

IAR SYSTEMS GROUP AB  
YEAR-END REPORT 2017

Q4

# NEW ALLIANCES AND STRONG FINANCIAL POSITION

NET SALES FOR THE YEAR OF SEK 345M AND EBITDA OF SEK 127M  
OPERATING MARGIN OF 31% AND CASH FLOW OF SEK 124M

## PROFIT SUMMARY

SEK m	Full-year		Oct-Dec	
	2017	2016	2017	2016
Net sales	345.0	328.4	87.6	85.0
Operating expenses	-237.6	-231.9	-60.8	-58.3
Operating profit	107.4	96.5	26.8	26.7

## KEY RATIOS

	Full-year		Oct-Dec	
	2017	2016	2017	2016
EBITDA margin, %	36.9	34.5	36.4	36.7
Operating margin, %	31.1	29.4	30.6	31.4
Net cash, SEK m	117.0	96.5	117.0	96.5
No. of employees at end of period	163	165	163	165

## FULL-YEAR 2017

- › Net sales of SEK 345.0m [328.4]
- › EBITDA of SEK 127.2m [113.2], corresponding to an EBITDA margin of 36.9% [34.5]
- › Operating profit of SEK 107.4m [96.5], corresponding to an operating margin of 31.1% [29.4]
- › Profit before tax of SEK 105.7m [96.1]
- › Basic earnings per share of SEK 6.33 [5.86] and diluted earnings per share of SEK 6.33 [5.86]
- › Earnings per share of SEK 7.32 [7.38] after current tax
- › Cash flow from operating activities of SEK 123.9m [114.2]
- › Net cash of SEK 117.0m [96.5] at the end of the period
- › The Board intends to propose an ordinary dividend of SEK 5.00 for approval by the Annual General Meeting on April 25, 2018

## OCTOBER-DECEMBER 2017

- › Net sales of SEK 87.6m [85.0]
- › EBITDA of SEK 31.9m [31.2], corresponding to an EBITDA margin of 36.4% [36.7]
- › Operating profit of SEK 26.8m [26.7], corresponding to an operating margin of 30.6% [31.4]
- › Profit before tax of SEK 26.4m [26.4]
- › Basic earnings per share of SEK 1.56 [1.59] and diluted earnings per share of SEK 1.56 [1.59]
- › Earnings per share of SEK 1.43 [2.00] after current tax
- › Cash flow from operating activities of SEK 33.3m [39.5]

## KEY EVENTS DURING THE YEAR

- › IAR Systems supplemented its data security product portfolio through an investment in an equity stake in Secure Thingz
- › The company increased its credit margin by an additional SEK 200m
- › IAR Systems supports new Amazon Web Services IoT Microcontroller Operating System Amazon FreeRTOS at Launch

# A YEAR OF NEW ALLIANCES AND A STRONG FINANCIAL POSITION

We ended the year by establishing yet another strategic alliance in order to create a larger and stronger IAR Systems. Amazon, one of the largest companies in the global digital economy, has chosen to partner with us. This is not only a confirmation of our leading technology but also the result of our determined focus on becoming an active partner in a growing and consolidating market in recent years.

In terms of sales, we achieved 10% growth in the fourth quarter thanks to a strong performance in Asia, a stable trend in Europe and a recovery in the Americas. While Japan delivered the largest sales increase in Asia, China also boosted its sales toward the end of the year as a result of a higher market share. The varied performance of the regions was due to differences in the percentage of major transactions as well as in the product mix. Generally, sales of support and maintenance agreements are increasing in all regions. During the year, we specifically focused on our offer-

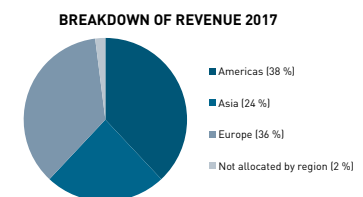
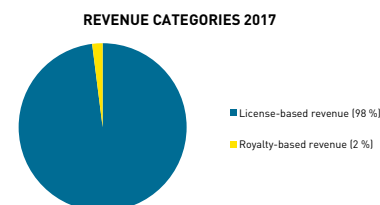
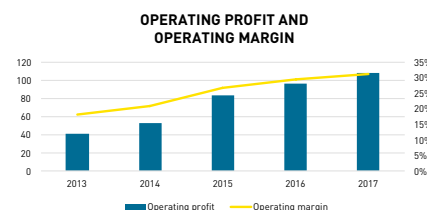
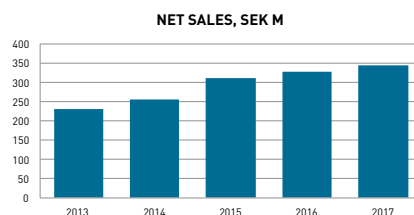
ing and market activities targeting new customers and projects. We did this in an effort to increase our market share in new areas and because we ultimately expect it to have a positive impact when it comes to boosting our maintenance revenue. Over the past seven months, we have increased our share of new customers and projects compared with the preceding year. Although our sales per product are stable, sales of our add-on products and safety-certified versions of our software are growing at a faster rate.

When it comes to sales by market segment, we saw continued demand in the automotive industry and also in the Internet of Things (IoT). The consolidation of the processor vendor market, and thus of product portfolios, in recent years is resulting in volatility with respect to customer choices of our products. At the same time, launches of new processors have been limited as vendors are focusing more on mergers than on market activity. Among processor vendors, Arm

continues to have a strong influence on future processors, even if we can see that some new architecture is appearing on the market, though on a very small scale.

Renesas Synergy has strengthened its market position through an increase in the number of users evaluating the platform during the year, which has enabled Renesas to maintain its leading position in the market when it comes to offering a complete development platform. In terms of geographical distribution, most of the companies that evaluated Renesas Synergy Platform are located in the Americas, Japan and China.

Embedded systems play an important role in today's product development and will become even more significant in the future. This, in turn, will make the issues of functional safety and data security even more critical. There is significant potential in the market when it comes to security, particularly with respect to IoT, the automotive industry and medical



technology. Leveraging new market opportunities will require knowledge sharing, strong strategic alliances and new technology. During the year, we invested in Secure Thingz in order to offer our customers products that guarantee their data security throughout the development and manufacturing process. Secure Thingz delivers products and services for the development, management and deployment of embedded data security in devices and products. The company's product was developed to solve the complex security challenges associated with IoT. The platform provides a cost-efficient means to guarantee basic processor security and offers services to ensure data security throughout a product's life cycle. The collaboration between Secure Thingz and IAR Systems will mainly focus on the management of critical information during the development process. We are at a stage in the company's development where we can observe a clear market trend where embedded systems are increasing in value through their broader application and increased use. This trend is boosting demand in various customer segments and across vertical markets.

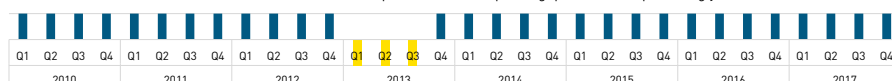
2017 can be summarized as another year of increased sales and earnings. Over the past eight years, our sales have increased in 29 of 32 quarters and our operating profit in 31 of 32 quarters, compared with the corresponding quarter in the preceding year (refer to the graphs below).

2018 will be characterized by the same long-term targets, higher ambitions and greater opportunities.



## NET SALES

(increase/decrease compared with corresponding quarter in the preceding year)



## OPERATING PROFIT

(increase/decrease compared with corresponding quarter in the preceding year)



# Financial information

## SALES AND NET SALES

The company reported growth in terms of both sales and net sales. The different between these growth figures is that some sales (maintenance and support agreements) are allocated over the term of the contract.

In a year-on-year comparison, total sales growth in local currency was 6%. This 6% sales growth for the year resulted in an increase in net sales of 5% after the accrual of prepaid maintenance and support agreements (-1%) and negative foreign exchange effects (-0%). Refer to the table below.

### Sales

2017 marked an increase in sales in the automotive industry. There was also a clear market trend of suppliers focusing on the automotive industry, where the number of processor-controlled applications is increasing sharply. Trends such as autonomous vehicles are fueling the development of both innovation and market positioning in all areas of the automotive industry. This trend was also clearly evident at the 2017 Embedded World trade fair in Germany, in which IAR Systems participated in a more ambitious capacity than ever before. At this year's fair, the company launched a number of products for the automotive industry as well as a major upgrade to its IAR Embedded Workbench for Arm.

The launch of Renesas Synergy Platform is proceeding as expected and manufacturing of Renesas Synergy processors began during the year, albeit in small volumes. Most users are in a development stage in their use of Renesas Synergy Platform and will therefore begin production in 2018.

### Net sales

Net sales for the year rose 5% compared with the corresponding period in the preceding year and amounted to SEK 345.0m [328.4], of which SEK 87.6m [85.0] was attributable to the fourth quarter.

Royalty-based revenue of SEK 6.8m [4.1] from the agreement with Renesas Electronics Corporation was reported during the year, of which SEK 1.2m [1.4] during the fourth quarter. The guaranteed share of remuneration for the year was slightly higher than in previous years since the agreement with Renesas was signed during the second quarter of 2016.

In a year-on-year comparison, currency translation had a negative impact of SEK 0.1m on net sales for the year, of which SEK -4.6m pertained to the fourth quarter.

	Sales growth in local currency					Foreign ex- change effect		Growth in net sales	Share of net sales
	Q1	Q2	Q3	Q4	2017	Prepaid revenue			
Americas	13%	11%	-8%	5%	5%	-0%	-0%	5%	38%
Europe	-2%	0%	7%	9%	4%	-2%	2%	4%	36%
Asia	-6%	24%	2%	26%	10%	-2%	-2%	6%	24%
Not allocated	200%	-8%	18%	-55%	17%	-	-	17%	2%
<b>Total</b>	<b>5%</b>	<b>9%</b>	<b>0%</b>	<b>10%</b>	<b>6%</b>	<b>-1%</b>	<b>-0%</b>	<b>5%</b>	<b>100%</b>

## EARNINGS

The company continued to deliver earnings and profitability improvements during 2017. EBITDA for the year totaled SEK 127.2m [113.2], corresponding to an EBITDA margin of 36.9% [34.5] for the year. EBITDA for the fourth quarter totaled SEK 31.9m [31.2], corresponding to an EBITDA margin of 36.4% [36.7] for the quarter.

Operating profit for the year increased 11% to SEK 107.4m [96.5]. Operating profit for the fourth quarter amounted to SEK 26.8m [26.7].

Operating expenses were cut by SEK 13.1m [15.7] during the year through the capitalization of development costs for software and debug probes. Of the internal expenses that were capitalized, SEK 10.4m [12.1] pertained to personnel costs.

In a year-on-year comparison, currency translation had a positive impact of SEK 0.6m on operating profit for the year, of which SEK -3.5m pertained to the fourth quarter.

Financial expenses for the year mainly comprise an impairment loss in the first quarter of SEK 0.8m [-] for the holding in NorNor Holding AB as well as credit expenses for the increased credit margin of SEK 200m. The holding in NorNor Holding AB at year-end is measured at fair value, which amounted to SEK 0m on December 31, 2017 and meant that comprehensive income for the year was charged with a change in value of SEK 2.9m. All tax loss carryforwards have now been utilized, which means that the Group's future earnings and cash flow will be charged with current payable tax.

## INVESTMENTS AND FINANCING

Investments in property, plant and equipment for the year totaled SEK 2.5m [1.3], of which SEK 0.9m [0.2] was attributable to the fourth quarter. Investments in intangible assets for the year amounted to SEK 16.5m [17.3], of which SEK 4.0m [4.1] pertained to the fourth quarter. Most of these investments, SEK 13.1m [15.7], pertain to the capitalization of development

costs for software and debug probes.

In addition, the company invested in an equity stake in Secure Thingz amounting to SEK 17.8m during the second quarter of 2017. The holding in Secure Thingz corresponds to just over 10% of the total number of shares in the company and is classified as other non-current securities. In addition to the 10% holding, the company signed an agreement in the fourth quarter of 2017 to acquire a further 10%. These shares will be acquired once payment has been made, which is expected to take place in the first quarter of 2018. The agreement concerning the acquisition of these shares has been classified as a current derivative instrument. Both the non-current securities and the derivative instrument are recognized at fair value, with changes in value recognized against earnings.

The equity/assets ratio at December 31, 2017 was 71% (71).

### CASH FLOW, CASH AND CASH EQUIVALENTS

Cash flow from operating activities for the year amounted to SEK 123.9m (114.2), of which SEK 33.3m (39.5) pertained to the fourth quarter.

Cash flow from investing activities for the year amounted to SEK -37.6m (-18.9), of which SEK -4.9m (-4.3) pertained to the fourth quarter. During the year, the company invested in an equity stake in Secure Thingz amounting to SEK 17.8m. In addition to this investment, the company mainly invested in intangible assets.

Cash flow from financing activities for the year totaled SEK -63.2m (-88.4), of which SEK -0.0m (0.0) was attributable to the fourth quarter and pertains in its entirety to dividends paid to the company's shareholders.

At December 31, 2017, the Group had net cash of SEK 117.0m (96.5). Cash and cash equivalents at year-end totaled SEK 119.5m (99.2). In addition, the Group had unutilized bank overdraft facilities of SEK 225.0m (25.0). The Group's total available cash and cash equivalents thus amounted to SEK 344.5m (124.2).

### EMPLOYEES

The number of employees in IAR Systems at year-end was 163 (165). The average number of employees during the year was 153 (159).

### PARENT COMPANY

The activities of the Parent Company consist of Group management, finance and IR/PR functions. The Parent Company's net sales for the year amounted to SEK 12.2m (12.2). Profit after financial items amounted to SEK 96.6m (83.1).

Net investments in property, plant and equipment amounted to SEK 0.0m (0.0).

Cash and cash equivalents at December 31, 2017 totaled SEK 5.0m (3.5). The number of employees in the Parent Company at year-end was four (four).

### 2018 ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of IAR Systems Group will be held on April 25, 2018, at Spårvagnshallarna, Birger Jarlsgatan 57 A, in Stockholm. Starting at the end of March 2018, the annual report for IAR Systems Group will be available on the company's website, [www.iar.com](http://www.iar.com), and at the company's offices at Kungsgatan 33 in Stockholm and Strandbodgatan 1 in Uppsala.

### NOMINATING COMMITTEE

In accordance with the decision of the AGM in April 2017, a nominating committee has been appointed and consists of Malin Björkmo (Handelsbanken Fonder), Anders Bladh (Ribbskottet AB), Jonas Eixmann (Andra AP-fonden) and Mats Larsson (Första AP-fonden). Jonas Eixmann was appointed Chairman of the nominating committee.

### PROPOSED DIVIDEND

The Board intends to propose an ordinary dividend of SEK 5.00 for approval by the Annual General Meeting on April 25, 2018. The motion entails a total dividend of SEK 63.2m.

### SIGNIFICANT RISKS AND UNCERTAINTIES

The market for IAR Systems' software is evolving rapidly and forecasts about future developments are thus uncertain. IAR Systems Group's assessment is that no significant risks and uncertainties have changed or arisen aside from those described in the annual report for 2016 under "Risk management" on page 32, under "Administration report" on page 35 and in Note 2 on pages 50-52.

### FUTURE OUTLOOK

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

### FINANCIAL CALENDAR 2018

Interim report Jan-Mar 2018, April 25, 2018

2018 Annual General Meeting, April 25, 2018

Interim report Jan-Jun 2018, August 15, 2018

Interim report Jan-Sep 2018, November 9, 2018

### REVIEW

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

# Income statement

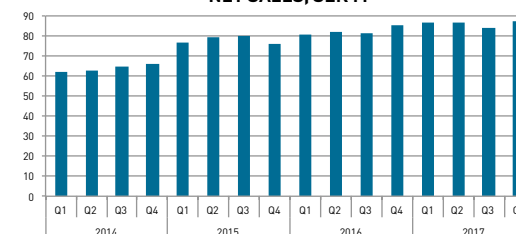
## CONDENSED CONSOLIDATED INCOME STATEMENT

SEK m	Note	Full-year		3 months Oct–	
		2017	2016	2017	2016
Net sales	1.2	345.0	328.4	87.6	85.0
Goods for resale		-8.5	-12.2	-2.6	-2.9
Other external expenses		-49.2	-48.4	-11.6	-12.2
Personnel costs		-160.1	-154.6	-41.5	-38.7
Depreciation of property, plant and equipment		-2.4	-2.5	-0.6	-0.6
Amortization of intangible assets		-17.4	-14.2	-4.5	-3.9
<b>Operating profit</b>		<b>107.4</b>	<b>96.5</b>	<b>26.8</b>	<b>26.7</b>
Financial income		0.0	0.0	0.0	0.0
Financial expenses		-1.7	-0.4	-0.4	-0.3
<b>Profit before tax</b>		<b>105.7</b>	<b>96.1</b>	<b>26.4</b>	<b>26.4</b>
Tax		-25.7	-22.1	-6.7	-6.3
<b>Profit for the period</b>		<b>80.0</b>	<b>74.0</b>	<b>19.7</b>	<b>20.1</b>
Earnings per share for the period, basic, SEK		6.33	5.86	1.56	1.59
Earnings per share for the period, diluted, SEK		6.33	5.86	1.56	1.59

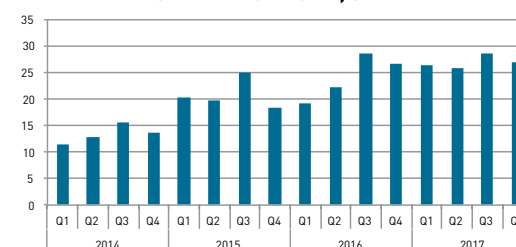
## STATEMENT OF COMPREHENSIVE INCOME

SEK m	Full-year		3 months Oct–	
	2017	2016	2017	2016
Profit for the period	80.0	74.0	19.7	20.1
<b>Other comprehensive income for the period</b>				
Items that will be reclassified subsequently to profit or loss:				
Exchange differences	-3.0	3.0	1.2	1.3
Change in value of non-current securities	-2.9	-	-2.9	-
Total other comprehensive income	-5.9	3.0	-1.7	1.3
<b>Comprehensive income for the period</b>	<b>74.1</b>	<b>77.0</b>	<b>18.0</b>	<b>21.4</b>
Comprehensive income for the period attributable to owners of the Parent Company	74.1	77.0	18.0	21.4

NET SALES, SEK M



OPERATING PROFIT, SEK M



# Balance sheet

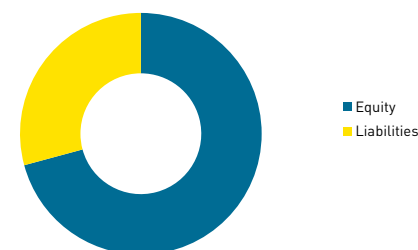
## CONDENSED CONSOLIDATED BALANCE SHEET

SEK m	Note	Dec 31,	Dec 31,
<b>ASSETS</b>			
Non-current assets			
Goodwill	3	113.5	114.9
Other intangible assets	4	80.9	82.1
Property, plant and equipment		6.2	6.2
Financial assets		19.5	4.8
Deferred tax assets	5	2.7	15.9
Total non-current assets		222.8	223.9
Current assets			
Inventories		5.2	5.6
Other current assets		11.8	18.9
Trade receivables		50.8	48.3
Cash and cash equivalents		119.5	99.2
Total current assets		187.3	172.0
<b>TOTAL ASSETS</b>		<b>410.1</b>	<b>395.9</b>
<b>EQUITY AND LIABILITIES</b>			
Total equity		290.4	279.5
Non-current liabilities			
Interest-bearing liabilities		1.7	1.6
Other non-current liabilities		1.7	1.4
Deferred tax liabilities		14.0	14.8
Total non-current liabilities		17.4	17.8
Current liabilities			
Trade payables		5.7	5.3
Interest-bearing liabilities		0.8	1.1
Other current liabilities		95.8	92.2
Total current liabilities		102.3	98.6
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>410.1</b>	<b>395.9</b>

## CHANGES IN EQUITY, GROUP

	Full-year		3 months Oct–	
SEK m	2017	2016	2017	2016
Equity at beginning of period	279.5	290.9	272.4	258.1
Dividend	-63.2	-88.4	-	-
Comprehensive income for the period	74.1	77.0	18.0	21.4
<b>Equity at end of period</b>	<b>290.4</b>	<b>279.5</b>	<b>290.4</b>	<b>279.5</b>
of which, attributable to owners of the Parent	290.4	279.5	290.4	279.5

EQUITY/ASSETS RATIO 2017



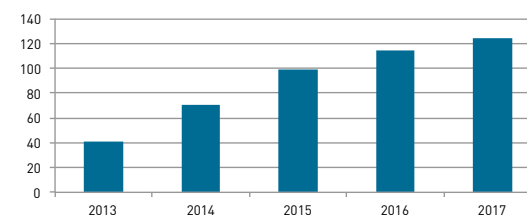


# Cash flows

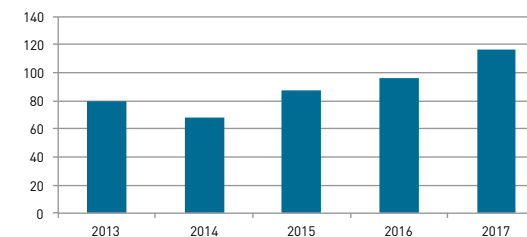
## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Full-year		3 months Oct-Dec	
SEK m	2017	2016	2017	2016
Incoming payments from customers	342.8	323.5	85.5	85.1
Outgoing payments to suppliers and employees	-214.6	-205.8	-51.9	-45.2
Interest received	0.0	0.0	0.0	0.0
Interest paid	-0.9	-0.0	0.2	-0.0
Income taxes paid	-3.4	-3.5	-0.5	-0.4
Cash flow from operating activities	123.9	114.2	33.3	39.5
Investments in property, plant and equipment	-2.5	-1.3	-0.9	-0.2
Investments in intangible assets	-16.5	-17.3	-4.0	-4.1
Investments in other investments	-18.6	-0.3	-	-0.0
Cash flow from investing activities	-37.6	-18.9	-4.9	-4.3
Amortization of financial liabilities	-0.0	-0.0	-0.0	-0.0
Dividend	-63.2	-88.4	-	-
Cash flow from financing activities	-63.2	-88.4	-0.0	-0.0
Cash flow for the period	23.1	6.9	28.4	35.2
Cash and cash equivalents at beginning of period	99.2	89.4	90.0	63.8
Exchange difference in cash and cash equivalents				
- attributable to cash and cash equivalents at beginning of period	-2.4	2.6	0.9	0.1
- attributable to cash flow for the period	-0.4	0.3	0.2	0.1
Cash and cash equivalents at end of period	119.5	99.2	119.5	99.2

### CASH FLOW FROM OPERATING ACTIVITIES, SEK M



### NET CASH, SEK M



## CASH AND CASH EQUIVALENTS, GROUP

SEK m	Dec 31,	Dec 31,
Cash and cash equivalents at end of period	119.5	99.2
Unutilized overdraft facilities	225.0	25.0
Total available cash and cash equivalents	344.5	124.2

# Key ratios

## GROUP

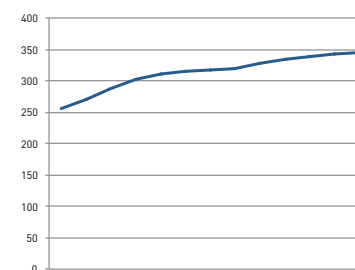
	Full-year		3 months Oct-Dec	
	2017	2016	2017	2016
Gross margin, %	97.5	96.3	97.0	96.6
EBITDA, %	36.9	34.5	36.4	36.7
Operating margin, %	31.1	29.4	30.6	31.4
Profit margin, %	30.6	29.3	30.1	31.1
Cash flow, %	35.9	34.8	38.0	46.5
Equity/assets ratio, %	70.8	70.6		
Return on equity, %	28.1	25.9	7.0	7.5
Return on capital employed, %	37.4	33.6	9.5	9.9
Capital employed, SEK m	292.9	282.2		
Net cash, SEK m	117.0	96.5		
Net debt/equity ratio, multiple	-0.40	-0.35		
No. of employees at end of period	163	165		
Average no. of employees	153	159	153	160
Sales per employee, SEK m	2.2	2.1	0.6	0.5

## SHARE DATA

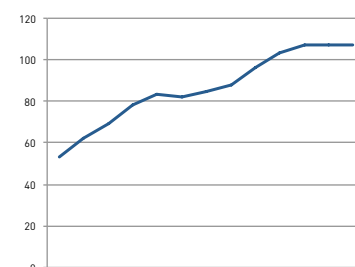
	Full-year		3 months Oct-Dec	
	2017	2016	2017	2016
Equity per share, SEK	22.99	22.13		
No. of shares at end of period, million	12.63	12.63		
Average no. of shares, million	12.63	12.63	12.63	12.63
Average number of shares, diluted, million	12.63	12.63	12.63	12.63
Cash flow from operating activities per share, SEK	9.81	9.04	2.64	3.13
Earnings per share, basic, after current tax, SEK	7.32	7.38	1.43	2.00
Earnings per share, SEK*	6.33	5.86	1.56	1.59
Earnings per share, diluted, SEK	6.33	5.86	1.56	1.59

\*Definition in accordance with IFRS. Refer also to definitions on page 16.

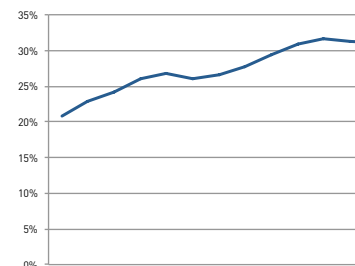
NET SALES, ROLLING 12 MONTHS



OPERATING PROFIT, ROLLING 12 MONTHS



OPERATING MARGIN, ROLLING 12 MONTHS



## Quarterly overview and 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
2017	Q4	87.6	31.9	36.4	26.8	30.6	1.56	7.0	2.64	22.99	189.00	2,387
	Q3	84.2	33.8	40.1	28.6	34.0	1.61	7.7	2.52	21.56	180.50	2,280
	Q2	86.8	30.9	35.6	25.8	29.7	1.68	7.7	2.56	20.09	175.00	2,211
	Q1	86.4	30.6	35.4	26.2	30.3	1.49	6.5	2.10	23.58	200.00	2,526
2016	Q4	85.0	31.2	36.7	26.7	31.4	1.59	7.5	3.13	22.13	206.00	2,602
	Q3	81.1	32.9	40.6	28.5	35.1	1.73	8.8	2.54	20.44	190.00	2,400
	Q2	81.8	26.0	31.8	22.1	27.0	1.34	6.2	1.63	18.64	157.00	1,983
	Q1	80.5	23.1	28.7	19.2	23.9	1.20	5.1	1.74	24.20	172.50	2,179
2015	Q4	75.9	22.2	29.2	18.4	24.2	1.09	4.9	2.22	23.03	150.00	1,895
	Q3	79.8	28.9	36.2	25.0	31.3	1.49	7.0	1.63	21.96	103.25	1,304
	Q2	79.1	23.5	29.7	19.7	24.9	1.21	5.4	2.51	20.43	99.75	1,260
	Q1	76.9	23.7	30.8	20.3	26.4	1.23	5.2	1.45	24.36	104.00	1,314
2014	Q4	66.1	16.3	24.7	13.5	20.4	0.84	3.8	1.27	22.85	74.75	944
	Q3	64.9	18.4	28.4	15.6	24.0	1.06	5.0	1.89	21.83	68.25	862
	Q2	62.7	15.2	24.2	12.7	20.3	0.78	3.4	1.33	20.72	68.50	861
	Q1	62.0	13.7	22.1	11.4	18.4	0.68	2.8	1.12	24.68	57.57	780
2013	Q4	61.5	12.6	20.5	10.1	16.4	0.58	2.5	0.84	23.90	39.77	491
	Q3	54.9	17.9	32.6	15.4	28.1	0.96	4.3	1.56	22.77	38.93	453
	Q2	56.1	9.7	17.3	7.7	13.7	0.53	2.4	0.97	21.42	34.40	388
	Q1	57.7	10.4	18.0	8.1	14.0	0.53	2.3	0.17	22.87	36.07	407
2012	Q4	59.5	11.7	19.7	9.8	16.5	-0.48	-2.1	1.34	22.34	35.24	397
	Q3	56.2	12.0	21.4	10.1	18.0	0.75	3.3	0.68	22.84	37.82	426
	Q2	56.4	8.8	15.6	7.3	12.9	0.42	1.9	1.27	22.15	39.77	448
	Q1	58.0	9.3	16.0	8.0	13.8	0.48	2.2	0.12	22.22	32.37	355
2011	Q4	57.5	9.4	16.3	7.7	13.4	0.96	4.5	1.20	21.82	22.66	248
	Q3	48.2	8.3	17.2	7.1	14.7	0.67	3.3	1.07	20.92	20.25	222
	Q2	48.9	6.7	13.7	5.4	11.0	0.49	1.4	1.19	20.09	21.83	239
	Q1	45.8	5.0	10.9	3.8	8.3	0.33	0.6	-0.37	50.35	17.76	195
2010	Q4	48.0	3.5	7.3	2.2	4.6	0.19	-0.6	0.47	54.16	16.41	180
	Q3	44.2	5.5	12.4	4.4	10.0	0.39	1.4	0.23	55.50	12.58	138
	Q2	42.1	3.2	7.6	2.4	5.7	0.24	1.1	0.33	53.81	13.65	150
	Q1	43.6	3.9	8.9	2.9	6.7	0.26	1.6	0.22	54.42	13.89	152
2017		345.0	127.2	36.9	107.4	31.1	6.33	28.1	9.81	22.99	189.00	2,387
2016		328.4	113.2	34.5	96.5	29.4	5.86	25.9	9.04	22.13	206.00	2,602
2015		311.7	98.3	31.5	83.4	26.8	5.02	21.9	7.81	23.03	150.00	1,895
2014		255.7	63.6	24.9	53.2	20.8	3.37	14.5	5.61	22.85	74.75	944
2013		230.2	50.6	22.0	41.3	17.9	2.59	10.9	3.53	23.90	39.77	491
2012		230.1	41.8	18.2	35.2	15.3	1.16	5.3	3.41	22.34	35.24	397
2011		200.4	29.4	14.7	24.0	12.0	-1.70	6.4	3.09	21.82	22.66	248
2010		177.9	16.1	9.1	11.9	6.7	1.88	3.5	1.25	54.16	16.41	180

\* Definition in accordance with IFRS.

# Parent Company

## CONDENSED INCOME STATEMENT

	Full-year	
SEK m	2017	2016
Net sales	12.2	12.2
Operating expenses	-16.9	-15.8
Depreciation of property, plant and equipment	-0.1	-0.0
Operating loss	-4.8	-3.6
Result from financial investments	104.3	86.7
Profit before tax	99.5	83.1
Tax	-22.1	-18.4
Profit for the period	77.4	64.7

## STATEMENT OF COMPREHENSIVE INCOME

	Full-year	
SEK m	2017	2016
Profit for the period	77.4	64.7
<b>Other comprehensive income for the period</b>		
Items that will be reclassified subsequently to profit or loss:		
Change in value of non-current securities	-2.9	-
Total other comprehensive income	-2.9	-
Comprehensive income for the period	74.5	64.7

## CONDENSED BALANCE SHEET

SEK m	Dec 31,	Dec 31,
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	0.1	0.2
Shares in subsidiaries	189.4	189.4
Other financial assets	17.9	3.0
Deferred tax assets	-	13.3
Total non-current assets	207.4	205.9
Current assets		
Receivables from subsidiaries	53.3	38.6
Other current assets	1.2	0.6
Cash and cash equivalents	5.0	3.5
Total current assets	59.5	42.7
<b>TOTAL ASSETS</b>	<b>266.9</b>	<b>248.6</b>
<b>EQUITY AND LIABILITIES</b>		
Total equity	252.6	241.3
Current liabilities		
Trade payables	0.7	0.4
Other current liabilities	13.6	6.9
Total current liabilities	14.3	7.3
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>266.9</b>	<b>248.6</b>

# 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 IFRS, interpretations from the IFRS Interpretations Committee and amendments to RFR 2 effective as of January 1, 2017 have not had any material impact on the financial statements of the Group or the Parent Company.

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains new principles for hedge accounting and the classification and measurement of financial assets. IAR will apply IFRS 9 as of January 1, 2018, and has chosen to apply the full retrospective approach. As part of the Group's IFRS 9 project, IAR has changed its classification of financial assets and created a new model for calculating credit reserves for trade receivables. IAR does not apply hedge accounting. The review showed that the transition to IFRS 9 will not have any material impact on the consolidated income statement or balance sheet, but will result in expanded disclosures in the consolidated financial statements. IFRS 15 Revenue from Contracts with Customers provides a model for revenue

recognition (five-stage model) that is based on the time at which the control of goods or services is transferred to the customer. IFRS 15 replaces all previous standards, statements and interpretations concerning revenue recognition. IAR will apply IFRS 15 as of January 1, 2018, and has chosen to apply the full retrospective approach. As part of the Group's IFRS 15 project, IAR has assessed its customer contracts in accordance with the five-stage model. The review showed that the transition to IFRS 15 will not have any material impact on the consolidated income statement or balance sheet, but will result in expanded disclosures in the consolidated financial statements.

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

## 2. NET SALES

Net sales are distributed into the following revenue categories:

	Full-year		3 months Oct–	
SEK m	2017	2016	2017	2016
License-based revenue	338.2	324.3	86.4	83.6
Royalty-based revenue	6.8	4.1	1.2	1.4
<b>Net sales</b>	<b>345.0</b>	<b>328.4</b>	<b>87.6</b>	<b>85.0</b>

As part of the agreement with Renesas Synergy, IAR Systems receives a guaranteed annual minimum remuneration. The royalty-based revenue recognized pertains to the guaranteed minimum remuneration for the year.

## Notes, cont.

### 3. GOODWILL

Goodwill is tested annually or when a requirement for impairment is indicated. Goodwill is recognized at cost less accumulated impairment. The impairment test performed at year-end did not indicate any requirement for impairment. No indications for impairment arose during the year. Goodwill at December 31, 2017 amounted to SEK 113.5m [114.9]. This decrease of SEK 1.4m for the year was a result of translation differences.

### 4. OTHER INTANGIBLE ASSETS

Operating expenses were reduced by SEK 13.1m [15.7] during the year through the capitalization of development costs for debug probes and analysis tools. Of the internal expenses that were capitalized, SEK 10.4m [12.1] pertained to personnel costs.

### 5. DEFERRED TAX ASSETS

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, 2017, the Group had accumulated loss carryforwards of SEK 0m (63). The deferred tax asset is recognized in the balance sheet in an amount of SEK 2.7m [15.9], of which SEK 0.0m [13.9] pertains to loss carryforwards.

### 6. PLEDGED ASSETS

SEK m	Dec 31,	Dec 31,
To secure pensions	1.8	1.8
To secure liabilities to credit institutions	2.5	2.6
<b>Total pledged assets</b>	<b>4.3</b>	<b>4.4</b>

## 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. components included in the alternative performance measures used in the company's financial reporting.

Key ratios	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
Equity, Group	Recognized equity including 78.0% 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 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
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..
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

\* Definition in accordance with IFRS.

## Definitions, cont.

Key ratios	Definition/Calculation	Use
Earnings per share after current tax	Profit for the period after current tax divided by the average number of shares during the period.	The company has substantial loss carryforwards which have been gradually utilized in recent years. This measure shows the company's profitability after tax taking into consideration loss carryforwards utilized during the period.
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.
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 longterm 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.

\* 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	Full-year		3 months Oct–	
	2017	2016	2017	2016
Net sales	345.0	328.4	87.6	85.0
Goods for resale	-8.5	-12.2	-2.6	-2.9
Gross profit	336.5	316.2	85.0	82.1
Gross margin	97.5%	96.3%	97.0%	96.6%

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

SEK m	Full-year		3 months Oct–	
	2017	2016	2017	2016
Operating profit	107.4	96.5	26.8	26.7
Depreciation of property, plant and equipment	2.4	2.5	0.6	0.6
Amortization of intangible assets	17.4	14.2	4.5	3.9
EBITDA	127.2	113.2	31.9	31.2

**EBITDA MARGIN** is calculated as EBITDA as a percentage of net sales.

SEK m	Full-year		3 months Oct–	
	2017	2016	2017	2016
Net sales	345.0	328.4	87.6	85.0
EBITDA	127.2	113.2	31.9	31.2
EBITDA margin	36.9%	34.5%	36.4%	36.7%

**OPERATING MARGIN** is calculated as operating profit as a percentage of net sales.

SEK m	Full-year		3 months Oct–	
	2017	2016	2017	2016
Net sales	345.0	328.4	87.6	85.0
Operating profit	107.4	96.5	26.8	26.7
Operating margin	31.1%	29.4%	30.6%	31.4%

**PROFIT MARGIN** is calculated as profit before tax as a percentage of net sales.

SEK m	Full-year		3 months Oct–	
	2017	2016	2017	2016
Net sales	345.0	328.4	87.6	85.0
Profit before tax	105.7	96.1	26.4	26.4
Profit margin	30.6%	29.3%	30.1%	31.1%

**CASH FLOW** is calculated as cash flow from operating activities as a percentage of net sales.

SEK m	Full-year		3 months Oct–	
	2017	2016	2017	2016
Net sales	345.0	328.4	87.6	85.0
Cash flow from operating activities	123.9	114.2	33.3	39.5
Cash flow	35.9%	34.8%	38.0%	46.5%

**EQUITY/ASSETS RATIO** is calculated as equity as a percentage of total assets.

SEK m	Full-year	
	2017	2016
Equity	290.4	279.5
Total assets	410.1	395.9
Equity/assets ratio	70.8%	70.6%

**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,	Dec 31,	Sep 30,	Sep 30,	Dec 31,
	2016	2017	2016	2017	2017
Equity	290.4	279.5	272.4	258.1	290.9

SEK m	Full-year		3 months Oct–	
	2017	2016	2017	2016
Average equity	285.0	285.2	281.4	268.8

**RETURN ON EQUITY** is calculated as profit after tax as a percentage of average equity.

SEK m	Full-year		3 months Oct–	
	2017	2016	2017	2016
Profit after tax	80.0	74.0	19.7	20.1
Average equity	285.0	285.2	281.4	268.8
Return on equity	28.1%	25.9%	7.0%	7.5%

**NET DEBT/EQUITY RATIO** is calculated as net interest-bearing liabilities divided by equity.

SEK m	Full-year	
	2017	2016
Interest-bearing liabilities	2.5	2.7
Cash and cash equivalents	-119.5	-99.2
Net interest-bearing liabilities	-117.0	-96.5
Net debt/equity ratio	-0.40	-0.35

**RETURN ON CAPITAL EMPLOYED** is calculated as profit before tax plus financial expenses as a percentage of average capital employed.

SEK m	Full-year		3 months Oct–	
	2017	2016	2017	2016
Profit before tax	105.7	96.1	26.4	25.6
Financial expenses	1.7	0.4	0.4	0.0
Profit before tax plus financial expenses	107.4	96.5	26.8	25.6
Return on capital employed	37.4%	33.6%	9.5%	9.9%

## Reconciliations, cont.

**NET CASH** is calculated as cash and cash equivalents less interest-bearing liabilities.

SEK m	Full-year	
	2017	2016
Cash and cash equivalents	119.5	99.2
Interest-bearing liabilities	-2.5	-2.7
<b>Net cash</b>	<b>117.0</b>	<b>96.5</b>

**AVERAGE NUMBER OF SHARES** is calculated as the number of shares at the beginning of the period plus the number of shares at the end of the period divided by two.

SEK m	Dec 31,	Dec 31,	Sep 30,	Sep 30,	Dec 31,
No. of shares, million	12.63	12.63	12.63	12.63	12.63

SEK m	Full-year		3 months Oct–	
	2017	2016	2017	2016
Average no. of shares, million	12.63	12.63	12.63	12.63

**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,	Dec 31,	Sep 30,	Sep 30,	Dec 31,
Total assets	410.1	398.2	390.4	372.6	398.7
Non-interest-bearing	-117.2	-116.0	-115.3	-112.3	-106.00
<b>Capital employed</b>	<b>292.9</b>	<b>282.2</b>	<b>275.1</b>	<b>260.3</b>	<b>292.7</b>

SEK m	Full-year		3 months Oct–Dec	
	2017	2016	2017	2016
Average capital employed	287.6	287.5	284.0	271.3

**EQUITY PER SHARE** is calculated as equity divided by the number of shares at the end of the period.

SEK m	Full-year	
	2017	2016
Equity	290.4	279.5
No. of shares at end of year, million	12.63	12.63
<b>Equity per share</b>	<b>22.99</b>	<b>22.13</b>

**CASH FLOW FROM OPERATING ACTIVITIES PER SHARE** is calculated as cash flow from operating activities divided by the average number of shares.

SEK m	Full-year		3 months Oct–	
	2017	2016	2017	2016
Cash flow from operating activities	123.9	114.2	33.3	39.5
Average no. of shares, million	12.63	12.63	12.63	12.63
<b>Cash flow from operating activities per share</b>	<b>9.81</b>	<b>9.04</b>	<b>2.64</b>	<b>3.13</b>

**EARNINGS PER SHARE AFTER CURRENT TAX** are calculated as profit for the period after current tax divided by the average number of shares.

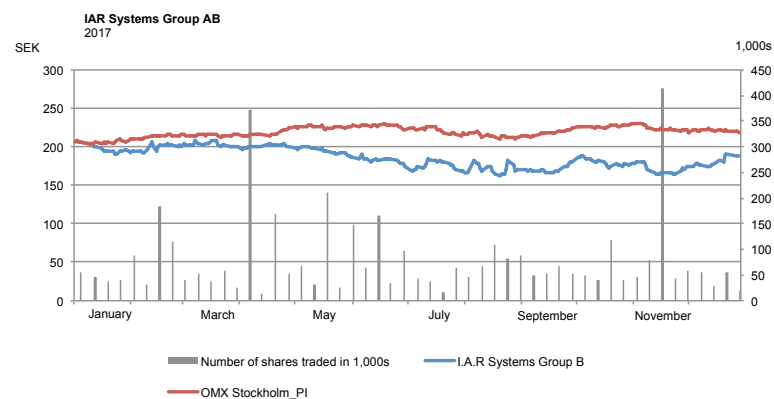
SEK m	Full-year		3 months Oct–	
	2017	2016	2017	2016
Tax	25.7	22.1	6.7	6.3
Deferred tax	-12.4	-19.2	1.7	-5.2
Current tax	13.3	2.9	8.4	1.1
Profit before tax	105.7	96.1	26.4	26.4
Current tax	-13.3	-2.9	-8.4	-1.1
<b>Profit after current tax</b>	<b>92.4</b>	<b>93.2</b>	<b>18.0</b>	<b>25.3</b>
Average no. of shares, million	12.63	12.63	12.63	12.63
<b>Earnings per share after current tax</b>	<b>7.32</b>	<b>7.38</b>	<b>1.43</b>	<b>2.00</b>

# The IAR Systems share

IAR Systems Group's class B share is quoted on the Mid Cap list of Nasdaq Stockholm. During the year, the share price varied from a low of SEK 162.00 (119.00) to a high of SEK 209.00 (206.00). The share price at December 31, 2017 was SEK 189.00 (206.00). IAR Systems Group's market capitalization on the same date was SEK 2,387 (2,602).

The number of shareholders in IAR Systems Group at December 31, 2017 was 8,062 (8,645). Of these shareholders, 484 (518) held more than 1,000 shares each. Foreign shareholders held approximately 25% (13) of the share capital and 23% (12) of the votes.

IAR Systems Group's share capital at December 31, 2017 amounted to SEK



## BREAKDOWN OF SHAREHOLDINGS

	No. of sharehold-	No. of sharehold-	Share of capital, %	Share of votes, %
1-100	5,469	68	1	1
101-1,000	2,109	26	6	6
1,001-10,000	390	5	10	9
10,001-	94	1	83	84
<b>Total</b>	<b>8,062</b>	<b>100</b>	<b>100</b>	<b>100</b>

## GEOGRAPHICAL DISTRIBUTION

	No. of share-	No. of sharehold-	Share of capital, %	Share of votes, %
Sweden	7,829	97	75	77
Europe excl. Sweden	197	2	21	19
Other countries	36	1	4	4
<b>Total</b>	<b>8,062</b>	<b>100</b>	<b>100</b>	<b>100</b>

## LARGEST SHAREHOLDERS (VOTES)

	No. of shares	Share of capital, %	Share of votes, %
Andra AP-fonden	1,135,415	9	8
Danica Pension*	215,500	2	8
Första AP-fonden	1,092,506	8	8
Ribbskottet AB	885,000	7	7
SEB S.A. Client Assets UCITS	873,875	7	7
Other	8,429,765	67	62
<b>Total</b>	<b>12,632,061</b>	<b>100</b>	<b>100</b>

\* of which, 100,000 class A shares.

# Investment case

IAR Systems is the world's leading provider of software for programming of processors in embedded systems. The software is used by many of the world's largest corporations as well as thousands of small and medium-sized companies, mainly within industrial automation, medical technology, telecommunication, consumer electronics and the automotive industry. The superior technology and service offered by IAR Systems enables customers to create the products of today and the innovations of tomorrow.

## A PROFITABLE GROWTH COMPANY

IAR Systems is in a unique market position thanks to its leading technology. The company was founded more than 30 years ago, and since then has continually evolved and refined its products in order to meet customer demand. Our headquarters are located in Uppsala, Sweden, but due to the company's international reach, over 95% of sales are attributable to markets outside the Nordic region. Most product development takes place in Uppsala, but also to a certain extent in the USA. In addition, there are sales and support offices in Sweden, Germany, France, Japan, China, Korea and the USA. IAR Systems is represented in an additional 43 countries around the world through its distributors.

The company has a license-based sales model in which IAR Systems sells a license to a user who is then authorized to use IAR Embedded Workbench. The model is flexible and can be adapted depending on the number of users the customer needs. This model creates closer relationships with the customers at the same time that it generates a consistent revenue stream. In addition, the company focuses on markets which it deems to have significant potential, for example, the automotive industry and the Internet of Things. As part of IAR Systems' investment in the Internet of Things, the company has signed an exclusive royalty

agreement with Renesas for the Renesas Synergy-Platform, providing a comprehensive solution for medical Renesas Electronics for Renesas Synergy Platform, innovative product development. The agreement with Renesas means that IAR Systems is complementing its current license-based business model with a royalty-based model. The new agreement with Renesas will provide revenue from royalties for each microprocessor used in the products the customer eventually manufactures. For a customer in the new model, IAR Systems will receive revenue throughout the entire period in which the customer's products are produced, which could last many years.

## SUPERIOR TECHNOLOGY

In an increasingly digitized world, the software that IAR Systems offers is a key enabler for the development of smart products. Today, digital products are found in every industry – from consumer electronics, medical technology and healthcare to manufacturing and the automotive industry. All smart products have an embedded system controlled by one or more processors. The developer requires software to program instructions into the processor that then controls the smart product. IAR Systems' IAR Embedded Workbench helps developers program these processors so that they fulfill

their function in the embedded system. This complete software helps facilitate, streamline and quality-assure customers' product development. IAR Embedded Workbench is available in a number of different versions in order to match different types of processors. It is continually updated with improved functionality and support for new processors in order to meet the needs of customers and the market.

IAR Embedded Workbench supports over 11,000 processors for embedded systems with 8- 16- and 32-bit architecture, which is a major reason why IAR Systems holds such a unique position in the market. This broad support creates far-reaching flexibility and benefits for customers, since they can maintain their development environment even when they intend to change processors for reasons such as a new project, and can also reuse 70-80% of previously developed code. This produces valuable savings in terms of both time and money. IAR Systems' product portfolio is continually being refined, and in recent years the company has expanded its portfolio by offering add-on products that facilitate customers' day-to-day work. Aside from driving lucrative additional sales, a broader product portfolio enables IAR Systems to further strengthen its competitiveness. IAR Systems is able to offer all customers who purchase software a comprehensive support contract that gives them access to technical support and continuous product updates. IAR Systems' support department is well-known and much appreciated for its extensive experience and impressive expertise which provide added value for customers.





### DEDICATED TEAM WITH AN EMPHASIS ON SERVICE

IAR Systems' global organization and its enduring passion for product development and technology attract skilled and talented people to the company in all of the countries in which it operates. Our employees' diverse cultural backgrounds, unique perspectives and local knowledge are important contributing factors to IAR Systems' strong presence worldwide, and enable the company to meet customers in their own market. By sharing knowledge and experience among highly qualified and motivated employees, IAR Systems creates the most competitive customer solutions.

### INTERNET OF THINGS DRIVES GROWTH

The market is now facing continued growth driven by the Internet of Things as more and more people realize the potential contained in this area. Connected products and services have grown enormously in recently years, and it is estimated that there will be more than 50 billion connected products by 2020. Almost all industries have devices and products that could be developed further through improved communication and connectivity. There are therefore many opportunities linked to the Internet of Things in almost every area, from the automotive industry, health and medical care, and logistics to smart cities and industrial automation. IAR Systems helps to make the Internet of Things possible, enabling innovation in this field by linking products with technologies, and has already demonstrated the strength of its business model. Thanks to its technology and strong market position, IAR Systems is well equipped to meet customers' needs for stable and complete solutions for efficient product development linked to the Internet of Things. The cooperation with Renesas for the Renesas Synergy Platform is part of IAR Systems' investment in the Internet of Things



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