



Press Release

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NeoNet Proposes New Issue for Financing of Operating Capital

The Board of Directors of NeoNet will propose that a new issue of a subordinated loan with detachable warrants be directed towards the existing shareholders. The subordinated loan is proposed to amount to a maximum of SEK 50.6 m. The purpose with the new issue is to finance the company's need of a larger operating capital as a result of an increased amount of cash tied up because of collateral demands in the clearing and settlement process.

In addition to certain liquid assets being tied up by collateral demands as mentioned above, the company's cash flow has during 2003 been negative as a result of investments in continued development of the trading platform, acquisition of support systems for the administration of securities trading, and negative development of earnings. Furthermore, NeoNet has acquired the US-based Lexit group, which from November 2003 is consolidated into the NeoNet group.

The NeoNet group's net holding of short-term liquid assets is comprised of bank holdings, the net of receivables and liabilities for settlement, and receivables from mainly clearing-houses and similar institutions, less liabilities for temporary settlement loans. Per November 30, 2003, the net of these items amounted to SEK 136.9 m. Of this amount, SEK 105.8 m comprised of blocked funds with credit institutions. In order to secure NeoNet's short-term capital requirement, Hans Karlsson (Chairman of the Board of Directors and owner of approximately 16.0 % of shares and capital in NeoNet) and Staffan Persson (acting CEO and owner of approximately 13.3 % of shares and capital in NeoNet) have loaned NeoNet SEK 20 m during the fourth quarter.

The Board of Directors of NeoNet wants to stress that the estimated capital requirements for the company is secured until the new issue is finalized.

As a consequence of the increased lock-up of liquid assets, the Board of Directors will in January 2004 call for an Extraordinary General Meeting. At this meeting the Board will propose a new issue of a subordinated loan with detachable warrants and with preferential rights for NeoNet's existing shareholders. The Board of Directors has made a preliminary decision to propose the following conditions for the new issue:

Conditions for the issue: For every 10 shares in NeoNet the holder is offered to subscribe for one debenture of nominally SEK 10.00 with three detachable warrants¹.

Issue price: SEK 10.00 per debenture of nominally SEK 10.00 with three detachable warrants.

Subscription period: March 2004 (exact proposed subscription period will be announced prior to the Extraordinary General Meeting).

Subordinated loan

Principal: Nominally at maximum SEK 50,582,040 constituted by at maximum 5,058,204 debentures, each at SEK 10.00. Each debenture is linked with three detachable warrants.¹

¹ Because of rounding differences when determining the allotment of debentures to holdings of odd lots of NeoNet shares, the final offering of debentures may become marginally different.

Interest: The subordinated loan will bear an interest rate of 10.00% p.a. The interest falls due annually.

Term: Three years, starting at date of issuance.

Warrants

Number of warrants: The number of warrants will be at maximum 15,174,612 (i.e. maximum dilution 30%)

Strike price: Each warrant will give the right to subscribe for one new share of nominally SEK 0.05 at a price of SEK 6.00.

Subscription: Subscription will be made possible at certain periods at the end of each quarter during the three years term.

Final proposal in respect to conditions for the proposed issue will be made public in connection to the announcement of the Extraordinary General Meeting. The announcement will be made during January 2004.

Shareholders and members of NeoNet's management team (including Hans Karlsson, Staffan Persson, Per Lindberg, Johan Carlsson, Peter Kearns, Pia Hofstedt and the future CEO Simon Nathanson) have declared their interest to subscribe for a minimum of SEK 30 m in the suggested issue.

"The proposed new issue of a subordinated loan will make it possible for NeoNet to fulfill the need to tie up additional cash which is a consequence of the company's expansion," said Hans Karlsson, Chairman of the Board. "The alternative, to refrain from a new issue and thereby be forced to decrease the traded volumes is not conceivable. In the long run, re-negotiated terms and arrangements for purchased settlement services will also facilitate continued expansion."

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