

Interim report for the period from January 1 to June 30, 2000

Strong second quarter

- Net sales increased by 127% to SEK 90.9 (40.0) during the second quarter. For the first six months as a whole, this corresponded to a sales increase of 77% to SEK 132.5 M (74.7).
- Profit after net financial items amounted to SEK 11.2 M (loss: 4.3) for the quarter, resulting in a profit of SEK 3.5 M (loss: 4.3) for the first six months of the year.
- The number of employees was 130 (79) at the closing of the period, which was a 65% increase compared with preceding year.

Significant events during the second quarter

- Success sales in the User Identification product area continued during the period, with large deliveries to Internet banks. During the period, a supplementary order amounting to SEK 50 M was received from FöreningsSparbanken that will be delivered during the second half of 2000.
- Major advances were also achieved in the PKI product area, as a result of a cooperative agreement between Protect Data Norway and Norwegian telecom operator Telenor. As one result of this partnership, Protect Data Norway received an order from Telenor for a PKI system valued at SEK 27 M that was delivered in June.
- Working with Telenor, Protect Data Norway also signed a contract for a PKI system for Norsk Hydro. The order value will amount to several millions, with deliveries to take place successively over the coming year.
- Protect Data Finland received an order in June valued at more than SEK 2 M from a major Finnish telecom company for MIMESweeper, a Content Control product.
- Protect Data Software AB changed its name to Pointsec Mobile Technologies AB. Marketing, development and support of the company's proprietary products was concentrated in this company. In September, the Protect!™ encryption product will be launched under the new name Pointsec.

Significant events after the end of the period

- After the end of the period, a major order was received from Cisco Systems, Inc. for the proprietary encryption system Protect!. The order comprises licenses for 40,000 computers in the form of a three-year leasing contract. In conjunction with this order, Cisco entered an agreement with Protect Data regarding joint marketing of Protect!.

Major PKI order in Norway

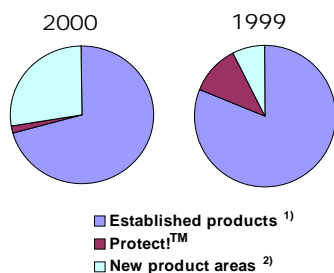
SALES AND PROFIT

The second quarter of 2000 was a strong one for Protect Data. Net sales amounted to SEK 90.9 M (40.0), a 127% increase, compared with the corresponding period during the preceding year. For the first six months as a whole, this represented a sales increase of 77% to SEK 132.5 M (74.7). The sales increase was primarily due to strong growth in the User Identification and PKI product areas. Sales of the proprietary encryption product Protect!™ were lower than during the preceding year (SEK 3.9 M versus SEK 7.9 M). Nonetheless, the total gross margin remained at the same level as the preceding year (50%), which was due to a previous build up of inventories.

Profit after net financial items amounted to SEK 11.2 M (loss: 4.3) for the quarter, resulting in a profit for the first six months of SEK 3.5 M (loss: 4.3). Continued investments in expanding the organization were made during the period and charged against consolidated income. The number of employees increased by 65% since preceding year. Investments in the proprietary product Protect! increased, amounting to SEK 15.0 M (8.7) for the period. These costs consisted primarily of product development costs, as well as costs for expansion of the US sales organization.

Accrued returns are not recognized in the net of financial items reported in the consolidated accounts. At the end of the period, surplus values in financial investments amounted to SEK 1.6 M.

Distribution of sales, Jan.-Jun.



¹⁾ The SafeWord and ActivCard products in the User Identification product area and Antivirus Systems.
²⁾ The PKI, VPN and Content Control product areas.

Profit per share amounted to SEK 0.30 (loss: 0.47) for the period.

Equity amounted to SEK 214 M (84) at the end of the period, corresponding to an equity/assets ratio of 78% (67%) and equity per share of SEK 20.38 (8.84).

Liquidity was increased earlier in the year through a new share issue of SEK 123 M, which was mainly subscribed by foreign institutions. At the end of the period, liquidity, including unutilized credit facilities of SEK 20 M (6), amounted to SEK 161 M (45). Expressed as current assets as a percentage of current liabilities, liquidity amounted to 414% (259%). Surplus liquidity was invested in shortterm interest-bearing securities.

OPERATIONS

Operations during the quarter were characterized by continued strong interest for products in the User Identification product area. Sales included products for remote login systems for Internet bank customers (ActivCard), as well as systems for internal use by global enterprises (SafeWord). FöreningsSparbanken placed a supplementary order valued at SEK 50 M for delivery during the second half of 2000. An

initial order was also received from a major insurance company. Delivery volumes for Internet banks are normally substantial, meaning that a new customer in this segment may result in sharply increased sales.

In the Public Key Infrastructure (PKI) product area, a breakthrough was achieved in Norway, where the partnership with Norwegian telecom operator Telenor resulted in large and important orders. Telenor placed an order in June for a PKI system valued at SEK 27 M. The operator intends to build out a system for secure electronic transfers that will be offered to Norwegian businesses and organizations, such as banks and government authorities. It will also be possible to use this security system on mobile telephones and other new types of terminals.

Through its partnership with Telenor, Protect Data Norway also signed a contract for a PKI system with Norsk Hydro. This order, which is valued at several millions, will be delivered over the coming year.

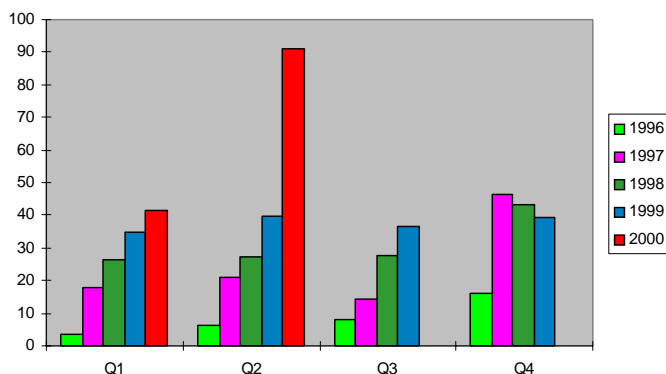
Entrust, Protect Data's supplier of PKI systems, launched a new product called Entrust TruePass, which is expected to be very competitive. One advantage of this product is that no software needs to be installed on the client side.

Sales in the Antivirus and Content Control product areas increased 65%, compared with the preceding year. Interest for these products increased following several virus attacks during the spring. During the period, Protect Data Finland received an order amounting to more than SEK 2 M from a major Finish telecom company for the MIMESweeper product.

Intrusion Detection, a new product area established at the beginning of the year that includes the products ISS and Tripwire, has not yet resulted in any sales. Protect Data's products generally have long selling cycles, so this result is in line with expectations. This product area is expected to be attractive in the future.

CISCO SELECTS PROTECT!™
 Protect Data's sustained effort to launch its proprietary security

SALES PER QUARTER, SEK M



solution Protect! in the US produced results after the closing of the period. Cisco Systems, Inc. ordered Protect! licenses for 40,000 computers after nearly two years of evaluations. This order is formulated as a three-year leasing contract beginning on July 1, 2000. The contract also includes a clause whereby Cisco will collaborate with Protect Data's subsidiary Pointsec with respect to marketing of Protect!. Cisco will act as a reference customer and contribute to testing of future versions of Protect!. Revenues from this contract will be booked as income as they are received over the duration of the leasing period.

Sales of Protect! during the period did not meet expectations. This was due in part to the allocation of significant resources in closing the contract with Cisco. In addition, implementation work with existing customers, such as Ericsson, SEB, CAP Gemini and Volvo, is taking longer than anticipated, meaning that add-on orders have not yet been received to the extent that could be expected.

Protect Data Software changed its name to Pointsec Mobile Technologies AB, which will be responsible for all of the Group's proprietary products. The primary objective is to consolidate all Group resources in sales, marketing and development in a joint organization, thus achieving greater focus. The new name also facilitates international marketing efforts, since it is easier to register as a trademark than a general name like Protect.

Protect Data's US subsidiary has also applied to change its name to Pointsec Mobile Technologies Inc. The Protect! product will be marketed under the name Pointsec in conjunction with the launch of version 4.0 in September.

During the period, considerable work has been conducted to build up the new Pointsec organization. The number of employees increased by more than twofold since preceding year and now amounts to 38 persons, of whom 14 are located in the US. In

the US, offices were opened in Chicago and close to New York. The development department in Sundsvall moved to new and larger premises in August.

Development work on Protect! continues with increasing resources. Version 4.0 of Protect! will be launched in September, at which time the product name will be changed to Pointsec. The new version will be fully compatible with Windows 2000, have Single Sign On function to NT, Novell and Entrust and will support ActivCard smart cards. Development work continues on an Internet version of Protect!, as well as a version for the Palm Pilot.

SUBSIDIARIES

Sales by subsidiaries are shown in the following table. As shown in the table, sales trends were particularly favorable in Sweden and Norway. In Sweden, the User Identification product area, which includes the ActivCard and SafeWord products, was particularly strong, while in Norway, Entrust's PKI system and ActivCard dominated sales.

Sales in other subsidiaries remain at an unsatisfactorily low level. The Finish subsidiary, however, in part due to a substantial order from a major Finish telecom company for the MIMesweeper product, more than doubled its sales, compared with the preceding year.

Protect Data USA received an order from Statistics Canada during the quarter, which

constitutes an entry to the Canadian market. In other respects, sales in the US were not in line with expectations. Sales are expected to improve during the third quarter. The contract with Cisco Systems, Inc., which was received after the end of the period, is considered valuable not only in terms of revenues, but also as a reference.

Protect Data Konsult AB, which currently has nine consultants with specialist competence in IT security, is conducting a number of interesting assignments. Despite this, the company's growth did not meet expectations. The previous president has resigned, and recruitment of a new president is in progress.

Protect Data Internet Solutions AB (formerly Fredbom AB), which was acquired at the beginning of April, showed favorable development, with high and stable bookings. A large proportion of the company's assignments are obtained through Group companies and conducted on market terms.

INVESTMENTS

The Group's investments amounted to SEK 8.8 M (11.2) during the period, of which SEK 4.6 M (2.2) related to equipment, while SEK 4.2 M (9.0) represented goodwill deriving from investments in subsidiaries. The Parent Company's investments amounted to SEK 5.4 M (10.7), of which SEK 4.2 M (10.3) related to investments in shares of subsidiaries. All costs for development of the company's proprietary products were charged in full against profits.

SALES IN SUBSIDIARIES, SEK M

	Jan.-Jun.	
	2000	1999
PD Sweden	80.7	52.0
PD Finland	3.5	1.5
PD Slovakia	1.6	0.8
PD Norway	38.4	11.8
PD Denmark	4.1	4.2
PD USA	1.7	0.4
PD Konsult	1.9	0
PD Internet Solutions ¹⁾	1.8	-
Pointsec ²⁾	1.5	4.0
Group eliminations	-2.7	-
Total	132.5	74.7

¹⁾ Refers to the company's sales after Protect Data's acquisition, i.e. April to June.

²⁾ Sales for 1999 refer to those operations transferred to Pointsec from the parent company.

SUMMARY OF CONSOLIDATED INCOME STATEMENTS, SEK M

	2000	2 nd quarter 1999	Acc. Jan.-Jun. 2000	1999	1999	Full year 1998
Net sales	90.9	40,0	132.5	74.7	150.3	124.5
Cost of goods sold	-44.0	-20.8	-66.3	-37.7	-74.8	-63.0
Gross Profit	46.9	19.2	66.2	37.0	75.5	61.5
Selling expenses	-15.0	-13.4	-29.2	-22.9	-43.3	-25.9
Administrative expenses ¹⁾	-14.9	-8.3	-25.3	-16.2	-32.3	-20.1
Development costs	-4.9	-2.5	-9.0	-3.9	-8.4	-6.5
Items affecting comparability ²⁾	-	-	-	-	-	-0.3
Other operating income/expenses	-1.5	0.2	-0.8	0.3	-	-0.1
Operating profit/loss ³⁾	10.6	-4.8	1.9	-5.7	-8.5	8.6
Net of financial items	0.6	0.5	1.6	1.4	1.6	3.8
Profit/loss after financial items	11.2	-4.3	3.5	-4.3	-6.9	12.4
Tax ⁴⁾	-1.0	-0.1	-0.5	-0.2	-0.7	-4.2
Minority share	0	0.1	0.1	0.1	-0.1	-0.2
Profit/loss after tax	10.2	-4.3	3.1	-4.4	-7.7	8.0

¹⁾ Includes all other costs that are not directly attributable to sales operations and software development.

²⁾ Relates to costs for exchange listing.

³⁾ Depreciations was charged against income in amounts of SEK 2.1 M; 1.1 M; 3.8 M, and 2.1 M; 4.6 M and 2.2 M.

⁴⁾ Estimated tax for January to June and paid tax for full years.

SUMMARY OF CONSOLIDATED BALANCE SHEETS, SEK M

	2000-06-30	1999-06-30	1999-12-31	1998-12-31
Assets				
Goodwill	17.8	15.7	14.8	7.5
Other fixed assets	12.1	7.6	10.0	6.9
Other current asses	105.6	64.4	62.1	61.7
Liquid funds	140.6	38.7	40.1	51.4
Total assets	276.1	126.4	127.0	127.5
Equity and liabilities				
Equity	214.0	84.1	80.8	81.6
Minority share	0	0	0	0.6
Provisions	2.4	2.2	2.4	2.2
Long-term liabilities ¹⁾	0.3	1.3	9.0	0.4
Current liabilities ²⁾	59.4	38.8	34.8	42.7
Total equity and liabilities	276.1	126.4	127.0	127.5

¹⁾ All long-term liabilities are interest-bearing.

²⁾ Of which SEK 0 M; 0.2 M; 0.1 M, 0.2 M, respectively, are interest-bearing.

CONDENSED STATEMENTS OF FINANCIAL POSITION FOR THE GROUP, SEK M

	2000	Jan.-Jun. 1999	1999	Full year 1998
Cash flow from ongoing operations before interest and income tax payments	-11.4	-7.3	-8.5	1.4
Interest paid and received plus income tax paid	-0.3	-1.5	-2.7	1.1
Cash flow from ongoing operations	-11.7	-8.8	-11.2	2.5
Cash flow from investment operations	-4.4	-11.0	-6.1	-14.0
Cash flow from financial operations	117.2	7.4	6.4	4.3
Decrease/ increase in liquid funds	101.1	-12.4	-10.9	-7.2
Liquid funds on opening date	40.1	51.4	51.4	58.6
Write-downs of short-term investments	-	-0.1	0	-
Exchange-rate differences in liquid funds	-0.5	-0.2	-0.4	0
Liquid funds on the closing date	140.7	38.7	40.1	51.4

KEY RATIOS	2000	Jan.-Jun. 1999	Full year 1999	Full year 1998
Sales growth	77%	40%	21%	25%
Gross margin	50%	50%	50%	49%
Profit margin	3%	neg	neg	10%
Return on equity	2%	neg	neg	11%
Return on capital employed	2%	neg	neg	17%
Equity/assets ratio	78%	67%	64%	65%
Number of employees on closing date	130	79	85	70
Average number of employees	114	72	77	54
Sales per employee, SEK 000s	1 163	1 043	1 960	2 318
<i>Per-share data</i>				
Number of shares, 000s ¹⁾	10 500	9 522	9 522	9 312
Average number of shares, 000s ¹⁾	10 234	9 487	9 505	9 184
Profit per share, SEK ²⁾	0:30	-0:47	-0:81	0:89
Equity per share, SEK	20:38	8:84	8:48	8:76

¹⁾ Adjusted for bonus issue and share split in april 2000.

²⁾ Calculated as net profit + 72% * items affecting comparability / average number of shares.

³⁾ After conversion of outstanding warrants, the profit per share amounts to SEK 0.57.

⁴⁾ After conversion of outstanding warrants, equity per share amounts to SEK 34.39.

THE PROTECT DATA SHARE

In April a 3:1 split of the share was implemented and the first day of trading for the new share was April 19, 2000. The key ratios in the above table apply after the split.

FORTHCOMING REPORTING DATES

October 26, 2000	Interim report for the period from January to September 2000
February 2, 200	Year-end report for the period from January to December 2000

Stockholm, August 23, 2000

Protect Data AB (publ)

The board of Directors

This interim report has not been subject to an audit by the company's auditor.

Questions regarding this report will be answered by the company's president Carl Rosvall
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