

ANNUAL AND SUSTAINABILITY REPORT 2024

NET SALES, SEK M

1,201

ADJUSTED EBITA, SEK M

150

ADJUSTED EBITA MARGIN

12.5%

WE ARMOR IT.



INFORMATION FOR SHAREHOLDERS

Annual General Meeting

The Annual General Meeting will be held on Thursday, May 22, 2025 at 4 pm CEST at MilDef's headquarters in Helsingborg. Information on how to register to attend the meeting and notice of the meeting will be available on the website no later than four weeks prior to the meeting.

Application

Shareholders wishing to participate in the Annual General Meeting must be registered in the share register maintained by Euroclear Sweden AB no later than May 14, 2025 and must notify MilDef of their intention to attend no later than May 16, 2025. In order to be entitled to participate in the AGM, shareholders with nominee-registered shares must request temporary registration of their shares in their own name in the share register maintained by Euroclear Sweden AB (so-called voting rights registration). Shareholders must inform their nominee of this well in advance of May 14, 2025. Voting rights registration requested by shareholders in time for registration to be carried out by the nominee no later than May 16, 2025 will be taken into account when the share register for the Annual General Meeting is prepared.

Agenda

Details on the agenda for the Annual General meeting will be announced in Post- och Inrikes Tidningar (the Official Swedish Gazette) and in the Swedish newspaper Dagens Industri, and will be available on MilDef's website. Documents can also be obtained from MilDef when registering to attend the AGM.

Dividend proposal

The Board of Directors is proposing to the AGM that a dividend of SEK 0.50 per share be set for the 2024 financial year.

Nomination Committee

The following board members are members of MilDef's Nomination Committee:

- Johan Ståhl, appointed by Svolder AB (publ), Nomination Committee chair
- Marianne Trolle, who represents her own holding in MilDef
- Martin Jonasson, appointed by the Second Swedish National Pension Fund (AP2)

Björn Karlsson, Chair of the Board, is also co-opted to the Nomination Committee.

READING GUIDELINES

Figures in parentheses refer to operations in 2023, unless otherwise stated. The Swedish krona (SEK) is the currency used throughout. SEK million is abbreviated to SEK m and thousands to SEK 000. The information presented in the Annual Report regarding markets, competition and future growth constitutes MilDef's assessment, which is based primarily on materials produced internally within the Group and from external sources.

The Company's Sustainability Report is presented on pages 34–49. The formal annual report is presented on pages 53–140. Some figures have been rounded off and, accordingly, tables and calculations do not always add up exactly.

Requesting financial information

Financial and other relevant information can be requested from MilDef by post or can be downloaded from the website, where there is also a subscription service for news and financial reports.

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Financial calendar

Interim Report Q1 2025	April 29, 2025
Interim Report Q2 2025	July 18, 2025
Interim Report Q3 2025	October 23, 2025
Year-End Report 2025	February 5, 2026

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PRODUCTION ANNUAL REPORT 2024

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WE ARMOR IT.

Letters. Words. Codes. Coordinates. Orders.

Every moment vital information is transmitted around us and at risk. Enter MilDef. We create rugged IT solutions for the harshest conditions and most challenging environments, which prevent your information from being interrupted, intercepted or disrupted.

Put simply: we armor your IT, when and where the stakes are the highest.

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THE YEAR IN BRIEF

2024 was a year in which MilDef made important, transformative progress. The Company reported record sales, strong order intake and clearly improved cash flow. This increase confirms the fact that MilDef has a relevant offering, high customer confidence and that rearmament is now entering a new phase with growing demand for tactical IT solutions.

Financial development 2024

Net sales SEK M 1,201 (1,151)	Gross margin 49% (48.3)	Adjusted EBITA SEK M 149.7 (140.2)
Adjusted operating profit (EBIT) SEK M 111.8 (108.1)	Order intake SEK M 1,810 (1,214)	Order backlog SEK M 2,055 (1,327)
Operating cash flow SEK M 127.7 (8.7)	Adjusted earnings per share SEK M 3.19 (1.71)	Dividend 0.50 SEK per share (0.50)

Highlights in 2024

Decision on raised
profitability target
15% EBITA



Record contract with
BAE Systems Hägglund
SEK 200 M

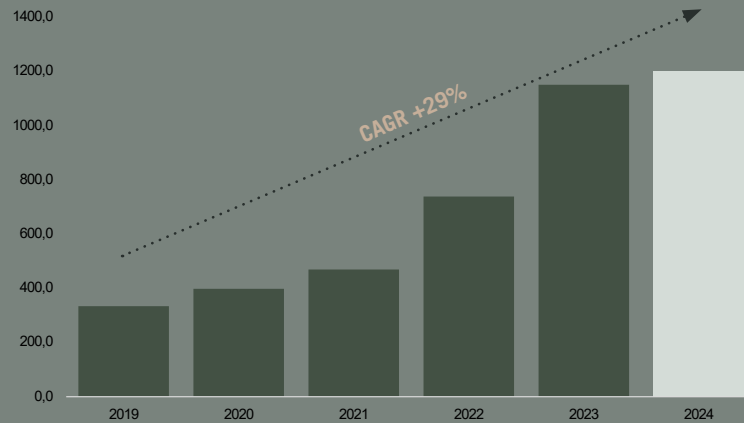


Transformative agreement
in Germany for acquisition
of roda computer GmbH

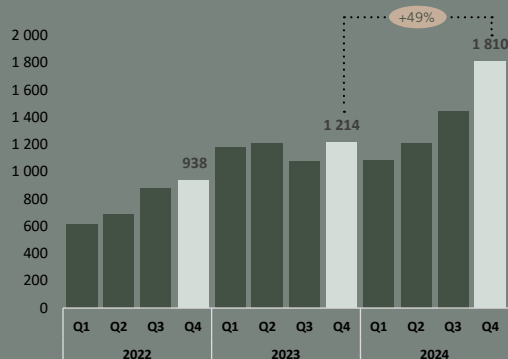


YEAR-ON-YEAR COMPARISON 2024

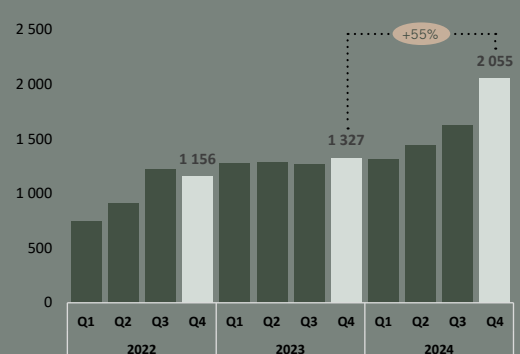
Net sales (SEK m)



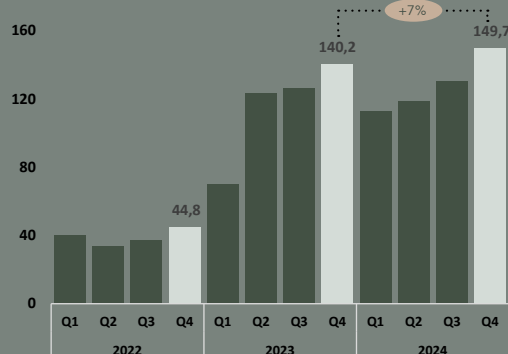
Order intake, (SEK m)



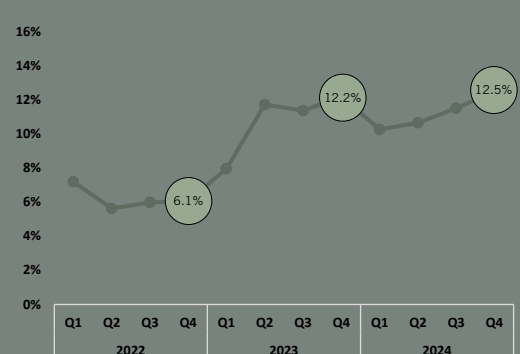
Order backlog (SEK m)



Adjusted operating profit (EBITA) LTM (SEK m)



Adjusted operating margin (EBITA) LTM (%)



ACCELERATION ON MILDEF'S GROWTH JOURNEY

2024 was a transformative year for MilDef. The Company has never been more relevant or in demand in the Nordic and European defense and security rearmament. With strong financial development, state-of-the-art product development, close customer relationships and the acquisition of roda computer GmbH, MilDef has strengthened its market position and climbed higher up the value chain. This makes us optimistic about the future.

With this Annual Report we are closing the books on an intense year. In 2024 MilDef made important progress, achieving record sales, our highest profitability to date, strong order intake and improved cash flow. MilDef entered 2025 with a laser focus on the defense domain and is well-positioned to meet the growing needs of the market.

A year of record orders

In the second half of 2024 MilDef witnessed the clear start of the rearmament that has been talked about for several years. Greater activity in the market, combined with increased digitalization among our end-customers, is behind MilDef's strong expansion. This is particularly noticeable in the growing number of orders – which are also increasing in size – from platform manufacturers such as BAE Systems. These global players are choosing MilDef's IT solutions for more of their platforms – to both modernize existing systems and to develop entirely new vehicles and capabilities.

Acquisitions strengthen our offering

In 2024 we took a major step on our growth journey and announced our largest acquisition to date, of roda computer GmbH ("roda"). This German company is a well-established supplier of military IT solutions with a strong market presence in the DACH region. The acquisition will make MilDef one of Europe's leading actors within tactical and rugged IT for the defense sector. It will also give us valuable access to important market channels, long-term customer relationships and existing framework agreements. This was not the only acquisition



“MilDef has strengthened its market position and climbed higher up the value chain”

in 2024. An acquisition of certain assets in the UK company Advanced Vision Technologies Ltd took place in 2024. This transaction added a mature offering within intelligent displays. It was an acquisition that quickly led to large orders.

Strategic focus on defense

The idea behind MilDef's acquisition of Roda was our intention to prioritize being an important actor in Europe's defense build-up, which will continue for many years to come. MilDef therefore took the decision to focus fully on the defense sector. To strengthen the Company's competitiveness, profitability and cash flow, we decided to consolidate our strengths rather than spread them across several areas. As a result of this strategic decision, the operations of Handheld subsidiary ceased and its products for the defense sector are now integrated into MilDef's existing operations. One important factor behind this decision is the fast-growing demand within the defense sector.

Interoperability drives the software business into new markets

In the past we have mainly delivered our OneCIS software to Norway and Denmark, but in 2024 we received a comprehensive order from the Swedish Defence Materiel Administration (FMV), as part of the Navy's command and control system. OneCIS enables NATO interoperability and connectivity, and MilDef is proud of being able to supply a system that facilitates communication between cooperating NATO member states. This is an increasingly important component for the Swedish Armed Forces now that Sweden has become an integrated part of NATO. MilDef also sees an opportunity to sell OneCIS to more NATO member nations.

MilDef expands its integration business

To meet the growing demand for integration services in Sweden, MilDef took the decision in 2024 to expand its local capacity in the Stockholm region. A bespoke building with more than 6,000 square meters of office and production space will quadruple MilDef's capacity in integration services and enable the Company to accept larger orders. Move-in is expected to take place in autumn 2025. Our new premises are facilitating accelerated growth.

Market conditions going forward

The geopolitical tensions affect our industry and have resulted in the biggest increase in defense expenditure for 30 years. The need for advanced defense technology and secure supply chains is expected to drive high demand for a long time to come. The Nordics and Europe are entering a time of extensive defense rearmament, which to a large extent will be delivered by European defense companies based on the European De-

fence Industry Programme (EDIP). The armed forces' planning, prioritizations and resource distribution are becoming increasingly clear, and orders aimed at raising capabilities are now starting to enter MilDef's order books in a major way.

We are ready for the next level

MilDef has now taken the step towards being one of the largest defense technology companies in our niche, not only in the Nordics but in Europe as well. With the heightened instability in the world, MilDef's contribution to stronger and more resilient communities is becoming increasingly important. Almost 30 years after our founding, MilDef's position in time, locations and capability is unique. This position makes me optimistic as I look forward to MilDef seizing the opportunities offered by an increasingly active market. We are entering 2025 with great optimism.

In conclusion I would like to thank our shareholders for choosing to invest in our company and for the confidence you show us. Together we are strengthening one of the fastest expanding defense technology companies in the Nordic region. Last but not least, I would like to express my appreciation in particular to our employees for your commitment and hard work during the year. Your efforts are crucial for MilDef's continued growth journey and for increased security in Europe.



President & CEO of MilDef Group

NET SALES, SEK M

1,201

ORDER INTAKE, SEK M

1,810

ADJUSTED EBITA, SEK M

150

2024 – IN THE NEWS

NEWS ON BUSINESS AND OPERATIONS

FEBRUARY

MilDef signs Memorandum of Understanding (MoU) with Lockheed Martin

to explore an industrial partnership within Sweden's aerospace sector. Opportunities for collaboration will be identified where MilDef's solutions can be integrated into Lockheed Martin's global ecosystems for the aviation and defense industries.



MilDef signs 10-year framework agreement with BAE Systems Bofors. The agreement entered into with BAE Systems Bofors is for future delivery of MilDef's hardware for the Archer artillery system. The framework agreement is for MilDef products such as computers, network equipment and displays.

APRIL

The subsidiary Handheld wins contract worth SEK 69 million for nanodrone technology. MilDef will deliver a large quantity of operator computers for nanodrones to a US and global defense group. The order value is SEK 69 million, with growth potential once delivery of additional quantities begin.

MilDef wins agreement worth SEK 52 million with BAE Systems Bofors. After the signing of the framework



agreement with BAE Systems Bofors, additional orders were secured for hardware for the Archer artillery system. This is for IT equipment such as displays, computers and

switches. Deliveries will start in 2025.

MilDef signs hardware contract worth SEK 53 million in Estonia. The contract is for integration of MilDef's hardware 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. Deliveries are set to begin in 2024.

JULY

MilDef quadruples local capacity in Swedish integration services. The construction of a bespoke property with just over 6,000 square meters of office and production space in Rosersberg quadruples MilDef's capacity in integration services, enabling the Company to accept larger orders.



MilDef recruits VP Nordics and strengthens the Management Team.

Magnus Hagman has solid industry experience in international business development and sales. He comes to MilDef from his role as Head of Marketing and Sales at Carmenta. Before that he was employed by the SAAB defense company.



AUGUST

MilDef delivers rugged displays worth SEK 135 million to European manufacturers of military vehicles.



Through the acquisition of certain assets in Advanced Vision Technologies Ltd (AVT), MilDef has been entrusted with delivering intelligent and rugged displays for a major

European vehicle program. Deliveries are taking place in 2024–2029.

MilDef wins order worth SEK 72 million to deliver computers for the Norwegian CV90 combat vehicle. MilDef is continuing its multi-year agreement with the Norwegian Defence Materiel Agency (NDMA) and has been entrusted with delivering 900 rugged computers for the modernization of Norway's CV90 fleet. Deliveries will take place in 2025.

MilDef raises its long-term profitability target. In light of MilDef's financial development, market conditions and prospects, the Company's Board is amending its profitability target. The EBITDA target of at least 10% is being replaced by an EBITA target over time of at least 15% per year.

SEPTEMBER

MilDef wins Danish order worth SEK 27.5 million for hardware for a new artillery system. MilDef has been entrusted by the Danish Ministry of Defence Acquisition and Logistics Organization (DALO) to deliver IT equipment that will be integrated into Denmark's new artillery system. Deliveries are scheduled for 2024–2025.

Successful first Capital Markets Day. At the Capital Markets Day MilDef presents the strengths of its business model and anticipated future market development.



The updated financial profitability target of 15% EBITA over time is communicated along with strategies for continued high growth.

OCTOBER

MilDef launches the Dismounted Soldier concept at AUSA. To increase situation awareness and cross-border interoperability between dismounted squads in the field and tactical control,



MilDef will launch its Dismounted Soldier System (DSS) at the AUSA 2025 exposition in Washington DC.

MilDef signs an agreement with BAE Systems Hägglunds for IT equipment in CV90 combat vehicles for delivery to Central Europe – an order worth SEK 200 million. MilDef has been entrusted with delivering rugged IT equipment for operator stations in new CV90 combat vehicles, which BAE Systems Hägglunds will deliver to defense forces in Central Europe. Given the outcome of the options, the total value could reach up to SEK 280 million.



NOVEMBER

MilDef wins orders worth SEK 63 million from the Swedish Defence Materiel Administration (FMV) in the command and control systems area. MilDef has signed a new contract with the FMV for IT equipment and integration services for the Swedish Armed Forces command systems. Deliveries will begin immediately.

MilDef implements transformative acquisition of roda computer GmbH. MilDef Group AB, through its wholly owned subsidiary MilDef Germany Holding GmbH, has signed a binding agreement to acquire all of the shares in roda computer GmbH, a well-established supplier



of military IT solutions with a strong market presence in Central Europe, particularly the DACH region. This acquisition will make MilDef one of Europe's leading actors within tactical and rugged IT for the defense and security segment.

MilDef implements a private placement issue of around 5.4 million shares, raising SEK 500 million.

MilDef has implemented a private placement issue of 5,434,782 share at a subscription price of SEK 92 per share. As a result of the significant demand from both new and existing long-term investors, the Company has decided to increase the size of the targeted new share issue by around SEK 50 million, from around SEK 450 million to SEK 500 million.

DECEMBER

MilDef focuses in on the defense sector. The reason for this is the strong market conditions within that sector. Consequently, the Company fully integrates the production operations of its Handheld subsidiary aimed at the defense industry into MilDef's business and Handheld's operations are discontinued.

MilDef wins an order worth SEK 80 million from BAE Systems Hägglunds for IT equipment for the BvS10 articulated armored vehicle. The deliveries will go to a European nation in 2025–2029.

MilDef wins OneCIS software contract and hardware orders from the Swedish Defence Materiel Administration (FMV) worth SEK 81 million. The agreement with FMV is for command and control systems to increase NATO interoperability and connectivity with the Swedish Navy. Given the outcome of the options, the total value could reach up to SEK 127 million.

THIS IS MILDEF

MilDef is a systems integrator and full-spectrum supplier of specialized and rugged IT for defense and security. The Company develops and offers hardware, software and services to help digitalize important information flows in the toughest conditions and in the most challenging environments.

MilDef protects critical information flows and systems, where and when the stakes are the highest. The Company guarantees secure, resilient and reliable IT, which is ultimately not only protecting human lives but also our way of life, freedom and democracy – the very foundation of our society.

In close cooperation with our customers, partners and suppliers we integrate durable, reliable and bespoke hardware, services and software in customizable systems and solutions; solutions that are rigorously tested – not only in our laboratories and test facilities, but also in real life.

Focus on security and defense

With operations in ten countries, MilDef had sales of SEK 1,201 million in 2024 and 327 full-time employees at the end of the year.

The customers are in the defense and security sectors. There is a shared need for tactical IT solutions, hardware, software and services to digitalize their operations in environments where the strains on IT systems are considerable. MilDef holds a strong position in its domestic market, the Nordic region, and has strong relationships with international customers. These relationships have been built up over time and are based on trust and delivery reliability.



- Tactical IT supplier
- Founded in 1997
- Listed on June 4, 2021
- Around 330 employees
- Key markets: Nordics, Europe and selected NATO nations
- Customers: Security and defense
- Offering: Hardware, software and services



VISION, BUSINESS CONCEPT AND GOALS

Digitalization is increasing within defense and security as is the need for tactical IT solutions in demanding environments. MilDef is taking an active part in this development and the Company's goal is to be the most reliable partner in the industry. MilDef adds value through industry-leading quality and good delivery precision.

Vision

Your number one choice for tactical IT.

Mission

In an ever-changing and highly digitalized world, there is urgent need for tactical IT systems that are robust, fit for purpose and produce the desired effect. MilDef provides unique solutions to those needs with high quality, speed, and accuracy.

Business concept

MilDef's business concept is to develop, deliver and offer tactical IT products and services for operations and functions that are crucial for society. MilDef customize solutions to meet our customers' specific requirements in the demanding environments in which they are used. MilDef's hardware and software products are combined with services to deliver effective digitalization. MilDef operates in the global security and defense market.

Core values

MilDef achieves its goals by meeting the unique requirements of tactical and demanding environments. Quality and robustness are crucial for the success of MilDef's customers. MilDef's relationships are based on trust and the business is to be operated in an open, honest, respectful and transparent way. Integrity must always be maintained. MilDef's brand is based on quality and a commitment to meeting and exceeding expectations – both MilDef's own and those of its customers.

Four financial targets

<u>GROWTH</u>	<u>PROFITABILITY</u>	<u>CAPITAL STRUCTURE</u>	<u>DIVIDEND POLICY</u>
At least 25% growth per year over time	At least 15% EBITA margin over time	Net debt not to exceed 2.5x EBITDA	Distribute 20–40% of net profit
Outcome 2024			
4% Growth	12.5% Adjusted EBITA margin	-2.2x Net debt to EBITDA	Neg. Net profit distribution

Over the past five years sales have increased by an average of 29.2% per year and the operating margin has averaged 10.4%. MilDef is planning to grow through a combination of organic and acquisition-driven growth. MilDef's target for interest-bearing net debt is for it not to exceed 2.5 times operating profit (EBITDA), other than temporarily. MilDef's dividend policy is to distribute 20–40% of net profits when this is possible.

To reach the financial targets for growth and profitability MilDef is employing the following strategies:

- Increase market share in existing prioritized markets.
- Implement strategic acquisitions that complement MilDef's current product portfolio and/or provide entry into new markets.
- Continue to invest in product and software development as well as the service offering – for both new products and to further develop existing ones.

PATHS TO CONTINUED GROWTH AND EXPANSION

As a leading supplier of tactical IT, MilDef has linked its strategies to expansion within three areas: hardware, services and software. The way to continue the rapid development is through growth in existing and new markets, an expanded portfolio and an active acquisition agenda.

Pillars of growth



EXISTING MARKETS

With its own representation in 10 countries, MilDef has significant opportunities to grow in its existing markets. With a focus on the Nordics, Europe, the USA, the UK, selected NATO countries, and carefully selected other markets, MilDef is creating a market situation with factors for repeatable success.

By accelerating sales of MilDef's "classic" range of products and services, the Company is well-positioned to win market share, above all in the markets where MilDef has its own companies.

Through its long-term market presence, the Company also has potential for add-on sales (product upgrades and replacement products) based on previous contracts, thereby generating repeat revenue.

PORTFOLIO STRATEGY

Alongside expanding its range of hardware, MilDef is also aiming for growth in software and services. The services that MilDef delivers range from strategic IT to software-related services and implementation, as well as aftermarket services. Future solutions will increasingly be a combination that includes more components from fewer suppliers.

Hardware and software represent the technical element of digitalization. This is supplemented by a spectrum of services, from strategic IT including change management, to implementation.

MilDef has identified good opportunities in so-called infrastructural software, i.e. in operating systems, communications, security, deployment, sensor systems, etc.

ACQUISITION COMPASS

With a structured process to identify and evaluate candidates and implement acquisitions, MilDef is seizing opportunities in a fragmented market. MilDef acquires companies with the potential to develop better within the Group than on their own. MilDef's M&A compass is a telescopic sight aimed at the types of companies MilDef looks for and evaluates. The strategy includes eight selection criteria with a focus on choosing the right acquisition candidates. Combined with an integration model focused on value-generating benefits and soft integration, the necessary conditions are being created for expansion.

Eight acquisitions have been implemented over the past decade. These acquisitions have allowed MilDef to expand its customer offering to add services and software, in addition to the hardware it offers.

AN ACTIVE ACQUISITION STRATEGY

Since 2011 MilDef has carried out eight acquisitions. The single largest is the roda acquisition in 2024. Below is a description of MilDef's work on strategic acquisitions.

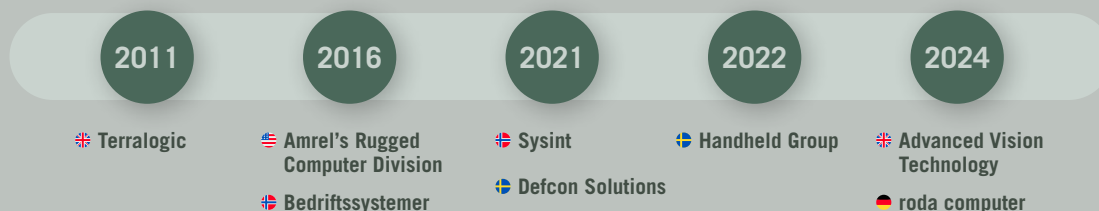
MilDef's M&A strategy includes

- A compass showing prioritized acquisition targets
- A backlog where M&A opportunities mature
- A plan for valuation and due diligence
- A growth model for integration

Criteria to qualify as an acquisition candidate

- Untapped potential in the existing offering
- Added value via MilDef's market channels and/or organizational structure
- Compatible corporate culture and values
- Continued engagement of key individuals

8 ACQUISITIONS 1997–2024



roda computer GmbH – a transformative acquisition in 2024

In November 2024 MilDef, through its wholly owned subsidiary MilDef Germany Holding GmbH, signed a binding agreement to acquire all of the shares in roda computer GmbH, a well-established supplier of military IT solutions with a strong market presence in Central Europe, particularly the DACH region. This acquisition will make MilDef one of Europe's leading actors within tactical and rugged IT for the defense and security segment. It will also give MilDef access to vital market channels, long-term customer relationships and existing framework agreements in attractive and growing markets in Central Europe.

Headquartered in Lichtenau (Germany), roda computer GmbH was founded in 1987, and has around 115 employees and two production plants. From the start the company has specialized in selling mobile and rugged computers, primarily within Europe (excluding the Nordics). The customers are mainly active within the defense sector and consist of government authorities such as national defense agencies and purchasing organizations, as well as companies in the defense industry. A majority of the company's sales are through framework agreements. In addition to its headquarters in Lichtenau and production plant in Hüllhorst, roda also has a presence in France and the UK. The company is an exclusive distributor of laptops and tablets from MilDef Crete Inc. in most of the markets in Central Europe.

FIVE REASONS TO INVEST IN MILDEF

1

Well-reputed supplier in a market experiencing strong growth

2

Technology and solutions positioned for defense build-up

3

Experienced experts in digitalization within defense and security

4

High-level engineering knowledge and solid industry know-how

5

Tried and tested strategies for accelerated growth and value-creation

1. Well-reputed supplier in a market experiencing strong growth

- MilDef targets selected markets that have high potential and forecast growth. The Company is focusing on the Nordic region, Europe, the UK, the USA and selected NATO nations.
- Growth is driven by digitalization in demanding environments, expanding defense budgets globally, technical innovations and modernization.
- Long-term customer relationships are crucial for success in this market.

2. Technology and solutions positioned for defense build-up

- MilDef has significantly broadened its offering to become a supplier of hardware, software and services to system design actors and is fully focused on defense and security.
- The products are constructed to handle the most challenging environments and meet strict military specifications.
- With modern production facilities in Sweden and Wales, and on the strength of the 2024 decision to quadruple capacity through new integration operations in Rosersberg, MilDef has greatly expanded its manufacturing and integration capacity in defense and security.

3. Experienced experts in digitalization within defense and security

- A well-positioned portfolio for comprehensive tactical solutions in hardware, software and services.
- For almost 30 years MilDef has built a unique knowledge bank as a leading supplier of rugged and field-proven defense and electronic equipment.
- MilDef only has a few direct competitors.

4. High-level engineering knowledge and solid industry know-how

- MilDef is a company that attracts cutting-edge technical talent; frequently employees who have many years of experience in the defense industry, leadership and international business development.
- MilDef has a value-driven corporate culture in which the employees are motivated by doing work that is critical for society and by technological challenges; their motivation also comes from inspiring working environments, internal career opportunities and training programs.

5. Tried and tested strategies for accelerated growth and value-creation

- The growth strategy is based on three strategic pillars: growth in the Nordics, Europe and selected NATO countries, expansion through partner companies in prioritized markets and defense-driven growth.
- A solid financial position: From 2019–2024 MilDef increased its revenue by an average of 29.2% a year and the average adjusted EBITA margin for the same period was 10.4%, with an adjusted EBITA margin of 12.5% for 2024.
- An active acquisition strategy: Over the past decade eight acquisitions have been implemented that have taken MilDef into new geographical markets and expanded the customer offering.

HOW MILDEF SELLS

The majority of MilDef's sales – just over 80% – went to critical infrastructure and industry in 2024, while the remaining 20% in 2024 went to critical infrastructure and industry. The end-customers are almost exclusively national defense forces that have specific requirements for the equipment procured by their purchasing departments. Bearing in mind the longevity of defense systems, the customers prefer to build long and deep relationships with suppliers whose products have demonstrated reliability.

Since 2024 MilDef's sales have been divided into two business areas, both with a clear focus on expansion and growth: Business area Nordics and business area Europe and North America.

Business area Nordics

- Sales companies in Sweden, Norway, Denmark, Finland
- Integration services (Sweden), software (developed in Norway)
- Both B2G and B2B sales

Business area Europe and North America

- Sales companies in the USA and UK, international partner sales, and subsidiary Handheld (decision on discontinuation in 2025)
- Primarily B2B sales

Multiple channels to end-customers

The value chain for complex defense platforms and systems consists of a number of subcontractors delivering subsystems, products and components to a main supplier that manufactures, delivers and is responsible for the end-products and/or systems delivered to end-customers. Suppliers of integrated systems and products are often well-established, large, multinational tier 1 corporations that are diversified in terms of products and geographical presence, and have close business relationships with national defense procurement agencies.

Various channels to the end-customer

Public sector customers use direct contracts and also acquire products through logistics organizations, such as the Swedish Defence Materiel Administration (FMV), the Norwegian Defence Materiel Agency (NDMA), the Danish Ministry of Defence Acquisition and Logistics Organization (DALO) or Bundeswehr, the armed forces of Germany. In less complex transactions, contracts may be signed directly by the procuring agency, such as the Armed Forces in Sweden.

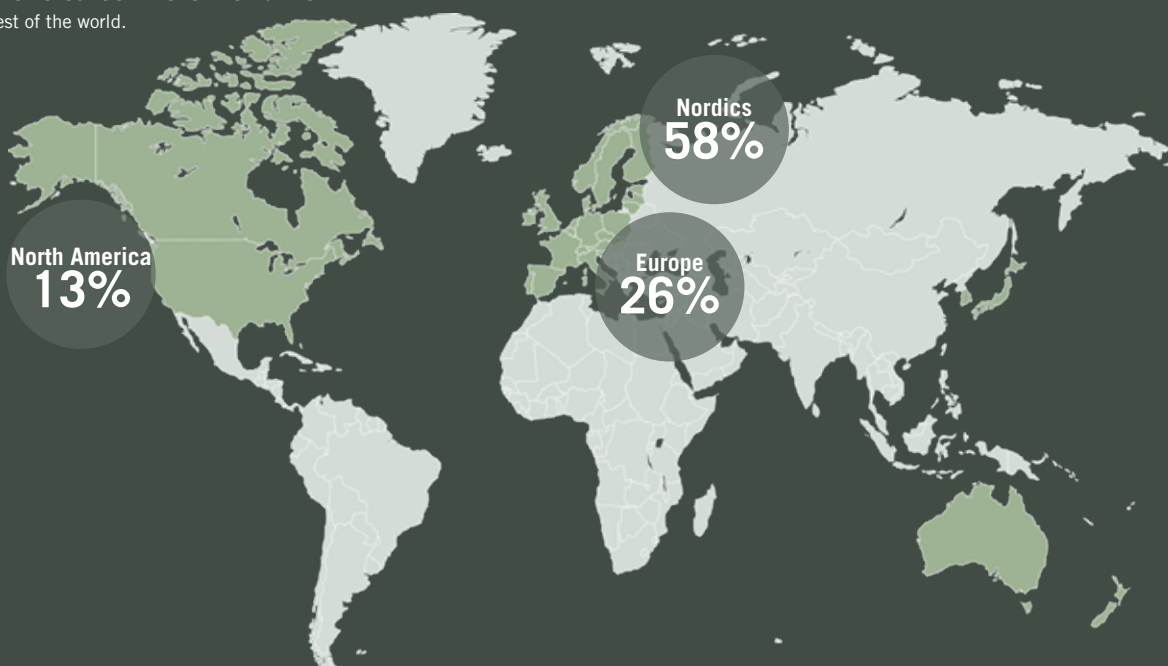
As the business volume and complexity grow, so too does the supply chain. In an international scenario there may be local and global subcontractors delivering products and services to one or more integration partners, who in turn deliver to a contracted supplier with overall responsibility for a project or program. The relationship between tier 1 suppliers, integrators and subcontractors is typically a commercial business-to-business relationship involving private procurement and purchasing contracts.

In cases where MilDef is not represented in a geographical market the Company works with well-established partner companies who in turn sell directly to end-customers or through local partners.

By selling and delivering high-quality products, on time and with a strong focus on the best interests of the customer, MilDef has built strong relationships and deep trust in an industry where this is valued even more than usual.

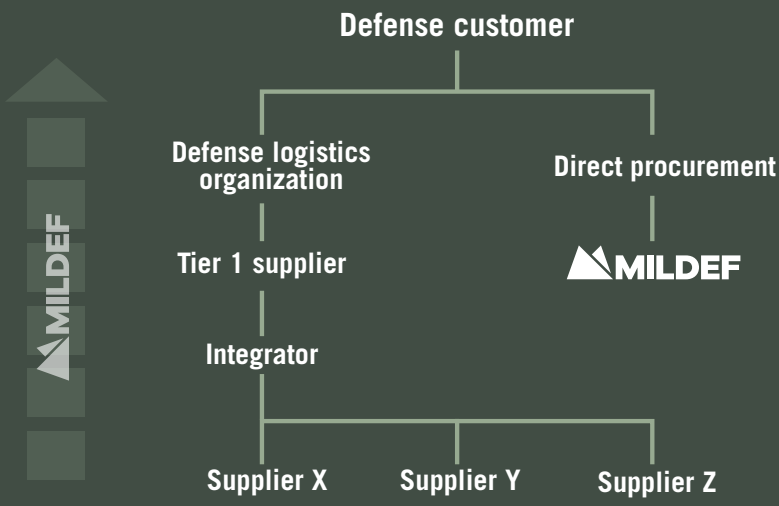
MilDef's sales in the world 2024

3% rest of the world.



MILDEF CLIMBING UP THE VALUE CHAIN

Over the past few years MilDef as a company has been climbing steadily up the value chain and has increasingly sold its products directly to the Nordic defense materiel procurement administrations (FMV, DALO, NDMA), and more and more through framework agreements with a few of the world's largest defense corporations. With a highly reputable offering, MilDef has strengthened its market position and become increasingly relevant.



DEFENSE CUSTOMER	 Swedish Armed Forces	 Norwegian Armed Forces	 US DoD	 Ministry of Defence	 BUNDESWEHR	
DEFENSE LOGISTICS B2G						
TIER 1, 2 & INTEGRATORS Global B2B					 L3HARRIS™ FAST FORWARD.	
LOCAL PARTNER	Where MilDef does not have its own company, sales take place through strategic partner companies.					



CUSTOMER PROMISE

RUGGED, RELIABLE & RESILIENT

We are built tough. We are built to be the one you can depend upon. We are built to never back down or bail out. Rugged, reliable, resilient. It is not just words. It is how our products are made. It is what our products deliver. It is how we make a difference, when and where the stakes are the highest.

SECURITY & PROTECTION

We are the enemy of “oops”. The opposite of wishful thinking. The antidote to short-sightedness. Our reason for being is to give the good cause the upper hand. To stand up for freedom and democracy. To make the world a safer place and to protect the fabric of our society.

FIELD PROVEN

We stand behind our products because we know what they are capable of. We spend huge amounts of money on R&D to test and find out how they perform in the harshest conditions. But the real test is out there in the real world. In the mud. In the cold. In the heat. In the never-ending rain. We have been there. Done that. And so have our products.

FLEXIBLE & CUSTOMIZABLE

Working with systems integration means being part of a greater context. Which means that we constantly need to adapt and adjust our way of working as well as align and comply with a wide number of products, systems and solutions. We know the importance of fitting in. Therefore, we do not have a set menu. The products and systems we build are the ones our customers need. More than anything, it is a matter of attitude and mindset. To us, impossible is only temporary. If there is a will, we will surely find a way.

INTEGRITY & TRUST

Our business is built on integrity and trust. Neither of them come in a gift box. They have to be earned. And at MilDef we are hardworking earners. People turn to us because our word and pledge means something. They turn to us because we have always stood up for our beliefs, ideas and actions – and always will. Something that can be costly in the short perspective. But something that always pays off in the long run. For everyone.

UNSTOPPABLE

Unstoppable would be the perfect description of the spirit of MilDef. Of our approach to challenges, difficulties and our customers' needs. Of our responsiveness, alertness and swiftness. And of the success story we have been writing together for the past few decades. But it goes beyond that. Unstoppable is at the very essence of our brand promise and offer. We make sure that the information flows we protect never get interrupted, intercepted or corrupted. We stop at nothing. Literally.

This is MilDef's new brand platform which was developed in 2023.

THE JOURNEY TOWARDS A SYSTEM HOUSE ACTOR

Digitalization and rebuilding of defense and security capabilities have just started, after decades of saving and disarmament. Where demands are at the absolute highest level, MilDef's products, services and software play a crucial role. The product portfolio encompasses all of the components in an IT system – from servers and computers to network equipment and displays, as well as software and services.

The core of MilDef's offering is rugged hardware which accounts for about 70% of the Company's sales. In addition to this, services account for around 25% of revenue and software for the remaining 5%. After having delivered individual computers, laptops, displays and necessary IT components for almost 30 years, MilDef is now increasingly offering complete system solutions. Comprehensive solutions that are the backbone of a system of systems within IT infrastructure – all to facilitate secure communication, data processing and interoperability between defense systems. Below is an illustration of what system of systems means in the context of the Swedish CV90 armored vehicle

Examples of digitalized vehicle system

Military radio

Intercom system

Radar system

Navigation

Vehicle information
system

Weapons system

Battle command and
control system

Optical and IR cameras

Unique opportunities for customization

- Modular design
- In-house capacity
- Concept development
- Design
- Testing & verification
- Manufacturing
- Service & support

Tactical IT. For tactical advantages

In all military systems tactical IT provides a strong backbone. A cornerstone for IT infrastructure and effective operator environments that enables all subsystems to function in an integrated way. As one. Integration of hardware and software ensures that communication, data processing, storage, seamless integration of functions and interoperability with other systems are all secure. Capabilities that give military and security personnel an advantage.

MilDef's 19"/2®. A unique solution

The 19"/2® product range got its name from its form factor and includes computers, switches, routers and other bespoke units. These products are mainly installed in various types of vehicles, such as wheeled and tracked land vehicles, naval vessels and aircraft. MilDef's 19"/2® series is part of the Group's hardware portfolio developed in-house and is the most comprehensive part of the Company's unique products. They meet current criteria for IT infrastructure by delivering high performance on a small surface. The products are designed for customization and their signals, connectors, performance, etc. can be quickly modified.

By using modular products, customers can easily adapt the system for specific requirements and needs, and add or remove functionality as needed. This makes it possible to build IT systems that are optimal, scalable and cost-effective. A common example of a 19"/2® installation is as an IT system in vehicles, such as troop transport vehicles or artillery systems, where key components of the vehicles' IT is based on MilDef's computers, servers, switches and displays.

The long lifecycles of the 19"/2® products make them not only sustainable but also able to meet customer expectations of a strategic supplier, while also matching the long lifecycles of military vehicles and vessels.

Displays

Displays have become increasingly important as defense systems are modernized and digitalized. MilDef therefore offers a range of high-quality, modern displays to meet future

needs. MilDef's displays have been developed to handle the most demanding environments, in terms of both environmental impact and electromagnetic threats. They are available as Panel PCs with the latest processor technology or as a display with various interface options. In 2024 MilDef acquired parts of the UK company Advanced Vision Technologies Ltd (AVT) including three fully rugged intelligent displays that have features such as advanced video capabilities adapted for military vehicle programs. MilDef's displays have been developed to last for a long time without the need for maintenance, which means that they can be used for 10+ years without a scheduled service.

Mobile computers

MilDef has a broad offering of robust computers for mobile use, including laptops, tablets and handheld devices. All models can be further modified through configuration and customization. The range of tablets in various sizes and designs provides mobility and enables them to be installed in restricted spaces in vehicles or boats. MilDef is also growing rapidly in the soldier-borne digitalization segment, with increased use of technology at the individual level. In 2024 the Company launched its first concept for dismounted soldiers.

Special electronics and accessories

MilDef produces specialized solutions for specific tasks. The Company designs and builds, for example, rugged controllers for remote control of unmanned vehicles. MilDef can also create customized computers with an integrated battery, detachable hard disk and multiple interfaces to connect to communication equipment and sensors.

MilDef offers accessories needed to connect, integrate and use tactical IT equipment in variable environments. The portfolio includes keyboards of various designs, specially adapted cables, media converters and more.





SERVICES AND SOFTWARE

Service offering

MilDef's service offering consists of three main areas: program and product management, system technology and integration services. With its comprehensive offering, MilDef can help customers with everything from product planning to design and integration of systems.

MilDef offers experience and expertise throughout the system integration process – from preliminary study and system design to physical integration, installation and maintenance of products and systems.

Customized integrated logistics solutions (ILS) solutions and technical support ensure high accessibility and effectiveness throughout the system's life cycle. MilDef designs and integrates hardware such as command and communication systems, navigation systems, sensors, and radar, electronic warfare and optronics systems. MilDef works with all types of platforms, objects and facilities, and has carried out projects involving combat vehicles, combat boats, command and control units, and facilities such as command centers, simulators etc.

In 2024 MilDef decided to start building a new bespoke property of around 6,000 square meters of office and production space in Rosersberg. This investment will quadruple MilDef's capacity in integration services and enable the Company to accept larger orders in Sweden.

Service offering

- Project, program and portfolio management
- System technology and design
- ILS management and technical support
- System security
- Technical documentation
- Integration, installation and maintenance
- Helpdesk and service desk, contact center management
- Training

Research and development

MilDef conducts extensive research and development. The research and development (R&D) department is activated early on in the sales process. As soon as an inquiry is received from a customer, a concept is created that identifies the requirements and specifications, and describes how MilDef intends

to realize the product. Both the concept department and later on the project department are helped by having access to MilDef's resource bank of reusable technology, such as electronics, mechanics and software. This phase lays the foundations for one of MilDef's main competitive advantages – the ability to rapidly and cost-effectively develop unique customized solutions.

Intellectual property creates advantages

By retaining the intellectual property, future product projects can leverage past development work, which also benefits the customers in the form of guaranteed quality, short delivery times and cost-efficiency. When a project is ordered, a structured project model is initiated where the concept is refined into development specifications. Based on these specifications, development is carried out by one of MilDef's in-house project teams.

Prototypes are built by the R&D department in a lab where the employees are experts in verifying both functionality and environmental requirements. MilDef has extensive testing equipment to ensure that the products meet the specifications.

OneCIS. Fast and secure implementation of IT services

MilDef's OneCIS software enables the fast rollout of tactical IT services including for mobile command systems, tactical units and rapid deployment forces. OneCIS is a NATO-compatible system for launching hardware, operating systems, applications and third-party products. The software enables the fast launch of tactical IT services for deployed personnel, tactical units and rapid deployment forces. Combined with MilDef's hardware, this offers a secure, flexible, scalable and implementable tactical IT solution that reduces the risk of manual errors and enables increased operational capacity through its automated and well-tested configurations. OneCIS enables full interoperability and connectivity.

Competitive advantages of OneCIS

- Fully automated launch
- Faster and more reliable
- Improved security
- Flexible and open architecture
- Makes it possible to build systems that match NATO's highest security standards
- NATO Federated Mission Networking (FMN)



STRENGTH COMES FROM WITHIN



“The key to a thriving workplace is to take good care of our internal capital – our employees, our culture, our know-how and our way of working. It is this internal capital that is one of our most valuable assets.”

Martina Karlsson – CPO

The power to make a difference

MilDef operates in an industry that is more relevant than ever. The employees are proud of delivering advanced and reliable products that meet real needs in a time when they are needed. MilDef is a place where employees thrive, develop and want to stay. The aim is to be a long-term employer that creates career opportunities through growth and that supports its people to both broaden and deepen their knowledge and skills.

The MilDef Way – our culture

The MilDef Way is our legacy and our future. Culture and clear values function as an invisible driving force – a force that steers both behavior and decisions in the right direction. They form a common framework that provides security and unity, regardless of the department or geographical location where the employee works.

With this as a foundation, all employees at MilDef work towards the same goals and take decisions that support the Company’s long-term vision. MilDef’s culture is not just an internal priority, it also impacts how the Company is perceived by customers, partners and the market. MilDef is proud of its culture, and the employees are together building a culture that is not only strengthening the business today but also ensuring success in the future.

An important aspect of MilDef’s culture is ownership and accountability – an approach where everyone shares a common ethical and commercial focus. Putting the employees at the center creates an open and inclusive work environment characterized by drive, cooperation and dialogue. Here, everyone’s voice is heard, which creates engagement and motivation for our people to do their best every day.

PROACTIVITY

Plan for the future; act today.

PRIORITY

Put 80% effort on the 20% that matters most.

INTEGRITY

We say what we do and we do what we say.

UNITY

Work together as one.

PRIORITIZED INITIATIVES IN 2024

Professional development

In 2024 MilDef expanded its presence in forums and contexts that help meet future professional and skills development needs. This included becoming involved in Techella, a network in Sweden focused on diversity and increasing female representation in the tech and engineering industries. MilDef is also represented on a program board at Halmstad University to provide input on how future engineering programs are designed.

Collective agreement

In 2024 MilDef decided to enter into a collective agreement for its Swedish operations as of January 1, 2025, to benefit both employer and employees. The agreement creates more opportunities for cooperation within the Company, which MilDef sees as another step in securing its position as an attractive employer.

Leadership program

MilDef implemented a leadership program in 2024 throughout the Company's international operations in which all managers participated. The purpose of the program is to lay the foundations for sustainable leadership based on trust, professionalism and commitment. The objectives of the leadership program are to:

- Create sustainable business performance... by having confident, highly professional leaders.
- Create a leadership culture... with a common language and where leaders embrace responsibility.
- Create a toolbox for leaders... to build their capabilities and skills.
- Create leaders who can lead in transition... with confidence, inclusivity and engagement.

*"Inner strength
is about
leadership,
employee-ship
and culture"*

Leadership and employee-ship in symbiosis

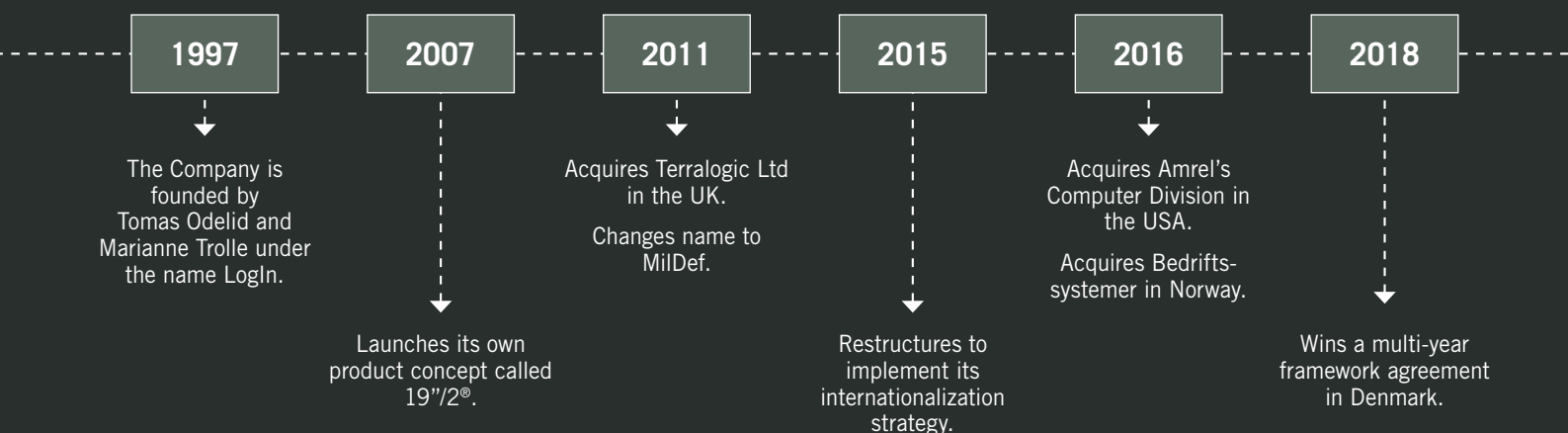
MilDef believes in leadership that inspires and involves every individual. For MilDef, the leadership culture is just as important as the corporate culture. Strong leadership ensures that the Company is moving in the right direction and that the employees are inspired to be on the journey.

Employee-ship is the commitment, sense of responsibility and proactive attitude that employees embrace in their various roles. It is about more than performing work tasks; it involves taking responsibility, contributing to the mission and driving growth from within. It is about employees being on the journey together and being convinced that their work matters; that they are a vital part of the organization as a whole.

Fast facts

As of December 31, 2024, MilDef had 327 employees, 153 of whom were employed at the Company's headquarters in Helsingborg. MilDef is committed to diversity and aims for a workforce with a wide variety of talents. At the end of 2024 around 25% of the employees were women. Women make up 29% of the Board of MilDef Group AB and 43% of MilDef's Management Team.

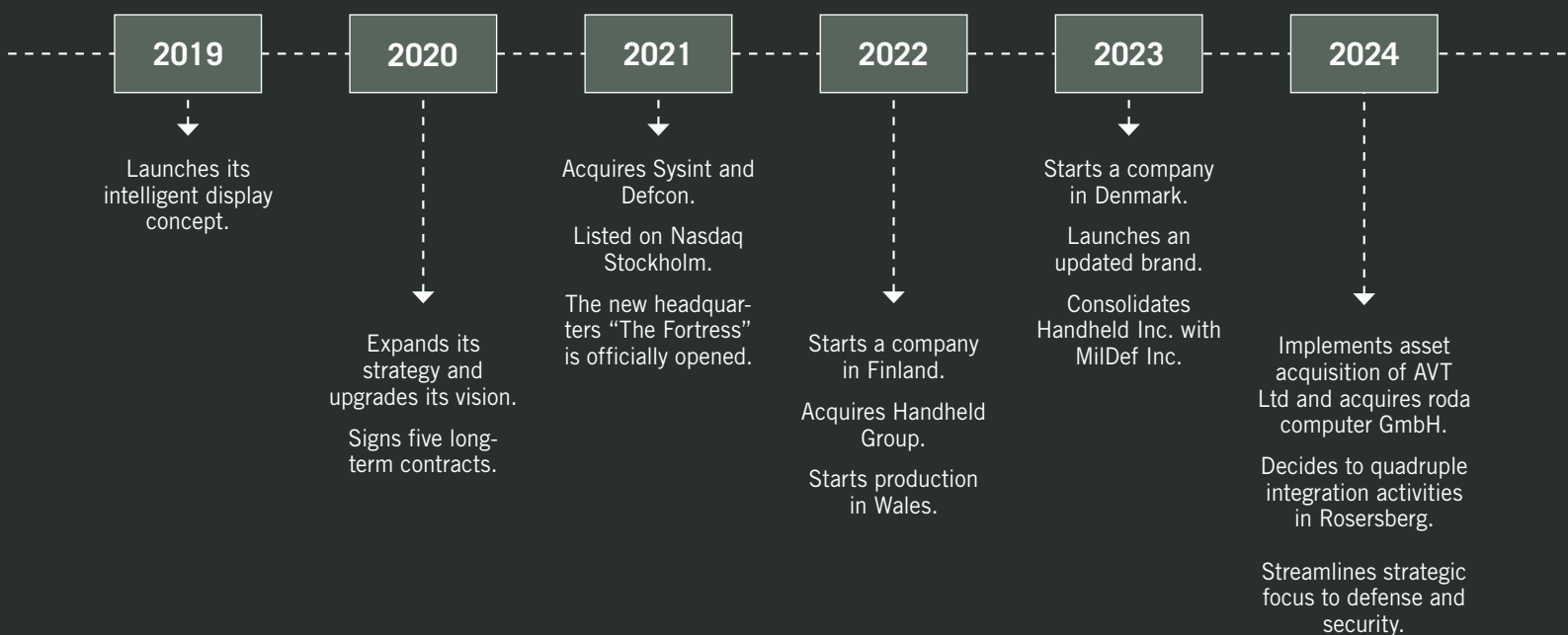
MILDEF'S HISTORY



**FROM DISTRIBUTOR TO
MANUFACTURING**

**INTERNATIONALIZATION AND
GROWTH**

1997–2024



STRATEGIC EXPANSION





TRENDS DRIVING THE MARKET

The worsened global security situation in 2024 and decisions to significantly increase defense spending are expected to accelerate the trends presented below. Here we identify five of the key factors driving the growth in MilDef's offering.

1

Strong increase in defense appropriations and the fact that for many years there has been structural underinvestment in total defense. In many countries actors are demanding an increase in expenditure to raise the level of security nationally, regionally and globally.

2

Modernization programs are essential in order to meet the goals set out above. To implement this it is necessary to replace old materiel with more modern systems that can handle the increasing demands of modern and digitalized armed forces.

3

Digitalization, IoT and AI are powerful trends with crucial significance within defense and security. Total defense strategies must keep up with technical developments and this means that more is expected of IT systems. The systems require higher performance levels to handle the massive amount of data being used, while also retaining the same level of security – both physically and technically.

4

New technologies are having a significant impact on rugged defense electronics. For example, better sensor systems and various types of remote-controlled vehicles require more from the electronics that control them.

5

The significance of total defense has grown, increasingly expanding the term "defense" to include security in critical functions in society in addition to military defense. This concept involves armed forces playing an ever-increasing role in emergency management situations. This could include construction and staffing of field hospitals and providing support in connection with natural disasters and other similar extraordinary situations.

EUROPE UPGRADES ITS DEFENSE

Russia's full-scale invasion of Ukraine in 2022 fundamentally changed perspectives on lasting peace in Europe. At the same time the USA has indicated that it will not be as involved in Europe's defense as it has been historically, forcing European countries to take greater responsibility for their own security. This shift puts European countries under increased pressure to invest more in defense than previously.

Individual countries' defense spending is governed by one main factor – the threat profile. This can be divided into two components: the “actual” threat, which only military intelligence services can fully understand, and the “experienced” threat level, as perceived by the general public.

The threat level is therefore the most crucial factor in future defense budgets. According to defense experts, defense budgets will remain high for at least 10 years. These budgets are not expected to be materially affected by a possible peace in Ukraine.

The war on European soil has therefore accelerated the rebuilding of defense capabilities, leading to significant increases in military spending in recent years. These increases are expected to continue.

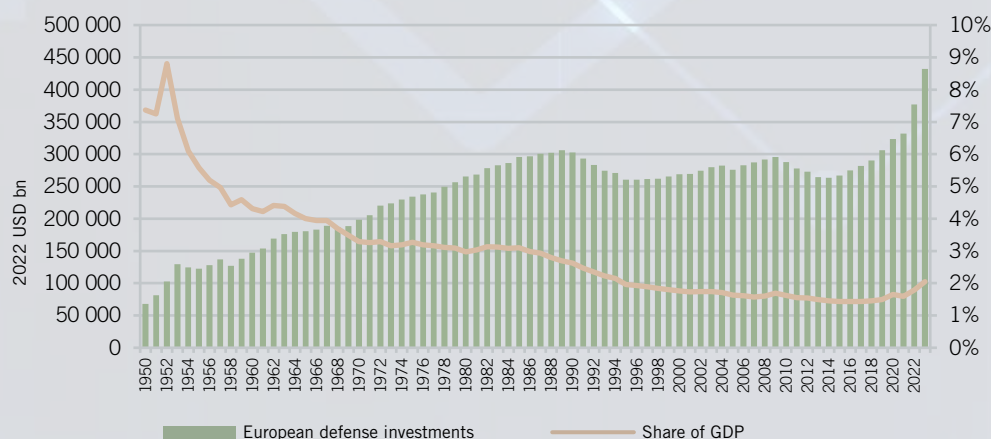
In future European countries will have to take greater responsibility for defense and security

Common European defense strategy

The EU has realized that its inadequate production capacity for defense materiel constitutes a significant risk to the Union. Several factors play into the current low production capacity, including previous lower defense spending and a high level of cooperation with the USA in terms of defense requirements. To manage this risk, the EU has implemented its first defense strategy for European defense companies. The EU has introduced several strategies, of which the European Defence Industry Strategy (EDIS) is of most interest to MilDef. This strategy sets out a clear, long-term vision for achieving defense industrial readiness within the EU. The goal is to increase the EU's defensive power and reduce its reliance on external sources in times of conflict.

Analysis of the aggregated figures for the key markets relevant to MilDef clearly shows that the three largest countries – France, Germany and the UK – dominate defense spending in Europe. The Nordic countries, with their smaller economies, together account for around 15% of Europe's total defense spending.

Europe has got back to 2% of GDP

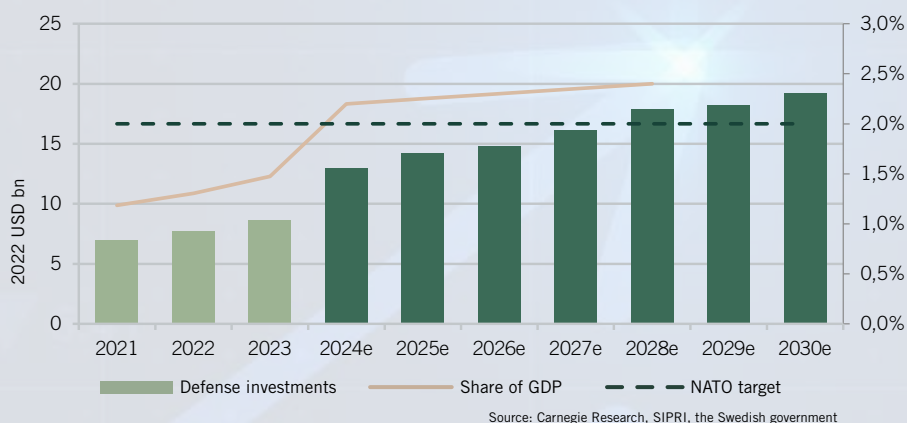


Source: SIPRI

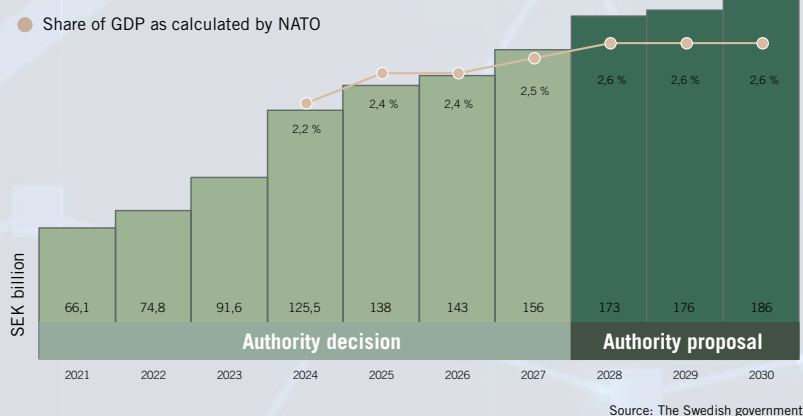
Overview of European defense spending

SWEDEN

Sweden has an ambitious growth plan for its defense

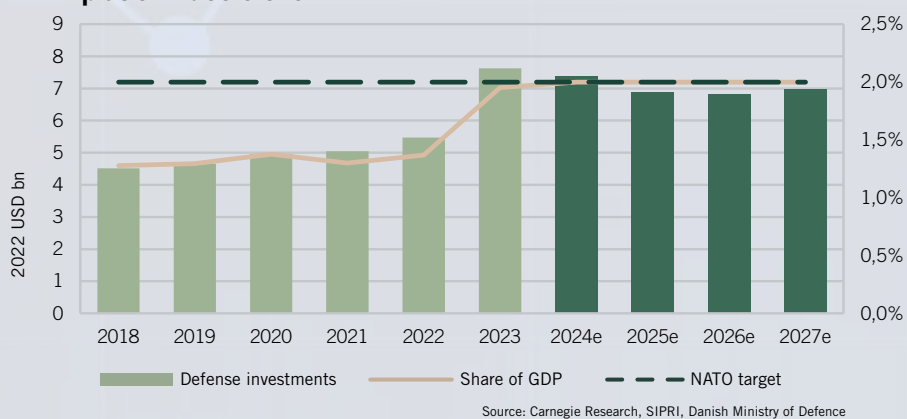


Sweden's defense budget



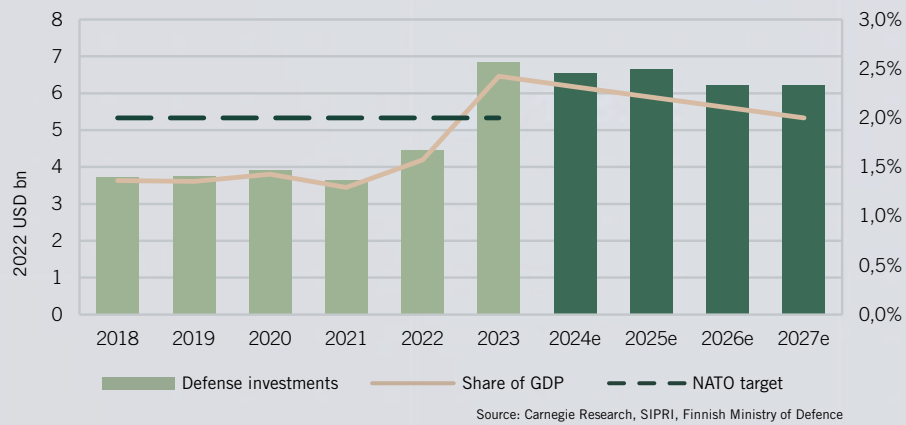
DENMARK

Defense investments have plateaued because of paused platform decisions



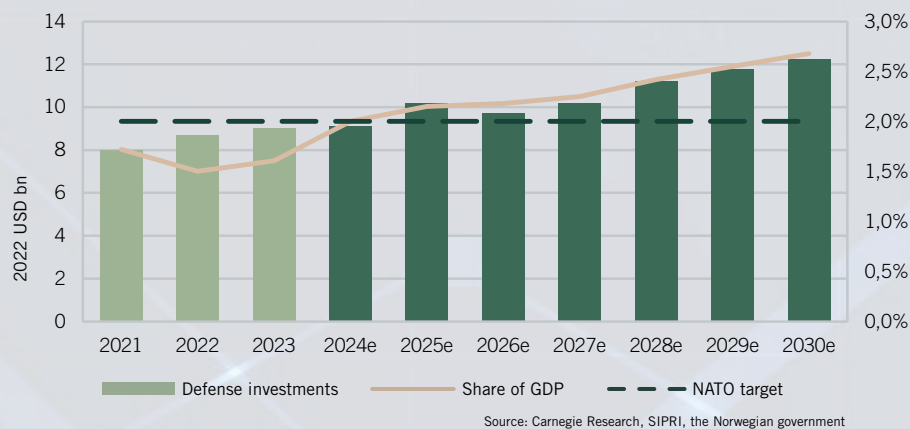
FINLAND

Finland has long invested less than 2% of GDP



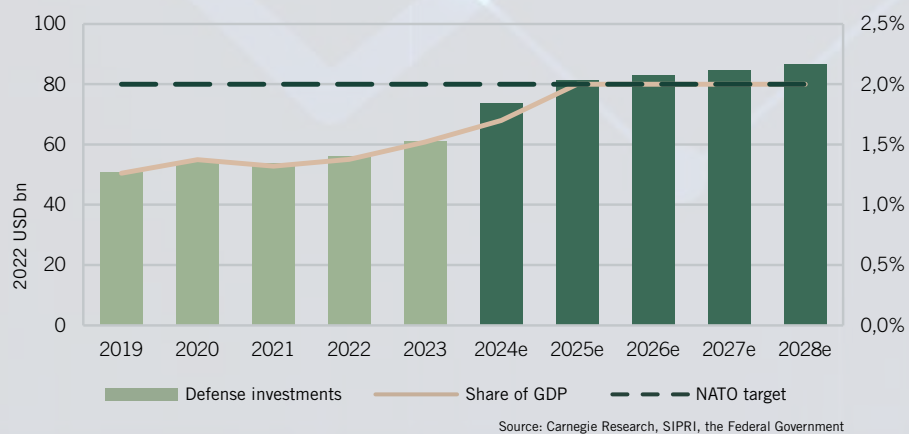
NORWAY

Norway increasing investments in defense



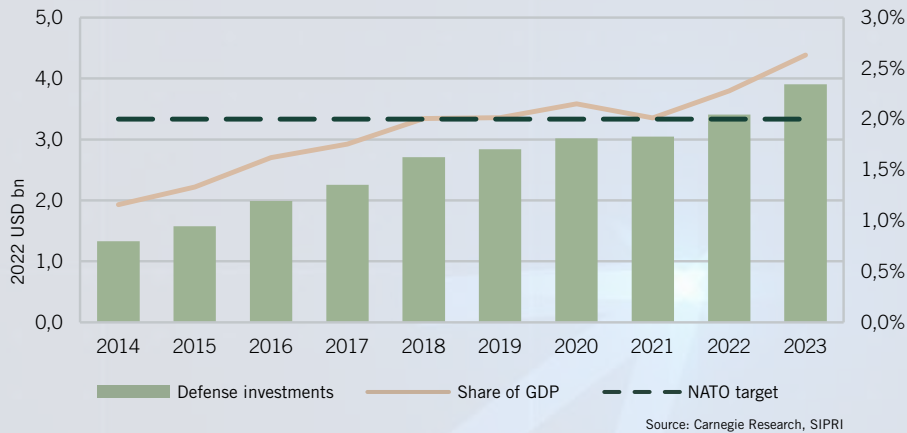
GERMANY

Europe's largest defense budget – unclear whether Germany will reach 2% of GDP in 2028



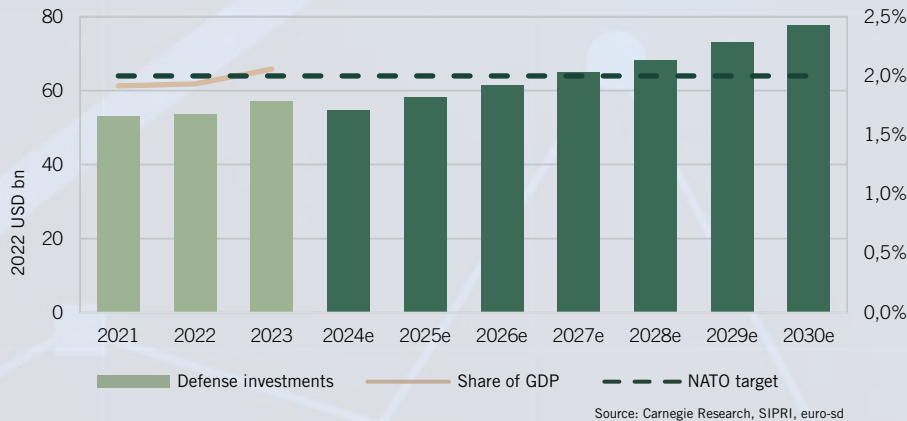
BALTIC STATES
(Estonia, Latvia,
Lithuania)

The Baltic countries plan to spend 2.5–3.0% of GDP on defense



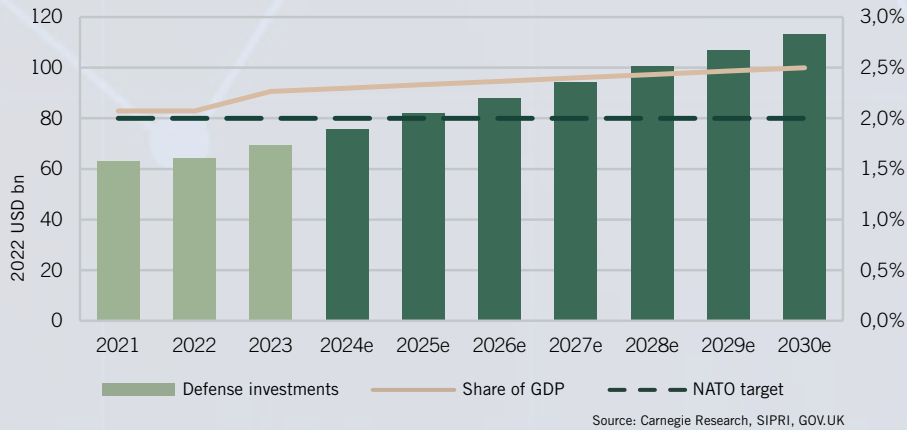
FRANCE

Large French budget accelerating towards 2% of GDP for defense



UK

UK committed to fast-growing defense budget





SUSTAINABILITY REPORT

MilDef aims to maintain a good balance between business, environmental and social sustainability. This is considered essential in order to meet current needs without jeopardizing the ability of future generations to meet theirs. MilDef always operates in compliance with mandatory requirements, such as applicable laws and regulations, organizational and industry standards, contractual obligations, and any codes of conduct.

MilDef's impact within sustainability

The Company is an international systems integrator and full-spectrum supplier of rugged IT for defense and security applications. MilDef provides hardware, software and services that protect critical information flows and systems, when and where the stakes are highest. The Company's customers are in the defense and security sectors.

MilDef's products are sold to customers through its companies in Sweden, Norway, Finland, Denmark, the UK, Germany, Switzerland, the USA and Australia. The Company was founded in 1997 in Helsingborg, Sweden. MilDef Group has been listed on Nasdaq Stockholm since 2021.



Marie Jonsson, Director of Quality

Sustainable Development Goals

MilDef works to promote the UN's 17 Sustainable Development Goals (SDGs). The Company has chosen to focus on the following five goals linked to its strategic development.



Promote individual development at work

Invest in employee wellbeing and safety by implementing holistic health and wellness initiatives throughout the Company.

SDG 4.3.1, Increase participation in internal training



Promote equality and diversity

Promoting an inclusive, diverse and innovative culture where our employees thrive and grow together with the Company is essential for our working conditions.

SDG 5.5, Increase proportion of women in management positions



Promote sustainable production and consumption

By strengthening our internal processes and updating product development requirements to include a sustainability assessment and life cycle analysis (LCA). Increased modularization will support scalability while simultaneously improving resource efficiency.

SDG 12.5, Reduce waste



Promote a sustainable climate

By increasing our knowledge, awareness and insight, and striving to reduce our climate footprint throughout the value chain.

SDG 13.2.2 Reduce greenhouse gas emissions per year

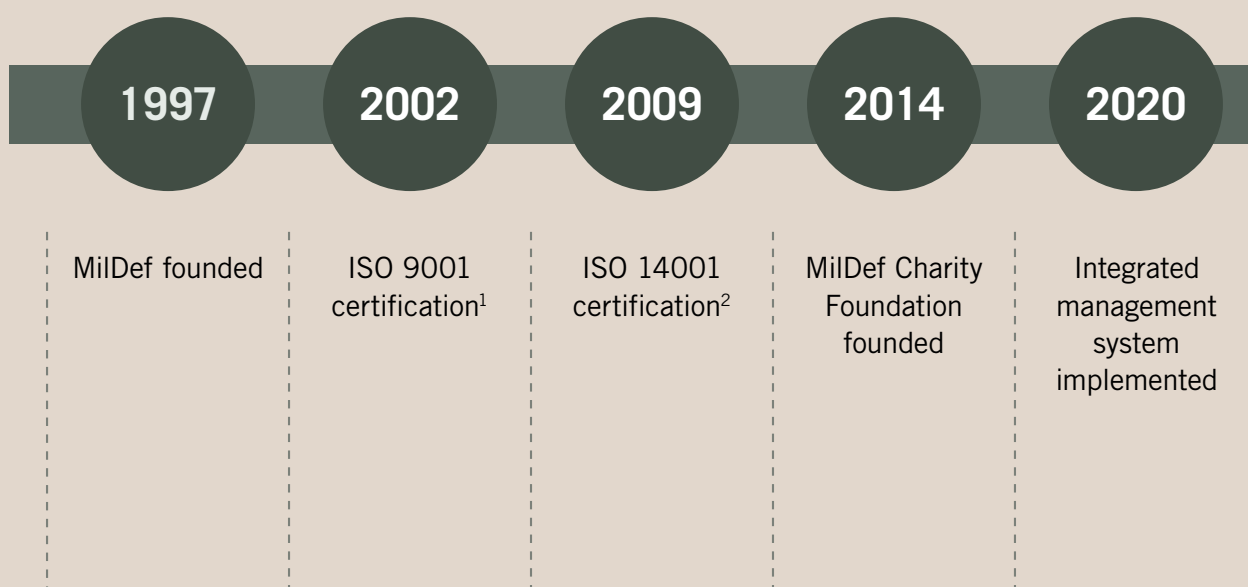


Ensure a healthy and resilient value chain

By introducing a systematic due diligence process with reference to sustainability in order to evaluate risks regarding the environment, social responsibility and corporate governance. Make conscious and responsible choices about whom we do business with, both upstream and downstream. MilDef must not be involved in or contribute to any form of corruption.

SDG 16.5.1, Maintain cases of corruption or bribery at 0

SUSTAINABILITY JOURNEY



FOCUS AND ACTIVITIES IN 2024

- Promote individual development at work – strengthen our staff processes, focusing on leadership and employeeship.
- Promote equality and diversity – increase the proportion of women in management positions through internal progression and external recruitment.
- Promote sustainable production and consumption – continuous improvement work to rationalize and simplify.
- Promote a sustainable climate – increase our knowledge, awareness and insight.
- Promote a sound value chain free from corruption – tighten up requirements and monitoring of compliance, both internally and externally.

¹ ISO 9001 – Quality management system

² ISO 14001 – Environmental management system



2021

ISO 45001
certification³
Expanded policy
portfolio
Sustainability
Policy

2021

UN Global
Compact
Sustainalytics
EcoVadis
KYC process
formalized

2022

ISO 26000
implementation⁴
New
sustainability
strategy

2023

Sustainability
Report
published
Human rights
due diligence
framework

2024

CSRD
preparation
Updated
sustainability
strategy
Internal
sustainability
campaign

FOCUS AND ACTIVITIES FOR 2025

- Promote individual development at work, invest in employee wellbeing and safety.
- Promote an inclusive, diverse and innovative culture where our employees thrive and grow together with the Company.
- Promote sustainable production and consumption by strengthening our internal processes and updating product development requirements.
- Promote a sustainable climate, increase our knowledge, awareness and insight, and strive to reduce our climate footprint.
- Ensure a healthy and resilient value chain by introducing a systematic due diligence process with reference to sustainability.

³ ISO 45001 – Occupational health and safety management system

⁴ ISO 26000 – Guidance on social responsibility

SUSTAINABLE DEVELOPMENT

MilDef's contributions to sustainable development

MilDef strives to contribute to sustainable development and acts in accordance with the Sustainable Development Goals (SDG) defined by the UN. The Company supports the Ten Principles of the UN Global Compact on human rights, labor, environment and anti-corruption. The Company works continually to embed the UN Global Compact and its principles in its strategy, culture and daily operations, and to engage in collaborative projects that promote the UN's wider SDG targets, especially those relating to sustainable development. Since 2021 MilDef has been a member of the UN Global Compact and endorsed its Ten Principles.

MilDef has chosen to work systematically on sustainability in order to maximize its contribution and has integrated the ISO

26000 guidance standard on social responsibility in its existing combined management system, which includes work on quality, the environment, and health and safety. Sustainability efforts are integrated into MilDef's ordinary business planning and management systems, and incorporated in the overarching Crisis Management Procedure and Emergency response plans are in place at each site.

In addition to the organizations' social responsibility in line with ISO 26000:2021, MilDef works with an environmental management system according to ISO 14001:2015, a quality management system according to ISO 9001:2015, and an occupational health and safety management system according to ISO 45001:2018 for which the company are also certified.



(ESRS 2)

GENERAL DISCLOSURES

MilDef Group AB runs a multinational group of companies with the focus on delivering tactical IT solutions. This report covers the Parent Company and all main processes and subsidiaries. At year-end 2024 MilDef had 327 employees across 10 sites.

MilDef's analysis of what corporate social responsibility entails for the Company is based on a process incorporating the following:

- Determination of value chain.
- Implementation of stakeholder analysis.
- Implementation of maximization/materiality assessment.
- Selection of goals from the SDGs.

The evaluation took its starting point in the interests of priority stakeholders, benefits for society and importance to the Group as a whole. Priority issues were linked to the SDGs and targets where the Company has a positive and/or negative impact.

In general MilDef was successful in its development during the year. The monitoring of targets and metrics is assessed as part of management's review of each company.

The following issues have been prioritized in the maximization assessment: Individual development and on-the-job training; discrimination and vulnerable groups; service and support for buyers of MilDef's products, as well as complaints handling and dispute resolution; mitigation of and adaptation to climate change; and promotion of social responsibility in the value chain. The evaluation took its starting point in the interests of priority stakeholders, benefits for society and importance to the Group as a whole. The selected SDGs have been linked to MilDef's vision, mission, business targets, sustainability strategy and Code of Conduct. Based on the work outlined above, the Company has drawn up action plans for achieving the goals and established procedures for monitoring, evaluation and learning. The Company's sustainability-related activities are described in the present Sustainability Report and form part of the overall business planning. As such they are monitored, evaluated and improved on a continual basis.

During 2024 MilDef worked to focus and prioritize its sustainability efforts in the areas where the greatest effect can be achieved (reduced negative impact/increased positive impact).

Contributions to sustainable development are reflected in MilDef's long-term objectives

- Be a leading supplier of tactical IT in our priority markets.
- Maintain an excellent standard of service for customers and partners.
- Provide and promote a stimulating, challenging and pleasant work culture.
- Meet the Company's financial targets with reduced periodic volatility.
- Contribute to a democratic, equal rights, and sustainable world.

General basis for preparation of sustainability statements

(BP-1)

We follow the working method set out in SS-EN ISO 26000:2021 in order to maximize our contribution to the Sustainable Development Goals (UN SDG). This Sustainability Report is based on the organization's self-declaration – which follows the requirements for sustainability reporting – where we report on how we have applied the guidelines in SS-EN ISO 26000:2021 and the requirements in SIS/TS 2:2024. During 2024 the organization embarked on a journey to adapt its sustainability reporting to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). This proactive approach underlines MilDef's commitment to transparency, accountability and continuous improvement of the Company's sustainability methods. The structure of this report has been adapted, with references to the respective ESRS made in each section where applicable.

Important steps taken during 2024:

- **Initial assessment and gap analysis**
Implemented a comprehensive gap analysis to compare the existing ISO 26000-based sustainability report with the requirements of CSRD and ESRS.
Identified key areas that need to be improved to meet the new standards.
- **Stakeholder engagement**
Engaged internal and external stakeholders to gather insights and expectations concerning sustainability reporting. Held workshops and made enquiries to ensure that the reporting framework addresses the stakeholders' needs and expectations.
- **Data collection and management**
Conducted preliminary study of need for potential data collection systems to ensure accurate and reliable sustainability data.
Evaluated existing data management processes to ensure they meet the needs of expanded reporting requirements.
- **Training and capacity building**
Carried out training sessions for the Company's sustainability team to familiarize them with CSRD and ESRS requirements.
Built internal capacity to ensure continuous compliance and high-quality reporting.
- **Review and assurance**
Initiated regular reviews of sustainability reporting processes to identify areas for improvement.
Considered external assurance alternatives to increase the credibility and reliability of sustainability reports.

By taking these initial steps in 2024, MilDef has laid the foundations for reporting in accordance with CSRD and ESRS as of the beginning of the 2025 financial year. MilDef's commitment to sustainable development and responsibility to both stakeholders and the environment are reflected in the day-to-day work and initiatives above.

Disclosures in relation to specific circumstances

(BP-2)

The Company has strived to include reliable and qualitative data in order to meet the requirements and provide reasonable target scenarios for its sustainability work. However, the Company has encountered challenges in terms of collecting complete sustainability data from certain subsidiaries and has been forced to make delimitations. These challenges relate to technical limitations, geographical obstacles and lack of common reporting systems.

For the purpose of this Sustainability Report the Company has chosen to delimit its environmental statistics to cover only MilDef's headquarters in Helsingborg. This is because the headquarters has a significantly higher number of employees compared with other sites, currently accounting for 47% of the total workforce. This central location is home to key functions such as research and development, manufacturing and administration, making it the largest and most critical hub within the organization. Focusing on the headquarters enables MilDef to provide more detailed and accurate reporting of environmental performance and sustainability initiatives.

MilDef strives to continuously improve its sustainability efforts and meet the requirements in full. The Company is grateful to stakeholders for their understanding and looks forward to being able to present an even more comprehensive report in the future.

Sustainability governance

(GOV-1 & GOV-2)

MilDef's Board of Directors has overall responsibility for sustainability, with work flowing throughout the organization according to set procedures for roles and responsibilities in the combined management system. The overarching sustainability approach is driven primarily by the quality assurance unit, which has a dedicated budget and mandate to pursue it. Internal training is provided to disseminate knowledge and increase awareness within the organization.



MilDef works actively on the principles of corporate social responsibility, both internally with employees and externally with stakeholders. MilDef takes the seven principles in ISO 26000:2021 as a starting point for this work, which is consolidated via the combined management system:

- Clear responsibility, transparency and ethical behavior are primarily ensured through the governance, strategy and compliance management processes.
- Respect for the stakeholders' interests is integrated in business planning and managed through stakeholder analyses.
- Respect for the principles of a state governed by laws and international standards of conduct is ensured by means of legal compliance and control of the value chain in the compliance process.
- Respect for human rights is ensured partly through the due diligence process and systematic efforts to promote a good working environment.

Via its combined management system, MilDef applies a variety of policies that are important to its operations within the areas of quality, environment, occupational health and safety and sustainability. These policies provide a clear direction for the principles and flow through selected parts of the value chain.

Regulatory compliance, ethics and cultural attitudes are extremely important, and an annual program of refresher training has been set up for all employees. MilDef has defined a structure and process for managing governing documents (policies, procedures and instructions), including ownership and responsibility for compliance with these.

All policies are available externally if required.

MilDef has started a review of internal policies and made certain initial changes to ensure compliance with the Corporate Sustainability Reporting Directive (CSRD). Extensive work to adapt sustainability targets, reporting processes and data collection methods remains to be done in the near future. Through these initial steps MilDef is striving to provide a stable basis for its continued sustainability journey and increase the Company's transparency with respect to stakeholders.

Responsibility for sustainability efforts is assigned in each policy, and the designated policy owner is responsible for monitoring the policy at Group level. The CEO is responsible for reporting to the Board of Directors annually on policy compliance.

MilDef uses Notisum's online legal monitoring service, which notifies the Company if any new/updated laws and regulations have been introduced of which it should be aware. Here MilDef describes how such laws and requirements apply to its business and how it meets the relevant requirements. Notisum carries out regulatory compliance checks in the relevant areas and countries on an annual basis. The service includes specific lists of legislation on health and safety, environment and production, and covers Sweden, Norway, the UK and the USA.

Risk management

(GOV-5)

Every opportunity within the business is associated with one or more risks, and an enterprise risk management (ERM) program is used to determine which opportunities should be monitored.

ERM is a systematic process for taking stock of, assessing and preventing risks within the business. The aim of risk management is to safeguard resources and revenues from threats – both internal and external – as profitably as possible.

The risk strategy involves identifying and assigning responsibility for risks at all organizational levels and is part of the business planning process. Proactive work on risk management is integrated into strategic planning and operational processes. It aims to identify, prioritize and manage potential risks within the respective sustainability areas. Read more about risk and risk management on pages 76–79.

Stakeholder dialogue

(SBM-2)

A stakeholder analysis that assesses each stakeholder on the basis of impact and influence is carried out in connection with business planning. Those with the highest scoring are considered to be key stakeholders. For MilDef these are employees, managers, customers, suppliers and investors. During the year the Management Team has chosen to highlight and further increase focus on our key stakeholders.

MilDef keeps track of stakeholders' views and opinions, including by means of employee surveys, customer surveys, management reviews, and continual gathering of stakeholders' expectations and views from industry and professional associations with which the Company is affiliated. Communication with stakeholders takes several different forms, and MilDef uses methods including surveys, individual and group discussions, digital information, and contact with various industry and professional associations to reach more of its stakeholders.

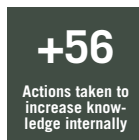
Sustainability-related information is communicated on an ongoing basis via the Group's website, press releases and social media, as well as through the intranet and other internal channels. Internal and external communication is evaluated on an ongoing basis to maximize its reach and to ensure that the Company is reaching out to the right stakeholders. External communication is managed by the Head of IR & Communications, and there are procedures in place to ensure compliance with any applicable requirements (insider trading, confidentiality, security classification, etc.).

MilDef maintains ongoing dialogue with both external and internal stakeholders, for example via news posts, meetings, training and feedback on the Company's sustainability efforts.

Stakeholder	Type	Needs and expectations	Positive impact	Negative impact	Management and dialogue
Employees	Internal	Job security, fair compensation, career development, work-life balance, recognition, safe environment, clear communication, inclusive culture.	High productivity, innovation, strong corporate culture and low staff turnover.	Low morale, high staff turnover, reduced productivity and potential strikes.	Performance management, career paths, health and wellness initiatives, open-door policy, intranet, management system, two-way reporting.
Managers	Internal	Leadership support, team performance, resource management, strategic goals, professional development, clear communication, employee motivation, operational efficiency.	Strong team leadership, high productivity and effective resource management.	Ineffective management, low team morale and high staff turnover.	Leadership training, HR dashboard, resource allocation plans, strategic planning sessions, training program, regular updates, motivational initiatives, efficiency tools.
Customers	Primary	Reliability, safety, high quality, compliance, innovation, cost-effectiveness, timely delivery, technical support, long-term partnerships.	Revenue growth, market reputation, positive cash flow and long-term contracts.	High requirements, stringent compliance requirements and potential reputational risk.	Regular status updates, KYC, security briefings, compliance reports, innovation demonstrations, cost-benefit analyses, project timelines, dedicated support team, relationship-building activities.
Suppliers	Primary	Timely payments, clear contracts, long-term partnerships, forecasts, fair treatment, communication, quality standards, logistical support.	Reliable supply chain, high-quality materials and cost-effectiveness.	Disruptions in the supply chain, quality issues, compliance deviations, negative cash flow and increased costs.	Fair and balanced agreement terms, payment in line with the agreement, regular collaboration, demand planning, fair practice, consistent updates, quality audits, logistical coordination.
Investors	Primary	Financial return, business growth, risk management, transparency, strategic vision, market position, corporate governance, sustainability.	Capital infusion, market credibility and strategic support.	Pressure on short-term profits, potential loss of control and high expectations.	Earnings reports, growth forecasts, risk assessments, transparent disclosures, strategic updates, market analysis, governance practice, sustainability reports.



ENVIRONMENTAL SUSTAINABILITY (ESG)



The overall ambition of environmental responsibility is to protect the environment by actively and measurably striving to reduce the Company's and its customers' environmental impact and to reduce resource use, both in MilDef's own operations and those of its suppliers. The Company is committed to protecting the environment, preventing pollution, and complying with current and expected future legal requirements.

Climate impact

(ESRS E1)

MilDef strives to reduce its impact on climate and the environment. The Company is aware that its operations have an impact on the environment and, from a sustainability perspective, strives to use and apply resource-efficient materials and functions in buildings and premises connected to the MilDef Group.

Sustainability has been included as one of four strategic focus areas. Most of the initiatives have been implemented in multiple parts of the organization to increase awareness, knowledge and engagement among employees. For example, the first sustainability event was held at headquarters with a lecture, inspiration and competitions on sustainability issues.

Determining and analyzing significant environmental aspects makes it possible to identify measures to reduce or mitigate greenhouse gas emissions. Ongoing measures of this nature are summarized below.

Energy efficiency

The Group's goal is to make its energy consumption sustainable. Measures are in progress to lower energy consumption in MilDef's premises: The headquarters in Helsingborg is a gold-certified green building. 100% green electricity is used, around 20% of which is produced locally by photovoltaic panels installed on roofs. Energy consumption is monitored in premises where this is possible, and measures are identified to lower energy consumption.

Business travel

The Group's goal is to promote sustainable travel. MilDef is working to lower emissions from business travel. Public transit is used where practical, and vehicles are shared for trips to visit customers and suppliers and attend events. Digital meetings are encouraged where this is appropriate and can work as an alternative to travel.

MilDef continues to work to safeguard, automate and refine data collection in order to reduce annual carbon emissions per employee from business-related travel.

Transport of products

The Group's goal is to make its logistics sustainable. For deliveries to customers and transportation of display materials, samples, etc., MilDef strives to maximize capacity utilization and ensure route optimization while using sustainable transport solutions wherever possible, for example by coordinating delivery days. Optimizing packaging makes transport more efficient, saving weight and space.

Resource use and circular economy

(ESRS E5)

Reducing waste

MilDef's goal is to maintain sustainable waste management. MilDef has several measures in place related to waste reduction and recycling in the workplace, including guidance on the recycling program and initiatives to reduce everyday trash volumes. Waste generation should be prevented whenever possible. If waste is unavoidable, efforts should be made to keep it to a minimum.

- General waste: Reuse is encouraged throughout the organization. All sites have a waste hierarchy to optimize waste management.
- Hazardous waste: Procedure for chemicals handling (to minimize hazardous chemicals). All waste is separated and handled in accordance with the waste hierarchy, using the correct disposal streams and documentation.

Responsible production

MilDef produces and sells electronic products, and environmental sustainability is taken into account at all stages of the product lifecycle. The Company seeks to ensure a long life for its products, and end-of-life products can easily be dismantled for reuse or recycling. All end-of-life products can be returned to the headquarters in Sweden. Producing companies are affiliated to collection systems for electrical equipment, batteries and packaging materials, and waste quantities are reported to the Swedish Environmental Protection Agency or equivalent each year.

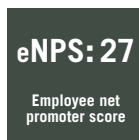
Packaging materials

The Group's goal is to have a sustainable logistics chain. This means reusing incoming packaging materials whenever possible and being environmentally aware when purchasing new material.

Purchasing

The Group's goal is to make its purchasing sustainable. MilDef works with large and well-established manufacturers of good reputation and encourages its suppliers to also use materials more efficiently and reduce waste. MilDef is extending its environmental principles to its supply chain, particularly for strategic and key suppliers.

SOCIAL RESPONSIBILITY (ESG)



The overall ambition of social sustainability is to promote a better society by acting as a responsible and respectful employer and helping to further social progress at the locations where the Company is active, based on the Code of Conduct. The Company is committed to continual improvement of the working environment and sustainability by promoting a positive health and safety culture.

Health, safety and wellbeing

(ESRS S1)

MilDef is committed to continually improving occupational health, the working environment, safety and wellbeing. By promoting a positive health and safety culture, work-related risks are identified and eliminated. This is accompanied by methodical efforts to control and prevent elements of risk. The working environment must reflect a high level of participation and give employees the freedom to make their own decisions and work innovatively. Everyone is to have a sense of job satisfaction, security and belonging, and feel that going to work is fun. The Company has a zero-tolerance approach to any form of discrimination or harassment.

One of the main goals is to provide and promote a stimulating, challenging and pleasant work culture, and efforts are made to ensure the working environment is as safe as possible. We believe that we achieved this in 2024.

During the year MilDef prepared to introduce collective bargaining agreements in Sweden effective January 1, 2025, to align with market standards and industry practice. By updating employment terms and strengthening dialogue with both employees and labor unions, the organization is creating a sustainable and attractive workplace for the future.

Read more in *Strength comes from within* and *Priority measures 2024* by Martina Karlsson (CPO) on pages 24–25.

Social engagement

Responsibility in the supply chain

(ESRS S2)

MilDef seeks to maintain sustainable procurement and purchasing processes. The Company strengthens the framework on an ongoing basis by adding targets relating to its main areas of impact. All agreements entered into incorporate the Company's Code of Conduct, and proactive steps are taken to gain acceptance of this in all purchasing from transaction-based suppliers. MilDef's program for improving the supply chain identifies which suppliers should be prioritized and encourages them to improve their sustainability efforts.

MilDef seeks to promote human rights and eliminate bribery and corruption in all parts of the supply chain. The Company's program for human rights due diligence in the value chain helps to identify areas, regions or suppliers that may potentially present human rights risks. During the year the Company began implementing CSRD, which as well as covering human rights provides mapping of impacts and risks for climate and the environment.

Understanding the effects of our activities through a long and complex value chain presents challenges. Our goal is to build a sustainable and resilient supplier base. This is based on balanced relationships and taking account of risks relating to the environment, people and the climate, with the goal of making adjustments that protect the interests of MilDef and its suppliers, and also promote continued long-term, sustainable business relationships.

MilDef Charity Foundation

In 2014 MilDef formed its charitable foundation MilDef Charity Foundation. Since then the Foundation has been fully financed by the MilDef Group in the form of a percentage of the Company's profit for the year. In 2024 the Foundation donated a total of SEK 700,000 to 12 different carefully selected organizations in the Helsingborg area. These organizations span everything from supporting people fleeing war to protecting women from violence, giving hope to people with substance abuse problems, offering a safe and dry place for unhoused individuals to sleep and get a meal, helping young students to finish school, and giving underserved people the chance to take part in sport. Quite simply, actions that make things a little easier and restore hope to those at risk of losing hope. The goal is to donate at least 50% of the annual contribution received from MilDef Group AB, and there is full transparency regarding the donation recipients, which are presented on MilDef's website.

The Foundation is headed by a board of trustees, which meets regularly to drive the work forward and make decisions on applications received and on its own proposals. The board comprises Olof Engvall (Chair), Marie Haveneth, Marie Jonsson and Jörgen Kjellgren. Daniel Dujmovic was elected as a new member in 2024. The 12 beneficiary organizations in 2024 included the homeless shelter Hemlösas Hus, the women's crisis center Kvinnojouren Helsingborg and the football foundation Fotbollsstiftelsen Gatulaget ("the Street team"). Here's what representatives of these organizations have to say about the support received from MilDef Charity Foundation.

"Hemlösas Hus is very grateful for MilDef's donation, which helps us to provide support services to our guests. It enables us to continue offering help to those who really need it," says Björn O. Anderberg, Chair of Hemlösas Hus.

"We're very grateful for several years of generous donations to Kvinnojouren, which make a big difference to women and children affected by sexual violence and abuse," says Jenny Ek Wrobel, head of Kvinnojouren.



The football foundation thanks MilDef for the enormous support we've received over the last few years. Your donations have not only contributed to people getting sober and moving into vocational training and work, but also to significant personal successes.

Kenneth Storvik, founder of Gatulaget



GOVERNANCE (ESG)



The overall ambition is to achieve long-term business sustainability through good business practices and business ethics. Sustainable business is considered to apply not only to how MilDef behaves with respect to the world around it but also how people within the Company behave and treat one another. The aim is to treat one another in a friendly and respectful way, which in turn gives MilDef and its people the confidence and self-assurance it needs to be able to treat customers and other stakeholders in the same way, while also providing world-class service. Both working at and doing business with MilDef should be a safe and pleasant experience.

Anti-corruption

The Company operates on the basis that tackling corruption is a prerequisite for sustainability. It is therefore important for MilDef to set a good example and apply the same zero-tolerance approach to bribes in all markets and in relation to all its business partners. This means the Company must never seek or accept business advantages based on unlawful or unethical behavior such as unlawful payments, bribes, kickbacks or other questionable incentives in order to influence someone's professional duties or to achieve or retain an unfair business advantage.

MilDef assesses the corruption risk in all transactions based on e.g. the corruption index, business chain and customer intelligence. If there is a heightened risk of corruption, MilDef cancels the transaction or carries out a special, in-depth review to ensure that the Company is not contributing to corruption. The anti-corruption system includes internal governing documents and continual training for all employees to increase knowledge of corruption and ensure that business activities are conducted responsibly and correctly.

Responsible sales

A KYC (know your customer) framework is used to ensure that the market actors MilDef chooses to do business with live up to both regulatory and ethical requirements. For ethical reasons, MilDef refrains from doing business in/with nations that are subject to arms embargos, although MilDef's products are not typically covered by such embargos. The Company also has a generally restrictive attitude to exporting technological products to defense customers in countries outside MilDef's priority markets (selected EU and NATO countries), which limits both the risk of contributing to corruption and of the products falling into the wrong hands.

Reporting censurable conditions and handling complaints

MilDef wants to be aware of any censurable conditions or complaints in the business and to facilitate reporting of these. To make it possible to address these matters at an early stage and take corrective action immediately, the Company has established the processes outlined below.

Internal (for employees):	In the value chain (for workers):	External (for communities):
Employee survey	Supplier agreement	2Secure whistleblower function
OHS Committees	Process audits	Contact details for complaints via the website (email)
MMS Case system	2Secure whistleblower function	
2Secure whistleblower function	Contact details for complaints via the website (RMA)	
Union negotiations		

Complaints from stakeholders are handled via MilDef's integrated management system. Proposals for improvements are drawn up where necessary and implemented. To safeguard the whistleblower's anonymity, an independent external whistleblowing service is made available and can be used to draw attention to serious cases of censurable conditions anonymously. This is valued in particular as it provides an opportunity to find out about matters that for various reasons would otherwise have risked remaining undiscovered. Only if the Company is aware of any irregularities can it change and improve.

ESG STATISTICS FOR MILDEF

ENVIRONMENT (E)	2021	2022	2023	2024
1. Electronic products placed on the Swedish market, HQ* (kg)				
Quantity sold	10,560	6,196	11,678	9,471
Recycle Ratio	80%	62%	54%	33%
2. Batteries placed on the Swedish market, HQ* (kg)				
Quantity sold	134	300	487	217
Recycle Ratio	8%	22%	8%	8%
3. Waste HQ*, by type (kg)				
Waste (kg)	14,984	11,109	12,086	13,040
Hazardous waste (kg)	962	396	1,450	682
Per employee	156	96	102	90
4. Emissions from business travel, HQ* (MT co2e)				
Total	19.44	94.15	131.77	122.20
Per employee	0.21	0.86	1.00	0.81
5. Energy usage, HQ* (kWh)				
Electricity	175,794	258,612	299,966	266,301
Heating	132,882	117,001	119,039	111,014
Share of green energy	100%	100%	100%	100%
6. Water usage HQ* (m3)				
Water	388	471	624	678
Per employee	3.80	3.93	4.69	4.04

* HQ refers to MilDef's headquarters in Helsingborg.



SOCIAL RESPONSIBILITY (S)	2021	2022	2023	2024
1. Serious accidents				
Headquarters	0	0	0	0
Other sites	0	0	0	0
Total	0	0	0	0
2. Work-related fatalities				
Headquarters	0	0	0	0
Other sites	0	0	0	0
Total	0	0	0	0
3. Percentage of women				
The Board of Directors	33%	33%	29%	29%
Management Team	10%	20%	50%	43%
Employees	15%	25%	27%	25%
4. Workforce				
Organic net new hires	33	78	56	54
Total net new hires	68	108	16	21
5. Donations to charity (SEK 000)				
MilDef Charity Foundation	650	200	600	700
Veterans with Dogs (UK)		100		
Association of the United States Army – AUSA National Scholarship (US)			100	100
The US Navy Memorial (US)			100	
Support for UK Ministry of Defence Project Manager to participate in Invictus Games (UK)			100	
Swedish charity Support for Ukraine				100
Service Dogs UK				70

GOVERNANCE (G)	2021	2022	2023	2024
1. Scope of ISO certification				
Number of sites	8	12	9	10
Covered by certification	5	9	6	7
Certification rate	63%	75%	67%	70%
2. Whistleblowing cases				
Corruption	0	0	0	0
Discrimination	0	0	0	0
Workplace bullying	0	0	0	0
Significant human rights issues	0	0	0	0
3. Customer control (Ethics Council)				
Cases tried	2	8	7	6
Cases rejected	2	4	1	3

THE MILDEF SHARE

MilDef has been listed on Nasdaq OMX Stockholm (now Mid Cap) in the Industrial Goods and Services sector since June 4, 2021. The share's ISIN code is SE0016074249. The share is traded under the ticker MILDEF. A trading unit is one (1) share.

Trading volume and activity

In the period January 2 – December 30, 2024, a total of around 31.4 million MilDef shares were traded on Nasdaq Stockholm at a value of around SEK 2,664 million. The average daily trading volume was 124,925 shares, equivalent to just under SEK 10.6 million.

Share capital

At year-end 2024 MilDef's share capital amounted to SEK 11,393,267, divided into 45,573,068 shares with a quota value of SEK 0.25 per share. All of the shares are ordinary shares carrying the same voting rights.

Ownership structure

The largest individual shareholder was Svolder, whose total shareholding amounted to around 10.8% of the capital and votes in the Company. The 10 largest shareholders represented around 45% of the capital and votes. As of December 31, 2024, MilDef had 18,161 shareholders.

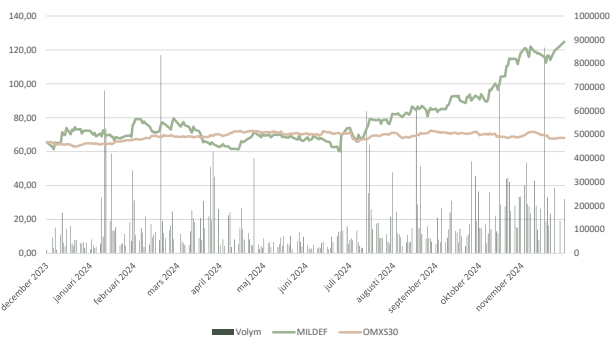
Dividend

MilDef's target is to distribute 20–40% of profit after tax. MilDef will, however, take long-term development, capital structure and prevailing market conditions into account. The Board of Directors is proposing to the AGM that a dividend of SEK 0.50 per share be set for the 2024 financial year.

Share price movement

The closing price for MilDef's share on December 30, 2024 was SEK 124.80, giving a market capitalization of around SEK 5,688 million. The average share price during the period was SEK 84.95. The share price rose by 90.2% in 2024. Over the same period the OMXS30 index rose by 3.63%.

MilDef share price movement 2024



Ongoing analysis

Analysts following MilDef on an ongoing basis are Erik Golrang, SEB, Fredrik Agardh, SEB, Hugo Lisjö, Carnegie, and Tom Guinchard, Pareto Securities.

About the MilDef share			
Name:	MilDef Group AB	LEI code:	9845009F7Q0D56B38270
Stock exchange:	Nasdaq Stockholm	Currency:	SEK
MIC:	XSTO	Listing date:	June 4, 2021
Segment:	Mid Cap	Price on Dec. 30, 2024:	124.80
ISIN code:	SE0016074249	2024 year high (Dec. 30):	126.20
Symbol:	MILDEF	2024 year low (Apr. 26):	55.30

MILDEF'S SHARE

Data per share					
SEK unless otherwise indicated	2024	2023	2022	2021	2020
Earnings per share, before dilution	-5.43	1.73	0.38	-0.03	1.83
Earnings per share, after dilution	-5.37	1.71	0.37	-0.03	1.83
Dividend per share	0.50 ¹⁾	0.50	-	0.75	0.75
Share price as of December 31	124.80	65.60	80.80	52.40	-
Dividend yield, % ²⁾	0.40	0.76	0.00	1.43	-
Equity per share, before dilution	24.17	21.19	19.77	15.61	5.71
Equity per share, after dilution	24.09	20.96	19.55	15.61	5.71

¹⁾ Proposed dividend for 2024

²⁾ Proposed dividend/share price at year-end

MilDef's 10 largest shareholders as of December 31, 2024			
Name	No. of shares	Votes (%)	Capital (%)
Svolder	4,928,434	10.81	10.81
MilDef Crete Inc.	2,914,600	6.40	6.40
Second Swedish National Pension Fund (AP2)	2,655,785	5.83	5.83
Marianne Trolle	2,412,752	5.29	5.29
Carnegie Fonder	1,664,115	3.65	3.65
Daniel Ljunggren	1,593,115	3.50	3.50
Third Swedish National Pension Fund (AP3)	1,322,626	2.90	2.90
Deka Investments	1,064,700	2.67	2.67
Swedbank Robur Fonder	1,000,000	2.19	2.19
Adam Mentel	982,421	2.16	2.16
Subtotal	20,538,548	45.40	45.40
Total other shareholders	25,034,520	54.60	54.60
Total	45,573,068	100.00%	100.00%

Share capital development					
Year	Transaction	Change in number of shares	Total number of shares	Change in share capital, SEK	Total share capital, SEK
2012	Parent Company formed	10,700,000	10,700,000	5,350,000	5,350,000
2013	New share issue	280,000	10,980,000	140,000	5,490,000
2016	New share issue	40,000	11,020,000	20,000	5,510,000
2018	New share issue	598,422	11,618,422	299,211	5,809,211
2021	New share issue	711,087	12,329,509	355,543.50	6,164,754.50
2021	2:1 split	12,329,509	24,659,018	-	6,164,754.50
2021	New share issue	10,958,904	35,617,922	2,739,726.00	8,904,480.50
2021	New share issue	449,939	36,067,861	112,484.75	9,016,965.25
2021	New share issue	321,512	36,389,373	80,378.00	9,097,343.25
2022	New share issue	3,470,193	39,859,566	867,548.25	9,964,891.50
2024	New share issue	72,500	39,932,066	18,125.00	9,983,016.50
2024	New share issue	5,434,782	45,366,848	1,358,695.50	11,341,712.00
2024	New share issue	84,220	45,451,068	21,055.00	11,362,767.00
2024	New share issue	122,000	45,573,068	30,500.00	11,393,267.00



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CORPORATE GOVERNANCE REPORT

MilDef Group AB (publ) is a Swedish limited company with its registered office in Helsingborg. The Company has been listed on Nasdaq Stockholm since June 4, 2021.

Good corporate governance is fundamental to being able to manage MilDef on behalf of the shareholders in a manner that is as sustainable, responsible and efficient as possible. This in turn improves confidence in the Company in the capital market and among the general public – confidence that is crucial for the freedom to realize the Company's strategies so that MilDef can create value in the long term.

Operations

Digitalization of operations and functions that are critical for society is increasing and with it the need for tactical IT in demanding environments. MilDef is taking an active role in this development. The goal is to be the most reliable partner in the industry. MilDef adds value through industry-leading quality and high delivery precision. As one of Europe's leading groups within tactical IT, MilDef's business concept is to develop, deliver and offer tactical IT products and services for processes and functions that are critical for society. MilDef customizes solutions to be able to meet its customers' specific requirements in the demanding environments in which the solutions are used. MilDef's hardware and software products are combined with services to deliver effective digitalization. At year-end 2024 MilDef consisted of 18 legal entities with just over 300 employees in seven countries. The Group posted revenue for full-year 2024 of SEK 1,201 million with an adjusted operating EBITA margin of 12.5%.

Basis of governance

MilDef's governance is based on the Company's Articles of Association, the Swedish Companies Act, other applicable Swedish and foreign laws and regulations, as well as internal governing documents. MilDef's corporate governance is also underpinned by Nasdaq Stockholm's Rulebook for Issuers of Shares and the Swedish Corporate Governance Code ("the Code"). MilDef has followed the Code in all respects during 2024. This Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act and the Code. MilDef's auditors have reviewed the report, and a statement from the auditors has been included. Corporate Governance Reports and other information on corporate governance can be found on MilDef's website: www.mildef.com.

MilDef strives to operate in a sustainable, responsible and efficient manner that creates value for our customers, shareholders, employees, managers, suppliers and other stakeholders. The Company's strategy and financial targets support this approach.

The Company's strategy, financial targets and sustainability ambitions are described in the present report. The highest decision-making body in the Company is the shareholders' meeting. This is normally held once a year in the form of the Annual General Meeting but can also be convened in the form of an extraordinary shareholders' meeting in certain circumstances. The Company organizes the Annual General Meeting, but the shareholders can bring influence to bear and propose items for the meeting agenda.

Share capital and shareholders

At year-end 2024 MilDef's share capital amounted to SEK 11,393,267, divided into 45,573,068 shares in one share class. All of the shares are ordinary shares carrying the same

voting rights. The shares have a quota value of SEK 0.25. The closing price at year-end was SEK 124.80 and the total market capitalization amounted to SEK 5,688 million. The number of shareholders as of December 31, 2024 was 18,161. For more information on ownership and share capital, see "The MilDef share".

Insider trading and insider list

MilDef has ambitious goals when it comes to ethically correct behavior. MilDef's Board of Directors has adopted an Insider Policy as part of its efforts to uphold high ethical standards and to ensure that MilDef maintains a good reputation in the eyes of the general public and the capital market. The policy aims to reduce the risks of insider trading and other unlawful actions by providing clear guidance for employees and other stakeholders.

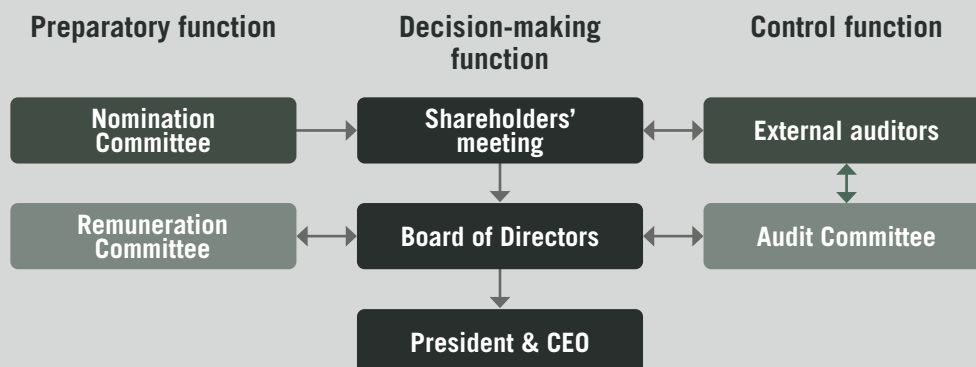
MilDef's corporate governance structure

Shareholders can exercise influence in the Company at the shareholders' meeting, which is the Company's highest decision-making body. Every shareholder has the right to participate in and exercise the voting rights for their shares at the shareholders' meeting, either in person or through a proxy. At the Annual General Meeting, the shareholders elect the members and Chair of the Board and auditor(s), and approve their fees. The Annual General Meeting passes resolutions on adoption of the income statement and balance sheet, allocation of the Company's profit, and discharge from liability for the members of the Board and the CEO. The Annual General Meeting also passes resolutions on principles for the Nomination Committee and principles for remuneration and other terms of employment for the CEO and other senior executives. The Annual General Meeting or extraordinary shareholders' meeting can also pass resolutions to amend the Articles of Association, increase or decrease the share capital, etc. The notice convening the Annual General Meeting is published in *Post- och Inrikes Tidningar* (the Official Swedish Gazette) and on the Company's website. Notice of the meeting has been advertised in the Swedish newspaper *Dagens Industri*.

The Board of Directors' task, on behalf of the shareholders, is to manage MilDef's affairs in the interests of the Company and all the shareholders. The Chair of the Board has a special responsibility to ensure that the Board's work is well organized and conducted efficiently. The Audit Committee and Remuneration Committee are appointed by the Board of Directors.

The Company's auditors are appointed by the shareholders' meeting to audit the Company's Annual Report and accounting records, and also the Board of Directors' and CEO's administration. The auditors report to the shareholders at the Annual General Meeting via the Auditor's Report.

MilDef's overarching corporate governance structure



The Board of Directors adopts a formal work plan for itself and instructions for the CEO. The Board of Directors appoints the CEO, who is responsible for the ongoing administration of the Company. The CEO in turn appoints the Management Team.

Nomination Committee

A Nomination Committee is to be formed each year at the initiative of the Chair of the Board, and the rules for the composition of the Nomination Committee are to be adopted by the Annual General Meeting. The Nomination Committee is made up of three members plus the Chair of the Board as a co-opted member. The members of the Nomination Committee are to include a representative of each of the three shareholders with the largest number of votes in the share register maintained by Euroclear Sweden on August 31 in the year prior to the Annual General Meeting. As a co-opted member the Chair of the Board convenes the first meeting of the Nomination Committee.

If any shareholder waives the right to participate in the Nomination Committee, the next largest shareholder is to be given the opportunity to appoint a member to the Nomination Committee. The chair of the Nomination Committee is to be the member appointed by the shareholder with the largest number of votes, unless the Nomination Committee decides otherwise. Neither the Chair of the Board nor another board member may be the chair of the Nomination Committee. The Nomination Committee is to check in the share register maintained by Euroclear Sweden AB on December 31 to see whether another shareholder has a larger number of votes than any of the shareholders who have appointed members to the Nomination Committee in accordance with the procedure described above. If there has been such a change in the number of votes – and the change is more than marginal – the Nomination Committee is entitled to change its composition as it sees fit or, if the Nomination Committee decides not to change its composition, the shareholder concerned is in any case to be entitled to appoint a representative, who is to be co-opted to the Nomination Committee. Should the Nomination Committee otherwise become aware of a change in the Company's ownership before it has completed its work, the Nomination Committee is entitled to change the composition of the Nomination Committee and/or co-opt a representative/representatives to the Nomination Committee as it sees fit.

Should a member leave the Nomination Committee before its work is complete and the Nomination Committee considers it advisable to appoint a replacement, such replacement is to be from the same shareholder or, if said shareholder is no longer among those with the largest number of votes, from the next largest shareholder by number of votes. Any change to the composition of the Nomination Committee is to be announced immediately.

Each year, a survey of the Board of Directors' work, composition, qualifications, experience and efficiency is conducted among the board members. This survey forms the basis for the Nomination Committee's assessment of whether the Board of Directors should be strengthened with additional expertise or whether there are other reasons to change the composition of the Board. The Nomination Committee usually also meets with the CEO and sometimes also with individual board members. Persons proposed as new board members are interviewed by the Nomination Committee. The Nomination Committee is to consider in particular the requirement to achieve diversity and breadth in the Board of Directors, and to strive for an equal gender distribution. The Nomination Committee assesses the composition of the Board of Directors with respect to its independence and considers all proposals regarding its composition that have been submitted to the Nomination Committee, which may come from other shareholders. The names of the representatives on the Nomination Committee and the shareholders they represent are to be published no later than six months before the Annual General Meeting. Based on the ownership structure on August 31, 2024, a Nomination Committee was constituted for the 2025 Annual General Meeting consisting of Marianne Trolle, representing her own holding; Johan Ståhl, appointed by Svolder AB; Martin Jonasson, appointed by Andra AP-fonden; and Björn Karlsson (co-opted member), Chair of the Board of MilDef. Johan Ståhl was appointed chair of the Nomination Committee. Verification of the ownership structure at year-end 2024 did not occasion any change to the Nomination Committee.

The Nomination Committee's proposals are to be presented in the notice convening the shareholders' meeting and on MilDef's website. In connection with this, the Nomination Committee is to provide a reasoned statement on the Company's website regarding its proposal for the Board of Directors,

taking into account the provisions of the Code governing the composition of the Board of Directors. In particular, the proposal is to be explained in terms of the requirement to strive to achieve an even gender distribution. The statement is also to include a brief account of how the Nomination Committee has performed its work and of the Equality Policy that the Nomination Committee has applied in drawing up its proposal. The Nomination Committee is to submit to the Annual General Meeting its proposals for meeting chair, number of board members, Board of Directors, Chair of the Board, auditor, board fees (distributed between Chair and other members plus remuneration for committee work), audit fees and, to the extent considered necessary, proposals for changes to the present instructions for the Nomination Committee. The Nomination Committee is to submit a reasoned statement on its proposals to the Annual General Meeting. Shareholders may request to have a matter discussed at the 2025 Annual General Meeting by sending an email to arsstamma@mildef.com by April 3, 2025. The Nomination Committee's proposals are published in connection with or before the notice convening the Annual General Meeting. Members of the Nomination Committee do not receive remuneration from the Company for their work.

Annual General Meeting for the 2023 financial year

The Annual General Meeting for the 2023 financial year took place on May 23, 2024 in Helsingborg. 41% of the total number of shares and votes were represented at the Annual General Meeting, either in person or by proxy. Björn Karlsson, Chair of the Board, was elected as meeting chair. The Annual General Meeting adopted the submitted income statement and balance sheet. The consolidated statement of comprehensive income and statement of financial position were also adopted. The meeting granted discharge from liability for the Board of Directors and the CEO.

In addition, the main resolutions passed were as follows:

Election of Board of Directors and auditor

Jan Andersson, Charlotte Darth, Christian Hammenborn, Lennart Pihl, Marianne Trolle, Björn Karlsson and Bengt-Arne Molin were re-elected as board members. Björn Karlsson was also re-elected as Chair of the Board and Öhrlings PricewaterhouseCoopers AB was re-elected as the Company's auditor for a term of one year, with Eric Salander as Auditor-in-Charge. Audit fees are payable as invoiced.

Fees

The Annual General Meeting approved payment of fees of SEK 475,000 to the Chair of the Board and SEK 225,000 to other shareholder-elected board members who are not employees of MilDef; SEK 100,000 to the chair and SEK 50,000 to other members of the Audit Committee; and SEK 30,000 to the chair and SEK 20,000 to other members of the Remuneration Committee. According to the Company's Guidelines for remuneration of senior executives, consulting fees or other remuneration may be paid to board members who carry out work on the Company's behalf in addition to their board work.

Dividend

The Annual General Meeting voted to approve the Board's proposed dividend to shareholders of SEK 0.50 per share for the 2023 financial year.

Guidelines for remuneration of senior executives

See "Guidelines for remuneration of senior executives".

Guidelines for authorization of the Board of Directors to issue new shares

The meeting authorized the Board of Directors, on one or more occasions in the period up to the next Annual General Meeting, to decide to issue new shares, with or without waiver of shareholders' preferential rights. The authorization includes the right to decide to issue new shares for payment in kind or by offset or otherwise subject to terms in accordance with the Swedish Companies Act. Further to a decision pursuant to the authorization, the number of shares may be increased by a number equivalent to a maximum of ten (10) per cent of the total number of shares outstanding in the Company at the time the Board first exercises the authorization. The total number of shares comprised by such new issues is to be within the limits on the share capital set out in the Articles of Association. The aim of the authorization, and the reasons for any waiver of shareholders' preferential rights, is to enable the Company to finance the acquisition of entities or activities, or to strengthen the Company's capital base and equity/assets ratio. If shareholders' preferential rights are waived, new share issues pursuant to the authorization must be effected on market terms. The Board of Directors is further authorized, in observance of the above terms, to decide on such other terms as the Board may consider necessary to carry out the share issues.

Composition of the Board of Directors

Pursuant to the Articles of Association, the Board of Directors of MilDef is to consist of three to eight members, elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. The Articles of Association do not permit election of substitutes. The Articles of Association do not contain any other provisions regarding appointment or dismissal of board members. The CEO is not a member of the Board of Directors but is co-opted to all board meetings. Other employees in the Group attend board meetings to present reports or take minutes. For further information on the board members, see "Board of Directors".

Independence of the Board of Directors

According to the Code, a majority of the shareholder-elected board members are to be independent of the Company and its management, and at least two of these must also be independent of the Company's major shareholders. The Board of Directors of MilDef is considered to fulfill the applicable requirements on independence. All members except Björn Karlsson are considered to be independent of the Company and its management. The Chair of the Board, Björn Karlsson, was the Company's President & CEO until May 2023 and is therefore not considered independent of the Company and its management. All the members are considered independent of the Company's largest shareholders.

The Board of Directors' procedures and responsibilities

As well as the board meeting following the AGM, the Board of Directors is to hold at least six scheduled meetings per financial year. Additional board meetings are to be held if required. Each year the Board of Directors draws up a written formal work plan that clarifies the Board's responsibilities and regulates the division of work between the Board and its committees, including the role of the Chair of the Board, the decision-making process within the Board, the Board's meeting plan, notice of board meetings, agenda and minutes, and the Board's work on accounting and audit issues and on financial reporting. The Board has also established instructions for the CEO and adopted other special policies. The Board evaluates

the CEO's work on an ongoing basis and, once a year, discusses this particular matter without the Management Team being present. The Board's responsibilities include overseeing the work of the CEO by means of ongoing monitoring during the year and ensuring that the system of organization for managing MilDef's affairs is fit for purpose. The Board's responsibilities further include establishing strategies and goals; drawing up special policies; making decisions on major acquisitions and disposals of entities, on other major capital expenditure, and on investments and loans in accordance with the Financial Policy; issuing financial statements; evaluating operational management; and succession planning. The Board of Directors ensures the quality of financial reporting, partly by means of adopted governing instruments such as the instructions for the CEO, and partly by discussing reports from the Audit Committee in the form of minutes and observations, recommendations and proposals for resolutions and measures. The Board of Directors further ensures the quality of financial reporting by discussing such material in depth at board meetings. As part of its quality assurance work, the Board of Directors also meets the Company's auditor once a year without the CEO or any other member of the Management Team being present.

The role of the Chair

The Chair of the Board organizes and leads the work of the Board, ensuring that it is carried out in accordance with the Swedish Companies Act, other laws and regulations, and the Board of Directors' internal governing instruments. The Chair monitors the Company's activities through ongoing contact with the CEO and is responsible for other board members receiving satisfactory information and decision-making materials. The Chair is responsible for ensuring that board members continuously refresh and deepen their knowledge of MilDef and in other respects receive the requisite training for their board duties to be carried out efficiently. The Chair of the Board is to ensure that the Board's tasks and working methods are evaluated and discussed with the board members on an annual basis, and that the Nomination Committee is informed of the results, with a view to improving the Board's procedures and efficiency. An evaluation of this kind was carried out in 2024, mainly by means of a detailed questionnaire sent to the Board. The results of this evaluation have been presented to the Nomination Committee and to the Board of Directors as a whole.

The Board of Directors' work in 2024

The Board held a total of 23 board meetings during the year. At the scheduled board meetings the CEO and CFO reported on the Group's results and financial position, including the outlook for the coming quarters. Apart from approval of the annual and interim reports and establishing the business plan and associated financial plan, key matters discussed by the Board during the year were as follows:

- Revision and adoption of the Company's policies
- Acquisitions
- Investments
- Risk assessment
- Product development
- Organization

Remuneration of the Board of Directors

The fee paid to shareholder-elected members of the Board is approved by the Annual General Meeting further to a recommendation from the Nomination Committee. For the period between the 2024 and 2025 Annual General Meetings, the remuneration consists of a fixed amount of SEK 475,000 for the Chair and SEK 225,000 for each of the other members. Remuneration is also payable on an invoice basis for special work (consulting services etc.) carried out by members within their respective areas of expertise, provided such work is approved in advance by the Chair of the Board or by two board members. A fee of SEK 50,000 is paid to each of the two ordinary members of the Audit Committee and SEK 100,000 to the Committee's chair. A fee of SEK 20,000 is paid to members of the Remuneration Committee and SEK 30,000 to the Committee's chair. There are no agreements on pensions, severance pay or other benefits for board members.

Audit Committee

MilDef's Board of Directors includes an Audit Committee. This is to consist of at least three board members appointed by the Board of Directors. The Committee does not have decision-making powers. Its members are appointed each year by the Board at the board meeting following the AGM or when a committee member has to be replaced. The committee members appointed in May 2024 were Lennart Pihl (chair), Charlotte Darth and Christian Hammenborn. The work of the Audit Committee is regulated by special instructions adopted by the Board of Directors as part of its formal work plan. The work focuses on the quality and accuracy of the financial accounting and reporting, work on internal financial control, the Group's compliance with current regulations and, where relevant, transactions between the Group and related parties.

In addition, the Audit Committee has recurrent contact with the auditors for the Parent Company and the Group to facilitate a continuous exchange of views and information between the Board of Directors and the auditors on audit matters. Furthermore, the Committee is to evaluate the audit procedures and establish guidelines for which non-audit services may be procured from MilDef's auditor. The Audit Committee held five meetings in 2024. Minutes are taken of Audit Committee meetings and a verbal report is provided at board meetings.

Remuneration Committee

MilDef's Board of Directors also includes a Remuneration Committee. This is to comprise two board members appointed by the Board of Directors. The Chair of the Board may be chair of the Remuneration Committee. Other shareholder-elected members of the Remuneration Committee must be independent of the Company and the Management Team.

The Remuneration Committee has a dual advisory and preparatory role, preparing matters for discussion and decision by MilDef's Board of Directors. The Remuneration Committee works in accordance with a formal work plan adopted by the Board of Directors. The main duties of the Remuneration Committee are making preparations for Board decisions on matters concerning remuneration principles, remuneration and other terms of employment for the Management Team; monitoring and evaluating the variable remuneration program for the Management Team; and monitoring and evaluating the application of the Guidelines for remuneration of senior executives as ad-

opted by the Annual General Meeting, and relevant remuneration structures and remuneration levels in MilDef. The Board of Directors appoints the committee members each year at the board meeting following the AGM or when a committee member has to be replaced. The committee members appointed in May 2024 were Björn Karlsson (chair) and Jan Andersson. The Remuneration Committee held two meetings in 2024. Minutes are taken of Remuneration Committee meetings and a verbal report is provided at board meetings.

Management Team

The CEO leads the Company's operations in accordance with the Swedish Companies Act and within the parameters established by the Board of Directors. The CEO, in consultation with the Chair of the Board, produces the necessary information and decision-making materials ahead of board meetings, presents the matters and justifies proposals for resolutions. Fur-

ther, the CEO is responsible for MilDef's commercial, strategic and financial development, and leads and coordinates daily operations in line with the Board's guidelines and resolutions. The CEO also appoints the members of the Management Team after consulting with the Chair. The Management Team meets regularly under the leadership of the CEO.

External auditors

At the 2024 Annual General Meeting Öhrlings PricewaterhouseCoopers AB was elected as the Company's auditor for a term of one year, with Eric Salander as Auditor-in-Charge. The auditors have ongoing contact with the Chair of the Board, the Audit Committee and the Management Team. The auditors are engaged to audit the Annual Report and accounting records, as well as the Board of Directors' and the CEO's administration of the Company. The auditors work according to an audit plan that incorporates input from the Board of Directors communi-

Name	Year elected	Independent*	Board meetings	Audit Committee	Remuneration Committee	Board fee in SEK 000**
Chair of the Board:						
Björn Karlsson	2023	No/Yes	23/23	-	2/2	505
Board members:						
Marianne Trolle	1998	Yes/Yes	23/23	-	-	225
Lennart Pihl	2020	Yes/Yes	23/23	5/5	-	325
Christian Hammenborn	2017	Yes/Yes	21/23	5/5	-	275
Charlotte Darth	2020	Yes/Yes	22/23	5/5	-	275
Jan Andersson	2018	Yes/Yes	23/23	-	2/2	245
Bengt-Arne Molin	2023	Yes/Yes	22/23	-	-	225

* Independent of the Company and its management and independent of the Company's major shareholders.

** Including committee fee. The board fees relate to the period from the 2024 Annual General Meeting to the 2025 Annual General Meeting.

Main elements of the Board's work in 2024

December

- Business plan and budget
- Impairment test
- Evaluation of board work and CEO

October

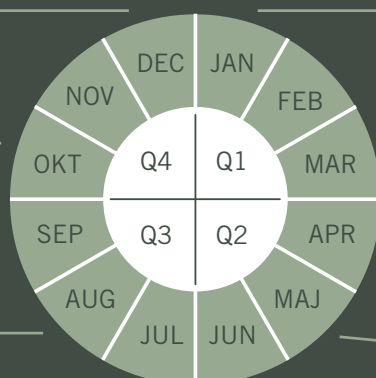
- Interim report Q3 January – September

August

- Revision of strategic plan

July

- Interim report Q2 January – June



February

- Year-end report
- Proposal for allocation of profit
- Report from the auditors

March

- Annual Report
- Proposals and reports for the AGM

April

- Interim report Q1 January – March
- Risk assessment

May

- First board meeting following the AGM: decision on authority to sign for the Company, election of Remuneration Committee and Audit Committee, decision on time and venue for forthcoming scheduled board meetings

cated by the Audit Committee. The auditors report their observations to the Board of Directors. Reporting takes place both during the course of the audit and at the end in connection with the annual report being issued and adopted. The auditors also participate in at least one board meeting per year, at which they describe the audit work and their observations in an auditor's report. As well as the audit, the auditors carried out certain consulting assignments during the year, primarily advising on accounting and tax matters. The external audit has been conducted in accordance with generally accepted auditing principles in Sweden. The audit of financial statements for legal entities outside Sweden is conducted in accordance with statutory requirements and other applicable regulations in the respective country, and in accordance with generally accepted auditing principles. An auditor's report is issued for the legal entities where this is required by local legislation.

Internal audit

MilDef has sophisticated governance and internal control systems. The Board of Directors and the Audit Committee follow up MilDef's assessment of the internal control, including by means of contact with MilDef's auditors, who carry out an internal control audit every year. Based on the above, the Board of Directors has decided not to establish a separate internal audit unit.

Internal control of financial reporting

The responsibilities of the Board of Directors and the CEO with respect to internal control are regulated in the Swedish Companies Act. The Board's responsibilities are also regulated in the Code. Pursuant to the Code, the Board of Directors is to describe how internal control of financial reporting is organized. This forms part of the Corporate Governance Report.

The aim of internal control is, first and foremost, to ensure that the Company achieves its goals in terms of expedient and efficient operations, reliable reporting, and compliance with applicable laws and regulations. Internal control of financial reporting is intended to provide reasonable assurance in terms of the reliability of the external financial reporting, and that the external financing reporting has been prepared in accordance with laws and applicable accounting standards. This report on internal control of financial reporting has not been reviewed by the Company's auditors. The starting point for the internal control process is the regulatory framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Control environment

The Board of Directors has overall responsibility for internal control of financial reporting. With a view to creating and maintaining an effective control environment, the Board of Directors has adopted a number of fundamental documents of importance to the financial reporting, including in particular a formal work plan for the Board of Directors and instructions for the CEO. The Board of Directors has further appointed an Audit Committee, the main task of which is to ensure that the established principles for the financial reporting and internal control are complied with and that expedient relations are

maintained with the Company's auditors. Responsibility for maintaining an effective control environment and the ongoing work on internal control of financial reporting is delegated to the CEO, who reports regularly to the Board of Directors on the basis of established procedures. In addition, reports are received from the Company's auditors. The internal control structure also builds on a management system based on MilDef's organization with clear financial roles, areas of responsibility and delegation of powers. Operational decisions are taken at company level, while decisions on strategy, overarching financial matters, acquisitions and major investments are taken by MilDef's Board of Directors and Management Team. The governing documents on accounting and financial reporting represent the most material elements of the control environment in terms of financial reporting. These documents are updated on an ongoing basis to reflect e.g. changes in accounting standards and legislation.

Risk assessment

The Group conducts ongoing risk assessment to identify material risks associated with financial reporting. Where financial reporting is concerned, the primary risk is considered to lie in material errors in the accounting in terms of accounting records and valuation of assets, liabilities, revenues and costs or other discrepancies. Fraud and losses as a result of embezzlement are another risk. Risk management is built into every process. Different methods are used to evaluate and mitigate risks and to ensure that the risks to which MilDef is exposed are managed in accordance with established policies, instructions and monitoring procedures. These policies, instructions and procedures aim to reduce possible risks, and promote correct accounting, reporting and provision of information.

Control activities

The risks identified regarding financial reporting are managed via the Company's control activities such as authentication in IT systems and authorization verification. The control structure consists of clear roles in the organization that enable an efficient division of responsibilities for specific control activities with a view to discovering or being in time to prevent the risk of errors in reporting. The continual analysis undertaken of the financial reporting and the analysis carried out at Group level are very important in ensuring that the financial reporting is free from material errors. The corporate finance department plays an important role in the internal control process and is responsible for the financial reporting from each entity being correct, complete and on time.

Information and communication

MilDef provides the market with ongoing information on the Group's development and financial position in relevant channels. Policies, guidelines and internal instructions for financial reporting ensure the quality of external communication. Regular updates and notifications of changes in accounting principles, reporting requirements or other information provision are made available and known to the employees concerned on the Group-wide intranet.

Monitoring process

The CEO is responsible for ensuring that the internal control is organized and monitored in accordance with the guidelines adopted by the Board of Directors. The CEO is also responsible for independent objective reviews being carried out with a view to systematically evaluating and proposing improvements to the Group's processes for governance, internal control and risk management. Financial governance and control are carried out by the corporate finance department. Financial data is reported each month, together with a forecast for the current year. MilDef's management conducts a monthly budget follow-up including variance analysis against the financial plan and prior years. Any variance is investigated and assessed with a view to possible internal control activities. In addition, the monthly figures are discussed with the management of the respective company. The Board of Directors is sent monthly financial reports, and financial reporting is followed up at each board meeting. The Board of Directors and management review the financial reporting ahead of publication of annual and interim reports. A review is conducted of the financial statements for January – September and a full audit is carried out in connection with the annual financial statements. The Company's auditors report their observations to the Board of Directors. The duties of the external auditors also include reviewing the internal control in the Group's subsidiaries on an annual basis.

Articles of Association

Among other things, the Articles of Association set out the Company's business activities, the number of board members and auditors, how the Annual General Meeting is to be convened, handling of items at the Annual General Meeting, and where the meeting is to be held. The shareholders' meeting has full decision-making authority regarding changes to the Articles of Association. The current Articles of Association were adopted at the Annual General Meeting on May 23, 2024, and are available in the "Articles of Association" section of this report and on the Company's website www.mildef.com.

Helsingborg, March 27, 2025

Board of Directors of MilDef Group AB (publ)

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in MilDef Group AB, corporate identity number 556893-5414

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2024 on pages 54–60 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Malmö, April 9, 2025

Öhrlings PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in charge

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Johan Rönnbäck
Authorized Public Accountant

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

In accordance with the Swedish Companies Act and the Code, the shareholders' meeting of a public limited company whose shares are admitted for trading on a regulated market is to adopt guidelines for remuneration of senior executives. The following guidelines for remuneration of the Company's senior executives were adopted at the 2024 Annual General Meeting.

The guidelines cover senior executives, including the President & CEO and other members of the Management Team. If members of the Company's Board of Directors perform work for the Company alongside their board assignments, these guidelines are also to be applied to any remuneration paid to the board members for such work. The principles are prospective, i.e., they apply to remuneration agreed and changes made to previously agreed remuneration after the guidelines were adopted at the 2024 Annual General Meeting. The principles do not apply to any remuneration agreed or approved at the Annual General Meeting.

MilDef is a systems integrator and comprehensive supplier specialized in robust IT for defense and security applications. As a leading supplier of tactical IT, MilDef has linked its strategies to expansion within three areas: hardware, software and services. MilDef's offering in these areas is known for being robust, secure and customizable. Three pillars of growth underlie MilDef's future expansion and form the basis for the Company's strategy: internationalization, portfolio development and acquisitions. For further information on MilDef's strategy, see www.mildef.com.

MilDef's ability to recruit, develop and retain high-caliber senior executives is a prerequisite for successful implementation of the business strategy and to safeguard the Company's long-term interests, including its sustainability work. This is why it is essential for MilDef to offer competitive market-based remuneration. These guidelines enable MilDef to offer senior executives competitive remuneration packages. All variable cash remuneration covered by these principles is intended to promote the Company's business strategy and long-term interests, including its sustainability profile.

Remuneration components

The remuneration is to be market-based and consist of fixed cash salary, variable remuneration, pension and other benefits. In addition, the shareholders' meeting may – independently of these guidelines – approve share-based and share price-based incentive programs. Remuneration may also take the form of consulting fees to board members who perform work for the Company alongside their board assignment.

Fixed cash salary

Fixed cash salary is to be set so that it is competitive in combination with other remuneration components. The definitive level is to be set based on the role in question and the individual's expertise, experience and performance. The fixed cash salary is to be reviewed annually.

Variable remuneration

Performance in relation to criteria for payment of variable cash remuneration must be able to be measured over a period of one year. Variable cash remuneration is to have a predetermined ceiling and may not exceed 35% of the fixed annual cash salary. Variable remuneration is only pensionable where this is required in line with binding collective bargaining agreements or local legislation.

Additional variable remuneration can be paid in extraordinary circumstances, provided that such extraordinary arrangements are time-limited and made only at individual level, either to recruit or retain senior executives, or as compensation for extraordinary work efforts over and above the senior executive's ordinary duties. Remuneration of this kind may not exceed an amount equivalent to 50% of the annual fixed cash salary and may not be paid more than once a year per individual. Decisions on such remuneration for the President & CEO are to be taken by the Board based on a proposal from the Remuneration Committee. Decisions on such remuneration for other senior executives are to be taken by the Remuneration Committee based on a proposal from the President & CEO.

Pension

Senior executives are entitled to pension solutions as agreed with the Company. As a rule, pension obligations are to be in the form of a defined-contribution plan and in line with the Company's pension plan, according to which pension provisions of 4.5% are made on salary components up to 7.5 base amounts and 30% on salary components over 7.5 base amounts. This rule may be waived in the case of appointment of new senior executives whose employment contracts already include defined-benefit pension plans or if the senior executive is covered by a defined-benefit pension plan under mandatory collective bargaining agreements. The pension premiums for defined-contribution pension plans must not exceed 35% of the fixed annual cash salary. Pension provisions are only to be made on variable cash remuneration and other salary benefits if required by mandatory collective bargaining agreements applicable to the executive or local legislation.

Other benefits

Other benefits may include life assurance, health and medical expenses insurance, and a company car. The combined value of such benefits may not exceed 15% of the fixed annual salary. The CEO has a gross salary deduction for a company car. This involves salary sacrifice, where the CEO waives part of his salary to pay for the car. The basic salary disclosed is after gross salary deduction of SEK 300,000 for the car. The CEO's non-monetary benefits are therefore less than 15% of the fixed annual cash salary.

Employment terms in other countries

In the case of employment terms subject to rules other than Swedish ones, appropriate adjustments may be made to comply with mandatory rules or established local practices, while as far as possible observing the overall objectives of these guidelines.

Consulting fee for board members

If a board member (including via a wholly owned company) performs work for the Company in addition to board work, a separate fee can be paid for this (consulting fee). The fee is to be based on the current market rate and determined in relation to the value of the benefit provided to the Company.

Criteria for award of variable cash remuneration etc.

The Remuneration Committee is to monitor and evaluate variable remuneration programs for senior executives. At the end of the performance period the Committee must determine to what extent the criteria for award of variable remuneration have been met. The Remuneration Committee is responsible for making the assessment on variable remuneration for the President & CEO. Assessments on variable remuneration for other executives are the responsibility of the President & CEO. Where financial criteria are concerned, the assessment is to be based on the Company's most recently published financial information. Variable cash remuneration can be paid at the end of the performance period or be deferred. The Board of Directors is entitled, by law or contract, to wholly or partly reclaim variable remuneration that has been paid on false grounds (claw back).

Termination of employment

If a senior executive's contract of employment is terminated by the Company, the notice period must not exceed 12 months. All terms of employment continue to apply during the notice period, unless explicitly agreed between the Company and the executive. The executive will not receive any further severance pay. If a senior executive terminates their employment, the contractual notice period must not exceed 6 months, or 12 months for the President & CEO, and there is no entitlement to severance pay.

Salary and terms of employment for employees

In drafting these guidelines, the Board of Directors has taken into account the current salary and terms of employment of MilDef's employees. Information on employees' total incomes, and the components, increase and rate of growth of the remuneration over time, have been evaluated. The Remuneration Committee and Board of Directors have subsequently decided whether the principles and restrictions therein are reasonable.

Decision-making process for determining, reviewing and implementing the guidelines

The Board of Directors has previously established a Remuneration Committee. The Committee's duties include making preparations for Board decisions on proposed guidelines for remuneration of senior executives. The Board is to prepare proposals for new guidelines at least once every four years and present the proposals for approval by the Annual General Meeting. The guidelines are to apply until new guidelines have been adopted by the shareholders' meeting. The Remuneration Committee must also monitor and evaluate variable remuneration

programs for the Management Team, the application of remuneration guidelines for senior executives as well as remuneration structures and levels within the Company. The Chair of the Board may be chair of the Remuneration Committee. Other shareholder-elected members of the Remuneration Committee must be independent of the Company and the Management Team. The President & CEO or other members of the Management Team are not present when the Board discusses and makes decisions on remuneration matters that affect them. If a board member provides consulting services to the Company, the member in question is not entitled to participate in the preparatory work of the Board or the Remuneration Committee on matters concerning variable remuneration for the relevant consulting services.

Deviations from the guidelines

The Board may temporarily deviate from the guidelines in full or in part if there are particular reasons for doing so in an individual case and the deviation is necessary to serve the Company's long-term interests, including its sustainability, or to safeguard the Company's financial strength. Deviations are to be reported and justified in the subsequent Remuneration Report. The Remuneration Committee's duties include preparatory work for the Board's decisions on matters concerning remuneration of the Management Team, including decisions on deviations from the guidelines.

Description of material changes in the Guidelines for remuneration of senior executives, and representation of any views from shareholders

The entire Guidelines for remuneration of senior executives were reviewed ahead of the 2024 Annual General Meeting. Material changes were as follows. Adjustment of the proportion that "Other benefits" may constitute of fixed annual salary, which now reflects the possibility of offering senior executives a company car. The maximum notice period from the Company's side has now been set at 12 months for the President & CEO and other members of the Management Team. The following new paragraph has been proposed in order to incentivize and reward performance in extraordinary circumstances: Additional variable remuneration can be paid in extraordinary circumstances, provided that such extraordinary arrangements are time-limited and made only at individual level, either to recruit or retain senior executives, or as compensation for extraordinary work efforts over and above the senior executive's ordinary duties. Remuneration of this kind may not exceed an amount equivalent to 50% of the annual fixed cash salary and may not be paid more than once a year per individual. Decisions on such remuneration for the President & CEO are to be taken by the Board based on a proposal from the Remuneration Committee. Decisions on such remuneration for other senior executives are to be taken by the Remuneration Committee based on a proposal from the President & CEO. The Board has not been made aware of any feedback from shareholders on the Guidelines for remuneration of senior executives.

REMUNERATION REPORT 2024

This Remuneration Report explains how the Guidelines for remuneration of senior executives adopted by the 2024 Annual General Meeting have been applied during the 2024 financial year. The report also contains details concerning remuneration of the Company's CEO and Deputy CEO, and fees to board members over and above the board fees adopted by the shareholders' meeting. The report has been prepared in accordance with the Swedish Companies Act (2005:551) and the Swedish Corporate Governance Code.

Additional information on remuneration of senior executives required pursuant to Chapter 5, Sections 40–44 of the Swedish Annual Accounts Act (1995:1554) can be found in Note 11 to the consolidated financial statements. For more information on the work of the Remuneration Committee in 2024, see the Corporate Governance Report.

MilDef's development

The Company's development and significant events during the year are reported inter alia in the CEO's presentation, see "CEO's comments".

Board fees and consulting fees

This report does not cover board fees. A resolution on these fees is passed by the Annual General Meeting each year. The current fees are reported in Note 11.

MilDef's remuneration guidelines: scope, purpose and deviations

Successful implementation of the Company's business strategy and protection of the Company's long-term interests, including its sustainability, require the Company to be able to recruit and retain qualified employees. The objective of MilDef's guidelines for remuneration of senior executives is therefore to offer a competitive, market-based remuneration package, so as to be able to attract, motivate and retain skilled and qualified employees. These guidelines make it possible to offer competitive market-based remuneration packages to senior executives.

The remuneration package consists of the following components:

- a) Fixed cash salary
- b) Short-term variable cash remuneration
- c) Pensions and other benefits

Short-term variable cash remuneration is to be linked to predetermined, well-defined and measurable financial criteria. The targets aim to promote MilDef's development in both the short and long term. The measurement period for variable remuneration is generally based on performance over a 12-month period. The variable remuneration must not exceed 35% of the fixed salary and, where applicable legislation permits, is not to be qualifying income for pension or holiday pay purposes.

The criteria for short-term variable remuneration are divided into two different programs based on MilDef's net sales and operating profit (EBITDA). Variable remuneration may also be linked to individual criteria. The criteria are to be designed so as to promote the Company's business strategy and long-term interests, including its sustainability. The guidelines can be found in "Guidelines for remuneration of senior executives".

Other non-monetary benefits may include life assurance and health insurance. In total, premiums and other costs associated with such benefits may not exceed 15% of the fixed annual cash salary.

In 2024 the Company has followed the applicable remuneration guidelines adopted by the 2024 Annual General Meeting. There were no departures from the guidelines or deviations from the decision-making process prescribed by the guidelines for setting the remuneration. No remuneration has been reclaimed. The auditor's statement on the Company's compliance with the guidelines is available at <https://investors.mildef.com/corporate-governance/?lang=en>.

Total remuneration of CEO and Deputy CEO in 2024 (SEK 000)

Refers to remuneration expensed during the year

	Basic salary	Variable remuneration	Other taxable benefits	Pension cost	Total remuneration	Share of fixed remuneration
President & CEO Daniel Ljunggren	2,119*	-	337	831**	3,288	100%
Deputy CEO Fredrik Persson	1,512	-	-	330	1,842	100%

* The basic salary disclosed is after gross salary deduction of SEK 300,000 for a company car.

** The pension expense disclosed includes SEK 226,000 relating to 2023. The pension expense is therefore less than 35% of the fixed annual cash salary.

Share-based incentive program

At an extraordinary shareholders' meeting on April 29, 2021, a resolution was passed to adopt an incentive program ("Incentive program 2021/2025) for the Group's employees by issuing warrants with the subsequent right to subscribe for new shares in MilDef. The fact that the resolution was passed at a shareholders' meeting means it is not covered by these guidelines but should still be seen as being in the same spirit. The warrants have been transferred on market terms at a price (premium) that was established based on an estimated market value using the recognized Black & Scholes model. The calculation was carried out by an independent appraisal institution. For more information, visit www.mildef.com.

Application of performance criteria

The CEO's performance criteria for 2024 are divided into two different parameters based on MilDef's net sales and operating profit (EBITDA). Although they are expressed in financial terms, the performance criteria further contribute to alignment with sustainability and the Company's values. The targets for results on each parameter are linked to ambitious internal targets and the award is paid out the following year.

Helsingborg, March 27, 2025

Board of Directors of MilDef Group AB (publ)

BOARD OF DIRECTORS



Björn Karlsson

Chair of the Board
Chair since 2023.

Born	1973
Education	Technical college graduate.
Other current positions	CEO and Chair of the Board of Simplexor AB.
Previous positions (past five years)	President & CEO of MilDef Group AB. Board member of SOFF (Swedish Security & Defence Industry Association).
Shareholding in the Company	890,821 shares and 30,000 warrants.
Independence	Not independent of the Company and its management. Independent of major shareholders.
Board committees	Chair of the Remuneration Committee.



Jan Andersson

Board member
Member since 2015.

Born	1959
Education	Master of Science (M.Sc.) Computer Engineering, Institute of Technology at Linköping University.
Other current positions	Chair of the Board of DH Anticounterfeit AB and Proplab AB and board member of companies including Addnode Group AB, MilDef Group AB, Entreprenörinvest Sverige AB, Loop Venture AB, Localize Direct AB, Gridly AB, Myloc Holding AB, Lex Energy Nord AB and TimeZynk AB.
Previous positions (past five years)	CEO and co-founder of ReadSoft AB and numerous previous board positions.
Shareholding in the Company	650,000 shares.
Independence	Independent of the Company and its management and major shareholders.
Board committees	Member of the Remuneration Committee.



Bengt-Arne Molin

Board member
Member since 2023.

Born	1958
Education	Ph.D. in Electrical Engineering, Lund University.
Other current positions	Founder and CEO of B A Molin AB. Chair of the Board of Katam Technologies AB and board member of Generic Sweden AB.
Previous positions (past five years)	Chair of the Board of Lumeo Technology AB, board member of Auricula AB, Meltspot AB and MultiQ AB.
Shareholding in the Company	2,600 shares.
Independence	Independent of the Company and its management and major shareholders.
Board committees	—



Christian Hammenborn

Board member
Member since 2017.

Born	1965
Education	Master of Laws (LL.M.), Lund University.
Other current positions	Board member of Hammenborn Advokatbyrå AB.
Previous positions (past five years)	Partner, Advokatfirman Lindahl Kommanditbolag
Shareholding in the Company	821 shares.
Independence	Independent of the Company and its management and major shareholders.
Board committees	Member of the Audit Committee.



Marianne Trolle

Board member
Member since 1998.

Born	1956
Education	Studies in economics, law and leadership in Helsingborg.
Other current positions	Board member of Trolle Management AB.
Previous positions (past five years)	–
Shareholding in the Company	2,412,752 shares.
Independence	Independent of the Company and its management and major shareholders.
Board committees	–



Charlotte Darth

Board member
Member since 2020.

Born	1968
Education	Master of Science (M.Sc.) Business Administration & Economics, Stockholm University.
Other current positions	Co-CEO of Future Ordering AB. Chair of the Board of Worldfavor AB and Engage Group AB, board member of Fondia Oyj.
Previous positions (past five years)	CEO of Binero Group AB. Board member of Binero Group AB and Intervalor AB.
Shareholding in the Company	821 shares.
Independence	Independent of the Company and its management and major shareholders.
Board committees	Member of the Audit Committee.



Lennart Pihl

Board member
Member since 2020.

Born	1950
Education	Master of Science (M.Sc.) Business Administration & Economics, Lund University.
Other current positions	Chair of the Board of Haki Safety AB, Myloc Holding AB, Bertex Mail AB, Liljehomens Group AB and Joakim Lagergren Golf AB.
Previous positions (past five years)	Chair of the Board of Nordic Vehicle AB, Nordic Room Improvement Holding AB and INGAPÉ AB.
Shareholding in the Company	821 shares.
Independence	Independent of the Company and its management and major shareholders.
Board committees	Chair of the Audit Committee.

MANAGEMENT TEAM



Daniel Ljunggren

Chief Executive Officer (CEO)
since 2023.

Born	1980
Education	Master of Business Administration (MBA), Kristianstad University.
Other current positions	–
Previous positions (past five years)	Chief Financial Officer (CFO), Executive Vice President (EVP).
Shareholding in the Company	1,593,115 shares.



Viveca Johnsson

Chief Financial Officer (CFO)
since 2023.

Born	1987
Education	Master of Science (M.Sc.) Business and Economics, Lund University.
Other current positions	–
Previous positions (past five years)	Divisional CFO at Nederman Group, Division Extraction & Filtration Technology.
Shareholding in the Company	2,030 shares.



Karin Svalander

Chief Legal and Compliance
Officer since 2020.

Born	1978
Education	Master of Laws (LL.M.), Uppsala University
Other current positions	–
Previous positions (past five years)	CLO at Invono AB, deputy board member of Invono Fund AB.
Shareholding in the Company	2,447 shares and 30,000 warrants.



Fredrik Persson

Deputy CEO since 2023.

Born	1981
Education	Master of Science (M.Sc.), radio electronics and electromagnetic field theory, Faculty of Engineering at Lund University.
Other current positions	CEO of MilDef Products AB.
Previous positions (past five years)	Chief Technology Officer (CTO).
Shareholding in the Company	249,600 shares.



Fredrik Jacobsson

VP Europe & North America since 2024.

Born	1980
Education	Master of Science (M.Sc.) Business and Economics, Lund University.
Other current positions	–
Previous positions (past five years)	Chief Sales Officer (CSO) at MilDef, Interim CEO of Handheld Group AB.
Shareholding in the Company	400,000 shares.



Martina Karlsson

Chief People Officer (CPO) since 2023.

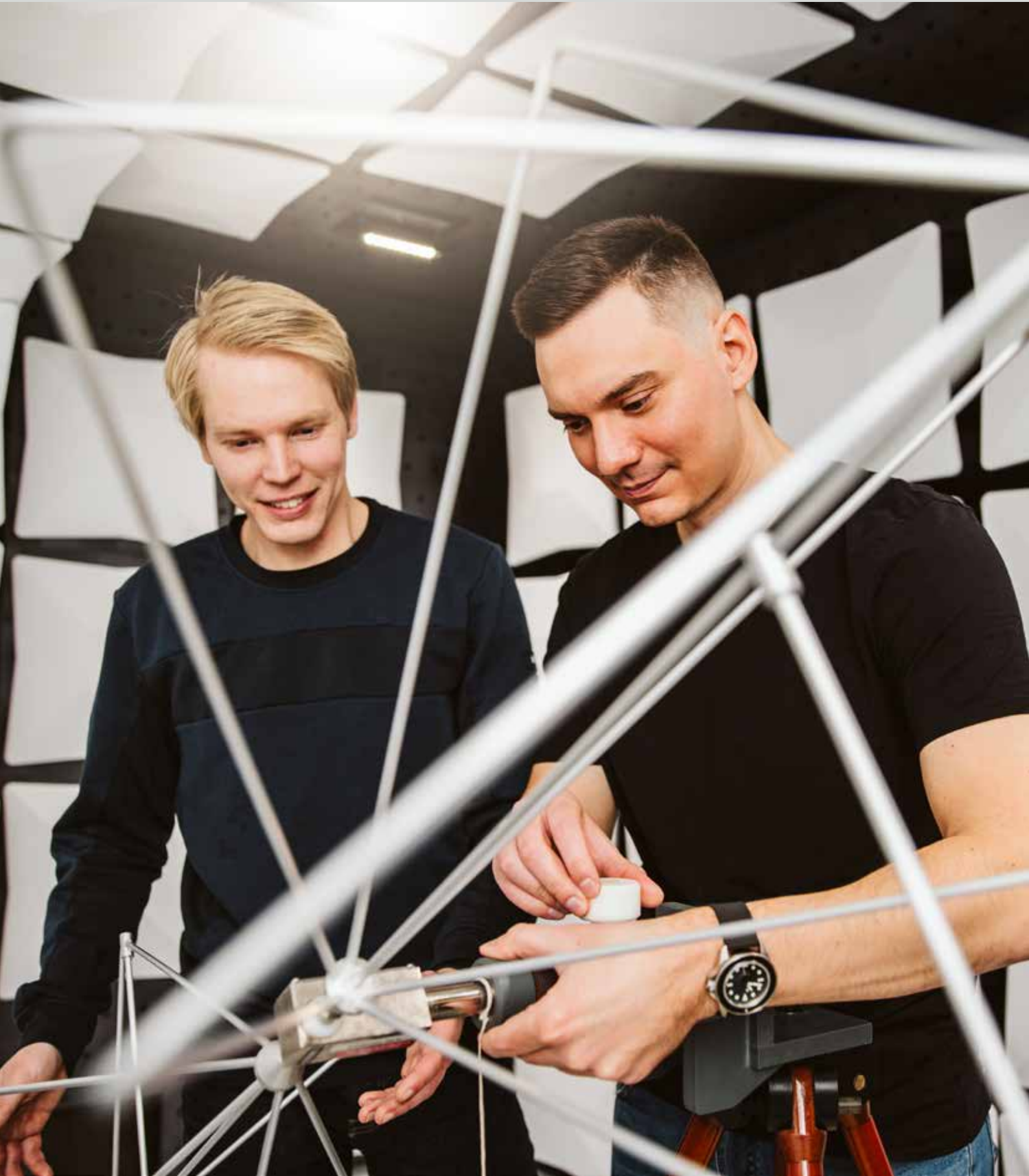
Born	1987
Education	Bachelor of Science (B.Sc.) in Human Resources, Gothenburg University.
Other current positions	–
Previous positions (past five years)	Regional HR Manager, Axis Communications AB.
Shareholding in the Company	2,265 shares.



Magnus Hagman

VP Nordics since 2024.

Born	1975
Education	Aviator and flight instructor, Swedish Armed Forces, MSc Industrial Organization & Economics, Halmstad University, BSc Mechanical Engineering, Chalmers University of Technology.
Other current positions	–
Previous positions (past five years)	Head of Sales and Marketing, Carmenta AB, Senior Director Business Development, Saab AB.
Shareholding in the Company	400 shares.



DIRECTORS' REPORT

The Board of Directors and Chief Executive Officer of MilDef Group AB (publ) hereby present the Annual Report and consolidated financial statements for the financial year January 1 to December 31, 2024. MilDef Group AB (publ), which has its registered office in Helsingborg, is a public limited liability company and its corporate registration number is 556893-5414.

Operations

Since the start in 1997 MilDef has delivered products and services designed to protect functions that are critical for society. As a specialist in the global tactical IT niche area, the Company meets the unique product requirements for demanding environments. MilDef is a full-spectrum supplier of rugged electronics, complete hardware systems as well as software and services for defense and security. Digitalization within the armed forces and of functions that are critical for society is increasing and with it comes increased demand for tactical IT solutions. MilDef is taking an active part in this development and the Company's goal is to be the most reliable partner in the industry. MilDef adds value through industry-leading quality and high delivery precision.

At year-end 2024 MilDef consisted of 18 legal entities with over 300 employees in seven countries. The Group posted revenue for full-year 2024 of SEK 1,201 million with an adjusted operating EBITA margin of 12.5%. MilDef was listed on Nasdaq Stockholm in 2021 and since January 2023 has been traded on the Mid Cap Index.

Group structure

MilDef Group AB (publ) is the Parent Company in the MilDef Group and has its registered office in Helsingborg, Sweden. MilDef Group AB's direct and indirect wholly owned subsidiaries are listed in Note 14 to the Parent Company financial statements, Holdings in Group companies.

The MilDef share and ownership structure

MilDef was initially listed on Nasdaq Stockholm Small Cap on June 4, 2021 in the Industrial Goods and Services sector. The share's ISIN code is SE0016074249. The share is traded under the ticker MILDEF. A trading unit is one (1) share. At year-end 2024 MilDef's share capital amounted to SEK 11,393,267 divided into 45,573,068 shares with a quota value of SEK 0.25 per share. All of the shares are ordinary shares carrying the same voting rights.

The largest shareholder in terms of votes is Svolder with a total shareholding of 10.8% of the capital and votes in the Company as of December 31, 2024. The 10 largest shareholders represented around 45% of the capital and votes. As far as the Board of MilDef Group AB is aware there are no agreements between major shareholders that restrict the transferability of shares. Nor are there any restrictions on the transferability of shares based on provisions in law or the Articles of Association. There are no restrictions on the number of votes each shareholder may cast at shareholders' meetings.

According to the Articles of Association the Board is to consist of three to eight members with no deputies. The Articles of Association do not contain any other provisions regarding appointment or dismissal of board members or on amendments to the Articles of Association.

Summary of significant events in 2024

In the first quarter MilDef signed a Memorandum of Understanding (MoU) with Lockheed Martin to explore an industrial partnership within Sweden's aerospace sector. Through this partnership the two organizations will identify collaboration opportunities where MilDef's solutions and expertise can be integrated into Lockheed Martin's global ecosystem for the aerospace and defense industry.

MilDef signed a 10-year framework agreement during the first quarter with BAE Systems Bofors for delivery of MilDef's rugged hardware for the Archer artillery system. The framework agreement is for MilDef products such as computers, network equipment and displays. The initial order placed in the first quarter of 2023 was worth SEK 69 million. The future monetary value of the framework agreement is not possible to quantify at this time.

To meet the growing demand for integration services in Sweden, MilDef has decided to expand its local capacity in the Stockholm region. A bespoke building with more than 6,000 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.

At the Annual General Meeting on May 23, Jan Andersson, Charlotte Darth, Christian Hammenborn, Lennart Pihl, Marianne Trolle, Björn Karlsson and Bengt-Arne Molin were re-elected as board members. Björn Karlsson was also re-elected as Chair of the Board and Öhrlings PricewaterhouseCoopers AB was re-elected as the Company's auditor for a term of one year, with Eric Salander as Auditor-in-Charge. It was further decided that the dividend for the 2023 financial year would be SEK 0.50/share in view of the Company's need for capital for long-term development, capital structure and prevailing market conditions.

In the third quarter MilDef decided to appoint Magnus Hagman as Vice President Nordics. He was previously Head of Marketing and Sales at Carmenta where he had worked since 2022. Before this he worked for a decade within the SAAB defense company holding various positions there.

As a result of MilDef's financial development, market conditions and prospects, the Company is amending its long-term profitability target. The previous EBITDA target of at least 10% over time is being replaced by an EBITA target of at least 15% over time.

In November MilDef entered into a binding contract to acquire roda computer GmbH, a supplier of military IT solutions that has a strong market presence in Central Europe. This acquisition will make MilDef one of Europe's leading actors within tactical and rugged IT for security and defense. Completion of the acquisition is expected to take place in Q1 2025. In connection with the signing of the contract, a private placement issue of 5.4 million shares was implemented, raising SEK 500 million before issue costs.

In the fourth quarter MilDef decided to focus fully on its business in the defense and security domain. The reason for choosing this strategic course of action is the strong market conditions prevailing in the defense sector. To this end MilDef intends to integrate the defense industry products of its Handheld subsidiary into the rest of the business and to cease operations in the other sales segments within Handheld. As a consequence of this, during the fourth quarter the Company reported a restructuring cost of SEK 310 million.

The Company received a number of large and strategically significant orders during the year. Examples include: BAE Systems Hägglunds order for IT equipment in CV90 combat vehicles for delivery to Central Europe worth SEK 200 million; a OneCIS software contract from the Swedish Defence Materiel Administration (FMV); an order from Norwegian Defence Materiel Agency (NDMA) for computers to modernize the CV90 combat vehicle; and orders from the FMV for hardware worth SEK 81 million and within the command systems area worth SEK 63 million. MilDef also won a contract worth SEK 69 million to provide technology for nanodrones and additional orders worth SEK 52 million from BAE Systems Bofors. 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. MilDef also 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. Supported by the acquisition of the assets and liabilities of Advanced Vision Technology Ltd (AVT), MilDef secured an order consisting of rugged displays for a European military vehicle manufacturer. The order is related to a substantial European vehicle program and is worth SEK 135 million. Deliveries will take place in the period 2024–2029.

Financial targets

MilDef has four financial targets for its operations aimed at providing the shareholders with a good return and ensuring long-term value growth.

- **Growth**
MilDef's target is to grow sales over time by at least 25% per year, including acquisitions.
- **Profitability**
MilDef's target is an operating margin (EBITA) over time of at least 15%.
- **Capital structure**
MilDef's target is for interest-bearing net debt not to exceed 2.5 times operating profit (EBITDA), other than temporarily.
- **Dividend policy**
MilDef's target is to distribute an annual dividend of 20–40% of profit after tax. MilDef will, however, take long-term development, capital structure and prevailing market conditions into account.

Employees

The number of employees in the Group, recalculated to full-time equivalents (FTEs), was 327 (309) at the end of the period. 244 (227) of the employees were men and 83 (82) were women. The average number of FTEs during the period was 319, compared with 313 in the same period the previous year.

Alternative performance measures

MilDef applies the guidelines for alternative performance measures issued by ESMA, the European Securities and Markets Authority. Alternative performance measures are financial metrics that cannot be directly derived or deduced from the financial statements. These financial metrics are intended to facilitate the Management Team's and investors' analysis of the Group's development. Investors should not regard these alternative performance measures as substitutes for the financial statements prepared in accordance with IFRS, but rather as complements to the statements. Definitions of the alternative performance measures are presented in the section "Definitions of key figures".

Segments

MilDef's operations are treated as one segment as this reflects the Group's business, financial monitoring and management structure. MilDef's CEO, who is the chief operating decision-maker, monitors and analyzes results and financial position for the Group as a whole. The CEO does not monitor results on a disaggregated level lower than at consolidation level. The CEO thus also decides on allocation of resources and takes strategic decisions based on consolidation as a whole. Based on IFRS 8, the analysis has concluded that the MilDef Group consists of only one reporting segment.

Volatility between periods

MilDef's sales and profits are affected by quarter-on-quarter volatility. Year-on-year comparisons between quarters can be made. The Group's strongest quarter in terms of sales and profits is normally the fourth quarter.

MilDef's markets are characterized by substantial procurements at irregular intervals. The lead times are often long due to extensive administrative processes and long sales cycles. Both order intake and sales may fluctuate significantly between the quarters. The Company's development should therefore be evaluated in a longer perspective and not based on an individual quarter or year.

Order status

Order intake was good for full year 2024 and, as in previous years, was driven by strong underlying demand for digitalization and modernization among MilDef's end-customers and also increased defense appropriations in the Nordic region and elsewhere in Europe.

The order intake for full year 2024 increased by 49% to SEK 1,810 million, compared with full year 2023 when it was SEK 1,214 million. The underlying market trend remains positive in all markets. The order backlog on December 31, 2024 was at a historically high level, amounting to SEK 2,055 million (1,327), an increase of 55%.

Net sales and profits

MilDef's sales for full year 2024 increased, amounting to SEK 1,201 million, compared with SEK 1,151 million for full year 2023. This is an increase in net sales of 4%. Net sales development was stronger during the second half of the year than in the first half.

Gross profit amounted to SEK 589 million (556), equivalent to a gross margin of 49.0% (48.3). The Company's gross profit may vary across periods depending on sales volumes, and the gross margin may vary based on the product and customer mix.

Operating expenses amounted to SEK 798 million (448). Non-recurring items of SEK 321 million (-) were reported during the year. These were made up in part of acquisition costs relating to the acquisition of roda computer GmbH, and in part of a restructuring cost for streamlining MilDef's business to focus on the security and defense domain. The underlying operating costs amounted to SEK 477 million (448). As a percentage of sales these amounted to 39.7% (38.9) for full year 2024. The increase in expenses was planned for and tracks the Company's growth trajectory.

During the quarter, acquisition costs of SEK 11 million were reported relating to the acquisition of roda computer GmbH. In addition, a restructuring program was announced in the fourth quarter aimed at streamlining MilDef's business to focus on the security and defense domain. A restructuring cost has been reported amounting to a total of SEK 310 million, SEK 285 million of which had no effect on cash flow.

Operating profit (EBIT) for full year amounted to SEK -209.0 million (108.1). This is equivalent to an operating margin of -17.4% (9.4). Non-recurring items as described above impacted operating profit for the period by SEK -321 million. Adjusted operating profit (EBIT) amounted to SEK 111.8 million (108.1), which corresponds to an operating margin of 9.3% (9.4). The lack of EBIT growth during the period is related to slower sales development combined with the Company's increased costs, mainly relating to an increased number of employees to meet the needs of future growth.

Adjusted operating profit before amortization and impairment of intangible non-current assets (EBITA) amounted to SEK 149.7 million (140.2), equivalent to a margin of 12.5% (12.2). Amortization and impairment of intangible non-current assets amounted to SEK 37.9 million (32.1) excluding the restructuring program, with impairment of capitalized product development accounting for the increase. The adjusted operating profit includes adjustments for non-recurring items as described above.

Net financial expense for the period amounted to SEK -13.6 million (-19.6). The shift is due primarily to increased interest income relating to the completed new share issue in the fourth quarter, the proceeds of which will be used to pay the purchase consideration for roda computer GmbH once the acquisition is completed. This is expected to happen in Q1 2025.

The tax effect for the full year 2024 impacted net profit in the amount of SEK 2.2 million (-19.6). This makes the effective tax rate 1.0% (22.1). Accounting for restructuring costs in 2024 resulted in a negative profit before tax and for this reason the Group is reporting a negative effective tax rate.

Profit after tax amounted to SEK -220.3 million (69.0). Earnings per share before dilution amounted to SEK -5.43 (1.73) and earnings per share after dilution to SEK -5.37 (1.71). Adjusted for non-recurring items, earnings per share before dilution amounted to SEK 2.47 (1.73) and earnings per share after dilution to SEK 2.45 (1.71).

Cash flow

Cash flow reported for the period amounted to SEK 446.2 million (24.2). The restructuring program is the main factor in this shift. A private placement issue of shares was im-

plemented in the fourth quarter of 2024 for a value of SEK 500 million before transition costs. A smaller number of new shares were also issued for the Group's employees under "Incentive program 2021/2025". Free cash flow for full-year 2024 amounted to SEK 127.7 million (8.7).

Cash flow from operating activities amounted to SEK 144.4 million (54.5). Cash flow from changes in working capital amounted to SEK 8.4 million (-90.1). Reversal of impairment of goodwill and brands from the restructuring program amounted to SEK 185 million.

Cash flow from investing activities amounted to SEK -33.3 million (-68.9). The lower pace of investment in intangible non-current assets is due to the focus in 2024 being on delivering customer-specific development projects, which are not capitalized in the consolidated accounts. During the year the final payment was made on the purchase consideration for Defcon Solutions AB in the form of a contingent consideration of SEK 12.5 million.

Cash flow from financing activities amounted to SEK 335.1 million (38.5). The new share issue and repayment of the overdraft facility are the main driving factors in this shift. Repayment of loans taken out in connection with the acquisition of Handheld Group in September 2022 amounted to SEK 30 million for the full year 2024. Amortization of leases was charged to financing activities in the amount of SEK -22.2 million (-21.4) for the full year 2024.

Acquired intangible assets

The Group's recognized goodwill as of December 31, 2024 was SEK 322.6 million (461.5). The goodwill impairment is attributable to the restructuring program and is derived from the Handheld acquisition. An impairment loss on brands was also recognized at SEK 43.6 million in the same restructuring program. Other acquired intangible assets from previous years' acquisitions are customer relationships and software. Customer relationships and software are amortized on a straight-line basis over a 10-year period. Customary impairment tests are carried out in each individual case.

For further details, see Note 14, Intangible non-current assets.

Equity

The Group's equity amounted to SEK 1,101.7 million (844.6) at the end of the period. The equity/assets ratio as of December 31, 2024 was SEK 65.4% (55.4). The "Incentive program 2021/2025" described in the 2023 Annual and Sustainability Report has been open for subscribing for shares since September 1. This has been utilized by most participants on a number of occasions and the Company has therefore issued new shares for the program. Moreover, in November MilDef implemented a private placement issue of 5,434,782 shares for a subscription price of SEK 92 per share in connection with closing a deal to acquire roda computer GmbH. This issue resulted in issue proceeds of SEK 500 million before transaction costs. The total number of shares after the new share issue is 45,573,068 and the share capital is SEK 11,393,267.

Net working capital

Net working capital amounted to SEK 331 million (386) at the end of the period. The decrease in stocks is driving this shift and much of this is explained by impairment losses on stocks within the framework of the restructuring program. The net amount of operating receivables and operating liabilities was at the same level at the end of 2024 as at the end of 2023. Compared with the same period the previous year, net working capital in relation to net sales decreased to 27.6% (33.5).

SEK m	2024	2023
Inventories	234.4	290.2
Accounts receivable	330.1	284.5
Other receivables	87.4	92.5
Accounts payable	-85.6	-114.0
Other current liabilities	-235.3	-167.2
Net working capital	330.9	386.0
<i>as a percentage of net sales LTM (%)</i>	<i>27.6%</i>	<i>33.5%</i>

Net debt and cash and cash equivalents

The net debt, which in 2024 was a net receivable, including lease liabilities amounted to SEK -310 million (286) at the end of the period. Cash and cash equivalents as of December 31, 2024 amounted to SEK 530 million (82). At the end of the period there was an unutilized revolving overdraft facility of SEK 120 million (0). Net debt at the end of the period in relation to adjusted operating profit (EBITDA) over the last 12-month period, excluding the effects of IFRS 16 Leases, amounted to -2.2 (1.1). Calculated including the effects of IFRS 16, the net debt/equity ratio was -1.7 (1.7).

SEK m	2024	2023
Other interest-bearing liabilities	133.9	263.9
Lease liabilities	86.5	103.5
Cash and cash equivalents	-530.4	-81.5
Net debt incl. IFRS 16	-310.0	285.9
<i>relative to adjusted operating profit (EBITDA) LTM, multiple</i>	<i>-1.7</i>	<i>1.7</i>

Acquisitions and acquisition analysis

At the time of acquisition, a preliminary acquisition analysis is performed based on estimates and judgments that are as accurate as possible. This analysis may, however, need to be adjusted at some point in the future. All acquisition analysis is subject to final adjustments no later than 12 months after the acquisition date.

An acquisition of certain assets in the UK company Advanced Vision Technologies Ltd took place in 2024.

On November 13, 2024, MilDef announced that a binding agreement had been signed to acquire 100% of the voting shares in roda computer GmbH ("roda"). The acquisition was completed on March 6, 2025, see Note 30.

Outlook

2024 was a year in which MilDef made important advances – both operationally and financially. The Company is reporting strong profits, a record order intake and clear improvement in cash flow.

The considerable investments in defense now taking place in most markets are unique in modern times and budget appropriations for defense continue to increase in Europe. In many countries, efforts are now also intensifying to modernize and digitalize defense capabilities. MilDef is well-positioned to meet tougher requirements for domestic supply reliability and delivery capacity.

We entered 2025 with a record order backlog and important framework agreements in place, while also being well-prepared to meet the rapidly growing needs of the market.

Research and development

MilDef conducts extensive research and development. This is considered a critical factor for continued organic growth and to penetrate new markets. It is important to quickly identify changing customer requirements and transform them into the best solutions for every given market situation. Around 8% of MilDef's employees work in R&D-related positions. Further resources were added to the R&D department in 2024 – both contracted staff and MilDef employees – to handle an increased number of projects, many of which are highly complex.

Significant risks and factors of uncertainty

MilDef's operations and profits are affected by a number of external and internal factors. A constant process is under way to identify all of the risks that occur and to assess how to manage each risk. MilDef's risks can be divided into market-related, operational and financial risk. For a more detailed description of financial risk, see the section "Risk and risk management" in this Annual and Sustainability Report.

Transactions with related parties

No board member or senior executive has or has had any direct or indirect participation in any business transactions with Group companies during the current or previous financial years on terms that are or were unusual in nature. Nor has any Group company provided loans or guarantees to, or entered into any surety agreement for, any of the members of the Board or senior executives.

Forward-looking statements

This report may contain forward-looking statements based on the Management Team's current expectations. Even though management considers the expectations expressed in such forward-looking statements to be reasonable, there can be no guarantee that these expectations will prove to be correct. Consequently, future outcomes may vary significantly compared with those expressed in the forward-looking statements, depending on factors such as changed conditions in the market for MilDef's products and more general changes in, for example, the economy, markets and competition, legal requirements and other political measures, and fluctuations in exchange rates.

Disputes

The Company was not a party in any material dispute at the end of 2024.

Parent Company

The operations of MilDef Group AB (corp. reg. no. 556893-5414), registered office in Helsingborg, Sweden, are primarily focused on the Group's strategic development and Group-wide functions such as HR, IT, finance, etc. Most of the funds from the Group's external financing are held within the Parent Company. At year-end the Parent Company had 57 (45) employees.

Contingent liabilities

There have been no changes in the Group's contingent liabilities, as described in more detail in Parent Company Note 19.

Environmental impact

The Group does not have any operations that require a permit according to current environmental rules.

Sustainability approach

The Group's Sustainability Report for 2024 was prepared according to the Swedish Annual Accounts Act by MilDef Group AB (publ), corp. reg. no. 556893-5414, which has its registered office in Helsingborg. See the Sustainability Report in this Annual and Sustainability Report.

Corporate Governance Report

According to the Swedish Annual Accounts Act and the Swedish Corporate Governance Code, ("the Code"), a separate corporate governance report, including a section on internal control, is to be prepared and included in this Annual and Sustainability Report, see the Corporate Governance Report. MilDef has no any deviations from the Code to report for 2024.

Guidelines for remuneration and other employment terms for the Management Team in 2024

For a description of this section, see in the notes to the Group's financial statements, Note 11, Remuneration Report 2024 and "Guidelines for remuneration of senior executives". All can be found in this Annual and Sustainability Report.

Proposal for decision on allocation of profit

The following Parent Company funds are at the disposal of the Annual General Meeting:

The Board proposes a dividend for the 2024 financial year of SEK 0.50 per share (SEK 0.50). The proposed record date for the right to receive a dividend is May 26, 2025. If the Annual General Meeting votes in favor of the proposal, the dividend is expected to be paid out on May 30, 2025.

The Board's assessment is that the proposed dividend will not impact MilDef's ability to meet the Group's commitments in the short-term or long-term. When assessing the size of the proposed dividend the Board has taken into account what is

required in terms of equity and the consolidation requirements of the Company and the Group, liquidity and position in general, based on the nature and scale of the operations and the associated risks. The proposed dividend is therefore justifiable taking into consideration the precautionary rule in Chapter 17, Section 3, paragraphs 2–3 of the Swedish Companies Act.

SEK	Dec. 31, 2024
Share premium reserve	493,260,337
Retained earnings	720,975,689
Comprehensive income for the year	-222,464,369
Closing balance, December 31	991,771,657
<i>The Board proposes that the profit be allocated as follows:</i>	
A dividend to the shareholders of SEK 0.50 per share	22,786,534
Carried forward	968,985,123
Total	991,771,657

Significant events after the end of the year

On November 13, 2024, MilDef announced that a binding agreement had been signed to acquire 100% of the voting shares in roda computer GmbH ("roda"). The acquisition was completed on March 6, 2025, see Note 30.

On March 11, MilDef won a cybersecurity deal with Clavister, worth SEK 40 million. Clavister, a leader in European cybersecurity for mission-critical applications, has on several occasions ordered MilDef's hardware for customized and robust network equipment intended for installation in BAE System Hägglund's CV90 combat vehicle. On March 11, an order worth SEK 40 million was signed. The hardware is a sub-component of two products in Clavister CyberArmour, a product family of AI-based, military-adapted Next-Generation Firewalls for defense applications. First serial delivery will take place in early 2027.

No other events that can be considered significant have taken place after the end of the year up to the date this Annual and Sustainability Report was signed.



RISK AND RISK MANAGEMENT

All business activity is associated with risk. Risks managed correctly can lead to opportunities and add value, while risks managed incorrectly can cause damage and losses. MilDef has a structured and proactive method to identify and manage risk to protect the Company, people and the environment.

The ability to identify, assess and manage risk is a vital aspect of implementing the Company's strategy as well as in governance and control of the Company. The objective is to gain a good understanding of the risks and their effects, and use this to better support decision-making and to reach long-term goals through carefully considered risk-taking within set parameters. This in turn requires an effective and structured risk management process.

The overall goal of risk management is to ensure that there is a systematic method to identify risks and that they are managed at an early stage. The goal is also to make risk management a natural aspect of day-to-day operations by creating a culture and an awareness of risks among all employees and to educate them on how to manage risks to achieve the goals of the business.

The governing document for risk management is the Group-wide Risk Procedure. The purpose of this document is to define the Company's approach to risk by stating goals and areas of responsibility. The Chief Executive Officer has ultimate responsibility for the implementation and execution of the risk management process and for reporting continually on risk to the Board. The CEO is also responsible for developing, adapting and monitoring the risk management process. The process of identifying risks that should either be eliminated, prevented

or simply identified and monitored is established annually in a risk map. The managing director of each local subsidiary is responsible for mapping risk and assessing the likelihood that the risks will materialize, as well as their potential effects, preferably in monetary terms if this is possible. The Management Team then defines which risks can be considered acceptable and how risks that are unacceptable should be managed (through action plans) to make them acceptable. The managing director of each local subsidiary is responsible for carrying out risk management within the respective company.

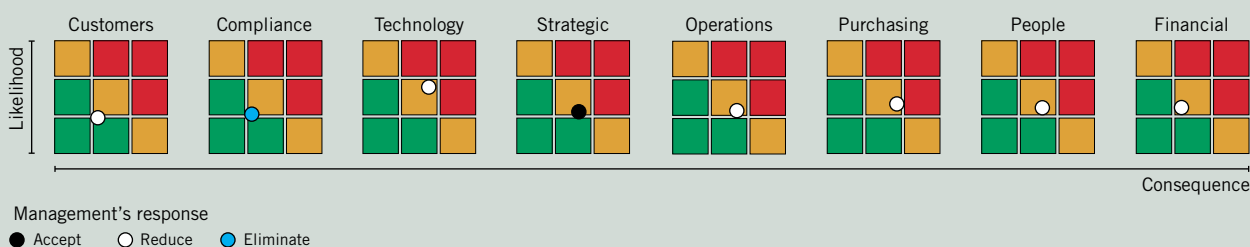
MilDef divides the risks it faces into strategic, operational and financial risks:

Financial risks are managed primarily by the corporate finance department. The responsibilities of the Board of Directors and the CEO for internal control of financial reporting are regulated in the Swedish Companies Act. See the Corporate Governance Report in this Annual Report or www.mildef.com for further information on internal control of financial reporting.

Business risk and strategic risk are managed by the local subsidiaries with support from corporate departments. The overview below presents the overall risks in each risk category and how they are managed.



Risk map



EXTERNAL ENVIRONMENT AND MARKET RISKS

Customers	Risks associated with customers are assessed from an overall perspective and based on revenue streams and contract levels. Our ability to deliver tactical IT is not covered by this area.
Non-compliance with contractual obligations	Toll gate process, compliance matrix
Loss of strategic Nordic accounts	Dedicated account managers, building business areas, framework agreements
Loss of strategic account (other)	Dedicated account managers

Compliance with laws and other requirements	Risks in this area are linked to the ability to apply and adapt to new and existing government regulations and laws.
Regulatory requirements to implement and ensure cybersecurity compliance	Training, recruitment, external consultants
New laws and regulations	Business intelligence, training, consultants, local partners
Unforeseen requirements due to infringement of third party intellectual property rights	Business intelligence, consultants, local partners, due diligence process

Technology	Risks associated with technology relate to our technical systems and threats against them, such as cyber threats.
IT disruptions	Redundant environment, continuity planning for critical functions
Cybersecurity threats	Investments, training, business intelligence
Unforeseen requirements due to infringement of third party intellectual property rights	Business intelligence, consultants, local partners, due diligence process

Strategic	Strategic risks are primarily related to high-level political and social aspects and are often difficult to influence due to their nature.
Political/economic conflicts (USA/China)	Purchasing in the EU/USA
Old partners and future requirements	Communication, cooperation, agreements, partnership programs
Shared right to use the name MilDef	Separation through brand positioning, discussion of name change



OPERATIONAL RISKS

Operations		Risks associated with business operations are linked to our ability to deliver and be efficient.
Global supply chains impact our ability to deliver		Purchasing, working virtually, digitalization, continuation plan for production
Exposure to corporate espionage		Training, investments to meet protective security procurement requirements
Production capacity impacted by external events		Fire safety system, multiple suppliers of critical functions (IT, electricity), established business continuation plan
Purchasing and delivery management		Risks associated with suppliers and supply chains that impact our ability to deliver and safeguard the business.
Dependence on a single supplier		Dual purchasing channels, agreements, design specifications
MilDef Crete's capacity to deliver		Made in Sweden/EU, IP rights, shared suppliers
Chinese influence/control over critical suppliers		Dual purchasing channels in the EU/USA
People and organizational structure		Risks associated with people and the Company's organizational structure relate to talent, employer branding, ability to retain employees and our culture.
Immature leadership in the organization that can lead to inefficiency		Leadership training, communication, clear authority structure and expectations
Difficulty recruiting and retaining certain talent		Employer branding, cooperation
The Group's core values and Code of Conduct not being implemented in all parts of the organization, resulting in subcultures		Training, communication

FINANCIAL RISKS

Financial		Financial risks are traditional risks that can jeopardize cash flow, financial strength and profits.
Increased costs due to currency fluctuations		Agreements
Large sums tied to contracts		Supplier contracts, share risks with customers
Increased costs relating to customs duties, with a potential impact on production competitiveness		Made in X concept





FINANCIAL STATEMENTS AND NOTES

THE GROUP

Consolidated statement of comprehensive income

SEK m	Note 1-3	2024	2023
Net sales	4	1,200.9	1,151.3
Cost of goods sold		-611.8	-595.0
Gross profit		589.0	556.3
Selling expenses		-279.0	-282.8
Administrative expenses		-105.7	-85.9
Research and development expenses		-84.0	-80.7
Acquisition costs		-10.8	-
Restructuring costs	5	-310.0	-
Other operating income	6	6.1	6.6
Other operating expenses	6	-14.4	-5.4
Operating profit	7, 8, 9, 10, 11	-209.0	108.1
Financial income	12	11.8	9.5
Financial expense	12	-25.4	-29.1
Profit after financial items		-222.6	88.6
Income tax	13	2.2	-19.6
Net profit for the year		-220.3	69.0
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Change in translation reserve for the year		2.4	-12.2
Other comprehensive income		2.4	-12.2
Total comprehensive income for the year		-217.9	56.8
Profit for the year attributable to:			
Owners of the parent		-220.3	69.0
Non-controlling interests		-	-
Net profit for the year		-220.3	69.0
Comprehensive income for the year attributable to:			
Owners of the parent		-217.9	56.8
Non-controlling interests		-	-
Comprehensive income for the year		-217.9	56.8
Earnings per share			
Number of shares at year-end		45,573,068	39,859,566
Weighted average number of shares in the period before dilution		40,598,903	39,859,566
Weighted average number of shares in the period after dilution		41,013,824	40,301,066
Earnings per share before dilution (SEK)		-5.43	1.73
Earnings per share after dilution (SEK)		-5.37	1.71

Consolidated balance sheet

SEK m	Note 1-3	Dec. 31, 2024	Dec. 31, 2023
Non-current assets			
Intangible non-current assets	14		
Capitalized product development		12.7	68.5
Goodwill (business combinations)		322.6	461.5
Other acquired intangible assets		56.1	114.9
Other intangible non-current assets		0.2	0.3
Total intangible non-current assets		391.6	645.2
Property, plant and equipment	15		
Leasehold improvements		8.6	8.0
Equipment, fixtures and fittings		11.8	13.5
Right-of-use assets		70.0	100.5
Total property, plant and equipment		90.4	122.0
Financial non-current assets			
Other non-current receivables	16	0.3	0.3
Total financial non-current assets		0.3	0.3
Deferred tax assets	13	19.2	9.5
Total non-current assets		501.5	777.0
Inventories etc.	17		
Products in progress		12.5	2.5
Finished products and goods for resale		218.7	283.4
Advance payments to suppliers		3.2	4.4
Total inventories		234.4	290.2
Current receivables			
Accounts receivable	18	330.1	284.5
Tax assets		32.3	12.8
Other receivables		17.7	23.1
Contract assets	24	21.4	42.2
Prepaid expenses and accrued income	19	15.9	14.3
Total current receivables		417.5	377.0
Cash and cash equivalents		530.4	81.5
Total current assets		1,182.2	748.7
TOTAL ASSETS		1,683.7	1,525.7

Consolidated balance sheet

SEK m	Note 1-3	Dec. 31, 2024	Dec. 31, 2023
Equity and liabilities			
Equity	20		
<i>Equity attributable to owners of the parent</i>			
Share capital		11.4	10.0
Other capital contributions		1,222.8	729.3
Translation reserve		-0.7	-3.1
Retained earnings incl. profit for the year		-131.7	108.6
Total equity attributable to owners of the parent		1,101.7	844.6
Total equity		1,101.7	844.6
Non-current liabilities			
Deferred tax liabilities	13	24.8	32.6
Non-current interest-bearing liabilities	21.22	102.5	132.5
Lease liabilities for right-of-use assets	2	60.7	76.4
Total non-current liabilities		188.0	241.5
Current liabilities			
Current interest-bearing liabilities	21.22	31.4	131.4
Lease liabilities for right-of-use assets		25.8	27.1
Provisions	23	15.8	1.7
Contract liabilities	24	12.3	32.1
Accounts payable		85.6	114.0
Tax liabilities		28.8	9.2
Other liabilities		57.3	45.4
Accrued expenses and deferred income	25	137.0	78.7
Total current liabilities		393.9	439.7
TOTAL EQUITY AND LIABILITIES		1,683.7	1,525.7

Consolidated statement of changes in equity

SEK m	Share capital	Other capital contributions	Translation reserve	Retained earnings incl. profit for the year	Total equity attributable to owners of the parent	The Group
Opening balance, January 1, 2023	10.0	729.3	9.0	39.6	787.9	787.9
Net profit for the year	-	-	-	69.0	69.0	69.0
Other comprehensive income						
Change in translation reserve for the year	-	-	-12.2	-	-12.2	-12.2
Total other comprehensive income for the year	-	-	-12.2	-	-12.2	-12.2
Total comprehensive income for the year	-	-	-12.2	69.0	56.8	56.8
Transactions with shareholders in their capacity as owners						
New share issues	-	-	-	-	-	-
Issue costs	-	-	-	-	-	-
Dividend to shareholders	-	-	-	-	-	-
Closing balance, December 31, 2023	10.0	729.3	-3.1	108.6	844.6	844.6
Opening balance, January 1, 2024	10.0	729.3	-3.1	108.6	844.6	844.6
Net profit for the year	-	-	-	-220.3	-220.3	-220.3
Other comprehensive income						
Change in translation reserve for the year	-	-	2.4	-	2.4	2.4
Total other comprehensive income for the year	-	-	2.4	-	2.4	2.4
Total comprehensive income for the year	-	-	2.4	-220.4	-217.9	-217.9
Transactions with shareholders in their capacity as owners						
New share issues	1.4	511.4	-	-	512.8	512.8
Issue costs	-	-17.8	-	-	-17.8	-17.8
Dividend to shareholders	-	-	-	-19.9	-19.9	-19.9
Closing balance, December 31, 2024	11.4	1,222.8	-0.7	-131.7	1,101.7	1,101.7

Consolidated cash flow statement

SEK m	Note 1-3	2024	2023
Operations			
Operating profit		-209.0	108.1
Adjustments for non-cash items:			
Depreciation, amortization and impairment charged to operating profit		303.4	59.9
Other	26	77.1	8.6
Total		380.5	68.5
Interest received		23.7	16.1
Interest paid		-37.2	-35.6
Taxes paid		-22.1	-12.6
Cash flow from operating activities before changes in working capital		-35.5	-32.0
Increase (-) / decrease (+) in inventories		-0.1	-55.8
Increase (-) / decrease (+) in operating receivables		-10.1	-62.1
Increase (+) / decrease (-) in operating liabilities		18.7	27.8
Changes in working capital		8.4	-90.1
Cash flow from operating activities		144.4	54.5
Cash flow from investing activities			
Investments in intangible non-current assets		-9.8	-31.9
Investments in property, plant and equipment		-10.7	-13.9
Acquisition of subsidiaries, net of acquired cash and cash equivalents		-12.8	-23.1
Change in other non-current receivables		0.0	-
Cash flow from investing activities		-33.3	-68.9
Cash flow from financing activities			
Dividend		-19.9	-
New share issues, net		495.0	-
Increase (+) / decrease (-) in liabilities to credit institutions*		-87.8	89.9
Repayment of interest-bearing liabilities		-30.0	-30.0
Repayment of lease liabilities		-22.2	-21.4
Cash flow from financing activities		335.1	38.5
Cash flow for the year		446.2	24.2
Change in cash and cash equivalents			
Cash and cash equivalents at beginning of period		81.5	59.9
Exchange rate difference in cash and cash equivalents		2.7	-2.6
Cash flow for the year		446.2	24.2
Cash and cash equivalents at end of period*		530.4	81.5
Granted, unutilized credit		120.0	-
Available liquidity		650.4	81.5

*During 2024 the reclassification of the Group's overdraft facility and cash pool was finalized. As a result of this adjustment, the accounts show a decrease in liabilities to credit institutions, as well as a decrease in cash and cash equivalents in the period.

Notes to the consolidated financial statements

Note 1. Accounting principles

Conformity with laws and standards

The consolidated financial statements were prepared in accordance with the Swedish Annual Accounts Act and the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), and interpretations issued by the IFRS Interpretations Committee, as adopted by the EU. The consolidated financial statements were also prepared in accordance with the Swedish Corporate Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups, which contains certain additional disclosure requirements for Swedish consolidated financial statements prepared in accordance with IFRS.

Conditions when preparing the Group's financial statements

The functional currency of the Parent Company is Swedish crowns or kronor (SEK), which is also the reporting currency of the Parent Company and the Group.

Financial statements are always presented in SEK unless otherwise indicated. All amounts are rounded off to the nearest million, unless otherwise stated.

Assets and liabilities are recognized at historic cost, other than certain financial assets and liabilities which are measured at fair value. The balance sheet items under the headings current assets and current liabilities are expected to be recovered or paid within 12 months. All other balance sheet items are expected to be recovered or paid later.

Preparation of the financial statements in accordance with IFRS requires the Board of Directors and management to make estimates and assumptions that affect the application of the accounting principles and the carrying amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are based on past experience and knowledge of the industry in which MilDef operates and which are deemed reasonable under prevailing circumstances. The results of estimates and assumptions are then used to determine the carrying amounts of assets and liabilities which are not otherwise clearly evident based on other sources. Actual outcomes may deviate from these estimates and assumptions. The estimates and assumptions are reviewed on a regular basis and the effect of changes to them is recognized in the income statement. Estimates made by the Board and management when applying the accounting principles in accordance with IFRS may have a material impact on the financial statements, and estimates and judgments that may lead to significant adjustments in the financial statements in subsequent years are described in more detail in Note 3. The accounting principles for the Group described below have been applied consistently for all periods that are presented in the Group's financial statements, unless otherwise indicated below.

New and amended standards applied by the Group

New and amended standards and improvements and interpretations that entered into force in 2024 have not had any material impact on the consolidated financial statements for the financial year.

New and amended standards and interpretations that have not yet entered into force

The Group has not yet started applying the new and changed standards and interpretations that have been issued but that entered into force for financial years beginning on January 1, 2024 or after. Management's assessment is that these, upon initial application, will not have any material effect on the consolidated financial statements.

An exception to this is IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements, and introduces new requirements regarding the structure of and disclosures in financial statements. The new standard will not impact accounting or measurement of items in the financial statements. However, an evaluation will be made of what effect it will have on the structure of and disclosures in the financial statements. The Group will begin to apply the new standard on January 1, 2027 retroactively for the 2026 comparison year.

Consolidated financial statements

The consolidated financial statements encompass the Parent Company MilDef Group AB and the companies over which the Parent Company has a direct or indirect controlling influence (subsidiaries). A controlling influence exists if MilDef Group AB has influence over the investment holding, is exposed to or has the right to variable returns from its holding and can exercise its influence over the holding to impact the returns. When determining if a controlling influence exists, shares that potentially carry voting rights are taken into account, as is whether de facto control exists.

The acquisition method is used when accounting for the Group's business combinations. The purchase consideration for the acquisition of a subsidiary constitutes the fair value of the assets acquired and liabilities assumed by the Group from the previous owner of the acquired company and the shares issued by the Group. The purchase consideration also includes the fair value of all assets or liabilities arising from an agreed contingent consideration. Identifiable assets acquired or liabilities assumed in a business combination are initially measured at fair value on the acquisition date. Acquisition-related costs are expensed as they arise.

Intra-Group transactions, balance sheet items and unrealized gains and losses on transactions between Group companies are eliminated. The accounting principles applied by subsidiaries have, where applicable, been amended to guarantee consistent application of the Group's principles.

Translation of operations and transactions, and assets and liabilities in foreign currency

Functional currency and reporting currency

Items included in the financial statements for the various entities in the Group are measured in the currency used in the economic environment where the entity in question is mainly active (functional currency). In the consolidated financial statements the Swedish krona (SEK) is used as the Group's reporting currency.

The Group applies the current day method, whereby assets and liabilities of entities with a functional currency other than SEK are

translated at the closing day exchange rate and the income statements are translated at the average exchange rates for the year. The translation differences that arise are recognized directly in other comprehensive income. The amount is recognized separately as reserves in equity.

When divesting an entity that has a functional currency other than SEK, the cumulative translation differences attributable to the divested entity are reclassified from equity to profit for the year.

Transactions and balance sheet items

Transactions in foreign currencies are translated to the functional currency using the exchange rates in effect on the transaction date or the date the items are remeasured. Exchange rate gains and losses arising when paying for these transactions, and in the translation of monetary assets and liabilities in foreign currencies at the closing day rate, are recognized in the income statement.

Exchange rate gains and losses related to loans and cash and cash equivalents are recognized in the income statement as financial income or financial expense.

All other exchange rate gains and losses are recognized net under "Other operating income" or "Other operating expenses" in the income statement.

Intangible non-current assets

Research and development

The work of developing an intangible asset internally is divided between a research phase and a development phase.

All expenditure in the Group's research phase is recognized as an expense as it arises. Expenditure to develop an asset is recognized as an asset (capitalized product development) if all of the following conditions are met:

- it is technically possible to complete the intangible asset so that it can be used or sold,
- the entity intends to complete the intangible asset and to use or sell it,
- conditions exist to use or sell the intangible asset,
- it is probable that there will be future economic benefits from the intangible asset,
- necessary and adequate technical, financial and other resources exist to complete development and to use or sell the intangible asset, and
- the cost of developing the intangible asset can be reliably measured.

If not all of the above criteria are met, the development costs are recognized as operating expenses as they arise. If it is not possible to recognize an internally produced intangible asset, the development expenses are expensed in the period they arise.

Goodwill

Goodwill arising in connection with acquisitions of companies and operations is measured according to IFRS 3 Business Combinations and is recognized as an intangible asset. Goodwill is tested at least once a year, or when indications exist, to identify if there is any impairment. Goodwill is recognized at cost minus accumulated impairment losses.

To assess if impairment exists, the recoverable amount is determined by estimating discounted future cash flows for the entity to which the goodwill is attributed. The calculation is based on the lowest cash-generating unit. The MilDef Group conducts impairment tests on three cash-generating units. Goodwill recognition is presented in Note 14.

Customer relationships

Customer relationships acquired through business combinations are recognized at fair value on the acquisition date. Customer relationships are measured at cost less amortization and any accumulated impairment losses. Customer relationships are tested annually, and if there is an indication of a decrease in value, to determine if there is any impairment. Any impairment losses are charged to operating profit.

Brands

Brands acquired through business combinations are recognized at fair value on the acquisition date. Brands are amortized over their estimated useful life. Brands are tested annually, and if there is an indication of a decrease in value, to determine if there is any impairment. Any impairment losses are charged to operating profit.

Other intangible non-current assets

Other intangible non-current assets, including software and acquired exclusivity agreements, are recognized at cost less accumulated amortization and any impairment losses.

Amortization

Amortization is recognized in the income statement, calculated based on the useful lives of the intangible assets. Amortization is on a straight-line basis. Estimated useful lives and amortization methods:

- Capitalized product development: 5 years
- Exclusivity agreements: 5 years
- Customer relationships: 10 years
- Brands: 10 years
- Software: 10 years

- Other intangible non-current assets: 10 years

Useful life is reassessed annually and development not yet completed is tested for impairment at least once a year, whether or not there is any indication of a decrease in value.

Property, plant and equipment

Property, plant and equipment are recognized as assets if it is probable that future economic benefits from them will flow to the Group and the cost of the assets can be reliably calculated. Property, plant and equipment are recognized at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price plus expenses directly attributable to the asset in order to bring it to the location and condition so that it can be used in the intended manner. Examples of directly attributable expenses are delivery and handling costs, installation costs and any fees for consulting services.

Additional expenditures

Additional expenditures are added to cost only if it is probable that the future economic benefits associated with the additional expenditures will flow to the Group and cost can be reliably calculated.

All other additional expenditures are expensed in the period in which they arise. Repairs are expensed on an ongoing basis.

Depreciation

Depreciation is recognized on a straight-line basis based on the asset's cost and over its estimated useful life.

Estimated useful lives:

- Leasehold improvements: 5 years or over the term of the lease
- Equipment, fixtures and fittings: 3–5 years
- Right-of-use assets: over the term of the lease
 - Leases: 1–10 years
 - Vehicle leases: 3–5 years

Impairment of non-financial assets

The value of intangible non-current assets that have an indefinite useful life, such as goodwill, is not amortized but is instead tested annually for impairment. Property, plant and equipment and intangible non-current assets the definite useful life of which can be determined are tested for impairment if there is any indication that the asset may have depreciated in value. Impairment losses are recognized in accordance with IAS 36. When calculating impairment, the Group establishes the recoverable amount of the asset. The recoverable amount is the higher of net realizable value and the value in use. When assessing value in use the future cash flow discounted to present value is calculated using a pre-tax discount factor, applying a weighted average cost of capital (WACC). An impairment is recognized when the carrying amount of the asset exceeds its recoverable amount. Impairments are recognized through profit or loss.

Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. Cost is measured using the first-in, first-out (FIFO) formula and includes expenditures that have arisen from acquisition of inventory assets and from bringing them to their present location and condition. For semi-manufactured or finished goods produced by the Company, cost consists of direct manufacturing expenses and a reasonable portion of indirect manufacturing expenses based on normal capacity.

Financial assets

Most of the Group's financial assets are accounts receivable, contract assets, cash and cash equivalents and other receivables.

The Group classifies and measures its financial assets based on the business model that addresses the asset's contracted cash flows and the nature of the asset. Financial assets are classified in one of the following categories: financial assets measured at amortized cost; financial assets measured at fair value through other comprehensive income; and financial assets measured at fair value through profit or loss. At present the Group only has financial assets that are not normally sold outside the Group and the purpose of holding them is to obtain contractual cash flows.

Financial assets measured at cost

All financial assets are classified as financial assets measured at amortized cost applying the effective interest method. When financial assets are acquired, the expected credit losses are recognized on an ongoing basis during the period they are held, normally taking into account credit loss risk in the subsequent 12-month period. If the credit risk is materially increased, a reserve is recognized for the credit losses that are expected to materialize during the whole term of the asset. MilDef applies the simplified method to calculate credit losses, i.e. the provision for expected credit losses is calculated based on the full lifetime of the receivable. This is based on historical data on payment collection patterns and the counterparty's ability to pay. Based on historical data, the expected credit losses are extremely limited.

Cash and cash equivalents

Cash and cash equivalents, in both the balance sheet and the statement of cash flows, include cash, bank balances and other short-term investments maturing within three months of the date of acquisition.

Equity

Share capital

Ordinary shares are classified as share capital.

Other capital contributions

Consist of amounts paid above the quota (par) value when shares are issued.

Issue costs

Transaction costs directly attributable to the issuance of new ordinary shares or warrants are recognized, net of tax, in equity as a deduction from issue proceeds.

Retained earnings

Consist of all past earnings after tax, excluding non-controlling interests, less dividends.

Translation reserve

The net of the currency translation difference for foreign subsidiaries.

Dividends

The dividend proposed by the Board of Directors reduces the distributable earnings and is recognized as a liability once the Annual General Meeting has approved the dividend.

Financial liabilities

The Group's financial liabilities belong to the category of financial liabilities measured at amortized cost, applying the effective interest method, with the exception of liabilities relating to contingent considerations, which are measured at fair value according to level 3 in the fair value hierarchy.

Provisions

Provisions are legal or informal obligations that are attributable to the financial year or previous financial years and that on the closing day are certain or likely to exist but where the date and the amounts that will be realized are uncertain. Provisions are made for warranties, charitable contributions and restructuring programs.

Contingent liabilities

A contingent liability exists if there is a possible obligation stemming from past events, the occurrence of which depends on one or more uncertain future events, and where the obligation is not recognized as a liability or provision because it is not likely that an outflow of resources will be required or the size of the obligation cannot be estimated with sufficient reliability. Information is provided unless the likelihood of an outflow of resources is extremely small.

Income tax

Income tax recognized consists of current tax and deferred tax. Taxes are recognized in the income statement unless they relate to items recognized directly in equity. In such cases the tax is also recognized in equity. Deferred tax is calculated according to the balance sheet method based on all material temporary differences. A temporary difference exists when the carrying amount of an asset or liability differs from the tax base. Deferred tax is calculated by applying the tax rate that has been enacted or substantively enacted as of the closing day and that is expected to apply when the tax asset in question is realized or the tax liability is settled. Deferred tax assets are recognized only to the extent it is probable that a future tax surplus will be available against which the temporary differences can be offset.

Revenue from contracts with customers

Revenue from contracts with customers is recognized when the performance obligation has been met and control of the goods or services has been transferred to the customer. This assessment should be viewed from the customer's perspective taking into account indications such as the transfer of ownership and risk, customer acceptance, physical possession and the right to invoice. An assessment must also be made of whether control is transferred on a specific date or over time.

Standard products and services

Standard products and standard services are regarded as separate and distinct performance obligations. Revenue is recognized on a specific date when control of the goods or services is transferred to the customer. The contract terms and conditions may vary, but the transfer normally takes place and the revenue is recognized upon delivery or, if the contract includes installation for the customer, when the installation is complete.

Customized products and services

Certain products and services involve customized solutions. This type of contract is often binding for the customer and the obligations of both parties are clearly defined for the duration of the contract. Revenue for customized products is recognized over time if the degree of completion can be measured with certainty and there is a binding right to payment over the term of the contract. The degree of completion is measured based on performance completion. If the criteria described above for revenue recognition over time are not met, the revenue is recognized according to the same method as for standard products and services. The transaction price for contracts of this type is represented by payments based on degree of completion or on the invoice dates specified in the contract. If invoices are issued at specific agreed times, contract assets or contract liabilities will arise. Contract assets also arise where the performance obligation has been met and there is an unconditional right to payment but an invoice has not yet been issued.

Contracts with customers where the performance obligation has not yet been met

As MilDef has no customer contracts with a term of more than one year, the simplification rule is applied whereby no disclosure is necessary on the scope of contracts entered into but not yet fulfilled.

Leases

When new leases are signed a right-of-use asset and a lease liability are recognized in the balance sheet. Cost consists of the discounted remaining lease payments for the non-cancellable lease term. Any extensions are included if the Group is reasonably certain that they will be used. Lease payments are discounted at the interest rate implicit in the lease.

If this rate cannot be easily determined, which is normally the case for the Group's leases, the lessee's marginal interest rate is to be used. This is the rate the individual lessee would have to pay to borrow the necessary funds to purchase an asset of the same value as the right-of-use asset in a similar economic environment and with similar terms and guarantees.

The lease may be modified during the lease term and if so the lease liability and right-of-use assets are remeasured.

Lease payments are divided between repayment of the lease liability and payment of interest. The Group's significant leases consist of leases for real estate used in business operations and vehicle leases. The Company applies the relief rules for leases where the underlying asset is of low value and the lease term is short. These leases are recognized as an expense during the period of use.

Employee benefits

Liabilities for wages, salaries and other remuneration, and paid leave, where the liability is expected to be settled within 12 months of the end of the financial year, are recognized as current liabilities at the amounts that are expected to be paid when the liabilities are settled, without taking any discounting into account. The expense is recognized as and when the services are performed by the employees.

Defined contribution plans

The Group's pension plans for post-employment benefits are all in the form of defined contribution pension plans. With these plans the Company pays fixed contributions to a separate legal entity. Once the contribution is made the Company has no further obligations. Remuneration for employees in the form of wages, salary and pension is recognized when the employee has performed the service the remuneration is for.

Severance pay

A provision is recognized in connection with termination of employment only if the Company is obligated to end employment before the normal date. In such cases the full amount is charged directly to the income statement.

Financial income and expense

Financial income and expense consist of interest income and borrowing costs, and any exchange rate differences not related to operations. They also include realized disposals of financial assets as well as impairment losses/reversals of past impairment losses on these financial assets. Borrowing costs directly related to purchases, construction or production of qualifying assets are recognized as part of the cost of these assets. Qualifying assets are assets that necessarily take a substantial period of time to prepare for their intended use or sale. Capitalization ceases when all of the activities necessary to prepare the asset for its intended use or sale are substantially complete. All other borrowing costs are expensed when they arise. The Group has no capitalized borrowing costs.

Statement of cash flows

The statement of cash flows is prepared in accordance with the indirect method, whereby the net profit/loss is adjusted for transactions not involving payments received or made during the year, and for any income and expenses relating to cash flow from investing or financing activities. Cash and cash equivalents include cash, bank balances and other short-term investments maturing within three months of the date of acquisition.

Operating segments

MilDef's CEO, who is the chief operating decision-maker, monitors and analyzes results and financial position for the Group as a whole. The CEO does not monitor results on a disaggregated level lower than at consolidation level. The CEO thus also decides on allocation of resources and takes strategic decisions based on consolidation as a whole. Based on IFRS 8, the analysis has concluded that the MilDef Group consists of only one reporting segment.

Geographical areas

Most production takes place in Sweden. The Group also purchases products from external suppliers. Sales by geographies are presented in Note 4.

Operating expenses

The income statement is categorized by function. The functions are as follows:

- Cost of goods sold consists of costs for handling goods and manufacturing costs, including payroll expenses, the cost of materials, purchased services, the cost of premises, and impairment of property, plant and equipment and intangible assets.
- Administrative expenses are mainly the cost of business administration. Common expenses are board fees, legal fees, auditor's fees and payroll expenses for administrative personnel.
- Selling expenses are expenses for the Company's internal sales and marketing department as well as external marketing and sales expenses.
- Research and development expenses are recognized separately and include self-financed new and further development of products such as materials for prototypes, as well as payroll expenses.
- Other operating income and expenses relate to secondary activities such as exchange rate differences on operation-related items.

Note 2. Financial risk management

The Board of Directors of MilDef Group AB has established a Group-wide Risk Management Policy which describes how financial risks within the Group's operations are managed. The objective is for financial risks to be identified and actively managed for the purpose of reducing negative impacts on the Group's profits, competitiveness and financial freedom.

The financial risks are defined as:

- Currency risk
- Interest rate risk
- Liquidity and financing risk
- Credit and counterparty risk

Currency risk

Transaction risk

Definition

Transaction risk is the risk of changes in exchange rates negatively affecting profitability and the Group's financial position. Transaction exposure occurs when the Group's companies purchase in one currency and sell in another currency. The main rule in limiting the Group's transaction exposure is for the supply company to sell to the distributor in the distributor's local currency. The transaction risk is thereby limited for the distributor.

A significant portion of the Group's sales and purchases are in currencies other than SEK. This is shown in the table below. Currency hedging is not normally applied except in some cases at the subsidiary level. No currency hedging was applied in 2024. The risks are primarily limited by the way contracts are drafted (currency clauses) or by quotes being given in the entity's own cost currency. In the case of more substantial risk exposure, individual assessments are made to determine where hedging may be needed.



Invoicing by currency

The Group's net flows in the form of customer and supplier invoices by currency are as follows:

A +/- 10% shift in exchange rates would have the following effect on earnings:

SEK m	Effect +10%	Effect -10%
EUR	8.2	-8.2
GBP	5.3	-5.3
NOK	11.5	-11.5
USD	-9.2	9.2
AUD	-0.0	0.0
DKK	10.4	-10.4
CHF	0.0	-0.0

The table above is based on the Group's net flows in these currencies.

Exchange rate gains and losses relating to operations are recognized net under "Other operating income" or "Other operating expenses."

Translation risk*Definition*

Translation risk is the risk that translation differences represent in the form of a change in equity.

When foreign subsidiaries' balance sheets in local currency are translated to SEK, a translation difference arises as a consequence of the current year being translated at a different closing exchange rate than the previous year. The income statement is translated using an average exchange rate for the year, while the balance sheet is translated at the exchange rate on December 31. Translation exposure constitutes the risk that the translation difference represents in the form of a change in equity.

The Group's net investments in foreign currency amounted to SEK 104.1 million (71.0) at the end of 2024. The main currencies are USD, SEK 79.6 million (53.3) and NOK, SEK 19.8 million (18.2). The Group does not hedge this risk.

Interest rate risk*Definition*

Interest rate risk is the risk of the Group's profitability and financial position being negatively affected by changes in current interest rate levels.

Interest rate risk exists when the cost of the Company's borrowing changes when market interest rates are changed. Management monitors market development on an ongoing basis. The loan terms contain covenants linked to performance measures. The Group's bank loans carry variable interest rates with a fixed interest period of 1–3 months. Assets pledged in connection with borrowings are presented in Note 21.

Calculated based on interest-bearing credit facilities carrying variable interest rates as of December 31, 2024, a one percentage point change in the market interest rate would affect the Group's earnings by SEK -2.5 million (-2.8).

The table below shows the effective interest rate on the closing day and the maturity structure of the financial liabilities.

2024, SEK m	Nominal interest rate	Nominal amount	Within 6 months	6–12 months	1–2 years	2–5 years	After 5 years	Total
Bank loans	4.45%	132.5	17.9	17.5	104.8	-	-	140.2
Overdraft facility	2.00%	-	-	-	-	-	-	-
Contingent considerations			0.0	-	-	-	-	0.0
Undiscounted lease payments			10.2	15.1	19.2	38.4	10.5	93.4
Accounts payable			85.6	-	-	-	-	85.6
Total			113.7	32.6	124.0	38.4	10.5	319.3

2023, SEK m	Nominal interest rate	Nominal amount	Within 6 months	6–12 months	1–2 years	2–5 years	After 5 years	Total
Bank loans	6.14%	162.5	19.9	19.4	136.7	-	-	176.0
Overdraft facility	5.25%	120.0	3.2	3.2	123.4	-	-	129.7
Contingent considerations			12.3	-	-	-	-	12.3
Undiscounted lease payments			11.5	15.0	22.7	42.0	21.9	113.0
Accounts payable			114.0	-	-	-	-	114.0
Total			160.9	37.5	282.8	42.0	21.9	545.1

If surplus liquidity arises, it is first invested in short-term interest-bearing securities with extremely low risk. Maturities for short-term interest-bearing securities are normally 3–12 months.

Liquidity and financing risk*Definition*

Liquidity and financing risk refers to the risk of not being able to meet payment obligations as a result of insufficient liquidity or difficulties raising external loans on acceptable terms. The liquidity and financing risk is currently considered to be at a good level. Net debt (incl. IFRS 16) in relation to adjusted EBITDA is -1.7 (1.7) compared with the long-term target of maximum 2.5. SEK 30 million (30) of the bank loan will be repaid in 2025. Both the bank loan and overdraft facility expire in July 2025. There is an option to extend the bank loan by 1+1 years. On the closing day the financial liabilities in the table above amounted to SEK 433.0 million (545.1). At year-end 2024 there was an unutilized revolving overdraft facility of SEK 120.0 million. No portion remained unutilized at the end of the previous year. At year-end cash and cash equivalents amounted to SEK 530.4 million (81.5).

Credit and counterparty risk

Definition

Credit risk in transactions is the risk that the counterparty will not meet its financial obligations. MilDef is exposed to credit risk in its operations based on transactions with counterparties, mainly customers. The maximum credit risk exposure regarding accounts receivable was SEK 330.1 million (284.5) as of December 31, 2024. Cash and cash equivalents are only deposited in cash or similar accounts and the Group only uses credit institutions with a high credit rating to minimize credit risk.

Accounts receivable

The risk of losses is the risk that customers will be unable to pay for products that have been delivered due to their financial positions. MilDef sells to a limited number of customers, who have good solvency, which significantly reduces the risk, and currently the risk of customer losses is considered low. MilDef systematically performs credit assessments before entering into commercial arrangements with new customers. When exporting products, advance payments or in some cases bank guarantees are usually required. Part of MilDef's sales is to various countries' armed forces, with the majority of the remainder to major companies.

Fair value

Carrying amounts coincide with fair value for all of the Group's financial assets and liabilities. The Group's financial assets are in the category of financial assets measured at amortized cost and financial liabilities are in the category of financial liabilities measured at amortized cost, with the exception of contingent considerations.

Contingent considerations from acquisitions of entities are measured at fair value according to level 3 of the fair value hierarchy. This means that several significant inputs used in the measurement model are not based on observable market data. There are contingent considerations in connection with the acquisitions of MilDef Integration Sweden AB and Sysint AS. A discounted cash flow method is used to calculate the present value of the expected outflows from the Group in connection with settlement. The significant unobservable inputs used in the calculation are a risk-adjusted discount rate of 8% and probability-adjusted expected cash flows. At year-end 2023 interest-bearing liabilities included contingent considerations of SEK 12.3 million. Contingent considerations of SEK 0.0 million (10.6) for Sysint AS and SEK 12.5 million (12.5) for MilDef Integration Sweden AB were paid in 2024. Settlement of the contingent considerations for Sysint AS and MilDef Integration Sweden AB has therefore been finalized. At year-end 2024 the expected outstanding cash flow relating to contingent considerations amounts to SEK 0 million and the interest-bearing debt to SEK 0 million.

Capital management

MilDef's capital structure target is to ensure the Group's ability to continue as a going concern to generate returns for the shareholders and benefits for other stakeholders, and to have an optimal capital structure taking into account the cost of capital. Shareholder dividends, new share issues or sales of assets are examples of actions the Group can employ to adjust its capital structure. MilDef defines capital as the sum of equity and the Group's net debt, totaling SEK 791.7 million (1,130.5).

MilDef has four financial targets for its operations aimed at providing the shareholders with a good return and ensuring long-term value growth:

- Growth – Grow sales over time by at least 25% per year, including acquisitions.
- Profitability – Operating margin (EBITA) over time of at least 15%.
- Capital structure – Interest-bearing net debt not to exceed 2.5x EBITDA, other than temporarily.
- Dividend policy – Distribute 20–40% of net profit. MilDef will, however, take long-term development, capital structure and prevailing market conditions into account.

The Board of Directors is proposing that a dividend be set at SEK 0.50 per share for the 2024 financial year.

Note 3. Uncertainty in estimates and judgments

Estimates and judgments are evaluated on an ongoing basis and based on historical experience and other factors, including expectations regarding future events that are considered reasonable under the prevailing circumstances. Management makes estimates and assumptions regarding the future and this affects the carrying amounts recognized. The key estimates and assumptions where there is a significant risk of the need for material adjustments to carrying amounts in future financial years are outlined below.

Useful life of intangible assets and property, plant and equipment

Key sources of uncertainty in estimates

The Group's Management Team establishes estimated useful lives and associated amortization/depreciation of the Group's intangible non-current assets and property, plant and equipment. These estimates are based on past knowledge of the useful lives of similar assets. Useful life and estimated residual value are tested on every closing day and adjusted as needed. The useful life is 5–10 years for intangible non-current assets and 1–10 years for property, plant and equipment, see Note 1.

Testing of goodwill impairment

Key sources of uncertainty in estimates

Every year the Group tests for impairment of goodwill according to the accounting principle described in the section "Impairment of non-financial assets" in Note 1. The value is estimated based on management's estimates of future cash flows, which are mainly based on internal budgets and forecasts. As of December 31, 2024, goodwill was recognized in the amount of SEK 322.6 million (461.5).

Testing for impairment requires management to consider various aspects, in particular any events that have occurred that may impact the value of goodwill, as well as the assumptions used in cash flow forecasts and whether cash flow discounts are reasonable. Any changes made to assumptions may result in a different outcome and a different future financial position. For further information on goodwill impairment testing, see Note 14.

Recovery of value of development expenses

Key sources of uncertainty in estimates

The Group invests substantial sums in research and development. Recognition of development expenses as assets in the balance sheet requires estimates to be made and an expectation that the product capitalized will be technically and commercially viable in the future and that future economic benefits are likely. Each quarter an assessment is made of whether development expenses already capitalized are still commercially viable and can continue to generate economic benefits. If this is not the case, an impairment loss is recognized. As of December 31, 2024, capitalized product development was recognized at SEK 12.7 million (68.5).

Deferred tax assets

Key sources of uncertainty in estimates

Every year management conducts an impairment test for deferred tax assets relating to tax loss carryforwards. Deferred tax assets are only recognized if it is deemed probable that a future tax surplus will be available. Deferred tax assets relating to tax loss carryforwards amounted to SEK 0.4 million (2.3) at the end of 2024. See also Note 13.

Inventory obsolescence assessment

Key sources of uncertainty in estimates

Inventory is assessed every month to determine if there is any impairment. An impairment loss is recognized in cost of goods sold at the amount of inventory which, after careful evaluation, is considered to be obsolete. If actual obsolescence is different from the estimates or if management makes future adjustments to the assumptions made, changes in value may affect profit for the year as well as the Company's financial position. The Group applies an obsolescence scale, which means that all items of inventory older than two years are measured at 0% of cost. The reserve for inventory obsolescence amounted to SEK 24.6 million (21.3) as of December 31, 2024, see Note 17.

Contingent considerations

Key sources of uncertainty in estimates

The carrying amount of contingent considerations is normally based on expected profit development within the acquired operations in coming years. Contingent considerations are considerations for holdings that have already been acquired. If profit development is not as expected, this will affect the carrying amount of contingent considerations and thus MilDef Group's profits.

Contingent considerations are recognized in non-current or current interest-bearing liabilities in a total amount of SEK 0.0 million (12.3). The effect on profit of changed assumptions regarding contingent considerations amounts to SEK 0.0 million (0.0) and is recognized under financial expense.

Leases

Key sources of uncertainty in estimates

When recognizing rental agreements and leases there is some element of subjectivity in the estimates and judgments made in terms of the ability to exercise extension, termination and purchase options, estimated useful lives of agreements/leases that are extended on an ongoing basis if neither party terminates the contract, and the actual expected useful lives of assets within the framework of existing agreements/leases. From a materiality perspective, for the Group this primarily relates to property leases where these estimates may have a material effect on the Company's financial position. Underlying discount factors are an additional component that affects carrying amounts of rental agreements and leases within the Group. To calculate the carrying amount, MilDef applies an estimated, relevant marginal borrowing rate for each currency or asset class to best reflect the assets in the rental agreement or lease and also financial commitments in a fair and true way.

Note 4. Revenue

	2024	2023
Net sales		
Sweden	400.7	427.4
Rest of Nordics (excl. Sweden)	294.4	261.7
Europe (excl. Nordics)	309.6	231.3
North America	153.1	185.0
Other countries	43.1	46.0
Total	1,200.9	1,151.3

Revenue from external customers is reported by geography based on the billing address.

During 2024 MilDef had two customers that individually represented more than 10% of the Group's revenue. Their combined revenue was SEK 233 million. During 2023 MilDef also had two customers that individually represented more than 10% of the Group's revenue. Their combined revenue was SEK 327 million.

The Group's intangible non-current assets and property, plant and equipment by country	2024	2023
Sweden	369.8	648.1
Norway	96.2	105.4
USA	2.7	5.6
UK	10.5	5.0
Germany	2.7	3.1
Other	0.1	0.1
Total	482.0	767.3

Note 5. Restructuring costs

In the fourth quarter of 2024 MilDef decided to focus fully on its business in the defense and security domain. Accordingly, the Company intends to integrate the defense industry products of its Handheld subsidiary into the rest of the business and to cease operations in Handheld's other sales segments. As a consequence of this, MilDef has reported an initial restructuring cost of SEK 310 million made up of the following items:

- Personnel costs SEK 7.6 million
- Cost of premises (lease assets) SEK 12.6 million
- Stock impairment losses SEK 61.0 million
- Impairment of goodwill and brands SEK 185.2 million
- Impairment of capitalized product costs SEK 38.8 million
- Other expenses SEK 4.8 million

Total SEK 310.0 million

These costs were recognized in the income statement for the fourth quarter of 2024.

Nature of expense method	2024	2023
Cost of goods sold	61.0	-
Other costs	4.8	-
Personnel costs	7.6	-
Depreciation/amortization and impairment	236.6	-
Total	310.0	-

Note 6. Other operating income/expenses

	2024	2023
Exchange gain on operating receivables/liabilities	6.1	6.6
Exchange loss on operating receivables/liabilities	-14.4	-4.4
Other	0.0	-1.0
Total	-8.4	1.2

Note 7. Nature of expense method

	2024	2023
Cost of materials	651.7	587.5
Other costs	111.8	102.3
Personnel costs	328.2	301.7
Depreciation/amortization	303.4	59.9
Other operating expenses	14.8	5.4
Total	1,409.8	1,056.8

Note 8. Audit fees

	2024	2023
Öhrlings PricewaterhouseCoopers AB:		
Audit engagement	3.0	3.3
Audit-related activities besides the audit engagement	-	0.1
Tax advisory services	0.1	0.1
Other services	-	-
Total	3.1	3.5
Mazars:		
Audit engagement	0.3	1.5
Audit-related activities besides the audit engagement	-	0.2
Tax advisory services	0.9	1.4
Other services	-	0.0
Total	1.2	3.1
Other:		
Audit engagement	0.0	0.0
Audit-related activities besides the audit engagement	-	-
Tax advisory services	-	-
Other services	-	-
Total	0.0	0.0

The audit assignment consists of examination of the annual financial statements and accounting records, as well as the CEO and Board's administration of the Company, other tasks that are incumbent upon the Company's auditors in order to prepare the Auditor's Report, as well as advice or other assistance required as a result of observations made during such review tasks.

Note 9. Depreciation/amortization and impairment

	2024	2023
Goodwill	141.4	-
Right-of-use assets	35.6	22.8
Capitalized product development	62.0	17.3
Customer relationships	6.7	6.8
Brands	49.5	5.7
Software	2.2	2.3
Other intangible non-current assets	0.1	0.1
Leasehold improvements	1.4	1.2
Equipment, fixtures and fittings	4.5	3.7
Total	303.4	59.9

Note 10. Leases

The following amounts relating to right-of-use assets are recognized in the income statement:

Amounts recognized in the income statement	2024	2023
Depreciation – Cost of goods sold	1.8	1.8
Depreciation – Administrative expenses	12.9	12.8
Depreciation – Selling expenses	4.3	4.3
Depreciation – Research and development expenses	3.9	3.9
Interest expense for lease liabilities (included in financial expense)	3.6	3.8
Expenses relating to low-value leases	0.2	0.3
Expenses for short-term leases	0.1	0.1
Total	26.9	27.0

Lease payments for short-term leases (where the lease period is 12 months or less) or lease assets of low value (underlying asset value below USD 5,000) are recognized as operating expenses in the income statement and are hence not included in the right-of-use assets or lease liabilities.

If the lease contains variable lease payments not based on an index or interest rate, it is also recognized as an operating expense in the income statement. Any service components in a lease are separated from the leased asset and recognized as an operating expense in the income statement.

The total cash flow attributable to rental agreements and leases recognized on the balance sheet amounts to SEK -25.7 million (-25.2), of which SEK -3.6 million (-3.8) is for interest expense recognized in cash flow from operating activities. The remaining cash flow is included as part of consolidated cash flow from financing activities.

Note 11. Employees and personnel costs etc.

Number of employees 2024	Sweden	Norway	UK	USA	Finland	Germany	Switzerland	Total
Average number of employees	239	36	19	18	1	6	0	319
Percentage of men (%)	74	78	60	78	100	81	100	74
Number of employees Dec. 31	242	37	21	20	1	6	0	327
Percentage of men (%)	75	78	61	80	100	81	-	75

Number of employees 2023	Sweden	Norway	UK	USA	Finland	Germany	Switzerland	Total
Average number of employees	224	33	14	22	1	6	1	302
Percentage of men (%)	74	74	64	75	100	80	100	74
Number of employees Dec. 31	230	35	16	19	1	7	1	309
Percentage of men (%)	73	77	63	79	100	71	100	73

Gender balance in the Management Team (as of December 31)	2024	2023
Board of Directors	7	7
Percentage of men (%)	71	71
Management Team	7	6
Percentage of men (%)	57	50

Wages, salaries and other remuneration	2024	2023
Wages, salaries and other remuneration etc.	232.6	218.0
(Of which salaries and other remuneration of the Board, CEO and other senior executives)	12.0	14.7
(Of which bonus to the Board, CEO and other senior executives)	-	0.2
Pension costs, defined-contribution plans	21.7	17.8
(Of which for the Board, CEO, senior executives and other key individuals)	2.4	2.2
Social security contributions	62.3	53.0

Senior executives consist of members of the Management Team. Other key individuals comprise board members.

At year-end 2024, the group comprising the CEO, senior executives and board members numbered 14 persons (13). There are no agreements in place concerning severance pay.

Salaries and other remuneration of senior executives

2024, SEK 000	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension expense	Total
Chair of the Board Björn Karlsson	505	-	-	-	505
Board member Jan Andersson	245	-	-	-	245
Board member Lennart Pihl	325	-	-	-	325
Board member Charlotte Darth	275	-	-	-	275
Board member Marianne Trolle	225	-	-	-	225
Board member Christian Hammenborn	275	-	-	-	275
Board member Bengt-Arne Molin	225	-	-	-	225
CEO Daniel Ljunggren	2,119*	-	337	831**	3,288
Other senior executives (6)	7,289	-	162	1,549	8,999
Total	11,483	-	499	2,380	14,362

2023, SEK 000	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension expense	Total
Chair of the Board Björn Karlsson	430	-	-	-	430
Board member Jan Andersson	220	-	-	-	220
Board member Lennart Pihl	300	-	-	-	300
Board member Charlotte Darth	250	-	-	-	250
Board member Marianne Trolle	200	-	-	-	200
Board member Christian Hammenborn	250	-	-	-	250
Board member Bengt-Arne Molin	200	-	-	-	200
CEO Björn Karlsson (until 05/2023)	700	-	1	51	752
CEO Daniel Ljunggren (from 06/2023)	1,260	-	212*	182	1,654
Other senior executives (8)	10,293	232	408	1,947	12,880
Total	14,103	232	621	2,180	17,136

Guidelines for remuneration of senior executives

In accordance with the Swedish Companies Act and the Code, the shareholders' meeting of a public limited company whose shares are admitted for trading on a regulated market is to adopt guidelines for remuneration of senior executives. The following guidelines for remuneration of the Company's senior executives were adopted at the 2024 Annual General Meeting.

The guidelines cover senior executives, including the President & CEO and other members of the Management Team.

If members of the Company's Board of Directors perform work for the Company alongside their board assignments, these guidelines are also to be applied to any remuneration paid to the board members for such work. The principles are prospective, i.e., they apply to remuneration agreed and changes made to previously agreed remuneration after the guidelines were adopted at the 2024 Annual General Meeting. The principles do not apply to any remuneration agreed or approved at the Annual General Meeting.

How the guidelines promote the Company's business strategy, long-term interests and sustainability

MilDef's ability to recruit, develop and retain high-caliber senior executives is a prerequisite for successful implementation of the business strategy and protection of the Company's long-term interests, including its sustainability work. This is why it is essential that MilDef offers competitive market-based remuneration. These guidelines enable MilDef to offer senior executives competitive remuneration packages. All variable cash remuneration covered by these principles is intended to promote the Company's business strategy and long-term interests, including its sustainability profile.

Remuneration components

The remuneration is to be market-based and consist of fixed cash salary, variable remuneration, pension and other benefits. In addition, the shareholders' meeting may – independently of these guidelines – approve share-based and share price-based incentive programs. Remuneration may also take the form of consulting fees to board members who perform work for the Company alongside their board assignment.

Fixed cash salary

Fixed cash salary is to be set so that it is competitive in combination with other remuneration components. The absolute level is to be set based on the role in question and the individual's expertise, experience and performance. The fixed cash salary is to be reviewed annually.

Variable remuneration

Performance in relation to criteria for payment of variable cash remuneration must be able to be measured over a period of one year. Variable cash remuneration is to have a predetermined ceiling and may not exceed 35% of the fixed annual cash salary. Variable remuneration is only pensionable where this is required in line with binding collective bargaining agreements or local legislation.

Additional variable remuneration can be paid in extraordinary circumstances, provided that such extraordinary arrangements are time-limited and made only at individual level, either to recruit or retain senior executives, or as compensation for extraordinary work efforts over and above the senior executive's ordinary duties. Remuneration of this kind may not exceed an amount equivalent to 50% of the annual fixed cash salary and may not be paid more than once a year per individual. Decisions on such remuneration for the President & CEO are to be taken by the Board based on a proposal from the Remuneration Committee. Decisions on such remuneration for other senior executives are to be taken by the Remuneration Committee based on a proposal from the President & CEO.

Pension

Senior executives are entitled to pension solutions as agreed with the Company. As a rule, pension obligations are to be in the form of a defined-contribution plan and in line with the Company's pension plan, according to which pension provisions of 4.5% are made on salary components up to 7.5 base amounts and 30% on salary components over 7.5 base amounts. This rule may be waived in the case of appointment of new senior executives whose employment contracts already include defined-benefit pension plans or if the senior executive is covered by a defined-benefit pension plan under mandatory collective bargaining agreements. The pension premiums for defined-contribution pension plans must not exceed 35% of the fixed annual cash salary. Pension provisions are only to be made on variable cash remuneration and other salary benefits if required by mandatory collective bargaining agreements applicable to the executive or by local legislation.

Other benefits

Other benefits may include life assurance, health and medical expenses insurance, and a company car. The combined value of such benefits may not exceed 15% of the fixed annual salary. The CEO has a gross salary deduction for a company car. This involves salary sacrifice, where the CEO waives part of his salary to pay for the car. The basic salary disclosed is after gross salary deduction of SEK 300,000 for a company car. The CEO's non-monetary benefits are therefore less than 15% of the fixed annual cash salary.

Employment terms in other countries

In the case of employment terms subject to rules other than Swedish ones, appropriate adjustments may be made to comply with mandatory rules or established local practices, while as far as possible observing the overall objectives of these guidelines.

Consulting fee for board members

If a board member (including via a wholly owned company) performs work for the Company in addition to board work, a separate fee can be paid for this (consulting fee). The fee is to be based on the current market rate and determined in relation to the value of the benefit provided to the Company.

Criteria for award of variable cash remuneration etc.

The Remuneration Committee is to monitor and evaluate variable remuneration programs for senior executives. At the end of the performance period the Committee must determine to what extent the criteria for award of variable remuneration have been met. The Remuneration Committee is responsible for making the assessment on variable remuneration for the President & CEO. Assessments on variable remuneration for other executives are the responsibility of the President & CEO. Where financial criteria are concerned, the assessment is to be based on the Company's most recently published financial information. Variable cash remuneration can be paid at the end of the performance period or be deferred. The Board of Directors is entitled, by law or contract, to wholly or partly reclaim variable remuneration that has been paid on false grounds (claw back).

Termination of employment

If a senior executive's contract of employment is terminated by the Company, the notice period must not exceed 12 months. All terms of employment continue to apply during the notice period, unless explicitly agreed between the Company and the executive. The executive will not receive any further severance pay. If a senior executive terminates their employment, the contractual notice period must not exceed 6 months, or 12 months for the President & CEO, and there is no entitlement to severance pay.

Salary and terms of employment for employees

In drafting these guidelines, the Board of Directors has taken into account the current salary and terms of employment of MilDef's employees. Information on employees' total incomes, and the components, increase and rate of growth of the remuneration over time, have been evaluated. The Remuneration Committee and Board of Directors have subsequently decided whether the principles and restrictions therein are reasonable.

Decision-making process for determining, reviewing and implementing the guidelines

The Board of Directors has previously established a Remuneration Committee. The Committee's duties include making preparations for Board decisions on proposed guidelines for remuneration of senior executives. The Board is to prepare proposals for new guidelines at least once every four years and present the proposals for approval by the Annual General Meeting. The guidelines are to apply until new guidelines have been adopted by the shareholders' meeting. The Remuneration Committee must also monitor and evaluate variable remuneration programs for the Management Team, the application of remuneration guidelines for senior executives as well as remuneration structures and levels within the Company. The Chair of the Board may be chair of the Remuneration Committee. Other shareholder-elected members of the Remuneration Committee must be independent of the Company and the Management Team. The President & CEO or other members of the Management Team are not present when the Board discusses and makes decisions on remuneration matters that affect them. If a board member provides consulting services to the Company, the board member in question is not entitled to participate in the preparatory work of the Board or the Remuneration Committee concerning variable remuneration for the relevant consulting services.

Deviations from the guidelines

The Board may temporarily deviate from the guidelines in full or in part if there are particular reasons for doing so in an individual case and the deviation is necessary to serve the Company's long-term interests, including its sustainability, or to safeguard the Company's financial strength. Deviations are to be reported and justified in the subsequent Remuneration Report. The Remuneration Committee's duties include preparatory work for the Board's decisions on matters concerning remuneration of the Management Team, including decisions on deviations from the guidelines.

Remuneration of senior executives

The remuneration package for the CEO and other senior executives consists of fixed salary, variable remuneration, pension and other benefits. These remuneration components are based on the Guidelines for remuneration of senior executives adopted by the 2023 Annual General Meeting. The tables above show the actual cost of remuneration and other benefits paid to the Board of Directors, President & CEO and other senior executives for the 2024 and 2023 financial years. The senior executives, together with the CEO, make up the Management Team. The board fees for 2024 were set at the Annual General Meeting in May 2024 and relate to the period until the next Annual General Meeting.

Remuneration Committee

For information on the Company's preparatory and decision-making process concerning remuneration of senior executives, see the Corporate Governance Report.

Remuneration of the Board of Directors

The 2024 Annual General Meeting approved payment of fees of SEK 475,000 to the Chair of the Board and SEK 225,000 to other shareholder-elected board members who are not employees of MilDef; SEK 100,000 to the chair and SEK 50,000 to other members of the Audit Committee; and SEK 30,000 to the chair and SEK 20,000 to other members of the Remuneration Committee. According to the Company's Guidelines for remuneration of senior executives, consulting fees or other remuneration may be paid to board members who carry out work on the Company's behalf in addition to their board work.

Share-based incentive program

At an extraordinary shareholders' meeting on April 29, 2021, a resolution was passed to adopt an incentive program ("Incentive program 2021/2025") for the Group's employees by issuing warrants with the subsequent right to subscribe for new shares in MilDef. If the warrants are fully exercised, the share capital may be increased by a maximum of SEK 110,375 through the issue of 441,500 shares, equivalent to dilution of around 1.1%. The right to acquire warrants is based on the following principles with respect to allocation categories: (i) CEO and members of the Management Team: maximum 30,000 warrants per participant; (ii) other senior executives and key individuals: maximum 15,000 warrants per participant and (iii) other employees: maximum 3,000 warrants per participant. Each warrant entitles the holder to subscribe for one new share in MilDef at a subscription price equivalent to 133% of the price per share in the new share issue which is planned to be implemented in connection with admission to trading of the Company's shares on Nasdaq Stockholm. Registration to subscribe for shares can take place from September 1, 2024 until August 31, 2025. The Company has no outstanding share-based incentive programs other than the warrants described above.

A total of 278,720 shares were issued in 2024 under "Incentive program 2021/2025".

Note 12. Financial items

	2024	2023
Exchange gain not relating to operations	2.4	1.6
Interest income	8.5	7.9
Other financial income	0.9	-
Financial income	11.8	9.5
Exchange loss not relating to operations	-	-
Interest expense	-24.5	-28.2
Other financial expense	-0.9	-0.9
Financial expense	-25.4	-29.1

Note 13. Tax

Tax recognized in the income statement	2024	2023
Current tax for the year	-12.7	-15.6
Deferred tax	15.1	-2.9
Prior year adjustments	-0.2	-1.0
Total	2.2	-19.6

Deferred tax expense/income for the year	2024	2023
Tax relating to change in loss	-	-3.4
Tax relating to change in temporary differences	15.0	-0.4
Tax relating to appropriations	0.1	-0.2
Revaluation of tax loss carryforwards	-	1.2
Total	15.1	-2.9

Tax on profit for the year	2024	2023
Earnings before tax according to the income statement	-222.6	88.6
Tax according to the Parent Company tax rate (20.6%)	45.8	-18.2
Reconciliation of recognized tax		
Non-taxable income	0.4	0.1
Non-deductible expenses	-44.0	-2.4
Expenses recognized via equity	0.9	-
Effect of change in temporary differences	0.5	0.6
Non-capitalized tax loss carryforwards	-	-0.2
Revaluation of deferred tax relating to tax loss carryforwards	-	3.8
Tax relating to previous years	0.2	-1.0
Difference in Group's tax rates in different countries	-1.5	-2.2
Recognized tax expense/income	2.2	-19.6

Deferred tax assets/deferred tax liabilities 2024	Deferred tax assets	Deferred tax liabilities	Net
Intangible non-current assets	10.2	-23.8	-13.6
Property, plant and equipment	0.8	-	0.8
Financial assets	-	-	-
Current assets	7.7	-	7.7
Current liabilities	-	-1.0	-1.0
Tax loss carryforwards	0.4	-	0.4
Total	19.2	-24.8	-5.7

Deferred tax assets/deferred tax liabilities 2023	Deferred tax assets	Deferred tax liabilities	Net
Intangible non-current assets	1.3	-28.8	-27.5
Property, plant and equipment	0.5	0.0	0.5
Current assets	0.1	-0.1	0.1
Current liabilities	5.3	-2.7	2.6
Tax loss carryforwards	0.0	-1.1	-1.1
Untaxed reserves	2.3	0.0	2.3
Total	9.5	-32.6	-23.2

Reconciliation of net deferred tax liability	2024	2023
Tax liability, January 1	-23.2	-20.8
Translation difference on translation of foreign subsidiaries	2.4	0.5
Additions via business combinations	-	-
Recognized via the income statement	15.1	-2.9
Tax liability, December 31	-5.7	-23.2

Deferred tax assets are valued at the maximum amount likely to be recovered based on the taxable profit for the current and future years. The Group has unutilized tax loss carryforwards of SEK 2.6 million (17.9), SEK 0.2 million of which (6.6) are unrecognized as it is considered uncertain whether they will be able to be used due to uncertainty as to when sufficient taxable profit will be generated in the future. Tax loss carryforwards do not expire.

No tax is recognized in other comprehensive income.

Note 14. Intangible non-current assets

2024, SEK m	Capitalized product development	Goodwill (business combinations)	Exclusivity agreements	Customer relationships	Brands	Software	Other intangible non-current assets	Total
Cost								
Opening balance, January 1	125.8	461.5	10.0	82.5	56.5	22.2	1.2	759.8
Additions for the year	6.0	3.9	-	-	-	-	-	9.9
Divestments for the year	-	-	-	-	-	-	-	-
Reclassification for the year	-	-	-	-	-	-	-	-
Additions as a result of acquisitions	-	-	-	-	-	-	-	-
Translation difference	-	-1.0	1.0	0.8	0.1	-0.3	-	0.2
Closing balance, December 31	131.8	464.2	11.0	83.3	56.6	21.9	1.2	769.9
Amortization and impairment								
Opening balance, January 1	-57.3	-	-10.0	-32.8	-7.2	-6.3	-0.9	-114.6
Amortization and impairment for the year	-61.8	-141.6	-	-6.7	-49.4	-2.2	-0.1	-261.8
Divestments for the year	-	-	-	-	-	-	-	-
Translation difference	-	-	-1.0	-1.0	0.0	0.1	-	-1.9
Closing balance, December 31	-119.1	-141.6	-11.0	-40.6	-56.6	-8.5	-1.0	-378.3
Carrying amount, December 31, 2024	12.7	322.6	0.0	42.7	0.0	13.4	0.2	391.6

2023, SEK m	Capitalized product development	Goodwill (business combinations)	Exclusivity agreements	Customer relationships	Brands	Software	Other intangible non-current assets	Total
Cost								
Opening balance, January 1	96.9	466.6	10.4	84.8	56.5	23.8	1.2	740.2
Additions for the year	31.9	-	-	-	-	-	-	31.9
Divestments for the year	-2.5	-	-	-	-	-	-	-2.5
Reclassification for the year	-0.5	-	-	-	-	-	-	-0.5
Additions as a result of acquisitions	-	-	-	-	-	-	-	-
Translation difference	-	-5.1	-0.4	-2.3	0.0	-1.6	-	-9.3
Closing balance, December 31	125.8	461.5	10.0	82.5	56.5	22.2	1.2	759.8
Amortization and impairment								
Opening balance, January 1	-40.7	-	-10.4	-27.1	-1.5	-4.4	-0.8	-84.8
Amortization for the year	-17.3	-	-	-6.8	-5.7	-2.3	-0.1	-32.2
Divestments for the year	0.7	-	-	-	-	-	-	0.7
Translation difference	-	-	0.4	1.0	0.0	0.3	-	1.7
Closing balance, December 31	-57.3	-	-10.0	-32.8	-7.2	-6.3	-0.9	-114.6
Carrying amount, December 31, 2023	68.5	461.5	0.0	49.7	49.3	15.9	0.3	645.2

Amortization and impairment are recognized in comprehensive income as follows:	2024	2023
Cost of goods sold	2.5	1.8
Selling expenses	48.3	19.9
Administrative expenses	6.7	2.9
Research and development expenses	19.1	7.5
Restructuring costs	185.0	-
Total	261.8	32.1

Business combinations

Goodwill has arisen in connection with business combinations. MilDef applies IAS 38 Intangible assets, which means that goodwill and assets with indefinite useful life are not amortized. However, an impairment test in accordance with IAS 36 is performed each year, or more frequently if there are indications of impairment. This involves comparing the Group's carrying amounts for these assets with their estimated value in use based on their discounted future cash flows. If the value in use is lower than the carrying amount, an impairment loss is recognized. The assets are thus recognized at cost minus accumulated impairment losses.

Impairment test

During the fourth quarter of 2024 a goodwill impairment loss of SEK 141.6 million was recognized for the previous cash-generating unit Handheld Group AB. This took place in connection with the restructuring program, see Note 5. After this, no other impairment test was deemed necessary, as below.

The most recent test for any impairment of goodwill was performed on December 31, 2024. The MilDef Group prepares a budget for one year at a time. This means that cash flows for the first year in the useful life are based on the budget established by the Board of Directors. Cash flows to the end of the useful life are estimated by extrapolating the cash flow based on the budget drawn up and assumptions on organic sales growth, working capital requirements and gross profit margins during the useful life.

- Organic sales growth for years 2–5 is calculated with a certain degree of caution based on the Group's historical experience. The estimated growth rate varies for different acquisitions based on their order status, market situation, expected price development etc. A lower growth rate has been assumed for periods after year 5, corresponding to a conservative estimate of the long-term growth rate for the industry.
- The working capital requirement during the useful life is calculated based on the Group's historical experience and assumed organic sales growth, and on other considerations.
- The gross profit margin is based on established budgets for the respective cash-generating unit.

The discount rate is calculated based on a weighted required rate of return plus a standard tax rate. The estimated pre-tax discount rate for acquired entities is in the range 10.6–12.5% (12.4–13.3). The discount rate represents a current assessment of risks specific to the MilDef Group and the respective acquisition. Calculation of the discount rate has been based on specific conditions in the Group and derives from its weighted average cost of capital (WACC). The capital cost of equity is based on the expected return for the Group's investors, while the cost of the Group's debts is based on the interest-bearing liabilities that MilDef is obliged to realize. Group-specific risk is taken into account using an individual beta factor, which is evaluated each year on the basis of generally available market data.

In the previous financial year MilDef had three identified cash-generating units. In 2024 the previous cash-generating units Handheld Group AB and MilDef Integration Sweden AB were reclassified as the new cash-generating unit MilDef, as the assessment was made that these are now fully integrated into MilDef. The two remaining cash-generating units MilDef and Sysint AS operate within the same general industry. Although the geographical markets are weighted slightly differently, the overall risk profile is assessed to be fairly uniform. The same assumptions regarding discount rate have therefore been applied to these companies, with the exception of the small company premium in 2024.

The same uniform assessment also applies to expected future cash flow beyond 2029, which has been extrapolated using an estimated average long-term growth rate, or terminal growth rate, of 2.0% (2.0).

Sensitivity analysis

A sensitivity analysis has been performed regarding the key assumptions applied in impairment testing. The following assumptions have been tested for sensitivity:

- The organic growth rate for years 2–5 is five percentage points lower.
- The gross profit margin is five percentage points lower.
- The working capital requirement for organic growth is five percentage points higher.
- The discount rate is two percentage points higher.

None of the above assumptions have resulted in impairment of any of the Group's cash-generating units, for which reason no impairment loss needs to be recognized.

Goodwill by cash-generating unit	2024	2023
Sysint AS	68.3	69.6
MilDef	254.2	-
Handheld Group AB	-	261.2
MilDef Integration Sweden AB	-	130.7
Total	322.6	461.5

See also Note 29.

Note 15. Property, plant and equipment

	2024	2023
<i>Leasehold improvements</i>		
Cost		
Opening balance, January 1	10.8	9.9
Additions for the year	1.7	0.9
Divestments for the year	-	-
Reclassifications for the year	-	-
Additions as a result of acquisitions	-	-
Translation difference	0.2	0.0
Closing balance, December 31	12.8	10.8
Depreciation and impairment		
Opening balance, January 1	-2.8	-1.6
Depreciation and impairment for the year	-1.4	-1.2
Divestments for the year	-	-
Additions as a result of acquisitions	-	-
Translation difference	-0.1	0.0
Closing balance, December 31	-4.2	-2.8
Carrying amount, December 31	8.6	8.0
<i>Equipment, fixtures and fittings</i>		
Cost		
Opening balance, January 1	28.8	20.5
Additions for the year	2.9	8.5
Divestments for the year	-2.8	-0.1
Additions as a result of acquisitions	-	-
Translation difference	0.3	-0.1
Closing balance, December 31	29.4	28.8
Depreciation and impairment		
Opening balance, January 1	-15.3	-11.7
Depreciation and impairment for the year	-4.7	-3.7
Divestments for the year	2.6	0.0
Additions as a result of acquisitions	-	-
Translation difference	-0.2	0.1
Closing balance, December 31	-17.6	-15.3
Carrying amount, December 31	11.8	13.5

	2024	2023
<i>Right-of-use assets</i>		
Cost		
Opening balance, January 1	140.8	107.2
Additional right-of-use assets	5.9	42.7
Additions as a result of acquisitions	-	-
Completed contracts	-7.7	-8.5
Reclassification for the year	-	-
Translation differences	1.2	-0.6
Closing balance, December 31	140.2	140.8
Depreciation and impairment		
Opening balance, January 1	-40.3	-22.0
Depreciation and impairment for the year	-35.6	-22.8
Completed contracts	6.2	4.1
Reclassification for the year	-	-
Translation differences	-0.5	0.4
Closing balance, December 31	-70.2	-40.3
Carrying amount, December 31	70.0	100.5
As of December 31, right-of-use assets were recognized at a carrying amount of SEK 70.0 million (100.5), comprising leased property at SEK 58.8 million (87.2) and leased vehicles at SEK 11.3 million (13.3).		
Depreciation is recognized in comprehensive income as follows:		
Cost of goods sold	0.7	2.3
Selling expenses	16.4	14.3
Administrative expenses	6.0	5.3
Research and development expenses	6.1	6.0
Total	29.2	27.8

Note 16. Other non-current receivables

	2024	2023
Opening balance, January 1	0.3	0.3
Adjustment of receivables from employees	-	-
Translation difference	0.0	0.0
Total	0.3	0.3

Note 17. Inventories

	2024	2023
Inventories including obsolescence reserve		
Products in progress	12.5	2.5
Finished products and goods for resale	243.2	300.4
Advance payments to suppliers	3.2	8.6
Total	259.0	311.5
Change in obsolescence reserve		
Opening balance, January 1	-21.3	-16.4
Change in obsolescence reserve	-5.1	-5.8
Disposals	1.9	1.0
Exchange rate differences	0.0	0.0
Obsolescence reserve as of December 31	-24.6	-21.3
Carrying amount, December 31	234.4	290.2

The direct material cost for operations as a whole amounted to SEK 651.7 million (587.5) during the year, including a negative adjustment to the obsolescence reserve of SEK 3.2 million (4.0). The obsolescence reserve for finished products and goods for resale is SEK 24.6 million (21.3), equivalent to 9% (7) of the inventory value before deduction for obsolescence.

Note 18. Accounts receivable

	2024	2023
Accounts receivable	330.1	284.5
Total	330.1	284.5
Age analysis, accounts receivable		
Accounts receivable not past due	290.7	223.0
Accounts receivable 1–30 days past due	28.6	32.4
Accounts receivable 31–90 days past due	5.0	20.6
Accounts receivable >90 days past due	5.7	8.6
Total	330.1	284.5

MilDef applies the simplified method to calculate credit losses. This is based on historical data on payment collection patterns and the counterparty's ability to pay. Based on historical data, the expected credit losses are extremely limited. The Group did not recognize any credit losses during the year.

As of December 31, 2024, accounts receivable of SEK 39.4 million (61.5) were due within the Group, for which no requirement to recognize an impairment loss is considered to exist. The maximum exposure for credit risk as of the closing day is the fair value of accounts receivable and contract assets, which corresponds to the carrying amount.

No assets have been pledged as security for recognized receivables.

Note 19. Prepaid expenses and accrued income

	2024	2023
Prepaid rent	4.4	4.5
Prepaid vehicle leases	0.6	0.2
Prepaid insurance	2.5	1.5
Prepaid marketing expenses	1.2	0.5
Prepaid bank fees	1.3	0.4
Prepaid R&D	-	2.7
Prepared IT service	3.6	3.0
Accrued income	0.1	0.0
Other items	2.3	1.6
Total	15.9	14.3

Note 20. Equity and number of shares

As of December 31, 2024 the registered share capital consisted of 45,573,068 ordinary shares with a quota value of SEK 0.25 per share. All of the shares are fully paid. No shares are owned by the Company itself or its subsidiaries. Shareholders are entitled to dividends, and the shareholding carries a right to vote at the Annual General Meeting with one vote per share.

Change in number of shares	No. of shares	Share capital	Other capital contributions	Total
As of January 1, 2023	39,859,566	10.0	729.3	739.3
New share issue	-	-	-	-
Issue costs	-	-	-	-
As of December 31, 2023	39,859,566	10.0	729.3	739.3
New share issue	5,713,502	1.4	511.4	512.8
Issue costs	-	-	-17.8	-17.8
As of December 31, 2024	45,573,068	11.4	1,222.8	1,234.3

Reserves within equity

The consolidated equity includes a translation reserve. The translation reserve covers all exchange rate differences arising on translation of financial statements from foreign entities that have prepared their statements in a currency other than the Group's reporting currency (SEK).

Incentive program 2021/2025

At an extraordinary shareholders' meeting on April 29, 2021, a resolution was passed to adopt an incentive program ("Incentive program 2021/2025") for the Group's employees by issuing warrants with the subsequent right to subscribe for new shares in MilDef. If the warrants are fully exercised, the share capital may be increased by a maximum of SEK 110,375 through the issue of 441,500 shares, equivalent to dilution of around 1.1%. The warrants have been transferred on market terms at a price that was established based on an estimated market value on the grant date using the recognized Black-Scholes model. The calculation was carried out by an independent appraisal institution. Each warrant entitles the holder to subscribe for one new share in MilDef. Registration to subscribe for shares can take place from September 1, 2024 until August 31, 2025. The Company reserves the right to buy back warrants if the participant's employment is terminated or if the participant wishes to transfer the warrants. Buy-back may take place at the market price of the warrants at the time the preferential right is exercised. There were no other instruments with dilutive effect as of December 31, 2024.

Note 21. Pledged assets

	2024	2023
Chattel mortgages	-	67.5
Shares in subsidiaries	-	0.2
Total	-	67.7

Contingent liabilities

Guarantee commitments for subsidiaries	7.7	5.5
Total	7.7	5.5

Note 22. Interest-bearing liabilities including lease liabilities

	2024	2023
Long-term borrowing		
Liabilities to credit institutions	102.5	132.5
Contingent consideration	-	-
Lease liabilities	60.7	76.4
Short-term borrowing		
Liabilities to credit institutions	31.4	119.1
Contingent consideration	-	12.3
Lease liabilities	25.8	27.1
Total borrowing	220.4	367.5

MilDef has a SEK 250 million credit facility with SEB, running until July 2025, with an option to extend for two years.

Unutilized credit including cash and cash equivalents amounted to SEK 650.4 million (81.5).

MilDef's overdraft facility amounts to SEK 120.0 million (120.0), of which SEK 0 million had been utilized on the closing day (120.0).

Note 23. Provisions

Provisions for warranties	2024	2023
Opening balance, January 1	1.7	0.7
Additions during the year	0.3	1.0
Reversed during the year	-	-
Translation difference	0.0	0.0
Closing balance, December 31	2.0	1.7

Warranty expenses

A provision has been made to assess the warranty costs for products that have been sold where warranties were still in effect as of the end of the financial year. The warranties are expected to be adjusted in the upcoming financial year.

Provision for charitable contributions	2024	2023
Opening balance, January 1	-	-
Additions during the year	1.4	-
Reversed during the year	-	-
Translation difference	-	-
Closing balance, December 31	1.4	-

Charitable contributions

For many years MilDef has been donating around 1% of its operating profit to charitable causes. These organizations span everything from protecting victims of domestic violence to giving hope to people with substance abuse problems, offering a safe and dry place to sleep and get a meal, helping young students to finish school, and giving underserved people the chance to take part in sport. Quite simply, actions that make things a little easier and restore hope to those who have lost hope.

Provision for restructuring reserve	2024	2023
Opening balance, January 1	-	-
Additions during the year	12.4	-
Translation difference	-	-
Closing balance, December 31	12.4	-

Restructuring costs

In the fourth quarter of 2024 MilDef decided to focus fully on its business in the defense and security domain. Accordingly, the Company intends to integrate the defense industry products of its Handheld subsidiary into the rest of the business and to cease operations in Handheld's other sales segments. As a consequence of this, MilDef has reported an initial restructuring cost of SEK 310 million made up of the following items:

- Personnel costs SEK 7.6 million
- Cost of premises (lease assets) SEK 12.6 million
- Stock impairment losses SEK 61.0 million
- Impairment of goodwill and brands SEK 185.2 million
- Impairment of capitalized product costs SEK 38.8 million
- Other operating expenses SEK 4.8 million

Total SEK 310.0 million

These costs were recognized in the income statement for the fourth quarter of 2024.

Outstanding provisions as of December 31, 2024 amounted to SEK 12.4 million and consist of the following items:

- Personnel costs SEK 7.6 million
- Other operating expenses SEK 4.8 million

Total SEK 12.4 million

Note 24. Contract assets and contract liabilities

	2024	2023
Contract assets		
Work performed but not yet invoiced	21.4	42.2
Total	21.4	42.2

	2024	2023
Contract liabilities		
Advance payments from customers	12.3	32.1
Total	12.3	32.1

As of January 1, 2024, contract liabilities amounted to SEK 32.1 million (11.4), of which SEK 21.0 million (6.9) was recognized as revenue in 2024. The majority of the contract liabilities as of January 1, 2024 are expected to be recognized as revenue in 2025.

As of December 31, 2024, contract liabilities amounted to SEK 12.3 million (32.1). The restructuring program is the reason for the closing contract liabilities being lower than in the previous year. The majority of the contract liabilities are expected to be recognized as revenue in 2025.

Note 25. Accrued expenses and deferred income

	2024	2023
Accrued payroll expenses	23.1	31.4
Accrued social insurance contributions	14.5	15.8
Prepaid service contracts	14.9	16.0
Project work invoiced but not completed	76.0	9.3
Other items	8.4	6.1
Closing balance, December 31	137.0	78.7

Note 26. Other items with no cash flow impact

	2024	2023
Change in provisions for the year	12.7	1.0
Translation differences on intra-Group transactions	-2.8	1.4
Stock impairment losses	61.0	-
Capital gain/loss on disposal of non-current assets	-5.9	-2.3
Capital gain/loss on early termination of lease	12.2	8.5
Total	77.1	8.6

Note 27. Change in liabilities from financing activities

	Interest-bearing liabilities	Lease liabilities	Total financial liabilities
Opening balance, January 1, 2024	263.9	103.5	367.5
Cash flow	-130.7	-21.8	-152.6
Acquisitions	-	-	-
New and amended right-of-use agreements	-	4.2	4.2
Translation differences	0.9	0.6	1.5
Other	-0.2	-	-0.2
Closing balance, December 31, 2024	133.9	86.5	220.4

	Interest-bearing liabilities	Lease liabilities	Total financial liabilities
Opening balance, January 1, 2023	227.9	86.8	314.7
Cash flow	36.0	-21.1	14.9
Acquisitions	-	-	-
New and amended right-of-use agreements	-	38.0	38.0
Translation differences	-1.0	-0.2	-1.2
Other	1.1	-	1.1
Closing balance, December 31, 2023	263.9	103.5	367.5

Note 28. Transactions with related parties

The Group works closely with the holding company MilDef Crete Inc. in Taiwan. The table below provides a summary:

	Sales of goods and services to related parties	Purchase of goods from related parties	Liabilities to related parties as of Dec. 31	Receivables from related parties as of Dec. 31
MilDef Crete Inc.	0.0	96.6	1.9	5.2

There were no other transactions with related parties. The transactions relate to the period January 1 – December 31, 2024.

Disclosures on remuneration of senior executives are provided in Note 11.

Note 29. Acquisitions

Acquisitions 2024

In 2024 MilDef acquired certain assets of the UK company Advanced Vision Technologies Ltd (AVT). This transaction added a mature offering within intelligent displays and quickly led to large orders being placed. The entire surplus of SEK 3.9 million has been allocated to goodwill.

Acquisitions 2023

No acquisitions were made in 2023.

Note 30. Events after the reporting period

On March 11, MilDef won a cybersecurity deal with Clavister, worth SEK 40 million. Clavister, a leader in European cybersecurity for mission-critical applications, has on several occasions ordered MilDef's hardware for customized and robust network equipment intended for installation in BAE System Hägglund's CV90 combat vehicle. On March 11, an order worth SEK 40 million was signed. The hardware is a sub-component of two products in Clavister CyberArmour, a product family of AI-based, military-adapted Next-Generation Firewalls for defense applications. First serial delivery will take place in early 2027.

No other events that can be considered significant have taken place after the end of the year up to the date this Annual and Sustainability Report was signed.

Acquisition of roda computer GmbH

On November 13, 2024, MilDef announced that a binding agreement had been signed to acquire 100% of voting shares of roda computer GmbH ("roda"). Roda is a supplier of military IT solutions with a strong market presence in Central Europe. The acquisition was completed at the 6th of March 2025, which was after the reporting period, but before the financials statements were authorized for issue. The acquisition will significantly strengthen MilDef's presence in Europe as one of Europe's leading actors within tactical and rugged IT for security and defence and will give MilDef access to important market channels.

The Board of Directors of MilDef has, pursuant to the authorisation granted by the Extraordinary General Meeting on 9 December 2024, resolved on an issue in kind, which forms part of the purchase price for the acquisition of roda as was communicated when the acquisition was announced on 13 November 2024. In addition to the cash consideration of EUR 70 million, MilDef issues a total of 1,374,047 new shares in MilDef Group AB as part of the consideration to the sellers of roda, which corresponds to approximately EUR 27.3 million based on a EUR/SEK exchange rate of 11.54 and MilDef's share price of SEK 229.00 as per 5 March 2025.

The preliminary cash consideration will be adjusted for net debt and net working capital items at closing.

The parties also agreed on an additional purchase price in cash that is dependent on the EBIT level for financial year 2024 as determined in the audited financial statements for roda. The additional purchase price is estimated to EUR 3.9 million reflecting time value of money.

The fair value of acquired assets and liabilities presented is based on preliminary valuation based on the preliminary consolidated financial information for roda as of 31 December 2024, and should be viewed as indicative. At the time of issue of the annual report, MilDef concluded that the preliminary balance sheet as of 31 december 2024 was the best available information to base this preliminary purchase price allocation. The final valuation of the acquired assets and liabilities will be based on the values as of the acquisition date, which is not yet available given the short passing of time since the acquisition date. The purchase price allocation presented below is preliminary and will be adjusted when further information is available and have been analysed by management. EUR values are translated to SEK in below summary with 11.54 SEK/EUR.

MSEK	
Total purchase consideration	1124,3
Assets	
Intangible assets	350,6
Property, plant and equipment	20,8
Right-of-use assets	45,3
Deferred tax assets	13,3
Inventories	225,7
Accounts receivable	137,1
Other current receivables	1,7
Cash and Cash equivalents	101,9
Liabilities	
Non-current interest-bearing liabilities	38,8
Provisions	1,1
Deferred tax liabilities	115,9
Accounts payable	86,6
Current interest-bearing liabilities	6,5
Other current liabilities	142,1
Acquired identifiable net assets	505,6
Goodwill	618,7
Total acquired net assets	1 124,3
Purchase consideration comprises	
Cash payment	807,8
Adjustment for net cash and working capital items*	-43,7
Shares issued, at fair value	314,7
Additional purchase price liability	45,5
Total purchase consideration	1 124,3
Cash flow attributable to the acquisition	
Cash payment of purchase consideration	-807,8
Cash in acquired entity**	101,9
Total	-705,9
Acquisition related costs	-11,9
Net cash outflow	-717,7

* Calculated adjustments net debt and working capital items based on the preliminary balance sheet as of 31 December 2024.

The final cash payment adjustment will be based on the balance sheet as of closing date.

** Cash balances as per 31 December, 2024.

The preliminary calculated goodwill mainly consists of skilled workforce, future customers, future technology and synergies. No goodwill is expected to be deductible for tax purposes.

Intangible assets identified in the preliminary purchase price allocation consists primarily of customer relations and order book.

Transaction costs have been expensed as incurred. SEK 10.8 million was expensed in 2024 and the remaining SEK 1.0 million was expensed in 2025.

The Group, in the preliminary purchase price allocation, measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

As Roda Group has been acquired in the subsequent period from the period covered in the presented financial statements, no profit or loss of the acquiree is included in the consolidated statement of comprehensive income for the reporting period. Information about revenue and profit or loss of the combined entity for the current reporting period as though the acquisition had occurred as of the beginning of the annual reporting period will be presented in coming interim reporting when information is available.





FINANCIAL STATEMENTS AND NOTES

PARENT COMPANY

Parent Company income statement

SEK m	Notes 1–2	2024	2023
Net sales	3, 4	111.2	96.5
Selling expenses		-41.5	-34.6
Administrative expenses		-46.1	-39.2
Research and development expenses		-29.1	-25.3
Restructuring costs		-4.9	-
Other operating income/expenses	8	0.2	-1.9
Operating profit	3, 4, 5, 6, 7, 9	-10.2	-4.6
Financial income	10	32.6	19.3
Financial expense	10	-271.1	-19.2
Profit after financial items		-248.7	-4.5
Year-end appropriations	11	27.1	1.4
Net profit for the year		-221.6	-3.0
Income tax	12	-0.9	-0.2
Net profit for the year		-222.5	-3.2
Parent Company statement of comprehensive income			
Net profit for the year		-222.5	-3.2
Other comprehensive income		-	-
Comprehensive income for the year		-222.5	-3.2

Parent Company balance sheet

SEK m	Notes 1–2	Dec. 31, 2024	Dec. 31, 2023
Non-current assets			
Property, plant and equipment	13		
Leasehold improvements		5.2	6.1
Equipment, fixtures and fittings		1.4	2.3
Total property, plant and equipment		6.6	8.3
Financial non-current assets			
Holdings in Group companies	14	542.6	781.3
Total financial non-current assets		542.6	781.3
Total non-current assets		549.1	789.6
Current assets			
Current receivables			
Receivables from Group companies		255.6	288.7
Tax assets		7.9	7.9
Other receivables		2.7	1.1
Prepaid expenses and accrued income	15	18.1	5.8
Total current receivables		284.3	303.5
Cash and bank balances		474.4	36.1
Total current assets		758.7	339.6
TOTAL ASSETS		1,307.8	1,129.1
EQUITY, PROVISIONS AND LIABILITIES			
Equity	16		
Restricted equity			
Share capital		11.4	10.0
Total restricted equity		11.4	10.0
Unrestricted equity			
Share premium reserve		493.3	729.3
Retained earnings		721.0	14.5
Net profit for the year		-222.5	-3.2
Total unrestricted equity		991.8	740.6
Total equity		1,003.2	750.6
Untaxed reserves	17	3.6	3.6
Provisions			
Charitable contributions		1.4	-
Restructuring reserve		4.9	-
Total provisions		6.3	-
Non-current liabilities			
Non-current interest-bearing liabilities		102.5	132.5
Total non-current liabilities		102.5	132.5
Current liabilities			
Current interest-bearing liabilities		30.0	166.2
Accounts payable		8.1	4.7
Liabilities to Group companies		139.4	54.9
Other current liabilities		3.5	3.5
Accrued expenses and deferred income	18	11.3	13.2
Total current liabilities		192.3	242.5
EQUITY, PROVISIONS AND LIABILITIES		1,307.8	1,129.1

Parent Company statement of changes in equity

SEK m	Share capital	Share premium reserve	Retained earnings incl. profit for the year	Total equity
Opening balance, January 1, 2023	10.0	729.3	14.5	753.8
Comprehensive income for the year			-3.2	-3.2
Allocation as resolved by the AGM	-	-	-	-
<i>Transactions with shareholders in their capacity as owners</i>				
New share issues after share issue expenses	-	-	-	-
Dividend to shareholders	-	-	-	-
Closing balance, December 31, 2023	10.0	729.3	11.3	750.6
Opening balance, January 1, 2024	10.0	729.3	11.3	750.6
Comprehensive income for the year			-222.5	-222.5
Allocation as resolved by the AGM	-	-729.3	729.3	-
<i>Transactions with shareholders in their capacity as owners</i>				
Merger result	-	-	0.3	0.3
New share issues after share issue expenses	1.4	493.3	-	494.7
Dividend to shareholders	-	-	-19.9	-19.9
Closing balance, December 31, 2024	11.4	493.3	498.5	1,003.2

Parent Company cash flow statement

SEK m	2024	2023
Operations		
Operating profit	-10.2	-4.6
Adjustments for non-cash items		
Depreciation, amortization and impairment charged to operating profit	1.8	2.0
Other	-1.1	-1.1
Total	0.7	0.9
Interest received	32.6	18.1
Interest paid	-31.8	-17.2
Taxes paid	-8.6	-8.8
Cash flow from operating activities before changes in working capital	-17.3	-7.1
Increase (-) / decrease (+) in operating receivables	11.3	-114.7
Increase (+) / decrease (-) in operating liabilities	85.1	30.2
Changes in working capital	96.4	-84.4
Cash flow from operating activities	79.1	-91.5
Investing activities		
Investments in property, plant and equipment	-0.1	-0.8
Acquisition of subsidiaries	-12.2	-23.8
Cash flow from investing activities	-12.3	-24.6
Financing activities		
Dividend to shareholders	-19.9	-
New share issues, net	495.0	-
Increase in liabilities to credit institutions	-	123.8
Decrease in liabilities to credit institutions	-105.0	-30.0
Group contributions from subsidiaries	1.4	6.8
Cash flow from financing activities	371.5	100.6
Cash flow for the year	438.3	-15.4
Change in cash and cash equivalents		
Cash and cash equivalents, January 1	36.1	51.6
Cash flow for the year	438.3	-15.4
Closing balance, cash and cash equivalents	474.4	36.1
Granted, unutilized credit	120.0	-
Available liquidity	594.4	36.1

Notes to the Parent Company financial statements

Note 1. Accounting principles

Parent Company accounting and valuation principles

The Parent Company financial statements are prepared and presented in accordance with the Swedish Annual Accounts Act and the Recommendations of the Swedish Corporate Reporting Board (RFR), RFR 2. Under the recommendations in RFR 2, the Parent Company must apply all IFRS standards and statements approved by the EU wherever possible within the framework of the Annual Accounts Act and taking into account the connection between accounting and taxation. The recommendation includes which exemptions from IFRS are to be taken into account and which additions are to be made. The differences between the accounting principles for the Parent Company and the Group are described below:

Classification and presentation

The Parent Company income statement and balance sheet are presented in accordance with the schedule contained in the Annual Accounts Act. The main difference compared with IAS 1 Presentation of Financial Statements, which is applied to the presentation of the consolidated financial statements, is recognition of financial income and expense, non-current assets and equity, and having provisions as a separate heading.

Shares and holdings in Group companies

Holdings in Group companies are recognized at cost after deduction for any impairment losses. The cost includes acquisition-related expenses and any contingent considerations. If there are indications of a loss in value of the holdings in Group companies, the recoverable amount is calculated. If the recoverable amount is lower than the carrying amount, an impairment loss is recognized. Impairment loss is recognized in financial expense.

Leases

The Parent Company applies the exemption from IFRS 16 Leases, which means that all leases are recognized at cost on a linear basis over the lease term.

Untaxed reserves

The amounts set aside as untaxed reserves represent taxable temporary differences. Because of the link between accounting and taxation, the deferred tax liability is recognized in the Parent Company as part of the untaxed reserves.

Group contributions and shareholders' contributions

Shareholders' contributions are recognized directly in equity for the recipient and capitalized under shares and holdings for the donor, in so far as no impairment is required. Group contributions paid to subsidiaries are to be viewed as shareholders' contributions. In accordance with RFR 2, Group contributions to or from MilDef's Group companies are recognized in the Parent Company income statement.

Financial instruments

The Parent Company applies the exemption in IFRS 9 Financial Instruments. Among other things this means that financial instruments are measured initially at cost but that the same method as for the Group is applied to calculating the credit loss reserve.

Note 2. Estimates and judgments

Key sources of uncertainty in estimates

MilDef applies the simplified method to calculate credit losses. This is based on historical data on payment collection patterns and the counterparty's ability to pay. Based on historical data, the expected credit losses are extremely limited. The Parent Company has not recognized any credit losses during the year, neither concerning accounts receivable nor receivables from Group companies, and no loss reserve is considered necessary for these receivables.

Note 3. Revenue

	2024	2023
Net sales		
Sales within the EU	80.3	72.7
Sales outside the EU	30.9	23.8
Total	111.2	96.5

Note 4. Intra-Group purchases and sales

	2024	2023
Percentage of sales to Group companies	100%	100%
Percentage of purchases from Group companies	4%	0%

Net sales relate to revenue for intra-Group services.

Note 5. Lease payments

	2024	2023
Operating leases		
Lease payments for the year	10.0	10.2
Outstanding lease payments fall due as follows:		
Within one year:	9.8	9.7
Later than one year but within five years:	36.9	37.0
Later than five years:	8.3	17.1
Total	54.9	63.7

The most material leases relate to lease of real estate used in business operations.

Note 6. Nature of expense method

	2024	2023
Other costs	53.7	40.2
Personnel costs	66.1	57.0
Depreciation/amortization and impairment	1.8	2.0
Other operating expenses	-0.2	1.9
Total	121.4	101.1

Note 7. Audit fees

	2024	2023
Öhrlings PricewaterhouseCoopers AB:		
Audit engagement	2.1	1.2
Audit-related activities besides the audit engagement	-	0.1
Tax advisory services	0.1	0.1
Other services	-	-
Total	2.2	1.4
Mazars:		
Audit engagement	-	0.7
Audit-related activities besides the audit engagement	-	-
Tax advisory services	-	-
Other services	-	-
Total	0.0	0.7

The audit assignment consists of examination of the annual financial statements and accounting records, as well as the CEO and Board's administration of the Company, other tasks that are incumbent upon the Company's auditors in order to prepare the Auditor's Report, as well as advice or other assistance required as a result of observations made during such review tasks.

Note 8. Other operating income/expenses

	2024	2023
Donations to the MilDef Charity Foundation	0.0	-1.0
Exchange gain relating to operations	15.5	10.2
Exchange loss relating to operations	-15.3	-11.1
Total	0.2	-1.9

In 2024 MilDef made a provision of SEK 1.0 million for charitable contributions. This provision is recognized under administrative expenses in the Parent Company income statement.

Note 9. Employees and personnel costs

	2024	2023
Average number of employees	54	44
Percentage of men (%)	49	54
Number of employees as of December 31	57	45
Percentage of men (%)	47	51

Gender balance in management	2024	2023
Board of Directors	7	7
Percentage of men (%)	71	71
Management Team	7	6
Percentage of men (%)	57	50

Wages, salaries and other remuneration	2024	2023
Board of Directors & CEO	5.4	4.1
Other employees	35.2	32.2
Total	40.6	36.3

Social insurance contributions		
All employees	20.1	18.0
<i>Of which pension expenses</i>		
Board of Directors & CEO	0.8	0.2
Other employees	5.1	5.1
Total	5.9	5.3

For further information, see Note 11.

Note 10. Financial items

	2024	2023
Interest income	19.9	18.3
Exchange gain not relating to operations	12.7	1.0
Financial income	32.6	19.3
Exchange loss not relating to operations	-10.4	-
Interest expense	-20.5	-18.3
Impairment of holdings in subsidiaries	-239.3	-
Other financial expense	-0.9	-0.8
Financial expense	-271.1	-19.2

Note 11. Year-end appropriations

	2024	2023
Group contributions received	27.1	1.4
Change in accelerated depreciation/amortization	-	-
Total	27.1	1.4

Note 12. Tax on profit for the year

	2024	2023
Current tax expense (-) / tax income (+)		
Current tax for the year	-0.9	0.0
Prior year adjustments	-	-0.2
Total	-0.9	-0.2
Tax on profit for the year		
Earnings before tax according to the income statement	-221.6	-3.0
Tax according to the Parent Company tax rate (20.6%)	45.6	0.6
Reconciliation of recognized tax		
Expenses recognized via equity	3.1	-
Non-taxable income	0.2	-
Non-deductible expenses	-0.5	-0.7
Changes in value and impairment of capital assets	-49.3	-
Recognized tax expense	-0.9	-0.2

Note 13. Property, plant and equipment

	2024	2023
Leasehold improvements		
Cost		
Opening balance, January 1	8.4	8.0
Additions for the year	-	0.3
Closing balance, December 31	8.4	8.4
Depreciation and impairment		
Opening balance, January 1	-2.3	-1.5
Depreciation for the year	-0.9	-0.8
Closing balance, December 31	-3.2	-2.3
Carrying amount, December 31	5.2	6.1
Equipment, fixtures and fittings		
Cost		
Opening balance, January 1	5.4	5.0
Additions for the year	0.1	0.5
Closing balance, December 31	5.5	5.4
Depreciation and impairment		
Opening balance, January 1	-3.2	-2.0
Depreciation for the year	-1.0	-1.2
Closing balance, December 31	-4.1	-3.2
Carrying amount, December 31	1.4	2.3

Note 14. Holdings in Group companies

	2024	2023
Cost		
Opening balance, January 1	794.3	793.7
Additions for the year	0.6	0.6
Closing balance, December 31	794.9	794.3
Impairment losses		
Opening balance, January 1	13.0	13.0
Impairment losses for the year	239.3	-
Closing balance, December 31	252.3	13.0
Carrying amount, December 31	542.6	781.3

Specification of holdings in Group companies

Group company / Corp. reg. no. / Registered office	No. of shares	Ownership (%)	Carrying amount
MilDef International AB, 556422-8277, Helsingborg, Sweden	5,350	100	49.9
MilDef Products AB, 556874-1317, Helsingborg, Sweden	10,000	100	81.1
MilDef Ltd, 5756627, Cardiff, UK	340,000	100	2.1
MilDef, Inc., 5979209, Delaware, USA	120,000	100	1.3
MilDef AS, 959 279 772, Oslo, Norway	1,016	100	1.1
MilDef Sweden AB, 556994-2682, Rosersberg	1,000	100	182.4
Sysint AS, 825 838 392, Oslo, Norway	30,000	100	113.1
MilDef A/S, 43989014, Ballerup, Denmark	400,000	100	0.6
MilDef Oy, 3325523-7, Espoo, Finland	1,000	100	-
MilDef Germany Holding GmbH, Frankfurt, Germany	100	100	0.3
Handheld Group AB, 556556-2799, Lidköping, Sweden	4,374,000	100	110.7
HHCS Handheld Finland OY, 2089502-4, Lahti, Finland	100	100	-
Handheld Benelux BV, 1537360, Enschede, Netherlands	10,000	100	-
Handheld APAC PTY LTD, 146981526, Victoria, Australia	1,000	100	-
Handheld Germany GmbH, 91612811085, Freilassing, Germany	100	100	-
Handheld Swiss GmbH, 422378549, Landquart, Switzerland	100	100	-
Handheld UK Ltd., 7847370, Warwickshire, UK	100	100	-
Total			542.6

Note 15. Prepaid expenses and accrued income

	2024	2023
Prepaid rent	2.4	2.4
Prepaid insurance	1.8	0.6
Acquisition costs incurred	10.8	-
Prepaid bank fees	1.3	0.4
Prepaid IT services	1.4	2.0
Other items	0.4	0.4
Total	18.1	5.8

Note 16. Equity

One share in MilDef Group AB has a quota value of SEK 0.25. The number of shares is 45,573,068 (39,859,566) and the share capital amounts to SEK 11,393,267 (9,964,891.50).

Change in number of shares	No. of shares	Share capital	Other capital contributions	Total
As of January 1, 2023	39,859,566	10.0	729.3	739.3
New share issue	-	-	-	-
Issue costs	-	-	-	-
As of December 31, 2023	39,859,566	10.0	729.3	739.3
Allocation as resolved by the AGM	-	-	-729.3	-729.3
New share issue	5,713,502	1.4	511.1	512.5
Issue costs	-	-	-17.8	-17.8
As of December 31, 2024	45,573,068	11.4	493.3	504.7

Note 17. Untaxed reserves

	2024	2023
Accelerated depreciation/amortization	3.6	3.6
Total	3.6	3.6

Note 18. Accrued expenses and deferred income

	2024	2023
Accrued payroll expenses	4.6	4.3
Accrued social insurance contributions	2.8	3.8
Other items	3.9	5.0
Total	11.3	13.2

Note 19. Contingent liabilities

	2024	2023
Guarantee commitments for subsidiaries' liabilities	7.7	5.5
Total	7.7	5.5

Note 20. Proposal for allocation of profit

The following profit of the Parent Company is at the disposal of the Annual General Meeting:

	SEK
Share premium reserve	493,260,337
Retained earnings	720,975,689
Comprehensive income for the year	-222,464,369
Closing balance, December 31	991,771,657

The Board proposes that the profit be allocated as follows:

A dividend to the shareholders of SEK 0.50 per share	22,786,534
Carried forward	968,985,123
Total	991,771,657

After implementation of the proposed allocation of profit, equity in the Parent Company is as follows:

Share capital	11,393,267
Share premium reserve	493,260,337
Retained earnings	475,724,787
Total	980,378,390

MilDef's policy regarding dividends is to distribute an annual dividend of 20–40% of profit after tax. MilDef will, however, take long-term development, the capital structure and the prevailing market conditions into account.

The Board proposes that SEK 22.8 million, or SEK 0.50 per share, is distributed as dividends to the shareholders. This is calculated on the number of outstanding shares as of December 31, 2024, i.e. 45,573,068. The equity/assets ratio for the Group is 65.4% (55.4) and after allocation of earnings, the equity/assets ratio is 64.1%. The proposed record date for the right to receive a dividend is May 26, 2025. If the Annual General Meeting votes in favor of the proposal the dividend is expected to be paid out on May 30, 2025.

Signatures

The Board of Directors and CEO hereby certify that the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities, and give a true and fair view of the Company's financial position and results, and that the Directors' Report provides a true and fair overview of the development in the Company's operations, financial position and results, and describes significant risks and factors of uncertainty facing the Company. The Board of Directors and CEO hereby certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the EU, and give a true and fair view of the Group's

financial position and results, and that the Directors' Report for the Group gives a true and fair view of the development in the Group's operations, financial position and results, and describes significant risks and factors of uncertainty facing the companies in the Group. The annual accounts and the consolidated financial statements were approved for issuance by the Board of Directors on March 27, 2025. The consolidated statement of comprehensive income and balance sheet and the Parent Company income statement and balance sheet will be subject to adoption by the Annual General Meeting on May 22, 2025.

The Annual Report and consolidated financial statements were, as stated above, approved for issuance by the Board of Directors and CEO on March 27, 2025.

Björn Karlsson
Chair of the Board

Lennart Pihl
Board member

Marianne Trolle
Board member

Bengt Arne Molin
Board member

Jan Andersson
Board member

Christian Hammenborn
Board member

Charlotte Darth
Board member

Daniel Ljunggren
Chief Executive Officer

Our auditor's report was issued on April 9, 2025

Öhrlings PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor-in-Charge

Johan Rönnbäck
Authorized Public Accountant

To the shareholders' meeting of MilDef Group AB, corp. reg. no. 556893-5414

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have performed an audit of the annual accounts and consolidated accounts of MilDef Group AB for year 2024. The annual accounts and consolidated accounts of the company are included on pages 70-128 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act.

The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014/EU) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Board of Directors and the Managing Director made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of the Board of Directors

and the Managing Director override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter

Valuation of goodwill and intangible assets

Reference to note 1 and note 14 in the annual report. The value of the intangible assets as of 31 December 2024 amounts to SEK 379 million and constitutes a significant part of the group's balance sheet. In accordance with IFRS, the group makes an annual assessment of the value of the assets, which is based on the calculation of discounted future cash flows.

Some of the assumptions and assessments the management makes regarding future cash flows and conditions are complex and have a major impact on the calculation of the value in use. This applies in particular to the following; growth rate, profit margins, and discount rate. Changes in these assumptions could lead to a change in the reported value of intangible assets and goodwill, whereby we consider this to be a particularly significant area. No need for impairment has been identified by management in the impairment tests that have been carried out.

MilDef has, as shown in the annual report, restructured the operations in the subsidiary Handheld and in connection with this identified an impairment of 185 million SEK consisting of goodwill and trademark. No additional need for impairment has been identified by management.

How our audit considered the key audit matter

In our audit, we have assessed the calculation model used and challenged the material assumptions used by management in their tests. We have assessed the reasonableness of the budget presented by management and approved by the board by evaluating historical outcomes against established budgets. We have compared the growth in the terminal value with independent forecasts concerning economic growth and assessed whether the assumptions used are within a reasonable range. We have also assessed the discount rate (weighted average cost of capital ("WACC")) against comparable businesses and assessed whether the assumptions used are within a reasonable range. We have also evaluated the management's assessment of how the group's calculation models are affected by changes in assumptions and compared this with the information presented in the annual report related to impairment tests. We have also assessed the accuracy of the information that appears in the annual report.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and can be found on pages 1-52, 62-69 and 133-140.

The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is

necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company and group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, cease operations or has no realistic alternative to doing any of this.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of MilDef Group AB for year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company

and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company and group's type of operations, size and risks place on the size of the parent company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the management of the company's affairs. This includes among other things continuous assessment of the company and group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for MilDef Group AB (publ) for the year 2024.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of MilDef Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Öhrlings PricewaterhouseCoopers AB, P.O. Box 4009, SE-203 11 Malmö, was appointed as MilDef Group AB's auditor by the general meeting of shareholders on 25 May 2023 and has been the company's auditor since 25 May 2023.

Malmö, 9 April, 2025

Öhrlings PricewaterhouseCoopers AB

Eric Salander	Johan Rönnbäck
Authorized Public Accountant	Authorized Public Accountant
Auditor in charge	

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in MilDef Group AB, corporate identity number 556893-5414

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2024 on pages 34–49 and that it has been prepared in accordance with the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared

Malmö, April 9, 2025

Öhrlings PricewaterhouseCoopers AB

Eric Salander	Johan Rönnbäck
Authorized Public Accountant	Authorized Public Accountant
Auditor in charge	

Multi-year summary

Key figures		2024	2023	2022	2021	2020
Sales and profit						
Net sales, SEK m	SEK m	1,201	1,151	739	470	398
Operating profit (EBITDA)	SEK m	-141.9	168.0	60	20.7	68.5
Adjusted operating profit (EBITDA)	SEK m	178.9	168.0	60	32.2	72.8
Operating profit (EBITA)	SEK m	-171.1	140.2	44.8	8.2	62.8
Adjusted operating profit (EBITA)	SEK m	149.7	140.2	44.8	19.7	67.1
Operating profit (EBIT)	SEK m	-209.0	108.1	29.2	-2.9	56.9
Adjusted operating profit (EBIT)	SEK m	111.8	108.1	29.2	8.6	61.2
Profit after financial items (EBT)	SEK m	-222.6	88.6	19.2	-5.3	55.4
Net profit for the year	SEK m	-220.3	69.0	14.2	-0.7	42.5
Cash flow						
Cash flow from operating activities	SEK m	144.4	54.5	-76.8	-55.5	61.7
Cash flow from investing activities	SEK m	-33.3	-68.9	-321.3	-187.2	-8.6
Cash flow from financing activities	SEK m	335.1	38.5	285.7	362.9	-14.4
Operating cash flow	SEK m	127.7	8.8	-95.0	-71.4	53.1
Cash flow for the year	SEK m	446.2	24.2	-112.4	120.3	38.7
Capital employed and financing						
Total assets, SEK m	SEK m	1,684	1,526	1,394	808	368
Average capital employed	SEK m	1,267	1,157	887	428	200
Net debt/net cash excl. lease liabilities	SEK m	396	-182	-168	128	47
Equity attributable to owners of the parent	SEK m	1,102	845	788	568	133

Multi-year summary

Key figures		2024	2023	2022	2021	2020
Data per share, SEK*						
Number of outstanding shares, December 31	NUMBER	45,573,068	39,859,566	39,859,566	36,389,373	23,236,844
Average number of shares, before dilution	NUMBER	40,598,903	39,859,566	37,400,988	26,243,169	23,236,844
Average number of shares, after dilution	NUMBER	41,013,824	40,301,066	37,844,488	26,243,169	23,236,844
Earnings per share, before dilution	SEK	-5.43	1.73	0.38	-0.03	1.83
Earnings per share, after dilution	SEK	-5.37	1.71	0.37	-0.03	1.83
Equity per share, before dilution	SEK	24.17	21.19	19.77	15.61	5.71
Equity per share, after dilution	SEK	26.86	20.96	19.55	15.61	5.71
Operating cash flow per share, before dilution	SEK	3.15	0.22	-2.54	-2.72	2.29
Operating cash flow per share, after dilution	SEK	3.11	0.22	-2.51	-2.72	2.29
Dividend per share	SEK	0.50	0.50	-	0.75	0.75
Share price as of December 31	SEK	124.8	65.60	80.80	52.40	-
Dividend yield	%	0.40	0.76	0.00	1.43	-
Performance measures						
Gross margin	%	49.0	48.3	47.7	44.7	45.7
Operating margin (EBITDA)	%	-11.8	14.6	8.1	4.4	17.2
Adjusted operating margin (EBITDA)	%	14.9	14.6	8.1	6.9	18.3
Operating margin (EBITA)	%	-14.2	12.2	6.1	1.7	15.8
Adjusted operating margin (EBITA)	%	12.5	12.2	6.1	4.2	16.8
Operating margin (EBIT)	%	-17.4	9.4	4.0	-0.6	14.3
Adjusted operating margin (EBIT)	%	9.3	9.4	4.0	1.8	15.4
Profit margin (EBT)	%	-18.5	7.7	2.6	-1.1	13.9
Return on capital employed	%	-15.7	10.1	3.4	0.0	30.6
Return on equity	%	-22.6	8.5	2.1	-0.2	36.4
Equity/assets ratio	%	65.4	55.4	56.5	70.3	36.0
Other						
Number of employees at year-end	NUMBER	327	309	291	188	119
Average number of employees	NUMBER	319	302	233	154	97

Definitions

Number of shares outstanding

Number of registered shares less repurchased shares, held by the Company.

Return on equity

Profit after tax attributable to owners of the parent as a percentage of average equity.

Return on capital employed

Profit after financial income as a percentage of average capital employed.

EBIT

Earnings before interest and taxes according to the income statement.

EBITDA

Earnings before interest, taxes, depreciation and amortization of property, plant and equipment and intangible non-current assets.

Non-recurring items

Non-recurring items are specific material items that are reported separately because of their size or frequency, e.g. restructuring costs, impairment, divestments and acquisition-related expenses.

NET DEBT

Long-term and short-term interest-bearing liabilities less income-bearing financial assets.

Operating cash flow

Cash flow from operating activities and cash flow from investing activities excluding acquisitions and divestments of intangible non-current assets and of property, plant and equipment.

Organic growth

Annual growth in net sales excluding acquisition-related net sales, calculated as increase in net sales excluding acquisition-related net sales compared with the previous year, expressed as a percentage.

Working capital

Current assets, excluding cash and cash equivalents and current tax assets, minus interest-free current liabilities, excluding current tax liabilities.

Operating margin

Operating profit as a percentage of net sales.

Equity/assets ratio

Equity as a percentage of total assets.

Capital employed

Equity plus interest-bearing net debt.

Earnings per share, before dilution

Profit after tax attributable to owners of the parent as a percentage of the average number of outstanding shares.

Earnings per share after dilution

Profit after tax attributable to owners of the parent as a percentage of average number of outstanding shares plus average number of shares added upon conversion of outstanding convertibles and warrants.

Articles of Association

of

MilDef Group AB
corp. reg. no. 556893-5414

Article 1 Business name

The Company's business name is MilDef Group AB. The Company is to be a public limited company (Sv. *publ*).

Article 2 Registered office

The registered office is to be in Helsingborg, Sweden.

Article 3 Operations

The Company's activities are to be owning and managing shares in subsidiaries, preferably with operations within technology and the total defense and security sectors and activities compatible with these. In addition, the Company is to provide Group-wide services such as services within management, legal, HR and finance with a view to facilitating operations for the subsidiaries.

Article 4 Share capital

The minimum share capital is to be SEK 6,162,500 and the maximum SEK 24,650,000.

Article 5 Number of shares in the Company

The minimum number of shares is to be 24,650,000 and the maximum 98,600,000.

Article 6 Composition of the Board of Directors

The Board of Directors is to consist of no fewer than three (3) and no more than eight (8) members, without deputy members. The Board of Directors is elected each year at the Annual General Meeting for the period until the end of the next Annual General Meeting.

Article 7 Auditors

At least one and no more than two registered public accounting firms or at least one and no more than two auditors are to be appointed by the shareholders' meeting to audit the Company. The audit engagement is to continue until the end of the Annual General Meeting in the subsequent financial year.

Article 8 Notice convening shareholders' meetings

The notice convening the Annual General Meeting or extraordinary shareholders' meeting is to be published in Post- och Inrikes Tidningar (the Official Swedish Gazette) and on the Company's website. The notice of the meeting is also to be advertised in the Swedish newspaper *Dagens Industri*.

Article 9 Agenda of Annual General Meeting

The following matters are to be dealt with at the Annual General Meeting.

1. Election of person to chair the meeting.
2. Preparation and approval of the voting list.
3. Election of one or two persons to check the minutes.
4. Verification of whether the meeting has been duly convened.
5. Approval of agenda.
6. Presentation of the annual accounts and Auditor's Report and of the consolidated financial statements and Auditor's Report for the Group.
7. Resolutions concerning
 - a. adoption of the income statement and balance sheet and of the consolidated income statement and consolidated balance sheet;
 - b. distribution of the Company's profit or loss according to the adopted balance sheet;
 - c. discharge from liability of the members of the Board and the CEO.

8. Determination of number of board members and auditors.
9. Establishment of board fees.
10. Establishment of fees for auditor(s).
11. Election of Board of Directors.
12. Election of auditor(s).
13. Any other business duly referred to the meeting in accordance with the Swedish Companies Act or the Articles of Association.

Article 10 Attendance at shareholders' meetings

To be able to attend the shareholders' meeting, the shareholder must notify the Company by the date specified in the meeting notice, stating the number of companions. This date must not be a Saturday, a Sunday, Midsummer Eve, Christmas Eve, New Year's Eve or any other public holiday, and must not fall earlier than on the fifth weekday before the meeting.

Article 11 Proxies

The Board of Directors may collect proxies in accordance with the procedure set out in Chapter 7, Section 4, 2nd paragraph of the Swedish Companies Act.

Article 12 Postal voting

In advance of a shareholders' meeting the Board of Directors may decide to allow the shareholders to vote by mail (or via a comparable digital system) before the meeting. Information to this effect is to be provided in connection with the meeting notice. The meeting notice must clearly describe the procedure and how it is to be carried out.

Article 13 Financial year

The Company's financial year is to follow the calendar year.

Article 14 Record day provision

The Company's shares are to be registered in a Central Securities Depository (CSD) in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479).

These Articles of Association were adopted at the Annual General Meeting on May 25, 2023





Financial calendar:

Interim Report Q1 2025	April 29, 2025
Annual General Meeting 2025	May 22, 2025
Interim Report Q2 2025	July 18, 2025
Interim Report Q3 2025	October 23, 2025
Year-End Report 2025	February 6, 2026

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