



## CEO Simon Nathanson's Speech at NeoNet's AGM on April 26, 2007

Ladies and Gentlemen, Dear Shareholders,

Welcome to NeoNet's 2007 Annual General Meeting. I will begin by summarising NeoNet's performance during the last year and by making a few brief comments on the first quarter of 2007. I will then explain what NeoNet is doing to further improve its market position and why we are well positioned for the changes that are taking place in the financial industry. The basis for this is NeoNet's strong offer for professional equity trading. But let me begin with a look back at the year that was.

2006 was a very strong year for NeoNet. Our revenues increased and our earnings improved. Reading our year-end report, it was with great satisfaction that I could establish that our revenues increased by 54 per cent last year, to SEK 397.1 million (258.0 m). Operating earnings before depreciation and net financial items increased by 119 per cent to SEK 90.0 million (41.0 m), which is our best result to date. Earnings before tax increased sharply to just over SEK 50 million (6.2 m). The Board has proposed a dividend of SEK 0.40 per share (0.25).

This morning I presented our first interim report for 2007, and I can now tell you that the year began on a very strong note. Revenues increased by 69 per cent to SEK 150 million (89.0 m). Operating earnings before depreciation and net financial items increased by 110 per cent to SEK 40.9 million (19.5 m). And earnings before tax increased by 206 per cent to SEK 33.3 million (10.9 m).

Our improved result last year is explained by the growing number of players who are realising the advantages of access to fast and secure trading on multiple exchanges through a single actor – NeoNet. It is clear that we have positioned ourselves correctly, as an ever greater share of our clients' trading activities is now done through direct access to marketplaces worldwide. Our sales activities have generated an inflow of new, active clients and our existing clients have increased their activity. Good market conditions, including high trading volumes on those exchanges where NeoNet operates, are another reason behind our strong performance. We broke several turnover records in 2006. Overall turnover increased by 66 per cent compared with 2005, and our 100 largest clients use NeoNet for trading for an average of twelve markets. It is against the background of our strong performance in 2006 that the Board has decided to set new, more aggressive targets for the future – to double revenues and quadruple our profit over the next four years.

I would now like to move on and say a few words about where we are today and where we are heading.

NeoNet's clients have shared basic requirements. They are looking for solutions that offer fast and efficient trading on global stock markets. Our concept – to offer direct access to marketplaces worldwide – has proved so successful in Europe and the US that, at the beginning of this year, we decided to link up to Asia too. We are now linked up to the Tokyo, Osaka and JASDAQ exchanges, and can thus offer 24-hour trading. Overall, we now offer access to 23 exchanges worldwide with around 6000 listed companies, and we will continue to add more marketplaces as well as sophisticated trading functionality.

In 2006 we launched NeoNet XG as a complement to our brokerage service. NeoNet XG is the name of NeoNet's system and software services, which enable our clients to trade on exchanges through individual memberships by using NeoNet's high-speed system, exchange access and infrastructure. It was with great satisfaction that we could welcome one of the world's largest investment banks, Citibank, as a client to our NeoNet XG service last year. Equally gratifying was our announcement that Handelsbanken, one of the largest banks in the Nordic region, had signed an agreement with NeoNet for our XG service. Revenues from NeoNet XG are license-based, unlike our brokerage service, where the revenues come from commissions and are dependent on daily trading volumes. The launch of our technology offer is in other words a step in our diversification plan, which in due course is expected to generate revenues that are less dependent on the economy and stock market fluctuations. Broadening our client base, both in terms of numbers and geographical distribution, is another component of our diversification strategy.

Technology is a key element for ensuring efficiency in the financial industry, and our offer has proved to be very well timed. No one, I dare say, has escaped noticing that the financial industry is currently undergoing major changes. Exchanges are being consolidated, mergers and acquisitions are near-daily occasions and new regulations – both at the European and American levels – are creating opportunities for new competition and new players. In the next few years we will be seeing new types of marketplaces opening up

and new liquidity pools arising outside the stock markets. These new marketplaces will compete with lower transaction costs and new business logic. At the same time trading patterns are changing. National boundaries are becoming less significant, and it is becoming less important where a stock is listed. Instead, investors are investing globally and trading in sectors, i.e. they are choosing to focus on certain shares in certain industries regardless of country. Another clear trend is that towards an increasing share of electronic trading among professional investors. Investors are opting to trade electronically to increase their control over the order flow and speed up the trading process. Efficiency increases when a large part of the transaction chain is managed electronically.

In view of these market trends, we are well positioned with our offering and our technology. Global trading and the sectorisation of investments are making it more imperative to be able to trade on multiple markets. Professional investors can already trade on leading exchanges in Europe, Asia and North America through NeoNet. If new marketplaces arise that our clients want access to, we will link up our system to these marketplaces. We will be where the liquidity is. Our offer gives our clients access to efficient electronic trading without having to invest in their own systems or links to the exchange.

Globalisation is increasing the requirements on the systems. Systems are expected to be scalable, stable and secure as well as fast and smart. Our system meets these requirements. **Scalability** is about being able to increase the number of marketplaces and clients while expanding volumes in the same system. **Smartness** is about meeting the high functionality requirements that arise when a growing number of clients execute technically advanced transactions. Algorithmic trading, for instance, is a fast-growing trend and we have expanded our offer further this spring with Citi's algorithmic trading suite. Advanced trading patterns also increase the importance of minimising delays and providing the fastest possible access to the connected exchanges. **Speed**, in other words, is about being able to manage large volumes without delays. We have a very high capacity, and can currently handle more than 2,000 transactions a second. NeoNet's strength also lies on our infrastructure. Placing our market connections as close to the exchange as possible makes us a strong player in the battle for the milliseconds. Our system is also **stable** and **secure** – words which speak for themselves. Finally, I would like to mention one further strength, and that is **service**. We are there for the client, at every hour of the day.

Traditionally, trading and analysis have been sold for a single price in a single package. We are now seeing a trend towards buying the two parts separately from whichever supplier offers the best solution. This favours NeoNet, as we focus on a core offer, i.e. trading. And the fact that we are neutral, with no proprietary trading, excludes any possibility of a conflict of interest. This is something that our clients value highly.

At NeoNet we are of course very proud of our strong figures for last year, and I would like to take this opportunity to thank all our employees, whose commitment and expertise are the very foundation for NeoNet's success.

The year 2006 can be summed up as a year of strong growth in which our profitability increased markedly and in which we further strengthened our offer. We will continue to work hard to streamline our business and further improve our client offer in order to draw our existing clients closer to NeoNet while attracting new clients. It is my absolute ambition, and that of the other members of the management group, to achieve the Board's aggressive targets of doubling revenues and quadrupling our profit in the next four years. We are well positioned to achieve that task.

Thank you for the interest you have shown in NeoNet.

Simon Nathanson  
CEO, NeoNet  
Stockholm, April 26, 2007