



Q1

IAR Systems Group AB

Interim report January–March 2023

Summary

Temporarily weaker margins than expected but modernizing IAR will build a stronger company long term

Summary of the period

Growth in the first quarter of 2023 was weaker than expected. Sales in the first quarter amounted to SEK 107.7m (97.4), corresponding to 10.6% growth, or 4.6% in local currency, compared with the preceding year. Foreign exchange effects had an impact of SEK +5.9m on net sales during the quarter. Growth was primarily attributable to APAC (14.8% in local currency), while sales volumes in EMEA and North America were somewhat lower year-on-year in local currency.

The operating margin and EBITDA margin were temporarily weaker than expected. A cost review will give a yearly saving of estimated SEK 15m with full effect in Q4. Personnel costs primarily increased within sales since the company has invested in building up the Security organization. Sales training was also held in Cambridge for Security during Q1. Personnel costs were also affected by probable costs of SEK

1.7m for the LTI program. Going forward, the company will report adjusted EBITDA to present the margin adjusted for the LTI program.

First quarter January–March 2023

- Net sales growth of 10.6%, and 4.6% adjusted for foreign exchange effects.
- EBITDA of SEK 25.3m (30.3), corresponding to an EBITDA margin of 23.5% (31.1).
- Adjusted EBITDA of SEK 27.0m (30.3), corresponding to an EBITDA margin of 25.1% (31.1).
- Operating profit of SEK 11.4m (17.3), corresponding to an operating margin of 10.6% (17.8).
- Capitalized work on own account amounted to SEK 9.4m (12.2).
- In a year-on-year comparison, currency translation

had a positive impact of SEK 5.9m on net sales and a positive impact of SEK 3.9m on operating profit for the period.

- Cash flow from operating activities amounted to SEK 26.1m (28.8).

Key events during the first quarter

- Chief Strategy Officer Haydn Povey left IAR
- IAR updated its logo and modernized its brand profile to support its strategic plan

“Our operations in Asia continued to deliver successful results, with growth, new customers and strong relationships with strategic semiconductor partners.

Richard Lind, CEO

Q1 in brief:

- **Participation in the Embedded World industry trade fair**
- **Global sales conference in Cambridge focused on the Security offering**
- **Stockholm office vacated**
- **Modernized brand profile and updated logo along with name change**

Group summary

	Q1		Full-year
	2023	2022	2022
Net sales, SEK m	107.7	97.4	419.9
EBITDA, SEK m	25.3	30.3	129.0
Adjusted EBITDA, SEK m	27.0	30.3	130.2
Operating profit, SEK m	11.4	17.3	75.7
Earnings per share, basic, SEK	0.47	0.88	4.23
Earnings per share, diluted, SEK	0.47	0.88	4.20
Cash flow, SEK m	26.1	28.8	28.7
Net cash, SEK m	92.6	72.0	78.9
Gross margin, %	97.0	97.1	97.0

Comments from the CEO

Q1 2023 – Comments from the CEO

Q1 was a challenging quarter. We overextended ourselves as we faced the recurring regional factors that affected the quarter. In addition, we faced unexpectedly long sales cycles in some territories, which meant that we failed to reach the targets we set for ourselves. Growth in sales and operating margin were both unsatisfactory at 4.6% in local currency (10.6% in SEK) and 10.6%, respectively. As a result, we will be intensifying our existing focus on cost control, but we remain confident that we can deliver according to plan.

During the quarter, we carried out a global training session for our sales team in order to support our ongoing transition from sales of products to sales of solutions, which will increase our average income per customer and improve our sales method for our security offerings. This investment involved travel and time away from ordinary work tasks, but we are convinced that it will pay off in the coming quarters.

One positive outcome in Q1 was that we began drawing up more detailed collaboration plans and engaged in strategic business conversations with our most important semiconductor suppliers (including Renesas, ST, ARM, NXP and Infineon) and software partners (including Microsoft/GitHub, ARM, AWS and Zephyr). As a result of these efforts, we are now being invited at an early stage to take part in design win processes together with our partners and their customers. We're planning joint market activities focused on our target groups, which is where IAR – along with our partners – can step into the role of a reliable solutions advisor in a rapidly changing and often unpredictable marketplace.

Comments by region

EMEA: Our customer team is now fully staffed according to our plan to take advantage of the growing volume of opportunities we see in the pipeline. We also initiated an expanded strategic partnership with Infineon and ST in which we are either an exclusive partner for future designs or a trusted advisor on joint customer projects. We believe that these factors will benefit earnings in EMEA going forward.

US: The automotive and IoT markets are stable, while medtech is a clearly growing vertical. Connected consumer devices such as PCs and phones are struggling due to inflation, which is drastically limiting consumer purchasing power. IAR's exposure to this vertical is limited, but it has a short-term impact. The clean/greentech verticals continue to grow in the US market, though from lower levels.

“Asia continues to demonstrate strong results, including strong growth in the mature Japanese market

APAC: The region continues to demonstrate strong results, with 14.8% growth, including strong growth in the mature Japanese market. China grew 33%, which is somewhat lower than previously, due in part to the observation of the Chinese new year. Nonetheless, the country is a clear growth engine in the region. IAR is also expanding in this region through partnerships, in this case through sales channels in new territories like Vietnam, Singapore, Malaysia and Australia.

Technology and market

Six out of our ten semiconductor partners will launch products based on RISC-V in the near future. We believe that this, in combination with price increase announced by ARM ahead of its IPO, will drastically increase the market for RISC-V solutions – a market where we are very well positioned to quickly take advantage of opportunities.

During the period we also continued our journey of change by modernizing our brand and digital marketing as well as establishing an improved platform for sales and marketing analysis so that we can more quickly meet demand and identify changes in customer behavior.

Summary

We did not reach the targets we had for the quarter, but we are optimistic about meeting the targets for the year. We now have the right skills in all of our regions to manage the amount of inquiries we receive. We have the right offerings in a market that is rapidly changing in terms of verticals, but nevertheless represents growth for IAR. Carpe diem. Our direction and destination remain constant: forward. For more detailed information, I recommend reading our 2022 Annual Report.

Richard Lind, CEO



Financial information

Financial information

Net sales

Sales for the quarter amounted to SEK 107.7m (97.4). Growth totaled 10.6%, or 4.6% after adjusting for a foreign exchange effect of SEK 5.9m.

The previous quarter's trend continued in Asia, which continued to grow while EMEA and the Americas were slightly weaker than in the year-earlier period. Focusing on new customers is important, as is reviewing the price structure and prices to follow inflation and create sales growth. A price adjustment was carried out in 2022 and another is expected to take effect on July 1, 2023. The product offering is being revised to create greater value and flexibility for customers and to provide other means of income generation. Deferred income – or our “rainy day fund” as we call it, with income saved for the future – is gradually growing and reached SEK 119.4m as of March 31.

Markets and products

APAC accounted for 35.5% of net sales, or SEK 38.2m (33.1), for the first quarter. Foreign exchange effects had a positive effect of SEK 0.2m on sales for the quarter, and excluding foreign exchange effects, APAC contributed strong growth of 14.8%. China and Japan grew 33% and 12%, respectively, while Taiwan and Korea declined -13% and -8%, respectively. EMEA accounted for 31.5% of net sales, or SEK 33.9m (32.1), during the quarter. Net sales in EMEA decreased -0.5%,

adjusted for foreign exchange effects of SEK 2.0m for the quarter. Germany, France/Benelux and southern Europe had stronger growth, while the Nordic region and Central Europe were weaker. The USA accounted for 32.5% of net sales, or SEK 35.0m (31.8), in the first quarter of 2023. Net sales decreased -1.1% in the USA, adjusted for foreign exchange effects of SEK 3.6m for the first quarter.

Demand for development solutions continues to increase. IAR has a unique position in the development solutions segment for embedded development – we can offer opportunities that no one else can, namely the ability to work with the same tool regardless of architecture or product. Our products in IAR Embedded Workbench for Arm account for approximately 80% of sales. The 64-bit offering has been well received, and we see great potential there and in RISC-V. These technologies and Security are areas for future growth. We are not satisfied with the sales performance in Security. We have modified our business model and are adding new sales representatives. Training and implementation of this sales team will continue in 2023. It was encouraging to see sales within Security in the USA begin to pick up speed.

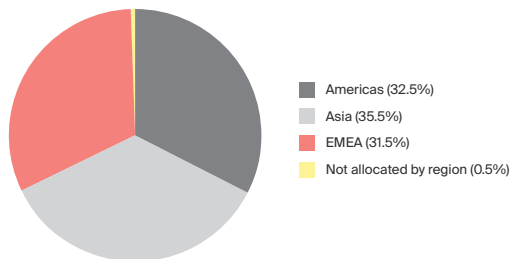
Modernizing IAR

As IAR marks its 40th year as a profitable software company, a modernization of the company and a review of its cost structure are both fully under way. This included shutting

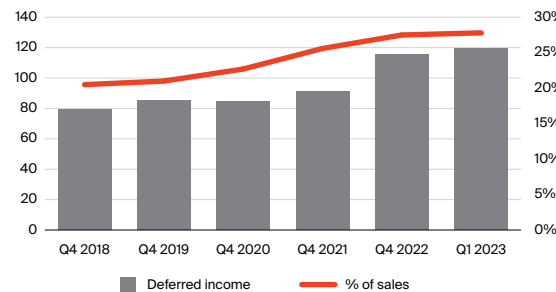
down the office in Camarillo, effective December 31, 2022, and moving probe development and production to Sweden. This will result in net annual savings of approximately SEK 10m. Rationalizations have been carried out, and will continue for our premises and systems, enabling us to create modern ways of working and to utilize our resources as efficiently as possible and ultimately to improve our margins. A cost review will give a yearly saving of estimated SEK 15m with full effect in Q4. However, this process requires investments that may have a temporary negative effect on the margin. The company's capitalization of development costs in the balance sheet is also lower than in the past, which is having a negative effect on both the operating margin and the EBITDA margin. Personnel costs increased, largely due to more employees in the sales organization. The focus is to improve sales in the Security offering through training, incentives and additional sales representatives.

The incentive program introduced in 2022 had an impact of SEK 1.7m on personnel costs and the margin for the first quarter. This is an allocated cost calculated based on the likely outcome of the incentive program, paid in the form of shares in three years, according to the scope determined by the Board. Going forward, EBITDA will be adjusted for this to give a more accurate view of the company's margins.

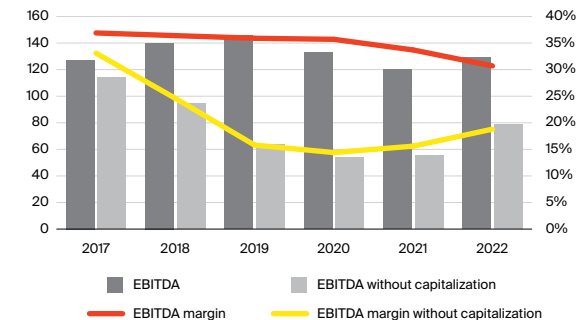
Breakdown of income Q1 2023



Deferred income, SEKm



EBITDA and EBITDA margin*



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

Financial information

Net sales

Net sales for the first quarter of 2023

Net sales for the quarter increased year-on-year and amounted to SEK 107.7m (97.4). Currency translation had a positive impact of SEK 5.9m on net sales for the quarter.

Other income

During the first quarter of 2023, IAR received a payment of SEK 0.9m in accordance with an earlier judgment against the previous CEO of IAR's US subsidiary IAR Systems Software Inc., which is recognized in other income.

Deferred income March 31, 2023

Deferred income in the form of accrued support agreements increased SEK 4.8m during the quarter and amounted to SEK 119.4m (92.9) at March 31, 2023.

Earnings

Earnings for the first quarter of 2023

The gross margin for the first quarter amounted to 97.0% (97.1). EBITDA for the first quarter amounted to SEK 25.3m (30.3), corresponding to an EBITDA margin of 23.5% (31.1). Adjusted EBITDA for the first quarter amounted to SEK 27.0m (30.3) or 25.1%. An adjustment was made for the probable costs for the LTI 2022 incentive program. If the performance conditions for this program are not met and thus no shares are allotted to the holders of these RSUs are allocated, these costs will have been charged to consolidated profit or loss, but will have no impact on cash flow. Operating profit for the quarter amounted to SEK 11.4m (17.3), corresponding to an operating margin of 10.6% (17.8). The weaker margin was primarily attributable to a lower share of capitalized costs, more employees and other investments in sales, and costs for the incentive program compared with the year-earlier period.

Operating expenses were reduced by SEK 9.4m (12.2) during the quarter as a result of the capitalization of development costs for software. Of the internally generated costs that were capitalized, SEK 7.7m (10.2) pertained to personnel costs.

In a year-on-year comparison, currency translation had a positive impact of SEK 3.9m on operating profit.

Financial position

During the year, we focused on investments in our major product areas. Investments in software during the quarter totaled SEK 9.4m (12.2). A large portion of the investments was in foreign currencies, which entailed foreign exchange effects upon conversion to SEK.

Investments in property, plant and equipment for the quarter totaled SEK 1.0m (1.2).

In the first quarter of 2023, the Group signed an agreement for a new credit limit of SEK 50.0m. The unutilized credit margin at March 31, 2023 thereby amounted to SEK 50.0m (206.6). 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 65.5m (34.6) at March 31, 2023. Lease liabilities recognized in the balance sheet pertain to commitments for leases and the largest portion is connected to leases for our offices.

The equity/assets ratio at March 31, 2023 was 70.7% (72.7).

Cash flow and liquidity

Cash flow from operating activities for the quarter amounted to SEK 26.1m (28.8). Our customers' ability to pay remained adequate during 2023, and we have not noted any increased negative effects on cash flow.

Cash flow from investing activities for the quarter totaled SEK -10.2m (-13.4). Most of these investments pertain to the capitalization of development costs for software.

Cash flow from financing activities for the full year totaled SEK -5.4m (-4.1). Cash flow from financing activities during the period primarily comprised the amortization of lease liabilities.

Cash and cash equivalents

Cash and cash equivalents at the end of the period totaled SEK 158.1m (125.0). The Group's total available cash and cash equivalents at the end of the period amounted to SEK 208.1m (331.6). As of March 31, 2023, the Group had net cash of SEK 92.6m (72.0). Under IFRS 16, the company's interest-bearing liabilities consist exclusively of lease liabilities pertaining to office premises.

Employees

The number of employees at IAR at the end of the period was 219 (212). The average number of employees during the period was 214 (203).

Parent Company

The activities of the Parent Company consist of Group management, finance and IR/PR functions. The Parent Company's net sales for the quarter amounted to SEK 3.4m (3.3). Profit after financial items amounted to SEK 3.3m (-1.3).

Investments in property, plant and equipment amounted to SEK 0.0m (0.0). Cash and cash equivalents at March 31, 2023 totaled SEK 16.9m (4.6). The number of employees in the Parent Company at the end of the quarter was two (four).

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 2022 Annual Report under "Administration report" on pages 25-31 and in Note 2 on pages 47-49.

Financial information

Future outlook

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

Review

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

Financial calendar

Interim report April–June 2023, August 17, 2023

Interim report July–September 2023, October 25, 2023

This information is inside information that I.A.R. Systems Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, on April 26, 2023 at 1:00 p.m. CEST.

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

Submission of the report

The Board of Directors and CEO of I.A.R. Systems Group AB hereby submits 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

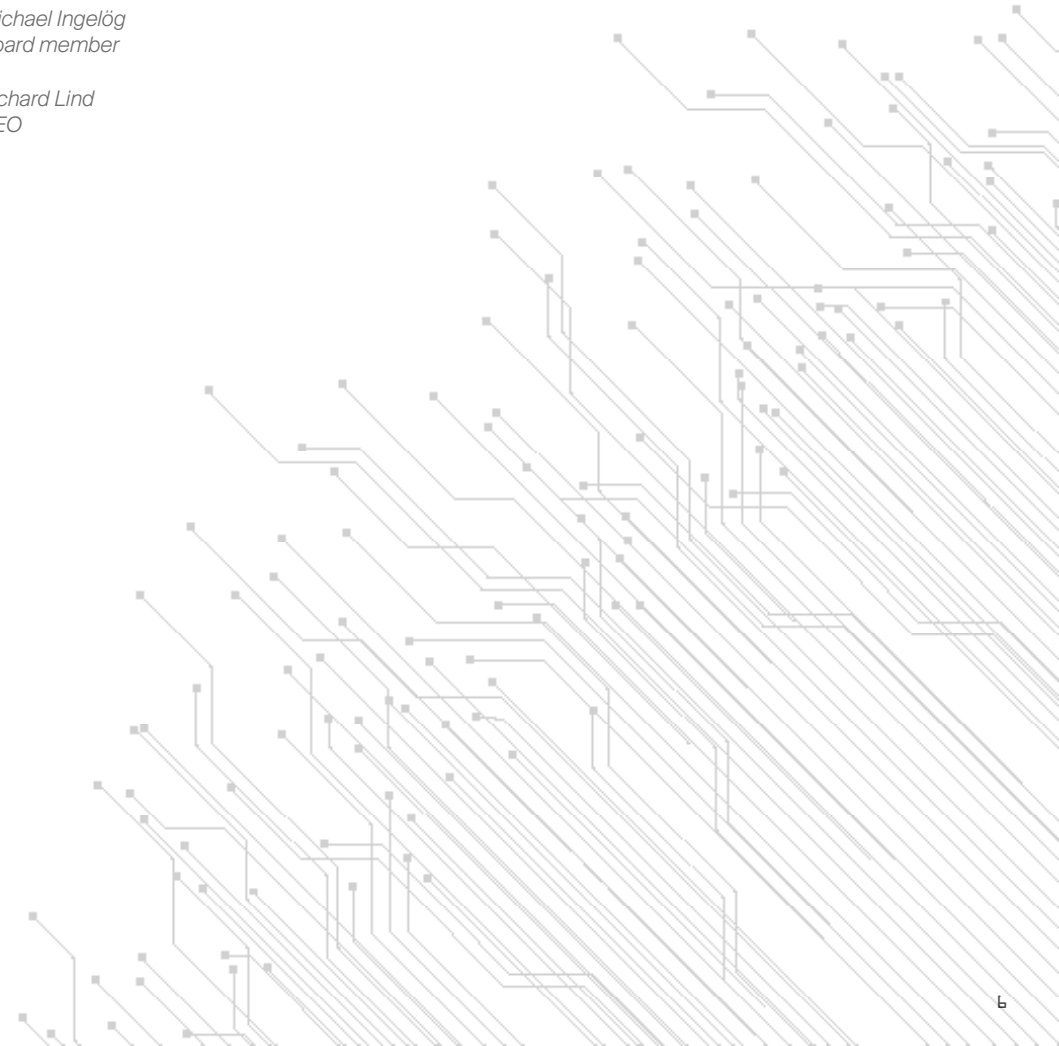
Fred Wikström
Board member

Sabina Lindén
Board member

Cecilia Wachtmeister
Board member

Michael Ingelög
Board member

Richard Lind
CEO



Income statement

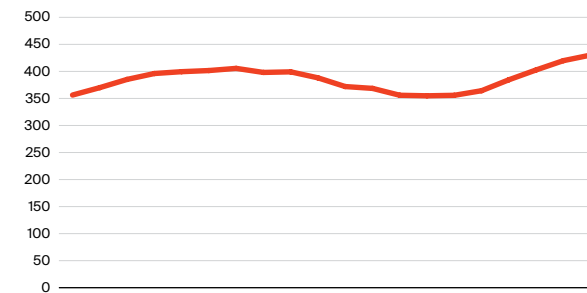
Condensed consolidated income statement

SEK m	Note	Q1		Full-year
		2023	2022	2022
Net sales	1, 2	107.7	97.4	419.9
Other income		0.9	0.9	2.9
Capitalized work on own account		9.4	12.2	50.2
Goods for resale		-3.2	-2.8	-12.8
Other external expenses		-12.7	-11.5	-58.2
Personnel costs		-76.8	-66.0	-273.0
Depreciation of property, plant and equipment		-1.3	-1.2	-4.8
Depreciation of right-of-use assets		-5.3	-4.5	-20.7
Amortization of intangible assets		-7.3	-7.3	-27.8
Operating profit		11.4	17.3	75.7
Financial income		0.9	0.0	0.3
Financial expenses		-0.6	-0.9	-2.5
Profit before tax		11.7	16.4	73.5
Tax		-5.3	-4.4	-15.7
Profit for the period		6.4	12.0	57.8
Comprehensive income for the period attributable to owners of the Parent Company		6.4	12.0	57.8
Earnings per share for the period, basic, SEK		0.47	0.88	4.23
Earnings per share, diluted, SEK		0.47	0.88	4.20

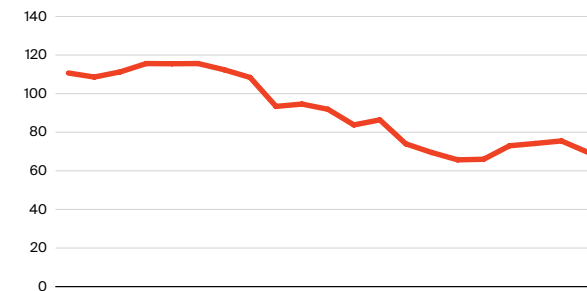
Statement of comprehensive income

SEK m	Q1		Full-year
	2023	2022	2022
Profit for the period	6.4	12.0	57.8
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences	4.1	1.2	23.9
Tax effect, items reported in comprehensive income	-0.8	0.1	-1.2
Total other comprehensive income	3.3	1.3	22.7
Comprehensive income for the period	9.7	13.3	80.5
Comprehensive income for the period attributable to owners of the Parent Company	9.7	13.3	80.5

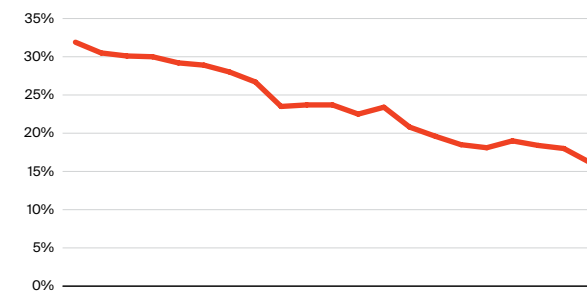
Net sales rolling 12 months, Q1 2018–Q1 2023



Operating profit* rolling 12 months, Q1 2018–Q1 2023



Operating margin* rolling 12 months, Q1 2018–Q1 2023



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

Balance sheet

Condensed consolidated balance sheet

SEK m	Note	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Assets				
Non-current assets				
Goodwill	3	371.2	356.2	366.6
Other intangible assets	4	207.7	180.6	204.1
Property, plant and equipment		16.5	14.3	16.7
Right-of-use assets		63.1	33.4	68.2
Financial assets	7	3.4	2.9	3.7
Deferred tax assets	5	4.6	3.5	3.2
Total non-current assets		666.5	590.9	662.5
Current assets				
Inventories		10.4	9.9	11.3
Other current assets	7	56.4	44.3	33.6
Trade receivables	7	67.7	52.8	66.6
Cash and cash equivalents	7	158.1	125.0	148.2
Total current assets		292.6	232.0	259.7
Total assets		959.1	822.9	922.2
Equity and liabilities				
Total equity				
		677.9	598.6	666.8
Non-current liabilities				
Lease liabilities	7	46.2	17.5	50.3
Other non-current liabilities		1.4	1.2	1.5
Deferred tax liabilities	5	43.2	28.0	30.3
Total non-current liabilities		90.8	46.7	82.1
Current liabilities				
Trade payables	7	8.1	8.7	8.4
Liabilities to credit institutions	7	-	18.4	-
Lease liabilities	7	19.3	17.1	19.0
Deferred income		119.4	92.9	115.3
Other current liabilities	7	43.6	40.5	30.6
Total current liabilities		190.4	177.6	173.3
Total equity and liabilities		959.1	822.9	922.2

Changes in equity, Group

SEK m	Q1		Full-year
	2023	2022	2022
Equity at beginning of period	666.8	585.3	585.3
Warrants, after deductions for transaction costs and tax	0.0	0.0	0.1
Value of share-based remuneration	1.4	0.0	0.9
Dividend	-	-	-
Comprehensive income for the period	9.7	13.3	80.5
Equity at end of period	677.9	598.6	666.8
Of which, attributable to owners of the Parent Company	677.9	598.6	666.8

Cash flows

Condensed consolidated cash flow statement

SEK m	Q1		Full-year
	2023	2022	2022
Incoming payments from customers and other incoming payments	107.5	103.5	412.8
Outgoing payments to suppliers and employees	-73.0	-69.8	-267.6
Interest received	0.0	0.0	0.2
Interest paid	-0.6	-0.4	-1.7
Tax relief received	-	-	11.2
Income taxes paid	-7.8	-4.5	-27.2
Cash flow from operating activities	26.1	28.8	127.7
Investments in property, plant and equipment	-1.0	-1.2	-9.3
Investments in intangible assets	-9.4	-12.2	-50.2
Divestment of financial assets	0.2	-	-
Cash flow from investing activities	-10.1	-13.4	-59.5
Warrants, after deductions for transaction costs	-	-	0.1
Amortization of financial liabilities	-5.4	-4.5	-39.6
Borrowings	-	0.4	-
Cash flow from financing activities	-5.4	-4.1	-39.5
Cash flow for the period	10.6	11.3	28.7
Cash and cash equivalents at beginning of period	148.2	113.4	113.4
Exchange difference in cash and cash equivalents			
- attributable to cash and cash equivalents at beginning of period	-0.9	0.4	5.4
- attributable to cash flow for the period	0.2	-0.1	0.7
Cash and cash equivalents at end of period	158.1	125.0	148.2

Cash and cash equivalents, Group

SEK m	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Cash and cash equivalents at end of period	158.1	125.0	148.2
Unutilized overdraft facilities	50.0	206.6	-
Total available cash and cash equivalents	208.1	331.6	148.2

Key performance measures

Group

	Q1		Full-year
	2023	2022	2022
Gross margin, %	97.0	97.1	97.0
EBITDA, %	23.5	31.1	30.7
Adjusted EBITDA, %	25.1	31.1	31.0
Operating margin, %	10.6	17.8	18.0
Profit margin, %	10.9	16.8	17.5
Cash flow, %	24.2	29.6	30.4
Equity/assets ratio, %	70.7	72.7	72.3
Return on equity, %	1.0	2.0	9.2
Return on capital employed, %	1.8	2.7	11.0
Capital employed, SEK m	743.4	651.6	736.1
Net cash, SEK m	92.6	72.0	78.9
Net debt/equity ratio, multiple	-0.1	-0.1	-0.1
No. of employees at end of period	219	212	209
Average no. of employees	214	203	203
Sales per employee, SEK m	0.5	0.5	2.1

Share data

	Q1		Full-year
	2023	2022	2022
Equity per share, SEK	49.63	43.85	48.81
No. of shares at end of period, million	13.66	13.65	13.66
Average no. of shares, million	13.66	13.65	13.65
Average no. of shares, diluted, million	13.76	13.66	13.75
Cash flow from operating activities per share, SEK	1.91	2.10	9.36
Earnings per share, SEK*	0.47	0.88	4.23
Earnings per share, diluted, SEK*	0.47	0.88	4.20

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

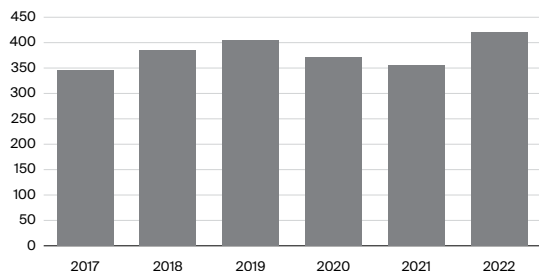
Multi-year overview

	Net sales, SEK m	EBITDA, SEK m	EBITDA margin, %	Operating profit, SEK m	Operating margin, %	Earnings per share, SEK**	Return on equity, %	Cash flow from operating activities per share, SEK	Equity per share, SEK	Share price, SEK	Market capitalization, SEK m
2022	419.9	129.0	30.7	75.7	18.0	4.23	9.2	9.36	48.81	150.40	2,054
2021	355.9	119.9*	33.7*	65.7*	18.5*	-4.94	-11.2	9.65	42.88	117.80	1,608
2020	372.0	132.7	35.7	83.8	22.5	4.35	9.9	8.69	44.97	139.80	1,906
2019	405.6	145.8	35.9	108.4	26.7	5.96	14.2	7.78	43.43	186.00	2,535
2018	385.2	140.1	36.4	115.6	30.0	6.67	20.8	7.05	40.38	243.00	3,310
2017	345.0	127.2	36.9	107.4	31.1	6.33	28.1	9.81	22.99	189.00	2,387

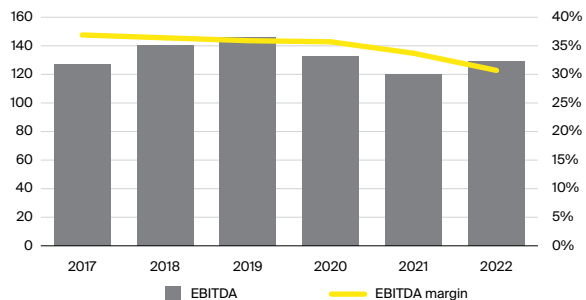
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**Definition in accordance with IFRS.

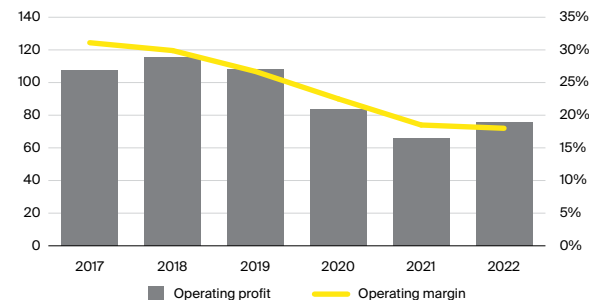
Net sales, SEK m



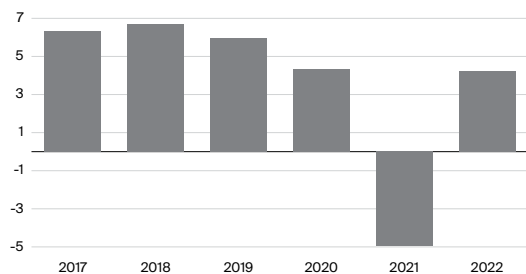
EBITDA and EBITDA margin*



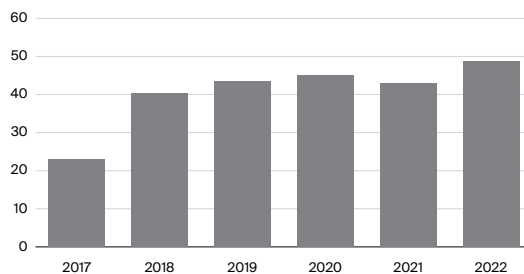
Operating profit and operating margin*



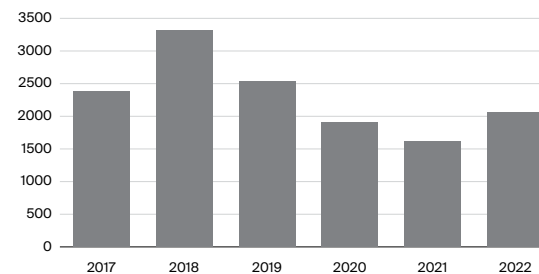
Earnings per share, SEK



Equity per share



Market capitalization, SEK m



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
2023	Q1	107.7	25.3	23.5	11.4	10.6	0.47	1.0	1.91	49.63	126.80	1,732
2022	Q4	108.8	32.4	29.8	16.5	15.2	1.07	2.2	1.89	48.81	150.40	2,054
	Q3	106.1	34.2	32.2	22.1	20.8	1.04	2.6	3.48	47.73	140.00	1,909
	Q2	107.6	31.9	29.6	19.6	18.2	1.05	2.3	1.91	46.00	114.00	1,556
	Q1	97.4	30.3	31.1	17.3	17.8	0.88	2.0	2.11	43.85	132.00	1,802
2021	Q4	91.6	29.2*	31.9*	15.2*	16.6*	-7.72	-16.7	2.97	42.88	117.80	1,608
	Q3	87.9	35.0	39.8	20.9	23.8	1.17	2.4	3.04	49.89	100.00	1,364
	Q2	87.4	25.9	29.6	12.6	14.4	0.68	1.4	2.02	48.39	140.20	1,913
	Q1	88.9	29.8	33.5	17.0	19.1	0.94	2.0	1.61	48.38	132.40	1,806
2020	Q4	90.7	32.5	35.8	19.0	20.9	0.88	1.9	2.04	44.97	139.80	1,906
	Q3	88.9	36.8	41.4	25.4	28.6	1.37	3.1	2.40	45.43	161.00	2,195
	Q2	100.1	36.8	36.8	25.0	25.0	1.29	2.9	3.15	44.10	114.80	1,565
	Q1	92.3	26.6	28.8	14.4	15.6	0.81	1.8	1.10	45.14	116.40	1,587
2019	Q4	106.8	37.0	34.6	27.1	25.4	1.47	3.4	2.27	43.43	186.00	2,535
	Q3	100.0	37.5	37.5	28.1	28.1	1.58	3.9	2.00	42.11	234.50	3,196
	Q2	99.0	32.9	33.2	23.8	24.0	1.23	2.9	2.11	39.63	269.50	3,673
	Q1	99.8	38.4	38.5	29.4	29.5	1.68	4.0	1.40	43.58	260.00	3,542
2018	Q4	102.8	37.6	36.6	31.1	30.3	1.60	3.9	2.45	40.38	243.00	3,310
	Q3	97.9	37.8	38.6	31.3	32.0	1.97	5.0	1.09	40.88	258.50	3,518
	Q2	95.6	30.0	31.4	23.7	24.8	1.20	3.2	1.86	37.29	277.00	3,770
	Q1	88.9	34.7	39.0	29.5	33.2	1.81	5.7	1.51	32.76	230.00	2,905
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

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

** Definition in accordance with IFRS.

Parent Company

Condensed income statement

SEK m	Q1		Full-year
	2023	2022	2022
Net sales	3.4	3.3	13.1
Operating expenses	-4.6	-4.0	-14.1
Operating loss	-1.2	-0.7	-1.0
Profit/loss from financial items	4.3	-0.6	92.4
Profit/loss before tax	3.1	-1.3	91.4
Tax	-0.7	0.2	-20.7
Profit/loss for the period	2.4	-1.1	70.7

Statement of comprehensive income

SEK m	Q1		Full-year
	2023	2022	2022
Profit/loss for the period	2.4	-1.1	70.7
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	2.4	-1.1	70.7

Condensed balance sheet

SEK m	Note	Mar 31,	Mar 31,	Dec 31,
		2023	2022	2022
ASSETS				
Non-current assets				
Property, plant and equipment		0.1	0.2	0.2
Shares in subsidiaries		456.4	481.4	455.1
Other financial assets		0.1	0.1	0.2
Receivables from subsidiaries	9	253.3	0.0	232.5
Total non-current assets		709.9	481.7	687.8
Current assets				
Receivables from subsidiaries	9	0.0	187.9	19.5
Other current assets		93.8	6.0	0.4
Cash and cash equivalents		16.9	4.6	2.5
Total current assets		110.7	198.5	22.3
Total assets		820.6	680.2	710.4
Equity and liabilities				
Total equity				
		699.8	622.6	695.5
Current liabilities				
Trade payables		0.5	1.3	0.9
Liabilities to credit institutions		-	18.4	-
Liabilities to subsidiaries		114.6	23.9	11.9
Other current liabilities		5.7	14.0	2.1
Total current liabilities		120.8	57.6	14.9
Total equity and liabilities		820.6	680.2	710.4

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, 2023 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	Q1		Full-year
	2023	2022	2022
Development solutions	107.3	97.0	418.4
Security solutions	0.4	0.4	1.5
Net sales	107.7	97.4	419.9

SEK m	Q1		Full-year
	2023	2022	2022
License-based revenue	53.3	52.0	233.0
Support and software updates	49.7	41.2	167.9
Other	4.7	4.2	18.9
Net sales	107.7	97.4	419.9
At a point in time	58.0	56.2	252.0
Over time	49.7	41.2	167.9
Net sales	107.7	97.4	419.9

SEK m	Q1		Full-year
	2023	2022	2022
Americas	35.1	31.8	140.7
Asia	38.2	33.1	139.0
Europe	33.9	32.1	138.6
Not allocated by region	0.5	0.4	1.6
Net sales	107.7	97.4	419.9

3. Goodwill

Goodwill increased by SEK 4.6m during the period as a result of currency translation. 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. Goodwill at March 31, 2023 amounted to SEK 371.2m (356.2).

4. Other intangible assets

During the period, other intangible assets increased SEK 3.6m and amounted to SEK 207.7m (180.6) on March 31, 2023. Operating expenses were reduced by SEK 9.4m (12.2) during the period as a result of the capitalization of development costs for software. Of the internally generated costs that were capitalized, SEK 7.6m (10.2) 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 March 31, 2023, the Group had accumulated loss carryforwards outside Sweden of SEK 268.7m (232.0), of which SEK 88.3m (72.0) is recognized in the consolidated balance sheet. The expected tax relief payment in the UK for 2023 connected to research and development costs is estimated at approximately SEK 12.8m (11.0). The payment reduced aggregate loss carryforwards by an equivalent amount. This tax relief was recognized on December 31, 2022 as deferred tax assets, but as of the first quarter of 2023 is recognized under other current receivables.

The deferred tax asset is recognized in the balance sheet in an amount of SEK 4.6m (3.5), and the deferred tax liability is recognized in an amount of SEK 43.2m (28.0), of which SEK 12.8m (13.7) pertains to loss carryforwards. The items deferred tax assets and deferred tax liabilities also include deferred tax assets or liabilities that will be recognized in a net amount since they are connected to the same tax subject.

Notes, cont.

6. Pledged assets

SEK m	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
To secure pensions	22.9	18.3	22.8
To secure liabilities to credit institutions	2.8	2.6	2.9
Total pledged assets	25.7	20.9	25.7

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

7. Information about measurement at fair value

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

8. Related party transactions

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

9. Parent Company's receivables from subsidiaries

The Parent Company's receivables from the subsidiary Secure Thingz Inc, and the sub-subsidiary Secure Thingz Ltd, are not expected to be repaid within 12 months and have thus been classified as non-current receivables.

10. Incentive programs

As of March 31, 2023, the Group had two incentive programs outstanding, LTI 2022 and Exchange Allotment 2018.

LTI 2022

In accordance with the decision of the Extraordinary General Meeting (EGM) on June 13, 2022, a three-year long-term incentive program for key IAR Systems Group employees has been introduced, LTI 2022. The program includes RSUs and covers a maximum of 140,000 shares in IAR Systems Group AB, which were allocated to a maximum of 140 employees at four different levels within the Group. As of March 31, 2023, there were 130,150 RSUs outstanding.

The shares will be transferred to individuals free of charge after three years, provided that the performance conditions and limitations established during the period have been achieved. The performance conditions for this program are that the Group's operating margin is to be at least 20% for each year and that the increase in the Group's net sales is to be between 10% and 15% for each year. The vesting period for the RSUs in the program runs until August 2025, allocated evenly between the periods. The allotted RSUs are vested at a rate of one third from the date of allotment (November 7, 2022) until August 31, 2023, August 31, 2024 and August 31, 2025. Vested RSUs can be exercised after the end of the final vesting period and after the Board has determined that the period conditions for the program have been fulfilled, which is expected to take place in the fourth quarter of 2025. In the event that all RSUs outstanding as of March 31, 2023 were

to be exercised for shares, this would entail total dilution of approximately 1.0% of the number of shares outstanding and votes. For more information about the EGM and the resolutions passed, refer to the company's website: iar.com.

Exchange Allotment 2018

This pertains to the part of remuneration for the acquisition that entails the exchange of an existing stock option program for employees in Secure Thingz. Stock option holders exchange their stock options in Secure Thingz for new stock options in I.A.R. Systems Group AB. The economic value of the new stock options is to correspond to the value of the existing stock options. A total of 575,000 stock options in Secure Thingz have been exchanged for 73,413 stock options in I.A.R. Systems Group AB in accordance with the approval from the Extraordinary General Meeting (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 will continue 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 21,774 stock options were forfeited.

Incentive programs

	Total	Subscribed/ Allocated	Exercised Mar 31, 2023	Forfeited Mar 31, 2023	Qualified Mar 31, 2023	Qualified after Mar 31, 2023
LTI 2022						
RSUs	140,000	140,000	0	9,850	0	130,150
Exchange Allotment 2018						
Stock options	73,413	73,413	45,077	21,774	6,562	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, not including 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 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 during the period.	Measures the company's cash generation in relation to the number of shares 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.
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.

* 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.

	Q1		Full-year
	2023	2022	2022
SEK m			
Net sales	107.7	97.4	419.9
Goods for resale	-3.2	-2.8	-12.8
Gross profit	104.5	94.6	407.1
Gross margin, %	97.0	97.1	97.0

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

	Q1		Full-year
	2023	2022	2022
SEK m			
Operating profit	11.4	17.3	75.7
Depreciation of property, plant and equipment	1.3	1.2	5.3
Depreciation of right-of-use assets	5.3	4.5	20.2
Amortization of intangible assets	7.3	7.3	27.8
EBITDA	25.3	30.3	129.0

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

	Q1		Full-year
	2023	2022	2022
SEK m			
Net sales	107.7	97.4	419.9
EBITDA	25.3	30.3	129.0
EBITDA margin, %	23.5	31.1	30.7

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

	Q1		Full-year
	2023	2022	2022
SEK m			
Operating profit	11.4	17.3	75.7
Depreciation of property, plant and equipment	1.3	1.2	5.3
Depreciation of right-of-use assets	5.3	4.5	20.2
Amortization of intangible assets	7.3	7.3	27.8
Costs for the long-term incentive program	1.7	-	1.2
EBITDA	27.0	30.3	130.2

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

	Q1		Full-year
	2023	2022	2022
SEK m			
Net sales	107.7	97.4	419.9
Adjusted EBITDA	27.0	30.3	130.2
Adjusted EBITDA margin, %	25.1	31.1	31.0

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

	Q1		Full-year
	2023	2022	2022
SEK m			
Net sales	107.7	97.4	419.9
Operating profit	11.4	17.3	75.7
Operating margin, %	10.6	17.8	18.0

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

	Q1		Full-year
	2023	2022	2022
SEK m			
Net sales	107.7	97.4	419.9
Profit before tax	11.7	16.4	73.5
Profit margin, %	10.9	16.8	17.5

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

	Q1		Full-year
	2023	2022	2022
SEK m			
Net sales	107.7	97.4	419.9
Cash flow from operating activities	26.1	28.8	127.7
Cash flow, %	24.2	29.6	30.4

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

	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
SEK m			
Equity	677.9	598.6	666.8
Total assets	959.1	822.9	922.2
Equity/assets ratio	70.7	72.7	72.3

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

	Mar 31, 2023	Dec 31, 2022	Mar 31, 2022	Dec 31, 2021
	SEK m			
Equity	677.9	666.8	592.0	585.3
		Q1	Full-year	
SEK m		2023	2022	2022
Average equity		672.4	592.0	626.1

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

	Q1		Full-year
	2023	2022	2022
SEK m			
Profit after tax	6.4	12.0	57.8
Average equity	672.4	592.0	626.1
Return on equity, %	1.0	2.0	9.2

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

	Mar 31, 2023	Dec 31, 2022	Mar 31, 2022	Dec 31, 2021
	SEK m			
Interest-bearing liabilities	65.5	69.3	53.0	56.0
Cash and cash equivalents	-158.1	-148.2	-125.0	-113.4
Net interest-bearing liabilities	-92.6	-78.9	-72.0	-57.4
Net debt/equity ratio, %	-0.1	-0.1	-0.1	-0.1

Reconciliations, cont.

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

SEK m	Q1		Full-year
	2023	2022	2022
Profit before tax	11.7	16.4	73.5
Financial expenses	0.6	0.9	2.5
Profit before tax plus financial expenses	12.3	17.3	76.0
Return on capital employed, %	1.8	2.7	11.0

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

SEK m	Mar 31,	Dec 31,	Mar 31,	Dec 31,
	2023	2022	2022	2021
Cash and cash equivalents	158.1	148.2	125.0	113.4
Interest-bearing liabilities	-65.5	-69.3	-53.0	-56.0
Net cash	92.6	78.9	72.0	57.4

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

SEK m	Mar 31,	Dec 31,	Mar 31,	Dec 31,
	2023	2022	2022	2021
Total assets	959.1	922.2	822.9	812.8
Non-interest-bearing liabilities	-215.7	-186.1	-171.3	-171.5
Capital employed	743.4	736.1	651.6	641.3

SEK m	Q1		Full-year
	2023	2022	2022
Average capital employed	711.1	646.5	688.7

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

SEK m	Mar 31,	Dec 31,	Mar 31,	Dec 31,
	2023	2022	2022	2021
Equity	677.9	666.8	598.6	585.3
No. of shares at end of period, million	13.66	13.66	13.65	13.65
Equity per share	49.63	48.81	43.85	42.88

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

SEK m	Q1		Full-year
	2023	2022	2022
Cash flow from operating activities	26.1	28.8	127.7
Average no. of shares, million	13.66	13.65	13.65
Cash flow from operating activities per share	1.91	2.11	9.36

The share

The IAR Systems share

I.A.R. Systems Group's class B share is quoted on the Mid Cap list of Nasdaq Stockholm. During the period, the share price varied from a low of SEK 120.2 (105.4) to a high of SEK 166.4 (141.2). I.A.R. Systems Group's market capitalization on March 31, 2023 was SEK 1,732m (1,802). The number of shareholders in I.A.R. Systems Group on March 31, 2023 was 6,870 (7,250). Of these shareholders, 404 (433) held more than 1,000 shares each. Foreign shareholders held approximately 29.0% (29.0) of the share capital.

I.A.R. Systems Group AB's share capital at March 31, 2023 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 7,963 of the Class B shares are held in treasury. Class C shares are not included in the information submitted regarding the I.A.R. Systems Group AB share. Class C 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 program and, in terms of cash flow, to ensure payment of future social security expenses attributable to this program. 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 10 for information about the Group's current incentive programs on the reporting date.

2023 Annual General Meeting

The Annual General Meeting (AGM) of I.A.R. Systems Group AB will be held on April 26, 2023. From the beginning of April 2023, I.A.R. Systems Group AB's 2022 Annual Report is available on the company's website www.iar.com and at the company's premises at Strandbodgatan 1 in Uppsala.

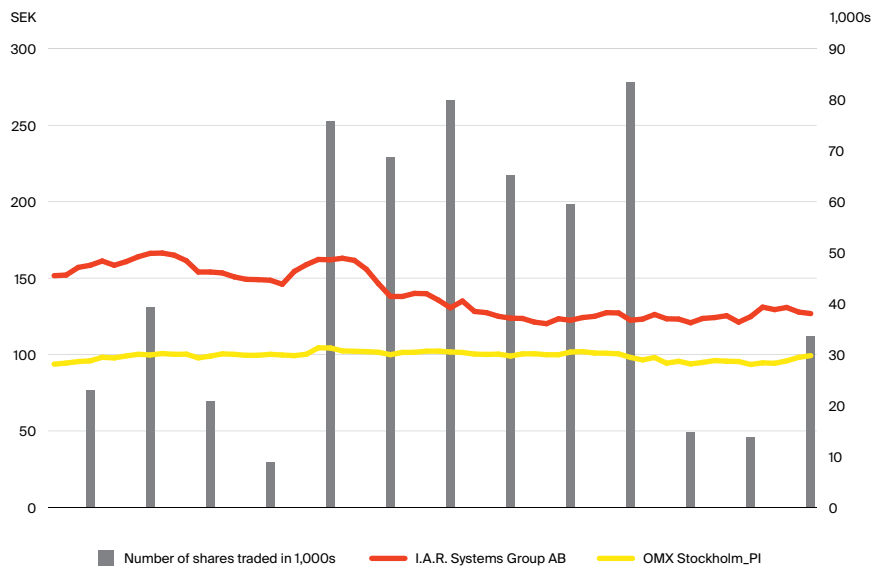
Nominating committee

In accordance with the resolution of the AGM in April 2022, a nominating committee has been appointed ahead of the 2023 AGM and consists of Jonas Eixmann (appointed by Andra AP-fonden), Jonas Rennmark (appointed by Arbetsmarknadets Tillægspension (ATP)), Markus Lindqvist (appointed by Aktia) and Petter Mattsson (appointed by Alcur Fonder). Jonas Eixmann was appointed Chairman of the nominating committee. The nominating committee's motions for the 2023 AGM are available on the company's website, www.iar.com.

Proposed dividend

The Board proposes a dividend of SEK 1.5 per share for approval by the AGM on April 26, 2023.

IAR Systems Group AB, January-March 2023



The share

Breakdown of shareholdings

	No. of shareholders	No. of shareholders, %	Share of capital, %	Share of votes, %
1-500	6,139	89.4	3.5	3.5
501-1,000	327	4.8	1.9	1.9
1,001-10,000	318	4.6	6.6	6.6
10,001-	86	1.3	87.9	87.9
Total *	6,870	100.0	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	6,634	96.6	71.0	71.0
Europe excl. Sweden	186	2.8	26.9	26.9
Other countries	50	0.6	2.1	2.1
Total *	6,870	100.0	100.0	100.0

* excluding 308,042 class C shares held in treasury

Largest shareholders (votes)

	No. of shares	Share of capital, %	Share of votes, %
1. Andra AP-fonden	1,295,415	9.5	9.5
2. Tredje AP-fonden	828,930	6.1	6.1
3. Avanza Pension	761,618	5.6	5.6
4. Alcur Select	751,876	5.5	5.5
5. Fjärde AP-fonden	690,000	5.1	5.1
6. Northern Trust Company London	679,019	5.0	5.0
7. Arbejdsmarkedets Tillaegspension	580,320	4.2	4.2
8. Enter Småbolagsfond	561,429	4.1	4.1
9. Sijoitusrahasto Aktia Nordic Mid	525,000	3.8	3.8
10. Ribbskottet Aktiebolag	500,000	3.7	3.7
11. Sijoitusrahasto Aktia Nordic	432,279	3.2	3.2
12. Säästöpankki Itämeri- Sijoitusrahasto	285,556	2.1	2.1
13. Fondita Nordic Small Cap Investment Fund	270,000	2.0	2.0
14. Tequity Invest AB	306,314	2.2	2.2
15. JP Morgan SE, Luxembourg Branch	153,799	1.1	1.1
Other	5,038,736	36.9	36.9
Total *	13,660,291	100	100

* excluding 308,042 class C shares held in treasury



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

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