

Notice to attend the Extraordinary General Meeting 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 Extraordinary General Meeting of shareholders to be held on Monday 13 June 2022.

The Board of Directors has decided that the Extraordinary 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 Extraordinary General Meeting will be published on Monday 13 June 2022 as soon as the results of the postal voting have been finalized.

Registration and notification

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

- be registered as a shareholder in the share register prepared by Euroclear Sweden AB as of Thursday 2 June 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 Friday 10 June 2022 at the latest.

To be entitled to participate in the Extraordinary General Meeting, shareholders whose shares are held in the name of a nominee must, in addition to providing notification of their participation in the Extraordinary 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 2 June 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 Tuesday 7 June 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 at the Company’s head office in Uppsala. To have the postal voting form sent by post, please contact the Company by phone +46 708-37 21 23.

The completed and signed postal voting form must be received by the Company no later than Friday 10 June 2022. The postal voting form may be sent either electronically in accordance with above, by e-mail to investorrelations@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 Friday 10 June 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 authorisation 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 Extraordinary General Meeting, that is, no later than Friday 3 June 2022, at I.A.R. Systems Group AB, Box 23051, SE-750 23 Uppsala, Sweden or by e-mail to investorrelations@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 Wednesday 8 June 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 Extraordinary General Meeting has been duly convened.
6. Resolution to adopt the long-term incentive program 2022 and authorisation 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.
7. Adjournment of the Extraordinary general Meeting

Proposals for resolution

Item 1 – Election of the Chairman of the Meeting

The Board of Directors proposes that Nicolas Hassbjer, the Chairman of the Board, 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 2 June 2022 and the postal votes received, and checked by the minutes-checkers.

Item 6 – Resolution to to adopt the long-term incentive program 2022 and authorisation 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 6 (a), (b) and (c) below. The proposal mainly corresponds to the proposal presented at the Annual General Meeting 26 April 2022.

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 6 (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 from the Extraordinary General Meeting 2022 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.

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| <i>Target 1</i> | 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. |
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| <i>Target 2</i> | Annual EBIT margin shall amount to the minimum level. |
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¹ With a possibility for the Board to make adjustments for extraordinary events.

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, 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 6 (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 6 (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 6 (b) - transfer of own shares to the Participants

The Board proposes that the Extraordinary 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 6 (c) - transfer of own shares on a regulated market

The Board proposes that the Extraordinary General Meeting shall resolve to authorise 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 Extraordinary General Meeting on implementation of the program according to item (a) above requires that more than half of the votes cast at the Extraordinary General Meeting approve the proposal. The Extraordinary 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 Extraordinary General Meeting approve the proposal. The Extraordinary 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 Extraordinary General Meeting approve the proposal.

Other

Complete proposals, 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 20 May 2022, the Company had a total of 13,968,333 shares, comprising 13,652,452 class B shares and 315,881 class C shares, corresponding to a total of 13,968,333 votes. No class A shares were issued. The Company currently holds 315,881 class C shares.

Stockholm, May 2022

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

Board of Directors