial fixed assets                       |  | 0,0            | 0,0            |              |              |              |
|  |  | -2,6           | 0,2            | 1,3          | 1,3          | 15,6         |
| Acquisition of a subsidiary  |  | -              | -              | -            | -            | -110,5       |
| Cash flow from investment operations                                       |  | -34,1          | -8,9           | -15,7        | -6,9         | -128,0       |
| <b>Financing activities</b>  |  |                |                |              |              |              |
| Cash flow from financial operations  |  | 45,5           | -              | 2,5          | -17,5        | 87,5         |
| <b>Cash flow from the period</b>   |  | <b>556,6</b>   | <b>303,0</b>   | <b>-33,0</b> | <b>6,0</b>   | <b>-63,6</b> |
| <b>Liquid assets at the start of the period</b>                            |  | <b>851,4</b>   | <b>1 105,0</b> | <b>915,1</b> | <b>876,1</b> | <b>915,0</b> |
| <b>Liquid assets at the end of the period</b>                              |  | <b>1 408,0</b> | <b>1 408,0</b> | <b>882,1</b> | <b>882,1</b> | <b>851,4</b> |
|  |  | Note 5         |                |              |              |              |
| Operative cash flow analysis SEK million                                   |  | 9 months       | 3 months       | 9 months     | 3 months     | 12 months    |
| Group  |  | jan-sep 2005   | jul-sep 2005   | jan-sep 2004 | jul-sep 2004 | jan-dec 2004 |
| <b>The current operation</b>   |  |                |                |              |              |              |
| Profit before tax  |  | 128,0          | 59,0           | 64,1         | 17,3         | 107,4        |
| Adjustment items   |  | 26,4           | 14,6           | 15,3         | 7,7          | 26,4         |
| Taxes paid   |  | -              | -              | -            | -            | -            |
| <b>Cash flow from current operations before changes in working capital</b> |  | <b>154,4</b>   | <b>73,6</b>    | <b>79,4</b>  | <b>25,0</b>  | <b>133,8</b> |
| <b>Cash flow from changes in working capital</b>                           |  |                |                |              |              |              |
| Increase (-) / Decrease (+) in other assets                                |  | -2,2           | -3,4           | 5,7          | -2,1         | -1,0         |
| Increase (+) / Decrease (-) in liabilities                                 |  | 1,7            | -5,0           | 4,6          | 2,9          | 33,9         |
| <b>Cash flow from current operations</b>                                   |  | <b>-0,5</b>    | <b>-8,4</b>    | <b>10,3</b>  | <b>0,8</b>   | <b>32,9</b>  |
| <b>Investment activities</b>   |  |                |                |              |              |              |
| Acquisitions of intangible assets  |  | -23,4          | -9,3           | -13,4        | -7,0         | -24,7        |
| Acquisitions of fixed assets   |  | -8,1           | 0,2            | -3,8         | -1,4         | -8,5         |
| Disposals of fixed assets  |  | -              | -              | 0,5          | 0,5          | 0,2          |
| Acquisitions of financial assets   |  | -2,6           | 0,2            | -0,1         | -0,1         | -0,1         |
| Disposals of financial assets  |  | -              | -              | 1,3          | 1,3          | 1,6          |
| Acquisition of a subsidiary  |  | -              | -              | -            | -            | -110,5       |
| <b>Operative cashflow from the business</b>                                |  | <b>119,8</b>   | <b>56,3</b>    | <b>74,2</b>  | <b>19,1</b>  | <b>24,7</b>  |
| <b>Financing activities</b>  |  |                |                |              |              |              |
| Amortization   |  | -              | -              | -17,5        | -17,5        | -17,5        |
| New loan   |  | 45,5           | -              | 20,0         | -            | 105,0        |
| <b>Operative cashflow after financing</b>                                  |  | <b>165,3</b>   | <b>56,3</b>    | <b>76,7</b>  | <b>1,6</b>   | <b>112,2</b> |
| <b>Liquid assets at the start of the period</b>                            |  | <b>176,9</b>   | <b>285,9</b>   | <b>64,7</b>  | <b>139,8</b> | <b>64,7</b>  |
| <b>Liquid assets at the end of the period</b>                              |  | <b>342,2</b>   | <b>342,2</b>   | <b>141,4</b> | <b>141,4</b> | <b>176,9</b> |

The operative consolidated cash flow analysis shows the cash flow from the business excluding clients' assets.

#### Note 5

Liquid assets contains of loans to credit institutions of SEK 763,1 million and chargeable treasury bills of SEK 644,9 million which have a maturity less than 90 days.

| Key financial figures for the Group                    | 2005-09-30  | 2004-09-30  | 2004-12-31  |
|--|-------------|-------------|-------------|
| Operating margin                                       | 42%         | 40%         | 38%         |
| Profit margin  | 31%         | 28%         | 30%         |
| Average number of shares before dilution               | 165 018 878 | 155 745 308 | 158 063 701 |
| Average number of shares after dilution                | 167 045 781 | 155 745 308 | 158 063 701 |
| Earnings per share before dilution, SEK                | 0,58        | 0,38        | 0,53        |
| Earnings per share after dilution, SEK                 | 0,57        | 0,38        | 0,53        |
| Shareholders' equity per share, SEK                    | 2,82        | 1,59        | 2,16        |
| Closing share price, SEK                               | 10,60       | 7,35        | 7,75        |
| Number of shares at end of period                      | 165 018 878 | 155 745 308 | 165 018 878 |
| Market capitalization, SEK                             | 1 749 200   | 1 144 728   | 1 278 896   |
| Numbers of shares after full dilution                  | 170 491 515 | 155 745 308 | 165 018 878 |
| Shareholders' equity, SEK million                      | 465,0       | 247,0       | 341,5       |
| Capital base, SEK million                              | 263,5       | 173,0       | 174,8       |
| Capital adequacy ratio                                 | 10%         | 13%         | 11%         |
| Return on equity                                       | 23%         | 26%         | 30%         |
| Investments in fixed assets, SEK million               | 8,1         | 6,2         | 8,4         |
| Investment in development, SEK million                 | 21,5        | 17,9        | 24,7        |
| Thereof internal development, SEK million              | 7,1         | 3,9         | 6,2         |
| Capitalized development investments, SEK million       | 21,5        | 17,9        | 24,7        |
| Thereof internal capitalized development investments   | 7,1         | 3,9         | 6,2         |
| Marketing costs, SEK million                           | 17,1        | 11,7        | 18,8        |
| Number of employees at end of period                   | 141         | 97          | 119         |
| <i>Customer related key financial figures:</i>         |             |             |             |
| Number of active accounts at end of the period         | 110 900     | 72 200      | 101 400     |
| AUM at end of period, SEK million                      | 32,1        | 15,5        | 20,9        |
| Average value per active account at end of period, SEK | 289 662     | 215 143     | 206 319     |
| Deposits incl managed client funds, SEK million        | 4 446,9     | 2 188,5     | 2 642,9     |
| Lending and margin lending to the public, SEK million  | 2 332,0     | 1 183,0     | 1 485,4     |
| LB (lending/borrowing)                                 | 52%         | 54%         | 56%         |
| Number of trades done                                  | 3 980 945   | 2 104 769   | 3 133 029   |
| Number of trades done per day                          | 20 843      | 11 078      | 12 335      |
| Number of trades done per active account               | 37,5        | 31,0        | 42,0        |
| Number of trades done per active account and month     | 4,2         | 3,4         | 3,5         |
| Average net commission revenue per trade, SEK          | 45          | 56%         | 52          |
| DART (Daily Average Revenue from Trading), SEK         | 1 642 000   | 870 000     | 975 000     |
| ROA (Revenues On Assets)                               | 1,5%        | 2,0%        | 1,8%        |
| Average yearly revenues per client, SEK                | 3 788       | 3 941       | 4 039       |
| Average yearly operating expenses per client, SEK      | 2 142       | 2 184       | 2 389       |
| Average yearly operating profit per client, SEK        | 1 646       | 1 757       | 1 650       |

#### Definitions:

Operating margin: Operating profit/loss in relation to operating income.

Profit margin: The period's profit in relation to the operating income.

Average number of shares after dilution: The weighted average number of shares over the period according to RR 18.

Earnings per share before and after dilution: The period's profit after tax in relation to the average number of shares before and after dilution.

Capital base: The Group's equity for the companies within the financial group, Nordnet AB (publ) and the subsidiaries Nordnet Family AB, Nordnet Holding AB, Nordnet Securities Bank AB and Eurotrade Securities S.A. The definition for capital base is found in the Swedish Financial Supervisory Authority's regulation FFFS 2003:10.

Capital adequacy ratio: The capital base in relation to the risk-weighted capital.

Return on equity: Profit/loss after tax in relation to the average shareholder's equity over the period.

Development investments: Means internal and external development investments in systems and other solutions that will generate income in the long-term.

Number of active accounts: An active account is an account holding assets or cash.

AUM (Asset Under Management): The total market value of all accounts, meaning the sum of all cash and the market value of all shares.