

MSAB

Trusted Partner in Digital Forensics

Interim report
Q4 2022

Interim report Q4 2022

October – December 2022

Summary October – December 2022

- Net sales were SEK 106.6 (108.5) million, a decrease of 1.7 percent compared with the corresponding period last year. Growth adjusted for currency fluctuations was –10.8 percent.
- EBIT amounted to SEK 7.7 (16.2) million, corresponding to an EBIT margin of 7.2 (15.0) percent.
- Profit after tax amounted to SEK 6.3 (12.7) million.
- Earnings per share before/after dilution amounted to SEK 0.34 (0.69).
- Cash flow from operating activities increased to SEK 43.3 (10.5) million, mainly driven by a positive change in working capital.

Summary January – December 2022

- Net sales were SEK 363.0 (333.0) million, an increase of 9 percent. Growth adjusted for currency fluctuations was 0.5 percent.
- EBIT amounted to SEK 18.8 (44.3) million, corresponding to an EBIT margin of 5.2 (13.3) percent.
- Profit after tax amounted to SEK 17.1 (34.8) million.
- Earnings per share before/after dilution amounted to SEK 0.92 (1.89).
- Cash flow from operating activities increased to SEK 49.8 (10.2) million.
- The Board of Directors proposes a dividend of a total of SEK 1.50 (0) per share, divided into two occasions of payment.

Significant events during the period

MSAB remains a trusted supplier to one of the USA's largest federal authorities who placed a major order. The delivery includes more than 500 software licenses for extraction from mobile phones along with the associated hardware for installation as well as accessories.

Several major orders have been in the EMEA region during the quarter from law enforcement agencies in the Netherlands, Austria,

France, Germany, Spain and Norway, who expanded their software licenses for extraction and analysis of mobile phone data.

The Company's fourth major product update for 2022 was released, with improved traceability of XRY files with 256-bit encryption. A new software package, XAMN Pro, was also launched with a full set of functions for analysis.

27.4 %

Return on capital employed, rolling 12 months

MSEK 43.3

Cash flow from operating activities, Q4 2022

54 %

Percentage of net sales relating to license renewals, rolling 12 months

	OCT – DEC 2022	OCT – DEC 2021	JAN – DEC 2022	JAN-DEC 2021
Net sales, MSEK	106.6	108.5	363.0	333.0
EBIT, MSEK	7.7	16.2	18.8	44.3
EBIT-margin, %	7.2	15.0	5.2	13.3
Earnings per share before/ after dilution, SEK	0.34	0.69	0.92	1.89
Cash flow from operating activities, MSEK	43.3	10.5	49.8	10.2
Return on equity 12 months, %	16.6	14.1	16.6	38.9
Return on capital employed 12 months, %	27.4	20.3	27.4	55.9
Cash flow from operations / per share, SEK	2.33	0.57	2.68	0.55
Equity per share, SEK	6.26	4.91	5.58	4.85

CEO Comments

Sales for the year were the Company's highest thus far amounting to SEK 363 (333) million, corresponding to growth of 9.0 percent. EBIT amounted to SEK 18.8 (44.3) million, corresponding to an EBIT margin of 5.2 percent (13.3). North America stood for the greatest growth in 2022 and has the potential for further growth. It is gratifying to see that the organisational changes we implemented in 2020 continue to yield positive effects. EMEA experienced strong growth in previous years and is delivering at the 2021 level, so I have great faith in future growth in the region. The result for the year is the result of three good investments: higher activity levels with customer meetings and exhibitions; several product development initiatives to enable increased growth; and the product mix we delivered in 2022. Consolidated cash flow improved significantly during the year, increasing to SEK 36.1 (-38.3) million. This was mainly driven by positive changes in working capital of SEK 23.4 (-49.6) million.

In 2021, the market for digital forensics was valued at USD 5.5 billion, and the prognosis is for growth to reach USD 6.7 billion in 2023, according to "Global Digital Forensics Market Report 2022". The market is driven first and foremost by the increase in cyber crime which is on the rise in various sectors, enabled primarily by the high utilisation of smart phones. The regulations that authorities have in place, with the good intention of protecting individuals' personal integrity, are exploited by malicious persons to plan and execute crimes.

The market for digital forensics can encompass many different things: computers, cloud services, communication apps, the IoT, and more. When cyber crime is on the rise, it is necessary for MSAB to continuously improve its tools and methods.

Developments in the world in 2022 were mostly negative. The year began with a war in close proximity to Sweden, and a clear trend where countries and regions are increasingly closing down. This impacts the mobile forensic market directly, as it becomes more important who you do business with. As a supplier, it is no longer enough to meet customers' technical requirements; the company's geographic and product development locations are also key requirements.

Covid restrictions were lifted in the spring of 2022. We have never experienced such a demand for customer events and marketing activities as we did then. The intense level of spring activity subsided, and during the summer, autumn and winter we have had high – but more normal – activity levels.

MSAB has established a strategy for how we can continue to develop and improve our solutions with a goal to meet and exceed the needs we see coming. For continuing success, we will implement several measures. We will increase our investments in technology and development (to meet the accelerating technical development), improve and develop our packaging (to make them more attractive), and increase and intensify our presence in markets where we are active and where we see great potential for further growth.



MSAB must continue to do the right things. It is right for us and our customers to secure evidence in mobile phones and other digital devices in an ethical and legally secure manner. We contribute to making the world both locally and globally a little safer in the way we develop, train and implement our solutions.

I am proud to be responsible for the only European company active within the digital forensics area. Considering the negative developments taking place in the world today, it will be increasingly critical for the authorities with whom we work to see us as a trusted partner. We must take good care of the trust we have created, and by doing the right things, we will also create profitable growth for our shareholders.

January 2023,

Joel Bollö
Chief Executive Officer

Financial overview

October – December 2022

NET SALES

Consolidated net sales declined 1.7 percent during the period to SEK 106.6 (108.5) million. Growth adjusted for currency fluctuations was -10.8 percent.

Sales growth remained strong in North America, increasing 36 percent compared with the corresponding period last year. Asia also experienced positive growth of 5 percent, while growth in Europe was -26 percent in the quarter, where we saw a shift in sales between quarters over the year to strong growth during the first half-year. For new sales, XRY Office was the best-selling product. Training grew 26 percent, a direct consequence of the possibility to travel again.

OPERATING EXPENSES

The Swedish krona's weakening against the USD, EUR and GBP affected expense levels in Swedish kronor negatively during the period.

The cost of goods for resale amounted to SEK 24.2 (23.3) million. These costs vary as a rule depending on the product mix, which included a higher proportion of hardware at a higher price compared to the previous year.

Other external expenses amounted to SEK 18.7 (15.2) 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.

Personnel expenses amounted to SEK 52.6 (50.3) million. The cost level was impacted by the weakening of the Swedish krona primarily against the USD and GBP, as a little less than half of the Company's salaries are paid in foreign currencies. Wage drift also contributed to the increase.

Depreciation amounted to SEK 3.3 (3.5) million.

EBIT

EBIT for the quarter amounted to SEK 7.7 (16.2) million, corresponding to an EBIT margin of 7.2 (15.0) percent.

NET FINANCIAL INCOME/EXPENSE

Net financial income/expense amounted to SEK -0.2 (-0.1) million for the quarter. Net financial income/expense is comprised mainly of revaluation of cash and cash equivalents in foreign currencies, and was impacted positively by the weakening of the Swedish krona primarily vis-à-vis the USD and EUR, which are the Group's two largest translation currencies, along with the GBP.

PROFIT/LOSS AFTER TAX

Profit/loss after tax amounted to SEK 7.5 (16.1) million for the quarter.

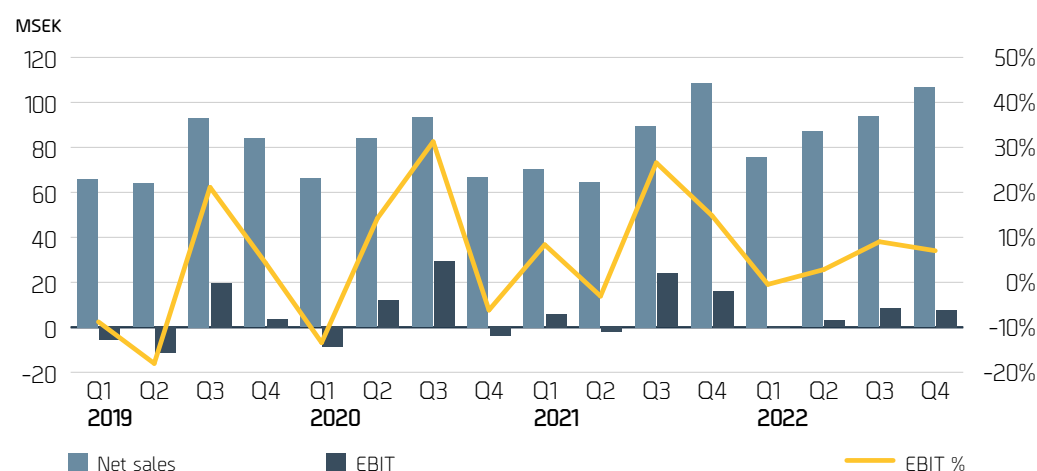
CASH FLOW

Cash flow from operating activities amounted to SEK 43.3 (10.5) million in the period. Operating activities contributed SEK 11.1 (22.8) million to the positive cash flow, while the change in working capital contributed SEK 32.2 (-12.3) million. It is mainly reduced accounts receivable and a reduced inventory as well as an increase in other short-term liabilities in the period that contributed to the positive change in working capital.

PARENT COMPANY

Net sales for the Parent Company amounted to SEK 80.2 (90.3) million for the period. EBIT for the period amounted to SEK 5.0 (14.5) million.

Financial development



Q4 2022

Net sales

MSEK 106.6

EBIT

MSEK 7.7

EBIT %

7.2 %

Financial overview

January – December 2022

NET SALES

Consolidated net sales for the period increased 9.0 percent to SEK 363.0 (333.0) million. Growth adjusted for currency fluctuations was 0.5 percent.

Compared with last year, growth in North America was 26 percent, Europe came in at –2 percent, and in Asia growth was 10 percent. New sales and license renewals grew 10 and 8 percent respectively compared with last year. For additional comments concerning revenue trends during the year, see section Market Comments, page 7.

OPERATING EXPENSES

During the period, the Swedish krona's weakening against the USD, EUR and GBP impacted expense levels negatively in Swedish kronor.

Cost of goods for resale amounted to SEK 56.8 (40.9) million. These costs vary as a rule depending on the product mix which included a higher proportion of hardware at a higher price compared to the previous year.

Other external expenses amounted to SEK 70.0 (51.3) million. The cost increase mainly related to a higher level of activity in sales and marketing including more travel, training and conferences after most countries lifted Covid restrictions.

Personnel expenses amounted to SEK 204.2 (184.1) million. The cost level was impacted by the weakening of the Swedish krona primarily against the USD and GBP, as approximately 44 percent of the Company's salaries are paid in foreign currencies. Wage drift also contributed to the increase.

Depreciation amounted to SEK 13.1 (12.4) million.

EBIT

EBIT for the period amounted to SEK 18.8 (44.3) million, corresponding to an EBIT margin of 5.2 (13.3) percent.

NET FINANCIAL INCOME/EXPENSE

Net financial income/expense amounted to SEK 2.7 (–0.1) million for the period, and was comprised primarily of revaluation of cash and cash equivalents in foreign currencies, and was impacted positively by the weakening of the Swedish krona mainly against the USD and EUR, which are the Group's two largest translation currencies, along with the GBP.

PROFIT/LOSS AFTER TAX

Profit/loss after tax for the period was SEK 17.1 (34.8) million.

CASH FLOW

Cash flow from operating activities amounted to SEK 49.8 (10.2) million. Operating activities contributed SEK 26.4 (59.8) million to the positive cash flow, while the change in working capital contributed SEK 23.4 (–49.6) million.

CASH AND CASH EQUIVALENTS AND FINANCIAL POSITION

Cash and cash equivalents at year-end amounted to SEK 104.4 (66.0) million.

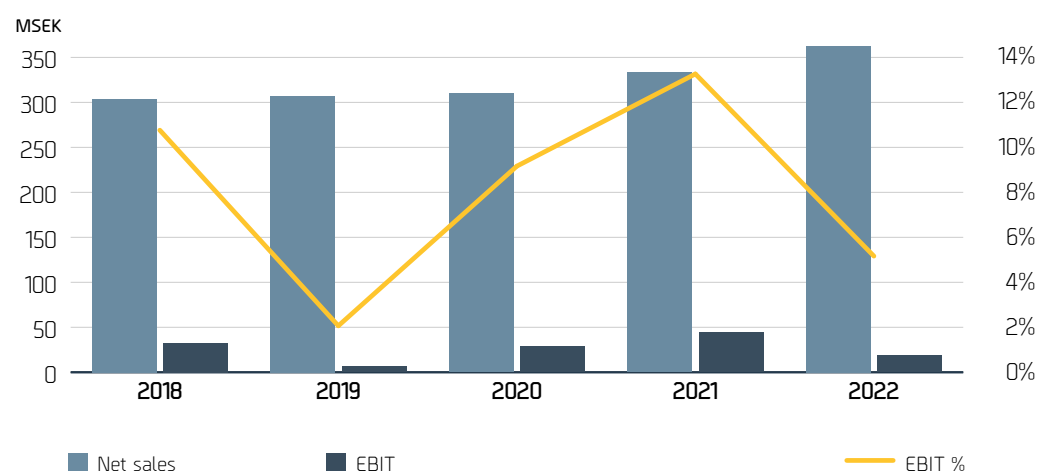
EMPLOYEES

As of 31 December, 2022, the number of employees was 187 (186). The average number of employees during the period was 190 (188).

PARENT COMPANY

The Parent Company's net sales for the period were SEK 273.2 (262.1) million. EBIT for the period amounted to SEK 12.3 (37.4) million.

Finansiell utveckling



Jan - Dec 2022

Net sales

363.0 MSEK

EBIT

18.8 MSEK

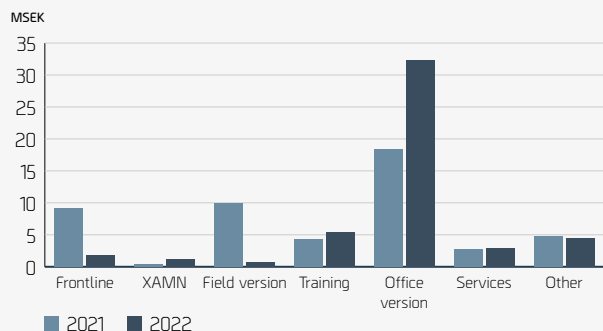
EBIT %

5.2 %

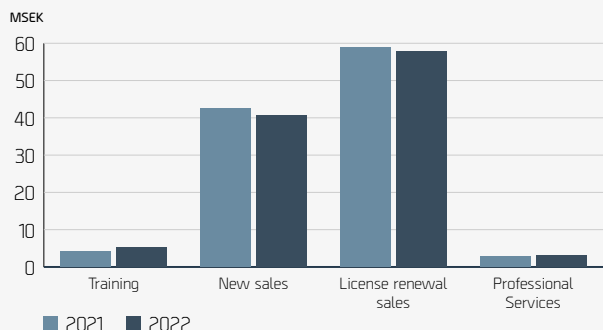
Financial overview

October - December 2022

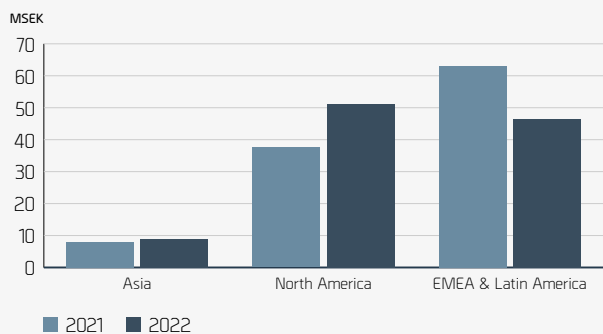
Distribution of new sales



Net sales per type of revenue

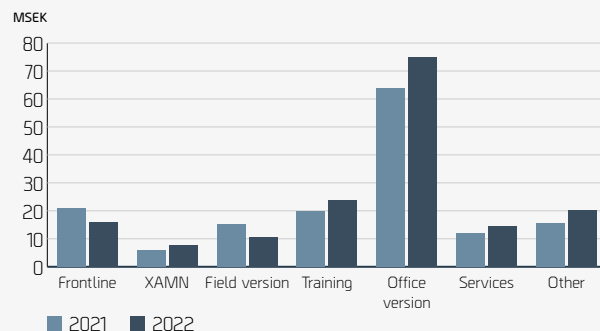


Turnover by region

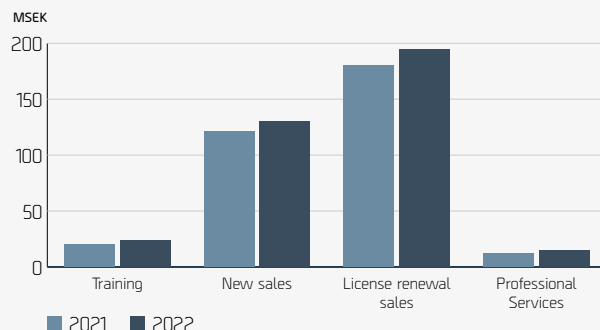


January - December 2022

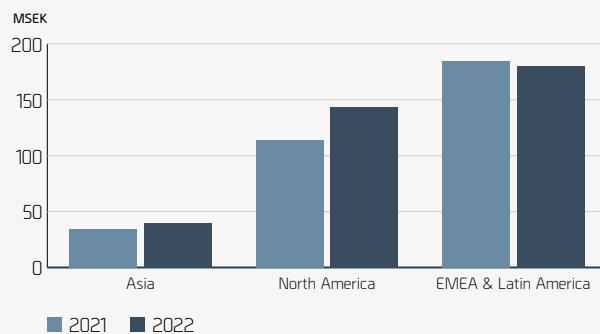
Distribution of new sales



Net sales per type of revenue



Turnover by region



Market comments

Despite delivery problems from hardware suppliers, the Company succeeded in maintaining a relatively high sales level. Net sales amounted to SEK 106.6 (108.5) million, a decrease of 1.7 percent compared with the same period the previous year.

EMEA & LATIN AMERICA

Activities and meetings have been carried out frequently to update existing and potential customers on MSAB's products and services. During the second half of the year, it was once again possible to meet customers, and attend conferences and events, as most countries had lifted Covid restrictions. MSAB's sales organisation has spent a great deal of time demonstrating updated products for customers and distributors. New sales have benefitted from these powerful software updates, which also resulted in former customers reactivating their licenses. The digital transformation that is gaining momentum in Europe requires handling of greater volumes and more efficient extractions from mobile phones, which benefits the Company's possibilities to deliver Frontline and Enterprise solutions, for example, in the United Kingdom, France and Germany, where several proof-of-concept exercises and dialogues were underway during the quarter.

The somewhat uncertain financial situation has led to postponements in several countries of investments in forensic solutions, but is judged to benefit the Company in coming quarters. MSAB's more advanced forensic solution, MSAB Advanced Acquisition Lab (AAL) for digital forensic labs, and MSAB Frontline, the decentralised solution for use in the field, including by investigators and police, are increasingly successful. The United Kingdom is the market where AAL and Frontline generated most sales during the quarter. The new version of MSAB Analyze – XAMN (which replaced XAMN Spotlight, Horizon and Elements and which has been given the name XAMN Pro) has been in great demand in the United Kingdom.

In Latin America, MSAB has moved from relatively low volumes to continued positive growth during the quarter and whole-year 2022. In several countries where the Swedish Inspectorate of Strategic Products (ISP) does not regulate the Company's sales, there is increasing demand primarily for products, but also for services such as training.

ASIA & OCEANIA

Demand in Asia continues to increase in general, although MSAB's possibilities to sell in certain countries in the region is limited due to ISP's export control requirements. Hence, the greater interest in Asia will be channelled to those countries where the Company has built up a local presence, primarily in India, Japan, Singapore and South Korea. A number of interesting contracts were signed during the year, and the introduction of support in Korean in products has significantly affected the Company's opportunities to cultivate new customers in the region.

Australia demonstrated strong results compared with the fourth quarter 2021, driven by several multi-year license agreements with a major law enforcement authority. The increase in revenue for the Australian market has almost doubled compared with 2021.

NORTH AMERICA

The region demonstrated another positive quarter for revenues and growth, and delivered well above budget. There was growth on all markets and within all customer segments. Canada continued to deliver higher growth on an annual basis. The fourth quarter was especially strong with respect to the federal authorities in the USA. Bottlenecks in the supply chain have also loosened which enabled MSAB to send all its deliveries.

Over whole-year 2022, there was growth in North America of 26 percent and sales totalled approximately SEK 143 million. This success should be viewed against the background of a significantly smaller sales organisation compared with the previous year. Annual growth of 30 percent for state and local authorities in the USA was especially gratifying. The Company took the decision at year-end to make additional investments in its sales organisation in order to grow more rapidly in the region during 2023. Canada also contributed to strong growth for both new and additional sales, with growth of 98 percent in 2022.

PRODUCTS

During the fourth quarter, MSAB launched its fourth major product update for 2022, which represented the entire product offering. The updated extraction solution MSAB Extract – XRY, now comes with a secure file format that supports over 43,400 devices and over 4,300 app versions. The new functions will give digital forensic specialists access to an increased amount of data, including from the latest mobile devices. XRY also improves the traceability chain through the secure file format .xry. In quarter four, the new file format came with a function to configure .xry files so they can be written with 256-bit encryption, which increases security significantly and ensures traceability for digital evidence.

In connection with the major product update, the analysis tool XAMN Pro, which consolidates all key functions in the products XAMN Spotlight, Horizon and Elements under one license, was launched. During the quarter, MSAB Manage – XEC was also updated with significant improvements to the installation and upgrading process.

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 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 usual sense of the term. 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 is reflected in sales such that the second half-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 not been reviewed by auditors.

ANNUAL GENERAL MEETING (AGM)

The Annual General Meeting will be held in Stockholm on 11 May, 2023. A notice to convene the Annual General Meeting will be published on the company's website. Shareholders who wish to have a matter considered at the Annual General Meeting must submit a written request latest 23 March, 2023.

DIVIDEND

The Board of Directors proposes a dividend of a total of SEK 1.50 (0) per share for the 2022 fiscal year, in total SEK 27,702,606 (0). The record date for the dividend will be communicated in conjunction with the notice to the Annual General Meeting. In the light of the positive cash flow during the year, the Board of Directors has decided to relaunch dividend for year 2022.

SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD

No significant events have occurred since year-end.

FINANCIAL CALENDAR

Annual Report 2022	2023-04-21
Interim report January – March 2023	2023-04-27
AGM 2022	2023-05-11
Interim report April – June 2023	2023-07-20
Interim report July – September 2023	2023-10-26

QUARTERLY DATA

	2022				2021				2020				2019
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales, MSEK	106.6	93.7	87.1	75.6	108.5	89.6	64.6	70.4	66.7	93.3	83.9	66.2	84.0
EBIT, MSEK	7.7	8.7	2.7	-0.2	16.2	24.0	-1.9	6.0	-4.0	29.4	12.1	-8.8	3.7
EBIT-margin, %	7.2	9.2	3.1	-0.3	15.0	26.7	-2.9	8.5	-6.0	31.5	14.4	-13.2	4.4
Earnings after tax, KSEK	6.3	6.8	2.7	1.4	12.7	18.6	-2.9	6.5	-7.0	21.4	10.4	-8.5	1.4
Earnings per share, SEK	0.34	0.37	0.15	0.07	0.69	1.00	-0.16	0.35	-0.38	1.16	0.56	-0.46	0.07
Cash flow from operating activities, MSEK	43.3	0.0	1.0	5.5	10.5	-10.8	1.1	9.4	47.2	-10.8	1.1	9.2	10.5
Return on equity, %	6.1	7.2	3.4	1.4	14.1	21.2	-4.3	7.8	-8.5	24.6	15.7	-9.7	1.5
Return on capital employed, %	9.6	11.5	6.0	3.6	20.3	27.7	-2.1	10.8	-4.3	34.5	21.7	-8.1	4.8
Equity ratio, %	40.2	50.7	47.4	45.8	43.9	44.4	38.5	49.7	46.8	47.5	41.2	38.2	40.0
Cash flow from operations/per share, SEK	2.33	0.00	0.05	0.30	0.57	-0.58	0.06	0.51	2.56	-0.15	-0.08	0.50	0.57
Equity per share, SEK	6.26	6.02	5.41	5.02	4.85	4.20	3.11	5.30	4.78	5.29	4.19	3.78	4.12

CONSOLIDATED INCOME STATEMENT IN SUMMARY

MSEK	OCT - DEC 2022	OCT - DEC 2021	JAN - DEC 2022	JAN - DEC 2021
Net sales	106.6	108.5	363.0	333.0
Operating income	106.6	108.5	363.0	333.0
Cost of goods sold	-24.2	-23.3	-56.8	-40.9
Other external costs	-18.7	-15.2	-70.0	-51.3
Personnel costs	-52.6	-50.3	-204.2	-184.1
Depreciation of fixed assets	-3.3	-3.5	-13.1	-12.4
Total operating cost	-98.9	-92.2	-344.2	-288.6
Operating profit - EBIT	7.7	16.2	18.8	44.3
Financial income	2.2	1.9	9.5	5.7
Financial expenses	-2.4	-2.0	-6.8	-5.8
Profit/loss before tax	7.5	16.1	21.5	44.2
Tax	-1.2	-3.4	-4.3	-9.4
Net profit/loss after tax	6.3	12.7	17.1	34.8
Earnings per share, SEK	0.33	0.69	0.89	1.89

STATEMENT OF COMPREHENSIVE INCOME

MSEK	OCT - DEC 2022	OCT - DEC 2021	JAN - DEC 2022	JAN - DEC 2021
Net profit/loss after tax	6.3	12.7	17.1	34.8
Currency translation differences	-1.2	1.0	8.2	4.6
Total comprehensive income	5.1	13.6	25.3	39.4
Comprehensive income for the period attributable to the shareholders of the parent company	5.1	13.6	25.3	39.4

CONSOLIDATED BALANCE SHEET IN SUMMARY

MSEK	31 DEC 2022	31 DEC 2021
ASSETS		
Tangible assets	1.5	1.5
Assets with right to use	59.4	12.3
Total non-current assets	60.9	13.8
Inventories	8.7	7.8
Accounts receivable – trade	97.1	103.7
Other current assets	17.6	15.2
Cash and cash equivalents	104.4	66.0
Total current assets	227.8	192.6
TOTAL ASSETS	288.8	206.5
EQUITY AND LIABILITIES		
Equity	116.1	90.8
Total equity	116.1	90.8
Long term leasing liabilities related to assets with right to use	41.9	1.2
Total long term liabilities	41.9	1.2
Accounts payable – trade	12.3	11.0
Current tax liability	7.4	9.9
Leasing liabilities related to assets with right to use	13.6	8.8
Other current liabilities	97.4	84.9
Total current liabilities	130.8	114.6
TOTAL EQUITY AND LIABILITIES	288.8	206.5

CHANGE IN EQUITY IN SUMMARY

MSEK	31 DEC 2022	31 DEC 2021
Opening balance	90.8	88.3
Profit/loss for the period	25.3	39.4
Dividend	0.0	-36.9
Equity at the end of the period	116.1	90.8

CASH FLOW STATEMENT IN SUMMARY

MSEK	OCT - DEC 2022	OCT - DEC 2021	JAN - DEC 2022	JAN - DEC 2021
Profit after paid tax and non-cash items	11.1	22.8	26.4	59.8
Working capital changes	32.2	-12.3	23.4	-49.6
Cash flow from operating activities	43.3	10.5	49.8	10.2
Investments in fixed assets	-0.0	-0.3	-1.7	-0.2
Cash flow from investing activities	-0.0	-0.3	-1.7	-0.2
Dividend paid to shareholders	-	-	-	-36.9
Amortization of leasing liability	-3.5	-6.0	-12.0	-11.5
Cash flow from financing activities	-3.5	-6.0	-12.0	-48.4
CASH FLOW FOR THE PERIOD	39.8	4.2	36.1	-38.3
Cash at the beginning of the period	66.6	61.3	66.0	101.2
Exchange rate difference in cash	-2.0	0.4	2.3	3.0
Cash at the end of the period	104.4	66.0	104.4	66.0

SEGMENT REPORTING

October - December 2022

MSEK	Asia		EMEA & Latin America		North America		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Product sales	7.9	8.1	41.9	57.3	48.7	36.2	98.4	101.5
Training & other services	1.0	0.5	4.8	5.2	2.4	1.3	8.1	6.9
Total	8.9	8.5	46.6	62.4	51.0	37.6	106.6	108.5
Recognized at a certain point in time	7.6	7.1	39.7	56.0	46.7	33.9	94.0	97.0
Recognized over time	1.4	1.4	6.9	6.4	4.3	3.6	12.6	11.5
Total	8.9	8.5	46.6	62.4	51.0	37.6	106.6	108.5

January - December 2022

MSEK	Asia		EMEA & Latin America		North America		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Product sales	37.1	34.3	155.5	157.5	131.8	109.6	324.5	301.4
Training & other services	2.7	1.8	24.4	25.3	11.3	4.4	38.5	31.5
Total	39.8	36.1	180.0	182.8	143.2	114.0	363.0	333.0
Recognized at a certain point in time	34.1	30.3	152.4	156.8	124.5	99.9	311.0	287.0
Recognized over time	5.8	5.8	27.6	26.0	18.7	14.1	52.0	45.9
Total	39.8	36.1	180.0	182.8	143.2	114.0	363.0	333.0

PARENT COMPANY INCOME STATEMENT IN SUMMARY

MSEK	OCT - DEC 2022	OCT - DEC 2021	JAN - DEC 2022	JAN - DEC 2021
Net sales	80.2	90.3	273.2	262.1
Operating income	80.2	90.3	273.2	262.1
Cost of goods sold	-24.2	-23.3	-56.8	-40.2
Other external costs	-10.8	-11.6	-46.8	-36.0
Personnel costs	-37.3	-38.1	-145.8	-137.0
Depreciation of fixed assets	-2.9	-2.9	-11.4	-11.5
Operating cost	-75.2	-75.8	-260.9	-224.7
Operating profit – EBIT	5.0	14.5	12.3	37.4
Net financial items	-0.1	0.1	2.8	0.2
Profit/loss before tax	4.9	14.6	15.1	37.6
Tax	-3.3	-7.9	-3.3	-7.9
Net profit/loss after tax	1.6	6.8	11.8	29.7

STATEMENT OF COMPREHENSIVE INCOME

MSEK	OCT - DEC 2022	OCT - DEC 2021	JAN - DEC 2022	JAN - DEC 2021
Net profit/loss after tax	1,6	6,8	11,8	29,7
Total comprehensive income	1,6	6,8	11,8	29,7

PARENT COMPANY BALANCE SHEET IN SUMMARY

MSEK	31 DEC 2022	31 DEC 2021
ASSETS		
Tangible assets	0.9	1.5
Assets with right to use	53.9	12.3
Shares in group companies	0.4	0.4
Total fixed assets	55.2	14.2
Inventories	8.7	7.8
Accounts receivable – trade	24.3	28.8
Other current assets	39.9	42.4
Cash and cash equivalents	61.1	33.5
Total current assets	134.0	112.6
TOTAL ASSETS	189.3	126.8
EQUITY AND LIABILITIES		
Share capital	3.8	3.8
Share premium	20.3	20.3
Restricted equity	24.1	24.1
Statutory reserve	7.8	7.8
Profit brought forward	37.3	24.6
Non-restricted equity	45.1	32.4
Total equity	69.2	56.5
Long term leasing liabilities related to assets with right to use	38.4	1.8
Total long term liabilities	38.4	1.8
Accounts payable – trade	10.0	2.7
Current tax liability	6.2	9.3
Short term leasing liabilities related to assets with right to use	11.5	8.0
Other current liabilities	53.9	48.5
TOTAL EQUITY AND LIABILITIES	81.7	68.5
SUMMA EGET KAPITAL OCH SKULDER	189.3	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

MSEK	2022				2021				2020				2019
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total assets, MSEK	288.8	219.2	210.9	202.2	206.5	174.0	149.1	177.4	188.7	205.8	188.0	182.8	190.1
Accounts payables, MSEK	-12.3	-7.8	-5.8	-3.9	-11.0	-7.1	-5.5	-5.2	-6.0	-3.4	-4.3	-4.5	-4.6
Tax liabilities, MSEK	-7.4	-9.0	-7.5	-7.5	-9.9	-5.3	-1.1	-2.0	-1.1	-5.8	-1.1	-1.9	-1.2
Leasing liabilities related to assets with right to use	-55.5	-7.9	-10.8	-13.3	-10.0	-10.6	-13.3	-16.3	-27.0	-21.7	-24.3	-25.7	-28.3
Other liabilities, MSEK	-97.4	-83.3	-86.7	-84.8	-85.0	-73.8	-71.8	-75.8	-66.3	-77.1	-80.9	-78.4	-79.9
Capital employed, MSEK	116.1	111.1	100.0	75.0	90.6	77.2	57.5	78.2	88.3	97.7	77.4	72.3	76.1
Average capital employed, MSEK	103.3	94.2	78.8	76.6	89.5	87.4	67.4	75.2	82.2	87.1	66.3	89.6	93.1

Statement from the Board and CEO

The under-signed 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, 27 January, 2023

BERNT INGMAN
Chairman of the Board

JOEL BOLLÖ
Chief Executive Officer

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 and information that Micro Systemation AB (publ) is obliged to make public in accordance with the Securities Market Act. 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 27 January, 2023 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