

Press Release

Helsingborg, 25 July 2024

Interim Report January – June 2024

STRONG ORDER INTAKE AND CONTINUED CASH FLOW IMPROVEMENT

Financial development second quarter 2024

- Net sales increased by 4% to SEK 302 million (289).
- The gross margin was 51.1% (50.1).
- Adjusted EBITDA amounted to SEK 53.6 million (47.7), equivalent to an adjusted operating margin of 17.8% (16.5).
- Operating profit (EBIT) amounted to SEK 34.1 million (33.6), corresponding to an operating margin of 11.3% (11.6).
- Order intake increased by 43% to SEK 407 million (286).
- Operating cash flow amounted to SEK 20.3 million (-4.2).

Financial development January – June 2024

- Net sales decreased by 7% to SEK 534 million (572).
- The gross margin was 49.9% (47.7).
- Adjusted EBITDA amounted to SEK 62.3 million (81.7), equivalent to an adjusted operating margin of 11.7% (14.3).
- Operating profit (EBIT) amounted to SEK 27.2 million (55.3), corresponding to an operating margin of 5.1% (9.7).
- Order intake decreased by 1% to SEK 622 million (628).
- Order backlog as of June 30, 2024 increased by 12% to SEK 1,447 million compared with the same date in 2023 (1,288).
- Operating cash flow amounted to SEK 41.1 million (24.5).
- Earnings per share after dilution over the last 12-month period amounted to SEK 1.07 (1.61).

Summary of significant events in the second quarter, April – June 2024

- MilDef's subsidiary Handheld won an order for nano drone technology worth SEK 69 million. The customer is a global defense group based in the USA that delivers nano drones for military battlefield surveillance. This is a follow-up order from the development contract announced in July 2023. The order value has the potential to grow once deliveries of additional volumes begin. Deliveries will take place in 2025–2026.
- MilDef won additional orders from BAE Systems Bofors worth SEK 52 million. After the signing of the framework agreement in February with BAE Systems Bofors, additional orders were secured for rugged hardware for the Archer artillery system. Deliveries will start in 2025.
- MilDef signed a strategic hardware contract in Estonia worth SEK 53 million. The contract involves integration of MilDef's tactical IT hardware into an Estonian defense project for armored vehicles. This is a partnership between MilDef and a local Estonian partner and is MilDef's largest order to date in the Estonian market, making it strategically important. Deliveries are set to begin in 2024.

Summary of significant events after the end of the period

- To meet growing demand in the Swedish market for integration services, MilDef is expanding its capacity in terms of office and production space in the Stockholm area. The construction of a bespoke building with 6,200 square meters of office and production space will quadruple MilDef's capacity in integration services and enable the Company to accept larger orders. Construction will start in autumn 2024 and it will be ready for occupancy one year later.
- MilDef recruited Magnus Hagman to be Vice President Nordics. Magnus has considerable experience within the industry and has well-documented expertise in international business development and sales. His most recent role was Head of Marketing and Sales at Carmenta. Before this he held various positions within the defense company SAAB. Magnus will join the Group Management Team.

MilDef - WE ARMOR IT.

MilDef is a global systems integrator and full-spectrum provider specializing in rugged IT for military, government and critical infrastructure sectors. MilDef provides hardware, software and services that shield and protect critical information streams and systems, when and where the stakes are the highest. MilDef's products are sold to more than 200 customers through companies in Sweden, Norway, Finland, Denmark, United Kingdom, Germany, Switzerland, the United States and Australia, and through partner networks in more than 40 countries. MilDef was founded in 1997 and is listed on Nasdaq Stockholm since 2021.

Statement by Daniel Ljunggren, President and CEO MilDef Group

ORDER INTAKE BACK AT HISTORICALLY HIGH LEVEL

As expected, 2024 had a slow start but the higher level of activity in our order books resumed in the second quarter. Order intake in the quarter amounted to SEK 407 million (286), an increase of 43%. Although there will still be volatility between periods going forward, the quarter's order intake reflects the ever-increasing demand in the market. Sales amounted to SEK 302 million (289), equivalent to organic growth of 4%. Based on the strong numbers in the corresponding period, I see this as proof of our resilience. Organic growth in the same quarter last year amounted to 104%, taking us to a level which we are managing to maintain.

Another important sign is that our cash flow is still following the positive trend of recent quarters. Our operating cash flow was higher than in the previous year, amounting to SEK 20.3 million (-4.2) for the quarter. We have seen improvement in our operating cash flow over the past nine months in comparison with the previous nine: SEK 67.4 million compared with SEK -17.4 million. A stable positive cash flow gives us the flexibility we need to capitalize on growth opportunities, ranging from scaling up production rapidly to meet demand, to investing in new technology or expanding into new geographical markets. The gross margin also increased, reaching 51.1% (50.1) and the adjusted EBITDA margin was 17.8% (16.5). I regard both the improved cash flow and the higher margins as proof that our focus on operational efficiency is yielding results.

Forward-looking investments

At the beginning of July MilDef signed an important lease in the Stockholm area. Construction of the property designed specifically for our operations is expected to be complete in autumn 2025 and will quadruple MilDef's capacity within integration services. The primary focus is on the needs of the business and the employees' working environment, which will benefit both our customers and our people. This addition of office and production space is a strategic and significant step that will strengthen our position in the industry, while also enabling us to meet the growing demand for integration services in the Swedish market.

After the end of the quarter we were also able to announce the reinforcement of the Group Management Team with the addition of Magnus Hagman in the role of Vice President Nordics. Magnus will bring valuable experience and expertise from many years in the defense industry – especially in the area of business development. This recruitment is part of our long-term strategy to build a strong management team that can handle the challenges and seize the opportunities that lie ahead. These two forward-looking investments put us in a strong position to successfully navigate the dynamic and fast-growing defense market.

Strategic acquisitions

Acquisitions remain a priority on MilDef's agenda and are a key aspect of our growth strategy. Strategic acquisitions enable us to strengthen our portfolio and expand our market presence. Our acquisition ambitions remain intact and we are constantly seeking new acquisition candidates. We concluded a smaller asset acquisition in the second quarter when we acquired a product and technology portfolio from the UK company Advanced Vision Technologies Ltd (AVT). MilDef financed the acquisition using the Company's cash and cash equivalents and has decided to take over some of AVT's personnel. This provides us with access to experience and expertise that MilDef can build on within the framework of our existing organization. The acquisition also expands MilDef's product portfolio with the addition of three fully rugged intelligent displays for use on military platforms. It also strengthens our position in the UK and is another step toward reaching our long-term and ambitious growth goals.

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Outlook

The need for digitalization of critical infrastructure remains strong and military appropriations in Europe are increasing in response to geopolitical developments. But in this context it is worth pointing out that we have not yet seen the full effect of the increased defense budgets. I believe that the full impact of increased defense spending on demand for MilDef's offering will not be felt until 2025 but will then continue for many years into the future. Investments and acquisitions made in recent years have expanded MilDef's product portfolio and customer base, but they have also strengthened the collective expertise within our organization. From this position we now look forward to the opportunities that an increasingly active market will bring.

Daniel Ljunggren,
President and CEO of MilDef Group

MILDEF GROUP'S INTERIM REPORT JANUARY-JUNE 2024 PRESENTATION

MilDef Group's President and CEO Daniel Ljunggren and CFO Viveca Johnsson will present the Interim Report for January - June 2024.

Date: Thursday, July 25 at 10:00 a.m. (CEST). The report is published at 08:00 a.m. (CEST) the same day at www.mildef.com and the news platform Cision. You are welcome to watch the live webcast via Teams or dial in to the conference call. It is possible to post questions over the conference call and the web.

Connecting to the meeting

To connect to the meeting, [click this Teams link](#) or phone in on one of the phone numbers below (audio only). Notification is not required for participation in the conference call but please connect/call in five minutes prior to the specified time to ensure a punctual start of the meeting.

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The interim report, the presentation material and the webcast will be available on www.mildef.com.

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This information is the information that MilDef Group AB (publ) is required to publish in accordance with the EU market abuse regulation and the Swedish Securities Market Act. The information is disclosed through the contact person above for publication on July 25, 2024 at 08:00 CEST.

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