

## Press Release

Helsingborg, 26 April 2024

# Interim Report January – March 2024

## SOFT ORDER INTAKE – MARKET OUTLOOK REMAINS GOOD

### Financial development first quarter 2024

- Net sales decreased by 18% to SEK 232 million (283).
- The gross margin was 48.4% (45.3).
- Adjusted EBITDA amounted to SEK 8.7 million (34.0), equivalent to an adjusted operating margin of 3.7% (12.0).
- Operating profit (EBIT) amounted to SEK -6.8 million (21.7), corresponding to an operating margin of -2.9% (7.7).
- Order intake decreased by 37% to SEK 215 million (343).
- The order backlog as of March 31, 2024 increased by 2.5% to SEK 1,311 million compared with the same date in 2023 (1,279).
- Operating cash flow amounted to SEK 20.9 million (28.8).
- Earnings per share after dilution over the last 12-month period amounted to SEK 1.02 (1.71).

### Summary of significant events in the first quarter, January – March 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 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.

### Summary of significant events after the end of the period

- MilDef's subsidiary Handheld has won an order for nano drone technology worth SEK 69 million. The customer is a global defense group based in the USA that delivers nano drones for military battlefield surveillance. This is a follow-up order from the development contract announced in July 2023. The order value is SEK 69 million and there is growth potential once deliveries of additional quantities begin. Deliveries will take place in the period 2025–2026.
- MilDef has won additional business from BAE Systems Bofors worth SEK 52 million. Following the framework agreement signed in February with BAE Systems Bofors, additional orders have been signed for ruggedized hardware for the Archer artillery system. The orders include IT equipment such as displays, computers and switches, worth SEK 52 million. Deliveries will start in 2025.
- MilDef has signed a strategic hardware contract in Estonia worth 53 MSEK. The contract covers the integration of MilDef's tactical IT hardware into an Estonian defense project for armored vehicles. This is a collaboration with a local Estonian partner and the biggest order to date for MilDef on the Estonian market, therefore strategically important. Deliveries will start in 2024.

### MilDef - WE ARMOR IT.

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

## Statement by Daniel Ljunggren, CEO MilDef Group

### ***VOLATILITY PERSISTS – FULL-YEAR OUTLOOK STILL POSITIVE***

The first quarter is characterized by delayed sales processes, which means that our reported order intake for Q1 does not reflect the underlying demand. The activity level and interest in new orders of MilDef's product remain high which is reflected in the strong order intake in April.

*Although MilDef's offering is becoming increasingly relevant, the purchasing and procurement processes take a long time. As a result, a number of orders were delayed – but not lost – during the quarter. The order intake reached SEK 215 million (343) in the first quarter, which is a reduction of 37% compared with a strong first quarter the previous year. I have previously emphasized the fact that MilDef operates in an industry which typically has high volatility over individual quarters and this volatility is expected to persist. It is best to look at a longer time horizon when evaluating MilDef's financial performance.*

### **Sweden's NATO membership**

*For the first time since the 19<sup>th</sup> century Sweden is part of a military alliance. On March 7, 2024 Sweden became a full member of NATO. NATO membership strengthens Sweden's security while also making NATO stronger as a whole. What this means for the Swedish defense industry and a company like MilDef remains to be seen. In this context, I would like to highlight MilDef's OneCIS software which enables automated rollout of IT systems. OneCIS is equipped with special compatibility support for Federated Mission Networking (FMN), a NATO standard for interoperability between nations. Sweden's NATO membership provides increased sales potential for this unique software.*

### **Partnerships increasingly important**

*In the first quarter MilDef signed a partnership agreement with US defense company Lockheed Martin. The purpose of the agreement is for MilDef and Lockheed Martin to identify collaboration opportunities where MilDef's solutions and expertise can be integrated into Lockheed Martin's global ecosystem. The fact that the world's largest defense company chooses to partner with MilDef provides us with a new platform to make MilDef stronger. When it comes to partnership, I'm convinced that increased cooperation is essential in order to successfully meet the rising demand for defense technology. There should be cooperation between different parties in the defense industry, but also between the defense industry and government agencies.*

### **10-year framework agreement with BAE Systems Bofors**

*Another piece of positive news in the first quarter on the theme of "cooperation" is the signing of a 10-year framework agreement between MilDef and BAE Systems Bofors. The agreement is for delivery of MilDef's hardware for the Archer artillery system. MilDef and BAE Systems Bofors have worked together for several years on developing and delivering rugged hardware aimed at ensuring Archer's operating capacity. The framework agreement can be seen as a starting point for a deeper partnership between the companies. The future monetary value of the agreement cannot be quantified at this time, but there is no doubt that it is evidence of a strong relationship – a relationship that MilDef hopes will continue for many years to come.*

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### **Good market outlook**

*Higher activity in the market combined with increased digitalization among our end-customers are behind MilDef's strong growth over the past two years. Many countries have expressed a need to strengthen their defense capacity, which is confirmed by the rapidly increasing defense appropriations. The geopolitical tensions affect our industry and have resulted in the biggest increase in defense expenditure for 30 years. It is, however, important to mention that MilDef's growth in 2022 and 2023 is mainly the result of earlier decisions on armed forces modernization and digitalization. The effects of the recent increase in defense budgets are expected to be felt later on. The need for advanced defense technology and secure supply chains is expected to drive high demand for a long time to come.*

### **Expectations for 2024 remain positive**

*Despite soft order intake in the first quarter, MilDef has chosen to focus consistently on its growth strategy regarding product development and building up the organization. The forward-looking investments MilDef has made have strengthened the Company's position. The underlying demand in the market is strong, as is interest in our products. The uncertain geopolitical situation continues to place defense and security high up on the agenda. All in all this leads me to expect strong demand in 2024 and for many years into the future. MilDef is well-positioned to benefit from the increase in defense expenditure and we are maintaining our focus on long-term growth.*

**Daniel Ljunggren,  
President and CEO of MilDef Group**

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## **MILDEF GROUP'S INTERIM REPORT JANUARY-MARCH 2024 PRESENTATION**

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

**Date:** Friday, April 26 at 10:00 a.m. (CEST).

The report is published at 08:00 a.m. (CEST) the same day at [www.mildef.com](http://www.mildef.com) and the news platform Cision.

You are welcome to watch the live [webcast via Teams](#) or dial in to the conference call. It is possible to post questions over the conference call and the web.

### **Connecting to the meeting**

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

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The interim report, the presentation material and the webcast will be available on [www.mildef.com](http://www.mildef.com).

### **For more information, please contact:**

#### **Daniel Ljunggren, CEO**

Phone: +46 70 668 00 15

Email: [daniel.ljunggren@mildef.com](mailto:daniel.ljunggren@mildef.com)

#### **Viveca Johnsson, CFO**

Phone: +46 70 462 75 05

Email: [Viveca.johnsson@mildef.com](mailto:Viveca.johnsson@mildef.com)

#### **Olof Engvall, Head of IR & Communications**

Phone: +46 735 41 45 73

Email: [olof.engvall@mildef.com](mailto:olof.engvall@mildef.com)

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