

MilDef Group

INTERIM REPORT
JANUARY - MARCH 2022

Q1



Your number one choice for tactical IT

Interim Report January - March 2022

STRONG FIRST QUARTER, MAJOR IMPROVEMENT IN MARKET OUTLOOK

First quarter 2022

- Net sales increased by 177% to SEK 141.3 million (51.0).
- Gross margin amounted to 47% (34).
- Adjusted EBITDA amounted to SEK 6.3 million (-14.8), equivalent to an adjusted operating margin of 4.5% (-29.0).
- Operating profit (EBIT) amounted to SEK 0.2 million (-22.9) including non-recurring items of SEK 0.0 million (-3.7).
- Order intake increased by 31% to SEK 103.9 million (79.5).
- The order backlog increased as of March 31, 2022 by 50% to SEK 744.0 million in comparison to the same period in 2021 (497.6).
- Operating cash flow amounted to SEK 43.4 million (-20.0).

Significant events in the first quarter of 2022

- To further reinforce MilDef's position in the Nordic market, the Company established operations in Finland in the first quarter of 2022. The Nordic region is extremely important to MilDef and we hold strong positions in Sweden, Norway and Denmark. Finland is prioritized in MilDef's expansion plan and establishing a presence in Finland is a clear sign that the Nordic countries' deep cooperation is firmly rooted in industry.
- Two new members joined the Management Team in the first quarter of 2022. On January 1 Fredrik Jacobsson took up the post as the Company's Chief Sales Officer (CSO). Fredrik has been employed by MilDef since 2007, serving the Company in various roles. Olof Engvall became the Company's Head of Investor Relations and Communication on February 1. Olof comes most recently from Inwido AB where he served in a similar position to the one he now has at MilDef.

ROLLING 12 MONTHS, APRIL 2021 – MARCH 2022

NET SALES

SEK 560_m

ADJUSTED OPERATING PROFIT (EBITDA)

SEK 53.3_m

ADJUSTED OPERATING MARGIN (EBITDA)

9.5%

FINANCIAL SUMMARY

	January 1–March 31		Rolling 12 months	Full year
All figures are in SEK million unless otherwise indicated	2022	2021	April 2021–March 2022	2021
Net sales	141.3	51.0	559.9	469.6
Sales growth, %	177	48	35	18
Of which organic, %	97	28	-4	-14
Of which acquisition-driven, %	80	20	39	32
Gross margin, %	47	34	46	45
Adjusted operating profit (EBITDA)	6.3	-14.8	53.3	32.2
Adjusted operating margin (EBITDA), %	4.5%	-29.0%	9.5%	6.9%
Order intake	103.9	79.5	613.8	589.4
Order backlog	744.0	497.6	744.0	731.5
Operating cash flow	43.4	-20.0	-8.0	-71.4

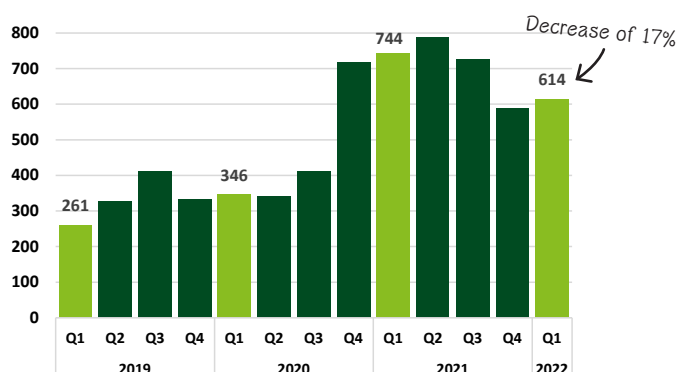
For more information see the section "Financial overview" on page 8 under the heading "Order situation".

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

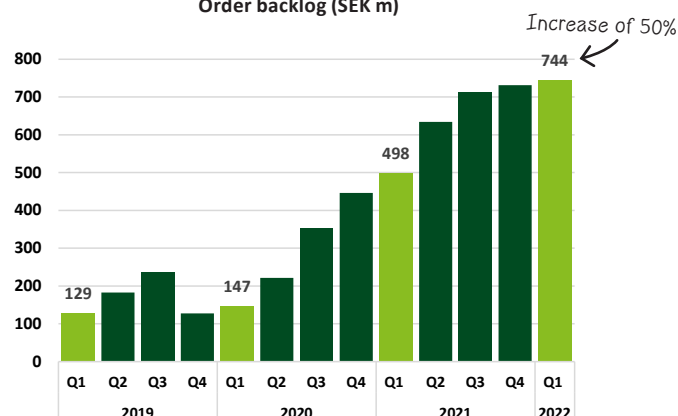
ORDER SITUATION

Order intake LTM (SEK m)



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

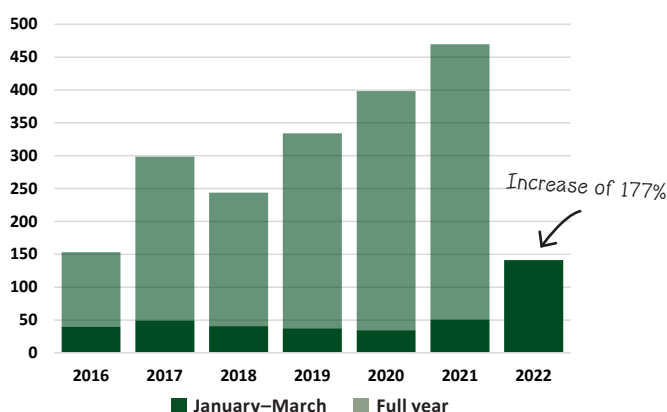
Order backlog (SEK m)



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.

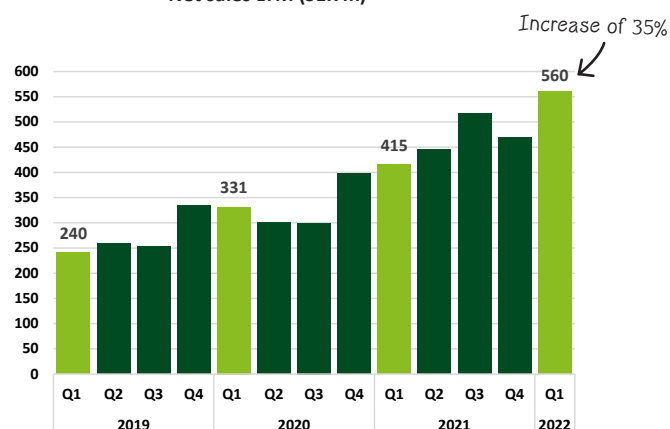
NET SALES

Net sales (SEK m)



The columns above show MilDef's net sales for full year 2016–2021 and for January–March for 2016–2022. The diagram shows the clear seasonal variation in MilDef's net sales.

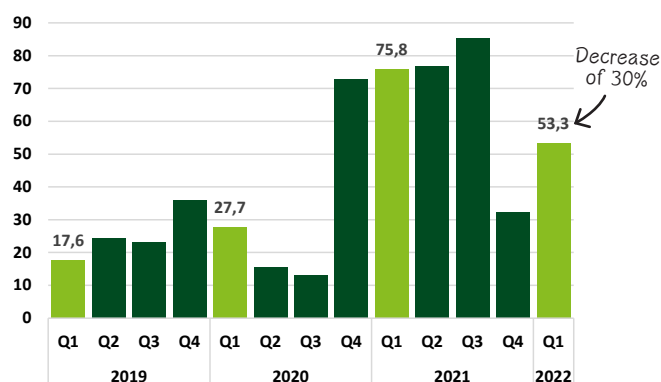
Net sales LTM (SEK m)



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.

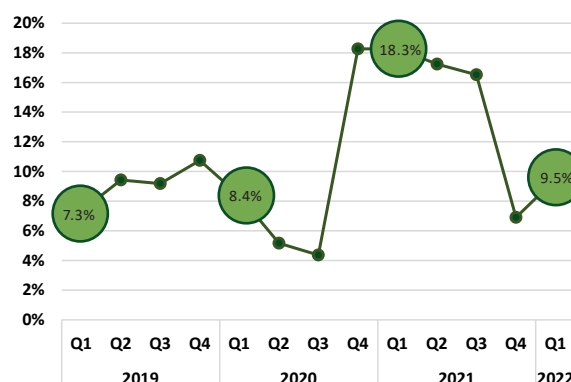
ADJUSTED OPERATING PROFIT (EBITDA) AND ADJUSTED OPERATING MARGIN (EBITDA)

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 20 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 20 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

Proof of resilience in hard times

In a changing world and challenging times, MilDef delivered a first quarter with strong sales growth. Solid efforts from not least the acquired businesses in 2021 combined with high delivery capacity of recently produced hardware resulted in our strongest first quarter so far.

Sales increased by 177% compared with the same period the previous year, to a record high of SEK 141.3 million (51.0) for the first quarter. The component shortage that caused delivery delays into 2022 at the end of 2021 was a positive contributing factor to the strong first quarter.

“The considerable investments in defense now taking place in multiple markets is largely unprecedented in history. The rearview mirror is therefore no longer a relevant tool to predict the future.”

The increased interest in MilDef's products and services did not have a full impact in the order intake for the quarter, but despite this, order intake increased by 31 percent to SEK 103.9 million (SEK 79.5 million).

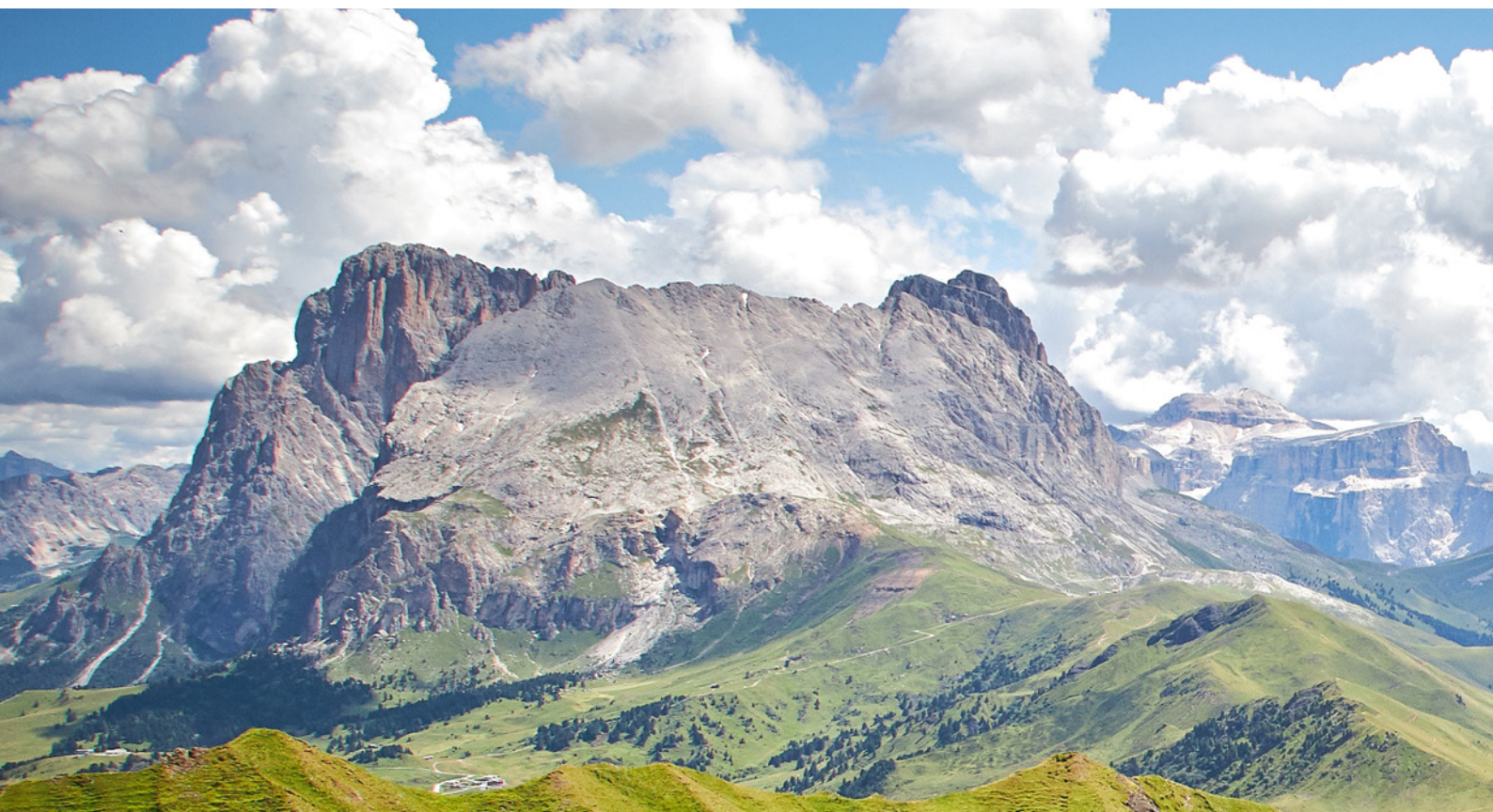
At the end of the first quarter, the order backlog was at the highest level in MilDef's history, at SEK 744.0 million (497.6).

Macrotrends and long-term effects

I note that the reactions to Russia's armed invasion of Ukraine have the potential to create long-term beneficial effects for the defense industry. In Sweden, and in other countries, efforts are now intensifying to both modernize and increase defense capacity. MilDef is well positioned to meet the increasing demand for higher supply reliability and delivery capacity.

It is important to analyze and act on the macro trends that are now having a major impact on our industry. The main trends we are seeing right now are:

- Significantly increased defense spending in many countries for the foreseeable future.
- Modernization and digitalization in functions that are critical for society leads to an increasing need for our services and products.
- National and regional supply capacity are given a higher strategic priority.



It should be noted that there is a built-in slowness in the system that is likely to cause it to take a few quarters before measurable changes for companies like MilDef can be observed.

We also believe that the long-term positive market growth may create new competitors, even if the threshold effect in this confidence-based industry is high. Market entry is likely challenging due to increased demands on national and regional production.

Strategic investments for growth

The changing market dynamics that the global situation now present has led to an intensification of work on our acquisition agenda during the first quarter. Our strategy stands, to carry out one to two acquisitions annually. At the same time, we are dedicated to acquiring good companies and make them better; We are selective and wait for the right opportunity. Furthermore, during the period we have prepared the production facilities in Helsingborg and Stockholm for increased volumes in the future. As our service offering is expected to grow, we have also accelerated our recruitment plans in areas such as installation and integration. We are meeting the current component shortage with increased stocking of critical components, to effectively meet our customers' needs. With the aim of addressing the increased requirements for national

and regional capacity to deliver, MilDef has since the turn of the year started a company in Finland to further strengthen our position in the Nordic region.

Looking towards a safer and more secure future

The considerable defense investments that are now taking place in multiple markets is largely unprecedented in history. The rearview mirror is therefore no longer a relevant instrument for predicting the future. MilDef, together with our customers, is now focusing on the needs of the future. In this new situation, we need a renewed perspective in production planning and greater overall responsibility to contribute to tomorrow's expanded defense abilities.

MilDef has the ambition to be a catalyst in this change. We contribute with full force towards a safer and more secure future.



Björn Karlsson,
CEO, MilDef Group AB



104 SEK m

ORDER INTAKE
January–March

+31%

ORDER INTAKE
January–March

+177%

NET SALES
January–March

MilDef in brief

Digitalization of operations and functions that are critical 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 200 employees on the date of this 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 processes 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 has expanded its customer offering – which earlier was focused on hardware – to also 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. MilDef will, however, take long-term development, capital structure and the prevailing market conditions 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 refer to the end of the period and are compared with the corresponding date the previous year.

First quarter: January–March 2022

Order situation

Order intake increased by 31% to SEK 103.9 million (79.5). The order backlog on March 31 also increased by 50% to SEK 744.0 million (497.6). Defcon Solutions AB, which was acquired in 2021, contributed SEK 27.8 million to the quarter's order intake and SEK 90.4 million to the order backlog as of March 31, 2022. The name Defcon Solutions AB was changed to MilDef Integration Sweden AB in the fourth quarter of 2021. In this report it is abbreviated to "Defcon". Sysint AS, which was acquired in the first quarter of 2021, has not had any impact on order intake or order backlog during the period. MilDef received a significant customer contract in the fourth quarter of 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 the first quarter of 2022 amounted to SEK 141.3 million (51.0), representing growth of 177%. Acquisition-driven growth amounted to SEK 48.0 million in the quarter, and is fully attributable to the acquisitions of Sysint AS and Defcon. Organic growth increased by 97% in the first quarter, driven in part by delays in deliveries from Q4 2021 to Q1 2022. In the first quarter of 2022 MilDef delivered growth in all geographical markets, see Note 1 for more information.

Gross profit

Gross profit amounted to SEK 66.5 million (17.5), equivalent to a gross margin of 47% (34). The acquisitions implemented in 2021 partially explain the increased gross margin. Also, MilDef's efforts to increase the gross margin in the existing portfolio had the desired result, despite the growing component shortage in the world and increased freight costs. 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 66.3 million (40.4). Excluding acquired operating expenses and non-recurring items, the Company's operating expenses increased by 8% compared with the same quarter the previous year. The adjusted operating expenses as a percentage of sales amounted to 28% (72) for the period. The operating expenses increased by 3% in the first quarter of 2022 compared with the fourth quarter of 2021.

Operating profit (EBIT)

Operating profit (EBIT) in the first quarter of 2022 amounted to SEK 0.2 million (-22.9). Adjusted for non-recurring items, operating profit for the quarter amounted to SEK 0.2 million (-19.2) corresponding to an operating margin of 0.1% (-37.6). The clear improvement in operating profit is due to increased sales combined with an improved gross margin. 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 6.3 million (-14.8), equivalent to a margin of 4.5% (-29.0). Depreciation/amortization and impairment amounted to SEK 6.1 million (4.4). The adjusted operating profit does not include non-recurring items of SEK 0.0 million (3.7). These items are specified in Note 2 on page 20.

Financial items

Net financial income/expense for the period amounted to SEK -0.8 million (-1.4).

Tax

The tax effect in the first quarter had a positive impact on net profit in the amount of SEK 0.9 million (5.1) and related to a deferred tax asset based on tax loss carryforwards for the period.

Net profit for the quarter

Profit after tax amounted to SEK 0.3 million (-19.2). Earnings per share was SEK 0.01 (-1.63), both before and after dilution.

Cash flow

Cash flow for the quarter was reported at SEK 41.1 million (-20.5). The operating cash flow for the quarter amounted to SEK 43.4 million (-20.0), with most of the improvement coming from changes in working capital and improved operating profit.

Cash flow from operating activities amounted to SEK 46.7 million (-11.0). Cash flow from changes in working capital amounted to SEK 45.8 million (15.6).

Cash flow from investing activities amounted to SEK -3.3 million (-37.5). The change between the periods is mainly explained by the acquisition of Sysint AS in 2021 which had a net negative effect of SEK -28.5 million on cash flow from investing activities in the first quarter of 2021.

Cash flow from financing activities amounted to SEK -2.3 million (28.0). The change compared with the previous year is mainly explained by a positive effect in 2021 from the acquisition credit of SEK 30 million.

Equity

The Group's equity amounted to SEK 576.9 million (568.2) at the end of the period. The equity-assets ratio as of March 31, 2022 was SEK 71% (70).

Net working capital

Net working capital amounted to SEK 105.9 million (42.5) at the end of the period. Increased volumes have had a negative impact on working capital. Net working capital in relation to net sales increased by 9 percentage points, from 10% for the previous period to 19% as of March 31, 2022.

SEK m	Mar. 31, 2022	Dec. 31, 2021	Mar. 31, 2021
Inventories	91.8	85.8	67.4
Accounts receivable	76.0	136.2	40.4
Other current receivables	51.4	40.5	16.3
Accounts payable	-43.8	-39.5	-28.3
Other current liabilities	-69.5	-75.0	-53.3
Net working capital	105.9	148.0	42.5
<i>as a percentage of net sales LTM (%)</i>	<i>19%</i>	<i>32%</i>	<i>10%</i>

Net debt and cash and cash equivalents

The net debt including lease liabilities amounted to SEK -112.2 million (86.0) 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. 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 -3.2 (0.3). When calculated including the effects of IFRS 16 the net indebtedness should be -2.1 (1.1).

SEK m	Mar. 31, 2022	Dec. 31, 2021	Mar. 31, 2021
Liabilities to credit institutions	-	-	30.0
Other interest-bearing liabilities	41.1	41.4	18.7
Lease liabilities	58.6	60.7	65.9
Cash and cash equivalents	-212.2	-169.2	-28.5
Net debt incl. IFRS 16	-112.2	-67.1	86.0
<i>in relation to adjusted operating profit (EBITDA) LTM, multiple</i>	<i>-2.1</i>	<i>-2.1</i>	<i>1.1</i>



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) has been listed on NASDAQ OMX Stockholm Small Cap in the Industrial Goods and Services sector since June 4, 2021. The share's ISIN code is SE0016074249. The share is traded under the ticker MILDEF. A trading unit is one (1) share.

Share capital and number of shares

The total number of shares as of March 31, 2022 was 36,389,373 (12,329,509) and the share capital was SEK 9,097,343.25 (6,164,754.50). 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 61.70 and the market value was SEK 2,245 million. The total number of shareholders at the end of the period was 7,061.

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 Swedish 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 2021 Annual Report. The 2021 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 the Management Team 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 measure

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 the Management Team's and investors' analysis of the Group's development. Investors should not regard these alternative performance measures as substitutes for the financial statements prepared in accordance with IFRS, but rather as complements to the statements. 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. MilDef's CEO, who is the highest executive decision-maker, monitors and analyzes results and financial position for the Group as a whole. The CEO does not monitor results on a disaggregated level lower than at consolidation level. The CEO thus also decides on allocation of resources and takes strategic decisions based on consolidation as a whole. Based on IFRS 8, the analysis concludes that the MilDef Group consists of only one reporting segment.

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.

Unevenly divided between 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 intake 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

To further reinforce MilDef's position in the Nordic market, the Company established operations in Finland in early 2022. At the helm of MilDef's Finnish venture 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 MilDef's expansion plan and establishing a presence in Finland is a clear sign that the Nordic countries' deep cooperation is firmly rooted in industry.

Two new members joined the Management Team in the first quarter of 2022. On January 1 Fredrik Jacobsson took up the post as the Company's Chief Sales Officer (CSO). Fredrik has been employed by MilDef since 2007, serving the Company in various roles. Olof Engvall became the Company's Head of Investor Relations and Communication on February 1. Olof comes most recently from Inwido AB where he served in a similar position to the one he now has at MilDef.

Russia's armed attack on Ukraine on February 24, 2022 has led to an even more unstable world from a security policy perspective. Many countries have announced a significant increase in their defense appropriations going forward. This makes MilDef's role as an actor able to deliver needed IT equipment to defense customers even more significant. MilDef does not do any business with Russia or Ukraine nor does it have any history of this.

Significant events after the end of the period

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

Employees

The number of employees in the Group, recalculated to full-time equivalents (FTEs), was 204 (147) at the end of the period. 161 (112) of the employees were men and 43 (35) were women. The average number of FTEs amounted to 196 during the period, compared with 132 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 2022 further 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 66–69 in the Company's 2021 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.

Contingent liabilities

There have been no changes in the Group's contingent liabilities as described in more detail on page 96 in Note 20 of the 2021 Annual Report.

Disputes

The Company is not a party in any material dispute.

Annual General Meeting

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

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.

Audit review

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

Condensed consolidated income statement

SEK m	Note	January 1–March 31		Rolling 12 months	Full year
		2022	2021	April 2021– March 2022	2021
Net sales	1	141.3	51.0	559.9	469.6
Cost of goods sold		-74.8	-33.5	-300.8	-259.5
Gross profit		66.5	17.5	259.1	210.1
Selling expenses		-42.3	-16.9	-139.8	-114.4
Administrative expenses		-14.9	-14.5	-59.4	-59.0
Research and development expenses		-9.2	-10.2	-39.4	-40.4
Other operating income/expenses		0.1	1.2	-0.3	0.8
Operating profit		0.2	-22.9	20.2	-2.9
Net financial items		-0.8	-1.4	-1.8	-2.4
Profit after financial items		-0.6	-24.3	18.4	-5.3
Income tax		0.9	5.1	0.4	4.6
Net profit for the period		0.3	-19.2	18.8	-0.7
Other comprehensive income for the Group					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Translation differences		8.4	4.0	5.9	1.5
Other comprehensive income for the period		8.4	4.0	5.9	1.5
Comprehensive income for the period		8.7	-15.2	24.7	0.8

Earnings per share

	January 1–March 31		Rolling 12 months	Full year
	2022	2021	April 2021– March 2022	2021
Number of shares at end of period	36,389,373	12,329,509	36,389,373	36,389,373
Weighted average number of shares in the period before dilution	36,389,373	11,784,342	32,351,075	26,243,169
Weighted average number of shares in the period after dilution	36,832,873	11,784,342	32,460,431	26,243,169
Earnings per share before dilution (SEK)	0.01	-1.63	0.58	-0.03
Earnings per share after dilution (SEK)	0.01	-1.63	0.58	-0.03

Condensed consolidated balance sheet

SEK m	Mar. 31, 2022	Dec. 31, 2021	Mar. 31, 2021
ASSETS			
Non-current assets			
Capitalized product development expenses	13.2	10.7	7.4
Acquisition-related intangible assets	290.0	285.2	116.8
Other intangible assets	0.5	0.5	-
Right-of-use assets	57.6	59.8	65.5
Other property, plant and equipment	14.0	14.5	15.0
Deferred tax assets	7.5	5.6	10.4
Other financial non-current assets	0.2	0.3	0.7
Total non-current assets	383.0	376.6	215.8
Inventories	91.8	85.8	67.4
Accounts receivable	76.0	136.2	40.4
Other current receivables	51.4	40.5	15.9
Cash and cash equivalents	212.2	169.2	28.5
Total current assets	431.4	431.7	152.2
TOTAL ASSETS	814.4	808.2	368.0
EQUITY AND LIABILITIES			
Equity	576.9	568.2	145.1
Non-current liabilities			
Lease liabilities	50.4	52.1	57.1
Non-current interest-bearing liabilities	31.7	31.7	9.0
Provisions for taxes	24.2	23.5	9.3
Total non-current liabilities	106.3	107.3	75.4
Current liabilities			
Current interest-bearing liabilities	9.7	9.7	39.7
Lease liabilities	8.2	8.6	8.8
Accounts payable	43.8	39.5	28.3
Other current liabilities	69.5	75.0	70.7
Total current liabilities	131.2	132.8	147.5
TOTAL EQUITY AND LIABILITIES	814.4	808.2	368.0

Condensed consolidated statement of changes in equity

SEK m	Mar. 31, 2022	Dec. 31, 2021	Mar. 31, 2021
Equity, opening balance	568.2	132.6	132.6
Comprehensive income for the period after tax	8.7	0.8	-15.2
New share issue	-	452.2	45.1
Dividend	-	-17.4	-17.4
Equity, closing balance	576.9	568.2	145.1

Condensed consolidated cash flow statement

	January 1–March 31		Rolling 12 months	Full year
SEK m	2022	2021	April 2021– March 2022	2021
Cash flow from operating activities				
Operating profit	0.2	-22.9	20.2	-2.9
Reversal of depreciation, amortization and impairment	6.1	4.4	25.3	23.6
Other non-cash items	0.1	-0.4	0.0	-0.5
Net interest income/expense	-0.8	-1.4	-1.8	-2.4
Income taxes paid	-4.7	-6.3	-6.6	-8.2
Change in working capital	45.8	15.6	-34.8	-65.0
Cash flow from operating activities	46.7	-11.0	2.3	-55.4
Cash flow from investing activities				
Investments in intangible assets	-3.0	-	-8.6	-5.6
Investments in property, plant and equipment	-0.3	-8.9	-2.2	-10.8
Acquisition of subsidiaries, net of acquired cash and cash equivalents	-	-28.6	-142.7	-171.3
Change in other non-current receivables	0.0	0.0	0.5	0.5
Cash flow from investing activities	-3.3	-37.5	-153.0	-187.2
Cash flow from financing activities				
Dividend	-	-	-17.4	-17.4
New share issue	-	-	389.3	389.3
Increase in liabilities to credit institutions	-	30.0	0.0	30.0
Repayment of loans issued by credit institutions	-	-	-30.0	-30.0
Repayment of lease liabilities	-2.3	-2.0	-9.3	-9.0
Cash flow from financing activities	-2.3	28.0	332.6	362.9
Total cash flow for the period	41.1	-20.5	181.9	120.3
Change in cash and cash equivalents				
Cash and cash equivalents at beginning of period	169.2	46.8	28.5	46.8
Translation differences	1.9	2.2	1.8	2.1
Cash and cash equivalents at end of period	212.2	28.5	212.2	169.2

Quarterly overview for the Group

	2022	2021				2020			
SEK m	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	141.3	200.7	136.6	81.3	51.0	257.7	57.1	51.0	34.5
Cost of goods sold	-74.8	-108.0	-75.6	-42.5	-33.5	-131.1	-29.7	-34.6	-19.9
Gross profit	66.5	92.7	61.0	38.9	17.5	126.6	27.4	16.4	14.6
Operating expenses	-66.3	-64.5	-58.7	-49.4	-40.4	-49.5	-26.7	-21.4	-34.2
Operating profit	0.2	28.2	2.3	-10.5	-22.9	77.1	0.7	-5.0	-19.6
Net financial items	-0.8	-0.9	-1.7	1.6	-1.4	-0.7	-0.3	-0.5	0.2
Profit before tax	-0.6	27.3	0.6	-8.9	-24.3	76.4	0.4	-5.5	-19.4
Income tax on profit for the period	0.9	-6.7	0.9	5.3	5.1	-13.6	-0.1	0.3	3.7
Net profit for the period	0.3	20.6	1.4	-3.6	-19.2	62.8	0.3	-5.2	-15.7

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%	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 2:1 split

Condensed Parent Company income statement

	January 1–March 31		Rolling 12 months	Full year
SEK m	2022	2021	April 2021– March 2022	2021
Net sales	19.1	15.6	67.5	64.0
Selling expenses	-5.8	-5.2	-23.7	-23.1
Administrative expenses	-6.8	-9.5	-35.2	-37.9
Research and development expenses	-4.6	-4.1	-17.5	-17.0
Other operating income/expenses	0.0	1.2	1.0	2.2
Operating profit	1.9	-2.0	-7.9	-11.7
Net financial items	0.5	-0.5	0.0	-1.0
Profit after financial items	2.4	-2.5	-7.9	-12.7
Year-end appropriations	-	-	33.3	33.3
Profit before tax	2.4	-2.5	25.4	20.6
Income tax	0.0	0.5	-0.5	0.0
Net profit for the period	2.4	-2.0	24.9	20.6
Other comprehensive income				
Net profit for the period	2.4	-2.0	24.9	20.6
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	2.4	-2.0	24.9	20.6

Condensed Parent Company balance sheet

SEK m	Mar. 31, 2022	Dec. 31, 2021	Mar. 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	9.5	9.9	10.8
Financial non-current assets	430.6	430.6	178.4
Total non-current assets	440.1	440.5	189.2
Current receivables from Group companies	110.7	41.6	56.6
Other current receivables	8.5	5.4	6.4
Cash and cash equivalents	150.9	202.2	2.2
Total current assets	270.1	249.2	65.2
TOTAL ASSETS	710.2	689.7	254.4
EQUITY AND LIABILITIES			
Equity	557.7	555.2	125.6
Untaxed reserves	5.5	5.5	23.8
Non-current liabilities			
Non-current interest-bearing liabilities	31.7	31.7	9.0
Total non-current liabilities	31.7	31.7	9.0
Current liabilities			
Current interest-bearing liabilities	9.6	9.7	39.7
Current liabilities to Group companies	93.5	73.7	23.6
Accounts payable	2.0	1.8	2.3
Other current liabilities	10.2	12.1	30.4
Total current liabilities	115.3	97.3	96.0
TOTAL EQUITY AND LIABILITIES	710.2	689.7	254.4

Condensed Parent Company statement of changes in equity

SEK m	Mar. 31, 2022	Dec. 31, 2021	Mar. 31, 2021
Equity, opening balance	555.2	99.9	99.9
Comprehensive income for the period after tax	2.4	20.6	-2.0
New shares issues	-	452.2	45.1
Dividend	-	-17.4	-17.4
Equity, closing balance	557.7	555.2	125.6

Notes

Note 1. Net sales by geographic area

SEK m	Q1 2022	Q1 2021	Rolling 12 months	Full year 2021
Nordics	94.5	24.7	405.2	335.4
Europe (excl. Nordics)	17.9	12.6	85.5	80.2
North America	27.7	13.4	65.3	51.0
Other countries	1.2	0.3	3.9	3.0
Total revenue	141.3	51.0	559.9	469.6

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	Q1 2022	Q1 2021	Rolling 12 months	Full year 2021
Listing expenses	-	-3.3	-7.8	-11.1
Acquisition-related expenses	-	-0.4	-	-0.4
Total non-recurring items	0.0	-3.7	-7.8	-11.5

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	Q1 2022	Q1 2021	Rolling 12 months	Full year 2021
Operating profit (EBIT)	0.2	-22.9	20.2	-2.9
Listing expenses	0.0	3.3	7.8	11.1
Acquisition-related expenses	0.0	0.4	0.0	0.4
Adjusted operating profit (EBIT)	0.2	-19.2	28.0	8.6
Adjusted operating profit (EBIT)	0.2	-19.2	28.0	8.6
Net sales	141.3	51.0	559.9	469.6
Adjusted operating margin (EBIT), %	0.1%	-37.6%	5.0%	1.8%
Operating profit (EBITA), SEK m				
Operating profit (EBIT)	0.2	-22.9	20.2	-2.9
Amortization of intangible assets	2.9	1.7	12.3	11.1
Operating profit (EBITA)	3.1	-21.2	32.5	8.2
Adjusted operating profit (EBITA), SEK m				
Operating profit (EBITA)	3.1	-21.2	32.5	8.2
Listing expenses	0.0	3.3	7.8	11.1
Acquisition-related expenses	0.0	0.4	0.0	0.4
Adjusted operating profit (EBITA)	3.1	-17.5	40.3	19.7
Adjusted operating profit (EBITA)	3.1	-17.5	40.3	19.7
Net sales	141.3	51.0	559.9	469.6
Adjusted operating margin (EBITA), %	2.2%	-34.3%	7.2%	4.2%
Operating profit (EBITDA), SEK m				
Operating profit (EBIT)	0.2	-22.9	20.2	-2.9
Depreciation/amortization	6.1	4.4	25.3	23.6
Operating profit (EBITDA)	6.3	-18.5	45.5	20.7
Adjusted operating profit (EBITDA), SEK m				
Operating profit (EBITDA)	6.3	-18.5	45.5	20.7
Listing expenses	0.0	3.3	7.8	11.1
Acquisition-related expenses	0.0	0.4	0.0	0.4
Adjusted operating profit (EBITDA)	6.3	-14.8	53.3	32.2
Adjusted operating profit (EBITDA)	6.3	-14.8	53.3	32.2
Net sales	141.3	51.0	559.9	469.6
Adjusted operating margin (EBITDA), %	4.5%	-29.0%	9.5%	6.9%

Available cash and cash equivalents

SEK m	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021
Cash and bank balances	212.2	169.2	184.9	353.9	28.5
Unutilized overdraft facilities	50.0	50.0	50.0	51.1	27.2
Available cash and cash equivalents	262.2	219.2	234.9	405.0	55.7

Working capital including cash and bank balances

SEK m	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021
Total current assets	219.2	262.5	218.5	142.8	124.1
Cash and bank balances	212.2	169.2	184.9	353.9	28.5
Current liabilities, non-interest-bearing	-113.3	-114.2	-133.9	-96.9	-99.1
Working capital including cash and bank balances	318.1	317.5	269.5	399.8	53.5
Net sales last 12 months	559.9	469.6	516.1	445.3	414.9
Working capital including cash and bank balances in relation to net sales, %	56.8%	67.6%	52.2%	89.8%	12.9%

Working capital excluding cash and bank balances

SEK m	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021
Inventories	91.8	85.8	95.4	79.9	67.4
Current receivables	127.4	176.7	123.1	62.9	56.7
Current liabilities, non-interest-bearing	-113.3	-114.2	-139.9	-96.9	-99.1
Working capital excluding cash and bank balances	105.9	148.3	78.6	45.9	25.0
Net sales last 12 months	559.9	469.6	516.1	445.3	414.9
Working capital excluding cash and bank balances in relation to net sales, %	18.9%	31.6%	15.2%	10.3%	6.0%

Return on capital employed

SEK m	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021
Profit after financial items, last 12 months	18.4	-5.3	43.7	47.0	50.5
Financial expense, last 12 months	4.6	5.2	5.8	2.6	2.3
Profit before financial expense, last 12 months	23.0	-0.1	49.5	49.6	52.8
Capital employed at beginning of period	231.1	186.4	156.6	156.8	123.1
Capital employed at end of period	676.9	670.3	664.8	595.7	231.1
Average capital employed	454.0	428.3	410.7	376.3	177.1
Return on capital employed, %	5.1%	0.0%	12.1%	13.2%	29.8%

Return on equity

SEK m	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021
Profit after tax, last 12 months	18.8	-0.7	37.9	40.6	39.1
Equity at beginning of period	145.1	132.6	83.2	83.4	85.8
Equity at end of period	576.9	568.2	544.5	513.0	145.1
Average equity	361.0	350.4	313.9	298.2	115.5
Return on equity, %	5.2%	-0.2%	12.1%	13.6%	33.9%

Net debt/EBITDA

SEK m	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021
Non-current liabilities, interest-bearing	82.1	83.8	77.1	64.6	66.1
Current liabilities, interest-bearing	17.9	18.3	43.2	18.2	48.4
Cash and bank balances	-212.2	-169.2	-184.9	-353.9	-28.5
Net debt incl. IFRS 16	-112.2	-67.1	-64.6	-271.1	86.0
Operating profit, last 12 months	20.2	-2.9	46.1	48.0	53.6
Depreciation, amortization and impairment, last 12 months	25.3	23.6	23.7	14.9	14.2
Non-recurring items, last 12 months	7.8	11.5	15.5	11.4	8.0
Adjusted EBITDA, last 12 months	53.3	32.2	85.3	74.3	75.8
Net debt/EBITDA, multiple	-2.1	-2.1	-0.8	-3.6	1.1

Board of Directors' assurance

The Board of Directors and CEO affirm that the first quarter interim report presents fairly the operations, position and results of the Parent Company and the Group, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Helsingborg, April 28, 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

Chief Executive Officer

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 before tax after reversal of financial expense, based on a rolling 12-month calculation, expressed 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

Average total assets less non-interest-bearing liabilities and provisions.

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:

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 a presentation of MilDef's first quarter interim report

The presentation will be held in English and will conclude with a Q&A. The meeting will start at 10:00 CEST on April 28, 2022 and last for about 45 minutes. The report will be made available at www.mildef.com the same morning.

Connecting to the meeting

Connecting to the meeting is done either through the following [Teams links](#) or by dialing in (audio only). Please call in 5 minutes before the scheduled start time

Telephone numbers:

+46 8 502 413 79 (Sweden)
+47 23 52 52 25 (Norway)
+45 32 73 03 21 (Denmark)
+358 9 23106849 (Finland)
+44 20 3855 6017 (United Kingdom)
+1 323 486 4735 (USA)

Enter conference ID: 519 894 04#

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 was submitted, through the agency of the contact persons set out above, for publication at 08:00 CEST on April 28, 2022. This is a translation of the Swedish original of MilDef Group's Q1 Report 2022. In the event of any discrepancies between the two versions, the original Swedish version shall apply.

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.

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