

YEAR-END REPORT JANUARY 1 TO DECEMBER 31, 2003

03

FOURTH QUARTER

- Sales for the quarter amounted to SEK 46.8 M (55.6).
- Sales of the proprietary product Pointsec amounted to SEK 30.0 M (16.7).
- Gross profit amounted to SEK 39.4 M (31.1), resulting in a gross margin of 84% (56%). The high gross margin was a result of Pointsec accounting for a large proportion of total sales.
- Profit after net financial items amounted to SEK 11.8 M (0.5).
- Liquidity on the closing date amounted to SEK 137 M (141), including unutilized credit facilities and unrealized surplus values in financial investments.
- Equity amounted to SEK 134 M (133), corresponding to an equity/assets ratio of 64% (65%).

FULL YEAR JANUARY - DECEMBER

- Sales amounted to SEK 168.6 M (203.7) for the period.
- Total revenues in the Group deriving from Pointsec increased by 63% to SEK 91.9 M (56.3).
- Profit after tax amounted to SEK 0.6 M (loss: 29.4).
- Profit per share amounted to SEK 0.06 (loss: 2.78).

SIGNIFICANT EVENTS DURING THE QUARTER

- In October, Pointsec launched yet another mobile security solution, Pointsec for Symbian OS.
- Protect Data in Norway received an add-on order for security solutions for the bank sector with an order value of about SEK 2.6 M. Delivery took place during the quarter.
- AstraZeneca signed a contract with Pointsec in December for global use of Pointsec's products. The order value amounts to SEK 10.8 M, of which SEK 8.9 M was booked as revenue in December in conjunction with delivery.
- In December, Pointsec received an order from Volvo for Pointsec for Pocket PC. The order, which was delivered in December, included 2,500 licenses, as well as support and a maintenance contract.

SIGNIFICANT EVENTS AFTER THE CLOSING DATE

- In January, Pointsec established the subsidiary Pointsec Mobile Technologies Pty Ltd with head offices in Sydney, Australia. Operations will begin during the third quarter of 2004.
- In February, Pointsec for PC received Common Criteria certification for security level EAL 4, from the US National Institute of Standards and Technology, NIST.

DIVIDEND

- The Board of Directors proposed that a dividend of SEK 0.25 (0) be granted, corresponding to SEK 2.6 M.

STRONG IMPROVEMENT IN PROFITS

Rolling latest 12-months

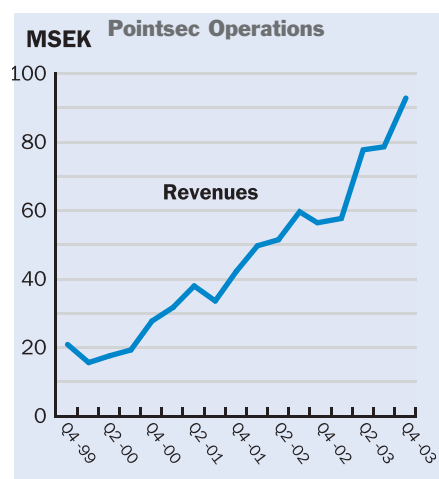
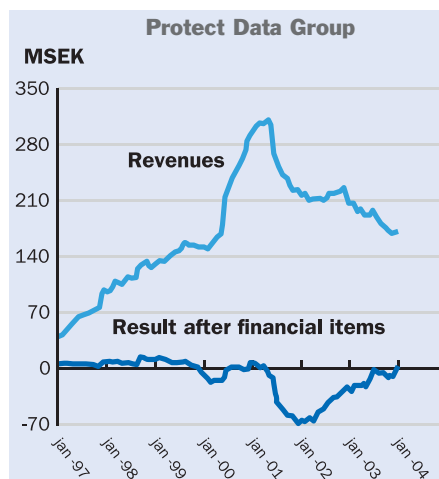
SALES AND PROFIT

Sales during the quarter amounted to SEK 46.8 M (55.6). Total revenues deriving from Pointsec operations amounted to 64% (30%). Third-party products accounted for 23% (50%) of other revenues while maintenance and other service sales accounted for 12% (16%) and other revenues for 1% (4%). Sales for the full year amounted to SEK 168.6 M (203.7). Revenues from Pointsec operation increased by 63% to SEK 91.9 M (56.3), corresponding to 55% (28%) of total revenues.

Gross profit for the quarter amounted to SEK 39.4 M (31.1), resulting in a gross margin of 84% (56%). The strong improvement was the result of the high proportion of Pointsec revenues. In addition, margins for third-party products were higher than normal during the quarter, in part due to the product mix and in part due to guarantee payments from suppliers. For the full year, gross profit amounted to SEK 129.2 M (119.5), resulting in a gross margin of 77% (59%).

Operating profit for the quarter amounted to SEK 8.2 M (loss: 6.3). Overhead costs were reduced by SEK 7.6 M, compared with the same period in the preceding year. Sales costs include variable costs relating to sales commissions to both external parties and employees. These commissions amounted to SEK 1.7 M (1.9) during the quarter and to SEK 12.9 M (7.8) for the full year. Commissions to external parties related primarily to sales to the federal sector in the US. The commission amount may thus vary sharply between quarters. Overhead costs for the full year were reduced by SEK 26.6 M, compared with the preceding year. Operating profit was negatively affected in an amount of SEK 2.9 M (expense: 0.4) for the full year relating to unrealized translation losses due primarily to the lower USD exchange rate.

The operating loss for the Solutions business area amounted to SEK 7.1 M (loss: 5.3) for the full year, which was in line with



expectations for the year, in light of the business area's lower volumes.

The operating profit for the Pointsec business area improved dramatically to SEK 8.2 M (loss: 28.5), which was the result of higher sales with unchanged costs.

The net of financial items for the quarter was income of SEK 3.6 M (income: 6.8) due to a capital gain on a portion of the Group's invested funds. Remaining unrealized surplus values amounted to SEK 2.8 M (6.7) on the closing date.

Profit after net financial items amounted to SEK 11.8 M (0.5) for the quarter.

Profit per share amounted to SEK 0.99 (0.04) for the quarter and SEK 0.06 (loss: 2.78) for the full year.

Equity amounted to SEK 134 M (133) on the closing date, corresponding to an equity/assets ratio of 64% (65%) and equity per share of SEK 12.69 (12.59).

Goodwill amounted to SEK 8.3 M (10.0) on the closing date. Capitalized expenses for software development plus acquired intangible assets amounted to a total of SEK 23.6 M (13.3).

Summary per business area, January–December, SEK M

	SOLUTIONS		POINTSEC ¹⁾		PARENT COMPANY AND GROUP ITEMS ²⁾		TOTAL	
	2003	2002	2003	2002	2003	2002	2003	2002
Sales	108.4	164.2	82.9	51.2	-22.7	-11.7	168.6	203.7
Gross profit	46.4	71.5	82.1	46.7	0.7	1.3	129.2	119.5
Operating costs	53.5	76.8	73.9	75.2	7.4	6.8	134.8	158.8
Operating loss	-7.1	-5.3	8.2	-28.5	-6.7	-5.5	-5.6	-39.3
N:o of employees, average	35	67	44	40	9	10	88	117

¹⁾ Pointsec is also sold via companies in the Solutions business area. Total Pointsec sales in the Group amounted to SEK 91.9 M (56.3) during the year.

²⁾ Refers to elimination of intra-Group sales and amortization of consolidated goodwill.

Liquidity amounted to SEK 137 M (141) on the closing date and included unutilized credit facilities of SEK 37 M (37) and surplus values in fund investments of SEK 2.8 M (6.7). Expressed as current assets as a percentage of current liabilities, liquidity amounted to 238% (243%).

SOLUTIONS BUSINESS AREA

Sales: Jan.-Dec. SEK 108.4 M (164.2)
Oct.-Dec. SEK 28.8 M (43.5)

Sales of Pointsec's products are increasing constantly within the Solutions business area. During the quarter, orders were received from such customers as Volvo, Cap Gemini Ernst & Young and Sweden Post.

In the antivirus segment, a major order was received from Örebro county council. PKI solutions were delivered to HP and Vattenfall.

In Norway, deliveries of security solutions to the bank sector continued with an additional order from EDB amounting to SEK 2.6 M.

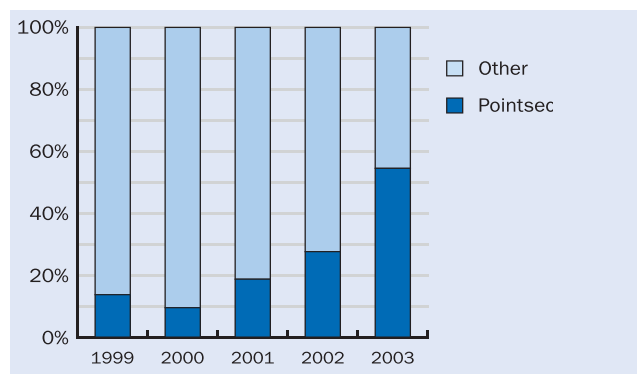
Demand for consulting services increased during the year, and during the fourth quarter, the business area's available consultants were fully booked. Complete assignments included general security analyses and services related to Protect Data's solutions. Customers included SEB, Investor and Sweden Post.

POINTSEC BUSINESS AREA

Sales:
Pointsec business area: Jan.-Dec. SEK 82.9 M (51.2)
Oct.-Dec. SEK 26.1 M (15.8)
Pointsec sales in Group: Jan.-Dec. SEK 91.9 M (56.3)
Oct.-Dec. SEK 30.0 M (16.7)

During the quarter, the acquisition process of the FileCrypto product line from F-Secure that was begun in the third quarter was completed. The integration of this product line with existing Pointsec products proceeded smoothly, and Pointsec for Symbian OS was already launched in October. This product has generated considerable attention among customers.

Pointsec's part of total revenues



Following an extensive evaluation, AstraZeneca selected Pointsec's products for protection of the company's laptops, handheld computers and smartphones. The contract covers global use within the AstraZeneca group. Including support and maintenance, the order value amounted to SEK 10.8 M, with delivery taking place during the quarter.

Volvo IT previously purchased licenses for Pointsec for PC and placed a new order during the quarter for 2,500 licenses for Pointsec for Pocket PC.

Demand in Japan increased during the year, and Pointsec's reseller in Japan placed orders totaling SEK 3.0 M during the quarter. For the full year, deliveries to Japanese resellers amounted to SEK 5.3 M (2.0).

After the end of the fiscal year, the Common Criteria evaluation process of Pointsec for PC was completed and approved by the US National Institute of Standards and Technology, NIST. This certification is very important for sales throughout the world and particularly in the US. Certification is considered to be a major competitive advantage, since none of Pointsec's competitors are certified for as high a security level as EAL-4. The certification process was very extensive and extended over nearly two years.

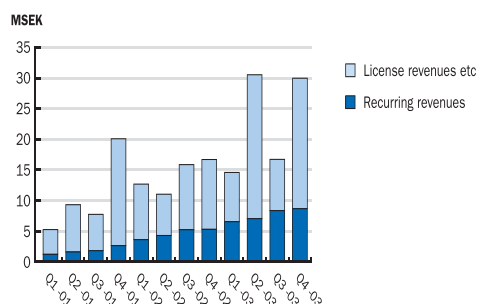
After the end of the fiscal year, a decision was taken to start a subsidiary in Sydney, Australia. Operations are expected to start during the third quarter of 2004.

Sales by geographic market, SEK M

	OCT-DEC		JAN-DEC	
	2003	2002	2003	2002
Sweden	15.9	26.1	54.3	113.2
U.S.A.	4.0	6.2	29.1	25.2
Norway	4.9	11.2	22.6	29.7
Finland	6.4	4.9	22.1	12.7
Great Britain	9.6	1.2	17.6	2.2
Denmark	2.9	4.5	14.7	16.2
Japan	3.0	1.5	5.3	2.0
Other countries	0.1	-	2.9	2.5
TOTAL	46.8	55.6	168.6	203.7

REPEATING REVENUES FOR POINTSEC

Repeating revenues (maintenance and leasing revenues, etc.) for Pointsec continue to increase and amounted to SEK 8.7 (5.3) during the quarter.



INVESTMENTS

The Group's investments in equipment amounted to SEK 1.5 M (1.5) for the full year. The Parent Company made no investments during this period (0).

Expenses for development of commercial software amounted to SEK 26.4 M (27.5), of which SEK 9.5 M (7.8) were capitalized. In addition, investments in intangible assets amounting to SEK 5.7 M were made relating to the FileCrypto product line from F-Secure. Payment for this investment was effected with half the amount during the fourth quarter and the remaining half in early January 2004.

PROSPECTS

The market prospects with respect to the Pointsec business area are considered favorable in most markets. To take advantage of these opportunities, Pointsec is planning to expand operations during 2004 both geographically and in terms of resources in existing markets. The assessment is that the business area's sales trend will remain at a favorable level and the expansion is planned to take place with profitability.

Business in the Solutions business area is in a different phase than Pointsec with respect to market development. In this area, products and competitors are more established in the market and the prospects are tougher competition and lower margins. The intention is to continue the effort in progress to increase the share of services in the product offering. The assessment is that market conditions are improving and that there is an extensive need to invest among the company's customers. The business area also serves an important function as the reseller of Pointsec's products in the Nordic region. Assuming that the market does not weaken, the Group's sales and profit are expected to increase during 2004.

ACCOUNTING PRINCIPLES

This year-end report was prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20 on Interim Reports. The accounting principles and calculation methods used were the same as those applied in the latest annual report.

Summary of income statements, SEK M

	GROUP OCT-DEC		GROUP JAN-DEC		PARENT COMPANY JAN-DEC	
	2003	2002	2003	2002	2003	2002
Net sales	46.8	55.6	168.6	203.7	19.7	11.4
Cost of goods sold	-7.4	-24.5	-39.4	-84.2	-	-
GROSS PROFIT	39.4	31.1	129.2	119.5	19.7	11.4
Selling expenses	-14.7	-17.5	-63.5	-76.5	-3.9	-4.2
Administrative expenses ¹⁾	-11.5	-17.8	-51.5	-62.3	-19.8	-19.4
Research and development costs ²⁾	-5.1	-3.6	-16.9	-19.7	-	-
Other operating income/expenses	0.1	1.5	-2.9	-0.3	-1.0	-0.6
OPERATING RESULT	8.2	-6.3	-5.6	-39.3	-5.0	-12.8
Net of financial items	3.6	6.8	7.6	9.5	-6.3 ³⁾	-25.8 ³⁾
RESULT AFTER FINANCIAL ITEMS	11.8	0.5	2.0	-29.8	-11.3	-38.6
Tax ⁴⁾	-1.4	0	-1.4	0.4	1.8	0.5
RESULT AFTER TAX	10.4	0.5	0.6	-29.4	-9.5	-38.1
<i>Includes depreciation totaling</i>	3.9	4.0	13.2	14.8	0.9	1.6
<i>of which goodwill</i>	0.4	0.4	1.7	1.7	-	-
<i>of which amortization of capitalized expenses</i>						
<i>for software development</i>	1.4	1.0	4.4	3.0	-	-

¹⁾ Includes all other expenses not directly attributable to sales operations and software development. Amortization of goodwill is included here.

²⁾ During the quarter, SEK 2.8 M (2.1) was capitalized. During the year, SEK 9.5 M (7.8) was capitalized.

³⁾ Financial net in the parent company was affected by SEK 13.9 M (34.2) regarding contributions shareholders' contributions to subsidiaries.

⁴⁾ Taxable loss carry-forwards in the Group amount to SEK 75 M (84). To the extent that it is considered possible to use these, the deferred tax claims are included in the consolidated income statement and balance sheet. Deferred tax claims for previous years are not reported.

Share data

	OCT-DEC		JAN-DEC	
	2003	2002	2003	2002
BEFORE DILUTION:				
Number of shares, 000s	10 570	10 570	10 570	10 570
Average number of shares, 000s	10 570	10 570	10 570	10 570
Profit / Loss per share, SEK ¹⁾	0:99	0:04	0:06	-2:78
Equity per share, SEK	12:69	12:59	12:69	12:59
AFTER DILUTION: ²⁾				
Number of shares, 000s	10 828	10 570	10 723	10 570
Average number of shares, 000s	10 828	10 570	10 723	10 570
Profit / loss per share, SEK ¹⁾	0:96	0:04	0:06	-2:78
Equity per share, SEK	12:39	12:59	12:51	12:59

¹⁾ Calculated as profit after tax divided by average number of shares.

²⁾ Only warrants with a discounted exercise price that was less than the share's average market price during the period have included.

Summary of balance sheets, SEK M

	GROUP		PARENT COMPANY	
	DEC 31, 2003	DEC 31, 2002	DEC 31, 2003	DEC 31, 2002
ASSETS				
Goodwill/shares in subsidiaries	8.3	10.0	2.4	2.4
Capitalized expenses for software development	18.4	13.3	-	-
Other intangible assets	5.2	-	-	-
Deferred tax claim	2.5	-	-	-
Other fixed assets	5.5	12.1	1.4	2.7
Other current assets	71.8	70.6	62.3	62.1
Liquid funds	97.1	97.8	70.7	75.4
TOTAL ASSETS	208.8	203.8	136.8	142.6
EQUITY AND LIABILITIES				
Equity	134.1	133.1	132.5	137.4
Provisions for taxes	3.7	-	-	-
Long-term liabilities	-	1.4	-	-
Current liabilities	71.0	69.3	4.3	5.2
TOTAL EQUITY AND LIABILITIES	208.8	203.8	136.8	142.6
Pledged assets	-	-	-	-
Contingent liabilities	-	-	11.2	9.4

Specification of changes in equity

	GROUP		PARENT COMPANY	
	DEC 31, 2003	DEC 31, 2002	DEC 31, 2003	DEC 31, 2002
On opening date	133.1	163.5	137.4	174.3
Sales of warrants	0.2	-	-	-
Net Group contributions, including tax effects	-	-	4.6	1.2
Translation differences	0.2	-1.0	-	-
Profit / deficit for the period	0.6	-29.4	-9.5	-38.1
On closing date	134.1	133.1	132.5	137.4

Statements of financial position, SEK M

	GROUP OCT-DEC		GROUP JAN-DEC		PARENT COMPANY JAN-DEC	
	2003	2002	2003	2002	2003	2002
Cash flow from ongoing operations						
before changes in operating capital	20.1	9.1	19.8	-13.1	7.7	-36.0
Changes in operating capital	-9.1	1.8	-2.8	14.6	1.7	1.1
CASH FLOW FROM ONGOING OPERATIONS	11.0	10.9	17.0	1.5	9.4	-34.9
Cash flow from investment operations	-9.1	-3.0	-16.6	-10.4	-14.0	24.1
Cash flow from financial operations	-1.3	0	-1.2	-0.1	-	-
CASH FLOW FOR THE PERIOD	0.6	7.9	-0.8	-9.0	-4.6	-10.7
Liquid funds on the opening date	97.4	92.3	97.8	107.8	75.4	86.1
Translation differences in liquid funds	-0.8	-2.4	0.2	-1.0	-	-
LIQUID FUNDS ON THE CLOSING DATE	97.1	97.8	97.1	97.8	70.7	75.4

Key ratios, Group

	OCT-DEC		JAN-DEC			
	2003	2002	2003	2002	2001	2000
Sales change rate	-16%	-20%	-17%	-9%	-23%	93%
Gross margin	84%	56%	77%	59%	51%	50%
Profit margin after net financial items	25%	1%	1%	-15%	-28%	3%
Return on equity	8%	0%	0%	-20%	-31%	2%
Return on capital employed	10%	0%	2%	-20%	-33%	5%
Equity / assets ratio	64%	65%	64%	65%	63%	76%
Number of employees on closing date	92	93	92	93	141	153
Average number of employees	92	99	88	117	161	127
Sales per employee, SEK 000s	508	561	1 916	1 741	1 397	2 285

DIVIDEND

The Board of Directors proposes that a dividend of SEK 0:25 per share, will be paid for the fiscal year 2003. Preceding year no dividend was paid.

ANNUAL GENERAL MEETING

Annual General Meeting will be held on Wednesday, March 31, 2004 at 5:00 p.m. in the Company's premises at Humlegårdsgatan 20 in Stockholm.

NOMINATION COMMITTEE

A committee has been formed consisting of Martin Bjäringer, Carl Rosvall and Sven Hagströmer. Proposals and points of view can be sent to the committee on address Protect Data AB, Box 5376, 102 49 Stockholm, Sweden, or be e-mailed to martin.bjaringer@protectdata.com, carl.rosvall@protectdata.com or sven.hagstromer@oresund.se.

INFORMATION DATES 2004

March	The 2003 Annual Report will be available at the company's office and on its web site starting on March 12, 2004, and will be distributed to the shareholders who so request.
March 31	Annual General Meeting
April 29	Interim report January to March
August 19	Interim report January to June
October 28	Interim report January to September

STOCKHOLM, FEBRUARY 12, 2004

Protect Data AB (publ)

The Board of Directors

This press release has not been subject to review by the company's auditor.

Questions regarding this report will be answered by CEO Thomas Bill, tel: +46-8-459 54 95, cell phone: +46-70 542 62 71,
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