

MSAB

Trusted Partner in Digital Forensics

Interim report
Q2 2023

Interim report Q2 2023

April – June 2023

Summary April – June 2023

- Net sales amounted to SEK 104.7 (87.1) million, an increase of 20 percent compared with the same period last year. Adjusted for currency fluctuations, growth was 15 percent.
- EBIT amounted to SEK 2.7 (2.7) million, corresponding to an EBIT margin of 2.6 (3.1) percent.
- EBIT adjusted for severance pay amounted to SEK 9.2 (2.7) million, corresponding to an EBIT margin of 8.8 percent.
- Profit after tax amounted to SEK 2.9 (2.7) million.
- Earnings per share before/after dilution amounted to SEK 0.16 (0.15).
- Cash flow from operating activities amounted to SEK 21.7 (1.0) million, primarily driven by profit for the period but also by positive changes in working capital.

Summary January – June 2023

- Net sales amounted to SEK 192.1 (162.7) million, an increase of 18 percent compared with the same period last year. Adjusted for currency fluctuations, growth was 14 percent.
- EBIT amounted to SEK 10.9 (2.5) million, corresponding to an EBIT margin of 5.7 (1.5) percent.
- EBIT adjusted for severance pay amounted to SEK 17.4 (2.5) million, corresponding to an EBIT margin of 9.1 percent.
- Profit after tax amounted to SEK 9.6 (4.1) million.
- Earnings per share before/after dilution amounted to SEK 0.52 (0.22).
- Cash flow from operating activities increased to SEK 45.7 (6.5) million, primarily driven by profit for the period, but also by positive changes in working capital.

Significant events during the period

- A stable order intake characterised the period. New sales are increasing on the majority of the Company's markets. Additionally, the degree of license renewal is very high. MSAB received large orders in the form of multi-year contracts for license renewals from France, Germany, and the UK, and a large order for training from the UK.
- Peter Gille, former Board member, was appointed Board Chairman for MSAB on May 11. At the same time, three new Board members were also appointed: Andreas Hedskog, Jesper Kärrbrink and Charlotte Stjerngren. Bernt Ingman, former Chairman resigned, and Hanna Bilir declined re-election.
- At the end of June, the second large product launch of the year was announced, with industry-leading support for Unisoc devices. Before First Unlock (BFU) support for UNISOC and a distributed "brute forcer" to gain access to locked mobile phones are the highlights in XRY Pro. MSAB can now extract and decrypt more than 44,700 versions of mobile phones and over 4,400 app versions.

104.7 MSEK

Net sales, April – June 2023

89.0 MSEK

Cash flow from operating activities,
rolling 12 months

55 %

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

	APR – JUN 2023	APR – JUN 2022	JAN – JUN 2023	JAN – JUN 2022	JUL 2022 – JUN 2023	JAN – DEC 2022
Net sales, MSEK	104.7	87.1	192.1	162.7	392.3	363.0
EBIT, MSEK	2.7	2.7	10.9	2.5	27.2	18.8
EBIT-margin, %	2.6	3.1	5.7	1.5	6.9	5.2
Earnings per share before/ after dilution, SEK	0.16	0.15	0.52	0.22	1.23	0.92
Cash flow from operating activities, MSEK	21.7	1.0	45.7	6.5	89.0	49.8
Return on equity 12 months, %	21.5	44.8	21.2	38.0	21.0	16.6
Return on capital employed 12 months, %	33.3	63.4	34.3	60.3	33.7	27.4
Cash flow from operations / per share, SEK	1.17	0.05	2.48	0.35	4.82	2.68
Equity per share, SEK	5.99	5.41	6.32	5.22	6.24	6.29

CEO comments

The second quarter of 2023 saw continuing high levels of activity, resulting in a successful quarter for most of the markets where MSAB is active. We finalised a number of important contracts, but in particular, there was a very high degree of license renewal for our extraction and analysis software. Our customers demonstrate firm confidence in our solutions, partly through the renewal of multi-year contracts, and partly through previous customers reactivating their licenses when they discover the number of new functions our products offer.

During the quarter, the marketing and sales organisation was fully focused on introducing and presenting our latest premium product XRY Pro, which complements and upgrades our software family of mobile forensic solutions. We are continually developing our offering; hence there is an ever-rising demand for them from law enforcement agencies and in the justice system.

Net sales in the second quarter amounted to a total of SEK 104.7 million, compared with SEK 87.1 million the previous year. It is the Company's best second quarter ever. EBIT, adjusted for a one-time cost for the severance pay of former CEO, amounted to SEK 9.2 million, compared to SEK 2.7 million in 2022. The improvement in earnings was driven by a favourable mix of products and services, as well as effective cost control. A good mix in our offering, and satisfactory handling of other expenses contributed to the increase. Cash flow from operating activities amounted to SEK 21.7 million compared to SEK 1.0 million for the corresponding period in 2022. Focused efforts on accounts receivable also contributed to the improvement.

The mobile forensic industry continues to be characterised by a high pace of development. The need to handle and expand new technology, to meet customers' process changes and support their digital transformation places strong demands on MSAB to continue developing its products, services, and new business models. Our continuing growth also demands competence development for current personnel and a high pace of recruitment of new employees. Today, we seek competence in a more global perspective than previously in order to secure the right specialist competencies.

European sales were very strong during the quarter, driven primarily by the French and UK markets, and we saw many previous customers return to us because of the product development of recent years. The North American market delivered as expected, but we continue our efforts to grow this market further. In Asia and Oceania, sales were lower than expected, but authorities are showing a great deal of interest in our Frontline solutions, so we will be focussing our efforts on those markets where we see the greatest potential.

We see defence authorities and intelligence agencies requesting high performance levels to improve their mobile forensic operations, especially for our Frontline solutions, where their personnel can quickly read mobile phones out in the field, or at their place of work, instead of going through the forensic lab. In this way, lead times can be shortened, and labs can focus on more difficult cases. Many authorities have also realised the value of having access to technology developed by a company that operates in accordance with EU legis-



lation, as EU legislation is generally stricter when it comes to integrity and ethics. MSAB is the only European supplier of mobile forensics.

MSAB's solutions are increasingly important for authorities in need of digital forensic solutions. Mobile data can, for example, be part of tax and customs investigations, and we see requests for our solutions increasing from authorities other than our traditionally largest customer segments: the police, defence, and intelligence services. Being able to extract and analyse data from mobile phones in a broader perspective can generate additional business opportunities for MSAB, thereby contributing to an expanding market for the Company.

Additionally, we see an increase in interest from private actors and to meet this need we introduced during the quarter a number of new software functions that have already generated new business. We believe these new capabilities can provide future growth.

I am proud of MSAB's accomplishments during the first half-year and I'm convinced that our strong brand, innovative product development, and broad offering within mobile forensics will continue to generate new business on our prioritised markets globally in the coming years.

Stockholm, July 2023

Mikael Falkovén
Acting CEO, MSAB

Financial overview

April – June 2023

NET SALES

Consolidated net sales increased 20.2 percent to SEK 104.7 (87.1) million during the period. Adjusted for currency fluctuations, growth amounted to 15.0 percent.

License renewals and new sales increased during the period compared with the corresponding period last year, where EMEA & Latin America contributed the most growth at 54.9 percent compared to the previous year. North America had growth of 14.7 percent including hardware sales of SEK 17.3 million. Growth shrank in Asia & Oceania during the period, with net sales of SEK 7.8 (16.7) million due to the number of multi-year licenses sold during the corresponding period last year. XRY Office remains the best-selling product for license renewals with growth of 21.3 percent.

OPERATING EXPENSES

Cost of goods for resale amounted to SEK 16.9 (8.8) million. These costs are in part affected by currency fluctuations and vary as a rule with the product mix. A sale of hardware in North America during the period, where the cost of goods sold for this single sale amounted to SEK 13.5 million, which affected the gross margin negatively.

Other external expenses amounted to SEK 19.5 (19.8) million. Total expenses are level with last year's. Expenses for premises and travel costs increased somewhat compared with last year's, driven by inflation and higher levels of activity within sales and market, including more travel, training and conferences, while other administrative expenses were somewhat lower.

Personnel expenses were SEK 61.6 (52.5) million. Severance pay totaling SEK 6.5 million was paid to the outgoing CEO during the period. Annual salary revision and new recruitments also contributed to the increase in personnel expenses. The personnel expense level was also affected by the weakening of the Swedish krona, especially relative to the USD and GBP, as almost half of the Company's salaries are paid in foreign currencies.

Depreciation amounted to SEK 3.9 (3.4) million.

EBIT

EBIT for the quarter amounted to SEK 2.7 (2.7) million, corresponding to an EBIT margin of 2.6 (3.1) percent. EBIT excluding the one-time expense for severance pay amounted to SEK 9.2 million, corresponding to an EBIT margin of 8.8 percent.

NET FINANCIAL INCOME/EXPENSE

Net financial income/expense was SEK 0.5 (0.7) million for the quarter. Net financial income/expense consisted primarily of revaluation of cash and cash equivalents in foreign currencies and continues to be affected positively by the weakening of the Swedish krona, especially vis-à-vis USD och EUR which are the Group's two largest translation currencies, along with GBP.

PROFIT/LOSS AFTER TAX

Profit after tax amounted to SEK 2.9 (2.7) million for the period.

CASH FLOW

Cash flow from operating activities was SEK 21.7 (1.0) million for the period. Cash flow before changes in working capital contributed SEK 8.7 (3.2) million to the positive cash flow while changes in working capital contributed SEK 13.0 (-2.2) million. It is primarily improved handling of accounts receivable that contributed to the positive change in working capital.

Dividends totaling SEK 18.5 million distributed in May affected total cash flow for the period, which amounted to SEK -0.8 (-2.5) million. Investments for the period amounted to SEK 0.2 (0.6) million.

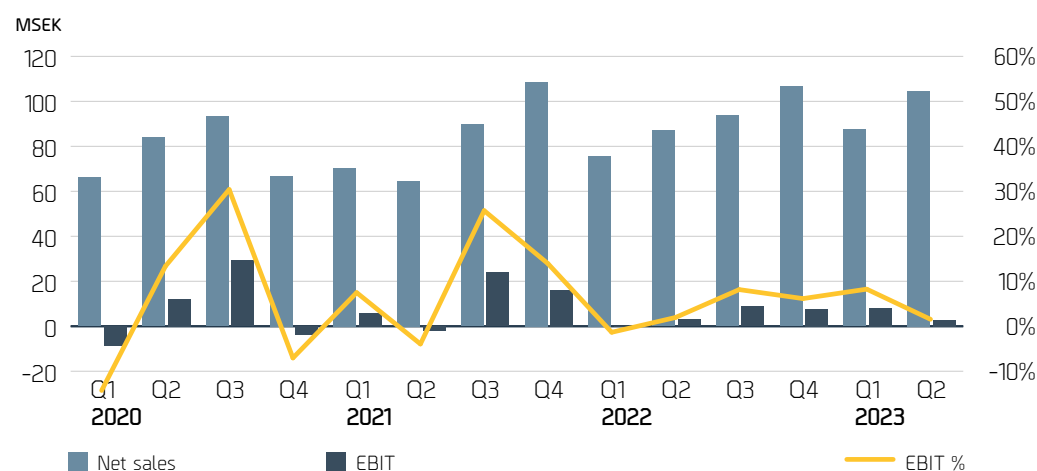
EMPLOYEES

As of 30 June, 2023, there were 195 (193) employees. The average number of employees for the period was 195 (191)

THE PARENT COMPANY

Net sales for the Parent Company for the period amounted to SEK 81.4 (66.5) million. EBIT for the period amounted to SEK -0.8 (2.9) million.

Financial development



Apr - Jun 2023

Net sales

MSEK 104.7

EBIT

MSEK 2.7

EBIT

2.6 %

Financial overview

January – June 2023

NET SALES

Consolidated net sales increased 18.1 percent during the period to SEK 192.1 (162.7) million. Adjusted for currency fluctuations, growth amounted to SEK 13.7 percent.

Sales growth in EMEA & Latin America was 42.3 percent while growth in North America was –2.1 percent, and Asia & Oceania declined –30.8 percent, though from lower income levels. For all products (XRY, XAMN and XEC), growth increased for license renewals compared to the corresponding period last year. For new sales, XRY Office still represents the lion's share. Training operations grew 10.7 percent, a direct consequence of the fact that both we and our course participants now have the possibility to travel again.

OPERATING EXPENSES

The weakening of the Swedish krona vis-à-vis USD, EUR and GBP affected expense levels in Swedish krona during the period.

Cost of goods for resale amounted to SEK 22.2 (16.2) million. Cost of goods sold was affected in part by currency fluctuations and varies as a rule with the product mix, which consisted of a higher proportion of hardware than for the corresponding period last year.

Other external expenses amounted to SEK 34.7 (35.6) million. The increase is due primarily to the higher activity level within sales and marketing with more travel, training and conferences, as well as an increase in costs for premises. Other administrative expenses decreased compared with the same period last year.

Personnel expenses amounted to SEK 116.7 (102.0) million. Salary revision, new recruitments and severance pay to the outgoing CEO have all contributed to an increase in expenses, as did the cessation of payment for the EU project Formobile, which has closed.

Depreciation amounted to SEK 7.6 (6.5) million.

EBIT

EBIT for the period was SEK 10.9 (2.5) million, corresponding to an EBIT margin of 5.7 (1.5) percent. EBIT excluding the one-time expense of severance pay amounted to SEK 17.4 million, corresponding to an EBIT margin of 9.1 percent.

NET FINANCIAL INCOME/EXPENSE

Net financial income/expense amounted to SEK 0.8 (2.3) million for the period, and consists primarily of revaluation of cash and cash equivalents in foreign currencies and has been positively affected by the weakening of the Swedish krona, especially vis-à-vis USD and EUR, the Group's two largest translation currencies, along with GBP.

PROFIT/LOSS AFTER TAX

Profit after tax was SEK 9.6 (4.1) million for the period.

CASH FLOW

Cash flow from operating activities was SEK 45.7 (6.5) million. Changes in working capital amounted to SEK 26.7 (0.9) million.

Total cash flow for the period was SEK 19.4 (–0.1) million, including a dividend of SEK 18.5 million distributed during the period.

Investments for the period amounted to SEK 0.2 (1.0) million.

LIQUIDITY AND FINANCIAL POSITION

Cash and cash equivalents at the end of the period amounted to SEK 127.1 (68.5) million.

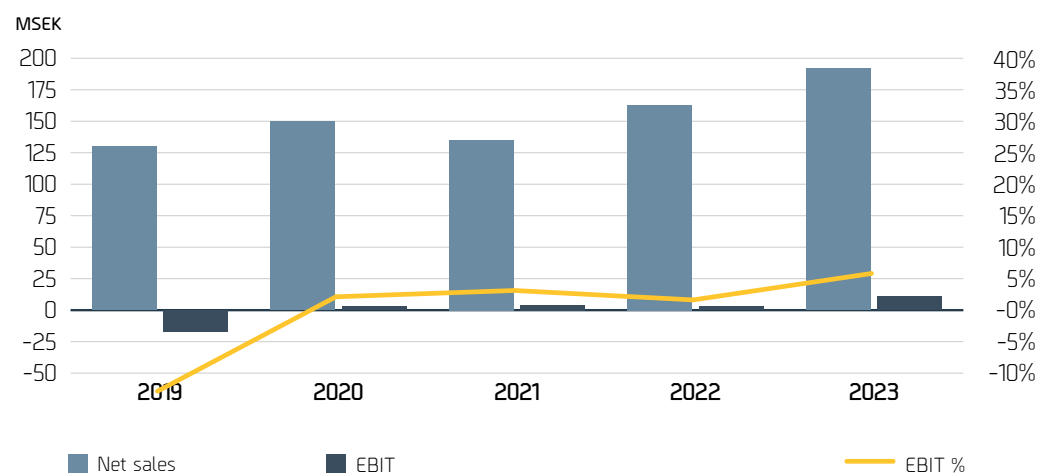
EMPLOYEES

As of 30 June 2023, there were 195 (193) employees. The average number of employees during the period was 193 (191).

THE PARENT COMPANY

Net sales for the Parent Company amounted to SEK 146.5 (120.3) million for the period. EBIT for the period amounted to SEK 5.2 (–0.1) million.

Financial development



Jan - Jun 2023

Net sales

MSEK 192.1

EBIT

MSEK 10.9

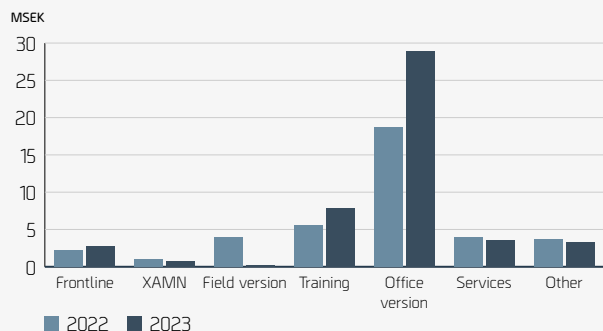
EBIT

5.7 %

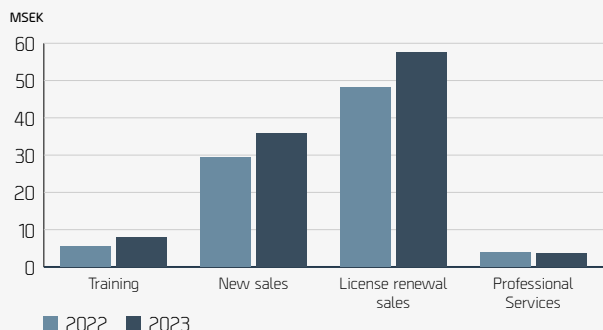
Financial overview

April - June 2023

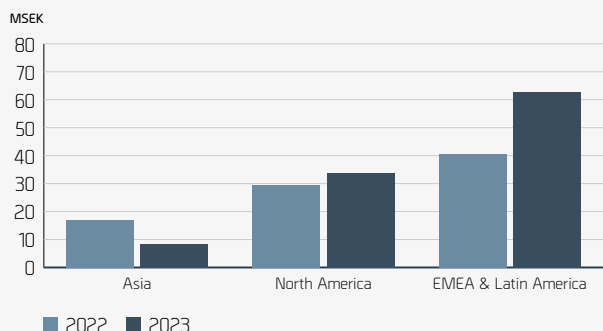
Distribution of new sales



Net sales per type of revenue

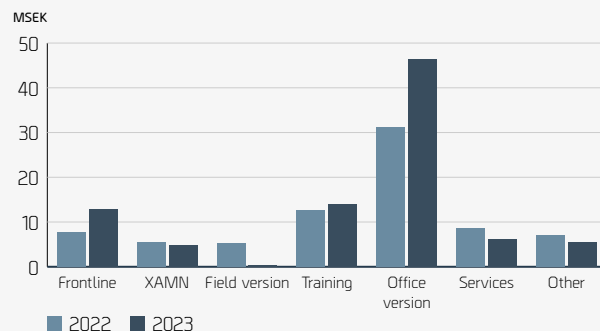


Turnover by region

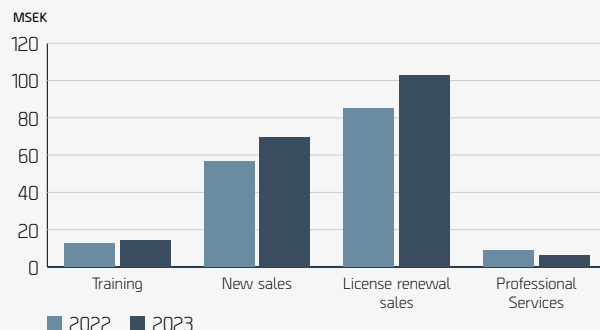


January - June 2023

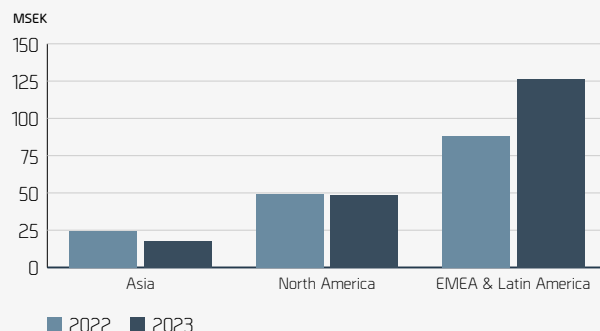
Distribution of new sales



Net sales per type of revenue



Turnover by region



Market comments

The total order intake, primarily in EMEA, was strong during the second quarter 2023, and sales increased 20 percent compared with the same period 2022.

EMEA & LATIN AMERICA

EMEA accounted for the excellent quarter with a high order intake and several large license renewals resulting in record sales compared with any previous second quarter of a fiscal year. The order intake was driven primarily by France, Italy and the UK, where multi-year renewal agreements with national authorities were delivered in each country. Additionally, several customers in Europe reactivated licenses and complemented with new licenses in their operations. The introduction of XRY Pro has increased interest in our products and services in the whole region, and forensic labs are choosing to complement their existing solutions with MSAB's extraction software. The Company received a breakthrough order for training from a larger justice authority in the UK. Several large customer events were conducted in the region, including France, Germany, the Nordics, the UK, Spain, and Italy during the period. Clearly, MSAB has a distinct advantage because of its decryption support for mobile phones like the latest iOS16.5 version that competitors are still unable to decrypt. The Company's capacity to offer selective extraction is also a winning territory, as competitors are unable to deliver a similar solution.

NORTH AMERICA

Organisations in the USA and Canada are showing great interest in XRY Pro, especially specialists in forensic labs. It seems this is opening up for several new customers on this market. In the USA, we have delivered a large number of new device extractions to national authorities within security and defence. Even here, our decryption support for the latest iOS version is creating interest. Announcements that licenses for certain extraction software from competitors will be terminated have increased the number of requests for MSAB Field, an extraction software delivered together with a robust tablet, for securing evidence at crime scenes and in the field.

ASIA & OCEANIA

Sales in the region were somewhat lower than expected. In Asia, we are focusing our efforts on sales to those countries where MSAB has an export permit from ISP, Inspectorate of Strategic Products. We continue to offer solutions to improve processes within mobile forensics at law enforcement agencies. MSAB's Frontline solutions are being requested for this purpose in several countries in Europe and Asia.

PRODUCTS

AAL (Advanced Acquisition Lab) is being incorporated into XRY Pro, which was launched in its first external version in April. Work on specific product initiatives has begun, e.g. DEMS (Digital Evidence Management System), better process software (Cascade Data Automation), and the next generation of software architecture for extraction and data collection. To overcome technical challenges with older versions of .NET, an upgrade project has been initiated.

In May, a smaller product upgrade of KTE, XRY and XRY Pro was released.

At the end of June, the second large product launch of the year, with cutting edge support for mobile phones with the Unisoc chip, was announced. BFU (Before First Unlock) support for UNISOC devices, and a distributed "brute force" to open locked phones, were the highlights in XRY Pro. Additionally, extra Dumpsys information for Android phones and improved handling of deleted messages in WhatsApp was added in XRY. With this product launch, MSAB now offers extraction and decryption capabilities for over 44,700 versions of mobile phones and over 4,400 app versions.

MSAB is initiating work to ensure competence in the development of cloud services and system architecture.

TRAINING AND CONSULTING SERVICES

The change of the ODT platform (On Demand Training) has started to yield positive results in the number of users. The rapid development of MSAB's software necessitates that we continue developing our digital forensic courses for extraction and analysis of data and update our course material in several languages. MSAB gets very good marks for the quality of course content and training material. During the quarter, the first course for XAMN Pro, the Company's new and more comprehensive analysis software launched at the beginning of the year, was introduced. A new ODT course has been developed, initially in English and French, to support use of the new extraction software XRY Pro. Preparations are also underway to meet the demand for training during the last two quarters of 2023, which comprise the lion's share of training efforts.

With the increase of sales in UK, of MSAB's complete solutions integrated into customer infrastructure, the demand for consulting services, such as project leadership, strategy and implementation, has increased significantly. Here the MSAB Frontline (a solution for police in the field where simple pre-programmed workflows enable extraction of data from seized phones) continues to grow.

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 products and services to the customer. This takes place through the five step model defined under IFRS 15. The Company has two types of income: product sales, and training and other services.

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. Freight and commodity prices have affected the Company's expenses, and uncertainty regarding prices and delivery times remain. The Company has been impacted marginally by a shortage of certain components.

Significant risks and uncertainty factors are described in the 2022 Annual Report on page 38 and in Note 4 on pages 50–51.

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 2022 Annual Report on page 60, Note 25

AUDITOR REVIEW

This interim report has not been reviewed by auditors.

SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD

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

FINANCIAL CALENDAR

Interim report July – September 2023	2023-10-26
Year-end report 2023	2024-01-25

QUARTERLY DATA

	2023		2022				2021				2020		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales, MSEK	104.7	87.4	106.6	93.7	87.1	75.6	108.5	89.6	64.6	70.4	66.7	93.3	83.9
EBIT, MSEK	2.7	8.2	7.7	8.7	2.7	-0.2	16.2	24.0	-1.9	6.0	-4.0	29.4	12.1
EBIT-margin, %	2.6	9.3	7.2	9.2	3.1	-0.3	15.0	26.7	-2.9	8.5	-6.0	31.5	14.4
Earnings after tax, KSEK	2.9	6.7	6.3	6.8	2.7	1.4	12.7	18.6	-2.9	6.5	-7.0	21.4	10.4
Earnings per share, SEK	0.16	0.36	0.34	0.37	0.15	0.07	0.69	1.00	-0.16	0.35	-0.38	1.16	0.56
Cash flow from operating activities, MSEK	21.7	24.0	43.3	0.0	1.0	5.5	10.5	-10.8	1.1	9.4	47.2	-10.8	1.1
Return on equity, %	2.8	6.2	6.1	7.2	3.4	1.4	14.1	21.2	-4.3	7.8	-8.5	24.6	15.7
Return on capital employed, %	4.5	8.9	9.6	11.5	6.0	2.9	20.3	27.7	-2.1	10.8	-4.3	34.5	21.7
Equity ratio, %	41.4	43.2	40.2	50.7	47.4	45.8	43.9	44.4	38.5	49.7	46.8	47.5	41.2
Cash flow from operations/per share, SEK	1.17	1.30	2.33	0.00	0.05	0.30	0.60	-0.60	0.10	0.50	2.56	-0.15	-0.08
Equity per share, SEK	5.99	6.65	6.26	6.02	5.41	5.02	4.90	4.20	3.10	5.30	4.78	5.29	4.19

CONSOLIDATED INCOME STATEMENT IN SUMMARY

MSEK	APR - JUN 2023	APR - JUN 2022	JAN - JUN 2023	JAN - JUN 2022	JUL 2022 - JUN 2023	JAN - DEC 2022
Net sales	104.7	87.1	192.1	162.7	392.4	363.0
Operating income	104.7	87.1	192.1	162.7	392.4	363.0
Cost of goods sold	-16.9	-8.8	-22.2	-16.2	-62.8	-56.8
Other external costs	-19.5	-19.8	-34.7	-35.6	-69.1	-70.0
Personnel costs	-61.6	-52.5	-116.7	-102.0	-218.9	-204.2
Depreciation of fixed assets	-3.9	-3.4	-7.6	-6.5	-14.2	-13.1
Total operating cost	-102.0	-84.5	-181.2	-160.3	-365.1	-344.2
Operating profit - EBIT	2.7	2.7	10.9	2.5	27.3	18.8
Financial income	2.0	2.1	3.4	5.1	7.8	9.5
Financial expenses	-1.5	-1.4	-2.6	-2.8	-6.6	-6.8
Profit/loss before tax	3.2	3.4	11.7	4.8	28.5	21.5
Tax	-0.3	-0.7	-2.1	-0.7	-5.8	-4.3
Net profit/loss after tax	2.9	2.7	9.6	4.1	22.7	17.1
Attributable to owners of the Parent Company	2.9	2.7	9.6	4.1	22.7	17.1
Earnings per share, SEK	0.16	0.15	0.52	0.22	1.23	0.89

STATEMENT OF COMPREHENSIVE INCOME

MSEK	APR - JUN 2023	APR - JUN 2022	JAN - JUN 2023	JAN - JUN 2022	JUL 2022 - JUN 2023	JAN - DEC 2022
Net profit/loss after tax	2.9	2.7	9.6	4.1	22.6	17.1
Currency translation differences	3.2	4.6	3.4	5.1	6.5	8.2
Total comprehensive income	6.1	7.3	13.0	9.2	29.1	25.3
Comprehensive income for the period attributable to the shareholders of the parent company	6.1	7.3	13.0	9.2	29.1	25.3

CONSOLIDATED BALANCE SHEET IN SUMMARY

MSEK	30 JUN 2023	30 JUN 2022	31 DEC 2022
ASSETS			
Tangible assets	1.3	1.7	1.5
Assets with right to use	55.3	13.6	59.4
Total non-current assets	56.6	15.3	60.9
Inventories	12.4	14.8	8.7
Accounts receivable – trade	54.1	98.4	97.1
Other current assets	17.2	13.8	17.6
Cash and cash equivalents	127.1	68.5	104.4
Total current assets	210.8	195.6	227.8
TOTAL ASSETS	267.4	210.9	288.8
EQUITY AND LIABILITIES			
Equity	110.6	100.0	116.1
Total equity	110.6	100.0	116.1
Long term leasing liabilities related to assets with right to use	37.9	5.4	41.9
Total long term liabilities	37.9	5.4	41.9
Accounts payable – trade	8.7	5.8	12.3
Current tax liability	1.6	7.5	7.4
Leasing liabilities related to assets with right to use	14.2	5.4	13.6
Other current liabilities	94.6	86.8	97.4
Total current liabilities	119.0	105.5	130.8
TOTAL EQUITY AND LIABILITIES	267.4	210.9	288.8

CHANGE IN EQUITY IN SUMMARY

MSEK	30 JUN 2023	30 JUN 2022	31 DEC 2022
Opening balance	116.1	90.8	90.8
Profit/loss for the period	13.0	9.2	25.3
Dividend	-18.5	-	-
Equity at the end of the period	110.6	100.0	116.1

CASH FLOW STATEMENT IN SUMMARY

MSEK	APR - JUN 2023	APR - JUN 2022	JAN - JUN 2023	JAN - JUN 2022	JUL 2022 - JUN 2023	JAN - DEC 2022
Profit after paid tax and non-cash items	8.7	3.2	19.0	5.5	39.8	26.4
Working capital changes	13.0	-2.2	26.7	0.9	49.2	23.4
Cash flow from operating activities	21.7	1.0	45.7	6.5	89.0	49.8
Investments in fixed assets	-0.2	-0.6	-0.2	-1.0	-1.0	-1.7
Cash flow from investing activities	-0.2	-0.6	-0.2	-1.0	-1.0	-1.7
Dividend paid to shareholders	-18.5	-	-18.5	-	-18.5	-
Amortization of leasing liability	-3.9	-2.9	-7.6	-5.7	-14.0	-12.0
Cash flow from financing activities	-22.4	-2.9	-24.1	-5.7	-32.5	-12.0
CASH FLOW FOR THE PERIOD	-0.8	-2.5	19.4	-0.1	55.6	36.1
Cash at the beginning of the period	124.8	68.9	104.4	66.0	68.5	66.0
Exchange rate difference in cash	3.1	2.2	3.3	2.7	3.0	2.3
Cash at the end of the period	127.1	68.5	127.1	68.5	127.1	104.4

SEGMENT REPORTING

MSEK	Asia		EMEA & Latin America		North America		Total	
	APR - JUN 2023	APR - JUN 2022	APR - JUN 2023	APR - JUN 2022	APR - JUN 2023	APR - JUN 2022	APR - JUN 2023	APR - JUN 2022
Product sales	6.6	16.3	55.1	34.1	31.7	26.2	93.4	76.5
Training & other services	1.7	0.7	7.5	6.6	2.1	3.3	11.3	10.6
Total	8.3	17.0	62.6	40.6	33.8	29.5	104.7	87.1
Recognized at a certain point in time	6.8	15.5	53.9	33.9	28.5	24.5	89.2	74.0
Recognized over time	1.5	1.5	8.7	6.7	5.3	5.0	15.5	13.2
Total	8.3	17.0	62.6	40.6	33.8	29.5	104.7	87.1

MSEK	Asia		EMEA & Latin America		North America		Total	
	JAN - JUN 2023	JAN - JUN 2022	JAN - JUN 2023	JAN - JUN 2022	JAN - JUN 2023	JAN - JUN 2022	JAN - JUN 2023	JAN - JUN 2022
Product sales	14.2	23.2	113.9	72.4	43.9	43.6	172.0	139.2
Training & other services	3.3	1.6	12.2	16.0	4.6	6.0	20.1	23.5
Total	17.5	24.8	126.1	88.4	48.5	49.6	192.1	162.7
Recognized at a certain point in time	14.5	21.9	108.8	75.1	37.9	39.8	161.2	136.9
Recognized over time	3.0	2.8	17.3	13.2	10.6	9.8	30.9	25.8
Total	17.5	24.8	126.1	88.4	48.5	49.6	192.1	162.7

PARENT COMPANY INCOME STATEMENT IN SUMMARY

MSEK	APR-JUN 2023	APR-JUN 2022	JAN - JUN 2023	JAN - JUN 2022	JAN - DEC 2022
Net sales	81.4	66.5	146.5	120.3	273.2
Operating income	81.4	66.5	146.5	120.3	273.2
Cost of goods sold	-17.0	-8.8	-22.2	-16.2	-56.8
Other external costs	-13.3	-14.3	-23.7	-25.4	-46.8
Personnel costs	-48.7	-37.6	-88.9	-73.1	-145.8
Depreciation of fixed assets	-3.3	-2.9	-6.5	-5.7	-11.4
Operating cost	-82.3	-63.7	-141.3	-120.5	-260.9
Operating profit – EBIT	-0.8	2.9	5.2	-0.1	12.3
Net financial items	0.3	0.7	0.6	2.4	2.8
Profit/loss before tax	-0.5	3.6	5.8	2.3	15.1
Tax	0.2	-	-1.2	-	-3.3
Net profit/loss after tax	-0.3	3.6	4.6	2.3	11.8

STATEMENT OF COMPREHENSIVE INCOME

MSEK	APR-JUN 2023	APR-JUN 2022	JAN - JUN 2023	JAN - JUN 2022	JAN - DEC 2022
Net profit/loss after tax	-0.3	3.6	4.6	2.3	11.8
Total comprehensive income	-0.3	3.6	4.6	2.3	11.8

PARENT COMPANY BALANCE SHEET IN SUMMARY

MSEK	30 JUN 2023	30 JUN 2022	31 DEC 2022
ASSETS			
Tangible assets	0.8	1.3	0.9
Assets with right to use	50.6	7.1	53.9
Shares in group companies	0.4	0.4	0.4
Total fixed assets	51.8	8.8	55.2
Inventories	12.4	14.8	8.7
Accounts receivable – trade	28.6	22.4	24.3
Other current assets	34.6	44.7	39.9
Cash and cash equivalents	36.0	24.9	61.1
Total current assets	111.5	106.8	134.0
TOTAL ASSETS	163.4	115.6	189.3
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	23.5	26.9	37.3
Non-restricted equity	31.2	34.7	45.1
Total equity	55.3	58.8	69.2
Long term leasing liabilities related to assets with right to use	35.2	0.8	38.4
Total long term liabilities	35.2	0.8	38.4
Accounts payable – trade	3.1	3.9	10.0
Current tax liability	–	5.4	6.2
Short term leasing liabilities related to assets with right to use	12.0	3.4	11.5
Other current liabilities	57.8	43.2	53.9
TOTAL EQUITY AND LIABILITIES	72.9	56.7	81.7
SUMMA EGET KAPITAL OCH SKULDER	163.4	115.6	189.3

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	2023		2022				2021				2020		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total assets, MSEK	267.4	284.5	288.8	219.2	210.9	202.2	206.5	174.0	149.1	177.4	188.7	205.8	188.0
Accounts payables, MSEK	-8.7	-3.8	-12.3	-7.8	-5.8	-3.9	-11.0	-7.1	-5.5	-5.2	-6.0	-3.4	-4.3
Tax liabilities, MSEK	-1.6	-1.9	-7.4	-9.0	-7.5	-7.5	-9.9	-5.3	-1.1	-2.0	-1.1	-5.8	-1.1
Leasing liabilities related to assets with right to use	-51.9	-52.2	-55.5	-7.9	-10.8	-13.3	-10.0	-10.6	-13.3	-16.3	-27.0	-21.7	-24.3
Other liabilities, MSEK	-94.6	-103.8	-97.4	-83.3	-86.7	-84.8	-85.0	-73.8	-71.8	-75.8	-66.3	-77.1	-80.9
Capital employed, MSEK	110.6	122.8	116.1	111.1	100.0	75.0	90.6	77.2	57.5	78.2	88.3	97.7	77.4
Average capital employed, MSEK	105.3	98.9	103.3	94.2	78.8	76.6	89.5	87.4	67.4	75.2	82.2	87.1	66.3



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 July 20, 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 phones, tablets, and similar. The Company develops high quality, intuitive software that has become the de facto standard at many authorities and organisations for the purpose of securing evidence in criminal investigations. The products can be complemented with tools for administration and reporting, as well as a wide range of training with certification for legally sound 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 justice system. MSAB has clear growth strategies combined with a business model that entails scalability and a high degree of recurring revenue through license renewals.

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 strengthen its market position. The Company's belief is that the need for professional tools for extracting and analysing data from digital devices will continue to increase. MSAB is mainly focused on organic growth but in some cases evaluates acquisitions.

Through its direct sales and distributors on various markets, MSAB is represented in more than 100 countries globally.

WHO?

MSAB assists law enforcement authorities – the police, military, migration, corrections, customs, and others – 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 18 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 digital devices such as mobile phones, tablets, and vehicles, as well as products that can unlock digital devices, extract information and then decrypt it.

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. MSAB strives to ensure the Company complies with the environmental requirements in the different markets where the Company operates.

MSAB's offering

Together, MSAB's products and services provide mobile forensic solutions that make it easier for law enforcement agencies to secure digital evidence on mobile phones based on a legally sound process.

The solutions work together to ensure the best possible working practices and outcomes for users as: police officers in the field, investigators, digital forensic experts in laboratories, analysts, court officials, and others.

SOFTWARE

XRY

Extract more data, in less time, with full integrity

XAMN

Analyze your data faster, easier, with greater precision.

XEC

Manage and monitor your mobile forensic tools and activities

SERVICES



Strategy



Implementation



Training



Support



Access Services



PLATFORMS



MSAB Office



MSAB Field



MSAB Kiosk



MSAB Tablet



MSAB Express



MSAB Raven