Interim report for January – September 2021

Strong increase in revenue driven by organic growth and acquisitions

Financial development Q3 2021 (July-September)

- Net sales increased by 139% to SEK 136.6 million (57.1).
- Adjusted EBITDA amounted to SEK 14.9 million (4.8), equivalent to an adjusted operating margin of 10.9% (8.4).
- Gross margin amounted to 45% (48).
- Order intake decreased by 34% to SEK 119.2 million (181.4).
- Operating cash flow amounted to SEK -40.4 million (-0.2). The cash flow was negatively affected by a strategic inventory build-up in order to support future growth.

Financial development January-September

- Net sales increased by 78% to SEK 268.9 million (151.2).
- Adjusted EBITDA amounted to SEK -2.3 million (-14.8), equivalent to an adjusted operating margin of -0.9% (-9.8).
- Gross margin amounted to 44% (45).
- Order intake increased by 2% to SEK 380.4 million (372.3).
- Order backlog increased by 101% to SEK 712.2 million (354.3).
- Operating cash flow amounted to SEK -58.2 million (-9.9).

Statement by Björn Karlsson, CEO MilDef Group:

Strong growth and improved profitability, challenging component market

"Sales growth for the third quarter was 139% higher than the same period the previous year. The adjusted operating profit (EBITDA) improved to SEK 14.9 million compared with SEK 4.8 million. A strategic acquisition was implemented in Sweden in the integration services segment. Order intake decreased by 34% to SEK 119.2 million. This is considered to be due to normal variations in purchasing patterns as well as strong comparative figures.

On July 20 Defcon Solutions AB was acquired. The company offers integration services in the Swedish market and complements MilDef's offering in this prioritized service segment. The growing Swedish defense market offers good future potential and, in particular, the combination of MilDef's current portfolio and Defcon's service offering is expected to create new business op-portunities.

The acquisition in the first quarter of Sysint AS continued to contribute positively, and cooperation between MilDef's Norwegian companies has generated success in the Norwegian market. During the period a cooperation agreement was signed with Kongsberg, Thales and Teleplan regarding digitalization of an upcoming new vehicle platform in Norway.

Continued limitations relating to Covid-19 restrictions have had an impact on the ability to meet customers, although trade fairs were held in both London and Oslo in the third quarter. An increasing number of visits took place observing safety protocols at the offices of customers and partners, and in MilDef's own offices. This is expected to have a positive impact on future business opportunities in both sales and acquisitions.

Like other manufacturing companies, MilDef has been affected of the component shortage in the semiconductor market. In the third quarter the risks described in the previous quarterly report began to materialize. The consequences are difficult to quantify due to unreliable information in the supply chain, but delivery delays from the first quarter to the first half of 2022 are a reality.

During the first nine months of the year MilDef achieved a sales growth of 78% with a gross margin in line with the same period the previous year. This was made possible by a combination of our organic business development and the two important acquisitions carried out in Sweden and Norway. Strategic acquisitions in 2021 have already contributed with more than SEK 250 million in annual revenue. MilDef has a key role in our customers' digitalization processes and, despite the current challenging component market, we see excellent potential to continue our growth journey. We are entering a very busy fourth quarter with confidence."

MILDEF GROUP'S INTERIM REPORT JANUARY-SEPTEMBER 2021 PRESENTATION

MilDef Group's CEO Björn Karlsson and CFO Daniel Ljunggren will present the interim report for January-September 2021.

Date: Wednesday, October 27 at 11:00 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). Please connect or call in 5 minutes before the start time of the meeting.

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

For more information, please contact:

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This is information that MilDef Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CEST on October 27, 2021.

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, 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