



# Remuneration Report 2023 I.A.R. Systems Group AB (publ)

## Introduction

This report describes how the guidelines for remuneration to senior executives of I.A.R. Systems Group AB, adopted by the 2023 Annual General Meeting, were applied during 2023. The report also contains information on remuneration to the President and a summary of the company's outstanding share-related incentive programs. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board Rules on remuneration to senior executives and incentive programs.

Further information on remuneration to senior executives can be found in Note 6 (Personnel costs) on pages 58-61 in the annual report for 2023. Information on the remuneration committee's work in 2023 can be found in the corporate governance report on pages 80-84 in the annual report for 2023. Board fees are not covered by this report. Such fees are decided annually by the Annual General Meeting and are reported in Note 6 on page 60 of the Annual Report for 2023.

## Developments in 2023

The Board of Directors and the President summarize the company's overall results in their report on pages 32-38 in the 2023 annual report.

## The company's remuneration guidelines, scope, purposes and deviations

A prerequisite for the successful implementation of the company's business strategy and the safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified employees. This requires that the company can offer competitive remuneration. The company's remuneration guidelines enable senior executives to receive competitive remuneration. According to the remuneration guidelines, remuneration to senior executives must be market-based and may consist of the following components: fixed monthly salary, variable cash remuneration, pension benefits and other benefits. The variable cash compensation must be linked to financial or non-financial criteria. They can consist of individualized quantitative or qualitative goals.



The requirements must be designed to promote the company's business strategy and long-term interests, including its sustainability, by, for example, having a clear connection to the business strategy or promoting the executive's long-term development.

The guidelines are summarized on page 83 in the annual report for 2023 and in their entirety on the company's website <https://www.iar.com/investors/corporate-governance/remuneration/> . During 2023, the company has followed the applicable remuneration guidelines adopted by the general meeting. The board has the right to deviate from the above guidelines if the board judges that in an individual case there are special reasons that justify it.

The auditor's opinion on the company's compliance with the guidelines is available at <https://www.iar.com/investors/corporate-governance/> .

No compensation has been claimed back.

In addition to the remuneration covered by the remuneration guidelines, the company's general meetings have decided to introduce long-term share-based incentive programs.

Table 1 - Total remuneration to the CEO during 2023 (kSEK))(a)

Name of executive (position)	1 Fixed remuneration		2 Variable remuneration				5 Total remuneration	6 Percentage of fixed or variable remuneration (e)
	Basic salary (b)	Other benefits (c)	Single-year	Multi-year (d)	Extraordinary items	Pension cost		
Richard Lind (VD)	2 785	135	0	0	0	738	3 658	100,0/0,0



(a) Except for multi-year variable remuneration, the table reports remuneration amounting to 2023. Multi-year remuneration is reported to the extent that it has been the subject of so-called vesting in 2023 and in that sense has been earned.

(b) Including holiday pay

(c) Car benefit, meal benefit and health care benefit

(d) Earned warrants as shown in column 10 in Table 2 below

(e) Pension costs (column 4), which in their entirety refer to Basic Salary and are defined-contribution, have been fully reported as fixed remuneration

## Share-based compensation

### **Outstanding share-based incentive programs**

As of 2023-12-31, the company has two outstanding incentive programs in which the CEO participates, LTI 2022 and LTI 2023.

#### **LTI 2022**

This includes 140 employees, divided in into four groups in Sweden and abroad at different levels. The program covers 140 000 restricted stock units (RSU). The final number of RSUs that each participant is entitled to exercise under this program is dependent on the degree of satisfaction with performance conditions for the IAR Group. The performance conditions are based on the average annual growth of the IAR Group net sales and operating margin for the IAR Group for financial years 2022, 2023 and 2024. Each RSU gives the right to receive one share from series B shares in the company.

#### **LTI 2023**

This includes 140 employees, divided in into four groups in Sweden and abroad at different levels. The program covers 145 000 restricted stock units (RSU), where 141 000 of these have been assigned to employees within the group. The final number of RSUs that each participant is entitled to exercise under this program is dependent on the degree of satisfaction with performance conditions for the IAR Group. The performance conditions are based on the average annual growth of the IAR Group net sales and operating margin for the IAR Group for financial years 2023, 2024 and 2025. Each RSU gives the right to receive one share from series B shares in the company.



Table 2 – RSUs (CEO)

Name of executive (position)	Principal terms and conditions for the share warrant programs							Information for the reported financial year					
	1	2	3	4	5	6	7	Opening balance	Closing balance				
								8	9	10	11	12	13
Program name	Performance period	Date of allocation	Vesting period	End och lock-in period	Period of utilization	Subscription price (SEK)	RSUs at the beginning of the year	Assigned RSUs	Vested RSUs	RSUs subject to performance conditions	Assigned RSUs that have not been vested	RSUs subject to lock-in period	
Richard Lind (CEO)	LTI 2022	2022-2024	Nov 2022	Sept 2022- Aug 2025	N/A	2025/2026	N/A	0	10 000	3 333	10 000	6 667	N/A
Richard Lind (CEO)	LTI 2023	2023-2025	Sept 2023	Sept 2023- Aug 2026	N/A	2026/2027	N/A	0	10 000	0	10 000	10 000	N/A

Application of performance conditions

During 2022 and 2023 , the CEO has no variable compensation component, which is why the table “The CEO’s performance during the reported financial year:variable cash compensation” ist deleted from this report.



Table 3 – Performance of the CEO during the reported financial year: Warrant program

Name of executive (position)	Program name	1 Description of criteria attributable to the compensation component	2 Relative weighting of performance criteria	3 measured performance and allocation/compensation	
				a) actual	b) outcome
Richard Lind (VD)	LTI 2022	IAR Group's growth in net sales 2022 and operating margin for 2022	33%	a) Growth in net sales: 8,6 % Operating margin: 18,0 %	b) Assesd to be determined Q4 2025
		IAR Group's growth in net sales 2023 and operating margin for 2023	33%	a) Growth in net sales: 5,3 % Operating margin: 21,0 %	b) Assesd to be determined Q4 2025
		IAR Group's growth in net sales 2024 and operating margin for 2024	33%	N/A	
	LTI 2023	IAR Group's growth in net sales 2023 and operating margin for 2023	33%	a) Growth in net sales: 5,3 % Operating margin: 21,0 %	b) Assesd to be determined Q4 2026
		IAR Group's growth in net sales 2024 and operating margin for 2024	33%	N/A	
		IAR Group's growth in net sales 2025 and operating margin for 2025	33%	N/A	

Table 4 – Changes in CEO remuneration and the company remuneration during the last two reported financial years (P/L) (kSEK)



	P/L vs P/L-1	P/L 2023
Remuneration to the CEO	232 (8,6%)	2 920
The Group's operating profit	-279 647 (-137,1%)	203 979
Average remuneration based on fulltime equivalents of employees* in the Group	8 (0,8%)	928

\* Excluding members of Group Management

Stockholm March 2024

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

Board of Directors