

**Statement by the Board of Directors pursuant to Chapter 19, Section 22 of the Swedish Companies Act in respect of the proposals regarding dividends and authorization for the Board to decide on the repurchase of shares**

**Nature, scope and risks of the business**

The nature and scope of the business are set out in the Articles of Association and the filed annual report for the 2020 financial year. The Board of Directors' assessment is that the business conducted by the Group is not associated with any risks beyond those that exist in the industry or those that are applicable to business activities in general.

**Consolidation requirements, liquidity and financial position**

The financial position of the company and the Group at December 31, 2020 is described in the most recent annual report. The annual report also states which accounting policies have been applied in the valuation of assets, provisions and liabilities.

The Board of Directors has proposed to the AGM that the company's funds available for distribution are balanced in a new account. Non-restricted equity in the Parent Company and the Group at the end of the 2020 financial year was SEK 417.3 million and retained earnings in the Group on the same date amounted to SEK 473.7 million.

Among other information provided, the annual report states that the Group's equity/assets ratio is 74%. The authorization for the repurchase of treasury shares will not jeopardize the fulfillment of the investments that are deemed necessary.

According to the Board's assessment, the company has a comparatively high level of equity in relation to the scope of the company's business and the risks associated therewith. Furthermore, the Board of Directors finds that the company has available cash and cash equivalents of approximately SEK 275 million. The company is assessed to have substantial non-restricted equity.

**Justifiability of the repurchase proposal**

In light of the above, the Board of Directors' assessment is that any purchases of shares in the company are justifiable in respect of the requirements imposed by the nature, scope and risks of the business with respect to the size of equity in the company and the Group and the consolidation requirements, liquidity and financial position in general of the company and the Group.

Stockholm, March 2021

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

Board of Directors