

## Fourth quarter in brief

- Earnings per share before/after dilution amounted to SEK 0.7 (-0.4)
- The EBIT margin was 15.0 percent (-6.0)
- Profit/loss after tax amounted to SEK 12.7 (-7.0) million



**Net sales**  
SEK 108.5 million (66.7)



**EBIT**  
SEK 16.2 million (-4.0)



**Cash and cash equivalents**  
SEK 66.0 million (101.2)

- Record sales in the fourth quarter
- Strong recovery on the North American market
- Strong growth in the UK with several important orders, consolidating the Company's leading position on the market

Key ratios	Q4 2021	Q4 2020	Jan 21-Dec 21	Jan 20-Dec 20
Net sales growth %	62.6	-20.6	7.4	0.8
EBIT margin %	15.0	-6.0	13.3	9.2
Equity %	44.0	46.8	44.0	46.8
Cash flow from operating activities / share (SEK)	0.6	2.6	0.6	2.8
Return on equity %	14.1	-8.5	38.9	17.5
Return on capital employed %	20.3	-4.3	55.8	32.2
Equity per share	4.9	4.8	4.8	4.4
Average no. of shares before/after dilution (millions)	18.5	18.5	18.5	18.5

## Comments from the CEO



leading companies with a wide range of solutions that we offer for different customers and areas of use.

Thanks to the strong end of the year, the new year will start with a strong cash flow. My view is that MSAB is stronger than ever, and we're prepared for 2022 to be a successful year.

I am pleased that almost two years after the pandemic hit the world, MSAB is in a very solid financial shape and continues to be one of the leading players in the industry.

The importance of mobile forensic products and services for law enforcement agencies continues to be high, and the requirements to ensure a secure chain of custody of digital data and products, are increasing. Mobile phones are almost always used as evidence in criminal investigations and increasingly require that the tools used to gain access to this potentially crucial evidence be provided in a fast, efficient and, above all, legally secure manner.

MSAB places great weight to human rights and is a leading party in some of the most important initiatives where the goal is to create international standards for these products and services that protects the personal integrity of individuals, and that human rights, as they relate to the individual's right to privacy, are respected. One of these projects is ForMobile. An EU initiative aimed at "creating a mobile forensic evidence chain from start to finish, with the aim of making the EU safer, while respecting fundamental human rights". The fact that MSAB is part of this standardization work within the EU is a direct consequence of the fact that we have been a market leader for a long time when it comes to providing a platform that protects not only the reliability of evidence, but also individual integrity. MSAB's key role in this important project is proof of our reputation and the high demands on integrity and social responsibility we place on ourselves and the solutions we provide.

I look forward to yet another successful year for MSAB in 2022.

Joel Bollö, CEO  
Stockholm, January 2022

Delivery activity in the fourth quarter was very high and sales in the quarter amounted to SEK 108.5 million, which corresponds to an increase of 63 percent compared with the same period last year. Sales in the quarter were also the highest in MSAB's history. EBIT for the quarter was SEK 16.2 million, which shows the strength of our business model. Sales for the full year were also the highest in MSAB's history and amounted to SEK 333 million. EBIT for the full year was SEK 44 million, an increase of 55 percent compared with the same period last year. The fact that sales were at a record high during the fourth quarter is a direct consequence of the long-term work we continuously do to constantly increase the value of our solutions for our customers.

We manage earnings and sales in an environment where component shortages, uncertain delivery times and increased costs for both components and freight have become the new normal. MSAB continues to be one of the

## Record sales for the quarter and the year

Comparative figures for profit/loss items refer to the previous year's corresponding period.

### Consolidated income statement

MSEK	Oct – Dec		Full year	
	2021	2020	2021	2020
Net sales	108.5	66.7	333.0	310.1
Cost of goods sold	-23.3	-7.4	-40.9	-28.1
Other external costs	-15.2	-11.7	-51.3	-49.7
Personnel costs	-50.3	-48.5	-184.1	-191.3
Depreciation of fixed assets	-3.5	-3.2	-12.4	-12.3
<b>Total operating cost</b>	<b>-92.2</b>	<b>-70.7</b>	<b>-288.6</b>	<b>-281.4</b>
<b>Operating profit – EBIT</b>	<b>16.2</b>	<b>-4.0</b>	<b>44.3</b>	<b>28.6</b>
Financial income	1.9	0.4	5.7	3.5
Financial expenses	-2.0	-4.8	-5.8	-9.8
<b>Profit/loss before tax</b>	<b>16.1</b>	<b>-8.3</b>	<b>44.2</b>	<b>22.3</b>
Tax	-3.4	1.3	-9.4	-6.1
<b>Net profit/loss after tax</b>	<b>12.7</b>	<b>-7.0</b>	<b>34.8</b>	<b>16.3</b>
Comprehensive income for the period attributable to the shareholders of the parent company	12.7	-7.0	34.8	16.3
Earnings per share, basic, SEK	0.69	-0.38	1.89	0.88
Earnings per share, diluted, SEK	0.69	-0.38	1.89	0.88

### Statement of comprehensive income

MSEK	Oct – Dec		Full year	
	2021	2020	2021	2020
Net profit/loss after tax	12.7	-7.0	34.8	16.3
Currency translation differences	1.0	-2.4	4.6	-4.1
<b>Total comprehensive income</b>	<b>13.6</b>	<b>-9.4</b>	<b>39.4</b>	<b>12.2</b>
Comprehensive income for the period attributable to the shareholders of the parent company	13.6	-9.4	39.4	12.2

## Revenue Allocation

MSEK Jan-Dec 2021	Asia	EMEA & Latin America	North America	Total
Product sales	34.3	157.5	109.6	301.4
Training & other services	1.8	25.3	4.4	31.5
<b>Total</b>	<b>36.1</b>	<b>182.8</b>	<b>114.0</b>	<b>333.0</b>
Recognized at a certain point in time	30.3	156.8	99.9	287.0
Recognized over time	5.8	26.0	14.1	45.9
<b>Total</b>	<b>36.1</b>	<b>182.8</b>	<b>114.0</b>	<b>333.0</b>
MSEK Jan-Dec 2020	Asia	EMEA & Latin America	North America	Total
Product sales	40.4	138.5	93.6	272.5
Training & other services	5.4	25.4	6.8	37.5
<b>Total</b>	<b>45.8</b>	<b>163.9</b>	<b>100.4</b>	<b>310.1</b>
Recognized at a certain point in time	40.1	141.9	82.7	264.8
Recognized over time	5.7	21.9	17.6	45.3
<b>Total</b>	<b>45.8</b>	<b>163.9</b>	<b>100.4</b>	<b>310.1</b>

## Revenue Allocation

MSEK Oct-Dec 2021	Asia	EMEA & Latin America	North America	Total
Product sales	8.1	57.3	36.2	101.5
Training & other services	0.5	5.2	1.3	6.9
<b>Total</b>	<b>8.5</b>	<b>62.4</b>	<b>37.6</b>	<b>108.5</b>
Recognized at a certain point in time	7.1	56.0	33.9	97.0
Recognized over time	1.4	6.4	3.6	11.5
<b>Total</b>	<b>8.5</b>	<b>62.4</b>	<b>37.6</b>	<b>108.5</b>
MSEK Oct-Dec 2020	Asia	EMEA & Latin America	North America	Total
Product sales	6.3	37.0	15.3	58.6
Training & other services	1.9	5.5	0.6	8.1
<b>Total</b>	<b>8.2</b>	<b>42.5</b>	<b>15.9</b>	<b>66.7</b>
Recognized at a certain point in time	6.8	38.8	11.8	57.3
Recognized over time	1.5	3.7	4.2	9.4
<b>Total</b>	<b>8.2</b>	<b>42.5</b>	<b>15.9</b>	<b>66.7</b>

## Net sales

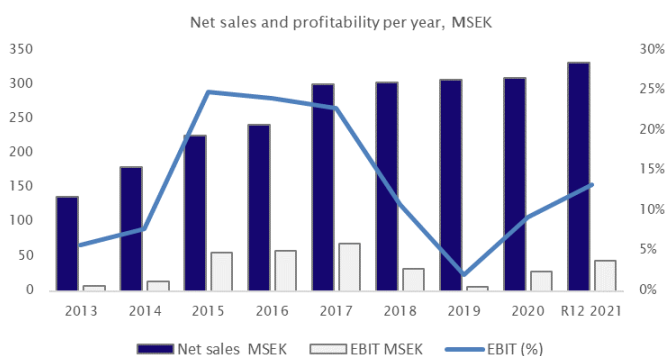
Fourth quarter consolidated net sales increased 62.6 percent to SEK 108.5 (66.7) million, and by 7.4 percent, or SEK 333.0 (310.1) million for the year. In local currencies, net sales increased 59.9 percent for the quarter and 11.3 percent for the year. For comments on the income trend, see *Market Comments*, pages 12–14, along with the associated graphs.

## Expenses

Third quarter expenses for goods for resale amounted to SEK 23.3 (7.4) million and SEK 40.9 (28.1) million for the year. Expenses for goods for resale depend on the product mix sold.

During the fourth quarter, many orders were received that included large quantities of hardware. The large volumes of hardware in the form of computers, kiosks, etc., has meant that the gross margin decreased to 79 (89) percent in the fourth quarter. Gross margin for the year was 88 (91) percent. Historically, the gross margin has been around 90 percent year over year and is expected to remain around the same level in the future. If demand, wishes and, above all, the confidence shown by customers in MSAB as a total supplier of not only software but also hardware, increase, the gross margin may be marginally lower in the future. At the same time, sales will increase as a result of this and create an increased presence among customers.

The extended delivery times for hardware components experienced during the third quarter relating to the component shortage prevailing internationally did not impact the Company significantly during the fourth quarter.



Other external expenses for the quarter, including depreciation, amounted to SEK 18.6 (14.9) million. That other external expenses increased in relation to the comparative period last year must be viewed in conjunction with previous years where these costs were around SEK 18–19 million. During the fourth quarter 2020, there was basically no travel or attendance at exhibitions due to the ongoing pandemic. In previous 2021 quarterly reports, it has been communicated that the cost base moving forward is expected to increase as global restrictions relating to travel are lifted, and we slowly return to “normal”. During the fourth quarter, the Company was able to participate in several planned exhibitions and customer activities around the world, which resulted in a normalization of other external expenses relative to the previous year.

Increased travel and an opening of society is something the company welcomes as it means more opportunities to meet both existing and prospective customers physically, which in many situations is crucial in an industry based on trust and integrity to build relationships and ultimately win business.

For the full year January – December, other external costs including depreciation amounted to SEK 63.7 (62.0) million.

Personnel expenses for the quarter amounted to SEK 50.3 (48.5) million, an increase of 3.7 percent compared to last year. The fact that personnel costs increased in the quarter at the same time as the number of employees decreased by 4.6 percent compared with the previous year is mainly due to an increase in salary costs, as the strong result for the quarter and the full year resulted in larger provisions for variable remuneration. Wage levels have also increased in general compared with the previous year. At the end of 2020, a reorganization was carried out to review and streamline the organization, which is the main reason for the lower personnel costs for the full year, where these amounted to SEK 184.1 million (191.3).

The Company’s intention going forward is to continue recruiting new employees, primarily within development and sales, to meet the increasing demand for the Company’s products and services.

## Profit/Loss

EBIT for the quarter amounted to SEK 16.2 (-4.0) million, which corresponds to an EBIT margin of 15.0 (-6.0) percent. For the period January - December, EBIT was SEK 44.3 (28.6) million. EBIT for the fourth quarter and for the period exceeded the previous year, due to the increase in sales for the quarter and the whole year. The fourth quarter 2020 was weak in comparison with previous years, largely because of lower sales in the North American market due to Covid-19 and political uncertainties. A strong third quarter 2021 in this market has been followed by a very strong fourth quarter, a major contributing factor behind growth in sales. Additionally, there has been growth on a broad front within several of the Company's key markets, where the UK consolidated its position as the second largest market after the USA, thanks to a year with record sales.

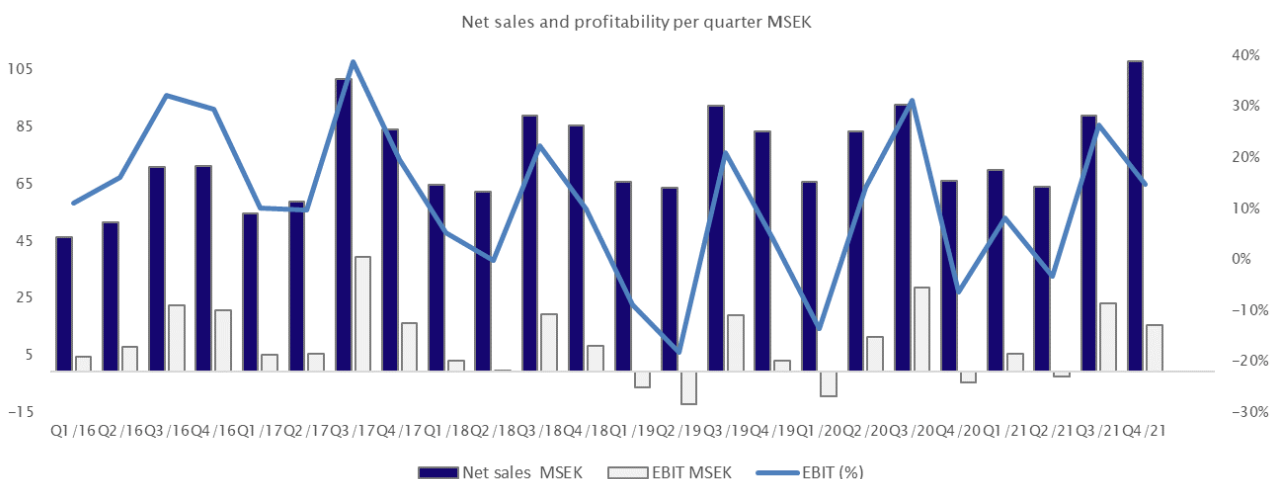
Net financial income/expense amounted to SEK -0.1 (-4.3) million for the quarter and SEK -0.1 (-6.3) million for the year. Net financial income/expense is comprised primarily of revaluation of cash and cash equivalents in foreign currencies.

A change in SEK against USD and EUR in particular has a positive effect on the company if the Swedish krona depreciates as most revenues are in foreign currency but are consolidated and reported in Swedish kronor at the same time as most costs are in SEK. If the krona appreciates it has the opposite effect.

Profit/loss after tax amounted to SEK 12.7 (-7.0) million for the quarter and SEK 34.8 (16.3) million for the period.

## Fluctuations in sales and profit

Consolidated sales and profit both tend to fluctuate between quarters, primarily due to our customers' purchasing patterns and single, larger orders. This is illustrated in the diagram in this report, where the substantial variation between quarters is clearly visible for sales and profit. Viewed over longer periods, the trend is more even and stable for sales as well as for profit.



# Financial position

Comparative values for balance sheet items refer to December 31, 2020.

## Consolidated balance sheet in summary

MSEK	Dec-31	
	2021	2020
<b>ASSETS</b>		
Intangible assets	0.0	0.0
Tangible assets	1.5	2.2
Assets with right to use	12.3	20.8
Deferred tax asset	0.0	0.0
<b>Total non-current assets</b>	<b>13.8</b>	<b>23.0</b>
Inventories	7.8	8.1
Accounts receivable – trade	103.7	46.1
Current tax asset	3.2	0.5
Other current assets	4.6	1.8
Prepayments and accrued income	7.5	8.0
Cash and cash equivalents	66.0	101.2
<b>Total current assets</b>	<b>192.7</b>	<b>165.7</b>
<b>TOTAL ASSETS</b>	<b>206.5</b>	<b>188.7</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	90.8	88.3
Long term leasing liabilities related to assets with right to use	1.2	7.2
Accounts payable – trade	11.0	6.0
Current tax liability	9.9	1.1
Short term leasing liabilities related to assets with right to use	8.8	12.1
Other current liabilities	12.0	7.7
Accrued expenses and prepaid income	72.9	66.3
<b>Total current liabilities</b>	<b>114.6</b>	<b>93.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>206.5</b>	<b>188.7</b>

## Change in equity

MSEK	Dec-31	
	2021	2020
Opening balance	88.3	76.1
Total comprehensive income for the period	39.4	12.2
Dividend	-36.9	-
Equity at the end of the period	90.8	88.3

## Cash flow statement in summary

MSEK	Oct-Dec		Full year	
	2021	2020	2021	2020
Profit/loss before tax adjusted for non-cash items, deducted for income tax paid	22.8	3.2	59.8	33.1
Working capital changes	-12.3	43.9	-49.6	19.0
Cash flow from operating activities	10.5	47.2	10.2	52.0
Investments in fixed assets	-0.3	-0.1	-0.2	-0.6
Cash flow from investing activities	-0.3	-0.1	-0.2	-0.6
Dividend paid to shareholders	-	-	-36.9	-
Amortization of leasing liability	-6.0	-2.9	-11.5	-10.6
Cash flow from financing activities	-6.0	-2.9	-48.4	-10.6
Cash flow for the period	4.2	44.2	-38.3	40.8
Cash at the beginning of the period	61.3	59.0	101.2	63.9
Exchange rate difference in cash	0.4	-2.0	3.0	-3.5
Cash at the end of the period	66.0	101.2	66.0	101.2

### Cash flow

Cash flow from operating activities for the quarter amounted to SEK 10.5 (47.2) million.

Cash flow from operating activities for the period amounted to SEK 10.2 (52.0) million. Cash flow for the full year is partially attributable to the dividend decided by the Annual General Meeting on May 11 of SEK 36.9 (0) million, and that a large part of sales for the fourth quarter took place in December, which is shown by accounts receivable at the end of the year amounted to SEK 103.7 (46.1) million.

The Company has a solid financial position without any interest-bearing debts or liabilities.

On 31 December, 2021 cash and cash equivalent amounted to SEK 66.0 (101.2) million. In addition to cash and cash equivalents, there was as of 31 December, 2021 an unutilized bank overdraft of SEK 10 million.

### The Parent Company

The Parent Company's net sales for the period January – December amounted to SEK 262.1 (230.4) million. EBIT for the period was SEK 37.4 (20.9) million. Investments for the period amounted to SEK 0.0 (0.5) million. The number of employees at the Parent Company at the end of the period was 142 (151).

Risks and uncertainty factors are the same for the Parent Company as for the Group. The Parent Company's net sales and EBIT essentially follow the Group's earnings trend. Hence comments about the consolidated profit/loss trend apply to the Parent Company as well.



## Parent company income statement in summary

MSEK	Oct - Dec		Jan-Dec	
	2021	2020	2021	2020
Net sales	90.3	50.1	262.1	230.4
Cost of goods sold	-23.3	-7.4	-40.2	-28.1
Other external costs	-11.6	-7.9	-36.0	-33.1
Personnell costs	-38.1	-36.7	-137.0	-137.2
Depreciation of fixed assets	-2.9	-2.8	-11.5	-11.1
<b>Total operating cost</b>	<b>-75.8</b>	<b>-54.8</b>	<b>-224.7</b>	<b>-209.5</b>
<b>Operating profit - EBIT</b>	<b>14.5</b>	<b>-4.7</b>	<b>37.4</b>	<b>20.9</b>
Net financial items	0.1	1.3	0.2	-0.7
<b>Profit/loss before tax</b>	<b>14.6</b>	<b>-3.5</b>	<b>37.6</b>	<b>20.2</b>
Tax	-7.9	-3.2	-7.9	-3.2
<b>Net profit/loss after tax</b>	<b>6.8</b>	<b>-6.7</b>	<b>29.7</b>	<b>17.0</b>

## Statement of comprehensive income

MSEK	Oct - Dec		Jan-Dec	
	2021	2020	2021	2020
Net profit/loss after tax	6.8	-6.7	29.7	17.0
Total comprehensive income	6.8	-6.7	29.7	17.0

## Parent company balance sheet in summary

MSEK	31-dec	
	2021	2020
<b>ASSETS</b>		
Intangible assets	0.0	0.0
Tangible assets	12.3	20.2
Shares in group companies	0.4	0.4
Total fixed assets	14.2	22.7
Inventories	7.8	8.1
Accounts receivable - trade	28.8	20.1
Other current assets	35.6	21.6
Prepayments and accrued income	6.8	5.1
Cash and cash equivalents	33.5	56.1
Total current assets	112.5	111.1
<b>TOTAL ASSETS</b>	<b>126.7</b>	<b>133.9</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	3.8	3.8
Share premium	20.3	20.3
<i>Restricted equity</i>	24.1	24.1
Statutory reserve	7.8	7.8
Profit brought forward	24.5	31.8
<i>Non-restricted equity</i>	32.3	39.6
Total equity	56.5	63.7
Long term leasing liabilities related to assets with right to use	1.8	7.8
Accounts payable - trade	2.7	3.1
Current tax liability	9.3	0.9
Short term leasing liabilities related to assets with right to use	8.0	10.8
Other current liabilities	5.9	5.7
Accrued expenses and prepaid income	42.5	42.0
Total current liabilities	68.4	62.4
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>126.7</b>	<b>133.9</b>

## Other comments

### Employees and organization

On 31 December 2021 there were 186 (195) employees at the Company. The average number of employees for the year was 188 (202).

### Seasonal effects

MSAB is not dependent on certain seasons in the sense that is normally referred to by the term seasonal effects. However, the majority of the Company's customers have a purchasing pattern that follows their budget period. Budget periods differ between countries, but most common in MSAB's largest markets is that they follow the calendar year or end on 30 September. Historically, this has been reflected in sales in such a way that the second half of the year is stronger than the first.

### Significant risks and uncertainty factors

Through its operations, the Group is exposed to risks and uncertainty factors. Information on risks and uncertainties other than currency exposure due to foreign subsidiaries and the fact that most invoicing in Sweden is denominated in foreign currencies can be found in more detail in the 2020 Annual Report. The Annual Report is available on the Company's website.

MSAB monitors developments as regards Covid-19 and evaluates the extent to which this may affect the company's operations both in the short and long term. At present, the Company's assessment is that the business has not been significantly affected. MSAB operates in a market that is relatively stable when it comes to market fluctuations, as the customers are primarily authorities around the world. The Company's assessment is that this explains in part why Covid-19 has not significantly affected the Company's strategies, goals, or outcomes. Opportunities to meet customers and stakeholders at conferences, fairs or in other contexts has been much more difficult for MSAB, as it has for many other companies around the world.

The Company identified these challenges early and largely adapted its operations to facilitate digital meetings and training which has been appreciated by many customers. Because of the general uncertainty prevailing world-wide regarding the duration of the current circumstances, the Company is experiencing that customers need more time for their decision-making processes, something that has resulted in postponement relating foremost to new sales in some markets.

### Related party transactions

The related party transactions of an ongoing nature that exist in the Company are almost exclusively intra-Group transactions. These are described in the 2020 Annual Report on page 51. Besides these agreements, there are no significant related party transactions.

### Accounting principles

This report has been prepared for the Group in accordance with the Swedish Annual Accounts Act and IAS 34 Interim Financial Reporting, and for the Parent Company in accordance with the Swedish Annual Accounts Act and Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Information as per IAS 34 is reported in notes and in other places throughout the report. The accounting principles adopted by the Group and the Parent Company are consistent with the accounting principles used to prepare the most recent annual report. For current financial assets and liabilities, the reported value is a reasonable estimate of fair value.

### Forecast 2022

No forecast will be given for 2022.

### Annual General Meeting (AGM) 2022

The AGM will be held in Stockholm on 11 May, 2022. Shareholders who wish to have a matter considered at the AGM must submit a written proposal latest March 18 to ensure that the matter is included in the Notice convening the AGM.

### Nomination Committee

The Nomination Committee consists of David Zaudy, Christian Hellman, and Erik Ivarsson, representing the three largest shareholders in terms of votes

The Nomination Committee will work out proposals for the 2022 Annual General Meeting regarding Board members, Chairman of the Board, Chairman of the Meeting, auditors, audit fees, Board members, possibly committee fees and, to the extent deemed necessary, proposals for changes in the current instructions for the Nomination Committee.

### Significant events after the end of the year

No significant events have occurred after the end of the year.

Stockholm, 27 January, 2022

Micro Systemation AB (publ)

Joel Bollö, Chief Executive Officer

## Financial calendar 2022

Interim report January–December	27 January 2022	08.00
Annual report 2021	22 April 2022	08.00
Interim report January–March	28 April 2022	08.00
Annual General Meeting 2022	11 May 2022	18.00

For more information, visit [msab.com](https://msab.com) or contact

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Daniel Nyholm, CFO, phone +46 709-968 333

# Market comments

The year ended with a very strong fourth quarter, with several regions and countries contributing to the “all-time-high” in terms of orders.

In 2021, we continued developing and improving our products with many requested features, while support for the number of mobile phone profiles that are supported continued to increase at a rapid pace. This led to an increase in utilization of XRY from our existing customers, and an increase in interest from new customers and within new customer segments.

An increase in utilization of our products often correlates with a high degree of license renewal from existing customers, which is primarily reflected in the fourth quarter result, which for most customers also coincides with the end of their fiscal year.

Dialogues regarding forensic solutions have been partly influenced by Covid. Despite this fact, we succeeded in securing several extremely interesting, larger orders for our Frontline solutions from customers in the UK and France during the quarter. Our ability to adapt and offer the flexible training courses we have developed over the past two years has created flexibility for our customers in that we have been able to offer in-person training for those customers who

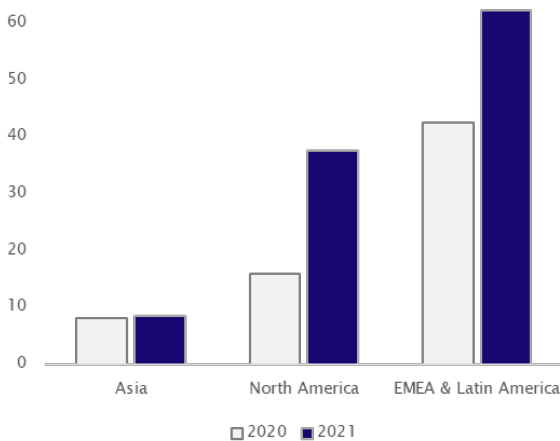
could participate, but where the virtual training has been especially appreciated and received with good results.

We continue to see a great deal of interest in our products, services and alternative business models in existing markets. Our leading role in the EU project Formobile has triggered a lot of interest from participating countries and globally. The products and services which emerge from this project will have a positive impact on future mobile forensic solutions.

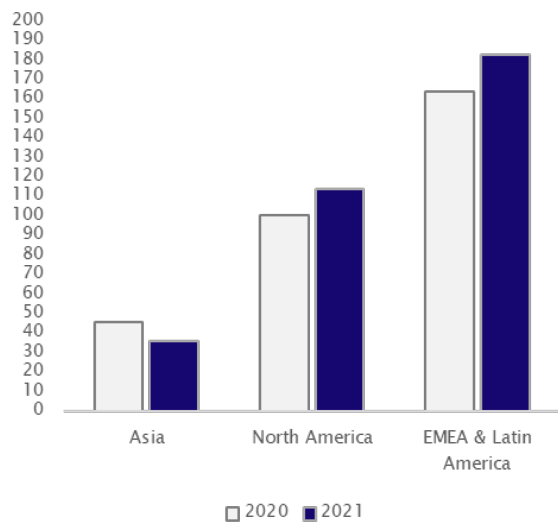
Our premium product, Advanced Acquisition Lab (AAL), where the very latest extraction methods are available, strengthens our quality offering for specific authorities, and several AAL deals were closed during the quarter.

Demand continues to be high in Asia. The changes in the geopolitical situation in recent years in the region have meant that MSAB has turned down business opportunities and withdrawn from several markets in the region. In combination with stricter export restrictions from the Swedish Inspectorate for Strategic Products (ISP), which regulate which markets the company's products can be sold in, has affected sales and in the region in 2021 and will continue to affect our efforts in Asia.

Sales distribution per regions MSEK (oct-dec)



Sales distribution per regions MSEK (jan-dec)



Focus for this region in 2022 and beyond will be on those countries where we can export and where we have built up a local presence with personnel, primarily India and Japan. Sales in both countries continue to grow and reached record levels in 2021.

We continue to see an increasing demand for our product offering but can note that the demand for services is also increasing.

North America is MSAB's single largest market. 2020 did not meet our expectations due to the Covid-19 pandemic as well as the uncertain political situation. The strong recovery in this market during the second half of 2021, and especially during the fourth quarter, was the result of several interacting factors – a product range, and the development of these, that meets customer demands. Customer service the North American customers regularly praises. Fewer pandemic restrictions and a more stable political situation have been other contributing factors to the strong result.

Canada was another market where sales reached a record high.

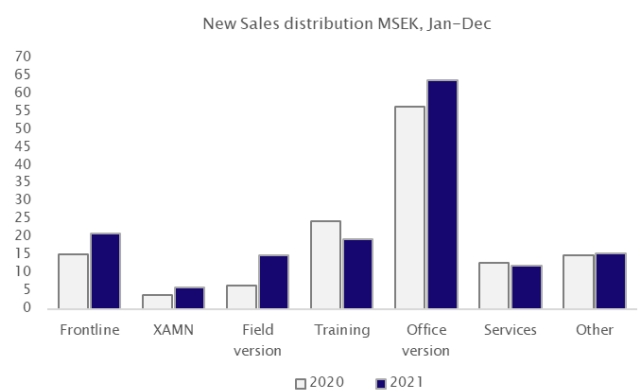
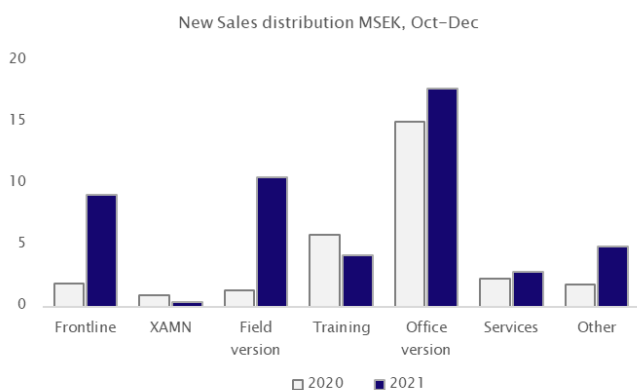
There are still some challenges regarding delivery timelines related to hardware components, which is a global challenge for many companies. However, finding alternative suppliers in combination with a balanced inventory structure have meant that the quarter was not significantly affected by this.

## Products

Several significant updates to MSAB's products were launched during the fourth quarter. In addition to the increased support within XRY for mobile phone profiles from 36,000 at the end of Q3 to over 39,000 at the end of Q4, support for several of the latest Samsung models was also launched. These are some of the phone models where market demand for a solution has been high. A solution MSAB was the first to introduce to the market.

The possibility to perform selective extractions in XRY was launched during the third quarter, which enables law enforcement agencies to demonstrate that they are taking all reasonable technical measures to minimize the risk of data being compromised, for example when it comes to personal information stored on mobile phones. With XRY, investigators and analysts can perform selective extractions, where data is extracted only from selected apps or for a specific time interval, to ensure that victims' and witnesses' personal integrity is maintained.

Additionally, support for Apple's face recognition has been added in XRY. This means that XRY can identify faces in iOS images, which enables categorization and matching of extracted data which can then be utilized to search for a specific face in a cluster of pictures when these are analyzed in XAMN – MSAB's tool for sorting and analyzing data extracted with XRY.



XAMN has also undergone significant developments during the quarter. In particular, the reporting process has been streamlined and simplified through the addition of a function called **Report Builder**. This new XAMN function will help standardize the report process ensuring reports are accurate, relevant, and contribute to an overall improvement in efficiency for our customers.

Through a simple drag-and-drop technique, this new function allows the user to build standardized templates for use within their own department to create professional, error-free customized court reports.

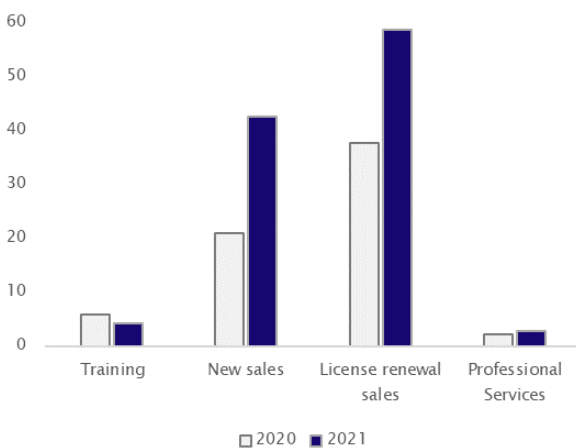
By simplifying and streamlining the process of creating digital forensic reports, insights can be captured from extractions and the possibility of data loss is minimized through the sharing of data in a single, comprehensive report.

XRY Office is the backbone of our product offering and the product with the highest turnover year after year. However, the single greatest sales growth in the fourth quarter was for Frontline products, due to several orders primarily in the USA and UK. Frontline has been mentioned repeatedly during the year where interest for Frontline and Raven, both of which allow for decentralized forensic investigations conducted directly at the crime scene rather than in a lab, has increased significantly.

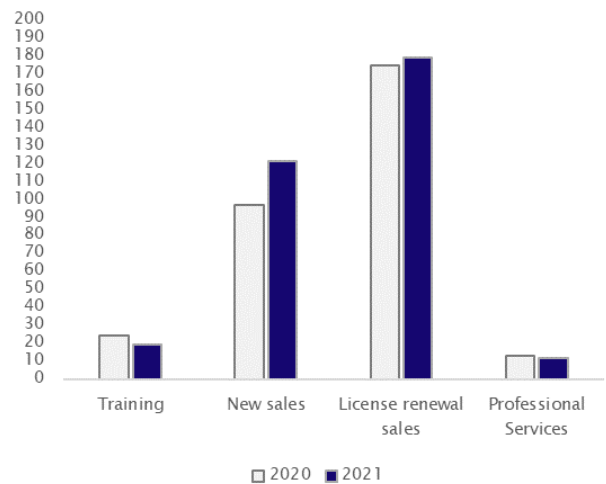
## Training

The pandemic has led to a transition and increase in digital training, which has been an appreciated learning experience for the company and its customers. However, some customers require in-person training; hence income from training operations remains lower than for the previous year. Many planned trainings that were postponed due to the pandemic are now finding their way back into the calendar thanks to an easing of restrictions in many countries, with the lion's share scheduled for the first quarter of 2022.

Product sales distribution, MSEK (oct-dec)



Product sales distribution MSEK (jan-dec)



# Shares and shareholders

## The share

MSAB'S B share was first listed in 1999 and has been listed on Nasdaq Stockholm Small Cap (ticker symbol: MSAB B) since December 2011. The Company's share price as of 31 December, 2021 was SEK 38.40 per share, corresponding to share capital of SEK 674 million calculated on the number of outstanding shares.

## Share capital

A Share capital in MSAB at the end of the period amounted to SEK 3,834,400, with 19,172,000 shares with a nominal value of SEK 0.20. The Company has three classes of shares: Series A and B shares have equal rights to the Company's assets and profit; C shares do not entitle the holder to dividends. Every Series A share entitles the holder to ten votes and every Series B and C share entitles the holder to one vote. The number of shares in Series A is 1.000.000 and in Series B is 17.550.000. The number of Series C shares is 622.000, all held in treasury. Additionally, 81.596 Series B shares are held by the company.

The latest change in share capital occurred in the third quarter of 2018 when MSAB completed a new share emission of 15.000 B shares related to conversion of a stock option program.

## Dividend policy and dividend

The Board has adopted a dividend policy whereby at least 30 percent of the Company's reported profit shall be returned to shareholders if this is compatible with maintaining adequate equity for planned activities.

## The Board doesn't propose dividend

MSAB's endeavor is to deliver increasing value for customers, employees and shareholders. Increased investments in our product portfolio, sales resources and subsequent strategic acquisitions, all of which strengthen the company's market position and long-term earnings ability are important parts of this effort. To facilitate, and be well prepared for this type of investments, MSAB needs a strong, but also flexible capital structure. Accordingly, the Board of Directors needs to take the company's short- and long-term investment requirement and financial position into account when considering dividends. MSAB's long-term dividend policy is to transfer at least 30 percent of profit after tax to shareholders. However, the company's financial position, cash flow, potential for investments and future prospects shall also be considered. Given the above-mentioned strategic investments and future prospects, the Board will not be proposing any dividend for 2021.

## Ownership

The number of shareholders as of 31 December was 4 495 (3 846).

## Information to shareholders

MSAB's website (msab.com) is the main information channel and all press releases and financial reports are published there. Press releases and reports can be received via email as they are published. Presentations, general information on the share, the Corporate Governance Report and financial data can also be found on the website.

### MSAB (publ) largest shareholders per 31 december 2021

Name	A-Shares	B-Shares	C-Shares	Capital	Botes	% Votes	% Capital
Aktiebolag Grenspecialisten	525 000	574 612	0	1 099 612	5 824 612	20,68	5,74
Edastra AB	347 500	1 143 592	0	1 491 092	4 618 592	16,39	7,78
Nordnet Pensionsförsäkringar AB	0	1 910 717	0	1 910 717	1 910 717	6,78	9,97
Strawberry Capital A/S	0	1 479 404	0	1 479 404	1 479 404	5,25	7,72
Cervantes Capital AB	127 500	0	0	127 500	1 275 000	4,53	0,67
Försäkringsbolaget Avanza Pension	0	1 270 611	0	1 270 611	1 270 611	4,51	6,63
Alcur Select	0	1 045 179	0	1 045 179	1 045 179	3,71	5,45
Öhman Sweden Microcap	0	843 313	0	843 313	843 313	2,99	4,40
Sijoitusrahasto Aktia Nordic Mic	0	750 000	0	750 000	750 000	2,66	3,91
Thomas Wernhoff	0	570 000	0	570 000	570 000	2,02	2,97
<b>Total 10 largest shareholders</b>	<b>1 000 000</b>	<b>9 587 428</b>	<b>0</b>	<b>10 587 428</b>	<b>19 587 428</b>	<b>69,52</b>	<b>55,24</b>
Micro Systemation AB	0	81 596	622 000	703 596	703 596	2,50	3,67
Other	0	7 880 976	0	7 880 976	7 880 976	27,98	41,09
<b>Total number of shares</b>	<b>1 000 000</b>	<b>17 550 000</b>	<b>622 000</b>	<b>19 172 000</b>	<b>28 172 000</b>	<b>100,00</b>	<b>100,00</b>

### Quarterly data

	2021				2020				2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales, MSEK	108.5	89.6	64.6	70.4	66.7	93.3	83.9	66.2	84.0	93.3	64.1	66.3	86.2	89.4	63.0	65.3
EBIT, MSEK	16.2	24.0	-1.9	6.0	-4.0	29.4	12.1	-8.8	3.7	19.8	-11.5	-5.6	8.7	20.1	0.1	3.7
EBIT-margin, %	15.0	26.7	-2.9	8.5	-6.0	31.5	14.4	-13.2	4.4	21.2	-17.9	-8.6	10.1	22.5	0.2	5.6
Earnings per share, SEK	0.7	1.0	-0.2	0.4	-0.4	1.2	0.6	-0.5	0.1	1.0	-0.6	-0.2	0.4	0.8	0.1	0.2
Return on equity, %	14.1	21.2	-4.3	7.8	-8.5	24.6	15.7	-9.7	1.5	21.2	-15.4	-3.9	6.6	14.4	1.8	3.8
Return on capital employed, %	20.3	27.7	-2.1	10.8	-4.3	34.5	21.7	-8.1	4.8	23.2	-14.0	-3.2	9.5	20.7	3.3	6.5
Equity ratio, %	43.9	44.4	38.5	49.7	46.8	47.5	41.2	38.2	40.0	40.3	33.7	49.2	57.2	55.2	53.4	59.8
Cash flow from operations/per share, SEK	0.6	-0.6	0.1	0.5	2.6	-0.2	-0.1	0.4	0.6	0.7	0.0	-0.4	1.6	-0.7	-0.6	0.0
Equity per share, SEK	4.9	4.2	3.1	5.3	4.8	5.3	4.2	3.8	4.1	4.1	3.0	5.8	6.0	5.6	4.6	6.5



## Definitions

MSAB presents certain financial metrics in the interim report that are not defined under IFRS. The company believes that these metrics provide valuable supplementary information to investors and the company's management as they allow for evaluation of the company's performance. Because not all companies calculate financial measures in the same way, these are not always comparable with metrics used by other companies. These financial metrics should therefore not be

regarded as replacements for metrics defined in accordance with IFRS. The table below presents the alternative key figures that have been deemed relevant.

The key figures are based on reports on earnings, financial position, change in equity and cash flow. In cases where the key figures cannot be directly derived from the above reports, the derivation and calculation of these are shown below.

Metrics not defined under IFRS	Definitions and calculations
EBIT	Earnings before interest and taxes.
EBIT-margin	EBIT in relation to net sales
Earnings per share*	Profit/loss after tax in relation to average number of outstanding shares.
Return on equity	Profit/loss after tax in relation to average adjusted equity
Return on capital employed	EBIT plus financial items in relation to average capital employed.
Equity ratio	Equity in relation to total assets.
Cash flow from operations / per share	Cash flow from operations in relation to average number of outstanding shares.
Equity per share	Equity in relations to outstanding shares at the end of the period.
Average adjusted equity	Average equity during 12 months-period. Opening plus closing shareholder's equity divided by two.
Capital employed / Average capital employed	Capital employed is calculated as total assets less non- interest-bearing liabilities. Average capital employed is calculated as capital employed over a 12 months-period. Capital employed at beginning of period plus capital employed at end of period divided by two.
Revenue growth, %	Sales current period in relation to same period previous year.
Net financial items	Net of financial income and expenses.

\* Defined under IFRS

### Reconciliations of measurements that are not defined under IFRS.

	2021				2020				2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets, MSEK	206.5	174.0	149.1	177.4	188.7	205.8	188.0	182.8	190.1	189.7	163.2	217.4	192.5	186.9	158.3	200.9
Accounts payables, MSEK	-11.0	-7.1	-5.5	-5.2	-6.0	-3.4	-4.3	-4.5	-4.6	-5.5	-3.1	-3.9	-3.7	-4.5	-4.7	-10.9
Tax liabilities, MSEK	-9.9	-5.3	-1.1	-2.0	-1.1	-5.8	-1.1	-1.9	-1.2	-0.8	-1.3	-0.9	-0.5	-6.9	-2.5	-2.1
Leasing liabilities related to assets with right to use	-10.0	-10.6	-13.3	-16.3	-27.0	-21.7	-24.3	-25.7	-28.3	-30.8	-33.1	-32.8	-	-	-	-
Other liabilities, MSEK	-85.0	-73.8	-71.8	-75.8	-66.3	-77.1	-80.9	-78.4	-79.9	-76.2	-70.5	-72.8	-78.2	-72.4	-35.2	-67.9
Capital employed, MSEK	90.8	77.2	57.5	78.0	88.3	97.7	77.4	72.3	76.1	76.5	55.2	107.0	110.1	103.1	115.9	120.0
Average capital employed, MSEK	89.5	87.4	67.4	75.1	82.2	87.1	66.3	89.6	93.1	89.8	85.5	113.5	112.4	101.8	93.5	114.2

## Statement from the Board and CEO

The under-signed certify that this interim report provides, in accordance with current regulations, a fair and true overview of the Parent Company's and Group's operations, financial position and earnings, as well as describing the significant risks and uncertainty factors to which the Parent Company and the subsidiaries that comprise the Group are exposed.

Stockholm, 27 January, 2022

## Micro Systemation AB (publ)

Organisationsnummer 556244-3050

Bernt Ingman  
Chairman of the Board

Jan-Olof Backman  
Board member

Peter Gille  
Board member

Ann Hellenius  
Board member

Fredrik Nilsson  
Board member

Linda Nyberg  
Board member

Joel Bollö  
Chief Executive Officer

The information in this report is such that MSAB, Corporate ID number 556244-3050, is required to disclose in accordance with the EU's Market Abuse Regulation. The information in this report was submitted for publication on 27 January, 2022, 08:00 CEST.

This report and earlier financial reports and press releases are available on the Company's website: [www.msab.com](http://www.msab.com).

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

# MSAB in brief

MSAB is an international actor within the field of mobile forensics. The Company supplies systems for extraction and analysis of data from digital devices such as mobiles, tablets, and drones, as well as products which can unlock digital devices, extract information, and then decrypt it. The Company stands for new ways of working to secure the chain of evidence - quicker, simpler, and more efficiently - and in this way creates great value for the Company's customers such as law enforcement agencies, the military, intelligence services, customs and migration authorities, and corrections. MSAB has clear growth strategies combined with a business model that entails scalability and a high degree of recurring revenues. The Company is represented in 17 countries and is listed on the Stockholm stock exchange.

## Business concept

The Company's business concept is to deliver solutions that help law enforcement agencies worldwide to work more effectively in securing evidence recovered from digital devices.

## Strategies

MSAB has identified several basic prerequisites that the Company sees as crucial for successful operations and thus for value creation for shareholders.

### *Product and service quality assurance*

MSAB shall be the best provider of quality systems for extraction and analysis of data from digital devices. The ability to unlock digital devices, extract information and then decrypt it is central for MSAB's success. A strong development department is necessary to achieve this. It is not just about building advanced systems with a high degree of functionality. Adapting the systems to end users and situations is just as important. Quality also entails a high degree of delivery assurance and first-class support.

### *Market presence*

To be the best provider within a geographic market, MSAB must understand users' needs and conditions at the local level. As of 2021, MSAB is represented globally with its own staff and via various partnerships. Through this representation on many geographic markets, either through its own establishments or via partners, proximity to existing and potential customers is created.

### *License renewals*

Through annual product license renewals, MSAB creates the prerequisites for continuous investment in expanded support for new models of digital devices as well as new functions, thereby successively refining products for customers. The continuous development of phones and

applications drives both MSAB and our customers to continuously update software. This is a strong driving force behind the high degree of license renewal.

## Growth

MSAB operates on a fast developing market. By investing long-term in product development, market presence and organizational strength, MSAB consolidates its market position. The Company is convinced that the need for professional tools for recovery and analysis of data from digital devices will continue to rise. MSAB is mainly focused on organic growth but in some cases also evaluates acquisitions.

## Sustainability

The Company's business concept is to deliver solutions that help law enforcement agencies be more effective in their work in recovering evidence from digital devices. This means that the Company, through its solutions, strives to create a more legally secure society where a greater number of crimes are solved and prevented, which in turn means that the Company's entire existence is a major contribution to a more sustainable society. Because the Company essentially develops software, the impact on the environment is limited, but the Board strives to follow the environmental requirements of the various markets where the Company is active.

<https://www.msab.com/products/>

## The Ecosystem of Mobile Forensics

**XRY**  
**Extract**  
Extract and recover forensic data.

**XAMN**  
**Analyze**  
Visualize and analyze data for examination.

**XEC**  
**Manage**  
Efficient tools for management, administration and process related use.

**START YOUR FREE TRIAL**

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



### Extract

Extract digital forensic data from mobile devices



### Analyze

Review, Visualize and Analyze mobile data



### Manage

Management tools for efficient processes