

MSAB

Trusted Partner in Digital Forensics

Interim report
Q3 2023

Interim report Q3 2023

July – September 2023

Summary July - September 2023

- Net sales amounted to SEK 108.0 (93.7) million, an increase of 15 percent compared with the corresponding period last year. Adjusted for currency fluctuations, growth amounted to 10 percent.
- EBIT amounted to SEK 25.1 (8.7) million, corresponding to an EBIT margin of 23.2 (9.2) percent.
- Profit after tax amounted to SEK 19.5 (6.8) million.
- Earnings per share before/after dilution amounted to SEK 1.06 (0.37).
- Cash flow from operating activities amounted to SEK 1.9 (0.0) million.

Summary January - September 2023

- Net sales amounted to SEK 300.1 (256.4) million, an increase of 17 percent compared with the same period last year. Adjusted for currency fluctuations, growth amounted to 11 percent.
- EBIT amounted to SEK 36.0 (11.2) million, corresponding to an EBIT margin of 12.0 (4.4) percent.
- Profit after tax amounted to SEK 29.1 (10.9) million.
- Earnings per share before/after dilution amounted to SEK 1.57 (0.59).
- Cash flow from operating activities increased to SEK 47.6 (6.5) million. This change was primarily driven by the period's profit, but also by the positive change in working capital.

Significant events during the period

- An agreement was signed with an American federal authority to upgrade existing digital forensic infrastructure to XRY Pro. MSAB also won back a local, state authority as customer on the American market.
- Our recently launched product XRY Pro was included in several major orders during the quarter.
- Two police agencies within EMEA extended their existing licenses, expanded the license base, and ordered training services for Frontline. MSAB also received an order for training from an organisation at the national level to support users who work with serious sexual crimes.

SEK 108.0 million

Net sales,
July – September 2023

23.2 %

EBIT margin,
July – September 2023

16.2 %

Return on equity,
July – September 2023

	JUL - SEP 2023	JUL - SEP 2022	JAN - SEP 2023	JAN - SEP 2022	OKT 2022 - SEP 2023	JAN - DEC 2022
Net sales, MSEK	108.0	93.7	300.1	256.4	406.7	363.0
EBIT, MSEK	25.1	8.7	36.0	11.2	43.7	18.8
EBIT-margin, %	23.2	9.2	12.0	4.4	10.7	5.2
Earnings per share before/ after dilution, SEK	1.06	0.37	1.57	0.59	1.91	0.92
Cash flow from operating activities, MSEK	1.9	0.0	47.6	6.5	90.9	49.8
Return on equity 12 months, %	29.4	24.9	29.4	24.9	29.4	16.6
Return on capital employed 12 months, %	42.0	38.8	42.0	38.8	42.0	27.4
Cash flow from operations / per share, SEK	0.10	0.00	2.58	0.35	4.92	2.68
Equity per share, SEK	7.02	6.02	7.02	6.02	7.02	6.29

CEO comments

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My ambition is to combine a stronger business focus with better use of the company's full potential, so that the results will become visible in the long run.



After just under a month with MSAB, I can state that the Q3 result is strong, and that the company is financially stable. MSAB is an exciting company with an important task in society – to provide law enforcement agencies and organizations with digital, innovative, and customized forensic products.

I have already identified several strong assets in MSAB when it comes to innovation, technical competence, and customer satisfaction. I have also started to see strategic opportunities for MSAB. There is also potential to strengthen operations and to better adapt our business models to the market requirements. This includes, what products we sell in certain markets and to which customer, as well as how we measure, follow up financially, and organize ourselves to achieve increased efficiency. We have a stable position in the market

but have not developed at the same rate as our competitors in recent years, breaking that trend is an important priority for me. My ambition is to combine a stronger business focus with better use of the company's full potential, so that the results will become visible in the long run.

I also want MSAB's reporting to the capital market to improve, making it easier for our stakeholders to understand what they can expect of us as a company. This report is the starting point, and my ambition is to be able to report on the status of change on our journey, with greater clarity, already in our Q4 report.

Stockholm, October 2023

Peter Heuman
CEO MSAB

Financial overview

July – September 2023

NET SALES

Consolidated net sales for the period increased 15 percent to SEK 108.0 (93.7) million. Adjusted for currency fluctuations, growth amounted to 10 percent.

Sales of license renewals increased 12 percent compared with the corresponding period last year, while new sales increased 19 percent. As regards license renewals, it is primarily EMEA that stands out in a positive light, while regions like Latin America and Asia contributed to the increase in new sales. There were no major sales of hardware during the period, resulting in a gross margin of 93 percent (82 percent the previous year). XRY Office continues to represent the lion's share of growth in revenue (plus 19 percent), where our new product packaging XRY Pro has been very well received by the market.

OPERATING EXPENSES

Cost of goods for resale amounted to SEK 7.6 (16.4) million. There were no major sales of hardware specifically during the period. However, resale of products through our partnerships amounted to approximately SEK 3.4 million for the period. Cost of goods for resale was in part affected by currency fluctuations and varies as a rule according to the product mix.

Other external expenses amounted to SEK 17.5 (15.7) million. Expenses for the quarter are slightly higher than those of the previous year, driven by accrual effects of IT expenses, which were charged to the two previous quarters last year. A continuing high degree of activity within sales and marketing, as well as inflation, has meant that travel expenses increased somewhat compared to last year. Other administrative expenses continue to decline as in earlier quarters and compared to last year.

Personnel expenses amounted to SEK 54.0 (49.6) million. This year's salary revision and new hirings contributed to an increase in personnel expenses. The expense level was also affected by the weakening of the Swedish krona, particularly vis-à-vis the USD and GBP, as almost half of the Company's salaries are paid in foreign currencies.

Depreciation amounted to SEK 3.8 (3.3) million.

EBIT

EBIT for the quarter amounted to SEK 25.1 (8.7) million, corresponding to an EBIT margin of 23.2 (9.2) percent.

NET FINANCIAL INCOME/EXPENSE

Net financial income/expense amounted to SEK –0.1 (0.5) million for the quarter. Net financial income/expense consisted primarily of revaluation of cash and cash equivalents in foreign currencies, where USD, EUR and GBP are the Group's largest translation currencies for the Group's sales, while SEK is the major currency for the Company's expenses.

PROFIT/LOSS AFTER TAX

Profit after tax amounted to SEK 19.5 (6.8) million for the quarter.

CASH FLOW

Cash flow from operating activities amounted to SEK 1.9 (0.0) million for the period. Cash flow before changes in working capital contributed SEK 21.0 (9.7) million to the positive cash flow, while the change in working capital contributed SEK –19.1 (–9.7) million. Focus remains on cash flow and expense control.

Investments during the period amounted to SEK 0.1 (0.7) million.

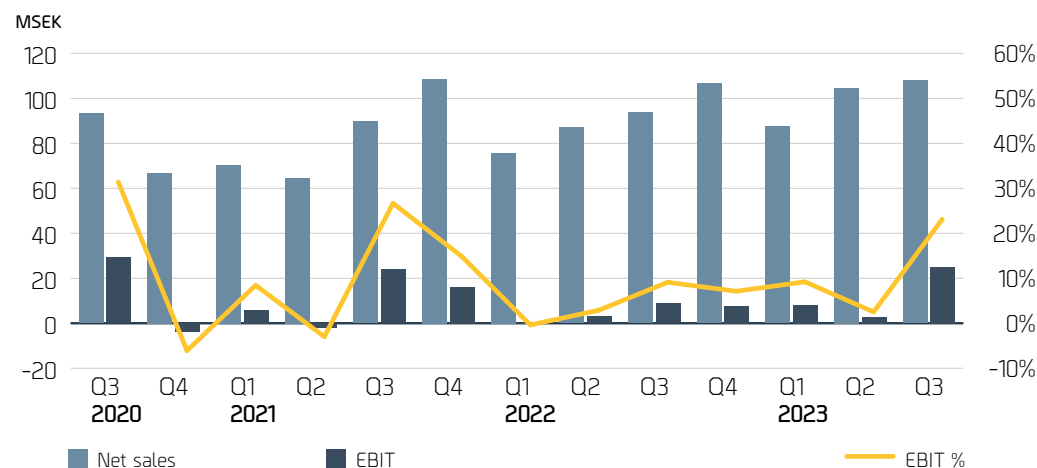
EMPLOYEES

As of 30 September, 2023, there were 207 (187) employees. The average number of employees during the period was 202 (190).

THE PARENT COMPANY

The Parent Company's net sales for the period amounted to SEK 82.2 (72.6) million. EBIT for the period amounted to SEK 21.5 (7.3) million.

Financial development



Jul – sep 2023

Net sales

108.0 MSEK

EBIT

25.1 MSEK

EBIT

23.2 %

Financial overview

January – September 2023

NET SALES

Consolidated net sales increased 17 percent to SEK 300.1 (256.4) million during the period. Adjusted for currency fluctuations, growth amounted to 11 percent.

New sales and license renewals both increased 17 percent compared to last year. All regions demonstrated growth in new sales compared with the previous year. Regarding license renewals, Europe and Asia demonstrated growth, while North America is experiencing a temporary downward trend due to the number of multi-year licenses having been sold during the corresponding period last year.

OPERATING EXPENSES

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

Cost of goods for resale amounted to SEK 29.8 (32.6) million. The first and third quarter demonstrated a gross margin of 93 and 94 percent respectively, while for the second quarter, which included a large hardware sale, there was a gross margin of 84 percent. The cost of goods for resale was affected in part by currency fluctuations and varies as a rule according to the product mix, which consisted of a larger proportion of hardware during the period compared to last year.

Other external expenses amounted to SEK 52.2 (51.3) million. The expense increase is primarily attributable to inflation and the higher level of activity within sales and marketing, including more travel, training and conferences, as well as an increase in the cost of premises. Other administrative expenses declined compared with the same period last year.

Personnel expenses amounted to SEK 170.8 (151.6) million. Salary revision, new recruitments, and severance pay to the previous CEO resulted in an increase in expenses as did the cessation of payment for the EU project Formobile, which has closed.

Depreciation amounted to SEK 11.4 (9.8) million.

EBIT

EBIT for the period was SEK 36.0 (11.2) million, corresponding to an EBIT margin of 12.0 (4.4) percent. EBIT, excluding the one-time expense of severance pay in the second quarter, amounted to SEK 42.5 million. This corresponds to an EBIT margin of 14.2 percent.

NET FINANCIAL INCOME/EXPENSE

Net financial income/expense amounted to SEK 0.7 (2.8) million for the period. Net financial income/expense consisted primarily of revaluation of cash and cash equivalents in foreign currencies and was affected positively by the weakening of the Swedish krona especially vis-à-vis 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 period amounted to SEK 29.1 (10.9) million.

CASH FLOW

Cash flow from operating activities amounted to SEK 47.6 (6.5) million. The change in working capital was SEK 7.6 (-8.8) million.

Total cash flow for the period was SEK 17.2 (-3.7) million, including dividend payments in the second quarter which amounted to SEK 18.5 million.

Investments during the period amounted to SEK 0.3 (1.7) million.

LIQUIDITY AND FINANCIAL POSITION

Cash and cash equivalents amounted to SEK 124.8 (66.6) million at the end of the period.

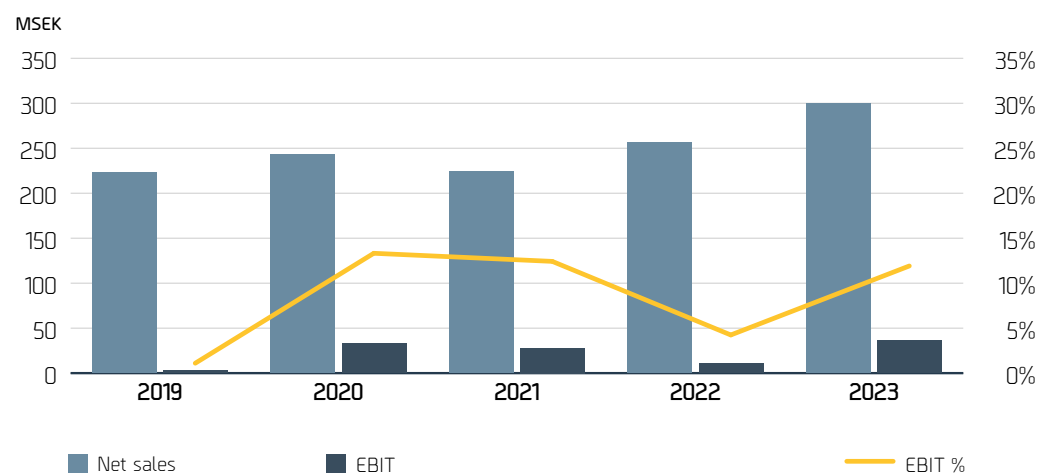
EMPLOYEES

As of 30 September, 2023, there were 207 (187) employees. The average number of employees for the period was 196 (190).

THE PARENT COMPANY

The Parent Company's net sales for the period amounted to SEK 228.7 (192.9) million. EBIT for the period amounted to SEK 26.7 (7.2) million.

Financial development, Q1-Q3



Jan - sep 2023

Net sales

300.1 MSEK

EBIT

36.0 MSEK

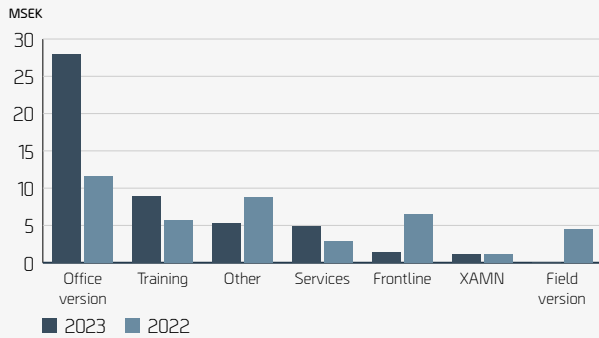
EBIT

12.0 %

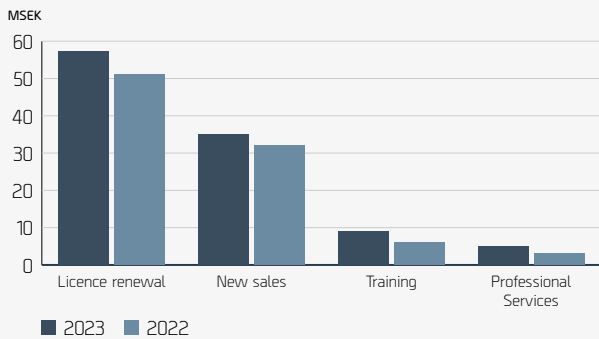
Financial overview

July - September 2023

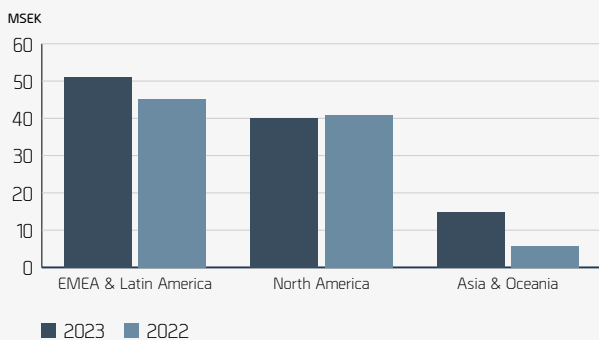
Distribution of new sales



Net sales per type of revenue

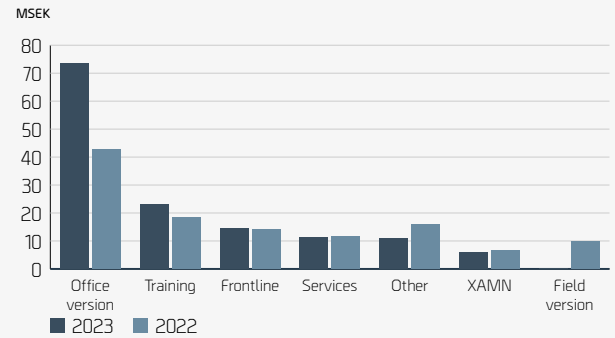


Turnover by region

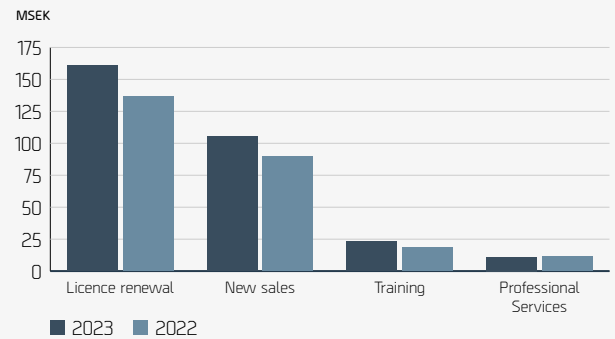


January - September 2023

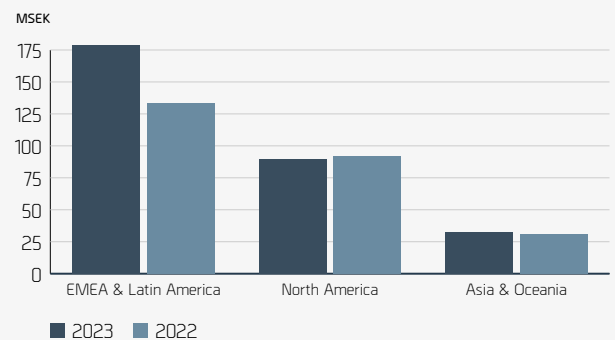
Distribution of new sales



Net sales per type of revenue



Turnover by region



Market comments

MARKET COMMENTS

The total order intake demonstrated healthy growth in all regions during the third quarter 2023 and sales increased with 15 percent compared to the corresponding period in 2022. New customers in all regions bought one of MSAB'S recently upgraded products – XRY Pro. The main customers for this product were forensic labs within police organisations, defence and other law enforcement agencies.

MSAB is still experiencing a continuing competitive advantage through its strong decryption support for mobile phones, which now includes even the latest iOS version. The company's customers use MSAB'S products regularly when they receive phones that competitors have not succeeded in decrypting. The company's ability to offer selective extraction is also gaining ground, as competitors do not have a corresponding solution.

EMEA & LATIN AMERICA

For EMEA, total sales were somewhat lower than expected. This was primarily due to customer requests to reschedule license renewals from the third quarter to the second quarter.

EMEA continues to drive sales through several new agreements with major law enforcement agencies, where existing licenses are renewed, the license base expanded, and training is procured. The introduction of XRY Pro has increased interest in MSAB's products significantly throughout the entire region, as forensic labs choose to complement their existing solutions with the company's new extraction software.

NORTH AMERICA

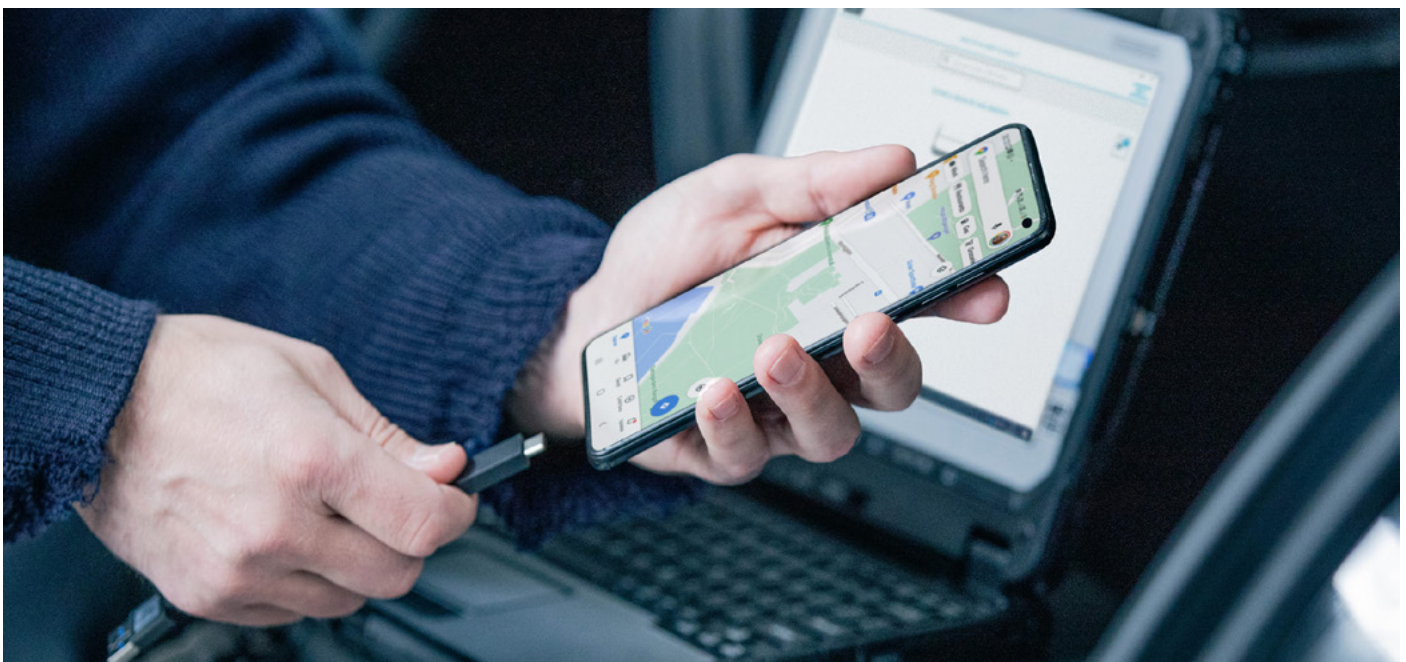
The USA is breaking new ground through winback business with a local state police agency, as well as by rowing home a major order from a federal agency that chose to upgrade its forensic IT infrastructure to XRY Pro.

Several Proof of Concepts (POC) with MSAB's Frontline solution took place simultaneously throughout the region, which is extremely positive since Frontline has so far been successful mainly in the EMEA region.

Even in North America, it was primarily law enforcement forensic labs that requested XRY Pro. In the USA, continuing decryption support for the latest iOS version garnered great interest from existing and new customers.

ASIA & OCEANIA

Third quarter sales in the region were strong, especially due to a major order with a state authority in Australia. The region also demonstrated excellent utilisation of previously purchased products, which indicates that MSAB's products were the first choice. In Asia, an initial order was signed with an Indian government agency.



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 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

Year-end report 2023	2024-01-25
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QUARTERLY DATA

	2023			2022			2021			2020			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales, MSEK	108.0	104.7	87.4	106.6	93.7	87.1	75.6	108.5	89.6	64.6	70.4	66.7	93.3
EBIT, MSEK	25.1	2.7	8.2	7.7	8.7	2.7	-0.2	16.2	24.0	-1.9	6.0	-4.0	29.4
EBIT-margin, %	23.2	2.6	9.3	7.2	9.2	3.1	-0.3	15.0	26.7	-2.9	8.5	-6.0	31.5
Earnings after tax, KSEK	19.5	2.9	6.7	6.3	6.8	2.7	1.4	12.7	18.6	-2.9	6.5	-7.0	21.4
Earnings per share, SEK	1.06	0.16	0.36	0.34	0.37	0.15	0.07	0.69	1.00	-0.16	0.35	-0.38	1.16
Cash flow from operating activities, MSEK	1.9	21.7	24.0	43.3	0.0	1.0	5.5	10.5	-10.8	1.1	9.4	47.2	-10.8
Return on equity, %	16.2	2.8	6.2	6.1	7.2	3.4	1.4	14.1	21.2	-4.3	7.8	-8.5	24.6
Return on capital employed, %	21.9	4.5	8.9	9.6	11.5	6.0	2.9	20.3	27.7	-2.1	10.8	-4.3	34.5
Equity ratio, %	45.6	41.4	43.2	40.2	50.7	47.4	45.8	43.9	44.4	38.5	49.7	46.8	47.5
Cash flow from operations/per share, SEK	0.10	1.17	1.30	2.33	0.00	0.05	0.30	0.60	-0.60	0.10	0.50	2.56	-0.15
Equity per share, SEK	7.02	5.99	6.65	6.26	6.02	5.41	5.02	4.90	4.20	3.10	5.30	4.78	5.29

CONSOLIDATED INCOME STATEMENT IN SUMMARY

MSEK	JUL - SEP 2023	JUL - SEP 2022	JAN - SEP 2023	JAN - SEP 2022	OKT 2022 - SEP 2023	JAN - DEC 2022
Net sales	108.0	93.7	300.1	256.4	406.7	363.0
Operating income	108.0	93.7	300.1	256.4	406.7	363.0
Cost of goods sold	-7.6	-16.4	-29.8	-32.6	-54.0	-56.8
Other external costs	-17.5	-15.7	-52.2	-51.3	-70.9	-70.0
Personnel costs	-54.0	-49.6	-170.8	-151.6	-223.4	-204.2
Depreciation of fixed assets	-3.9	-3.3	-11.4	-9.8	-14.7	-13.1
Total operating cost	-82.9	-85.0	-264.1	-245.3	-363.0	-344.2
Operating profit - EBIT	25.1	8.7	36.0	11.2	43.7	18.8
Financial income	1.3	2.2	4.7	7.3	6.9	9.5
Financial expenses	-1.4	-1.7	-4.0	-4.5	-6.3	-6.8
Profit/loss before tax	25.0	9.1	36.7	13.9	44.3	21.5
Tax	-5.4	-2.4	-7.6	-3.1	-8.8	-4.3
Net profit/loss after tax	19.5	6.8	29.1	10.9	35.4	17.1
Attributable to owners of the Parent Company	19.5	6.8	29.1	10.9	35.4	17.1
Earnings per share, SEK	1.06	0.37	1.57	0.59	1.91	0.93

STATEMENT OF COMPREHENSIVE INCOME

MSEK	JUL - SEP 2023	JUL - SEP 2022	JAN - SEP 2023	JAN - SEP 2022	OKT 2022 - SEP 2023	JAN - DEC 2022
Net profit/loss after tax	19.5	6.8	29.1	10.9	35.4	17.1
Currency translation differences	-0.5	4.3	2.9	9.4	1.7	8.2
Total comprehensive income	19.0	11.1	32.0	20.3	37.0	25.3
Comprehensive income for the period attributable to the shareholders of the parent company	19.0	11.1	32.0	20.3	37.0	25.3

CONSOLIDATED BALANCE SHEET IN SUMMARY

MSEK	30 SEP 2023	30 SEP 2022	31 DEC 2022
ASSETS			
Tangible assets	1.1	1.9	1.5
Assets with right to use	51.6	11.0	59.4
Total non-current assets	52.7	12.9	60.9
Inventories	11.6	14.9	8.7
Accounts receivable – trade	81.6	110.6	97.1
Other current assets	13.2	14.1	17.6
Cash and cash equivalents	124.8	66.6	104.4
Total current assets	231.2	206.2	227.8
TOTAL ASSETS	284.0	219.2	288.8
EQUITY AND LIABILITIES			
Equity	129.5	111.1	116.1
Total equity	129.5	111.1	116.1
Long term leasing liabilities related to assets with right to use	34.6	5.2	41.9
Total long term liabilities	34.6	5.2	41.9
Accounts payable – trade	4.9	7.8	12.3
Current tax liability	2.5	9.0	7.4
Leasing liabilities related to assets with right to use	13.9	2.7	13.6
Other current liabilities	98.6	83.3	97.4
Total current liabilities	119.9	102.9	130.8
TOTAL EQUITY AND LIABILITIES	284.0	219.2	288.8

CHANGE IN EQUITY IN SUMMARY

MSEK	30 SEP 2023	30 SEP 2022	31 DEC 2022
Opening balance	116.1	90.8	90.8
Profit/loss for the period	32.0	20.3	25.3
Dividend	-18.5	-	-
Equity at the end of the period	129.5	111.1	116.1

CASH FLOW STATEMENT IN SUMMARY

MSEK	JUL - SEP 2023	JUL - SEP 2022	JAN - SEP 2023	JAN - SEP 2022	OKT 2022 - SEP 2023	JAN - DEC 2022
Profit after paid tax and non-cash items	21.0	9.7	40.0	15.2	51.1	26.4
Working capital changes	-19.1	-9.7	7.6	-8.8	39.7	23.4
Cash flow from operating activities	1.9	0.0	47.6	6.5	90.9	49.8
Investments in fixed assets	-0.1	-0.7	-0.3	-1.7	-0.3	-1.7
Cash flow from investing activities	-0.1	-0.7	-0.3	-1.7	-0.3	-1.7
Dividend paid to shareholders	-	-	-18.5	-	-18.5	-
Amortization of leasing liability	-4.1	-2.8	-11.7	-8.5	-15.2	-12.0
Cash flow from financing activities	-4.1	-2.8	-30.2	-8.5	-33.7	-12.0
CASH FLOW FOR THE PERIOD	-2.2	-3.5	17.2	-3.7	56.9	36.1
Cash at the beginning of the period	127.1	68.5	104.4	66.0	66.6	66.0
Exchange rate difference in cash	0.0	1.6	3.3	4.3	1.3	2.3
Cash at the end of the period	124.8	66.6	124.8	66.6	124.8	104.4

SEGMENT REPORTING

MSEK	EMEA & Latin America		North America		Asia		Total	
	JUL - SEP 2023	JUL - SEP 2022	JUL - SEP 2023	JUL - SEP 2022	JUL - SEP 2023	JUL - SEP 2022	JUL - SEP 2023	JUL - SEP 2022
Product sales	43.0	39.3	37.4	39.8	13.7	6.0	94.1	85.0
Training & other services	9.4	5.7	3.4	2.8	1.2	0.1	14.0	8.6
Total	52.4	45.0	40.8	42.6	14.9	6.1	108.1	93.7
Recognized at a certain point in time	42.9	37.6	35.9	38.0	13.4	4.6	92.2	80.1
Recognized over time	9.5	7.4	4.9	4.6	1.5	1.6	15.9	13.6
Total	52.4	45.0	40.8	42.6	14.9	6.1	108.1	93.7

MSEK	EMEA & Latin America		North America		Asia		Total	
	JAN - SEP 2023	JAN - SEP 2022	JAN - SEP 2023	JAN - SEP 2022	JAN - SEP 2023	JAN - SEP 2022	JAN - SEP 2023	JAN - SEP 2022
Product sales	156.9	113.7	81.3	83.3	27.8	29.2	266.0	226.2
Training & other services	21.6	19.6	8.0	8.8	4.5	1.7	34.1	30.2
Total	178.5	133.4	89.3	92.2	32.3	30.9	300.1	256.4
Recognized at a certain point in time	151.7	112.7	73.7	77.8	27.8	26.5	253.2	217.0
Recognized over time	26.8	20.6	15.6	14.4	4.5	4.4	46.9	39.4
Total	178.5	133.4	89.3	92.2	32.3	30.9	300.1	256.4

PARENT COMPANY INCOME STATEMENT IN SUMMARY

MSEK	JUL - SEP 2023	JUL - SEP 2022	JAN - SEP 2023	JAN - SEP 2022	JAN - DEC 2022
Net sales	82.2	72.6	228.7	192.9	273.2
Operating income	82.2	72.6	228.7	192.9	273.2
Cost of goods sold	-7.6	-16.4	-29.8	-32.6	-56.8
Other external costs	-11.2	-10.6	-34.9	-36.0	-46.8
Personnel costs	-38.6	-35.4	-127.5	-108.5	-145.8
Depreciation of fixed assets	-3.3	-2.8	-9.8	-8.5	-11.4
Operating cost	-60.6	-65.3	-201.9	-185.8	-260.9
Operating profit – EBIT	21.5	7.3	26.7	7.2	12.3
Net financial items	-0.4	0.5	0.2	2.9	2.8
Profit/loss before tax	21.2	7.8	27.0	10.1	15.1
Tax	-4.5	-1.6	-5.7	-2.1	-3.3
Net profit/loss after tax	16.7	6.2	21.3	8.0	11.8

STATEMENT OF COMPREHENSIVE INCOME

MSEK	JUL - SEP 2023	JUL - SEP 2022	JAN - SEP 2023	JAN - SEP 2022	JAN - DEC 2022
Net profit/loss after tax	16.7	6.2	21.3	8.0	11.8
Total comprehensive income	16.7	6.2	21.3	8.0	11.8

PARENT COMPANY BALANCE SHEET IN SUMMARY

MSEK	30 SEP 2023	30 SEP 2022	31 DEC 2022
ASSETS			
Tangible assets	0.7	1.2	0.9
Assets with right to use	47.4	4.5	53.9
Shares in group companies	0.4	0.4	0.4
Total fixed assets	48.5	6.1	55.2
Inventories	11.6	14.9	8.7
Accounts receivable – trade	23.0	26.5	24.3
Other current assets	68.3	60.3	39.9
Cash and cash equivalents	20.0	9.3	61.1
Total current assets	122.7	110.9	134.0
TOTAL ASSETS	171.2	117.0	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	40.1	34.7	37.3
Non-restricted equity	47.9	42.5	45.1
Total equity	72.0	66.6	69.2
Long term leasing liabilities related to assets with right to use	32.5	0.7	38.4
Total long term liabilities	32.5	0.7	38.4
Accounts payable – trade	3.7	6.2	10.0
Current tax liability	0.3	4.6	6.2
Short term leasing liabilities related to assets with right to use	11.8	0.6	11.5
Other current liabilities	51.0	38.2	53.9
TOTAL EQUITY AND LIABILITIES	66.7	49.6	81.7
SUMMA EGET KAPITAL OCH SKULDER	171.2	117.0	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	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total assets, MSEK	284.0	267.4	284.5	288.8	219.2	210.9	202.2	206.5	174.0	149.1	177.4	188.7	205.8
Accounts payables, MSEK	-4.9	-8.7	-3.8	-12.3	-7.8	-5.8	-3.9	-11.0	-7.1	-5.5	-5.2	-6.0	-3.4
Tax liabilities, MSEK	-2.5	-1.6	-1.9	-7.4	-9.0	-7.5	-7.5	-9.9	-5.3	-1.1	-2.0	-1.1	-5.8
Leasing liabilities related to assets with right to use	-48.5	-51.9	-52.2	-55.5	-7.9	-10.8	-13.3	-10.0	-10.6	-13.3	-16.3	-27.0	-21.7
Other liabilities, MSEK	-98.6	-94.6	-103.8	-97.4	-83.3	-86.7	-84.8	-85.0	-73.8	-71.8	-75.8	-66.3	-77.1
Capital employed, MSEK	129.5	110.6	122.8	116.1	111.1	100.0	75.0	90.6	77.2	57.5	78.2	88.3	97.7
Average capital employed, MSEK	120.3	105.3	98.9	103.3	94.2	78.8	76.6	89.5	87.4	67.4	75.2	82.2	87.1

Intygande

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, October 26, 2023

PETER GILLE
Chairman of the board

CHARLOTTE STJERNNGREN
Board member

FREDRIK NILSSON
Board member

JESPER KÄRRBRINK
Board member

ROLF ROSENVINGE
Board member

ANDREAS HEDSKOG
Board member

PETER HEUMAN
Chief Executive Officer

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 October 26, 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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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 2023 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 2023

KPMG AB

MATTIAS LÖTBORN
Authorized Public Accountant

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