

Press release

Helsingborg, Sweden, April 28, 2022

Interim report for January – March 2022

STRONG FIRST QUARTER, MAJOR IMPROVEMENT IN MARKET OUTLOOK

Financial development Q1 2022

- Net sales increased by 177% to SEK 141.3 million (51.0).
- Gross margin amounted to 47% (34).
- Adjusted EBITDA amounted to SEK 6.3 million (-14.8), equivalent to an adjusted operating margin of 4.5% (-29.0).
- Operating profit (EBIT) amounted to SEK 0.2 million (-22.9) including non-recurring items of SEK 0.0 million (-3.7).
- Order intake increased by 31% to SEK 103.9 million (79.5).
- The order backlog increased as of March 31, 2022 by 50% to SEK 744.0 million in comparison to the same period in 2021 (497.6).
- Operating cash flow amounted to SEK 43.4 million (-20.0).

Statement by Björn Karlsson, CEO MilDef Group

Proof of resilience in hard times

“In a changing world and challenging times, MilDef delivered a first quarter with strong sales growth. Solid efforts from not least the acquired businesses in 2021 combined with high delivery capacity of recently produced hardware resulted in our strongest first quarter so far.

Sales increased by 177% compared with the same period the previous year, to a record high of SEK 141.3 million (51.0) for the first quarter. The component shortage that caused delivery delays into 2022 at the end of 2021 was a positive contributing factor to the strong first quarter.

The increased interest in MilDef’s products and services did not have a full impact in the order intake for the quarter, but despite this, order intake increased by 31 percent to SEK 103.9 million (SEK 79.5 million). At the end of the first quarter, the order backlog was at the highest level in MilDef’s history, at SEK 744.0 million (497.6).

Macrotrends and long-term effects

I note that the reactions to Russia’s armed invasion of Ukraine have the potential to create long-term beneficial effects for the defense industry. In Sweden, and in other countries, efforts are now intensifying to both modernize and increase defense capacity. MilDef is well positioned to meet the increasing demand for higher supply reliability and delivery capacity. It is important to analyze and act on the macro trends that are now having a major impact on our industry. The main trends we are seeing right now are:

- *Significantly increased defense spending in many countries for the foreseeable future.*
- *Modernization and digitalization in functions that are critical for society leads to an increasing need for our services and products.*
- *National and regional supply capacity are given a higher strategic priority.*

Continued statement by Björn Karlsson, CEO MilDef Group

It should be noted that there is a built-in slowness in the system that is likely to cause it to take a few quarters before measurable changes for companies like MilDef can be observed.

We also believe that the long-term positive market growth may create new competitors, even if the threshold effect in this confidence-based industry is high. Market entry is likely challenging due to increased demands on national and regional production.

Strategic investments for growth

The changing market dynamics that the global situation now present has led to an intensification of work on our acquisition agenda during the first quarter. Our strategy stands, to carry out one to two acquisitions annually. At the same time, we are dedicated to acquiring good companies and make them better; We are selective and wait for the right opportunity. Furthermore, during the period we have prepared the production facilities in Helsingborg and Stockholm for increased volumes in the future. As our service offering is expected to grow, we have also accelerated our recruitment plans in areas such as installation and integration. We are meeting the current component shortage with increased stocking of critical components, to effectively meet our customers' needs. With the aim of addressing the increased requirements for national and regional capacity to deliver, MilDef has since the turn of the year started a company in Finland to further strengthen our position in the Nordic region.

Looking towards a safer and more secure future

The considerable defense investments that are now taking place in multiple markets is largely unprecedented in history. The rearview mirror is therefore no longer a relevant instrument for predicting the future. MilDef, together with our customers, is now focusing on the needs of the future. In this new situation, we need a renewed perspective in production planning and greater overall responsibility to contribute to tomorrow's expanded defense abilities.

MilDef has the ambition to be a catalyst in this change. We contribute with full force towards a safer and more secure future."

Björn Karlsson,
CEO MilDef Group

MILDEF GROUP'S INTERIM REPORT JANUARY-MARCH 2022 PRESENTATION

MilDef Group's CEO Björn Karlsson and CFO Daniel Ljunggren will present the interim report for January-March 2022.

Date: Thursday, April 28 at 10:00 a.m. (CEST)

The report is published at 08:00 a.m. (CEST) the same day at www.mildef.com.

You are welcome to watch the live webcast or dial in to the conference call. It is possible to post questions over the conference call and the web.

Connecting to the meeting

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

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

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Publication

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About MilDef

MilDef was founded in 1997 in Helsingborg, Sweden. The company delivers tactical IT, including rugged hardware, software, and services. MilDef's products are sold to more than 160 customers through MilDef's subsidiaries in Sweden, Norway, Finland, United Kingdom, the United States, and through partner networks in more than 30 countries, predominantly within the EU. MilDef Group is listed on Nasdaq Stockholm. www.mildef.com