



MSAB | Annual Report 2022

Contents

3	MSAB in brief	35	Definitions
4	2022 highlights	36	Report of the Directors
6	Comments by the CEO	39	Financial statements, Group, Parent Company
9	Market	46	Notes
11	Business concept	61	Signatures
13	Strategy	62	Auditor's report
14	Customer case study Frontline	65	Corporate Governance Report
16	Offering	68	Board of Directors
18	Regions	69	Management
25	Research & development	70	Addresses and AGM
26	Sustainability	71	History
32	The share & shareholders		
34	Five-year overview		

Financial calendar 2023

Interim Report for January–March: 27 April 2023

Annual General Meeting: 11 May 2023

Interim Report for January–June: 20 July 2023

Interim Report for January–September: 26 October 2023

Year-end Report 2023: 25 January 2024

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MSAB in brief

MSAB is a world leader in forensic technology for extracting and analyzing 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 law enforcement agencies. MSAB has clear growth strategies combined with a business model that entails scalability and a high degree of recurring revenue.

Who?

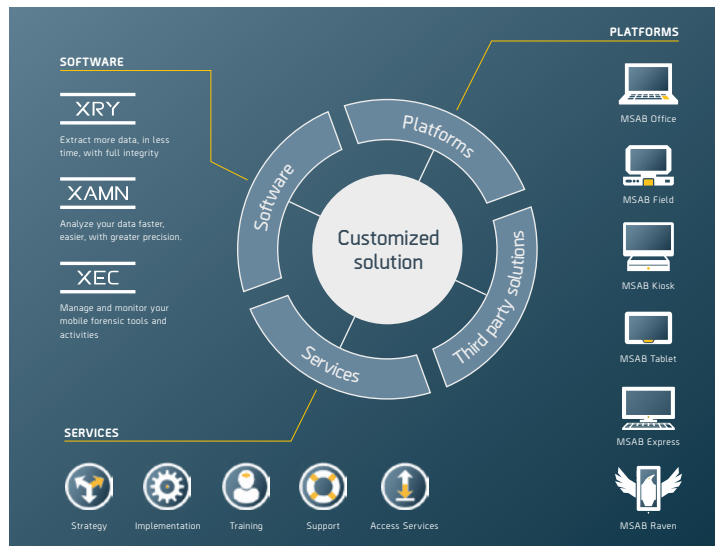
MSAB assists law enforcement authorities – the police, defense, migration, corrections and customs – carry out their missions. Typical users of MSAB’s products are experts within digital forensics, investigators, analysts, and police officers in the field.

Where?

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

What?

The company offers software for the extraction of data from mobile phones, tablets and drones, as well as products that can analyze data and manage and monitor the use of the tools.



License-based revenue model

MSAB’s core business consists of software that is licensed to users. Once a license has been purchased, the customer has to renew it in order to ensure they have the latest version. Software that is not updated quickly becomes obsolete.

Proportion of recurring revenue

54%

XRY supports

43,400

devices and more than 4,300 app versions

2022 highlights

Despite the pandemic still being ongoing in the first half of the year in large parts of the world and there being delivery problems from hardware suppliers, MSAB maintains a high level of sales.

The Group's net sales for the year of SEK 363 million (333) are the company's highest ever, representing growth of 9 percent. Currency-adjusted growth was 0.5 percent.

Q1

MSAB signed several strategically important contracts that will result in closer involvement with several customers.

MSAB announced the first of four major product launches. Updated solutions for mobile forensics were released, with full support for Windows 11.

The company also introduced a number of new and improved product functions, designed with the help of specialists and investigators in mobile forensics to accelerate their investigations and solve cases more quickly.

Despite supply chain disruptions, the company set a net sales record of SEK 75.6 million for the first quarter. A significant increase in the number of activities such as trade fairs, training courses and travel, contributed to higher costs compared with the preceding year.

Q2

MSAB reported good sales growth in all regions.

The European Academy of Forensic Science (EAFS) held its annual conference in Stockholm, which was attended by more than 1,200 forensic scientists from all the forensic labs in Europe. MSAB was the main sponsor together with the Swedish NFC (National Forensic Center), which hosted the conference. The conference was the most well-attended since its inception in 1994. New sales of XRY increased as a direct consequence of the company's increased investment

in access and user-friendliness for the products. The sale of training and other services also grew strongly.

The ForMobile project, which aims to create a legally secure digital evidence chain from crime scene to court room in the EU, was brought to a successful conclusion, including a new standard, tools and training for law enforcement agencies. MSAB was the only industrial partner involved in the three-year project.

At the Annual General Meeting, Rolf Rosenvinge and Hanna Bilir were elected to the Board of Directors.

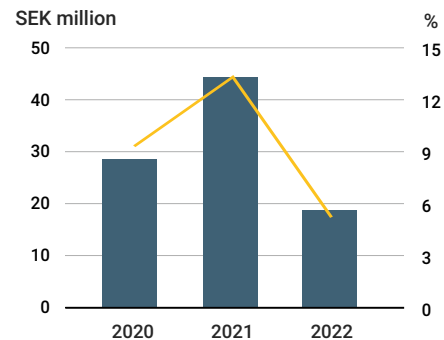
Q3

MSAB signed several large contracts during period, including with a major federal agency in the USA to deliver Frontline solutions for five years. The company also signed a new contract with European police authorities, for which MSAB will expand its involvement in both services and training. One of the major US security and defense companies signed a contract for a complete XRY solution, which will be part of a larger undertaking on behalf of the customer. MSAB also signed a framework agreement with one of Europe's major defense agencies.

Q4

MSAB continued to enjoy the confidence of one of the largest federal agencies in the USA and received a large order for more than 500 mobile phone extraction software licenses and related

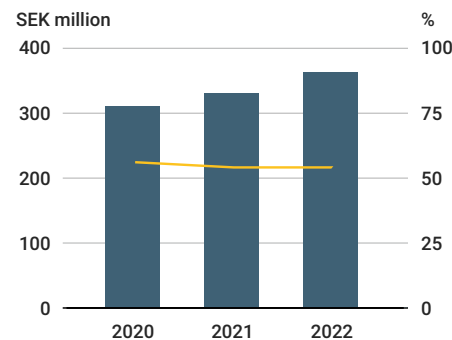
EBIT and EBIT margin



■ EBIT
— EBIT margin

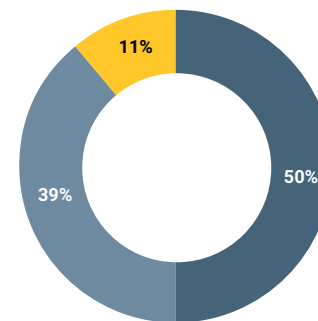
1) See definitions on page 35

Net sales and recurring revenue¹



■ Net sales
— Proportion of recurring revenue

Sales by region



■ EMEA & Latin America
■ North America
■ Asia & Oceania

installation hardware and accessories. Several large orders were signed in the EMEA region during the quarter, with law enforcement agencies in the Netherlands, Austria, France, Germany, Spain and Norway expanding their software licenses for the extraction and analysis of mobile phone data.

The company's fourth major product update in 2022 was launched with improved traceability using 256-bit encrypted .xry-files. New software, XAMN Pro, was also launched with a complete set of analysis functions.

Key performance indicators

	2022	2021	2020
Net sales, SEK million	363.0	333.0	310.1
Net sales growth, %	9.0	7.4	0.8
Operating profit, SEK million	18.8	44.3	28.6
Operating margin, %	5.2	13.3	9.2
Equity ratio, %	40.2	44.0	46.8
Cash flow from operating activities per share, SEK	2.76	0.60	2.80
Return on equity, %	16.60	38.89	19.79
Earnings per share, SEK	0.92	1.89	0.88
Equity per share, SEK	5.58	4.80	4.40
Average number of employees	190	188	202



Every police officer should be able to extract data from a mobile device

MSAB will not be able to take care of everything for all those working at law enforcement agencies, but the company aims to be the best at helping the police to solve the majority of crimes using its solutions.

What has been the biggest highlight for MSAB in 2022?

“It has been an extremely busy year, bringing record sales. We could see during the spring that the pandemic had begun to ease and that the world was opening up again. Activity levels rocketed and the new normal became established, with a balance of working from home and at the office. It has been important for both the culture and the innovation of the company that we have returned to a more normal situation and it should also be said that we have been able to initiate some important projects that were delayed by the pandemic.

During the year, we signed several contracts for MSAB Frontline with prestigious customers within policing, defense and other law enforcement agencies in EMEA and North America. MSAB Frontline enables front-line personnel to perform data extractions from mobile phones. This solution is a perfect example of how MSAB is switching from selling tactical products for the lab to strategic solutions that are integrated in the customer's infrastructure for front-line personnel. We have also signed important contracts with system integrators, which often have framework agreements with major agencies. These system integrators incorporate MSAB's software and hardware in the comprehensive IT infrastructure of the agencies.

“ In three years' time, our decentralized evidence management solution will be the de facto standard and the preferred tool for digital forensics.

Following three years' work, the EU-funded For-Mobile project reached its conclusion in mid-2022, resulting in a new standard, tools and training for law enforcement agencies in Europe. The aim was to create a legally secure process from the crime scene to the court room, where agencies work according to similar processes. As the only industrial partner in the project, MSAB has a significant advantage because the company's products form a key element of the tools developed for European law enforcement agencies.

At the end of the year, we launched XAMN Pro, which is analysis software that enables digital forensic investigators and analysts to review all data extracted from mobile phones in its original form for maximum speed, security and data accuracy. XAMN Pro is the only analysis software on the market that guarantees to map, index and present each individual piece of data optimally, giving the investigators more functionality and therefore greater value.



“Ease of use is currently one of MSAB’s biggest competitive advantages. The UK has the best clear-up rate in the world thanks to our easy-to-use kiosks.”

“How has the business done financially during the year?”

“Our net sales for the year of SEK 363 million were the company’s highest ever, representing growth of 9 percent. We managed to maintain a high level of sales despite an ongoing pandemic and delivery problems among hardware suppliers. The profit achieved for the year is the result of three strong initiatives: increased activity levels in terms of customer meetings and events, a number of product development initiatives and a good mix of MSAB’s products and services. Like many other companies, our costs have been higher than expected. Some costs have even doubled due to inflation, interest rate rises, increased activity and higher manufacturing and wage costs.”

How have the main markets performed?

“All markets – EMEA & Latin America, Asia & Oceania and North America – are showing growth, with Australia and North America particularly standing out. We are doing good things and we are doing the right things but of course there is always more we can do. Our position is stronger now than it was at the beginning of 2022. We have moved even closer to our customers and I believe this is because the world’s law enforcement agencies consider what we deliver to be strategically important. We are seeing that it is becoming increasingly important to work with us,

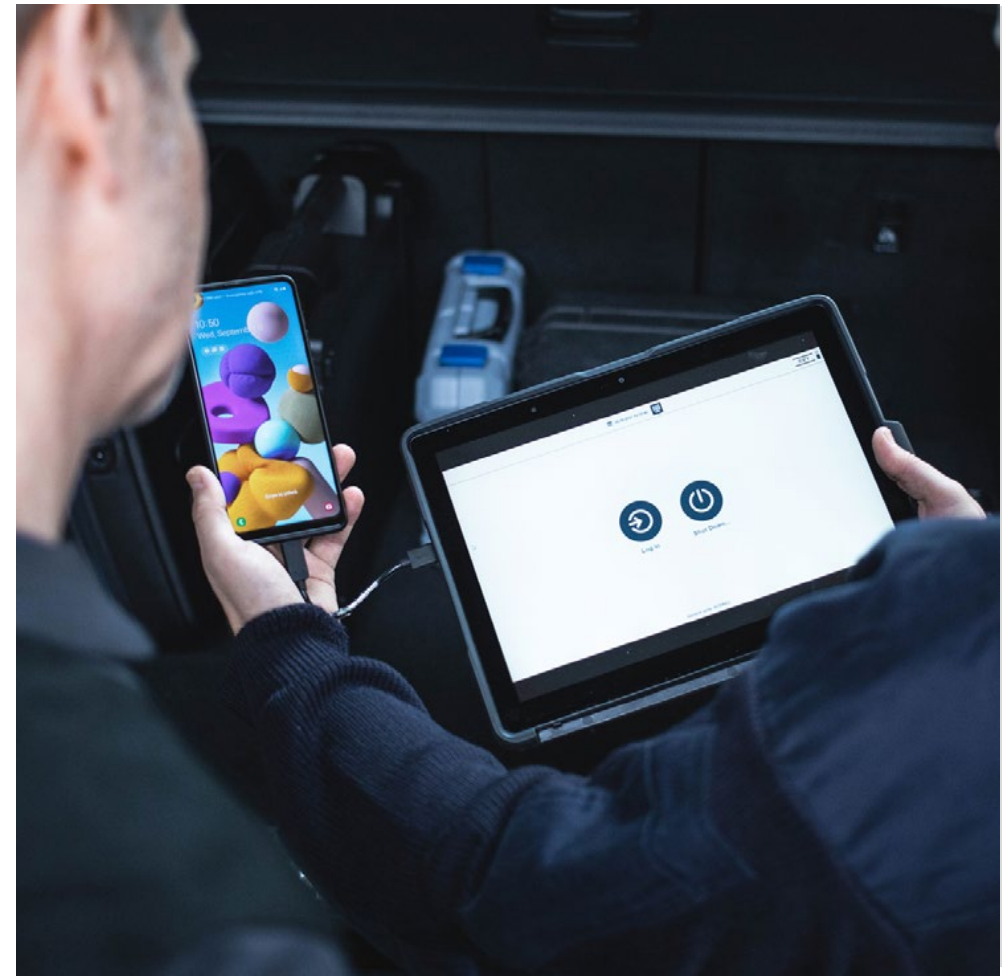
a European company that takes ethics seriously, in other words does business in the right way.”

What is your approach in terms of who to sell to?

“We are very keen to ensure that our products do not end up in the wrong hands where they can do damage, so we are very careful about who we sell to and in which countries. We choose to restrict our sales to those countries that have strong and robust judiciary systems that are greatly trusted by the outside world and which work to promote human rights. We are also regulated by the ISP (Inspectorate of Strategic Products), which has expertise in assessing which countries are democracies.”

What challenges does MSAB face?

“Our high-tech industry moves at a very rapid pace, which is a real challenge as it means our products have to keep up with development in order to access the new phones and apps that are launched. Phone security and data volumes are increasing exponentially and although we have demonstrated considerable expertise in this area for 20 years, it is only the latest results that count. The legislation of different countries is also demanding, as we have to guarantee that our tools work in accordance with a legally secure process – the digital evidence that is produced



“We are very keen to ensure that our products do not end up in the wrong hands where they can do damage, so we are very careful about who we sell to and in which countries. We choose to restrict our sales to those countries that have democratic judiciary systems that are greatly trusted by the outside world and which work to promote human rights.

using our software has to be indisputable in court. The legislation often lags behind, which means it can be difficult to know whether the features we develop in our products will be approved. Time is also a critical factor. Criminal cases are often extremely time critical, as you cannot keep people locked up for as long as you like. So the evidence has to be produced quickly and must be reliable.

Perhaps the biggest challenge for the law enforcement authorities, and for us as a supplier, is the ease of use of the products. Lately, this has also proven to be one of MSAB's greatest assets. There are several suppliers offering digital forensics software for forensic laboratories. Unfortunately, it takes weeks or even months for most labs to process all the phones they receive for investigation. The digital forensics experts who work in the lab are often highly qualified and are able to handle challenging software in the most difficult cases. However, they could benefit from help extracting the large volumes of data from phones in simpler cases.

A major police authority in the United Kingdom has introduced decentralized extraction from mobile phones. This means that officers out in the field or at the police station are able to perform

extractions. Remote workstations (MSAB Kiosk) containing pre-program workflows mean all users can easily extract data from phones. The kiosk users take care of 80 percent of all phones at the police authority. Only 20 percent of the phones are analyzed by lab personnel. Several police authorities around the world are now looking at this UK example and recognizing the enormous potential of enabling front-line personnel to help solve the straightforward majority of cases quickly. The public view of the police is based on how many crimes they solve and the UK has the best clear-up rate in the world thanks to our easy-to-use kiosks.”

What do you believe are the key factors for the company's success?

“We operate in an industry built on trust, where people are convicted when the digital evidence we produce proves they are guilty of a crime. If the evidence does not stand up, this can result in major harm, which means few industries are as challenging as ours. What we do has a real impact and news of whether the customer is satisfied or dissatisfied travels fast.

This also makes it increasingly important for law enforcement authorities to work with suppli-

ers that have high trust capital.

Quality, which is closely related to trust, is also vital for success. Our products must do their job, so development, technical support and training in them has to be best in class.

Perhaps the most difficult challenge is keeping up to date with the explosive development in new phones and apps. We are strongly guided by what the phone manufacturers are doing and we must continuously monitor new versions of phones and apps that are released on each market. All new features that we develop must also be tested and verified before being launched on the market.

MSAB also needs to make a difference to customers. Today, digital evidence is a factor in practically all criminal cases and our customers need our help to find this evidence in phones. Making a difference means keeping promises. We have to deliver what we promise. However, it also means keeping what we know to ourselves – we are often privy to detailed information about how our customers work. We gain insight into their methods, techniques and limitations and this information could be damaging if it were to be made public.

Finally, perhaps the most important factor for success is being an attractive employer. We must be able to attract and retain the best employees. We are reliant on our people making a difference every day. Our requirements are high but MSAB employees are able to work on exciting cases and make a real difference. This also makes us an attractive employer.”

Where will MSAB be in three years?

“In three years' time, our decentralized evidence management solution will be the de facto standard and the preferred tool for digital forensics. Our goal is for every police officer to be able to extract data from a mobile phone. Today, it is generally only labs that can produce evidence from mobile phones, which means that crimes such as threats, rape, embezzlement, burglary and theft go unsolved, as all the resources are devoted to even more serious crimes. We will not be able to take care of everything for all those working at law enforcement agencies, but we aim to be the best at helping the police to solve the majority of crimes using our systems. At one of the UK's largest police authorities, MSAB's solutions already handle 80 percent of crimes and in three years we will have deployed the same platforms to most law enforcement agencies. Our solution will then be widely used by many. This is how all new technologies work. To begin with they are only for technicians, but then they are developed so that everyone can use them.

The rise in crime both within countries and internationally will continue to benefit us, but our success is due mainly to the people who work for us. Their commitment and expertise are incredible and I would like to say a big thank you to all of them for helping to make the world a safer place.”

Joel Bollö
CEO MSAB

The market is driven by five global trends

MSAB is affected by five main external trends that present both challenges and opportunities to the company, as it seeks to retain and gain market share.

Data volumes are rocketing but there is a shortage of expertise in digital law enforcement. There are 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 in court. Simultaneously, attempts to hack into vital IT systems are on the increase and malicious apps are constantly appearing on the market. Law enforcement agencies the world over are facing real challenges.

According to market research company Mordor Intelligence, the global market for digital forensics is expected to be worth almost USD 6.7 billion by 2023 and to grow to USD 12.6 billion by 2028, which corresponds to expected annual growth (CAGR) of 13.5 percent. The market is driven by rising crime in various sectors as a result of the widespread use of smartphones and the Internet of Things (IoT), together with government regulations to protect cyber information. Increasing urbanization, growing populations and technological adoption are other factors driving growth on the digital forensics market.

In addition to the market trends described in this section, there is a demand for common methods, processes and standards for carrying out criminal investigations via a digital forensic method. There is a strong customer requirement for tool interoperability. MSAB has been involved in the EU-funded ForMobile project, which supports and funds research into “the right to privacy” and “the right to a fair trial”. This work



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

is collated in an EU standard document¹, that will provide guidance on mobile forensics to law enforcement agencies.

The ForMobile project integrated the majority of developed tools during the project in MSAB’s XRY and XAMN products, MSAB has committed to supporting the new proposed standard, called CASE, to enable seamless integration with other digital forensic tools.

Competitors

Competition for customers is intense and MSAB is working continuously on product improvements 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 most global players. Particularly in the aspects of Frontline forensic technology and Selective Data Extraction capabilities.

¹) <https://www.cencenelec.eu/news-and-events/news/2022/eninthespotlight/2022-04-12-for-mobile/>

Competitors and products

	Data extraction for experts	Data extraction for non-experts	Data decoding	Data analysis	Data management	DEMS*
MSAB	XRY Pro	Frontline, Raven	XRY, KTE, XAMN	XAMN	XEC	XEC
Cellebrite	UFED for PC, UFED Premium	Kiosk	Physical Analyzer	Physical analyzer	Commander	Pathfinder
Magnet	–	–	Axiom	Axiom	Atlas	Atlas
Grayshift	Graykey	–	ArtifactIQ	–	–	–
Oxygen	Forensic Detective	–	Forensic Detective	ArtifactIQ	–	–

* Digital evidence management system

The products above are those which the five 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
Abundance of data	There are enormous volumes of data and not enough time for law enforcement agencies to analyze the content of digital devices.	There is great demand for effective mobile forensics tools that support the forensic recovery of evidence.	MSAB supplies the extraction tool XRY for opening locked phones, extracting data and decoding it. The company also 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 import third party data sets.	In October 2022, there are close to five million apps available for download from App Store, over a million of which are gaming apps. 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. statista.com
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 need 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." University of Exeter, 17 September 2021
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 whole online lives exposed and simultaneously lose access to their mobile device for months at a time due to police backlogs in processing evidence.	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, which has become increasingly important as new legislation in some countries requires the controlled use and review of data from mobile phones, to avoid unnecessary collateral intrusion into victim data privacy rights.	42 percent of rape victims withdraw their reports because they do not want to hand over their mobile data/phone. 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 forensic data containers, i.e. it must not be possible to manipulate the data in a court case.	MSAB offers a secure file format (.xry), with password protection and strong encryption (up to AES 256Bit) which, together with detailed log files, 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 "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 to help organizations to avoid reverse engineering and file manipulation, to protect their evidence	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 making the world safer

MSAB has solutions for extracting data from mobile phones that provide secure and reliable evidence in investigations for law enforcement agencies. An ethical approach, from crime scene to court room, helps our customers make the world a safer place.

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 room – 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.

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 ethical
- We deliver results

Business and revenue model

- MSAB's core business consists of software that is licensed to users.
- A start-up package from MSAB contains a license 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 license varies depending on what the customer wants. The license period

Business model

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

Market trends

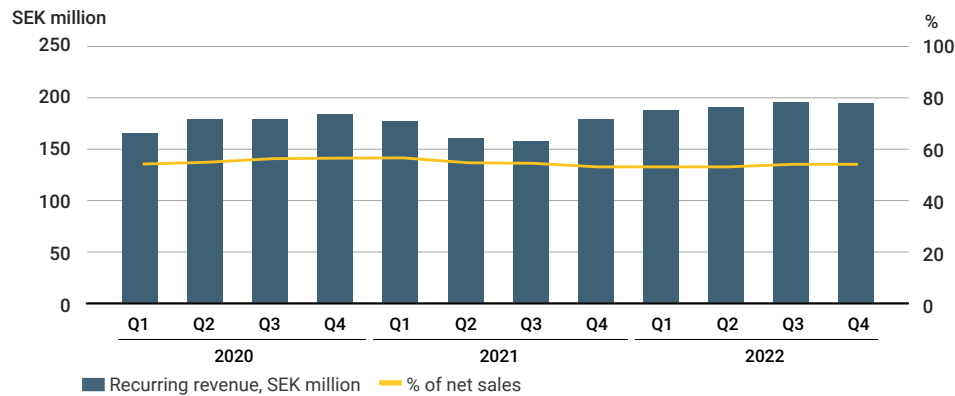
- › Abundance of data
- › Lack of IT training and of IT forensic officers in the police
- › Privacy requirements
- › Evidence requirements
- › Cyber security

MSAB

- › Strategic product development with a complete range of software for extracting, analyzing, managing and reporting results within digital forensics
- › Market presence – customers all over the world, own staff in 18 countries
- › License renewal model
- › Strategic partnerships and projects
- › Distributors – Carefully selected partners who complement and resell MSAB's solutions
- › Decentralized responsibility and authority
- › Personnel – around 200 employees with specialist expertise in mobile forensics
- › Value-based leadership
- › Core values – we are innovative, we are ethical and we 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

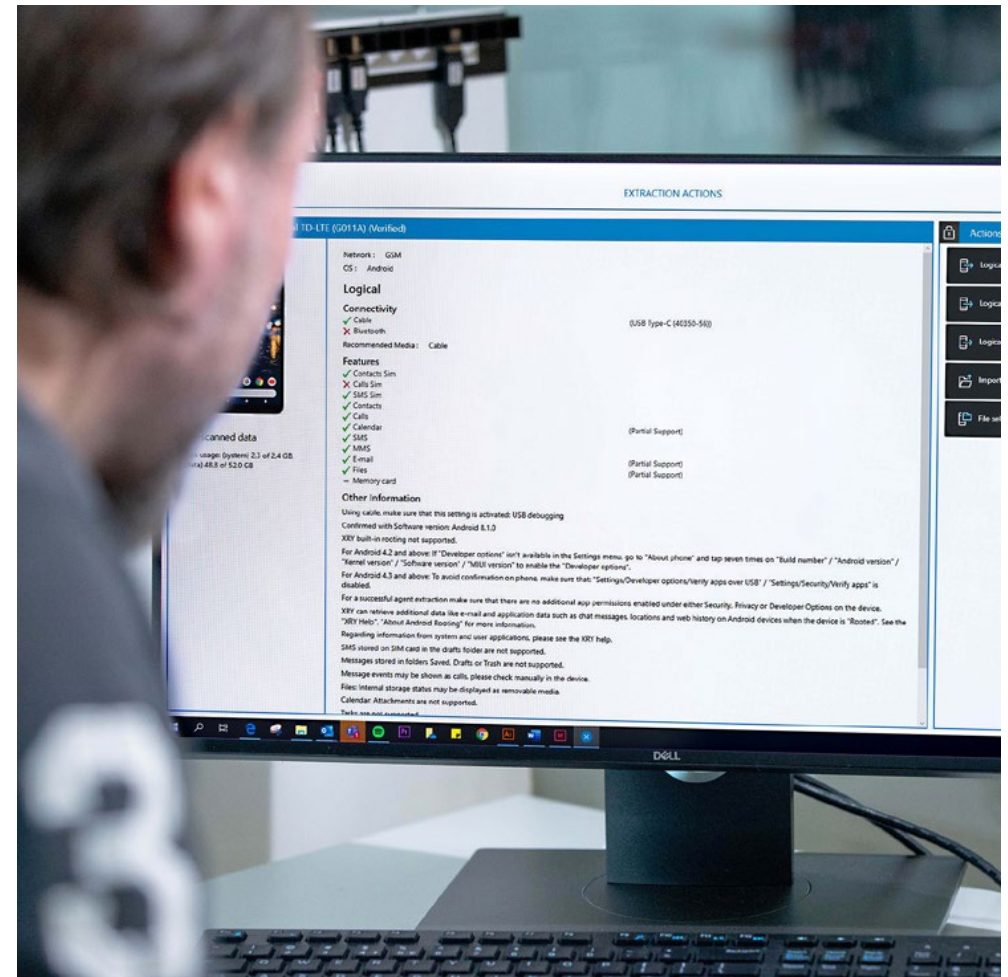
Recurring revenue¹, rolling 12 months

1) For definitions of key performance indicators and the five-year overview, see pages 34 and 35.

varies between one and three years, with one year being the most common option.

- A license includes continuous updates to the software.
- When a license expires, the customer must renew it in order to ensure it continues to contain the latest version of MSAB's software. In this way, the customer is guaranteed 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 licenses and gives MSAB a high percentage of recurring revenue.

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 revenue model where an increase in sales to a large extent increases revenue. MSAB continuously issues product updates to the software. This is necessary as phones and applications are constantly being updated and developed, affecting the software functionality. To guarantee our customers the best possible functionality, they must always have the latest software version, and for that they need a valid license. Without regular product updates to the software, it will quickly become obsolete.



Strategies for growth

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. By focusing strongly on creating an attractive workplace, including GPTW certification (Great Place To Work), MSAB continues to be 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

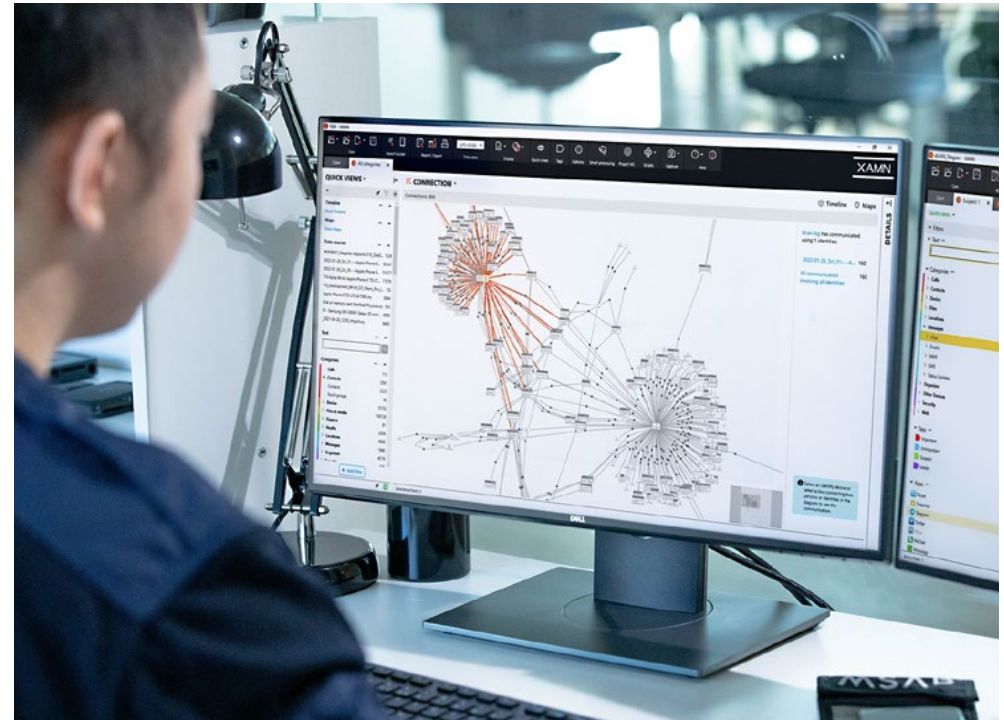
factors into account when choosing who to sell to and who to buy components from. MSAB takes great responsibility for its hardware by recycling it in a sustainable manner.

Shareholders, 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 organization generate a good return for the company's shareholders.

Product development

MSAB prioritizes 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 customized 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 room. 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 license 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 prioritization, solution sales, cost efficiency, reduced customer churn and effective business models all help MSAB to increase its profitability.

MSAB Frontline improves resolution rates

MSAB Frontline gives law enforcement agencies access to digital evidence directly at the crime scene, while also protecting the privacy of witnesses and victims.

Today, 90 percent of criminal investigations contain a digital element, such as data from seized mobile phones. Gaining access to important information in the first few hours of an investigation can significantly increase the chances of solving a crime. For this to happen, however, law enforcement agencies need the right tool that provides digital evidence quickly in accordance with a legally secure process that stands up in court.

Police authorities face the same challenges in every country

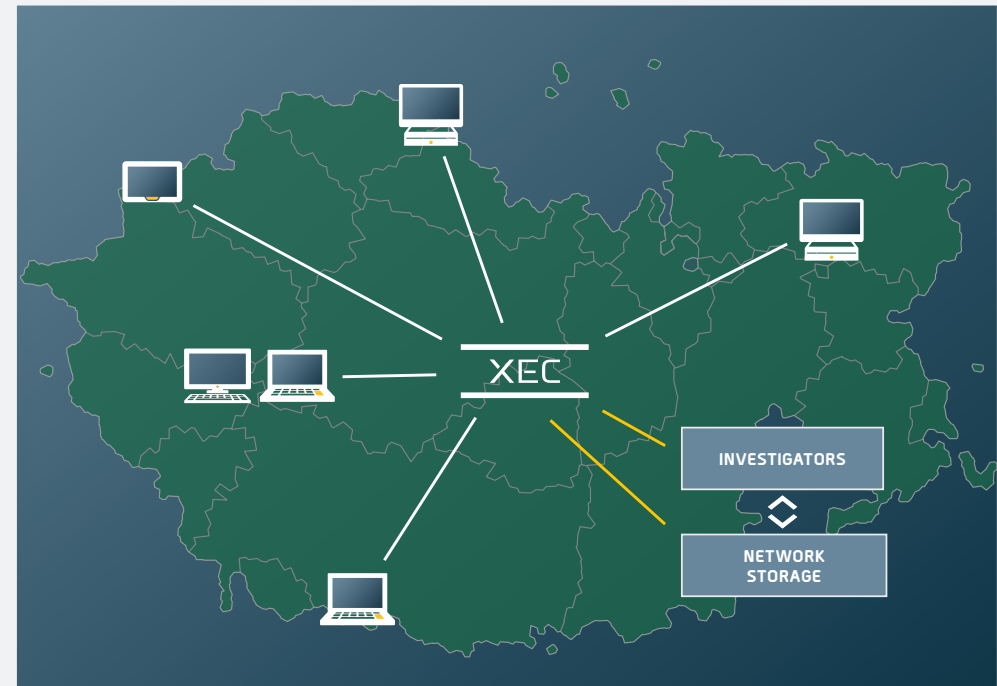
The challenges faced by law enforcement agencies are usually similar. The organizations need to be more cost-effective, carry out criminal investigations more quickly, ensure data quality and establish adequate processes for securing evidence. Generally this means:

- extracting and decoding data from mobile devices as soon as possible after a crime has been committed in order to quickly extract, analyze and identify usable evidence
- having staff with the right skills who successfully perform data extractions and analysis, on site and at the right time, in order to quickly produce digital evidence
- following up to ensure that investments in digital forensics help to achieve targets
- Ensuring that processes, data quality and forensic integrity comply with the legislation in the country in question and that the methodology used is consistent.

Front-line personnel securing digital evidence for volume crimes eases the burden on digital forensic labs

MSAB Frontline is a decentralized solution that enables front-line personnel, employees locally and in the field, to extract data from the most common phones. This can mean securing evidence in cases of drug dealing, domestic violence, stalking, etc., and documenting data from the phones of suspects, witnesses or victims. It is currently rare for investigators to have access to digital evidence for these types of crime, at the lower end of the criminal scale, because the digital forensic labs are overloaded. MSAB's Frontline solution enables less experienced personnel to perform extractions because the workstations used (MSAB Kiosk) contain workflows that guide the user through the performance of extractions and analysis. The workflows are tailored to each individual organization and relevant areas of application as well as current policies, processes and legislation. Only those phones that require more complicated extraction technology and phones involved in high-priority criminal investigations, such as murder, rape and terrorism, are processed in the lab. This new, decentralized working method gives the organizations faster access to digital evidence and enables them to use the technology in a much larger number of criminal cases.

MSAB Frontline's platforms can be connected to the main network at the local sites, enabling effective system management and data access.



When the Frontline solution is implemented in networks, MSAB Manage – XEC provides significant efficiency gains through centralized management, as well as fast and secure data access.

This allows all investigators, even in different geographical locations, to access data in real time.

MSAB Manage – XEC provides effective administration of users and the network of workstations. XEC manages all MSAB software in the systems, ensures that updates are made

and keeps track of workflows, users and what can be done in the tools. Managers and administrators can also obtain reports from XEC providing statistics on the use of the systems, the number of criminal investigations and the types of crime handled in the systems.

Extending the use of Frontline solutions beyond the digital forensic labs has contributed to:

- digital evidence being produced more quickly and reduced investigation times
- the use of digital evidence in more criminal cases, increasing the likelihood of clearing up crimes.
- preventing more crimes through faster access to digital evidence. This is a key part of the crime prevention work of agencies.
- investigators being able to focus on other cases and solve more crimes, as investigation times and trials are speeded up
- lower investigation and trial costs.

A holistic approach to mobile forensics

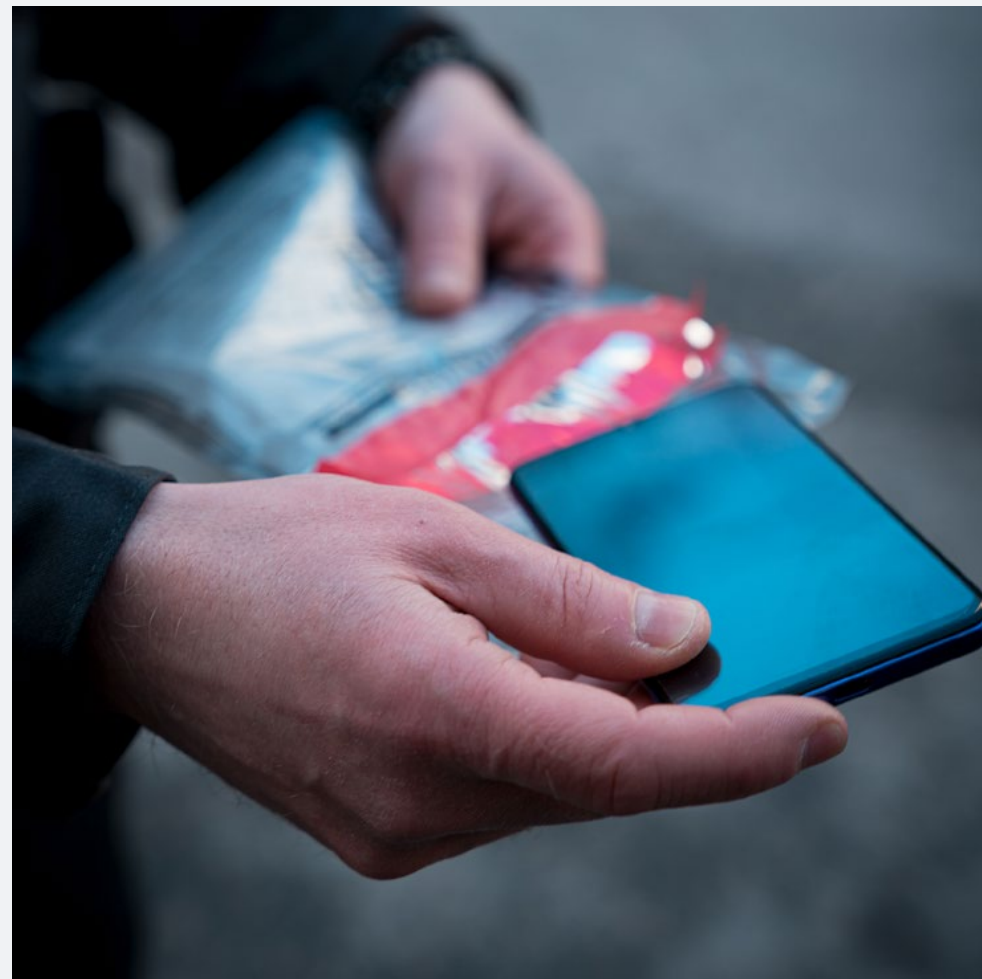
In the "Digital Forensic Science Strategy 2020", a UK police authority states that digital forensics, once a niche technology used only by highly qualified experts, is now so important to criminal investigations that a new strategic approach is required. This not only means technical tools but also new ways of organizing the work and increasing competence through process support and training.

MSAB has unique experience in implementing Frontline projects both small and large in different types of organization. In the 10 years that the company has been helping its customers to implement decentralized extraction from mobile phones, MSAB has developed both a methodology and a service offering. Customer organ-

izations are now able to benefit from all of the best practice that has been developed over this decade, such as the structure of process support, roll-out plans and skills planning.

Training vital for solving crimes

Digital forensics is a field in continuous development at an incredibly rapid pace. This presents a major challenge in terms of developing and retaining skills in both experts and front-line personnel. MSAB offers a comprehensive training program for all types of users of mobile forensics. The company's training for forensic officers and Front-line users is of the highest quality in the industry. Sometimes there is a need to train a large number of employees in a limited time and in these cases online training and Train the Trainer (TtT) programs are available. With TtT, MSAB trains the internal trainers at the customer organization and gives them access to training materials and ongoing further training. The statistics generated by MSAB Manage – XEC can be used as a basis for the continuous evaluation and optimization of the training.



An offering that is revolutionizing police work

MSAB has designed a complete forensic offering to provide law enforcement agencies with the tools they need to carry out criminal investigations more effectively. The forensic labs are able to focus on the most difficult phones while police officers and other users can process the straightforward majority of phones out in the field or at the station.

Integrated mobile forensics

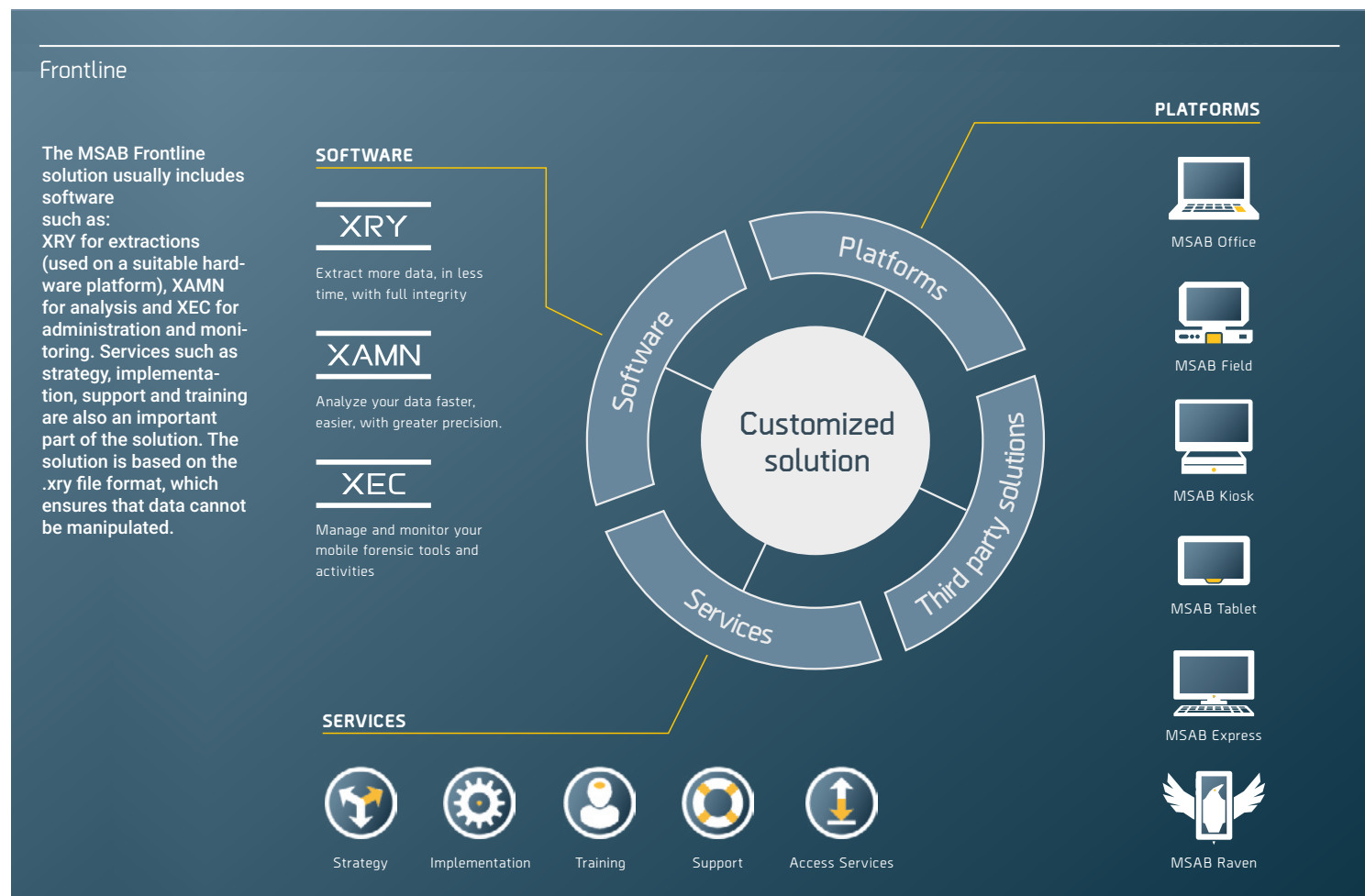
A mobile device contains enormous quantities of data. At a time when practically all investigations and all intelligence operations rely on digital evidence, data is often the most critical factor. Having the right digital forensic tools at the right time can make a big difference to law enforcement 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 organizations to control the management and storage of the digital evidence in investigations.

Extract, analyze and manage data

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

- MSAB Extract – XRY is software that extracts, decrypts and enriches data from mobile devices. Based on Windows operating system, XRY also extracts data from cloud-based storage.
- MSAB Analyze – XAMN is software used for decrypting, enriching, reviewing, visualizing and analyzing data from mobile devices. After the data has been extracted using XRY, XAMN analyzes the data and identifies important information.
- MSAB Manage – XEC is a management and administrative tool designed to support managers and IT departments. The tool supports XAMN and XRY.



Frontline for decentralized 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.

- MSAB Frontline is a solution for the decentralized extraction and analysis of data from mobile phones.

Platforms for different applications

MSAB's customers within law enforcement, defense, border control, corrections and other agencies 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.

- MSAB Office, MSAB Field, MSAB Kiosk, MSAB Tablet, MSAB Express and MSAB Raven are six platforms containing packaged solutions. The open platforms, Office and Field, are designed for Windows computers with point and click interfaces. Turnkey platforms such as Kiosk and Tablet are user-friendly touchscreen products. MSAB Express is a locked workflow that is ISO 17025-compliant and MSAB Raven is a platform used for performing extractions in the field.

Services that solve challenging cases

Optimizing business processes is as important as the technology used. MSAB is therefore helping law enforcement organizations 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.

- MSAB Strategy, MSAB Implementation, MSAB Training, MSAB Support and MSAB Access Service are services that form part of specific product and solution sales, but which can be ordered separately.

EU FORMOBILE project

For the past three years, MSAB has been involved in the FORMOBILE project as the sole supplier of mobile forensics solutions. The aim of the project was to create a complete forensic investigation chain from crime scene to court room.



Between 2019 and 2022, this EU-funded project delivered tangible product development, research and results.

The project involved the collaboration of 19 partners from 15 different countries to support the development of mobile forensics in terms of standards, technology and training. ForMobile received financial support from the EU's Horizon 2020 program.

MSAB was a major contributor throughout the project and benefited from the collaboration, with many European law enforcement and government agencies involved in achieving a number of deliveries.

The project successfully delivered standards within areas such as requirements and guidelines for a complete digital forensic investigation chain, data collection, decryption, decoding and analysis of data, as well as training.

The ForMobile project concluded in June 2022.

Asia & Oceania Region

In the Asia & Oceania region, MSAB's extraction solution XRY has been the most successful to date. In particular, growth on the Australian market has doubled thanks to successfully supplying technology to the country's defense industry.

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 • AAL • XAMN • Training
Challenges	<ul style="list-style-type: none"> • Provide training and launch mobile forensics solutions and secure long-term investments in products and training. • Meet the major need for support for specific mobile phones (different phone models than in Europe for example). • Manage delays in export control decisions for on-time delivery. • Manage geographical distances and shipping challenges between Sweden and Australia to deliver in line with customer expectations.
Priorities for 2023	<ul style="list-style-type: none"> • Focus on product sales to all segments with improved launch and follow-up. • Establish networks for mobile forensics or participate in the forensic forums of others. • Increase sales through partners and distributors. • Establish collaboration on solutions that add customer value. • Increase knowledge about the capacity of products through workshops and various kinds of training course. • Expand the support function and other resources for growth on the Australian and Japanese markets.



Customer case study India – Advanced Acquisition Lab

Government agency in India chooses MSAB to help it extract data from the most protected phones.

Challenge

The challenge for the Indian government law enforcement agency, which is already familiar with working with MSAB's traditional products and services, was to access mobile phones that have the highest levels of security. The head of the forensic lab at the government agency contacted MSAB to find a solution for extracting digital evidence from a suspect's mobile phone. They needed the sharpest tool and the highest level of expertise within the field of mobile forensics as well as help to unlock the phone, extract all the data, decode it and finally analyze all the relevant data.

Solution

Before selecting a supplier, the agency evaluated the potential tools available on the market. They opted for MSAB Advanced Acquisition Lab (AAL), which is the most advanced equipment on the market for analyzing the most protected phones. AAL was then installed in the lab and the digital forensics specialists were given four days of training in the tool.

Customer value

Choosing AAL has resulted in a significant increase in the number of devices extracted, decoded and analyzed. Many serious crimes

“ We have achieved fantastic results using MSAB AAL, particularly with Android phones, which are difficult to unlock and also to decode the data extracted. AAL does exactly the job that software should do. We are also very happy with MSAB's technical support.

– Forensic specialist, Indian law enforcement agency

have been solved since the agency has been able to use the solution for digital evidence that also stands up in court. The true value of the product was apparent as the agency was able to extract data from the most protected mobile phones. The customer also appreciated the feedback and technical support they received from MSAB's research and development team. The lab now has even greater confidence in MSAB and the law enforcement agency is predicting increasing demand for MSAB's products in the future.

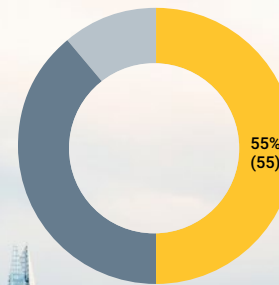


EMEA & Latin America Region

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 continues to increase.

Countries	EMEA: All EU countries, United Kingdom, Norway and Switzerland Latin America: Argentina, Brazil, Chile, Ecuador, El Salvador and Peru
Customers	<ul style="list-style-type: none"> • Law enforcement • Defense • Border control • Tax authorities • Corrections • Migration authorities
Demand for product/solution	<ul style="list-style-type: none"> • XRY • AAL • Frontline including XEC • XAMN Pro • Training
Challenges	<ul style="list-style-type: none"> • Launch Frontline solutions to reduce backlogs, streamline processes and workflows and offer privacy protection for 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 2023	<ul style="list-style-type: none"> • Use existing customers as references and expand solution sales to more segments. Establish the company higher up the value chain and move from product sales to solution sales. • Expand capacity to provide enterprise solutions as well as cloud-based capacity. • 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 project ForMobile. • Collaborate with trusted partners.

Sales in EMEA & Latin America



Customer case study United Kingdom – MSAB Kiosk

How two UK police forces dramatically improved efficiency and control by centralizing their digital evidence management

Challenge

A couple of years ago, two UK police forces combined their digital forensic teams to save money and increase efficiency. The team included approximately 200 trained officers spread across several remote locations. For some time, they had been using MSAB Extract – XRY, software for extracting data from mobile phones.

However, the unit was struggling with a number of challenges – they had:

- a large backlog of mobile devices needing to be extracted and analyzed
- computers that were used to store digital forensic case files that were constantly running out of storage space. As a result, officers were often reluctant to extract data from phones that needed processing
- difficulty keeping the XRY software updated to the latest version on all computers because the computers were not linked in a network. Software updates were sent to the local police stations on disks, but getting the updated software installed was hit and miss
- difficulty maintaining consistency and quality across all locations
- users who often changed the download profiles despite the unit manager's guidance
- individual users who changed their passwords, making it difficult to recover forgotten login credentials
- data extraction files for different cases that were burned to DVDs and had to be physically transported to wherever the data was needed.

This required driving between different sites and created a minefield of issues and constant worry

- no idea who was accessing the computers, for what reason, how often and how much data was being downloaded. They also did not know where the data was stored and who had access to it.

Solution

“When I saw the MSAB Kiosk for the first time and learned about the network capabilities, I fell in love with it, but it took me literally years to get it signed off,” says the Digital Forensic Analyst and Unit Manager.

In the UK, all police digital forensic laboratories are required to follow the ISO 17025 Quality Management System standard to ensure consistency and quality in their digital forensics work.

“I argued that ISO 17025 should be implemented at the front line to give our mobile forensics officers the same capabilities as front-line personnel. In order to consistently produce valid results, we needed a networked infrastructure that could operate long-term. By creating a networked environment with one officer at each police station, we could download mobile data straight away instead of having to wait to receive the data from the lab,” the Unit Manager continues.

“It was super quick to get the network for extracting data from mobile phones up and running once all the approvals were in order. It took us eight weeks from the day that MSAB's



How 2 UK Police Forces dramatically improved efficiency and control by centralizing their digital evidence management

➤ Read more at [MSAB.com](https://www.msab.com)

kiosks arrived to go live. MSAB's staff were great, offering us excellent telephone support. They were also on site a few times to help with the install and testing before we went live. MSAB are the best at support and since implementation, everything has been running smoothly."

Customer value

The two police forces installed the MSAB Manage – XEC management software and linked all their kiosks in a network, so all extraction files are now sent to a central server. No files are burned to DVDs any more and kiosk users no longer need their own folders, which means no more running out of storage space.

The MSAB solution had a positive impact on the combined forces of the police through:

- data being accessible almost instantaneously so if there is a murder in one county and the investigation team are in another, there is no waiting for DVDs. They now have almost real-time access to data.
- being able to manage all the XRY software updates using the XEC Director management tool. The police no longer need to waste time driving around, which also saves money. So far, the kiosks have been exceptionally stable and their auto detect function has been outstanding.

- users who are not experts in XRY being able to perform extractions in the kiosks using workflows that support them step-by-step, so they no longer shy away from using the software. They don't have to worry about the system crashing or running out of storage space either.
- users feeling empowered by the control the system gives them. Software updates can easily be pushed out. If there are problems, managers are able to help users without being on site and they can see how much data is being produced. The reporting function works well and the police are able to report clearly and concisely to senior management.

"To sum up. I now have a centrally configured and controlled environment with all data saved to a central storage solution. Our users are able to use the latest versions of the XRY extraction software and the XAMN analysis software, which are both digital forensic data software. Another important plus is that our senior management has been seeing the benefits," concludes the Unit Manager.

“ Moving to the MSAB Kiosk and networking system was the best decision we ever made. Today, for example, we are better able to support high-risk victims of domestic violence. Before, relying on the lab delayed the process by at least a month. Using the Kiosk now enables us to confront the abuser with the extracted evidence in the interview, and a charge could be pressed within the first 8 hours.

– Police Digital Forensic Analyst and Unit Manager, United Kingdom



North America Region

This region is potentially MSAB’s largest market and revenues have grown by 36 percent during 2022. The North American market is showing growing demand for mobile forensic solutions. The organization continues to be restructured in order to better exploit the potential this market offers. In Canada, MSAB has achieved excellent revenue growth of 98 percent through new customer contracts.

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 • Professional Services
Challenges	<ul style="list-style-type: none"> • Customer support for specific North American phones • Easy and cost-effective storage of digital evidence • Broad fragmentation and large geographical spread of law enforcement agencies in the USA
Priorities for 2023	<ul style="list-style-type: none"> • Focus on product and solution sales to all segments • Further develop sales activities to increase reach in existing channels • Participate in conferences and events, organize more online meetings • Increase growth within defense, as well as local, state and federal authorities • Provide effective front-line solutions to reduce investigation delays • Promote MSAB’s full range for the easy and cost-effective storage of evidence • Highlight how features of MSAB’s products protect the privacy of victims and witnesses



Customer case study USA – MSAB Extract – XRY

Catching the perpetrator in time while preserving the victim's right to privacy

Challenge

Recently, a United States County Sheriff's Office faced a complex case where child sexual abuse was suspected.

"I was conducting an investigation involving a suspect who was in possession of child sexual abuse material and who also worked in close contact with children. I was trying to determine if there were more victims. We had the suspect's digital devices, but we needed more evidence to go to court," says a County Sheriff's Office Senior Detective.

To proceed with the case and eventually charge the person with possession or distribution of child sexual abuse material, the police must have some form of evidence. This evidence usually consists of photos, video files or similar data on a mobile, tablet or computer.

"However, accessing the phone data of witnesses or victims requires a court decision, an assessment that an emergency exists or the consent of the phone's owner. This was not possible in this case, so we started asking for help from the public."

"Once the victims started to file reports to the police, we had another challenge. Finding the right mobile forensics tool which would only collect data that is strictly relevant to the case without examining the entire contents of their phones, thus preserving their privacy."

Solution

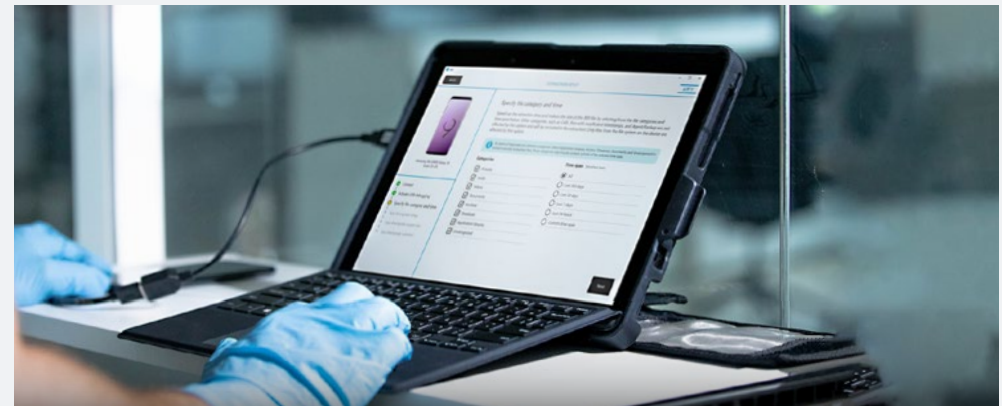
"I was amazed when I learned about the XRY extraction tool from MSAB. XRY enables law enforcement agencies to confidently and selectively target their extractions to only recover data from specified mobile phone apps to safeguard the right to privacy of victims and witnesses. While we had a few different forensic tools available, XRY was the only tool able to synthesize the Google account information of the suspect into something that could be easily analyzed. The tool allowed me to go through the large amounts of data quickly to locate the evidence."

The suspect pleaded guilty to participating in a child exploitation enterprise after being faced with digital evidence which was found on his devices and other corroborating materials on the phones of witnesses and victims.

Customer value

"There are few areas of life today that do not involve the use of mobile phones or tablets. This means, of course, that the public have every right to expect that their private data will not be viewed or used by anyone else without their consent. As digital evidence now features in around 90 per cent of criminal cases, law enforcement agencies have to be increasingly mindful as to how it should be gathered. Along with legal considerations with respect to data protection and rights to privacy.

"These serious acts of violence must be vigorously pursued, prosecuted and brought to an



“MSAB provided us with a solution for selective data extraction. This was very helpful given the complexities of these types of investigations. I also found the MSAB support staff to be extremely responsive and helpful in the way in which they understood the complexities of these types of investigations from a law enforcement perspective.

– County Sheriff's Office Senior Detective, USA

end. The challenges, given the sensitive nature of these crimes, are uncovering and investigating the incidents, identifying victims for protection and bringing the offender to justice," said the County Sheriff's Office Senior Detective.

"I believe that a balance can be found between protecting the public and protecting the victim's right to privacy by using the right tools to recover the necessary digital evidence without compro-

promising people's other private data. MSAB provided us with such a solution for selective data extraction. This has been very helpful given the complexities of these types of investigations.

"I also found the MSAB support staff to be extremely responsive and helpful in the way in which they understood the complexities of these types of investigations from a law enforcement perspective."

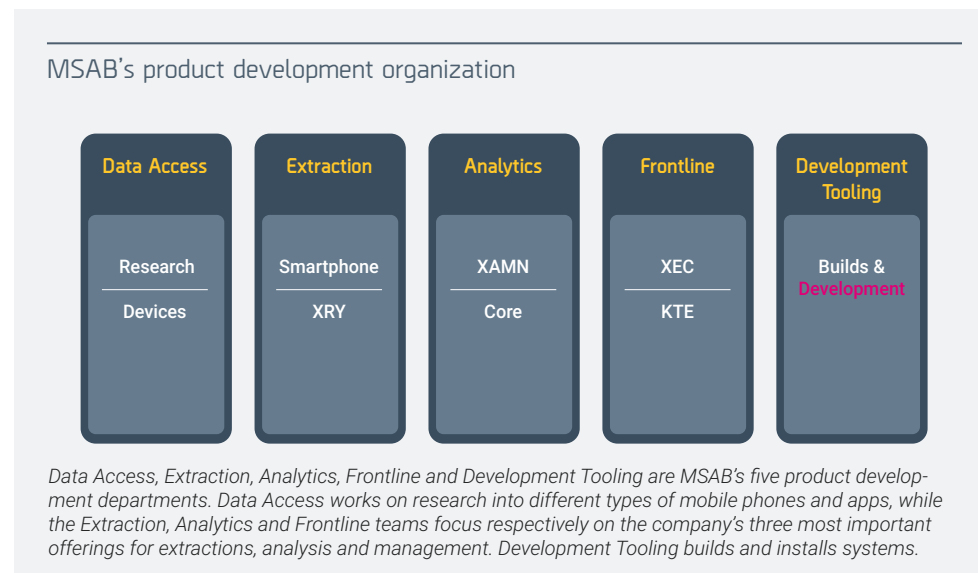
Research and development

Innovation is in MSAB's DNA and also represents one of the company's three core values. The company carries out extensive research and development to consolidate the company's position as a world leader in mobile forensics.

MSAB has been creating the world's best mobile forensics solutions for over twenty years and 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, in most respects, stayed one step ahead of the competition through continuous innovation and product development in several areas. In 2002, MSAB began working with law enforcement agencies in earnest.

Every day that passes, it becomes more complex to extract data from phones as mobile phone manufacturers and app developers are doing everything they can to close security loopholes. In the long term, it will therefore be even more important to obtain this data using Warrant Returns services, where operators including Facebook, Google and other cloud service providers disclose user data under legal obligation. MSAB is already working with Warrant Returns, for example when the police are unable to gain access to a phone. In this case, they can send files to MSAB for processing and analysis.

MSAB has made two major breakthroughs in product development during the year: one in enabling investigators to access larger volumes of data in extraction and decoding from locked Android phones with an MTK chipset, and the other in the form of the same support for Oppo, Vivo and Xiaomi phones using the Qualcomm chipset.



Local and global recruitment

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 unlocking phones and extracting, decoding and analyzing the data extracted. To achieve this and to benefit from local expertise, the company has a development center in Sweden. The company's global presence aids recruitment and many of the specialist roles are filled by recruiting from other countries. The specialist expertise that MSAB is looking for is in global demand and the company

therefore also needs to adapt its offering to make it attractive to these candidates. Attracting and retaining developers is a real challenge for MSAB, as it is for the vast majority of companies in the tech industry. That is why the company has also strengthened its HR organization and invested in Employer Branding and in new tools that will facilitate recruitment and encourage existing developers to stay.

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 there are around a hundred staff.

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 life cycle management of the 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 organization has channels for input from customers and competitors in order to develop competitive products. The development teams examine the input through the Technical Support, Training, Sales and Professional Services departments. The requests are then considered by the development team, which decides what to prioritize in the short and long terms. Other channels for competitive intelligence include various forums where forensic experts, primarily within the police, can comment, obtain assistance and ask questions to suppliers about specific products and functions. These forums enable MSAB to see which questions are being asked to competitors and also understand which functions need to be improved.

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 17 countries and partners with local distributors. Some meetings require a physical presence from various MSAB representatives, which can entail travel. To minimize the company's environmental impact from travel, the use of alternative forms of communication, such as telephone and videoconferencing, is preferred.

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 programs 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 license requirements. MSAB has a compliance program that includes due diligence measures and internal procedures for ensuring that the company complies with the license conditions. An important part of this work is also continuously evaluating and adapting the compliance program 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. MSAB has further strengthened its processes and collaboration on work environment issues during the year. This includes, for example, greater involvement in work environment management of more employees in managerial positions and increased

Policy	Purpose	Responsibility
Code of Ethics	Describes the company's commitment to comply with laws, regulations and to maintain high ethical business conduct in all business dealings and in personal conduct of employees.	Senior Management
Employee Handbook	To inform employees about procedures within the company relating to work environment, equality, diversity and business ethics	HR
Working Environment Policy	Describes the routines and measures with respect to the company's systematic work environment management for the promotion of a healthy and safe working environment.	Senior Management
Policy for Committee on Safety and Health at Work	Describe the structure and activities of the committee in the planning of the work environment management.	Senior Management
Anti-discrimination policy	Promote equal opportunities to all employees and describe measures by the company to prevent and counteract the occurrence of discrimination of any kind.	Senior Management
Whistle blow guidelines	Promote a transparent business climate and high business ethics and encourage employees to alert the company of potential wrongdoings.	Legal
Communication guidelines	Create guidelines for external and internal communication of the company.	Senior Management
Data protection and Information security	Protect employees, customers and the company from security breaches and similar incidents.	IT

“Of the 17 global goals for sustainable development adopted by the UN in 2015, MSAB focuses its work mainly on Goal 16: Peaceful and Inclusive Societies, as well as Goal 5: Gender Equality, Goal 8: Decent Work and Economic Growth, and Goal 9: Sustainable Industry, Innovation and Infrastructure.

– Erik Sandgren, Legal Counsel, MSAB.

efforts to inform employees about MSAB's work environment goals in various ways.

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

Goal

How MSAB is working to achieve the goal



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 digital 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. For a long time now, MSAB has been involved in Project VIC, a non-profit organization whose technology is used by thousands of law enforcement agencies all over the world to rescue children from sexual exploitation.



Goal 5 Gender Equality

MSAB strives to recruit the best people, whatever their background, and this has contributed to the company's broad diversity. 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. During the year, the company updated its equal treatment policy and further strengthened its procedures in this area. 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

“ We have made further efforts to find and retain talent, especially developers. Our employees focus on our values and the amazing work we do whenever they make videos or write articles about what it is like to work at a company that is helping law enforcement agencies globally to make the world a safer place.

– Joakim Grundvall, CTO, MSAB.

and Infrastructure, and Goal 16: Peaceful and Inclusive Societies, with the latter having a strong link to the company’s core operations.

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 placed on the components used in the products

Goal	How MSAB is working to achieve the goal	
 <p>Goal 8 Decent Work and Economic Growth</p>	<p>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 program, Horizon 2020. This program brings together research and innovation with a focus on scientific quality, industrial leadership and societal challenges. The For-Mobile project is an example of where MSAB has made a significant contribution to establishing a strong research environment in Europe for cutting-edge research in mobile forensics, which creates jobs and prosperity. During the year, MSAB has evaluated the opportunities for contributing to several similar projects. MSAB has also collaborated</p>	<p>with the European Academy of Forensic Science (EAFS), an organization for forensic scientists in Europe. At the EAFS annual conference in Stockholm, MSAB gave several presentations on innovation and customer case studies withing the field of digital forensics. 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.</p>
 <p>Goal 9 Sustainable Industry, Innovation and Infrastructure</p>	<p>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</p>	<p>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 approximately 100 people at year-end, which corresponds to roughly half of the total number of employees.</p>

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, the war in Ukraine 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 optimized 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 on the phone. 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.

Protecting human rights

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 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 program 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 monitors 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 license from the Swedish authorities in the long



Employees who help make the world safer

Since MSAB was founded in 1984, the company has been able to attract and retain some of the most outstanding employees in mobile forensics. MSAB's core values of innovation, ethics and results are deeply embedded in the organization and guide our day-to-day work towards the shared vision of providing every investigation with digital forensics solutions – for a safer world.



MSAB among the best places to work in Sweden

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 held Great Place to Work (GPTW) certification since 2021. This means that MSAB is one of a selected group of organizations that put their employees first.

MSAB stands out in comparison with other GPTW-certified companies in the pride of working for the company shown by its employees. The culture and strong spirit of innovation are highly valued at the company and to safeguard these, MSAB has introduced two mandatory days at the office, with 51 percent of work to take place at the office per week in total.

Employee survey

The results of MSAB's annual employee survey were presented at the end of the year. Despite the pandemic during the first half of the year, the improvement work carried out during the year has had the desired effect. MSAB has continued to achieve good results in the main areas of Credi-

bility, Respect, Fairness, Pride and Camaraderie and has particularly improved its results in the immediate superior area.

Policies drawn up on work environment and equal treatment

A number of new policies have been drawn up or updated during the year, particularly in the areas of work environment and equal treatment. These policies contain enhanced internal processes relating to MSAB's systematic work environment management, including more detailed examinations of the work environment, documented risk assessments and measures and action plans to eliminate, control or reduce risks in the work environment. There will also be more intensive collaboration between employers, employees and safety officers, for example with regard to changes to premises and the planning of such. At the heart of work environment management is the desire for more employees to be involved and to have different responsibilities. The company has also updated its equal treatment policy. This relates in particular to the procedures used when the company is investigating any risks of discrimination, as well as its preventive work to eliminate various forms of victimization.

Automation of HR processes

Work began during the year to implement a human resources management system (HRM) that will be used to automate the company's HR processes, such as recruitment, onboarding,

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

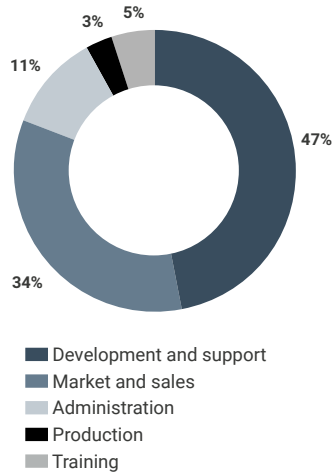
Integrity is our guiding principle. No matter what the pressure on us may be, we will ensure that all of our business activities are undertaken within a framework of responsibility, ethical values and support for the rule of law. We support our customers to be successful in their work and take responsibility 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.



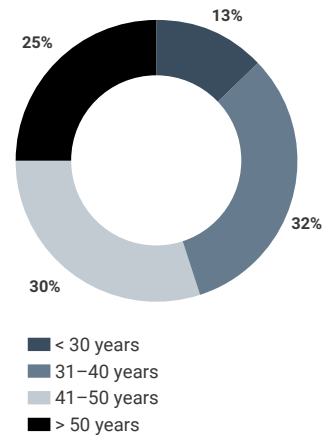
We deliver results

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.

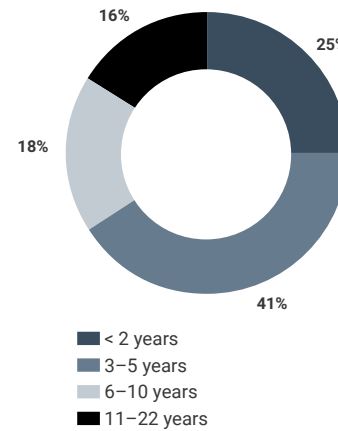
Employees by function



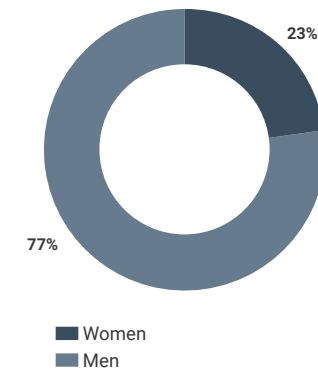
Age distribution



Length of employment, years



Gender distribution



performance management and administration of benefits. The system is designed to help MSAB streamline its HR activities using a self-service portal, a search system and an integrated results management system, for example.

Further efforts to find and retain talent

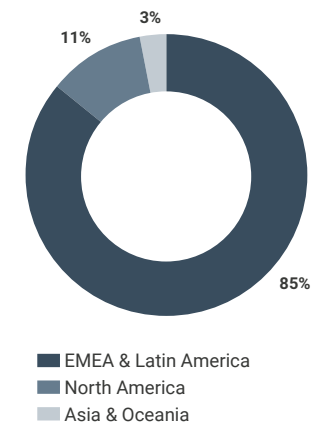
During the year, the HR team and the marketing department began working together on Employer Branding. The tech industry, in which MSAB operates, faces real challenges finding talents so

additional efforts are needed to promote MSAB as a workplace. This work highlights the culture, values and mission of the company. Employee testimonials describe what it is like to work for a company that helps law enforcement agencies globally to make the world a safer place. This work will help to attract and retain talent, further enhance the company's good reputation and differentiate the company through its strong purpose-driven brand. A strong employer brand will also help MSAB to cut its recruitment costs

by reducing the need to continually advertise vacancies.

MSAB has also implemented new tools and engaged external resources that focus solely on the recruitment of developers. When it comes to specialist expertise, the company also looks beyond Sweden and in 2022 it recruited specialists from countries such as Finland, France and Portugal.

Employees by region



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 2022, was SEK 41.75 and market capitalization was SEK 800 million.

Share capital

As at 31 December 2022, 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 2022 was 4,352 compared with 4,288 the previous year. The ten largest shareholders in MSAB as at 31 December 2022, as recorded in Euroclear's share register, are listed in the table on the following page.

Share price trend

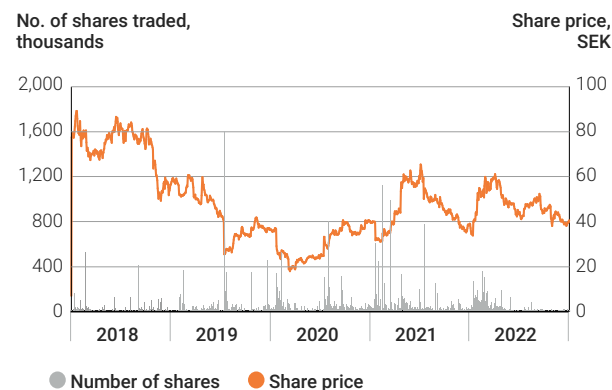
During the year, the share price fluctuated between SEK 33.50 and SEK 61.00, finishing at SEK 41.75 on the last trading day of the year. During the year, MSAB's share price increased by 8.7 percent. MSAB's market capitalization at year-end was SEK 800 million.

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 a total dividend of SEK 1.50 (0) per share, divided into two payments.

Share price trend and volumes 2018–2022



Share price trend and volumes 2022



▶ The share

Largest shareholders in MSAB (publ) as at 31 December 2022

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 Grenspeialisten	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
Alcur Select	0	2,817,409	0	2,817,409	14.70	2,817,409	10.00
Nordnet Pensions-försäkringar AB	0	1,930,858	0	1,930,858	10.07	1,930,858	6.85
Strawberry Capital A/S	0	1,281,308	0	1,281,308	6.68	1,281,308	4.55
Cervantes Capital AB	127,500	0	0	127,500	0.67	1,275,000	4.53
Öhman Sweden Microcap	0	843,313	0	843,313	4.40	843,313	2.99
Sijoitusrahasto Aktia Nordic Mic	0	750,000	0	750,000	3.91	750,000	2.66
Försäkringsbolaget Avanza Pension	0	735,346	0	735,346	3.84	735,346	2.61
Thomas Wernhoff	0	500,000	0	500,000	2.61	500,000	1.77
Total for 10 largest shareholders	1,000,000	10,576,438	0	11,576,438	60.40	20,576,438	73.03
Micro Systemation AB	0	81,596	622,000	703,596	3.67	703,596	2.50
Other shareholders	0	6,891,966	0	6,891,966	35.93	6,891,966	24.47
Total outstanding shares	1,000,000	17,550,000	622,000	19,172,000	100.00	28,172,000	100.00

Ownership structure, 31 December 2022

Holding	No. of share-holders	Class A shares	Class B shares	Class C shares	% of capital	% of votes
1–500	3,298	0	375,126	0	1.96	1.36
501–1,000	410	0	333,865	0	1.74	1.21
1,001–5,000	458	0	1,046,858	0	5.46	3.80
5,001–10,000	87	0	657,276	0	3.43	2.39
10,001–15,000	22	0	279,022	0	1.46	1.01
15,001–20,000	12	0	226,720	0	1.18	0.82
20,001–	65	1,000,000	14,631,133	622,000	84.78	89.41
Total	4,352	1,000,000	17,550,000	622,000	100	100

Share capital events up to 31 December 2022

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

	2022	2021	2020	2019	2018
Income statement, SEK thousand					
Net sales	362,977	332,960	310,057	307,632	303,871
Operating expenses	-344,179	-288,632	-281,425	-301,285	-271,224
Operating profit/loss	18,798	44,328	28,632	6,347	32,646
Net financial items	2,655	-113	-6,318	1,115	2,509
Profit/loss before tax	21,453	44,215	22,314	7,462	35,155
Tax	-4,323	-9,392	-6,052	-2,368	-7,407
Profit/loss for the year	17,130	34,823	16,262	5,094	27,748
Balance sheet, SEK thousand					
Non-current assets	60,931	13,797	22,949	33,210	2,571
Other current receivables	123,438	126,775	64,491	92,974	91,122
Cash and cash equivalents	104,386	65,970	101,286	63,950	98,816
Total assets	288,755	206,542	188,726	190,134	192,508
Equity	116,070	90,778	88,296	76,057	110,096
Provisions	0	0	0	0	0
Other current liabilities	172,685	115,764	100,430	114,077	82,413
Total equity and liabilities	288,755	206,542	188,726	190,134	192,508
Cash flow, SEK thousand					
Cash flow before changes in working capital	26,364	59,839	33,080	17,627	28,622
Changes in working capital	24,548	-49,632	18,960	171	-23,388
Cash flow from operating activities	50,912	10,207	52,039	17,799	5,234
Cash flow from investing activities	-893	-158	-635	-1,499	-1,495
Cash flow from financing activities	-13,971	-48,398	-10,567	-53,226	-34,521
Cash flow for the year	36,048	-38,349	40,837	-36,926	-30,782

	2022	2021	2020	2019	2018
Key performance indicators					
Net sales, SEK million	363.0	333.0	310.1	307.6	303.9
Net sales growth, %	9.0	7.4	0.8	1.2	0.7
Operating profit, SEK million	18.8	44.3	28.6	6.3	32.7
Operating margin, %	5.2	13.3	9.2	2.1	10.8
Earnings per share*, SEK (after dilution)	0.92	1.89	0.88	0.10	1.50
Return on equity, %	16.6	38.9	19.8	5.5	24.7
Return on capital employed, %	27.4	55.8	32.2	12.9	37.0
Equity ratio, %	40.2	44.0	46.8	40.0	57.2
Liquidity ratio, %	126.9	159.8	157.0	132.0	223.5
Net worth per share, SEK	6.30	4.90	4.80	4.10	5.99
Dividend per share, SEK	1.50	2.00	0.00	2.20	2.20
Cash flow from operating activities per share, SEK	2.76	0.60	2.80	1.00	0.28
Reconciliation of measurements not defined as per IFRS					
Capital employed, SEK million					
Total assets	288.8	206.5	188.7	190.1	192.5
Trade payables	-12.3	-11.0	-6.0	-4.6	-3.7
Current tax liabilities	-7.5	-9.9	-1.1	-1.2	-0.5
Lease liability, right-of-use assets	-13.6	-8.7	-7.8	-11.8	-
Other liabilities	-97.4	-72.9	-66.3	-79.9	-78.2
Capital employed	158.0	104.0	107.5	92.6	110.1
Average capital employed	131.0	105.8	100.1	101.4	112.4

Definitions

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.

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.

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.

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.

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.

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.

Liquidity ratio, %

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

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

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.

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.

Recurring revenue

Refers to revenue from license renewals, i.e. when a license expires, a customer can choose to renew the license, 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 revenue is of a recurring nature.

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 analyze 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 tied up in operations. Used to measure consolidated profitability over time.

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.

* 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. Its class B shares have been listed since 1999 and have been on Nasdaq Stockholm since December 2011. MSAB is a world leader in mobile forensic technology for extracting and analyzing data from seized mobile telephones. 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 certification for legally secure digital forensics. The products are shipped worldwide and supported over 43,400 versions of mobile telephones and 4,300 apps at the end of 2022. The need to read data from seized mobile phones is continuously increasing and so is the demand for MSAB's products.

Significant events in 2022

Despite the pandemic still being ongoing in the first half of 2022 in large parts of the world and there being delivery problems from hardware suppliers, MSAB managed to maintain a high level of sales. A higher level of activity in terms of customer meetings and exhibitions, a number of product development initiatives aimed at enabling increased growth, and MSAB's product mix during the year all reaped benefits.

MSAB signed several strategically important contracts that will result in closer involvement with several customers. The Company signed an agreement with a major federal agency in the US to deliver Frontline solutions, and has also signed a new contract with European police authorities, for which MSAB will expand its involvement in services and training. One of the major US security and defense companies signed a contract for complete XRY solutions, which will be part of a larger undertaking on behalf of the customer. MSAB also signed a framework agreement with one of Europe's major defense agencies.

The European Academy of Forensic Science (EAFS) held its annual conference in Stockholm, which was

attended by more than 1,200 forensic scientists from all the forensic labs in Europe. MSAB was the main sponsor together with the Swedish NFC (National Forensic Centre), which hosted the conference. The conference was the most well-attended since its inception in 1994.

New sales of XRY increased as a direct consequence of the Company's increased investment in access and user-friendliness in the products. Sales of training and other services also grew strongly.

The ForMobile project, which aims to create a legally secure digital evidence chain from crime scene to court in the EU, was brought to the best possible conclusion with a successful outcome regarding a new standard, tools and training for law enforcement agencies. MSAB was the only industrial partner involved in the three-year project.

The Company launched four major product updates during the year and at the end of 2022 provided support for over 43,400 versions of mobile phones and 4,300 apps.

Profit/loss and financial position

For definitions of key performance indicators see page 35, and for the five-year overview see page 34.

	2022	2021	2020
Net sales, SEK million	363.0	333.0	310.1
Operating profit, SEK million	18.8	44.3	28.6
Operating margin, %	5.2	13.3	9.2
Profit/loss before tax, SEK million	21.5	44.2	22.3
Balance sheet total, SEK million	288.8	206.7	188.7
Equity ratio, %	40.2	44.0	46.8
Return on equity, %	16.6	38.9	17.5
Average number of employees	190	188	202

Comments on the financial performance

Net sales

Consolidated net sales for the year increased by 9.0 per-

cent to SEK 363.0 million (333.0). Currency-adjusted growth was 0.5 percent. Compared to the previous year, **growth was 26 percent in North America, -2 percent in Europe and 10 percent in Asia. New sales as well as license renewals increased compared to the previous year, by 10 percent and 8 percent respectively. For further comments about revenue developments during the year, see the "Market comments" section on page 9.**

Operating expenses

The weakening of the Swedish krona against the USD, EUR and GBP during the period had a negative impact on the cost level in Swedish kronor. Cost of goods sold totaled SEK 56.8 million (40.9). These costs generally vary with the product mix, which during the year had a higher proportion of hardware at a higher price compared to the previous year. Other external costs amounted to SEK 70.0 million (51.3). The cost increase is mainly attributable to a higher level of activity in sales and marketing, including more travel, training and conferences after most countries removed the previous Covid restrictions. Personnel costs amounted to SEK 204.2 million (184.1). The cost level has been affected by the weakening of the Swedish krona, especially against the USD and GBP, as approximately 44 percent of the Company's salaries are paid in foreign currency. Wage drift also contributes to increased costs. Amortization/depreciation amounted to SEK 13.1 million (12.4).

Operating profit/loss

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

Net financial items

Net financial items amounted to SEK 2.7 million (-0.1) for the period. Net financial items consist mainly of the revaluation of cash and cash equivalents in foreign currency and have been positively affected by the weakening of the Swedish krona, especially against the USD and EUR, which are the Group's two largest transaction currencies together with GBP.

Profit/loss after tax

Profit after tax for the period amounted to SEK 17.1 million (34.8).

Cash flow

Cash flow from operating activities amounted to SEK 50.9 million (10.2). Operating activities contributed SEK 26.4 million (59.8) to the positive cash flow, while the change in working capital contributed 24.5 million (-49.6). Total cash flow for the period amounted to SEK 36.1 million (-38.3). Investments for the period amounted to SEK 0.9 million (0.2).

Liquidity and financial position

Cash and cash equivalents at the end of the period totaled SEK 104.4 million (66.0).

Markets

Despite delivery problems among hardware suppliers, the Company managed to maintain a relatively high level of sales. Net sales amounted to SEK 363.0 million (333), an increase of 9 percent compared to the same period in the previous year.

EMEA & Latin America

Activities and meetings were organized frequently to update existing and potential customers about MSAB's products and services. During the second half of the year, it became possible to meet customers again and hold conferences and events, as most countries removed the previous Covid restrictions. MSAB's sales organization spent a lot of time demonstrating updated products to customers and resellers. New sales benefited from these strong software updates, which also resulted in former customers reactivating their licenses. The digital transformation that has gained momentum in Europe requires the management of larger volumes and more efficient extraction from mobile phones, which benefits the Company's ability to deliver Frontline and Enterprise solutions such as in the UK, France and Germany, where several proofs of concept and dialogues took place during the quarter. The somewhat uncertain

financial situation in several countries has postponed investments in forensic solutions, but this is expected to benefit the Company in the coming quarters. MSAB's more advanced forensic solutions, MSAB Advanced Acquisition Lab (AAL) for digital forensic labs and MSAB Frontline, a decentralized solution for investigators and police officers in the field, have become increasingly popular. The UK is the market where AAL and Frontline generated the highest sales during the quarter. The new version of MSAB Analyze – XAMN (which replaced XAMN Spotlight, Horizon and Elements and has been named XAMN Pro) has also been in great demand in the UK. In Latin America, MSAB has gone from relatively low volumes to continued positive development during the quarter, as well as for the entire 2022. In a number of countries where the ISP (Inspectorate for Strategic Products) does not regulate the Company's sales, there is an increased demand primarily for products, as well as services such as training.

North America

The region had another positive year in terms of revenue and growth, and delivered well above budget. Growth occurred in all markets and all customer segments here. Canada also continued to deliver higher year-on-year growth. The last quarter of the year represents a particularly strong quarter with regard to the US federal agencies. The bottlenecks in the supply chain also eased, allowing MSAB to send all its deliveries. Over the full year, North America recorded growth of 26 percent and had total sales of approximately SEK 143 million. This success should be seen in the context of having a significantly smaller sales force compared to the previous year. Encouragingly, in State & Local business in the US the Company grew by 30 percent during the year. The Company decided at the end of the year to make further investments in sales staff to grow faster in the region in 2023. Canada also contributed to the good growth figures both in terms of new and additional sales, with 98 percent growth in 2022.

Asia & Oceania

Demand in Asia generally continues to increase, although MSAB's sales opportunities have been reduced in some countries in the region due to the ISP's export control requirements. The great interest in Asia will therefore be channelled to the countries where the Company has established a presence with local staff, mainly India, Japan, Singapore and South Korea. A number of interesting deals were signed during the year and the introduction of support in Korean in the products significantly improved the Company's ability to attract new customers in the region. Australia performed strongly compared to the fourth quarter of 2021, driven by a multi-year license agreement with a major law enforcement agency. Revenue growth in the Australian market almost doubled compared to 2021.

Research and development

In the fourth quarter, MSAB launched its fourth major product update of 2022, covering the entire product range. The updated extraction solution, MSAB Extract - XRY, comes with a secure file format that now supports over 43,400 devices and more than 4,300 app versions. The new features give digital forensic specialists access to an increased amount of data, including from the latest mobile devices. XRY also improves the traceability chain with its secure .xry file format. In the fourth quarter, this new file format came with the ability to configure .xry files to be written with 256-bit encryption, which significantly increases security and ensures the traceability of digital evidence. In conjunction with the major product update, the analysis tool XAMN Pro was also launched, which consolidates all the key functions in the products XAMN Spotlight, Horizon and Elements under one license. MSAB Manage - XEC was also improved significantly in the fourth quarter regarding the installation and upgrade process.

Financial position

The equity/assets ratio at year-end was 40.2 percent (44.0). Cash flow from operating activities for the year amounted to SEK 50.9 million (10.2). No dividends were

paid during the year. Total cash flow amounted to SEK 36.0 million (-38.3). The total dividend for the year was SEK 0 million (36.9). Cash and cash equivalents at the end of the period totaled SEK 104.4 million (66.0).

Parent company

The parent company's net sales for the period were SEK 273.2 million (262.1). EBIT for the period was SEK 12.3 million (37.4).

Employees

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

Profit-sharing

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

Incentive program

At the end of 2022, there were 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 65-69.

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 2022 Sustainability Report, which is on pages 26-31 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 2022

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

The remuneration paid to senior executives shall be in line with market terms 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. The variable cash remuneration may amount to a maximum of 100 percent of the fixed annual cash salary for the CEO and 50 percent for other senior executives. The variable cash remuneration shall be linked to predetermined and measurable criteria that may be financial or non-financial. Such criteria may consist of individualized quantitative or qualitative targets. The criteria shall be designed to promote the Company's financial performance, business strategy and long-term goals. The Board of Directors is responsible for the assessment of variable cash remuneration to the CEO. With regard to the variable cash remuneration paid to other executives, the assessment of this is the responsibility of the CEO.

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 form a basis for pension benefits.

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 CEO and the Company can terminate the former's contract of employment with a mutual notice period of 3 months. In the case of termination of employment being made by the Company, the CEO is entitled to a severance payment equivalent to 12 times the fixed monthly salary. Severance pay does not give rise to holiday entitlement or occupational pension contributions, and is not offset against other income. In the case of termination of employment by the Company of other senior executives, a mutual notice period of a maximum of six months applies. For further information on remuneration, see Note 8.

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 class 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 three 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 33 List of major shareholders.

Significant risks and uncertainty factors

The Board of Directors and management have thoroughly analyzed 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 2022, 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	25,526,936
Premium fund	7,770,400
Profit/loss for the year	11,753,475
Total	45,050,811

Proposal of the Board of Directors and the CEO:

distributed to shareholders (SEK 1.50 per share)	27,702,606
to be carried forward	17,348,205
Total	45,050,811

In light of the positive cash flow during the year, the Board of Directors has decided to resume the payment of a dividend for 2022.

Group

Income statement

Group (SEK th.)	Note	2022	2021
Net sales	5	362,977	332,960
Operating income		362,977	332,960
Goods for resale		-56,839	-40,875
Other external expenses	6,7	-70,004	-51,298
Personnel expenses	8	-204,200	-184,103
Depreciation/Amortization	13,14	-13,136	-12,356
Operating expenses		-344,179	-288,632
Operating profit/loss		18,798	44,328
Financial income	9	9,489	5,669
Financial expenses	10	-6,834	-5,782
Net financial items		2,655	-113
Profit/loss before tax		21,453	44,215
Tax	11	-4,323	-9,392
Profit/loss for the year		17,130	34,823
Profit/loss for the year attributable to:			
Holders with non-controlling interests		-	-
Holders of shares in parent company		17,130	34,823
Earnings per share before dilution, SEK	12	0.92	1.89
Earnings per share after dilution, SEK		0.92	1.89
Total no. shares outstanding before dilution, thousands		18,468	18,468
Total no. shares outstanding after dilution, thousands		18,468	18,468
Average no. shares outstanding before dilution, thousands		18,468	18,468
Average no. shares outstanding after dilution, thousands		18,468	18,468

Statement of comprehensive income

Group (SEK th.)	2022	2021
Profit/loss for the year	17,130	34,823
Other comprehensive income:		
Translation differences	8,163	4,596
Comprehensive income for the year	25,293	39,419
Comprehensive income for the year attributable to parent company shareholders	25,293	39,419

Balance sheet

Group (SEK th.)	Note	31/12/2022	31/12/2021
ASSETS			
Intangible assets	13	–	–
Equipment, tools and installations	14	1,495	1,497
Deferred tax assets		–	22
Right-of-use assets		59,436	12,278
Total non-current assets		60,931	13,797
Finished goods and goods for resale		8,726	7,782
Trade receivables	16	97,085	103,713
Other receivables		8,905	7,754
Prepaid expenses and accrued income	17	8,722	7,526
Cash and cash equivalents	18	104,386	65,970
Total current assets		227,824	192,745
TOTAL ASSETS		288,755	206,542
EQUITY AND LIABILITIES			
Share capital	19	3,834	3,834
Other contributed capital		28,058	28,058
Reserves		12,002	3,839
Retained profit including profit/loss for the year		72,176	55,046
Total equity attributable to parent company's shareholders		116,070	90,778
Long-term lease liability, right-of-use assets	7	41,904	1,231
Total non-current liabilities		41,904	1,231
Trade payables		12,309	10,999
Tax liabilities	11	7,462	9,875
Short-term lease liability, right-of-use assets	7	13,566	8,707
Other liabilities		12,679	12,005
Accrued expenses and deferred income	20	84,765	72,947
Total current liabilities		130,781	114,533
TOTAL EQUITY AND LIABILITIES		288,755	206,542

Changes in equity

Group (SEK th.)	Share capital	Other contributed capital	Translation reserve	Retained profit	Total equity
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	90,778
2022					
Opening balance, equity 01/01/2022	3,834	28,058	3,839	55,046	90,778
Comprehensive income for the year			8,163	17,130	25,294
Comprehensive income for the year	0	0	8,163	17,130	25,294
Transactions with shareholders:					
Dividend					0
Closing balance, equity 31/12/2022	3,834	28,058	115	72,176	116,070

Statement of cash flows

Group (SEK th.)	Note	2022	2021
Operating activities			
Profit/loss before tax		21,453	44,215
Adjustments for non-cash items	21	16,494	15,496
Income tax paid		-11,583	128
		26,364	59,839
Changes in inventory		-944	344
Changes in operating receivables		7,371	-59,381
Changes in operating liabilities		17,996	9,405
Cash flow from operating activities		50,787	10,207
Investing activities			
Investments in current assets		-893	-158
Cash flow from investing activities		-893	-158
Financing activities			
Dividends paid		-	-36,937
Amortization, lease liability		-13,846	-11,461
Cash flow from financing activities		-13,846	-48,398
Cash flow for the year		36,048	-38,349
Cash and cash equivalents at the beginning of the year		65,970	101,286
Translation differences in cash and cash equivalents		2,368	3,033
Cash and cash equivalents at year-end	18	104,386	65,970

Parent company

Income statement

Parent company (SEK th.)	Note	2022	2021
Net sales	5	273,175	262,106
Operating income		273,175	262,106
Goods for resale		-56,839	-40,230
Other external expenses	6,7	-46,848	-36,007
Personnel expenses	8	-145,794	-136,955
Depreciation/Amortization	13,14	-11,394	-11,518
Operating expenses		-260,875	-224,710
Operating profit/loss		12,300	37,396
Other interest income and similar items	9	9,256	5,466
Interest expenses and similar items	10	-6,461	-5,261
Net financial items		2,795	205
Profit/loss before tax		15,095	37,601
Tax	11	-3,341	-7,875
Profit/loss for the year		11,754	29,726

Statement of comprehensive income

Parent company (SEK th.)	2022	2021
Profit/loss after tax	11,754	29,726
Comprehensive income for the period	11,754	29,726

Balance sheet

Parent company (SEK th.)	Note	31/12/2022	31/12/2021
ASSETS			
Intangible assets	13	–	–
Equipment, tools and installations	14	937	1,497
Right-of-use assets	7	53,893	12,290
Total non-current assets		54,830	13,787
Participations in Group companies	15	404	404
Total non-current financial assets		404	404
Finished goods and goods for resale		8,726	7,782
Trade receivables	16	24,328	28,846
Intra-Group receivables	16	24,039	29,104
Tax asset		5,757	2,210
Other receivables		2,158	4,356
Prepaid expenses and accrued income	17	7,925	6,778
Cash and bank balances		61,087	33,508
Total current assets		134,020	112,584
TOTAL ASSETS		189,254	126,775

Balance sheet

Parent company (SEK th.)	Note	31/12/2022	31/12/2021
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		25,527	-4,199
Profit/loss for the year		11,754	29,726
Total equity		69,173	57,419
Long-term lease liability, right-of-use assets	7	38,402	1,831
Total non-current liabilities		38,402	1,831
Trade payables		9,998	2,728
Tax liabilities		6,205	9,319
Short-term lease liability, right-of-use assets	7	11,546	7,027
Other liabilities		7,723	5,939
Accrued expenses and deferred income	20	46,207	42,512
Total current liabilities		81,679	67,525
TOTAL EQUITY AND LIABILITIES		189,254	126,775

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	
2022						
Opening balance, equity 01/01/2022	3,834	20,288	7,770	-4,199	29,726	57,419
Appropriation of profit from preceding year				29,726	-29,726	-
Profit/loss for the year					11,754	11,754
Comprehensive income for the year	-	-		-	11,754	11,754
Transactions with shareholders:						
Dividend						-
Closing balance, equity 31/12/2022	3,834	20,288	7,770	25,527	11,754	69,173

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	15,761	16,977	64,630
Appropriation of profit from preceding year				16,977	-16,977	-
Profit/loss for the year					29,726	29,726
Comprehensive income for the year	-	-		-	29,726	29,726
Transactions with shareholders:						
Dividend				-36,937		-36,937
Closing balance, equity 31/12/2021	3,834	20,288	7,770	-4,199	29,726	57,419

Statement of cash flows

Parent company (SEK th.)	Note	2022	2021
Operating activities			
Profit/loss before tax		15,095	37,601
Adjustments for non-cash items	21	11,394	11,518
Income tax paid		-6,888	3,837
Cash flow from operating activities before changes in working capital		19,601	52,956
Changes in inventory		-944	344
Changes in operating receivables		10,633	-17,709
Changes in operating liabilities		10,586	5,545
Cash flow from operating activities		39,876	41,136
Investing activities			
Investments in current assets		-398	-15,367
Cash flow from investing activities		-398	-15,367
Financing activities			
Dividends paid		-	-36,937
Amortization, lease liability		-11,899	-11,461
Cash flow from financing activities		-11,899	-48,398
Cash flow for the year		27,579	-22,629
Cash and cash equivalents at the beginning of the year		33,508	56,137
Cash and cash equivalents at year-end	18	61,087	33,508

Notes

Note 1 General information

Micro Systemation AB (publ) "MSAB", with Corporate ID no. 5562443050, is a listed company registered in Sweden with headquarters 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 have been 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 2022 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 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 recognized 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 recognized separately, the difference is recognized as goodwill. When the difference is negative, in what is termed a bargain purchase, this is recognized directly in the profit or loss for the year.

A non-controlling interests is recognized by statement of the non-controlling interest's share of a proportional share of the recognized fair value of assets, liabilities and contingent liabilities. Upon 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 recognized directly against equity.

Revenue

The basic principle is that MSAB recognizes 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 license 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 license period. In MSAB's view, the Company has the following performance obligations: current hardware, a software license, the right to receive support and any software updates released during the license period. Hardware and software are usually priced as a package and the transaction price is defined in the contract. Hardware and software licenses 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 recognized. Performance obligations for support and updates apply from the time of delivery and are fulfilled over time during the license period. A license period is between one and three years, with one year being the 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 recognized at the time of invoicing, after which income is recognized on a straight-line basis

during the license period. The terms of payment 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 recognized as revenue during the year. The maturity structure of the contract liability is recognized, indicating the point in time when the closing balance of the contract liability will be recognized 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 recognized 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 recognized when shareholders' right to receive payment has been confirmed. Interest income is recognized 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 recognized value of the receivable.

Government grants received

Government grants received are recognized 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 recognizes 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 amortized 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 shorter, 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 recognized.

Lease payments for these leases are recognized 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 recognized 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 recognized 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 recognized 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 recognized in equity and in other comprehensive income. When a foreign subsidiary is disposed of, any translation differences arising are recognized 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 recognized as they are earned. Pensions and other post-employment benefits are classified as defined-contribution or defined-benefit pension plans.

Profit-sharing

The Group recognizes 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 recognizes 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 recognized as a current liability.

Defined-contribution pension plans

At MSAB, only defined contribution pension plans are operated. 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 recognized 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 reported in accordance with the balance sheet method. In principle, deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized 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 recognized 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 recognized nor taxable profit.

Deferred tax liabilities are recognized 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 recognized 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 recognized as an expense or revenue in the income statement, except when the tax is attributable to transactions that are recognized in other comprehensive income or directly in equity. In such cases, the tax shall also be recognized in other comprehensive income or directly in equity. If the tax is attributable to a business acquisition 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 recognized 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 recognized 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 amortized on a straight-line basis which is estimated at:

Equipment, tools and installations 5 years

Research and development

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

Development expenditure previously recognized as an expense is not recognized as an asset in any subsequent period. Capitalized development expenditure is recognized as intangible assets and is amortized, 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 recognized 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 labor 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 recognized in the balance sheet when the Company becomes party to the instrument's contractual terms and conditions. A financial asset is derecognized 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 derecognized 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 measurement of financial assets

In accordance with IFRS 9, financial assets are classified into categories according to the business model for management of the assets and according to 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 amortized cost.

Financial assets measured at amortized 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 recognized 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 realize 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 amortized cost. Because bank balances are payable on demand, the amortized cost corresponds to the nominal amount.

Financial liabilities – classification and subsequent valuation

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss. All of the Company's financial liabilities are classified as measured at amortized cost. Subsequent measurement of other financial liabilities is performed at amortized cost using the effective interest method. Interest expenses and exchange rate gains and losses are recognized in profit or loss. Gains or losses on derecognition from the accounts are also recognized 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 recognized 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 recognized in accordance with IFRS 9, assets for sale and disposal groups recognized in accordance with IFRS 5, investment properties recognized 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 recognized when the carrying amount for an asset or cash-generating unit (group of units) exceeds the recoverable amount. An impairment loss is recognized 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 recognized, less Amortization where appropriate, if no impairment loss has been applied.

Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation that arises from past events, the existence of which is confirmed only by one or more uncertain future events beyond the Group's control or if there is an obligation that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required or this cannot be estimated with sufficient reliability.

Classification and forms of presentation

The income statement and balance sheet for the parent company are prepared in accordance with the schedules in the Swedish Annual Accounts Act, while the income statement, statement of changes in equity and cash flow statement are based on *IAS 1 Presentation of Financial Statements* and *IAS 7 Statement of Cash Flows* respectively. The differences from the consolidated financial statements that arise in the parent company's income statement and balance sheet relate mainly to the recognition of financial income and expenses and equity.

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 recognized 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 recognized 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 recognized 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. The application of RFR 2 means that to the greatest extent 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:

Classification and forms of presentation

The income statement and balance sheet for the parent company are prepared in accordance with the schedules in the Swedish Annual Accounts Act, while the income statement, statement of changes in equity and cash flow statement are based on *IAS 1 Presentation of Financial Statements* and *IAS 7 Statement of Cash Flows* respectively. The differences from the consolidated financial statements that arise in the parent company's income statement and balance sheet relate mainly to the recognition of financial income and expenses and equity.

Shares in subsidiaries

Shares in subsidiaries are recognized 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 recognized at amortized cost, the impairment rules stated in IFRS 9 are applied.

Anticipated dividends

Anticipated dividends from subsidiaries are recognized 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 makes certain assessments, estimates and assumptions that affect the application of accounting policies and the recognized 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 recognized 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 recognizes 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 recognizes 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 2022, approximately 99 (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 minimize major currency fluctuations. At year-end 2022, the Company held no forward contracts.

Translation exposure

Translation exposure arises primarily when translating 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	2022	2021	2022	2021
Currency				
AUD	6,522	4,876	2,875	655
CAD	733	1,909	591	1,232
EUR	16,831	20,426	16,908	20,426
GBP	5,008	19,237	5,350	14,464
HKD	-	-	-	21
SGD	1,208	3,484	1,432	4,410
USD	65,176	51,354	18,213	9,212
JPY	169	339	1,561	5,343
Total trade receivables in foreign currencies	95,647	101,626	46,929	55,762
SEK	1,438	2,087	1,438	2,187
Total trade receivables	97,085	103,713	48,367	57,949

A change of +/- 5 percent in relevant exchange rates relative to Swedish kronor would have the following impact on the consolidated profit/loss for respective currencies on the balance sheet date: USD: SEK 3,259,000 (2,568,000), EUR: SEK 842,000 (1,021,000), GBP: SEK 250,000 (962,000). For the parent company, the corresponding impact on profit/loss would be: USD: SEK 911,000 (461,000), EUR: SEK 845,000 (1,021,000), GBP: SEK 267,000 (723,000).

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 on the next page:

2022	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	12,309	–	–	–	12,309	9,998	–	–	–	9,998
Lease liability	3,392	10,175	41,904	–	55,470	9,601	28,802	11,547	–	49,949
Accrued expense	62,030	22,735	–	–	84,765	2,584	22,256	–	–	24,840
Other liabilities	12,679	–	–	–	12,679	7,722	–	–	–	7,722
Total	90,410	32,910	41,904	–	165,224	29,904	51,058	11,547	–	92,509

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	1,231	–	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	–	59,464	18,989	21,942	1,231	–	42,162

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 government criminal investigation agencies. 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 minimize

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	
	2022	2021	2022	2021
Trade receivables	97,085	103,713	48,367	57,949
Other receivables	8,905	7,753	2,158	6,566
Cash and cash equivalents	104,386	65,970	61,087	33,508
Maximum exposure to credit risks	210,376	177,436	111,612	98,023

Concentration risk

Trade receivables consist primarily of a small number of major customers with a high credit rating. The ten largest customers accounted for 35 (37) percent of the total revenue. Approximately 47 percent (52) 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 40 percent (34) 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 the military. In such cases, customers can be referred to centrally procured purchasing companies, meaning that in a given period, purchasing companies 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, the managed capital and consolidated equity are the same. At year-end 2022, consolidated equity was SEK 116,070,000 (90,778,000). 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. 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	
	2022	2021	2022	2021
Classification of financial instruments, SEK thousands				
Financial assets measured at amortized cost				
Trade receivables – contractual assets	97,085	103,713	48,367	57,950
Cash and cash equivalents – other assets	104,386	65,970	61,087	33,508
Accrued income	8,722	7,526	7,925	6,778
Total financial assets	210,193	177,209	117,379	98,236
Financial liabilities				
Other financial liabilities				
Trade payables	12,309	10,999	9,998	2,728
Lease liability	55,470	9,938	49,948	9,808
Accrued expenses	28,973	27,618	24,840	24,785
Total financial liabilities	96,752	48,555	84,786	37,321

There have been no reclassifications between the above valuation categories during the period. For all the financial assets and liabilities, the carrying amount is a reasonable estimate of fair value.

	Group		Parent company	
	2022	2021	2022	2021
Net profit/loss for financial instruments, SEK thousands				
Trade receivables and other financial receivables				
Currency gains	795	809	800	809
Currency losses	-79	-80	-1	-1
Other financial liabilities				
Currency gains	8,782	5,480	8,558	5,283
Currency losses	-6,562	-5,257	-6,149	-4,859
Total	2,936	952	3,208	1,232

Note 5 Operating income

Group	Asia & Oceania	EMEA & Latin America*	North America	Total
Revenue distribution 2022**, SEK thousands				
Product sales	37,081	155,547	131,838	324,466
Training and other services	2,738	24,427	11,346	38,511
Total	39,819	179,974	143,184	362,977
Performance obligations fulfilled at a certain point in time	34,064	152,396	124,526	310,987
Performance obligations fulfilled over time	5,755	27,577	18,658	51,990
Total	39,819	179,974	143,184	362,977

* Of which Sweden, SEK 4,881,000

** The distribution is based on the customer's domicile.

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, SEK 3,059,000

Parent company	Asia & Oceania	EMEA & Latin America*	North America	Total
Revenue distribution 2022, SEK thousands				
Product sales	28,875	144,487	87,937	261,299
Training and other services	–	11,875	–	11,875
Total	28,875	156,363	87,937	273,175
Performance obligations fulfilled at a certain point in time	28,711	139,582	87,937	256,230
Performance obligations fulfilled over time	164	16,781	–	16,944
Total	28,875	156,363	87,937	273,175

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

Contractual liabilities – performance obligations over time

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

SEK thousands	Group		Parent company	
	2022	2021	2022	2021
Opening balance, contractual liabilities	44,781	39,300	17,410	18,254
Of opening balance, taken up as revenue during the year	-39,478	-32,804	-12,905	-14,053
Additional contractual liabilities during the year	49,101	38,285	16,828	13,209
Closing balance, contractual liabilities	54,404	44,781	21,333	17,410
Of which				
Current liabilities	44,792	35,767	16,778	12,905
Non-current liabilities	9,612	9,014	4,555	4,505
Total	54,404	44,781	21,333	17,410

Revenue for remaining performance obligations

Revenue for remaining performance obligations as per 31 December 2022 is expected to be recognized as follows:

SEK thousands	Group		Parent company	
	2022	2021	2022	2021
2022	–	35,767	–	12,905
2023	44,792	6,319	16,778	3,122
2024	6,999	2,614	3,285	1,270
2025 and beyond	2,612	82	1,270	113
Total	54,404	44,781	21,333	17,410

Distribution of the Group's non-current assets

The Group's non-current assets are split between: EMEA & Latin America SEK 60,931,000 (13,797,000), of which Sweden SEK 54,831,000 (13,787,000), 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 162,211,000 (145,257,000) in sales and SEK 0 (0) in purchases.

Segment reporting

The Company sells and markets a small number of products which are for the most part packaged and sold to the same customers. The Company's operations and management are organized by function, e.g. development, support, sales and administration. The Company's internal monitoring is currently organized only at the aggregated level. 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	
	2022	2021	2022	2021
Audit assignment, KPMG	800	701	800	701
Auditing services other than audit assignment, KPMG	370	–	370	–
Auditing services, other	125	112	–	–
Total	1,295	813	1,170	701

Note 7 Leasing

Property leases

The Group leases office premises in Sweden, the UK and the USA. The leases for office premises in Sweden have a term of five 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	2022			2021		
	Buildings	Fixtures and fittings	Total	Buildings	Fixtures and fittings	Total
SEK thousands						
Opening balance, historical cost	40,254	2,734	42,988	39,684	2,589	42,273
Additional rights-of-use	58,691	798	59,489	2,409	192	2,601
Completed rights-of-use	-35,042	-628	-35,670	-2,016	-47	-2,063
Exchange rate difference	11	-	11	177	-	177
Closing balance, accumulated historical cost	63,914	2,904	66,818	40,254	2,734	42,988
Opening balance, depreciation	-29,298	-1,412	-30,710	-20,968	-553	-21,521
Planned depreciation for the year	-11,415	-872	-12,287	-10,345	-906	-11,252
Sales/disposals	35,042	573	35,615	2,016	47	2,063
Closing balance, accumulated depreciation	-5,671	-1,711	-7,382	-29,298	-1,412	-30,710
Closing balance, planned residual value	58,242	1,193	59,436	10,955	1,322	12,278

Parent company	2022			2021		
	Buildings	Fixtures and fittings	Total	Buildings	Fixtures and fittings	Total
SEK thousands						
Opening balance, historical cost	37,450	2,734	40,184	37,057	2,589	39,646
Additional rights-of-use	51,298	797	52,095	2,409	192	2,601
Completed rights-of-use	-35,042	-629	-35,671	-2,016	-47	-2,063
Closing balance, accumulated historical cost	53,706	2,902	56,608	37,450	2,734	40,184
Opening balance, depreciation	-26,482	-1,411	-27,893	-18,939	-553	-19,492
Planned depreciation for the year	-9,564	-872	-10,436	-9,559	-906	-10,465
Sales/disposals	35,042	573	35,615	2,016	48	2,064
Closing balance, accumulated depreciation	-1,004	-1,710	-2,714	-26,482	-1,411	-27,893
Closing balance, planned residual value	52,701	1,192	53,893	10,967	1,323	12,290

Cost disclosures, fiscal year, SEK thousands	Group		Parent company	
	2022	2021	2022	2021
Amortization of right-of-use assets	12,287	11,252	10,436	10,466
Interest expense, lease liability	53	185	53	185
Lease expense, short-term leases	118	249	-	-
Leasing expense, low-value assets	376	454	376	454
Cost of variable lease payments	1,726	844	1,026	844

Cash flow disclosures, fiscal year ending 31 December 2022, SEK thousands	Group	Parent company
	Total cash outflow, leases	13,971

Note 8 Salaries, other remuneration and social security contributions

	2022		2021			
Average no. of employees	Total	of which men	Total	of which men		
PARENT COMPANY						
Sweden	147	117	144	111		
GROUP COMPANIES						
USA	19	5	24	18		
United Kingdom	16	14	13	10		
Canada	2	–	2	1		
Australia	2	2	2	2		
Hong Kong	–	–	–	–		
Singapore	3	3	2	2		
Japan	1	1	1	1		
Total	190	142	188	145		
	Total	of which men	Total	of which men		
Gender representation, senior executives						
Parent company and Group						
Members of the Board	5	4	6	4		
Other senior executives	10	8	10	8		
Total, parent company	15	12	16	12		
Salaries and remuneration, SEK thousands	Senior executives	Other	Total 2022	Senior executives	Other	Total 2021
Parent company						
Salaries and remuneration	14,639	82,701	97,340	20,819	71,243	92,062
Pension expenses	2,240	10,168	12,408	2,569	7,356	9,925
Other social security contributions	4,154	25,881	30,035	7,165	24,320	31,485
Total	21,033	118,750	139,783	30,553	102,919	133,472
Subsidiaries						
Salaries and remuneration	6,200	43,406	49,606	2,979	37,082	40,061
Pension expenses	224	1,368	1,592	59	1,007	1,066
Other social security contributions	457	3,020	3,477	417	2,491	2,908
Total	6,881	47,794	54,675	3,455	40,580	44,035

Pension expenses relate to the amount recognized 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 2022, SEK thousands	Salaries/ Board fees	Pension costs	Other benefits
Board:			
Bernt Ingman, Chair of the Board**	500		
Peter Gille, Member of the Board	250		
Fredrik Nilsson, Member of the Board**	250		
Hanna Bilir, Member of the Board**	250		
Rolf Rosenvinge, Member of the Board**	250		
Total Board	1,500		
Joel Bollö, CEO	3,432	544	76
Other senior executives (8 people)	9,446	1,696	185
Total parent company	14,378	2,240	261
Other senior executives in subsidiaries (2 people)	6,200	224	
Total Board, CEO and other senior executives	20,578	2,464	261

Remuneration to the 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

* Left the Board 2021

** Elected 2021

Principles of remuneration

Remuneration to the Board Chair and other Members of the Board is decided 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. The term senior executives refers to 9 people who together with the Chief Executive Officer comprised the Group management during 2022. All senior executives were employed throughout the year.

Variable remuneration

MSAB operates a profit-sharing program, 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.

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 2022 pension premiums amounted to an average of 21 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 2022, the CEO had a fixed annual salary of SEK 3,337,200. 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 twelve months of fixed salary. The Company pays social security contributions on severance pay. Severance pay is not offset against other income. The notice period for the Company regarding other senior executives is 3 months, although the Company shall observe any longer period of notice defined in the Swedish Employment Protection Act (1982:80).

Note 9 Financial income

SEK thousands	Group		Parent company	
	2022	2021	2022	2021
Interest income	78	138	69	131
Exchange rate gains	9,411	5,531	9,187	5,334
Total financial income	9,489	5,669	9,256	5,465

Note 10 Financial expenses

SEK thousands	Group		Parent company	
	2022	2021	2022	2021
Interest expenses	15	309	58	188
Exchange rate losses	6,819	5,474	6,403	5,073
Total financial expenses	6,834	5,783	6,461	5,261

Note 11 Tax

SEK thousands	Group		Parent company	
	2022	2021	2022	2021
Current tax	-4,323	-9,392	-3,341	-7,875
Total recognized tax expense	-4,323	-9,392	-3,341	-7,875
Reconciliation of tax for the year				
Profit/loss before tax	21,453	44,215	15,095	37,601
Tax at standard tax rate in Sweden, 20.6% (20.6)	-4,419	-9,108	-3,109	-7,746
Effect of different tax rates in foreign operations	328	-155	-	-
Non-taxable income	-	-	-	-
Non-deductible expenses	-232	-129	-232	-129
Tax expense	-4,323	-9,392	-3,341	-7,875
Average tax rate, %	20.2	21.2	22.1	20.9

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.)	2022	2021
Profit for the year after tax, SEK thousands	17,130	34,823
Average no. of shares before/after dilution	18,468	18,468
Earnings per share in SEK, before/after dilution	18,468	18,468
Earnings per share before dilution, SEK	0.92	1.89
Earnings per share after dilution, SEK	0.92	1.89

Note 13 Intangible assets

SEK thousands	Group		Parent company	
	2022	2021	2022	2021
Opening balance, historical cost	-	2,402	-	2,402
Purchases	-	-	-	-
Sales/disposals	-	-2,402	-	-2,402
Closing balance, accumulated historical cost	-	-	-	-
Opening balance, depreciation	-	-2,401	-	-2,401
Amortization for the year	-	-1	-	-1
Sales/disposals	-	2,402	-	2,402
Closing balance, accumulated depreciation	-	-	-	-
Closing balance, planned residual value	-	-	-	-

Note 14 Inventory, equipment, fixtures and fittings

SEK thousands	Group		Parent company	
	2022	2021	2022	2021
Opening balance, historical cost	12,141	11,794	11,366	11,019
Purchases	1,037	372	399	372
Sales/disposals	-	-25	-	-25
Closing balance, accumulated historical cost	13,178	12,141	11,765	11,366
Opening balance, depreciation	-10,644	-9,618	-9,868	-8,842
Planned depreciation for the year	-1,039	-1,051	-958	-1,051
Sales/disposals	-	25	-	25
Closing balance, accumulated depreciation	-11,683	-10,644	-10,826	-9,868
Closing balance, planned residual value	1,495	1,497	937	1,497

Note 15 Participations in Group

Parent company (SEK th.)	Number of shares	Capital and voting rights, %	Book value	Domicile	Equity	Profit/loss
Micro Systemation Ltd	1	100	-	England	8,581	2,452
MSAB Incorporated	3,000	100	6	USA	31,882	4,131
Micro Systemation Canada Inc.	100,000	100	-	Canada	1,812	405
Micro Systemation Pty Ltd	100	100	1	Australia	4,179	894
MSAB Pte Ltd	1,000	100	6	Singapore	2,076	332
Micro Systemation HK Ltd	10,000	100	-	Hong Kong	91	-10
MSAB Japan K.K.	100	100	391	Japan	-297	202
Total			404			

Note 16 Trade receivables

SEK thousands	Group		Parent company	
	2022	2021	2022	2021
Trade receivables	98,558	103,913	48,367	58,050
Reserve for doubtful trade receivables	-1,473	-200	-	-100
Total	97,085	103,713	48,367	57,950
Trade receivables, age analysis, SEK thousands				
Not yet due	83,943	68,658	42,455	43,682
Overdue 30 days	6,307	5,704	1,069	2,074
Overdue 31–60 days	426	6,576	55	4,750
Overdue 61–90 days	2,745	14,876	137	524
Overdue > 90 days	3,663	7,899	4,650	6,919
Total	97,085	103,713	48,367	57,950

Overdue trade receivables totaled SEK 13,142,000 (35,055,000). Total provisions for doubtful trade receivables amounted to SEK 1,473,000 (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 to a great extent of law enforcement agencies that 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 years 2016-2022, the Group has 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 2022 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	
	2022	2021	2022	2021
Pre-paid rent	-	30	-	30
Pre-paid insurance premiums	963	1,125	963	1,125
Pre-paid inventory purchases	722	1,129	722	1,129
Accrued income	3,723	1,647	3,723	1,647
Other items	3,314	3,595	2,517	2,847
Total	8,722	7,526	7,925	6,778

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 amounts to SEK 3,834,400. This is divided into 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	
	2022	2021	2022	2021
Accrued vacation pay	13,277	12,833	12,798	12,431
Accrued bonuses	6,502	6,353	3,584	4,606
Accrued social fees	5,135	5,341	5,135	5,341
Deferred income	55,791	45,329	21,367	17,728
Other items	4,060	3,091	3,323	2,406
Total	84,765	72,947	46,207	42,512

Note 21 Adjustments for non-cash items

SEK thousands	Group		Parent company	
	2022	2021	2022	2021
Depreciation/Amortization	13,136	12,356	11,394	11,518
Unrealized exchange rate fluctuations	3,358	3,140	–	–
Total	16,494	15,496	11,394	11,518
Interest received	194	–	36	–
Interest paid	–	–	–	–

SEK thousands	OB 2022	Cash flow	Non-cash changes in new leases	CB 2022
Reconciliation of liabilities arising from financing activities, Group				
Lease liabilities	9,938	-13,971	59,503	55,470
Total liabilities arising from financing activities		-13,971		55,470

SEK thousands	OB 2022	Cash flow	Non-cash changes in new leases	CB 2022
Reconciliation of liabilities arising from financing activities, parent company				
Lease liabilities	9,808	-11,997	52,137	49,948
Total liabilities arising from financing activities		-11,997		49,948

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 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

Note 22 Dividends

Dividends to shareholders were paid at SEK 0 (2.00) per share and totaled SEK 0 (36,937,000). For the 2022 fiscal year, the Board of Directors proposes a dividend of SEK 1.50 per share to be paid on two occasions.

Note 23 Pledged assets and contingent liabilities

SEK thousands	2022	2021
Group		
Mortgage on overdraft	–	15,000
Mortgage on rental guarantee	2,265	2,265
Total	2,265	17,265
Parent company		
Mortgage on overdraft	–	15,000
Mortgage on rental guarantee	2,265	2,265
Total	2,265	17,265

Pledges relate to a performance guarantee for payment of rent for the head office in Stockholm. MSAB has no contingent liabilities.

Note 24 Appropriation of profit

SEK	2022	2021
Available for appropriation (SEK)		
Retained profit from the previous year	25,526,936	-5,149,232
Share premium reserve	7,770,400	7,770,400
Profit/loss for the year	11,753,475	29,726,168
Total	45,050,811	32,347,336
Proposed dividend	27,702,606	-
To be carried forward	17,348,205	32,347,336
Total	45,050,811	32,347,336

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	2022	46,155	-	5,350	-
MSAB Incorporated	2022	79,243	-	12,230	-
Micro Systemation Canada Inc.	2022	8,694	-	591	-
Micro Systemation Pty Ltd	2022	18,816	-	2,875	-
MSAB Pte Ltd	2022	7,038	-	1,432	-
Micro Systemation HK Ltd	2022	-	-	-	-
MSAB Japan K.K.	2022	2,265	-	1,561	-

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 Japan K.K.	2021	3,819	35	5,342

Related party transactions are priced on market terms.

Note 26 Significant events after the end of the year

On March 13, Joel Bollö resigns as CEO of MSAB, but he will formally remain as an employee of the company until June 12, 2023, with limited duties during a transition period of three months. The Board has started the recruitment of a new CEO who will accelerate the expansion and realize the full potential of the business globally. Mikael Falkovén, VP Sales EMEA, Latin America and Asia, takes over as acting CEO.

MSAB launches XRY Pro, a new state-of-the-art tool that enables investigators to extract data from the most challenging and secure mobile phones. The XRY product suite now includes extraction and decoding capabilities for over 44,200 devices and 4,360 app versions.

Signatures

The consolidated financial statements and Annual Report of Micro Systemation AB (publ) for the 2022 fiscal year were approved for publication by the Board of Directors and the Chief Executive Officer on 26 April 2023. The consolidated financial statements and Annual Report will be put before the parent company's Annual General Meeting for adoption on 11 May 2023.

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, 26 April 2023

Bernt Ingman
Board Chair

Mikael Falkovén
Acting Chief Executive Officer

Hanna Bilir
Member of the Board

Fredrik Nilsson
Member of the Board

Peter Gille
Member of the Board

Rolf Rosenvinge
Member of the Board

Our Audit Report was submitted on 26 April 2023

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 accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Micro Systemation AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 36-61 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and presented fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and presented fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with 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 in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies 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 of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue recognition

See disclosure 5 and accounting principles on pages 46-47 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Net sales for the 2022 financial year totaled SEK 363.0 million (333.0) 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 recognized 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.

Response 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 subcomponent 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.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-35 and 68-72. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the

annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guar-

antee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding 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 company's 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 Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any 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 our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. 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 Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most impor-

tant assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Micro Systemation AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with 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 in accordance with 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 the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assess-

ment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and 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 organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

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

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act. Reasonable assurance is a high level of assurance, but

is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act. As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Micro Systemation AB (publ) for year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in

a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

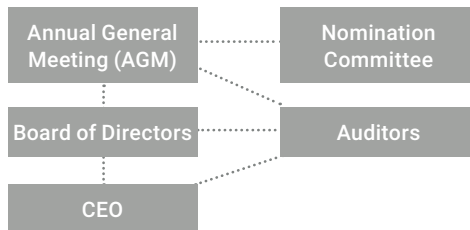
KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Micro Systemation AB (publ) by the general meeting of the shareholders on the 11 May 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019.

Stockholm 26 April 2023
KPMG AB

Mattias Lötborn
Authorized Public Accountant

Corporate Governance Report

MSAB applies the revised Swedish Corporate Governance Code as of 1 January 2020. The corporate governance at MSAB is based on Swedish legislation, and the regulations and recommendations set out by relevant organizations 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 of comply or explain, which means that a company that applies the revised Swedish 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 organized, how shareholders exercise their rights and what decision-making powers the AGM has. The Annual General Meeting was held on 11 May 2022 at Hotel Diplomat, Strandvägen 7C, 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 Bernt Ingman, Peter Gille and Fredrik Nilsson, and election of Hanna Bilir and Rolf Rosenvinge. Bernt Ingman was appointed the Chair of the Board
- election of KPMG AB with 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 250,000 and a fee 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
- approval of the Nomination Committee's proposal regarding principles for appointing the Nomination Committee and instructions to the Nomination Committee.

The full minutes of the AGM are available on the Company's website, [msab.com](https://www.msab.com).

Share ownership

The Company's class B share (MSAB) is 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

In accordance with the resolution passed by the 2022 Annual General Meeting, MSAB's Nomination Committee shall have three members. At the end of the third

quarter of 2022, the Chair of the Board of Directors shall contact the three largest shareholders in terms of votes and offer them the opportunity to each appoint a member of the Nomination Committee. The composition of the Nomination Committee shall be published no later than six months before the Annual General Meeting of the Company. In connection with its assignment, the Nomination Committee shall fulfil the corporate governance tasks that according to the revised Swedish Code are incumbent on the Nomination Committee and prepare and submit proposals to the Annual General Meeting regarding, among other things, the Board of Directors, members of the Board, Chair of the Board, auditor and their fees. 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.

Nomination Committee for the 2023 Annual General Meeting

In accordance with the resolution passed by the 2022 Annual General Meeting, MSAB's Nomination Committee shall have three members. At the end of the third quarter of 2022, the Chair of the Board of Directors shall contact the three largest shareholders in terms of votes and offer them the opportunity to each appoint a member of the Nomination Committee. The composition of the Nomination Committee shall be published no later than six months before the Annual General Meeting of the Company. In connection with its assignment, the Nomination Committee shall fulfil the corporate governance tasks that according to the revised Swedish Code are incumbent on the Nomination Committee and prepare and submit proposals to the Annual General Meeting regarding, among other

things, the Board of Directors, members of the Board, Chair of the Board, auditor and their fees. 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 for the AGM 2023 consists of Erik Ivarsson (appointed by AB Grenska Specialisten), David Zaudy (appointed by Cervantes Capital AB) and Christian Hellman (appointed by Edastra AB).

The Board of Directors and its work during 2022

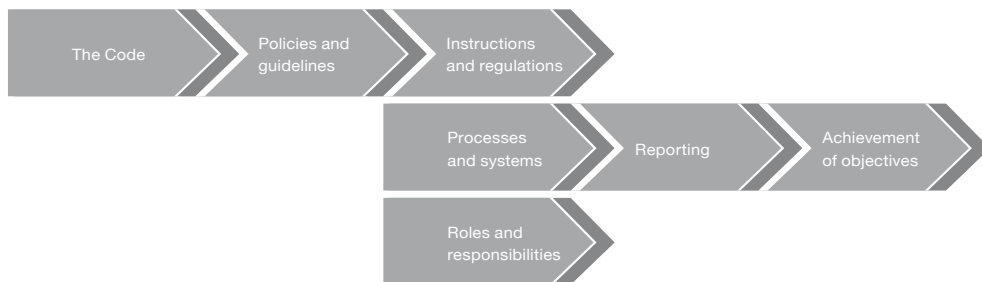
The Board of Directors has five members. The Board is ultimately responsible for how the Company is organized and for administration of the Company's affairs. Information about the business and its economic and financial status is provided regularly at Board meetings. As part of the internal control of financial information, the Board reviews financial year-end reports, interim reports and annual reports, and poses control questions about the 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 organization. The distribution of tasks between Board members, the Board Chair and CEO are defined in the following written instructions:

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

Evaluation of Board and CEO performance

For 2022, the Board and its work was evaluated using a web-based Board evaluation carried out by an external

Corporate Governance



provider, where Board members individually and anonymously state an opinion on statements regarding the Board as a whole, the Chair of the Board, the CEO's work on the Board and their own work performance. The aim of the evaluation is to identify the effectiveness of the Board and address areas of focus, as well as the need for specific skills or changes in working methods. The evaluation was presented to the Nomination Committee and formed the basis for proposals for the Board of Directors and remuneration levels. Furthermore, the Nomination Committee interviewed all the members of the Board.

In addition, within the framework of the regular work of the Board, the Board has continuously evaluated the CEO during the year. The Board continuously evaluates the CEO's performance within the framework of the regular work of the Board.

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

Board of Directors 2022	Position	Elected	Independent	Attendance at Board meetings
Bernt Ingman	Chair	2021	Yes	9 of 9
Jan-Olof Backman*	Member of the Board	1999	Yes	3 of 9
Linda Nyberg*	Member of the Board	2019	Yes	3 of 9
Ann Hellenius*	Member of the Board	2019	Yes	3 of 9
Peter Gille	Member of the Board	2020	Yes	8 of 9
Fredrik Nilsson	Member of the Board	2021	Yes	9 of 9
Hanna Bilir**	Member of the Board	2022	Yes	5 of 9
Rolf Rosenvinge**	Member of the Board	2022	Yes	6 of 9

* Left the Board at the 2022 AGM

** Elected to the Board at the 2022 AGM

Board independence

The Board considers itself to be independent of the major shareholders, management and 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 has discussed the Company's 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 operational management teams, 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 2022 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 the conclusions to the Board annually and meets with the Board without management presence, in accordance with the revised 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 organization 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 at the Company. MSAB works actively to communicate the Company's values to ensure that high morals, ethics and integrity permeate the organization. The framework for internal control is built on the Company's guidelines, instructions, policy documents and the accountability and authority regulations that have been adapted to the organization.

Sustainability

MSAB's mission is to deliver solutions world-wide that empower law enforcement agencies 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 characterized 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-minimized, 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 organization, and that all designs are proprietary. The

Company is not dependent upon any single supplier, although some production is external. MSAB's business operations are affected by a number of business risks that impact on the Company's earnings and financial capacity. When assessing future developments, it is important to weigh opportunities for growth in profitability against 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 57 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 ever higher 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 authorization 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 reviewed again in 2023.

Remuneration of 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 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. Total remuneration to senior executives shall consist of fixed salary and variable remuneration based on attainment of incentive-based performance targets. In addition, conditions apply governing termination and severance pay. Senior executives refers to a person who together with the Chief Executive Officer comprised the Group management during 2022. All senior executives were employed throughout the year, except the Company's CFO, who left the Company in March 2022 and was replaced in January 2023. 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 opinion on the Corporate Governance Report

Issued at the Annual General Meeting of Micro Systemation AB (publ), Corporate ID number 5562443050, on 11 May 2023.

Auditor's Report on the Corporate Governance Statement

To the general meeting of the shareholders in Micro Systemation AB (publ), corporate identity number 556244-3050

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2022 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 26 April 2023

KPMG AB

Mattias Lötbörn
Authorized Public Accountant

Board of Directors



Board Chair

Bernt Ingman

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

Born: 1954

Education: Master of Science in Business and Economics

Current position: Chair of the Board of MSAB.

Previous assignments: Chair of the Board of Skawen Holding AB, 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 class B shares

Other board assignments: Chair of the Board of TagMaster AB and Handelsbanken's local branch in Kista.



Member of the Board

Hanna Bilir

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

Born: 1983

Education: Bachelor of Arts in European Studies, specializing in Economics and German, at King's College London

Current employment: Partner Brunswick Group and leads the company's European TMT (Technology, Media and Telecoms) team.

Previous assignments: More than 15 years of experience in strategic and financial communication and as an advisor to management teams and boards.

Member of the Board since: 2021

Shareholding: 4,568 class B shares

Other board assignments: Aros Bostadsutveckling AB, New Property Group AB and Toddlr AB.



Member of the Board

Peter Gille

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

Born: 1962

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

Current position: General Manager North Europe, Dedalus

Previous assignments: CEO Cambio, Oracle, CEO Nexus Technology

Member of the Board since: 2020

Shareholding: 8,000 class B shares

Other board assignments: Swecare foundation, XMReality AB, Kvalprak AB



Member of the Board

Rolf Rosenvinge

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

Born: 1974

Education: Officers' College.

Current position: CEO Caggemini Invent Sweden and Finland.

Previous assignments: Partner PwC, responsible for the Swedish cyber security business operations and member of the EMEA Cyber leadership team as well as several Nordic and international leadership roles within General Electric (GE)

Member of the Board since: 2021

Shareholding: 0

Other board assignments: Member of the Board of Paliscope AB and Chair of CyberInsights AB (wholly owned subsidiary of Paliscope AB).



Member of the Board

Fredrik Nilsson

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

Born: 1967

Education: MSc Engineering, Lund University.

Current employment: Vice President of the Americas Axis Communications.

Previous assignments: Senior positions at Axis Communications

Member of the Board since: 2021

Shareholding: 30,000 class B shares

Other board assignments: Various board positions for the Security Industry Association, an industry organization that brings together leading experts in the security industry in the US.

Management



Acting Chief Executive Officer & CSO

Mikael Falkovén

Education: Swedish Defense University
Employed since: 2017

Previous experience: Senior positions at SAAB and 14 years as an officer in the Swedish Armed Forces.

Shareholding: 0



CEO North America & 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 class B shares



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: Finance positions at ÅF and Combra AB.

Shareholding: 1,720 class B shares



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, Packet-Front, 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 class B shares



CFO

Tony Forsgren

Education: Master of Science in Business and Economics University of Gothenburg Business School

Employed since: 2023

Previous experience: Green Cargo, Lantmännen, Gränges, Kraft foods, Fujitsu, Cycleurope, KPMG (CPA).

Shareholding: 0

Joel Bolló was President and CEO until 13 March 2023.

Addresses

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Annual General Meeting (AGM)

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 e-mail at info@msab.com; or at msab.com.

Annual General Meeting 2022

The Annual General Meeting will be held at Hotel Diplomat in Stockholm at 7.00 pm on 11 May 2023. 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

Mikael Falkovén, acting CEO
Tel. +46 (0) 73 981 83 40
mikael.falkoven@msab.com

Financial Calendar 2023

Interim Report for January–March: 27 April 8.00 am
Interim Report for January–June: 20 July 8.00 am
Interim Report for January–September: 26 October 8.00 am
Year-end Report: 25 January 2024 8.00 am

Milestones in the history of MSAB

2022

MSAB has received a further boost from one of the largest federal agencies in the US and been given a major order. The order includes more than 500 mobile phone extraction software licenses and related installation hardware and accessories. New software, XAMN Pro, is also launched with a complete set of analysis functions.

2021

MSAB is the first market participant to offer support for iOS 15 and a special tool for customized 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 analyzing 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 analyze 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 specializing in advanced data communications. Henrik Tjernberg is appointed chairperson in the following year.

MSAB is a world leader in forensic technology for extracting and analyzing data from seized mobile devices. The Company develops high-quality, easy-to-use software that helps law enforcement agencies, such as police forces, defense organizations 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.

➤ [Read more about MSAB here](#)

➤ [Read more about MSAB's products here](#)

MSAB

Trusted Partner in Digital Forensics