

MilDef Group

YEAR-END REPORT JANUARY - DECEMBER 2021

Q4

This is a translation of the Swedish original of MilDef Group's year-end report for the period 1 January–31 December 2021. In the event of any discrepancies between the two versions, the original Swedish version shall apply.



Year-end report January – December 2021

CHALLENGING FOURTH QUARTER, MARKET OUTLOOK REMAINS POSITIVE

Fourth quarter 2021

- Net sales decreased by 22% to SEK 200.7 million (257.7). Previously communicated delivery delays due to current component shortages have had a negative impact on the company's net sales. The estimation is that net sales of approximately SEK 50 million have been postponed until 2022 due to shifts in planned deliveries.
- Gross margin amounted to 46% (49).
- Adjusted EBITDA amounted to SEK 34.6 million (87.5), equivalent to an adjusted operating margin of 17.2% (34.0).
- Operating profit (EBIT) amounted to SEK 28.2 million (77.1) including non-recurring items of SEK 0.0 million (-4.0).
- Order bookings decreased by 43% to SEK 213.2 million (376.0). During the fourth quarter previous year, MilDef received a very large customer order on the British market. The order value amounted to SEK 275 million. Adjusted for that order, the underlying order bookings increased by 111 percent in the fourth quarter of 2021.
- Operating cash flow amounted to SEK -13.3 million (39.5).

Full year 2021

- Net sales increased by 18% to 469.6 million (398.5).
- Gross margin amounted to 45% (46).
- Adjusted EBITDA amounted to SEK 32.2 million (72.8), equivalent to an adjusted operating margin of 6.9% (18.3).
- Operating profit (EBIT) amounted to SEK -2.9 million (56.9) including non-recurring items of SEK -11.5 million (-4.3).
- Order bookings decreased by 18% to SEK 589.4 million (718.0).
- The order backlog as of December 31, 2021 increased by 64% to SEK 731.5 million (446.3).
- Operating cash flow amounted to SEK -71.4 million (53.1).
- The Board of Directors proposes unchanged dividend of SEK 0.75 (0.75 SEK after adjustment of split 2:1).

Summary of significant events in the fourth quarter, October–December 2021

- No events that are to be regarded as significant have occurred during the fourth quarter.

Summary of significant events after the end of the period

- MilDef established presence in the Finnish market at the beginning of 2022. MilDef already has strong positions in Sweden, Norway and Denmark and sees good opportunities to reach a similar position on the Finnish market.

ROLLING 12 MONTHS, JANUARY - DECEMBER 2021

NET SALES	ADJUSTED OPERATING PROFIT (EBITDA)	ADJUSTED OPERATING MARGIN (EBITDA)
SEK 470 m	SEK 32.2 m	6.9 %

FINANCIAL SUMMARY	October 1 - December 31		January 1 - December 31		Rolling 12 months	Full year
	2021	2020	2021	2020		
All figures are in SEK million unless otherwise indicated						
Net sales	200.7	257.7	469.6	398.5	469.6	398.5
Sales growth, %	-22	62	18	20	18	19
Of which organic, %	-42	62	-14	20	-14	19
Of which acquisition-driven, %	20	0	32	0	32	0
Gross margin, %	46	49	45	46	45	46
Adjusted operating profit (EBITDA)	34.6	87.5	32.2	72.8	32.2	72.8
Adjusted operating margin (EBITDA), %	17.2%	34.0%	6.9%	18.3%	6.9%	18.3%
Order bookings	213.2	376.0	589.4	718.0	589.4	718.0
Order backlog	731.5	446.3	731.5	446.3	731.5	446.3
Operating cash flow	-13.3	39.5	-71.4	53.1	-71.4	53.1

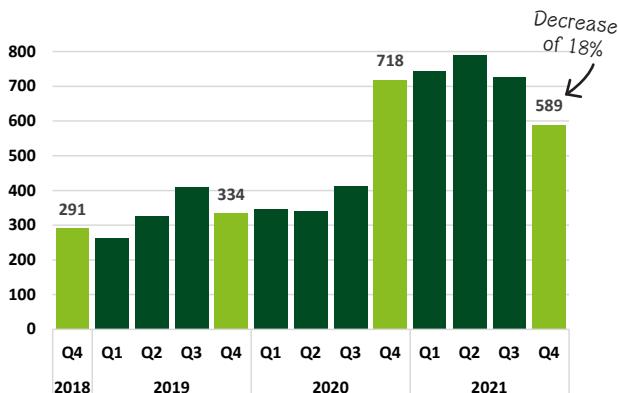
For more information see the section "Financial overview" on page 9 under the heading "Order situation".

All amounts are presented in SEK m unless otherwise indicated. Rounding differences in totals may occur in the amount of +/- SEK 1 million. If, when rounded off, an underlying number becomes SEK 0 m, this is written as 0.

MilDef's financial development

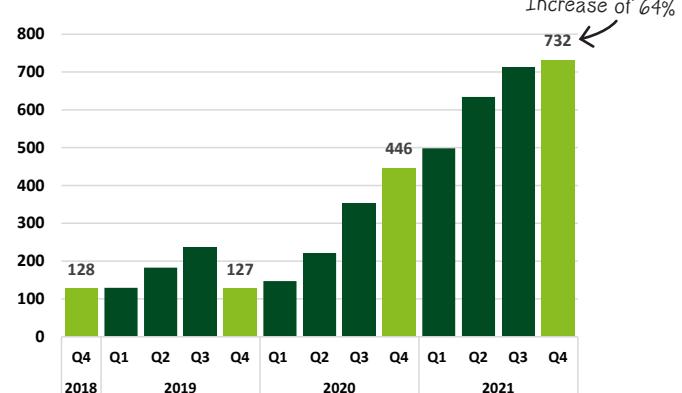
ORDER SITUATION

Order bookings LTM (SEK m)



Each individual column in the diagram above shows MilDef's order bookings over the past 12 months in SEK million. The order bookings are the total orders received during the period in question. Deliveries may take place over a number of years. MilDef monitors order bookings to analyze future revenue streams and to validate forecasts.

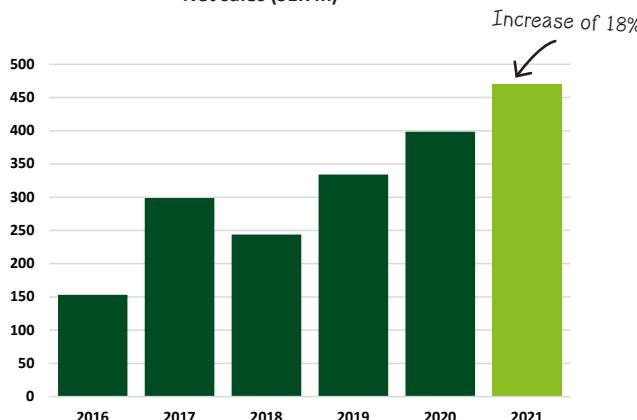
Order backlog (SEK m)



The columns in the diagram above show MilDef's current order backlog at the end of each calendar quarter in SEK million. The order backlog represents the total value of orders received. Deliveries may take place over a number of years. The Group's order backlog is measured to assess and calculate future revenue streams and cash flows.

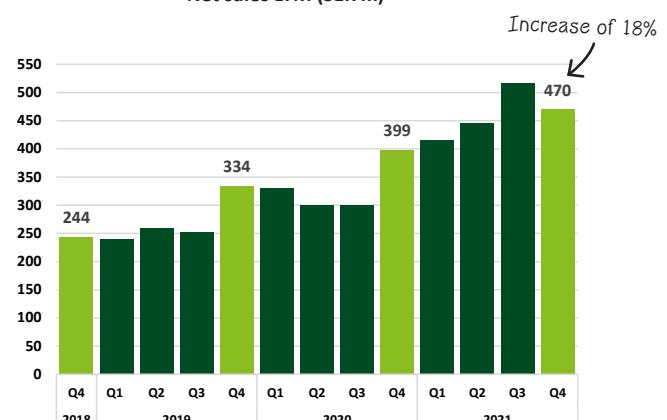
NET SALES

Net sales (SEK m)



The columns above show MilDef's net sales for full years 2016-2021.

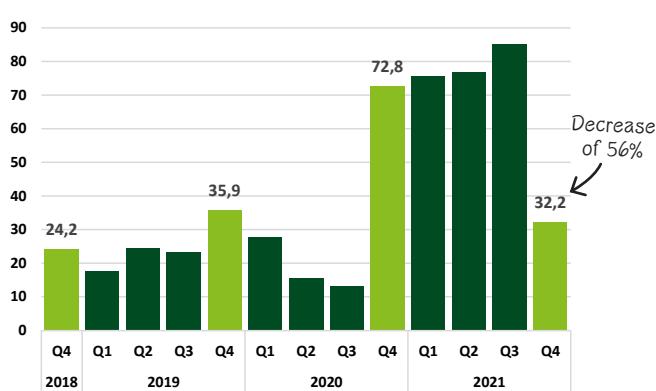
Net sales LTM (SEK m)



The diagram's columns show MilDef's net sales over the past 12 months in SEK million. The columns show the data excluding seasonal variations during the year.

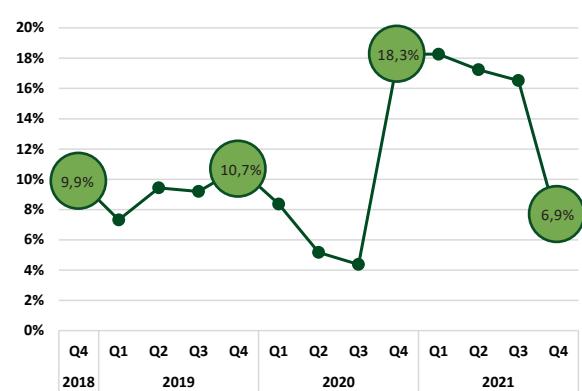
ADJUSTED OPERATING PROFIT (EBITDA) AND ADJUSTED OPERATING MARGIN (EBITDA)

Adjusted operating profit (EBITDA) LTM (SEK m)



Each column in the diagram above shows MilDef's operating profit (EBITDA) over the past 12 months in SEK million, adjusted for non-recurring items. The non-recurring items are specified in detail on page 22 in Note 2. The purpose is to assess the Group's profits that are generated in operating activities.

Adjusted operating margin (EBITDA) LTM (%)



The diagram above shows MilDef's operating margin (EBITDA) over the past 12 months as a percentage, adjusted for non-recurring items. The non-recurring items are specified in detail on page 22 in Note 2. The adjusted EBITDA margin is stated as a percentage of net sales. MilDef considers the adjusted EBITDA margin to be a useful indicator to measure the Group's operational efficiency.

CEO'S COMMENTS

Challenging quarter but a positive outlook

MilDef growth journey continued in 2021 and we can summarize the year with many positive achievements. Two value-creating acquisitions, a strategic diversification of our business offering, geographical expansion, growth-oriented investments in technology and to top it off, the Company's stock exchange listing. During the year MilDef's sales grew by 18%, slightly above our financial growth target. The adjusted operating profit (EBITDA) amounted to SEK 32.2 million (72.8), equivalent to an adjusted operating margin of 6.9% (18.3). The previously communicated delivery challenges due to the global component shortage resulted in a postponement of planned deliveries in the fourth quarter to the first half of 2022, which in turn led to sales growth not corresponding to the increase in costs. The cost increase in 2021 is mainly due to increased staff to enable MilDef's planned growth in the coming years.

Challenging fourth quarter year-on-year comparison

During the comparison quarter, Q4 2020, we experienced exceptionally strong sales growth. Based on this year-on-year comparison, the outcomes of some of key performance measures are weaker. During the fourth quarter of 2021 sales amounted to SEK 200.7 million (257.7), a decrease of 22%. The adjusted operating profit (EBITDA) amounted to SEK 34.6 million (87.5), equivalent to an adjusted operating margin of 17.2% (34.0). Order bookings for the fourth quarter amounted to SEK 213.2 million (376.0). It should be noted,

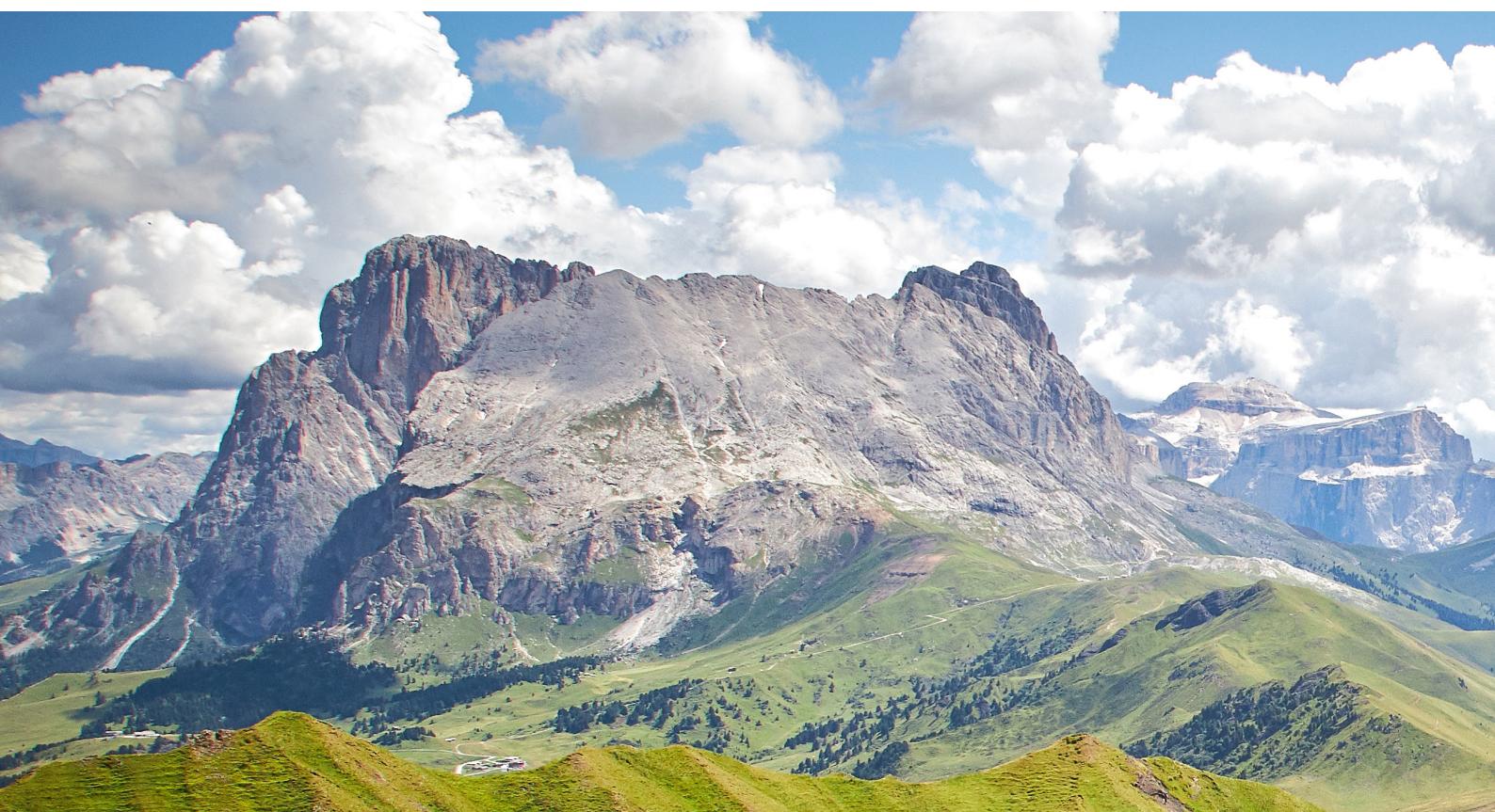
however, that when adjusted for our long-term contracts in the UK market, which were signed at the end of 2020 for delivery in 2022, the underlying order bookings increase by 111% for the fourth quarter.

Acquisition-driven growth a foundation for acceleration

The two acquisitions implemented in 2021, Defcon and Synt, both contributed good growth, solid operating margins and a strategic product diversification in software and services. The expanded portfolio created new opportunities in our important home markets and this is reflected in future business opportunities. During the year MilDef continued to actively drive its acquisition agenda and awaits the right opportunities for new interesting acquisitions.

Component shortage and its consequences

As reported in both the second and third quarters of 2021, the global component shortage in the semiconductor market is causing two main types of negative consequences for MilDef. The estimation is that net sales of approximately SEK 50 million have been postponed until 2022 due to shifts in planned deliveries, which in turn affected operating profit negatively by approximately SEK 20-25 million. The component shortage is expected to continue to cause uncertainty in delivery precision in 2022. Countermeasures include adjustment of the warehousing strategy for critical components.



Summary of 2021

MilDef exceeded its long-term growth target despite a market characterized by pandemic effects, logistics problems and a semiconductor component shortage. This outcome was achieved with the help of both existing operations and the two new important acquisitions in Norway and Sweden. The operating margin declined, landing below MilDef's long-term target. This is a consequence of the aforementioned challenges in the market. Naturally, we are not satisfied with this outcome, but we believe that the market's challenges are transitional in nature.

"Today we are a stronger company than ever before and firmly optimistic about the outlook for our future."

Outlook

It is 25 years since MilDef began to pave the way for a growth journey that has only just begun. Today we are a stronger company than ever before and firmly optimistic about the outlook for our future. The previously reported, fundamentally good market conditions still exist and have even become stronger, with a swift increase in the focus in the Nordics and

globally on security and defense. In 2021 MilDef strengthened its positions in our Nordic home markets and in early 2022 we established a presence in Finland. To this we are adding strong footprint on our growth markets – the UK and USA.

We are entering 2022 with optimism and a strong order backlog which has increased by 64% to SEK 731.5 million (446.3). MilDef is not adjusting its long-term targets. We are reiterating the positive view we hold of both organic and acquisition-driven growth.

Thank you for coming with us on this journey to an exciting future.



Björn Karlsson,
CEO, MilDef Group



589
MSEK
ORDER BOOKINGS
January–December

-18%
ORDER BOOKINGS
January–December

+18%
NET SALES
January–December

MilDef in brief

Digitalization of operations and functions that are crucial for society is increasing and there is therefore a need for tactical IT in demanding environments. MilDef is taking an active role in this development. The goal is to be the most reliable partner in the industry. MilDef adds value through industry-leading quality and high delivery precision.

Brief facts

MilDef's shares are listed on the Nasdaq Stockholm Small Cap index. Ticker: MILDEF.

- Specialist in the global niche for tactical IT
- Operations in five countries
- Partner network in more than 30 countries
- Founded in 1997
- Around 190 employees on the date of the report



MilDef's head office is in Helsingborg, Sweden.

Vision

Your number one choice for tactical IT.

Mission

In an ever-changing and increasingly digitalized world, there is an urgent need for tactical IT systems for critical processes in society – systems that are robust, fit for purpose and produce the desired effect. MilDef will provide unique solutions to meet those needs with high quality, speed and precision.

Business concept

MilDef's business concept is to develop, deliver and offer tactical IT products and services for operations and functions that are crucial for society. We customize solutions to meet our customers' specific requirements in the demanding environments in which they are used. MilDef's hardware and software products are combined with services to deliver effective digitalization. MilDef Group operates in the global security and defense market and in other areas that are crucial for society.

Growth strategy

MilDef's growth strategy is based on three prioritized areas. The intention is to drive growth organically and through acquisitions, but also by expanding the customer offering. This strategy includes MilDef expanding both geographically and by adding products and services.

Organic growth

In established markets MilDef is aiming to increase the share of long-term contracts and framework agreements. A long-term presence, strong position and proven delivery capability increase the opportunities to win large contracts in markets that are already established.

Acquisitions

MilDef has a structured acquisition strategy to support market entry and add complementary technologies to its portfolio where the Company's strong international distribution channels can be reused. Based on implemented acquisitions, MilDef has created a structured model to identify potential acquisition candidates, address and evaluate these and, once the transaction is complete, integrate them.

Expanded customer offering MilDef also intends to expand its customer offering – which today is mainly focused on hardware – to include services and software. MilDef considers these three areas – hardware, services and software – to have the potential to be equally strong business divisions over time.

Financial targets

Growth

MilDef's target is to grow sales over time by at least 15% per year, including acquisitions.

Profitability

MilDef's target is an operating margin (EBITDA) over time of at least 10%.

Capital structure

MilDef's target is for interest-bearing net debt not to exceed 2.5 times operating profit (EBITDA), other than temporarily.

Dividend policy

MilDef's target is to pay out an annual dividend of 20–40% of profit after tax. However, MilDef's long-term development, capital structure and the prevailing market conditions are to be taken into account.

The MilDef Way

The MilDef Way is the name given to the Company's core values which serve as guidance for the employees. All MilDef employees have agreed to observe these. MilDef's relationships are based on trust and the business is to be operated in an open, honest, respectful and transparent way. Integrity must always be maintained. The core values are as follows:

Priority

Put 80% effort into the 20% that matters most

Proactivity

Plan for the future; act today

Integrity

We say what we do and we do what we say

Unity

Work together as one



Sustainability

MilDef aims to maintain a good balance between business, environmental and social sustainability. This is considered crucial in order to meet current needs without jeopardizing the ability of future generations to meet their needs.

MilDef complies with mandatory requirements, such as those in laws and regulations, applicable organization and industry standards, contractual obligations and codes of conduct. MilDef strives to maintain a sustainable strategy to ensure that investments are made responsibly.

A framework for KYC (know your customer) is used to ensure that the actors MilDef chooses to do business with live up to both regulatory and ethical standards.

Financial overview

Profit/loss items and cash flow are compared with the corresponding period the previous year. The balance sheet items are at the end of the period and compared with the corresponding date the previous year.

Fourth quarter: October – December 2021

Order situation

Order bookings decreased by 43% to SEK 213.2 million (376.0). The acquisition of Defcon Solutions AB contributed SEK 62.4 million to the quarter's order bookings. During the fourth quarter previous year, MilDef received a very large customer order on the British market. The order value amounted to SEK 275 million. Adjusted for that order, the underlying order bookings increased by 111 percent in the fourth quarter of 2021.

Net sales

Net sales in the fourth quarter of 2021 amounted to SEK 200.7 million (257.7), representing a decrease of 22%. Acquisition-driven growth amounted to SEK 52.2 million in the quarter, and is fully attributable to the acquisitions of Sysint AS and Defcon Solutions AB. Organic growth decreased with 42% in the fourth quarter, strongly affected by the global component shortage which in turn led to delays in planned deliveries.

Gross profit

Gross profit amounted to SEK 92.7 million (126.6), equivalent to a gross margin of 46% (49). The Company's gross margin may vary from quarter to quarter depending on sales volumes and the product and customer mix.

Operating expenses

Operating expenses amounted to SEK 64.5 million (49.5), of which SEK 26.8 million relates to acquired operating expenses in 2021. Excluding acquired operating expenses, the operating expenses decreased by 24%, equivalent to SEK 11.8 million. The adjusted operating expenses represented 19% (19) of sales.

Operating profit (EBIT)

Operating profit (EBIT) in the fourth quarter of 2021 amounted to SEK 28.2 million (77.1). Adjusted for non-recurring items, operating profit for the quarter amounted to SEK 28.2 million (81.1), corresponding to an operating margin of 14.1% (31.5). MilDef's sales and profits are affected by seasonal variations. Year-on-year comparisons between quarters can be made. The Group's strongest

quarter in terms of sales and profits is normally the fourth quarter.

Adjusted operating profit (EBITDA)

Adjusted operating profit before depreciation/amortization and impairment amounted to SEK 34.6 million (87.5), equivalent to a margin of 17.2% (34.0). Depreciation/amortization and impairment amounted to SEK 6.4 million (6.4). Acquisitions in 2021 contributed SEK 5.0 million to the quarter's operating profit. The adjusted operating profit does not include non-recurring items of SEK 0.0 million (4.0). These items are specified in Note 2 on page 22.

Financial items

Net financial income/expense for the period amounted to SEK -0.9 million (-0.7).

Tax

The fourth quarter's tax effect contributed negative to net profit in the amount of SEK -6.7 million (-13.6).

Net profit for the quarter

Profit after tax amounted to SEK 20.6 million (62.7). Earnings per share amounted to SEK 0.57 (2.70 after adjustment for split 2:1).

Cash flow

Cash flow reported for the quarter amounted to SEK -15.9 million (30.1). The operating cash flow for the quarter amounted to SEK -13.3 million (39.5), with most of the decrease relating to changes in working capital and lower operating profit.

Cash flow from operating activities amounted to SEK -8.1 million (46.2). Cash flow from changes in working capital amounted to SEK -46.5 million (-29.2). The global component shortage has resulted in a partially altered strategy with respect to the inventory of critical components, which in turn has led to MilDef choosing to increase its stocks to improve lead times for customers.

Cash flow from investing activities amounted to SEK -5.2 million (-6.6).

Cash flow from financing activities amounted to SEK -2.6 million (-9.5). Amortization of leases was charged to financing activities in the amount of SEK -2.6 million (0.0).

Full-year: January–December 2021

Order situation

Order bookings decreased by 18% to SEK 589.4 million (718.0). The order backlog increased by 64% to SEK 731.5 million (446.3). Sysint AS, which was acquired in the first quarter of 2021, has not had any impact on order bookings or order backlog during the period. SEK 62.4 million of the period's order bookings and SEK 88.7 million of the order backlog relate to the acquisition of Defcon Solutions AB. The increase in order intake and the order backlog in the last 12 months depends to some extent that MilDef received a significant customer contract in its fourth quarter 2020 in the UK market. The total value of the contract is around SEK 275 million. The contract spans 10 years and serial delivery is not expected to start until 2023. MilDef is expecting planned deliveries to proceed according to the contract, in terms of both schedule and volume. However, the risk of changes or reduction in scope cannot be excluded.

Net sales

Net sales in 2021 amounted to SEK 469.6 million (398.5), which is equivalent to growth of 18% compared with the same period the previous year. Acquisition-driven growth amounted to SEK 127.1 million for the period, and is attributable entirely to the acquisitions of Sysint AS and Defcon Solutions AB. Organic net sales decreased with 14% for the period, strongly affected by the global component shortage which in turn led to delays in planned deliveries.

Gross profit

Gross profit amounted to SEK 210.1 million (182.1), equivalent to a gross margin of 45% (46). The Company's gross margin may vary slightly over time depending on sales volumes and the product and customer mix.

Operating expenses

Operating expenses amounted to SEK 213.0 million (182.1), of which SEK 57.9 relates to acquired operating expenses and SEK 11.5 million to non-recurring items (see Note 2). Excluding these items, the operating expenses increased by 15%, equivalent to SEK 18.4 million. The adjusted operating expenses represented 43% (31) of sales.

Operating profit (EBIT)

Operating profit (EBIT) in 2021 amounted to SEK -2.9 million (56.9). Adjusted for non-recurring items, the operating

profit for the period amounted to SEK 8.6 million (61.2), which is equivalent to an operating margin of 1.8% (15.4).

Adjusted operating profit (EBITDA)

Adjusted operating profit before depreciation/amortization and impairment amounted to SEK 32.2 million (72.8), equivalent to a margin of 6.9% (18.3). Depreciation/amortization and impairment amounted to SEK 23.6 million (11.6). The companies acquired in 2021 contributed SEK 17.5 million to operating profit for the period. The adjusted operating profit does not include non-recurring items of SEK 11.5 million (4.3). These items are specified in Note 2 on page 22.

Financial items

Net financial income/expense for the period amounted to SEK -2.4 million (-1.5).

Tax

The tax effect for the period had a positive impact on net profit in the amount of SEK 4.6 million (-12.8).

Net profit for the period

Profit after tax amounted to SEK 0.8 million (39.9). Earnings per share amounted to SEK -0.03 (1.83 after adjustment for split 2:1).

Cash flow

Cash flow reported for the period amounted to SEK 120.3 million (38.7). Operating cash flow amounted to SEK -71.4 million (53.1).

Cash flow from operating activities amounted to SEK -55.5 million (61.7). Cash flow from changes in working capital amounted to SEK -65.0 million (9.6). The global component shortage has resulted in a partially altered strategy with respect to the inventory of critical components, which in turn has led to MilDef choosing to increase its stocks to improve lead times for customers.

Cash flow from investment activities amounted to SEK -187.2 million (-8.6), of which SEK -171.2 million related to acquisitions made in the period. Cash flow from investments in property, plant and equipment and intangible assets amounted to SEK -16.4 (-8.9).

Cash flow from financing activities amounted to SEK 362.9 million (-14.4). The change compared to the previous year is mainly explained by the Company issuing new shares

in connection with the listing on Nasdaq Stockholm. The period was impacted by dividends paid to the shareholders amounting to SEK -17.4 million (-8.7). Amortization of leases was charged to financing activities in the amount of SEK -9.0 million (-4.9).

Equity

The Group's equity amounted to SEK 568.2 million (132.6) at the end of the period. The equity-assets ratio as of December 31, 2021 was 70% (36).

Net working capital

Net working capital amounted to SEK 148.0 million (72.7) at the end of the period. Higher inventory volumes have had a negative impact on the working capital. Net working capital in relation to net sales increased by 14 percentage points, from 18% for the same period the previous year to 32% as of December 31, 2021.

SEK m	Dec. 31, 2021	Sept. 30, 2021	Dec. 31, 2020
Inventories	85.8	95.4	57.3
Accounts receivable	136.2	90.2	161.4
Other current receivables	40.5	32.9	13.3
Accounts payable	-39.5	-57.8	-62.8
Other current liabilities	-75.0	-76.0	-96.4
Net working capital	148.0	84.7	72.7
as a percentage of net sales LTM (%)	32%	16%	18%

Net debt and cash and cash equivalents

The net debt including lease liabilities amounted to SEK -67.1 million (19.9) at the end of the period. The change in cash and cash equivalents is mainly the result of the Company issuing new shares in connection with the stock exchange listing. At the end of the period there was also an unutilized revolving overdraft facility of SEK 50.0 million (27.1). Net debt at the end of the period in relation to adjusted operating profit (EBITDA) over the past 12 month-period, excluding the effects of IFRS 16 Leases, amounted to -4.0 (-0.6). When calculated including the effects of IFRS 16 the net indebtedness was -2.1 (0.3)

SEK m	Dec. 31, 2021	Sept. 30, 2021	Dec. 31, 2020
Liabilities to credit institutions	-	-	-
Other interest-bearing liabilities	41.4	55.1	-
Lease liabilities	60.7	65.2	66.7
Cash and cash equivalents	-169.2	-184.9	-46.8
Net debt incl. IFRS 16	-67.1	-64.6	19.9
<i>in relation to adjusted operating profit (EBITDA) LTM, multiple</i>	-2.1	-0.8	0.3



Other information

Parent Company

The operations of MilDef Group AB (corp. reg. no. 556893-5414), registered office in Helsingborg, Sweden, are primarily focused on the Group's strategic development and group-wide functions such as HR, IT, finance, etc. Most of the funds from the Group's external financing are held within the Parent Company. As of the end of the period the Company had 30 employees.

MilDef Group AB's share

MilDef Group AB (publ) is listed on the Nasdaq Stockholm Small Cap index in the Industrial Goods and Services sector.

Share capital and number of shares

The total number of shares as of December 31, 2021 was 36,389,373 (11,618,422) and the share capital was SEK 9,097,343.25 (5,809,211). All of the shares are ordinary shares carrying the same voting rights. The shares have a quota value of SEK 0.25. At the end of the period the closing price was SEK 52.40 and the market value was SEK 1,907 million.

Nomination Committee

Based on guidelines decided on at a previous Annual General Meeting, the following individuals have been appointed to MilDef's Nomination Committee: Ulf Hedlundh, Svolder AB representing 7.7% of the shares, Marianne Trolle representing 11.0% of the shares, Peter Lundkvist, appointed by Tredje AP-fonden representing 6.6% of the shares and Jan Andersson, Chair of the Board. The Nomination Committee has appointed Ulf Hedlundh to chair the Committee.

Accounting principles

MilDef prepares its consolidated accounts in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The Parent Company applies the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities and the Annual Accounts Act. The accounting principles applied correspond to the accounting and valuation principles presented in the 2020 Annual Report. The 2020 Annual Report is available at www.mildef.com.

Judgements and estimates in the financial statements

Preparation of the financial statements in accordance with IFRS requires management to make judgements and estimates that affect the application of the accounting principles and the carrying amounts of assets, liabilities, revenue and expenses. Actual outcomes may deviate from these estimates and judgements. Estimates and assumptions are reviewed on a regular basis. Changes in estimates are reported in the period the change is made if the change has only affected that period, or in the period the change is made and in future periods if the change affects both the current period and future periods.

Alternative performance measures

MilDef applies the guidelines for alternative performance measures issued by ESMA, the European Securities and Markets Authority. Alternative performance measures are financial measures that cannot be directly gleaned or deduced from the financial statements. These financial measures are intended to facilitate management's and investors' analysis of the Group's development. Investors should not regard these alternative performance measures as substitutes for, but rather as complements to, the financial statements prepared in accordance with IFRS. Definitions of the alternative performance measures are presented on page 25.

Segments

MilDef's operations are treated as one segment as this reflects the Group's business, financial monitoring and management structure.

Seasonal variations

MilDef's sales and profits are affected by seasonal variations. Year-on-year comparisons between quarters can be made. The Group's strongest quarter in terms of sales and profits is normally the fourth quarter. Most of the seasonal variations are in the Nordic market.

Fluctuation in order inflow and sales

MilDef's markets are characterized by large procurements with irregular frequency. The lead times are often long due to extensive administrative processes and long sales cycles. Both order bookings and sales may fluctuate significantly between the quarters. The Company's development should therefore be evaluated in a longer

perspective and not based on an individual quarter or year.

Significant events during the period

On March 11, 2021 MilDef acquired 100% of the shares in the Norwegian service and software provider Sysint AS (Sysint). The acquisition was financed by an acquisition loan of SEK 30 million, the transfer of 711,087 treasury shares and the Company's own cash and cash equivalents. Sysint is an IT company with a service offering aimed at Norwegian public sector and industrial customers. For two decades Sysint has delivered IT services to defense actors, government agencies and sectors critical for society, such as health and energy. Software product development includes the NATO-compliant system OneCIS for fast and secure rollout of IT systems. This complements MilDef's hardware offering and creates a strong, comprehensive offering for MilDef's customers, and good potential for both further development locally and exports to other markets.

MilDef was listed on Nasdaq Stockholm's main index on June 4, 2021. In connection with admission to trading of the Company's shares, 10,958,904 new shares were issued.

On July 20 MilDef acquired all of the shares in Defcon Solutions AB (Defcon). In December 2021, Defcon was renamed MilDef Integration Sweden AB, however, the company is still referred to as Defcon in this report. Defcon supplies integration services to the defense market in Sweden and is considered to have good potential to continue to grow its business in the years ahead. This, combined with MilDef's product portfolio of tactical IT in hardware and software, means there are considerable opportunities for synergies between the companies – both in the Swedish market and internationally. Defcon was founded in 2014 and is based in Stockholm. The company has around 40 employees. Sales for the most recent financial year amounted to around SEK 92 million.

Significant events after the end of the period

To further reinforce MilDef's position in the Nordic market, MilDef Oy, MilDef's first subsidiary in Finland, was established. At the helm of MilDef Oy will be Eero Valkola, a decorated colonel and former Inspector of Signals in the Army Command of the Finnish Defence Forces, where he was responsible for developing, training and preparedness for the army's C4 system and for cyber defense. The Nordic region is extremely important to MilDef and we hold strong positions in Sweden, Norway

and Denmark. Finland is prioritized in our expansion plan and establishing MilDef Oy signals that the close cooperation among the Nordic countries is a strong industrial foundation for us – both within the Group's businesses and with our partners.

No other events that can be considered significant have taken place after the end of the period up to the date this interim report was signed.

Acquisition and acquisition analysis

At the time of acquisition preliminary acquisition analyses are performed based on estimates and judgements that are as accurate as possible. These analyses may however need to be adjusted at some point in the future. All acquisition analyses are subject to final adjustments no later than twelve months after the acquisition date.

Acquisition of Defcon Solutions AB

On July 20, 2021 MilDef acquired all of the shares in Defcon Solutions AB (Defcon). The first preliminary acquisition analysis showed that the acquisition generated a consolidation surplus of SEK 190.0 million including an estimated contingent consideration of SEK 35.6 million. The surplus has been allocated partly to goodwill (SEK 145.0 million) and partly to customer relationships (SEK 45.0 million). The identifiable intangible assets in the form of customer relationships are amortized on a straight-line basis over a 10-year period.

The consolidation surplus in the preliminary acquisition analysis was corrected in the fourth quarter. The consolidation surplus has been adjusted downwards in the amount of SEK 14.3 million to a total of SEK 175.7 million. The adjustment has been allocated in its entirety to goodwill. Accordingly, the goodwill relating to the Defcon acquisition amounted to SEK 130.7 million as of December 31, 2021.

Acquisition of Sysint AS

The first preliminary acquisition analysis showed that the acquisition of Sysint AS in the first quarter of 2021 generated a consolidation surplus of SEK 122.3 million including an estimated contingent consideration of SEK 18.2 million. The surplus has been allocated partly to goodwill (SEK 77.3 million), partly to customer relationships (SEK 22.5 million) and partly to software (SEK 22.5 million). The identifiable intangible assets in the form of customer relationships and software are amortized on a straight-line basis over a 10-year period.

The consolidation surplus in the preliminary acquisition analysis was corrected in the fourth quarter. The consolidation surplus has been adjusted downwards in the amount of SEK 6.8 million to a total of SEK 115.5 million. The adjustment has been allocated in its entirety to goodwill. Accordingly, the goodwill relating to the Sysint AS acquisition amounted to SEK 70.5 million as of December 31, 2021.

Employees

The number of employees in the Group, recalculated to full-time equivalents (FTEs), was 188 (119) at the end of the period. 147 (89) of the employees were men and 41 (30) were women. The average number of FTEs amounted to 190 during the period compared with 117 in the corresponding period the previous year.

Research and development

MilDef conducts extensive research and development. This is considered a critical factor for continued organic growth and for penetrating new markets. It is important to identify the customers' changing requirements and transform them into the best solutions for every given market situation. In 2021 resources were added to the R&D department to handle an increasing number of projects, many of which are highly complex. Around 15% of MilDef's employees work in R&D-related positions.

Significant risks and factors of uncertainty

MilDef's operations and results are affected by a number of external and internal factors. A constant process is under way to identify all of the risks that occur and to assess how to manage each risk. MilDef's risks can be divided into market-related, operational and financial risk. For a more detailed description of financial risk, see pages 32–33 in the Company's 2020 Annual Report. No other material financial risks, other than those described there, have been identified.

Transactions with related parties

No board member or senior executive has or has had any direct or indirect participation in any business transactions with Group companies during the current or previous financial years on terms that are or were unusual in nature. Nor has any Group company provided loans or guarantees, or entered into any surety agreement for any of the members of the Board or senior executives.

Long-term share-based incentive program

At an extraordinary meeting of shareholders on April 29, 2021 a decision was made to implement a long-term share-based incentive program based on call options for the Group's employees by issuing warrants with the subsequent right to subscribe for new shares in MilDef. For tax reasons the incentive program is only for employees who are required to pay taxes in Sweden. The program is for a maximum of 578,000 call options, equivalent to around 1.6% of the total number of shares in the Company. The right to acquire warrants is based on the following principles with respect to allocation categories: (i) CEO and members of the Management Team: maximum 30,000 warrants per participant; (ii) other senior executives and key individuals: maximum 15,000 warrants per participant and (iii) other employees: maximum 3,000 warrants per participant. The warrants have been transferred on market terms at a price (premium) that was established based on an estimated market value using the recognized Black & Scholes model. The calculation was carried out by an independent appraisal institution. Each warrant entitles the holder to subscribe for one new share in MilDef at a subscription price of SEK 48.55, which is equivalent to 133% of the price per share in the new share issue implemented in connection with admission to trading of the Company's shares on Nasdaq Stockholm on June 4, 2021. Registration to subscribe for shares can take place from September 1, 2024 until August 31, 2025. The Company reserves the right to buy back warrants if the participant's employment is terminated or if the



participant wishes to transfer the warrants. Buy-back may take place at the market price of the warrants at the time the preferential right is exercised. The Company has no outstanding share-based incentive programs other than the warrants described above.

Contingent liabilities

There have been no changes in the Group's contingent liabilities as described in more detail on page 55 in Note 20 of the 2020 Annual Report.

Disputes

The Company is not a party in any material dispute.

Forward-looking statements

This report may contain forward-looking statements based on the Management Team's current expectations. Even though management determines that the expectations expressed in such forward-looking statements are reasonable, there can be no guarantee that these expectations will prove to be correct. Consequently, future outcomes may vary significantly compared with those expressed in forward-looking statements, depending on factors such as changed conditions in the market for MilDef's products and more general changes in, for example, the economy, markets and competition, legal requirements and other political measures, and fluctuations in exchange rates.

Annual General Meeting

The Board has decided to hold the 2022 Annual General Meeting in Helsingborg on May 12, 2022. Notice will be given in due order.

Dividend proposal

The Board of Directors proposes that the dividend for the 2021 financial year shall be set at SEK 0.75 per share (0.75 SEK after adjustment of split 2:1). The proposed record date for entitlement to dividends is May 16, 2022. If the Annual General Meeting approves the proposal, it is anticipated that the dividend will be paid on May 19, 2022.

Audit review

This year-end report has not been reviewed by the Company's auditors.



Condensed consolidated income statement

MSEK	Not	October 1 - December 31		January 1 - December 31		Rolling 12 months	Full year
		2021	2020	2021	2020		
Net sales	1	200.7	257.7	469.6	398.5	469.6	398.5
Cost of goods sold		-108.0	-131.1	-259.5	-216.4	-259.5	-216.4
Gross profit		92.7	126.6	210.1	182.1	210.1	182.1
Selling expenses		-41.9	-23.4	-114.4	-56.4	-114.4	-56.4
Administrative expenses		-13.4	-16.9	-59.0	-36.0	-59.0	-36.0
Research and development expenses		-9.2	-9.3	-40.4	-33.1	-40.4	-33.1
Other operating income/expenses		-	0.1	0.8	0.3	0.8	0.3
Operating profit		28.2	77.1	-2.9	56.9	-2.9	56.9
Net financial items		-0.9	-0.7	-2.4	-1.5	-2.4	-1.5
Profit after financial items		27.3	76.4	-5.3	55.4	-5.3	55.4
Income tax		-6.7	-13.6	4.6	-12.8	4.6	-12.8
Net profit for the period		20.6	62.7	-0.7	42.5	-0.7	42.5
Other comprehensive income for the Group							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Translation differences		0.4	-1.5	1.5	-2.6	1.5	-2.6
Other comprehensive income for the period		0.4	-1.5	1.5	-2.6	1.5	-2.6
Comprehensive income for the period		21.0	61.2	0.8	39.9	0.8	39.9
Earnings per share							
		October 1 - December 31		January 1 - December 31		Rolling 12 months	
		2021	2020	2021	2020	Jan - Dec 2021	2020
Number of shares at end of period		36,389,373	11,618,422	36,389,373	11,618,422	36,389,373	11,618,422
Weighted average number of shares in the period before dilution		36,389,373	11,618,422	26,243,169	11,618,422	26,243,169	11,618,422
Weighted average number of shares in the period after dilution		36,389,373	11,618,422	26,243,169	11,618,422	26,243,169	11,618,422
Earnings per share before dilution (SEK)		0.57	5.40	-0.03	3.66	-0.03	3.66
Earnings per share after dilution (SEK)		0.57	5.40	-0.03	3.66	-0.03	3.66

Condensed consolidated balance sheet

SEK m	Dec. 31, 2021	Dec. 31, 2020
ASSETS		
Non-current assets		
Capitalized product development expenses	10.7	8.0
Acquisition-related intangible assets	285.2	2.7
Other intangible assets	0.5	-
Right-of-use assets	59.8	66.5
Other property, plant and equipment	14.5	6.6
Deferred tax assets	5.6	5.0
Other financial non-current assets	0.3	0.4
Total non-current assets	376.6	89.1
Inventories	85.8	57.3
Accounts receivable	136.2	161.4
Other current receivables	40.5	13.3
Cash and cash equivalents	169.2	46.8
Total current assets	431.7	278.8
TOTAL ASSETS	808.2	367.9
EQUITY AND LIABILITIES		
Equity	568.2	132.6
Non-current liabilities		
Lease liabilities	52.1	58.8
Non-current interest-bearing liabilities	31.7	-
Provisions for taxes	23.5	9.4
Total non-current liabilities	107.3	68.2
Current liabilities		
Current interest-bearing liabilities	9.7	-
Lease liabilities	8.6	7.9
Accounts payable	39.5	62.8
Other current liabilities	75.0	96.4
Total current liabilities	132.8	167.1
TOTAL EQUITY AND LIABILITIES	808.2	367.9

Condensed consolidated statement of changes in equity

SEK m	Dec. 31, 2021	Dec. 31, 2020
Equity, opening balance	132.6	101.3
Comprehensive income for the period after tax	0.8	39.9
New share issue	452.2	-
Dividend	-17.4	-8.7
Equity, closing balance	568.2	132.6

Condensed consolidated cash flow statement

SEK m	October 1 - December 31	January 1 - December 31	Rolling 12 months		Full year	
	2021	2020	2021	2020	Jan - Dec 2021	2020
Cash flow from operating activities						
Operating profit	28.2	77.1	-2.9	56.9	-2.9	56.9
Reversal of depreciation, amortization and impairment	6.4	6.4	23.6	11.6	23.6	11.6
Other non-cash items	-0.4	1.1	-0.5	4.0	-0.5	4.0
Net interest income/expense	-0.9	-0.8	-2.4	-1.5	-2.4	-1.5
Income taxes paid	5.1	-8.3	-8.2	-18.9	-8.2	-18.9
Change in working capital	-46.5	-29.2	-65.0	9.6	-65.0	9.6
Cash flow from operating activities	-8.1	46.2	-55.5	61.7	-55.5	61.7
Cash flow from investing activities						
Investments in intangible assets	-5.0	-3.5	-5.6	-3.5	-5.6	-3.5
Investments in property, plant and equipment	-0.3	-3.3	-10.8	-5.4	-10.8	-5.4
Acquisition of subsidiaries, net of acquired cash and cash equivalents	-	-	-171.2	-	-171.2	-
Change in other non-current receivables	0.1	0.2	0.5	0.3	0.5	0.3
Cash flow from investing activities	-5.2	-6.6	-187.2	-8.6	-187.2	-8.6
Cash flow from financing activities						
Dividend	-	-8.7	-17.4	-8.7	-17.4	-8.7
New share issue	-	-	389.3	-	389.3	-
Change in overdraft facilities	-	-0.8	-	-0.7	-	-0.7
Increase in liabilities to credit institutions	-	-	30.0	-	30.0	-
Repayment of loans issued by credit institutions	-	-	-30.0	-	-30.0	-
Repayment of lease liabilities	-2.6	-	-9.0	-4.9	-9.0	-4.9
Cash flow from financing activities	-2.6	-9.5	362.9	-14.4	362.9	-14.4
Total cash flow for the period	-15.9	30.1	120.3	38.7	120.3	38.7
Change in cash and cash equivalents						
Cash and cash equivalents at beginning of period	184.9	17.3	46.8	9.1	46.8	9.1
Translation differences	0.2	-0.6	2.1	-1.0	2.1	-1.0
Cash and cash equivalents at end of period	169,2	46,8	169,2	46,8	169,2	46,8

Quarterly overview for the Group

SEK m	2021				2020				2019
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales	200.7	136.6	81.3	51.0	257.7	57.1	51.0	34.5	158.9
Cost of goods sold	-108.0	-75.6	-42.5	-33.5	-131.1	-29.7	-34.6	-19.9	-98.7
Gross profit	92.7	61.0	38.9	17.5	126.6	27.4	16.4	14.6	60.2
Operating expenses	-64.5	-58.7	-49.4	-40.4	-49.5	-26.7	-21.4	-34.2	-38.8
Operating profit	28.2	2.3	-10.5	-22.9	77.1	0.7	-5.0	-19.6	21.4
Net financial items	-0.9	-1.7	1.6	-1.4	-0.7	-0.3	-0.5	0.2	-1.5
Profit before tax	27.3	0.6	-8.9	-24.3	76.4	0.4	-5.5	-19.4	19.9
Income tax on profit for the period	-6.7	0.9	5.3	5.1	-13.6	-0.1	0.3	3.7	-5.3
Net profit for the period	20.6	1.4	-3.6	-19.2	62.8	0.3	-5.2	-15.7	14.6

Multi-year overview for the Group

	2021	2020	2019	2018	2017	2016	2015	2014
Net sales, SEK m	469.6	398.5	334.0	243.8	298.8	153.1	146.0	135.5
Gross margin	45%	46%	37%	38%	34%	34%	29%	30%
Operating margin (EBITDA)	5%	17%	10.7%	9.9%	15%	7%	7%	12%
Operating margin (EBIT)	0%	14%	7.4%	7.3%	12%	4%	5%	9%
Profit margin	0%	14%	8%	8%	11%	5%	5%	9%
Earnings per share for the period, SEK	0.03	1.72*	1.64	1.04	2.24	0.48	0.55	0.83
Net cash, SEK m	169.2	46.8	9.1	31.5	26.7	-10.1	34.9	38.7
Cash flow from operating activities, SEK m	-55.5	61.7	-7.9	25.8	35.0	-19.0	2.3	-1.9
Total assets, SEK m	808.2	367.9	285.2	178.2	167.6	134.6	89.0	96.9
Equity, SEK m	568.2	132.6	101.3	87.7	85.2	61.9	59.4	61.2
Equity/assets ratio	70%	36%	36%	49%	51%	46%	67%	63%
Return on capital employed	0.2%	36%	20%	25%	36%	10%	12%	19%
Return on equity	0%	36%	20%	14%	34%	9%	10%	14%
Equity per share, SEK	15.61	11.41	8.72	7.55	8.10	5.61	5.41	5.58
Dividend per share, SEK	0.75	0.75*	0.75	0.50	1.22	0.00	0.18	0.44
Average number of employees	154	97	85	81	75	64	54	50
Number of employees at end of period	188	119	93	86	76	69	57	51

*After adjustment for split 2:1

Condensed Parent Company income statement

SEK m	October 1 - December 31		January 1 - December 31		Rolling 12 months	Full year
	2021	2020	2021	2020		
Net sales	17.3	16.0	64.0	50.1	64.0	50.1
Selling expenses	-6.7	-2.7	-23.1	-16.5	-23.1	-16.5
Administrative expenses	-7.2	-7.3	-37.9	-22.9	-37.9	-22.9
Research and development expenses	-4.6	-13.0	-17.0	-12.8	-17.0	-12.8
Other operating income/expenses	0.5	-1.4	2.2	-3.2	2.2	-3.2
Operating profit	-0.7	-8.3	-11.7	-5.3	-11.7	-5.3
Net financial items	0.2	-6.2	-1.0	-5.3	-1.0	-5.3
Profit after financial items	-0.5	-14.5	-12.7	-10.6	-12.7	-10.6
Year-end appropriations	33.3	37.2	33.3	37.2	33.3	37.2
Profit before tax	32.8	22.7	20.6	26.6	20.6	26.6
Income tax	-7.5	-7.3	-	-7.3	-	-7.3
Net profit for the period	25.3	15.4	20.6	19.3	20.6	19.3
Other comprehensive income						
Net profit for the period	25.3	15.4	20.6	19.3	20.6	19.3
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-
Comprehensive income for the period	25.3	15.4	20.6	19.3	20.6	19.3

Condensed Parent Company balance sheet

SEK m	Dec. 31, 2021	Dec. 31, 2020
ASSETS		
Non-current assets		
Property, plant and equipment	9.9	4.6
Financial non-current assets	360.6	65.2
Total non-current assets	370.5	69.8
Current receivables from Group companies	41.6	94.8
Other current receivables	5.4	5.2
Cash and cash equivalents	202.2	7.0
Total current assets	249.2	107.0
TOTAL ASSETS	619.7	176.8
EQUITY AND LIABILITIES		
Equity	555.2	99.9
Untaxed reserves	5.5	23.8
Non-current liabilities		
Non-current interest-bearing liabilities	31.7	-
Total non-current liabilities	31.7	-
Current liabilities		
Current interest-bearing liabilities	9.7	-
Current liabilities to Group companies	3.7	25.6
Accounts payable	1.8	3.8
Other current liabilities	12.1	23.8
Total current liabilities	27.3	53.1
TOTAL EQUITY AND LIABILITIES	619.7	176.8

Condensed Parent Company statement of changes in equity

SEK m	Dec. 31, 2020	Dec. 31, 2020
Equity, opening balance	99.9	89.3
Comprehensive income for the period after tax	20.6	19.3
New share issue	452.2	-
Dividend	-17.4	-8.7
Equity, closing balance	555.2	99.9

Notes

Note 1. Net sales by geographic area

SEK m	Q4 2021	Q4 2020	Jan - Dec 2021	Jan - Dec 2020	Rolling 12 months	Full year 2020
Nordics	164.7	211.4	335.4	271.1	335.4	271.1
Europe (excl. Nordics)	28.7	20.0	80.2	49.6	80.2	49.6
North America	7.0	24.1	51.0	67.5	51.0	67.5
Other countries	0.3	2.2	3.0	10.3	3.0	10.3
Total revenue	200.7	257.7	469.6	398.5	469.6	398.5

Note 2. Non-recurring items

Refers to items reported separately to aid comparability, since these items are material in nature and are not deemed to form part of the ordinary core business. Examples include acquisition-related items, expenses for listing on a stock exchange, and restructuring costs.

SEK m	Q4 2021	Q4 2020	Jan - Dec 2021	Jan - Dec 2020	Rolling 12 months	Full year 2020
Listing expenses	-	-4.0	-11.1	-4.3	-11.1	-4.3
Acquisition-related expenses	-	-	-0.4	-	-0.4	-
Total non-recurring items	-	-4.0	-11.5	-4.3	-11.5	-4.3

Additional performance measures

The Group's performance measures are detailed below. Some of these are defined in accordance with IFRS. Other than these the Group has identified certain additional performance measures that provide the Company's investors and management with supplementary information to facilitate the assessment of relevant trends as well as the Company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable with measures used by other companies. These financial measures are therefore to be seen as supplementing the performance measures defined according to IFRS.

Operating profit (EBIT), SEK m	Q4 2021	Q4 2020	Jan - Dec 2021	Jan - Dec 2020	Rolling 12 months	Full year 2020
Operating profit (EBIT)	28.2	77.1	-2.9	56.9	-2.9	56.9
Listing expenses	-	4.0	11.1	4.3	11.1	4.3
Acquisition-related expenses	-	-	0.4	-	0.4	-
Adjusted operating profit (EBIT)	28.2	81.1	8.6	61.2	8.6	61.2

Adjusted operating profit (EBIT)	28.2	81.1	8.6	61.2	8.6	61.2
Net sales	200.7	257.7	469.6	398.5	469.6	398.5
Adjusted operating margin (EBIT), %	14.1%	31.5%	1.8%	15.4%	1.8%	15.4%

Operating profit (EBITA), SEK m						
Operating profit (EBIT)	28.2	77.1	-2.9	56.9	-2.9	56.9
Amortization of intangible assets	2.8	1.3	11.1	5.9	11.1	5.9
Operating profit (EBITA)	31.0	78.4	8.2	62.8	8.2	62.8

Adjusted operating profit (EBITA), SEK m						
Operating profit (EBITA)	31.0	78.4	8.2	62.8	8.2	62.8
Listing expenses	-	4.0	11.1	4.3	11.1	4.3
Acquisition-related expenses	-	-	0.4	-	0.4	-
Adjusted operating profit (EBITA)	31.0	82.4	19.7	67.1	19.7	67.1
Adjusted operating profit (EBITA)	31.0	82.4	19.7	67.1	19.7	67.1
Net sales	200.7	257.7	469.6	398.5	469.6	398.5
Adjusted operating margin (EBITA), %	15.5%	32.0%	4.2%	16.8%	4.2%	16.8%

Operating profit (EBITDA), SEK m						
Operating profit (EBIT)	28.2	77.1	-2.9	56.9	-2.9	56.9
Depreciation/amortization	6.4	6.4	23.6	11.6	23.6	11.6
Operating profit (EBITDA)	34.6	83.5	20.7	68.5	20.7	68.5

Adjusted operating profit (EBITDA), SEK m						
Operating profit (EBITDA)	34.6	83.5	20.7	68.5	20.7	68.5
Listing expenses	-	4.0	11.1	4.3	11.1	4.3
Acquisition-related expenses	-	-	0.4	-	0.4	-
Adjusted operating profit (EBITDA)	34.6	87.5	32.2	72.8	32.2	72.8
Adjusted operating profit (EBITDA)	34.6	87.5	32.2	72.8	32.2	72.8
Net sales	200.7	257.7	469.6	398.5	469.6	398.5
Adjusted operating margin (EBITDA), %	17.2%	34.0%	6.9%	18.3%	6.9%	18.3%

Available cash and cash equivalents

SEK m	Dec. 31, 2021	Sept 30, 2021	June. 30, 2020	Dec. 31, 2020
Cash and bank balances	169.2	184.9	353.9	46.8
Unutilized overdraft facilities	50.0	50.0	51.1	27.1
Available cash and cash equivalents	219.2	234.9	405.0	73.9

Working capital including cash and bank balances

SEK m	Dec. 31, 2021	Sept 30, 2021	June. 30, 2020	Dec. 31, 2020
Total current assets	262.5	218.5	142.8	232.0
Cash and bank balances	169.2	184.9	353.9	46.8
Current liabilities, non-interest-bearing	-114.2	-133.9	-96.9	-159.2
Working capital including cash and bank balances	317.5	269.5	399.8	119.6
Net sales last 12 months	469.6	516.1	445.3	398.5
Working capital including cash and bank balances in relation to net sales, %	67.6%	52.2%	89.8%	30.0%

Working capital excluding cash and bank balances

SEK m	Dec. 31, 2021	Sept 30, 2021	June. 30, 2020	Dec. 31, 2020
Inventories	85.8	95.4	79.9	57.3
Current receivables	176.7	123.1	62.9	174.7
Current liabilities, non-interest-bearing	-114.2	-133.9	-96.9	-159.2
Working capital excluding cash and bank balances	148.3	84.6	45.9	72.8
Net sales last 12 months	469.6	516.1	445.3	398.5
Working capital excluding cash and bank balances in relation to net sales, %	31.6%	16.4%	10.3%	18.3%

Return on capital employed

SEK m	Dec. 31, 2021	Sept 30, 2021	June. 30, 2020	Dec. 31, 2020
Profit after financial items, last 12 months	-5.3	43.7	47.0	55.4
Financial expense, last 12 months	5.2	5.8	2.6	1.7
Profit before financial expense, last 12 months	-0.1	49.5	49.6	57.1
Capital employed at beginning of period	186.4	156.6	156.8	173.5
Capital employed at end of period	670.3	664.8	595.7	199.3
Average capital employed	428.3	410.7	376.3	186.4
Return on capital employed, %	0.0%	12.1%	13.2%	30.6%

Return on equity

SEK m	Dec. 31, 2021	Sept 30, 2021	June. 30, 2020	Dec. 31, 2020
Profit after tax, last 12 months	-0.7	37.9	40.6	42.5
Equity at beginning of period	132.6	83.2	83.4	101.3
Equity at end of period	568.2	544.5	513.0	132.6
Average equity	350.4	313.9	298.2	117.0
Return on equity, %	-0.2%	12.1%	13.6%	36.3%

Net debt/EBITDA

SEK m	Dec. 31, 2021	Sept 30, 2021	June. 30, 2020	Dec. 31, 2020
Non-current liabilities, interest-bearing	83.8	77.1	64.6	58.8
Current liabilities, interest-bearing	18.3	43.2	18.2	7.9
Cash and bank balances	-169.2	-184.9	-353.9	-46.8
Net debt incl. IFRS 16	-67.1	-64.6	-271.1	19.9
Operating profit, last 12 months	-2.9	46.1	48.0	56.9
Depreciation, amortization and impairment, last 12 months	23.6	23.7	14.9	11.6
Non-recurring items, last 12 months	11.5	15.5	11.4	4.3
Adjusted EBITDA, last 12 months	32.2	85.3	74.3	72.8
Net debt/EBITDA, multiple	-2,1	-0,8	-3,6	0,3

Board of Directors' assurance

The Board of Directors and CEO provide an assurance that this year-end report presents fairly the operations, position and results of the Parent Company and the Group, and describes material risks and uncertainties faced by the Parent Company and the companies included in the Group.

Helsingborg on February 10, 2022

Jan Andersson

Chair

Marianne Trolle

Board member

Lennart Pihl

Board member

Charlotte Darth

Board member

Berndt Grundevik

Board member

Christian Hammenborn

Board member

Björn Karlsson

CEO

Definitions

NUMBER OF OUTSTANDING SHARES

Number of registered shares less repurchased shares, held by the Company.

RETURN ON EQUITY

Profit after tax attributable to owners of the parent as a percentage of average equity.

RETURN ON CAPITAL EMPLOYED

Profit after financial income as a percentage of average capital employed.

EBIT

Earnings before interest and taxes according to the income statement.

EBITDA

Earnings before interest, taxes, depreciation and amortization of property, plant and equipment and intangible asset.

NON-RECURRING ITEMS

Non-recurring items are specific material items that are reported separately because of their size or frequency, e.g. restructuring costs, impairment, divestments and acquisition-related expenses.

NET DEBT

Long-term and short-term interest-bearing liabilities less financial income-bearing assets.

OPERATING CASH FLOW

Cash flow from operating activities and cash flow from investing activities excluding acquisitions and divestments of intangible assets and of property, plant and equipment.

ORGANIC GROWTH

Annual growth in net sales excluding acquisition-related net sales, calculated as an increase in net sales excluding acquisition-related net sales compared with the previous year, expressed as a percentage.

WORKING CAPITAL

Current assets, excluding cash and cash equivalents and current tax assets, less interest-free current liabilities, excluding current tax liabilities.

OPERATING MARGIN

Operating profit as a percentage of net sales.

EQUITY/ASSETS RATIO

Equity as a percentage of total assets.

CAPITAL EMPLOYED

Equity plus interest-bearing net debt.

EARNINGS PER SHARE BEFORE DILUTION

Profit after tax attributable to owners of the parent as a percentage of average number of outstanding shares.

EARNINGS PER SHARE AFTER DILUTION

Profit after tax attributable to owners of the parent as a percentage of average number of outstanding shares plus average number of shares added upon conversion of outstanding convertibles and warrants.

Financial calendar:

Interim report Q1 2022	April 28, 2022
Annual Report 2021	Week 15, 2022
Annual General Meeting	May 12, 2022
Interim report Q2 2022	July 28, 2022
Interim report Q3 2022	October 27, 2022

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Invitation to the presentation of MilDef's fourth quarter interim report

The presentation will be held in English and will conclude with a Q&A. The meeting will start at 11:00 CET on February 10, 2021 and will last for about 45 minutes. The report will be made available at www.mildef.com the same morning.

Connecting to the meeting

Connection to the meeting will be by phone (audio only). Please call in 5 minutes before the set start time.

Telephone numbers:

+46 8 502 413 79 (Sverige)
+47 23 52 52 25 (Norge)
+45 32 73 03 21 (Danmark)
+358 9 23106849 (Finland)
+44 20 3855 6017 (Storbritannien)
+1 323-486-4735 (USA)

Enter conference ID 150 277 085#.

This information is the information that MilDef Group AB (publ) is required to publish in accordance with the EU's market abuse regulation and the Swedish Securities Market Act. The information is disclosed through the above-mentioned contact persons for publication on February 10, 2021 at 08:00 CEST.

MilDef was founded in 1997 in Helsingborg, Sweden, and is a supplier of tactical IT for demanding environments. Tactical IT includes rugged electronics, software and services. MilDef's products are currently sold to more than 160 customers through MilDef's subsidiaries in Sweden, Norway, Finland, the UK and the USA, and through a network of partners in more than 30 countries, mainly within the EU. The product portfolio encompasses all of the components in an IT system – from servers and client computers to network equipment and intelligent displays. The products have been developed to withstand extreme heat, cold, moisture, vibration, shock and other environmental impacts. MilDef is listed on Nasdaq Stockholm.