



Q2

I.A.R. Systems Group AB

Interim report January–June 2024

Summary

Continued stable financial performance with 15% growth and an adjusted EBITDA of 38%

Summary of the period

Sales in the first half-year amounted to SEK 243.0m (215.9), corresponding to growth of 12.6%, or 15.0% in local currency. Foreign exchange effects had a negative impact of SEK 5.2m on net sales during the period. EMEA and North America posted growth in SEK of 28.4% and 12.9%, respectively, while APAC posted negative growth of 1.2%. Adjusted for foreign exchange effects, growth was 27.8% in EMEA, 12.2% in North America and 6.7% in APAC.

An adjusted EBITDA margin of 38.0% (27.3) and an adjusted operating margin of 26.4% (14.2) were posted for the first half-year. The rising margins stemmed from a combination of excellent sales growth and the full effect in Q1 2024 of the cost-saving measures of approximately SEK 50m annually that were introduced in late 2022. Cash flow from operating activities increased 23% to SEK 68.4m (55.3), compared with the first half of 2023, and deferred income increased to SEK 133.2m (129.6). The company repurchased shares for SEK 51.8m during the first half of 2024, but has put repurchases on hold since mid-June.

Second quarter, April–June 2024

- Net sales were SEK 123.2m (108.2), with growth of 13.9% and 15.7% in local currency.
- EBITDA of SEK 40.7m (30.5), corresponding to an EBITDA margin of 33.0% (28.2).
- Adjusted EBITDA of SEK 43.2m (32.0), corresponding to an adjusted EBITDA margin of 35.1% (29.6).
- Operating profit of SEK 27.3m (11.2), corresponding to an operating margin of 22.2% (10.4).
- Adjusted operating profit of SEK 29.8m (17.4), corresponding to an adjusted operating margin of 24.2% (16.1).
- Capitalized work on own account amounted to SEK 10.8m (10.4).
- In a year-on-year comparison, currency translation had a negative impact of SEK 1.9m on net sales and a negative impact of SEK 2.1m on operating profit for the period.
- Cash flow from operating activities amounted to SEK 35.7m (29.4).

Key events during the second quarter

- No key events.

The period, January–June 2024

- Net sales were SEK 243.0m (215.9), with growth of 12.6% and 15.0% in local currency.
- EBITDA of SEK 87.7m (55.8), corresponding to an EBITDA margin of 36.1% (25.8).
- Adjusted EBITDA of SEK 92.3m (59.0), corresponding to an adjusted EBITDA margin of 38.0% (27.3).
- Operating profit of SEK 59.5m (22.7), corresponding to an operating margin of 24.5% (10.5).
- Adjusted operating profit of SEK 64.1m (30.6), corresponding to an adjusted operating margin of 26.4% (14.2).
- Capitalized work on own account amounted to SEK 21.1m (19.8).
- In a year-on-year comparison, currency translation had a negative impact of SEK 5.2m on net sales and a negative impact of SEK 4.3m on operating profit for the period.
- Cash flow from operating activities amounted to SEK 68.4m (55.3).

Key events after the second quarter

- Date of accession for new CEO Cecilia Wachtmeister set for August 16.



During the quarter, we closed on two major agreements in the EMEA totaling SEK 7.5m

Richard Lind, CEO

Q2 in brief:

- **IAR initiates strategic partnership with AI Sweden**
- **New safety-certified C-STAT is available for RISC-V, Arm and Renesas RL78 architectures**

Group summary

	3 months Apr–Jun		6 months Jan–Jun		Full-year
	2024	2023	2024	2023	2023
Net sales, SEK m	123.2	108.2	243.0	215.9	458.1
EBITDA, SEK m	40.7	30.5	87.7	55.8	143.6
Adjusted EBITDA, SEK m	43.2	32.0	92.3	59.0	153.1
Operating profit, SEK m	27.3	11.2	59.5	22.7	-204.1
Adjusted operating profit, SEK m	29.8	17.4	64.1	30.6	96.1
Earnings per share, basic, SEK	1.19	0.45	6.34	0.92	-16.84
Earnings per share, diluted, SEK	1.17	0.45	6.23	0.91	-16.84
Cash flow from operating activities, SEK m	35.7	29.4	68.4	55.3	144.1
Net cash, SEK m	113.7	94.7	113.7	94.7	145.7
Gross margin, %	97.6	97.4	97.5	97.2	97.1

*For definitions and calculations of alternative performance measures, refer to pages 16 and 19.

CEO Statement

Comments from the CEO

In my first comments, on the third quarter of 2021, I used a metaphor: IAR had begun a journey toward a new destination. In my final comments, I can state: the destination was a turnaround, the journey itself was the reward and this excellent 40-year-old deep tech company has found a new and modern approach to working – in continual change.

Good growth in several markets

In the first half of 2024, growth was 15.0% in local currencies and 12.6% in SEK, since we had a serious headwind in relation to the Japanese yen. The operating margin closed at 24.5% (10.5%), cash flow increased to SEK 68.4m (55.3) and our “rainy day” fund with deferred income increased to SEK 133.2m (129.6).

In the APAC region, business grew 6.7% in local currency during the first half of 2024. Japan, which is a mature and stable market, posted 3% growth. Happily, Korea and Taiwan also put their best foot forward, posting growth of 14% and 12% respectively. China’s performance flagged slightly, but was still up 10%. As is known, the country is experiencing challenges at the macroeconomic level: GNP growth has leveled off, the property industry is struggling with problems and the financial sector is under significant stress. These challenges are also affecting the manufacturing industry, especially the automotive sector – a sector that is vital to us – where cost-saving measures are now becoming apparent.

The US market, for us, is divided into three regions: West US (California, Oregon and Washington) is a harbor for a large number of tech companies; Mid US and East US are more focused on production. The growth that we are now seeing is coming from Mid US and East US. In total, the US market posted 12.2% growth in local currency, despite a 52% decrease in sales in West US during Q2 (though based on inequitable comparative figures due to several major transactions in Q2 2023). However we look at it, this was a downturn in West US based on major terminations and changed priorities in areas of investment, with many companies now choosing to focus on AI, hardware and data centers.

I am pleased with the fact that we continue to post growth in EMEA, which closed out the half-year with 27.8% growth calculated in local currency. In Germany, which grew a full 41%, our achievements included closing on two majors



Sales for the half-year grew 15.0%, with an EBIT of 24.5%

agreements totaling SEK 7.5m. France and southern Europe are the black sheep of the flock, with a decrease of 18%. To reverse this trend, we canceled our distribution agreements in Benelux and Italy to instead bring sales back home and pursue them under own management.

An IAR in constant change

Looking back on the first half of 2024 – and the journey both the company and I have taken since the third quarter of 2021 – IAR’s transformation has been palpable, measurable and stable. The transformation has begun, and as with many other IT companies it will not come to an end. Living with change is necessary for pursuing continual growth and innovation.

I will now be passing the torch to a new and highly competent leader who will take the next steps on our journey. It is an honor to hand over an outstanding and respected company with capable, ambitious employees as well as a management group with tremendous drive, expertise and appetite for growth. I could not be prouder of what we have achieved together.

In conclusion, I would like to extend my warmest thanks to all employees at IAR, to the management group, the company’s Board of Directors, its partners and customers that I have had the privilege of meeting and working with over the last three years. Thank you!

Richard Lind, CEO



Financial information

Financial information

Net sales

The second quarter was good, with excellent net sales growth of 13.9% in SEK, and 15.7% adjusted for foreign exchange effects.

APAC accounted for 31.9% of net sales for the quarter, corresponding to SEK 39.3m (38.7) and growth of 1.6%. Foreign exchange effects had a negative effect of SEK 2.7m on sales, and growth in APAC was 8.4% in local currency. Net sales for the first half-year increased 2.9% in Japan and 10.1% in China, while Taiwan increased 12.3% and Korea 14.3%. EMEA accounted for 35.3% of net sales, or SEK 43.5m (34.3), during the quarter and posted growth of 26.8%. Adjusted for foreign exchange effects of SEK 0.2m, net sales in EMEA increased 26.3% for the year. Germany posted strong growth of 41% during the first half-year, due in part to two major agreements that were signed during the quarter, while other markets in EMEA posted lower growth figures. North America accounted for 32.5% of net sales, or SEK 40.1m (34.6), during the year and posted growth of 15.8%. Adjusted for foreign exchange effects of SEK 0.6m, net sales in North America increased 14.0% for the quarter.

Our solutions

Focusing on new customers is important, as is reviewing the price structure and prices to follow inflation and create sales growth. However, the most important factor in future growth is offering solutions with significant customer value. Our solutions are being revised to create even greater value and

flexibility for customers and to lay the foundation for new ways to generate income. We are currently testing a new offering where we will offer our development solution IAR Embedded Workbench for Arm (EWARM) as a cloud-based service, which will make it easier for our customers to develop in teams using CI/CD. The offering will be sold as a subscription service and launched in late 2024. The subscription offering has good potential to increase the share of recurring income, which already comprises approximately 50%. A large portion of this income comes from Support and Update linked to lifetime licenses, but historically only approximately 25% of new lifetime license customers have purchased Support and Update. We are working to increase our share of recurring income both through Support and Update, and by gradually transitioning from lifetime licenses to subscriptions. Initially, this could entail a risk of decreased income, but the potential for greater recurring income is significant.

IAR has a unique position in the embedded development solutions segment, where we can offer opportunities that no one else can. This includes the ability to use the same tools even when the customer works with several different architectures and solutions. Our solutions in IAR EWARM account for approximately 80% of sales. The 64-bit offering, RISC-V and Security, Safety and Compliance are areas for future growth.

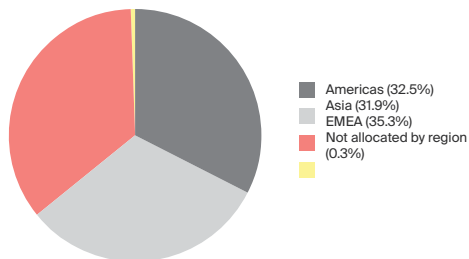
Modernizing IAR

IAR is a 40-year-old profitable software company, the last three years have seen a modernization of the company and a review of its cost structure. These measures led to higher margins, but modernization also requires investments in the future, which could have a temporary negative impact on the margin. The modernization of IAR has focused on streamlining organizational processes and IT support, thereby creating a strong foundation for data-driven decision making, with clear goals and easy access to information. Investments have also been made in development and sales, with the goal of strengthening our position as the preferred choice for our customers.

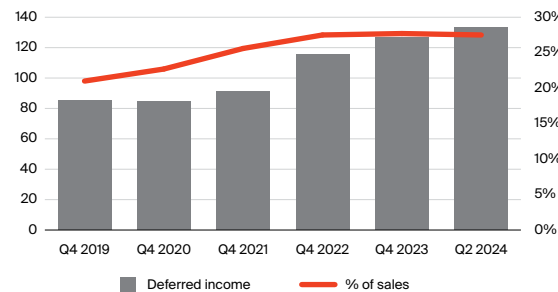
IAR is capitalizing a lower share of its development costs in the balance sheet than in previous years, which has a negative effect both on the operating margin and on the EBITDA margin. However, the margins nonetheless displayed a positive trend, which is particularly clear when adjusted for development costs in the Group (refer to the diagram at lower right).

Deferred income, meaning income that will be recognized in coming periods, reached SEK 133.2m (129.6) as of June 30, 2024. This income primarily relates to sales of support and update services.

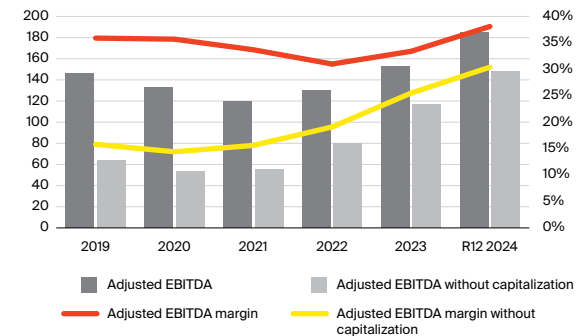
Breakdown of income Q2 2024



Deferred income, SEKm



EBITDA and Adjusted EBITDA margin*



*For definitions and calculations of alternative performance measures, refer to pages 16 and 19.

Financial information

Net sales

Net sales for the second quarter of 2024

Net sales for the second quarter increased compared with the same quarter last year and amounted to SEK 123.2m (108.2). Currency translation had a negative impact of SEK 1.9m on net sales for the quarter.

Net sales January–June 2024

Net sales for the first half-year increased compared with the same period last year and amounted to SEK 243.0m (215.9). Currency translation had a negative impact of SEK 5.2m on net sales for the period.

Deferred income June 30, 2024

Deferred income in the form of accrued support agreements increased SEK 6.4m and amounted to SEK 133.2m (129.6) on June 30, 2024.

Earnings

Earnings for the second quarter of 2024

The gross margin for the quarter was 97.6% (97.4).

EBITDA for the quarter amounted to SEK 40.7m (30.5), corresponding to an EBITDA margin of 33.0% (28.2). Adjusted EBITDA for the quarter amounted to SEK 43.2m (32.0), corresponding to an adjusted EBITDA margin of 35.1% (29.6). An adjustment was made for non-recurring items and the recognized costs for the LTI 2022 and LTI 2023 incentive programs. If the performance conditions for these programs are not met and thus no shares are allocated to the holders of these restricted stock units (RSUs), these RSU costs will nevertheless be recognized in pace with expected earnings. This will have no impact on cash flow besides potential social security expenses.

Operating profit for the quarter amounted to SEK 27.3m (11.2), corresponding to an operating margin of 22.2% (10.4). Adjusted operating profit for the quarter amounted to SEK 29.8m (17.4), corresponding to an adjusted operating margin of 24.2% (16.1).

Operating expenses were reduced by SEK 10.8m (10.4) during the quarter as a result of the capitalization of development costs for software. Of the internally generated costs that were capitalized, SEK 9.0m (8.6) pertained to personnel costs.

In a year-on-year comparison, currency translation had a negative impact of SEK 2.1m on operating profit.

Net financial items for the quarter amounted to SEK -3.0m (2.8). The decrease noted compared with the year-earlier quarter was primarily due to negative exchange effects, though also in part to higher interest rates.

Earnings January–June 2024

The gross margin for the first half-year amounted to 97.5% (97.2).

EBITDA for the period amounted to SEK 87.7m (55.8), corresponding to an EBITDA margin of 36.1% (25.8). Adjusted EBITDA for the period amounted to SEK 92.3m (59.0), corresponding to an adjusted EBITDA margin of 38.0% (27.3).

Operating profit for the period amounted to SEK 59.5m (22.7), corresponding to an operating margin of 24.5% (10.5). Adjusted operating profit for the quarter amounted to SEK 64.1m (30.6), corresponding to an adjusted operating margin of 26.4% (14.2).

Operating expenses were reduced by SEK 21.1m (19.8) during the period as a result of the capitalization of development costs for software. Of the internally generated costs that were capitalized, SEK 17.6m (16.3) pertained to personnel costs.

In a year-on-year comparison, currency translation had a negative impact of SEK 4.3m on operating profit.

Net financial items for the period amounted to SEK 2.3m (3.1). The decrease noted compared with the year-earlier period was primarily due to negative exchange effects, though also in part to higher interest rates.

Tax cost for the first half-year was SEK +23.1m (-13.2) and the effective tax rate for the period was +37.4% (-51.2). The dramatically decreased tax cost/increased tax revenue for the period is due to management's revised assessment concerning the Group's subsidiary in the UK, which they believe can utilize the historic tax loss carryforwards against future taxable profits. As a result, the Group capitalized portions of the historic tax loss carryforwards linked to the subsidiary in the first quarter of 2024 and recognized deferred tax income of SEK 41m, which comprised a reduction in deferred tax liabilities of SEK 21m and an increase in deferred tax assets of SEK 20m.

Financial position

During the year, we continued to focus on investments in our major product areas. Investments in software during the first half-year totaled SEK 22.1m (19.8).

Investments in property, plant and equipment for the first half-year totaled SEK 1.7m (1.1).

The Group had unutilized bank overdraft facilities of SEK 50.0m as of June 30, 2024. Utilized credit is reported as a liability to credit institutions in the balance sheet.

Other interest-bearing liabilities in the balance sheet pertain to current and non-current lease liabilities and amounted to SEK 46.8m (59.1) as of June 30, 2024. Lease liabilities recognized in the balance sheet pertain to commitments for leases and the largest portion is connected to leases for our offices.

The equity/assets ratio at June 30, 2024 was 62.3% (69.3). Repurchases of own shares totaling SEK 51.8m during the first half-year had a negative impact on the equity/assets ratio for the Group.

Cash flow and liquidity

Cash flow from operating activities amounted to SEK 35.7m (29.2) for the second quarter and SEK 68.4m (55.3) for the first half-year. Our customers' ability to pay remained adequate during 2024, and we have not noted any increased negative effects on cash flow.

Cash flow from investing activities totaled SEK -12.1m (-10.7) for the second quarter and SEK -23.9m (-20.8) for the first half-year. Most of these investments pertain to the capitalization of development costs for software.

Cash flow from financing activities totaled SEK -56.9m (-24.3) for the second quarter and SEK -81.4m (-29.7) for the first half-year. Cash flow from financing activities primarily comprised the repurchase of own shares and dividends, but to some extent also the amortization of lease liabilities.

Cash and cash equivalents

Cash and cash equivalents at the end of the period totaled SEK 160.5m (153.8). The Group's total available cash and cash equivalents at the end of the period amounted to SEK 210.5m (203.8). As of June 30, 2024, the Group had net cash of SEK 113.7m (94.7). The company's interest-bearing liabilities consist exclusively of lease liabilities pertaining to office premises.

Financial information

Employees

The number of employees at IAR at the end of the period was 215 (222). The average number of employees during the period was 204 (221).

Parent Company

The activities of the Parent Company consist of Group management, finance and IR/PR functions. The Parent Company's net sales for the first half-year amounted to SEK 6.5m (6.5). Profit after financial items amounted to SEK 9.8m (21.8). The decrease in earnings is due to reduced effects of currency translation of loans to subsidiaries outside Sweden, since a large part of these loans were impaired in the annual accounts for 2023.

Investments in property, plant and equipment amounted to SEK 0.0m (0.0). Cash and cash equivalents at June 30, 2024 totaled SEK 52.4m (1.0). The number of employees in the Parent Company at the end of the quarter was two (two).

Significant risks and uncertainties

The market for IAR's software is evolving rapidly and forecasts about future developments are thus uncertain. I.A.R. Systems Group's assessment is that no significant risks and uncertainties have changed or arisen aside from those described in the 2023 Annual Report under "Administration report" on pages 32-38 and in Note 2 on pages 53-55.

Future outlook

The Board's financial targets are for IAR's sales to grow 10-15% annually in local currency and for the operating margin to exceed 25% over a business cycle.

Review

This report has not been reviewed by the company's auditor.

Financial calendar

- Interim report July-September 2024, October 24, 2024
- Interim report October-December 2024, February 11, 2025
- Interim report January-March 2025, April 28, 2025
- Annual General Meeting, April 28, 2025
- Interim report April-June 2025, August 14, 2025
- Interim report July-September 2025, October 23, 2025

This information is inside information that I.A.R. Systems Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, on August 15, 2024, at 1:00 p.m. CEST.

Contact person: Ann Zetterberg, CFO, I.A.R. Systems Group AB, Email: ann.zetterberg@iar.com

Submission of the report

The Board of Directors and CEO of I.A.R. Systems Group AB hereby submit the interim report for the period and certifies that the report provides a true and fair picture of the business and the Group's and the Parent Company's financial position and results.

Nicolas Hassbjer
Board Chairman

Cecilia Wachtmeister
Board member

Fred Wikström
Board member

Michael Ingelög
Board member

Sabina Lindén
Board member

Richard Lind
CEO



Income statement

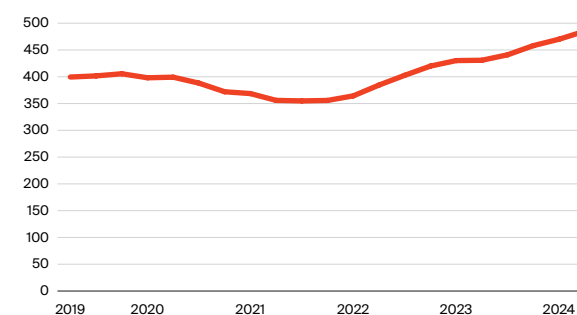
Condensed consolidated income statement

SEK m	Note	3 months Apr–Jun		6 months Jan–Jun		Full-year
		2024	2023	2024	2023	2023
Net sales	1, 2	123.2	108.2	243.0	215.9	458.1
Other income		0.0	0.7	0.0	1.6	2.7
Capitalized work on own account		10.8	10.4	21.1	19.8	36.1
Goods for resale		-2.9	-2.8	-6.0	-6.0	-13.4
Other external expenses		-16.8	-10.0	-27.6	-22.7	-61.3
Personnel costs		-73.6	-76.0	-142.8	-152.8	-278.6
Depreciation of property, plant and equipment		-1.5	-1.7	-2.9	-2.9	-5.7
Depreciation of right-of-use assets		-5.0	-4.8	-10.0	-10.1	-20.7
Amortization of intangible assets		-6.9	-8.1	-15.3	-15.4	-30.6
Impairment of intangible assets		–	-4.7	–	-4.7	-29.4
Impairment of goodwill		–	–	–	–	-261.3
Operating profit/loss		27.3	11.2	59.5	22.7	-204.1
Financial income		1.0	3.4	3.9	4.4	1.6
Financial expenses		-4.0	-0.6	-1.6	-1.3	-0.9
Profit/loss before tax		24.3	14.0	61.8	25.8	-203.4
Tax		-8.5	-7.9	23.1	-13.2	-25.6
Profit/loss for the period		15.8	6.1	84.9	12.6	-229.0
Comprehensive income for the period attributable to owners of the Parent Company		15.8	6.1	84.9	12.6	-229.0
Earnings per share for the period, basic, SEK		1.19	0.45	6.34	0.92	-16.84
Earnings per share for the period, diluted, SEK		1.17	0.45	6.23	0.91	-16.84

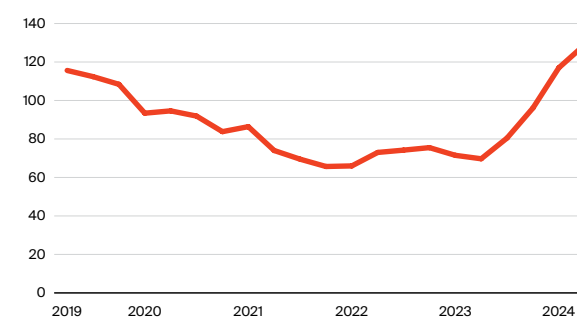
Statement of comprehensive income

SEK m	3 months Apr–Jun		6 months Jan–Jun		Full-year
	2024	2023	2024	2023	2023
Profit/loss for the period	15.8	6.1	84.9	12.6	-229.0
Other comprehensive income for the period					
Items that may be reclassified subsequently to profit or loss:					
Translation differences	3.4	24.0	1.8	28.1	10.5
Tax effect, items reported in comprehensive income	–	-6.0	–	-6.8	-0.4
Total other comprehensive income	3.4	18.0	1.8	21.3	10.1
Comprehensive income for the period	19.2	24.1	86.7	33.9	-218.9
Comprehensive income for the period attributable to owners of the Parent Company	19.2	24.1	86.7	33.9	-218.9

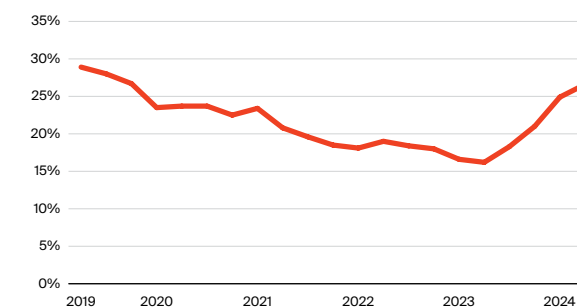
Net sales rolling 12 months, Q2 2019–Q2 2024



Adjusted operating profit, rolling 12 months, Q2 2019–Q2 2024



Adjusted operating margin, rolling 12 months, Q2 2019–Q2 2024



Balance sheet

Condensed consolidated balance sheet

SEK m	Note	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
Assets				
Non-current assets				
Goodwill	3	117.5	389.1	117.5
Other intangible assets	4	189.3	213.2	181.7
Property, plant and equipment		14.8	18.3	15.9
Right-of-use assets		44.0	56.6	49.0
Financial assets	7	3.1	3.8	3.2
Deferred tax assets	5	28.5	4.9	7.4
Total non-current assets		397.2	685.9	374.7
Current assets				
Inventories		9.3	11.2	9.7
Other current assets	7	60.4	59.5	40.2
Trade receivables	7	80.0	75.1	78.0
Cash and cash equivalents	7	160.5	153.8	197.4
Total current assets		310.2	299.6	325.3
Total assets		707.4	985.5	700.0
Equity and liabilities				
Total equity				
		440.9	683.1	423.4
Non-current liabilities				
Lease liabilities	7	27.5	41.7	34.9
Other non-current liabilities		1.7	1.5	1.5
Deferred tax liabilities	5	24.6	49.2	42.6
Total non-current liabilities		53.8	92.4	79.0
Current liabilities				
Trade payables	7	6.8	7.4	6.7
Lease liabilities	7	19.3	17.4	16.8
Deferred income		133.2	129.6	126.8
Other current liabilities	7	53.4	55.6	47.3
Total current liabilities		212.7	210.0	197.6
Total equity and liabilities		707.4	985.5	700.0

Changes in equity, Group

SEK m	Share capital	Other contributed capital	Translation reserves	Retained earnings	Total equity
Opening balance, January 1, 2023	139.7	228.1	60.4	238.6	666.8
Comprehensive income for the period			10.1	-229.0	-218.9
Transactions with owners					
Share-based remuneration				5.6	5.6
Share buybacks				-9.6	-9.6
Dividend				-20.5	-20.5
Total transactions with owners				-24.5	-24.5
Opening balance, January 1, 2024	139.7	228.1	70.5	-14.9	423.4
Comprehensive income for the period			1.8	84.9	86.7
Transactions with owners					
Share-based remuneration				2.8	2.8
Share buybacks				-51.9	-51.9
Dividend				-20.0	-20.0
Total transactions with owners				-69.2	-69.2
Closing balance, June 30, 2024	139.7	228.1	72.3	0.8	440.9

Cash flows

Condensed consolidated cash flow statement

SEK m	3 months Apr–Jun		6 months Jan–Jun		Full- year
	2024	2023	2024	2023	2023
Incoming payments from customers and other incoming payments	115.9	101.8	238.4	209.3	443.6
Outgoing payments to suppliers and employees	-72.8	-64.1	-152.0	-137.1	-287.3
Interest received	1.0	0.0	2.3	0.0	1.6
Interest paid	-0.8	-0.7	-1.4	-1.3	-2.6
Tax relief received	–	–	–	–	12.9
Income taxes paid	-7.7	-7.9	-19.0	-15.6	-24.1
Cash flow from operating activities	35.7	29.2	68.4	55.3	144.1
Investments in property, plant and equipment	-1.0	-0.2	-1.7	-1.1	-5.8
Investments in intangible assets	-11.1	-10.5	-22.1	-19.9	-36.3
Divestment of financial assets	–	–	–	0.2	0.3
Cash flow from investing activities	-12.1	-10.7	-23.9	-20.8	-41.8
Amortization of financial liabilities	-4.6	-3.8	-9.6	-9.2	-19.1
Share buybacks	-32.2	–	-51.8	–	-9.6
Dividend	-20.0	-20.5	-20.0	-20.5	-20.5
Cash flow from financing activities	-56.9	-24.3	-81.4	-29.7	-49.2
Cash flow for the period	-33.2	-5.6	-37.0	5.0	53.1
Cash and cash equivalents at beginning of period	195.8	158.0	197.4	148.2	148.2
Exchange difference in cash and cash equivalents					
- attributable to cash and cash equivalents at beginning of period	-1.8	2.2	0.3	1.2	-5.7
- attributable to cash flow for the period	-0.3	-0.8	-0.2	-0.6	1.8
Cash and cash equivalents at end of period	160.5	153.8	160.5	153.8	197.4

Cash and cash equivalents, Group

SEK m	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
Cash and cash equivalents at end of period	160.5	153.8	197.4
Unutilized overdraft facilities	50.0	50.0	50.0
Total available cash and cash equivalents	210.5	203.8	247.4

Key performance measures

Group

	3 months Apr–Jun		6 months Jan–Jun		Full-year
	2024	2023	2024	2023	2023
Gross margin, %	97.6	97.4	97.5	97.2	97.1
EBITDA, %	33.0	28.2	36.1	25.8	31.3
Adjusted EBITDA, %	35.1	29.6	38.0	27.3	33.4
Operating margin, %	22.2	10.4	24.5	10.5	-44.6
Adjusted operating margin, %	24.2	16.1	26.4	14.2	21.0
Profit margin, %	19.7	12.9	25.4	11.9	-44.4
Cash flow, %	29.0	27.2	28.1	25.7	31.5
Cash conversion rate, multiple	0.83	0.91	0.74	0.94	0.94
Equity/assets ratio, %			62.3	69.3	60.5
Return on equity, %	3.5	0.9	19.6	1.9	-42.0
Return on capital employed, %	5.6	2.0	13.2	3.8	-33.4
Capital employed, SEK m			487.7	742.2	475.1
Net cash, SEK m			113.7	94.7	145.7
Net debt/equity ratio, multiple			-0.3	-0.1	-0.3
No. of employees at end of period			215	222	211
Average no. of employees	202	221	204	218	206
Sales per employee, SEK m	0.6	0.5	1.2	1.0	2.2

Share data

	3 months Apr–Jun		6 months Jan–Jun		Full-year
	2024	2023	2024	2023	2023
Equity per share, SEK			32.28	50.01	31.00
No. of shares at end of period, million			13.66	13.66	13.66
Average no. of shares outstanding, million	13.31	13.66	13.38	13.66	13.66
Average no. of shares outstanding, diluted, million*	13.54	13.76	13.62	13.76	13.80
Cash flow from operating activities per share, SEK	2.68	2.15	5.11	4.06	10.55
Earnings per share, basic, SEK**	1.19	0.45	6.34	0.92	-16.84
Earnings per share, diluted, SEK**	1.17	0.45	6.23	0.91	-16.84

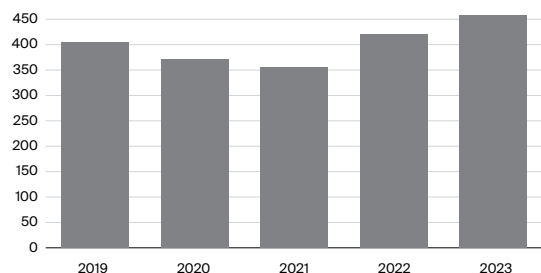
* No dilution was taken into account when calculating earnings per share due to the negative earnings for full-year 2023.

**Definition in accordance with IFRS. Refer also to definitions on pages 16 and 17.

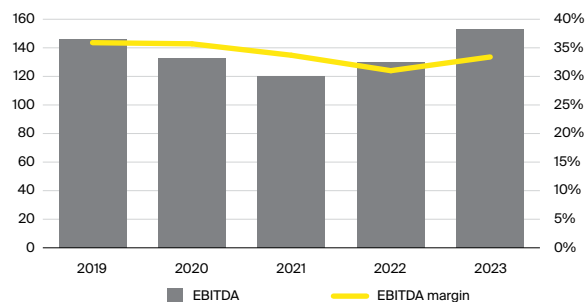
Multi-year overview

	Net sales, SEK m	EBITDA, SEK m	EBITDA margin, %	Operating profit, SEK m	Operating margin, %	Earnings per share, SEK***	Return on equity, %	Cash flow from operating activities per share, SEK	Equity per share, SEK	Share price, SEK	Market capitalization, SEK m
2023	458.1	143.6	31.3	96.1**	21.0**	-16.84	-42.0	10.55	31.00	123.80	1,691
2022	419.9	129.0	30.7	75.7	18.0	4.23	9.2	9.36	48.81	150.40	2,054
2021	355.9	119.9*	33.7*	65.7*	18.5*	-4.94	-11.2	9.65	42.88	117.80	1,608
2020	372.0	132.7	35.7	83.8	22.5	4.35	9.9	8.69	44.97	139.80	1,906
2019	405.6	145.8	35.9	108.4	26.7	5.96	14.2	7.78	43.43	186.00	2,535

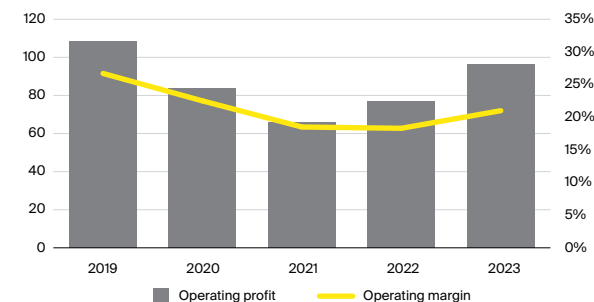
Net sales, SEK m



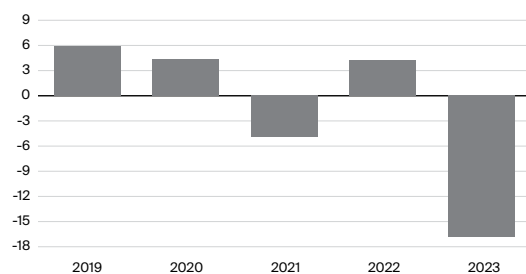
EBITDA and EBITDA margin*



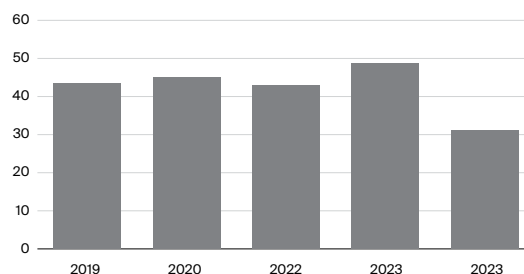
Operating profit and operating margin*



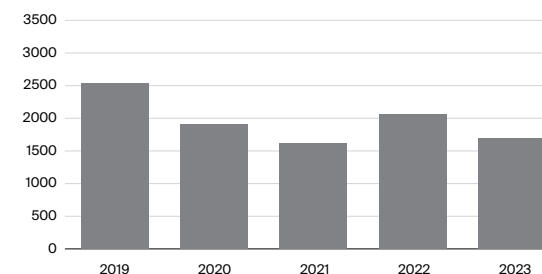
Earnings per share, SEK



Equity per share, SEK



Market capitalization, SEK m



* Adjusted for non-recurring items, refer to Reconciliations on page 45 of I.A.R. Systems Group AB's 2021 Annual Report.

** Adjusted for non-recurring items, refer to Reconciliations, pp. 18-19 in this report.

*** Definition in accordance with IFRS.

Quarterly overview

		Net sales, SEK m	EBITDA, SEK m	EBITDA margin, %	Operating profit, SEK m	Operating margin, %	Earnings per share, SEK***	Return on equity, %	Cash flow from operating activities per share, SEK	Equity per share, SEK	Share price, SEK	Market capitalization, SEK m
2024	Q2	123.2	40.7	33.0	27.3	22.2	1.19	3.5	2.65	32.28	168.50	2,302
	Q1	119.7	46.9	39.2	32.1	26.8	5.12	15.4	2.43	34.60	138.80	1,896
2023	Q4	125.9	44.5	35.3	32.1**	25.5**	-18.79	-45.9	2.70	31.00	123.80	1,691
	Q3	116.3	43.4	37.3	28.9	24.8	1.02	2.0	3.79	50.53	82.30	1,124
	Q2	108.2	30.5	28.2	11.2	10.4	0.45	0.9	2.15	50.01	84.90	1,160
	Q1	107.7	25.3	23.5	11.4	10.6	0.47	1.0	1.91	49.63	126.80	1,732
2022	Q4	108.8	32.4	29.8	16.5	15.2	1.07	2.2	1.89	48.81	150.40	2,054
	Q3	106.1	34.2	32.2	22.1	20.8	1.04	2.6	3.48	47.73	140.00	1,909
	Q2	107.6	31.9	29.6	19.6	18.2	1.05	2.3	1.91	46.00	114.00	1,556
	Q1	97.4	30.3	31.1	17.3	17.8	0.88	2.0	2.11	43.85	132.00	1,802
2021	Q4	91.6	29.2*	31.9*	15.2*	16.6*	-7.72	-16.7	2.97	42.88	117.80	1,608
	Q3	87.9	35.0	39.8	20.9	23.8	1.17	2.4	3.04	49.89	100.00	1,364
	Q2	87.4	25.9	29.6	12.6	14.4	0.68	1.4	2.02	48.39	140.20	1,913
	Q1	88.9	29.8	33.5	17.0	19.1	0.94	2.0	1.61	48.38	132.40	1,806
2020	Q4	90.7	32.5	35.8	19.0	20.9	0.88	1.9	2.04	44.97	139.80	1,906
	Q3	88.9	36.8	41.4	25.4	28.6	1.37	3.1	2.40	45.43	161.00	2,195
	Q2	100.1	36.8	36.8	25.0	25.0	1.29	2.9	3.15	44.10	114.80	1,565
	Q1	92.3	26.6	28.8	14.4	15.6	0.81	1.8	1.10	45.14	116.40	1,587
2019	Q4	106.8	37.0	34.6	27.1	25.4	1.47	3.4	2.27	43.43	186.00	2,535
	Q3	100.0	37.5	37.5	28.1	28.1	1.58	3.9	2.00	42.11	234.50	3,196
	Q2	99.0	32.9	33.2	23.8	24.0	1.23	2.9	2.11	39.63	269.50	3,673
	Q1	99.8	38.4	38.5	29.4	29.5	1.68	4.0	1.40	43.58	260.00	3,542

* Adjusted for non-recurring items, refer to Reconciliations on page 45 of I.A.R. Systems Group AB's 2021 Annual Report.

** Adjusted for non-recurring items, refer to Reconciliations, pp. 18-19 in I.A.R. Systems Group's Year-end report for 2023.

*** Definition in accordance with IFRS.

Parent Company

Condensed income statement

SEK m	6 months Jan-Jun		Full-year
	2024	2023	2023
Net sales	6.5	6.5	13.1
Operating expenses	-7.7	-7.0	-14.1
Operating profit	-1.2	-0.5	-1.0
Profit/loss from financial items	11.0	22.3	-336.3
Profit/loss before tax	9.8	21.8	-337.3
Tax	-2.0	-4.5	-24.2
Profit/loss for the period	7.8	17.3	-361.6

Statement of comprehensive income

SEK m	6 months Jan-Jun		Full-year
	2024	2023	2023
Profit/loss for the period	7.8	17.3	-361.6
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Change in value of non-current securities	-	-	-
Total other comprehensive income	-	-	-
Comprehensive income for the period	7.8	17.3	-361.6

Condensed balance sheet

SEK m	Note	Jun 30,	Jun 30,	Dec 31,
		2024	2023	2023
ASSETS				
Non-current assets				
Property, plant and equipment		0.0	0.0	0.0
Shares in subsidiaries		177.3	457.7	218.7
Other financial assets		0.3	0.1	0.2
Receivables from subsidiaries		68.5	286.9	83.8
Total non-current assets		246.1	744.7	302.7
Current assets				
Receivables from subsidiaries		-	0.2	-
Other current assets		7.5	6.1	0.8
Cash and cash equivalents		52.4	1.0	57.3
Total current assets		59.9	7.3	58.1
Total assets		306.0	752.0	360.8
Equity and liabilities				
Restricted equity				
Restricted equity		139.7	139.7	139.7
Non-restricted equity				
Non-restricted equity		108.7	555.5	170.0
Total equity		248.4	695.2	309.7
Current liabilities				
Trade payables		0.6	0.5	0.9
Liabilities to subsidiaries		55.0	55.3	42.7
Other current liabilities		2.0	1.0	7.5
Total current liabilities		57.6	56.8	51.1
Total equity and liabilities		306.0	752.0	360.8

Notes

1. Accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) as adopted for application in the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied. This consolidated interim report has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and IAS 34 Interim Financial Reporting. The accounts of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The accounting standards applied for the Group and the Parent Company are the same as those applied in preparation of the most recent annual report. New or revised standards and new interpretations from the International Accounting Standards Board (IASB) and the IFRS Interpretation Committee (IFRIC) and amendments to RFR 2 effective as of January 1, 2024 have not had any material impact on the financial statements of the Group or the Parent Company.

Disclosures in accordance with IAS 34 Interim Financial Reporting are included in both the notes and in other parts of the interim report.

2. Net sales

Net sales are distributed as follows:

SEK m	3 months Apr-Jun		6 months Jan-Jun		Full- year
	2024	2023	2024	2023	2023
License-based revenue	63.2	53.0	125.7	106.3	229.4
Support and software updates	56.3	50.7	110.6	100.4	210.6
Other	3.7	4.5	6.7	9.2	18.1
Net sales	123.2	108.2	243.0	215.9	458.1
At a point in time	66.9	57.5	132.4	115.5	247.5
Over time	56.3	50.7	110.6	100.4	210.6
Net sales	123.2	108.2	243.0	215.9	458.1

SEK m	3 months Apr-Jun		6 months Jan-Jun		Full- year
	2024	2023	2024	2023	2023
Americas	39.3	34.6	78.7	69.7	154.9
Asia	43.5	38.7	75.9	76.9	152.7
Europe	40.1	34.3	87.6	68.2	148.6
Not allocated by region	0.4	0.6	0.7	1.1	1.9
Net sales	123.2	108.2	243.0	215.9	458.1

3. Goodwill

Goodwill for the Group at June 30, 2024 amounted to SEK 117.5m (389.1). Recognized goodwill is unchanged since December 31, 2023. Goodwill is recognized at cost less accumulated impairment. Goodwill is tested annually or when a requirement for impairment is indicated. Impairment testing carried out on December 31, 2023 indicated that there was an impairment need for goodwill pertaining to one of the Group's cash-generating units, which resulted in impairment of SEK 261.3m as of December 31, 2023. More information about this is presented on pages 65-66 in IAR Systems Group's 2023 Annual Report.

4. Other intangible assets

During the first half-year, other intangible assets increased SEK 7.6m and amounted to SEK 189.3m (213.2) on June 30, 2024. Operating expenses were reduced by SEK 21.1m (19.8) during the first half-year as a result of the capitalization of development costs for software. Of the internally generated costs that were capitalized during the period, SEK 17.6m (16.3) pertained to personnel costs.

5. Deferred tax

The deferred tax asset attributable to loss carryforwards is recognized only to the extent that it is probable that the loss carryforwards can be utilized against future taxable profits. As of June 30, 2024, the Group had accumulated loss carryforwards outside Sweden of SEK 197.7m (287.0), of which the tax effect, corresponding to 25%, from SEK 80.0m of these loss carryforwards is recognized as deferred tax assets in the consolidated balance sheet. The items deferred tax assets and deferred tax liabilities also include deferred tax assets or liabilities that will be recognized in a net amount when they are connected to the same tax subject.

Deferred tax assets are recognized in the balance sheet in an amount of SEK 28.5m (4.9), and deferred tax liabilities are recognized in an amount of SEK 24.6m (49.2). The increase in deferred tax asset and decrease in deferred tax liability are largely due to management's revised assessment concerning the Group's subsidiary in the UK, which they believe can utilize the historic tax loss carryforwards against future taxable profits. This was the result of the new transfer pricing model related to the English subsidiary. As a result, the Group recognized deferred tax income of SEK 41m in the first quarter of 2024, which in the first quarter of 2024 comprised a decrease of SEK 21m in deferred tax liabilities and an increase of SEK 20m in deferred tax assets.

On June 30, 2024, SEK 6.7m was recognized as estimated tax relief related to research and development costs in the UK for 2023, with expected payout during the second half of 2024. This estimated tax relief was recognized on December 31, 2022 as deferred tax assets, but as of the first quarter of 2023 is recognized under other current receivables.

Notes, cont.

6. Pledged assets

SEK m	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
To secure pensions	20.2	21.1	20.4
To secure liabilities to credit institutions	1.4	2.0	1.7
Total pledged assets	21.6	23.1	22.1

In addition to the above pledged assets in the Group, the Parent Company I.A.R. Systems Group AB has committed financial support as needed to the Group company Secure Thingz Ltd.

7. Information about measurement at fair value

For cash and cash equivalents, trade receivables and trade payables, the carrying amount is a good approximation of fair value since the maturity is short. For borrowings, the carrying amount is a good approximation of fair value since the interest rate is variable and the credit margin is relatively unchanged. No financial instruments measured at fair value in the Group were acquired/reclassified in the year. All of the Group's financial assets and financial liabilities are measured and recognized at amortized cost.

8. Related party transactions

No transactions with related parties that significantly affected the Parent Company's or Group's financial position were carried out during the period.

9. Incentive programs

As of June 30, 2024, the Group had three incentive programs outstanding: LTI 2023, LTI 2022 and Exchange Allotment 2018. The LTI 2024 incentive program was distributed in Q3 2024.

LTI 2023

In accordance with the decision of the Annual General Meeting (AGM) on April 26, 2023, a three-year long-term incentive program for key IAR Systems Group employees has been introduced, LTI 2023. The program includes RSUs and covers a maximum of 145,000 shares in IAR Systems Group AB, 141,000 of which were allocated to a maximum of 140 employees at four different levels within the Group. On June 30, 2024, the number of RSUs outstanding in this program

amounted to 130,000.

The shares will be transferred to individuals free of charge after three years, provided that the performance conditions established during the period have been achieved. The performance conditions for this program are that the Group's operating margin is to be at least 20% for each year and that the increase in the Group's net sales is to be between 5% and 20% for each year. The vesting period for the RSUs in the program runs until August 2026, allocated evenly between the periods. The allotted RSUs are vested at a rate of one third from the date of allotment (September 1, 2023) until August 31, 2024, August 31, 2025 and August 31, 2026. Vested RSUs can be exercised after the end of the final vesting period and after the Board has determined that the period conditions for the program have been fulfilled, which is expected to take place in the fourth quarter of 2026. In the event that all RSUs outstanding as of June 30, 2024 were to be exercised for shares, this would entail total dilution of approximately 1.0% of the number of shares outstanding and votes. For more information about the EGM and the resolutions passed, refer to the company's website: iar.com.

LTI 2022

In accordance with the decision of the Extraordinary General Meeting (EGM) on June 13, 2022, a three-year long-term incentive program for key IAR Systems Group employees has been introduced, LTI 2022. The program includes RSUs and covers a maximum of 140,000 shares in IAR Systems Group AB, which were allocated to a maximum of 140 employees at four different levels within the Group. On June 30, 2024, the number of RSUs outstanding in this program amounted to 80,250.

The shares will be transferred to individuals free of charge after three years, provided that the performance conditions established during the period have been achieved. The performance conditions for this program are that the Group's

operating margin is to be at least 20% for each year and that the increase in the Group's net sales is to be between 10% and 15% for each year. The vesting period for the RSUs in the program runs until August 2025, allocated evenly between the periods. The allotted RSUs are vested at a rate of one third from the date of allotment (November 7, 2022) until August 31, 2023, August 31, 2024 and August 31, 2025. Vested RSUs can be exercised after the end of the final vesting period and after the Board has determined that the period conditions for the program have been fulfilled, which is expected to take place in the fourth quarter of 2025. In the event that all RSUs outstanding as of June 30, 2024 were to be exercised for shares, this would entail total dilution of approximately 1.0% of the number of shares outstanding and votes. For more information about the EGM and the resolutions passed, refer to the company's website: iar.com.

Exchange Allotment 2018

This pertains to the part of remuneration for the acquisition that entails the exchange of an existing stock option program for employees in Secure Thingz. Stock option holders exchange their stock options in Secure Thingz for new stock options in I.A.R. Systems Group AB. The economic value of the new stock options is to correspond to the value of the existing stock options. A total of 575,000 stock options in Secure Thingz have been exchanged for 73,413 stock options in I.A.R. Systems Group AB in accordance with the approval from the EGM held on June 15, 2018. Of the 73,413 stock options, 27,450 have an exercise price of SEK 6.50 and 45,963 have an exercise price of SEK 26.00. The vesting of the stock options in the stock option program continued until October 2022 and the program extends until 2027. Vested stock options can be exercised on an ongoing basis until 2027 at the latest. A total of 45,077 stock options were exercised and 23,822 stock options were forfeited.

Incentive programs

	Total	Subscribed/Allocated	Exercised Jun 30, 2024	Forfeited Jun 30, 2024	Qualified Jun 30, 2024	Qualified after Jun 30, 2024
LTI 2023						
RSUs	145,000	141,000	0	11,000	0	130,000
LTI 2022						
RSUs	140,000	140,000	0	16,700	43,050	80,250
Exchange allotment 2018						
Stock options	73,413	73,413	45,077	23,822	4,515	0

Definitions

Certain financial performance measures are presented in this interim report that are not defined in accordance with IFRS. The company believes that these performance measures provide valuable supplementary information to investors and the company's management since they facilitate evaluations of the company's earnings trend and financial position. These

financial performance measures are not always comparable with the measures used by other companies since not all companies calculate financial performance measures in the same way. Accordingly, these financial performance measures must not be regarded as a replacement for the measures defined in accordance with IFRS.

The tables below present performance measures that are not defined in accordance with IFRS, unless otherwise stated. The following section "Reconciliations" presents reconciliations and accounts for the components included in the alternative performance measures used in the company's financial reporting.

Key performance measures	Definition/Calculation	Use
Gross margin	Net sales less the cost of goods sold as a percentage of net sales.	Measures the company's profitability after cost of goods and is used to follow up cost-efficiency and the effect of changes to the product mix.
EBITDA	Earnings before interest, taxes, depreciation and amortization.	This measure basically shows the earnings-generating cash flow in operations. It provides an overview of the business's ability to generate, in absolute terms, resources for investments and payments to investors and is used as a comparison over time.
EBITDA margin	Earnings before interest, tax, depreciation and amortization (EBITDA) in relation to sales, expressed as a percentage.	Aims to show the profitability ratio for current operations.
Adjusted EBITDA	EBITDA according to the above definition, excluding items affecting comparability.	The measure shows the profit-generating cash flow in the operations, excluding costs that complicate comparison with Group earnings in previous periods. This is to more clearly indicate growth in the underlying operations.
Adjusted EBITDA margin	Adjusted EBITDA according to the above definition in relation to sales, expressed as a percentage.	Aims to show the profitability ratio for current operations excluding costs for items affecting comparability such as long-term incentive programs.
Equity, Group	Recognized equity including 79.4% of untaxed reserves. Average equity is calculated as equity at the beginning of the year plus equity at the end of the year divided by two.	Measures the company's net value.
Equity per share	Equity divided by the number of shares at the end of the period.	Measures the company's net value per share.
Sales growth in local currency	Net sales in local currency compared to sales in local currency in the corresponding period last year.	Measures the company's sales growth in local currency and allows the assessment of growth without the influence of foreign exchange effects.
Cash flow	Cash flow from operating activities as a percentage of net sales.	Measures the company's cash generation in relation to net sales.
Cash flow from operating activities per share	Cash flow from operating activities divided by the average number of shares outstanding during the period.	Measures the company's cash generation in relation to the number of shares outstanding in the company.
Net cash	Cash and cash equivalents less interest-bearing liabilities.	A measure of the ability to use available cash and cash equivalents to pay off all liabilities if they were due for payment on the date of the calculation and thereby a measure of the risk in relation to the company's capital structure.
Net interest-bearing liabilities	Interest-bearing liabilities less cash and cash equivalents.	A measure used to follow the liability trend and see the size of the need for refinancing. This measure is one component in calculating net cash and the net debt/equity ratio.

Definitions, cont.

Key performance measures	Definition/Calculation	Use
Net debt/equity ratio	Net interest-bearing liabilities divided by equity.	This measure reflects the relationship between the Group's two forms of financing. A measure to show the proportion of loan capital in relation to the capital invested by the owners and accordingly a measure of financial strength and also the gearing effect of loans. A higher net debt/equity ratio entails a higher financial risk and higher financial gearing.
Earnings per share*	Profit for the period after tax divided by the average number of shares during the period.	A measure of the company's profitability after tax per share. This key ratio is important in assessing the value of a share.
Return on equity	Profit after tax as a percentage of average equity.	Return on equity shows the total accounting returns on capital invested by the owners and reflects the effects of both the profitability of operations and financial gearing. This measure is mainly used to analyze the profitability of owners over time.
Return on capital employed	Profit before tax plus financial expenses as a percentage of average capital employed.	Return on capital employed shows how well operations use the capital tied up in the business. This measure is mainly used to study the Group's profitability over time.
Interest-bearing liabilities	Borrowings in banks or the equivalent.	This measure is one component in calculating net cash and the net debt/equity ratio.
Operating margin	Operating profit as a percentage of net sales.	This measure reflects the operating profitability of the business. It is useful for following up profitability and efficiency in operations before taking into account capital tied up. This key ratio is used both internally in governance and follow-up of operations and to compare with other companies.
Operating profit	Profit before tax less financial income plus financial expenses.	Used to calculate the operating margin.
Adjusted operating profit	Operating profit according to the above definition, excluding items affecting comparability.	Aims to show the profitability ratio for current operations excluding costs for items affecting comparability such as long-term incentive programs, impairment of assets and/or other non-recurring items affecting comparability.
Adjusted operating margin	Adjusted operating profit according to the above definition in relation to sales, expressed as a percentage.	Aims to show the profitability ratio for current operations excluding costs for items affecting comparability such as long-term incentive programs.
Equity/assets ratio	Equity as a percentage of total assets.	This key ratio shows the proportion of assets financed with equity and can be used as an indication of the company's long-term solvency.
Capital employed	Total assets less non-interest-bearing liabilities. Average capital employed is calculated as capital employed at the beginning of the year plus capital employed at the end of the year divided by two.	The capital made available to the company by shareholders and lenders. This shows the net capital invested in operating activities with the addition of financial assets.
Profit margin	Profit before tax as a percentage of net sales.	Profit margin shows the earnings capacity of the business from operating activities regardless of the tax situation in relation to the company's net sales and can be used to in a comparison with other companies in the same industry.
Cash conversion rate	Cash flow from operating activities divided by adjusted EBITDA	Cash conversion rate shows the company's ability to convert earnings in operations into cash flows.

* Definition in accordance with IFRS.

Reconciliations

Gross margin is calculated as net sales less the cost of goods sold as a percentage of net sales.

SEK m	3 months Apr-Jun		6 months Jan-Jun		Full- year
	2024	2023	2024	2023	2023
Net sales	123.2	108.2	243.0	215.9	458.1
Goods for resale	-2.9	-2.8	-6.0	-6.0	-13.4
Gross profit	120.3	105.4	237.0	209.9	444.7
Gross margin, %	97.6	97.4	97.5	97.2	97.1

EBITDA is calculated as operating profit before depreciation of property, plant and equipment, and amortization of intangible assets.

SEK m	3 months Apr-Jun		6 months Jan-Jun		Full- year
	2024	2023	2024	2023	2023
Operating profit/loss	27.3	11.2	59.5	22.7	-204.1
Depreciation of property, plant and equipment	1.5	1.7	2.9	2.9	5.7
Depreciation of right-of-use assets	5.0	4.8	10.0	10.1	20.7
Amortization of intangible assets	6.9	8.1	15.3	15.4	30.6
Impairment of intangible assets	-	4.7	-	4.7	29.4
Impairment of goodwill	-	-	-	-	261.3
EBITDA	40.7	30.5	87.7	55.8	143.6

EBITDA margin is calculated as EBITDA as a percentage of net sales.

SEK m	3 months Apr-Jun		6 months Jan-Jun		Full- year
	2024	2023	2024	2023	2023
Net sales	123.2	108.2	243.0	215.9	458.1
EBITDA	40.7	30.5	87.7	55.8	143.6
EBITDA margin, %	33.0	28.2	36.1	25.8	31.3

Adjusted EBITDA is calculated as operating profit before depreciation of property, plant and equipment, amortization of intangible assets and items affecting comparability.

SEK m	3 months Apr-Jun		6 months Jan-Jun		Full- year
	2024	2023	2024	2023	2023
Operating profit/loss	27.3	11.2	59.5	22.7	-204.1
Depreciation of property, plant and equipment	1.5	1.7	2.9	2.9	5.7
Depreciation of right-of-use assets	5.0	4.8	10.0	10.1	20.7
Amortization of intangible assets	6.9	8.1	15.3	15.4	30.6
Impairment of intangible assets	-	4.7	-	4.7	29.4
Impairment of goodwill	-	-	-	-	261.3
Costs for the long-term incentive program	2.5	1.5	4.6	3.2	7.3
Restructuring expenses	-	-	-	-	2.2
Adjusted EBITDA	43.2	32.0	92.3	59.0	153.1

Adjusted EBITDA margin is calculated as adjusted EBITDA as a percentage of net sales.

SEK m	3 months Apr-Jun		6 months Jan-Jun		Full- year
	2024	2023	2024	2023	2023
Net sales	123.2	108.2	243.0	215.9	458.1
Adjusted EBITDA	43.2	32.0	92.3	59.0	153.1
Adjusted EBITDA margin, %	35.1	29.6	38.0	27.3	33.4

Operating margin is calculated as operating profit as a percentage of net sales.

SEK m	3 months Apr-Jun		6 months Jan-Jun		Full- year
	2024	2023	2024	2023	2023
Net sales	123.2	108.2	243.0	215.9	458.1
Operating profit/loss	27.3	11.2	59.5	22.7	-204.1
Operating margin, %	22.2	10.4	24.5	10.5	-44.6

Adjusted operating profit is calculated as operating profit adjusted for items affecting comparability and non-recurring items.

SEK m	3 months Apr-Jun		6 months Jan-Jun		Full-year
	2024	2023	2024	2023	2023
Operating profit/loss	27.3	11.2	59.5	22.7	-204.1
Impairment of intangible assets	-	4.7	-	4.7	29.4
Impairment of goodwill	-	-	-	-	261.3
Costs for the long-term incentive program	2.5	1.5	4.6	3.2	7.3
Restructuring expenses	-	-	-	-	2.2
Adjusted operating profit	29.8	17.4	64.1	30.6	96.1

Adjusted operating margin is calculated as adjusted operating profit as a percentage of net sales.

SEK m	3 months Apr-Jun		6 months Jan-Jun		Full- year
	2024	2023	2024	2023	2023
Net sales	123.2	108.2	243.0	215.9	458.1
Adjusted operating profit	29.8	17.4	64.1	30.6	96.1
Adjusted operating margin, %	24.2	16.1	26.4	14.2	21.0

Profit margin is calculated as profit before tax as a percentage of net sales.

SEK m	3 months Apr-Jun		6 months Jan-Jun		Full- year
	2024	2023	2024	2023	2023
Net sales	123.2	108.2	243.0	215.9	458.1
Profit/loss before tax	24.3	14.0	61.8	25.8	-203.4
Profit margin, %	19.7	12.9	25.4	11.9	-44.4

Cash flow is calculated as cash flow from operating activities as a percentage of net sales.

SEK m	3 months Apr-Jun		6 months Jan-Jun		Full- year
	2024	2023	2024	2023	2023
Net sales	123.2	108.2	243.0	215.9	458.1
Cash flow from operating activities	35.7	29.4	68.4	55.5	144.1
Cash flow, %	29.0	27.2	28.1	25.7	31.5

Equity/assets ratio is calculated as equity as a percentage of total assets.

SEK m	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
	Equity	440.9	683.1
Total assets	707.4	985.5	700.0
Equity/assets ratio	62.3	69.3	60.5

Reconciliations, cont.

Average equity is calculated as equity at the beginning of the period plus equity at the end of the period divided by two.

	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
SEK m						
Equity	440.9	472.6	423.4	683.1	677.9	666.8
	3 months Apr-Jun		6 months Jan-Jun		Full-year	
	2024	2023	2024	2023	2023	
Average equity	456.8	680.5	432.2	675.0	545.1	

Return on equity is calculated as profit after tax as a percentage of average equity.

	3 months Apr-Jun		6 months Jan-Jun		Full-year
	2024	2023	2024	2023	2023
SEK m					
Profit/loss after tax	15.8	6.1	84.9	12.6	-229.0
Average equity	456.8	680.5	432.2	675.0	545.1
Return on equity, %	3.5	0.9	19.6	1.9	-42.0

Net debt/equity ratio is calculated as net interest-bearing liabilities divided by equity.

	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
SEK m						
Interest-bearing liabilities	46.8	51.9	51.7	59.1	65.5	69.3
Cash and cash equivalents	-160.5	-195.8	-197.4	-153.8	-158.1	-148.2
Net interest-bearing liabilities	-113.7	-143.9	-145.7	-94.7	-92.6	-78.9
Net debt/equity ratio, multiple	-0.3	-0.3	-0.3	-0.1	-0.1	-0.1

Return on capital employed is calculated as profit before tax plus financial expenses as a percentage of average capital employed.

	3 months Apr-Jun		6 months Jan-Jun		Full-year
	2024	2023	2024	2023	2023
SEK m					
Profit/loss before tax	24.3	14.0	61.8	25.8	-203.4
Financial expenses	4.0	0.6	1.6	1.3	0.9
Profit/loss before tax plus financial expenses	28.3	14.6	63.4	27.1	-202.5
Return on capital employed, %	5.6	2.0	13.2	3.8	-33.4

Net cash is calculated as cash and cash equivalents less interest-bearing liabilities.

SEK m	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
Cash and cash equivalents	160.5	153.8	197.4
Interest-bearing liabilities	-46.8	-59.1	-51.7
Net cash	113.7	94.7	145.7

Capital employed is calculated as total assets less non-interest-bearing liabilities. Average capital employed is calculated as capital employed at the beginning of the period plus capital employed at the end of the period divided by two.

SEK m	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
Total assets	707.4	737.7	700.0	985.5	959.1	922.2
Non-interest-bearing liabilities	-219.9	-213.2	-224.9	-243.3	-215.7	-186.1
Capital employed	487.7	524.5	475.1	742.2	743.4	736.1
	3 months Apr-Jun		6 months Jan-Jun		Full-year	
	2024	2023	2024	2023	2023	
Average capital employed	506.1	742.8	481.4	710.5	605.6	

Equity per share is calculated as equity divided by the number of shares at the end of the period.

SEK m	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
Equity	440.9	683.1	423.4
No. of shares at end of period, million	13.66	13.66	13.66
Equity per share	32.28	50.01	31.00

Cash flow from operating activities per share is calculated as cash flow from operating activities divided by the average number of shares outstanding.

	3 months Apr-Jun		6 months Jan-Jun		Full-year
	2024	2023	2024	2023	2023
SEK m					
Cash flow from operating activities	35.7	29.2	68.4	55.3	144.1
Average no. of shares outstanding, million	13.31	13.66	13.38	13.66	13.66
Cash flow from operating activities per share	2.68	2.14	5.11	4.05	10.55

The cash conversion rate is calculated as cash flow from operating activities divided by adjusted EBITDA.

	3 months Apr-Jun		6 months Jan-Jun		Full-year
	2024	2023	2024	2023	2023
SEK m					
Cash flow from operating activities	35.7	29.2	68.4	55.3	144.1
Adjusted EBITDA	43.2	32.0	92.3	59.0	153.1
Cash conversion rate, multiple	0.83	0.91	0.74	0.94	0.94

The share

The IAR Systems Group Share

I.A.R. Systems Group's class B share is quoted on the Mid Cap list of Nasdaq Stockholm. During 2024, the share price varied from a low of SEK 126.2 (78.1) to a high of SEK 179.5 (124.0). I.A.R. Systems Group's market capitalization on June 30, 2024 was SEK 2,302m (1,160). The number of shareholders in I.A.R. Systems Group on June 30, 2024 was 6,689 (6,721). Of these shareholders, 347 (391) held more than 1,000 shares each. Foreign shareholders held approximately 26.4% (30.4) of the share capital.

I.A.R. Systems Group AB's share capital at June 30, 2024 amounted to SEK 139,683,334, divided between 13,968,333 shares, of which 13,660,291 are class B shares and 308,042 are class C shares. All of the class C shares and 451,905 class B shares are held in treasury, of which 348,218 class B shares were acquired during the current year under the buy-

back program that the Board approved on August 29, 2023. Class C shares are not included in the information submitted regarding the I.A.R. Systems Group AB share and these shares do not entitle the holder to dividends.

The aim of the company's treasury holding is to ensure the delivery of shares to employees through the exercise of stock options and RSUs according to the Group's incentive programs (and, in terms of cash flow, to ensure payment of future social security expenses attributable to these programs), and to provide the Board with greater freedom when it comes to the Group's capital structure. As for the incentive programs, prior to any delivery of shares according to the Group's employee ownership program, the company converts the class C shares into class B shares. A total of 51,646 class C shares have been converted into class B shares to be deliv-

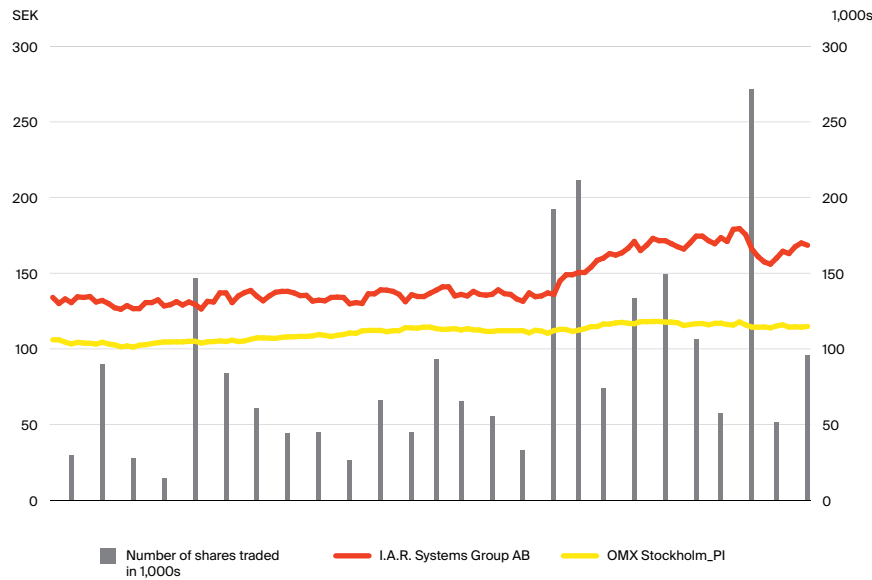
ered under an incentive program since the original buyback of 359,688 class C shares.

Refer to Note 9 for information about the Group's current incentive programs on the reporting date.

2024 AGM

The AGM of I.A.R. Systems Group AB was held on April 25, 2024. For more information about the AGM and the resolutions passed, refer to the company's website: www.iar.

IAR Systems Group AB, January–June 2024



The share

Shareholder type

	No. of shares	No. of shareholders	Share of capital, %	Share of votes, %
Funds	4,442,573	22	30.7	30.7
Private individuals	3,757,923	6,401	29.3	29.3
Pension and insurance companies	3,002,011	10	22.4	22.4
Other	2,457,784	255	17.6	17.6
Total *	13,660,291	6,689	100.0	100.0

* excluding 308,042 class C shares held in treasury.

Geographical distribution

	No. of shareholders	No. of shareholders, %	Share of capital, %	Share of votes, %
Sweden	6,492	97.1	73.6	73.6
Finland	37	0.6	9.6	9.6
UK	13	0.2	5.3	5.3
Denmark	30	0.4	4.3	4.3
Germany	14	0.2	2.2	2.2
Other countries	103	1.5	5.1	5.1
Total *	6,689	100.0	100.0	100.0

* excluding 308,042 class C shares held in treasury.

Breakdown of shareholdings

	No. of shareholders	No. of shareholders, %	Share of capital, %	Share of votes, %
1-500	6,031	90.2	3.4	3.4
501-1,000	311	4.6	1.8	1.8
1,001-10,000	284	4.3	6.0	6.0
10,001-	63	0.9	88.8	88.8
Total *	6,689	100.0	100.0	100.0

* excluding 308,042 class C shares held in treasury.

Largest individual shareholders

	No. of shares	Share of capital, %	Share of votes, %
1. Andra AP-fonden	1,295,415	9.5	9.5
2. Alcur Fonder	1,280,274	9.4	9.4
3. Avanza Pension	952,920	7.0	7.0
4. Aktia Asset Management	859,758	6.3	6.3
5. Fjärde AP-fonden	590,000	4.3	4.3
6. Arbetsmarkedets Tillægspension	580,320	4.2	4.2
7. Tredje AP-fonden	500,000	3.7	3.7
8. Ribbskottet	500,000	3.7	3.7
9. I.A.R. Systems Group AB	451,905	3.3	3.3
10. Highclere International Investors LLP	446,476	3.3	3.3
Other	6,203,223	45.3	45.3
Total *	13,660,291	100.0	100.0

* excluding 308,042 class C shares held in treasury.



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