

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

The shareholders of I.A.R Systems Group AB (publ) (the “Company” or “IAR Systems”) are hereby invited to attend the Annual General Meeting of shareholders to be held on Tuesday 26 April 2022.

Due to Covid-19 and in an effort to reduce the spread of infection, the Board of Directors has decided that the Annual General Meeting will be held without the physical presence of shareholders, proxies or outside parties, and that shareholders will only be able to exercise their voting rights through postal voting in accordance with the instructions specified below. Information regarding the resolutions passed by the Annual General Meeting will be published on 26 April 2022 as soon as the results of the postal voting have been finalized.

A speech by CEO Richard Lind, during which he comments on the company’s operations in the 2021 financial year, will be published (in Swedish) on the company’s website, <https://www.iar.com/investors/>, on Tuesday 26 April 2022.

Registration and notification

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

- be registered as a shareholder in the share register prepared by Euroclear Sweden AB as of Thursday 14 April 2022, and
- notify the company of their intention to participate in the Meeting by submitting their postal vote in accordance with the instructions under the heading “Postal voting” below in such a manner that the company has received the postal vote by Monday 25 April 2022 at the latest.

To be entitled to participate in the Annual General Meeting, shareholders whose shares are held in the name of a nominee must, in addition to providing notification of their participation in the Annual General Meeting by submitting their postal vote, re-register the shares in their own name so that the shareholders are registered in the share register on Thursday 14 April 2022. This re-registration may be temporary (known as “voting rights registration”) and is carried out through the nominee according to their procedures at a time predetermined by the nominee. Voting rights registration that has been completed by the nominee no later than Wednesday 20 April 2022, will be recognized in the share register.

Postal voting

The Board of Directors has decided that the shareholders may exercise their voting rights only by postal voting, pursuant to Section 22 of the Swedish Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations (2022:121).

In order to reduce the manual handling that physical postal votes entail, shareholders are encouraged to primarily cast their postal vote electronically through a digital form that is available on the company’s website <https://www.iar.com/investors/>.

For shareholders who do not have the opportunity to cast their vote through the digital postal voting form above, a form is also available for printing and completion by hand on the company's website <https://www.iar.com/investors/> and at the company's head office in Uppsala. To have the postal voting form sent by post, please contact the company by phone +46 709-10 07 34.

The completed and signed postal voting form must be received by the company no later than Monday 25 April 2022. The postal voting form may be sent either electronically in accordance with above, by e-mail to josefin.skarin@iar.com or by post to IAR Systems Group AB, Box 23051, 750 23 Uppsala. Regardless of the procedure, the completed form must be received by the company no later than Monday 25 April 2022.

The conditions and instructions for postal voting are presented on the form. Shareholders are not allowed to include special instructions or conditions in the postal vote. If such instructions or conditions are included in the postal vote, the vote (meaning the postal vote in its entirety) will be null and void.

Power of attorney

If shareholders wish to cast their postal vote through a proxy, a written and dated power of attorney signed by the shareholder must be enclosed with the form. The power of attorney form is available on the company's website <https://www.iar.com/investors/>. If the shareholder is a legal entity, a registration certification or an equivalent authorization document must be enclosed along with the form.

Shareholders' right to receive information

If a shareholder so requests and the Board of Directors considers it possible without this resulting in material damage to the company, the Board of Directors and the CEO must provide information concerning conditions that could influence the assessment of items on the agenda, information concerning conditions that could influence assessments of the financial condition of the company or subsidiaries as well as the company's relationship with other Group companies. Requests for such information questions are to be submitted to the company no later than ten days prior to the Annual General Meeting, that is, no later than 16 April 2022, at I.A.R. Systems Group AB, Box 23051, SE-750 23 Uppsala, Sweden or by e-mail to josefin.skarin@iar.com. Such information will be made available on the company's website <https://www.iar.com/investors/> and at the company's head office at Strandbodgatan 1 in Uppsala no later than Thursday 21 April 2022. The information will also be available from the company at Strandbodgatan 1 in Uppsala on the same date. Information will also be sent to shareholders who requested the information and provided an address.

Proposed agenda

1. Election of the Chairman of the Meeting.
2. Election of one or two persons to check and sign the minutes.
3. Preparation and approval of the voting list.
4. Approval of the agenda.

5. Decision as to whether the AGM has been duly convened.
6. Presentation of the annual accounts, the auditor's report, the consolidated financial statements and the consolidated auditor's report.
7. Resolutions on:
 - a. adoption of the income statements and balance sheets of the Parent Company and the Group,
 - b. appropriation of the company's profits according to the adopted balance sheet, and
 - c. discharge from liability for the members of the Board of Directors and the CEO.
8. Resolution on the number of Board members and deputies.
9. Resolution on fees to be paid to the Board of Directors and auditors.
10. Election of Board members and the Board Chairman.
11. Election of auditors.
12. Approval of the remuneration report.
13. Resolution to adopt the long-term incentive program 2022 and authorization for the Board to resolve on transfer of own shares:
 - a. adoption of LTI 2022,
 - b. transfer of own shares to the Participants, and
 - c. transfer of own shares on a regulated market.
14. Resolution on the authorization of the Board to decide on the issue of new shares and/or convertibles.
15. Resolution on the authorization of the Board to decide on the repurchase and transfer of treasury shares.
16. Other business to be addressed by the AGM according to the Swedish Companies Act (2005:551) or the Articles of Association.
17. Adjournment of the AGM

Proposals for resolution

Item 1 – Election of the Chairman of the Meeting

The nominating committee – comprising Jonas Eixmann (Chairman of the nominating committee), appointed by Andra AP-fonden, Ossian Ek Dahl, appointed by Första AP-fonden, Markus Lindqvist, appointed by Aktia and Jan Dworsky appointed by Swedbank Robur Fonder – proposes that Board Chairman Nicolas Hassbjer be elected as Chairman of the Meeting.

Item 2 – Election of one or two persons to check and sign the minutes

The Board of Directors proposes that one minutes-checker and the Chairman of the Meeting be elected to check and sign the minutes. The Board also proposes that Jonas Eixmann, or in the event he is unable to participate, the individual appointed by the Board, be elected as the minutes-checker. The role of the minutes-checker also includes checking the voting list and ensuring that all postal votes received are correctly recorded in the minutes of the Meeting.

Item 3 – Preparation and approval of the voting list

The proposed voting list is the voting list prepared by the company, based on the share register as of 14 April 2022 and the postal votes received, and checked by the minutes-checkers.

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

The Board of Directors proposes that the earnings at the disposal of the Annual General Meeting according to the company's balance sheet, amounting to SEK 484,025,685.59 be carried forward.

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

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

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

The nominating committee proposes that Board fees be paid in an amount of SEK 1,300,000, of which SEK 500,000 to the Board Chairman and SEK 200,000 to each of the non-executive Board members. It is proposed that fees to the auditors be paid according to approved invoices.

Item 10 – Election of Board members and the Board Chairman

The nominating committee proposes the re-election of Board members Nicolas Hassbjer, Michael Ingelög, Fred Wikström and Cecilia Wachtmeister, and new election of Sabina Lindén. The nominating committee also proposes the re-election of Nicolas Hassbjer as Board Chairman. Richard Lind and Kent Sander have declined re-election.

Sabina Lindén is Group Chief Human Resource Officer in Unident Group, with responsibility for quality, sustainability and HR. Prior to that, she was part of the group management team in HMS Industrial Networks for more than ten years, in the role of Human Resources Director. Sabina has extensive experience of building and pursuing operational and strategic HR, especially in companies with strong growth. She also holds board positions in Sigicom, Lumen Radio and the non-profit business WOW Foundations. Sabina has a Bachelor in Human Resource Management from the University of Gothenburg.

Information about the proposed Board members is available on the company's website:

<https://www.iar.com/investors/>.

Item 11 – Election of auditors

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

Item 12 – Approval of the remuneration report

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

Item 13 – Resolution to to adopt the long-term incentive program 2022 and authorization for the Board to resolve on transfer of own shares

The Board of Directors proposes that the General Meeting resolves to adopt a performance-based incentive program for certain employees in IAR ("LTI 2022") in accordance with item 13 (a), (b) and (c) below.

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

The LTI 2022 have a three-year program term and implies that the participants are allocated Restricted Stock Units ("RSUs") which gives the right to acquire IAR shares.

The detailed terms and principles of the LTI 2022 are described below.

Item 13 (a) – Adoption of LTI 2022

For LTI 2022, the following terms and conditions shall apply:

A maximum of 140 000 RSUs may be allotted to participants in LTI 2022. Allotment of RSUs can be made until the Annual General Meeting 2023.

A maximum of 140 employees shall be allowed to participate in LTI 2022. The participants are divided into four categories based on their respective roles in the Company. The distribution of RSUs is shown below:

- Category 1: The CEO may be offered a maximum of 10,000 RSUs.
- Category 2: Management, consisting of 11 employees, may be offered a total of a maximum of 42,000 RSUs, whereby each employee within the category may be offered a maximum of 3,800 RSUs.
- Category 3: Key employees, consisting of 35 employees, may be offered a total of a maximum of 42,000 RSUs, whereby each employee within the category may be offered a maximum of 1,250 RSUs.
- Category 4: Other key individuals and employees, consisting of 90 persons, may be offered a total of a maximum of 46,000 RSUs, whereby each employee within the category may be offered a maximum of 550 RSUs.

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

Allotment of RSUs is in each case conditional upon (i) that the participant's employment or assignment in the Company has not been terminated, with certain exceptions, and (ii) that the participant has entered a separate agreement concerning the RSUs with the Company. The Board shall ensure that the agreements with the participants contain terms and conditions that prohibit the transfer or pledge of the RSUs and that stipulates that unvested RSUs will, with certain exceptions, be forfeited should the participant's employment or assignment in the Company be terminated.

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

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

The calculation of the LTI 2022 RSU outcome for each Participant in relation to maximum performance value shall be connected to Company related performance targets established by the Board, or other similar metrics deemed appropriate by the Board.¹ The performance target adopted by the Board will stipulate a minimum level, a target level, and a maximum level, that may be adjusted if deemed appropriate.

Target 1 Annual sales growth. If the target level is reached, the allocation will amount to 100%. If the performance outcome is below the target level but exceeds the minimum level, a proportionate allocation of RSUs will be made.

Target 2 Annual EBIT margin shall amount to the minimum level.

No allotment of RSUs will take place if the outcome amounts to or is below the minimum level for both performance targets.

The Board will decide on the outcome of the established performance target during the first quarter of 2025. The performance targets are measured over a three-year period.

Provided that the RSUs have been allotted and vested, each RSU grants the holder a right to, during the period from 1st September 2025, up to and including 1st October 2025, as decided by the Company, acquire one (1) share in the Company.

Participation in LTI 2022 is in each case conditional upon the participation being legally possible as well as possible with reasonable administrative costs and financial efforts based on the Company's assessment.

The Board shall be responsible for the agreements with the participants and the administration of LTI 2022. In connection therewith, the Board has the right to make adjustments in order to adjust to certain rules or market conditions outside of Sweden. Further, in extraordinary cases,

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

the Board is entitled to limit the extent of LTI 2022 or terminate the program in advance, in whole or in part.

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

Dilution and costs

The maximum dilution effect of LTI 2022, not taking into account the transfer of shares to cover social costs in accordance with paragraph 13 (c), amounts to 1.0 percent of the total number of shares and votes in the Company.

The RSUs will be regarded as personnel costs during the vesting period, without any impact on the Company's cash flow. If the RSUs are exercised, LTI 2022 may also entail costs in the form of social security contributions. The total costs for the social security contributions will depend, partially on the participant's employment or assignment form in the Company, partially on the number of RSUs that will be vested, and partially on the value of the benefit that the participant finally receives, i.e., on the value of the RSUs when exercised in 2025. The costs due to social security contributions will be accrued over the vesting period. The Company intends to hedge the entire cost of the social security contributions through an allocation of already held IAR shares, in accordance with the Board's proposal in item 13 (c) below, which may be exercised by a financial third party in connection with the exercise of the RSUs. If the Company creates such a hedge structure, the costs for social security contributions will not affect the Company's cash flow.

Based on the assumption that all RSUs in LTI 2022 are vested, an assumed share price of SEK 176,4 when the RSUs are exercised, and an assumed average social security rate of approximately 20% percent, the total costs for the program including social security contributions will amount to approximately MSEK 21 which yearly corresponds to approximately 3.2 percent of the Company's salary costs for employees (including social security contributions) for the 2021 financial year.

Preparation of proposal

The Board has prepared LTI 2022 in consultation with external advisors.

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

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

- IAR shall have the right to transfer up to 140 000 shares, free of charge, to the Participants under the terms and conditions of the LTI 2022.
- The number of shares has been calculated on the basis of maximum participation and maximum fulfilment of performance targets.

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

The Board proposes that the Annual General Meeting shall resolve to authorize the Board to, during the period until the Annual General Meeting 2025, resolve on transfer of the company's own shares in accordance with the following:

- A maximum of 26,600 shares may be transferred to cover social costs
- Transfer shall only be made on a regulated market or in a market corresponding to a regulated market outside the European Economic Area.
- Transfer shall only be made at a price which is within the at any time recorded registered price interval, which shall refer to the interval between the highest buying price and the lowest selling price.
- Payment for the shares shall be made in cash.

The reason for the Board's proposal is that the Company shall have the opportunity to secure the costs for social security contributions related to LTI 2022.

Majority requirements

The resolution of the Annual General Meeting on implementation of the program according to item (a) above requires that more than half of the votes cast at the Annual General Meeting approve the proposal. The Annual General Meeting's resolution on item (b) above requires that shareholders representing at least nine-tenths of the votes cast as well as the shares represented at the Annual General Meeting approve the proposal. The Annual General Meeting's resolution on item (c) above requires that shareholders representing at least two-thirds of the votes cast as well as the shares represented at the Annual General Meeting approve the proposal.

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

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

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

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

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

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

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

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

Other

The annual report, the auditor's opinion on the application of the guidelines for remuneration of senior executives, the complete proposals of the Board and the nominating committee as set out above,

including related documents under the Swedish Companies Act (2005:551), and postal voting and power of attorney forms will be available from the company at Strandbodgatan 1, Uppsala, or Kungsgatan 33, Stockholm, and on the company's website <https://www.iar.com/investors/>. Copies of the documents will be sent free of charge to shareholders who so request and who provide their mailing address.

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

As of 28 March 2022, the company had a total of 13 968 333 shares, comprising 13,649,445 class B shares and 318,888 class C shares, corresponding to a total of 13,968,333 votes. No class A shares were issued. The company currently holds 318,888 class C shares.

Stockholm, March 2022

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

Board of Directors