



Q1

I.A.R. Systems Group AB

# Interim report January–March 2024

Summary

# Another quarter surpasses “the rule of 40”: 14% growth and an operating margin of 27%

### Summary of the period

The first quarter was a good quarter with excellent growth. Sales in the first quarter amounted to SEK 119.7m (107.7), corresponding to growth of 11.2%, or 14.3% in local currency. Foreign exchange effects had a negative impact of SEK 3.3m on net sales during the quarter. EMEA and North America posted growth of 30.1% and 10.1%, respectively, while APAC posted growth of -4.0%. Adjusted for foreign exchange effects, growth was 29.3% in EMEA, 10.5% in the USA and 4.9% in APAC.

The Group posted an adjusted EBITDA margin of 40.9% (25.1) and an adjusted operating margin of 28.6% (12.2) for the first quarter. The rising margins are due to a combination of excellent sales growth and the full effect in Q1 2024 of the cost-saving measures of approximately SEK 50m annually that were introduced in late 2022.

### First quarter January–March 2024

- Net sales were SEK 119.7m (107.7), with growth of 11.2% and 14.3% in local currency.
- EBITDA of SEK 46.9m (25.3), corresponding to an EBITDA margin of 39.2% (23.5).
- Adjusted EBITDA of SEK 49.0m (27.0), corresponding to an adjusted EBITDA margin of 40.9% (25.1).
- Operating profit of SEK 32.1m (11.4), corresponding to an operating margin of 26.8% (10.6).
- Adjusted operating profit of SEK 34.2m (13.1), corresponding to an adjusted operating margin of 28.6% (12.2).
- Capitalized work on own account amounted to SEK 10.3m (9.4).
- In a year-on-year comparison, currency translation had a negative impact of SEK 3.3m on net sales and a negative impact of SEK 2.2m on operating profit for the period.
- Cash flow from operating activities amounted to SEK 32.7m (26.1).

### Key events during the first quarter

- **President and CEO Richard Lind announced his departure for later in 2024.**
- **New CEO Cecilia Wachtmeister appointed to assume the role no later than October 1.**



During the quarter, we closed two five-year contracts, one in EMEA and one in the USA, that boosted sales.

Richard Lind, CEO

### Q1 in brief:

- **President and CEO Richard Lind announced his departure.**
- **New CEO Cecilia Wachtmeister appointed.**
- **IAR launches the functional safety version of IAR Embedded Workbench for Arm**

### Group summary

	3 months Jan–Mar		Full-year
	2024	2023	2023
Net sales, SEK m	119.7	107.7	458,1
EBITDA, SEK m	46.9	25.3	143,6
Adjusted EBITDA, SEK m	49.0	27.0	153,1
Operating profit, SEK m	32.1	11.4	-204,1
Adjusted operating profit, SEK m	34.2	13.1	96,1
Earnings per share, basic, SEK	5.12	0.47	-16,84
Earnings per share, diluted, SEK	5.03	0.47	-16,84
Cash flow from operating activities, SEK m	32.7	26.1	144,1
Net cash, SEK m	143.9	92.6	145,7
Gross margin, %	97.4	97.0	97.1

\*For definitions and calculations of alternative performance measures, refer to pages 16 and 19.

## Comments from the CEO

# Q1 2024 – Comments from the CEO

In Q3 and Q4 last year, we started to see the results of the intense focus on change we have had for the last two years. We identified and addressed our challenges, then created potent solutions. Our strategic plan, which we established with the Board in September last year, provides clear direction for the “doable” as well as the “desirable.”

### Sales strategy and new geographic markets

Our sales strategy, with its focus on Fortune 2000 customers and securing and expanding major deals, has paid off. We saw gross sales growth of 14.3%. We had some currency headwinds of approximately SEK 3.3m in terms of SEK vs JPY and SEK vs USD, which led to growth of 11.2%. Growth in North America, in local currency, was 10.5%. With the introduction of our new strategy in EMEA and India, we saw growth of 29.3% in local currency in EMEA, including India. As previously announced, we are building a sales organization for the DACH countries (Germany, Austria, Switzerland) and have recruited key employees in and for this region. Growth in Germany was 36%. The adjusted operating margin was 28.6%, compared to 12.2% for Q1 2023. We improved our profitability during the year. Cash flow from operating activities was SEK 32.7m. Deferred income in the form of sold future services and updates grew approximately 11% since Q1 2023.

During the quarter, we completed several major transactions with important customers. In EMEA, we secured a deal worth SEK 8.2m with a German industrial customer, another worth SEK 2.1m with a German automotive technology customer and one worth SEK 6m in the USA with a major medical technology company.

### Growth and expansion

We have room to develop our strategy within APAC. The region posted growth of 4.9%, which was lower than expected. We see potential to increase this figure – China, for example, grew 23%. We will also expand our local presence in Switzerland and Italy with in-house sales resources and wind up the distribution agreements we have there in order to improve customer contracts and sell at higher margins.

We also have several new, customized offerings in the



Sales growth  
of 14.3 %

pipeline, especially for modern continuous integration/continuous deployment (CI/CD) development models that take full advantage of cloud-based services. We have several projects under way to further develop our technology, not least within AI and ML, in addition to projects to improve our value propositions with new solution offerings to customers in 2024 and 2025. This will allow us to expand our market share within the existing market, but also to address new segments we have not yet focused on.

All of this will support our journey from product to platform, taking us several steps closer to our objective:

*“Becoming the premiere development platform within embedded systems and the preferred choice for developers.”*

### It's the journey that is the labor's worth

In my first CEO's comments in the 2022 annual report, I used the metaphor of a journey to describe our transformation. The journey continues. But some journeys have no destination – the journey itself is the goal. I would like to announce that, after delivering on the three-year contract I signed on December 9, 2021, I have chosen to inform the Board that I consider my journey here over. It would be better if a bold successor takes over for the next few years. Even so, I'll remain a firm advocate for IAR and its employees, CEO and Board, ready to provide assistance in need and deed.

*Richard Lind, CEO*



Financial information

# Financial information

## Net sales

The first quarter was good, with excellent net sales growth of 14.3%, adjusted for foreign exchange effects.

APAC accounted for 30.6% of net sales for the quarter, corresponding to SEK 36.7m (38.2) and negative growth of 4.0%. Foreign exchange effects had a negative effect of SEK 3.4m on sales, and excluding foreign exchange effects, growth in APAC was 4.9%. Net sales for the quarter increased 2.3% in Japan and 23.4% in China, but decreased 24.4% in Taiwan and 14.8% in Korea. EMEA accounted for 36.8% of net sales, or SEK 44.1m (33.9), during the quarter and posted growth of 30.1%. Adjusted for foreign exchange effects of SEK 0.2m, net sales in EMEA increased 29.3% for the year. Germany posted strong growth during the quarter of 36.0%, due in part to a major multi-year agreement that was signed during the quarter, while other markets in EMEA posted somewhat lower growth figures. North America accounted for 32.2% of net sales, or SEK 38.6m (35.0), during the year and posted growth of 10.1%. A major multi-year agreement was also signed in North America during the quarter, which contributed to increased growth. Adjusted for foreign exchange effects of SEK 0.1m, net sales in North America increased 10.5% for the quarter.

## Our solutions

Focusing on new customers is important, as is reviewing the price structure and prices to follow inflation and create sales growth, but the most important factor in future growth is offering solutions with significant customer value. Our solutions are being revised to create even greater value and flexibility for

customers and to lay the foundation for new ways to generate income. We are currently testing a new offering where we will offer our development solution IAR Embedded Workbench for Arm (EWARM) as a cloud-based service, which will make it easier for our customers to develop in teams using CI/CD. The offering will be sold as a subscription and launched in late 2024. The subscription offering has good potential to increase the share of recurring income. Today, approximately 50% of our income is already recurring, the majority of which is Support and Update income connected to perpetual licenses sold, though only approximately 25% of new perpetual license customers have historically purchased Support and Update services. We are working to increase the share of recurring income in the form of Support and Update as well as through gradually transitioning from perpetual licenses to subscriptions. This can entail an initial risk of reduced income but can be counteracted through a higher share of recurring income.

IAR has a unique position in the embedded development solutions segment, where we can offer opportunities that no one else can. This includes the ability to use the same tools even when the customer works with several different architectures and solutions. Our solutions in IAR EWARM account for approximately 80% of sales. The 64-bit offering and RISC-V, as well as Security, Safety and Compliance, are areas for future growth.

## Modernizing IAR

As IAR marks its 40th year as a profitable software company, the last two years have seen a modernization of the company

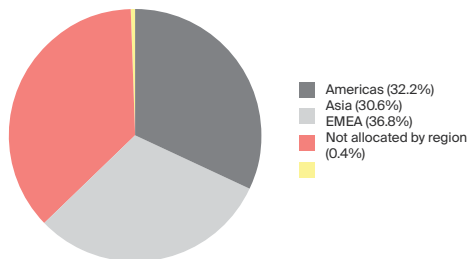
and a review of its cost structure. These measures led to higher margins, but modernization also requires investments in the future, which could have a temporary negative impact on the margin. The modernization of IAR has focused on streamlining organizational processes and IT support, thereby creating a strong foundation for data-driven decision making, with clear goals and easy access to information. Investments have also been made in development and sales, with the goal of strengthening our position as the preferred choice for our customers.

IAR is capitalizing a lower share of its development costs in the balance sheet than in the past, which has had a short-term negative effect on both the operating margin and the EBITDA margin. However, the margins nonetheless displayed a positive trend, which is particularly clear when adjusted for development costs in the Group (refer to the diagram at lower right).

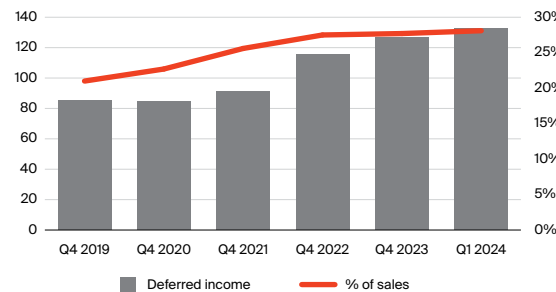
During the quarter, the transfer of IP to Sweden from the UK was completed. This gave the Group and the subsidiary in Cambridge a long-term sustainable internal pricing and financing structure, while also leading to a more effective tax position for the Group. The positive tax during the quarter was a result of loss carryforwards that can now be utilized against future taxable profits in the UK.

Deferred income, meaning income that will be recognized in coming periods, reached SEK 132.3m (119.4) as of March 31 2024. This income primarily relates to sales of support and update services.

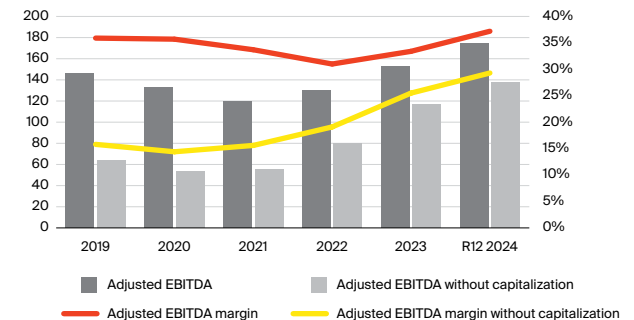
Breakdown of income Q1 2024



Deferred income, SEKm



EBITDA and Adjusted EBITDA margin\*



\*For definitions and calculations of alternative performance measures, refer to pages 16 and 19.

## Financial information

### Net sales

#### Net sales for the first quarter of 2024

Net sales for the quarter increased compared with the same quarter last year and amounted to SEK 119.7m (107.7). Currency translation had a negative impact of SEK 3.3m on net sales for the quarter.

#### Deferred income March 31, 2024

Deferred income in the form of accrued support agreements increased SEK 5.5m during the quarter and amounted to SEK 132.3m (119.4) at March 31, 2024.

### Earnings

#### Earnings for the first quarter of 2024

The gross margin for the quarter was 97.4% (97.0). EBITDA for the quarter amounted to SEK 46.9m (25.3), corresponding to an EBITDA margin of 39.2% (23.5). Adjusted EBITDA for the quarter amounted to SEK 49.0m (27.0), corresponding to an adjusted EBITDA margin of 40.9% (25.1). An adjustment was made for non-recurring items and the recognized costs for the LTI 2022 and LTI 2023 incentive programs. If the performance conditions for these programs are not met and thus no shares are allocated to the holders of these restricted stock units (RSUs), these RSU costs will nevertheless be recognized in pace with expected earnings. This will have no impact on cash flow besides potential social security expenses.

Operating profit for quarter amounted to SEK 32.1m (11.4), corresponding to an operating margin of 26.8% (10.6). Adjusted operating profit for the quarter amounted to SEK 34.2m (13.1), corresponding to an adjusted operating margin of 28.6% (12.2).

Operating expenses were reduced by SEK 10.3m (9.4) during the quarter as a result of the capitalization of development costs for software. Of the internally generated costs that were capitalized, SEK 8.6m (7.7) pertained to personnel costs.

In a year-on-year comparison, currency translation had a negative impact of SEK 2.2m on operating profit.

Net financial items for the quarter amounted to SEK 5.3m (0.3). The increase noted compared with the year-earlier period is primarily due to positive exchange effects, though also in part to higher interest rates.

Tax cost for the quarter was SEK +31.6m (-5.3) and the

effective tax rate for the period was +84.5% (-45.3). The dramatically decreased tax cost/increased tax revenue for the period is due to management's revised assessment concerning the Group's subsidiary in England, which they believe can utilize the historic tax loss carryforwards against future taxable profits. As a result of this, the Group has reversed portions of the historic tax loss carryforwards and is now recognizing deferred tax income of SEK 41m for the period, which also reduced deferred tax liabilities by SEK 21m and increased deferred tax assets by SEK 20m.

### Financial position

We continued to focus on investments in our major product areas in the quarter. Investments in software during the quarter totaled SEK 11.0m (9.4).

Investments in property, plant and equipment for the quarter totaled SEK 0.7m (1.0).

The Group had unutilized bank overdraft facilities of SEK 50.0m as of March 31, 2024. Utilized credit is reported as a liability to credit institutions in the balance sheet.

Other interest-bearing liabilities in the balance sheet pertain to current and non-current lease liabilities and amounted to SEK 51.9m (65.5) at March 31, 2024. Lease liabilities recognized in the balance sheet pertain to commitments for leases and the largest portion is connected to leases for our offices.

The equity/assets ratio at March 31, 2024 was 64.1% (70.7).

### Cash flow and liquidity

Cash flow from operating activities for the quarter amounted to SEK 32.7m (26.1). Our customers' ability to pay remained adequate during 2024, and we have not noted any increased negative effects on cash flow.

Cash flow from investing activities totaled SEK -11.7m (-10.2) for the quarter. Most of these investments pertain to the capitalization of development costs for software.

Cash flow from financing activities totaled SEK -24.6m (-5.4) for the quarter. Cash flow from financing activities primarily comprised the repurchase of own shares but also the amortization of lease liabilities.

### Cash and cash equivalents

Cash and cash equivalents at the end of the period amounted to SEK 195.8m (158.1). The Group's total available cash and cash equivalents at the end of the period amounted to SEK 245.8m (208.1). As of March 31, 2024, the Group had net cash

of SEK 143.9m (92.6). 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 206 (219). The average number of employees during the period was 199 (214).

### 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 3.3m (3.4). Profit after financial items amounted to SEK 5.2m (3.3).

Investments in property, plant and equipment amounted to SEK 0.0m (0.0). Cash and cash equivalents at March 31, 2024 totaled SEK 54.4m (16.9). The number of employees in the Parent Company at the end of the quarter was two (two).

Financial information

Significant risks and uncertainties

The market for IAR's software is evolving rapidly and forecasts about future developments are thus uncertain. I.A.R. Systems Group's assessment is that no significant risks and uncertainties have changed or arisen aside from those described in the 2023 Annual Report under "Administration report" on pages 32-38 and in Note 2 on pages 53-55.

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 2024, August 15, 2024  
Interim report July-September 2024, October 24, 2024

**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 25, 2024 at 1:00 p.m. CEST.**

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

Submission of the report

The Board of Directors and CEO of I.A.R. Systems Group AB hereby submit the interim report for the period and certifies that the report provides a true and fair picture of the business and the Group's and the Parent Company's financial position and results.

*Nicolas Hassbjer*  
Board Chairman

*Cecilia Wachtmeister*  
Board member

*Fred Wikström*  
Board member

*Michael Ingelög*  
Board member

*Sabina Lindén*  
Board member

*Richard Lind*  
CEO



# Income statement

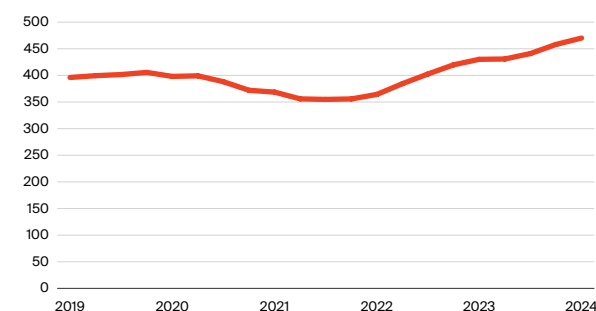
## Condensed consolidated income statement

SEK m	Note	3 months Jan-Mar		Full-year
		2024	2023	2023
Net sales	1, 2	119.7	107.7	458.1
Other income		-	0.9	2.7
Capitalized work on own account		10.3	9.4	36.1
Goods for resale		-3.1	-3.2	-13.4
Other external expenses		-10.8	-12.7	-61.3
Personnel costs		-69.2	-76.8	-278.6
Depreciation of property, plant and equipment		-1.4	-1.3	-5.7
Depreciation of right-of-use assets		-8.4	-5.3	-20.7
Amortization of intangible assets		-5.0	-7.3	-30.6
Impairment of intangible assets		-	-	-29.4
Impairment of goodwill		-	-	-261.3
<b>Operating profit/loss</b>		<b>32.1</b>	<b>11.4</b>	<b>-204.1</b>
Financial income		6.1	0.9	1.6
Financial expenses		-0.8	-0.6	-0.9
<b>Profit/loss before tax</b>		<b>37.4</b>	<b>11.7</b>	<b>-203.4</b>
Tax		31.6	-5.3	-25.6
<b>Profit/loss for the period</b>		<b>69.0</b>	<b>6.4</b>	<b>-229.0</b>
Comprehensive income for the period attributable to owners of the Parent Company		69.0	6.4	-229.0
Earnings per share for the period, basic, SEK		5.12	0.47	-16.84
Earnings per share for the period, diluted, SEK		5.03	0.47	-16.84

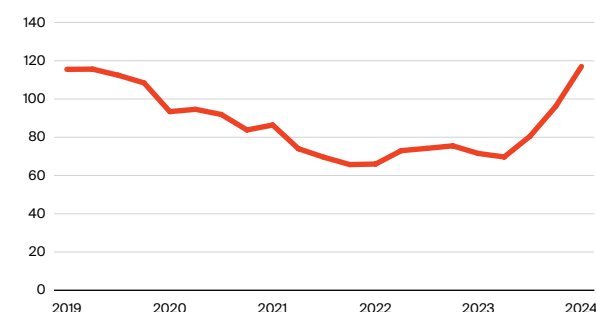
## Statement of comprehensive income

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Profit/loss for the period	69.0	6.4	-229.0
<b>Other comprehensive income for the period</b>			
Items that may be reclassified subsequently to profit or loss:			
Translation differences	-1.6	4.1	10.5
Tax effect, items reported in comprehensive income	-	-0.8	-0.4
Total other comprehensive income	-1.6	3.3	10.1
<b>Comprehensive income for the period</b>	<b>67.4</b>	<b>9.7</b>	<b>-218.9</b>
Comprehensive income for the period attributable to owners of the Parent Company	67.4	9.7	-218.9

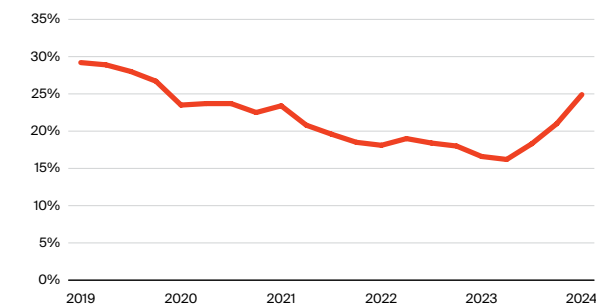
Net sales, rolling 12 months, Q1 2019-Q1 2024



Adjusted operating profit, rolling 12 months, Q1 2019-Q1 2024



Adjusted operating margin, rolling 12 months, Q1 2019-Q1 2024



# Balance sheet

## Condensed consolidated balance sheet

SEK m	Note	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
<b>Assets</b>				
Non-current assets				
Goodwill	3	117.5	371.2	117.5
Other intangible assets	4	185.1	207.7	181.7
Property, plant and equipment		15.4	16.5	15.9
Right-of-use assets		49.0	63.1	49.0
Financial assets	7	3.2	3.4	3.2
Deferred tax assets	5	28.3	4.6	7.4
<b>Total non-current assets</b>		<b>398.5</b>	<b>666.5</b>	<b>374.7</b>
Current assets				
Inventories		10.1	10.4	9.7
Other current assets	7	51.2	56.4	40.2
Trade receivables	7	82.1	67.7	78.0
Cash and cash equivalents	7	195.8	158.1	197.4
<b>Total current assets</b>		<b>339.2</b>	<b>292.6</b>	<b>325.3</b>
<b>Total assets</b>		<b>737.7</b>	<b>959.1</b>	<b>700.0</b>
<b>Equity and liabilities</b>				
Total equity				
		472.6	677.9	423.4
Non-current liabilities				
Lease liabilities	7	32.4	46.2	34.9
Other non-current liabilities		1.6	1.4	1.5
Deferred tax liabilities	5	23.2	43.2	42.6
<b>Total non-current liabilities</b>		<b>57.2</b>	<b>90.8</b>	<b>79.0</b>
Current liabilities				
Trade payables	7	6.8	8.1	6.7
Lease liabilities	7	19.5	19.3	16.8
Deferred income		132.3	119.4	126.8
Other current liabilities	7	49.3	43.6	47.3
<b>Total current liabilities</b>		<b>207.9</b>	<b>190.4</b>	<b>197.6</b>
<b>Total equity and liabilities</b>		<b>737.7</b>	<b>959.1</b>	<b>700.0</b>

## Changes in equity, Group

SEK m	Share capital	Other contributed capital	Translation reserves	Retained earnings	Total equity
<b>Opening balance, January 1, 2023</b>	<b>139.7</b>	<b>228.1</b>	<b>60.4</b>	<b>238.6</b>	<b>666.8</b>
Comprehensive income for the period			10.1	-229.0	-218.9
<b>Transactions with owners</b>					
Share-based remuneration				5.6	5.6
Share buybacks				-9.6	-9.6
Dividend				-20.5	-20.5
<b>Total transactions with owners</b>				<b>-24.5</b>	<b>-24.5</b>
<b>Opening balance, January 1, 2024</b>	<b>139.7</b>	<b>228.1</b>	<b>70.5</b>	<b>-14.9</b>	<b>423.4</b>
Comprehensive income for the period			-1.6	69.0	67.4
<b>Transactions with owners</b>					
Share-based remuneration				1.4	1.4
Share buybacks				-19.6	-19.6
<b>Total transactions with owners</b>					
<b>Closing balance, March 31, 2024</b>	<b>139.7</b>	<b>228.1</b>	<b>68.9</b>	<b>35.9</b>	<b>472.6</b>



# Cash flows

## Condensed consolidated cash flow statement

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Incoming payments from customers and other incoming payments	122.5	107.5	443.6
Outgoing payments to suppliers and employees	-79.2	-73.0	-287.3
Interest received	1.3	0.0	1.6
Interest paid	-0.6	-0.6	-2.6
Tax relief received	-	-	12.9
Income taxes paid	-11.3	-7.8	-24.1
Cash flow from operating activities	32.7	26.1	144.1
Investments in property, plant and equipment	-0.7	-1.0	-5.8
Investments in intangible assets	-11.0	-9.4	-36.3
Divestment of financial assets	-	0.2	0.3
Cash flow from investing activities	-11.7	-10.1	-41.8
Amortization of financial liabilities	-5.0	-5.4	-19.1
Share buybacks	-19.6	-	-9.6
Dividend	-	-	-20.5
Cash flow from financing activities	-24.6	-5.4	-49.2
Cash flow for the period	-3.6	10.6	53.1
Cash and cash equivalents at beginning of period	197.4	148.2	148.2
Exchange difference in cash and cash equivalents - attributable to cash and cash equivalents at beginning of period	2.0	-0.9	-5.7
- attributable to cash flow for the period	0.0	0.2	1.8
Cash and cash equivalents at end of period	195.8	158.1	197.4

## Cash and cash equivalents, Group

SEK m	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Cash and cash equivalents at end of period	195.8	158.1	197.4
Unutilized overdraft facilities	50.0	50.0	50.0
Total available cash and cash equivalents	245.8	208.1	247.4

# Key performance measures

## Group

	3 months Jan-Mar		Full-year
	2024	2023	2023
Gross margin, %	97.4	97.0	97.1
EBITDA, %	39.2	23.5	31.3
Adjusted EBITDA, %	40.9	25.1	33.4
Operating margin, %	26.8	10.6	-44.6
Adjusted operating margin, %	28.6	12.2	21.0
Profit margin, %	31.2	10.9	-44.4
Cash flow, %	27.3	24.2	31.5
Cash conversion rate, multiple	0.67	0.97	0.94
Equity/assets ratio, %	64.1	70.7	60.5
Return on equity, %	15.4	1.0	-42.0
Return on capital employed, %	7.6	1.8	-33.4
Capital employed, SEK m	524.5	743.4	475.1
Net cash, SEK m	143.9	92.6	145.7
Net debt/equity ratio, multiple	-0.3	-0.1	-0.3
No. of employees at end of period	206	219	211
Average no. of employees	199	214	206
Sales per employee, SEK m	0.6	0.5	2.2

## Share data

	3 months Jan-Mar		Full-year
	2024	2023	2023
Equity per share, SEK	34.60	49.63	31.00
No. of shares at end of period, million	13.66	13.66	13.66
Average no. of shares outstanding, million	13.48	13.66	13.66
Average no. of shares outstanding, diluted, million*	13.70	13.76	13.80
Cash flow from operating activities per share, SEK	2.43	1.91	10.55
Earnings per share, basic, SEK**	5.12	0.47	-16.84
Earnings per share, diluted, SEK**	5.03	0.47	-16.84

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

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

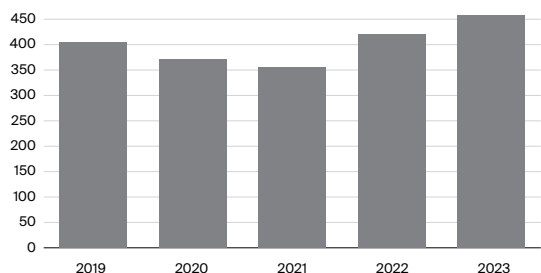
# Multi-year overview

	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
2023	458.1	143.6	31.3	96.1**	21.0**	-16.84	-42.0	10.55	31.00	123.80	1,691
2022	419.9	129.0	30.7	75.7	18.0	4.23	9.2	9.36	48.81	150.40	2,054
2021	355.9	119.9*	33.7*	65.7*	18.5*	-4.94	-11.2	9.65	42.88	117.80	1,608
2020	372.0	132.7	35.7	83.8	22.5	4.35	9.9	8.69	44.97	139.80	1,906
2019	405.6	145.8	35.9	108.4	26.7	5.96	14.2	7.78	43.43	186.00	2,535

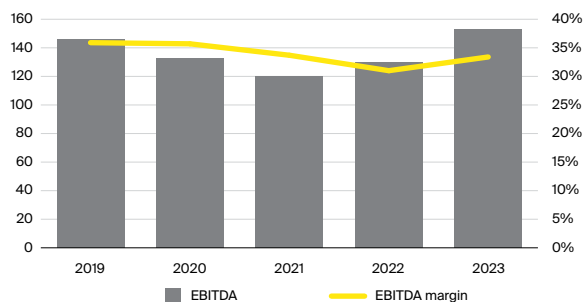
\* Adjusted for non-recurring items, refer to Reconciliations on page 87 of I.A.R. Systems Group AB's 2022 Annual Report.

\*\*Definition in accordance with IFRS.

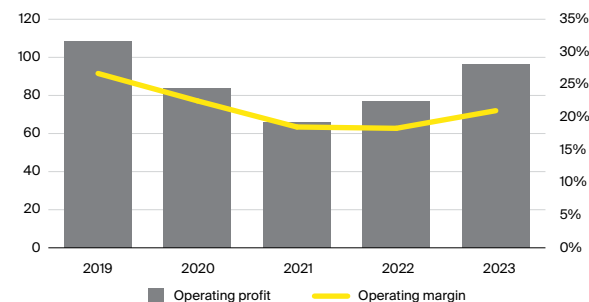
Net sales, SEK m



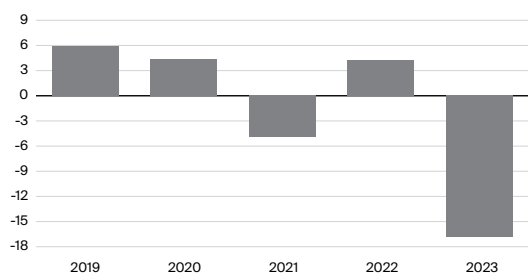
EBITDA and EBITDA margin\*



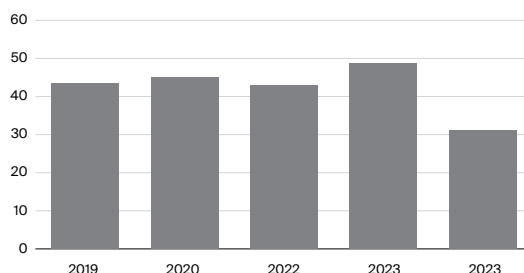
Operating profit and operating margin\*



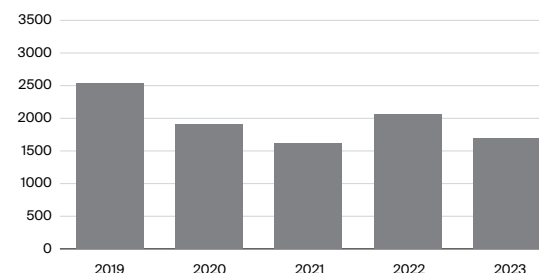
Earnings per share, SEK



Equity per share, SEK



Market capitalization, SEK m



\* Adjusted for non-recurring items, refer to Reconciliations on page 87 of I.A.R. Systems Group AB's 2022 Annual Report.

\*\* Adjusted for non-recurring items, refer to Reconciliations on pages 19-20 of this report

\*\*\* Definition in accordance with IFRS.

## Quarterly overview

		Net sales, SEK m	EBITDA, SEK m	EBITDA margin, %	Operating profit, SEK m	Operating margin, %	Earnings per share, SEK***	Return on equity, %	Cash flow from operating activities per share, SEK	Equity per share, SEK	Share price, SEK	Market capitalization, SEK m
<b>2024</b>	Q1	119.7	46.9	39.2	32.1	26.8	5.12	15.4	2.43	34.60	138.80	1,896
<b>2023</b>	Q4	125.9	44.5	35.3	32.1**	25.5**	-18.79	-45.9	2.70	31.00	123.80	1,691
	Q3	116.3	43.4	37.3	28.9	24.8	1.02	2.0	3.79	50.53	82.30	1,124
	Q2	108.2	30.5	28.2	11.2	10.4	0.45	0.9	2.15	50.01	84.90	1,160
	Q1	107.7	25.3	23.5	11.4	10.6	0.47	1.0	1.91	49.63	126.80	1,732
<b>2022</b>	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
<b>2021</b>	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
<b>2020</b>	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
<b>2019</b>	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

\* Adjusted for non-recurring items, refer to Reconciliations on page 87 of I.A.R. Systems Group AB's 2022 Annual Report.

\*\* Adjusted for non-recurring items, refer to Reconciliations on pages 19-20 in I.A.R. Systems Group's Year-end report 2023.

\*\*\* Definition in accordance with IFRS.

# Parent Company

## Condensed income statement

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Net sales	3.3	3.4	13.1
Operating expenses	-3.4	-4.6	-14.1
Operating loss	-0.1	-1.2	-1.0
Profit/loss from financial items	5.3	4.3	-336.3
Profit/loss before tax	5.2	3.1	-337.3
Tax	-1.1	-0.7	-24.2
Profit/loss for the period	4.1	2.4	-361.6

## Statement of comprehensive income

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Profit/loss for the period	4.1	2.4	-361.6
<b>Other comprehensive income for the period</b>			
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	4.1	2.4	-361.6

## Condensed balance sheet

SEK m	Note	Mar 31,	Mar 31,	Dec 31,
		2024	2023	2023
<b>ASSETS</b>				
Non-current assets				
Property, plant and equipment		0.0	0.1	0.0
Shares in subsidiaries		219.9	456.4	218.7
Other financial assets		0.2	0.1	0.2
Receivables from subsidiaries	9	94.5	253.3	83.8
Total non-current assets		314.7	709.9	302.7
Current assets				
Other current assets		0.9	93.8	0.8
Cash and cash equivalents		54.4	16.9	57.3
Total current assets		55.3	110.7	58.1
<b>Total assets</b>		<b>370.0</b>	<b>820.6</b>	<b>360.8</b>
<b>Equity and liabilities</b>				
Restricted equity				
Restricted equity		139.9	139.7	139.7
Non-restricted equity				
Non-restricted equity		155.7	560.1	170.0
Total equity		295.6	699.8	309.7
Current liabilities				
Trade payables		0.3	0.5	0.9
Liabilities to subsidiaries		70.9	114.6	42.7
Other current liabilities		3.2	5.7	7.5
Total current liabilities		74.4	120.8	51.1
<b>Total equity and liabilities</b>		<b>370.0</b>	<b>820.6</b>	<b>360.8</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 standards and new interpretations from the International Accounting Standards Board (IASB) and the IFRS Interpretation Committee (IFRIC) and amendments to RFR 2 effective as of January 1, 2024 have not had any material impact on the financial statements of the Group or the Parent Company.

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

## 2. Net sales

Net sales are distributed as follows:

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
License-based revenue	62.4	53.3	229.4
Support and software updates	54.2	49.7	210.6
Other	3.1	4.7	18.1
<b>Net sales</b>	<b>119.7</b>	<b>107.7</b>	<b>458.1</b>
At a point in time	65.5	58.0	247.5
Over time	54.2	49.7	210.6
<b>Net sales</b>	<b>119.7</b>	<b>107.7</b>	<b>458.1</b>

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Americas	38.6	35.1	154.9
Asia	36.7	38.2	152.7
Europe	44.1	33.9	148.6
Not allocated by region	0.3	0.5	1.9
<b>Net sales</b>	<b>119.7</b>	<b>107.7</b>	<b>458.1</b>

## 3. Goodwill

Goodwill for the Group at March 31, 2024 amounted to SEK 117.5m (371.2). Recognized goodwill is unchanged since December 31, 2023. Goodwill is recognized at cost less accumulated impairment. Goodwill is tested annually or when a requirement for impairment is indicated. Impairment testing carried out on December 31, 2023 indicated that there was an impairment need for goodwill pertaining to one of the Group's cash-generating units, which resulted in impairment of SEK 261.3m as of December 31, 2023. More information about this is presented on pages 65–66 in IAR Systems Group's 2023 Annual Report.

## 4. Other intangible assets

During the period, other intangible assets increased by SEK 3.4m and amounted to SEK 185.1m (207.7) on March 31, 2024. Operating expenses were reduced by SEK 10.3m (9.4) during the quarter as a result of the capitalization of development costs for software. Of the internally generated costs that were capitalized during the quarter, SEK 8.6m (7.6) pertained to personnel costs.

## 5. Deferred tax

The deferred tax asset attributable to loss carryforwards is recognized only to the extent that it is probable that the loss carryforwards can be utilized against future taxable profits. As of March 31, 2024, the Group had accumulated loss carryforwards outside Sweden of SEK 198.5m (268.7), of which the tax effect, corresponding to 25%, of SEK 80.1m of these loss carryforwards is recognized as deferred tax assets in the consolidated balance sheet. The items deferred tax assets and deferred tax liabilities also include deferred tax assets or liabilities that will be recognized in a net amount when they are connected to the same tax subject.

Deferred tax assets are recognized in the balance sheet in an amount of SEK 28.3m (4.6), and deferred tax liabilities are recognized in an amount of SEK 23.2m (43.2). The increase in deferred tax asset and decrease in deferred tax liability are largely due to management's revised assessment concerning the Group's subsidiary in England, which they believe can utilize the historic tax loss carryforwards against future taxable profits. This was the result of the new transfer pricing model related to the English subsidiary. The Group has reversed portions of the historic tax loss carryforwards and is now recognizing deferred tax income of SEK 41m for the period, which also reduced deferred tax liabilities by SEK 21m and increased deferred tax assets by SEK 20m.

On March 31, 2024, SEK 6.3m was recognized as estimated tax relief related to research and development costs in England for 2023, with expected payout during the second half of 2024. This estimated 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.

# Notes, cont.

## 6. Pledged assets

SEK m	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
To secure pensions	20.4	22.8	20.4
To secure liabilities to credit institutions	1.5	2.9	1.7
<b>Total pledged assets</b>	<b>21.9</b>	<b>25.7</b>	<b>22.1</b>

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, 2024, the Group had three incentive programs outstanding: LTI 2023, LTI 2022 and Exchange Allotment 2018.

### LTI 2023

In accordance with the decision of the Annual General Meet-

ing (AGM) on April 26, 2023, a three-year long-term incentive program for key IAR Systems Group employees has been introduced, LTI 2023. The program includes RSUs and covers a maximum of 145,000 shares in IAR Systems Group AB, 141,000 of which were allocated to a maximum of 140 employees at four different levels within the Group. On March 31, 2024, the number of RSUs outstanding in this program amounted to 134,000.

The shares will be transferred to individuals free of charge after three years, provided that the performance conditions 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 5% and 20% for each year. The vesting period for the RSUs in the program runs until August 2026, allocated evenly between the periods. The allotted RSUs are vested at a rate of one third from the date of allotment (September 1, 2023) until August 31, 2024, August 31, 2025 and August 31, 2026. 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 2026. In the event that all RSUs outstanding as of March 31, 2024 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 AGM and the resolutions passed, refer to the company's website: iar.com.

### LTI 2022

In accordance with the decision of the 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. On March 31, 2024, the number of RSUs outstanding in this program amounted to 126,933.

The shares will be transferred to individuals free of charge

### Incentive programs

	Total	Subscribed/Allocated	Exercised Mar 31, 2024	Forfeited Mar 31, 2024	Qualified Mar 31, 2024	Qualified after Mar 31, 2024
LTI 2023						
RSUs	145,000	141,000	0	7,000	0	134,000
LTI 2022						
RSUs	140,000	140,000	0	13,067	44,317	82,616
Exchange Allotment 2018						
Stock options	73,413	73,413	45,077	21,774	6,562	0

after three years, provided that the performance conditions 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, 2024 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 EGM held on June 15, 2018. Of the 73,413 stock options, 27,450 have an exercise price of SEK 6.50 and 45,963 have an exercise price of SEK 26.00. The vesting of the stock options in the stock option program continued until October 2022 and the program extends until 2027. Vested stock options can be exercised on an ongoing basis until 2027 at the latest. A total of 45,077 stock options were exercised and 21,774 stock options were forfeited.

# Definitions

Certain financial performance measures are presented in this interim report that are not defined in accordance with IFRS. The company believes that these performance measures provide valuable supplementary information to investors and the company's management since they facilitate evaluations of the company's earnings trend and financial position. These

financial performance measures are not always comparable with the measures used by other companies since not all companies calculate financial performance measures in the same way. Accordingly, these financial performance measures must not be regarded as a replacement for the measures defined in accordance with IFRS.

The tables below present performance measures that are not defined in accordance with IFRS, unless otherwise stated. The following section "Reconciliations" presents reconciliations and accounts for the components included in the alternative performance measures used in the company's financial reporting.

Key performance measures	Definition/Calculation	Use
Gross margin	Net sales less the cost of goods sold as a percentage of net sales.	Measures the company's profitability after cost of goods and is used to follow up cost-efficiency and the effect of changes to the product mix.
EBITDA	Earnings before interest, taxes, depreciation and amortization.	This measure basically shows the earnings-generating cash flow in operations. It provides an overview of the business's ability to generate, in absolute terms, resources for investments and payments to investors and is used as a comparison over time.
EBITDA margin	Earnings before interest, tax, depreciation and amortization (EBITDA) in relation to sales, expressed as a percentage.	Aims to show the profitability ratio for current operations.
Adjusted EBITDA	EBITDA according to the above definition, excluding items affecting comparability.	The measure shows the profit-generating cash flow in the operations, excluding costs that complicate comparison with Group earnings in previous periods. This is to more clearly indicate growth in the underlying operations.
Adjusted EBITDA margin	Adjusted EBITDA according to the above definition in relation to sales, expressed as a percentage.	Aims to show the profitability ratio for current operations excluding costs for items affecting comparability such as long-term incentive programs.
Equity, Group	Recognized equity including 79.4% of untaxed reserves. Average equity is calculated as equity at the beginning of the year plus equity at the end of the year divided by two.	Measures the company's net value.
Equity per share	Equity divided by the number of shares at the end of the period.	Measures the company's net value per share.
Sales growth in local currency	Net sales in local currency compared to sales in local currency in the corresponding period last year.	Measures the company's sales growth in local currency and allows the assessment of growth without the influence of foreign exchange effects.
Cash flow	Cash flow from operating activities as a percentage of net sales.	Measures the company's cash generation in relation to net sales.
Cash flow from operating activities per share	Cash flow from operating activities divided by the average number of shares outstanding during the period.	Measures the company's cash generation in relation to the number of shares outstanding in the company.
Net cash	Cash and cash equivalents less interest-bearing liabilities.	A measure of the ability to use available cash and cash equivalents to pay off all liabilities if they were due for payment on the date of the calculation and thereby a measure of the risk in relation to the company's capital structure.
Net interest-bearing liabilities	Interest-bearing liabilities less cash and cash equivalents.	A measure used to follow the liability trend and see the size of the need for refinancing. This measure is one component in calculating net cash and the net debt/equity ratio.



## Definitions, cont.

Key performance measures	Definition/Calculation	Use
Net debt/equity ratio	Net interest-bearing liabilities divided by equity.	This measure reflects the relationship between the Group's two forms of financing. A measure to show the proportion of loan capital in relation to the capital invested by the owners and accordingly a measure of financial strength and also the gearing effect of loans. A higher net debt/equity ratio entails a higher financial risk and higher financial gearing.
Earnings per share*	Profit for the period after tax divided by the average number of shares during the period.	A measure of the company's profitability after tax per share. This key ratio is important in assessing the value of a share.
Return on equity	Profit after tax as a percentage of average equity.	Return on equity shows the total accounting returns on capital invested by the owners and reflects the effects of both the profitability of operations and financial gearing. This measure is mainly used to analyze the profitability of owners over time.
Return on capital employed	Profit before tax plus financial expenses as a percentage of average capital employed.	Return on capital employed shows how well operations use the capital tied up in the business. This measure is mainly used to study the Group's profitability over time.
Interest-bearing liabilities	Borrowings in banks or the equivalent.	This measure is one component in calculating net cash and the net debt/equity ratio.
Operating margin	Operating profit as a percentage of net sales.	This measure reflects the operating profitability of the business. It is useful for following up profitability and efficiency in operations before taking into account capital tied up. This key ratio is used both internally in governance and follow-up of operations and to compare with other companies.
Operating profit	Profit before tax less financial income plus financial expenses.	Used to calculate the operating margin.
Adjusted operating profit	Operating profit according to the above definition, excluding items affecting comparability.	Aims to show the profitability ratio for current operations excluding costs for items affecting comparability such as long-term incentive programs, impairment of assets and/or other non-recurring items affecting comparability.
Adjusted operating margin	Adjusted operating profit according to the above definition in relation to sales, expressed as a percentage.	Aims to show the profitability ratio for current operations excluding costs for items affecting comparability such as long-term incentive programs.
Equity/assets ratio	Equity as a percentage of total assets.	This key ratio shows the proportion of assets financed with equity and can be used as an indication of the company's long-term solvency.
Capital employed	Total assets less non-interest-bearing liabilities. Average capital employed is calculated as capital employed at the beginning of the year plus capital employed at the end of the year divided by two.	The capital made available to the company by shareholders and lenders. This shows the net capital invested in operating activities with the addition of financial assets.
Profit margin	Profit before tax as a percentage of net sales.	Profit margin shows the earnings capacity of the business from operating activities regardless of the tax situation in relation to the company's net sales and can be used to in a comparison with other companies in the same industry.
Cash conversion rate	Cash flow from operating activities divided by adjusted EBITDA	Cash conversion rate shows the company's ability to convert earnings in operations into cash flows.

\* Definition in accordance with IFRS.

# Reconciliations

**Gross margin** is calculated as net sales less the cost of goods sold as a percentage of net sales.

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Net sales	119.7	107.7	458.1
Goods for resale	-3.1	-3.2	-13.4
Gross profit	116.6	104.5	444.7
<b>Gross margin, %</b>	<b>97.4</b>	<b>97.0</b>	<b>97.1</b>

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

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Operating profit/loss	32.1	11.4	-204.1
Depreciation of property, plant and equipment	1.4	1.3	5.7
Depreciation of right-of-use assets	8.4	5.3	20.7
Amortization of intangible assets	5.0	7.3	30.6
Impairment of intangible assets	-	-	29.4
Impairment of goodwill	-	-	261.3
<b>EBITDA</b>	<b>46.9</b>	<b>25.3</b>	<b>143.6</b>

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

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Net sales	119.7	107.7	458.1
EBITDA	46.9	25.3	143.6
<b>EBITDA margin, %</b>	<b>39.2</b>	<b>23.5</b>	<b>31.3</b>

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

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Operating profit/loss	32.1	11.4	-204.1
Depreciation of property, plant and equipment	1.4	1.3	5.7
Depreciation of right-of-use assets	8.4	5.3	20.7
Amortization of intangible assets	5.0	7.3	30.6
Impairment of intangible assets	-	-	29.4
Impairment of goodwill	-	-	261.3
Costs for the long-term incentive program	2.1	1.7	7.3
Restructuring expenses	-	-	2.2
<b>Adjusted EBITDA</b>	<b>49.0</b>	<b>27.0</b>	<b>153.1</b>

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

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Net sales	119.7	107.7	458.1
Adjusted EBITDA	49.0	27.0	153.1
<b>Adjusted EBITDA margin, %</b>	<b>40.9</b>	<b>25.1</b>	<b>33.4</b>

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

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Net sales	119.7	107.7	458.1
Operating profit/loss	32.1	11.4	-204.1
<b>Operating margin, %</b>	<b>26.8</b>	<b>10.6</b>	<b>-44.6</b>

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

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Operating profit/loss	32.1	11.4	-204.1
Impairment of intangible assets	-	-	29.4
Impairment of goodwill	-	-	261.3
Costs for the long-term incentive program	2.1	1.7	7.3
Restructuring expenses	-	-	2.2
<b>Adjusted operating profit</b>	<b>34.2</b>	<b>13.1</b>	<b>96.1</b>

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

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Net sales	119.7	107.7	458.1
Adjusted operating profit	34.2	13.1	96.1
<b>Adjusted operating margin, %</b>	<b>28.6</b>	<b>12.2</b>	<b>21.0</b>

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

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Net sales	119.7	107.7	458.1
Profit/loss before tax	37.4	11.7	-203.4
<b>Profit margin, %</b>	<b>31.2</b>	<b>10.9</b>	<b>-44.4</b>

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

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Net sales	119.7	107.7	458.1
Cash flow from operating activities	32.7	26.1	144.1
<b>Cash flow, %</b>	<b>27.3</b>	<b>24.2</b>	<b>31.5</b>

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

SEK m	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
	Equity	472.6	677.9
Total assets	737.7	959.1	700.0
<b>Equity/assets ratio</b>	<b>64.1</b>	<b>70.7</b>	<b>60.5</b>

## Reconciliations, cont.

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

SEK m	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2022
Equity	472.6	423.4	677.9	666.8
	3 months Jan-Mar		Full-year	
	2024	2023	2023	
<b>Average equity</b>	<b>448.0</b>	<b>672.4</b>	<b>545.1</b>	

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

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Profit/loss after tax	69.0	6.4	-229.0
Average equity	448.0	672.4	545.1
<b>Return on equity, %</b>	<b>15.4</b>	<b>1.0</b>	<b>-42.0</b>

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

SEK m	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2022
Interest-bearing liabilities	51.9	51.7	65.5	69.3
Cash and cash equivalents	-195.8	-197.4	-158.1	-148.2
Net interest-bearing liabilities	-143.9	-145.7	-92.6	-78.9
<b>Net debt/equity ratio, multiple</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.1</b>	<b>-0.1</b>

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

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Profit/loss before tax	37.4	11.7	-203.4
Financial expenses	0.8	0.6	0.9
Profit/loss before tax plus financial expenses	38.2	12.3	-202.5
<b>Return on capital employed, %</b>	<b>7.6</b>	<b>1.8</b>	<b>-33.4</b>

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

SEK m	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2022
Cash and cash equivalents	195.8	197.4	158.1	148.2
Interest-bearing liabilities	-51.9	-51.7	-65.5	-69.3
<b>Net cash</b>	<b>143.9</b>	<b>145.7</b>	<b>92.6</b>	<b>78.9</b>

**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, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2022
Total assets	737.7	700.0	959.1	922.2
Non-interest-bearing liabilities	-213.2	-224.9	-215.7	-186.1
<b>Capital employed</b>	<b>524.5</b>	<b>475.1</b>	<b>743.4</b>	<b>736.1</b>

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Average capital employed	499.8	711.1	605.6

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

SEK m	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2022
Equity	472.6	423.4	677.9	666.8
No. of shares at end of period, million	13.66	13.66	13.66	13.66
<b>Equity per share</b>	<b>34.6</b>	<b>31.00</b>	<b>49.63</b>	<b>48.81</b>

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

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Cash flow from operating activities	32.7	26.1	144.1
Average no. of shares outstanding, million	13.48	13.66	13.66
<b>Cash flow from operating activities per share</b>	<b>2.43</b>	<b>1.91</b>	<b>10.55</b>

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

SEK m	3 months Jan-Mar		Full-year
	2024	2023	2023
Cash flow from operating activities	32.7	26.1	144.1
Adjusted EBITDA	49.0	27.0	153.1
<b>Cash conversion rate, multiple</b>	<b>0.67</b>	<b>0.97</b>	<b>0.94</b>

The share

# THE IAR SYSTEMS GROUP SHARE

I.A.R. Systems Group's class B share is quoted on the Mid Cap list of Nasdaq Stockholm. During the period, the share price varied from a low of SEK 126.2 (120.2) to a high of SEK 139.0 (166.4). I.A.R. Systems Group's market capitalization on March 31, 2024 was SEK 1,896m (1,732). The number of shareholders in I.A.R. Systems Group on the same date was 6,700 (6,870). Of these shareholders, 357 (404) held more than 1,000 shares each. Foreign shareholders held approximately 26.4% (29.0) of the share capital.

I.A.R. Systems Group AB's share capital at March 31, 2024 amounted to SEK 139,683,334, divided between 13,968,333 shares, of which 13,660,291 are class B shares and 308,042 are class C shares. All of the class C shares and 255,292 of the class B shares are held in treasury, of which 151,605 class B shares were acquired during the current quarter under the buyback program that the Board approved on August 29, 2023. Class C shares are not included in the information

submitted regarding the I.A.R. Systems Group AB share and these shares do not entitle the holder to dividends.

The aim of the company's treasury holding is to ensure the delivery of shares to employees through the exercise of stock options and RSUs according to the Group's incentive programs (and, in terms of cash flow, to ensure payment of future social security expenses attributable to these programs), and to provide the Board with greater freedom when it comes to the Group's capital structure. As for the incentive programs, prior to any delivery of shares according to the Group's employee ownership program, the company converts the class C shares into class B shares. A total of 51,646 class C shares have been converted into class B shares to be delivered under an incentive program since the original buyback of 359,688 class C shares.

Refer to Note 10 for information about the Group's current incentive programs on the reporting date.

### 2024 AGM

The AGM of I.A.R. Systems Group AB will be held on April 25, 2024. From the beginning of April 2024, I.A.R. Systems Group AB's 2023 Annual Report is available on the company's website [www.iar.com](http://www.iar.com) and at the company's premises at Strandbodgatan 1 in Uppsala.

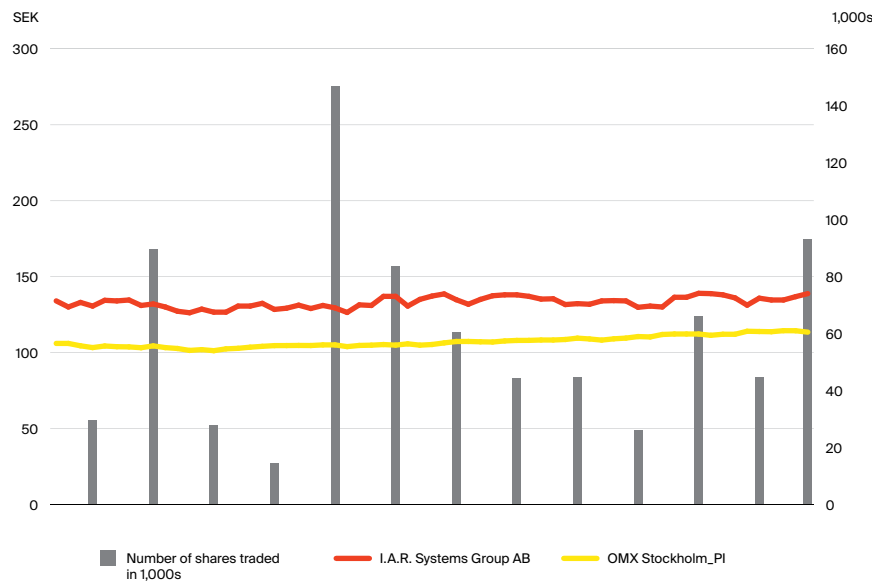
### Nominating committee

In accordance with the resolution of the AGM in April 2023, a nominating committee has been appointed ahead of the 2024 AGM and consists of Jonas Eixmann (appointed by Andra AP-fonden), Peter Lundkvist (appointed by Tredje AP-fonden), 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 2024 AGM are available on the company's website, [www.iar.com](http://www.iar.com).

### Proposed dividend

The Board proposes a dividend of SEK 1.5 per share for approval by the AGM on April 25, 2024.

IAR Systems Group AB Interim report January-March 2024



## The share

### Shareholder type

	No. of shares	No. of shareholders	Share of capital, %	Share of votes, %
Funds	4,283,828	22	30.7	30.7
Private individuals	4,092,051	6,405	29.3	29.3
Pension and insurance companies	3,128,768	10	22.4	22.4
Other	2,155,644	263	17.6	17.6
<b>Total *</b>	<b>13,660,291</b>	<b>6,700</b>	<b>100.0</b>	<b>100.0</b>

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

### Geographical distribution

	No. of shareholders	No. of shareholders, %	Share of capital, %	Share of votes, %
Sweden	6,495	96.9	73.6	73.6
Finland	33	0.5	9.6	9.6
UK	15	0.2	5.3	5.3
Denmark	30	0.4	4.3	4.3
Germany	14	0.2	2.2	2.2
Other countries	113	1.7	5.1	5.1
<b>Total *</b>	<b>6,700</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

### Breakdown of shareholdings

	No. of shareholders	No. of shareholders, %	Share of capital, %	Share of votes, %
1-500	6,030	90.0	3.4	3.4
501-1,000	313	4.7	1.8	1.8
1,001-10,000	292	4.3	6.0	6.0
10,001-	65	1.0	88.8	88.8
<b>Total *</b>	<b>6,700</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

### Largest individual shareholders

	No. of shares	Share of capital, %	Share of votes, %
1. Alcur Fonder	1,326,869	9.7	9.7
2. Andra AP-fonden	1,295,415	9.5	9.5
3. Avanza Pension	1,134,750	8.3	8.3
4. Aktia Asset Management	859,758	6.3	6.3
5. Tredje AP-fonden	682,999	5.0	5.0
6. Fjärde AP-fonden	590,000	4.3	4.3
7. JP Morgan Chase Bank NA	582,369	4.3	4.3
8. Arbejdsmarkedets Tillægspension	580,320	4.2	4.2
9. Ribbskottet	500,000	3.7	3.7
10. Highclere International Investors LLP	454,885	3.3	3.3
Other	5,652,926	41.4	41.4
<b>Total *</b>	<b>13,660,291</b>	<b>100.0</b>	<b>100.0</b>

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



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

Corporate identification number 556400-7200  
Strandbodgatan 1A, Box 23051, SE-753 23 Uppsala  
[www.iar.com](http://www.iar.com)

Richard Lind, CEO, [richard.lind@iar.com](mailto:richard.lind@iar.com)  
Ann Zetterberg, CFO, [ann.zetterberg@iar.com](mailto:ann.zetterberg@iar.com)