



Press Release

Protect Data to focus on Pointsec

STOCKHOLM, Sweden, October 28, 2004 – The board of Protect Data has decided to concentrate the company's activities on its mobile data security subsidiary Pointsec, where sales have been increasing rapidly. In consequence, the Solutions business unit will be restructured.

Protect Data makes the assessment that demand for Pointsec products will continue to be strong. At the same time, the growth potential for consulting services and a majority of the resale products that form the Solutions business unit is estimated to be more limited.

"In this situation, it is rational to concentrate our resources on Pointsec," said Protect Data CEO Thomas Bill. "We will now invest further in Pointsec in a number of areas. Sales staff will be increased in both Europe, Asia and the U.S., and product development resources will be added to the smartphone and PDA areas. At the same time, we will reinforce our marketing organization in the US".

In the Protect Data third quarter report, released today, Thursday, Pointsec showed a 126 per cent year-to-year revenue growth. During the third quarter, earnings amounted to 7.8 million Swedish kronor (loss 1.9). Accumulated earnings for Pointsec during the first three quarters was 26.2 million kronor, compared to 0.9 million kronor 2003.

"Our assessment for Pointsec is continued positive growth both in Sweden and globally in the coming quarters," said Thomas Bill.

A number of important Pointsec sales contracts have been signed during the last quarter, notably in Japan, the US and the UK. A strategic contract has been signed with U.S. IT security company Entrust Technologies, that will offer Pointsec to the market as a part of their own product range.

In the proposed restructuring, phased-out product ranges in the Solutions business unit will be transferred to Alert Security, a company owned by Fredrik Löfstedt, former large shareholder and deputy CEO of Protect Data from 1996 to 2001. Protect Data will be issued a convertible debt with a nominal value of 0.5 million Swedish kronor, that can be converted to a 15 per cent share of Alert Security within two years.

The divestiture of these product ranges to Alert Security will not affect earnings.

"This is a very satisfactory solution. We will be able to ensure that our Solutions customers continue to get good delivery and service. For personnel within the Solutions unit who work with these product ranges, Alert Security would be an employer in which we have great confidence," said Thomas Bill.

Protect Data will retain its profitable sales of Digital Identities solutions in the Nordic market. This product range is estimated to have a good future potential.

"In order to reach profitability it is important to focus on specific areas," said Thomas Bill. "We are now concentrating on the Pointsec and Digital Identities product lines. With Alert Security under the leadership of Fredrik Löfstedt, the Antivirus and Network Security product ranges will get better focus. This improves their potential for profitable operations."

In connection with the restructuring proposal, the board has decided to close down the Protect Data subsidiary in Denmark.

"We have been unable to find a solution that makes our Danish subsidiary viable in the long term," said Thomas Bill.

The proposed restructuring will entail an estimated 4 to 5 million Swedish kronor in restructuring costs and a goodwill write-down of not more than 3 million kronor, which will affect fourth quarter results. Thereafter the restructuring plan will have a positive effect on results, as the Solutions business unit has showed a loss during the last years.

For further information please contact:

Thomas Bill, CEO, Protect Data AB

tel. +46 8-459 5495 / +46 70-542 62 71, e-mail: thomas.bill@protectdata.com

About Protect Data

Protect Data, through its wholly owned Pointsec subsidiary, is a global leader and the provider of the de facto standard for enterprise security software for mobile users. The company is also a leader in the Nordic Digital Identity market, based on products for securing business transactions on the Internet. Protect Data AB was founded in 1988 and is listed on the Stockholm Stock Exchange (PROT) since 1997. The company is headquartered in Stockholm, Sweden, with offices in Europe, Australia, the Middle East, Asia, and the United States. For further company information, please visit www.protectdata.com.