



Q4

I.A.R. Systems Group AB

Year-end report 2024

Summary

IAR achieved its highest sales ever in the fourth quarter

Summary of the period

Sales in the fourth quarter amounted to SEK 132.0m (125.9), which was the company's highest ever result for a single quarter and corresponded to growth of 4.8%, or 5.1% in local currency. Foreign exchange effects had a negative impact of SEK 0.4m on net sales during the period. Adjusted for foreign exchange effects, growth was -4.4% in EMEA, 17.5% in APAC and 1.1% in North America.

An adjusted EBITDA margin of 37.5% (36.9) and an adjusted operating margin of 27.3% (25.5) were posted for the fourth quarter. The rising margins stemmed from a combination of sales growth and the full effect of the cost-saving measures of approximately SEK 50m starting in the first quarter of 2024. Deferred income at December 31, 2024 amounted to SEK 131.4m (126.8). During the fourth quarter, the Parent Company repurchased shares for SEK 24.6m (8.8) and for full-year 2024 repurchases amounted to SEK 86.6m (9.6).

IAR introduced a new strategy for growth and new long-term targets of 20% growth with a margin of at least 20%. The strategy will also increase the company's addressable market through technological and commercial measures, reshaping the current license offering into a cloud-based service.

Fourth quarter October–December 2024

- Net sales were SEK 132.0m (125.9), with growth of 4.8%, or 5.1% in local currency.
- EBITDA of SEK 46.9m (44.5), corresponding to an EBITDA margin of 35.5% (35.3).
- Adjusted EBITDA of SEK 49.4m (46.4), corresponding to an adjusted EBITDA margin of 37.5% (36.9).
- Operating profit of SEK 33.4m (-255.8), corresponding to an operating margin of 25.3% (-203.2).
- Adjusted operating profit of SEK 36.0m (32.1), corresponding to an adjusted operating margin of 27.3% (25.5).
- Capitalized work on own account amounted to SEK 13.3m (9.1).
- In a year-on-year comparison, currency translation had a negative impact of SEK 0.4m on net sales and a negative impact of SEK 0.1m on operating profit for the period.
- Cash flow from operating activities amounted to SEK 39.3m (36.9).

January–December 2024

- Net sales were SEK 487.2m (458.1), with growth of 6.3%, or 8.7% in local currency.
- EBITDA of SEK 174.3m (143.6), corresponding to an EBITDA margin of 35.8% (31.3).
- Adjusted EBITDA of SEK 186.7m (153.1), corresponding to an adjusted EBITDA margin of 38.3% (33.4).
- Operating profit of SEK 119.1m (-204.1), corresponding to an operating margin of 24.4% (-44.6).
- Adjusted operating profit of SEK 131.5m (96.1), corresponding to an adjusted operating margin of 27.0% (21.0).
- Capitalized work on own account amounted to SEK 49.2m (36.1).
- In a year-on-year comparison, currency translation had a negative impact of SEK 10.6m on net sales and a negative impact of SEK 6.6m on operating profit for the period.
- Cash flow from operating activities amounted to SEK 135.4m (144.1).



Now that we are summing up 2024, I can state with pride that the fourth quarter was IAR's strongest quarter to date.

Cecilia Wachtmeister, CEO

Q4 in brief:

- IAR adopts a new growth strategy with higher growth targets

Group summary

	3 months Oct–Dec		Full-year	
	2024	2023	2024	2023
Net sales, SEK m	132.0	125.9	487.2	458.1
EBITDA, SEK m*	46.9	44.5	174.3	143.6
Adjusted EBITDA, SEK m*	49.4	46.4	186.7	153.1
Operating profit, SEK m*	33.4	-255.8	119.1	-204.1
Adjusted operating profit, SEK m*	36.0	32.1	131.5	96.1
Earnings per share, basic, SEK**	2.81	-18.79	10.20	-16.84
Earnings per share, diluted, SEK**	2.75	-18.79	9.98	-16.84
Cash flow from operating activities, SEK m*	39.3	36.9	135.4	144.1
Net cash, SEK m*	110.5	145.7	110.5	145.7
Gross margin, %*	96.5	96.6	97.3	97.1

*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

Now that we are summing up 2024, I can state with pride that the fourth quarter was IAR's strongest quarter to date, with sales of SEK 132.0m and an adjusted EBITDA of SEK 49.4m, corresponding to a robust EBITDA margin of 37.5%. This reflects growth of 5.1% in local currency compared with the year-earlier quarter, which was itself a record for the company.

Performance by region

The quarter got off to a slower start in North America, as the US presidential election affected decision making. After the election, however, activity increased and more projects were approved. The quarter ended with record sales in the US and growth of 1.7% compared with the year-earlier quarter, which was also strong.

We faced some challenges in EMEA and India, particularly in India where sales declined 13%. Uncertainty surrounding the policies of the new US administration led to delays in purchasing decisions. At the same time, the market in southern Europe stabilized after a period of transition related to the termination of local retailers, which impacted growth in previous quarters.

On a positive note, the quarter saw two milestone transactions for our security solutions. One of them, a large global customer in France, has significant future growth potential with expected follow-up purchases. All in all, EMEA declined 4.4% but these strategic successes strengthened our position ahead of 2025.

APAC delivered exceptional earnings, with growth of 17.5% in local currency. While all of the countries in the region contributed to this growth, China was notable with impressive 60% growth compared with the year-earlier quarter. The ongoing trade tensions between the US and China have put IAR in an advantageous position, particularly within the automotive segment.

Growth for the full year was 12.2% in APAC, 12.1% in EMEA and 1.5% in North America, all in local currency. This resulted in total annual growth of 8.7% in local currency.

Market overview and strategic position

Customers in every industry are aiming to maximize the value of their software investments, which is driving demand for long-term support and access to all license versions. This is



As a result of this strategy, we have established new targets for growth and margins.

reflected in a strong interest in multi-year support and upgrade agreements (SUAs), particularly within medical technology and industrial automation, where recurring SUA income at the end of the year accounted for 46.1% of our total income. Together with 10.4% income from existing subscriptions (not to be confused with our new cloud-based subscription offering, which has not yet been launched), 56.6% of our income is recurring.

Automation and CI/CD use are becoming increasingly important, leading to greater demand for cloud-based development to streamline processes and boost efficiency. This has driven sales of IAR Build Tools and is in line with our forthcoming subscription-based model, which provides full access to IAR's portfolio through private or public cloud platforms.

In the US and EMEA, pre-commercial agreements for the new subscription model were signed with eight customers in the fourth quarter. Subscription-based revenue, including our multi-year contracts, amounted to 10.4% of revenue for the 2024 financial year, an impressive 140% increase from the previous year. This indicates that the market is ready for the transition to a subscription-based model.

Our security solutions continued to gain ground, with a sales increase of 225% quarter-on-quarter. Demand for embedded security is expected to increase further as customers prepare to comply with the EU Cyber Resilience Act by 2027.

Outlook and strategy

In the autumn, we established a new long-term growth strat-

egy to expand IAR's addressable market through technological as well as geographical expansion. Another part of this strategy involves transitioning to a subscription-based model to increase recurring income and strengthen customer lifetime value.

As a result of this strategy, we have established new targets for the next three to five years: 20% annual growth and an operating margin of at least 20%. Our ambition is to achieve these through organic growth and, possibly, minor acquisitions. We are aware that transitioning to the subscription-based model could impact short-term growth and profitability, but we see this as a necessary change for long-term success.

To support the new strategy, we implemented a new organizational structure on January 1, 2025, designed to support faster action and to strengthen our growth ambitions.

With a strong foundation, a growing product portfolio and a clear strategy, I am convinced that IAR has good conditions to deliver significant growth and success in the coming years.

Cecilia Wachtmeister, CEO



Cecilia Wachtmeister together with employees from IAR's office in Japan during a trip to Asia in December 2024.

Financial information

Financial information

Net sales

Sales in the fourth quarter amounted to SEK 132.0m (125.9), corresponding to growth of 4.8%, or 5.1% in local currency. Foreign exchange effects had a negative impact of SEK 0.4m (0.9) on net sales during the quarter. Net sales for full-year 2024 amounted to SEK 487.2m (458.1), corresponding to growth of 6.3%, or 8.7% in local currency. Foreign exchange effects had a negative impact of SEK 10.6m (16.0) on net sales during the year. The transition to the subscription model also had a negative impact on sales, since we chose to shorten a number agreements that would normally have been multi-year to one year. This will allow customers to use the new subscription offering in the cloud in 2025. This resulted in an estimated decrease of SEK 19.7m in sales for the year and SEK 6.3m for the quarter.

APAC accounted for 35.4% of net sales for the quarter, corresponding to SEK 46.7m (40.3) and growth of 15.9%. Foreign exchange effects had an impact of SEK -0.7m on sales. Adjusted for this, growth in APAC amounted to 17.5% in local currency. EMEA accounted for 31.5% of net sales, or SEK 41.6m (43.5), during the quarter and posted growth of -4.4% in local currencies and SEK. North America accounted for 31.9% of net sales, or SEK 42.1m (41.4), during the quarter and posted growth of 1.7%. Adjusted for foreign exchange effects of SEK +0.2m, growth in local currency was 1.1%.

APAC accounted for 33.3% of net sales for the year, corresponding to SEK 162.3m (152.7) and growth of 6.3%. Foreign

exchange effects had an impact of SEK -9.0m on sales, and growth in APAC was 12.2% in local currency. Compared with the previous year, net sales for the year increased 6.1% in Japan and 32.3% in China, while Taiwan increased 9.0% and Korea 4.1%. EMEA accounted for 34.0% of net sales, or SEK 165.8m (148.6), during the year and posted growth of 11.6%. Adjusted for foreign exchange effects of SEK -0.9m, net sales in EMEA increased 12.1% for the full year. The DACH region posted strong growth of 14.0%, while other markets in EMEA and India posted lower growth figures. North America accounted for 32.1% of net sales, or SEK 156.5m (154.9), during the year and posted growth of 1.0%. Adjusted for foreign exchange effects of SEK -0.8m, net sales in the US increased 1.5% for the year.

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.

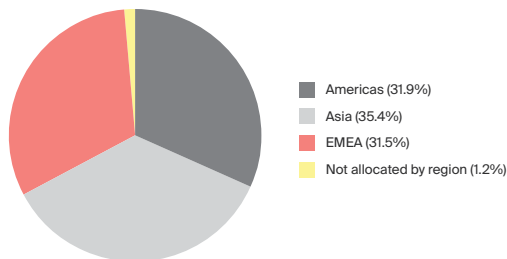
3. Transformation of the business model

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.

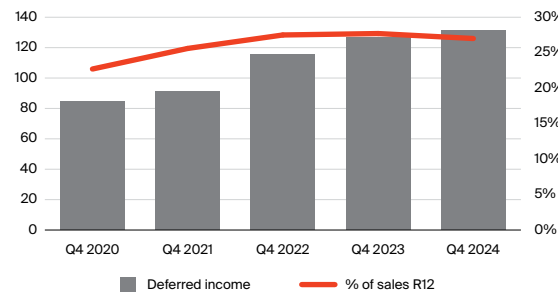
Effects of the transformed business model

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

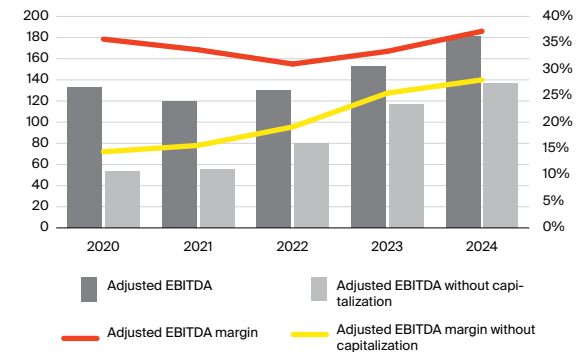
Breakdown of income Q4 2024



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

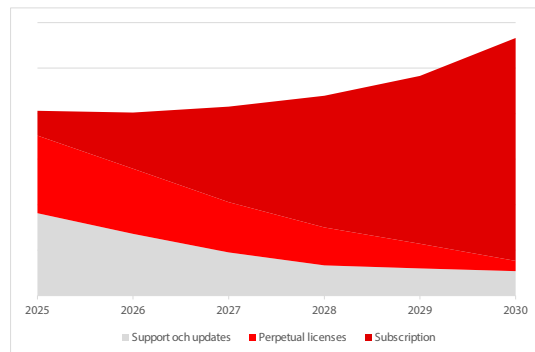
upgrades (SUAs) – which will be included in the new subscription service – will pay more per year after the transition to subscriptions in the cloud, which will have a positive impact on income. Realized income will be shifted forward in time, since 85% of a lifetime license sold is recognized at the 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 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.

Tentative license migration



Lifetime license

Cloud-based subscription

Contractual terms and conditions

- 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

- 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

Effects for customers

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

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

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

- 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

Segment

- All segments

- Focus on medium and large enterprises

Long-term targets, 3–5 years

20%

Annual growth in local currency

20%

Operating margin

Financial information

Net sales

Net sales for the fourth quarter of 2024

Net sales for the fourth quarter increased compared with the same quarter last year and amounted to SEK 132.0m (125.9). Currency translation had a negative impact of SEK 0.4m on net sales for the quarter.

Net sales for full-year 2024

Net sales for the full year increased compared with last year and amounted to SEK 487.2m (458.1). Currency translation had a negative impact of SEK 10.6m on net sales for the period.

Deferred income December 31, 2024

Deferred income in the form of accrued support agreements increased SEK 11.7m during the quarter and amounted to SEK 131.4m (126.8) on December 31, 2024.

Earnings

Earnings for the fourth quarter of 2024

The gross margin for the quarter was 96.5% (96.6).

EBITDA for the quarter amounted to SEK 46.9m (44.5), corresponding to an EBITDA margin of 35.5% (35.3). Adjusted EBITDA for the quarter amounted to SEK 49.4m (46.4), corresponding to an adjusted EBITDA margin of 37.5% (36.9). 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 33.4m (-255.8), corresponding to an operating margin of 25.3% (-203.2). The significant increase in operating profit over the year-earlier period was mostly due to the impairment of intangible assets and goodwill recognized in the fourth quarter of 2023. Adjusted operating profit for the quarter amounted to SEK 36.0m (32.1), corresponding to an adjusted operating margin of 27.3% (25.5).

A total of SEK 13.3m (9.1) was capitalized for software development costs during the quarter. Of the internally generated costs that were capitalized, SEK 11.2m (8.0) pertained to

personnel costs.

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

Net financial items for the quarter amounted to SEK 0.8m (1.8). The decrease noted compared with the year-earlier quarter was primarily due to positive exchange effects and to higher interest rates.

Tax cost for the quarter was SEK 2.5m (-1.5) and the effective tax rate for the quarter was +7.2% (+0.6). The decreased tax cost/increased tax income compared with the year-earlier quarter was due to reduced tax costs as a result of the new transfer pricing model and to the tax relief related to the research and development work in the UK that was recognized in its entirety in the fourth quarter of 2024, but was recognized in every quarter of 2023.

Earnings for full-year 2024

The gross margin for the full year was 97.3% (97.1).

EBITDA for the full year amounted to SEK 174.3m (143.6), corresponding to an EBITDA margin of 35.8% (31.3). Adjusted EBITDA for the full year amounted to SEK 186.7m (153.1), corresponding to an adjusted EBITDA margin of 38.3% (33.4). The main reason for the noted increase was the increase in sales in 2024 from the previous year.

Operating profit for the full year amounted to SEK 119.1m (-204.1), corresponding to an operating margin of 24.4% (-44.6). Adjusted operating profit for the full year amounted to SEK 131.5m (96.1), corresponding to an adjusted operating margin of 27.0% (21.0).

A total of SEK 49.2m (36.1) was capitalized for software development costs during the year. Of the internally generated costs that were capitalized, SEK 41.4m (30.4) pertained to personnel costs.

In a year-on-year comparison, currency translation had a negative impact of SEK 6.6m on operating profit.

Net financial items for the full year amounted to SEK 5.3m (0.7). The increase noted compared with 2023 was primarily due to positive exchange effects and to higher interest rates.

Tax cost for the full year was SEK 10.8m (-25.6) and the effective tax rate for the period was +8.7% (+12.6). The dramatically decreased tax cost/increased tax income for the year compared with 2023 was primarily 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. Software investments for full-year 2024 totaled SEK 51.5m (36.3), of which SEK 14.0m (9.1) was attributable to the fourth quarter. The increase noted in the fourth quarter and the full year 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 full-year 2024 totaled SEK 3.0m (5.8), of which SEK 0.4m (0.0) was attributable to the fourth quarter.

The Group had unutilized bank overdraft facilities of SEK 50.0m as of December 31, 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 44.8m (51.7) at December 31, 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 December 31, 2024 was 63.9% (60.5). Repurchases of own shares totaling SEK 86.6m in 2024 had a negative impact on the equity/assets ratio for the Group.

Cash flow and liquidity

Cash flow from operating activities amounted to SEK 39.3m (36.9) for the fourth quarter and SEK 135.4m (144.1) for full-year 2024. The noted decrease in cash flow from operating activities for the full year was due in part to higher recognized trade receivables compared with earlier periods as a result of strong sale closes in 2024 and therefore a high level of invoicing. Our customers' ability to pay remained adequate during 2024, 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 -14.4m (-8.8) for the fourth quarter and SEK -54.5m (-41.8) for full-year

Financial information

2024. Most of these investments pertain to the capitalization of development costs for software.

Cash flow from financing activities totaled SEK -28.4m (-13.7) for the fourth quarter and SEK -125.4m (-49.2) for full-year 2024. 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 155.4m (197.4). The Group's total available cash and cash equivalents at the end of the period amounted to SEK 205.4m (247.4). As of December 31, 2024, the Group had net cash of SEK 110.5m (145.7). 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 223 (211). The average number of employees during the year was 206 (206).

Parent Company

The activities of the Parent Company consist of Group management, finance and IR/PR functions. The Parent Company's net sales for full-year 2024 amounted to SEK 13.1m (13.1). Profit after financial items amounted to SEK 81.3m (-337.3). The increase in earnings was primarily due to the impairment of SEK 454.4m carried out by the Parent Company in 2023 pertaining to participations in subsidiaries and loans to subsidiaries. No impairment of participations in subsidiaries or loans to subsidiaries were reported in 2024.

Investments in property, plant and equipment amounted to SEK 0.0m (0.0) for the year. Cash and cash equivalents at December 31, 2024 totaled SEK 53.7m (57.3). The number of employees in the Parent Company at the end of the quarter was two (two).

Key events during the fourth quarter

IAR adopts a new growth strategy with higher growth targets.

Key events after the end of the fourth quarter

No key events.

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

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

Proposed dividend

The Board proposes a dividend of SEK 1.5 per share.

Review

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

Financial calendar

- Annual Report 2024, week of April 7, 2025
- Annual General Meeting, April 28, 2025
- Interim report January-March 2025, 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 February 11, 2025, at 1:00 p.m. CET.

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

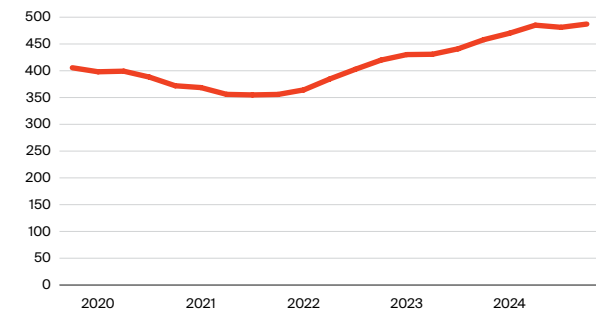
Condensed consolidated income statement

SEK m	Note	3 months Oct-Dec		Full-year	
		2024	2023	2024	2023
Net sales	1, 2	132.0	125.9	487.2	458.1
Other income		0.1	0.1	0.1	2.7
Capitalized work on own account		13.3	9.1	49.2	36.1
Goods for resale		-4.6	-4.3	-13.2	-13.4
Other external expenses		-16.3	-19.8	-58.1	-61.3
Personnel costs		-77.6	-66.5	-290.9	-278.6
Depreciation of property, plant and equipment		-1.6	-1.1	-5.8	-5.7
Depreciation of right-of-use assets		-5.1	-5.4	-20.5	-20.7
Amortization of intangible assets		-6.8	-7.8	-29.0	-30.6
Impairment of intangible assets		–	-24.7	–	-29.4
Impairment of goodwill		–	-261.3	–	-261.3
Operating profit/loss		33.4	-255.8	119.1	-204.1
Financial income		1.6	2.6	8.0	1.6
Financial expenses		-0.8	-0.8	-2.7	-0.9
Profit/loss before tax		34.3	-254.0	124.4	-203.4
Tax		2.5	-1.5	10.8	-25.6
Profit/loss for the period		36.7	-255.5	135.2	-229.0
Comprehensive income for the period attributable to owners of the Parent Company		36.7	-255.5	135.2	-229.0
Earnings per share for the period, basic, SEK		2.81	-18.79	10.20	-16.84
Earnings per share for the period, diluted, SEK		2.75	-18.79	9.98	-16.84

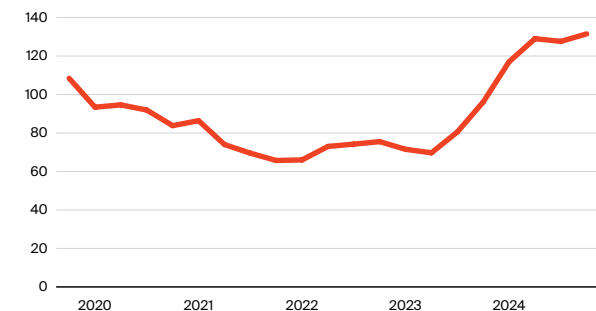
Statement of comprehensive income

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Profit/loss for the period	36.7	-255.5	135.2	-229.0
Other comprehensive income for the period				
Items that may be reclassified subsequently to profit or loss:				
Translation differences	1.5	-8.0	1.5	10.5
Tax effect, items reported in comprehensive income	–	4.2	–	-0.4
Total other comprehensive income	1.5	-3.8	1.5	10.1
Comprehensive income for the period	38.2	-259.3	136.7	-218.9
Comprehensive income for the period attributable to owners of the Parent Company	38.2	-259.3	136.7	-218.9

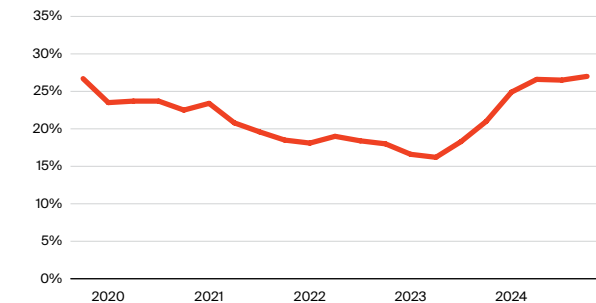
Net sales, rolling 12 months, Q4 2019–Q4 2024



Adjusted operating profit, rolling 12 months, Q4 2019–Q4 2024



Adjusted operating margin, rolling 12 months, Q4 2019–Q4 2024



Balance sheet

Condensed consolidated balance sheet

SEK m	Note	Dec 31, 2024	Dec 31, 2023
Assets			
Non-current assets			
Goodwill	3	117.5	117.5
Other intangible assets	4	205.3	181.7
Property, plant and equipment		13.2	15.9
Right-of-use assets		41.8	49.0
Financial assets	7	3.3	3.2
Deferred tax assets	5	30.7	7.4
Total non-current assets		411.7	374.7
Current assets			
Inventories		8.5	9.7
Other current assets	7	46.7	40.2
Trade receivables	7	101.9	78.0
Cash and cash equivalents	7	155.4	197.4
Total current assets		312.5	325.3
Total assets		724.2	700.0
Equity and liabilities			
Total equity			
		462.5	423.4
Non-current liabilities			
Lease liabilities	7	24.8	34.9
Other non-current liabilities		2.0	1.5
Deferred tax liabilities	5	28.4	42.6
Total non-current liabilities		55.1	79.0
Current liabilities			
Trade payables	7	8.2	6.7
Lease liabilities	7	20.1	16.8
Deferred income		131.4	126.8
Other current liabilities	7	46.9	47.3
Total current liabilities		206.6	197.6
Total equity and liabilities		724.2	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			1.5	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
Closing balance, December 31, 2024	139.7	228.1	72.0	22.7	462.5

Cash flows

Condensed consolidated cash flow statement

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Incoming payments from customers and other incoming payments	112.4	107.0	469.2	443.6
Outgoing payments to suppliers and employees	-68.0	-65.7	-300.5	-287.3
Interest received	0.9	1.6	4.0	1.6
Interest paid	-0.8	-0.7	-2.7	-2.6
Tax relief received	6.9	–	6.9	12.9
Income taxes paid	-12.0	-5.3	-41.5	-24.1
Cash flow from operating activities	39.3	36.9	135.4	144.1
Investments in property, plant and equipment	-0.4	–	-3.0	-5.8
Investments in intangible assets	-14.0	-9.1	-51.5	-36.3
Investments in financial assets	–	–	–	–
Divestment of financial assets	–	0.3	–	0.3
Cash flow from investing activities	-14.4	-8.8	-54.5	-41.8
Amortization of financial liabilities	-3.8	-4.9	-18.7	-19.1
Share buybacks	-24.6	-8.8	-86.6	-9.6
Dividend	–	–	-20.0	-20.5
Cash flow from financing activities	-28.4	-13.7	-125.4	-49.2
Cash flow for the period	-3.5	14.4	-44.5	53.1
Cash and cash equivalents at beginning of period	156.9	186.0	197.4	148.2
Exchange difference in cash and cash equivalents				
- attributable to cash and cash equivalents at beginning of period	2.0	-5.8	2.3	-5.7
- attributable to cash flow for the period	0.0	2.8	0.2	1.8
Cash and cash equivalents at end of period	155.4	197.4	155.4	197.4

Cash and cash equivalents, Group

SEK m	Dec 31, 2024	Dec 31, 2023
Cash and cash equivalents at end of period	155.4	197.4
Unutilized overdraft facilities	50.0	50.0
Total available cash and cash equivalents	205.4	247.4

Key performance measures

Group

	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Gross margin, %	96.5	96.6	97.3	97.1
EBITDA, %	35.5	35.3	35.8	31.3
Adjusted EBITDA, %	37.5	36.9	38.3	33.4
Operating margin, %	25.3	-203.2	24.4	-44.6
Adjusted operating margin, %	27.3	25.5	27.0	21.0
Profit margin, %	26.0	-201.7	25.5	-44.4
Cash flow, %	29.8	29.3	27.8	31.5
Cash conversion rate, multiple	0.80	0.80	0.73	0.94
Equity/assets ratio, %			63.9	60.5
Return on equity, %	8.1	-45.9	30.5	-42.0
Return on capital employed, %	7.0	-41.7	25.9	-33.4
Capital employed, SEK m			507.3	475.1
Net cash, SEK m			110.5	145.7
Net debt/equity ratio, multiple			-0.2	-0.3
No. of employees at end of period	223	211	223	211
Average no. of employees	213	201	206	206
Sales per employee, SEK m	0.6	0.6	2.4	2.2

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

Share data

	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Equity per share, SEK			33.86	31.00
No. of shares at end of period, million			13.66	13.66
Average no. of shares outstanding, million	13.05	13.66	13.26	13.66
Average no. of shares outstanding, diluted, million*	13.35	13.80	13.55	13.80
Cash flow from operating activities per share, SEK	3.01	2.70	10.21	10.55
Earnings per share, basic, SEK**	2.81	-18.79	10.20	-16.84
Earnings per share, diluted, SEK**	2.75	-18.79	9.98	-16.84

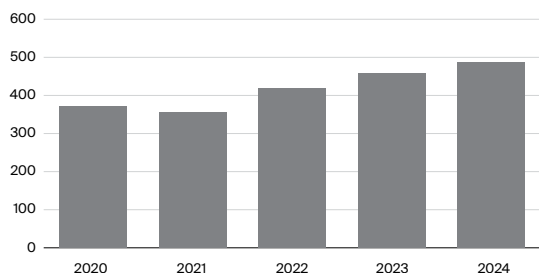
* No dilution was taken into account when calculating earnings per share due to the negative earnings for full-year 2023.

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

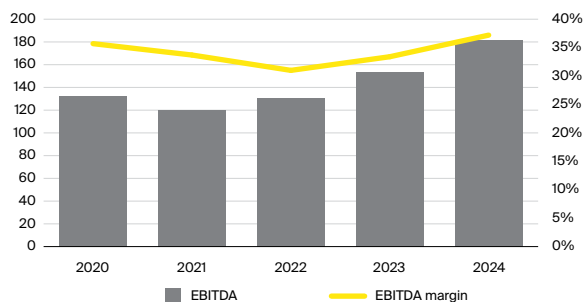
Multi-year overview

	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

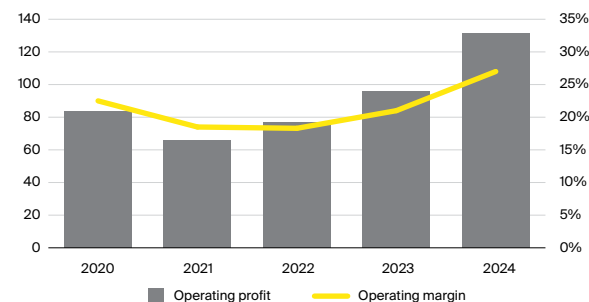
Net sales, SEK m



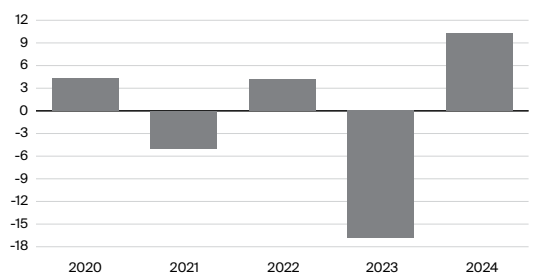
EBITDA and EBITDA margin*



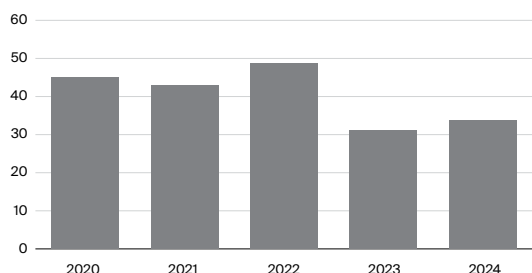
Operating profit and operating margin*



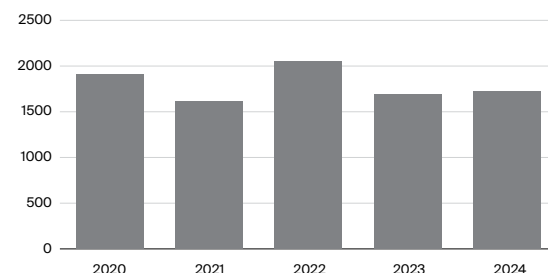
Earnings per share, SEK



Equity per share, SEK



Market capitalization, SEK m



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

** Adjusted for non-recurring items, refer to Reconciliations on pages 19-20 of 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	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 45 of I.A.R. Systems Group AB's 2021 Annual Report.

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

*** Definition in accordance with IFRS.

Parent Company

Condensed income statement

SEK m	Full-year	
	2024	2023
Net sales	13.1	13.1
Operating expenses	-15.6	-14.1
Operating loss	-2.5	-1.0
Profit/loss from financial items	83.8	-336.3
Profit/loss before tax	81.3	-337.3
Tax	-16.8	-24.2
Profit/loss for the period	64.5	-361.6

Statement of comprehensive income

SEK m	Full-year	
	2024	2023
Profit/loss for the period	64.5	-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	64.5	-361.6

Condensed balance sheet

SEK m	Note	Dec 31, 2024	Dec 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment		0.0	0.0
Shares in subsidiaries		237.8	218.7
Other financial assets		0.4	0.2
Receivables from subsidiaries		0.0	83.8
Total non-current assets		238.2	302.7
Current assets			
Receivables from subsidiaries		–	–
Other current assets		4.0	0.8
Cash and cash equivalents		53.7	57.3
Total current assets		57.7	58.1
Total assets		295.9	360.8
Equity and liabilities			
Restricted equity			
Restricted equity		139.7	139.7
Non-restricted equity			
Non-restricted equity		137.0	170.0
Total equity		276.6	309.7
Current liabilities			
Trade payables		1.1	0.9
Liabilities to subsidiaries		16.1	42.7
Other current liabilities		2.0	7.5
Total current liabilities		19.3	51.1
Total equity and liabilities		295.9	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 Oct-Dec		Full-year	
	2024	2023	2024	2023
License-based revenue	56.7	57.1	196.0	208.2
Subscription	13.3	10.2	50.7	21.2
Support and software updates	55.9	55.0	224.7	210.6
Other	6.0	3.6	15.8	18.1
Net sales	132.0	125.9	487.2	458.1
At a point in time	76.1	70.9	262.5	247.5
Over time	55.9	55.0	224.7	210.6
Net sales	132.0	125.9	487.2	458.1

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Americas	42.1	41.4	156.5	154.9
Asia	46.7	40.3	162.3	152.7
Europe	41.6	43.5	165.8	148.6
Not allocated by region	1.6	0.7	2.6	1.9
Net sales	132.0	125.9	487.2	458.1

3. Goodwill

Goodwill for the Group at December 31, 2024 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, 2024 did not indicate any impairment requirement.

4. Other intangible assets

During full-year 2024, other intangible assets increased SEK 23.6m and amounted to SEK 205.3m (181.7) on December 31, 2024. A total of SEK 13.3m (9.1) was capitalized for software development costs during the quarter, and SEK 49.2m (36.1) for the year. Of the internally generated costs that were capitalized during the quarter, SEK 11.2m (8.0) pertained to personnel costs, and the corresponding figure for the year was SEK 41.4m (30.4).

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 December 31, 2024, the Group had accumulated loss carryforwards outside Sweden of SEK 203.9m (220.5), 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 30.7m (7.4), and deferred tax liabilities are recognized in an amount of SEK 28.4m (42.6). 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 comprised a decrease of SEK 21m in deferred tax liabilities and an increase of SEK 20m in deferred tax assets in the first quarter of 2024.

On December 31, 2024, SEK 3.7m (6.3) was recognized as estimated tax relief related to research and development costs in the UK for 2024, with expected payout during the second half of 2025.

Notes, cont.

6. Pledged assets

SEK m	Dec 31, 2024	Dec 31, 2023
To secure pensions	19.7	20.4
To secure liabilities to credit institutions	2.4	1.7
Total pledged assets	22.1	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, 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.

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 December 31, 2024, 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 2.5m (1.9) for the quarter and to SEK 11.4m (7.3) for full-year 2024. 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 Sep 1, 2024–Aug 31, 2025	Sep 1, 2023–Aug 31, 2024 Sep 1, 2024–Aug 31, 2025 Sep 1, 2025–Aug 31, 2026	Jul 1, 2024–Jun 30, 2025 Jul 1, 2025–Jun 30, 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 Dec 31, 2024	Forfeited Dec 31, 2024	Qualified Dec 31, 2024	Qualified after Dec 31, 2024
LTI 2024						
RSUs	144,500	144,500	0	2,750	0	141,750
LTI 2023						
RSUs	145,000	141,000	0	20,667	44,667	79,667
LTI 2022						
RSUs	140,000	140,000	0	21,650	83,175	35,175
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 Oct-Dec		Full-year	
	2024	2023	2024	2023
Net sales	132.0	125.9	487.2	458.1
Goods for resale	-4.6	-4.3	-13.2	-13.4
Gross profit	127.4	121.6	474.0	444.7
Gross margin, %	96.5	96.6	97.3	97.1

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

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Operating profit/loss	33.4	-255.8	119.1	-204.1
Depreciation of property, plant and equipment	1.6	1.1	5.8	5.7
Depreciation of right-of-use assets	5.1	5.4	20.5	20.7
Amortization of intangible assets	6.8	7.8	29.0	30.6
Impairment of intangible assets	-	24.7	-	29.4
Impairment of goodwill	-	261.3	-	261.3
EBITDA	46.9	44.5	174.3	143.6

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

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Net sales	132.0	125.9	487.2	458.1
EBITDA	46.9	44.5	174.3	143.6
EBITDA margin, %	35.5	35.3	35.8	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 Oct-Dec		Full-year	
	2024	2023	2024	2023
Operating profit/loss	33.4	-255.8	119.1	-204.1
Depreciation of property, plant and equipment	1.6	1.1	5.8	5.7
Depreciation of right-of-use assets	5.1	5.4	20.5	20.7
Amortization of intangible assets	6.8	7.8	29.0	30.6
Impairment of intangible assets	-	24.7	-	29.4
Impairment of goodwill	-	261.3	-	261.3
Costs for the long-term incentive program	2.5	1.9	11.4	7.3
Restructuring expenses	-	-	1.0	2.2
Adjusted EBITDA	49.4	46.4	186.7	153.1

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

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Net sales	132.0	125.9	487.2	458.1
Adjusted EBITDA	49.4	46.4	186.7	153.1
Adjusted EBITDA margin, %	37.5	36.9	38.3	33.4

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

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Net sales	132.0	125.9	487.2	458.1
Operating profit/loss	33.4	-255.8	119.1	-204.1
Operating margin, %	25.3	-203.2	24.4	-44.6

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

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Operating profit/loss	33.4	-255.8	119.1	-204.1
Impairment of intangible assets	-	24.7	-	29.4
Impairment of goodwill	-	261.3	-	261.3
Costs for the long-term incentive program	2.5	1.9	11.4	7.3
Restructuring expenses	-	-	1.0	2.2
Adjusted operating profit	36.0	32.1	131.5	96.1

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

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Net sales	132.0	125.9	487.2	458.1
Adjusted operating profit	36.0	32.1	131.5	96.1
Adjusted operating margin, %	27.3	25.5	27.0	21.0

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

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Net sales	132.0	125.9	487.2	458.1
Profit/loss before tax	34.3	-254.0	124.4	-203.4
Profit margin, %	26.0	-201.7	25.5	-44.4

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

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Net sales	132.0	125.9	487.2	458.1
Cash flow from operating activities	39.3	36.9	135.4	144.1
Cash flow, %	29.8	29.3	27.8	31.5

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

SEK m	Dec 31, 2024	Dec 31, 2023
	Equity	462.5
Total assets	724.2	700.0
Equity/assets ratio	63.9	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.

SEK m	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023
Equity	462.5	445.9	440.9	472.6	423.4
	3 months Oct-Dec		Full-year		
SEK m	2024	2023	2024	2023	
Average equity	454.2	556.8	442.9	545.1	

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

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Profit/loss after tax	36.7	-255.5	135.2	-229.0
Average equity	454.2	556.8	442.9	545.1
Return on equity, %	8.1	-45.9	30.5	-42.0

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

SEK m	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023
Interest-bearing liabilities	44.8	42.3	46.8	51.9	51.7
Cash and cash equivalents	-155.4	-156.9	-160.5	-195.8	-197.4
Net interest-bearing liabilities	-110.5	-114.7	-113.7	-143.9	-145.7
Net debt/equity ratio, multiple	-0.2	-0.3	-0.3	-0.3	-0.3

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

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Profit/loss before tax	34.3	-254.0	124.4	-203.4
Financial expenses	0.8	-1.1	2.7	0.9
Profit/loss before tax plus financial expenses	35.0	-255.1	127.1	-202.5
Return on capital employed, %	7.0	-41.7	25.9	-33.4

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

SEK m	Dec 31, 2024	Dec 31, 2023
Cash and cash equivalents	155.4	197.4
Interest-bearing liabilities	-44.8	-51.7
Net cash	110.5	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	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023
Total assets	724.2	690.9	707.4	737.7	700.0
Non-interest-bearing liabilities	-216.9	-202.7	-219.9	-213.2	-224.9
Capital employed	507.3	488.2	487.5	524.5	475.1

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Average capital employed	497.8	611.7	491.2	605.6

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

SEK m	Dec 31, 2024	Dec 31, 2023
Equity	462.5	423.4
No. of shares at end of period, million	13.66	13.66
Equity per share	33.86	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.

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Cash flow from operating activities	39.3	36.9	135.4	144.1
Average no. of shares outstanding, million	13.05	13.66	13.26	13.66
Cash flow from operating activities per share	3.01	2.70	10.21	10.55

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

SEK m	3 months Oct-Dec		Full-year	
	2024	2023	2024	2023
Cash flow from operating activities	39.3	36.9	135.4	144.1
Adjusted EBITDA	49.4	46.4	186.7	153.1
Cash conversion rate, multiple	0.80	0.80	0.73	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 120.5 (73.0) to a high of SEK 183.0 (166.4). I.A.R. Systems Group's market capitalization on December 31, 2024 was SEK 1,728m (1,691). The number of shareholders in I.A.R. Systems Group on the same date was 6,371 (6,583). Of these shareholders, 352 (355) held more than 1,000 shares each. Foreign shareholders held approximately 26.4% (24.6) of the share capital.

I.A.R. Systems Group AB's share capital at December 31, 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 694,969 class B shares are held in treasury, of which 591,282 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.

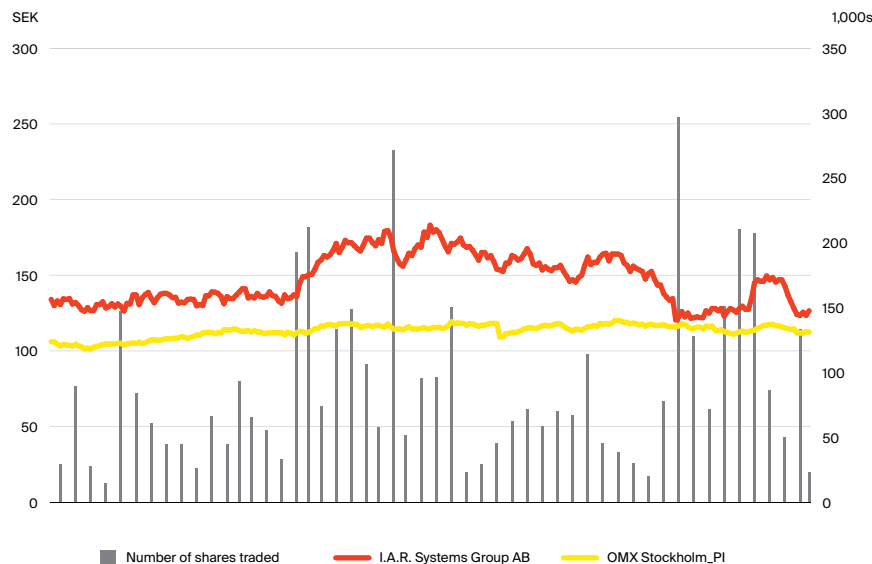
Nominating committee

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.

2025 AGM

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

IAR Systems Group AB, January-December 2024



The share

Shareholder type

	No. of shares	No. of shareholders	Share of capital, %	Share of votes, %
Funds	4,191,151	25	30.7	30.7
Private individuals	3,619,057	6,081	29.3	29.3
Pension and insurance companies	3,368,002	11	22.4	22.4
Other	2,482,081	254	17.6	17.6
Total *	13,660,291	6,371	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	6,168	96.8	73.6	73.6
Finland	35	0.5	9.6	9.6
UK	14	0.2	5.3	5.3
Denmark	28	0.4	4.3	4.3
Germany	16	0.3	2.2	2.2
Other countries	110	1.7	5.1	5.1
Total *	6,371	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	5,710	89.6	3.4	3.4
501-1,000	309	4.9	1.8	1.8
1,001-10,000	285	4.5	6.0	6.0
10,001-	67	1.0	88.8	88.8
Total *	6,371	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	1,191,898	8.7	8.7
3. Avanza Pension	942,925	6.9	6.9
4. Aktia Asset Management	827,758	6.1	6.1
5. I.A.R. Systems Group AB	694,969	5.1	5.1
6. Tredje AP-fonden	620,000	4.5	4.5
7. Fjärde AP-fonden	590,000	4.3	4.3
8. Arbejdsmarkedets Tillaegspension	580,320	4.2	4.2
9. Ribbskottet	387,865	2.8	2.8
10. Nicolas Hassbjer with companies	354,314	2.6	2.6
Other	6,174,827	45.3	45.3
Total *	13,660,291	100.0	100.0

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



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

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