

Press Release

Helsingborg, 29 April 2025

Interim report Q1 January – March 2025

ORDER INTAKE REMAINS STRONG

Financial development first quarter 2025

- The order intake in the first quarter amounted to SEK 404 million (215), equivalent to an increase of 88%, of which acquired growth accounted for 32% and organic growth 56%.
- As of March 31, 2025 the order backlog was up 111% to reach SEK 2,766 million compared with the same date in 2024 (1,311). Acquired growth accounted for 52% of this and organic growth for 59%.
- Net sales amounted to SEK 340 million (232), equivalent to an increase of 46%, of which acquired growth accounted for 28% and organic growth 18%.
- The gross margin was 48.1% (48.4). The acquisition of roda negatively impacted the quarter's gross margin. Excluding the acquisition, the gross margin amounted to 50.5% for the quarter.
- Adjusted EBITA amounted to SEK 15.7 million (1.2), equivalent to an adjusted operating margin of 4.6% (0.5). Adjusted EBITA was negatively affected in the amount of SEK 13 million due to unrealized exchange losses during the quarter.
- Adjusted operating profit (EBIT) amounted to SEK 7.1 million (-6.8), corresponding to an operating margin of 2.1% (-2.9).
- Free cash flow amounted to SEK -75.2 million (20.9). The change is mainly due to a high proportion of deliveries late in the quarter, with payments falling due in the second quarter, which negatively impacts the first quarter's cash flow.

Summary of significant events in the first quarter, January - March 2025

- On March 6 MilDef completed the acquisition of roda computer GmbH ("roda"). All regulatory approvals from Germany, France and the UK were received according to plan. The acquisition strengthens MilDef's presence in Europe and gives the company access to important market channels. In the first quarter MilDef's Board of Directors, based on authorization from an extraordinary shareholders' meeting on December 9, 2024, resolved on an issue in kind of 1,374,047 new shares for the sellers of roda as a portion of the purchase consideration. The roda company is consolidated in the MilDef Group as of March 6, 2025.
- On March 11 MilDef won a cybersecurity contract with Clavister worth SEK 40 million. On multiple occasions Clavister has ordered MilDef's hardware for rugged network equipment intended for installation in BAE System Hägglund's CV90 combat vehicles. The first in the series of deliveries will take place at the beginning of 2027.

Summary of significant events after the end of the period

- The MilDef subsidiary Westek signed a contract worth SEK 45 million with a global defense group. This is the single largest order to date for Westek and deliveries will take place in 2026. The order value is SEK 45 million and additional contracts are expected to follow under the program in 2025 and onwards.
- FMV signed a contract with MilDef worth SEK 126 million. As part of the accelerated defense rearmament, the Swedish Defence Materiel Administration (FMV) has decided to replace older IT equipment with new from MilDef. In total, this involves IT equipment for digitization of the Swedish army. Deliveries will take place in 2025.

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MilDef is a global systems integrator and full-spectrum provider specializing in rugged IT for defense and security domains. 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. MilDef was founded in 1997 and is listed on Nasdaq Stockholm since 2021.

Statement by Daniel Ljunggren, President and CEO MilDef Group

POSITIVE MARKET TREND CONTINUES

The positive market trend we saw in the second half of 2024 strengthened further in the first quarter of 2025. Order intake increased by 88% to SEK 404 million (215), of which 56% was organic. This increase was achieved despite the lack of large individual orders during the quarter. Sales also grew, by 46% amounting to SEK 340 million (232). The positive trend confirms MilDef's strong position in the market and that the European rearmament is now entering a new phase – a phase where MilDef's offering and portfolio are increasingly in demand.

An acquisition at the right time

In November 2024 MilDef announced the acquisition of German company roda. The acquisition is part of the Company's strategy to increase the pace of expansion and the market presence in Europe. The roda company is a well-established supplier of military IT solutions with a strong market presence in Central Europe, mainly in the DACH region. The acquisition was completed in March 2025 and it feels increasingly like the timing was right. As recently as March this year Germany announced its extensive rearmament. EUR 500 billion over a period of 12 years will be invested and this will include a massive rearmament. The roda company continued to develop in a positive direction in 2024, with sales growth of 16% and an EBITA margin of 17%. With Germany's clearly expressed rearmament ambition, the prospects are good for continued strong growth for several years to come. Due to the positive development experienced by roda, the acquisition was completed at a multiple of approximately 6x EBITDA on 2024 figures. This is expected to create long-term value for MilDef's shareholders, even before conceivable future synergies.

The integration process is fully under way and the main focus is on commercial synergies. On roda's largest market, Germany, our sales organizations have already had multiple joint customer visits and the reception from the customers has been very positive. Meanwhile a number of other integration initiatives are under way within R&D, supply chain and support functions to promote sales synergies and increase operational efficiency. However, our most important focus here and now is jointly positioning ourselves in preparation for the increasing number of business opportunities in the Central European market.

The pace of European rearmament is accelerating

Since the end of 2024 it has become increasingly clear to European politicians that a massive increase in defense capabilities is needed – and it needs to happen fast. Ambitions regarding the speed of this process are driven in part by the questions around the transatlantic link given the actions of the USA under the leadership of the new president there. The US government has, among other things, made it clear that the USA's military presence in Europe cannot be taken for granted in the long term. Already in February 2022 the message was clear from the politicians in Europe. Significant capacity increases were ordered based on increased defense budgets. The message is the same today, but with increased clarity about the speed at which this needs to happen. Much of the funds now being invested are intended for orders within the 2025–2026 timeframe. The difference I am hearing in the new rhetoric compared to February 2022 is the time factor. At this time there is a desire to see the effects fast, which puts additional pressure on procurement agencies and the defense industry's ability to deliver. The increased demands regarding the speed of rearmament are good for MilDef. We are ready to increase volumes and shorten lead times.

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A differentiated defense industry

People often talk about the defense industry as a homogenous group of companies – a group that is thought to follow the same patterns and trends in the times we find ourselves in. I believe it is important to talk about a defense industry that is more differentiated. The rearmament now under way will undeniably impact companies in the defense sector in a variety of ways, not to mention how the time aspect of this will have different effects on different companies in the sector. Some actors in the sector increased to full capacity just a couple of days after Russia's invasion of Ukraine; some were not affected at all in the initial stages but will be impacted later on. In other words, the various actors in the defense industry have different cycles in the ongoing rearmament. Understanding the dynamics and knowing where in the cycle the various companies in the sector are is not always easy, but it is essential in order to fully comprehend the various challenges, rates of growth and future potential of defense companies. As mentioned in the CEO's comments for previous quarters, MilDef runs a business that is late-cyclical in this process, and demand for our products will continue to increase as rearmament continues.

Positive outlook for 2025

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 continued strong demand in 2025 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 delivering long-term profitable growth.

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

MILDEF GROUP'S INTERIM REPORT JANUARY-MARCH 2025 PRESENTATION

MilDef Group's President and CEO Daniel Ljunggren will present the Interim Report for January - March 2025.

Date: Tuesday April 29 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 state questions over the conference call and the web.

Connecting to the meeting

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

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

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This information is the information that MilDef Group AB (publ) is required to publish in accordance with the EU market abuse regulation and the Swedish Securities Market Act. The information is disclosed through the contact person above for publication on April 29, 2025 at 08:00 CEST.

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