



Q1

I.A.R. Systems Group AB

Interim report January–March 2025

Summary

New cloud-based subscription offering launched for increased ARR

Summary of the period

Sales in the first quarter amounted to SEK 124.2m (119.7), corresponding to growth of 3.7%, or 3.0% in local currency. Foreign exchange effects had a positive impact of SEK 0.8m on net sales during the period. Adjusted for foreign exchange effects, growth was -11.2% in EMEA, 45.8% in APAC and -21.2% in North America.

An adjusted EBITDA margin of 33.8% (40.9) and an adjusted operating margin of 23.2% (28.6) were posted for the first quarter. To a certain extent, the decrease in operating profit was due to higher foreign exchange losses in operations compared with the year-earlier quarter stemming from the stronger Swedish krona during the quarter, and to some extent to increased personnel costs. Deferred income at March 31, 2025 amounted to SEK 128.8m (132.3).

Our new cloud-enabled subscription offering was launched at Embedded World in Nuremberg in March. The offering was well received and attracted a great deal of interest, and is now available to customers in EMEA and the US. We expect annual recurring revenue (ARR) to increase and see potential for higher growth in the long term, but growth may decrease or level off in the short term.

First quarter January-March 2025

- Net sales were SEK 124.2m (119.7), with growth of 3.7%, or 3.0% in local currency.
- EBITDA of SEK 38.6m (46.9), corresponding to an EBITDA margin of 31.1% (39.2).
- Adjusted EBITDA of SEK 42.0m (49.0), corresponding to an adjusted EBITDA margin of 33.8% (40.9).
- Operating profit of SEK 25.5m (32.1), corresponding to an operating margin of 20.5% (26.8).
- Adjusted operating profit of SEK 28.8m (34.2), corresponding to an adjusted operating margin of 23.2% (28.6).
- Capitalized work on own account amounted to SEK 12.7m (10.3).
- In a year-on-year comparison, currency translation had a positive impact of SEK 0.8m on net sales and a negative impact of SEK 0.1m on operating profit for the period, based on income and costs in local subsidiaries.
- Cash flow from operating activities amounted to SEK 23.7m (32.7).

“China grew 184%, which led to the strongest quarter to date for APAC.

Cecilia Wachtmeister, CEO

Q1 in brief:

- IAR's new cloud-enabled subscription offering was launched at Embedded World in Nuremberg in March. This will ultimately result in increased ARR and higher growth.

Group summary

	3 months Jan-Mar		Full-year
	2025	2024	2024
Net sales, SEK m	124.2	119.7	487.2
EBITDA, SEK m*	38.6	46.9	174.3
Adjusted EBITDA, SEK m*	42.0	49.0	186.7
Operating profit, SEK m*	25.5	32.1	119.1
Adjusted operating profit, SEK m*	28.8	34.2	131.5
Earnings per share, basic, SEK**	1.49	5.12	10.20
Earnings per share, diluted, SEK**	1.45	5.03	9.98
Cash flow from operating activities, SEK m*	23.7	32.7	135.4
Net cash, SEK m*	97.2	143.9	110.5
Gross margin, %*	98.0	97.4	97.3

*For definitions and calculations of alternative performance measures, refer to pages 17 and 20.

** Definition in accordance with IFRS.

CEO Statement

Comments from the CEO

The first quarter of 2025 was one of contrasts for IAR, full of challenges as well as positive signals. Macroeconomic uncertainty and global trade dynamics put pressure on certain areas of our operations, but we also made important strategic progress and delivered strong performances regionally while our journey of change continued to gain momentum.

An important milestone was the successful launch of our new platform and subscription offering at the Embedded World industry event in Nuremberg in March. Our participation in the event and launch of the offering provided valuable exposure and confirmed the interest of existing as well as new customers. As expected, however, the transition to a new model led to longer short-term sales cycles, with customers evaluating the full advantages of our new subscription-based strategy.

Growth in gross revenue amounted to 3.7% for the quarter, despite difficult comparative figures in Q1 2024, including two major transactions. Targeted initiatives led to a noteworthy decrease in churn in all regions, and our recurring revenue from support and update agreements (SUA) grew 15%. We also saw a 17% increase in new customer sales compared with the year-earlier period, together with a three-fold increase in the number of new customers. These are clear indicators that our value offering is continuing to gain traction in the embedded systems market.

APAC: Record-high growth and increased relevance

APAC delivered its strongest quarter in IAR's history, with growth of 46% driven by a 184% increase in net sales in China. While a significant portion of this growth was due to a major lifetime license transaction, the figures still reflect our increased relevance in China's rapidly growing ecosystem of embedded systems.

There is a growing interest in RISC-V and dual instruction-set architecture strategies in China and Taiwan, often driven by supply chain risk minimization and geopolitics. Our RISC-V support has proven to be a key differentiating factor in this regard. Some global suppliers are currently facing limitations due to ongoing trade tensions, creating favorable opportunities for IAR. Customers in Japan and Korea remain cautious, but our position in safety-certified toolchains and



An important milestone was the successful launch of our new platform at the Embedded World in Nuremberg in March.

long life-cycle support continues to provide a base for strong, trusted relationships in these quality-sensitive markets.

EMEA: More dynamic, although with variations

The results in EMEA were mixed, although the trends are promising. Southern and Western Europe performed well, with an increase of 24% in France/Benelux/Southern Europe. This was largely due to an improved performance in distribution, direct processing and increased customer investment in the automotive and industrial sectors. Business cycles in Northern and Central Europe were extended due to deferred decisions resulting from uncertainty surrounding tariffs and policies. Customers here also took longer to evaluate our new subscription model.

A leading German manufacturer renewed its contract and chose our new solution as the standard for its global CI/CD infrastructure. Our ability support the implementation model was essential for this customer's decision, demonstrating the strategic relevance and value of the solution.

EMEA had difficult comparative figures due to an exceptionally strong first quarter last year, including one unusually large transaction. This resulted in a decrease of 11% for the quarter, but a robust pipeline and several transactions from Q1 that were deferred until Q2 mean that the outlook for the region is still positive.

North America: Navigating headwinds

North America was our most challenging region in Q1. Sales decreased 21%, due in part to very strong comparative figures for Q1 2024 that included a major multi-year agreement.

External factors such as political uncertainty concerning the new US administration, trade discussions and increased cost sensitivity also contributed to slower customer activity. On the positive side, a leading US technology provider increased its use of IAR's products across Arm and RISC-V architectures, confirming our improved capabilities.

The team worked at a reduced capacity during the quarter, but to manage this we strengthened our US sales organization to respond the opportunities in this market. Despite these headwinds, we made several important sales in functional safety, CI/CD integration and embedded security, all of which provide strong validation of our new offering.

Subscription as a business model: Early impact, clear momentum

As planned, our new subscription model is gaining ground. The advantages of flexibility, simplified license management and access to our entire portfolio are deeply appreciated by customers who work in DevOps-driven or cloud-based environments. We're pleased to see new subscription customers in Q1, and that a substantial part of our pipeline is tied to subscription opportunities. Transitions take time, but based on the underlying interest and conversion rates we are seeing, we are confident about this strategic direction.

Outlook

Despite macroeconomic challenges and global uncertainty in Q1, we confirmed that we are headed in the right direction. Customer engagement is growing in CI/CD, simulation-based workflows and modern methods for software deliveries, and our platform is well positioned to support these trends. The latest announcement from Arm that they will be phasing out their Arm Compiler 6 (AC6) is an important development that could potentially create new opportunities for IAR in the future.

Through our continued strength in APAC, increased traction in EMEA, renewed focus in North America and the ongoing implementation of our subscription platform, we are building a solid foundation for future growth.

In closing, I'd like to thank our customers for their continued trust, and the entire IAR team for their enthusiasm, energy and perseverance as we continue this transition together.

Cecilia Wachtmeister, CEO

Financial information

Financial information

Net sales

Sales in the first quarter amounted to SEK 124.2m (119.7), corresponding to growth of 3.7%, or 3.0% in local currency. Foreign exchange effects had an impact of SEK 0.8m (-3.3) on net sales during the quarter. APAC accounted for 43.2% of net sales for the quarter, corresponding to SEK 53.6m (36.7), and posted growth of 46.2%. Foreign exchange effects had an impact of SEK 0.1m on sales, and growth in APAC was 45.8% in local currency. Compared with the previous year, net sales for the quarter increased 1% in Japan and a full 184% in China (largely due to a major contract signed during the quarter), while Taiwan increased 127% and Korea decreased -15%. EMEA accounted for 31.3% of net sales for the quarter, or SEK 38.9m (44.1), and posted growth of -11.7%. Adjusted for foreign exchange effects of SEK -0.2m, net sales in EMEA decreased 11.2% for the quarter. India posted growth of 55.0% and France/Benelux/Southern Europe posted growth of 23.7%, while other parts of EMEA had lower growth figures. North America accounted for 25.2% of net sales for the quarter, or SEK 31.3m (38.6), and posted negative growth of -19.0%. Adjusted for foreign exchange effects of SEK 0.9m, net sales in the US decreased 21.2% for the quarter.

IAR's strategy for increased growth

In December, IAR introduced a new strategy for driving long-term growth with the goal of achieving 20% growth in sales (in local currency) annually and an operating margin of at least 20% in the next three to five years. To reach these targets,

we are focusing on increasing our addressable market and our market reach via three strategic pillars:

1. Technological expansion through open source
By promoting interoperability through open source, we can address the portion of the market using more powerful microprocessor chips (MPUs), opening up new markets and business opportunities.
2. Commercial expansion
We are strengthening our focus on verticals where we already have a strong position and a competitive offering: the automotive industry, medical technology and industrial automation. These segments are characterized by high security and compliance requirements, which gives us a natural competitive edge. At the same time, we are investing in our sales organization, internally as well as by expanding our network of distributors.
3. Transformation of the business model
We are transitioning from selling individual products with perpetual ownership to offering our entire toolbox as a subscription service. This will alter our income structure as well as customer value.

Effects of the transformed business model

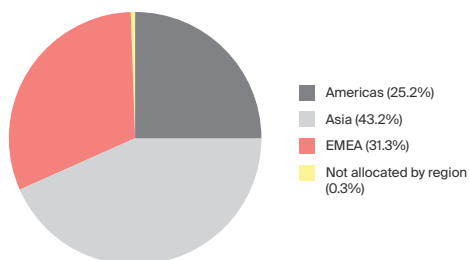
The subscription offering will be priced in an entirely new way, primarily based on the number of automated workflows in simultaneous use. The transformation from selling lifetime licenses to selling a subscription offering will impact sales in multiple ways across different time perspectives. In the short

term, sales may decrease or level off, but in the long term we will see growth. Since we are not only switching our business model, but adding entirely new customer value to our offering, we will not experience a significant decline in income in the short term. Considering this increased customer value, we expect that customers who currently pay for support and upgrades (SUAs) – which will be included in the new subscription service – will pay more per year after the transition to subscriptions in the cloud, which will have a positive impact on income. Realized income will be shifted forward in time, since 85% of a lifetime license sold is recognized at the time of the sale, while income from a subscription in the cloud is distributed evenly over the term of the contract. The price of a subscription for the first year will be lower than a lifetime license, but it is recurring income and, over time, will generate greater income. The transformation has good potential to gradually increase sales as well as the share of recurring income, which is already over 50%.

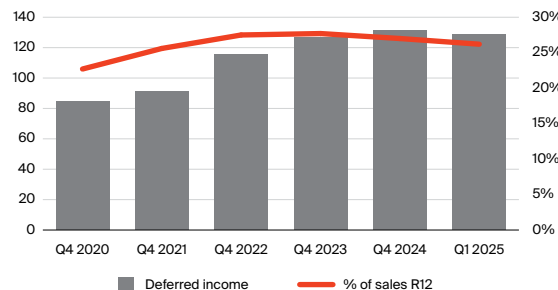
Business model

Through a lifetime license, the customer makes a one-time purchase of an IAR solution, giving them full ownership of the software license. The subscription-based model enables an ongoing customer dialogue throughout the entire journey, which strengthens customer loyalty and increases customer retention. The model offers a lower initial cost for the customer and a high degree of flexibility and customization. For IAR, this model provides predictable income over

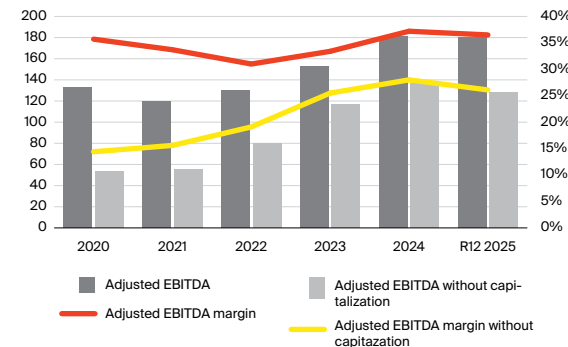
Breakdown of income Q1 2025



Deferred income, SEKm



Adjusted EBITDA and Adjusted EBITDA margin*



*For definitions and calculations of alternative performance measures, refer to pages 17 and 20.

Financial information

the term of the contract and creates an opportunity to grow in existing customer organizations as well as towards their third-party partners and end customers. This will expand IAR's addressable market within previously established customer relationships, which will accelerate growth compared with only acquiring new customers.

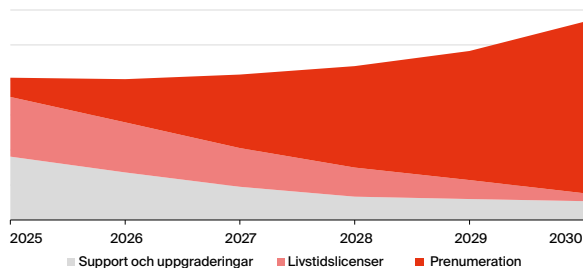
This is assuming a tentative transformation from lifetime licenses to subscriptions in the cloud. It is not a forecast and does not include all of IAR's income streams, but rather illustrates what a gradual transformation could look like. Income could decline in the short term in the case of a faster transformation.

Offering launched in March

Our new cloud-enabled subscription offering was launched at Embedded World in Nuremberg in March. There was a great deal of interest and our demonstrations and presentations were fully booked.

Having received many questions from investors about our financial transformation and the company's future growth, we decided to provide a customer example. This is just an example and should not be considered an average customer. As a cloud-based subscription customer, this example customer will pay around 2.5 times what they paid in average annual fees for the past three years for support and upgrades, or 1.5 times their total average payments for the last three years for support, upgrades and lifetime licenses. Customers who purchase support and upgrade agreements also purchase just under half of the lifetime licenses we sell every year. We monitor each new customer closely in order to confirm how they value the offering and to ensure we set our prices accordingly.

Tentative license migration



Contractual terms and conditions

Lifetime license

- One-time payment for the purchase of a license customized for a specific chip.
- Price per license
- IAR sells a license that the customer owns

Effects for customers

- One-time cost, no hidden fees
- Investment cost (CapEx)

Effects for IAR

- Weaker long-term customer loyalty
- Risk of unauthorized license use
- Poor insight into how customers are using the licenses and which licenses are still being used
- One-time transaction with possibility of income from additional services (support and upgrades)
- 85% of income recognized at the time of the sale and the rest spread evenly over the remaining 11 months

Cloud-based subscription

- Agreement for a certain period of time, often several years, that includes the entire toolbox of licenses regardless of chip type
- Price per user and simultaneous workflows
- IAR sells a service connected to the cloud

- Flexibility for changing needs
- Access to Functional Safety & Security
- Access to new products and services
- Operating cost (OpEx)

- Stronger long-term customer loyalty through subscriptions
- Higher share of recurring income
- More complex sales process
- Better customer data and insight into what customers are using
- Income distributed evenly throughout the term of the contract

Long-term targets, 3-5 years

20%

Annual growth in local currency

20%

Operating margin

Financial information

Net sales

Net sales for the first quarter of 2025

Net sales for the first quarter increased compared with the same quarter last year and amounted to SEK 124.2m (119.7). Currency translation had a positive impact of SEK 0.8m on net sales for the quarter.

Deferred income March 31, 2025

Deferred income in the form of accrued support agreements decreased SEK 2.6m during the quarter and amounted to SEK 128.8m (132.3) at March 31, 2025.

Earnings

Earnings for the first quarter of 2025

The gross margin for the quarter was 98.0% (97.4).

EBITDA for the quarter amounted to SEK 38.6m (46.9), corresponding to an EBITDA margin of 31.1% (39.2). Adjusted EBITDA for the quarter amounted to SEK 42.0m (49.0), corresponding to an adjusted EBITDA margin of 33.8% (40.9). An adjustment was made for non-recurring items (including restructuring costs and impairment of intangible assets) and the recognized costs for the LTI 2022, LTI 2023 and LTI 2024 incentive programs. If the performance conditions for these programs are not met and thus no shares are allotted 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 25.5m (32.1), corresponding to an operating margin of 20.5% (26.8). To a certain extent, the decrease in operating profit was due to higher foreign exchange losses in operations, SEK -3.8m (2.1), compared with the year-earlier quarter stemming from the stronger Swedish krona during the quarter, and to some extent to increased personnel costs as the group has more employees compared to the corresponding quarter last year. Adjusted operating profit for the quarter amounted to SEK 28.8m (34.2), corresponding to an adjusted operating margin of 23.2% (28.6).

A total of SEK 12.7m (10.3) was capitalized for software development costs during the quarter. Of the internally generated costs that were capitalized, SEK 10.8m (8.6) pertained to personnel costs.

In a year-on-year comparison, currency translation had a negative impact of SEK 0.1m on operating profit, based on

income and costs in local subsidiaries.

Net financial items for the quarter amounted to SEK 0.2m (5.3). The decrease noted compared with the year-earlier quarter was primarily due to minor foreign exchange gains and to lower interest rates.

Tax cost for the quarter was SEK -6.5m (+31.6) and the effective tax rate for the quarter was -25.4% (84.5). The increased tax cost/decreased tax income for the quarter compared with the year-earlier quarter was primarily due to changes made to the transfer pricing arrangement for the UK subsidiary in the first quarter of 2024 and management's revised assessment concerning the historical tax loss carry-forwards for the UK subsidiary.

Financial position

During the year, we continued to focus on investments in our major product areas. Investments in software during the quarter totaled SEK 13.4m (11.0). The increase noted in the quarter compared with the year-earlier period was mainly due to a larger share of capitalized internally generated costs and, to a certain extent, to a larger share of external software purchases.

Investments in property, plant and equipment for the quarter totaled SEK 0.8m (0.7).

The Group had unutilized bank overdraft facilities of SEK 50.0m as of March 31, 2025. 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 34.9m (51.9) at March 31, 2025. 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 March 31, 2025 was 66.1% (64.1). Repurchases of own shares totaling SEK 23.3m (19.6) in 2025 had a negative impact on the equity/assets ratio for the Group.

Cash flow and liquidity

Cash flow from operating activities for the quarter amounted to SEK 23.7m (32.7). The noted decrease in cash flow from operating activities for the quarter was primarily due to higher recognized trade receivables compared with earlier periods as well as higher taxes paid than in previous periods. Our customers' ability to pay remained adequate during 2025, and we did not note any indications of payment problems

at our customers or increased bad debt losses during the period.

Cash flow from investing activities totaled SEK -14.2m (-11.7) for the quarter. Most of these investments pertain to the capitalization of development costs for software.

Cash flow from financing activities totaled SEK -28.5m (-24.6) for the quarter. Cash flow from financing activities primarily comprised the repurchase of own shares 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 132.1m (195.8). The Group's total available cash and cash equivalents at the end of the period amounted to SEK 182.1m (245.8). As of March 31, 2025, the Group had net cash of SEK 97.2m (143.9). The company's interest-bearing liabilities consist exclusively of lease liabilities, the majority of which is linked to rented offices.

Employees

The number of employees at IAR at the end of the period was 227 (206). The average number of employees during the year was 214 (199).

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 quarter amounted to SEK 3.5m (3.3). Earnings after financial items amounted to a loss of SEK -0.2m (5.2). The decrease in earnings was primarily due to lower foreign exchange gains than in the year-earlier period.

Investments in property, plant and equipment amounted to SEK 0.0m (0.0) for the year. Cash and cash equivalents at March 31, 2025 totaled SEK 53.8m (54.4). The number of employees in the Parent Company at the end of the quarter was two (two).

Key events during the first quarter

IAR launched its new cloud-enabled subscription offering at Embedded World in Nuremberg.

Key events after the end of the first quarter

No key events.

Financial information

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 2024 Annual Report under "Administration report" on pages 35–42 and in Note 2 on pages 64–66.

Future outlook

During the fourth quarter of 2024, the Board revised IAR's long-term financial targets. The revised targets for the Group are for sales to grow by 20% annually in local currency in the next three to five years and for the operating margin to exceed 20%.

Review

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

Financial calendar

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 April 28, 2025 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

Michael Ingelög
Board member

Fred Wikström
Board member

Sabina Lindén
Board member

Cecilia Wachtmeister
Board member and CEO

Income statement

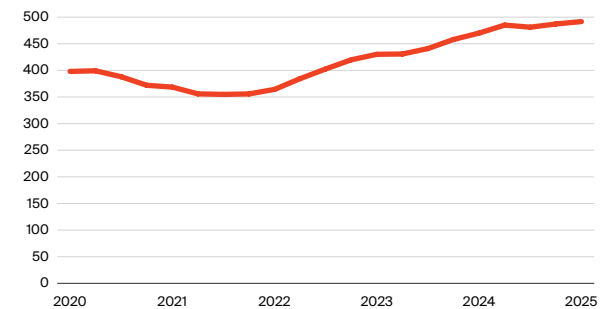
Condensed consolidated income statement

SEK m	Note	3 months Jan-Mar		Full-year
		2025	2024	2024
Net sales	1, 2	124.2	119.7	487.2
Other income		-	-	0.1
Capitalized work on own account		12.7	10.3	49.2
Goods for resale		-2.5	-3.1	-13.4
Other external expenses		-17.9	-10.8	-58.1
Personnel costs		-77.9	-69.2	-290.9
Depreciation of property, plant and equipment		-1.3	-1.4	-5.8
Depreciation of right-of-use assets		-5.1	-5.0	-20.5
Amortization of intangible assets		-6.8	-8.4	-29.0
Operating profit		25.5	32.1	119.1
Financial income		0.6	6.1	8.0
Financial expenses		-0.4	-0.8	-2.7
Profit before tax		25.7	37.4	124.4
Tax		-6.5	31.6	10.8
Profit for the period		19.1	69.0	135.2
Comprehensive income for the period attributable to owners of the Parent Company		19.1	69.0	135.2
Earnings per share for the period, basic, SEK		1.49	5.12	10.20
Earnings per share for the period, diluted, SEK		1.45	5.03	9.98

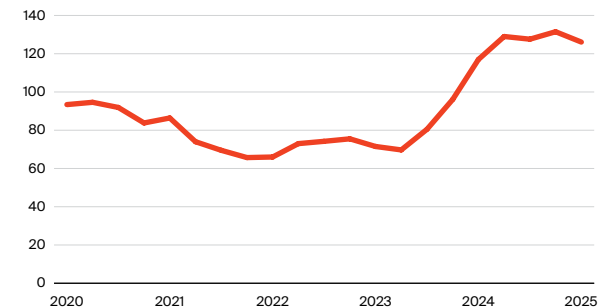
Statement of comprehensive income

SEK m	3 months Jan-Mar		Full-year
	2025	2024	2024
Profit for the period	19.1	69.0	135.2
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Translation differences	-4.9	-1.6	1.5
Total other comprehensive income	-4.9	-1.6	1.5
Comprehensive income for the period	14.3	67.4	136.7
Comprehensive income for the period attributable to owners of the Parent Company	14.3	67.4	136.7

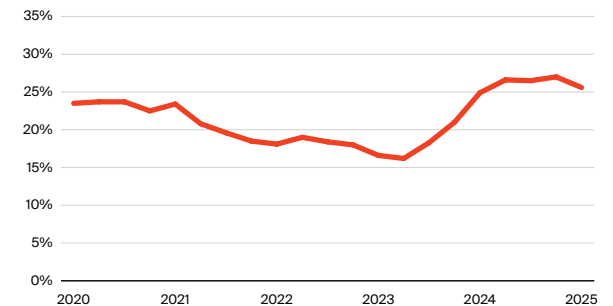
Net sales, rolling 12 months, Q1 2020-Q1 2025



Adjusted operating profit, rolling 12 months, Q1 2020-Q1 2025



Adjusted operating margin, rolling 12 months, Q1 2020-Q1 2025



Balance sheet

Condensed consolidated balance sheet

SEK m	Note	Mar 31, 2025	Mar 31, 2024	Dec 31, 2024
Assets				
Non-current assets				
Goodwill	3	117.5	117.5	117.5
Other intangible assets	4	211.3	185.1	205.3
Property, plant and equipment		12.4	15.4	13.2
Right-of-use assets		35.8	49.0	41.8
Financial assets	7	3.1	3.2	3.3
Deferred tax assets	5	30.6	28.3	30.7
Total non-current assets		410.7	398.5	411.7
Current assets				
Inventories		9.8	10.1	8.5
Other current assets	7	35.1	51.2	46.7
Trade receivables	7	102.7	82.1	101.9
Cash and cash equivalents	7	132.1	195.8	155.4
Total current assets		279.8	339.2	312.5
Total assets		690.5	737.7	724.2
Equity and liabilities				
Total equity		456.4	472.6	462.5
Non-current liabilities				
Lease liabilities	7	18.7	32.4	24.8
Other non-current liabilities		6.3	1.6	2.0
Deferred tax liabilities	5	30.3	23.2	28.4
Total non-current liabilities		55.3	57.2	55.1
Current liabilities				
Trade payables	7	6.4	6.8	8.2
Lease liabilities	7	16.2	19.5	20.1
Deferred income		128.8	132.3	131.4
Other current liabilities	7	27.4	49.3	46.9
Total current liabilities		178.8	207.9	206.6
Total equity and liabilities		690.5	737.7	724.2

Changes in equity, Group

SEK m	Share capital	Other contributed capital	Translation reserves	Retained earnings	Total equity
Opening balance, January 1, 2024	139.7	228.1	70.5	-14.9	423.4
Comprehensive income for the period			1.5	135.2	136.7
Transactions with owners					
Share-based remuneration				9.1	9.1
Share buybacks				-86.6	-86.6
Dividend				-20.0	-20.0
Total transactions with owners				-97.6	-97.6
Opening balance, January 1, 2025	139.7	228.1	72.0	22.7	462.5
Comprehensive income for the period			-4.9	19.1	14.3
Transactions with owners					
Share-based remuneration				2.9	2.9
Share buybacks				-23.3	-23.3
Total transactions with owners					
Closing balance, March 31, 2025	139.7	228.1	67.1	21.5	456.4

Cash flows

Condensed consolidated cash flow statement

SEK m	3 months Jan-Mar		Full-year
	2025	2024	2024
Incoming payments from customers and other incoming payments	129.7	122.5	469.2
Outgoing payments to suppliers and employees	-86.4	-79.2	-300.5
Interest received	0.6	1.3	4.0
Interest paid	-0.4	-0.6	-2.7
Tax relief received	-	-	6.9
Income taxes paid	-19.8	-11.3	-41.5
Cash flow from operating activities	23.7	32.7	135.4
Investments in property, plant and equipment	-0.8	-0.7	-3.0
Investments in intangible assets	-13.4	-11.0	-51.5
Cash flow from investing activities	-14.2	-11.7	-54.5
Amortization of financial liabilities	-5.2	-5.0	-18.7
Share buybacks	-23.3	-19.6	-86.6
Dividend	-	-	-20.0
Cash flow from financing activities	-28.5	-24.6	-125.4
Cash flow for the period	-19.0	-3.6	-44.5
Cash and cash equivalents at beginning of period	155.4	197.4	197.4
Exchange difference in cash and cash equivalents			
- attributable to cash and cash equivalents at beginning of period	-4.8	2.0	2.3
- attributable to cash flow for the period	0.5	0.0	0.2
Cash and cash equivalents at end of period	132.1	195.8	155.4

Cash and cash equivalents, Group

SEK m	Mar 31, 2025	Mar 31, 2024	Dec 31, 2024
Cash and cash equivalents at end of period	132.1	195.8	155.4
Unutilized overdraft facilities	50.0	50.0	50.0
Total available cash and cash equivalents	182.1	245.8	205.4

Key performance measures

Group

	3 months Jan-Mar		Full-year
	2025	2024	2024
Gross margin, %	98.0	97.4	97.3
EBITDA, %	31.1	39.2	35.8
Adjusted EBITDA, %	33.8	40.9	38.3
Operating margin, %	20.5	26.8	24.4
Adjusted operating margin, %	23.2	28.6	27.0
ARR in relation to net sales, %	52.7	59.1	56.5
Profit margin, %	20.7	31.2	25.5
Cash flow, %	19.1	27.3	27.8
Cash conversion rate, multiple	0.56	0.67	0.73
Equity/assets ratio, %	66.1	64.1	63.9
Return on equity, %	4.2	15.4	30.5
Return on capital employed, %	5.2	7.6	25.9
Capital employed, SEK m	491.3	524.5	507.3
Net cash, SEK m	97.2	143.9	110.5
Net debt/equity ratio, multiple	-0.2	-0.3	-0.2
No. of employees at end of period	227	206	223
Average no. of employees	214	199	206
Sales per employee, SEK m	0.6	0.6	2.4

For definitions and calculations of performance measures, refer to pages 17 and 20.

Share data

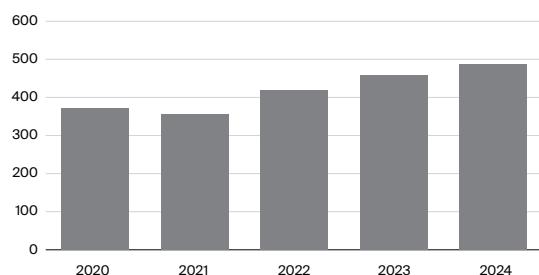
	3 months Jan-Mar		Full-year
	2025	2024	2024
Equity per share, SEK	33.41	34.60	33.86
No. of shares at end of period, million	13.66	13.66	13.66
Average no. of shares outstanding, million	12.88	13.48	13.26
Average number of shares outstanding, diluted, million	13.19	13.70	13.55
Cash flow from operating activities per share, SEK	1.84	2.43	10.21
Earnings per share, basic, SEK*	1.49	5.12	10.20
Earnings per share, diluted, SEK*	1.45	5.03	9.98

*Definition in accordance with IFRS. Refer also to definitions on pages 17 and 18.

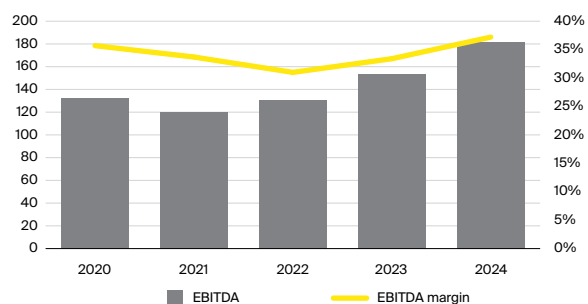
Multi-year overview

	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
2024	487.2	174.3	35.8	119.1	24.4	10.20	30.5	10.21	33.86	126.50	1,728
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

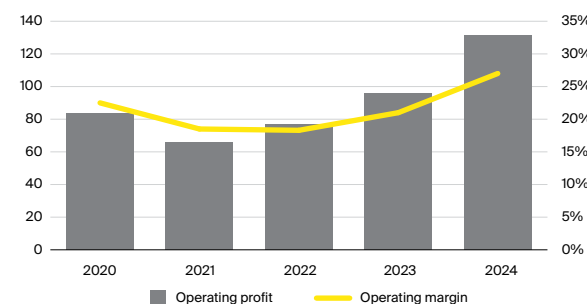
Net sales, SEK m



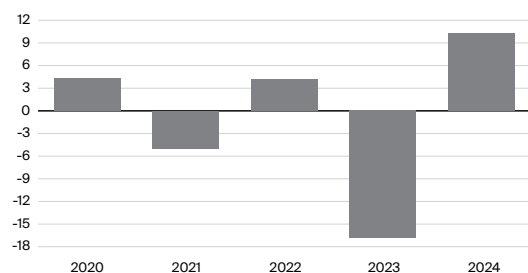
EBITDA and EBITDA margin*



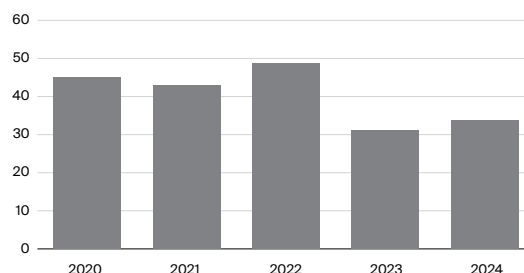
Operating profit and operating margin*



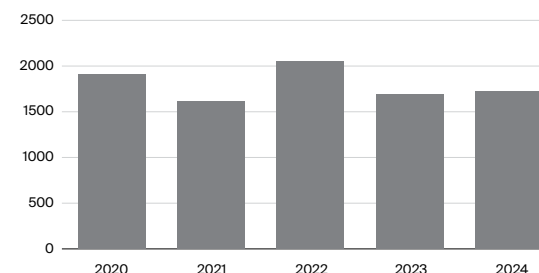
Earnings per share, SEK



Equity per share, SEK



Market capitalization, SEK m



* Adjusted for non-recurring items, refer to Reconciliations on page 92 of I.A.R. Systems Group AB's 2023 Annual Report.

** Adjusted for non-recurring items, refer to Reconciliations on page 45 of I.A.R. Systems Group AB's 2021 Annual 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
2025	Q1	124.2	38.6	31.1	25.5	20.5	1.49	4.2	1.84	33.41	116.00	1,585
2024	Q4	132.0	46.9	35.5	33.4	25.3	2.81	8.1	3.01	33.86	126.50	1,728
	Q3	112.3	39.9	35.5	26.3	23.5	1.04	3.1	2.10	32.65	163.00	2,227
	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

* Adjusted for non-recurring items, refer to Reconciliations on page 92 of I.A.R. Systems Group AB's 2023 Annual Report.

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

*** Definition in accordance with IFRS.

Parent Company

Condensed income statement

	3 months Jan-Mar		Full-year
SEK m	2025	2024	2024
Net sales	3.5	3.3	13.1
Operating expenses	-4.1	-3.4	-15.6
Operating loss	-0.6	-0.1	-2.5
Profit from financial items	0.3	5.3	83.8
Profit/loss before tax	-0.2	5.2	81.3
Tax	0.0	-1.1	-16.8
Profit/loss for the period	-0.2	4.1	64.5

Statement of comprehensive income

	Full-year		Full-year
SEK m	2025	2024	2024
Profit/loss for the period	-0.2	4.1	64.5
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Total other comprehensive income	-	-	-
Comprehensive income for the period	-0.2	4.1	64.5

Condensed balance sheet

SEK m	Note	Mar 31, 2025	Mar 31, 2024	Dec 31, 2024
ASSETS				
Non-current assets				
Property, plant and equipment		0.0	0.0	0.0
Shares in subsidiaries		240.5	219.9	237.8
Other financial assets		0.5	0.2	0.4
Receivables from subsidiaries		-	94.5	0.0
Total non-current assets		241.0	314.7	238.2
Current assets				
Receivables from subsidiaries		-	-	-
Other current assets		10.6	0.9	4.0
Cash and cash equivalents		53.8	54.4	53.7
Total current assets		64.4	55.3	57.7
Total assets		305.4	370.0	295.9
Equity and liabilities				
Restricted equity		139.7	139.7	139.7
Non-restricted equity		116.4	155.7	137.0
Total equity		256.1	295.6	276.6
Current liabilities				
Trade payables		0.3	0.3	1.1
Liabilities to subsidiaries		46.7	70.9	16.1
Other current liabilities		2.2	3.2	2.0
Total current liabilities		49.3	74.4	19.3
Total equity and liabilities		305.4	370.0	295.9

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, 2025 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 Jan-Mar		Full-year
	2025	2024	2024
License-based revenue	55.6	45.9	196.0
Subscription	3.3	16.5	50.7
Support and software updates	62.2	54.2	224.7
Other	3.0	3.1	15.8
Net sales	124.2	119.7	487.2
At a point in time	62.0	65.5	262.5
Over time	62.2	54.2	224.7
Net sales	124.2	119.7	487.2

SEK m	3 months Jan-Mar		Full-year
	2025	2024	2024
Americas	31.3	38.6	156.5
Asia	53.6	36.7	162.3
Europe	38.9	44.1	165.8
Not allocated by region	0.3	0.3	2.6
Net sales	124.2	119.7	487.2

3. Goodwill

Goodwill for the Group at March 31, 2025 amounted to SEK 117.5m (117.5). 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, 2025 did not indicate any impairment requirement.

4. Other intangible assets

Other intangible assets for 2025 increased SEK 6.0m and amounted to SEK 211.3m (185.1) on March 31, 2025. A total of SEK 12.7m (10.3) was capitalized for software development costs during the quarter. Of the internally generated costs that were capitalized during the quarter, SEK 10.8m (8.6) 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 March 31, 2025, the Group had accumulated loss carryforwards outside Sweden of SEK 191.3m (198.5), 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 30.6m (28.3), and deferred tax liabilities are recognized in an amount of SEK 30.3m (23.2). On March 31, 2025, SEK 6.7m (6.3) was recognized as estimated tax relief related to research and development costs in the UK for 2024. This is expected to increase the loss carryforwards by the same amount linked to the UK subsidiary when the final decision is made about tax relief, which is expected to take place in the second half of 2025.

6. Pledged assets

SEK m	Mar 31, 2025	Mar 31, 2024	Dec 31, 2024
To secure pensions	18.8	20.4	19.7
To secure liabilities to credit institutions	1.9	1.5	2.4
Total pledged assets	20.7	21.9	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, trade payables and other current operating receivables and liabilities, 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.

Notes, cont.

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 March 31, 2025, the Group has two categories of incentive programs outstanding. There are three long-term incentive programs for key IAR Systems Group employees (LTI 2022, LTI 2023 and LTI 2024) and one program that pertains to the portion of the remuneration for the acquisition of Secure Thingz that entails the exchange of an existing stock option program for employees in Secure Thingz (Exchange Allotment 2018).

Long-term incentive programs LTI 2022, LTI 2023 and LTI 2024

These three programs include restricted stock units (RSUs) that were allotted to employees at four different levels within the Group. At the end of the programs, if the performance conditions for each period in each program have been met, the allotted RSUs can be exchanged for shares in IAR Systems Group AB, free of charge. The performance conditions for each program are presented in the table below. RSUs are vested equally over the duration of each program. One third of the allotted RSUs are vested annually according to the vesting periods for each program listed in the following table. The total costs for all of the LTI programs, including social security expenses, amounted to SEK 3.4m (2.1) for the quarter.

Vested RSUs can be exercised after the end of the final vesting period and after the Board has determined that the performance conditions for the respective program have been fulfilled, which is expected to take place in the quarter after the end of each program. For more information about each program and the resolutions passed regarding them, 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.

RSUs

	LTI 2022	LTI 2023	LTI 2024
Number of RSUs in the program	140,000	145,000	144,500
Allotted RSUs	140,000	141,000	144,500
Number of employees allotted RSUs	140	140	155
Fair value per RSU at allotment date	63.89	39.86	116.08
Allotment date	Nov 7, 2022	Sep 1, 2023	Jul 1, 2024
Program's duration	Nov 7, 2022–Aug 31, 2025	Sep 1, 2023–Aug 31, 2026	Jul 1, 2024–Jun 30, 2027
Vesting periods	Nov 7, 2022–Aug 31, 2023	Sep 1, 2023–Aug 31, 2024	Jul 1, 2024–Jun 30, 2025
	Sep 1, 2023–Aug 31, 2024	Sep 1, 2024–Aug 31, 2025	Jul 1, 2025–Jun 30, 2026
	Sep 1, 2024–Aug 31, 2025	Sep 1, 2025–Aug 31, 2026	Jul 1, 2026–Jun 30, 2027
Performance condition, operating margin	20%	20%	20%
Performance condition, net sales increase	10–15%	5–20%	5–20%

Incentive programs

	Total	Subscribed/ Allotted	Exercised Mar 31, 2025	Forfeited Mar 31, 2025	Qualified Mar 31, 2025	Qualified after Mar 31, 2025
LTI 2024						
RSUs	144,500	144,500	0	6,250	0	138,250
LTI 2023						
RSUs	145,000	141,000	0	15,333	44,667	85,000
LTI 2022						
RSUs	140,000	140,000	0	19,750	83,175	37,075
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 reconcil-

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.
ARR in relation to net sales	Annual recurring revenue (ARR) in relation to net sales	This key ratio shows what portion of the company's net sales is recurring. Recurring revenue is defined as revenue for support and update services as well as time-limited and subscription licenses.

* 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 Jan-Mar		Full-year
	2025	2024	2024
Net sales	124.2	119.7	487.2
Goods for resale	-2.5	-3.1	-13.2
Gross profit	121.7	116.6	474.0
Gross margin, %	98.0	97.4	97.3

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

SEK m	3 months Jan-Mar		Full-year
	2025	2024	2024
Operating profit/loss	25.5	32.1	119.1
Depreciation of property, plant and equipment	1.3	1.4	5.8
Depreciation of right-of-use assets	6.8	8.4	20.5
Amortization of intangible assets	5.1	5.0	29.0
Impairment of intangible assets	-	-	-
Impairment of goodwill	-	-	-
EBITDA	38.6	46.9	174.3

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

SEK m	3 months Jan-Mar		Full-year
	2025	2024	2024
Net sales	124.2	119.7	487.2
EBITDA	38.6	46.9	174.3
EBITDA margin, %	31.1	39.2	35.8

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 Jan-Mar		Full-year
	2025	2024	2024
Operating profit/loss	25.5	32.1	119.1
Depreciation of property, plant and equipment	1.3	1.4	5.8
Depreciation of right-of-use assets	6.8	8.4	20.5
Amortization of intangible assets	5.1	5.0	29.0
Impairment of intangible assets	-	-	-
Impairment of goodwill	-	-	-
Costs for the long-term incentive program	3.4	2.1	11.4
Restructuring expenses	-	-	1.0
Adjusted EBITDA	42.0	49.0	186.7

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

SEK m	3 months Jan-Mar		Full-year
	2025	2024	2024
Net sales	124.2	119.7	487.2
Adjusted EBITDA	42.0	49.0	186.7
Adjusted EBITDA margin, %	33.8	40.9	38.3

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

SEK m	3 months Jan-Mar		Full-year
	2025	2024	2024
Net sales	124.2	119.7	487.2
Operating profit/loss	25.5	32.1	119.1
Operating margin, %	20.5	26.8	24.4

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

SEK m	3 months Jan-Mar		Full-year
	2025	2024	2024
Operating profit/loss	25.5	32.1	119.1
Impairment of intangible assets	-	-	-
Impairment of goodwill	-	-	-
Costs for the long-term incentive program	3.4	2.1	11.4
Restructuring costs	-	-	1.0
Adjusted operating profit	28.8	34.2	131.5

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

SEK m	3 months Jan-Mar		Full-year
	2025	2024	2024
Net sales	124.2	119.7	487.2
Adjusted operating profit	28.8	34.2	131.5
Adjusted operating margin, %	23.2	28.6	27.0

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

SEK m	3 months Jan-Mar		Full-year
	2025	2024	2024
Net sales	124.2	119.7	487.2
Profit/loss before tax	25.7	37.4	124.4
Profit margin, %	20.7	31.2	25.5

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

SEK m	3 months Jan-Mar		Full-year
	2025	2024	2024
Net sales	124.2	119.7	487.2
Cash flow from operating activities	23.7	32.7	135.4
Cash flow ratio, %	19.1	27.3	27.8

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

SEK m	Mar 31, 2025	Mar 31, 2024	Dec 31, 2024
Equity	456.4	472.6	462.5
Total assets	690.5	737.7	724.2
Equity/assets ratio	66.1	64.1	63.9

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.

SEK m	Mar 31, 2025	Dec 31, 2024	Mar 31, 2024	Dec 31, 2023
Equity	456.4	462.5	472.6	423.4

	3 months Jan-Mar	Full-year
SEK m	2025	2024
Average equity	459.4	448.0

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

	3 months Jan-Mar	Full-year
SEK m	2025	2024
Profit/loss after tax	19.1	69.0
Average equity	459.4	448.0
Return on equity, %	4.2	15.4

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

SEK m	Mar 31, 2025	Dec 31, 2024	Mar 31, 2024	Dec 31, 2023
Interest-bearing liabilities	34.9	44.8	51.9	51.7
Cash and cash equivalents	-132.1	-155.4	-195.8	-197.4
Net interest-bearing liabilities	-97.2	-110.5	-143.9	-145.7
Net debt/equity ratio, multiple	-0.2	-0.2	-0.3	-0.3

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

	3 months Jan-Mar	Full-year
SEK m	2025	2024
Profit/loss before tax	25.7	37.4
Financial expenses	0.4	0.8
Profit/loss before tax plus financial expenses	26.0	38.2
Return on capital employed, %	5.2	7.6

ARR in relation to net sales is calculated as recurring revenue in relation to total net sales.

	3 months Jan-Mar	Full-year
SEK m	2025	2024
ARR	65.5	70.8
Net sales	124.2	119.7
ARR in relation to net sales, %	52.7	59.1

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

SEK m	Mar 31, 2025	Dec 31, 2024	Mar 31, 2024	Dec 31, 2023
Cash and cash equivalents	132.1	155.4	195.8	197.4
Interest-bearing liabilities	-34.9	-44.8	-51.9	-51.7
Net cash	97.2	110.5	143.9	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	Mar 31, 2025	Dec 31, 2024	Mar 31, 2024	Dec 31, 2023
Total assets	690.5	724.2	737.7	700.0
Non-interest-bearing liabilities	-199.2	-216.9	-213.2	-224.9
Capital employed	491.3	507.3	524.5	475.1

	3 months Jan-Mar	Full-year
SEK m	2025	2024
Average capital employed	499.3	499.8

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

SEK m	Mar 31, 2025	Dec 31, 2024	Mar 31, 2024	Dec 31, 2023
Equity	456.4	462.5	472.6	423.4
No. of shares at end of period, million	13.66	13.66	13.66	13.66
Equity per share	33.41	33.86	34.6	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 Jan-Mar	Full-year
SEK m	2025	2024
Cash flow from operating activities	23.7	32.7
Average no. of shares outstanding, million	12.88	13.48
Cash flow from operating activities per share	1.84	2.43

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

	3 months Jan-Mar	Full-year
SEK m	2025	2024
Cash flow from operating activities	23.7	32.7
Adjusted EBITDA	42.0	49.0
Cash conversion rate, multiple	0.56	0.67

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 2025, the share price varied from a low of SEK 113.0 (126.2) to a high of SEK 143.5 (139.0). I.A.R. Systems Group's market capitalization on March 31, 2025 was SEK 1,585m (1,896). The number of shareholders in I.A.R. Systems Group on the same date was 6,227 (6,700). Of these shareholders, 354 (357) held more than 1,000 shares each. Foreign shareholders held approximately 26.0% (26.4) of the share capital.

I.A.R. Systems Group AB's share capital at March 31, 2025 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 874,811 class B shares are held in treasury, of which 179,842 class B shares were acquired during the current year under the buyback 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 delivered 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.

2025 Annual General Meeting

The AGM of I.A.R. Systems Group AB will be held on April 28, 2025 at 14.00 at the company's headquarter on Strandbodgatan in Uppsala. From the beginning of April 2025, I.A.R. Systems Group AB's 2024 Annual Report has been available on the company's website www.iar.com and at the company's premises.

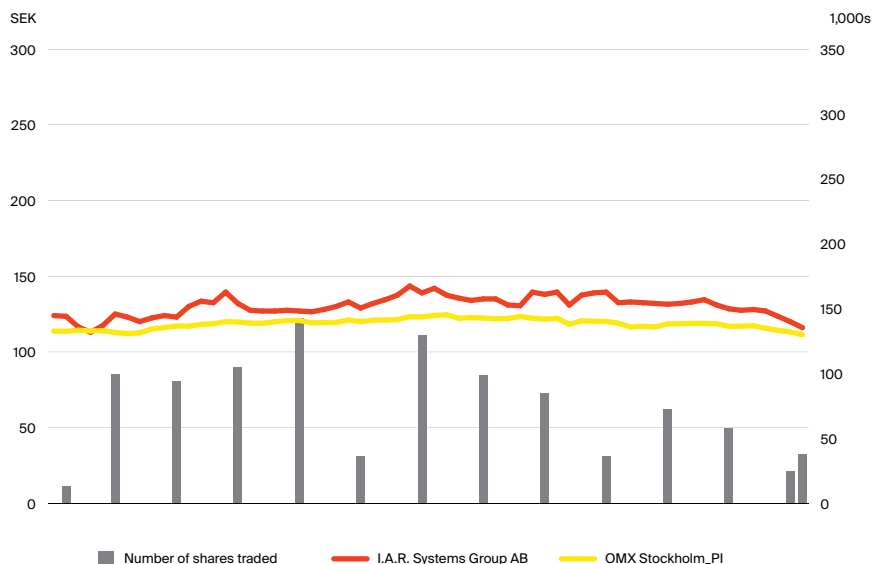
Nominating committee

In accordance with the resolution of the AGM in April 2024, a nominating committee has been appointed ahead of the 2025 AGM consisting of Petter Mattsson Hamilton (appointed by Alcur Fonder), Jonas Eixmann (appointed by Andra AP-fonden), Markus Lindqvist (appointed by Aktia) and Lovisa Runge (appointed by Fjärde AP-fonden). Petter Mattsson Hamilton was appointed Chairman of the nominating committee. The nominating committee's motions for the 2025 AGM are available on the company's website, www.iar.com.

Proposed dividend

The Board proposes a dividend of SEK 1.5 per share for approval by the AGM on April 28, 2025.

IAR Systems Group AB Interim report January-March 2025



The share

Shareholder type

	No. of shares	No. of shareholders	Share of capital, %	Share of v otes, %
Funds	4,004,042	23	28.7	28.7
Private individuals	3,585,058	5,941	25.7	25.7
Pension and insurance companies	3,381,194	13	24.2	24.2
Other	2,689,997	250	21.5	21.5
Total *	13,660,291	6,227	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	6,030	96.8	74.0	74.0
Finland	33	0.5	9.9	9.9
UK	14	0.2	4.5	4.5
Denmark	27	0.4	4.2	4.2
Germany	16	0.3	2.3	2.3
Other countries	107	1.7	5.1	5.1
Total *	6,227	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	5,574	89.5	3.4	3.4
501-1,000	299	4.8	1.8	1.8
1,001-10,000	284	4.6	6.0	6.0
10,001-	70	1.1	88.8	88.8
Total *	6,227	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	1,152,608	8.4	8.4
3. Avanza Pension	924,785	6.8	6.8
4. I.A.R. Systems Group AB	874,811	6.4	6.4
5. Aktia Asset Management	800,279	5.9	5.9
6. Tredje AP-fonden	630,000	4.6	4.6
7. Fjärde AP-fonden	590,000	4.3	4.3
8. Arbejdsmarkedets Tillægspension	580,320	4.2	4.2
9. Nicolas Hassbjer with companies	354,314	2.6	2.6
10. Ribbskottet	350,000	2.6	2.6
Other	6,107,759	44.7	44.7
Total *	13,660,291	100.0	100.0

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



I.A.R. Systems Group AB (publ)

Corporate identification number 556400-7200
Strandbodgatan 1A, Box 23051, SE-753 23 Uppsala
www.iar.com

Cecilia Wachtmeister, CEO, cecilia.wachtmeister@iar.com
Ann Zetterberg, CFO, ann.zetterberg@iar.com