

MSAB

Trusted Partner in Digital Forensics

Annual Report 2021

MSAB Annual Report 2021

Investor relations contact

Joel Bollö, CEO and Group President
Tel. +46 (0)8 739 02 70
Joel.Bollo@msab.com

Micro Systemation AB

Box 17111
Hornsbruksgatan 28
SE-104 62 Stockholm
Tel. +46 (0)8 739 02 70

Financial calendar 2022

Interim Report for January–March: 28 April 2022
Annual General Meeting: 11 May 2022
Interim Report for January–June: 22 July 2022
Interim Report for January–September: 26 October 2022
Year-end Report 2022: 31 January 2023

Contents

3	MSAB in brief
4	2021 highlights
6	Comments by the CEO
9	Market
11	Business concept
13	Strategy
14	Offering
15	Regions
22	Research & development
23	Sustainability report
28	The share & shareholders
30	Five-year overview
31	List of definitions
32	Report of the Directors
35	Financial statements, Group, Parent Company
42	Notes
57	Signatures
58	Auditor's report
61	Corporate governance report
64	Board of Directors
65	Management
66	Addresses & meeting
67	History

Production: Sthlm Kommunikation & IR

MSAB in brief

MSAB is a world leader in forensic technology for extraction and analysis of data from seized mobile devices. The company develops high-quality, intuitive software that has become the de facto standard for the purpose of securing evidence in criminal investigations. The products can be complemented with reporting tools and a wide range of training courses with certification for legally secure forensics.

The company develops innovative approaches that facilitate faster, simpler and more efficient ways to secure evidence and in ways that create a high degree of value for the company's customers. MSAB has clear growth strategies combined with a business model that entails scalability and a high degree of recurring revenue.

Who?

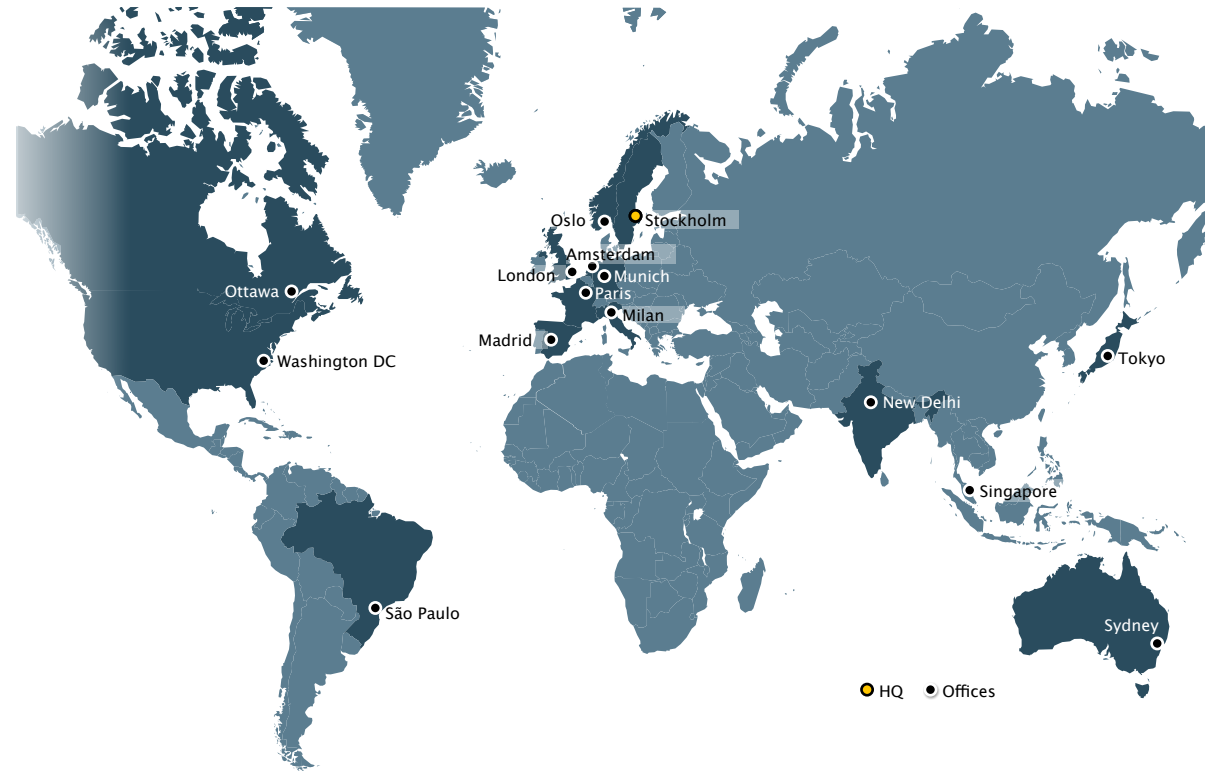
MSAB assists law enforcement authorities – the police, defense, migration, corrections and customs – carry out their missions. Typical users of MSAB's products are experts within digital forensics, investigators, analysts, and police officers in the field.

Where?

MSAB is represented in 15 countries and serves customers on all continents through its sales offices and via distributors.



What?

The company offers systems that extract and analyse data from devices such as mobile phones, tablets and drones, and products that can unlock digital devices, extract and decrypt information.



Licence-based revenue model

MSAB's core business consists of software that is made available to users who have purchased a licence. Once a licence has been purchased, the customer has to renew it in order to ensure they have the latest version.

 MSAB Extract Software for extracting data from mobile devices.	 MSAB Analyze Software for reviewing, visualising and analysing data from mobile devices.	 MSAB Manage Management and administrative tools designed for the management and maintenance of IT departments.
---	---	---

Proportion of recurring revenue

55%

XRY supports thousands of mobile phone profiles

39,000

2021 highlights

Despite the current pandemic, MSAB achieves its highest ever net sales. Net sales rose by 7 percent to SEK 333 million and operating profit increased by 55 percent.

The markets that saw the greatest sales in 2021 were North America, the UK, France and Germany. MSAB has a strong presence on these markets and customers here are well advanced in the use of mobile forensic products and services.

Customers in the USA accounted for the largest individual sales during the year and the market is recovering strongly from a relatively weak 2020.

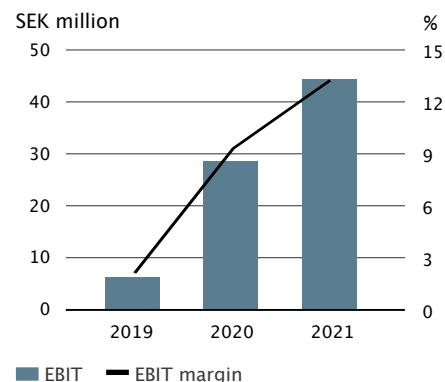
Q1
MSAB's largest orders in the first quarter of the year came from customers in the USA, France, the Netherlands and the UK, with licence renewals of XRY and XAMN and an increase in the number of licences. A number of training courses were held during the early part of 2021.

Q2
MSAB received a large breakthrough order in Japan for 50 XRY systems for delivery in 2021. Japan is a market at the forefront of digital tools for criminal investigations and is one where MSAB previously had limited presence. This order demonstrates faith in MSAB's products and provides major opportunities for further business and increased market share in this important region.

MSAB and Detego, which provides computer forensic tools, entered into a partnership on data collection.

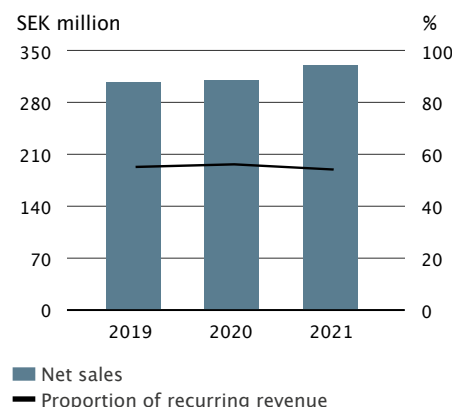
Q3
The period July–September is the end of the budget year for federal agencies in the USA and is often the largest in terms of revenue for the North America region. Existing customers on the American market accounted for the vast majority of orders received and sales were made across large parts of MSAB's product range.

EBIT and EBIT margin

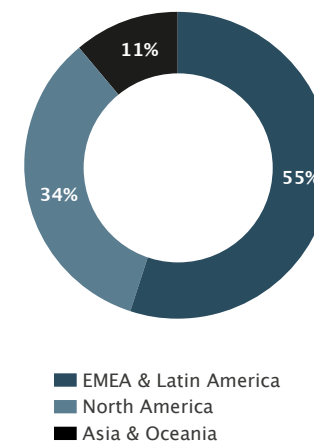


1) See definitions on page 65

Net sales and recurring revenue¹



Sales by region



Q4

The positive trend on the American market continued during the final months of the year, with several large orders received. Overall, MSAB reported the highest sales in the company's history. Some of the orders contained a greater proportion of hardware (computers, kiosks, etc.), demonstrating confidence in MSAB as a turnkey supplier of ecosystems for mobile forensics.

Key performance indicators	2021	2020	2019
Net sales, SEK million	333.0	310.1	307.6
Net sales growth, %	7.4	0.8	1.2
Operating profit, SEK million	44.3	28.6	6.3
Operating margin, %	13.3	9.2	2.1
Equity ratio, %	44.0	46.8	40.0
Cash flow from operating activities per share, SEK	0.6	2.8	1.0
Return on equity, %	38.89	19.79	5.47
Earnings per share, SEK	1.89	0.88	0.28
Equity per share, SEK	4.8	4.4	4.1
Average number of employees	188	202	196



MSAB is stronger than ever

In order to scale up the business, MSAB has continued to develop its organisation for products, market and sales, with structures and processes. This paves the way for continued strong growth in 2022 and beyond.

What have been the highlights for MSAB in 2021?

“First and foremost we have been very successful in maintaining tempo and commitment, despite another year of pandemic, with the result that we have sold more than ever and increased EBIT by 55 percent.

We have continued to strengthen our product, market and sales organisation with structures and processes to scale up the business and this paves the way for continued good growth in the coming years. We place great value on human rights and privacy and we have therefore actively chosen to leave certain markets, regardless of the impact this has on our financial results.

We have introduced new working methods and tools for goal management throughout the organisation so that all employees can easily see which goals are the most important for MSAB. This has been particularly important at a time when many people are working from home to a great extent. It has made it clearer to see what the efforts of each individual mean to the company. Every employee also understands the importance of their work, what it leads to and the value that is created so that everyone is able to follow the company’s development.

In addition to this, we have our leadership programme, which equips us for growth. All leaders at the company have undergone a programme during the year that has honed

our ability to drive change, manage effectively remotely, guide towards set goals, give feedback, involve and collaborate.

MSAB is a leader in the field of extraction, in other words accessing telephones and decoding data to make it accessible. We are a world leader in what is known as selective extraction, which involves obtaining only limited data from phones. In this way, we safeguard privacy and enable witnesses and victims of crime to submit evidence to the police without needing to expose several years of messages, images and calls.

“I am convinced that MSAB will be an even more important partner to our customers and a strategically important company in the Western world, where digital evidence is starting to become critical to society.”

Another innovation where we lead the market is our new ‘Report Builder’ in the XAMN analysis tool. Here, investigators and analysts can tailor reports to simply present the evidence and information that is required in an investigation.”

Your sales and profitability have increased strongly this year, why is that?

“Sales for the full year 2021 are the highest in MSAB’s history at SEK 333 million. Operat-



ing profit for the full year was SEK 44 million, an increase of 55% compared with the same period of the previous year.

We have strong cash flow and a sound financial position. The results are an indication of the strength of our business model, in other words profitability increases as we grow. We have a business model that is scalable and a gross margin above 90 percent, which means the sales growth we have seen in 2021 has a major impact on the company's profit.

With the exception of Asia, we are growing on all markets. The UK and the USA are our biggest countries and have the strongest growth of 32 and 30 percent respectively. The contraction in Asia is the result of us withdrawing from some countries in the region."

How has MSAB performed on its primary markets over the past year?

"In Europe, which is our home market, we performed very well. We are growing in France and several other countries and achieving record sales in the UK. In Europe, the issue of how law enforcement agencies handle digital evidence is a hot topic. Our involvement in the EU-funded ForMobile project will lead to more stringent requirements for suppliers and products that provide authorities with forensic solutions. MSAB, which has been actively involved in this project for three years, has helped to

develop future standards and in doing so has become an important strategic partner to European authorities. One element of this work has been the ability to offer decentralised solutions, in other words where officers at local police stations and who work out in the field must be able to handle evidence in those mobile phones that the labs are unable to accommodate – this is an area where MSAB's solutions are the best in the world. Up to now, European law enforcement agencies have underinvested in digital forensics solutions, but it is now clear that many of them have realised this and we are convinced that the pace of investment will increase.

In North America, our restructuring towards the end of 2020 has had positive results, with around 14 percent growth. The USA is an important market and we have regained market shares during 2021. Many federal agencies use our extraction solutions, which is good but does not mean that our sales have in any way achieved what we believe is their full potential. The fact is that demand from federal agencies just keeps rising, so MSAB must make sure it satisfies this increasing demand while also taking market shares. We are seeing several federal agencies increasing their investments in our products so we now intend to accelerate these investments and ensure that more agencies choose our solutions.



During the pandemic, MSAB constructed a live studio at its office in Solna. From here, all major meetings, kick-offs, webinars, capital market days, etc., were broadcast to employees, customers, partners and capital markets.

There are approximately 18,000 local police stations in the USA and unfortunately only a minority of them have any kind of digital forensic solution. In many ways, the USA lags a little behind Europe, but once a market begins to pick up pace, it tends to accelerate quickly. This is particularly true of decentralised extraction. In recent years, we have

seen enormous potential for our XRY and Frontline solutions at local police authorities in the USA.

In Asia and Oceania, we are focusing on countries such as Japan, Singapore, India, Australia and New Zealand, as it is in these countries that we see the greatest potential for growth. Sales in these countries increased

““ I am certain that digital evidence is here to stay and that its value will only increase. How digital evidence is secured while still respecting human rights will be crucial and this is something we welcome.

by 12 percent in 2021. Asia and Oceania are markets that are more diversified than Europe and North America and we therefore choose to focus our resources where we see strong legal systems and good potential. I am convinced that we will see really good growth here in the coming years. The excellent business we did in Japan in 2021 is a good foothold in an enormous market. The need to perform extractions both centrally in labs and out on the front line and the demand for analysis solutions in these regions is no different from that in Europe and North America.”

Tell us about your ethical approach to doing business.

“An important part of our sustainability work is choosing which customers, partners and suppliers we work with and how the products are used. We give consideration to quality, environmental and social aspects in every choice we make. A small proportion of our products are subject to export controls by the Swedish Inspectorate of Strategic Products (ISP), so we only sell to countries where we have their permission.

We also have a code of conduct, our ethical compass, which means that we make a

choice ourselves about which countries we deliver our products to, in addition to having ISP’s permission to sell there. It is important to note that our products cannot be used for monitoring or surveillance. We continuously assess which customers and countries we want to offer our solutions to.

We welcome legislation that safeguards the right to privacy. That is why we also devote time and resources to ForMobile, the EU-funded project I mentioned earlier, which aims to establish a standard tool and training for law enforcement in Europe. There are several other projects with similar missions that we also actively participate in, such as Digital Forensics Sweden, Digital Forensics Science, Home Office and NIST (National Institute of Standards and Technology).”

What are your keys to success and your challenges and how do you handle them?

“Success can mean many things – for me MSAB’s greatest success is that we have helped to create a safer society in a very tangible way. We have achieved success by consistently working with the best people. The work we do creates benefits for the customer and as a result we have reported unin-

errupted sales growth for the past seven-teen years. During that time, we have always generated a profit.

Our recipe for success is our focus on mobile forensics. We have continuity in our product development. Our customers know this and that they can rely on what we do. We have a well-established product life cycle, where new products replace older ones and we are continuing to develop our work and reporting on sustainability.

Another key to success is MSAB as a workplace. We are an attractive employer, partly through our inclusive culture and partly because we work in an industry where we help our customers to make the world a safer place. A product can be copied, but a culture cannot and I am convinced that we find it easier to recruit talented people because of our culture.

The market for digital evidence is fast-moving and the competition is fierce. We can see how the digital forensics industry overlaps with e-discovery and cyber security, with market participants that were previously complementary possibly eventually becoming competitors.”

Where will MSAB be in three years?

“MSAB will have strengthened its position as a leading provider of mobile forensics, in two areas in particular – extraction (XRY) and Frontline solutions. Developments in advanced

encryption and increasing data volumes will accelerate and we will continue to strengthen the ability of law enforcement bodies to obtain data without compromising privacy.

I am certain that digital evidence is here to stay and that its value will only increase. How digital evidence is secured while still respecting human rights will be crucial and this is something we welcome. If law enforcement is to keep up with this development, we need to ease the burden on labs. The large increase in the volume of mobile phones in criminal investigations will mean that a large proportion of the field staff have to assist in reading phones. We have seen this in the UK, where crimes have been cleared up with great success using digital evidence.

I am convinced that MSAB will be an even more important partner to our customers and a strategically important company in the Western world, where digital evidence is starting to become critical to society. We are seeing a trend where authorities in democratic countries care about the security of society and therefore often want to buy from European companies that have a high level of trust – this will benefit MSAB.”

Stockholm, March 2022

Joel Bollö
Chief Executive Officer

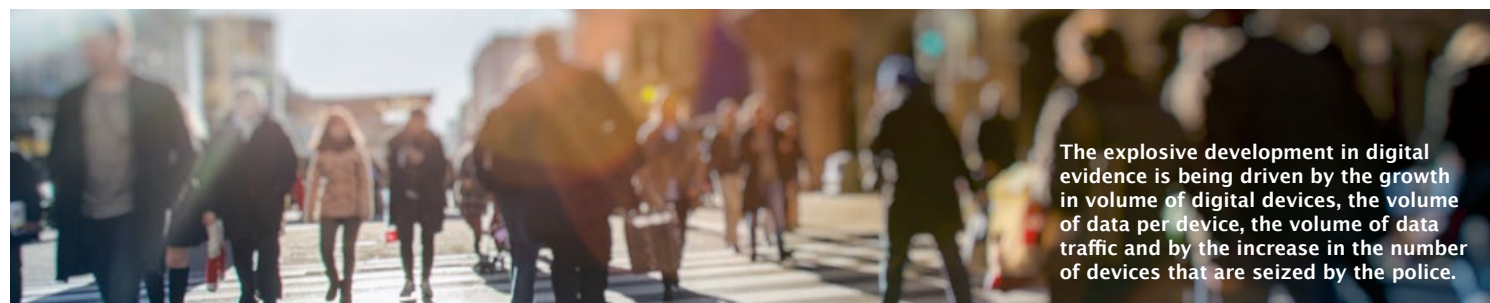
Market and driving forces

MSAB is affected by five main external trends. They present both challenges and opportunities to the company, which must always be proactive in retaining and gaining market shares.

Data volumes are rocketing but there is a shortage of expertise in digital law enforcement. There are also significant requirements for the privacy of all those involved in a criminal investigation to be maintained, while at the same time the digital chain of evidence must be guaranteed. Law enforcement agencies the world over are facing real challenges. At the same time, attempts to hack into vital IT systems are on the increase and malicious apps are constantly appearing on the market.

The global market for digital forensics is expected to grow by between 8 and 11 percent per annum over the next few years. According to BBC News, the annual growth in digital forensics is expected to be 8 percent, while according to market research company Mordor Intelligence it is expected to grow by an average of 11 percent.

In addition to the market trends described on the right and on the next page, there is a demand for EU-wide methods, processes and standards for carrying out criminal investigations digitally. Tools must be compatible with each other instead of each individual tool working only in its respective correct file format. MSAB is part of the ForMobile project, which supports and funds research into “the right to privacy” and “the right to a fair trial”. This work is collated in a brand-new EU standard document, which provides guidance on mobile forensics to law enforce-



The explosive development in digital evidence is being driven by the growth in volume of digital devices, the volume of data per device, the volume of data traffic and by the increase in the number of devices that are seized by the police.

Market trends in the mobile forensics industry

Trends	What the trend means	How MSAB is affected	What MSAB is doing	Market data
Abundance of data	There are enormous volumes of data and not enough time for law enforcement agencies to analyse the content of digital and IoT devices.	There is great demand for effective mobile forensics tools that support the legal securing of evidence.	MSAB supplies the analysis tool XAMN, which is designed to enable more rapid filtering of data and presentation of multiple files in a single case for faster review. XAMN can also decode encrypted mobiles.	Five million apps on App Store 2020, a 23 percent increase in a single year. There is explosive growth in the volume of digital devices, the volume of data per device, the volume of data traffic and in the increase in the number of devices that are seized by the police. <small>Sensor Tower Store Intelligence 2020</small>
Lack of IT training and of IT forensic officers in the police	The number of police officers with adequate training in mobile forensics does not meet the needs for crimes that need to be solved using digital evidence.	Strong demand for knowledge in order to perform extraction and analysis on digital devices.	MSAB provides training courses on mobile forensics and stresses the need for investment in effective digital tools for staff.	“There is a risk of digital evidence being overlooked because of fragmented police training and coordination.” <small>University of Exeter, 17 September 2021</small> “We often need to extract data from a mobile. But as there are not enough IT forensic officers, we may have to wait three months in the worst-case scenario.” <small>Carolin Asplund, police inspector SVT news 21 October 2021</small>

ment agencies. ForMobile has embedded the majority of its new tool development in MSAB's extraction tool XRY and to ensure compatibility, MSAB has committed to supporting the new standard (CASE) to enable seamless integration with other digital forensic tools.

Competitors

Competition for customers is tough and MSAB is working continuously on product improvements and packaging to meet customer requirements for the best tools. At the same time, the company has a product portfolio within mobile forensics that is broader than many of the leading global players.

Competitors and products

	Data extraction	Data analysis	Data management
MSAB	XRY, AAL, Raven	XAMN	XEC
Cellebrite	UFED, Responder	Physical analyzer	Commander
Magnet	-	Axiom	-
GrayShift	Greykey	-	-

The products above are those which the four largest operators in mobile forensics offer in the fields of data extraction, data analysis and data management (management of software and users).

Market trends in the mobile forensics industry

Trends	What the trend means	How MSAB is affected	What MSAB is doing	Market data
Privacy	Victims of crime and witnesses care about their privacy. Sometimes crimes are not reported because the victims and witnesses must hand over their mobile phones and risk having their lives exposed.	There is a need for selective extraction, obtaining only relevant data within a certain time scale from mobile phones.	For many years, MSAB has been the sole supplier to offer selective extraction.	42 percent of rape victims withdraw their reports because they do not want to hand over their mobile data. Victims' Commissioner 2020
Evidence requirements	Data obtained from digital devices must be credible and verifiable in order to serve as evidence in court.	Strong demand for secure file formats, i.e. it must not be possible to manipulate the data in a court case.	MSAB offers a secure file format, with password protection and strong encryption which, together with a detailed log file, creates a complete verification chain.	"Mobile phones are probably the single most important piece of evidence you will find at a crime scene today" James B Comey, former Director of the FBI "More than 85% of investigations today involve some form of digital evidence." Garry McCarthy, Superintendent of the Chicago Police Department www.lawofficer.com "The single most important challenge in criminal law over the past decade is, in my opinion, the greater use of mobile devices by criminals to plan, carry out and communicate about crimes." Cyrus R Vance, Attorney, New York
Cyber security	Cybercrime, such as identity theft, phishing etc. is increasing rapidly.	Demand for mobile forensic solutions that can handle cybercrime is growing.	MSAB offers ".xry" files, a secure file format for enhanced security that helps to prevent the risk of possible reproduction of another manufacturer's product (reverse engineering) or file manipulation.	In 2020, IC3 and the FBI received 43,300 reported cases of identity theft online. Internet Crime Complaint Center (IC3) and the FBI 2020

Business concept for a safer world

MSAB has solutions for extracting digital information that provide secure and reliable results for law enforcement agencies. The company is a world leader within forensics for the examination of mobile devices and has offices in Europe, the USA and Asia, as well as a network of distributors all over the world.

Vision

To provide every investigation with digital forensics solutions – for a safer world.

Business concept

MSAB’s mission is to lead the digital forensics industry in the ethical and responsible extraction and analysis of data, from crime scene to court, to help create a safer world. The company does this by being one step ahead in developing solutions that consistently set new industry standards and with a strong focus on delivering results.

Business and revenue model

- MSAB’s core business consists of software where users purchase a licence to use the software they have selected.
- A start-up package from MSAB contains a licence and different types of hardware depending on the product.
- The products Kiosk, Tablet, Field and Raven include a physical platform (hardware) with pre-installed software.
- The length of a licence varies depending on what the customer wants. The licence period varies between one and three years, with one year being the most common option.
- A licence includes continuous updates to the software.
- When a licence expires, the customer must renew it in order to ensure they continue

Business model

Market trends

- Abundance of data
- Lack of IT training and IT forensic officers in the police
- Privacy requirements
- Evidence requirements
- Cyber security

MSAB

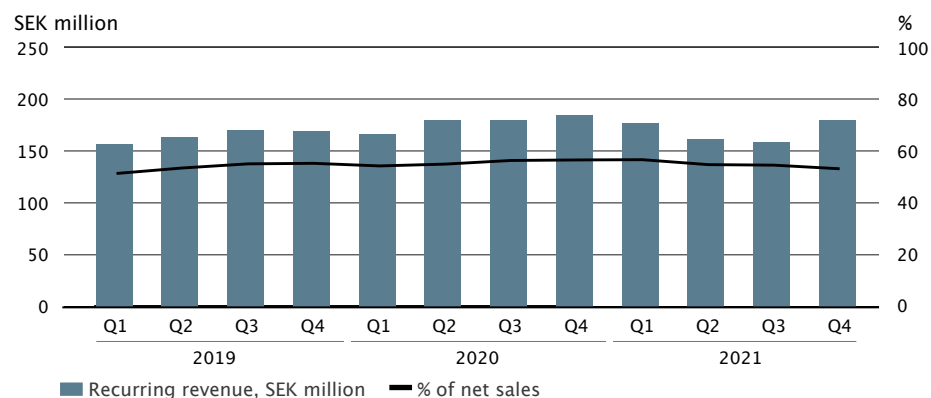
- Strategic product development with a complete range for extracting, analysing, managing and monitoring data within digital forensics
- Market presence – customers all over the world, offices in 15 countries
- Licence renewal model
- Strategic partnerships and projects
- Distributors – Carefully selected partners who complement and resell MSAB’s solutions
- Decentralised responsibility and authority
- Personnel – around 200 employees with specialist expertise in mobile forensics
- Value-based leadership
- Core values: we are innovative, ethical and deliver results

Value created

- **Customers** – Attractive offering, effective and sustainable digital forensics solutions
- **Employees** – Attractive workplace with opportunities for development (“Great place to work” certification)
- **Partners** – Long-term business relationships and responsible business practices.
- **Shareholders** – Profitable growth and dividends
- **Society** – Jobs and digital forensics solutions that help to create a safer and more legally secure world

MSAB’s business model is based on the needs of the market and it shapes the company’s goals, strategies and governance and these, together with its core values, establish its offering. This creates value for the company’s customers, employees, partners, shareholders and society in general.

Recurring revenue¹, rolling 12 months



1) For definitions of key performance indicators and the five-year overview, see pages 30 and 65.

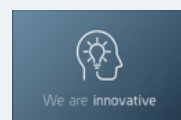
to have the latest version of MSAB’s software, which guarantees the latest solutions implemented for data extraction from the majority of telephone manufacturers and operating systems. This is a powerful driving force for our customers to renew their licences and gives MSAB a high percentage of recurring revenue.

ware updates for data extraction. This is necessary as phones and applications are constantly being updated and developed, which therefore affects software functionality. To guarantee our customers the best possible functionality, they must ensure they always have the latest version, and for that they need a valid licence.

As MSAB’s core business consists essentially of software, an increase in sales generates a relatively low increase in costs. Thus, MSAB has a scalable business model where an increase in sales to a large extent increases revenue. MSAB continuously releases soft-

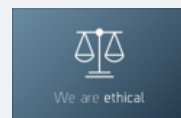
Values

MSAB has defined three core values that guide the company in its everyday work – in its actions, decisions and choices.



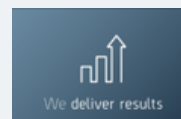
We are innovative

We are pioneers in mobile forensics and have been singularly focused on creating quality solutions that will empower our customers in making a safer world. But it doesn’t stop there. We have an inquisitive and outward-looking nature, searching for new ideas and input to create and sustain an innovative company culture. We also seek to understand how well we are performing, both as individuals and as teams, to nurture and develop our people’s innovative sides.



We are ethical

Integrity is our guiding principle. No matter what the pressure on us may be, we will ensure that all of our business activities are undertaken within a framework of responsibility, ethical values and support for the rule of law. We support our customers to be successful in their work and take responsibility for providing them with the best possible digital forensic solutions. In addition to making ethically sound decisions we demonstrate transparency in our business operations, we are honest and a trusted business partner.



We deliver results

We pride ourselves on delivering top-notch customer service and always putting our customers’ needs first. By identifying the challenges and opportunities in our sector, we remain proactive and strive to generate quality solutions – continually evolving our thinking, whilst staying true to our core values. We also advocate the sharing of knowledge with our customers, employees and partners, ensuring they have all the resources they need to develop and achieve good results.

Value creation strategies

MSAB's overall strategies are designed to create value for customers, shareholders, employees and society. The company believes these strategies are vital for operating a successful mobile forensics business.

Customers

MSAB is a long-term partner that works closely with its customers, providing continuity and security. By using local staff, the company is able to identify and understand the needs of customers at an early stage and create the conditions for them to develop and operate a profitable and efficient business. MSAB sells to democratic countries with growth potential, where the company is able to strengthen the judiciary system and ensure that its products are used in a legally secure and ethical manner.

Employees

Thanks to well-established values and a good workplace culture, clear goals and development opportunities, MSAB has employees who thrive, feel happy and deliver their very best. The workplace stimulates cooperation, innovation and efficiency, which are vital for the company's success. Goal management tools, GPTW certification (Great Place To Work) and leadership programmes create an attractive workplace where employees want to stay.

Society

MSAB creates sustainable products and solutions with long service lives for customers. The company takes existing development and adds new and innovative improvements that enhance the attractiveness of the offering. MSAB takes environmental, ethical and quality factors into account when choosing

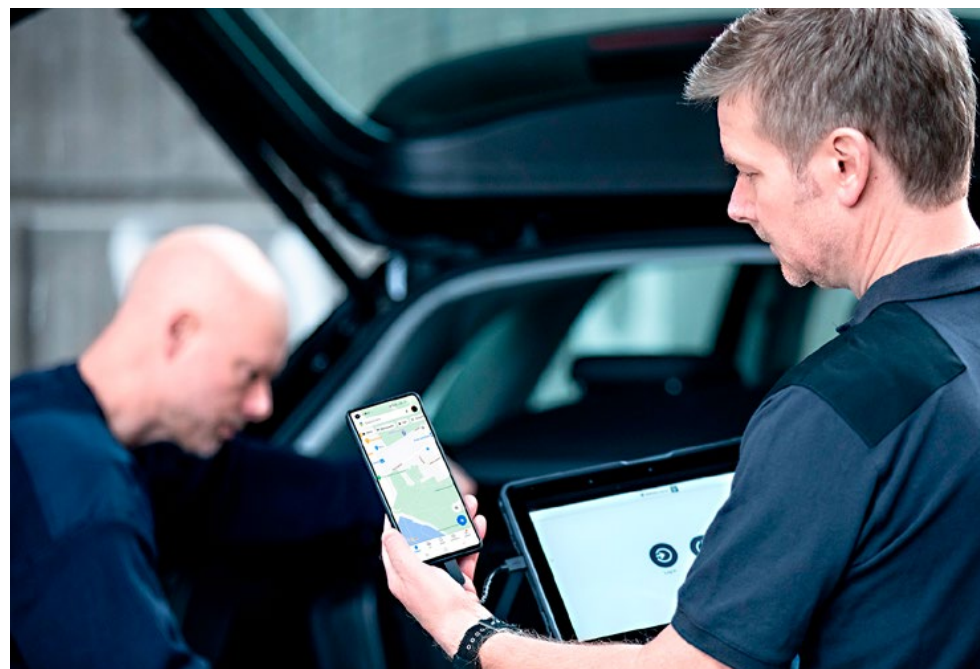
who to sell to and who to buy components from. MSAB takes great responsibility for its hardware by recycling it in a sustainable manner.

Shareholders and investors and partners

The company's business model, innovative product development and a turnkey solution for the judiciary system provide MSAB with the conditions for stable and profitable growth. Investments in in-house product development and an efficient organisation generate a good return for the company's shareholders.

Product development

MSAB prioritises the development of data extraction for the versions of the phones that the company's customers most require. The company builds advanced systems with a high degree of functionality, with customised systems for end users and which are suitable for different applications. The company is committed to quality, with a high degree of delivery reliability and first-class support. By employing qualified developers who are able to gain access into the latest versions of phones, MSAB maintains a position at the forefront of the technology. The company helps its customers to access information in a legally secure manner - where the chain of evidence of data can be secured from crime scene to court. The company safeguards the privacy of suspects, victims and witnesses



through selective extraction, where only relevant data is obtained.

Profitability

MSAB is paid for the value and benefit of what it delivers. The company's high gross margin and licence renewal model generate profitable growth. The company reinvests profits in product development to help it remain at the forefront of the technology.

MSAB has a strong financial position and achieves a long-term positive cash flow by balancing revenue and expenses and investing in areas where the company can be profitable within a couple of years. Its sales focus, market prioritisation, solution sales, cost efficiency, reduced customer churn and effective business models all help MSAB to increase its profitability.

Digital forensics ecosystem

MSAB’s ecosystem for mobile forensics is designed as a turnkey solution for law enforcement, defense, border control and corrections. The aim is to enable law enforcement agencies to carry out effective criminal investigations while safeguarding the privacy of suspects, victims and witnesses throughout the digital chain of evidence – from crime scene to court.

Integrated mobile forensics

A mobile device contains enormous quantities of data. At a time when 98 percent of investigations and intelligence operations rely on digital evidence, data is often the most critical factor. Having the right mobile forensic tools at the right time can make a big difference to law enforcement agencies. Effective tools speed up investigations, reduce the number of unsolved cases and increase efficiency in terms of the number of phones examined. The tools also enable organisations to control the management and storage of the digital evidence in investigations.

Extract, analyse and manage data

MSAB’s offering consists of products, solutions and services. The product families are XRY, XAMN and XEC.

Frontline for decentralised securing of evidence

In most investigations, evidence, such as mobile phones, is sent to a forensic lab where experts in digital forensics access the phones, extract data and decode it so that all the data is made available to the investigators handling the case. Forensic laboratories all over the world are currently overloaded with phones and they are unable to handle all the

digital evidence they receive. To help this situation, MSAB has developed a solution called MSAB Frontline, which enables police and other officers working on the front line of law enforcement to ease the burden on labs by handling mobile phones directly at the crime scene or locally, such as at a police station.

Platforms for different applications

MSAB’s customers within law enforcement, defense, border control, corrections, etc., have diverse needs for different platforms. At different times, software is needed on different hardware platforms which may be open or turnkey. Open platforms (Office and Field) are

designed for traditional Windows computers with “point and click” interfaces. Turnkey platforms (Kiosk and Tablet) are simpler systems which use touchscreen interfaces.

Services that solve challenging cases

Optimising business processes is as important as the technology used. MSAB is therefore helping law enforcement organisations globally to exploit the full potential of mobile forensics. Customers are given help with everything from defining strategy to implementing processes that streamline the work of all users of the digital mobile forensic tools.

XRY

Extract

Solutions for extracting data from mobile devices. Based on Windows operating system. Also extracts data from cloud-based storage.

XAMN

Analyse

Software used for reviewing, visualising and analysing data from mobile devices. After the data has been extracted via XRY solutions, XAMN analyses the data and identifies important information.

XEC

Monitor

Management and administrative tools designed to support managers and IT departments. XEC supports XAMN and XRY in large-scale administration, such as bulk export of digital data to new formats.

MSAB

Platforms

Packaged solutions on five platforms. Open platforms: Office and Field, designed for Windows computers with point and click interfaces. Turnkey platforms: Kiosk and Tablet, user-friendly products with touchscreen.

Asia & Oceania Region

In the Asia & Oceania region, MSAB's extraction solution XRY has been the most successful to date.

Countries	Asia: Japan, Singapore, India and South Korea Oceania: New Zealand and Australia
Customers	<ul style="list-style-type: none"> • Law enforcement • Defense • Border control • Tax authorities
Demand for product/solution	<ul style="list-style-type: none"> • Frontline • XRY • XAMN • Training
Challenges	<ul style="list-style-type: none"> • Training and the launch of mobile forensics solutions and securing long-term investments in products and training. • Major need for support for specific mobile phones (different phone models than in Europe for example).
Priorities for 2021	<ul style="list-style-type: none"> • Focus on product sales to all segments. • Establish networks for mobile forensics or participate in the forensic forums of others. • Sell through partners. • Establish collaboration on solutions that add customer value. • Increase knowledge about the capacity of products through workshops and various kinds of training course.



Japanese police want suitable forensic tools to streamline criminal investigations

Challenge

The Japanese police authority needs to create an efficient criminal investigation environment across the entire country using suitable forensic tools to improve accessibility and speed up investigations. The customer's existing forensic environment has a long way to go to satisfy all the requirements for quality in criminal investigations. Attempts have been made to expand and supplement the environment using a number of tools, but this has not solved the problem.

The police authority spends six months in 2021 evaluating a number of different tools with the help of its own forensic experts. MSAB's extraction solution XRY and analysis tool XAMN are evaluated, alongside competitors' solutions. An extensive list of questions and answers is examined in order to obtain all the details about the pros and cons of the tools. The police carry out testing of XRY on all the different digital devices possible and also perform corresponding analyses using XAMN.

Solution

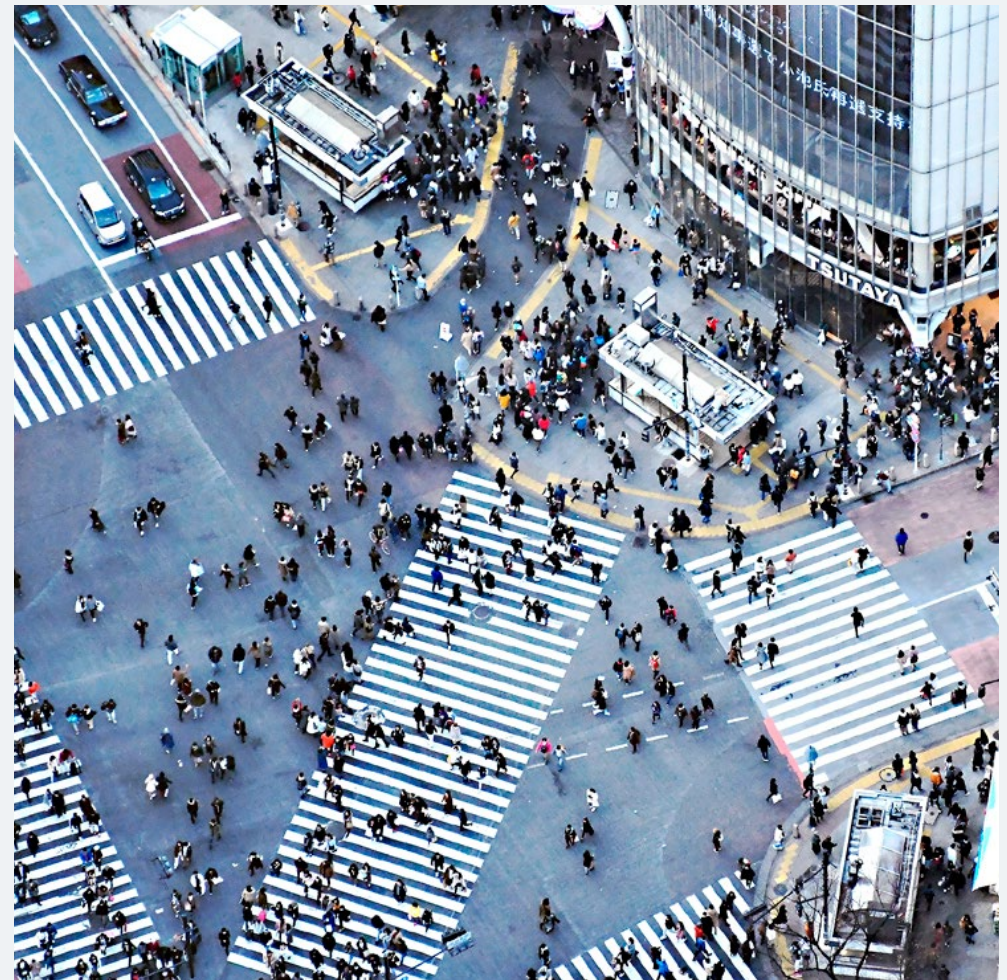
Thanks to the powerful data extraction, the precision of the analyses and the speed of handling of the tools, the Japanese police decide to procure MSAB Office, consisting of both XRY and XAMN, as their forensic tool. With MSAB Office, the Japanese police authority can now carry out operations

quickly and simply. The procurement also includes additional cloud services in order to extend the reach for those officers working with extractions and analysis.

The operating speed of the tools far exceeds the customer's expectations and the flexibility and responsiveness of MSAB also influences the choice of supplier. The depth of the analyses and the breadth of data collection also provide the police with significantly higher quality in their criminal investigations. The new extraction capabilities that MSAB provides and the scalability of the solutions have taken investigations to the next level.

Customer benefits

The new benefits to the customer have been widely recognised, both within the police authority and throughout the country. The ease of use of the tools, the number of mobile phones that can be extracted, the applications and data that can be handled and the operational speed provide the greatest benefits to the customer. The police authority is now able to perform quick and easy searches, as well as filter and share data more easily. They are also able to improve criminal investigations using the more in-depth methods of analysis that are available in the solution.



EMEA & Latin America Region

EMEA is MSAB’s home market. The region grew by 11 percent and the company envisages further growth as interest in the company’s products and services increases.

Countries	EMEA: All EU countries, United Kingdom, Norway and Switzerland Latin America: Argentina, Brazil, Chile, Ecuador and Peru	
Customers	<ul style="list-style-type: none"> • Law enforcement • Defense • Border control • Tax authorities 	<ul style="list-style-type: none"> • Corrections • Migration authorities
Demand for product/solution	<ul style="list-style-type: none"> • XRY • AAL 	<ul style="list-style-type: none"> • Frontline including XEC • XAMN • Training
Challenges	<ul style="list-style-type: none"> • Launch Frontline solutions to reduce backlogs, streamline processes and workflows and protect the privacy of individuals when using MSAB’s tools. • Present potential efficiency gains such as improved crime statistics on the introduction of mobile forensic solutions and digital transformation. • Provide training on the XAMN analysis tool to improve the knowledge and analytical capacity of investigators in clearing up crimes. 	
Priorities for 2021	<ul style="list-style-type: none"> • Use existing customers as references and expand solution sales to more segments. Establish higher up the value chain, move from product sales to solution sales. • Include training at the onboarding stage. • Provide training on the capacity in XEC and offer solutions that improve and simplify the work of process owners and managers. • Participate in research projects, such as the EU’s ForMobile project. • Collaborate with trusted partners. 	



Implementation of MSAB's ecosystem saved the British police 80,000 pounds over three years

Challenge

The use of digital evidence has grown significantly in recent decades as the courts have increasingly begun to accept digital files as evidence. Whatever the task or location, and considering the enormous growth in digital evidence, law enforcement agencies and other organisations that use mobile forensics face the same challenges:

- The need for speed – Authorities need to extract and decode data from mobile devices quickly so that they can view, analyse and find usable evidence as early as possible.
- The need for efficiency – Authorities need to have trained users with the right skills who successfully perform extractions and analyses at the right place and at the right times to enable the evidence to be used quickly.
- The need for cost-effectiveness – Public-sector organisations usually work with tight budgets and they need to see a return on their investments in technology.
- The need for consistent processes, data quality and forensic integrity – Evidence that is recovered from mobile devices can be vital for a prosecution and must meet quality requirements. It must be accurate and the methodology must be consistent in every single case.

Solution

A British police chief was facing several of these challenges.

The story in this case is about how MSAB's ecosystem helped the police to speed up the extraction and analysis of mobile data and how it played a key role in identifying several persons involved in organised crime.

"I was an officer in the police when we began looking at digital forensics. It was 2009 and we identified a need to be able to collect digital data. In today's criminal investigations, mobile devices have become one of the most important pieces of evidence for investigators in relation to communication, people and places. When we started, we only had a basic SIM card reader and to begin with, that was enough. We obtained good data but the process was inefficient and certainly not future-proof.

"Later on, we decided to establish a new process and we examined all the tools that were available. We evaluated tools on the basis of speed, complete downloading, number of devices supported, ethics, ease of use, etc. We conducted extensive testing on the products available, which included MSAB's data extraction solution XRY, and matched them to our test criteria. We looked at the extraction speed, decoding speed, number of relevant phones supported, logging, forensic integrity and ease of use for users on the front line.



"Speed was the key test and in most cases XRY was a clear winner. When it came to extraction, XRY was often, although not always, the fastest but it was for decoding. When we looked at the user results, however, XRY came out on top every time. We also found that the XRY log was particularly useful for the courts, as it provides a more detailed report about what is happening.

"Protecting the digital integrity of evidence and safeguarding the chain of evidence is very important for the courts. XRY extracts data, encrypts it and puts it in its own file format – an ".xry" file. Encryption means the data is properly protected and that the data extracted is kept in its original condition, without any possibility of it being edited."

Pile of un-examined mobile phones drastically reduced

“Later, I reviewed the processes and realised that we could do things cheaper and more efficiently if we connected the solution to a network. The best method at the time was to copy all the data from a computer to a hard disk, deliver the hard disk to the lab and then copy the content back to a computer. This was expensive, inefficient and risky and could of course be solved using a network.

“After suggesting that we allow front-line personnel to carry out complete software downloads, we found that most of them did not actually do this, mainly because they were nervous about making mistakes. The big ‘light-bulb moment’ for us was when the kiosks were introduced. We made the major realisation that in the vast majority of crimes, such as local drug dealing, burglary, robbery, etc., the investigators were just looking for small amounts of data. These were calls, contacts, text messages and chats – so why were the police still using highly trained and expensive experts in digital criminal investigation? Wouldn’t their time be better spent examining devices from high-priority crime such as murder, rape and terrorism? I realised that we needed a system which would allow us to allocate the right level of expertise for optimum efficiency.

“When I first saw an MSAB kiosk being demonstrated, I quickly realised the bene-

fits for front-line users, as the kiosks use a workflow that can be adapted to our needs. This would allow users to comply with local legislation, policies and procedures. It would also free up our digital forensic experts to handle cases where their specialist expertise would be invaluable.

“I drew up a business case that showed we could save both time and money by investing in MSAB’s kiosks. The police chiefs were sceptical initially, but the case was strong and this, together with the results of our tests, was enough for them to accept it.

“A few years later, we had a solution that enabled front-line users to follow an established process and obtain a correct download from a device that was sent automatically to a central server. Once there, it could be processed quickly, instead of waiting weeks for data that needed to be analysed.

“We had achieved our aim of obtaining a system that was both cheaper and more efficient, while also reassuring officers that the chain of evidence was secure and making it more likely for this to be accepted by the courts.

“Users out in the field are able to perform a correct extraction using a kiosk or tablet after only one or two days of training. The workflow guides them through the process, which means that more devices can have their data extracted reliably. Analysts receive more data and more crimes are dealt with.

“Using MSAB kiosks eliminated most of the challenges for non-technical users. It also provided an extremely adaptable workflow. The MSAB kiosk is designed for maximum and easy use by officers and investigators who are not experts in digital forensics. The kiosk enables them to quickly extract and view data on a mobile phone immediately, instead of sending it to a lab. In more complex cases or where the phones are difficult to crack, they can still be sent to the lab for extraction and analysis. This ability to prioritise specialisation levels increases efficiency and productivity and improves performance. Cases are solved more quickly, saving money.

“The aim now was to manage the kiosks more efficiently and for this we used XEC Director. XEC is a centralised management tool. It controls all MSAB tools effectively – whether Kiosk, Tablet or software such as XRY Office. You can update the software version, workflow, users and their permissions, and quickly generate reports for senior officers.”

Customer benefits

“When I left the unit, our police authority had an ecosystem in place that enabled us to operate 24/7 and where the data flowed from the collection point to analysis much faster, cheaper and more efficiently. The handling time reduced from four weeks to just a few

hours. The entire system was secure and reliable and kiosk users felt more confident about actually performing extractions.

“Implementing this system saved us around £80,000 over three years and I know that the data we collected has had a positive impact throughout the organisation, as we:

- gather evidence that is used in legal proceedings, help to remove vulnerable people from potentially radicalising environments and refer people to preventive programmes so that they do not fall back into crime
- achieve justice more quickly through the early identification of lawbreakers
- prevent a large number of future crimes
- reduce the time needed for investigations, which means we can move on to other cases and solve more crimes
- reduce trial costs using digital forensic evidence, which potentially leads to an increased number of confessions and faster trials.”

North America Region

This region is MSAB’s largest market and has grown by 14 percent during the year. The USA is an incredibly important market where MSAB is seeing growing demand for mobile forensic solutions. The organisation in North America has undergone restructuring in order to better exploit the potential this market offers.

Countries	Canada, USA and Mexico
Customers	<ul style="list-style-type: none"> • Law enforcement • Defense • Border control • Corrections
Demand for product/solution	<ul style="list-style-type: none"> • Frontline • Raven • XRY • XAMN • AAL • Training
Challenges	<ul style="list-style-type: none"> • Customer support for specific phones. • Easy and cost-effective storage of digital evidence.
Priorities for 2021	<ul style="list-style-type: none"> • Focus on product and solution sales to all segments. • Maintain the efficiency of operations, with reduced costs and smart tools for extending the reach of sales channels. • Hold demos and meetings online. • Increase growth within defense, as well as local, state and federal authorities. • Provide effective front-line solutions to reduce investigation delays. • Promote MSAB’s ecosystem for the easy and cost-effective storage of evidence.



Recovered text messages provided vital evidence in a high-profile murder case in Atlanta

Challenge

Two Americans – a woman called Rickman and a man called Carter – have been in a volatile relationship for several years. One day, Carter ends the relationship after a row that degenerates into several heated arguments. One of these arguments has previously led to Carter initiating proceedings against Rickman, as detailed in a police investigation. Carter is shot dead in Rickman's home and Rickman later says that she acted in self-defence after Carter raped her. The prosecutor accuses Rickman, saying that her true motive was in part the desire to retain custody of her child, which was the subject of dispute in divorce proceedings.

The police and prosecutor knew that the communication between Carter and Rickman was vital for uncovering Rickman's motive, state of mind and the course of events, so the evidence from Rickman's mobile phone and other phones was central to the case.

Solution

Vital text messages were retrieved using an extraction solution for mobile phones, XRY, and analysed using XAMN. These two products from MSAB played a crucial role in providing evidence in Rickman's murder trial.

Using XRY, Detective Kevin Leonpacher of the Atlanta Police Department was able to recover 66,942 messages from Rickman's mobile phone. Detective Leonpacher appeared as a

witness in the trial for several days and described sequences of messages, calls and interactions during the critical weeks leading up to Carter being shot nine times in Rickman's bedroom.

Detective Leonpacher used several mobile forensic tools to extract data from the woman's phone. He reported that the most complete extraction was generated using XRY and he used the information extracted as the basis for his testimony. After using XAMN to further analyse and filter the text messages and other data, Leonpacher exported most of the data to Excel and prepared a comprehensive presentation of evidence for the jury. Detective Summer Benton of the Atlanta Police, who led the investigation, dismissed Rickman's claim of rape. "If she had been raped that night, it would have been a justifiable shooting. But this was no justifiable shooting," Benton told a TV reporter. "This was a cold-blooded murder." Leonpacher's testimony about the forensic evidence and the prosecution's case were compelling. The jury took less than an hour to convict Rickman. She is now serving a life sentence without parole at the Arrendale Facility of the Georgia Department of Corrections.

Customer benefits

The text messages that were retrieved using XRY and analysed using XAMN played a key role as evidence in the murder trial of Rickman from East Atlanta, Georgia.



Research and development

MSAB carries out extensive research and development to consolidate the company’s position as a leading innovator in mobile forensics. Research and product development have always been central to MSAB and represent an important part of the company’s DNA.

From 2003 to the present day, the ambition has always been to establish the world’s best supplier of mobile forensics. Retaining this position means being the best at accessing phones. Since being founded in 1984, MSAB has seen a great many technological changes but has still been able, in most respects, to stay one step ahead of the competition through continuous innovation and product development.

Every day that passes, it becomes harder to gain access to phones. Mobile phone manufacturers are doing everything they can to close security loopholes, so in the long term it will be even more important to be able to process and analyse data. Services such as “Warrant Returns”, where operators including Facebook, Google and other cloud service providers disclose user data under legal obligation, will also be increasingly important. This is already happening today when the police are unable to gain access to a phone, for example. In this case, they can send files to MSAB for processing and analysis.

Development accounts for a quarter of sales revenue

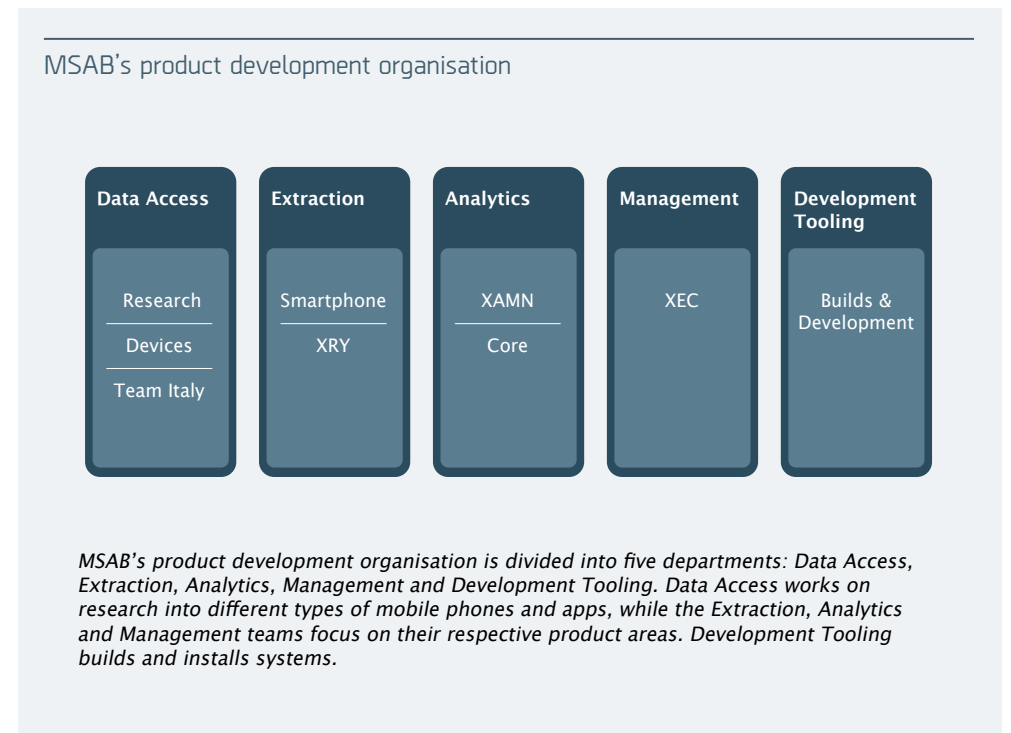
It is extremely important for MSAB to be at the very forefront of research and development in the industry. MSAB must be the best at opening phones, extracting data, decoding data and analysing the data extracted.

To achieve this and to benefit from local expertise, the company has a development centre in Sweden. Recruitment is aided by the company’s global presence. Most of the developers are at MSAB in Stockholm, where the majority of global product development takes place. Strategic research and product development is divided into five departments and the development team as a whole consists of 95 people.

Idea generation and competitive intelligence

New product ideas and product plans are developed through a continuous idea generation process and regular reviews. MSAB uses a systematic process for new product development combined with detailed management of the life cycle of different products, where all products have a strategy from initial launch, through product improvements, to the end of the product life cycle. The development teams are also recruited and assembled on the basis of these processes and strategies.

The company’s product organisation has channels for input from customers and competitors in order to develop competitive products. All input, from Support, Training and Sales and Professional Service, for example, is examined by the development team, which decides what to prioritise in development in



the short and long terms. Another channel for competitive intelligence is Discord, where forensic experts, primarily within the police, can assess, obtain assistance and ask questions to suppliers about specific pro-

ducts and functions. The support provided through this channel enables MSAB to see which questions are being asked to competitors and also understand which functions need to be improved in its own products.

MSAB's sustainability work

MSAB will contribute to sustainable development by actively and responsibly ensuring that operations are conducted in a manner which upholds MSAB's values and with respect for people, society and the environment. The company's most significant impact lies in its ability to reduce crime and enhance safety in the community.

MSAB's main business is software development and its sustainability work focuses primarily on ethical and social issues. The company's solutions have a limited environmental impact, part of which is attributable to the purchase of hardware. Most of this is purchased in Asia, where it must be ensured that all products are RoHS-certified. This certification ensures, among other things, that production of the components meets the environmental requirements adopted by the EU.

MSAB has customers all over the world. To manage the global customer base, the company has local representation in 15 countries and partners with local distributors. Some meetings require a physical presence from various MSAB representatives, which can entail travel. To minimise the company's environmental impact from travel, it strives to use alternative forms of communication, such as telephone and videoconferencing.

Other important environmental aspects within the Group are resource and energy issues, as well as the handling of some waste products. Aspects that the company considers in its daily work include: avoiding unnecessary waste of resources, taking care of waste responsibly and recycling materials, considering environmental issues when choosing or designing office space and complying with environmental legislation in each market where the company is active.

Sustainability governance – ethics and guidelines

MSAB has a number of policies and compliance programmes for ensuring compliance with applicable legislation and ethical guidelines that the company has adopted for its operations.

MSAB sells dual-use items and these are covered by export licence requirements. MSAB has a compliance programme that includes due diligence measures and internal procedures for ensuring that the company complies with the licence conditions. An important part of this work is also continuously evaluating and adapting the compliance programme in relation to MSAB's products, export control legislation and external events.

MSAB has a zero-tolerance policy on discrimination, harassment, corruption, fraud, bribery and similar misconduct and this is expressed in the company's code of conduct, which forms an integral part of the business. The code of conduct and other internal policies also stipulate that MSAB's business must promote human rights and the principles expressed in the UN Global Compact. Employees who experience discrimination or harassment, or who suspect any other form of misconduct, are encouraged to report this immediately to the company management. In line with new legislation introduced during the year on the protection of those who report



Sustainability report

misconduct, MSAB has updated its processes relating to the company’s whistleblowing function and internal reporting channels.

Responsibility for environmental and quality work ultimately rests with the company management, although operational responsibility has been delegated to line managers, where the Production, IT, Training and Support units principally take care of day-to-day quality and sustainability work.

UN Global Goals provide the foundation

The 17 global goals for sustainable development (SDGs), which were adopted by the UN in 2015 to eradicate poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030, provide the foundation for MSAB’s work to improve sustainability.

MSAB supports all of the SDGs but focuses its work on Goal 5: Gender Equality, Goal 8: Decent Work and Economic Growth, Goal 9: Sustainable Industry, Innovation and Infrastructure, and Goal 16: Peaceful and Inclusive Societies, with the latter having a strong link to the company’s core operations.

Goal 5 – Gender Equality

MSAB strives to recruit the best people, whatever their background, and this has contributed to the broad diversity within the company. MSAB has guidelines for the equal treatment of its employees to



counter discrimination for positions or tasks on the basis of gender, religion, age, sexual orientation or ethnicity.

MSAB focuses strongly on being an attractive and inclusive employer that promotes diversity and equality. To this end, the company has achieved GPTW (Great Place To Work) certification. To be certified, the company must score at least 70 out of 100 in an evaluation known as a “Culture Audit”, which includes questions on trust, employee potential, values, effective leadership and innovation. Certification lasts for 12 months and is also based on the responses given by the company’s employees in GPTW’s Trust Index employee survey.

MSAB works to maintain and develop its position as an attractive and inclusive employer in four areas:

- Networking and skills development – soft values and technological development
- Sustainable leadership development
- Work balance
- Employee survey and improvement areas

Goal 8 – Decent Work and Economic Growth

MSAB promotes sustainable growth and working conditions in line with Agenda 2030. During the year, MSAB continued its participation in the EU’s research and innovation funding programme, Horizon 2020. Investments



in research and innovation are vital for the future and the funding programme aims to deliver smart and sustainable growth for all.

Horizon 2020 brings together research and innovation with a focus on scientific quality, industrial leadership and societal challenges. In the Formobile project, which is funded by the programme, MSAB has made a significant contribution to establishing a strong research environment in Europe for cutting-edge research in mobile forensics, ultimately creating jobs and prosperity.

MSAB is a member of The Swedish Export Control Society. Exchanging knowledge and experience with other companies, primarily in relation to EU and US legislation on the export of dual-use items, helps to increase knowledge about the regulatory framework that applies to Swedish business. This promotes Swedish exports in accordance with the licensing conditions of the government authority, the Swedish Inspectorate of Strategic Products (ISP).

One of the hallmarks of MSAB is its positive approach of employing people who are aged 20 or younger and who want or need to enter the world of work early without an academic education. MSAB also offers internships and summer jobs to students on an ongoing basis. By giving young people an early insight into a leading high-tech business, MSAB is able to promote the employment, education and training of young people.

Goal 9 – Sustainable Industry, Innovation and Infrastructure



MSAB has a stable and sustainable infrastructure that promotes the development of the company’s products and solutions. This infrastructure can be used by all development teams and must maintain a high level of quality. It has been constructed to rise to the challenges of the future and to achieve efficient resource use. MSAB develops software and has a low environmental impact compared with companies that manufacture physical products. The hardware components purchased by the company have undergone a quality assurance process to ensure that the company identifies the best options in terms of production location, transport and quality. MSAB purchases quality products that will not need to be replaced in the near future. The use of the phones purchased for research, testing and support purposes is coordinated between different development teams in order to keep purchasing costs down.

MSAB’s continuous growth has resulted in a strong increase in the number of people working in development over the years, reaching 95 percent at year-end, which corresponds to roughly half of the total number of employees.

“MSAB’s code of conduct excludes many countries because of human rights abuses.”

Goal 16 – Peaceful and Inclusive Societies



MSAB has a business model where sustainability issues are integrated in its operations. The company aims to strengthen the rule of law and promote human rights and it is in a position to contribute to this in many different ways.

MSAB has a code of conduct that excludes many countries because of human rights abuses. The company takes a more restrictive approach to the sale of its products than is required under EU and Swedish export regulations. MSAB also places stringent requirements on customers who purchase mobile forensic products. They are expected to undergo qualified training and pass knowledge tests to ensure that they use the products professionally and live up to accepted international standards for forensic work. Once customers have successfully completed their training, they have at their disposal a very powerful product and the skills to investigate and combat corruption, bribery, fraud, violent crime, child abuse, human trafficking and other serious crime. In this way, MSAB contributes to Goal 16.

MSAB operates in many countries and has a responsibility to be a positive force for sustainability and good social development. MSAB’s commitment applies in particular to the most vulnerable in society, such as

children who are living in extreme poverty. During the year, MSAB donated equipment and training to the Cambodian Child Protection Unit (CPU), part of the Cambodian Children’s Fund (CCF). In doing so, MSAB has provided the organisation with access to the forensic equipment needed in order to investigate sexual offences and other serious crimes against children in Cambodia. For a long time now, MSAB has also been involved in Project VIC, a non-profit organisation whose technology is used by thousands of law enforcement agencies all over the world to rescue children from sexual exploitation.

Products and sustainability

To ensure compliance with the quality and sustainability requirements of law enforcement agencies all over the world, delivery checks are carried out on all products. For software, product development takes place according to a process that includes checks and alpha and beta testing. Before a new software version is released, it has also been tested by a selection of customers.

Hardware undergoes a quality assurance process, both when third-party hardware is purchased and when the company develops its own hardware using components from subcontractors. Several stages of quality control are performed before the products are delivered to the customer. MSAB’s CE labelling ensures that all requirements pla-

ced on the components used in the products are met. Service contracts with customers also stipulate who is responsible if a product fails to work satisfactorily. MSAB has experienced longer delivery times than normal because of the Covid-19 pandemic and a shortage of semiconductors.

Carefully selected suppliers

MSAB is an international company and chooses to work with reputable global suppliers who place great importance on sustainability, such as UPS, Dell and Panasonic.

When procuring production, other factors are also taken into account, such as quality, production method, components, delivery times and price. It is on this basis that a contract is awarded to a particular supplier. A pre-production series is then manufactured to check that the product meets the requirements and a framework agreement is then signed with the selected manufacturer.

When shipping the products to the end customer, the deliveries are planned and coordinated centrally to achieve better transportation, with shipments optimised to contain full loads.

One of the sustainable initiatives at MSAB is the transition to cloud-based services. This enables several operators to share storage space and electricity supply, which reduces the climate impact. MSAB also has a contract with a company in the United Kingdom for recycling metal.

Short product life cycle provides opportunities

MSAB is continuously developing new hardware and software, which provides major opportunities for identifying new, high-quality, climate-smart approaches. One innovation where MSAB is first to market is the “Spider Cradle”, which is produced locally using 3D robotics and then manufactured using a 3D printer. This is a “cradle”, where the mobile phone’s circuit board is clamped with a rotating function to give technicians better access to attach needles to specific points. This new approach, which replaces an old technique that involved soldering components to the circuit board, is a good example of a reduced environmental impact.

Preventing the risk of misuse of MSAB’s solutions is a top priority for the company and a central part of MSAB’s corporate culture. Risk management relating to sales and exports takes place using various internal processes and working methods. These include training and awareness-raising activities for employees who come into contact with sales and exports in various ways. The company has processes and procedures at many levels that involve the review and control of pending transactions.

MSAB has access to external modern tools for performing background checks on customers and monitors changes to legislation and sanctions lists. A sale can be stopped if

Sustainability report

“MSAB has an outstanding team of experienced professionals who are committed to delivering exceptional customer service. We work to ensure that law enforcement agencies can use our products to keep criminals off our streets.”

MSAB employee in the employee survey



“I’m using my skills to make the world a hopefully better and safer place for people.”

Kristyn Galane, developer on the Smartphone team

a purchase request is deemed to be suspicious. MSAB also continuously evaluates its business partners in various countries with regard to risk and compliance. All customers contractually undertake to use MSAB’s products in accordance with international human rights standards.

MSAB has policies and a compliance programme in order to comply with export control legislation and which are designed to enable due diligence measures to be applied in order to manage risks relating to exports.

MSAB uses competitive intelligence to monitor developments in various regions, including country reports on human rights and democracy published by the Swedish

Ministry for Foreign Affairs. MSAB’s risks as a result of changes to export control legislation are limited because the business focuses on customers in regions that can be expected to be granted a licence from the Swedish authorities in the long term and the very long term.

MSAB certified by Great Place to Work

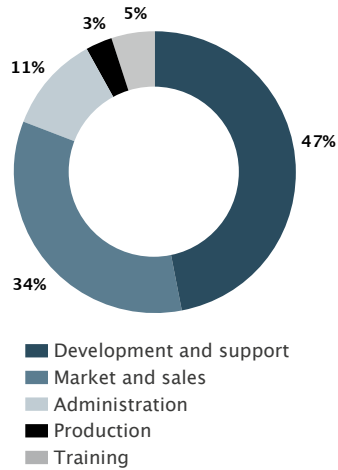
MSAB aims to be an attractive workplace with well-established values, an inclusive culture, clear goals and good development opportunities for the company’s employees. To achieve this aim, the company has been working towards GPTW certification, which was granted during the year. MSAB is now one of a select group of organisations that put their employees first.

In spring 2021, a leadership programme was launched for middle managers and management in partnership with management firm Dale Carnegie. The aim was to establish a common understanding of leadership, values and culture. MSAB measures how well this is fulfilled over time using the Great Place to Work employee index. The participation of all of the company’s senior executives strengthens MSAB’s internal networks, which creates security, strengthens cooperation and contributes to a self-coaching environment among leaders.

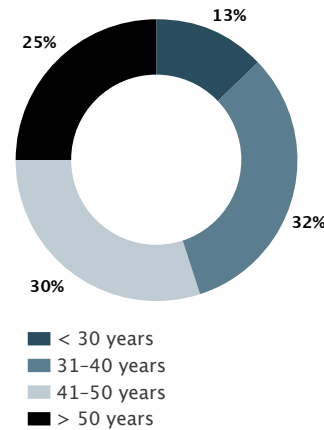


Sustainability report

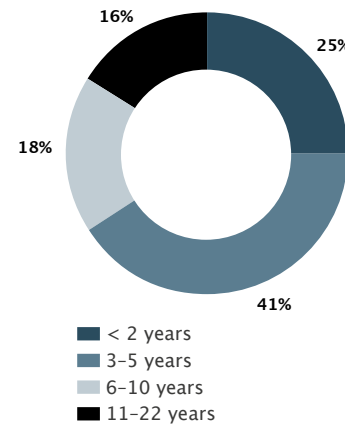
Employees by function



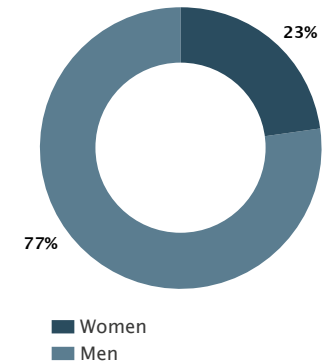
Age distribution



Length of employment, years



Percentage women/men



The programme contains several sub-programmes, including: The Value of Measurement, Goals and Vision, Establishing Trust, Improving Feedback, Involving and Collaborating, Driving Change, Managing Conflict, and Celebrating Successes.

Effective leadership at MSAB

MSAB’s philosophy for ensuring success is to focus on fewer things in order to get more done. The company focuses on the goals that are most important to the organisation, involves all organisational levels and follows a defined strategy in order to achieve its goals. To monitor how the company is delivering on its goals, the company has engaged

a consultancy firm to develop a working method and software application that make it easier for organisations to implement their strategy and business plan in practice. This work aims to establish a clear direction throughout the organisation for working towards common goals.

MSAB develops and communicates its goals, strategy and initiatives as follows:

- Focus on and prioritise what is of the greatest importance to the organisation and the team
- Identify key activities that need to be implemented in order to achieve the goals
- Bring the teams together every week to work on the goals

- Check that the teams are on the right track by continuously monitoring results Using a step-by-step process that begins with the Board of Directors and CEO, the most important goals are prioritised over a three-year horizon (2021-2024). Based on this, the management team then agrees what this means for the coming financial year in terms of the three most important measurable company-wide goals. Each function manager is in turn responsible, within their respective functions and teams, for prioritising the most important goals and related key activities that support the company’s goals. The entire process is supported by the company Howwe Technologies, both

with their goal management experts who support the respective leaders and through their software, Howwe®, which is a tool that delivers both methodology and implementation. Through its goal management work, the company ensures that all employees help MSAB to achieve the company’s overall goals.

Employee survey clearly shows that the initiatives have achieved results

MSAB’s annual survey was presented at the end of the year. Despite the pandemic, the improvement work carried out during the year has had the desired effect. MSAB has improved its results in all the main areas: Credibility, Respect, Fairness, Pride and Camaraderie.

The share and shareholders

MSAB's B share is listed on Nasdaq Stockholm Small Cap (ticker: MSAB B). The share price on the last trading day of the year, 30 December 2021, was SEK 38.4 and market capitalisation was SEK 736 million.

Share capital

As at 31 December 2021, the company's share capital amounted to SEK 3,834,400, represented by 19,172,000 shares with a quotient value of SEK 0.2. The company has three classes of shares, wherein holders of class A and B shares are entitled to equal rights to the company's assets and profit, but holders of class C shares are not entitled to any share in dividends. Holders of class A shares are entitled to ten votes per share, while holders of class B and C shares are entitled to one vote per share. There are 1,000,000 class A shares and 17,550,000 class B shares. There are 622,000 class C shares, all of which are held in treasury. Additionally, 81,596 class B shares are held in treasury.

Share ownership

The total number of shareholders as at 31 December 2021 was 4,288 compared with 3,884 the previous year. The ten largest shareholders in MSAB as at 31 December 2021, as recorded in Euroclear's share register, are listed in the table on the following page.

Share price trend

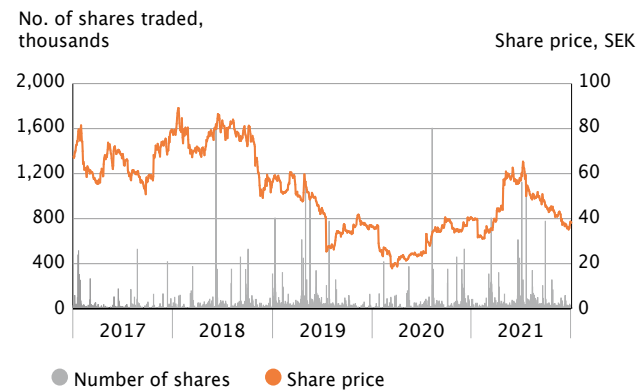
During the year, the share price fluctuated between SEK 30.0 and SEK 66.8, finishing at SEK 38.4 on the last trading day of the year. During the year, MSAB's share price fell by

5.4 percent. MSAB's market capitalisation at year-end was SEK 736 million.

Dividend policy

The Board has adopted a dividend policy whereby no less than 30 percent of the company's reported earnings are returned to shareholders, on the proviso that this is compatible with maintaining an adequate amount of liquidity for planned operations. The Board of Directors proposes that no dividend be paid for the 2021 financial year.

SHARE PRICE TREND AND VOLUMES 2017-2021



SHARE PRICE TREND AND VOLUMES 2021



The share & shareholders

LARGEST SHAREHOLDERS IN MSAB (PUBL) AS AT 31 DECEMBER 2021

Name	No. of class A shares	No. of class B shares	No. of class C shares	No. of shares	Share of capital, %	No. of votes	Share of votes, %
Aktiebolag Grenspecialisten	525,000	574,612	0	1,099,612	5.74	5,824,612	20.68
Edastra AB	347,500	1,143,592	0	1,491,092	7.78	4,618,592	16.39
Nordnet Pensions-försäkringar AB	0	1,910,717	0	1,910,717	9.97	1,910,717	6.78
Strawberry Capital A/S	0	1,479,404	0	1,479,404	7.72	1,479,404	5.25
Cervantes Capital AB	127,500	0	0	127,500	0.67	1,275,000	4.53
Försäkringsbolaget Avanza Pension	0	1,270,611	0	1,270,611	6.63	1,270,611	4.51
Alcur Select	0	1,045,179	0	1,045,179	5.45	1,045,179	3.71
Öhman Sweden Microcap	0	843,313	0	843,313	4.4	843,313	2.99
Sijoitusrahasto Aktia Nordic Mic	0	750,000	0	750,000	3.91	750,000	2.66
Thomas Wernhoff	0	570,000	0	570,000	2.97	570,000	2.02
Total for 10 largest shareholders	1,000,000	9,587,428	0	10,587,428	55.24	19,587,428	69.52
Micro Systemation AB	0	81,596	622,000	703,596	3.67	703,596	2.50
Other shareholders	0	7,880,976	0	7,880,976	41.09	7,880,976	27.98
Total outstanding shares	1,000,000	17,550,000	622,000	19,172,000	100	28,172,000	100

OWNERSHIP STRUCTURE, 31 DECEMBER 2021

Holding	No. of shareholders	Class A shares	Class B shares	Class C shares	% of capital	% of votes
1-500	3,123	0	372,555	0	1.94	1.32
501-1,000	452	0	368,590	0	1.92	1.31
1,001-5,000	506	0	1,193,396	0	6.22	4.24
5,001-10,000	98	0	743,505	0	3.88	2.64
10,001-15,000	23	0	289,576	0	1.51	1.03
15,001-20,000	15	0	272,277	0	1.42	0.97
20,001-	71	1,000,000	14,310,101	622,000	83.10	88.50
Total	4,288	1,000,000	17,550,000	622,000	100.0	100.0

SHARE CAPITAL EVENTS UP TO 31 DECEMBER 2021

Year	Month	Transaction	Changes in no. of shares	Total no. A shares	Total no. B shares	Total no. C shares	Total no. outstanding shares	Quotient value	Change in share capital, SEK	Total share capital, SEK
1984	June	Formation of the company		5,000			5,000	10.0		50,000
1998	February	Bonus issue 1:1	5,000	10,000			10,000	10.0	50,000	100,000
1998	November	Split 50:1	490,000	500,000			500,000	0.2		100,000
1998	November	New share issue	205,000	500,000	205,000		705,000	0.2	41,000	141,000
1998	December	Bonus issue		500,000	205,000		705,000	1.0	564,000	705,000
1999	March	Split 5:1	2,820,000	2,500,000	1,025,000		3,525,000	0.2		705,000
1999	March	Reclassification		1,970,000	1,555,000		3,525,000	0.2		705,000
1999	December	New share issue	705,000	1,970,000	2,260,000		4,230,000	0.2	141,000	846,000
2000	October	Conversion	200,000	1,970,000	2,460,000		4,430,000	0.2	40,000	886,000
2004	March	New share issue 3:1	13,290,000	1,970,000	15,750,000		17,720,000	0.2	2,658,000	3,544,000
2007	November	Reclassification		1,000,000	16,720,000		17,720,000	0.2		3,544,000
2011	June	New share issue	922,000	1,000,000	16,720,000	922,000	18,642,000	0.2	184,400	3,728,400
2014	June	Reclassification		1,000,000	17,020,000	622,000	18,642,000	0.2		3,728,400
2016	March	New share issue	440,000	1,000,000	17,460,000	622,000	19,082,000	0.0	88,000	3,816,400
2018	July	New share issue	30,000	1,000,000	17,490,000	622,000	19,112,000	0.2	6,000	3,822,400
2018	August	New share issue	45,000	1,000,000	17,535,000	622,000	19,157,000	0.2	9,000	3,831,400
2018	September	New share issue	15,000	1,000,000	17,550,000	622,000	19,172,000	0.2	3,000	3,834,400

Five-year overview

	2021	2020	2019	2018	2017
Income statement, SEK thousand					
Net sales	332,960	310,057	307,632	303,871	301,763
Operating expenses	-288,632	-281,425	-301,285	-271,224	-232,993
Operating profit/loss	44,328	28,632	6,347	32,646	68,770
Net financial items	-113	-6,318	1,115	2,509	858
Profit/loss before tax	44,215	22,314	7,462	35,155	69,628
Tax	-9,392	-6,052	-2,368	-7,407	-16,738
Profit/loss for the year	34,823	16,262	5,094	27,748	52,890
Balance sheet, SEK thousand					
Non-current assets	13,797	22,949	33,210	2,571	2,042
Other current receivables	126,775	64,491	92,974	91,122	70,779
Cash and cash equivalents	65,970	101,286	63,950	98,816	127,430
Total assets	206,542	188,726	190,134	192,508	200,250
Equity	90,778	88,296	76,057	110,096	114,608
Provisions	0	0	0	0	0
Other current liabilities	115,764	100,430	114,077	82,413	85,642
Total equity and liabilities	206,542	188,726	190,134	192,508	200,250
Cash flow, SEK thousand					
Cash flow before changes in working capital	59,839	33,080	17,627	28,622	49,149
Cash flow from operating activities	10,207	52,039	17,799	5,234	47,854
Cash flow from investing activities	-158	-635	-1,499	-1,495	-874
Cash flow from financing activities	-48,398	-10,567	-53,226	-34,521	-40,172
Cash flow for the year	-38,349	40,837	-36,926	-30,782	6,808

	2021	2020	2019	2018	2017
Key performance indicators					
Net sales, SEK million	333.0	310.1	307.6	303.9	301.8
Net sales growth, %	7.4	0.8	1.2	0.7	24.5
Operating profit, SEK million	44.3	28.6	6.3	32.7	68.8
Operating margin, %	13.3	9.2	2.10	10.8	22.8
Earnings per share*, SEK (after dilution)	1.89	0.88	0.1	1.50	2.88
Return on equity, %	38.89	19.79	5.47	24.7	48.3
Return on capital employed, %	55.8	32.2	12.9	37.0	68.3
Equity ratio, %	44.0	46.8	40.0	57.2	57.2
Liquidity ratio, %	159.8	157.0	132.0	223.5	196.2
Net worth per share, SEK	4.9	4.8	4.1	5.99	6.24
Dividend per share, SEK	2.0	0.0	2.2	2.2	2.2
Cash flow from operating activities per share, SEK	0.6	2.8	1.0	0.28	2.60

Reconciliation of measurements not defined as per IFRS	2021	2020	2019	2018	2017
Capital employed, SEK million					
Total assets	206.5	188.7	190.1	192.5	200.3
Trade payables	-11	-6	-4.6	-3.7	-5.0
Current tax liabilities	-9.9	-1.1	-1.2	-0.5	-3.6
Lease liability, right-of-use assets	-8.7	-7.8	-11.8		
Other liabilities	-72.9	-66.3	-79.9	-78.2	-77.0
Capital employed	104.0	107.5	92.6	110.1	114.6
Average capital employed	105.8	100.1	101.4	112.4	109.5

Definitions

EBIT (operating profit)

Net sales less operating expenses.

Use: Indicates the company's profitability in operating activities.

EBIT margin (operating margin)

EBIT (operating profit) in relation to net sales.

Use: Indicates the degree of profitability in operating activities.

Earnings per share*

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

Use: Measure of the company's profitability after tax per share. This indicator is greatly significant when evaluating share value.

Return on equity

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

Use: Earning capacity of equity demonstrates the total return on shareholders' capital from an accounting perspective and reflects business profitability and financial leverage. The measure is mainly used to analyse shareholder profitability over time.

Return on capital employed

EBIT (operating profit) plus financial income in relation to average capital employed.

Use: Earning capacity of capital employed demonstrates how well the business uses capital

in operations. Used to measure consolidated profitability over time.

Equity ratio

Equity in relation to total assets.

Use: This key figure demonstrates the proportion of assets financed through equity and can be used as an indicator of the company's long-term solvency.

Cash flow from operating activities per share

Cash flow from operating activities in relation to the average number of outstanding shares after dilution.

Use: Measures the company's cash generation relative to the number of shares, i.e. from a shareholder perspective.

Equity per share

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

Use: Measures the company's net value per share.

Average equity

Average equity during a 12-month period. Equity at the beginning of the period plus equity at the end of the period divided by two.

Use: Measures the company's net value.

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-month period. Capital employed at the beginning of the period plus capital employed at the end of the period divided by two.

Use: Capital consists of those funds made available to the company by shareholders and lenders. It shows the net capital invested in operating activities plus financial assets.

Sales growth, %

Increase or decrease in sales expressed as a percentage relative to the corresponding period of the previous year.

Use: An indicator of the demand trend for the company's products.

Recurring revenue

Refers to revenue from licence renewals, i.e. when a licence expires, a customer can choose to renew the licence, which generates revenue.

Use: Recurring revenue is an important aspect of the company's business model and provides financial stability. This key figure indicates to what degree.

Net financial items

Net financial income and expenses.

Use: Net reporting of financial income and

expenses – provides a simplified view of their impact on profit/loss.

Liquidity ratio, %

Current assets less goods for resale in relation to current liabilities.

Use: An indicator of the company's short-term solvency.

Net worth per share, SEK

Assets less liabilities in relation to the number of outstanding shares.

Use: An indicator of the company's net value from a shareholder perspective.

* Defined in accordance with IFRS

Report of the Directors

Operations

MSAB works with product development, sales and marketing of solutions in the area of mobile forensics. MSAB was founded in 1984. MSAB's class B shares have been listed since 1999 and have been on Nasdaq Stockholm since December 2011. MSAB is a world leader in forensic technology for extracting and analysing data from seized mobile devices. The company develops high-quality, easy-to-use software that has become a de-facto standard for securing evidence in criminal investigations. The products can be complemented with reporting tools and a wide range of training courses with associated certification in forensic science. The products are shipped worldwide and supported over 39,000 mobile device profiles by the end of 2021. The need to read data from seized mobile phones is continuously increasing and so is the demand for MSAB's products.

Significant events in 2021

- The global pandemic continued to hamper the ability to meet with prospective and existing customers during the early part of 2021. Despite this, the full-year result is strong, thanks largely to a recovery in the North American market compared to the previous year and strong demand in general in other key markets.
- With the release of XRY 10.0, more than 39,300 different mobile phone profiles and app versions are supported, thus increasing the support by 6,300 profiles, or 19 percent, compared to 2020.
- A partnership with Detego, a leading company in computer forensic tools, is announced. The partnership offers both companies' customers

a complete solution for obtaining data from mobile phones and computers.

- A breakthrough order in Japan is announced. The order for 50 systems of the XRY extraction solution, for all prefectures in Japan, is an important part of the company's establishment in the Japanese market and increases the growth opportunities in the region.

Profit/loss and financial position

For definitions of key performance indicators see page 31, and for the Five-year Overview see page 30.

	2021	2020	2019
Net sales, SEK million	333.0	310.1	307.6
Operating profit, SEK million	44.3	28.6	6.2
Operating margin, %	13.3	9.2	2.0
Profit/loss before tax, SEK million	44.2	22.3	7.3
Balance sheet total, SEK million	206.7	188.7	190.1
Equity/assets ratio, %	44.0	46.8	40.0
Return on equity, %	38.9	17.5	5.5
Average number of employees	188	202	196

Comments on the financial performance

Consolidated net sales for the year increased by 7.4 percent to SEK 333.0 million (310.1). In local currencies, net sales increased by 11.3 percent. Costs of goods for resale in the year were SEK 40.9 million (28.1). The direct costs depend on the product mix of sales. Demand for complete solutions, including both software and hardware, has increased compared to the previous year, which explains the increase in costs. Other external costs, including depreciation, totalled SEK 63.7 million (62.0). Personnel expenses for the year were SEK 184.1 million (191.3). The

lower cost base compared to the previous year is explained by an active effort to review and optimise the company's resources. The global pandemic has also meant that significantly less resources were spent on travel, trade fairs, etc in 2021. EBIT for the year was SEK 44.3 million (28.6), corresponding to an EBIT margin of 13.3 percent (9.2). Net financial income/expense was SEK -0.1 million (-6.3) for the year. Net financial income/expense consists primarily of revaluation of cash and cash equivalents in foreign currencies. Profit after tax amounted to SEK 34.8 million (16.3). Both the Group's sales and earnings tend to vary between quarters, mainly due to customer buying patterns often being linked to budget periods, with the US ending its budget year on 30 September while many other markets have calendar years as budget years. In addition, order sizes vary, with individual large orders potentially causing large variations in sales figures, which, given the company's relatively fixed cost base, results in a corresponding variation in earnings.

The equity/assets ratio is 44.0 percent (46.8). Cash and cash equivalents at year-end totalled SEK 66.0 million (101.2).

Markets

North America

North America is MSAB's largest market. 2020 did not develop as expected due to both the Covid-19 pandemic and the uncertain political situation. The strong recovery in this market in the second half of 2021, particularly in the fourth quarter, was the result of a number of interacting factors - the product range and its evolution, a customer service team that is consistently rated highly by customers, and

fewer pandemic restrictions were all factors that contributed to the positive development.

EMEA & Latin America

In Europe, growth accelerated during the year with record sales in the UK, Germany and France. The demand for digital forensic solutions among customers in Europe is set to increase, which will benefit MSAB. Many authorities now recognise the need to increase the pace of investment in digital forensic solutions. The company's participation in the EU Formobile project is attracting considerable interest, both from the participating countries and globally. The products and services resulting from this project will have a positive impact on future forensic solutions. The company's premium product, Advanced Acquisition Lab (AAL), which offers the very latest extraction methods, enhances the range of products available to selected authorities.

Asia & Oceania

In Asia and Oceania, the focus is on countries such as Japan, Singapore, India, Australia and New Zealand, as these have the best growth opportunities. Asia and Oceania are markets that are more diverse than Europe and North America, so it is important to focus resources on countries with strong legal systems and good potential.

Research and Development

At year-end 2021, our Development Department, along with the Test and Support Department, had a total of 88 (95) people. A major share of efforts in the development department focus on maintaining and adding support for new mobile devices and applications. The market for mobile phones is moving fast,

with new functions and application areas being created continuously. New phone models are continuously being launched by a growing number of manufacturers and updates for existing models are also constantly being released. Occasionally, this means that previously identified possibilities to extract information from phones cease to work, as they have been identified and closed by the manufacturers. Against that background, it is vital that the company's products are continuously adapted to these changing conditions, so that we remain a competitive option for criminal investigation authorities. In the company's judgement, all expenses relating to development efforts should be expensed as they are incurred. This is because it is not possible to say with certainty which development initiatives will definitely be included in future product updates and thereby generate revenue, due to the rapid pace of change in the market. The cost of research and development totalled SEK 66.7 million (68.2).

Financial position

The equity/assets ratio at year-end was 44.0 percent (46.8). Cash flow from operating activities for the year amounted to SEK 10.2 million (52.0), due to higher trade receivables relating to the high level of invoicing in the fourth quarter. Total cash flow amounted to SEK -38.3 million (40.8). The dividend for the year amounted to SEK 36.9 million (0). Cash and cash equivalents at year-end totalled SEK 66.0 million (101.2).

Parent company

The parent company's net sales for the period were SEK 262.1 million (230.4). EBIT for the year was SEK 37.4 million (20.9). The parent company's net sales and EBIT increased significantly compared to 2020, driven by a strong fourth quarter in general with strong growth in the US and the UK. Investments for the period amounted to SEK 0.0 million (2.0). At the end

of the period, the parent company had 142 employees (151). The risks and uncertainties are the same for the parent company and the Group.

Employees

The average number of employees was 188 (202), of whom 23 (21) percent were women. At year-end, the company had 186 employees (195).

Profit-sharing

In 2006, the Board launched a profit-sharing programme for all employees, except for the CEO and CTO. The programme aims to motivate, stimulate and reward employees for efforts that lead to an improvement in company results.

Incentive programme

In May 2018, the Annual General Meeting of MSAB decided to introduce an incentive scheme, consisting of subscription warrants for the company's senior executives and certain key employees to subscribe for new class B shares. The subscription period was between 1 June 2021 and 31 August 2021. No shares were subscribed during the subscription period. At the end of 2021, there are therefore no incentive schemes.

Corporate Governance Report

The company has chosen to prepare the Corporate Governance Report in accordance with Chapter 6, Section 8 of the Swedish Annual Accounts Act (ÅRL), see pages 62-64.

Environmental impact

The Group does not carry out any activities requiring a permit under the applicable environmental regulations.

Sustainability

Sustainability information is provided in the Group's 2021 Sustainability Report, which is on pages 23-27 of this Annual Report and has been

prepared by MSAB (publ), corp. ID no. 556244-3050 and registered head office in Stockholm.

Guidelines on remuneration to senior executives in 2021

The company shall offer remuneration and other employment conditions that enable the company to recruit, motivate and retain senior executives with the competencies the company needs to execute its strategy and achieve its operational objectives.

Remuneration to senior executives shall be market-based and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Compliance with the criteria for the payment of variable cash remuneration shall be measurable over a period of one year. Variable cash remuneration may not exceed 150 per cent of the fixed annual cash salary.

Additional variable cash remuneration may be paid in exceptional circumstances, provided that such exceptional arrangements are time-limited and are made only at individual level for the purpose of retaining an executive, or as remuneration for exceptional work over and above the person's regular duties. Such remuneration may not exceed an amount equal to 25 percent of the fixed annual cash salary and shall not be paid more than once a year per individual. Any such remuneration shall be subject to approval by the Board of Directors. For the CEO, pension benefits shall be of the defined-contribution type, in accordance with ITP1. Variable cash remuneration shall not be pensionable. For other senior executives, pension benefits shall be of the defined-contribution type, in accordance with ITP 1. Variable cash remuneration shall not be pensionable.

Other benefits may include, for example, reimbursement of dental and medical care costs (including medicines), medical insurance and use of a company car. Such benefits may be

paid to the CEO to a limited extent, in accordance with general practice. The variable cash remuneration shall be linked to predetermined and measurable criteria that may be financial or non-financial. Such criteria may consist of individualised quantitative or qualitative targets. The criteria shall be designed to promote the company's business strategy and long-term interests. The Board of Directors is responsible for the assessment of variable cash remuneration to the CEO. In the case of variable cash remuneration to other executives, the assessment is the responsibility of the CEO. In the event of termination of employment, the CEO is entitled to compensation corresponding to one year's fixed salary. The company pays a pension premium on the severance pay. Severance pay is not offset against other income. When termination of employment of other senior executives is initiated by the company, the Swedish Employment Protection Act (LAS) applies. For further information on remuneration, see note 8.

The share

The share capital of MSAB totals SEK 3,834,400, represented by 19,172,000 shares with a quota value of SEK 0.20. The company has three classes of shares, with holders of class A and B shares being entitled to equal rights to the company's assets and profits, but holders of class C shares not being entitled to any share in dividends. In the event of the company being liquidated, assets shall be distributed equally over all shares regardless of class. In the case of class C shares, however, the holder shall not be entitled to an amount higher than one corresponding to the quota value of the share. Holders of class A shares are entitled to ten votes per share, while holders of class B and C shares are entitled to one vote per share. There are 1,000,000 class A shares and 17,550,000, class B shares. There are 622,000 class C shares, all of which are held in treasury. The number of

class B shares held in treasury is 81,596. Shareholders attending the Annual General Meeting (AGM) are entitled to vote for the full number of shares they hold, without any restrictions. Holders of class A shares can by way of a written request to the company's Board of Directors request that their class A shares be converted to class B shares. Class C shares held in treasury can by decision of the Board be converted to class B shares. The Board has the right to resolve on a reduction of the share capital, although not to below the minimum capital stipulated in the Articles of Association, through redemption of all class C shares.

Upon redemption, holders of class C shares are obliged to accept a price corresponding to the share's quota value. MSAB's Articles of Association include a record day provision and the company's shares are registered with Euroclear, meaning that Euroclear administers the company's share register and that no share certificates are issued for the company's shares. All shares are denominated in Swedish kronor. In accordance with the Swedish Companies Act, shareholders have preferential rights to subscribe for new share issues and other equity-based securities, but such preferential rights can be waived at the discretion of the AGM.

Shares in MSAB are not under any offer made as a result of mandatory bids, redemption rights or redemption obligations. No public takeover bids for the company's shares were made during the current or previous fiscal years. The company has no knowledge of any agreements between shareholders that might result in the restriction of transfer of shares. The Articles of Association have no specific provisions on the appointment or dismissal of Members of the Board, or on amendment of the Articles of Association. No significant agreements exist to which the company is part, and which would come into effect, be amended or expire if control of the company changed as a result of a public offer.

There are no agreements between the company and members of the Board or other employees that prescribe compensation for termination of employment as a result of a public takeover bid. There are two shareholders who, through their direct shareholdings in the company, each represent at least one tenth of the voting rights of all the shares in the company, see page 29 List of major shareholders.

Significant risks and uncertainty factors

The Board of Directors and management have thoroughly analysed the potential impact on the Group of the conflict in Ukraine. At the time of the preparation of the Annual Report and based on the industry sector in which the Group operates, the conflict in Ukraine has not affected sales and order intake. There have also not been any serious supply problems or major increases in raw material prices and transport costs. However, it cannot be excluded that a long-lasting conflict in Ukraine could have an impact on the Group's sales and order intake, as well as its ability to obtain deliveries, and may lead to increased raw material prices and transport costs.

MSAB's success is to a major extent linked to its ability to recruit, develop, motivate and retain engineers and other highly-skilled personnel. In the IT sector, there is fierce competition for highly-skilled personnel. MSAB has a relatively small development department and is thus dependent on a small number of key individuals. Another potential risk is that any fault in the company's products could lead to claims for compensation and damages.

However, the Board is of the view that the company has sufficient insurance cover for product liability, such that any direct risk should be regarded as limited. Of total sales, those in foreign currencies represent 97 percent of income. To reduce currency risk, MSAB from time to time uses currency hedging in line with

the financial policy established by the Board. At year-end 2021, no currency hedging was in place.

Outlook

The digital evidence market is fast-moving and competition is fierce, as there are many providers looking to get a foothold in the industry. The digital forensics industry overlaps with e-discovery and cyber security, with market participants that were previously complementary possibly eventually becoming competitors.

MSAB has a broad range of products and services for law enforcement agencies around the world, which is made possible by extensive investment in research and development. MSAB continues to strengthen its position as a leading provider of mobile forensic technology, in two areas in particular – extraction (XRY) and Frontline solutions. Developments in advanced encryption and increasing amounts of data will accelerate and MSAB shall continue to strengthen the ability of law enforcement bodies to obtain data without compromising privacy. How digital evidence is secured while still respecting human rights will be crucial. The large increase in the volume of mobile devices in criminal investigations will mean that a large proportion of the field staff have to assist in reading phones, which will increase demand for MSAB's products. The trend is that authorities in democratic countries care about the security of society and therefore often want to buy from European companies that have a high level of trust, which will benefit MSAB.

Proposal for distribution of unappropriated profit

The following unappropriated profit is available to the Annual General Meeting (in SEK):

Retained profit	39,557,976
Net profit/loss for the year	29,726,168
Total	69,284,144

Increased investment in the company's product portfolio and sales resources, followed by strategic acquisitions, all of which strengthen the company's market position and long-term earning power, are key elements in this aim. Given the above strategic investments and prospects, the Board of Directors proposes that no dividend be paid for 2021.

Group

Income statement

Group (SEK th.)	Note	2021	2020
Net sales	5	332,960	310,057
Operating income		332,960	310,057
Goods for resale		-40,875	-28,130
Other external expenses	6,7	-51,298	-49,662
Personnel expenses	8	-184,103	-191,311
Depreciation/amortisation	13,14	-12,356	-12,322
Operating expenses		-288,632	-281,425
EBIT		44,328	28,632
Financial income	9	5,669	3,467
Financial expenses	10	-5,782	-9,785
Net financial income/expense		-113	-6,318
Profit/loss before tax		44,215	22,314
Tax	11	-9,392	-6,052
Net profit/loss for the year		34,823	16,262
Profit/loss for the year attributable to:			
Holders with non-controlling interests		-	-
Holders of shares in parent company		34,823	16,262
Earnings per share, before/after dilution, SEK	12	1.89	0.88
Total no. shares outstanding before/after dilution, thousands		18,468	18,468
Average number of shares outstanding, before/after dilution, thousands		18,468	18,468

Statement of comprehensive income

Group (SEK th.)	2021	2020
Net profit/loss for the year	34,823	16,262
Other comprehensive income:		
Translation differences	4,596	-4,022
Comprehensive income for the year	39,419	12,240
Comprehensive income for the year attributable to parent company shareholders	39,419	12,240

Balance sheet

Group (SEK th.)	Note	31/12/2021	31/12/2020
ASSETS			
Intangible assets	13	–	1
Equipment, tools and installations	14	1,497	2,176
Deferred tax assets		22	22
Right-of-use assets		12,278	20,750
Total non-current assets		13,797	22,949
Finished goods and goods for resale		7,782	8,126
Trade receivables	16	103,713	46,129
Other receivables		7,754	2,243
Prepaid expenses and accrued income	17	7,526	7,993
Cash and cash equivalents	18	65,970	101,286
Total current assets		192,745	165,777
TOTAL ASSETS		206,542	188,726
EQUITY AND LIABILITIES			
Share capital	19	3,834	3,834
Other contributed capital		28,058	28,058
Reserves		368	-399
Retained profit including profit/loss for the year		58,518	56,803
Total equity attributable to parent company's shareholders		90,778	88,296
Long-term lease liability, right-of-use assets	7	1,231	7,196
Total non-current liabilities		1,231	7,196
Trade payables		10,999	5,961
Tax liabilities	11	9,875	1,098
Short-term lease liability, right-of-use assets	7	8,707	12,147
Other liabilities		12,005	7,704
Accrued expenses and deferred income	20	72,947	66,324
Total current liabilities		114,533	93,234
TOTAL EQUITY AND LIABILITIES		206,542	188,726

Changes in equity

Group (SEK th.)	Share capital	Other contributed capital	Translation reserve	Retained profit	Total equity
2020					
Opening balance, equity 01/01/2020	3,834	28,058	3,265	40,899	76,056
Comprehensive income for the year			-4,022	16,262	12,240
Comprehensive income for the year	0	0	-4,022	16,262	12,240
Transactions with shareholders:					
Dividend					–
Closing balance, equity 31/12/2020	3,834	28,058	-757	57,161	88,296
2021					
Opening balance, equity 01/01/2021	3,834	28,058	-757	57,161	88,296
Comprehensive income for the year			4,596	34,823	39,419
Comprehensive income for the year	0	0	4,596	34,823	39,419
Transactions with shareholders:					
Dividend				-36,938	-36,938
Closing balance, equity 31/12/2021	3,834	28,058	3,839	55,046	90,777

Statement of cash flows

Group (SEK th.)	Note	2021	2020
Operating activities			
Profit/loss before tax		44,215	22,314
Adjustments for non-cash items	21	15,496	12,232
Income tax paid		128	-1,466
Cash flow from operating activities before changes in working capital		59,839	33,080
Changes in inventory		344	-1,748
Changes in operating receivables		-59,381	26,343
Changes in operating liabilities		9,408	-5,633
Cash flow from operating activities		10,207	52,042
Investing activities			
Investments in current assets		-158	-635
Cash flow from investing activities		-158	-635
Financing activities			
Dividends paid		-36,937	-
Amortisation, lease liability		-11,461	-10,567
Cash flow from financing activities		-48,398	-10,567
Cash flow for the year		-38,349	40,840
Cash and cash equivalents at the beginning of the year		101,286	63,949
Translation differences in cash and cash equivalents		3,033	-3,503
Cash and cash equivalents at year-end	18	65,970	101,286

Parent company

Income statement

Parent company (SEK th.)	Note	2021	2020
Net sales	5	262,106	230,447
Operating income		262,106	230,447
Goods for resale		-40,230	-28,129
Other external expenses	6,7	-36,007	-33,105
Personnel expenses	8	-136,955	-137,204
Depreciation/amortisation	13,14	-11,518	-11,090
Operating expenses		-224,710	-209,528
EBIT		37,396	20,919
Revenue from shares in Group companies		-	5,476
Other interest income and similar items	9	5,466	2,934
Interest expenses and similar items	10	-5,261	-9,126
Net financial income/expense		205	-716
Profit/loss before tax		37,601	20,203
Tax	11	-7,875	-3,226
Net profit/loss for the year		29,726	16,977

Statement of comprehensive income

Parent company (SEK th.)	2021	2020
Profit/loss after tax	29,726	16,977
Comprehensive income for the period	29,726	16,977

Balance sheet

Parent company (SEK th.)	Note	31/12/2021	31/12/2020
ASSETS			
Intangible assets	13	–	1
Equipment, tools and installations	14	1,497	2,176
Right-of-use assets	7	12,290	20,154
Total non-current assets		13,787	22,331
Participations in Group companies	15	404	404
Total non-current financial assets		404	404
Finished goods and goods for resale		7,782	8,126
Trade receivables	16	28,846	20,138
Intra-Group receivables	16	29,104	20,103
Tax asset		2,210	15
Other receivables		4,356	1,514
Prepaid expenses and accrued income	17	6,778	5,091
Cash and bank balances		33,508	56,137
Total current assets		112,584	111,124
TOTAL ASSETS		126,775	133,859

Balance sheet

Parent company (SEK th.)	Note	31/12/2021	31/12/2020
EQUITY AND LIABILITIES			
Restricted Equity			
Share capital	19	3,834	3,834
Statutory reserve		20,288	20,288
Non-restricted equity			
Share premium reserve		7,770	7,770
Profit/loss carried forward		-5,149	14,811
Net profit/loss for the year		29,726	16,977
Total equity		56,469	63,680
Long-term lease liability, right-of-use assets	7	1,831	7,839
Total non-current liabilities		1,831	7,839
Trade payables		2,728	3,067
Intra-Group liabilities			
Tax liabilities		9,319	860
Short-term lease liability, right-of-use assets	7	7,977	10,761
Other liabilities		5,939	5,627
Accrued expenses and deferred income	20	42,512	42,025
Total current liabilities		68,475	62,340
TOTAL EQUITY AND LIABILITIES		126,775	133,859

Changes in equity

Parent company (SEK th.)	Restricted Equity		Non-restricted equity				Total equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Profit for the year		
2021							
Opening balance, equity 01/01/2021	3,834	20,288	7,770	14,811	16,977	63,680	
Appropriation of profit from preceding year				16,977	-16,977	0	
Net profit/loss for the year					29,726	29,726	
Comprehensive income for the year	0	0		0	29,726	29,726	
Transactions with shareholders:							
Dividend				-36,937		-36,937	
Closing balance, equity 31/12/2021	3,834	20,288	7,770	-5,149	29,726	56,469	

Changes in equity

Parent company (SEK th.)	Restricted Equity		Non-restricted equity				Total equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Profit for the year		
2020							
Opening balance, equity 01/01/2020	3,834	20,288	7,770	10,039	4,772	46,703	
Appropriation of profit from preceding year				4,772	-4,772	0	
Net profit/loss for the year					16,977	16,977	
Comprehensive income for the year	0	0		0	16,977	16,977	
Transactions with shareholders:							
Dividend						0	
Closing balance, equity 31/12/2020	3,834	20,288	7,770	14,811	16,977	63,680	

Statement of cash flows

Parent company (SEK th.)	Note	2021	2020
Operating activities			
Profit/loss before tax		37,601	20,203
Adjustments for non-cash items	21	11,518	11,091
Income tax paid		3,837	228
Cash flow from operating activities before changes in working capital		52,956	31,522
Changes in inventory		344	-1,889
Changes in operating receivables		-17,709	3,691
Changes in operating liabilities		5,545	2,894
Cash flow from operating activities		41,136	36,218
Investing activities			
Investments in current assets		-15,367	-6,532
Cash flow from investing activities		-15,367	-6,532
Financing activities			
Dividends paid		-36,937	-
Amortisation, lease liability		-11,461	-10,567
Cash flow from financing activities		-48,398	-10,567
Cash flow for the year		-22,629	19,119
Cash and cash equivalents at the beginning of the year		56,137	37,018
Cash and cash equivalents at year-end	18	33,508	56,137

Notes

Note 1 General information

Micro Systemation AB (publ) "MSAB", corporate ID no. 556244-3050, is a listed limited company registered in Sweden. Its head office is in Stockholm. The postal address of the head office is Box 17111, 104 62 Stockholm. The street address is Hornsbruksgatan 28. The company and its subsidiaries ("the Group")

are engaged in product development and marketing of software solutions in mobile digital forensics. A description of the Group's composition is provided in Note 15. MSAB's class B shares have been listed since 1999 and on Nasdaq Stockholm since December 2011.

Note 2 Significant accounting policies

The consolidated financial statements for MSAB have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the interpretations of the IFRS Interpretations Committee (IFRIC) applicable for periods starting 1 January 2021 or later. Furthermore, the Group applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups. In the consolidated financial statements, items have been measured at historical cost, except for certain financial instruments, which have been measured at fair value. Significant accounting policies are described below.

New IFRS not yet adopted

New and amended IFRS for future adoption are not expected to have any material effect on the company's financial statements.

Consolidated financial statements

The consolidated financial statements include the parent company and the companies in which the parent company exercises a controlling interest (subsidiaries). The Group exercises a controlling influence over a company when the Group is exposed, or has

the right, to variable returns from its investment in the company and can use its influence to affect the size of the returns. Normally, a controlling influence exists when a parent company directly or indirectly holds more than 50 percent of votes in another company. A controlling influence may also be exercised in ways other than through shareholdings. In determining the existence of a controlling interest, potential voting rights and whether or not de-facto control exists are taken into account. The results for subsidiaries acquired or disposed of during the year are included in the consolidated income statement from and until, respectively, the date on which the transaction takes place, i.e. when controlling influence commences or ceases.

If accounting policies applied in subsidiaries differ from the Group's, the subsidiary's accounting is adjusted to ensure consistency with the policies applied by the other Group companies. Internal transactions between Group companies and intra-Group balances are eliminated in the preparation of the consolidated financial statements. A non-controlling interest is the portion of earnings and net assets in a partly-owned company that accrues to other owners. A portion of non-controlling interests is included in profit or loss in the consolidated income

statement after tax. The portion of net assets is included in equity in the consolidated balance sheet but reported separately from equity attributable to the parent company's shareholders.

Business combinations

Subsidiaries are accounted for using the acquisition method. In this method, acquisition of a subsidiary is treated as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value, on the date of acquisition, of identifiable assets and liabilities assumed and any non-controlling interests.

Transaction costs incurred, with the exception of transaction costs attributable to the issue of equity instruments or debt instruments, are recognised directly in profit or loss for the year.

In the case of business combinations where the consideration transferred, any non-controlling interest and the fair value of the previously owned share (in the case of incremental acquisitions) exceed the fair value of acquired assets and liabilities recognised separately, the difference is recognised as goodwill. When the difference is negative, in what is termed a bargain purchase, this is recognised directly in the profit or loss for the year.

A non-controlling interests is recognised by statement of the non-controlling interest's share of a proportional share of the recognised fair value of assets, liabilities and contingent liabilities. On acquisition of shares from non-controlling interests, any differences between the historical cost of acquisition of the shares acquired and the fair values of acquired, identifiable assets and liabilities is recognised directly against equity.

Revenue

The basic principle is that MSAB recognises revenue such as to represent the transfer of promised goods or services to customers in an amount that reflects the consideration the company expects to be entitled

to in exchange for the goods or services. This is done via the five-step model defined in IFRS 15:

- Step 1 Identify the contract
- Step 2 Identify the performance obligations
- Step 3 Determine the transaction price
- Step 4 Allocate the transaction price to each performance obligation
- Step 5 Recognise revenue when (or as) the company fulfils its performance obligations

The company has two types of revenue: product sales; and training and other services.

Product sales

A product sale consists of a licence to use MSAB's software and some type of hardware, depending on which platform the customer chooses to use. The customer contract also includes the right to receive support and any software updates released during the licence period. In MSAB's view, the company has the following performance obligations: current hardware, a software licence, the right to receive support and any software updates released during the licence period. Hardware and software are usually priced as a package and the transaction price is defined in the contract. Hardware and software licences are delivered immediately on receipt of an order. These performance obligations are regarded as being met at the time of delivery, whereupon the revenue is recognised. The performance obligation regarding support and updates apply from the time of delivery and are fulfilled during the licence period. A licence period is between one and three years, with one year being most common option.

The transaction price for the various performance obligations has been assessed on the basis of their relative sales price using a method based on expected costs plus a profit margin. In the company's judgement, this method is the fairest one for allocating the portion of the transaction price that is attributable to future performance obligations. Monitoring is

performed on an ongoing basis to ensure that the calculation is fair. A contract liability for support and updates is recognised at the time of invoicing, after which income is recognised on a straight-line basis during the licence period. Payment terms for product sales are normally 30 days. Note 5 describes what proportion of the company's performance obligations is fulfilled at a certain point in time and what proportion is fulfilled over time. Furthermore, the note specifies the company's total contract liabilities and how much of the opening balance was recognised as revenue during the year. The maturity structure of the contract liability is recognised, indicating the point in time when the closing balance of the contract liability will be recognised as revenue.

Training and other services

A sale of training or other service commits MSAB to deliver a service. The performance obligation consists of MSAB delivering training to the customer, in many cases on their premises. The transaction price is defined in the contract. The performance obligation is regarded as being fulfilled when the training has been completed, whereupon the revenue from the training operation is recognised in the period when the service was performed. Payment terms for training and other services are normally 30 days.

Dividends and interest income

Dividend income is recognised when shareholders' right to receive payment has been confirmed. Interest income is recognised over the term using the effective interest method. The effective interest renders the present value of all future receipts and payments during the fixed interest term equal to the recognised value of the receivable.

Government grants received

Government grants received are recognised in the income statement and accrued in the same way as the expenses they are intended to compensate. Government grants attributable to operating expenses are offset against those expenses.

Lease contracts

When a contract is entered into, the Group determines whether the agreement is, or includes, a lease. A contract is, or includes, a lease if the contract

confers the right to determine for a certain period the use of an identified asset in exchange for compensation.

The Group recognises a right-of-use asset and a lease liability on commencement of the lease. The right-of-use asset is initially measured at historical cost, which consists of the initial amount of the lease liability plus lease payments paid at or before the date of commencement plus any initial direct expenses. The right-of-use asset is amortised on a straight-line basis from the date of commencement to the end of the asset's useful life or the end of the lease term, whichever is the shorter. In the Group's case, this is normally the end of the lease term.

The lease liability — which is divided into long-term and short-term portions — is initially measured at the present value of the remaining lease payments during the expected lease term. The lease term consists of the non-terminable period plus additional periods in the contract if at the commencement date it is deemed reasonably certain that these will be used.

Lease payments are normally discounted at the Group's marginal borrowing rate, which, in addition to the Group's/company's credit risk, reflects the respective contract's lease term, currency and quality of the underlying asset as intended collateral.

The amount of the liability is increased by adding the interest expense for each period and reduced by deduction of the lease payments. The interest expense is calculated by multiplying the amount of the liability by the discount rate.

In the case of leases with a term of 12 months or less, or with an underlying asset of low value, i.e. less than SEK 50,000, the right-of-use asset and lease liability are not recognised. Lease payments for these leases are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

Items included in the financial statements for the various entities within the Group are recognised in the currency used in the primary financial environment where the respective entity conducts its operations (functional currency). In the consolidated financial statements, all amounts are translated to Swedish kronor (SEK), which is the parent company's functional currency and reporting currency. Transactions in foreign currencies are translated

into the functional currency in each respective entity using the exchange rates prevailing on the transaction date. On every balance sheet date, monetary items in foreign currencies are recalculated using the exchange rate on the balance sheet date. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate on the date when the fair value was established. Non-monetary items measured at historical cost in a foreign currency are not translated.

Exchange rate differences are recognised in the income statement in the period in which they occur, except for transactions that constitute hedges which met the conditions for hedge accounting for cash flow or for net investment, where profit and loss are recognised in other comprehensive income. When preparing the consolidated financial statements, the assets and liabilities of foreign subsidiaries are translated to Swedish kronor at the exchange rate on the balance sheet date. Revenue and expense items are translated using the average exchange rate for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rate on the transaction date is used instead. Any translation differences are recognised in equity and in other comprehensive income. When a foreign subsidiary is disposed of, any translation differences arising are recognised in the income statement as part of the capital gain. Goodwill and adjustments to fair value arising on acquisition of a foreign operation are treated as assets and liabilities in that operation, and are translated at the exchange rate on the balance sheet date.

Employee remuneration

Employee remuneration in the form of salaries, paid vacation, paid sick leave, pensions, etc. are recognised as they are earned. Pensions and other post-employment benefits are classified as defined-contribution or defined-benefit pension plans.

Profit-sharing

The Group recognises the expected cost of profit-sharing payments when the company has a legal or constructive obligation to make such payments due to prior events and the obligation can be reliably calculated. The Group recognises a liability and cost for profit-sharing based on 5 percent of consolidated

profit before tax. Profit-sharing payments fall due for payment within 12 months after the end of the period in which the employees perform the services, and are therefore recognised as a current liability.

Incentive programme

Share-related remuneration that is settled via equity instruments are measured at fair value on the date of issuance. The fair values established on the date of issuance are recognised as an expense in the income statement. The cost of allocated rights is recognised as a personnel expense in the income statement and in equity. The making of provisions for social security contributions is recognised as a personnel expense in the income statement and as a liability in the balance sheet. The company has no incentive programme as of 31/12/2021.

Defined-contribution pension plans

At MSAB, only defined contribution pension plans are used. MSAB pays fixed fees for these plans to a separate and independent legal entity. The Group has no commitment to pay any further fees. The consolidated profit or loss is charged with expenses as the benefits are earned, which normally coincides with the point in time when the premium is paid.

Taxes

Tax expense consists of the total of current and deferred taxes.

Current tax

Current tax is calculated on the taxable profit for the period. Taxable income differs from the recognised profit/loss in the income statement, in that it has been adjusted for non-taxable income and non-deductible expenses, and for revenue and expenses that are taxable or deductible in other periods. The Group's current tax liability is calculated in accordance with tax rates enacted or substantively enacted on the balance sheet date.

Deferred tax

Deferred tax is recognised as the difference between the carrying amount for assets and liabilities in the financial statements and the tax base used in the computation of taxable income. Deferred tax is reported in accordance with the balance sheet

method. In principle, deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences to that extent that the amount is likely to be offset against future taxable surpluses. Deferred tax liabilities and tax assets are not recognised if the temporary difference is attributable to goodwill or if it occurs as a result of a transaction that is the initial recognition of an asset or liability (which is not a business combination), and which at the time of the transaction affects neither recognised nor taxable profit. Deferred tax liabilities are recognised for taxable temporary differences attributable to investments in subsidiaries and associated companies, except in the cases where the Group can control the timing of the reversal of the temporary differences, and it is likely that such reversals will not take place in the foreseeable future. Deferred tax assets attributable to deductible temporary differences for such investments and interests are only recognised to the extent that it is likely that the amounts can be used against future taxable surpluses, and such use is likely to occur within the foreseeable future.

The carrying amount for deferred tax assets is reviewed at every balance sheet date and is reduced to the extent that it is no longer likely that sufficient taxable surpluses will be available to be used, in whole or part, to offset the deferred tax asset. Deferred tax is calculated at the tax rates expected to apply for the period when the asset is recovered or the liability is settled, based on the tax rates (and tax laws) enacted or substantively enacted as per the balance sheet date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same authority, and where the Group intends to settle the tax by a net amount.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or revenue in the income statement, except when the tax is attributable to transactions that are recognised in other comprehensive income or directly in equity. In such cases, the tax shall also be recognised in other comprehensive income or directly in equity. If the tax is attributable to a business combination or merger, the tax effect is taken into account when calculating goodwill or when determining the size of

any excess amount that arises if the fair value of the acquired share of the acquirer's identifiable assets, liabilities and contingent liabilities exceed the historical cost of the business combination.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairments. Historical cost includes the purchase price, costs directly attributable to the acquisition and expenses for preparation of the asset until it is ready for use.

Subsequent costs are only included in the asset or recognised as a separate asset when it is likely that future financial benefits attributable to the item will flow to the Group and the historical cost of same can be measured reliably. All other costs for repairs and maintenance, and any other expenses, are recognised in the income statement in the period in which they are incurred. Depreciation of property, plant and equipment are expensed so that the asset's value less the estimated residual value at end of the useful life is amortised on a straight-line basis which is estimated at:

Equipment, tools and installations. 5 years

Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and any impairments. Historical cost includes the purchase price, costs directly attributable to the acquisition and expenses for preparation of the asset until it is ready for use.

Subsequent costs are only included in the asset or recognised as a separate asset if it is likely that future financial benefits attributable to the item will flow to the Group and the historical cost of it can be measured reliably. Amortisation of intangible assets is expensed so that the asset's value less the estimated residual value at end of its useful life are amortised on a straight-line basis which is estimated at:

Intangible non-current assets. 5 years

Research and Development

Research and development expenditure is expensed as incurred. Expenditure incurred in development

projects is recognised as intangible assets when the following criteria are met:

- It is technically possible for the company to complete the intangible asset so that it can be used.
- Management intends to complete the intangible asset and use or sell it.
- The conditions necessary to use or sell the intangible asset are in place.
- It can be demonstrated how the intangible asset will generate likely future financial benefits.
- There are adequate technical, financial, and other resources necessary to complete development and to use or sell the intangible asset.
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditure that does not meet these conditions is recognised as incurred. Development expenditure previously recognised as an expense is not recognised as an asset in any subsequent period. Capitalised development expenditure is recognised as intangible assets and is amortised, from the point in time when the asset is ready for use, on a straight-line basis over the period of its useful life.

Inventory

Inventory is recognised at the lower of historical cost or net realisable value. Historical cost is determined using the first-in, first-out method (FIFO). The historical cost of finished goods consists of raw materials and direct labour costs. The net realisable value is the estimated selling price in the ordinary course of business, less the variable costs necessary to make the sale. No part of inventory has been pledged as collateral for loans or other liabilities.

Financial instruments

A financial asset or liability is recognised in the balance sheet when the company becomes party to the instrument's contractual terms and conditions. A financial asset is derecognised from the balance sheet when the contractual rights are exercised, when it matures or when the company no longer has control over it. A financial liability is derecognised from the balance sheet when the contractual

obligation is fulfilled or otherwise extinguished. A financial asset (other than trade receivables that do not have a significant financing component) or financial liability is measured at fair value at initial recognition, plus, in the case of financial instruments not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue. A trade receivable without a major financing component is measured at the transaction price.

Classification and valuation of financial assets

In accordance with IFRS 9, financial assets are classified into categories depending on the business model for management of the assets and the characteristics of the contractual cash flows. The latter refers to the way in which the agreed terms for the financial asset at certain times gives rise to cash flows that consist solely of payments of principal and interest on the outstanding capital amount. The company only has financial assets classified as financial assets measured at amortised cost.

Financial assets measured at amortised cost: assets held, according to the business model, to collect contractual cash flows that solely consist of payments of principal and interest on the outstanding capital amount.

Impairment of financial assets

The provision for losses from trade receivables and contractual assets is always measured at an amount corresponding to expected loan losses over the remaining life of the receivable. During the assessment, account is taken of quantitative and qualitative information and analysis based on the Group's historical experience and credit assessment and including forward-looking information. See also the section on Credit Risk and Note 16 Trade receivables.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and recognised in a net amount on the balance sheet where there is a legally enforceable right to offset, and where there is an intention to settle items on a net basis or to realise the asset and settle the liability.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, and other current, liquid investments that are easily converted to cash and that carry an insignificant risk of value change. To be classified as a cash equivalent, the maturity must not exceed three months from the time of acquisition. Cash and bank balances are measured at amortised cost. Because bank balances are payable on demand, the amortised cost corresponds to the nominal amount.

Financial liabilities – classification and subsequent valuation

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. All of the company's financial liabilities are classified as measured at amortised cost. Subsequent measurement of other financial liabilities is performed at amortised cost using the effective interest method. Interest expenses and exchange rate gains and losses are recognised in profit or loss. Gains or losses on derecognition from the accounts are also recognised in profit or loss.

Impairment losses on property, plant and equipment and intangible assets, as well as on interests in associates and joint ventures

The Group's recognised assets are assessed at each balance sheet date to determine whether there is any indication of impairment. IAS 36 is applied to impairment losses on non-financial assets recognised in accordance with IFRS 9, assets for sale and disposal groups recognised in accordance with IFRS 5, investment properties recognised at fair value in accordance with IAS 40, inventories, managed assets used to finance employee benefits, biological assets and deferred tax assets. In the case of exempt assets as described above, the carrying amount is assessed according to the relevant standard.

If an indication of impairment is found, the recoverable amount for the asset is calculated (see below). In addition, for goodwill, other intangible assets with an indeterminable useful life and intangible assets that are not yet ready for use, the recoverable amount is calculated annually. If it is not possible to determine substantially independent cash flows for an individual asset, and its fair value less selling costs cannot be used, the assets are grouped for impairment testing at the lowest level where substantially independent cash flows can be identified, a "cash-generating unit".

An impairment loss is recognised when the carrying amount for an asset or cash-generating unit (group of units) exceeds the recoverable amount. An impairment loss is recognised as an expense in profit or loss for the year. When impairment is identified for a cash-generating unit (group of units), the impairment charge is in the first instance allocated to goodwill. A proportional write-down of other assets included in the unit (group of units) is then applied.

The recoverable amount is the higher of either fair value less selling costs or value in use. When calculating the value in use, future cash flows are discounted by a discount factor that takes into account the risk-free interest rate and the risk associated with the specific asset.

An impairment of assets within the scope of IAS 36 is reversed if there is both an indication that the impairment no longer exists and there has been a change in the assumptions used to calculate the recoverable amount. However, impairment of goodwill is never reversed. A reversal is made only to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less amortisation where appropriate, if no impairment loss has been applied.

Earnings per share

Earnings per share before dilution are calculated on the Group's profit or loss for the year attributable to the owners of the parent company and on the weighted average number of shares outstanding during the year. In calculating diluted earnings per share, earnings and the average number of shares are adjusted to reflect the effects of potential ordinary shares, which during periods reported originate from share options acquired by employees at market prices based on a valuation according to the Black & Scholes

model. The dilution arising from the share options occurs when the strike price is less than the current share price.

Provisions

A provision differs from other liabilities in that there is uncertainty as to the date of payment or the amount of the payment required in order to settle the provision. A provision is recognised in the statement of financial position when there is an existing legal or constructive obligation as a result of a past event, and it is likely that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are made in the amount that is the best estimate of what will be required to settle the existing obligation at the balance sheet date. Where the effect of when payment is made is material, provisions are calculated by discounting the expected future cash flow at a pre-tax interest rate that reflects current market assessments of the time value of money and, if applicable, the risks associated with the liability.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical data on warranties and a weighting of possible outcomes in relation to the probabilities associated with the outcomes.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits that the Group is expected to receive from a contract are lower than the unavoidable costs of fulfilling the obligations under the contract.

Accounting principles for the parent company

The parent company complies with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Application of RFR 2 means that as far as possible, the parent company is required to apply all IFRS adopted by the EU within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and to take into account the relationship between accounting and

taxation. The differences between the accounting policies of the parent company and the Group are described below:

Shares in subsidiaries

Shares in subsidiaries are recognised in accordance with the historical cost method. Acquisition-related costs for subsidiaries, which are expensed in the consolidated financial statements, are included as part of the historical cost of participations in the subsidiary. The carrying amount for participations in subsidiaries is tested for impairment when there are indications of an impairment.

Financial instruments

The parent company has elected not to apply IFRS 9 to financial instruments. However, some of the principles of IFRS 9 are still applicable – for example, regarding impairment, posting/cancellation, criteria for applying hedge accounting and the effective interest method for interest income and interest expenses.

In the parent company, non-current financial assets are measured at accrued historical cost less any impairment, and financial current assets according to the lowest-value principle. For financial assets recognised at amortised cost, the impairment rules stated in IFRS 9 are applied.

Anticipated dividends

Anticipated dividends from subsidiaries are recognised if the parent company has the sole right to decide the size of the dividend and the parent company has decided on the size of the dividend before the parent company has published its financial statements.

Note 3 Estimates and assumptions in the financial statements

Preparation of financial statements to conform with IFRS requires that the company management to make certain assessments, estimates and assumptions that affect the application of accounting policies and the recognised amounts for assets, liabilities, revenue and costs. The actual results may differ from these estimates and assumptions. These estimates and assumptions are reviewed regularly. Changes in the estimates are recognised in the period when a change is made if the change only affects that period, or in the period the change is made and future periods if the change affects both current and future periods. At year-end, special attention is focused on measurement of trade receivables, which are considered to be the company's single most important asset. Provision for future credit losses in connection with trade receivables is made in accordance with IFRS 9, based on historical experience and credit

evaluation, including forward-looking information, as described in Note 16. The Group recognises revenue in accordance with IFRS 15 – Revenue from Contracts with Customers, the IFRS standard that deals with revenue recognition. The basic principle is that a company recognises revenue in a way that reflects the transfer of promised goods or services to the customer, in the amount that the company considers itself entitled to receive in exchange for the goods or services. In accordance with the description in Note 2, transaction prices are allocated for future performance obligations to deliver support and product updates based on the resources required to fulfil these obligations. This forms the basis for measurement of the various sub-components with a bearing on revenue recognition.

Note 4 Financial risk management and financial instruments

The overall objective of MSAB's financial risk management is to identify and control the Group's financial risk. MSAB's Board of Directors is ultimately responsible for exposure, management and monitoring of the Group's financial risks. The frameworks that apply to exposure, management and monitoring of financial risks is established by the Board. The most significant financial risks to which the Group is exposed are market, liquidity, and credit risks. Market risks consist primarily of currency risk and interest rate risk.

Market risks Currency risk

Currency risk refers to the risk that the Group's profit and equity are negatively impacted by changes in exchange rates. Exposure to currency risk arises from payment flows (transaction exposure) in foreign currencies and from translation of balance sheet items in foreign currencies, as well as from recalculation of the income statements and

balance sheets of foreign subsidiaries to the Group's presentation currency, Swedish kronor (translation exposure).

Transaction exposure

Transaction exposure arises in connection with MSAB's export sales. Of the Group's total sales in 2021, approximately 97 (97) percent were to export, together with sales through foreign subsidiaries in foreign currencies. Inflows in foreign currencies consist primarily of euros (EUR), British pounds (GBP) and American dollars (USD). The majority of purchases of goods and services are in Swedish kronor (SEK). The net exposure in relation to the inflow of payments in foreign currencies is thus considerable. MSAB applies hedge accounting from time to time and uses forward contracts to minimise major currency fluctuations. At year-end 2021, the company held no forward contracts.

Translation exposure

Translation exposure arises primarily when translat-

ing asset and liability posts in foreign currencies, and income statements and balance sheets for foreign subsidiaries to SEK. Exchange rate fluctuations may have negative impact on the Group's equity and

profit. The table below shows the Group's and parent company's net currency exposure on closing day (foreign currencies translated to SEK thousands in the table):

	Group		Parent company	
Market risks, SEK thousands	2021	2020	2021	2020
Currency				
AUD	4,876	971	655	873
CAD	1,909	408	1,232	286
EUR	20,426	17,522	20,426	15,840
GBP	19,237	4,738	14,464	5,088
HKD	–	–	21	2,295
SGD	3,484	2,656	4,410	3,259
USD	51,354	17,979	9,212	1,528
JPY	339	334	5,343	1,565
Total trade receivables in foreign currencies	101,626	44,607	55,762	30,734
SEK	2,087	1,530	2,187	1,630
Total trade receivables	103,713	46,129	57,949	32,364

A change of +/-5 percent in relevant exchange rates relative to Swedish kronor would have an impact on the consolidated profit/loss for respective currencies on the balance sheet date, as follows: **USD:** SEK 2,568,000 (1,108,000), **EUR:** SEK 1,021,000 (789,000), **GBP:** SEK 962,000 (764,000). For the parent company, the corresponding impact on profit/loss would be: **USD:** SEK 461,000 (257,000), **EUR:** SEK 1,021,000 (789,000), **GBP:** SEK 723,000 (228,000).

Interest rate risks

Interest rate risks consist of the risk of a negative impact on the consolidated income statement and cash flow as a result of changes in market interest rates. MSAB has no interest-bearing liabilities and interest rate risk is primarily limited to the Group's surplus liquidity, which is placed in interest-bearing bank accounts and other fixed-income investments. Surplus liquidity is to be invested at a low risk with short, fixed-interest rate periods, as per the Board's instructions. Against that background, the Group has elected to place excess liquidity in different bank accounts, mainly at SEB.

Liquidity and financing risk

Liquidity risk is the risk that the Group is impacted negatively by inadequate management and control of liquidity and payment flow. Financing risk refers to the risk of the Group not being able to raise enough cash to meet its obligations. Liquidity and financing risk are currently very low. The Group has good liquidity and a high earnings capacity. The Group's surplus liquidity is placed in bank accounts. On that basis, liquidity preparedness is high and there is currently no need for external credit to finance operations or create liquidity. The duration and distribution of contractual payment obligations related to the Group and parent company's financial liabilities are shown in the table below:

2021	Group					Parent company				
	Within 3 months	3-12 months	1-5 years	More than 5 years	Total	Within 3 months	3-12 months	1-5 years	More than 5 years	Total
Liquidity and financing risk, SEK thousands										
Trade payables	10,999	-	-	-	10,999	2,728	-	-	-	2,728
Lease liability	1,994	5,618	1,231	-	8,843	1,863	5,618	1,232	-	8,712
Accrued expense	10,891	16,726	-	-	27,617	8,459	16,324	-	-	24,783
Other liabilities	12,005	-	-	-	12,005	5,939	-	-	-	5,939
Total	35,889	22,344	1,231	0	59,464	18,989	21,942	1,231	0	42,162

2020	Group					Parent company				
	Within 3 months	3-12 months	1-5 years	More than 5 years	Total	Within 3 months	3-12 months	1-5 years	More than 5 years	Total
Liquidity and financing risk, SEK thousands										
Trade payables	5,961	-	-	-	5,961	3,067	-	-	-	3,067
Lease liability	2,937	8,180	8,145	-	19,262	2,677	7,659	8,145	-	18,481
Accrued expense	12,713	13,053	-	-	25,766	10,495	12,759	-	-	23,254
Other liabilities	7,822	-	-	-	7,822	5,746	-	-	-	5,746
Total	29,433	21,233	8,145	0	58,811	21,985	20,418	8,145	0	50,548

Credit risk

Credit risk refers to a counterparty not being able to meet their contractual obligations vis-à-vis the Group, resulting in a financial loss. The Group's exposure to credit risk arises in the main from trade receivables. Sales of MSAB's products are conducted either directly to the end-customer or via partners.

End-customers consist almost exclusively of criminal investigation authorities. Given the category of customers which the company addresses, the risk of non-payment due to insolvency is very low. To limit the Group's exposure to credit risk, a credit rating is performed for every new customer. The financial situation of existing customers is also monitored on an ongoing basis to identify warning signals at an early stage. A credit rating is always performed before the company enters into any new sales partnership, after which the partner's financial situation is continuously monitored to identify warning signals. The Group may also establish credit limits for partners, or require bank

guarantees for larger contracts. To further minimise credit risk, the Group can also choose to invoice an end-customer directly, and instead allow the sales partner to invoice MSAB for their commission. The risk of future credit losses is continuously assessed, leading to changes to provisions for doubtful trade receivables. See also Note 16 Trade Receivables. Credit risk also arises when the company's surplus liquidity is invested in various types of financial instrument. In accordance with the Board's instructions, surplus liquidity is placed in interest-bearing bank accounts or interest-bearing securities/fixed-income funds. Eligible parties are the Swedish State and banks, whose credit rating has been assessed by the company. The Group's lending to banks is covered by the government deposit guarantee, which amounts to EUR 100,000 per bank. The Group's and the parent company's maximum exposure to credit risk is matched by the book values of all financial assets and is shown in the above-right table:

Credit risk, SEK thousands	Group		Parent company	
	2021	2020	2021	2020
Trade receivables	103,713	46,129	57,949	32,364
Other receivables	7,753	2,243	6,566	1,529
Cash and cash equivalents	65,970	101,286	33,508	56,137
Maximum exposure to credit risks	177,436	149,658	98,023	90,030

Concentration risk

Trade receivables consist primarily of a small number of major customers with a high credit rating. The ten largest customers accounted for 37 percent (27) of total revenue. Approximately 52 percent (32) of the Group's sales are made in the European market, of which the UK represents the single largest geographical exposure. North America accounts for 34 percent (32) of sales. The majority of the company's customers operate in the judicial sector. The purchasing process may differ between countries, where procurement is conducted centrally in some and decision-making is local in others. Similarly, procurement is conducted from within certain branches of defense. In such cases, customers can be referred to centrally procured purchasing companies, meaning that in a given period, a purchasing company may account for a relatively high proportion of the company's net sales. Procurement through purchasing companies is ongoing and varies from year to year. In practice, this means that in any given year, purchasing companies may account for more than 10 percent of total net sales. In the past year, no single customer accounted for 10 percent or more of the company's total net sales. Note 16 Trade receivables provides an age analysis of the Group's and the parent company's trade receivables.

Management of capital risks

MSAB defines its managed capital as the aggregate of consolidated net liabilities and equity. Because the Group currently has no loans, managed capital and consolidated equity are the same. At year-end 2021, consolidated equity was SEK 90,778,000 (88,296,000). The company's objectives regarding its capital structure is to secure its ability to sustain operations, generate returns for shareholders and benefit to other stakeholders and to ensure that the capital structure is optimal as regards cost of capital. Dividends to shareholders, redemption of shares, issuance of shares and sales of assets are examples of measures the Group can take to adjust its capital structure. The Board has adopted a dividend policy whereby no less than 30 percent of the company's reported earnings are returned to shareholders, on the proviso that this is compatible with maintaining an adequate amount of liquidity for planned operations.

Classification and valuation of financial instruments

Booked values of financial assets and liabilities by valuation category are in accordance with IFRS 9 (see Note 2) and the classification of financial assets and fair values are shown in the table below.

	Group		Parent company	
	2021	2020	2021	2020
Classification of financial instruments, SEK thousands				
Financial assets measured at amortised cost				
Trade receivables – contractual assets	103,713	46,129	57,950	32,364
Cash and cash equivalents – other assets	65,970	101,286	33,508	56,137
Accrued income	7,526	7,993	6,778	5,091
Total financial assets	177,209	155,408	98,236	93,592
Financial liabilities				
Other financial liabilities				
Trade payables	10,999	5,961	2,728	3,067
Lease liability	9,938	19,262	9,808	18,481
Accrued expenses	27,618	25,766	24,785	23,254
Total financial liabilities	48,555	50,989	37,321	44,802

No reclassifications between the valuation categories above were made during the year. The carrying amounts for all financial assets and liabilities are a reasonable estimate of fair value.

	Group		Parent company	
	2021	2020	2021	2020
Net profit/loss for financial instruments, SEK thousands				
Trade receivables and other financial receivables				
Currency gains	809	-1	809	-1
Currency losses	-80	-15	-1	3
Other financial liabilities				
Currency gains	5,480	2,460	5,283	2,383
Currency losses	-5,257	-8,055	-4,859	-7,997
Total	952	-5,611	1,232	-5,612

Note 5 Operating income

Group	Asia & Oceania	EMEA & Latin America*	North America	Total
Revenue distribution 2021**, SEK thousands				
Product sales	34,256	157,510	109,650	301,416
Training and other services	1,822	25,329	4,393	31,544
Total	36,077	182,839	114,043	332,960
Performance obligations fulfilled at a certain point in time	30,317	156,808	99,921	287,045
Performance obligations fulfilled over time	5,761	26,031	14,123	45,915
Total	36,077	182,839	114,043	332,960
* Of which Sweden.		3,059		
** The distribution is based on the customer's domicile.				
Revenue distribution 2020, SEK thousands				
Product sales	40,430	138,503	93,592	272,525
Training and other services	5,404	25,370	6,758	37,532
Total	45,834	163,873	100,351	310,057
Performance obligations fulfilled at a certain point in time	40,147	141,943	82,711	264,801
Performance obligations fulfilled over time	5,687	21,929	17,640	45,256
Total	45,834	163,873	100,351	310,057
*Of which Sweden.		5,886		

Parent company	Asia & Oceania	EMEA & Latin America*	North America	Total
Revenue distribution 2021, SEK thousands				
Product sales	26,414	151,268	69,421	247,103
Training and other services	43	14,961	–	15,004
Total	26,457	166,229	69,421	262,107
Performance obligations fulfilled at a certain point in time	25,660	148,813	69,398	243,871
Performance obligations fulfilled over time	797	17,417	23	18,236
Total	26,457	166,230	69,421	262,107
Revenue distribution 2020, SEK thousands				
Product sales	35,763	134,016	44,865	214,644
Training and other services	26	15,777	–	15,803
Total	35,789	149,794	44,865	230,447
Performance obligations fulfilled at a certain point in time	34,763	134,283	44,840	213,885
Performance obligations fulfilled over time	1,026	15,511	25	16,562
Total	35,789	149,794	44,865	230,447

Contractual liabilities – performance obligations over time

MSAB has performance obligations for support and product updates that are fulfilled over a licence period. The company recognises these performance obligations as contractual liabilities, and these are taken up as revenue on a straight-line basis over the licence period. See also the section on revenue in Significant accounting policies.

SEK thousands	Group		Parent company	
	2021	2020	2021	2020
Opening balance, contractual liabilities	39,300	42,651	18,254	17,819
Of opening balance, taken up as revenue during the year	-32,804	-31,378	-14,053	-14,042
Additional contractual liabilities during the year	38,285	28,027	13,209	14,477
Closing balance, contractual liabilities	44,781	39,300	17,410	18,254
Of which				
Current liabilities	35,767	31,158	12,905	14,053
Non-current liabilities	9,014	8,142	4,505	4,201
Total	44,781	39,300	17,410	18,254

Revenue for remaining performance obligations

Revenue for remaining performance obligations as per 31 December 2021 is expected to be recognised as follows:

SEK thousands	Group		Parent company	
	2021	2020	2021	2020
2021	–	31,158	–	14,053
2022	35,767	5,502	12,905	2,736
2023	6,319	2,198	3,122	1,279
2024 and beyond	2,695	442	1,383	186
Total	44,781	39,300	17,410	18,254

Breakdown of the Group's non-current assets

The Group's fixed assets are as follows: EMEA & Latin America SEK 13,797,000 (22,949,000), of which Sweden SEK 13,787,000 (22,330,000), Asia & Oceania SEK 0 (0), North America SEK 0 (0).

Information on intra-group purchasing and sales

Purchases and sales from the parent company to other Group companies amounted to SEK 145,257,000 (113,163,000) in sales and SEK 0 (0) in purchases.

Segment reporting

The company sells and markets a small number of products that are for the most part packaged and sold to the same customers. The company's operations and management are organised by function, e.g. development, support, sales and administration. The company's internal monitoring is currently organised at aggregated level only. Geographical areas are only monitored with regard to sales in the countries or regions concerned. As a result, the Group does not recognise operating segments in its financial statements.

Note 6 Auditor's fees, reimbursement of auditor's expenses

SEK thousands	Group		Parent company	
	2021	2020	2021	2020
Audit assignment, KPMG	701	713	701	713
Auditing services other than audit assignment, KPMG	–	14	–	14
Auditing services, other	112	108	–	–
Total	813	835	701	727

Note 7 Leasing

Property leases

The Group leases office premises in Sweden, China and the USA. The leases for office premises in Sweden have a term of four years with an option for an extension of three years at a time and a period of notice of nine months. In calculating its lease liability, the Group has not taken the extension option into account. The leases on the office premises include lease payments based on changes in price indices and also require the Group to pay fees relating to property taxes accruing to the lessor. These amounts are fixed annually.

Other leases

The Group leases cars and other technical equipment with lease terms of one to three years. In some cases, the Group has an option to purchase the asset at the end of the lease term. In others, the Group guarantees the residual value of the leased asset at the end of the lease term. Options to extend are included only to an insignificant extent. The Group also leases machinery and IT equipment with lease terms of one to five years, where the leases are for short terms and/or are of low value. The Group has elected not to recognise right-of-use assets and lease liabilities for such leases.

Group	2021			2020		
	Buildings	Fixtures and fittings	Total	Buildings	Fixtures and fittings	Total
SEK thousands						
Opening balance, historical cost	39,684	2,589	42,273	40,044	385	40,429
Additional rights-of-use	2,409	192	2,601	–	2,204	–
Completed rights-of-use	-2,016	-47	-2,063	–	–	–
Exchange rate difference	177	–	177	-360	–	–
Closing balance, accumulated historical cost	40,254	2,734	42,988	39,684	2,589	42,273
Opening balance, depreciation	-20,968	-553	-21,521	-10,485	-128	-10,613
Planned depreciation for the year	-10,345	-906	-11,252	-10,483	-425	-10,908
Sales/disposals	2,016	47	2,063	–	–	–
Closing balance, accumulated depreciation	-29,298	-1,412	-30,710	-20,968	-553	-21,521
Closing balance, planned residual value	10,955	1,322	12,278	18,714	2,036	20,751

Parent company	2021			2020		
	Buildings	Fixtures and fittings	Total	Buildings	Fixtures and fittings	Total
SEK thousands						
Opening balance, historical cost	37,057	2,589	39,646	37,057	385	37,442
Additional rights-of-use	2,409	192	2,601	–	2,204	–
Completed rights-of-use	-2,016	-47	-2,063	–	–	–
Exchange rate difference	–	–	–	–	–	–
Closing balance, accumulated historical cost	37,450	2,734	40,184	37,057	2,589	39,646
Opening balance, depreciation	-18,939	-553	-19,492	-9,380	-128	-9,508
Planned depreciation for the year	-9,559	-906	-10,465	-9,559	-425	-9,984
Sales/disposals	2,016	48	2,064	–	–	–
Closing balance, accumulated depreciation	-26,482	-1,411	-27,893	-18,939	-553	-19,492
Closing balance, planned residual value	10,967	1,323	12,290	18,117	2,036	20,153

Cost disclosures, fiscal year ending 31 December 2021, SEK thousands	Group		Parent company	
	2021	2020	2021	2020
Amortisation of right-of-use assets	11,252	10,908	10,466	9,984
Interest expense, lease liability	185	443	185	443
Lease expense, short-term leases	249	208	–	–
Leasing expense, low-value assets	454	387	454	387
Cost of variable lease payments	844	876	844	876

Cash flow disclosures, fiscal year ending 31 December 2021, SEK thousands	Group	Parent company
	Total cash outflow, leases	12,069

Note 8 Salaries, other remuneration and social security contributions

	2021		2020	
Average no. of employees	Total	of which men	Total	of which men
PARENT COMPANY				
Sweden	144	111	159	118
GROUP COMPANIES				
USA	24	18	25	20
United Kingdom	13	10	11	10
Canada	2	1	1	–
Australia	2	2	2	2
Hong Kong	–	–	–	–
Singapore	2	2	3	3
Japan	1	1	1	1
Total	188	177	202	154

Gender representation, senior executives	Total	of which men	Total	of which men
Parent company and Group				
Members of the Board	6	4	6	4
Other senior executives	10	8	2	2
Total, parent company	16	12	8	6

Salaries and remuneration, SEK thousands	Senior executives	Other	Total 2021	Senior executives	Other	Total 2020
Parent company						
Salaries and remuneration	20,819	71,243	92,062	7,057	85,452	92,509
Pension expenses	2,569	7,356	9,925	1,025	10,677	11,702
Other social security contributions	7,165	24,320	31,485	2,466	26,017	28,483
Total	30,553	102,919	133,472	10,548	122,146	132,694
Subsidiaries						
Salaries and remuneration	2,979	37,082	40,061	–	45,664	45,664
Pension expenses	59	1,007	1,066	–	1,170	1,170
Other social security contributions	417	2,491	2,908	–	3,150	3,150
Total	3,455	40,580	44,035	–	49,984	49,984

Pension expenses relate to the amount recognised as an expense for defined-contribution plans in the income statement and associated payroll tax.

Remuneration to Board of Directors, CEO and senior executives in 2021, SEK thousands	Salaries/ Board fees	Pension costs	Other benefits
Board:			
Henrik Tjernberg, Chair of the Board*	167		
Bernt Ingman, Chair of the Board**	333		
Carl Bildt, Member of the Board*	62		
Jan-Olof Backman, Member of the Board	185		
Peter Gille, Member of the Board	185		
Ann Hellenius, Member of the Board	185		
Fredrik Nilsson, Member of the Board**	123		
Linda Nyberg, Member of the Board	185		
Total Board	1,425		
Joel Bollö, CEO	3,394	521	77
Other senior executives (7 people)	15,663	2,048	260
Total parent company	20,482	2,569	337
Other senior executives in subsidiaries (2 people)	2,970	59	9
Total Board, CEO and other senior executives	23,452	2,628	346

Remuneration to Board of Directors, CEO and senior executives in 2020, SEK thousands	Salaries/ Board fees	Pension costs	Other benefits
Board:			
Henrik Tjernberg, Chair of the Board	500		
Jan-Olof Backman, Member of the Board	185		
Ann Hellenius, Member of the Board	185		
Peter Gille, Member of the Board***	123		
Linda Nyberg, Member of the Board	185		
Carl Bildt, Member of the Board	185		
Other senior executives:			
Joel Bollö, CEO	3,273	515	77
Other senior executives (1 person)	2,289	510	55
Total	6,925	1,025	132

* Left the Board 2021

** Elected 2021

*** Elected 2020

Principles of remuneration

Remuneration to the Board Chair and other Members of the Board is subject to approval by the AGM. The overall principles governing remuneration to senior executives are based on position, individual performance and the Group's profits, and that the remuneration should be competitive. The total remuneration for senior executives shall consist of fixed salary, and variable salary in the form of incentives based on performance targets. In addition, conditions apply governing termination and severance pay. The term senior executives refers to 9 people who together with the Chief Executive Officer comprised the Group management during 2021. All senior executives were employed throughout the year.

Variable remuneration

MSAB operates a profit-sharing programme, in which five percent of the Group's profit before tax is distributed to employees other than the CEO. This total includes social welfare contributions and the allocation shall not exceed three months of salary.

Incentive programme

In May 2018, the Annual General Meeting of MSAB decided to introduce an incentive scheme, consisting of subscription warrants for the company's senior executives and certain key employees to subscribe for new class B shares. The subscription period was between 1 June 2021 and 31 August 2021. No shares were subscribed during the subscription period. At the end of 2021, there are therefore no incentive schemes.

Pensions

The contractual retirement age for the CEO and other senior executives is 65 years. The pension premium for the CEO complies with the rules for a defined-contribution pension plan pursuant to ITP1. Other senior executives employed by the parent company also have defined-contribution pension

plans pursuant to ITP1, and for 2021 pension premiums amounted to an average of 20 percent of basic salaries. Variable remuneration is not pensionable, either for the CEO or for other senior executives. All pensions are unvested, that is, they are not conditional upon future employment.

Severance pay

At year-end 2021, the CEO had a fixed annual salary of SEK 3,240,000. The CEO also receives variable remuneration, up to a maximum of 8 months' salary (SEK 2,160,000), linked to the company's targets regarding growth and profitability. In the event of termination of employment, the CEO is entitled to compensation corresponding to one year's fixed salary. The company pays a pension premium on the severance pay. Severance pay is not offset against other income. When termination of employment of other senior executives is initiated by the company, the Swedish Employment Protection Act (LAS) applies.

Note 9 Financial income

	Group		Parent company	
SEK thousands	2021	2020	2021	2020
Dividends from Group companies	–	–	–	5,476
Interest income	138	102	131	63
Exchange rate gains	5,531	3,365	5,334	2,871
Total financial income	5,669	3,467	5,465	8,410

Note 10 Financial expenses

	Group		Parent company	
SEK thousands	2021	2020	2021	2020
Interest expenses	309	482	188	443
Exchange rate losses	5,474	9,303	5,073	8,684
Total financial expenses	5,783	9,785	5,261	9,127

Note 11 Tax

	Group		Parent company	
SEK thousands	2021	2020	2021	2020
Current tax	-9,392	-6,052	-7,875	-3,226
Deferred tax	–	–	–	–
Total recognised tax expense	-9,392	-6,052	-7,875	-3,226
Reconciliation of tax for the year	2021	2020	2021	2020
Profit/loss before tax	44,215	22,314	37,601	20,203
Tax at standard tax rate in Sweden, 20.6% (21.4)	-9,108	-4,775	-7,746	-4,323
Effect of different tax rates in foreign operations	-155	-1,203	–	–
Non-taxable income	–	–	–	1,172
Non-deductible expenses	-129	-74	-129	-74
Tax expense	-9,392	-6,052	-7,875	-3,226
Average tax rate, %	21.2	27.1	20.9	16.0

Note 12 Earnings per share

Earnings per share before and after dilution is calculated by dividing profit attributable to the parent company's shareholders by the weighted number of

ordinary shares outstanding during the year. Number of shares is indicated in thousands.

Group (SEK th.)	2021	2020
Profit for the year after tax, SEK thousands	34,823	16,262
Average no. of shares before/after dilution	18,468	18,468
Earnings per share in SEK, before/after dilution	1.89	0.88

Note 13 Intangible assets

SEK thousands	Group		Parent company	
	2021	2020	2021	2020
Opening balance, historical cost	2,402	2,402	2,402	2,402
Purchases	-	-	-	-
Sales/disposals	-2,402	-	-2,402	-
Closing balance, accumulated historical cost	-	2,402	-	2,402
Opening balance, depreciation	-2,401	-2,356	-2,401	-2,356
Amortisation for the year	-1	-45	-1	-45
Sales/disposals	2,402	-	2,402	-
Closing balance, accumulated depreciation	-	-2,401	-	-2,401
Closing balance, planned residual value	-	1	-	1

Note 14 Inventory, equipment, fixtures and fittings

SEK thousands	Group		Parent company	
	2021	2020	2021	2020
Opening balance, historical cost	11,794	11,145	11,019	10,509
Purchases	372	649	372	510
Sales/disposals	-25	-	-25	-
Closing balance, accumulated historical cost	12,141	11,794	11,366	11,019
Opening balance, depreciation	-9,618	-8,418	-8,842	-7,781
Planned depreciation for the year	-1,051	-1,200	-1,051	-1,061
Sales/disposals	25	-	25	-
Closing balance, accumulated depreciation	-10,644	-9,618	-9,868	-8,842
Closing balance, planned residual value	1,497	2,176	1,497	2,176

Note 15 Participations in Group

Parent company (SEK th.)	Num-ber of shares	Capital and voting rights, %	Book value	Domicile	Equity	Profit/loss
Micro Systemation Ltd	1	100	-	England	5,962	2,133
MSAB Incorporated	3,000	100	6	USA	24,086	4,411
Micro Systemation Canada Inc.	100,000	100	-	Canada	1,301	215
Micro Systemation Pty Ltd	100	100	1	Australia	3,043	272
MSAB Pte Ltd	1,000	100	6	Singapore	1,505	563
Micro Systemation HK Ltd	10,000	100	-	Hong Kong	88	566
- MSAB Technology (Beijing) Co., Ltd*		0	-	China	-	-
MSAB Japan K.K.	100	100	391	Japan	-497	236
Total			404			

* The company closed during 2021.

Note 16 Trade receivables

SEK thousands	Group		Parent company	
	2021	2020	2021	2020
Trade receivables	103,913	46,329	58,050	40,341
Reserve for doubtful trade receivables	-200	-200	-100	-100
Total	103,713	46,129	57,950	40,241
Trade receivables, age analysis, SEK thousands				
Not yet due	68,658	25,677	43,682	28,095
Overdue 30 days	5,704	9,551	2,074	6,389
Overdue 31–60 days	6,576	3,652	4,750	382
Overdue 61–90 days	14,876	4,468	524	1,815
Overdue > 90 days	7,899	2,781	6,919	3,560
Total	103,713	46,129	57,950	40,241

Overdue trade receivables totalled SEK 35,055,000 (20,452,000). Total provisions for doubtful trade receivables amounted to SEK 200,000 (200,000). Confirmed bad debt losses amounted to SEK 0 (0). In management's judgement, the carrying amount for trade receivables corresponds to fair value. The company has calculated provisions for bad debt losses with a probability of default on the payment, based on historical bad debt losses. The company's customers consist essentially of law enforcement authorities who pay the amounts they owe, although delays are not

uncommon due to extensive, cumbersome administration. As a result, the company assesses the likelihood of default as applied to trade receivables as a whole, since the maturity structure in itself says nothing about the risk of non-payment. For the period 2016–2021 period, the Group had no confirmed bad debt losses. Adjustments are made on the basis of the assumption that the risk of payments not being made increases as sales rise. The company notes that there was no change in 2021 regarding the customer types that would justify an adjustment to the future probability.

Note 17 Prepaid expenses and accrued income

SEK thousands	Group		Parent company	
	2021	2020	2021	2020
Pre-paid rent	30	210	30	210
Pre-paid insurance premiums	1,125	218	1,125	218
Pre-paid inventory purchases	1,129	183	1,129	183
Accrued income	1,647	–	1,647	–
Other items	3,595	7,382	2,847	4,480
Total	7,526	7,993	6,778	5,091

Note 18 Cash and cash equivalents

Cash and cash equivalents consist only of the cash available in the Group's standard bank accounts. Net

book value for these assets is deemed to correspond to their fair value.

Note 19 Share capital

The share capital of MSAB totals SEK 3,834,400, represented by 19,172,000 shares with a quota value of SEK 0.20.

The company has three classes of shares, wherein holders of class A and B shares are entitled to equal rights to the company's assets and profit, but holders of class C shares are not entitled to any share in dividends. In the event of the company being liquidated, assets shall be distributed equally over all shares regardless of class. However, each class C

share shall not be entitled to an amount higher than one corresponding to the quota value of the share. Holders of class A shares are entitled to ten votes per share, while holders of class B and C shares are entitled to one vote per share. There are 1,000,000 class A shares and 17,550,000 class B shares. There are 622,000 class C shares, all of which are held in treasury. The number of class B shares held in treasury is 81,596.

Note 20 Accrued expenses and deferred income

SEK thousands	Group		Parent company	
	2021	2020	2021	2020
Accrued vacation pay	12,833	13,053	12,431	12,759
Accrued bonuses	6,353	4,392	4,606	3,573
Accrued social fees	5,341	5,022	5,341	5,022
Deferred income	45,329	40,131	17,728	18,771
Other items	3,091	3,726	2,406	1,899
Total	72,947	66,324	42,512	42,024

Note 21 Adjustments for non-cash items

SEK thousands	Group		Parent company	
	2021	2020	2021	2020
Depreciation/amortisation	12,356	12,322	11,518	11,091
Unrealised exchange rate fluctuations	3,140	-90	-	-
Total	15,496	12,232	11,518	11,091
Interest received	-	92	-	-
Interest paid	-	-	-	-

SEK thousands	Opening balance 2021	Cash flow	Non-cash changes in new leases	Closing balance 2021
Reconciliation of liabilities arising from financing activities, Group				
Lease liabilities	19,343	-11,461	2,056	9,938
Total liabilities arising from financing activities		-11,461		9,938

SEK thousands	Opening balance 2020	Cash flow	Non-cash changes in new leases	Closing balance 2020
Reconciliation of liabilities arising from financing activities, Group				
Lease liabilities	28,313	-10,567	1,597	19,343
Total liabilities arising from financing activities		-10,567		19,343

SEK thousands	Opening balance 2021	Cash flow	Non-cash changes in new leases	Closing balance 2021
Reconciliation of liabilities arising from financing activities, parent company				
Lease liabilities	18,600	-11,461	2,669	9,808
Total liabilities arising from financing activities		-11,461		9,808

SEK thousands	Opening balance 2020	Cash flow	Non-cash changes in new leases	Closing balance 2020
Reconciliation of liabilities arising from financing activities, parent company				
Lease liabilities	26,402	-10,567	2,765	18,600
Total liabilities arising from financing activities		-10,567	2,765	18,600

Note 22 Dividends

Dividends to shareholders were paid at SEK 2.0 (0.0) per share and totalled SEK 36,937,000 (0). For the 2021 financial year, the Board of Directors proposes that no dividend is paid.

Note 23 Pledged assets and contingent liabilities

SEK thousands	2021	2020
Group		
Mortgage on overdraft	15,000	15,000
Mortgage on rental guarantee	2,265	2,265
Total	17,265	17,265
Parent company		
Mortgage on overdraft	15,000	15,000
Mortgage on rental guarantee	2,265	2,265
Total	17,265	17,265

Pledges relate to a performance guarantee for payment of rent for the head office in Stockholm and an unutilised overdraft facility of SEK 15,000,000. MSAB has no contingent liabilities.

Note 24 Appropriation of profit

SEK	2021	2020
Available for appropriation (SEK)		
Retained profit from the previous year	31,787,576	14,810,716
Share premium reserve	7,770,400	7,770,400
Net profit/loss for the year	29,726,168	16,976,860
Total	69,284,144	39,557,976
Proposed dividend	–	38,344,000
To be carried forward	69,284,144	1,213,976
Total	69,284,144	39,557,976

Note 25 Related parties

Related party relationships

The parent company has a related party relationship with its subsidiaries, see Note 15. Information about remuneration to senior executives, see Note 8.

	Year	Sales of goods/ services to related parties	Interest from related parties	Receivable from related parties 31 December	Liability to related parties as of 31 December
Summary of related party transactions, parent company, SEK thousands					
Related party relationships					
Subsidiaries					
Micro Systemation Ltd	2021	51,656	–	14,464	–
MSAB Incorporated	2021	65,346	–	2,980	–
Micro Systemation Canada Inc.	2021	4,057	–	1,232	–
Micro Systemation Pty Ltd	2021	8,063	–	655	–
MSAB Pte Ltd	2021	12,317	–	4,410	–
Micro Systemation HK Ltd	2021	–	–	21	–
MSAB Technology (Beijing) Co., Ltd	2021	–	–	–	–
MSAB Japan K.K.	2021	3,819	35	5,342	–

	Year	Sales of goods/ services to related parties	Interest from related parties	Receivable from related parties 31 December	Liability to related parties as of 31 December
Summary of related party transactions, parent company, SEK thousands					
Related party relationships					
Subsidiaries					
Micro Systemation Ltd	2020	37,378	–	5,088	–
MSAB Incorporated	2020	42,036	–	1,528	1,603
Micro Systemation Canada Inc.	2020	3,320	–	286	–
Micro Systemation Pty Ltd	2020	10,886	–	873	–
MSAB Pte Ltd	2020	18,825	–	3,259	–
Micro Systemation HK Ltd	2020	–	–	2,251	–
MSAB Technology (Beijing) Co., Ltd	2020	–	–	–	–
MSAB Japan K.K.	2020	1,405	14	49	–

Related party transactions are priced on market terms.

Note 26 Events after the end of the financial year

The ongoing conflict in Ukraine had not affected the Group's sales and order intake at the time of the preparation of the Annual Report. There have also not been any serious supply problems or major increases in raw material prices and transport costs. However, it cannot be excluded that a long-lasting conflict in

Ukraine could have an impact on the Group's sales and order intake, as well as its ability to obtain deliveries, and may lead to increased raw material prices and transport costs.

Approval of financial statements

The consolidated financial statements and Annual Report of Micro Systemation AB (publ) for the 2021 financial year were approved for publication by the Board of Directors and the Chief Executive Officer on 20 April 2022. The consolidated financial statements and Annual Report will be put before the Annual General Meeting for adoption on 11 May 2022.

The Board of Directors and the Chief Executive Officer hereby give their assurance that the Annual Report has been prepared in accordance with the Swedish Annual Accounts Act and RFR2.2, that it provides a true and fair view of the company's financial position and results, that the Report of the Board of Directors gives a true and fair view of the Group's

business activities, financial position and results and describes the significant risks and uncertainties to which the company is exposed.

The Board of Directors and the Chief Executive Officer hereby give their assurance that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, that they give a true and fair view of the Group's financial position and results, and that the Report of the Board of Directors gives a true and fair view of the development of the Group's business activities, and describes the significant risks and uncertainties to which the companies in the Group are exposed.

Stockholm, 20 April 2022

Bernt Ingman
Board Chair

Joel Bollö
Chief Executive Officer

Jan-Olof Backman
Member of the Board

Fredrik Nilsson
Member of the Board

Peter Gille
Member of the Board

Ann Hellenius
Member of the Board

Linda Nyberg
Member of the Board

Our audit report was submitted on 20 April 2022

KPMG

Mattias Lötborn
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of shareholders in Micro Systemation AB (publ), Corp. ID no. 556244-3050.

Report on the annual report and the consolidated financial statements Opinions

We have performed an audit of the Annual Report and consolidated financial statements of Micro Systemation AB (publ) for the year 2021. The Annual Report and consolidated financial statements of the company are included on pages 32–57 of this document.

In our opinion, the Annual Report has been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as at 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as per 31 December 2021 and its financial performance and cash flow for the year, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Swedish Annual Accounts Act. The Report of the Board of Directors is consistent with other parts of the Annual Report and the consolidated financial statements.

We therefore recommend that the Annual General Meeting of shareholders adopt the income statements and balance sheets of the parent company and the Group.

Our opinions in this Report on the annual report and the consolidated financial statements are consistent with the content in the supplementary report submitted to the parent company's Board of Directors in accordance with Article 11 of the EU Accounting Regulation (537/2014).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities according to these requirements. This means that to the best of our knowledge and belief, no prohibited services as outlined in Article 5.1 of the Accounting Regulation (537/2014) have been provided to the audited company, its parent company, if appropriate, or any companies with controlled interests within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters are those which in our professional judgement were most significant for the audit of the Annual Report and the consolidated financial statements for the period under review. These matters were addressed in the context of our audit of, and in forming our opinion on, the Annual Report and consolidated financial statements as a whole, but we do not provide a separate opinion on these matters.

Revenue recognition

See Note 5 and the accounting policies on pages 42–43 of the Annual Report and consolidated financial statements for detailed information and a description of the area.

Description of the area

Net sales for the 2021 financial year totalled SEK 333.0 million (310.1) and were generated primarily from sales of goods, but also some services. We have identified this as a key audit area as the company's revenue is a significant item that in some cases consists of an amalgamation of products and services. If a pledge regarding a good or service meets the criteria for being "distinct", then it is a performance undertaking that is to be reported separately from other goods and services in the agreement. Revenue is recognised when control of underlying goods or services for a performance commitment has been transferred to the customer. Identification of distinct pledges (performance obligations) depends on management's assessment and may significantly impact on when the consolidated net sales are reported, which affects consolidated profit and financial position.

How the area has been addressed in the audit

Our audit measures included but were not limited to:

- evaluation of the Group's principles for revenue recognition and review of compliance with these for each material revenue stream
- gaining of an understanding of essential transaction flows and, for these, evaluation of the Group's significant controls for managing the risk of errors in the financial reporting
- for a selection of individual revenue transactions, verification that revenue was reported at the established fair value for each sub-component and in the period when the Group fulfilled its commitments.

We have also verified the completeness of the underlying facts and circumstances presented in the disclosures in the Annual Report and assessed the adequacy of the information in terms of its comprehensiveness.

Information other than the Annual Report and the consolidated financial statements

This document also contains information other than the Annual Report and the consolidated financial statements, which can be found on pages 1–31 and 65–69. The other information also consists of the Remuneration Report that we obtained prior to the date of this Audit Report. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion as regards the Annual Report and consolidated financial statements does not include this information and we offer no opinions to corroborate this other information.

In connection with our audit of the Annual Report and the consolidated financial statements, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the Annual Report and consolidated financial statements. In this review, we also consider knowledge otherwise obtained during the audit and assess whether the information appears to be materially misstated.

If, based on the work performed relative to this other information, we conclude there is a material misstatement, we are required to report this. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for preparation of the Annual Report and the consolidated financial statements, and for ensuring they provide a true and fair view as per the Swedish Annual Accounts Act, and for the consolidated financial statements in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for the internal controls they deem necessary to ensure that the Annual Report and consolidated financial statements do not contain any material misstatement, whether due to fraud or error.

In preparing the Annual Report and the consolidated financial statements, the Board of Directors and the Chief Executive Officer are responsible for assessing the company's and the Group's ability to continue as a going concern. They disclose, when appropriate, conditions that may affect the ability to continue operating, and to use the going concern basis of accounting. The going concern basis of accounting is not applied, however, if the Board of Directors and the Chief Executive Officer intend to liquidate the company, discontinue operations or do not have any realistic alternative to either of these actions.

Auditor's responsibilities

Our objective is to obtain a reasonable degree of assurance that the Annual Report and the consolidated financial statements as a whole do not contain any material misstatement, whether due to fraud or error, and to issue an auditor's report that contains our opinions. Reasonable assurance is a high degree of assurance but is not a guarantee that an audit performed in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement if such exists. Misstatements may arise from fraud or error and are considered material if they individually or in the aggregate can reasonably be expected to impact the financial decisions of users who base their decisions on the Annual Report and the consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement in the Annual Report and the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may include collusion, forgery,

intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of the part of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- draw a conclusion on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting when preparing the Annual Report and the consolidated financial statements. We also draw a conclusion, based on the audit evidence obtained, as to whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the Audit Report to the related disclosures in the Annual Report and the consolidated financial statements, or, if such disclosures are inadequate, to modify our opinion on the Annual Report and the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure, and content of the Annual Report and the consolidated financial statements, including the disclosures, and whether the Annual Report and the consolidated financial statements represent the underlying transactions and events in a manner that provides a fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information for the entities or business activities within the Group to express an opinion on the consolidated

financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

We must inform the Board of, among other matters, the planned scope and timing of the audit. We must also inform the Board of Directors about significant audit findings, including any significant deficiencies in internal control that we have identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate threats or safeguards that have been implemented.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the Annual Report and the consolidated financial statements, including the most important assessed risks for material misstatement that are therefore the key audit matters. We describe these areas in our Auditor's Report unless laws or other regulations prevent disclosure of the matter.

Report on other legal and regulatory requirements Opinions

In addition to our audit of the Annual Report and the consolidated financial statements, we also performed an audit of the Board of Director's and the Chief Executive Officer's administration of Micro Systemation AB (publ) for the 2021 financial year, and for the proposed appropriation of the company's profit or loss.

We recommend that the Annual General Meeting appropriate the profit in accordance with the proposal in the Report of the Board of Directors, and that the members of the Board of Directors

and the Chief Executive Officer be discharged from liability for the fiscal year.

Basis for opinion

We conducted the audit in accordance with generally accepted accounting standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities according to these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriation of the company's profit or loss. In the event of a dividend being proposed, this includes an assessment of whether the dividend is justifiable considering the requirements that the company's and the Group's type of operations, size and risks place on the parent company's and the Group's equity, capital, consolidation requirements, liquidity and financial position in general.

The Board of Directors is responsible for the company's organisation and for the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organisation is designed so that accounting, management of assets, and the company's financial affairs are otherwise controlled in a reassuring manner.

The Chief Executive Officer shall manage the ongoing administration in accordance with the Board of Director's guidelines and instructions, including taking necessary measures to ensure that the company's accounting is conducted in full compliance with the law and those assets are managed in a reassuring manner.

Auditor's responsibilities

Our objective as regards the audit of the administration, and hence our opinions on discharge of liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect has:

- undertaken any action or been guilty of any negligence which can give rise to liability for the company, or
- in any way acted in contravention of the Companies Act, the Annual Accounts Act, or the Articles of Association.

Our objective with the audit of the proposed appropriation of the company's profit or loss, and thereby our opinion on this, is to assess with a reasonable degree of assurance whether the proposal complies with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit performed in accordance with generally accepted auditing standards in Sweden will always detect actions or negligence that may result in liability for the company, or whether the proposal for the appropriation of the company's profit or loss does not comply with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The review of the management and the proposed appropriation of the company's profit or loss is based primarily on the audit of the accounts. Any additional audit procedures performed are based on our professional assessment based on risk and materiality. This means that our review focuses on such procedures, matters, and conditions that are material to the business and where deviation and infringement would have special significance to the company's situation. We examine and test decisions taken, documentation supporting decisions, actions taken, and other conditions that

are relevant to our statement on discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriation of the company's profit or loss, we examined whether the proposal is consistent with the Swedish Companies Act.

The auditor's review of the Esef Report Opinions

In addition to our audit of the Annual Report and the consolidated financial statements, we have also verified that the Board of Directors and the CEO prepared the Annual Report and the consolidated financial statements in a format that permits uniform electronic reporting (the Esef Report) in accordance with Chapter 16 Section 4 a of the Securities Market Act (2007:528) for Micro Systemation AB (publ) for 2021.

Our review and opinion relate only to the statutory requirement.

In our view, the Esef Report #jUEWhuaCInvVFGg= has been prepared in a format that essentially allows for uniform electronic reporting.

Basis for opinion

Our review was conducted in accordance with FAR's recommendation RevR 18 Auditor's Review of the Esef Report. Our responsibilities under that recommendation are further described in the Auditor's responsibilities section. We are independent of Micro Systemation AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and Chief Executive Officer

It is the responsibility of the Board of Directors and the CEO to ensure that the Esef Report has been prepared in accordance with Chapter 16 Section 4 a of the Securities Market Act (2007:528),

and that there are such internal controls as the Board of Directors and the CEO determine are necessary to enable the preparation of an Esef Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our task is to express an opinion with reasonable assurance, on the basis of our review, as to whether the Esef Report has been prepared, in all material respects, in a format that complies with the requirements of Chapter 16 Section 4 a of the Securities Market Act (2007:528).

RevR 18 requires us to plan and perform our audit procedures to obtain reasonable assurance that the Esef Report has been prepared in a format that meets these requirements.

Reasonable assurance is a high degree of assurance but is not a guarantee that a review performed in accordance with RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement if such exists. Misstatements may arise from fraud or error and are considered material if they individually or in the aggregate can reasonably be expected to impact the financial decisions of users who base their decisions on the Esef Report.

The audit firm applies ISQC 1 Quality Control for Audit Firms Performing Audits and Reviews of Financial Statements and Other Assurance and Related Services and thus has a comprehensive quality control system in place which includes documented policies and procedures regarding compliance with professional ethics requirements, professional standards and applicable legal and regulatory requirements.

The audit includes obtaining evidence, through a variety of procedures, as to whether the Esef Report has been prepared in a form that permits consistent electronic reporting of the Annual Report and the consolidated financial statements. We choose which actions to take, including by assessing the risks of material misstatement in the reporting, whether due to irregularities or

mistakes. In this risk assessment, we take into account the parts of the internal control that are relevant to how the Board and the CEO produce the documentation for the purpose of designing review measures that are appropriate in the circumstances, but not for the purpose of making a statement about the effectiveness of the internal control. The review also includes conducting an evaluation of the appropriateness and reasonableness of the Board of Directors' and the CEO's assumptions.

The review procedures mainly include a technical validation of the Esef Report, i.e. checking that the file containing the Esef Report complies with the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 (the Esef Regulation) and performing a reconciliation of the Esef Report with the reviewed Annual Report and consolidated financial statements.

Furthermore, the review also includes assessing whether the Esef report has been tagged with iXBRL, which allows for a fair and complete machine-readable version of the Group's income statement, balance sheet, statement of changes in equity and cash flow statement.

KPMG AB, Box 382, SE-101 27, Stockholm, Sweden, was appointed as the auditor for Micro Systemation AB (publ) by the Annual General Meeting held on 11 May 2021.

KPMG AB or auditors working at KPMG AB have been the company's auditors since 2019.

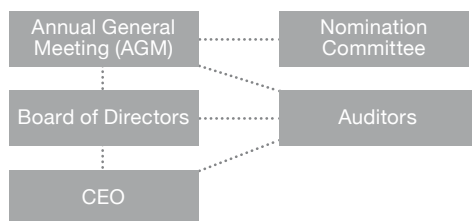
Stockholm, 22 April 2022
KPMG AB

Mattias Lötbörn

Authorised Public Accountant

Corporate governance report

MSAB applies the revised Swedish Corporate Governance Code as of 1 January 2020. Corporate Governance at MSAB is based on Swedish legislation, and the regulations and recommendations set out by relevant organisations such as the Swedish Corporate Governance Board, Nasdaq Stockholm, the Swedish Securities Council and others. Corporate Governance is conducted via the AGM, the Board of Directors (“the Board”) and the Chief Executive Officer (CEO). The company’s auditors, appointed by the AGM, review the financial statements and the administration of the company as conducted by the Board and CEO. The Nomination Committee prepares proposals to the AGM on the election and remuneration of the Board and auditors. The Code is built on the principle comply or explain, which means that a company that applies the Code may deviate from its provisions provided that each deviation can be explained in a satisfactory manner.



Annual General Meeting (AGM)

The AGM is the company’s highest decision-making body. The company complies with the Swedish Companies Act with regard to how the AGM is organised, how shareholders exercise their rights and what decision-making powers the AGM has. The Annual General Meeting was held on 11 May 2021 at the company’s premises

on Hornsbruksgatan in Stockholm. Resolutions at the AGM included:

- adoption of the income statement and balance sheet, as presented in the Annual Report, and discharging of Members of the Board and the CEO from liability
- re-election of the Board members Jan-Olof Backman, Ann Hellenius, Linda Nyberg and Peter Gille and election of Bernt Ingman and Fredrik Nilsson as new members of the Board. Bernt Ingman was elected as the Chair of the Board.
- election of KPMG AB med Mattias Lötbörn as Auditor-in-Charge for the period up to the conclusion of the next AGM.
- adoption of the Nomination Committee’s proposal for non-employee Board member remuneration of SEK 185,000 and remuneration of SEK 500,000 for the Chair of the Board
- adoption of the Board’s proposal for guidelines and the Board’s Remuneration Report regarding remuneration for senior executives
- adoption of the Board’s proposal authorising the Board to make decisions regarding issuance of shares, share warrants and convertibles
- adoption of the Board’s proposal authorising the Board to make decisions about the transfer of shares held in treasury
- approval of the proposal to amend the Articles of Association.
- appointment of David Zaudy, Christian Hellman and Erik Ivarsson to the Nomination Committee.

The full minutes from the AGM are available on the company’s website, msab.com.

Share ownership

The company’s B share (MSABB) are listed on the Nasdaq Stockholm exchange. There are 1,000,000 class A shares and 17,550,000 class B shares. There are 622,000 class C shares, all of which are held in treasury. Holders of class A shares are entitled to ten votes per share, while holders of class B and C shares are entitled to one vote per share.

Nomination Committee

The Nomination Committee is elected by the AGM. The Nomination Committee represents the shareholders and has the task of submitting proposals to the Annual General Meeting regarding, among other things, Board members, the Chair of the Board, the auditor and their remuneration. Proposals shall also be made regarding possible remuneration for committee work and regarding the election and remuneration of an external auditor.

The mandate of the Nomination Committee also includes proposing the Chair of the Annual General Meeting and defining the appointment procedure for the members of the Nomination Committee. These members shall be announced at least six months before the ordinary general meeting. The Nomination Committee consists of David Zaudy, Christian Hellman and Erik Ivarsson, who represent the three largest shareholders in terms of votes.

The Board and its work during 2021

The Board of Directors has six members. The Board is ultimately responsible for how the company is organised and for administration of the company’s affairs. Information about the business and its economic and financial status

is provided regularly at Board meetings. As part of the internal control of financial information, the Board reviews financial year-end reports, interim reports and annual reports, and poses control questions on process descriptions and procedures prepared by senior management. The CEO and the Board Chair communicate frequently regarding the business. The Board is also responsible for ensuring that appropriate policies are drawn up and implemented within the organisation. The distribution of tasks between the members of the Board, the Chair of the Board and the CEO are defined in the following written instructions:

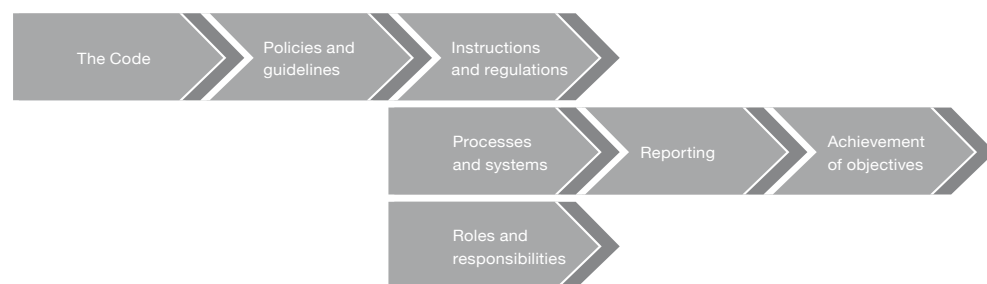
- the rules of procedure for the Board,
- the distribution of tasks between the Board and CEO, and
- instructions to the CEO.

Evaluation of the Board and the CEO

The Board continuously evaluates the CEO’s performance within the framework of the regular work of the Board. The Board’s evaluation has been performed partly via the Chair reporting to the Nomination Committee on the Board’s work and how it functions, and partly via jointly compiled surveys completed by each Member of the Board. Great emphasis is placed on following up on former high-profile issues and on continuity in the process of change and improvement. When necessary, complementary, in-depth interviews are conducted with individual Members of the Board. The results have served as a basis for the Nomination Committee’s ongoing work and have to a certain extent been reported back to the Board. During 2021, the Board of Directors held nine Board meetings in Stockholm.

Attendance at the year’s Board meetings was as follows:

Corporate Governance



Board of Directors 2021	Position	Elected	Independent	Attendance at Board meetings
Bernt Ingman**	Chair	2021	Yes	6 of 9
Henrik Tjernberg*	Chair	1986	No	3 of 9
Jan-Olof Backman	Member of the Board	1999	Yes	9 of 9
Linda Nyberg	Member of the Board	2019	Yes	9 of 9
Ann Hellenius	Member of the Board	2019	Yes	9 of 9
Peter Gille	Member of the Board	2020	Yes	9 of 9
Fredrik Nilsson**	Member of the Board	2021	Yes	6 of 9
Carl Bildt*	Member of the Board	2016	Yes	2 of 9

* Left the Board at the 2021 AGM

** Elected to the Board at the 2021 AGM

Board independence

The Board considers itself to be independent of the major shareholders, management and the company. The Board has not established special committees for remuneration and auditing as the company and Board employ relatively few people. These issues are dealt with by the

Board as a whole. The Board of Directors has discussed the company's strategic focus, product development, growth, future strategy and other significant operational issues. MSAB works actively according to targets set by the Board, communicated to operational units via the CEO and management.

Senior management

The CEO is responsible for preparing and implementing MSAB's strategies for achieving agreed targets. The CEO oversees regular meetings with the operational management team, and with a team dedicated to product development issues. Meetings are also regularly convened for the entire company, or certain departments, to disseminate information and review activities with the company's employees.

Auditors

At the 2021 AGM, the audit firm KPMG was elected as the company's external auditor for the period until the next AGM. Mattias Lötbörn is the Auditor-in-Charge. The auditor reports its conclusions to the Board annually and meets with the Board without management presence, in accordance with the Swedish Code of Corporate Governance.

Internal control

The Board has overall responsibility for effective internal control of the company. The CEO is responsible for ensuring that a process and organisation are in place that assure internal control and the quality of the financial reporting to the Board and the market.

The essential components of the company's internal control structure are the control environment itself, risk assessment, control activities and monitoring.

Control environment

The basis of MSAB's control environment is the corporate culture established in the company. MSAB works actively to communicate the company's values to ensure that high morals, ethics and integrity permeate the organisation. The framework for internal control is built on the company's guidelines, instructions, policy documents and the accountability and authority structure adapted to the organisation.

Sustainability

The company's business mission is to deliver solutions that empower law enforcement authorities to effectively secure evidence recovered from digital devices. This means that, through its solutions, the company strives to create a more legally secure society where more crimes are cleared up and prevented. In this way, the company's entire existence is a major contribution to a sustainable society. Since the company is essentially engaged in developing software, its impact on the environment is limited. However, the Board also strives to ensure that the company complies with the environmental requirements in the various markets in which the company operates.

Risk assessment

Risks relating to the financial reporting are evaluated and monitored continuously by the

Board and management. Risks are assessed at both the company and functional level for critical processes, including the IT environment. The company's accounting is characterised by precautionary principles and management strives to limit financial risks. In addition, the management's objective is that the company's IT environment should be reliable and risk-minimised, and that the company's business systems should be fit-for-purpose, given the nature of the company's operations. The company strives to maintain strong control of the production flow, such as by ensuring that all development and design takes place within the company's organisation, and that all designs are proprietary. The company is not dependent upon any single supplier, although some production is external. MSAB's operations are affected by a number of business risks that impact on the company's earnings and financial strength. When assessing future developments, it is important to weigh opportunities for growth in profitability against the risks. The most significant risks identified relating to business operations are currently:

- Exposure in various foreign currencies. The value of the Swedish krona relative to relevant currencies fluctuates, which creates uncertainties in forecasting future revenue in Swedish kronor. More than 90 percent of the company's total sales are for export, while approximately 60 percent of its costs are in Swedish kronor.
- Competition for customers is intensifying, and the company is working continuously on product improvements and packaging to meet customer requirements for the best tools.
- The speed of technological advance and the launch rate of new and more advanced mobile phones is placing even greater demands on development resources.
- Legal risks.

Control activities

Several control activities are performed in the day-to-day business processes to ensure that any errors or deviations in financial reporting are prevented, detected and corrected. The aim is to operate an authorisation structure where the same individual cannot perform and control the same task. Finance personnel are also involved in ongoing dialogue with subsidiaries and make visits to monitor and ensure that routines and policies are adhered to in accordance with Group management instructions.

Monitoring

The CEO reports monthly to the Board through a report covering the trend of the Group's earnings compared to budget and the previous year, as well as the Group's financial position. MSAB does not have a separate audit function, i.e. an internal audit, as the company is relatively small. The Board's view is that the company's business model, current structure and scope do not require such a function. The function is instead performed by Group management and the Group's finance department, with support from the external auditors. An ongoing dialogue is maintained between the company and its external auditor, and the controls performed by Group management are currently assessed as adequate in ensuring that the internal control is of a good standard. This assessment will be evaluated continuously and will be reviewed again in 2022.

Remuneration for the Board of Directors and senior executives

The Nomination Committee prepares proposals for remuneration payable to the Board. The fees are presented to the AGM for approval and are paid to Members of the Board who are not company employees. The amounts for remuneration to the Board, shown by fiscal year, are reported in Note 8.

Principles of remuneration

Remuneration payable to the Chair of the Board and other members of the Board is subject to approval by the AGM. The overall principles governing remuneration to senior executives are based on position, individual performance and the Group's profits, and that the remuneration should be competitive. Total remuneration for senior executives shall consist of fixed salary, and variable salary in the form of incentives based on performance targets. In addition, conditions apply governing termination and severance pay. Senior executives refers one person who together with the Chief Executive Officer comprised the Group management during 2021. All senior executives were employed throughout the year. In addition to senior executives, the Group also has an operational management team, whose remuneration principles do not differ from those described above for senior executives.

Auditor's report on the Corporate Governance Report

To the Annual General Meeting of shareholders in Micro Systemation AB (publ), corp. ID no. 556244-3050

Tasks and responsibilities

The Board of Directors is responsible for the Corporate Governance Report for 2021 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Focus and scope of the review

Our review was conducted in accordance with FAR's recommendation RevR 16 Auditor's Review of the Corporate Governance Report. This means that our review of the corporate governance report has a different focus to, and is substantially lesser in scope than, an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the review has provided us with sufficient grounds for our opinions.

Opinion

A corporate governance report has been prepared. Information in accordance with Chapter 6 Section 6 (2) items 2-6 of the Annual Accounts Act and Chapter 7 section 31(2) of the same Act are consistent with the Annual Report and the consolidated financial statements and agree with the Swedish Annual Accounts Act.

Stockholm, 22 April 2022

KPMG AB

Mattias Lötborn

Authorised Public Accountant

Board of Directors



Board Chair

Bernt Ingman

Independent in relation to the company, senior management and major owners.

Education: Master of Science in Business and Economics

Current position: Chair of the Board of MSAB.

Previous assignments: Chair of the Board of Beijer Ref AB, Pricer AB and SBC Sveriges

BostadsrättsCentrum AB. CFO of Husqvarna AB, Munters AB, Gunnebo AB and Doro AB.

Chair of the Board since: 2021

Shareholding: 10,000

Other Board assignments: Chair of the Board of TagMaster AB, Chair of the Board of Skawen Holding AB and Chair of the Board of Handelsbanken's local office in Kista.



Member of the Board

Jan-Olof Backman

Independent in relation to the company, senior management and major shareholders.

Education: MSc Engineering, KTH and University of Washington.

Current position: Self-employed consultant

Previous assignments: Senior positions at Coor Service Management, Skanska and McKinsey & Company.

Member of the Board since: 1999

Shareholding: 191,310 class B shares personally and via a company.

Other Board assignments: Member of the Board of Tagehus Holding and Credentia. Former member of the Board of 24Storage, Vasakronan and Logent.



Member of the Board

Peter Gille

Independent in relation to the company, senior management and major shareholders.

Education: Uppsala University (Computer Science) and Executive MBA at École des Ponts Business School.

Current position: Board and consultancy assignments.

Previous assignments: Oracle, CEO Nexus Technology and CEO Cambio Healthcare Systems.

Member of the Board since: 2020

Shareholding: 8,000 class B shares

Other Board assignments: Member of the Board of XMReality AB, ImagineCare AB and Leanon.



Member of the Board

Ann Hellenius

Independent in relation to the company, senior management and major shareholders.

Education: Linköping University. **Current position:** CEO Caggemini Invent Sweden and Finland.

Previous assignments: CDO/CIO Scandic Group, CIO Bankgirot and CIO Stockholm City.

Member of the Board since: 2019

Shareholding: 0

Other Board assignments: Member of the Board of Volvofinans Bank AB, Synsam AB and HSB Affärsstöd.



Member of the Board

Fredrik Nilsson

Independent in relation to the company, senior management and major shareholders.

Education: MSc Engineering, Lund University.

Current position: Vice President of the Americas at Axis Communications.

Previous assignments: Various management positions at Axis Communications and ABB.

Member of the Board since: 2021

Shareholding: 30,000

Other Board assignments: Former member of the Board of Security Industry Association.



Member of the Board

Linda Nyberg

Independent in relation to the company, senior management and major shareholders.

Education: Uppsala University, University of Alberta, Canada, Université de Sorbonne, Paris.

Current position: Marketing and Business Development Manager at Flaire AB. AniCura Group Corporate Affairs and Brand Director.

Previous assignments: Marketing and Business Development Manager Flaire AB, Marketing and Communications Manager Apoteket AB and Vice President Media Relations and Online Communications Essity (formerly SCA AB), journalist SVT, TV3, TV4 and Aljazeera.

Member of the Board since: 2019

Shareholding: 0

Other Board assignments: Member of the Board of C-Green Technology AB, Flaire AB and Elly Media AB.

CEO and Operational Management



CEO and President

Joel Bollö

Education: Engineering
Employed since: 2002
Previous experience: CEO, DLX AB (own company); Key Account Manager at Netwise AB.
Shareholding: 69,000 class B shares



CEO North America

Jansen Cohoon

Education: Bachelor's and Master's degrees in Computer Engineering
Employed since: 2010
Previous experience: Digital Forensics, MSAB Development, Director for US DoD and Intel.
Shareholding: 0



CBDO

Mike Dickinson

Education: Britannia Royal Navy College
Employed: 2009
Previous experience: Management positions at Mouchel and Reliance. Former police officer and naval officer.
Shareholding: 6,000



CSO

Mikael Falkovén

Education: Swedish Defence University
Employed since: 2017
Previous experience: Senior positions at SAAB and 14 years as an officer in the Swedish Armed Forces.
Shareholding: 0



CTO

Joakim Grundvall

Education: KTH (Royal Institute of Technology) – Physics, Mathematics and Computer Science
Employed since: 2017
Previous experience: Managerial positions in development at Dice and Klarna.
Shareholding: 0



CHRO

Susanne Jegendal

Education: Post-secondary education in Economics, Human Resources/HR
Employed since: 2009
Previous experience: Financial positions at ÅF and Combra AB.
Shareholding: 1,720



CPO

Bradley Sipes

Education: Computer Science at the College of William & Mary
Employed since: 2016
Previous experience: Management positions at Ericsson and Verizon; self-employed as consultant.
Shareholding: 0



COO

Per-Olof Stark

Education: Royal University of Technology, INSEAD
Employed since: 2018
Previous experience: Management positions at Cisco Systems, PacketFront, Fujitsu and Oracle.
Shareholding: 0



CMO & CCO

Carolen Ytander

Education: Berghs School of Communications, FEE
Employed since: 2020
Previous experience: CMO Nordlo, CMO Nexus, Director of Nordic Marketing, Vattenfall.
Shareholding: 1,000



Interim CFO

Lars Kevsjö

Education: Master of Science in Business and Economics
Employee since: 21 Feb 2022
Previous experience: Interim CFO Eniro, Nordomatic, Accedo, Mawell, CFO Seamless Distribution Systems, Enea, Net Insight.
Shareholding: 0

Addresses

Parent company

Micro Systemation AB Head Office

Box 17111
Hornsbruksgatan 28
SE-104 62 Stockholm
Sweden
Tel. +46 (0)8 739 02 70

Subsidiaries

MSAB Inc.

241, 18th Street
South Suite 202
Arlington, VA 22202
USA
Tel. +1 703 750 0068

Micro Systemation Ltd.

2nd Floor East
Central Point 25-31
London Street,
Reading, RG1 4PS
United Kingdom
Tel. +44 (0)808 234 2450

Micro Systemation Canada Inc.

340 March Rd.
Suite #400
Ottawa, Ontario, K2K 4E2
Canada
Tel. +1 613 851 0068

Micro Systemation Pty Ltd

PO Box 488 Forestville 2087
24 Jimada Avenue
Frenchs Forest, NSW 2086
Australia
Tel. +61 (0)424 908 439

MSAB Pte Ltd

260 Orchard Road
#07-01/04, The Heeren
Singapore 238855
Singapore

MSAB Japan K.K.

Zip code 106-0032
Roppongi 1-10-3-901,
Roppongi,
Minato-ku, Tokyo
Japan
Tel. 03 5544 8516

MSAB is also represented in: MSAB Italy

Via Grassi 17
22063, Cantù (CO)
Italy
Tel. +39 339 567 3597

MSAB Spain

28049, Madrid
Spain
Tel. +34 659 072 700

MSAB Brazil

Tel. +55 11 999375255

MSAB France

Tel. +33 1 53 30 79 42

MSAB Germany

Tel. +49 800 1827441

MSAB India

Business Sweden,
c/o Embassy of Sweden,
Nyaya Marg, Chanakya Puri,
New Delhi - 110021
Tel. +91 11 46067100

Norway

Finland

Netherlands

Annual General Meeting

Financial information

Annual reports, interim reports and other press release information may be ordered from Micro Systemation AB, Hornsbruksgatan 28, SE-117 34 Stockholm, Sweden; by phone on +46 (0)8 739 02 70; by email to info@msab.com; or at msab.com.

Annual General Meeting 2022

The Annual General Meeting will take place at the company's offices at Hornsbruksgatan 28, Stockholm, at 6 pm on Wednesday 11 May 2022. The notice convening the meeting will be issued no later than four weeks before the AGM in Post and Inrikes Tidningar and will also be posted on the company's website www.msab.com. In addition, an advertisement will be placed in the Svenska Dagbladet newspaper declaring that the notice has been issued.

Shareholder contact

Joel Bollö, CEO
Tel: +46 (0)8 739 02 70
joel.bollo@msab.com

Financial Calendar 2022

Interim Report for January-March: 28 April 8.00 am
Interim Report for January-June: 22 July 8.00 am
Interim Report for January-September: 26 October 8.00 am
Year-end Report: 31 January 2023 8.00 am

Milestones in the history of MSAB

2021

MSAB is the first market participant to offer support for iOS 15 and a special tool for customised forensic reports. The company also announces support for later versions of Samsung, Motorola and Xiaomi phones with the Qualcomm chip, which is in high demand in North America and elsewhere. MSAB signs significant business deals in markets such as the US, France and the UK, and increases sales by 7.4 percent.

2020

In late 2020, XRY is released with iOS 14 support, with MSAB being the first market participant to offer this. XRY can now also extract data from locked LG Qualcomm devices. XAMN Horizon with artificial intelligence (AI) now enables smarter identity matching and effective monitoring of group interaction, and provides massive improvements to the network support in XEC.

2019

In late 2019, XRY 8.2.2 is released, enabling physical bypassing of the Samsung Galaxy A/J/S series and providing streamlined Checkm8 support for iOS. XRY now supports 29,000 mobile devices and applications. XAMN 4.5 is released with a new shortcut button that allows users examining an image to quickly find similar images.

2018

XAMN 4.0 and XAMN Horizon are launched, with time-saving functions for presenting and analysing mobile data. XRY now supports 26,000 mobile devices and applications. XRY Drone is introduced. XEC Directors is further developed to allow users to manage and control both XAMN and XRY in the system.

2017

XEC Director and XAMN Elements are launched. MSAB announces a strategic partnership with Nuix relating to the latter's leading digital investigation platform. XAMN 2.0 is launched, which helps users analyse mobile forensic data faster and with greater accuracy and adds automatic image recognition. With regular new updates, XRY support is extended to additional mobile devices, including drones.

2016

MSAB introduces the MSAB Ecosystem to meet the needs of investigative agencies for a complete solution of mobile forensic tools. A strategic partnership is announced with Berla, a provider of forensic vehicle technology, which manufactures the iVE forensic system.

2015

The company is rebranded from Micro Systemation AB to MSAB. XRY now supports more than 16,000 models and is sold to over 100 countries worldwide. MSAB launches forensic training in Advanced Acquisition and Advanced Apps Analysis designed for professional users who need to reach the next level of knowledge understanding.

2014

MSAB's Kiosk is launched for law enforcement agencies that have higher requirements regarding handling large volumes of mobile phones. The company launches support for non-standard mobile devices with the XRY PinPoint solution. The company establishes a new office and appoints a sales manager in Australia to make sales directly to customers in Australia and New Zealand.

2013

XAMN, a mobile forensics analytics product, is launched. In the same year, the company receives a large order from both federal and state law enforcement agencies in the US.

2010

MSAB receives the largest order ever in the company's history, from the US government. Shortly after that, the company receives another order from the same customer for double the number of units and North America becomes MSAB's single largest market. By around that time, over 97% of all the police forces in the UK have acquired an XRY.

2004

A new share issue is carried out to finance a global launch of the new XRY product, which is the first ever dedicated product in the area of forensics for mobile devices. The first sales are made in the UK.

2002

Joel Bollö takes over as CEO from Henrik Tjernberg and talks begin with the Swedish police about forensic tools for reading the content of mobile phones.

1984

Micro Systemation, founded by Bo Eriksson, is a technology consulting company specialising in advanced data communications. Henrik Tjernberg is appointed chairperson in the following year.

MSAB is a world leader in forensic technology for extracting and analysing data from seized mobile devices. The company develops high-quality, easy-to-use software that helps law enforcement agencies, such as police forces, defence organisations and customs agencies, carry out their duties. The products, which have become a de-facto standard for securing evidence in criminal investigations, can be complemented with reporting tools and a wide range of training courses with associated certification in forensic science.

The company serves customers in more than 100 countries worldwide, through its own sales offices and through distributors. MSAB is listed on Nasdaq Stockholm under the ticker name: MSAB B.

[!\[\]\(2bdfe261b986065ee0ac76460d6528c9_img.jpg\) Read more about MSAB here](#)

[!\[\]\(dfbd6b3763a6d1d9afaa974f64e2e4b5_img.jpg\) Read more about MSAB's products here](#)

MSAB

Trusted Partner in Digital Forensics