

MILDEF GROUP

**Q2**

INTERIM REPORT  
JANUARY–JUNE 2024

# INTERIM REPORT JANUARY–JUNE 2024

## SUMMARY OF THE PERIOD

### STRONG ORDER INTAKE AND CONTINUED CASH FLOW IMPROVEMENT

#### Second quarter 2024

- Net sales increased by 4% to SEK 302 million (289).
- The gross margin was 51.1% (50.1).
- Adjusted EBITDA amounted to SEK 53.6 million (47.7), equivalent to an adjusted operating margin of 17.8% (16.5).
- Operating profit (EBIT) amounted to SEK 34.1 million (33.6), corresponding to an operating margin of 11.3% (11.6).
- Order intake increased by 43% to SEK 407 million (286).
- Operating cash flow amounted to SEK 20.3 million (-4.2).

#### January–June 2024

- Net sales decreased by 7% to SEK 534 million (572).
- The gross margin was 49.9% (47.7).
- Adjusted EBITDA amounted to SEK 62.3 million (81.7), equivalent to an adjusted operating margin of 11.7% (14.3).
- Operating profit (EBIT) amounted to SEK 27.2 million (55.3), corresponding to an operating margin of 5.1% (9.7).
- Order intake decreased by 1% to SEK 622 million (628).
- Order backlog as of June 30, 2024 increased by 12% to SEK 1,447 million compared with the same date in 2023 (1,288).
- Operating cash flow amounted to SEK 41.1 million (24.5).
- Earnings per share after dilution over the last 12-month period amounted to SEK 1.07 (1.61).

#### LAST 12 MONTHS, JULY 2023–JUNE 2024

| NET SALES   | ADJUSTED<br>OPERATING PROFIT (EBITDA) | ADJUSTED<br>OPERATING MARGIN (EBITDA) |
|-------------|---------------------------------------|---------------------------------------|
| SEK 1,113 m | SEK 148.6 m                           | 13.4%                                 |

#### Summary of significant events in the second quarter, April–June 2024

- MilDef's subsidiary Handheld won an order for nano drone technology worth SEK 69 million. The customer is a global defense group based in the USA that delivers nano drones for military battlefield surveillance. This is a follow-up order from the development contract announced in July 2023. The order value has the potential to grow once deliveries of additional volumes begin. Deliveries will take place in 2025–2026.
- MilDef won additional orders from BAE Systems Bofors worth SEK 52 million. After the signing of the framework agreement in February with BAE Systems Bofors, additional orders were secured for rugged hardware for the Archer artillery system. Deliveries will start in 2025.
- MilDef signed a strategic hardware contract in Estonia worth SEK 53 million. The contract involves integration of MilDef's tactical IT hardware into an Estonian defense project for armored vehicles. This is a partnership between MilDef and a local Estonian partner and is MilDef's largest order to date in the Estonian market, making it strategically important. Deliveries are set to begin in 2024.

#### Summary of significant events after the end of the period

- To meet growing demand in the Swedish market for integration services, MilDef is expanding its capacity in terms of office and production space in the Stockholm area. The construction of a bespoke building with 6,200 square meters of office and production space will quadruple MilDef's capacity in integration services and enable the Company to accept larger orders. Construction will start in autumn 2024 and it will be ready for occupancy one year later.
- MilDef recruited Magnus Hagman to be Vice President Nordics. Magnus has considerable experience within the industry and has well-documented expertise in international business development and sales. His most recent role was Head of Marketing and Sales at Carmenta. Before this he held various positions within the defense company SAAB. Magnus will join the Group Management Team.

# INTERIM REPORT JANUARY–JUNE 2024

## SUMMARY OF THE PERIOD

### FINANCIAL SUMMARY

| All figures are in SEK million unless otherwise indicated | April 1–June 30 |       | January 1–June 30 |       | Last 12 months      | Full year |
|---|-----------------|-------|-------------------|-------|---------------------|-----------|
|   | 2024            | 2023  | 2024              | 2023  | July 2023–June 2024 | 2023      |
| Net sales   | 302             | 289   | 534               | 572   | 1,113               | 1,151     |
| Sales growth, %   | 4               | 144   | -7                | 120   | 6                   | 56        |
| Of which organic, %                                       | 4               | 104   | -7                | 90    | 2                   | 47        |
| Of which acquisition-driven, %                            | 0               | 40    | 0                 | 30    | 4                   | 8         |
| Gross margin, %   | 51.1            | 50.1  | 49.9              | 47.7  | 49.4                | 48.3      |
| Adjusted operating profit (EBITDA)                        | 53.6            | 47.7  | 62.3              | 81.7  | 148.6               | 168.0     |
| Adjusted operating margin (EBITDA), %                     | 17.8            | 16.5  | 11.7              | 14.3  | 13.4                | 14.6      |
| Order intake  | 407             | 286   | 622               | 628   | 1,207               | 1,214     |
| Order backlog   | 1,447           | 1,288 | 1,447             | 1,288 | 1,447               | 1,327     |
| Operating cash flow                                       | 20.3            | -4.2  | 41.1              | 24.5  | 25.3                | 8.7       |

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



# CEO'S COMMENTS

## ORDER INTAKE BACK AT HISTORICALLY HIGH LEVEL

As expected, 2024 had a slow start but the higher level of activity in our order books resumed in the second quarter. Order intake in the quarter amounted to SEK 407 million (286), an increase of 43%. Although there will still be volatility between periods going forward, the quarter's order intake reflects the ever increasing demand in the market. Sales amounted to SEK 302 million (289), equivalent to organic growth of 4%. Based on the strong numbers in the corresponding period, I see this as proof of our resilience. Organic growth in the same quarter last year amounted to 104%, taking us to a level which we are managing to maintain.

Another important sign is that our cash flow is still following the positive trend of recent quarters. Our operating cash flow was higher than in the previous year, amounting to SEK 20.3 million (-4.2) for the quarter. We have seen improvement in our operating cash flow over the past nine months in comparison with the previous nine: SEK 67.4 million compared with SEK -17.4 million. A stable positive cash flow gives us the flexibility we need to capitalize on growth opportunities, ranging from scaling up production rapidly to meet demand, to investing in new technology or expanding into new geographical markets. The gross margin also increased, reaching 51.1% (50.1) and the adjusted EBITDA margin was 17.8% (16.5).

I regard both the improved cash flow and the higher margins as proof that our focus on operational efficiency is yielding results.

***“Acquisitions remain a priority on MilDef's agenda and are a key aspect of our growth strategy”***



# CEO'S COMMENTS

**+4%**

NET SALES

Second quarter 2024

**+43%**

ORDER INTAKE

Second quarter 2024

**17.8%**

ADJUSTED EBITDA

Second quarter 2024

## Forward-looking investments

At the beginning of July MilDef signed an important lease in the Stockholm area. Construction of the property designed specifically for our operations is expected to be complete in autumn 2025 and will quadruple MilDef's capacity within integration services. The primary focus is on the needs of the business and the employees' working environment, which will benefit both our customers and our people. This addition of office and production space is a strategic and significant step that will strengthen our position in the industry, while also enabling us to meet the growing demand for integration services in the Swedish market.

After the end of the quarter we were also able to announce the reinforcement of the Group Management Team with the addition of Magnus Hagman in the role of Vice President Nordics. Magnus will bring valuable experience and expertise from many years in the defense industry – especially in the area of business development. This recruitment is part of our long-term strategy to build a strong management team that can handle the challenges and seize the opportunities that lie ahead.

These two forward-looking investments put us in a strong position to successfully navigate the dynamic and fast-growing defense market.

## Strategic acquisitions

Acquisitions remain a priority on MilDef's agenda and are a key aspect of our growth strategy. Strategic acquisitions enable us to strengthen our portfolio and expand our market presence. Our acquisition ambitions remain intact and we are constantly seeking new acquisition candidates. We concluded a smaller

asset acquisition in the second quarter when we acquired a product and technology portfolio from the UK company Advanced Vision Technologies Ltd (AVT). MilDef financed the acquisition using the Company's cash and cash equivalents and has decided to take over some of AVT's personnel. This provides us with access to experience and expertise that MilDef can build on within the framework of our existing organization. The acquisition also expands MilDef's product portfolio with the addition of three fully rugged intelligent displays for use on military platforms. It also strengthens our position in the UK and is another step toward reaching our long-term and ambitious growth goals.

## Outlook

The need for digitalization of critical infrastructure remains strong and military appropriations in Europe are increasing in response to geopolitical developments. But in this context it is worth pointing out that we have not yet seen the full effect of the increased defense budgets. I believe that the full impact of increased defense spending on demand for MilDef's offering will not be felt until 2025 but will then continue for many years into the future. Investments and acquisitions made in recent years have expanded MilDef's product portfolio and customer base, but they have also strengthened the collective expertise within our organization. From this position we now look forward to the opportunities that an increasingly active market will bring.

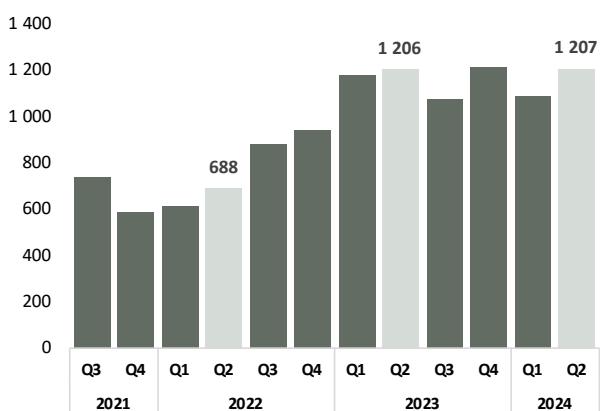


Daniel Ljunggren, President and CEO of MilDef Group

# MILDEF'S FINANCIAL DEVELOPMENT

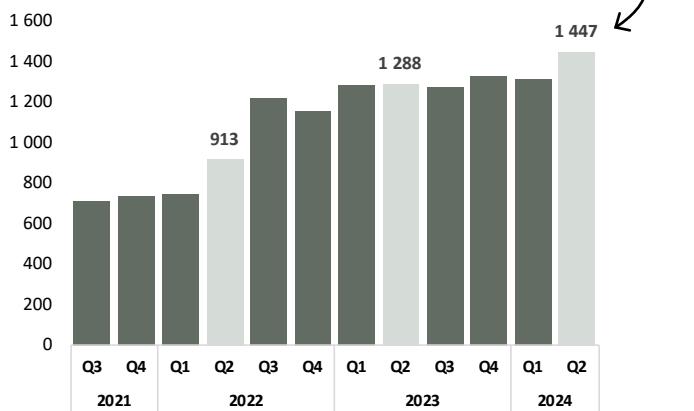
## ORDER STATUS

Order intake LTM (SEK m)



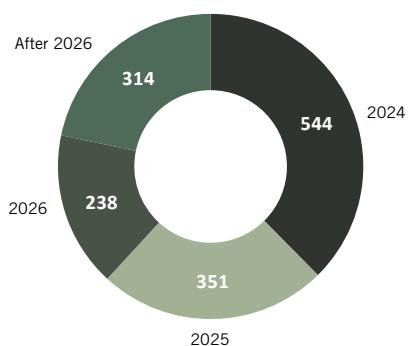
Each individual column in the diagram above shows MilDef's order intake over the last 12 months (LTM) in SEK million. Order intake is the total orders received during the period in question.

Order backlog (SEK m)



The columns in the diagram above show MilDef's order backlog at the end of each calendar quarter in SEK million. The order backlog represents the total value of orders received. Delivery may take place over a number of years.

Order backlog by planned deliveries (SEK m)



The pie chart above shows future planned deliveries by year in SEK m and is based on MilDef's order backlog at the end of the period. The actual outcome may differ significantly from the above planned deliveries, above all due to delays.

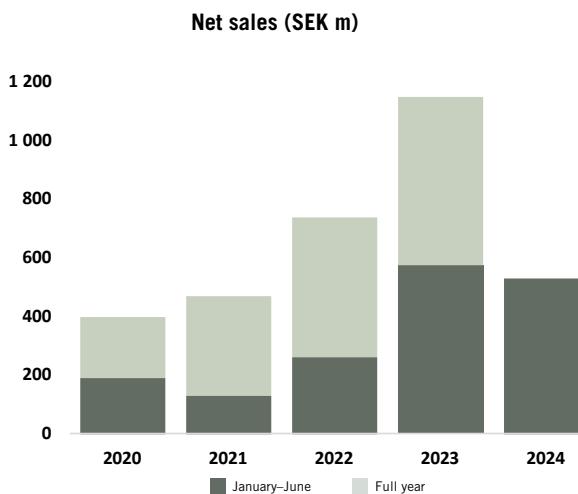
Change in order backlog January–June 2024 (SEK m)

|   |              |
|---|--------------|
| Order backlog as of January 1, 2024                 | 1,327        |
| Order intake January–June 2024                      | 622          |
| Sales January–June 2024                             | -534         |
| Sales January–June 2024 not impacting order backlog | 53           |
| Order backlog acquired in the period                | 0            |
| Currency effect in order backlog during the period  | -21          |
| <b>Order backlog as of June 30, 2024</b>            | <b>1,447</b> |

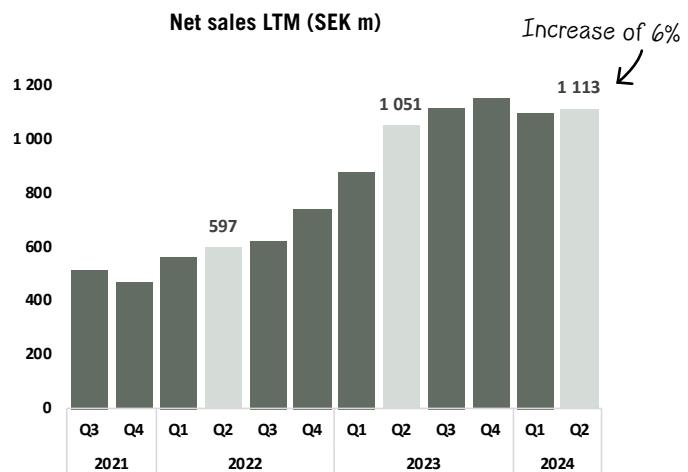
The table above presents the development of MilDef's order backlog in SEK million during the first half of the year, and the size of the components included to arrive at the difference in the order backlog as of June 30, 2024 in comparison with January 1, 2024.

# MILDEF'S FINANCIAL DEVELOPMENT

## NET SALES

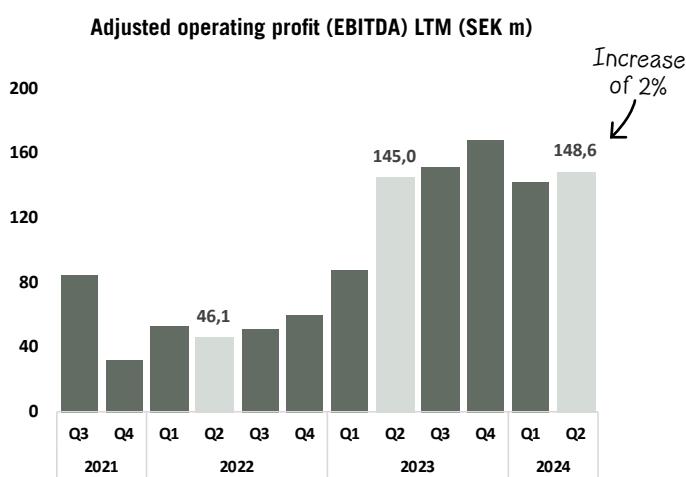


The columns above show MilDef's net sales for full years 2020–2023 and for January–June 2020–2024. The columns also show the clear volatility in MilDef's net sales.

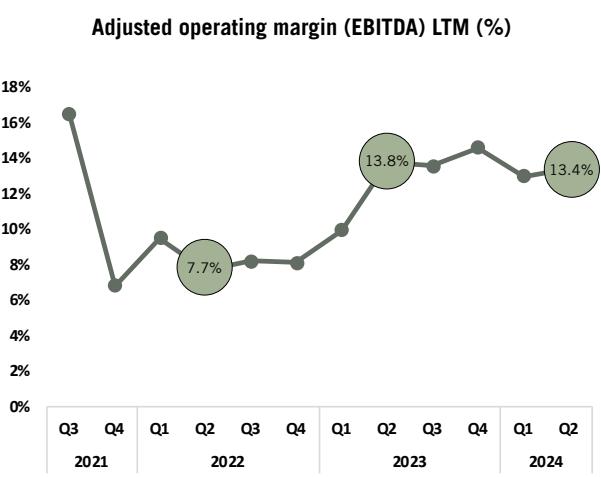


The columns above show MilDef's net sales over the last 12 months (LTM) in SEK million.

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



Each column in the diagram above shows MilDef's operating profit (EBITDA) over the last 12 months (LTM) in SEK million, adjusted for non-recurring items.



The diagram above shows MilDef's operating margin (EBITDA) over the last 12 months (LTM) as a percentage, adjusted for non-recurring items. 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.

# 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.**

## Second quarter: April–June 2024

### Order status

The order intake was higher in the second quarter of 2024 than in the comparison quarter in 2023. The order intake increased during the period by 43% to SEK 407 million, compared with SEK 286 million in the second quarter of 2023. Three orders were booked during the quarter and press releases on them have been issued. The underlying trend in the market remains positive.

### Net sales

Net sales increased in the second quarter of 2024 by 4% compared with the same quarter the previous year and amounted to SEK 302 million (289). Development in the quarter was in line with the Company's expectations and the level in the strong second quarter of 2023 has been maintained.

### Gross profit

Gross profit amounted to SEK 154 million (145), equivalent to a gross margin of 51.1% (50.1). The Company's gross profit may vary quarter on quarter depending on sales volumes, and the gross margin may vary based on the product and customer mix.

### Operating expenses

Operating expenses amounted to SEK 120 million (111). There were no non-recurring items during the period. Operating expenses increased during the period in an amount equivalent to SEK 9 million compared with the second quarter of 2023. The increase in expenses was planned for and tracks the Company's growth trajectory.

The Company's operating expenses increased sequentially by 0.7% in the second quarter of 2024 compared with the first quarter of the year. The Company's operating expenses vary quarter on quarter depending on vacation periods, among other things. There were no non-recurring items during the period. Operating expenses as a percentage of sales amounted to 39.8% (38.5) in the second quarter of 2024.

### Operating profit (EBIT)

Operating profit (EBIT) in the second quarter of 2024 amounted to SEK 34.1 million (33.6). There were no non-recurring items. This is equivalent to an operating margin of

11.3% (11.6). MilDef's sales and profits are affected by quarter-on-quarter volume variations. Year-on-year comparisons between quarters can be made.

### Adjusted operating profit (EBITDA)

Adjusted operating profit before depreciation, amortization and impairment amounted to SEK 53.6 million (47.7), equivalent to a margin of 17.8% (16.5). Depreciation, amortization and impairment amounted to SEK 19.6 million (14.1), with amortization of capitalized product development accounting for most of the increase. The adjusted operating profit does not include adjustments for non-recurring items.

### Financial items

Net financial expense for the period amounted to SEK -5.0 million (-5.4).

### Tax

The second quarter's tax effect impacted net profit in the amount of SEK -5.7 million (-6.9).

### Net profit for the quarter

Profit after tax amounted to SEK 23.3 million (21.3). Earnings per share before dilution amounted to SEK 0.58 (0.53) and earnings per share after dilution to SEK 0.58 (0.53).

### Cash flow

Cash flow for the quarter was recognized at SEK -6.1 million (-40.1). Operating cash flow for the quarter amounted to SEK 20.3 million (-4.2). The development of total cash flow is largely explained by the payment of contingent considerations in 2023 for acquisitions made in 2021.

Cash flow from operating activities amounted to SEK 26.5 million (8.5). Cash flow from changes in working capital amounted to SEK -14.1 million (-19.0). The improvement was driven by both a higher EBITDA and more favorable development of working capital in the second quarter of 2024 compared with the same period in 2023.

Cash flow from investing activities amounted to SEK -10.0 million (-12.7). The lower pace of investment is due to the fact that the focus in the second quarter of 2024 has been on delivering customer-specific development projects that have not been capitalized in the consolidated accounts.

Cash flow from financing activities amounted to SEK -22.6 million (-35.9). Repayment of loans taken out in connection with the acquisition of Handheld Group in September 2022 amounted to SEK 7.5 million in the second quarter of 2024. Amortization of leases was charged to financing activities in the amount of SEK -5.5 million (-5.4) in the quarter.

# FINANCIAL OVERVIEW

## First half of the year: January–June 2024

### Order status

The order intake in the first half of the year was in line with the previous year: SEK 622 million compared with SEK 628 million for the first half of 2023. The underlying trend remains positive. The order backlog on June 30 was at a historically high level, amounting to SEK 1,447 million (1,288).

### Net sales

The first half of 2023 was a strong growth period with growth compared with 2022 that was at 120%. MilDef's sales were slightly lower in the first half of 2024 compared with the high comparison figures. Net sales decreased in the first half of 2024 by 7% compared with the same period the previous year and amounted to SEK 534 million (572).

### Gross profit

Gross profit amounted to SEK 266 million (273), equivalent to a gross margin of 49.9% (47.7). The Company's gross profit may vary quarter on quarter depending on sales volumes, and the gross margin may vary based on the product and customer mix.

### Operating expenses

Operating expenses amounted to SEK 239 million (218). There were no non-recurring items during the period. Operating expenses increased during the period in an amount equivalent to SEK 21 million compared with the first half of 2023. Costs increased sequentially by 4% in the first half of 2024 compared with the second half of 2023 (231).

The operating expenses as a percentage of sales amounted to 44.8% (38.0) in the second quarter of 2024. The increase in expenses was planned for and tracks the Company's growth trajectory.

### Operating profit (EBIT)

Operating profit (EBIT) in the first half of 2024 amounted to SEK 27.2 million (55.3). There were no non-recurring items. This is equivalent to an operating margin of 5.1% (9.7). MilDef's profits are affected by quarter-on-quarter volume variations. Year-on-year comparisons between quarters can be made. The weaker EBIT development during the period is related to the period's lower sales volume combined with the Company's increased expenses, mainly relating to a higher number of employees.

### Adjusted operating profit (EBITDA)

Adjusted operating profit before depreciation, amortization and impairment amounted to SEK 62.3 million (81.7), equivalent to a margin of 11.7% (14.3). Depreciation, amortization and impairment amounted to SEK 35.1 million (26.4), with amortization of capitalized product development accounting for most of the increase. A smaller portion is related to increased depreciation of property leases. The adjusted operating profit does not include adjustments for non-recurring items.

### Financial items

Net financial expense for the period amounted to SEK -11.5 million (-9.0). The change is mainly due to increased interest expense linked to financing of Handheld Group AB.

### Tax

The tax effect of the first half of the year impacted net profit in the amount of SEK -3.8 million (-8.7). This makes the effective tax rate 24.4% (18.8). The change is due to the Company being able to utilize unrecognized tax loss carryforwards in 2023.

### Net profit for the period

Profit after tax amounted to SEK 11.9 million (37.6). Earnings per share before dilution amounted to SEK 0.30 (0.94) and earnings per share after dilution to SEK 0.30 (0.93).

### Cash flow

Cash flow reported for the period amounted to SEK 23.2 million (-22.9). Operating cash flow in the first half of the year amounted to SEK 41.1 million (24.5).

Cash flow from operating activities amounted to SEK 49.8 million (49.0). Cash flow from changes in working capital amounted to SEK 16.3 million (-0.3). The improved working capital situation during the period compensated for the decrease in operating profit.

Cash flow from investing activities amounted to SEK -12.5 million (-24.5). The lower pace of investment is due to the fact that the focus in the first half of 2024 has been on delivering customer-specific development projects that have not been capitalized in the consolidated accounts.

Cash flow from financing activities amounted to SEK -14.0 million (-47.4). Repayment of loans taken out in connection with the acquisition of Handheld Group in September 2022 amounted to SEK 15.0 million in the first half of 2024. Amortization of leases was charged to financing activities in the amount of SEK -11.3 million (-9.3).

# FINANCIAL OVERVIEW

## Equity

The Group's equity amounted to SEK 840.0 million (820.7) at the end of the period. The equity/assets ratio as of June 30, 2024 was 56% (58).

## Net working capital

Net working capital amounted to SEK 390 million (329) at the end of the period. Development in comparison with the corresponding period was driven by increased inventories as well as higher operating receivables in relation to operating liabilities. Net working capital in relation to net sales increased compared with the same period the previous year to 35.1% (31.3) and for the full year 2023 it was 33.5%.

| SEK m                                       | June 30<br>2024 | June 30,<br>2023 | Dec. 31<br>2023 |
|---|-----------------|------------------|-----------------|
| Inventories                                 | 305.0           | 271.4            | 290.2           |
| Accounts receivable                         | 193.6           | 179.3            | 284.5           |
| Other current receivables                   | 126.6           | 107.5            | 92.5            |
| Accounts payable                            | -71.3           | -96.8            | -114.0          |
| Other current liabilities                   | -163.5          | -132.9           | -167.2          |
| <b>Net working capital</b>                  | <b>390.3</b>    | <b>328.5</b>     | <b>386.0</b>    |
| <i>as a percentage of net sales LTM (%)</i> | <i>35.1%</i>    | <i>31.3%</i>     | <i>33.5%</i>    |

## Net debt and cash and cash equivalents

The net debt including lease liabilities amounted to SEK 268.4 million (271.2) at the end of the period. Cash and cash equivalents as of June 30, 2024 amounted to SEK 106.9 million (37.4). At the end of the period there was an unutilized revolving overdraft facility of SEK 36.1 million (75.0). Net debt at the end of the period in relation to adjusted operating profit (EBITDA) over the last 12-month period, excluding the effects of IFRS 16 Leases, amounted to 1.2 (1.0). Calculated including the effects of IFRS 16, the net debt/equity ratio was 1.8 (1.9).

|  | June 30<br>2024 | June 30,<br>2023 | Dec. 31<br>2023 |
|--|-----------------|------------------|-----------------|
| Other interest-bearing liabilities                                   | 281.3           | 189.4            | 263.9           |
| Lease liabilities  | 93.9            | 119.2            | 103.5           |
| Cash and cash equivalents  | -106.9          | -37.4            | -81.5           |
| <b>Net debt incl. IFRS 16</b>  | <b>268.4</b>    | <b>271.2</b>     | <b>285.9</b>    |
| <i>relative to adjusted operating profit<br/>(EBITDA) LTM, times</i> | <i>1.8</i>      | <i>1.9</i>       | <i>1.7</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 55 employees.

## MilDef Group AB's share

MilDef Group AB (publ) has been listed on NASDAQ Stockholm since June 4, 2021 in the Industrial Goods and Services sector. The share's ISIN code is SE0016074249. The share is traded under the ticker MILDEF. A trading unit is one (1) share. As of January 1, 2023 the share is being traded on NASDAQ Stockholm in the Mid Cap Index.

## Share capital and number of shares

The total number of shares as of June 30, 2024 was 39,859,566 (39,859,566) and the share capital was SEK 9,964,891.50 (9,964,891.50). 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 66.3 and the market value was SEK 2,643 million. The total number of shareholders at the end of the period was 12,016.

## 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 2023 Annual Report. The 2023 Annual Report has been available at [www.mildef.com](http://www.mildef.com) since April 30, 2024.

## 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 measures

MilDef applies the guidelines for alternative performance measures issued by ESMA, the European Securities and Markets Authority. Alternative performance measures are financial metrics that cannot be directly derived or deduced from the financial statements. These financial metrics 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 chief operating 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.

## Volatility between periods

MilDef's sales and profits are affected by quarter-on-quarter volatility. 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.

MilDef's markets are characterized by substantial procurements at irregular intervals. 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 second quarter of 2024

MilDef's subsidiary Handheld won an order for nano drone technology worth SEK 69 million. The customer is a global defense group based in the USA that delivers nano drones for military battlefield surveillance. This is a follow-up order from the development contract announced in July 2023. The order value has the potential to grow once deliveries of additional volumes begin. Deliveries will take place in 2025–2026.

MilDef won additional orders from BAE Systems Bofors worth SEK 52 million. After the signing of the framework agreement in February with BAE Systems Bofors, additional orders were secured for rugged hardware for the Archer artillery system. The orders are for IT equipment such as displays, computers and switches. Deliveries will start in 2025.

# OTHER INFORMATION

MilDef signed a strategic hardware contract in Estonia worth SEK 53 million. The contract involves integration of MilDef's tactical IT hardware into an Estonian defense project for armored vehicles. This is a partnership between MilDef and a local Estonian partner and is MilDef's largest order to date in the Estonian market, making it a strategically important one for the Company. Deliveries are set to begin in 2024.

## Significant events after the end of the period

To meet growing demand in the Swedish market for integration services, MilDef is expanding its capacity in terms of office and production space in the Stockholm area. The construction of a bespoke building with 6,200 square meters of office and production space will quadruple MilDef's capacity in integration services and enable the Company to accept larger orders. Construction will start in autumn 2024 and it will be ready for occupancy one year later.

MilDef recruited Magnus Hagman to be Vice President Nordics. Magnus has considerable experience within the industry and has well-documented expertise in international business development and sales. His most recent role was Head of Marketing and Sales at Carmenta. Before this he held various positions within the defense company SAAB. Magnus will join the Group Management Team and will report directly to the CEO.

## Acquisition and acquisition analysis

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

## Employees

The number of employees in the Group, recalculated to full-time equivalents (FTEs), was 320 (304) at the end of the period. 237 (226) of the employees were men and 83 (78) were women. The average number of FTEs during the first half of the year was 312, compared with 300 in the same period the previous year.

## Research and development

MilDef conducts extensive research and development. This is considered a critical factor for continued organic growth and to penetrate new markets. It is important to quickly identify changing customer requirements and transform them into the best solutions for every given market situation. Around 8% of MilDef's employees work in R&D-related positions. Further resources were added in 2024 to the R&D department

– both contracted staff and MilDef employees – to handle an increased number of projects, many of which are highly complex.

## Significant risks and factors of uncertainty

MilDef's operations and profits 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 79–81 in the Company's 2023 Annual and Sustainability 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 to, 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. These are described in more detail on page 110 in Note 20 of the 2023 Annual and Sustainability Report.

## Disputes

The Company was not a party in any material dispute as of the end of the period.

## Annual General Meeting 2024

The Annual General Meeting on May 23, 2024 decided to re-elect board members Björn Karlsson, Jan Andersson, Marianne Trolle, Lennart Pihl, Charlotte Darth, Christian Hammenborn and Bengt-Arne Molin. Björn Karlsson was appointed as Chair of the Board.

At the subsequent constituent board meeting Björn Karlsson (Chair) and Jan Andersson were elected as members of the Remuneration Committee until the next statutory board meeting. For the same period, Lennart Pihl (Chair), Charlotte Darth and Christian Hammenborn were elected as members of the Audit Committee.

Öhrlings PricewaterhouseCoopers AB with Eric Salander as Auditor-in-Charge was elected as the Company's auditor for a term of one year. Auditors' fees are payable as invoiced.

# OTHER INFORMATION

The AGM voted to approve the Board's proposed dividend to shareholders of SEK 0.50 per share for the 2023 financial year.

The AGM also decided to authorize the Board, on one or several occasions up to the 2025 AGM, to decide on issuing new shares for cash, in-kind or offset payment, allowing deviation from the shareholders' preferential rights. This authorization is limited to a maximum of 10% of the total number of shares in the Company at the time the authorization is exercised. The aim of the authorization, and the reasons for any waiver of shareholders' preferential rights as mentioned above is to enable the Company to finance the acquisition of entities or operations, or to strengthen the Company's capital base and equity/assets ratio.

## **Forward-looking statements**

This report may contain forward-looking statements based on the Management Team's current expectations. Even though management considers the expectations expressed in such forward-looking statements to be 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 the 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.

## CONSOLIDATED FINANCIAL STATEMENTS

# Condensed consolidated statement of comprehensive income

| SEK m  | Note | April 1–June 30 |              | January 1–June 30 |              | 12 months<br>July 2023–<br>June 2024 | Last<br>Full year<br>2023 |
|--|------|-----------------|--------------|-------------------|--------------|--------------------------------------|---------------------------|
|  |      | 2024            | 2023         | 2024              | 2023         |                                      |                           |
| Net sales  | 1    | 301.5           | 288.8        | 533.5             | 572.0        | 1,112.7                              | 1,151.3                   |
| Cost of goods sold   |      | -147.5          | -144.0       | -267.1            | -299.0       | -563.1                               | -595.0                    |
| <b>Gross profit</b>  |      | <b>154.0</b>    | <b>144.8</b> | <b>266.3</b>      | <b>273.0</b> | <b>549.6</b>                         | <b>556.3</b>              |
| Selling expenses   |      | -70.3           | -67.0        | -141.2            | -134.0       | -290.1                               | -282.8                    |
| Administrative expenses  |      | -25.1           | -21.3        | -49.8             | -41.7        | -94.0                                | -85.9                     |
| Research and development expenses                                    |      | -23.5           | -20.5        | -45.1             | -39.5        | -86.3                                | -80.7                     |
| Other operating income/expenses                                      |      | -1.0            | -2.4         | -3.0              | -2.5         | 0.7                                  | 1.2                       |
| <b>Operating profit</b>  |      | <b>34.1</b>     | <b>33.6</b>  | <b>27.2</b>       | <b>55.3</b>  | <b>80.0</b>                          | <b>108.1</b>              |
| Net financial items  |      | -5.0            | -5.4         | -11.5             | -9.0         | -22.1                                | -19.6                     |
| <b>Profit after financial items</b>                                  |      | <b>29.0</b>     | <b>28.2</b>  | <b>15.7</b>       | <b>46.3</b>  | <b>57.9</b>                          | <b>88.6</b>               |
| Income tax   |      | -5.7            | -6.9         | -3.8              | -8.7         | -14.7                                | -19.6                     |
| <b>Profit for the period</b>   |      | <b>23.3</b>     | <b>21.3</b>  | <b>11.9</b>       | <b>37.6</b>  | <b>43.2</b>                          | <b>69.0</b>               |
| <b>Other comprehensive income for the Group</b>                      |      |                 |              |                   |              |                                      |                           |
| <i>Items that may be reclassified subsequently to profit or loss</i> |      |                 |              |                   |              |                                      |                           |
| Translation differences  |      | 1.3             | 3.5          | 3.4               | -4.8         | -4.0                                 | -12.2                     |
| <b>Other comprehensive income for the period</b>                     |      | <b>1.3</b>      | <b>3.5</b>   | <b>3.4</b>        | <b>-4.8</b>  | <b>-4.0</b>                          | <b>-12.2</b>              |
| <b>Comprehensive income for the period</b>                           |      | <b>24.6</b>     | <b>24.8</b>  | <b>15.3</b>       | <b>32.8</b>  | <b>39.2</b>                          | <b>56.8</b>               |

| Earnings per share  | April 1–June 30 |             | January 1–June 30 |             | 12 months<br>July 2023–<br>June 2024 | Last<br>Full year<br>2023 |
|---|-----------------|-------------|-------------------|-------------|--------------------------------------|---------------------------|
|   | 2024            | 2023        | 2024              | 2023        |                                      |                           |
| Number of shares at the end of the period                       | 39,859,566      | 39,859,566  | 39,859,566        | 39,859,566  | 39,859,566                           | 39,859,566                |
| Weighted average number of shares in the period before dilution | 39,859,566      | 39,859,566  | 39,859,566        | 39,859,566  | 39,859,566                           | 39,859,566                |
| Weighted average number of shares in the period after dilution  | 40,301,066      | 40,301,066  | 40,301,066        | 40,301,066  | 40,301,066                           | 40,301,066                |
| <b>Earnings per share before dilution (SEK)</b>                 | <b>0.58</b>     | <b>0.53</b> | <b>0.30</b>       | <b>0.94</b> | <b>1.09</b>                          | <b>1.73</b>               |
| <b>Earnings per share after dilution (SEK)</b>                  | <b>0.58</b>     | <b>0.53</b> | <b>0.30</b>       | <b>0.93</b> | <b>1.07</b>                          | <b>1.71</b>               |

## CONSOLIDATED FINANCIAL STATEMENTS

# Condensed consolidated balance sheet

| SEK m                                    | June 30, 2024  | Dec. 31, 2023  | June 30, 2023  |
|--|----------------|----------------|----------------|
| <b>ASSETS</b>                            |                |                |                |
| <b>Non-current assets</b>                |                |                |                |
| Capitalized product development expenses |                |                |                |
| Capitalized product development expenses | 57.9           | 68.5           | 67.5           |
| Acquisition-related intangible assets    | 573.9          | 576.4          | 585.7          |
| Other intangible non-current assets      | 0.2            | 0.3            | 0.4            |
| Right-of-use assets                      | 90.4           | 100.5          | 120.4          |
| Other property, plant and equipment      | 20.0           | 21.5           | 17.4           |
| Deferred tax assets                      | 17.5           | 9.5            | 21.2           |
| Other financial non-current assets       | 0.3            | 0.3            | 0.3            |
| <b>Total non-current assets</b>          | <b>760.3</b>   | <b>777.0</b>   | <b>812.9</b>   |
| Inventories                              |                |                |                |
| Inventories                              | 305.0          | 290.2          | 271.4          |
| Accounts receivable                      | 193.6          | 284.5          | 179.3          |
| Other current receivables                | 126.6          | 92.5           | 107.5          |
| Cash and cash equivalents                | 106.9          | 81.5           | 37.4           |
| <b>Total current assets</b>              | <b>732.0</b>   | <b>748.7</b>   | <b>595.6</b>   |
| <b>TOTAL ASSETS</b>                      | <b>1,492.3</b> | <b>1,525.7</b> | <b>1,408.5</b> |
| <b>EQUITY AND LIABILITIES</b>            |                |                |                |
| <b>Equity</b>                            | <b>840.0</b>   | <b>844.6</b>   | <b>820.7</b>   |
| <b>Non-current liabilities</b>           |                |                |                |
| Lease liabilities                        | 67.4           | 76.4           | 88.2           |
| Non-current interest-bearing liabilities | 117.5          | 132.5          | 147.5          |
| Deferred tax liabilities                 | 42.2           | 32.6           | 49.5           |
| <b>Total non-current liabilities</b>     | <b>227.2</b>   | <b>241.5</b>   | <b>285.2</b>   |
| <b>Current liabilities</b>               |                |                |                |
| Current interest-bearing liabilities     | 163.8          | 131.4          | 41.9           |
| Lease liabilities                        | 26.5           | 27.1           | 31.0           |
| Accounts payable                         | 71.3           | 114.0          | 96.8           |
| Other current liabilities                | 163.5          | 167.2          | 132.9          |
| <b>Total current liabilities</b>         | <b>425.1</b>   | <b>439.7</b>   | <b>302.6</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>      | <b>1,492.3</b> | <b>1,525.7</b> | <b>1,408.5</b> |

## CONSOLIDATED FINANCIAL STATEMENTS

# Condensed consolidated statement of changes in equity

| SEK m                               | June 30, 2024 | Dec. 31, 2023 | June 30, 2023 |
|-------------------------------------|---------------|---------------|---------------|
| Equity, opening balance             | 844.6         | 787.9         | 787.9         |
| Comprehensive income for the period | 15.3          | 56.8          | 32.8          |
| Dividend                            | -19.9         | -             | -             |
| <b>Equity, closing balance</b>      | <b>840.0</b>  | <b>844.6</b>  | <b>820.7</b>  |

# Condensed consolidated cash flow statement

| SEK m  | April 1–June 30 | January 1–June 30 | 12 months    | Last                | Full year    |
|--|-----------------|-------------------|--------------|---------------------|--------------|
|  | 2024            | 2023              | 2024         | July 2023–June 2024 | 2023         |
| <b>Cash flow from operating activities</b>                             |                 |                   |              |                     |              |
| Operating profit   | 34.1            | 33.6              | 27.2         | 55.3                | 80.1         |
| Reversal of depreciation, amortization and impairment                  | 19.6            | 14.0              | 35.1         | 26.3                | 68.7         |
| Other non-cash items   | 4.7             | 0.2               | 2.0          | 0.6                 | 10.0         |
| Net interest income/expense  | -5.1            | -5.4              | -11.4        | -9.4                | -21.4        |
| Income taxes paid  | -12.6           | -14.9             | -19.4        | -23.5               | -8.5         |
| Change in working capital  | -14.1           | -19.0             | 16.3         | -0.3                | -73.6        |
| <b>Cash flow from operating activities</b>                             | <b>26.5</b>     | <b>8.5</b>        | <b>49.8</b>  | <b>49.0</b>         | <b>55.3</b>  |
| <b>Cash flow from investing activities</b>                             |                 |                   |              |                     |              |
| Investments in intangible assets                                       | -5.4            | -7.5              | -6.2         | -17.9               | -20.2        |
| Investments in property, plant and equipment                           | -4.6            | -5.3              | -6.3         | -6.6                | -13.6        |
| Acquisition of subsidiaries, net of acquired cash and cash equivalents | -               | -                 | -            | -                   | -23.1        |
| <b>Cash flow from investing activities</b>                             | <b>-10.0</b>    | <b>-12.7</b>      | <b>-12.5</b> | <b>-24.5</b>        | <b>-57.0</b> |
| <b>Cash flow from financing activities</b>                             |                 |                   |              |                     |              |
| Dividend   | -19.9           | -                 | -19.9        | -                   | -19.9        |
| Increase in liabilities to credit institutions*                        | 10.4            | -                 | 32.2         | -                   | 122.0        |
| Repayment of interest-bearing liabilities                              | -7.5            | -30.6             | -15.0        | -38.1               | -6.9         |
| Repayment of lease liabilities   | -5.5            | -5.4              | -11.3        | -9.3                | -23.3        |
| <b>Cash flow from financing activities</b>                             | <b>-22.6</b>    | <b>-35.9</b>      | <b>-14.0</b> | <b>-47.4</b>        | <b>71.8</b>  |
| <b>Total cash flow for the period</b>                                  | <b>-6.1</b>     | <b>-40.1</b>      | <b>23.2</b>  | <b>-22.9</b>        | <b>70.3</b>  |
| <b>Change in cash and cash equivalents</b>                             |                 |                   |              |                     |              |
| Cash and cash equivalents at beginning of period                       | 113.2           | 75.9              | 81.5         | 59.9                | 81.5         |
| Exchange rate difference in cash and cash equivalents                  | -0.1            | 1.6               | 2.1          | 0.4                 | -0.8         |
| <b>Cash and cash equivalents at end of period</b>                      | <b>106.9</b>    | <b>37.4</b>       | <b>106.9</b> | <b>37.4</b>         | <b>81.5</b>  |

\* During the period the gross amount of the Company's cash pool was recognized. In previous periods the net amount was recognized. As a result of this adjustment, the accounts show an increase in liabilities to credit institutions, as well as an increase in cash and cash equivalents in the period.

## CONSOLIDATED FINANCIAL STATEMENTS

# Quarterly overview for the Group

| SEK m                               | 2024         |              | 2023         |              |              |              | 2022         |             |              |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
|                                     | Q2           | Q1           | Q4           | Q3           | Q2           | Q1           | Q4           | Q3          | Q2           |
| Net sales                           | 301.5        | 231.9        | 352.8        | 226.5        | 288.8        | 283.2        | 315.3        | 163.7       | 118.5        |
| Cost of goods sold                  | -147.5       | -119.6       | -182.8       | -113.2       | -144.0       | -155.0       | -170.8       | -80.4       | -60.5        |
| <b>Gross profit</b>                 | <b>154.0</b> | <b>112.3</b> | <b>170.0</b> | <b>113.3</b> | <b>144.8</b> | <b>128.2</b> | <b>144.5</b> | <b>83.3</b> | <b>58.0</b>  |
| Operating expenses                  | -120.0       | -119.2       | -128.5       | -101.9       | -111.2       | -106.5       | -113.0       | -70.8       | -73.0        |
| <b>Operating profit</b>             | <b>34.1</b>  | <b>-6.8</b>  | <b>41.4</b>  | <b>11.4</b>  | <b>33.6</b>  | <b>21.7</b>  | <b>31.5</b>  | <b>12.5</b> | <b>-15.0</b> |
| Net financial items                 | -5.0         | -6.5         | -4.6         | -6.0         | -5.4         | -3.6         | -3.7         | -5.3        | -0.2         |
| <b>Profit before tax</b>            | <b>29.0</b>  | <b>-13.3</b> | <b>36.9</b>  | <b>5.4</b>   | <b>28.2</b>  | <b>18.1</b>  | <b>27.8</b>  | <b>7.2</b>  | <b>-15.2</b> |
| Income tax on profit for the period | -5.7         | 1.9          | -11.3        | 0.4          | -6.9         | -1.8         | -7.3         | -0.6        | 2.0          |
| <b>Profit for the period</b>        | <b>23.3</b>  | <b>-11.4</b> | <b>25.7</b>  | <b>5.8</b>   | <b>21.3</b>  | <b>16.3</b>  | <b>20.5</b>  | <b>6.6</b>  | <b>-13.2</b> |

# Multi-year overview for the Group

|  | 2023  | 2022  | 2021  | 2020  | 2019  |
|--|-------|-------|-------|-------|-------|
| Net sales, SEK m                           | 1,151 | 739   | 470   | 398   | 334   |
| Gross margin                               | 48.3% | 47.7% | 44.7% | 45.7% | 37.4% |
| Operating margin (EBITDA)                  | 14.6% | 8.1%  | 4.4%  | 17.2% | 10.7% |
| Operating margin (EBIT)                    | 9.4%  | 4.0%  | -0.6% | 14.3% | 7.4%  |
| Profit margin (EBT)                        | 7.7%  | 2.6%  | -1.1% | 13.9% | 7.5%  |
| Earnings per share before dilution, SEK    | 1.73  | 0.38  | -0.03 | 1.83* | 1.64* |
| Earnings per share after dilution, SEK     | 1.71  | 0.37  | -0.03 | 1.83* | 1.64* |
| Cash and cash equivalents, SEK m           | 81.5  | 59.9  | 169.2 | 46.8  | 9.1   |
| Cash flow from operating activities, SEK m | 54.5  | -76.8 | -55.5 | 61.7  | -7.9  |
| Total assets, SEK m                        | 1,526 | 1,394 | 808   | 368   | 285   |
| Equity, SEK m                              | 845   | 788   | 568   | 133   | 101   |
| Equity/assets ratio                        | 55.4% | 56.5% | 70.3% | 36.0% | 35.5% |
| Return on capital employed                 | 10.1% | 3.4%  | 0.0%  | 30.6% | 19.7% |
| Return on equity                           | 8.5%  | 2.1%  | -0.2% | 36.4% | 20.1% |
| Equity per share, SEK                      | 21.19 | 19.77 | 15.61 | 5.71  | 4.36  |
| Dividend per share, SEK                    | 0.50  | -     | 0.75  | 0.75  | 0.38  |
| Number of employees at year-end            | 309   | 291   | 188   | 119   | 93    |
| Average number of employees                | 302   | 233   | 154   | 97    | 85    |

\*To enable year-on-year comparisons, data for 2019–2020 has been adjusted for the 2:1 share split implemented in 2021.

## PARENT COMPANY FINANCIAL STATEMENTS

# Condensed Parent Company income statement

|  | April 1–June 30 | January 1–June 30 | 12 months  | Last<br>July 2023–<br>June 2024 | Full year   |
|--|-----------------|-------------------|------------|---------------------------------|-------------|
| SEK m  | 2024            | 2023              | 2024       | 2023                            | 2023        |
| Net sales  | 30.0            | 23.2              | 60.0       | 46.6                            | 109.9       |
| Selling expenses   | -10.4           | -6.8              | -20.1      | -13.9                           | -40.9       |
| Administrative expenses  | -12.1           | -9.7              | -23.5      | -18.7                           | -44.0       |
| Research and development expenses                                    | -7.5            | -6.4              | -14.9      | -12.1                           | -28.1       |
| Other operating income/expenses                                      | -1.4            | -0.1              | 0.3        | 0.0                             | -1.6        |
| <b>Operating profit</b>  | <b>-1.4</b>     | <b>0.2</b>        | <b>1.8</b> | <b>1.9</b>                      | <b>-4.7</b> |
| Net financial items  | 0.2             | 0.5               | 1.5        | 0.7                             | 1.0         |
| <b>Profit after financial items</b>                                  | <b>-1.2</b>     | <b>0.7</b>        | <b>3.3</b> | <b>2.6</b>                      | <b>-3.7</b> |
| Year-end appropriations  | -               | -                 | -          | -                               | 1.4         |
| <b>Profit before tax</b>   | <b>-1.2</b>     | <b>0.7</b>        | <b>3.3</b> | <b>2.6</b>                      | <b>-2.3</b> |
| Income tax   | 0.2             | -0.1              | -0.7       | -0.5                            | -0.4        |
| <b>Profit for the period</b>   | <b>-1.0</b>     | <b>0.6</b>        | <b>2.6</b> | <b>2.1</b>                      | <b>-2.7</b> |
| <b>Other comprehensive income</b>                                    |                 |                   |            |                                 |             |
| <b>Profit for the period</b>   | <b>-1.0</b>     | <b>0.6</b>        | <b>2.6</b> | <b>2.1</b>                      | <b>-2.7</b> |
| <b>Other comprehensive income</b>                                    |                 |                   |            |                                 |             |
| <i>Items that may be reclassified subsequently to profit or loss</i> | -               | -                 | -          | -                               | -           |
| <b>Other comprehensive income for the period</b>                     | <b>-</b>        | <b>-</b>          | <b>-</b>   | <b>-</b>                        | <b>-</b>    |
| <b>Comprehensive income for the period</b>                           | <b>-1.0</b>     | <b>0.6</b>        | <b>2.6</b> | <b>2.1</b>                      | <b>-2.7</b> |
|  |                 |                   |            |                                 |             |

# Condensed Parent Company balance sheet

| SEK m                                    | June 30, 2024  | Dec. 31, 2023  | June 30, 2023  |
|--|----------------|----------------|----------------|
| <b>ASSETS</b>                            |                |                |                |
| <b>Non-current assets</b>                |                |                |                |
| Property, plant and equipment            | 7.4            | 8.3            | 9.1            |
| Financial non-current assets             | 781.3          | 781.3          | 781.3          |
| <b>Total non-current assets</b>          | <b>788.7</b>   | <b>789.6</b>   | <b>790.3</b>   |
| Current receivables from Group companies | 314.6          | 288.7          | 236.3          |
| Other current receivables                | 18.4           | 14.7           | 19.9           |
| Cash and cash equivalents                | 38.8           | 36.1           | 39.5           |
| <b>Total current assets</b>              | <b>371.8</b>   | <b>339.5</b>   | <b>295.7</b>   |
| <b>TOTAL ASSETS</b>                      | <b>1,160.5</b> | <b>1,129.1</b> | <b>1,086.1</b> |
| <b>EQUITY AND LIABILITIES</b>            |                |                |                |
| Equity                                   | 733.3          | 750.6          | 755.9          |
| Untaxed reserves                         | 3.6            | 3.6            | 3.6            |
| <b>Non-current liabilities</b>           |                |                |                |
| Non-current interest-bearing liabilities | 237.5          | 132.5          | 185.5          |
| Deferred tax liabilities                 | 0.7            | -              | 0.6            |
| <b>Total non-current liabilities</b>     | <b>238.2</b>   | <b>132.5</b>   | <b>186.1</b>   |
| <b>Current liabilities</b>               |                |                |                |
| Current interest-bearing liabilities     | 42.5           | 166.2          | 41.9           |
| Current liabilities to Group companies   | 119.4          | 54.9           | 82.0           |
| Accounts payable                         | 3.0            | 4.7            | 2.9            |
| Other current liabilities                | 20.5           | 16.6           | 13.7           |
| <b>Total current liabilities</b>         | <b>185.4</b>   | <b>242.4</b>   | <b>140.5</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>      | <b>1,160.5</b> | <b>1,129.1</b> | <b>1,086.1</b> |

# Condensed Parent Company statement of changes in equity

| SEK m                               | June 30, 2024 | Dec. 31, 2023 | June 30, 2023 |
|-------------------------------------|---------------|---------------|---------------|
| Equity, opening balance             | 750.6         | 753.8         | 753.8         |
| Comprehensive income for the period | 2.6           | -3.2          | 2.1           |
| Dividend                            | -19.9         | -             | -             |
| <b>Equity, closing balance</b>      | <b>733.3</b>  | <b>750.6</b>  | <b>755.9</b>  |

# Notes

## Note 1. Net sales by geographic area

| SEK m                  | April 1–June 30 |            | January 1–June 30 |            | Last 12 months<br>July 2023–<br>June 2024 | Full year<br>2023 |
|------------------------|-----------------|------------|-------------------|------------|---|-------------------|
|                        | 2024            | 2023       | 2024              | 2023       |   |                   |
| Nordics                | 163             | 203        | 285               | 351        | 623                                       | 689               |
| Europe (excl. Nordics) | 103             | 37         | 156               | 110        | 278                                       | 231               |
| North America          | 33              | 23         | 80                | 78         | 187                                       | 185               |
| Other countries        | 3               | 26         | 13                | 34         | 25  | 46                |
| <b>Total revenue</b>   | <b>302</b>      | <b>289</b> | <b>534</b>        | <b>572</b> | <b>1,113</b>                              | <b>1,151</b>      |

# Alternative 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.

| SEK m  | April 1–June 30 |                 | January 1–June 30 |                 | Last 12 months      | Full year        |
|--|-----------------|-----------------|-------------------|-----------------|---------------------|------------------|
|  | 2024            | 2023            | 2024              | 2023            | July 2023–June 2024 | 2023             |
| <b>Operating profit (EBIT)</b>                       | <b>34.1</b>     | <b>33.6</b>     | <b>27.2</b>       | <b>55.3</b>     | <b>80.0</b>         | <b>108.1</b>     |
| Listing expenses                                     | -               | -               | -                 | -               | -                   | -                |
| Acquisition-related expenses                         | -               | -               | -                 | -               | -                   | -                |
| <b>Adjusted operating profit (EBIT)</b>              | <b>34.1</b>     | <b>33.6</b>     | <b>27.2</b>       | <b>55.3</b>     | <b>80.0</b>         | <b>108.1</b>     |
| <br><b>Adjusted operating profit (EBIT)</b>          | <br><b>34.1</b> | <br><b>33.6</b> | <br><b>27.2</b>   | <br><b>55.3</b> | <br><b>80.0</b>     | <br><b>108.1</b> |
| Net sales  | 302             | 289             | 534               | 572             | 1,113               | 1,151            |
| <b>Adjusted operating margin (EBIT), %</b>           | <b>11.3%</b>    | <b>11.6%</b>    | <b>5.1%</b>       | <b>9.7%</b>     | <b>7.2%</b>         | <b>9.4%</b>      |
| <br><b>Operating profit (EBITA), SEK m</b>           | <br><b>34.1</b> | <br><b>33.6</b> | <br><b>27.2</b>   | <br><b>55.3</b> | <br><b>80.0</b>     | <br><b>108.1</b> |
| Operating profit (EBIT)                              | 34.1            | 33.6            | 27.2              | 55.3            | 80.0                | 108.1            |
| Amortization of intangible assets                    | 12.3            | 7.2             | 20.4              | 14.0            | 38.5                | 32.1             |
| <b>Operating profit (EBITA)</b>                      | <b>46.4</b>     | <b>40.8</b>     | <b>47.6</b>       | <b>69.3</b>     | <b>118.4</b>        | <b>140.2</b>     |
| <br><b>Adjusted operating profit (EBITA), SEK m</b>  | <br><b>46.4</b> | <br><b>40.8</b> | <br><b>47.6</b>   | <br><b>69.3</b> | <br><b>118.5</b>    | <br><b>140.2</b> |
| Operating profit (EBITA)                             | 46.4            | 40.8            | 47.6              | 69.3            | 118.5               | 140.2            |
| Listing expenses                                     | -               | -               | -                 | -               | -                   | -                |
| Acquisition-related expenses                         | -               | -               | -                 | -               | -                   | -                |
| <b>Adjusted operating profit (EBITA)</b>             | <b>46.4</b>     | <b>40.8</b>     | <b>47.6</b>       | <b>69.3</b>     | <b>118.5</b>        | <b>140.2</b>     |
| <br><b>Adjusted operating profit (EBITA)</b>         | <br><b>46.4</b> | <br><b>40.8</b> | <br><b>47.6</b>   | <br><b>69.3</b> | <br><b>118.5</b>    | <br><b>140.2</b> |
| Net sales  | 302             | 289             | 534               | 572             | 1,113               | 1,151            |
| <b>Adjusted operating margin (EBITA), %</b>          | <b>15.4%</b>    | <b>14.1%</b>    | <b>8.9%</b>       | <b>12.1%</b>    | <b>10.7%</b>        | <b>12.2%</b>     |
| <br><b>Operating profit (EBITDA), SEK m</b>          | <br><b>34.1</b> | <br><b>33.6</b> | <br><b>27.2</b>   | <br><b>55.3</b> | <br><b>80.0</b>     | <br><b>108.1</b> |
| Operating profit (EBIT)                              | 34.1            | 33.6            | 27.2              | 55.3            | 80.0                | 108.1            |
| Depreciation/amortization                            | 19.6            | 14.1            | 35.1              | 26.4            | 68.6                | 59.9             |
| <b>Operating profit (EBITDA)</b>                     | <b>53.6</b>     | <b>47.7</b>     | <b>62.3</b>       | <b>81.7</b>     | <b>148.6</b>        | <b>168.0</b>     |
| <br><b>Adjusted operating profit (EBITDA), SEK m</b> | <br><b>53.6</b> | <br><b>47.7</b> | <br><b>62.3</b>   | <br><b>81.7</b> | <br><b>148.6</b>    | <br><b>168.0</b> |
| Operating profit (EBITDA)                            | 53.6            | 47.7            | 62.3              | 81.7            | 148.6               | 168.0            |
| Listing expenses                                     | -               | -               | -                 | -               | -                   | -                |
| Acquisition-related expenses                         | -               | -               | -                 | -               | -                   | -                |
| <b>Adjusted operating profit (EBITDA)</b>            | <b>53.6</b>     | <b>47.7</b>     | <b>62.3</b>       | <b>81.7</b>     | <b>148.6</b>        | <b>168.0</b>     |
| <br><b>Adjusted operating profit (EBITDA)</b>        | <br><b>53.6</b> | <br><b>47.7</b> | <br><b>62.3</b>   | <br><b>81.7</b> | <br><b>148.6</b>    | <br><b>168.0</b> |
| Net sales  | 302             | 289             | 534               | 572             | 1,113               | 1,151            |
| <b>Adjusted operating margin (EBITDA), %</b>         | <b>17.8%</b>    | <b>16.5%</b>    | <b>11.7%</b>      | <b>14.3%</b>    | <b>13.4%</b>        | <b>14.6%</b>     |

## Available cash and cash equivalents

| SEK m                                      | June 30, 2024 | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 |
|--|---------------|----------------|---------------|----------------|---------------|
| Cash and bank balances                     | 106.9         | 113.2          | 81.5          | 61.9           | 37.4          |
| Unutilized overdraft facility              | 36.1          | 10.4           | 0.0           | 9.0            | 75.0          |
| <b>Available cash and cash equivalents</b> | <b>143.0</b>  | <b>123.6</b>   | <b>81.5</b>   | <b>70.9</b>    | <b>112.4</b>  |

## Working capital including cash and bank balances

| SEK m   | June 30, 2024 | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 |
|---|---------------|----------------|---------------|----------------|---------------|
| Total current assets excluding cash and bank balances                               | 625.1         | 592.3          | 667.3         | 597.9          | 558.2         |
| Cash and bank balances  | 106.9         | 113.2          | 81.5          | 61.9           | 37.4          |
| Current liabilities, non-interest-bearing   | -234.9        | -224.8         | -281.2        | -210.8         | -229.7        |
| <b>Working capital including cash and bank balances</b>                             | <b>497.1</b>  | <b>480.7</b>   | <b>467.6</b>  | <b>449.0</b>   | <b>365.9</b>  |
| Net sales last 12 months  | 1,113         | 1,100          | 1,151         | 1,114          | 1,051         |
| <b>Working capital including cash and bank balances in relation to net sales, %</b> | <b>44.7%</b>  | <b>43.7%</b>   | <b>40.6%</b>  | <b>40.3%</b>   | <b>34.8%</b>  |

## Working capital excluding cash and bank balances

| SEK m   | June 30, 2024 | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 |
|---|---------------|----------------|---------------|----------------|---------------|
| Inventories   | 305.0         | 316.5          | 290.2         | 304.1          | 271.4         |
| Current receivables   | 320.2         | 275.7          | 377.1         | 293.8          | 286.8         |
| Current liabilities, non-interest-bearing   | -234.9        | -224.8         | -281.2        | -210.8         | -229.7        |
| <b>Working capital excluding cash and bank balances</b>                             | <b>390.3</b>  | <b>367.5</b>   | <b>386.1</b>  | <b>387.1</b>   | <b>328.5</b>  |
| Net sales last 12 months  | 1,113         | 1,100          | 1,151         | 1,114          | 1,051         |
| <b>Working capital excluding cash and bank balances in relation to net sales, %</b> | <b>35.1%</b>  | <b>33.4%</b>   | <b>33.5%</b>  | <b>34.8%</b>   | <b>31.3%</b>  |

## Return on capital employed

| SEK m   | June 30, 2024 | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 |
|---|---------------|----------------|---------------|----------------|---------------|
| Profit after financial items, last 12 months    | 57.9          | 57.2           | 88.6          | 79.5           | 81.3          |
| Financial expense, last 12 months               | -22.3         | -30.5          | -28.4         | -24.9          | -22.9         |
| Profit before financial expense, last 12 months | 80.1          | 87.7           | 117.0         | 104.4          | 104.2         |
| Capital employed at beginning of period         | 1,129         | 1,118          | 1,103         | 1,087          | 622           |
| Capital employed at end of period               | 1,215         | 1,216          | 1,212         | 1,208          | 1,129         |
| Average capital employed                        | 1,172         | 1,167          | 1,157         | 1,147          | 876           |
| <b>Return on capital employed, %</b>            | <b>6.8%</b>   | <b>7.5%</b>    | <b>10.1%</b>  | <b>9.1%</b>    | <b>11.9%</b>  |

## Return on equity

| SEK m                            | June 30, 2024 | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 |
|----------------------------------|---------------|----------------|---------------|----------------|---------------|
| Profit after tax, last 12 months | 43.2          | 41.3           | 69.0          | 63.9           | 64.7          |
| Equity at beginning of period    | 821           | 796            | 788           | 766            | 535           |
| Equity at end of period          | 840           | 835            | 845           | 829            | 821           |
| Average equity                   | 830           | 816            | 816           | 797            | 678           |
| <b>Return on equity, %</b>       | <b>5.2%</b>   | <b>5.1%</b>    | <b>8.5%</b>   | <b>8.0%</b>    | <b>9.5%</b>   |

## Net debt/EBITDA

| SEK m   | June 30, 2024 | March 31, 2024 | Dec. 31, 2023 | Sept. 30, 2023 | June 30, 2023 |
|---|---------------|----------------|---------------|----------------|---------------|
| Non-current liabilities, interest-bearing                 | 184.9         | 199.7          | 208.9         | 222.7          | 235.7         |
| Current liabilities, interest-bearing                     | 190.4         | 181.5          | 158.5         | 156.7          | 72,9          |
| Cash and bank balances                                    | -106.9        | -113.2         | -81.5         | -61.9          | -37.4         |
| <b>Net debt incl. IFRS 16</b>                             | <b>268.4</b>  | <b>268.0</b>   | <b>285.9</b>  | <b>317.5</b>   | <b>271.2</b>  |
| Operating profit, last 12 months                          | 80.0          | 79.6           | 108.1         | 98.2           | 99.3          |
| Depreciation, amortization and impairment, last 12 months | 68.6          | 63.1           | 59.9          | 53.4           | 45.7          |
| Non-recurring items, last 12 months                       | -             | -              | -             | -              | -             |
| Adjusted EBITDA, last 12 months                           | 148.6         | 142.7          | 168.0         | 151.6          | 145.0         |
| <b>Net debt/EBITDA, multiple</b>                          | <b>1.8</b>    | <b>1.9</b>     | <b>1.7</b>    | <b>2.1</b>     | <b>1.9</b>    |

# BOARD OF DIRECTORS' ASSURANCE

## Board of Directors' assurance

The Board of Directors and CEO hereby provide an assurance that this interim 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 other companies included in the Group.

**MilDef Group AB (publ)**  
Helsingborg, July 25, 2024

**Björn Karlsson**  
Chair

**Jan Andersson**  
Board member

**Marianne Trolle**  
Board member

**Christian Hammenborn**  
Board member

**Charlotte Darth**  
Board member

**Lennart Pihl**  
Board member

**Bengt-Arne Molin**  
Board member

**Daniel Ljunggren**  
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, on a last 12-month basis, 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 non-current assets.

## 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 income-bearing financial assets.

## OPERATING CASH FLOW

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

## ORGANIC GROWTH

Annual growth in net sales excluding acquisition-related net sales, calculated as 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, minus 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 the 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.

# MILDEF IN BRIEF

## BRIEF FACTS

MilDef's shares are listed on the NASDAQ Stockholm Mid Cap Index.  
Ticker: MILDEF.

- Supplier of tactical IT solutions
- Founded in 1997
- Stock exchange listing on June 4, 2021
- +300 employees in nine countries
- Key markets: Nordics, EU, NATO
- Customers: Defense industry, government agencies and critical infrastructure
- Product portfolio: Hardware, software and services

## 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 – 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 accuracy.

## BUSINESS CONCEPT

MilDef's business concept is to develop, offer and deliver tactical IT products and services for operations and functions that are critical for society. MilDef customizes solutions to meet the 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 operates in the international security and defense market and within other areas that are critical for society.

## FINANCIAL TARGETS

### Growth

MilDef's target is to grow sales over time by at least 25% 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 prevailing market conditions into account.

## GROWTH STRATEGIES

MilDef's growth strategy is based on three prioritized areas.

### 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 in the past was mainly focused on hardware, to also include services and software.

# MILDEF IN BRIEF

## SUSTAINABILITY STRATEGY

Our reason for being is to safeguard society's sustainable structures. To stand up for freedom and democracy. To make the world a safer place and protect our way of life. We integrate our focus on sustainability into all aspects when taking responsibility for a sustainable world.

We aim 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.





## Important information

This interim report may contain forward-looking information that reflects MiiDef's current view of future events, as well as financial and operative development. Words such as "intends," "sees," "expects," "may," "assesses," "plans," "considers," "estimates" and other expressions that convey indications or predictions regarding future development or trends, and that are not based on historical fact, constitute forward-looking information. Forward-looking information is by nature associated with both known and unknown risks and factors of uncertainty because it depends on future events and circumstances. Forward-looking information does not offer any guarantee regarding future performance or development, and actual outcomes may differ materially from those expressed in forward-looking information.

# Invitation to a presentation of MilDef's interim report for January–June 2024

The presentation will be held in English and will conclude with a Q&A. The meeting will start at 10:00 CEST on July 25, 2024 and last for about 45 minutes. The report will be made available at [www.mildef.com](http://www.mildef.com) the same morning.

## Connecting to the meeting

Connect to the meeting either by clicking on this [Teams link](#) or by calling the following telephone number (audio only).

### 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 (UK)  
+1 323 486 4735 (USA)

Enter conference ID: **101 825 767#**

## Financial calendar

Capital Markets Day, Stockholm  
Interim Report Q3 2024  
Year-End Report Q4 2024

September 17, 2024  
October 25, 2024  
February 6, 2025

The Company's financial reports are made available via the Cision news service and on MilDef's website, [www.mildef.com](http://www.mildef.com).

This information is the information that MilDef Group AB (publ) is required to publish in accordance with the EU market abuse regulation and the Swedish Securities Market Act. The information was submitted, through the agency of the contact persons set out below, for publication at 08:00 CEST on July 25, 2024.

## For further information please contact:



Daniel Ljunggren, CEO  
+46 70 668 00 15  
[daniel.ljunggren@mildef.com](mailto:daniel.ljunggren@mildef.com)



Viveca Johnsson, CFO  
+46 704 62 75 05  
[viveca.johnsson@mildef.com](mailto:viveca.johnsson@mildef.com)



Olof Engvall, Head of IR & Communications  
+46 735 41 45 73  
[olof.engvall@mildef.com](mailto:olof.engvall@mildef.com)

## MilDef – WE ARMOR IT.

MilDef is a global systems integrator and full-spectrum supplier of rugged IT for defense and security applications as well as for national and critical infrastructure sectors. MilDef provides hardware, software and services that protect critical information flows and systems where the stakes are the highest. MilDef's products are sold to more than 200 customers through MilDef's companies in Sweden, Norway, Finland, Denmark, the UK, Germany, Switzerland, the USA and Australia, and through a network of partners in more than 40 countries. MilDef was founded in 1997 and has been listed on NASDAQ Stockholm since 2021.

# WE ARMOR IT.<sup>TM</sup>

## Letters. Words. Codes. Coordinates. Orders.

Every moment vital information is transmitted around us and at risk. Enter MilDef. We create rugged IT solutions for the harshest conditions and most challenging environments, which prevent your information from being interrupted, intercepted or disrupted.

**Put simply; we armor your IT, when and where the stakes are the highest.**