



# Notice to attend the Annual General Meeting of shareholders of I.A.R. Systems Group AB (publ)

The shareholders of I.A.R Systems Group AB (publ) (the “Company” or “IAR Systems”) are hereby invited to attend the Annual General Meeting to be held on Thursday 25 April 2024 at 15:00 at the Company's premises at Strandbodgatan 1A, 753 23 Uppsala.

## Registration and notification

Shareholders who wish to participate in the Annual General Meeting must:

- be registered as a shareholder in the share register prepared by Euroclear Sweden AB as of Wednesday 17 April 2024, and
- notify the Company of their intention to participate in the Meeting in such a manner that the Company has received the notice by Friday 19 April 2024 at the latest. Notification shall be made by post to I.A.R. Systems Group AB, Box 23051, 750 23 Uppsala, via e-mail to [investorrelations@iar.com](mailto:investorrelations@iar.com) or by phone on +46 735 12 51 37.

To be entitled to participate in the Annual General Meeting, shareholders whose shares are held in the name of a nominee must, in addition to providing notification of their participation in the Annual General Meeting, re-register the shares in their own name so that the shareholders are registered in the share register on Wednesday 17 April 2024. This re-registration may be temporary (known as “voting rights registration”) and is carried out through the nominee according to their procedures at a time predetermined by the nominee. Voting rights registration that has been completed by the nominee no later than Friday 19 April 2024, will be recognized in the share register.

## Power of attorney

If shareholders wish to cast their postal vote through a proxy, a written, dated and signed power of attorney, which the day of the Annual General Meeting must not be older than five years, shall be enclosed with the notification. The power of attorney form is available on the Company's website <https://www.iar.com/investors/corporate-governance/>. If the shareholder is a legal entity, a registration certification or an equivalent authorisation document must be enclosed along with the notification.

## Shareholders' right to request information

The shareholders are reminded of their right, in accordance with Chapter 7 Section 32 of the Swedish Companies Act (2005:551), to request information from the Board and the CEO at the Meeting.

## Proposed agenda

1. Election of the Chairman of the Meeting.
2. Election of one or two persons to check and sign the minutes.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Decision as to whether the Annual General Meeting has been duly convened.
6. Presentation of the annual accounts, the auditor's report, the consolidated financial statements and the consolidated auditor's report.
7. Resolutions on:



- a. adoption of the income statements and balance sheets of the Parent Company and the Group,
  - b. appropriation of the Company's profits according to the adopted balance sheet, and
  - c. discharge from liability for the members of the Board of Directors and the CEO.
8. Resolution on the number of Board members and deputies.
  9. Resolution on fees to be paid to the Board of Directors and auditors.
  10. Election of Board members and Chairman of the Board.
  11. Election of auditors.
  12. Approval of the remuneration report.
  13. Resolution to adopt the long-term incentive program 2024 and authorisation for the Board to resolve on transfer of own shares:
    - a. adoption of LTI 2024,
    - b. transfer of own shares to the Participants, and
    - c. transfer of own shares on a regulated market.
  14. Resolution on the authorisation of the Board to decide on the issue of new shares and/or convertibles.
  15. Resolution on the authorisation of the Board to decide on the repurchase and transfer of treasury shares.
  16. Resolution on amendment of the Articles of Association
  17. Other business to be addressed by the Annual General Meeting according to the Swedish Companies Act or the Articles of Association.
  18. Adjournment of the Annual General Meeting

## Proposals for resolution

### Item 1 – Election of the Chairman of the Meeting

The nominating committee – comprising Jonas Eixmann (Chairman of the nomination committee) appointed by Andra AP-fonden, Peter Lundkvist, appointed by Tredje AP-fonden Markus Lindqvist appointed by Aktia and Petter Mattsson appointed by Alcur Fonder, proposes that the Chairman of the Board Nicolas Hassbjer be elected as Chairman of the Meeting.

### Item 7 b – Resolution on the appropriation of the Company's profits according to the adopted balance sheet

The Board of Directors proposes that SEK 1.50 per share be paid as an ordinary dividend for the financial year 2023. The record date is proposed to be Monday 29 April 2024. If the General Meeting resolves in accordance with the proposal, the dividend is expected to be paid through Euroclear Sweden AB on Friday 3 May 2024.

### Item 8 – Resolution on the number of Board members and deputies

The nominating committee proposes that the Board of Directors is to comprise five Board members and no deputies.

### Item 9 – Resolution on fees to be paid to the Board of Directors and auditors

The nominating committee proposes that Board fees be paid in an amount of SEK 1,365,000, of which SEK 525,000 to the Chairman of the Board and SEK 210,000 to each of the non-executive Board members. This is an increase of 5 percent compared to the previous year. No fee shall be paid for committee work. It is proposed that fees to the auditors be paid according to approved invoices.

### Item 10 – Election of Board members and the Chairman of the Board

The nominating committee proposes the re-election of Board members Nicolas Hassbjer, Michael Ingelög, Fred Wikström, Cecilia Wachtmeister and Sabina Lindén. The nominating committee also proposes the re-election of Nicolas Hassbjer as Board Chairman.

Information about the proposed Board members is available on the Company's website: <https://www.>



[iar.com/investors/corporate-governance/board-of-directors/](http://iar.com/investors/corporate-governance/board-of-directors/)

**Item 11 – Election of auditors**

The nominating committee proposes the re-election of Deloitte AB as the Company's auditor for a period of one year, with Andreas Frountzos as Auditor in Charge. The nominating committee's proposal has been approved by the Board's audit committee.

**Item 12 – Approval of the remuneration report**

The Board of Directors proposes that the Annual General Meeting resolve to approve the Board's remuneration report in accordance with Chapter 8, Section 53a of the Swedish Companies Act.

**Item 13 – Resolution to to adopt the long-term incentive program 2024 and authorization for the Board to resolve on transfer of own shares**

The Board of Directors proposes that the General Meeting resolves to adopt a performance-based incentive program for certain employees in IAR ("LTI 2024") in accordance with item 13 (a), (b) and (c) below. LTI 2024 is aligned with LTI 2023 that was approved by the Annual General Meeting in 2023.

The purpose of the proposal is to create conditions to retain and increase motivation among senior executives, employees and other key individuals in the Company. The Board believes that it is in the interest of all shareholders that senior executives, employees, and other key individuals, which are deemed to be important for the development of the Company, have a long-term interest in a positive growth of the Company's share price. Through the proposed program, a long-term ownership commitment is created, which is expected to stimulate an increased interest in the business and the Company's performance in general.

The LTI 2024 have a three-year program term and implies that the participants are allocated Restricted Stock Units ("RSUs") which gives the right to acquire IAR shares.

The detailed terms and principles of the LTI 2024 are described below.

**Item 13 (a) – Adoption of LTI 2024**

For LTI 2024, the following terms and conditions shall apply:

A maximum of 145,000 RSUs may be allotted to participants in LTI 2024.

A maximum of 175 employees shall be allowed to participate in LTI 2024. The participants are divided into four categories based on their respective roles in the Company. The distribution of RSUs is shown below:

- Category 1: The CEO may be offered a maximum of 10,000 RSUs.
- Category 2: Management, consisting of 11 employees, may be offered a total of a maximum of 55,000 RSUs, whereby each employee within the category may be offered a maximum of 5,000 RSUs.
- Category 3: Key employees, consisting of 163 employees, may be offered a total of a maximum of 100,000 RSUs, whereby each employee within the category may be offered a maximum of 3,000 RSUs.

The allotted RSUs are vested with one-third each year from the time of the first allotment. Exercise of the RSUs can however only take place three years from the first time of allotment.

Allotment of RSUs is in each case conditional upon (i) that the participant's employment or assignment in the Company has not been terminated, with certain exceptions, and (ii) that the



participant has entered a separate agreement concerning the RSUs with the Company. The Board shall ensure that the agreements with the participants contain terms and conditions that prohibit the transfer or pledge of the RSUs and that stipulates that unvested RSUs will, with certain exceptions, be forfeited should the participant's employment or assignment in the Company be terminated.

If a participant's employment is terminated due to the participant's termination or breach of contract, all RSUs shall lapse immediately and not be exercisable. If the employment is terminated for other reasons, earned RSUs can be exercised, but the right to RSUs that have not yet been granted or earned ceases to apply. The Board has the right to deviate from the above in individual cases. Final terms shall be decided by the Board and regulated in separate RSU agreements.

The RSUs shall be allotted to the participants free of charge.

The calculation of the LTI 2024 RSU outcome for each Participant in relation to maximum performance value shall be connected to Company related performance targets established by the Board, or other similar metrics deemed appropriate by the Board.<sup>[1]</sup> The performance target adopted by the Board will stipulate a minimum level, and a maximum level, that may be adjusted if deemed appropriate.

- *Target 1* Average annual organic growth during 2024-2026 of 5-20 percent. If the target level 20 percent is reached, the allocation will amount to 100 percent. If the performance outcome is below the target level but exceeds the minimum level of 5 percent, a proportionate allocation of RSUs will be made.
- *Target 2* Average annual EBIT margin during 2024-2026 shall amount to the minimum level of 20 percent. No RSUs will be allocated if the outcome is less than the minimum level 20 percent.

The Board will decide on the outcome of the established performance target during the first quarter of 2027. The performance targets are measured over a three-year period.

Provided that the RSUs have been allotted and vested, each RSU grants the holder a right to, during the period from 1st September 2027, up to and including 1st October 2027, as decided by the Company, acquire one (1) share in the Company.

Participation in LTI 2024 is in each case conditional upon the participation being legally possible as well as possible with reasonable administrative costs and financial efforts based on the Company's assessment.

The Board shall be responsible for the agreements with the participants and the administration of LTI 2024. In connection therewith, the Board has the right to make adjustments in order to adjust to certain rules or market conditions outside of Sweden. Further, in extraordinary cases, the Board is entitled to limit the extent of LTI 2024 or terminate the program in advance, in whole or in part.

The number of shares that may be acquired for each RSU shall be recalculated in the event of share splits, rights issues and similar corporate actions with the aim of keeping the economic value of an RSU is unaffected by such actions.

#### *Dilution and costs*

The maximum dilution effect of LTI 2024, not taking into account the transfer of shares to cover social costs in accordance with paragraph 13 (c), amounts to 1.1 percent of the total number of shares and votes in the Company as per today's date. If all outstanding incentive programs is included in the calculation, the maximal dilution amounts to 3,1 percent of the total number of shares and votes in the Company as per today's date.

The RSUs will be regarded as personnel costs during the vesting period, without any impact on the



Company's cash flow. If the RSUs are exercised, LTI 2024 may also entail costs in the form of social security contributions. The total costs for the social security contributions will depend, partially on the participant's employment or assignment form in the Company, partially on the number of RSUs that will be vested, and partially on the value of the benefit that the participant finally receives, i.e., on the value of the RSUs when exercised in 2027. The costs due to social security contributions will be accrued in the income statement over the vesting period. The Company intends to hedge the entire cost of the social security contributions through an allocation of already held IAR shares, in accordance with the Board's proposal in item 13 (c) below, which may be exercised by a financial third party in connection with the exercise of the RSUs. If the Company creates such a hedge structure, the costs for social security contributions will not affect the Company's cash flow. Based on the assumption that all RSUs in LTI 2024 are vested, an assumed share price of SEK 135 when the RSUs are exercised, an annual share price increase of 10 percent and an assumed average social security rate of approximately 20 percent, the total costs for the program including social security contributions will amount to approximately MSEK 25 which yearly corresponds to approximately 3 percent of the Company's total salary costs for employees (including social security contributions) for the 2023 financial year.

#### *Preparation of proposal*

The Board has prepared LTI 2024 in consultation with external advisors.

#### **Item 13 (b) - transfer of own shares to the Participants**

The Board proposes that the Annual General Meeting shall resolve on transfer of the Company's own shares to the Participants in accordance with the following:

- IAR shall have the right to transfer up to 145,000 shares, free of charge, to the Participants under the terms and conditions of the LTI 2024.
- The number of shares has been calculated on the basis of maximum participation and maximum fulfilment of performance targets.

#### **Item 13 (c) - transfer of own shares on a regulated market**

The Board proposes that the Annual General Meeting shall resolve to authorise the Board to resolve on transfer of the Company's own shares in accordance with the following:

- A maximum of 29,000 shares may be transferred to cover social costs
- Transfer shall only be made on a regulated market or in a market corresponding to a regulated market outside the European Economic Area.
- Transfer shall only be made at a price which is within the at any time recorded registered price interval.
- Payment for the shares shall be made in cash.
- The reason for the Board's proposal is that the Company shall have the opportunity to secure the costs for social security contributions related to LTI 2024.

#### *Majority requirements*

The resolution of the Annual General Meeting on implementation of the program according to item (a) above requires that more than half of the votes cast at the Annual General Meeting approve the proposal. The Annual General Meeting's resolution on item (b) above requires that shareholders



representing at least nine tenths of the votes cast as well as the shares represented at the Annual General Meeting approve the proposal. The Annual General Meeting's resolution on item (c) above requires that shareholders representing at least two-thirds of the votes cast as well as the shares represented at the Annual General Meeting approve the proposal.

**Item 14 – Authorisation of the Board to decide on the issue of new shares and/or convertibles**

The Board of Directors proposes that the Annual General Meeting authorise the Board, on one or several occasions during the period until the next Annual General Meeting, either applying or disapplying the shareholders' preemptive rights, to decide on the issue of new shares and/or convertibles entailing the issue of, or conversion to, a maximum total of 1,552,037 class B shares, corresponding to a dilution effect of approximately 10.0 percent of the share capital and about 10,0 percent of the number of votes after dilution.

The motive for the authorisation and any disapplication of the shareholders' preemptive rights is to enable issues to be conducted in a timely manner in order to finance acquisitions or investments in new or existing operations. In the event that the shareholders' preemptive rights are disappplied, issues of new shares and issues of convertibles supported by this authorisation are to be conducted at market price in accordance with the market conditions prevailing on the date on which the shares and/or convertibles are issued. Payment for subscribed shares and/or convertibles is to be made in cash, through non-cash consideration or in the form offsetting.

The Board of Directors, or the person the Board of Directors appoints, shall be authorised to make the minor adjustments to the resolution that may prove necessary for registration of the resolution with the Swedish Companies Registration Office. For the Annual General Meeting's resolution to be valid, the resolution must be supported by shareholders representing at least two-thirds of both the number of votes cast and the number of shares represented at the Annual General Meeting.

**Item 15 – Authorisation for the Board to decide on the repurchase and transfer of treasury shares**

The Board of Directors proposes that the Annual General Meeting authorise the Board, on one or several occasions during the period until the next Annual General Meeting, to decide on the purchase of a maximum number of class B shares whereby the holding of treasury shares at no time exceeds 10 percent of all registered shares in the Company. The shares are to be acquired on Nasdaq Stockholm at a price that is within the registered price interval at any given time, defined as the interval between the highest bid price and the lowest ask price. The motive for the authorisation is to give the Board greater freedom of action in optimizing the Company's capital structure.

It is furthermore proposed that the Board be authorised, on one or several occasions during the period until the next Annual General Meeting, to decide on the transfer of, at most, all class B treasury shares held by the Company at any given time (i) on Nasdaq Stockholm or (ii) in a manner other than a transfer on a regulated market, whereby the Board shall be able to decide on the transfer of shares for payment in cash disapplying the shareholders' preemptive rights or as consideration for the acquisition of companies or operations. The transfer of shares on a regulated market may take place only at a price that is within the registered price interval at any given time. The transfer of shares in a manner other than through a transfer on a regulated market disapplying the shareholders' preemptive rights, or as consideration for the acquisition of companies or operations, may take place only at a price corresponding to the prevailing market value at the time of each issue. The motive for the authorisation is to give the Board greater freedom of action and scope to continuously adapt the Company's capital structure as well as the opportunity to finance future acquisitions. The motive for authorising the Board, in connection with the transfer of shares in a manner other than through a transfer on a regulated market, to decide on the transfer of shares disapplying the shareholders' preemptive rights is that the Company can thereby dispose of the shares in a more timely manner in



the event that the liquidity of the Company's share on the regulated market is limited on the date of transfer.

For the Annual General Meeting's resolutions to be valid, the resolutions must be supported by shareholders representing at least two-thirds of both the number of votes cast and the number of shares represented at the Annual General Meeting.

#### Item 16 – Resolution on amendment of the Articles of Association

The Board of Directors proposes that the Annual General Meeting resolve to amend § 2 of the Articles of Association in accordance with below, whereby the location of the Board's registered offices is changed from Stockholm to Uppsala.

Current wording § 2:	Proposed wording § 2:
The Board of Directors shall have its registered offices the municipality of Stockholm. General Meetings may also be held in Uppsala or Stockholm.	The Board of Directors shall have its registered offices in the municipality of Uppsala. General Meetings may be held in Uppsala or Stockholm.

The Board of Directors, or the person the Board of Directors appoints, shall be authorised to make the minor adjustments to the resolution that may prove necessary for registration of the resolution with the Swedish Companies Registration Office. For the Annual General Meeting's resolutions to be valid, the resolutions must be supported by shareholders representing at least two-thirds of both the number of votes cast and the number of shares represented at the Annual General Meeting.

#### Other

The annual report, the auditor's opinion on the application of the guidelines for remuneration of senior executives, the complete proposals of the Board and the nominating committee as set out above, including related documents under the Swedish Companies Act, and power of attorney forms will be available from the Company at Strandbodgatan 1, Uppsala and on the Company's website <https://www.iar.com/investors/corporate-governance/>. Copies of the documents will be sent free of charge to shareholders who so request and who provide their mailing address.

The share register is available at the Company's head office at the address provided above. The Company's corporate identification number is 556400-7200. For information on the processing of personal data, refer to: <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

As of 25 March 2024, the Company had a total of 13 968 333 shares, comprising 13,660,291 class B shares and 308,042 class C shares, corresponding to a total of 13,968,333 votes. No class A shares were issued. The Company currently holds 249 635 class B shares and 308,042 class C shares.

Stockholm, March 2024  
I.A.R. Systems Group AB (publ)  
Board of Directors



[1] With a possibility for the Board to make adjustments for extraordinary events.

#### **Contacts**

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#### **About IAR**

At IAR, we provide world-leading software and services for embedded development, empowering companies globally to bring secure products that shape the future. Since its founding in 1983, our solutions have been instrumental in ensuring quality, security, reliability, and efficiency in the development of over one million embedded applications for a wide range of industries, including Automotive, Industrial Automation, IoT, MedTech, Military, and Public Safety sectors. With support for 15,000 devices from over 70 semiconductor partners, we are dedicated to fostering innovation and enabling our customers' success.

The company is headquartered in Uppsala, Sweden, with a global presence of sales and support offices strategically located across the world. IAR is an I.A.R. Systems Group AB subsidiary, listed on NASDAQ OMX Stockholm, Mid Cap (ticker symbol: IAR B). To learn more, visit us at [www.iar.com](http://www.iar.com).

#### **Attachments**

[Notice to attend the Annual General Meeting of shareholders of I.A.R. Systems Group AB \(publ\)](#)