

Interim report January – March 2018

Growth and continuing investments

First quarter

- Net sales increased 17.9 percent to SEK 65.3 (55.4) million (20.3 percent in local currencies)
- EBIT amounted to SEK 3.7 (5.8) million
- The EBIT margin reached 5.6 (10.6) percent (5.8 percent in local currencies)
- Profit after tax amounted to SEK 4.3 (4.1) million.
- Earnings per share were SEK 0.24 (0.22).
- Cash flow from operating activities amounted to SEK 0.3 (2.7) million.
- Cash and cash equivalents at the end of the period amounted to SEK 128.9 (124.8) million.

MSAB in brief

MSAB is a world leader in mobile forensics technology with the aim of extracting and analysing data from confiscated mobile devices, mainly from mobile phones. The company has its own sales offices and sales representatives in Europe, North America, South America, China, Australia, Singapore and Russia, and together with a number of distributors, covers most of the world. The proprietary products have become a de facto standard in the field and are used for securing evidence in more than 100 countries. These products are complemented by a wide range of training courses with the possibility of becoming certified in a forensically sound methodology. Customers are primarily law enforcement agencies, such as police, military and customs. MSAB is listed on NASDAQ Stockholm under the ticker symbol: MSAB B.

Comments from the CEO

During the year's first quarter, sales increased 17.9 percent to SEK 65.3 (55.4) million, and EBIT amounted to SEK 3.7 (5.8) million, corresponding to a margin of 5.6 (10.6) percent. Adjusted for currency effects, growth for the quarter reached 20.3 percent.

The year began with a record turnover, which is gratifying, and a quarter with unusual high level of activity. The quarter's somewhat weaker result is a consequence of the investments in both the market and products-in-progress, as well as the product mix we delivered.

Our business is long-term and market growth is good. We always encourage our investors to evaluate the Company from a long-term perspective since revenue and earnings for individual quarters vary more sharply than they do on an annual basis.

The vast majority of our customers are government authorities and their activities are largely determined by their budgets. This means that our sales tend to be stronger in the second half of the year compared with the first six months.

The investments we undertake allow us to further increase the tempo and thus our ability to deliver products with even more functionality, and in this way increase the value for our customers. During the quarter, we added support for an additional 406 new types of mobile phones. In addition, we added 401 new apps or app versions. In total, we now manage over 24,000 different forensic profiles for different mobile phones and models.

In addition to the very extensive support for mobile phones and apps, we also supply products for analysing extracted data. During the first quarter, we launched new, groundbreaking features in our expert tool XAMN Elements. With XAMN Elements, our users can, with surgical precision, find deleted and hidden data from scanned phones.

We continue to strengthen our presence on continents and in countries where there is strong demand for our solutions, and we are doing this in several places. During the first quarter, we strengthened our presence in many European countries, so that we now have our own personnel in nine European countries and in a total of 16 countries globally.

Asia is growing fast and has a large population. Hence we see good potential in the region. We are continuing to grow our workforce and are planning start-ups in more countries. Our experience is that local presence is an important success factor for winning business in an individual country.

Working in a fast-growing and dynamic market entails responding to an ever-changing and constantly increasing set of requirements. The investments we make are necessary to maintain our lead and develop the mobile forensics market.

In addition to our own, highly-competent team at MSAB, we work with several partners, both technically and in particular from a commercial perspective. Many customers demand increasingly integrated solutions that no single actor can deliver. We meet these requirements through our strategic partnerships. This increases the scalability of our business.

The majority of our customers are law enforcement authorities, and so it will remain for the foreseeable future. However, we are seeing a rapid increase in demand from other types of agencies as well. This might be different types of authorities responsible for keeping society safe and secure, but from a different angle than that of the police.

Thanks to our business model, which is both scalable and has a high proportion of recurring revenues, we have managed to invest, grow and earn money at the same time. This applies to both maintaining and supporting our large customer base, even as we develop new innovative solutions and expand the market.

An exciting, growing market, together with our strong offering and a well-established organisation, allows us to look to the future with confidence.

Stockholm, April 2018

Joel Bollö
Chief Executive Officer

Comments on operations

The market

EMEA & Latin America – sales increased 7 percent during the first quarter of the year. The United Kingdom, with a financial year ending on 31 March, makes major purchases in connection with this, which contributed significantly to sales. Growth is generated primarily in other major markets such as Germany and the Nordic countries.

North America – sales grew 18 percent compared with the previous year. Growth was generated mainly through additional orders from federal agencies for Field version.

Asia and the CIS (Commonwealth of Independent States) – the region began the year with growth of 58 percent. The strong performance is the result of efforts focusing on local presence and to active cultivation of the region.

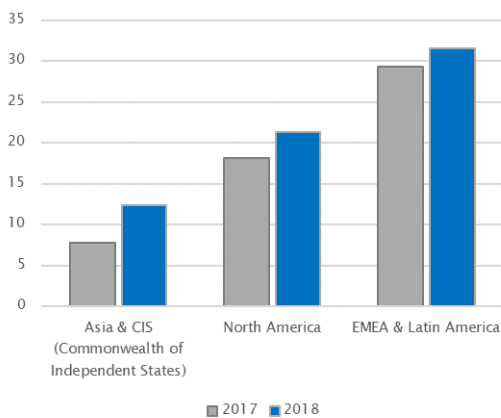
Products

During the quarter, updates of both XRY and Kiosk were launched which means added support for more than 400 additional mobile phones and app versions.

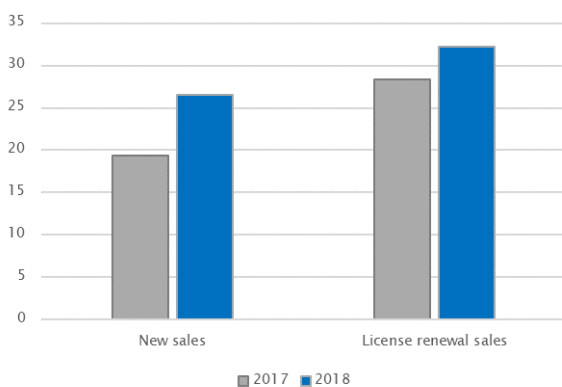
Training

Training activities are developing well even though the quarter experienced a somewhat lower sales level than the previous year. Our offering is under constant development and is well received by our customers. To complement our courses characterised by the physical presence of a trainer, an online alternative will be launched during the year. Sales of training products for the quarter represented 10 (13) percent of total sales.

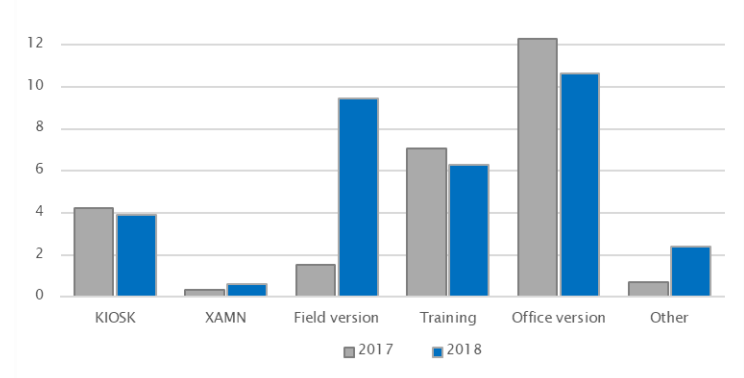
Sales distribution by regions MSEK, Jan-Mar



Product sales distribution MSEK, Jan-Mar



New sales distribution MSEK, Jan-Mar



Comments on financial performance

Net sales

Consolidated net sales grew 17.9 percent during the first quarter to 65.3 (55.4) percent. Calculated in local currencies, net sales increased 20.3 percent.

Expenses

Expenses for goods for resale for the quarter amounted to SEK 10.5 (3.2) million. The increase in expenses is primarily due a major order of Field version in North America, a product that contains more hardware compared to the Company's average sales. Other external expenses amounted to SEK 15.1 (15.6) million. Personnel expenses amounted to SEK 35.8 (30.4) million for the quarter. The increase was driven by a rise in the number of employees and associated recruitment costs, primarily within sales and development.

Profit/loss

EBIT for the quarter amounted to SEK 3.7 (5.8) million, corresponding to an EBIT margin of 5.6 (10.6) percent. In local currencies, the EBIT margin for the quarter amounted to 5.8 percent. Net financial income/expense amounted to SEK 2.0 (-0.3) million for the quarter and consisted primarily of revaluation of cash and cash equivalents in foreign currencies. Revenues and expenses are matched in the same currencies to the extent possible. Profit after tax was SEK 4.3 (4.1) million for the quarter.

Cash flow and financial position

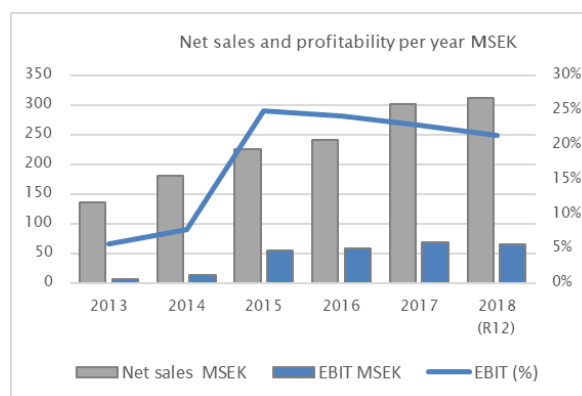
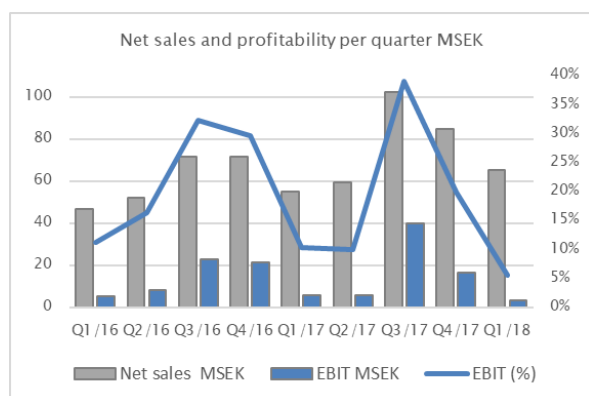
Cash flow from operating activities amounted to SEK 0.3 (2.7) million for the quarter. Cash and cash equivalents at the end of the period amounted to SEK 128.9 (124.8) million. The equity ratio at end of the period was 59.8 (60.6) percent.

Sales and profit fluctuates over quarters

Both the Group's sales and earnings tend to vary between the quarters, mainly due to our customers' purchasing patterns and individual larger orders. This is illustrated in the diagrams below, which clearly shows a large variation between individual quarters, both in terms of turnover and earnings. Development over one-year periods shows a steadier and more stable growth for both sales, earnings and margins.

Personnel

The number of employees in the Group at the end of the period was 150 (128). The average number of employees was 147 (126).



Other

Seasonal effects

MSAB is not dependent on the seasons in the sense that is normally meant by the term seasonal effects. However, most of the Company's customers have a purchasing pattern that follows their budget period. Budget periods differ between regions, but most follow the calendar year or end on 30 September. This has historically been reflected in sales in such a way that the second half of the year is stronger than the first half

Risks and uncertainty factors

The Group's activities expose it to risks and uncertainty factors. Information on risks and uncertainty factors other than currency exposure due to foreign subsidiaries and the fact that most invoicing in Sweden is denominated in foreign currencies can be found in more detail in the 2017 Annual Report. The Annual Report is available on the Company website.

Accounting principles

This interim 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 the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Information as per IAS 34 Interim Financial Reporting is provided in notes as well as in other places throughout this interim report. The accounting principles adopted for the Group and the Parent Company are consistent, unless stated below, with the accounting principles used to prepare the most recent annual report. From 1 January, 2018, IFRS 15 Revenue from Contracts has been applied. As previously communicated this principle does not entail any substantial changes with respect to when in time the Company's revenue is reported. The new standard has had some impact on the proportion of revenues that accrue depending on contract length (1 - 3 years), where the percentage accrued for a one-year contract has increased but decreased for two- and three-year contracts. The structure of the contract at the date of

transition entails no significant difference on when revenue is recognised. Thus, IFRS 15 only entails extended disclosure requirements. The Group has applied IFRS 15 retroactively for 2017.

Annual General Meeting (AGM) 2018

The AGM will be held in Stockholm on 15 May, 2018. Notice for the AGM and information about registration can be found at www.msab.com.

The Parent Company

The Parent Company's net sales for the period amounted to SEK 48.0 (38.9) million. EBIT for the period amounted to SEK 3.0 (4.8) million. Investments for the period totalled SEK 0.1 (0.2) million. The number of employees in the Parent Company was 110 (95) at the end of the period.

Related party transactions

There were no related party transactions during the quarter.

Financial calendar

20 July	Interim report January-June
26 October	Interim report January-September
1 February, 2019	Year-end report 2018

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. The information in this report was submitted for publication on 27 April, 2018 at 08:00 CEST through the offices of the contact person listed below.

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

Questions should be addressed to:
 Chief Executive Officer Joel Bollo
 Tel. +46 8 739 0270
 Email: joel.bollo@msab.com

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 April, 2018

Micro Systemation AB (publ)

Corporate ID number 556244-3050

Henrik Tjernberg	Joel Bollö	Robert Ahldin	Örjan Gatu
Chairman of the Board	Chief Executive Officer	Board member	Board member

Jan-Olof Backman	Carl Bildt	Katarina G. Bonde
Board member	Board member	Board member

This report has not been reviewed by the Company's auditors.

Consolidated income statement in summary

MSEK	Jan – Mar		12 months	
	2018	2017	Apr–Mar	2017
Net sales	65.3	55.4	311.7	301.8
Cost of goods sold	-10.5	-3.2	-37.4	-30.1
Other external costs	-15.1	-15.6	-65.4	-65.9
Personnel costs	-35.8	-30.4	-141.0	-135.6
Depreciation of fixed assets	-0.2	-0.4	-1.1	-1.3
Total operating cost	-61.6	-49.6	-244.9	-232.9
Operating profit – EBIT	3.7	5.8	66.8	68.9
Financial income	3.7	0.9	8.8	6.0
Financial expenses	-1.7	-1.2	-5.7	-5.2
Profit/loss before tax	5.7	5.5	69.9	69.7
Tax	-1.4	-1.4	-16.7	-16.7
Net profit/loss after tax	4.3	4.1	53.2	53.0

Statement of comprehensive income

MSEK	Jan – Mar		12 months	
	2018	2017	apr – mar	2017
Net profit/loss after tax	4.3	4.1	53.2	53.0
Currency translation differences	1.3	-0.1	-1.7	-3.1
Tax on currency translation differences	-0.1	-	0.3	0.4
Total comprehensive income	5.5	4,0	51.8	50.3
Comprehensive income for the period attributable to the shareholders of the parent company	5.5	4,0	51.8	50.3

Key figures

	Jan – Mar		12 months	
	2018	2017	Apr–Mar	2017
Revenue growth, %	17.9	18.2	24.2	24.5
EBIT–margin, %	5.6	10.6	21.4	22.8
Cash flow from operating activities per share, SEK	0.01	0.15	2.47	2.60
Return on equity, %	3.8	3.9	46.5	48.3
Return on capital employed, %	6.5	5.3	65.2	66.2
Equity per share, SEK	6.53	5.90	6.53	6.23
Earnings per share, basic, SEK	0.24	0.22	2.89	2.88
Earnings per share, diluted, SEK	0.24	0.22	2.89	2.88
Average number of shares, basic, million	18.4	18.4	18.4	18.4
Average number of shares, diluted, million	18.4	18.4	18.4	18.4

Consolidated balance sheet in summary

MSEK	31-mar		31-dec
	2018	2017	2017
ASSETS			
Intangible assets	0.3	0.4	0.3
Tangible assets	1.5	1.9	1.6
Deferred tax asset	0.1	0.4	0.1
Other long term asset	4.3	-	4.3
Total non-current assets	6.2	2.7	6.3
Inventories	5.8	6.2	6,0
Accounts receivable – trade	43.7	35.9	45.8
Current tax asset	0.8	0.3	0.5
Other current assets	15.6	9.1	14.2
Cash and cash equivalents	128.9	124.8	127.4
Total current assets	194.8	176.3	193.9
TOTAL ASSETS	201.0	179,0	200.2
EQUITY AND LIABILITIES			
Equity	120.1	108.4	114.6
Accounts payable – trade	10.9	4.5	5,0
Current tax liability	2.1	4.7	3.6
Other current liabilities	67.9	61.4	77,0
Total current liabilities	80.9	70.6	85.6
TOTAL EQUITY AND LIABILITIES	201,0	179,0	200.2

Change in equity

MSEK	31-mar		
	2018	2017	2017
Opening balance	114.6	104.4	104.4
Profit/loss for the period	5.5	4,0	50.3
Conversion of share option rights	-	-	0.3
Dividend	-	-	-40.4
Equity at the end of the period	120.1	108.4	114.6

Cash flow statement in summary

MSEK	Jan-Mar		12 months	
	2018	2017	Apr-Mar	2017
Cash flow before working capital changes	3.9	2.9	50.1	49.1
Working capital changes	-3.6	-0.2	-4.7	-1.3
Cash flow from operating activities	0.3	2.7	45.4	48.8
Investments in fixed assets	-0.1	-0.3	-0.7	-0.9
Cash flow from investing activities	-0.1	-0.3	-0.7	-0.9
Dividend paid to shareholders	-	-	-40.4	-40.4
Premium received/conversion of share option rights	-	-	0.3	0.3
Cash flow from financing activities	-	-	-40.1	-40.1
Cash flow for the period	0.2	2.4	4.6	6.8
Cash at the beginning of the period	127.4	123.2	124.8	123.2
Exchange rate difference in cash	1.3	-0.8	-0.5	-2.6
Cash at the end of the period	128.9	124.8	128.9	127.4

Segment reporting

MSEK Jan-Mar 2018	EMEA & Latin			Total
	Asia & CIS	America	North America	
Product sales	11.3	27.3	20.1	58.7
Training & other services	1.3	4.1	1.2	6.6
Total	12.6	31.4	21.3	65.3

Recognized at a certain point in time	10.7	27.2	17.0	55.0
Recognized over time	1.9	4.2	4.3	10.3
Total	12.6	31.4	21.3	65.3

MSEK Jan-Mar 2017	EMEA & Latin			Total
	Asia & CIS	America	North America	
Product sales	7.1	25.1	15.5	47.7
Training & other services	0.6	4.5	2.5	7.7
Total	7.7	29.6	18.1	55.4

Recognized at a certain point in time	6.3	26.3	14.9	47.5
Recognized over time	1.4	3.4	3.2	7.9
Total	7.7	29.6	18.1	55.4

Quarterly data

	2018		2017		2016					2015				
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Net sales, MSEK	65.3	84.8	102.0	59.5	55.4	71.9	71.6	52.0	46.8	65.2	59.6	51.5	50.5	
EBIT, MSEK	3.7	16.9	40.0	6.1	5.8	21.3	23.3	8.5	5.3	18.2	15.3	10.1	12.8	
EBIT-margin, %	5.63	19.9	39.2	10.2	10.6	29.6	32.5	16.3	11.3	28.0	25.7	19.5	25.4	
Earnings per share, SEK	0.24	0.76	1.65	0.24	0.22	0.93	0.99	0.35	0.18	0.87	0.66	0.34	0.61	
Return on equity, %	3.8	12.8	32.5	6.4	3.9	17.5	22.5	9.9	3.7	20.7	19.4	12.2	19.0	
Return on capital employed, %	6.5	18.2	43.7	8.9	5.3	22.9	30.0	14.6	7.0	26.6	28.2	21.7	27.3	
Equity ratio, %	59.8	57.2	52.2	52.0	60.6	58.2	55.7	53.3	62.6	56.5	51.8	51.2	55.6	
Cash flow from operations/per share, SEK	0.01	2.75	-0.06	-0.24	0.15	0.88	1.49	0.18	0.28	1.12	0.79	0.33	0.92	
Equity per share, SEK	6.53	6.23	5.46	3.87	5.90	5.68	4.73	3.69	5.54	4.97	4.14	3.49	4.20	

Definitions

The Company presents certain financial metrics in the interim report that are not defined under IFRS. The Company believes that these metrics provide useful supplemental information to investors and the Company's management as they allow for the evaluation of the Company's performance.

EBIT

Earnings before interest and taxes.

EBIT margin

EBIT in relation to net sales.

Earnings per share *

Profit/loss after tax in relation to average number of outstanding shares after dilution.

Return on equity

Profit/loss after tax in relation to average adjusted equity.

Return on capital employed

EBIT plus financial items in relation to average capital employed.

Equity ratio

Equity in relation to total assets.

Cash flow from operations/per share

Cash flow from operations in relation to average number of outstanding shares after dilution.

Equity per share

Equity in relation to outstanding shares at the end of the period.

Average adjusted equity

Average of equity during 12 months-period. Opening plus closing shareholders' equity divided by two.

Capital employed /average capital employed

Capital employed is 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.

Revenue growth, %

Sales current period in relation to same period prior year

Net financial items

Net of financial income and expenses

* Defined in line with IFRS

Reconciliations of measurements that are not defined under IFRS.

Capital employed

	2018		2017			2016				2015			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets, MSEK	200.9	200.2	192.5	136.5	179.0	179.3	156.0	127.1	161.6	161.0	145.7	124.4	137.0
Accounts payables, MSEK	-10.9	-5.0	-11.3	-4.1	-4.5	-4.6	-3.1	-2.2	-3.4	-5.0	-6.7	-5.2	-3.1
Tax liabilities, MSEK	-2.1	-3.6	-11.4	-3.1	-4.7	-6.2	-9.4	-4.2	-3.8	-2.5	-8.3	-5.9	-4.7
Other liabilities, MSEK	-67.9	-77.0	-69.4	-58.3	-61.4	-64.1	-56.7	-52.9	-53.3	-62.6	-55.2	-49.6	-52.9
Capital employed, MSEK	120.0	114.6	100.4	71.0	108.4	104.4	86.8	67.8	101.1	90.9	75.5	63.7	76.2
Average capital employed, MSEK	114.2	109.5	93.6	69.4	104.8	97.7	81.1	65.8	88.7	77.1	61.7	50.1	58.5

Parent company income statement in summary

MSEK	Jan-Dec	
	2018	2017
Net sales	48.0	38.9
Cost of goods sold	-10.5	-3.2
Other external costs	-10.8	-10.7
Personnell costs	-23.5	-19.8
Depreciation of fixed assets	-0.2	-0.4
Total operating cost	-45.0	-34.1
Operating profit – EBIT	3.0	4.8
Net financial items	1.8	-0.3
Profit/loss before tax	4.8	4.5
Tax	-1.1	-1.0
Net profit/loss after tax	3.7	3.5

Statement of comprehensive income

MSEK	Jan-Dec	
	2018	2017
Net profit/loss after tax	3.7	3.5
Total comprehensive income	3.7	3.5

Parent company balance sheet in summary

MSEK	31-dec	
	2018	2017
ASSETS		
Intangible assets	0.3	0.4
Tangible assets	1.5	1.6
Shares in group companies	0	0
Other long term asset	4.3	-
Total fixed assets	6.1	2,0
Inventories	5.8	6.2
Accounts receivable – trade	38.4	32.6
Other current assets	15.8	9,0
Cash and cash equivalents	81.4	82.9
Total current assets	141.4	130.7
TOTAL ASSETS	147.5	132.7
EQUITY AND LIABILITIES		
Share capital	3.8	3.8
Share premium	20.3	20.3
<i>Restricted equity</i>	24.1	24.1
Statutory reserve	7.8	7.8
Profit brought forward	68.3	61.4
<i>Non-restricted equity</i>	76.1	69.2
Total equity	100.2	93.3
Accounts payable – trade	10.5	4.5
Current tax liability	1.1	3.4
Other current liabilities	35.7	31.5
Total current liabilities	47.3	39.4
TOTAL EQUITY AND LIABILITIES	147.5	132.7

The Ecosystem of Mobile Forensics



Combined together, all of our products, platforms and services form a complete ecosystem of mobile forensics that protects our customers throughout the evidence chain. No matter what type of user, location, mobile device or environment; we have a tool designed to suit that particular need. These solutions work together in harmony to ensure best practice workflows for all stakeholders; from the field to the lab, through to the court room and beyond.



Extract

Extract digital forensic data from mobile devices



Analyze

Review, Visualize and Analyze mobile data



Manage

Management tools for efficient processes