Inside information: Qt's recommended public cash offer for I.A.R. Systems Group

Qt Group Plc Inside information 4 July 2025 at 8:31 a.m. EEST

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Inside information: Qt's recommended public cash offer for I.A.R. Systems Group

Qt Group Plc's ("**Qt Group**") wholly owned subsidiary The Qt Company Ltd ("**The Qt Company**" and together with Qt Group, "**Qt**") has today announced a recommended public cash offer to the shareholders of class B shares (the "**Shares**" or, individually, a "**Share**") in I.A.R. Systems Group AB (publ) ("**IAR**") (the "**Offer**").

The offer price is SEK 180 for each IAR Share, valuing IAR at approximately SEK 2,293 million or approximately EUR 204 million[1], based on outstanding Shares.[2]

The offer price represents a premium of approximately 63.6 per cent compared to the volume-weighted average trading price of SEK 110.1 of IAR's Share on Nasdaq Stockholm during the last three months prior to the announcement of the Offer.

Qt will fund the Offer with a combination of cash and debt.

Juha Varelius, the CEO of Qt Group:

"*We have a comprehensive product offering addressing each step of the product development process and a clear strategy to enhance our position as a multi-product company, while IAR is a respected provider of embedded development solutions. By combining Qt Group and IAR, we will expand our total addressable market, strengthen our global footprint and customer offering while supporting IAR's transition to a subscription-based business model – a journey we understand well, having successfully completed it ourselves. We have therefore placed an attractive offer to the shareholders in IAR that reflects the benefits we see possible as an integrated part of Qt Group. We are grateful for the support from the Board of Directors of IAR as well as from shareholders together representing more than 36 per cent of the shares in IAR.*"

Strategic rationale for the Offer

In accordance with its strategy, in addition to pursuing organic growth, Qt Group actively seeks targeted acquisitions. Qt Group has followed IAR's strategic and operational development closely over a period of time. Qt Group has a comprehensive product offering addressing each step of the product development process and a clear strategy to enhance its position as a multi-product company. To join forces with IAR,

[1] Based on EUR/SEK conversion rate of 11.2515 at 3 July 2025.

[2] Based on 12,737,336 outstanding Shares, which excludes 322,955 shares of class B and 308,042 shares of class C held in treasury by IAR.

with its strength in embedded development solutions, the combined company would be able to provide a comprehensive, one-stop shop solution, unlocking significant value for both companies.

Complementary product portfolios expanding total addressable market: The product portfolios of Qt Group and IAR are complementary, where Qt Group has deep expertise in product development of mobile and desktop applications and embedded devices through every stage of the process, from user interface design to software development, quality assurance and deployment, whereas IAR has strong capabilities in embedded development solutions. Furthermore, IAR's commercial compiler offering would enable Qt Group to enter the sizable broader MCU (microprocessor) market, which is driven by, among other things, functional safety requirements. A combination would add value to IAR's current customer base through extension of offering to Qt Group's Software Quality Solutions, especially on the functional safety area.

A combination would enable Qt Group and IAR to jointly provide a comprehensive, one-stop shop solution, fully in line with Qt Group's strategy to enhance its position as a multi-product company. This would also result in more convenient purchasing processes and increased developer productivity.

Strengthened global reach and closer customer engagement: IAR and Qt Group maintain a strong international footprint with a presence across cities worldwide. By joining forces across sales and customer success functions, the joint company could establish a stronger market presence in current markets – positioned to serve global customers with local customer experiences. Together, the companies would enable a comprehensive offering in the embedded systems market towards shared MCU customers. This would enable closer engagement and cooperation with customers earlier in their decision-making processes, thus improving lead times for Qt Group's solutions.

Support SaaS transition and subscription revenue shift: IAR has initiated a shift towards a subscription-based model, to allow customers seamless access to IAR's full product portfolio and service suite. Qt Group believes it can support and facilitate this transition, leveraging its experience from subscription-based models to drive long-term growth and customer value.

Information about IAR

IAR is headquartered in Uppsala, Sweden, with a global presence of sales and support offices strategically located across the world. IAR is listed on Nasdaq Stockholm, Mid Cap (ticker symbol: IAR B).

IAR provides software and services for embedded development used by companies worldwide for the creation of secure products. Established in 1983, IAR's solutions support the development of embedded applications across various industries including automotive, industrial automation, IoT, MedTech, military, and public safety. The technology supports 15,000 devices from over 70 semiconductor partners. More information on IAR is available at iar.com.

IAR's consolidated key financials

The information below regarding IAR has been retrieved from the financial reports prepared and published by IAR. More information on IAR's financials is available at iar.com.

	1 January–31 March		1 January–31 December	
	2025	2024	2024	2023
SEK millions, unless otherwise indicated				
Net sales	124.2	119.7	487.2	458.1
EBITDA	38.6	46.9	174.3	143.6
Adjusted EBITDA	42.0	49.0	186.7	153.1
Operating profit/loss	25.5	32.1	119.1	-204.1
Adjusted operating profit	28.8	34.2	131.5	96.1
Earnings per share (basic), SEK	1.49	5.12	10.20	-16.84
Earnings per share (diluted), SEK	1.45	5.03	9.98	-16.84
Cash flow from operating activities	23.7	32.7	135.4	144.1
Gross margin, %	98.0	97.4	97.3	96.6
Total assets	690.5	737.7	724.2	700.0
Equity	456.4	472.6	462.5	423.4
Total non-current liabilities	55.3	57.2	55.2	79.0
Total current liabilities	178.8	207.9	206.5	197.6
Total equity and liabilities	690.5	737.7	724.2	700.0
Net cash	97.2	143.9	110.5	145.7
Net debt/equity ratio, multiple	-0.2	-0.3	-0.2	-0.3
Equity/assets ratio, %	66.1	64.1	63.9	60.5

Estimated impact of the Offer on Qt Group

Based on Qt Group's and IAR's financial statements for 2024, IAR would have added approximately EUR 43 million in net sales and approximately EUR 15 million in EBITDA to Qt Group[3].

The cash consideration payable in respect of the Offer is financed in full by a combination of The Qt Company's own funds and committed debt financing to be provided by Nordea Bank Abp on terms which are customary for the financing of public offers on the Swedish market. The Qt Company draws a maximum of EUR 170 million of new interest-bearing debt for the financing of the Offer.

Recommendation by the IAR Board, shareholder support, and further information on the Offer

The Offer is unanimously recommended by the Board of Directors of IAR. Shareholders representing approximately 25.8 per cent of the outstanding[4] number of Shares have irrevocably undertaken to accept the Offer and shareholders representing approximately 10.9 per cent of the outstanding number of Shares have confirmed their support for and are intending to accept the Offer.

The completion of the Offer is conditional, among other conditions, upon the receipt of all regulatory, governmental or similar clearances, approvals and decisions and acceptance by shareholders holding

[3] Assuming the transaction would have been completed at the beginning of financial year 2024. Assumed EUR/SEK conversion rate of 11.459 at 31 December 2024.

[4] Based on 12,737,336 outstanding Shares, which excludes 322,955 shares of class B and 308,042 shares of class C held in treasury by IAR.

more than 90 per cent of the shares in IAR on a fully diluted basis. The Qt Company has reserved the right to waive, in whole or in part, one or more of the conditions.

The Offer acceptance period is expected to run between 18 August 2025 and 25 September 2025. As set out above, the completion of the Offer is conditional upon, inter alia, the receipt of all regulatory, governmental or similar clearances, approvals and decisions that are necessary for the Offer and the acquisition of IAR.

The Qt Company's intention is to acquire (through the Offer or otherwise) Shares resulting in The Qt Company holding more than 90 per cent of the total number of shares in IAR, and to commence compulsory redemption proceedings under the Swedish Companies Act to acquire all remaining shares in IAR and to promote the delisting of IAR's Shares from Nasdaq Stockholm.

Information about the Offer is made available at www.nordic-software-offer.com.

Invitation to investor and analyst briefing

Qt will organise an investor and analyst briefing on 4 July 2025 at 11–12 am (EEST) where CEO Juha Varelius and CFO Jouni Lintunen will be presenting the offer announcement followed by Q&A session. You can register to the webcast at https://inderes.videosync.fi/july-2025-investorupdate.

You can ask questions during the Q&A session via conference call. Register for the teleconference through the below link, and you will be given phone numbers and conference ID to access the call: https://palvelu.flik.fi/teleconference/?id=5008727. If you wish to ask a question, dial *5 on your telephone keypad to enter the queue.

Advisors

Qt has appointed Nordea Bank Abp as lead financial advisor and Stifel Nicolaus Europe Limited as financial advisor. Krogerus Attorneys, Advokatfirman Vinge and Freshfields LLP are acting as legal advisors in connection with the Offer.

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Important information

This stock exchange release does not constitute an offer to buy or sell Shares, nor does it constitute an invitation to offer to buy or sell Shares. Investors considering tendering their Shares in the Offer by Qt Group's subsidiary The Qt Company should rely only on information disclosed by The Qt Company as the offeror of the Offer.

The Offer is not being made to persons whose participation in the Offer requires that an additional offer document be prepared or registration effected or that any other measures be taken in addition to those required under Swedish law.

The Offer is not being made, directly or indirectly, in or into Australia, Canada, Hong Kong, New Zealand, Japan, Singapore, South Africa, South Korea, Russia, Belarus or in any other jurisdiction where such offer would be prohibited by applicable law pursuant to legislation, restrictions and regulations in the relevant jurisdiction, by use of mail or any other communication means or instrumentality (including, without limitation, facsimile transmission, electronic mail, telex, telephone and the Internet) of interstate or foreign commerce, or of any facility of national securities exchange or other trading venue, of Australia, Canada, Hong Kong, New Zealand, Japan, Singapore, South Africa, South Korea, Russia, Belarus or in any other jurisdiction where such offer would be prohibited by applicable law pursuant to legislation, restrictions and regulations in the relevant jurisdiction, and the Offer cannot be accepted by any such use or by such means, instrumentality or facility of, in or from, Australia, Canada, Hong Kong, New Zealand, Japan, Singapore, South Africa, South Korea, Russia, Belarus or in any other jurisdiction where such offer would be prohibited by applicable law pursuant to legislation, restrictions and regulations in the relevant jurisdiction. Accordingly, any documentation relating to the Offer are not being and should not be sent, mailed or otherwise distributed or forwarded in or into Australia, Canada, Hong Kong, New Zealand, Japan, Singapore, South Africa, South Korea, Russia, Belarus or in any other jurisdiction where such offer would be prohibited by applicable law pursuant to legislation, restrictions and regulations in the relevant jurisdiction.

The Offer, the information and documents relating to the Offer are not being made and have not been approved by an authorised person for the purposes of section 21 of the UK Financial Services and Markets Act 2000 (the "**FSMA**"). The communication of the information and documents relating to the Offer are exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that they are a communication by or on behalf of a body corporate which relates to a transaction to acquire day to day control of the affairs of a body corporate; or to acquire 50 per cent or more of the voting shares in a body corporate, within article 62 of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

Statements in this stock exchange release relating to future status or circumstances, including statements regarding future performance, growth and other trend projections and the other benefits of the Offer, are forward-looking statements. These statements may generally, but not always, be identified by the use of words such as "anticipates", "intends", "expects", "believes", or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Qt Group. Any such forward-looking statements speak only as of the date on which they are made, and Qt Group has no obligation (and undertakes no such obligation) to update or revise any of them, whether as a result of new information, future events or otherwise, except for in accordance with applicable laws and regulations.

Information for shareholders in the United States

The Offer by The Qt Company described in this stock exchange release is not made by Qt Group and, as made by The Qt Company, is made for the issued and outstanding shares of IAR, a company incorporated under Swedish law, and is subject to Swedish disclosure and procedural requirements, which may be different from those of the United States. The Offer is made in the United States pursuant to Section 14(e) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**") and Regulation 14E thereunder, to the extent applicable and otherwise in compliance with the disclosure and procedural requirements of Swedish law, including with respect to withdrawal rights, the Offer timetable, notices of extensions, announcements of results, settlement procedures (including as regards to the time when payment of the consideration is rendered) and waivers of conditions, which may be different from requirements or customary practices in relation to U.S. domestic tender offers. The Qt Company's ability to waive the conditions to the Offer (both during and after the end of the acceptance period) and the shareholders' ability to withdraw their acceptances, are not the same under a tender offer governed by Swedish law as under a tender offer governed by U.S. law. Holders of the shares in IAR domiciled in the United States (the "**U.S. Holders**") are encouraged to consult with their own advisors regarding the Offer.

IAR's financial statements and all financial information included herein, or any other documents relating to the Offer, have been or will be prepared in accordance with IFRS and may not be comparable to the financial statements or financial information of companies in the United States or other companies whose financial statements are prepared in accordance with U.S. generally accepted accounting principles. The Offer is made to the U.S. Holders on the same terms and conditions as those made to all other shareholders of IAR to whom an offer is made. Any information documents, including the offer document, are being disseminated to U.S. Holders on a basis comparable to the method pursuant to which such documents are provided to IAR's other shareholders.

The Offer, which is subject to Swedish law, is being made to the U.S. Holders in accordance with the applicable U.S. securities laws, and applicable exemptions thereunder. To the extent the Offer is subject to U.S. securities laws, those laws only apply to U.S. Holders and thus will not give rise to claims on the part of any other person. The U.S. Holders should consider that the price for the Offer is being paid in SEK and that no adjustment will be made based on any changes in the exchange rate.

It may be difficult for IAR's shareholders to enforce their rights and any claims they may have arising under the U.S. federal or U.S. state securities laws in connection with the Offer, since IAR and The Qt Company are located in countries other than the United States, and some or all of their respective officers and directors may be residents of countries other than the United States. IAR's shareholders may not be able to sue IAR or The Qt Company or their respective officers or directors in a non-U.S. court for violations of U.S. securities laws. Further, it may be difficult to compel IAR or The Qt Company and/or their respective affiliates to subject themselves to the jurisdiction or judgment of a U.S. court.

To the extent permissible under applicable law and regulations and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, The Qt Company and its affiliates or its brokers and its brokers' affiliates (acting as agents for The Qt Company or its affiliates, as applicable) may from time to time and during the pendency of the Offer, and other than pursuant to the Offer, directly or indirectly purchase or arrange to purchase shares of IAR, or any securities that are convertible into, exchangeable for or exercisable for such shares. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, and information about such purchases will be disclosed by means of a press release or other means reasonably calculated to inform U.S. Holders of such information. In addition, the financial advisors

to The Qt Company may also engage in ordinary course trading activities in securities of IAR, which may include purchases or arrangements to purchase such securities as long as such purchases or arrangements are in compliance with the applicable law. Any information about such purchases will be announced in Swedish and in a non-binding English translation available to the U.S. Holders through relevant electronic media if, and to the extent, such announcement is required under applicable Swedish or U.S. law, rules or regulations.

The receipt of cash pursuant to the Offer by a U.S. Holder may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each shareholder is urged to consult an independent professional adviser regarding the tax consequences of accepting the Offer. Neither The Qt Company nor any of its affiliates and their respective directors, officers, employees or agents or any other person acting on their behalf in connection with the Offer shall be responsible for any tax effects or liabilities resulting from acceptance of the Offer.

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY U.S. STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE OFFER, PASSED ANY COMMENTS UPON THE MERITS OR FAIRNESS OF THE OFFER, PASSED ANY COMMENT UPON THE ADEQUACY OR COMPLETENESS OF THIS STOCK EXCHANGE RELEASE OR PASSED ANY COMMENT ON WHETHER THE CONTENT IN THIS STOCK EXCHANGE RELEASE IS CORRECT OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Disclaimer

Nordea Bank Abp ("**Nordea**"), which is supervised by the European Central Bank and the Finnish Financial Supervisory Authority and Stifel Nicolaus Europe Limited ("**Stifel**"), which is authorised and regulated by the Financial Conduct Authority are acting as financial advisors to The Qt Company and no one else, in connection with the Offer and will not regard any other person as their client in relation to the Offer and will not be responsible to anyone other than The Qt Company for providing the protection afforded to their respective clients, or for providing advice in relation to the Offer or any other matters referred to in this announcement. Neither Nordea, Stifel, nor any of their affiliates, or their or any of their affiliates' respective employees, board members, officers, vendors, advisors, members, successors, representatives or agents owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Nordea or Stifel, respectively, in connection with the Offer or otherwise.