

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

Another strong quarter

- Sales increased during the third quarter by 105% to SEK 75.1 M (36.7). Total sales for the first nine months increased by 86% and amounted to SEK 207.6 M (111,4).
- Profit after net financial items amounted to SEK 4.0 M (2.2) for the quarter, corresponding to profit for the nine-month period of SEK 7.5 M (loss: 2.1).
- The number of employees was 148 (85) at the end of the period, which was an increase of 74%.

Significant events during the third quarter

- In July, Protect Data's subsidiary in the US received a major order of 40,000 licenses for the proprietary IT security system Pointsec™ from Cisco Systems, Inc.
- In September, the US subsidiary received a major order for Pointsec, from Marconi Corporation plc, a global communications company with 49,000 employees in 100 countries. The order, which was delivered in September, is for a corporate license, and is valued at nearly SEK 8 M.
- The US subsidiary also received an order in September from the Department of Justice for 5,000 Pointsec licenses.
- Protect Data Sweden received an add-on order in September from the Swedish Migration Board regarding the PKI system delivered by Protect Data earlier in the year.
- During the period, Protect Data signed a contract with the American IT security company Rainbow Technologies. Under the contract, Protect Data will be the sole distributor in the Nordic market of Rainbow's security solutions for the Internet and e-commerce.

Several new American orders for Pointsec™¹⁾

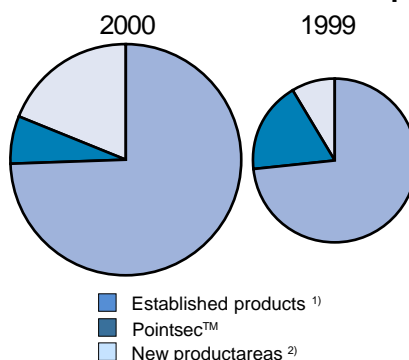
SALES AND PROFITS

The third quarter of 2000 was yet another strong quarter for Protect Data. Sales amounted to SEK 75.1 M, which was a 105% increase, compared with the corresponding period of the preceding year (36.7). Total sales for the nine-month period increased by 86% to SEK 207.6 M (114.4). The sales increase was primarily derived from the PKI and Authentication product areas. Revenues from the proprietary security system Pointsec™ were favorable during the third quarter and amounted to SEK 16.2 M (18.5) for the nine-month period.

The net contribution during the nine-month period increased by SEK 40.3 M to SEK 97.4 M (57.1). The gross margin, however, fell to 47% (51%), which was due entirely to the product mix. Revenues from Pointsec, for example, amounted to 8% of total sales, compared with 17% during the preceding year. Specifically during the third quarter, Pointsec revenues accounted for 16% of total sales, compared with 29% in the preceding year.

Profit after net financial items amounted to SEK 7.5 M (loss: 2.1) for the nine-month period. Costs for expanding the organization and for product

Distribution of sales, Jan. - Sep.



¹⁾ Includes the products SafeWord and ActivCard in the Authentication area and Antivirus Systems.

²⁾ Includes the PKI, VPN and Content Control product areas.

development are continuously charged against income. Costs relating to the proprietary product Pointsec amounted to SEK 30.7 M (12.6) for the period. Profit during the period was positively affected by the strength of the American dollar.

Profit per share amounted to SEK 0.58 (loss: 0.42) for the period.

Equity amounted to SEK 216 M (84) at the end of the period, corresponding to an equity/assets ratio of 78% (69%) and equity per share of SEK 20.58 (8.86).

Liquidity was increased earlier in the year through a new share issue in an amount of SEK 123 M, which was primarily subscribed by institutional investors outside Sweden. At the end of the period, liquidity, including unutilized credit facilities of SEK 20 M (12), amounted to SEK 179 M (52). Expressed as current assets as a percentage of current liabilities,

liquidity amounted to 418% (312%). Surplus liquidity was invested in short-term interest-bearing securities.

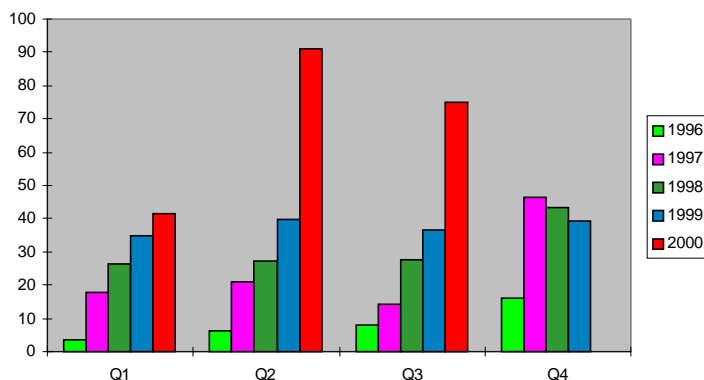
OPERATIONS

The third quarter is normally not a strong quarter for sales, since it includes the summer vacation period. This year, however, growth in sales continued satisfactorily during the third quarter. Operations in Sweden during the period were characterized in part by continued large deliveries of systems for authentication for Internet banks and by sales efforts relating to new products, such as PKI and Pointsec. Sales campaigns for PKI were successful during the period, leading to an add-on order from the Swedish Migration Board. The Swedish operations were also characterized by management development and further training for employees. A greater emphasis was placed on personnel work through the employment of a human resources manager.

Protect Data Norway received a major order in June from Telenor for a PKI solution. As a result of the agreement, Protect Data will also receive revenues for ongoing maintenance and consulting services in connection with systems integration. Furthermore, the agreement is expected to result in additional license revenues in the future.

During the quarter, Protect Data signed a technical cooperation agreement with the American IT security company Rainbow Technologies. According to the contract, Protect Data will be the sole distributor of Rainbow Technologies products in the Nordic Market. Rainbow, which is listed on the Nasdaq Exchange under the name RNBO, has been active since 1984 and currently specializes in security solutions for the Internet and e-commerce. The company's main products are CryptoSwift™, eCommerce accelerators and iKey workstation security solutions™.

SALES PER QUARTER, SEK M



¹⁾ Name changed from Protect™

SEVERAL NEW ORDERS FOR POINTSEC™ IN THE US

During the quarter, several important contracts were signed for the proprietary IT security system Pointsec. After an extensive evaluation, Cisco Systems, Inc. signed a three-year leasing contract for 40,000 licenses. In addition, Cisco will work with Protect Data in marketing the product.

Marconi Corporation plc, a global company in the communications industry with 49,000 employees in 100 countries, placed an order in September for a corporate license. The order value amounts to nearly SEK 8 M.

The US Department of Justice, which had previously purchased a small number of licenses, placed an additional order for 5,000 licenses, and Flour Corporation, one of the world's largest construction and building companies, placed an initial order of 1,000 licenses. All these orders were completed during the period.

The launch of version 4.0 of Pointsec has been somewhat delayed and is now expected to take place during present quarter. This version contains full support for Windows 2000, the Single Sign On function in NT, Novell and Entrust, as well as support for ActivCard smart cards. In conjunction with the product launch, the name will be formally changed to Pointsec.

The development of Pointsec for the Internet, PDAs and smartphones is proceeding according to plan. A version for the Palm Pilot is expected to be available during the first quarter of 2001.

Work during the period also included further development of the support organization. A worldwide support manager was employed who will be responsible for optimizing the company's support organization.

The number of persons working within the Pointsec business area now totals more than 40.

SUBSIDIARIES

Protect Data US received several important orders for Pointsec during the quarter. Following this confirmation of the product's competitiveness, decisions were taken for further expansion in the US. New recruitment is planned, but currently no new offices are planned in addition to the existing ones in San Francisco, New York and Chicago.

Protect Data Norway showed satisfactory growth during the year, after experiencing management problems in the latter part of 1999. The organization currently consists of 12 persons (8). Earlier in the year, the company received important orders in the PKI and Authentication product areas.

Protect Data Denmark was acquired by Protect Data in October 1998. The company had six employees at that time, and the main product area was firewalls. In two years, the company has expanded its organization and now has 19 employees with extensive expertise in PKI and Authentication. Despite this, sales successes have not increased at the same pace. However, the company has several attractive customers among its prospects.

Development of the Finnish subsidiary is still not meeting expectations. In October, the company will move to its own offices as one aspect of continued efforts to improve the organizational structure.

The Slovakian subsidiary will open an office in Prague during the year. This is considered an attractive market for the future.

The recruitment process for a new president for Protect Data Konsult AB is under way, but has not yet resulted in an appointment.

INVESTMENTS

The Group's investments during the period amounted to SEK 13.6 M (13.0), of which SEK 9.4 M (4.0) related to equipment and SEK 4.2 M (9.0) to goodwill in conjunction with investments in subsidiaries. The Parent Company's investments amounted to SEK 6.1 M (12.0), of which SEK 4.2 M (10.3) related to investments in shares of subsidiaries. Costs for the development of the company's own products were charged against income in their entirety.

SALES IN SUBSIDIARIES, SEK M

	Jan.-Sep.	
	2000	1999
PD Sweden	134.7	80.3
PD Finland	4.0	2.1
PD Norway	43.9	13.4
PD Denmark	7.2	6.6
PD Slovakia	1.9	1.7
PD USA	12.6	1.1
PD Consultancy	2.7	0.3
PD Internet Solutions ¹⁾	3.8	-
Pointsec ²⁾	8.1	12.6
Group eliminations	-11.3	-6.7
Total	207.6	111.4

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

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

SUMMARY OF CONSOLIDATED INCOME STATEMENTS, SEK M

	3 rd quarter		Acc. Jan.-Sep.		Full year	
	2000	1999	2000	1999	1999	1998
Net sales	75.1	36.7	207.6	111.4	150.3	124.5
Cost of goods sold	-43.9	-16.7	-110.2	-54.5	-74.8	-63.0
Gross Profit	31.2	20.0	97.4	56.9	75.5	61.5
Selling expenses	-10.2	-7.1	-39.4	-30.0	-43.3	-25.9
Administrative expenses ¹⁾	-15.5	-9.2	-40.8	-25.3	-32.3	-20.1
Development costs	-6.3	-1.6	-15.3	-5.5	-8.4	-6.5
Items affecting comparability ²⁾	-	-	-	-	-	-0.3
Other operating income/expenses	3.9	-0.2	3.1	0.1	-	-0.1
Operating profit/loss ³⁾	3.1	1.9	5.0	-3.8	-8.5	8.6
Net of financial items	0.9	0.3	2.5	1.7	1.6	3.8
Profit/loss after financial items	4.0	2.2	7.5	-2.1	-6.9	12.4
Tax ⁴⁾	-1.1	-1.8	-1.6	-2.0	-0.7	-4.2
Minority share	0	0	0.1	0.1	-0.1	-0.2
Profit/loss after tax	2.9	0.4	6.0	-4.0	-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 2.3 M; 1.3 M; 6.1 M; 3.4 M; 4.6 M resp 2.2 M, respectively.

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

SUMMARY OF CONSOLIDATED BALANCE SHEETS, SEK M

	2000-09-30	1999-09-30	1999-12-31	1998-12-31
Assets				
Goodwill	17.1	15.2	14.8	7.5
Other fixed assets	15.2	8.7	10.0	6.9
Other current asses	86.6	54.9	62.1	61.7
Liquid funds	158.6	43.8	40.1	51.4
Total assets	277.5	122.6	127.0	127.5
Equity and liabilities				
Equity	216.1	84.4	80.8	81.6
Minority share	0	0	0	0.6
Provisions	2.4	2.2	2.4	2.2
Long-term liabilities ¹⁾	0.2	4.5	9.0	0.4
Current liabilities ²⁾	58.8	31.5	34.8	42.7
Total equity and liabilities	277.5	122.6	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.-Sep.	1999	1999	Full year	1998
Cash flow from ongoing operations before interest and income tax payments	12.4		-3.4	-8.5		1.4
Interest paid and received plus income tax paid	-0.6		-1.5	-2.7		1.1
Cash flow from ongoing operations	11.8		-4.9	-11.2		2.5
Cash flow from investment operations	-9.1		-12.9	-6.1		-14.0
Cash flow from financial operations	117.2		10.6	6.4		4.3
Decrease/ increase in liquid funds	119.9		-7.2	-10.9		-7.2
Liquid funds on opening date	40.1		51.4	51.4		58.6
Write-downs of short-term investments	0		-0.1	0		-
Exchange-rate differences in liquid funds	-1.4		-0.3	-0.4		0
Liquid funds on the closing date	158.6		43.8	40.1		51.4

KEY RATIOS	Jan.-Sep.		Full year	
	2000	1999	1999	1998
Sales growth	86%	37%	21%	25%
Gross margin	47%	51%	50%	49%
Profit margin	4%	neg	neg	10%
Return on equity	3%	neg	neg	11%
Return on capital employed	4%	neg	neg	17%
Equity/assets ratio	78%	69%	64%	65%
Number of employees on closing date	148	85	85	70
Average number of employees	122	70	77	54
Sales per employee, SEK 000s	1 707	1 587	1 960	2 318
<i>Per-share data</i>				
Number of shares, 000s ¹⁾	10 501	9 522	9 522	9 312
Average number of shares, 000s ¹⁾	10 321	9 499	9 505	9 184
Profit per share, SEK ²⁾	0:58	-0:42	-0:81	0:89
Equity per share, SEK	20:58	8:86	8:48	8:76
Number of shares after full conversion, 000s	11 561	10 020	10 020	9 810
Profit per share after full conversion, SEK	0:96	-0:33	-0:68	0:94
Equity per share after full conversion, SEK	34:57	10:90	10:54	10:86

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

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

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.

On September 30, 2000, the number of shareholders totaled approximately 7,300, compared with about 2,800 at the end of 1999.

FORTHCOMING REPORTING DATES

February 2, 2001	Year-end report for the year 2000
March 29, 2001	Annual General Meeting

Stockholm, October 26, 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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