

Invitation to the Annual General Meeting of shareholders of IAR Systems Group AB (publ)

The shareholders of IAR Systems Group AB (publ) are hereby invited to attend the Annual General Meeting of shareholders to be held on Wednesday, April 26, 2017 at 6:00 p.m. at Spårvagnshallarna, Birger Jarlsgatan 57 A, Stockholm, Sweden.

Notification, etc.

Shareholders who wish to participate in the Annual General Meeting ("AGM") must:

- be recorded in the share register maintained by Euroclear Sweden AB not later than Thursday, April 20, 2017, and
- provide notification of their intention to participate in the AGM not later than Thursday, April 20, 2017, in writing to IAR Systems Group AB (publ), Kungsgatan 33, SE-111 56 Stockholm, Sweden, by telephone at +46 709 100 734, by fax at +46 18 16 78 01 or via the company's website www.iar.com/investors. The notification should include the shareholder's name, address, telephone number, personal or corporate identity number and registered shareholding.

To be entitled to participate in the AGM, shareholders whose shares are registered in the name of a nominee must request that these shares be temporarily re-registered in their own name by Euroclear Sweden AB not later than April 20, 2017.

Shareholders who are represented by a proxy must present a dated, written proxy form. This proxy form may not be more than five years old on the date of the AGM. A proxy form is available on the company's website at www.iar.com/investors. Proxies representing a legal entity must present a certificate of registration or equivalent proof of authorization listing their name as an authorized signatory. Where applicable, proof of authorization – such as a proxy form or certificate of registration – is to be sent to the company at the above address prior to the AGM.

Shareholders who wish to be accompanied by one or two assistants must inform the company thereof by the same date and in the same manner applicable to shareholders.

Proposed agenda

1. Opening of the AGM.
2. Election of the Chairman of the AGM.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two persons to check and sign the minutes.
6. Decision as to whether the AGM has been duly convened.
7. Address by the CEO.
8. Presentation of the annual accounts, the audit report, the consolidated financial statements and the consolidated audit report.
9. Resolutions regarding:
 - 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.
10. Resolution regarding the number of Board members and deputies.
11. Resolution regarding fees to be paid to the Board of Directors and auditors.
12. Election of Board members and the Board Chairman.
13. Election of auditors.
14. Resolution regarding the appointment of the nominating committee.
15. Resolution regarding principles for remuneration of senior executives.
16. Resolution regarding the authorization for the Board to decide on the issue of new shares.
17. Resolutions regarding the authorization for the Board to decide on the repurchase and sale of treasury shares.
18. Other business to be addressed by the AGM according to the Swedish Companies Act (2005:551) or the Articles of Association.
19. Adjournment of the AGM.

Proposals for resolution

Election of the Chairman of the AGM (item 2)

The nominating committee proposes that Markus Gerdien be appointed Chairman of the AGM.

Resolution regarding the appropriation of the company's profits according to the adopted balance sheet (item 9 b)

The Board of Directors proposes that the earnings at the disposal of the AGM according to the company's adopted balance sheet, amounting to SEK 114,973,405, be appropriated so that the shareholders receive a dividend of SEK 5.00 per share, or a total of SEK 63,160,305, for the 2016 financial year. The proposed record date is Friday, April 28, 2017. Provided that this record date is approved, dividends are expected to be disbursed on Thursday, May 4, 2017.

Resolution regarding the number of Board members and deputies (item 10)

The nominating committee proposes that the Board consist of five members and no deputies.

Resolution regarding fees to be paid to the Board of Directors and auditors (item 11)

The nominating committee proposes that Board fees be paid in an amount of SEK 375,000 to the Board Chairman and SEK 165,000 to each of the Board members not employed in the Group. It is proposed that fees to the auditors be paid according to approved invoices.

Election of Board members and the Board Chairman (item 12)

As members of the Board, the nominating committee proposes re-election of Jonas Mårtensson, Stefan Skarin and Maria Wasing and election of Lisa Kaati and Kent Sander as new members of the Board. Maria Wasing is proposed to be elected as Board Chairman.

Election of auditors (item 13)

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

Resolution regarding the appointment of the nominating committee (item 14)

The nominating committee proposes that the AGM resolve to appoint of a nominating committee in accordance with the following principles. Not later than September 30, 2017, the Board of Directors is to convene a meeting of the three largest shareholders or known shareholder groups in the company in terms of voting power, which in turn are entitled to appoint at least three members, one from each of the largest shareholders or shareholder groups in terms of voting power, to the nominating committee. If any of the three largest shareholders or known shareholder groups waives the right to appoint a member to the nominating committee, the next-largest shareholder or known shareholder group is to be given the opportunity to appoint a member to the nominating committee. In addition, the Chairman of the Board may be appointed to the nominating committee. The CEO and other members of executive management may not serve as a member of the nominating committee. The Chairman of the Board is responsible for convening the initial meeting of the nominating committee. A shareholder representative is to be appointed Chairman of the nominating committee. The nominating committee is to serve for a term ending when a new nominating committee has been appointed. The composition of the nominating committee is to be announced publicly not later than six months before the 2018 AGM.

The nominating committee is to be appointed based on known shareholdings in the company at August 31, 2017. If significant changes in ownership structure occur after the nominating committee has been appointed, the composition of the nominating committee may also be changed in accordance with the policies set forth above. Changes in the nominating committee are to be publicized immediately.

The nominating committee is responsible for preparing and submitting proposals to the AGM for resolution regarding: the election of the Chairman of the Board and other Board members; Board fees allocated between the Chairman and other Board members; remuneration, if applicable, for service on Board committees; election of the auditor and fees to the auditor; policies for the appointment of the nominating committee; and the election of the Chairman of the AGM.

The members of the nominating committee are not to be paid a fee for their services. Upon approval by the Chairman of the Board, the nominating committee is entitled to charge the company for costs, such as for recruitment consultants, or other costs necessary for the nominating committee to perform its duties.

Resolution regarding principles for remuneration of senior executives (item 15)

The Board of Directors proposes that the AGM resolve that the guidelines for remuneration to senior executives that were adopted by the 2016 AGM are to continue to apply. Senior executives refers to the CEO, CFO and

COO. The remuneration principles also apply to Board members to the extent that they receive remuneration outside the scope of their Board assignment.

Authorization for the Board to decide on the issue of new shares (item 16)

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 1,263,206 class B shares, corresponding to a dilution effect of approximately 10% of the share capital and about 9.3% of the number of votes based on the current number of shares in the company.

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 offsetting.

Authorization for the Board to decide on the repurchase and sale of treasury shares (item 17)

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 sale 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 sale on a regulated market, whereby the Board shall be able to decide on the disposal of shares for payment in cash disapplying the shareholders' preemptive rights or as consideration for the acquisition of companies or operations. The sale 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 sale 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 sale of shares in a manner other than through a sale on a regulated market, to decide on the disposal 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.

Other

For the AGM's resolution on items 16 and 17 above to be valid, the resolution must be supported by shareholders representing at least two-thirds of both the number of votes exercised and the number of shares represented at the AGM.

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 a proxy form will be available from the company at Strandbodgatan 1, Uppsala or Kungsgatan 33, Stockholm, and on the company's website 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, and will also be available at the AGM.

Pursuant to Chapter 7, Section 32 of the Swedish Companies Act (2005:551), shareholders have the right at the AGM to question the Board of Directors about circumstances that may affect the conditions of the agenda and conditions that may affect the company's financial situation.

As of March 28, 2017, the company had a total of 12,632,061 shares, comprising 100,000 class A shares and 12,532,061 class B shares, equal to a total of 13,532,061 votes.

Stockholm, March 2017
IAR Systems Group AB (publ)
Board of Directors