

Press Release

Helsingborg, 25 October 2024

Interim Report January – September 2024

SUSTAINED STRONG ORDER INTAKE AND CASH FLOW IMPROVEMENT

Financial development third quarter 2024

- Net sales increased by 10.3% to SEK 250 million (226).
- The gross margin was 50.0% (50.0).
- Adjusted EBITA amounted to SEK 31.1 million (18.9), equivalent to an adjusted operating margin of 12.5% (8.4).
- Operating profit (EBIT) amounted to SEK 21.8 million (11.4), corresponding to an operating margin of 8.7% (5.0).
- Order intake increased by 134% to SEK 415 million (177).
- Free cash flow amounted to SEK 42.6 million (-42.0).

Financial development January – September 2024

- Net sales decreased by 1.9% to SEK 783 million (798).
- The gross margin was 49.9% (48.4).
- Adjusted EBITA amounted to SEK 78.7 million (88.2), equivalent to an adjusted operating margin of 10.0% (11.0).
- Operating profit (EBIT) amounted to SEK 49.1 million (66.7), equivalent to an operating margin of 6.3% (8.4).
- Order intake increased by 29% to SEK 1,037 million (806).
- Order backlog as of September 30, 2024 increased by 28% to SEK 1,627 million compared with the same date in 2023 (1,272).
- Free cash flow amounted to SEK 83.7 million (-17.5).
- Earnings per share after dilution amounted to SEK 0.72 (1.07).

Summary of significant events in the third quarter, July – September 2024

- Supported by the acquisition of the assets of Advanced Vision Technology Ltd (AVT), MilDef has 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.
- 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.
- MilDef has decided to employ Magnus Hagman to be 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. Magnus will join the Company's Management Team.
- The Norwegian Defence Materiel Agency (NDMA) has ordered computers from MilDef to modernize the CV90 combat vehicle. The value of the order is SEK 72 million. Deliveries will take place in 2025.
- As a result of MilDef's financial development, market conditions and prospects, the company has amended its profitability target. The previous EBITDA target of at least 10% over time has been replaced by an EBITA target of at least 15% over time.

MilDef - WE ARMOR IT.

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



Statement by Daniel Ljunggren, President and CEO MilDef Group

INCREASED DEMAND FUELS RECORD ORDER INTAKE

After establishing on a historically high sales level in the first half of 2024, MilDef's sales grew in the third quarter by a further 10% to reach SEK 250 million (226). Order intake rose at the same time by 134% to reach SEK 415 million (177). This rise is evidence of an increasingly growing demand in combination with a well-positioned MilDef. MilDef's free cash flow continued to show strong development, amounting to SEK 42.6 million (-42.0) for the quarter, proving that our investments in operational efficiency are yielding results.

An eventful quarter

The third quarter was an eventful one. A string of orders were received, including MilDef's single largest order this year of SEK 135 million for delivery of displays to a European defense group. We were also entrusted by the Norwegian Defence Materiel Agency to deliver rugged computers for the modernization of the Norwegian army's existing fleet of CV90 combat vehicles, for a value of SEK 72 million. In addition, we secured important system orders from both the Danish Ministry of Defence Acquisition and Logistics Organization (DALO) and our industry partner BAE Systems. Combined, these orders underscore MilDef's position as a relevant actor in the military capacity development that is ongoing in Europe.

During the quarter MilDef decided to expand its local capacity in the Stockholm region in order to meet the growing demand for integration services. This strategic initiative will include a brand new bespoke rental property of over 6,000 square meters of office and production space. This upgrade 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. The new premises will enable the growth rate to be accelerated and is without doubt a milestone for MilDef.

We also announced our decision to reinforce MilDef's Management Team by recruiting Magnus Hagman to be Vice President Nordics. Magnus will add solid industry experience and valuable skills in international business development and sales.

Raised long-term profitability target

In the third quarter MilDef's Board of Directors decided to raise the Company's long-term profitability target. The previous EBITDA target of at least 10% over time was replaced by an EBITA target of at least 15% over time. The new target reflects ambitious but realistic profitability development. The decision to raise the ambition level was based on MilDef's current financial performance and prevailing market conditions. The raised profitability target is effective immediately. Other financial targets remain the same.

MilDef's first Capital Markets day

MilDef held its first Capital Markets Day in Stockholm at the end of the third quarter. The event was well attended and interest among the audience was great. During the day MilDef's Management Team presented the Company in a broader context while also describing its strategies for future expansion.

Outlook

Increased geopolitical tensions around the world are still having a major impact on the global security situation. The urgent need to provide Ukraine with support while also strengthening Europe's defense capacity will drive growth in our industry for many years to come. The drivers include increased military appropriations and significant modernization needs.

With the heightened instability in the world, MilDef's role in contributing to stronger and more resilient communities is becoming increasingly important. MilDef is continually strengthening its market presence and has a product portfolio that is uniquely positioned. This gives me reason to be optimistic as I look forward to MilDef seizing the opportunities offered by an increasingly active market.

Daniel Ljunggren,
President and CEO of MilDef Group

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MILDEF GROUP'S INTERIM REPORT JANUARY-SEPTEMBER 2024 PRESENTATION

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

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

Connecting to the meeting

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

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

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