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PRESS RELEASE

Management changes at Effnet Group AB

Örjan Grinndal has decided to leave his post as CEO of Effnet Group AB. Effnet board member Göran E Larsson will be appointed acting CEO. Executive Vice President Marika Philipson has also chosen to leave the company. Hans Runesten, also an Effnet board member, will be appointed acting Executive Vice President. Both will assume their positions on August 15.

“Effnet’s current management has done an excellent job with the focusing of business operations, market-orienting of the organization, as well as cost cutting. The board regrets Örjan’s decision to leave the company,” comments Magnus Ryde, chairman of Effnet Group AB.

“As a board member I have, over the past year, followed how the company has struggled for its commercial breakthrough in an exceptionally trying market,” comments Göran E Larsson.

“The market situation for Effnet will, of course, continue to be tough. However, one should bear in mind that Effnet has a unique position as the only independent commercial source of the necessary compression software for the next generation of mobile networks. For our customers in infrastructure and terminals, Effnet’s products will therefore be necessary down the line,” continued the CEO-elect.

Effnet made an important breakthrough into the Japanese market in July 2002 when NEC signed a licensing agreement for Effnet’s technology. This is an important milestone that is showing the way for additional agreements in this important telecom market.

“Development in the 3G area in Europe shows that operators must address their costs for the new networks. More and more operators and suppliers in the U.S., Japan, and Europe have realized that the RoHC technology is a powerful way to reduce costs of next-generation mobile networks,” says Örjan Grinndal.

Örjan Grinndal and Marika Philipson will remain at the company to secure the transition. Grinndal and Philipson will then serve as advisers to Effnet’s board and new management until the end of the year.

Göran Larsson, who holds degrees in engineering and business administration, serves on the boards of Effnet as well as three other software companies: O-listed ReadSoft AB (chairman), unlisted QlickTech International AB (chairman), and ipUnplugged AB. In addition, Göran serves on the boards of three other technology companies. Göran has for many years played an operative role in the change processes at technology and service companies, most recently as the CEO of Tidningarnas Telegrambyrå AB during its restructuring 1999-2000, and earlier as CEO of Micronic Laser Systems AB during its expansion phase 1996-97 and as the chairman/CEO of Standard Radio AB during its restructuring 1991-96.

Hans Runesten, who holds a degree in business administration, is on the board of directors of Effnet and today works for ScanBaltic Ltd as a consultant on mergers & acquisitions, venture capital, restructuring, and general management issues. Primarily, he has broad international experience from the finance sector and has worked for Deutsche Bank AG, Mellon Bank NA, and EuroNordic Corporate Finance Ltd. Hans has recently implemented restructurings of a couple of unlisted companies.

About Effnet

Effnet develops and sells embedded software that increases the efficiency, speed and security of IP traffic on fixed and mobile networks to manufacturers of network products. Effnet techniques enable optimal performance for IP packet processing. The company was founded by leading researchers in the Header Compression field and has operations in Stockholm, Sweden and Tucson, Arizona. Effnet Group AB is quoted on the New Market in Sweden (symbol: EFFN). More information can be found at www.effnet.com.

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