



NeoNet is a leading provider of real-time electronic equity trading services, targeted at institutional investors and broker-dealers. NeoNet provides its clients with efficient, secure and anonymous access to, at present, over 50% of the aggregate market capitalization of Europe's stock exchanges through its trading system and electronic execution network. NeoNet's focus is to offer its clients access to the world's major stock markets. NeoNet has a headcount of 62 and offices in Stockholm and New York.

NeoNet AB (publ)

FINANCIAL STATEMENT 1 JANUARY – 31 DECEMBER 2000

- Revenues rose by 86% to SEK 160.8 (86.4) m.
- Earnings before depreciation and net financial items increased by 68% to SEK 39.7 (23.6) m.
- Earnings before tax were up 27%, from SEK 12.5 m to 15.9 m.
- Earnings per share also rose, by 24% to SEK 0.31 (0.25).
- In the fourth quarter, the share of revenues from automatic order routing was 61%, and 50% for the full year and 31% in the previous year.
- NeoNet linked up to the Frankfurt Stock Exchange (Deutsche Börse, Xetra) for electronic direct trading in March.
- NeoNet secured membership of the London Stock Exchange in late November; direct electronic access was introduced in January 2001.
- An application for membership of Euronext Paris was submitted in November, and approved in January 2001.
- Investments were SEK 32.6 (28.2) m in the period.
- Coincident with the corporation's IPO on OM Stockholm Exchange's O-list on 20 October, a new issue was effected with settlement on 19 October. This issue raised SEK 139.6 m after deductions for issue expenses. Additionally, in September and December, NeoNet received a SEK 24.6 m injection to shareholders' equity through new subscription in a warrant program created earlier in the year.
- The Board intends to propose to the Annual General Meeting that no dividends be paid.

THE GROUP**Operations**

Using a proprietary electronic trading platform, NeoNet has secured a position as a major provider of automatic order routing and execution services for equity transactions for institutional investors and broker-dealers. At present, NeoNet offers direct electronic trading on OM Stockholm Exchange, plus the London, Helsinki, Copenhagen and Frankfurt Stock Exchanges. NeoNet also offers manual trading on these exchanges, and on the Oslo Stock Exchange.

NeoNet has clients in ten European countries and in the US.

NeoNet secured membership of the London Stock Exchange in November, when traditional trading began on a small scale. Automatic order routing, through a link-up to the London Stock Exchange's trading system SETS, began in January 2001.

Accordingly, the aggregate market capitalization available to NeoNet clients has increased from some 25% to over 50% of total European stock market capitalization.¹ NeoNet's application for membership of the Paris Stock Exchange (Euronext Paris) was granted in January 2001. The Paris, Amsterdam and Brussels Exchanges merged into Euronext in September 2000; NeoNet also plans to extend its offering to encompass these two latter markets during the third quarter of 2001.

At the end of the year, the group had an employee headcount of 62 (39).

Revenue and Earnings

Consolidated commission income increased year-on-year to SEK 160.8 m from 86.4 m, an 86% increase. The primary explanation is existing customers increasing their trading through NeoNet. NeoNet's daily trading volumes averaged SEK 1,412 (866) m for the year, up 63%.

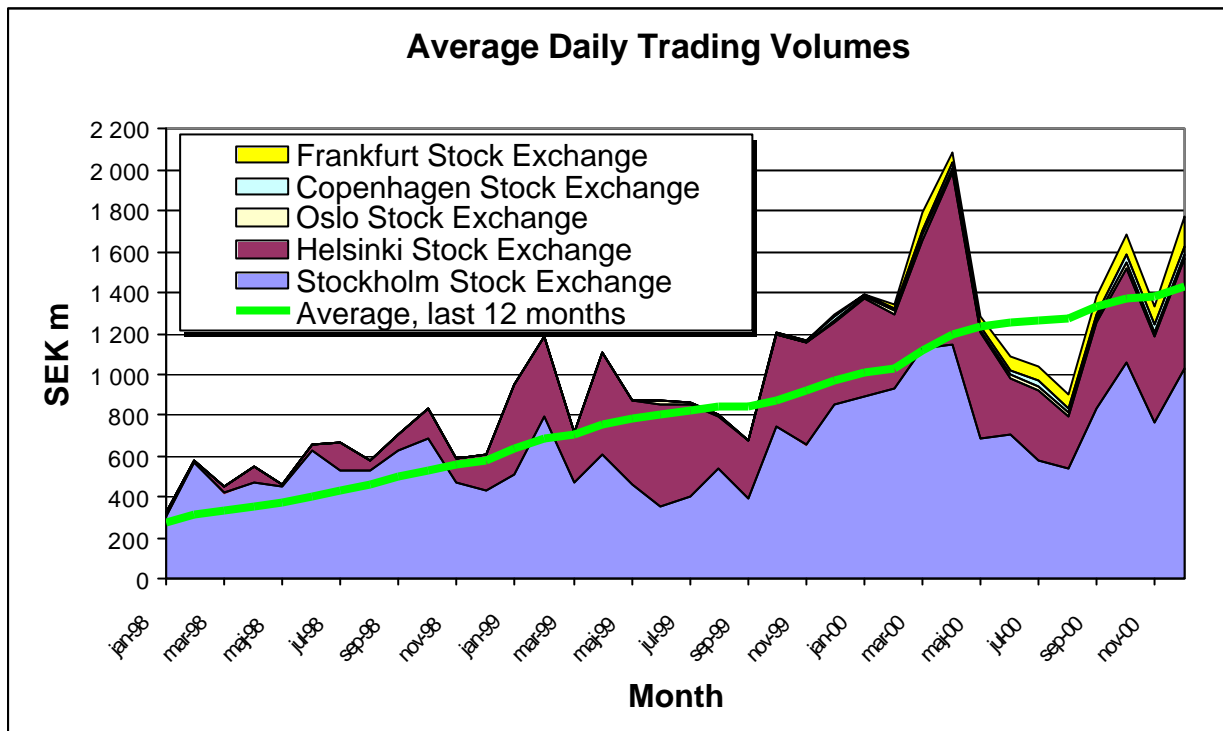
Moreover, an enhanced market and product mix implied that average commission income in relation to routed order values increased by some 14% during the year.

In the fourth quarter, the share of revenues from direct order routing was 61%; the full-year figure was 50%, against 31% in the previous year.

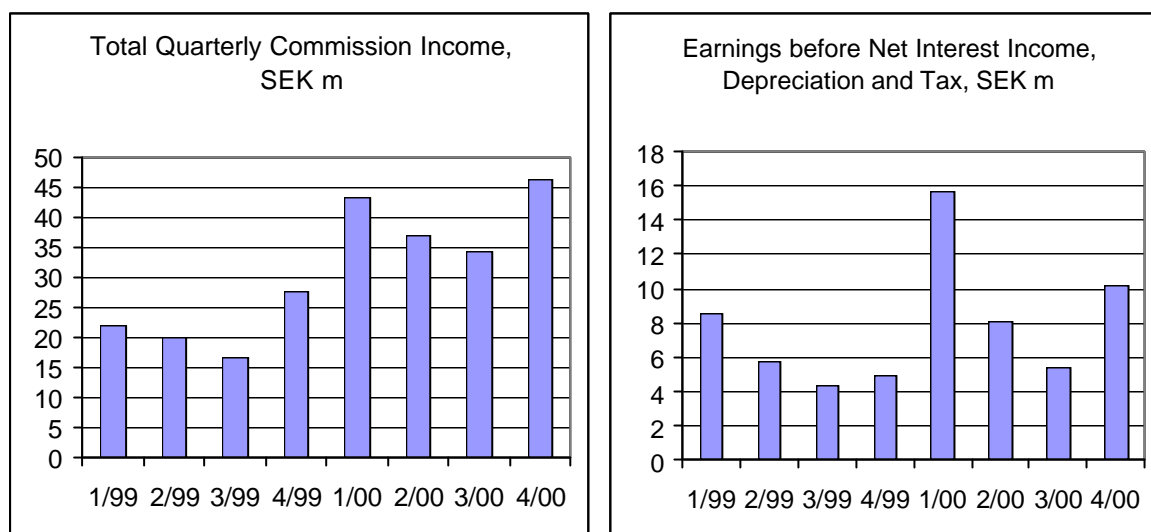
Average daily fourth-quarter trading volumes were SEK 1,587, a 52% rise compared to 1,041 m for the same period last year. During the year, volumes varied significantly as a consequence of fluctuating activity and share prices on those exchanges where NeoNet pursues trading.

During the fourth quarter, NeoNet's average daily trading volumes were divided between exchanges as follows: Stockholm 60%; Helsinki 30%; Frankfurt 7%; Copenhagen 2% and Oslo 1%. Average rolling 12-month volumes increased continuously through the year.

¹ Estimate according to MSCI Europe



Operating earnings before depreciation and net financial items grew by 68% to SEK 39.7 (23.6) m. Earnings before tax were SEK 15.9 m, against SEK 12.5 m in the previous year. Depreciation expenses were up by SEK 7.4 m to SEK 16.3 m—the consequence of investments in systems development intended to secure sustained robust expansion. Earnings were burdened by net interest expenses of SEK 7.4 m relating to increased loan financing of operations during the first ten months of the year. A new issue of SEK 139.6 m net, coincident with the corporation's IPO, and a SEK 24.6 m new issue, significantly enhanced liquidity and net interest income during the latter part of the year.

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Fourth-quarter earnings before tax were SEK 6.7 (-0,7) m, lifted by 68% year-on-year revenue growth.

Quarterly Earnings					
SEK m	Q4 '99	Q1 '00	Q2 '00	Q3 '00	Q4 '00
Commission income	27.6	43.2	37.0	34.3	46.3
Total operating revenue, incl. net interest income	23.7	37.3	31.3	28.7	43.2
Operating earnings before net interest income and depreciation	4.9	15.7	8.1	5.3	10.4
Earnings before tax	-0.7	10.4	1.1	-2.3	6.7

Consolidated revenues and earnings typically exhibit seasonal variations dependent on fluctuations in activity and share price levels on those exchanges where NeoNet pursues trading on behalf of its customers.

Investments

Investments in the period were SEK 32.6 (28.2) m, almost entirely related to the enhancement of the group's electronic trading system.

Liquidity and Financial Position

The closing balance of consolidated shareholders' equity was SEK 229.4 (57.1) m. Liquid assets were SEK 292.2 m on 31 December, against SEK 70.4 m at the end of 1999. Of the total closing balance of liquid assets, SEK 195.5 (55.5) m were blocked funds—collateral for trading credits drawn down. The consolidated equity ratio was 43% (33%) at the end of the period.

To strengthen the group's financial position, assure capital adequacy requirements and satisfy an increasing need for working capital in the context of NeoNet's rapid expansion, the corporation raised a subordinated debenture with detachable warrants in May. This issue, targeted at existing shareholders, raised SEK 70.3 m for the corporation. In September to November, SEK 70.0 m of this loan was repaid. In

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September and December, 98,215 of the 152,800 warrants were exercised, raising SEK 24.6 m for NeoNet.

On 20 October, NeoNet was floated on OM Stockholm Exchange's O-list, with a coincident new issue waiving the preferential rights of existing shareholders. A total of 8 million new shares were issued, implying an increase in the number of shares from 32.5 million to 40.5 million, at an issue price of SEK 20 per share. The issue was fully subscribed and raised SEK 139.6 m for the corporation after deductions for issue expenses. The number of shareholders increased from just over 60 to some 1,400. At the end of 2000, NeoNet had 2,030 shareholders.

The capital adequacy ratio was 120% at the end of the year, compared to 51% one year previously.

Outlook

The group is exclusively active in the routing and execution of equity transactions on major exchanges on behalf of its customers; NeoNet does not pursue any proprietary trading, and accordingly during any period, revenues and earnings are a function of customers' activity and share price levels on those exchanges where the company's services are offered. This implies that daily trading volumes, and thereby revenues and earnings, exhibit short-term variations within certain limits.

NeoNet expects to sustain revenue growth by a brisk expansion through connecting to more exchanges, and by the addition of more customers in more countries. Moreover, this progression is expected to mean the group's share of each customers' trading increasing. Examples of such initiatives include the link-up to the London Stock Exchange and Euronext Paris, as well as the continued accumulation of the customer base in the US and Europe.

The group's main strategy is to offer access to 80% of the European stock market capitalization by the end of third quarter 2001, and to offer access to 80% of global stock market capitalization before the end of 2003. The group's financial objectives are to achieve a long term revenue growth of more than 50% annually, and to obtain a gross margin of 25%.

PARENT COMPANY

An Extraordinary General Meeting on 15 August 2000 resolved to change the parent company's corporate name from NeoNet Holding AB (publ) to NeoNet AB (publ). This parent company, which is non-operational, handles certain over-arching functions such as executive management, finance and business development.

The parent company posted earnings before tax of SEK -6.4 (4.4) m for the period, the earnings downturn due to the accumulation of organizational resources caused by the IPO and ongoing market expansion, as well as deteriorated net interest income. Earnings in the previous year were favored by dividends from subsidiaries of SEK 4.4 m.

The new issue of 258,153 shares effected in November 1999 was registered at the Swedish Patent and Registration Office in February. A shareholders' meeting on 21

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June 2000 resolved to change the company's classification from private to public, and to change the nominal value of shares to SEK 0.05.

The aforementioned new issues implemented in September and October increased the number of shares by 1,960,620 and 8 million respectively. Additionally, subscription in December, through the exercise of warrants, created a further 3,680 shares.

In October, the corporation effected a new issue of 60,000 shares, utilized as payment for the acquisition of minority shares in the subsidiary NeoNet Technology AB—now fully owned by the group's parent company NeoNet AB (publ).

At the end of the year, the number of shares was 40,588,000, with the average for the year being 32,786,423. After full dilution, the corresponding figures are 45,154,700 and 37,688,519 respectively.

Annual shareholders meeting

The Annual Shareholders' Meeting will be hold on 17 May 2001.

The Board intends to propose to the Annual General Meeting that no dividends be paid.

The shareholders Lars Dahlin, Hans Karlsson, Peter Lindell, Staffan Persson and Jörgen Tilander, who represent approx 21.6 million shares corresponding to more than 53% of the votes, have declared their intention to propose the Annual Shareholders' Meeting to appoint a board of directors constituted by Torvald Bohlin, Hans Karlsson, Staffan Persson, Mats Sundström, and Thord Wilkne. Lars Dahlin has announced that he declines re-election.

FINANCIAL STATEMENT, 1 JANUARY – 31 DECEMBER 2000
Consolidated Income Statement (SEK m)

	1 Jan '00 31 Dec. '00	1 Jan. '99 31 Dec. '99
Interest income	4.3	1.4
Interest expenses	<u>-11.7</u>	<u>-3.7</u>
Net interest income	-7.4	-2.3
Commission income	160.8	86.4
Commission expenses	-19.7	-10.6
Net earnings from financial transactions	1.1	-0.5
Other operating revenue	<u>5.6</u>	<u>1.7</u>
Total operating revenue	140.4	74.7
General administration expenses		
Personnel expenses	-43.6	-26.6
Other operating expenses	-64.6	-26.7
Depreciation		
Depreciation of intangible assets	-11.8	-6.0
Depreciation of tangible assets	<u>-4.5</u>	<u>-2.9</u>
Total operating expenses	-124.5	-62.2
Earnings before tax	15.9	12.5
Tax	-5.9	-6.0
Net earnings	10.0	6.5
Earnings per share, SEK	0.31	0,25
Earnings per share after full dilution, SEK	0.27	0.24

Consolidated Balance Sheet (SEK m)

	31 Dec. '00	31 Dec. '99
ASSETS		
Cash and lending to credit institutions	292.2	70.4
Intangible fixed assets	42.0	27.9
Tangible fixed assets	12.7	10.3
Other assets	183.3	60.3
Prepaid expenses and accrued income	6.3	3.4
Total assets	536.5	172.3
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY		
Liabilities, credit institutions	130.9	51.0
Other liabilities	154.1	49.7
Accrued expenses and deferred income	16.2	9.8
Subordinated debt	0.6	0.2
Provisions	5.3	4.5
Shareholders' equity		
Restricted equity		
Share capital	2.0	1.3
Restricted reserves	213.1	11.8
New issue undergoing registration	-	32.0
Non-restricted equity		
Retained earnings	4.3	5.5
Net earnings for the period	10.0	6.5
Total liabilities, provisions and shareholders' equity	536.5	172.3

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Cash Flow Statement (SEK m)

	1 Jan. '00 31 Dec. '00	1 Jan. '99 31 Dec. '99
Cash flow from ongoing operations before change in ongoing operations' assets and liabilities	22.1	16.7
Cash flow from ongoing operations	90.6	-1.7
Cash flow from investment activities	-32.6	-28.2
Cash flow from financing activities	162.7	12.3
Cash flow for the year	220.7	-17.7
Liquid assets, opening balance	70.4	88.5
Liquid assets, translation differences	1.1	-0.5
Liquid assets, closing balance	292.2	70.4

Consolidated Key Figures (SEK m)

	2000	1999
Summary Income Statement		
Operating earnings before net interest income and depreciation	39.7	23.6
Operating earnings before net interest income	23.3	14.8
Margins		
Gross margin	25%	27%
Operating margin	15%	17%
Profit margin	6%	8%
Yield		
Average capital employed	268.9	106.5
Return on equity	10%	14%
Return on capital employed	10%	15%
Operational Key Figures		
Ave. no. of trading days on connected markets	250	250
Ave. daily trading volumes	1,425	975
Financial Position		
Equity ratio	43%	33%
Interest cover	236%	440%
Debt-equity ratio	1.2	1.6
Capital adequacy	120%	51%
Share data		
No. of shares	40,588,000	30,563,700
Ave. no of shares	32,786,423	25,869,392
Earnings per share, SEK	0.31	0.25
Shareholders' equity per share, SEK	5.65	1.86
Number of shares after full dilution	45,154,700	33,038,700
Average number of shares after full dilution	37,688,519	27,281,926
Earnings per share after full dilution, SEK	0.27	0.24
Shareholders' equity per share after full dilution, SEK	5.87	1.81
Employee data		
Number at the end of the period	62	39
Average number	54	33

Definitions

FINANCIAL STATEMENT, 1 JANUARY – 31 DECEMBER 2000

Gross margin:	Operating earnings before net interest income and depreciation as a percentage of commission income.
Profit margin:	Earnings after tax as a percentage of commission income.
Operating margin:	Operating earnings before net interest income and tax as a percentage of commission income.
Average capital employed:	Average total assets less average non-interest bearing liabilities including deferred tax liabilities
Return on equity:	Net earnings as a percentage of average shareholders' equity for the year.
Return on capital employed:	Earnings net of financial items plus financial expenses as a percentage of average capital employed
Equity ratio:	Shareholders' equity as a percentage of total assets.
Interest cover:	Operating earnings plus financial expenses divided by financial expenses.
Debt/equity ratio:	Interest-bearing liabilities divided by shareholders' equity
Capital adequacy ratio:	Capital base divided by the risk-weighted credit and market risk amounts (Swedish Financial Supervisory Authority stipulation FFFS 2000:6).
Earnings per share:	Earnings after tax in relation to the average number of shares for the period.
Shareholders' equity per share:	Shareholders' equity after dilution divided by number of shares.

Accounting Principles

The consolidated accounts have been prepared in accordance with Swedish legislation relating to statutory accounting by credit institutions and securities corporations (ÅRKL) and the Swedish Financial Supervisory Authority's stipulations FFFS 2000:18, applicable because of the parent company's status as a financial holding company.

Audit Review

The corporation's auditors have made a summary review of this Financial Statement.

Stockholm, Sweden, 31 January 2001

NeoNet AB (publ)

the Board of Directors

FINANCIAL STATEMENT, 1 JANUARY – 31 DECEMBER 2000

Further information available from
Torvald Bohlin, Chief Executive Officer, tel: +46 (0)8 454 1539,
torvald.bohlin@neonet.se

Internet:

www.neonet.se

Forthcoming Reports

First-quarter Interim Report 2001:	25 April 2001
Annual Report 2000:	11 April 2001
Annual General Meeting 2001:	17 May 2001
Second-quarter Interim Report 2001:	24 August 2001
Third-quarter Interim Report 2001:	25 October 2001