

Share data

	Oct-Dec		Jan-Dec	
	2004	2003	2004	2003
BEFORE DILUTION:				
Number of shares, 000s	10 950	10 570	10 950	10 570
Average number of shares, 000s	10 701	10 570	10 614	10 570
Profit per share, SEK ¹⁾	1:078	0:99	2:29	0:06
Equity per share, SEK	15:98	12:69	15:98	12:69
AFTER DILUTION:²⁾				
Number of shares, 000s	11 366	10 828	11 329	10 723
Average number of shares, 000s	11 117	10 828	10 994	10 723
Profit per share, SEK ¹⁾	1:03	0:96	2:21	0:06
Equity per share, SEK	15:39	12:39	15:44	12:51

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 are included.

Summary of balance sheets, SEK M

	Group		Parent company	
	DEC 31, 2004	DEC 31, 2003	DEC 31, 2004	DEC 31, 2003
ASSETS				
Goodwill/shares in subsidiaries	5.9	8.3	2.1	2.4
Capitalized expenses for software development	20.8	18.4	-	-
Other intangible assets	3.5	5.2	-	-
Deferred tax claim	15.9	2.5	-	-
Other fixed assets	9.7	5.5	6.3	1.4
Other current assets	77.1	71.8	42.3	62.3
Liquid funds	130.9	97.1	113.2	70.7
TOTAL ASSETS	263.8	208.8	163.9	136.8
EQUITY AND LIABILITIES				
Equity	175.0	134.1	144.5	132.5
Untaxed reserves	-	-	5.2	-
Provisions for taxes	7.3	3.7	-	-
Long-term liabilities	0.2	-	-	-
Current liabilities	81.3	71.0	14.2	4.3
TOTAL EQUITY AND LIABILITIES	263.8	208.8	163.9	136.8
<i>Pledged assets</i>	-	-	-	-
<i>Contingent liabilities</i>	1.3	-	7.6	11.2

Specification of changes in equity, SEK M

	Group		Parent company	
	2004	2003	2004	2003
On opening date	134,1	133,1	132,5	137,4
Sales of warrants	0,3	0,2	-	-
New share issues due to exercise of warrants	18,6	-	18,5	-
Dividend	-2,6	-	-2,6	-
Net Group contributions, including tax effects	-	-	17,2	4,6
Translation differences	0,3	0,2	-	-
Profit / deficit for the year	24,3	0,6	-21,1	-9,5
On closing date	175,0	134,1	144,5	132,5

Statements of financial position, SEK M

	Group Oct-Dec		Group Jan-Dec		Parent company Jan-Dec	
	2004	2003	2004	2003	2004	2003
Cash flow from ongoing operations						
before changes in operating capital	5.8	20.1	36.5	19.8	0.8	7.7
Changes in operating capital	-0.3	-9.1	0.4	-2.8	50.4	1.7
CASH FLOW FROM INGOING OPERATIONS	5.5	11.0	36.9	17.0	51.2	9.4
Cash flow from investment operations	-8.9	-9.1	-19.6	-16.6	-24.7	-14.0
Cash flow from financial operations	17.8	-1.3	16.2	-1.2	16.0	-
CASH FLOW FOR THE PERIOD	14.4	0.6	33.5	-0.8	42.5	-4.6
Liquid funds on the opening date	116.1	97.4	97.1	97.8	70.7	75.4
Translation differences in liquid funds	0.4	-0.8	0.3	0.2	-	-
LIQUID FUNDS ON THE CLOSING DATE	130.9	97.1	130.9	97.1	113.2	70.7

Key ratios, Group

	Oct-Dec		Jan-Dec			
	2004	2003	2004	2003	2002	2001
Sale change rate	32%	-16%	29%	-17%	-9%	-23%
Gross margin	84%	84%	82%	77%	59%	51%
Profit margin after net financial items	2%	25%	10%	1%	-15%	-28%
Return on equity	7%	8%	17%	0%	-20%	-31%
Return on capital employed	1%	10%	14%	2%	-20%	-33%
Equity / assets ratio	66%	64%	66%	64%	65%	63%
Number of employees on closing date	101	92	101	92	93	141
Average number of employees	119	92	105	88	117	161
Sales per employee, SEK 000s	520	508	2 071	1 916	1 741	1 397

Dividend

The board of Directors proposes that a dividend of SEK 1:25 per share (0:25), totaling SEK 13.7 M (2.6), will be paid for the fiscal year 2004.

Annual General Meeting

Annual General Meeting will be held on Tuesday April 5, 2005 at 5:00 p.m. in the Company's premises at Humlegårdsgatan 14 in Stockholm.

Nomination committee

A committee has been formed consisting of Martin Bjäringer, Carl Rosvall and Magnus Bakke representing Robur funds. 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 magnus.bakke@robur.se.

Information dates 2005

March 12 The 2004 Annual Report will be available at the company's office and on its web site starting March 12, 2005, and will be distributed to the shareholders who so request.

April 5	Annual General Meeting
April 28	Interim report January-March
August 18	Interim report January-June
October 27	Interim report January-September

STOCKHOLM, FEBRUARY 10, 2005

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,
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Pointsec – de facto standard for mobile device security and pc.



Best quarter to date for Pointsec –Pointsec grows with more than 60% for the second year in row

FOURTH QUARTER

- Sales for the quarter increased 32% to SEK 61.8 M (46.8).
- Revenues from Pointsec operations amounted to SEK 43.5 M (30.0), corresponding to 70% (64%) of total revenues and the highest quarter revenue to date.
- A profit of SEK 1.0 M (11.8) was reported after net financial items. SEK 5.5 M in non-recurring costs for discontinued operations was charged against earnings.
- Profit after tax amounted to SEK 11.4 M (10.4).

FULL YEAR JANUARY – DECEMBER

- Sales increased by 29% to SEK 217.4 M (168.6).
- Total revenues from Pointsec operations increased by 63% to SEK 149.5 M (91.9).
- Profit after tax amounted to SEK 24.3 M (0.6) and shareholder's equity totaled SEK 175 M (134).
- Profit per share amounted to SEK 2:29 (0:06).

DIVIDEND

- The Board of Directors proposes a dividend of SEK 1:25 (0:25) per share, corresponding to a total of SEK 13.7 M (2.6).

CEO Thomas Bill's comments:

• The fourth quarter of 2004 was the strongest in Pointsec's history to date. Sales for the business area increased by 45 percent to SEK 43.5 M. It was a sign of strength that sales increased without receiving any single dominant order, indicating a more stable earnings potential. This was supported by the steady increase in the share of recurring revenues, which amounted to SEK 13.3 M (8.7) in the fourth quarter.

• The concentration of the Company's business to Pointsec and the discontinuation of the Nordic business area Solutions that was implemented during the fourth quarter showed a positive outcome. Compared with previous quarters during the year, this focusing contributed to nearly a doubling of Pointsec sales in the Nordic region, which amounted to SEK 16.1 M

in the fourth quarter.

• Business in the important US market continued to develop favorably, and a powerful organization is now in place. During the year orders totaling SEK 5.5 M were received from one of the world's largest engineering companies. Deliveries will continue during 2005, since the customer has now signed a corporate contract. New laws and regulations in both the US and the EU that place more stringent requirements on companies to protect sensitive information lead Protect Data to predict growing international interest for Pointsec during 2005.

• Newly established operations now achieve profitability more quickly, since Pointsec has become an increasingly established brand. The office in Dubai, which was started in September, received

an important order in December valued at SEK 1.7 M.

• As a result of the company's positive development and our strong financial position, the Board of Directors proposes that the Annual General Meeting approve an increase of the dividend to SEK 1.25.

• We expect continued increases in sales for Pointsec operations during 2005. Protect Data sees a growing insight among major companies for the need to protect important information, which is strongly influenced by the more stringent requirements for security routines. The Group's profit compared with 2004 is expected to continue to increase during 2005.

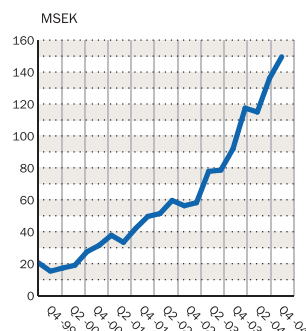
Sales and profit

Sales during the quarter amounted to SEK 61.8 M (46.8), an increase of 32%. Total revenues deriving from Pointsec operations amounted to 70% (64%) of sales. Of other revenues, third-party products accounted for 24% (23%), maintenance and other services for 5% (12%) and other revenues for 1% (1%). The decline in maintenance revenues was primarily attributable to the divestment of operations relating to anti-virus and network security, which took place on November 1. Sales for the full year amounted to SEK 217.4 M (168.8). Revenues from Pointsec operations increased by 63% (63%) to SEK 149.5 M (91.9), corresponding to 69% (55%) of total sales.

Gross profit for the quarter amounted to SEK 52.2 M (39.4), corresponding to a gross margin of 84% (84%). For the full year, gross profit amounted to SEK 178.4 M (129.2), corresponding to a gross margin of 82% (77%).

An operating profit of SEK 0.3 M (8.2) was reported for the quarter. Non-recurring costs for the discontinuation of the Protect Data Solutions business area in an amount of SEK 5.5 M, of which SEK 0.8 M related to a write-down of goodwill, were charged against earnings. Sales costs included variable costs relating to sales commissions to both external parties and employees. These commissions amounted to SEK 7.1 M (1.8) for the quarter and SEK 20.8 M (12.9) for the full year. The difference between the years is due to the increased sales 2004 and, regarding the fourth quarter, on allocation effects over the year. These effects were in the opposite direction 2003. In addition, negative currency differences in an amount of SEK 2.0 M (+0.1) were charged against earnings for the quarter as a result of the decline in the USD. For the full year, operating profit was negatively

COUNTINUOUSLY STRONG DEVELOPMENT



Group revenues from Pointsec operation, latest four quarters currently

affected in an amount of SEK 1.6 M (-2.6) as a result of foreign currency translation.

The operating loss for the Solutions business area amounted to SEK 3.3 M (loss: 7.1) for the full year. The business area was discontinued during the quarter and the remaining parts were integrated into the Pointsec organization. For uniformity during the year, however, the fourth quarter is also reported according to previous principles. The business area's earnings were positively affected in an amount of SEK 2.7 M during the quarter as a result of improved margins on the sales of Pointsec products and negatively affected in an amount of SEK 4.7 M for discontinuation costs. Of the business area's sales during the quarter, 46% (42%) derived from Pointsec products. The average number of employees during the quarter amounted to 26 (40), while there were 17 (34) employees at year end. These 17 employees have been integrated into the Pointsec organization.

Operating profit for the Pointsec business area improved strongly to SEK 27.6 M (8.2) as a result of increased sales. The improvement in profit was possible despite an increase in operating costs by 39% as a result of growth in the organization and higher margins being granted to the Solutions business area

during the quarter. The number of employees increased by 39% to an average of 60 (44) during the year.

Net financial items amounted to income of SEK 0.7 M (3.6) for the quarter. Of the Group's liquid funds, SEK 63 M was invested on the closing date in funds that are not valued at market price. Remaining unrealized surpluses amounted to SEK 1.2 M (2.8) on the closing date.

A profit of SEK 1.0 M (11.8) after net financial items was reported for the quarter.

Profit per share amounted to SEK 1.07 (0.99) for the quarter and SEK 2.29 (0.06) for the full year. This profit was affected by deferred tax claims relating to loss carry-forwards in foreign subsidiaries being reported at higher amounts than in previous years. In addition to the reported deferred tax claim, there is an additional SEK 29 M in loss carry-forwards, corresponding to a tax effect of SEK 8.3 M.

Liquidity and financial position

On the closing date, liquidity, including unutilized credit facilities of SEK 50 M (37) and unrealized surplus values in fund investments of SEK 1.2 M (2.8), amounted to SEK 182 M (137). Expressed as current assets as a percentage of current liabilities, liquidity amounted to 256 percent (238%).

Equity amounted to SEK 175 M (134) on the closing date, corresponding to an equity/assets ratio of 66 percent (64%), while equity per share amounted to SEK 15.98 (12.69).

Goodwill amounted to SEK 5.9 M (8.3) on the closing date. The goodwill value relating to the Danish company was written down by SEK 0.8 M. Capitalized expenses for software development and acquired intangible assets amounted to a total of SEK 24.3 M (23.6).

Summary per business area, January–December, MSEK

	Solutions		Pointsec ¹⁾		Parent company and group items ²⁾		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
Sales	111.4	108.4	132.5	82.9	-26.5	-22.7	217.4	168.6
Gross profit	47.0	46.4	131.9	82.1	-0.5	0.7	178.4	129.2
Operating costs	50.3	53.5	104.3	73.9	6.6	7.4	161.2	134.8
Operating result	-3.3	-7.1	27.6	8.2	-7.1	-6.7	17.2	-5.6
N:o of employees, average	31	35	60	44	10	9	101	88

1) Pointsec is also sold via companies in the Solution business area. Total Pointsec sales in the Group amounted to SEK 149.5 M (91.9) during the year.

2) Avser eliminering av försäljning inom koncernen samt koncernens goodwillavskrivningar.

Solutions business area

Sales: Jan-Dec SEK 111.4 M (108.4)
Oct-Dec SEK 34.7 M (28.8)

Sales of third-party products have been affected in recent years by increasing competition and structural changes in the market. Since the assessment was made that the growth potential for most of the business area's sold through reseller agreements was limited, a decision was taken at the beginning of the quarter to discontinue the business area. Operations relating to anti-virus and network security were sold at book value to an external buyer as of November 1. The digital identity products were integrated into the Pointsec organization and will also continue to be limited to the Nordic region in the future. Consulting operations were discontinued. In conjunction with the change, the business area manager Magnus Söderlind left Protect Data. During the period from January to October, the discontinued units contributed about SEK 2 M per month to consolidated sales and generated an average loss of SEK 1 M per month.

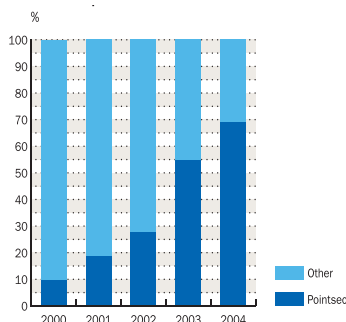
Pointsec business area

Sales:
Pointsec business area: Jan.-Dec. SEK 132.5 M (82.9)
Oct-Dec. SEK 34.8 M (26.1)
Pointsec sales in Group: Jan.-Dec. SEK 149.5 M (91.9)
Oct-Dec. SEK 43.5 M (30.0)

Sales continued to develop favorably, and total Pointsec sales within the Group amounted to SEK 43.5 M, which was the best quarterly result to date. These sales were achieved through a broadening of the customer base and are not dominated by any single major order.

Growth continued in the Japanese market, and Pointsec's Japanese partner placed

POINTSEC'S PART OF TOTAL REVENUES



an add-on order of SEK 6.5 M during the quarter. In addition, there were steadily increasing maintenance revenues deriving from these sales.

Pointsec's company in Dubai grew more quickly than anticipated, and at the end of the quarter, an order valued at SEK 1.7 M was received via one of the company's partners. Delivery took place during the quarter.

Several corporate contracts were signed during the quarter. ABB selected Pointsec as the Group standard for handheld computers and smart phones, which will result in regular orders over several years. The partnership with Electrolux was expanded, and the company placed an add-on order during the quarter valued at SEK 3.8 M, of which SEK 3.3 M was recognized as income in December. In the US, an order was signed with a global engineering company that will use Pointsec within its financial organization and in subsidiaries around the world. During 2004, the company placed ongoing orders valued at a total of SEK 5.5 M.

Several new laws and regulations regarding a company's responsibility for protecting sensitive and confidential information have

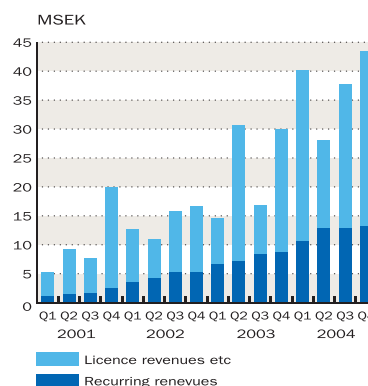
been introduced recently in both the US and Europe. Some examples are the Sarbanes-Oxley Act, which affects all US-based companies and their global operations, and the British Data Protection Act. These laws partly underlie several of the contracts that were signed during the quarter and will in future constitute further reason for investing in Pointsec's products.

During the past year, Pointsec further strengthened its product development organization. Product launches during the quarter included Pointsec for Linux and Pointsec for Smartphone, which is a new version intended for telephones based on Windows Mobile Smartphone 2003.

Peter Larsson, business area manager for Pointsec and stationed in Chicago since June, was appointed as vice president of Protect Data and deputy CEO during the quarter.

Recurring Pointsec revenues

The recurring revenues (maintenance, leasing, etc.) within Pointsec are steadily increasing and amounted to SEK 13.3 M (8.7) during the quarter.



Outlook

The new joint organization provides excellent prerequisites for exploiting future business opportunities. With the new offices established during 2004, the company is now well positioned for expansion. Awareness of the importance of data security is steadily increasing among the world's large companies, and a number of laws and regulations should speed up decision processes in these companies. Sales of Pointsec products are expected to continue increasing during 2005, and the Group's profit is expected to improve, compared with 2004.

Sales by geographic market, SEK M

	Oct-Dec		Jan-Dec	
	2004	2003	2004	2003
Sweden	15.9	15.9	53.9	54.3
U.S.A.	9.8	4.0	53.7	29.1
Finland	8.6	6.4	28.5	22.1
Norway	9.1	4.9	27.7	22.6
Japan	8.6	3.0	26.9	5.3
Great Britain	1.9	9.6	8.9	17.6
Denmark	3.0	2.9	8.0	14.7
Germany	3.1	0	6.1	0
Other countries	1.8	0.1	3.7	2.9
TOTAL	61.8	46.8	217.4	168.6

Investments

The Group's investments in equipment amounted to SEK 8.6 M (7.1) for the full year, of which SEK 0.2 M (5.7) related to intangible rights. The Parent Company's investments amounted to SEK 5.4 M (0.1), of which the major portion related to the relocation of the Group's head office to Humlegårdsgatan 14 in Stockholm. Investments in capitalized expenses for the development of commercial software during the year amounted to SEK 10.6 M (9.5).

The Protect Data share

For several years, Protect Data's Board of Directors and management have tried to encourage employee ownership in the company. Warrants programs have therefore been offered regularly. One of these warrants programs with a subscription price of SEK 52 expired on November 30, 2004. Of a total of 365,000 warrants issued, 334,700 were exercised for subscription for an equal number of shares.

At the same time, 10,500 warrants from other programs were exercised for subscription for an equal number of shares. These new share issues resulted in a total dilution of 3.2 percent and an equity contribution of SEK 10,949,770. Trading of the Protect Data share increased during the second half of the year, resulting in the share being moved as of January 1, 2005 to the Stockholm Stock Exchange's Attract 40 list.

Accounting principles

This year-end report was prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20 Interim Reports. As of January 1, 2004, RR 29 Compensation to Employees took effect. Since all of the Group's pensions are based on defined contribution plans, this recommendation had no effect on the consolidated accounts. The accounting principles and calculation methods were thus the same as those applied in the latest annual report.

Effect of transition to IFRS

The most significant effects for Protect Data of the transition to IFRS relate to reporting of share-related compensation, capitalization of development costs, financial investments and goodwill amortization. Changes in principles regarding the reporting of pension benefits will have no consequences for accounting, since all current pension plans are based on defined contribution plans. If accounting according to IFRS had been applied for 2004, consolidated profit after tax would be SEK 0.3 M higher, while profit per share would increase by SEK 0.03. Consolidated equity would be SEK 1.9 M higher, while equity per share would increase by SEK 0.17.

The increase in equity is a consequence of the capitalization of development expenses incurred prior to 2001 and of a market valuation of financial investments. According to IFRS, the accounts must be prepared using the rules and interpretations that will apply as of December 31, 2005, meaning that the above amounts are preliminary.

Summary of income statements, SEK M

	Group Oct-Dec		Group Jan-Dec		Parent company Jan-Dec	
	2004	2003	2004	2003	2004	2003
Net sales	61.8	46.8	217.4	168.6	19.7	19.7
Cost of goods sold	-9.6	-7.4	-39.0	-39.4	-	-
GROSS PROFIT	52.2	39.4	178.4	129.2	19.7	19.7
Selling expenses	-22.9	-14.7	-73.1	-63.5	-3.9	-3.9
Administrative expenses ¹⁾	-16.8	-11.5	-55.7	-51.5	-20.2	-19.8
Research and development costs ²⁾	-10.2	-5.1	-30.8	-16.9	-	-
Other operating income/expenses	-2.0	0.1	-1.6	-2.9	0	-1.1
OPERATING RESULT	0.3	8.2	17.2	-5.6	-4.4	-5.0
Net of financial items	0.7	3.6	3.5	7.6	-15.0 ³⁾	-6.3 ³⁾
RESULT AFTER FINANCIAL ITEMS	1.0	11.8	20.7	2.0	-19.4	-11.3
Appropriations	-	-	-	-	-5.2	-
Tax ⁴⁾	10.4	-1.4	3.6	-1.4	3.5	1.8
RESULT AFTER TAX	11.4	10.4	24.3	0.6	-21.1	-9.5
<i>Includes depreciation totaling</i>	5.2	3.9	16.5	13.2	0.5	0.9
<i>of which goodwill</i>	1.0	0.4	2.3	1.7	-	-
<i>of which amortization of capitalized expenses for software development</i>	2.7	1.4	8.2	4.4	-	-

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 2.4 M (2.8) was capitalized. During the year SEK 10.6 M (9.5) was capitalized.

3) Financial net in the parent company was affected by SEK 18.7 M (13.9) regarding shareholder's contributions to subsidiaries.

4) Taxable loss carry-forwards in the Group amount to SEK 74 M (75). To the extent that it is considered possible to use these in the future, the deferred tax claims are included in the consolidated income statement and balance sheets.