

MSAB

Trusted Partner in Digital Forensics



Interim report Q3 2022

Interim report Q3 2022

July – September 2022

Summary July – September 2022

- Net sales amounted to SEK 93.7 (89.6) million, an increase of 4.5 percent compared with the same period last year. Growth adjusted for currency fluctuations amounted to –5.1 percent.
- EBIT amounted to SEK 8.7 (24.0) million, with an EBIT margin of 9.2 (26.7) percent.
- Profit after tax amounted to SEK 6.8 (18.6) million.
- Earnings per share before/after dilution were SEK 0.37 (1.00).
- Cash flow from operating activities increased to SEK 0.0 (–10.8) million.

Summary January – September 2022

- Net sales amounted to SEK 256.4 (224.5) million, an increase of 14.2 percent. Growth adjusted for currency fluctuations amounted to 5.9 percent.
- EBIT amounted to SEK 11.2 (28.1) million, with an EBIT margin of 4.4 (12.5) percent.
- Profit after tax amounted to SEK 10.9 (22.2) million.
- Earnings per share before/after dilution were SEK 0.59 (1.19).
- Cash flow from operating activities increased to SEK 6.5 (–0.3) million.

Significant events during the period

- MSAB signed several major contracts during the period including with a large federal authority in the USA for delivery of Frontline solutions, where the agreement runs for five years. The company has also signed a new contract with European police where MSAB will expand its involvement in both services and training.
- One of the USA's largest security and defence companies signed a contract to deliver complete XRY solutions which will form a part of their larger undertaking. Additionally, MSAB signed a framework agreement with one of Europe's largest defence authorities.

4.5 %

Growth net sales
Q3 2022 compared to Q3 2021

9.2 %

EBIT margin Q3 2022

58 %

Percentage of net sales
relating to license renewals
during Q3 2022

	JUL – SEP 2022	JUL – SEP 2021	JAN – SEP 2022	JAN – SEP 2021	OCT 2021 – SEP 2022	JAN-DEC 2021
Net sales, MSEK	93.7	89.6	256.4	224.5	364.9	333.0
EBIT, MSEK	8.7	24.0	11.2	28.1	27.4	44.3
EBIT–margin, %	9.2	26.7	4.4	12.5	7.5	13.3
Earnings per share before/ after dilution, SEK	0.37	1.00	0.59	1.19	1.29	1.89
Cash flow from operating activities, MSEK	0.0	–10.8	6.5	–0.3	17.0	10.2
Return on equity 12 months, %	24.9	17.3	24.9	17.3	24.9	38.9
Return on capital employed 12 months, %	38.8	32.3	38.8	32.3	38.8	55.9
Cash flow from operations / per share, SEK	0.00	–0.58	0.35	–0.01	0.92	0.55
Equity per share, SEK	6.02	4.18	6.02	4.18	6.02	4.91

CEO Comments

Sales amounted to SEK 93.7 (89.6) million, corresponding to growth of 4.5 percent. EBIT amounted to SEK 8.7 (24.0) million. Sales for the first nine months of the year amounted to SEK 256.4 (224.5) million, which is the highest sales we have achieved for the first three quarters of any calendar year. EBIT for the year's first nine months amounted to SEK 11.2 (28.1) million, and is a consequence of the product mix, with an increase in the proportion of hardware with a lower gross margin. The EBIT was also affected by an increase in sales and marketing activities as well as personnel costs.

Demand, particularly in our strategic markets, is healthy. However, the Company is experiencing a challenging situation with transport problems and a shortage of components. Delivery disruptions have a ripple effect in the form of uncertain delivery notices and extended delivery times. With more secure deliveries, MSAB could have invoiced an additional SEK 18 million.

All restrictions entailed by the pandemic and which affected sales and marketing activities have now been lifted, which jump-started the number of meetings and events. We are visiting customers, participating in exhibitions, and executing training programmes at a significantly higher level than during the pandemic years. This will lay the foundation for future growth.

It is crucial for our customers that our products are continuously updated to support all new versions of phones and apps, which are also continuously being upgraded. With recent product launches, MSAB now supports more than 42,000 phone profiles and more than 4,000 apps.

Every quarter, there is a major release for each of our product families, along with smaller incremental updates. Every major release contains extensive improvements. The latest release included support for the latest version of Iphone iOS 16 as well as expanded support for tracing of crypto currencies.

In a generally more troubled world, and especially in Europe, it is becoming increasingly important for the police, customs and defence to work with products that are on the cutting edge, and with suppliers that operate within the same region where they operate. Being the only digital forensics company with its headquarters office in Europe will be an important factor in the future.

Many of our customers are investing more in various types of frontline solutions, which means they need products and services from MSAB. The most common services we deliver are configuration, training, installation, and support. We are seeing an increasing amount of this type of business deal, which means longer implementation times, but once these deals are done, the value of the business as well as the benefit to the customer is significantly higher.



We are entering into more in-depth collaborations with more law enforcement agencies, and through our unique Frontline offering, we are convinced that we will win more of this type of business in the future.

The general unrest in the world and the uncertain economic situation means that the future is of course uncertain and can affect our customers' investment capacity. Up until now, we have not seen any signs that this is the case. Quite the opposite. We are experiencing an increase in demand.

I am convinced that MSAB will continue to grow, even if that growth varies for some quarters.

Stockholm, October 2022

Joel Bollö
Chief Executive Officer

Financial overview

July – September 2022

NET SALES

Consolidated net sales rose 4.5 percent during the period to SEK 93.7 (89.6) million. Adjusted for currency fluctuations, growth amounted to –5.1 percent.

Despite supply problems from hardware vendors, the company has managed to maintain a relatively high level of sales. It is primarily sales of MSAB's Frontline solution, for decentralized extraction of mobile phones, and MSAB Field, for personnel in the field, that have increased.

OPERATING EXPENSES

During the period, the weaker Swedish kronor vis-à-vis the USD, EUR and GBP had a negative impact on expense levels in Swedish kronor.

Cost of goods for resale amounted to SEK 16.4 (6.6) million. These costs vary with the product mix, which in the period had a higher proportion of hardware at a higher price compared to the previous year.

Other external expenses amounted to SEK 15.7 (13.9) million. The cost increase is mainly related to a higher level of activity in sales and marketing with, among other things, more travel, training and conferences. Even more expensive shipping costs have contributed to an increase in costs.

Personnel expenses amounted to SEK 49.6 (42.2) million. The costs consist of more recruitments, salary slippage and currency effect as 44 percent of the company's salaries are paid in foreign currency. During the same period last year, MSAB received a grant from the EU-funded project, Formobile.

Depreciation amounted to SEK 3.3 (2.9) million.

EBIT

EBIT for the quarter amounted to SEK 8.7 (24.0) million, corresponding to an EBIT margin of 9.2 (26.8) percent.

NET FINANCIAL INCOME/EXPENSE

Net financial income/expense amounted to SEK 0.5 (–0.2) million for the quarter. Net financial income/expense is comprised mainly of revaluation of cash and cash equivalents in foreign currencies and was affected positively by the weakening of the Swedish krona vis-à-vis primarily the USD and EUR, which are the Group's two largest translation currencies along with GBP.

PROFIT/LOSS AFTER TAX

Profit after tax for the quarter amounted to SEK 6.8 (18.6) million.

CASH FLOW

The cash flow from operating activities amounted to SEK 0.0 (–10.8) million. The change in operating capital amounted to SEK –9.7 (–37.5) million.

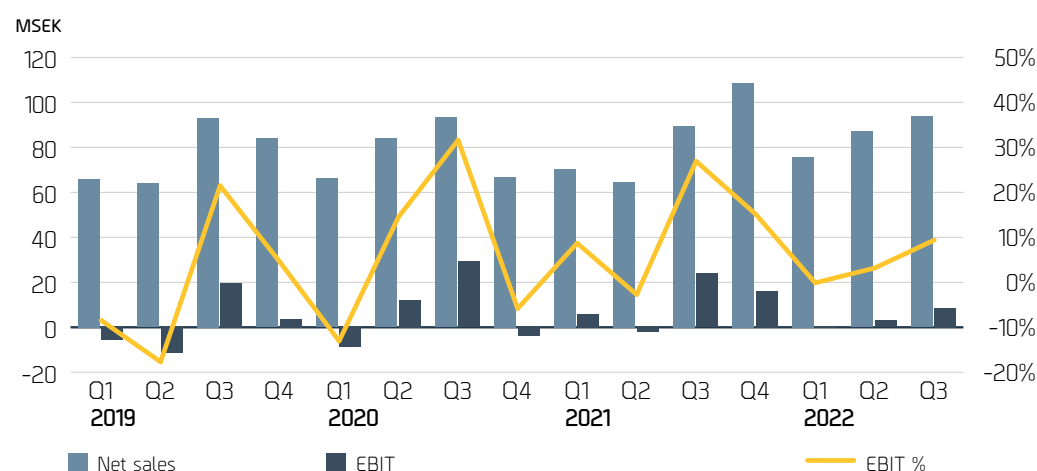
Total cash flow for the period was SEK –3.5 (–10.5) million.

Investments for the period amounted to SEK –0.7 (0.3) million.

PARENT COMPANY

Net sales for the Parent Company for the period amounted to SEK 72.6 (70.8) million. EBIT for the period amounted to SEK 7.3 (22.1) million.

Financial development



Q3 2022

Net sales

MSEK 93,7

EBIT

MSEK 8,7

EBIT %

9,2 %

Financial overview

January – September 2022

NET SALES

Consolidated net sales for the period increased 14.2 percent to SEK 256.4 (224.5) million. Adjusted for currency fluctuations, growth amounted to 5.9 percent.

Sales are global, and North America grew 20.5 percent, Europe 10.0 percent, and Asia 15.5 percent. XRY Office still stands for the lion's share of new sales. Training grew 19.7 percent as a direct consequence of our staff and our course participants being able to travel again.

OPERATING EXPENSES

During the period, the weaker Swedish kronor vis-à-vis the USD, EUR and GBP had a negative impact on expense levels in Swedish kronor.

Cost of goods for resale amounted to SEK 32.6 (17.6) million. These costs vary with the product mix, which in the period had a higher proportion of hardware at a higher price compared to the previous year.

Other external expenses amounted to SEK 51.3 (36.1) million. The cost increase is mainly related to a higher level of activity in sales and marketing with, among other things, more travel, training and conferences. Even more expensive shipping costs have contributed to an increase in costs.

Personnel expenses amounted to SEK 151.6 (133.8) million. The costs consist of more recruitments, salary slippage and currency effect as 44 percent of the company's salaries are paid in foreign currency. During the same period last year, MSAB received a grant from the EU-funded project, Formobile.

Depreciation amounted to SEK 9.8 (8.9) million.

EBIT

EBIT for the period amounted to SEK 11.2 (28.1) million, corresponding to an EBIT margin of 4.4 (12.5) percent.

NET FINANCIAL INCOME/EXPENSE

Net financial income/expense amounted to SEK 2.8 (0.0) million for the period. Net financial income/expense is comprised mainly of revaluation of cash and cash equivalents in foreign currencies and was affected positively by the weakening of the Swedish krona vis-à-vis primarily the USD and EUR, which are the Group's two largest translation currencies, along with GBP.

PROFIT/LOSS AFTER TAX

Profit after tax amounted to SEK 10.9 (22.2) million for the period.

CASH FLOW

Cash flow from operating activities amounted to SEK 6.5 (–0.3) million. Changes in operating capital amounted to SEK –8.8 (–37.3) million.

Total cash flow for the period was SEK –3.7 (–42.5) million.

Investments for the period amounted to SEK –1.7 (0.2) million.

LIQUIDITY AND FINANCIAL POSITION

Cash and cash equivalents at the end of the period amounted to SEK 66.6 (61.3) million.

EMPLOYEES

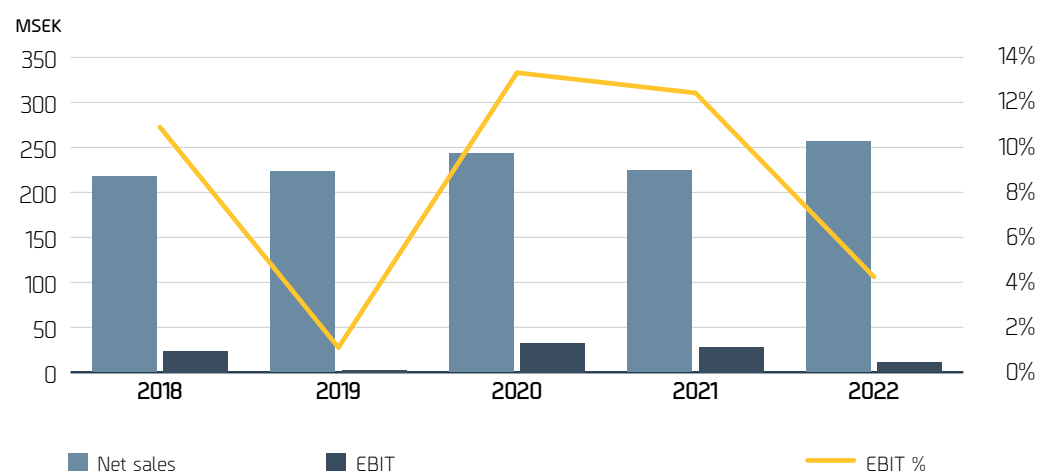
The number of employees as of 30 September, 2022 was 187 (184).

The average number of employees during the period was 190 (189).

PARENT COMPANY

Net sales for the Parent Company amounted to SEK 192.9 (171.8) million for the period. EBIT for the period was SEK 7.2 (22.9) million.

Financial development



Jan – Sep 2022

Net sales

MSEK 256,4

EBIT

MSEK 11,2

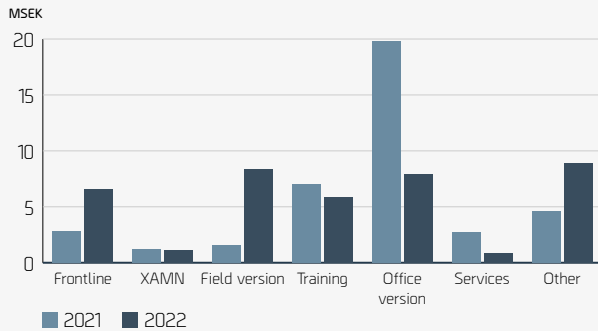
EBIT %

4,4 %

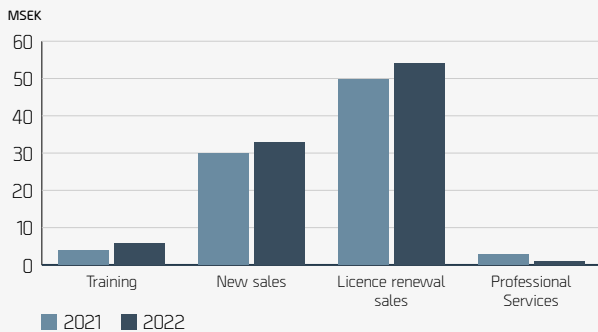
Financial overview

Juli - september 2022

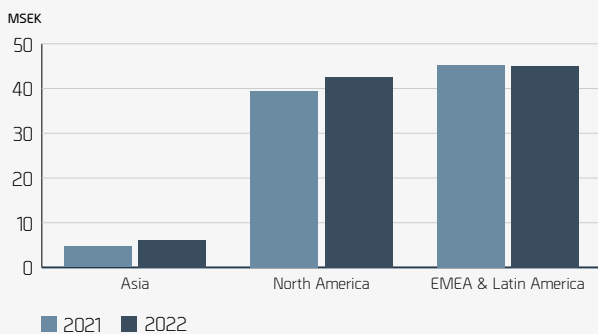
Distribution of new sales



Net sales per type of revenue

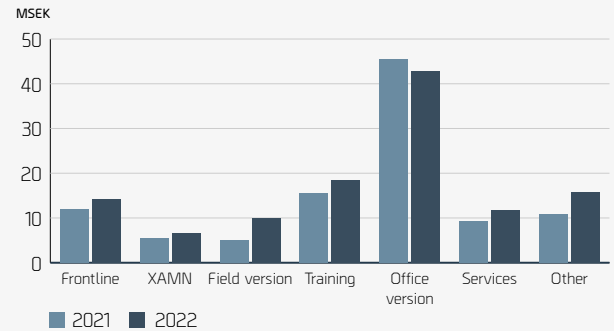


Turnover by region

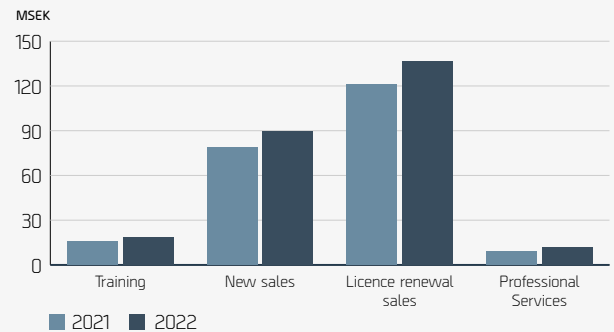


Januari - september 2022

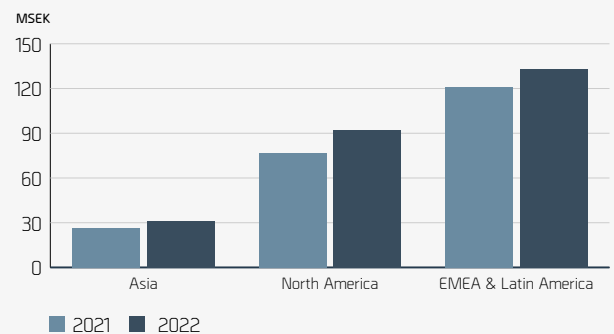
Distribution of new sales



Net sales per type of revenue



Turnover by region



Market comments

Total order intake developed well during the third quarter and sales increased by 4.5 percent compared to the same period in 2021.

EMEA

Third quarter performance was strong within the EMEA region. Post pandemic, there is a pent-up need for customers to partake in MSAB's latest, and very powerful product development. Hence there have been many customer and partner meetings resulting in great interest for renewal of existing licenses and an increase in the number of licenses. New sales continue to benefit from the Company's powerful software updates, which have penetrated to new customers and customer segments. MSAB's more advanced forensic solutions, such as AAL (Advanced Acquisition Lab) and Frontline, the Company's decentralised solution for use outside of laboratories including amongst police in the field, is increasingly popular. Within AAL, the latest extraction methods have evolved significantly, which has strengthened the offering and resulted in new business during the quarter.

Several new authorities are interested in digital forensics and the possibilities the solutions offer in support of work with digital evidence. The digital transformation within law enforcement agencies has taken off in Europe and globally, partly in response to the pandemic but primarily to meet the need to manage ever larger volumes of data from seized mobile phones. During the quarter, MSAB delivered several Frontline systems to the UK, France and Germany. These scalable solutions enable the customer to expand and adapt solutions as required as the organisation, processes and legislation evolve. During the quarter, a three-year framework contract with a major European authority was signed. Long-term framework agreements for forensic solutions have become a trend over the past year, partly due to the increasing need for such solutions, and partly because authorities want to facilitate management of orders and deliveries moving forward.

MSAB's service contract with a major European police authority passed its Service Acceptance Test and is now activated. The service contract, which will run for several years, integrates MSAB's Frontline solutions into the police authority's core operations. MSAB now has field service engineers on site to cover the entire organisation's needs for the best possible trouble-shooting, case management, and rapid problem resolution. The same police authority went live with cloud storage of evidence in MSAB's XRY files via XEC Director and with the help of Microsoft Azure services.

British police indicate an absolute need for tools that meet new GDPR legislative requirements to limit extraction from the mobile phones of victims and witnesses to just that which is absolutely necessary. MSAB was informed that the Company's extraction tool, MSAB Extract (XRY), is the best solution on the market today, based on the British police authority's evaluation of available tools.

Demand in Asia is on the rise and sales will be channelled to those countries where the Company has built up a presence with local personnel, especially India, Japan, Singapore and South Korea. The increasing demand is primarily for forensic products, but also for services such as training.

NORTH AMERICA & OCEANIA

The North America & Oceania region experienced a strong third quarter within all of MSAB's product areas. Australia led growth in the region, almost doubling sales compared to the corresponding quarter last year. The strong performance was driven by a multi-year licensing agreement with a major law enforcement agency.

Canada upward trend continues, and during the third quarter the region surpassed total sales for the previous year through both new and supplementary sales. Looking forward, the Company anticipates a continued upswing including for sales of Frontline solutions.

We see strong demand from local authorities in American states, where MSAB's growth trend continues from last year. Frontline sales and continuing demand for the XRY extraction software laid the foundation for the positive trend during the third quarter. Even US state authorities generated strong revenues. It is primarily MSAB's digital forensic technology in the Frontline solution, implemented at border controls and ports of entry, which is driving growth on this market.

Additionally, a US federal department placed a large order for new equipment which contributed to strong sales. The main reason for the increase in demand is MSAB's user friendliness within mobile devices.

The Company anticipates a continuing shortage of chips for mobile phones although it looks like suppliers will achieve their delivery goals during the last quarter.

PRODUCTS

In July, the Company launched the second major product update for the year, and in August additional product improvements were released. The total number of mobile devices from which MSAB can extract and decrypt data now exceeds 42,860 versions of mobile phones and more than 4,247 app versions. The latest product updates of the Company's product families – XRY, XAMN and XEC – represent significant progress for digital criminal investigators.

During the quarter, the new customer portal was delivered with full support for faster downloads of upgraded software licenses, purchasing in the webshop, and for ordering forensic training.

During the quarter, MSAB's development organisation focussed on new exploitation solutions for up to 1,500 MTK based devices from various mobile phone brands, support for Android 13 and iOS 16 in MSAB Extract (XRY). Important updates for analytical reporting and the introduction of a new audit-based logging function, which provides a deep level of detail on measures taken during review of digital evidence (with optimisation for data protection compliance) have been released in MSAB Analyze (XAMN). Additionally, development efforts have focussed on requests from the Company's major customers for updates to Frontline, MSAB Manage (XEC) and the MSAB Kiosk, MSAB Tablet and MSAB Express platforms.

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 uncertainty factors are described in the 2021 annual report 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 consist primarily of intra-Group transactions. The same applies for the Parent Company. These are described in the 2021 annual report on page 56 and in Note 25.

AUDITOR REVIEW

This interim report has been reviewed by auditors.

SIGNIFICANT EVENTS AFTER THE PERIOD

There have been no significant events since the end of the period.

FINANCIAL CALENDAR

Interim report	2022-10-26
Year-end report	2023-01-27

QUARTERLY DATA

	2022			2021				2020				2019	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales, MSEK	93.7	87.1	75.6	108.5	89.6	64.6	70.4	66.7	93.3	83.9	66.2	84.0	93.3
EBIT, MSEK	8.7	2.7	-0.2	16.2	24.0	-1.9	6.0	-4.0	29.4	12.1	-8.8	3.7	19.9
EBIT-margin, %	9.2	3.1	-0.3	15.0	26.7	-2.9	8.5	-6.0	31.5	14.4	-13.2	4.4	21.2
Earnings after tax, KSEK	6.8	2.7	1.4	12.7	18.6	-2.9	6.5	-7.0	21.4	10.4	-8.5	1.4	19.1
Earnings per share, SEK	0.37	0.15	0.07	0.70	1.00	-0.16	0.35	-0.38	1.16	0.56	-0.46	0.07	1.03
Cash flow from operating activities, MSEK	0.0	1.0	5.5	10.5	-10.8	1.1	9.4	47.2	-10.8	1.1	9.2	10.5	13.5
Return on equity, %	7.2	3.4	1.4	14.1	21.2	-4.3	7.8	-8.5	24.6	15.7	-9.7	1.5	21.2
Return on capital employed, %	11.5	6.0	3.6	20.3	27.7	-2.1	10.8	-4.3	34.5	21.7	-8.1	4.8	23.2
Equity ratio, %	50.7	47.4	45.8	43.9	44.4	38.5	49.7	46.8	47.5	41.2	38.2	40.0	40.3
Cash flow from operations/per share, SEK	0.00	0.05	0.30	0.57	-0.58	0.06	0.51	2.56	-0.15	-0.08	0.50	0.57	0.73
Equity per share, SEK	6.02	5.41	5.02	4.90	4.20	3.11	5.30	4.78	5.29	4.19	3.78	4.12	4.14

CONSOLIDATED INCOME STATEMENT IN SUMMARY

MSEK	JUL - SEP 2022	JUL - SEP 2021	JAN - SEP 2022	JAN - SEP 2021	OKT 2021 - SEP 2022	JAN-DEC 2021
Net sales	93.7	89.6	256.4	224.5	364.9	333.0
Operating income	93.7	89.6	256.4	224.5	364.9	333.0
Cost of goods sold	-16.4	-6.6	-32.6	-17.6	-55.9	-40.9
Other external costs	-15.7	-13.9	-51.3	-36.1	-66.5	-51.3
Personnel costs	-49.6	-42.2	-151.6	-133.8	-201.9	-184.1
Depreciation of fixed assets	-3.3	-2.9	-9.8	-8.9	-13.3	-12.4
Total operating cost	-85.0	-65.6	-245.3	-196.4	-337.5	-288.6
Operating profit - EBIT	8.7	24.0	11.2	28.1	27.4	44.3
Financial income	2.2	0.3	7.3	3.8	9.2	5.7
Financial expenses	-1.7	-0.5	-4.5	-3.8	-6.5	-5.8
Profit/loss before tax	9.1	23.8	13.9	28.1	30.0	44.2
Tax	-2.4	-5.2	-3.1	-5.9	-6.6	-9.4
Net profit/loss after tax	6.8	18.6	10.9	22.2	23.5	34.8
Earnings per share, SEK	0.37	1.00	0.59	1.19	1.29	1.89

STATEMENT OF COMPREHENSIVE INCOME

MSEK	JUL - SEP 2022	JUL - SEP 2021	JAN - SEP 2022	JAN - SEP 2021	OKT 2021 - SEP 2022	JAN-DEC 2021
Net profit/loss after tax	6.8	18.6	10.9	22.2	23.5	34.8
Currency translation differences	4.3	1.2	9.4	3.7	10.3	4.6
Total comprehensive income	11.1	19.7	20.3	25.8	33.9	39.4
Comprehensive income for the period attributable to the shareholders of the parent company	11.1	19.7	20.3	25.8	33.9	39.4

CONSOLIDATED BALANCE SHEET IN SUMMARY

MSEK	30 SEP 2022	30 SEP 2021	31 DEC 2021
ASSETS			
Tangible assets	1.9	1.8	1.5
Assets with right to use	11.0	13.0	12.3
Total non-current assets	12.9	14.7	13.8
Inventories	14.9	8.0	7.8
Accounts receivable – trade	110.6	76.1	103.7
Other current assets	14.1	14.0	15.2
Cash and cash equivalents	66.6	61.3	66.0
Total current assets	206.2	159.3	192.6
TOTAL ASSETS	219.2	174.0	206.5
EQUITY AND LIABILITIES			
Equity	111.1	77.2	90.8
Total equity	111.1	77.2	90.8
Long term leasing liabilities related to assets with right to use	5.2	0.2	1.2
Total long term liabilities	5.2	0.2	1.2
Accounts payable – trade	7.8	7.1	11.0
Current tax liability	9.0	5.3	9.9
Leasing liabilities related to assets with right to use	2.7	10.4	8.8
Other current liabilities	83.3	73.8	84.9
Total current liabilities	102.9	96.6	114.6
TOTAL EQUITY AND LIABILITIES	219.2	174.0	206.5

CHANGE IN EQUITY IN SUMMARY

MSEK	30 SEP 2022	30 SEP 2021	31 DEC 2021
Opening balance	90.8	88.3	88.3
Profit/loss for the period	20.3	25.8	39.4
Dividend	–	–36.9	–36.9
Equity at the end of the period	111.1	77.2	90.8

CASH FLOW STATEMENT IN SUMMARY

MSEK	JUL - SEP 2022	JUL - SEP 2021	JAN - SEP 2022	JAN - SEP 2021	OKT 2021 - SEP 2022	JAN-DEC 2021
Profit after paid tax and non-cash items	9.7	26.7	15.2	37.0	38.0	59.8
Working capital changes	-9.7	-37.5	-8.8	-37.3	-21.1	-49.6
Cash flow from operating activities	0.0	-10.8	6.5	-0.3	17.0	10.2
Investments in fixed assets	-0.7	0.3	-1.7	0.2	-2.1	-0.2
Cash flow from investing activities	-0.7	0.3	-1.7	0.2	-2.1	-0.2
Dividend paid to shareholders	-	-	-	-36.9	-	-36.9
Amortization of leasing liability	-2.8	-	-8.5	-5.5	-14.5	-11.5
Cash flow from financing activities	-2.8	0	-8.5	-42.4	-14.5	-48.4
CASH FLOW FOR THE PERIOD	-3.5	-10.5	-3.7	42.5	-84.5	-38.3
Cash at the beginning of the period	68.5	70.8	66.0	101.2	61.3	101.2
Exchange rate difference in cash	1.6	1.0	4.3	2.6	4.7	3.0
Cash at the end of the period	66.6	61.3	66.6	61.3	66.6	66.0

SEGMENT REPORTING

July - September

	Asia		EMEA & Latin America		North America		Total	
MSEK	2022	2021	2022	2021	2022	2021	2022	2021
Product sales	6.0	4.9	39.3	36.4	39.8	38.6	85.0	79.9
Training & other services	0.1	0.6	5.7	8.1	2.8	0.9	8.6	9.6
Total	6.1	5.5	45.0	44.5	42.6	39.5	93.7	89.6
Recognized at a certain point in time	4.6	4.1	37.6	38.3	38.0	35.9	80.1	78.3
Recognized over time	1.6	1.4	7.4	6.2	4.6	3.7	13.6	11.3
Total	6.1	5.5	45.0	44.5	42.6	39.5	93.7	89.6

January - September

	Asia		EMEA & Latin America		North America		Total	
MSEK	2022	2021	2022	2021	2022	2021	2022	2021
Product sales	29.2	26.2	113.7	100.3	83.3	73.5	226.2	200.0
Training & other services	1.7	1.4	19.6	20.1	8.8	3.0	30.2	24.5
Total	30.9	27.6	133.4	120.4	92.2	76.5	256.4	224.5
Recognized at a certain point in time	26.5	24.7	112.7	107.0	77.8	69.7	217.0	201.4
Recognized over time	4.4	2.9	20.6	13.5	14.4	6.8	39.4	23.1
Total	30.9	27.6	133.4	120.4	92.2	76.5	256.4	224.5

PARENT COMPANY INCOME STATEMENT IN SUMMARY

MSEK	JUL - SEP 2022	JUL - SEP 2021	JAN - SEP 2022	JAN - SEP 2021	JAN-DEC 2021
Net sales	72.6	70.8	192.9	171.8	262.1
Operating income	72.6	70.8	192.9	171.8	262.1
Cost of goods sold	-16.4	-6.5	-32.6	-17.0	-40.2
Other external costs	-10.6	-9.1	-36.0	-24.4	-36.0
Personnel costs	-35.4	-30.2	-108.5	-98.9	-137.0
Depreciation of fixed assets	-2.8	-2.9	-8.5	-8.6	-11.5
Operating cost	-65.3	-48.7	-185.8	-148.9	-224.7
Operating profit - EBIT	7.3	22.1	7.2	22.9	37.4
Net financial items	0.5	-0.1	2.9	0.1	0.2
Profit/loss before tax	7.8	21.9	10.1	23.0	37.6
Tax	-1.6	4.8	-2.1	-5.1	-7.9
Net profit/loss after tax	6.2	26.8	8.0	17.9	29.7

STATEMENT OF COMPREHENSIVE INCOME

MSEK	JUL - SEP 2022	JUL - SEP 2021	JAN - SEP 2022	JAN - SEP 2021	JAN - DEC 2021
Net profit/loss after tax	6.2	26.8	8.0	17.9	29.7
Total comprehensive income	6.2	26.8	8.0	17.9	29.7

PARENT COMPANY BALANCE SHEET IN SUMMARY

MSEK	30 SEP 2022	30 SEP 2021	31 DEC 2021
ASSETS			
Tangible assets	1.2	1.8	1.5
Assets with right to use	4.5	12.5	12.3
Shares in group companies	0.4	0.4	0.4
Total fixed assets	6.1	14.7	14.2
Inventories	14.9	8.0	7.8
Accounts receivable – trade	26.5	21.6	28.8
Other current assets	60.3	52.0	42.4
Cash and cash equivalents	9.3	11.0	33.5
Total current assets	110.9	92.6	112.6
TOTAL ASSETS	117.0	107.3	126.8
EQUITY AND LIABILITIES			
Share capital	3.8	3.8	3.8
Share premium	28.1	28.1	20.3
Restricted equity	31.9	31.9	24.1
Statutory reserve	7.8	7.8	7.8
Profit brought forward	24.8	10.1	24.6
Non-restricted equity	32.6	17.9	32.4
Total equity	64.5	49.7	56.5
Long term leasing liabilities related to assets with right to use	0.7	0.6	1.8
Total long term liabilities	0.7	0.6	1.8
Accounts payable – trade	6.2	6.4	2.7
Current tax liability	6.7	–	9.3
Short term leasing liabilities related to assets with right to use	0.6	9.6	8.0
Other current liabilities	38.2	40.9	48.5
TOTAL EQUITY AND LIABILITIES	51.7	56.9	68.5
SUMMA EGET KAPITAL OCH SKULDER	117.0	107.3	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	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total assets, MSEK	219.2	210.9	202.2	206.5	174.0	149.1	177.4	188.7	205.8	188.0	182.8	190.1	189.7
Accounts payables, MSEK	-7.8	-5.8	-3.9	-11.0	-7.1	-5.5	-5.2	-6.0	-3.4	-4.3	-4.5	-4.6	-5.5
Tax liabilities, MSEK	-9.0	-7.5	-7.5	-9.9	-5.3	-1.1	-2.0	-1.1	-5.8	-1.1	-1.9	-1.2	-0.8
Leasing liabilities related to assets with right to use	-7.9	-10.8	-13.3	-10.0	-10.6	-13.3	-16.3	-27.0	-21.7	-24.3	-25.7	-28.3	-30.8
Other liabilities, MSEK	-83.3	-86.7	-84.8	-85.0	-73.8	-71.8	-75.8	-66.3	-77.1	-80.9	-78.4	-79.9	-76.2
Capital employed, MSEK	111.1	100.0	75.0	90.6	77.2	57.5	78.2	88.3	97.7	77.4	72.3	76.1	76.5
Average capital employed, MSEK	94.2	78.8	76.6	89.5	87.4	67.4	75.2	82.2	87.1	66.3	89.6	93.1	89.8

Board and CEO Statement

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.

Stockholm, 26 October, 2022

BERNT INGMAN
Chairman of the Board

FREDRIK NILSSON
Board member

PETER GILLE
Board member

HANNA BILIR
Board member

ROLF ROSENVINGE
Board member

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 26 October, 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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Officer (CFO) at MSAB*

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Review report

To the Board of Directors of Micro Systemation AB (publ)
Corp. id. 556244-3050

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Micro Systemation AB (publ) as of 30 September 2022 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 26 October 2022

KPMG AB

MATTIAS LÖTBORN

Authorised Public Accountant

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