

MSAB

Trusted Partner in Digital Forensics

Interim Report Q2 2022

Interim report Q2 2022

April – June 2022

Summary April – June 2022

- Net sales amounted to SEK 87.1 (64.6) million, an increase of 35.0 percent compared to the same period last year. In local currencies growth was 26.2 percent.
- EBIT amounted to SEK 2.7 (-1.9) million, with an EBIT margin of 3.1 (-2.9) percent.
- Profit after tax amounted to SEK 2.7 (-2.9) million.
- Earnings per share before/after dilution were SEK 0.15 (-0.16).
- Cash flow from operating activities declined to SEK 1.0 (1.1) million.

Summary January – June 2022

- Net sales amounted to SEK 162.7 (134.9) million, an increase of 20.6 percent. In local currencies, growth amounted to 13.2 percent.
- EBIT amounted to SEK 2.5 (4.2) million, with an EBIT margin of 1.5 (3.1) percent.
- Profit after tax amounted to SEK 4.1 (3.6) million.
- Earnings per share before/after dilution were SEK 0.15 (0.19).
- Cash flow from operating activities declined to SEK 6.5 (10.5) million.

Significant events during the period

- Strong sales growth in all regions.
- The EAFS Conference was held in May in Stockholm, where over 1,200 forensic technicians from across Europe participated. MSAB was the main sponsor and together with the event host, the National Forensic Center (NFC), we ensured it was the most well-attended conference since its start in 1994.
- New sales of XRY are increasing as a direct consequence of our increased investment in access and user friendliness in our products.
- A sharp increase in sales of training and services demonstrates strong interest in the Company's products. We know that the ability to exploit the full potential in our solutions increases with the number of users who complete our training.
- Production of digital evidence is a prioritised area for law enforcement agencies
- The Formobile project concluded in the best possible way with 18 very satisfied stakeholders, where MSAB was the only industrial stakeholder.
- At the Annual General Meeting, Hanna Bilir and Rolf Rosenvinge were elected as new ordinary members of the Board.

35 %

Growth in net sales Q2 2022 compared with Q2 2021

3.1 %

EBIT margin Q2 2022

53 %

Percentage of Net sales from license renewals during Q2 2022

	APR – JUN 2022	APR – JUN 2021	JAN – JUN 2022	JAN – JUN 2021	JUL 2021 – JUN 2022	JAN-DEC 2021
Net sales, MSEK	87.1	64.6	162.7	134.9	360.8	333.0
EBIT, MSEK	2.7	-1.9	2.5	4.2	42.6	44.3
EBIT-margin, %	3.1	-2.9	1.5	3.1	11.8	13.3
Earnings per share before/ after dilution, SEK	0.15	-0.16	0.22	0.19	1.91	1.89
Cash flow from operating activities, MSEK	1.0	1.1	6.5	10.5	6.2	10.2
Return on equity 12 months, %	44,8	26.6	44,8	26.6	44,8	38.9
Return on capital employed 12 months, %	63,4	50,6	63,4	50,6	63,4	55,9
Cash flow from operations / per share, SEK	0.05	0.06	0.35	0.57	0.33	0.55
Equity per share, SEK	5.41	3.11	5.41	3.11	5.41	4.91

CEO Comments

Generally good underlying demand and a large percentage of successful business deals bodes well for continuing sales growth. Sales for the second quarter of 2022 were the highest in the Company's history, amounting to SEK 87.1 (64.6) million, and corresponding to growth of 35 percent. EBIT landed at SEK 2.7 (-1.9) million. Hence, sales for the first half year amounted to SEK 162.7 (134.9) million – the best sales result for the January–June period ever.

The increase in sales is stable and broad: stable in that we see an increase in growth for the third consecutive quarter; broad in that we see strong growth in all regions. Growth for the quarter and the whole interim period is excellent within training and services. This indicates clearly how important investment in MSAB's products is for our customers. Growth consists of both increased investment from existing customers and several new customers that MSAB has started cooperating with. We will continue our long-term efforts so we can maintain the positive momentum that we have succeeded in building up over the last several years.

Other expenses increased as a direct consequence of increased activity in the form of travel, exhibitions and other activities that drive sales. This level of expense is on par with the same period in 2019, which was the Company's last quarter before the pandemic struck, the difference being that we have a significantly higher level of sales and a better profit this year. My assessment is that other expenses for the upcoming half year will be relatively close to what we had during the first half year. Normally, there is a significantly higher level of sales during the second half of the year, and we see no indication that this year should be different.

At the end of May, the European Academy of Forensic Science (EAFS) opened the largest conference on forensic labs in Europe. For one week, Sweden and the Swedish National Forensic Center (NFC) hosted the largest conference since 1997 with MSAB as the primary sponsor. The conference was a success for MSAB, the NFC and Sweden. Visitors included decision-makers and influencers, and many of the fora and meetings MSAB conducted were about how MSAB, together with the NFC and other actors, can strengthen and help law enforcement agencies streamline their work and secure legal processes when working with digital evidence.

That MSAB is more than "just" a product supplier to law enforcement agencies world-wide is clear. More and more, our business is about delivering complete solutions, and we have become a supplier of comprehensive, critical infrastructure to our customers.

Stockholm, July 2022

Joel Bollö
Chief Executive Officer



Financial overview

April – June 2022

NET SALES

Consolidated net sales for the period increased 35 percent to SEK 87.1 (64.6) million. In local currencies, growth was 26.2 percent.

The strong growth is attributable to an increase in new sales as well as license renewal revenue. For new sales, XRY Office is the best seller. During the quarter, the Company succeeded well in maintaining a high delivery capacity and this supported the strong quarterly growth.

OPERATING EXPENSES

During the period, the weakening of the Swedish krona vis-à-vis the USD, EUR and GBP impacted expense levels in Swedish kronor.

Cost of goods for resale amounted to SEK 8.8 (6.2) million. As a rule, these costs vary depending on the product mix and comprised a larger proportion of hardware for this period than for the same period last year.

Other external expenses amounted to SEK 19.8 (11.6) million. This increase is primarily attributable to the higher level of activity within sales and marketing, including more travel, training and conferences as a result of societies and countries opening up again after the pandemic, and certain, one-off expenses for market investments and consulting services. An increase in the cost of freight also contributed to an increase in these expenses.

Personnel expenses amounted to SEK 52.5 (45.8) million. Both personnel expenses and other external expenses were affected by lower contributions to the ForMobile project which was in its final phase (see page 8). A weakening of the Swedish krona vis-à-vis the USD, EUR and GBP during the period also affected expense levels in Swedish kronor. Depreciation amounted to SEK 3.4 (2.9) million.

EBIT

EBIT for the quarter amounted to SEK 2.7 (-1.9) million, which corresponds to an EBIT margin of 3.1 (-2.9) percent.

NET FINANCIAL INCOME/EXPENSE

Net financial income/expense amounted to SEK 0.7 (-2.0) million for the quarter. Net financial income/expense consisted primarily of revaluation of cash and cash equivalents in foreign currencies, and was positively impacted by the weakening of the Swedish krona, especially vis-à-vis the USD and EUR, the Group's two largest transaction currencies together with the GBP.

PROFIT/LOSS AFTER TAX

Profit/loss after tax for the quarter was SEK 2.7 (-2.9) million.

CASH FLOW

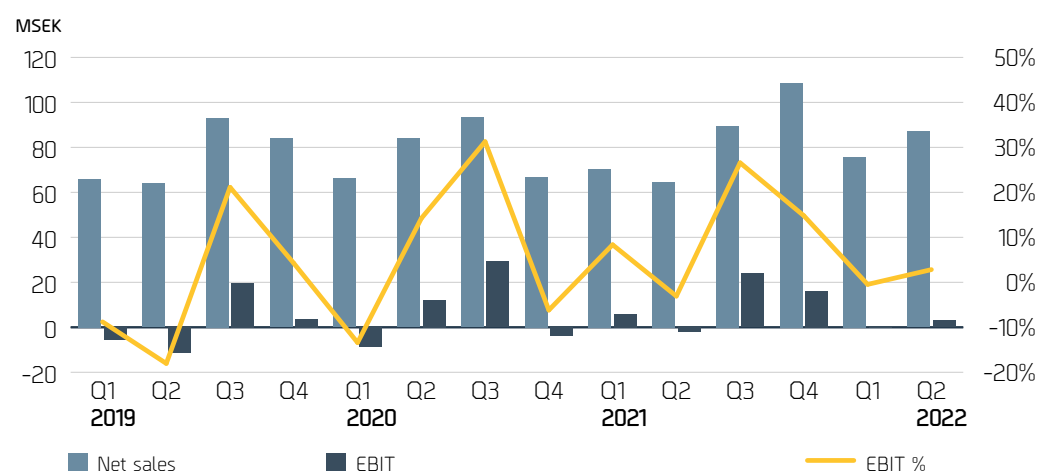
Cash flow from operating activities amounted to SEK 1.0 (1.1) million. Changes in operating capital amounted to SEK -2.2 (4.4) million. Total cash flow for the period amounted to SEK -2.5 (-38.7).

Investments during the period amounted to SEK 0.6 (0.1) million, which is a currency effect linked to the IFRS 16 regulations.

THE PARENT COMPANY

Consolidated net sales for the period amounted to SEK 66.5 (46.9) million. EBIT for the period amounted to SEK 2.9 (-4.2) million.

Financial development



Q2 2022

Net sales

MSEK 87.1

EBIT

MSEK 2.7

EBIT %

3.1 %

Financial overview

January – June 2022

NET SALES

Consolidated net sales for the period increased 20.6 percent to SEK 162.7 (134.9) million. In local currencies growth was 13.2 percent.

Sales are global, and in North America MSAB grew 34.2 percent, in Europe 16.4 percent, and in Asia growth was 12.4 percent. The lion's share of new sales are attributable to XRY Office. Training sales grew 58.5 percent, a direct consequence of the fact that we and our course participants are able to travel again.

OPERATING EXPENSES

During the period, the weakening of the Swedish krona vis-à-vis the USD, EUR and GBP impacted expense levels in Swedish kronor.

Cost of goods for resale amounted to SEK 16.2 (11.0) million. As a rule, these costs vary depending on the product mix and comprised a larger proportion of hardware for this period than for the same period last year.

Other external expenses amounted to SEK 35.6 (22.3) million. This increase is primarily attributable to the higher level of activity within sales and marketing, including more travel, training and conferences as a result of societies and countries opening up again after the pandemic, and certain, one-off expenses for market investments and consulting services. An increase in the cost of freight also contributed to an increase in these expenses.

Personnel expenses amounted to SEK 102.0 (91.5) million. Personnel expenses and other external expenses were affected by lower contributions to the Formobile project which was in its final phase (see page 8). A weakening of the Swedish krona vis-à-vis the USD, EUR and GBP during the period also affected expense levels in Swedish kronor. Depreciation amounted to SEK 6.5 (6.0) million.

EBIT

EBIT for the period amounted to SEK 2.5 (4.2) million, corresponding to an EBIT margin of 1.5 (3.1) percent.

NET FINANCIAL INCOME/EXPENSE

Net financial income/expense for the period amounted to SEK 2.3 (0.2) million. Net financial income/expense consisted primarily of revaluation of cash and cash equivalents in foreign currencies and was affected positively by the weakening of the Swedish krona primarily vis-à-vis the USD and EUR, which are the Group's two largest transaction currencies, along with the GBP.

PROFIT/LOSS AFTER TAX

Profit/loss after tax amounted to SEK 4.1 (3.6) million for the period.

CASH FLOW

Cash flow from operating activities amounted to SEK 6.5 (10.5) million. Changes in operating capital amounted to SEK 0.9 (0.2) million. Total cash flow for the period was SEK -0.1 (-32.0) million and investments for the period amounted to SEK 1.0 (0.1) million, which is a currency effect linked to the IFRS 16 regulations.

LIQUIDITY AND FINANCIAL POSITION

Cash and cash equivalents at the end of the period amounted to SEK 68.5 (70.8) million.

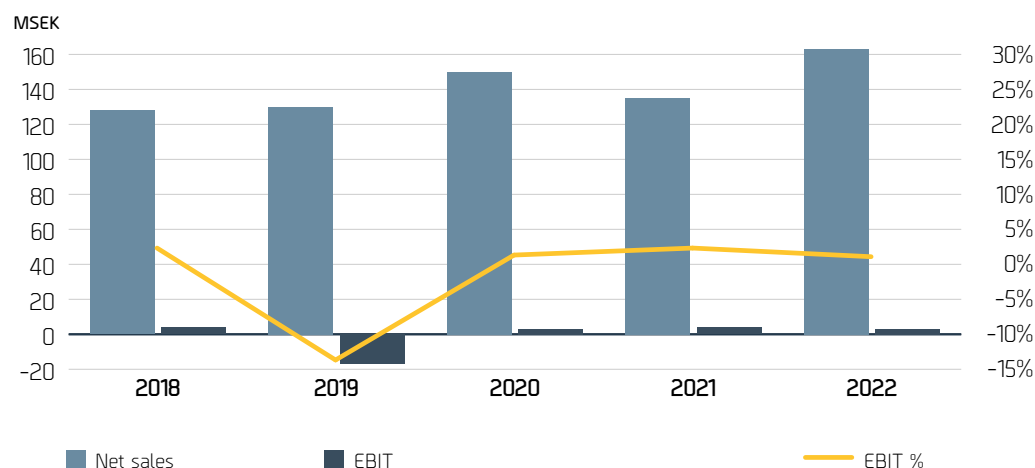
EMPLOYEES

The number of employees as of 30 June, 2022 was 193 (189). The average number of employees during the period was 191 (190).

PARENT COMPANY

The Parent Company's net sales for the period amounted to SEK 120.3 (101.0) million. EBIT for the period amounted to SEK -0.1 (0.8) million.

Financial development



Jan - juni 2022

Net sales

MSEK 162.7

EBIT

MSEK 2.5

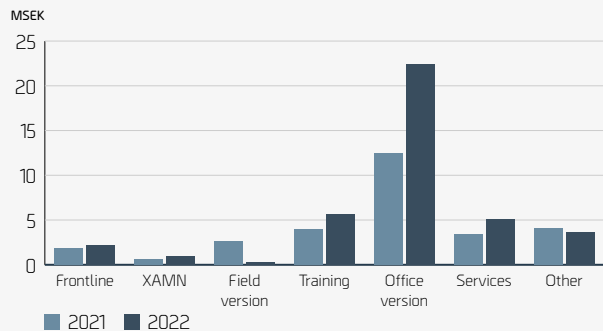
EBIT %

1.5 %

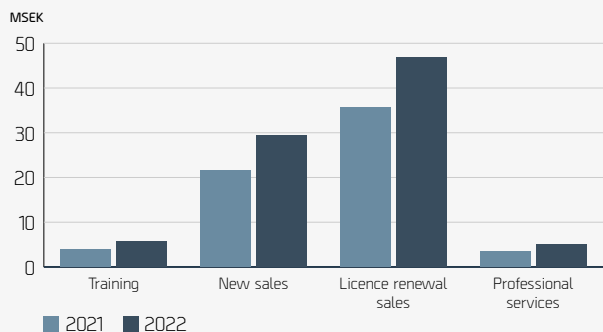
Financial overview

April - June 2022

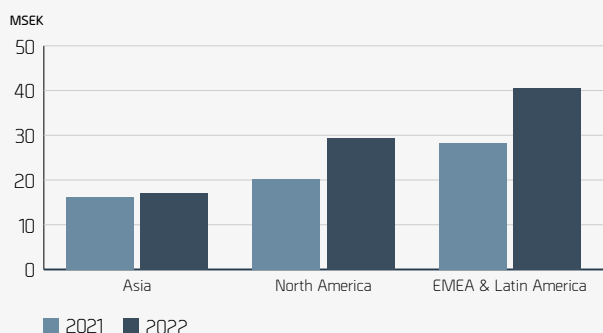
Distribution of new sales
April - June



Net sales per type of revenue
April - June

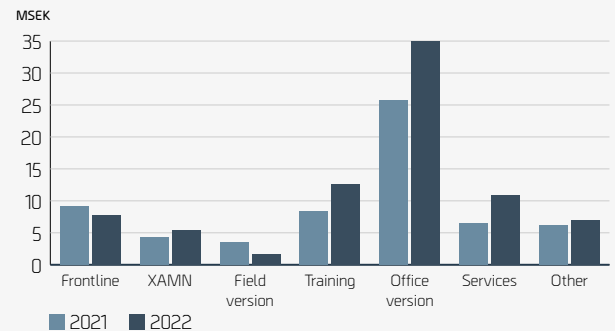


Turnover by region
April - June

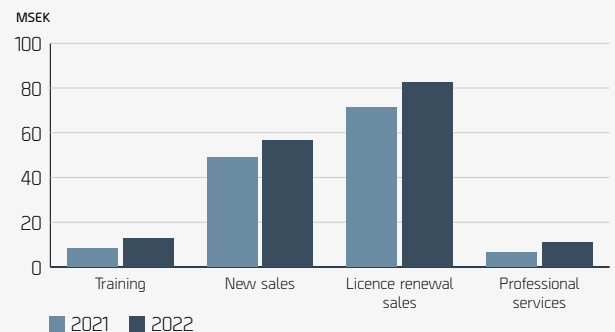


January - June 2022

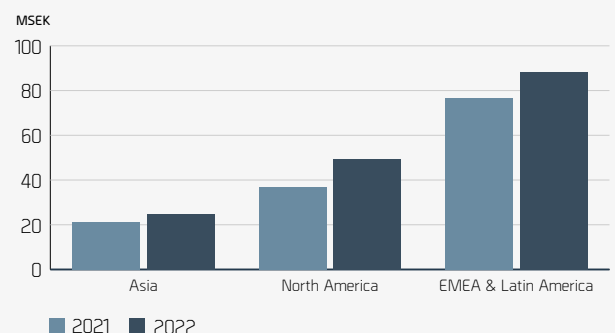
Distribution of new sales
January - June



Net sales per type of revenue
January - June



Turnover by region
January - June



Market comments Q2

The comprehensive order intake developed well during the second quarter and sales increased 35 percent compared to 2021.

EMEA

The second quarter turned out to be yet another strong quarter within the EMEA region. The period was intense, with a large number of physical events and activities which could finally be executed after two years of Covid restrictions. The reduction in restrictions also meant that a number of customer trainings could be conducted.

MSAB's products and services continue to surpass customer expectations, leading to a high degree of license renewals and upgrades. New sales benefitted from the Company's strong software updates which spread to new customers and customer segments.

MSAB's more advanced forensic solutions, for example AAL (Advanced Acquisition Lab) and Frontline, the decentralised solution that is used outside of the lab including by police in the field, continues to gain ground. Within AAL, the latest extraction methods were developed significantly, and this strengthened our offering and resulted in new deals during the quarter.

Law enforcement agencies are expressing a great deal of interest in the Company's products, services, and alternative business models on existing markets in western and eastern Europe. In Sweden and the United Kingdom, two major events were held during the quarter. At the European Academy of Forensic Science Conference (EAFS) in Stockholm and during the Forensics Conference in Liverpool, a record number of law enforcement agencies participated. The British London Metropolitan Police confirmed that they will expand their cooperation with MSAB to 219 KTE units (Kiosk/Tablet/Express), as extractions from mobile telephones culminated in over 32,000 devices last year. MSAB also has service engineers on site to provide support and maintenance for what is now a critical infrastructure for them. The London Metropolitan Police are also aiming to give over 3,000 police officers training in MSAB's KTE solution over the coming three years.

Demand in Asia continues to increase, although MSAB's possibilities for sales there are decreasing due to export control requirements set by the Swedish Inspectorate of Strategic Products (ISP). Hence, interest from Asia will be channelled to those countries where the Company has established a presence with local personnel, primarily India, Japan, Singapore and South Korea. Demand from Latin America developed well during the second quarter from low volumes. Demand there is primarily for products, but also for services and training.

NORTH AMERICA AND OCEANIA

The regions encompassing North America and Oceania saw continued growth during the quarter. Canada delivered an impressive result, with a new sales record for the period. Within state and local law enforcement agencies across the United States, MSAB continued to win new

contracts, and this applied to federal agencies as well. A number of major training exercises were conducted on site for several important customers as a result of an easing of Covid restrictions.

In the USA, the second quarter is not normally MSAB's strongest, but a significant increase in sales efforts were successful. MSAB set a historic sales record for the region, and the increasing demand means we see a continuing rise in sales for the region.

The second quarter marks the beginning of the region's most hectic period of the financial year. Exhibitions, conferences, and other events have been in full swing since the first quarter, and the number of visitors increased for all events compared with previous years, due to the easing of Covid restrictions. The Techno Security & Digital Forensics Conference and Special Operations Forces Industry Conference (SOFIC) which took place during the quarter are the largest events on the American market, and these were the starting point for continuing growth in the region. Comprehensive product improvements in XRY and XAMN led to continued and increasing use of MSAB's solutions. The breakthrough for mobile phones and development of support for new platforms in commonly used mobile phones in the US market demonstrates for existing and new customers that MSAB is a leader in global mobile forensics.

PRODUCTS

The total number of mobile devices that MSAB's products can extract and decrypt now exceeds 42,200 versions of mobile phones and more than 4,100 app versions. The latest product updates for MSAB's three product families – XRY, XAMN and XEC – represent significant progress for digital forensic investigators in speeding up investigations and solving crimes. Through new development and customer feedback, MSAB's product quality has further improved and new functions add value for our users. That's why MSAB Early Access was introduced in the latest version of XAMN. It enables MSAB's customers to preview and evaluate new functions before they are officially launched. XAMN, the digital forensic analysis solution, has also been significantly improved in the user experience along with a number of other improvements, i.e. support for iOS 16 beta & Apple AirTags, and full support for secure data extraction for the Samsung Android 12 application, where MSAB is first on the market. Expanded and customisable support for reporting court cases and full automation of standard and advanced digital reporting of forensic cases are also included in this quarter's product updates.

THE FINISH LINE FOR FORMOBILE

The ForMobile project concluded with a final presentation of results from all EU project leaders in June 2022. The objective was to establish a foundation for a common European standard for how the chain of custody for digital evidence can be secured while simultaneously safeguarding citizens' integrity. The project was very successful and the efforts of the 18 co-respondents was very good. The EU, which funded large parts of the initiative, is pleased with the results.

* ForMobile is an EU project, financed within the Horizon 2020 programme. It consists of a consortium of partners who cooperate to create a comprehensive mobile forensic investigative chain. The project strives to improve digital security and security within the EU while at the same time ensuring that fundamental human rights are respected.

Other comments

ACCOUNTING PRINCIPLES

This report has been prepared for the Group in accordance with the Swedish Annual Accounts Act and IAS 34 Interim Financial Reporting, and for the Parent Company in accordance with the Swedish Annual Accounts Act and Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Information as per IAS 34 is reported in notes and in other places throughout the report. The accounting principles adopted by the Group and the Parent Company are consistent with the accounting principles used to prepare the most recent annual report. For current financial assets and liabilities, the reported value is a reasonable estimate of fair value.

The basic principle is that the Group reports revenue in the way that best reflects the transfer of control of the promised service to the customer. Through a five-step model, the Group's agreements with customers can include various performance commitments identified as service revenue and subscription revenue.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

Through its operations, the Group is exposed to risks and uncertainty factors. These risks and uncertainties are the same for the Parent Company and the Group. At the time of the preparation of the quarterly report, the conflict in Ukraine has had no significant impact on sales. Freight and commodity prices have affected the Company's expenses, and uncertainty regarding prices and delivery times remain. The Company has been impacted negatively by a shortage of certain components.

Significant risks and uncertainties are described in the Annual Report for 2021 on page 34 and in Note 4 on pages 46–47.

SEASONAL EFFECTS

MSAB is not dependent on certain seasons in the sense that is normally referred to by the term seasonal effects. However, the majority of the Company's customers have a purchasing pattern that follows their budget period. Budget periods differ between countries, but most common in MSAB's largest markets is that they follow the calendar year or end on 30 September. Historically, this has been reflected in sales in such a way that the second half of the year is stronger than the first.

RELATED PARTY TRANSACTIONS

Related party transactions of an ongoing nature that exist in the Company are almost exclusively intra-Group transactions. The same applies to the Parent Company. These are described in the 2021 Annual Report on page 56, Note 25.

REVIEW

This interim report has not been reviewed by auditors.

SIGNIFICANT EVENTS SINCE END OF PERIOD

No significant events have occurred since the end of the period.

FINANCIAL CALENDAR

Interim report Q3	2022-10-26
Year-end report	2023-01-31

QUARTERLY DATA

	2022		2021				2020				2019			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales, MSEK	87.1	75.6	108.5	89.6	64.6	70.4	66.7	93.3	83.9	66.2	84.0	93.3	64.1	66.3
EBIT, MSEK	2.7	-0.2	16.2	24.0	-1.9	6.0	-4.0	29.4	12.1	-8.8	3.7	19.9	-11.5	-5.6
EBIT-margin, %	3.1	-0.3	15.0	26.7	-2.9	8.5	-6.0	31.5	14.4	-13.2	4.4	21.2	-17.9	-8.6
Earnings after tax, KSEK	2.7	1.4	12.7	18.6	-2.9	6.5	-7.0	21.4	10.4	-8.5	1.4	19.1	-10.8	-4.4
Earnings per share, SEK	0.15	0.07	0.70	1.00	-0.16	0.35	-0.38	1.16	0.56	-0.46	0.07	1.03	-0.58	-0.23
Cash flow from operating activities, MSEK	1.0	5.5	10.5	-10.8	1.1	9.4	47.2	-10.8	1.1	9.2	10.5	13.5	0.7	-6.9
Return on equity, %	3.4	1.4	14.1	21.2	-4.3	7.8	-8.5	24.6	15.7	-9.7	1.5	21.2	-15.4	-3.9
Return on capital employed, %	6.0	3.6	20.3	27.7	-2.1	10.8	-4.3	34.5	21.7	-8.1	4.8	23.2	-14.0	-3.2
Equity ratio, %	47.4	45.8	43.9	44.4	38.5	49.7	46.8	47.5	41.2	38.2	40.0	40.3	33.7	49.2
Cash flow from operations/per share, SEK	0.05	0.30	0.57	-0.58	0.06	0.51	2.56	-0.15	-0.08	0.50	0.57	0.73	0.04	-0.38
Equity per share, SEK	5.41	5.02	4.90	4.20	3.11	5.30	4.78	5.29	4.19	3.78	4.12	4.14	2.98	5.79

CONSOLIDATED INCOME STATEMENT IN SUMMARY

MSEK	APR - JUN 2022	APR - JUN 2021	JAN - JUN 2022	JAN - JUN 2021	JUL 2021 - JUN 2022	JAN-DEC 2021
Net sales	87.1	64.6	162.7	134.9	360.8	333.0
Operating income	87.1	64.6	162.7	134.9	360.8	333.0
Cost of goods sold	-8.8	-6.2	-16.2	-11.0	-46.1	-40.9
Other external costs	-19.8	-11.6	-35.6	-22.3	-64.7	-51.3
Personnel costs	-52.5	-45.8	-102.0	-91.5	-194.5	-184.1
Depreciation of fixed assets	-3.4	-2.9	-6.5	-6.0	-12.9	-12.4
Total operating cost	-84.5	-66.4	-160.3	-130.8	-318.1	-288.6
Operating profit - EBIT	2.7	-1.9	2.5	4.2	42.6	44.3
Financial income	2.1	0.5	5.1	3.5	7.3	5.7
Financial expenses	-1.4	-2.5	-2.8	-3.3	-5.3	-5.8
Profit/loss before tax	3.4	-3.9	4.8	4.3	44.6	44.2
Tax	-0.7	1.0	-0.7	-0.7	-9.4	-9.4
Net profit/loss after tax	2.7	-2.9	4.1	3.6	35.3	34.8
Earnings per share, SEK	0.15	-0.16	0.22	0.19	1.91	1.89

STATEMENT OF COMPREHENSIVE INCOME

MSEK	APR - JUN 2022	APR - JUN 2021	JAN - JUN 2022	JAN - JUN 2021	JUL 2021 - JUN 2022	JAN-DEC 2021
Net profit/loss after tax	2.7	-2.9	4.1	3.6	35.3	34.8
Currency translation differences	4.6	-0.5	5.1	2.5	7.2	4.6
Total comprehensive income	7.3	-3.4	9.2	6.1	42.5	39.4
Comprehensive income for the period attributable to the shareholders of the parent company	7.3	-3.4	9.2	6.1	42.5	39.4

CONSOLIDATED BALANCE SHEET IN SUMMARY

MSEK	30 JUN 2022	30 JUN 2021	31 DEC 2021
ASSETS			
Tangible assets	1.7	2.0	1.5
Assets with right to use	13.6	15.3	12.3
Total non-current assets	15.3	17.4	13.8
Inventories	14.8	7.2	7.8
Accounts receivable – trade	98.4	42.6	103.7
Current tax asset	4.9	2.0	3.2
Other current assets	8.9	9.0	12.0
Cash and cash equivalents	68.5	70.8	66.0
Total current assets	195.6	131.7	192.6
TOTAL ASSETS	210.9	149.1	206.5
EQUITY AND LIABILITIES			
Equity	100.0	57.5	90.8
Total equity	100.0	57.7	90.8
Long term leasing liabilities related to assets with right to use	5.4	1.8	1.2
Total long term liabilities	5.4	1.8	1.2
Accounts payable – trade	5.8	5.5	11.0
Current tax liability	7.5	1.1	9.9
Leasing liabilities related to assets with right to use	5.4	11.5	8.7
Other current liabilities	12.9	7.5	12.0
Accrued expenses and prepaid income	73.9	64.3	72.9
Total current liabilities	105.5	89.8	114.6
TOTAL EQUITY AND LIABILITIES	210.9	149.1	206.5

CHANGE IN EQUITY IN SUMMARY

MSEK	30 JUN 2022	30 JUN 2021	31 DEC 2021
Opening balance	90.8	88.3	88.3
Profit/loss for the period	9.2	6.1	39.4
Dividend	–	–36.9	–36.9
Equity at the end of the period	100.0	57.5	90.8

CASH FLOW STATEMENT IN SUMMARY

MSEK	APR - JUN 2022	APR - JUN 2021	JAN - JUN 2022	JAN - JUN 2021	JUL 2021 - JUN 2022	JAN-DEC 2021
Profit after paid tax and non-cash items	3.2	-3.4	5.5	10.3	55.0	59.8
Working capital changes	-2.2	4.4	0.9	0.2	-48.9	-49.6
Cash flow from operating activities	1.0	1.1	6.5	10.5	6.2	10.2
Investments in fixed assets	-0.6	-0.1	-1.0	-0.1	-1.1	-0.2
Cash flow from investing activities	-0.6	-0.1	-1.0	-0.1	-1.1	-0.2
Dividend paid to shareholders	-	-36.9	-	-36.9	-	-36.9
Amortization of leasing liability	-2.9	-2.7	-5.7	-5.5	-11.7	-11.5
Cash flow from financing activities	-2.9	-39.6	-5.7	-42.4	-11.7	-48.4
CASH FLOW FOR THE PERIOD	-2.5	-38.7	-0.1	-32.0	-6.4	-38.3
Cash at the beginning of the period	68.9	111.1	66.0	101.2	70.8	101.2
Exchange rate difference in cash	2.2	-1.6	2.7	1.6	4.1	3.0
Cash at the end of the period	68.5	70.8	68.5	70.8	68.5	66.0

SEGMENT REPORTING

April - June

MSEK	Asia		EMEA & Latin America		North America		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Product sales	16.3	15.6	34.1	22.7	26.2	18.9	76.5	57.3
Training & other services	0.7	0.5	6.6	5.6	3.3	1.2	10.6	7.3
Total	17.0	16.1	40.6	28.3	29.5	20.1	87.1	64.6
Recognized at a certain point in time	15.5	14.8	33.9	21.3	24.5	16.7	74.0	52.8
Recognized over time	1.5	1.3	6.7	7.0	5.0	3.4	13.2	11.7
Total	17.0	16.1	40.6	28.3	29.5	20.1	87.1	64.6

January - June

MSEK	Asia		EMEA & Latin America		North America		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Product sales	23.2	21.3	72.4	63.9	43.6	34.9	139.2	120.1
Training & other services	1.6	0.7	16.0	12.0	6.0	2.1	23.5	14.8
Total	24.8	22.0	88.4	75.9	49.6	37.0	162.7	134.9
Recognized at a certain point in time	21.9	19.2	75.1	62.5	39.8	30.2	136.9	111.8
Recognized over time	2.8	2.9	13.2	13.5	9.8	6.8	25.8	23.1
Total	24.8	22.0	88.4	75.9	49.6	37.0	162.7	134.9

PARENT COMPANY INCOME STATEMENT IN SUMMARY

MSEK	APR-JUN 2022	APR-JUN 2021	JAN - JUN 2022	JAN - JUN 2021	JAN-DEC 2021
Net sales	66.5	46.9	120.3	101.0	262.1
Cost of goods sold	-8.8	-5.7	-16.2	-10.5	-40.2
Other external costs	-14.3	-8.0	-25.4	-15.3	-36.0
Personnel costs	-37.6	-34.6	-73.1	-68.7	-137.0
Depreciation of fixed assets	-2.9	-2.9	-5.7	-5.8	-11.5
Operating cost	-63.7	-51.1	-120.5	-100.2	-224.7
Operating profit - EBIT	2.9	-4.2	-0.1	0.8	37.4
Net financial items	0.7	-2.1	2.4	0.2	0.2
Profit/loss before tax	3.6	-6.3	2.3	1.0	37.6
Tax	-	-	-	-	-7.9
Net profit/loss after tax	3.6	-6.3	2.3	1.0	29.7

STATEMENT OF COMPREHENSIVE INCOME

MSEK	APR-JUN 2022	APR-JUN 2021	JAN - JUN 2022	JAN - JUN 2021	JAN - DEC 2021
Net profit/loss after tax	3.6	1.0	2.3	1.0	29.7
Total comprehensive income	3.6	1.0	2.3	1.0	29.7

PARENT COMPANY BALANCE SHEET IN SUMMARY

MSEK	30 JUN 2022	30 JUN 2021	31 DEC 2021
ASSETS			
Tangible assets	1.3	2.0	1.5
Assets with right to use	7.1	14.9	12.3
Shares in group companies	0.4	0.4	0.4
Total fixed assets	8.8	17.3	14.2
Inventories	14.8	7.2	7.8
Accounts receivable – trade	22.4	9.6	28.8
Other current assets	44.7	42.0	42.4
Cash and cash equivalents	24.9	12.5	33.5
Total current assets	106.8	71.3	112.6
TOTAL ASSETS	115.6	88.6	126.8
EQUITY AND LIABILITIES			
Share capital	3.8	3.8	3.8
Share premium	20.3	20.3	20.3
Restricted equity	24.1	24.1	24.1
Statutory reserve	7.8	7.8	7.8
Profit brought forward	26.9	-4.1	24.6
Non-restricted equity	34.7	3.7	32.4
Total equity	58.8	27.8	56.5
Long term leasing liabilities related to assets with right to use	0.8	2.2	1.8
Total long term liabilities	0.8	2.2	1.2
Accounts payable – trade	3.9	4.8	2.7
Current tax liability	5.4	0.1	9.3
Short term leasing liabilities related to assets with right to use	3.4	10.7	8.0
Other current liabilities	43.2	43.1	48.5
TOTAL EQUITY AND LIABILITIES	56.7	58.7	68.5
SUMMA EGET KAPITAL OCH SKULDER	115.6	88.6	126.8

Definitions

MSAB presents certain financial metrics in the interim report that are not defined under IFRS. The company believes that these metrics provide valuable supplementary information to investors and the company's management as they allow for evaluation of the company's performance. Because not all companies calculate financial measures in the same way, these are not always comparable with metrics used by other companies. These financial metrics should therefore not be regarded as replacements for metrics defined in accordance with IFRS. The table below presents the alternative key figures that have been deemed relevant.

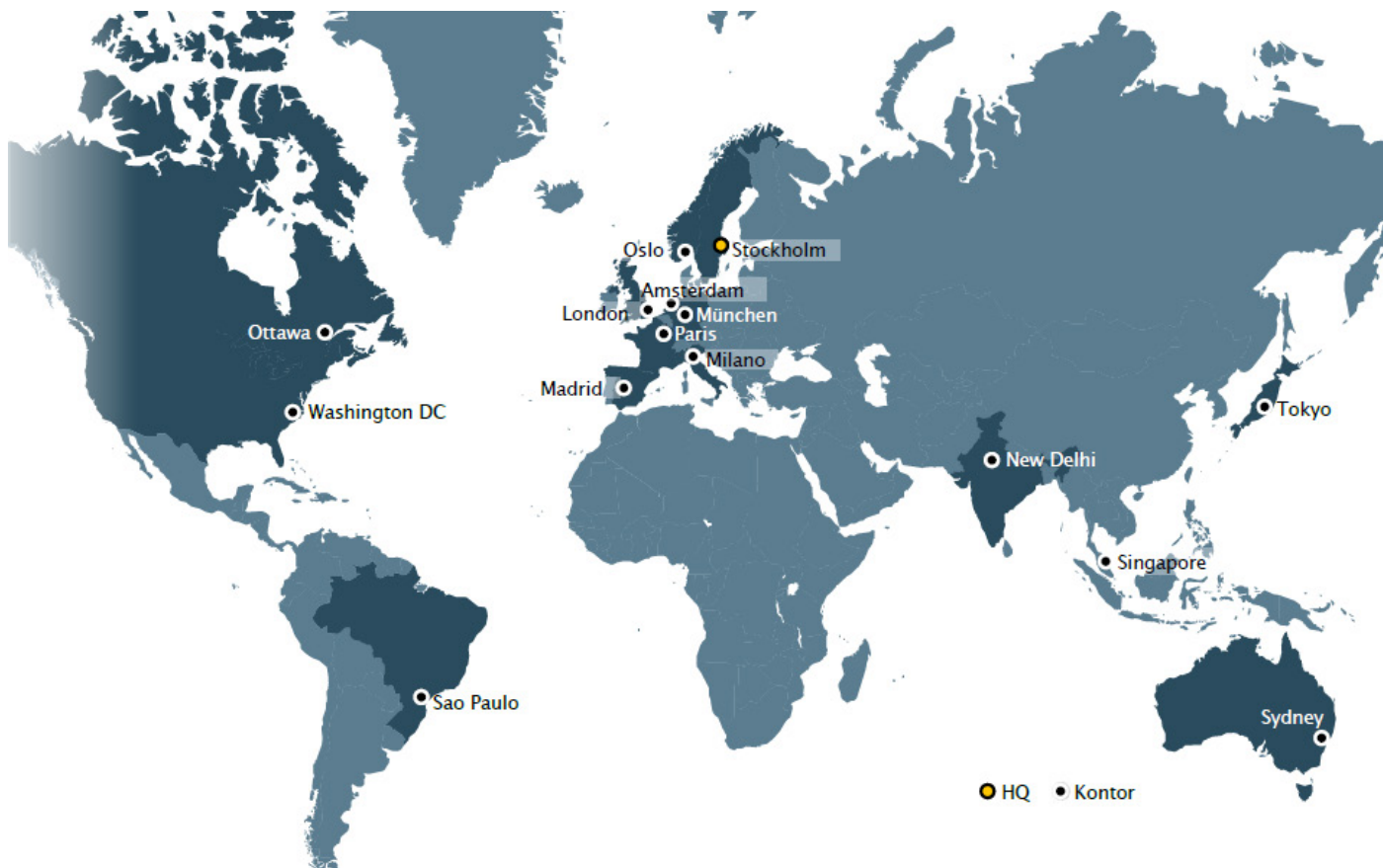
The key figures are based on reports on earnings, financial position, change in equity and cash flow. In cases where the key figures cannot be directly derived from the above reports, the derivation and calculation of these are shown below.

ALTERNATIVE METRICS	DEFINITIONS AND CALCULATIONS
Cash flow from operating activities per share	Cash flow from operating activities in relation to average outstanding shares before/after dilution.
Capital employed / Average capital employed	Capital employed calculated as total assets less non-interest-bearing liabilities. Average capital employed is calculated as capital employed over a 12 months-period. Capital employed at beginning of period plus capital employed at end of period divided by two
Earnings per share *	Profit/loss after tax in relation to average number of outstanding shares before/after dilution
Equity per share	Equity in relation to outstanding shares at the end of the period
Equity ratio %	Equity in relation to total assets
Net financial items	Net of financial income and expenses
Operating margin (EBIT margin) %	EBIT in relation to net sales
Operating profit (EBIT)	Earnings before interest and taxes
Return on capital employed 12 months %	EBIT plus financial items in relation to average capital employed.
Return on equity 12 months %	Profit/loss after tax in relation to average adjusted equity. Equity at the beginning of the period plus equity at the end of the period divided by two.
Revenue growth %	Net sales current period in relation to same period previous year

* Defined in accordance with IFRS

RECONCILIATIONS OF MEASUREMENTS THAT ARE NOT DEFINED UNDER IFRS

	2022		2021				2020				2019			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets, MSEK	210.9	202.2	206.5	174.0	149.1	177.4	188.7	205.8	188.0	182.8	190.1	189.7	163.2	217.4
Accounts payables, MSEK	-5.8	-3.9	-11.0	-7.1	-5.5	-5.2	-6.0	-3.4	-4.3	-4.5	-4.6	-5.5	-3.1	-3.9
Tax liabilities, MSEK	-7.5	-7.5	-9.9	-5.3	-1.1	-2.0	-1.1	-5.8	-1.1	-1.9	-1.2	-0.8	-1.3	-0.9
Leasing liabilities related to assets with right to use	-10.8	-13.3	-10.0	-10.6	-13.3	-16.3	-27.0	-21.7	-24.3	-25.7	-28.3	-30.8	-33.1	-32.8
Other liabilities, MSEK	-86.7	-84.8	-85.0	-73.8	-71.8	-75.8	-66.3	-77.1	-80.9	-78.4	-79.9	-76.2	-70.5	-72.8
Capital employed, MSEK	100.0	75.0	90.6	77.2	57.5	78.2	88.3	97.7	77.4	72.3	76.1	76.5	55.2	107.0
Average capital employed, MSEK	78.8	76.6	89.5	87.4	67.4	75.2	82.2	87.1	66.3	89.6	93.1	89.8	85.5	113.5



STATEMENT FROM THE BOARD AND CEO

The Board of Directors and Chief Executive Officer certify that this interim report provides, in accordance with current regulations, a fair and true overview of the Parent Company's and Group's operations, financial position and earnings, as well as describing the significant risks and uncertainty factors to which the Parent Company and the subsidiaries that comprise the Group are exposed.

The information in this report is such that MSAB, Corporate ID number 556244-3050, is required to disclose in accordance with the EU's Market Abuse Regulation. This report is published in Swedish and English versions. In the event of discrepancies between the two reports, the Swedish version shall apply. The information in this report was submitted for publication on 22 July, 2022 at 08:00.

This report as well as previous financial reports and press releases are available on the company's website www.msab.com.

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MSAB in brief

MSAB is a world leader within digital forensics for extraction and analysis of data from seized mobile devices. The Company develops high quality, intuitive software that has become the de facto standard for many customers for the purpose of securing evidence in criminal investigations. The products can be complemented with tools for reporting and a wide variety of training with certification for legally secure mobile forensics. The Company develops innovative approaches that facilitate faster, simpler and more efficient ways to secure evidence and in ways that create a high degree of value for the Company's customers. MSAB has clear growth strategies combined with a business model that entails scalability and a high degree of recurring revenue.

MSAB operates within a market that is developing rapidly. Through long-term investment in product development, market presence and organic strength, MSAB is able to consolidate its market position. The Company's belief is that the need for professional tools for reading and analysing data from digital devices will continue to increase. MSAB is mainly focused on organic growth but in some cases evaluates acquisitions.

WHO?

MSAB assists law enforcement authorities – the police, military, migration, corrections, and customs – carry out their missions. Typical users of MSAB's products are experts within digital forensics, investigators, analysts, and police officers in the field.

WHERE?

MSAB is represented in 15 countries and serves customers on all continents through its sales offices and via distributors.

WHAT?

The Company offers systems that extract and analyse data from devices such as mobile phones, tablets and drones, and products that can unlock digital devices, extract and decrypt information.

SUSTAINABILITY

The Company's business concept is to supply solutions that help law enforcement agencies streamline their work to secure evidence from digital devices. Hence the Company through its solutions strives to create a more legally secure society where more crimes are solved and prevented, which in turn means that the Company's entire existence is a major contribution to a sustainable society. Because the Company essentially develops software, its impact on the environment is limited, but the Board strives to ensure that the Company complies with environmental requirements in the different markets where the Company operates.

XRY

Extract

- ✔ Solutions for extracting data from mobile devices.
- ✔ Based on Windows operating system.
- ✔ Also extracts data from cloud-based storage.

XAMN

Analyse

- ✔ Software for reviewing, visualising and analysing data from mobile devices.
- ✔ After data is extracted via XRY solutions, XAMN analyses the data and identifies important information.

XEC

Manage

- ✔ Management and administrative tools designed to support managers and IT departments.
- ✔ XEC supports XAMN and XRY in large-scale administration, e.g. bulk export of digital data to new formats.



XRY Logical



XRY Physical



XRY Express



XRY Cloud



XRY PinPoint



XRY Camera



XAMN Viewer



XAMN Elements



XAMN Spotlight



XAMN Horizon



XEC Director



XEC Export