

MILDEF GROUP

Q3

INTERIM REPORT
JANUARY–SEPTEMBER 2024

INTERIM REPORT JANUARY–SEPTEMBER 2024

SUMMARY OF THE PERIOD

SUSTAINED STRONG ORDER INTAKE AND CASH FLOW IMPROVEMENT

Third quarter 2024

- Net sales increased by 10.3% to SEK 250 million (226).
- The gross margin was 50.0% (50.0).
- Adjusted EBITA amounted to SEK 31.1 million (18.9), equivalent to an adjusted operating margin of 12.5% (8.4).
- Operating profit (EBIT) amounted to SEK 21.8 million (11.4), corresponding to an operating margin of 8.7% (5.0).
- Order intake increased by 134% to SEK 415 million (177).
- Free cash flow amounted to SEK 42.6 million (-42.0).

January–September 2024

- Net sales decreased by 1.9% to SEK 783 million (798).
- The gross margin was 49.9% (48.4).
- Adjusted EBITA amounted to SEK 78.7 million (88.2), equivalent to an adjusted operating margin of 10.0% (11.0).
- Operating profit (EBIT) amounted to SEK 49.1 million (66.7), equivalent to an operating margin of 6.3% (8.4).
- Order intake increased by 29% to SEK 1,037 million (806).
- Order backlog as of September 30, 2024 increased by 28% to SEK 1,627 million compared with the same date in 2023 (1,272).
- Free cash flow amounted to SEK 83.7 million (-17.5).
- Earnings per share after dilution amounted to SEK 0.72 (1.07).

LAST 12 MONTHS, OCTOBER 2023–SEPTEMBER 2024

NET SALES	ADJUSTED OPERATING PROFIT (EBITA)	ADJUSTED OPERATING MARGIN (EBITA)
SEK 1,136 m	SEK 130.7 m	11.5%

Summary of significant events in the third quarter, July–September 2024

- Supported by the acquisition of the assets of Advanced Vision Technology Ltd (AVT), MilDef has secured an order consisting of rugged displays for a European military vehicle manufacturer. The order is related to a substantial European vehicle program and is worth SEK 135 million. Deliveries will take place in the period 2024–2029.
- To meet the growing demand for integration services in Sweden, MilDef has decided to expand its local capacity in the Stockholm region. A bespoke building with more than 6,000 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 has decided to employ Magnus Hagman to be Vice President Nordics. He was previously Head of Marketing and Sales at Carmenta where he had worked since 2022. Before this he worked for a decade within the SAAB defense company holding various positions there. Magnus will join the Company's Management Team.
- The Norwegian Defence Materiel Agency (NDMA) has ordered computers from MilDef to modernize the CV90 combat vehicle. The value of the order is SEK 72 million. Deliveries will take place in 2025.
- As a result of MilDef's financial development, market conditions and prospects, the company has amended its profitability target. The previous EBITDA target of at least 10% over time has been replaced by an EBITA target of at least 15% over time.

INTERIM REPORT JANUARY–SEPTEMBER 2024

SUMMARY OF THE PERIOD

FINANCIAL SUMMARY

All figures are in SEK million unless otherwise indicated	July 1–September 30		January 1–September 30		Last 12 months	Full year
	2024	2023	2024	2023	Oct 2023–Sept 2024	2023
Net sales	250	226	783	798	1,136	1,151
Sales growth, %	10	38	-2	89	2	56
Of which organic, %	10	14	-2	62	2	47
Of which acquisition-driven, %	-	24	-	27	-	8
Gross margin, %	50.0	50.0	49.9	48.4	49.4	48.3
Adjusted operating profit (EBITA)	31.1	18.9	78.7	88.2	130.7	140.2
Adjusted operating margin (EBITA), %	12.5	8.4	10.0	11.0	11.5	12.2
Order intake	415	177	1,037	806	1,445	1,214
Order backlog	1,627	1,272	1,627	1,272	1,627	1,327
Free cash flow	42.6	-42.0	83.7	-17.5	109.8	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

INCREASED DEMAND FUELS RECORD ORDER INTAKE

After establishing on a historically high sales level in the first half of 2024, MilDef's sales grew in the third quarter by a further 10% to reach SEK 250 million (226). Order intake rose at the same time by 134% to reach SEK 415 million (177). This rise is evidence of an increasingly growing demand in combination with a well positioned MilDef. MilDef's free cash flow continued to show strong development, amounting to SEK 42.6 million (-42.0) for the quarter, proving that our investments in operational efficiency are yielding results.

An eventful quarter

The third quarter was an eventful one. A string of orders were received, including MilDef's single largest order this year of SEK 135 million for delivery of displays to a European defense group. We were also entrusted by the Norwegian Defence Materiel Agency to deliver rugged computers for the modernization of the Norwegian army's existing fleet of CV90 combat vehicles, for a value of SEK 72 million. In addition, we secured important system orders from both the Danish Ministry of Defence Acquisition and Logistics Organization (DALO) and our industry partner BAE Systems. Combined, these orders underscore MilDef's position as a relevant actor in the military capacity development that is ongoing in Europe.

During the quarter MilDef decided to expand its local capacity in the Stockholm region in order to meet the growing demand for integration services. This strategic initiative will include a brand new bespoke rental property of over 6,000 square

meters of office and production space. This upgrade will quadruple MilDef's capacity in integration services and enable the Company to accept larger orders. Move-in is expected to take place in autumn 2025. The new premises will enable the growth rate to be accelerated and is without doubt a milestone for MilDef.

“An increasingly active market with growing demand”

We also announced our decision to reinforce MilDef's Management Team by recruiting Magnus Hagman to be Vice President Nordics. Magnus will add solid industry experience and valuable skills in international business development and sales.



CEO'S COMMENTS

+10%

NET SALES

July–September 2024

+134%

ORDER INTAKE

July–September 2024

12.5%

ADJUSTED EBITA

July–September 2024

Raised long-term profitability target

In the third quarter MilDef's Board of Directors decided to raise the Company's long-term profitability target. The previous EBITDA target of at least 10% over time was replaced by an EBITA target of at least 15% over time. The new target reflects ambitious but realistic profitability development. The decision to raise the ambition level was based on MilDef's current financial performance and prevailing market conditions. The raised profitability target is effective immediately. Other financial targets remain the same.

MilDef's first Capital Markets day

MilDef held its first Capital Markets Day in Stockholm at the end of the third quarter. The event was well attended and interest among the audience was great. During the day MilDef's Management Team presented the Company in a broader context while also describing its strategies for future expansion.

Outlook

Increased geopolitical tensions around the world are still having a major impact on the global security situation. The urgent need to provide Ukraine with support while also strengthening Europe's defense capacity will drive growth in our industry for many years to come. The drivers include increased military appropriations and significant modernization needs.

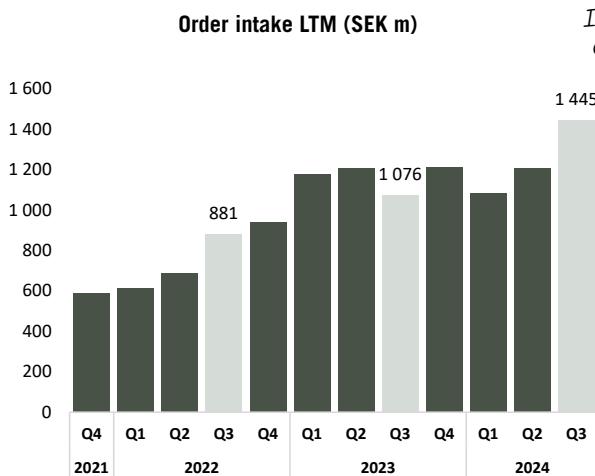
With the heightened instability in the world, MilDef's role in contributing to stronger and more resilient communities is becoming increasingly important. MilDef is continually strengthening its market presence and has a product portfolio that is uniquely positioned. This gives me reason to be optimistic as I look forward to MilDef seizing the opportunities offered by an increasingly active market.



Daniel Ljunggren, President and CEO of MilDef Group

MILDEF'S FINANCIAL DEVELOPMENT

ORDER STATUS

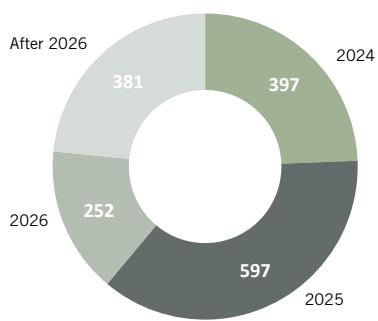


The columns in the chart show MilDef's order intake over the last 12 months (LTM) in SEK million. Order intake is the total orders received during the period in question.



The columns in the chart show MilDef's order backlog at the end of each calendar quarter in SEK million. 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.

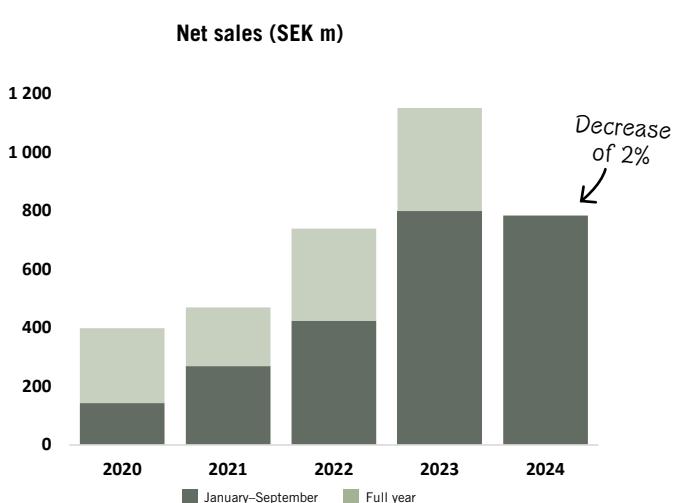
Change in order backlog January–September 2024 (SEK m)

Order backlog as of January 1, 2024	1,327
Order intake January–September 2024	1,037
Sales January–September 2024	-783
Sales January–September 2024 not impacting order backlog	76
Order backlog acquired in the period	0
Currency effect in order backlog during the period	-30
Order backlog as of September 30, 2024	1,627

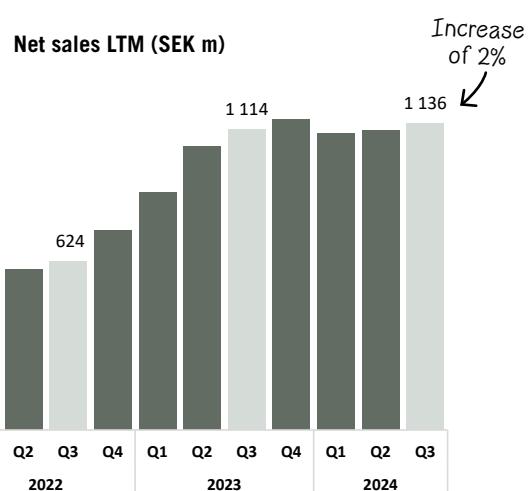
The table above presents the development of MilDef's order backlog in SEK million during the first nine months of 2024, and the size of the components included, to arrive at the difference in the order backlog as of January 1, 2024 in comparison with September 30, 2024.

MILDEF'S FINANCIAL DEVELOPMENT

NET SALES

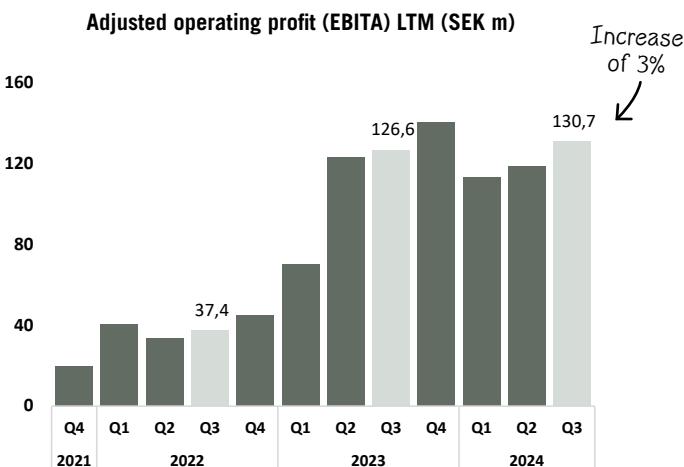


The columns above show MilDef's net sales for the period 2020–2023 and for January–September for the years 2020–2024. The columns also show the volatility in MilDef's net sales.

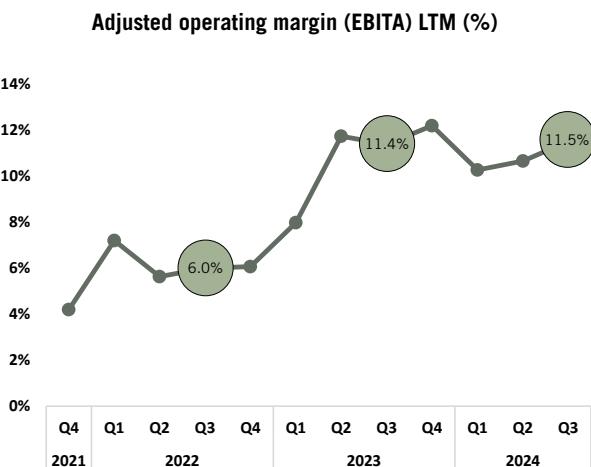


The columns above show MilDef's net sales over the last 12 months (LTM) in SEK million.

ADJUSTED OPERATING PROFIT (EBITA) AND ADJUSTED OPERATING MARGIN (EBITA)



The columns in the chart shows MilDef's operating profit (EBITA) over the last 12 months (LTM) in SEK million, adjusted for non-recurring items.



The chart above shows MilDef's operating margin (EBITA) over the last 12 months (LTM) as a percentage, adjusted for non-recurring items. The adjusted EBITA margin is stated as a percentage of net sales. MilDef considers the adjusted EBITA 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.

Third quarter: July–September 2024

Order status

The order intake was higher in the third quarter of 2024 than in the comparison quarter in 2023. The order intake increased during the period by 134% to SEK 415 million, compared with SEK 177 million in the third quarter of 2023. During the quarter four orders were booked that were of a relevant size and strategic importance for press releases on them to be issued. The underlying trend in the market remains positive.

Net sales

Net sales increased in the third quarter of 2024 by 10% compared with the same quarter the previous year and amounted to SEK 250 million (226). Development during the quarter was in line with the Company's expectations, with the Nordic markets driving growth.

Gross profit

Gross profit amounted to SEK 125 million (113), equivalent to a gross margin of 50.0% (50.0). 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 103 million (102). There were no non-recurring items during the period. Operating expenses increased during the period in an amount equivalent to SEK 1 million compared with the third quarter of 2023.

The Company's operating expenses decreased sequentially by 14% in the third quarter of 2024 compared with the second quarter of 2024. 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. The operating expenses as a percentage of sales amounted to 41.3% (45.0) in the third quarter of 2024.

Operating profit (EBIT)

Operating profit (EBIT) in the third quarter of 2024 amounted to SEK 21.8 million (11.4). There were no non-recurring items. This is equivalent to an operating margin of 8.7% (5.0). 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 (EBITA)

Adjusted operating profit before amortization of intangible non-current assets amounted to SEK 31.1 million (18.9)

during the quarter, equivalent to a margin of 12.5% (8.4). Amortization of intangible non-current assets amounted to SEK 9.3 million (7.5), with the change relating to increased amortization of capitalized product development. The adjusted operating profit does not include adjustments for non-recurring items.

Financial items

Net financial expense for the period amounted to SEK -0.5 million (-6.0). The shift is due to positive currency revaluations in financial items as a result of the general appreciation of the Swedish krona.

Tax

The third quarter's tax effect impacted net profit by SEK -4.1 million (0.4).

Net profit for the quarter

Profit after tax amounted to SEK 17.2 million (5.8). Earnings per share before dilution amounted to SEK 0.43 (0.14) and earnings per share after dilution to SEK 0.43 (0.14).

Cash flow

Cash flow for the quarter was recognized at SEK -64.1 million (24.6). Free cash flow for the quarter amounted to SEK 42.6 million (-42.0). During the third quarter, the reclassification of the Group's overdraft facility and cash pool was finalized. As a result of this adjustment, the accounts show a decrease in liabilities to credit institutions, as well as a decrease in cash and cash equivalents in the period. When considering the quarter comparison, it is worth noting that the third quarter of 2024 had a positive free cash flow, while the cash flow in the corresponding period in 2023 required contribution from financing activities.

Cash flow from operating activities amounted to SEK 48.1 million (-30.6). Cash flow from changes in working capital amounted to SEK 11.9 million (-48.1). The improvement was driven by a higher EBITA, but the main driver was more favorable working capital development in the third quarter of 2024 than in the same period in 2023.

Cash flow from investing activities amounted to SEK -18.0 million (-34.4). The lower pace of investment is due to the fact that the focus in the third quarter of 2024 has been on delivering and developing customer-specific development projects that are not capitalized in the consolidated accounts. In the third quarter of 2024 the final adjustment was made on the purchase consideration for Defcon Solutions AB in the form of a contingent consideration of SEK 12.5 million.

Cash flow from financing activities amounted to SEK -94.2 million (89.6). Repayment of loans taken out in connection with the acquisition of Handheld Group in September 2022 amounted to SEK 7.5 million in the third quarter of 2024. Amortization of leases was charged to financing activities in the amount of SEK -5.4 million (-5.8) in the quarter.

FINANCIAL OVERVIEW

First nine months: January–September 2024

Order status

The order intake for the first three quarters increased by 29% to SEK 1,037 million, compared with the corresponding period the previous year when it was SEK 806 million. The underlying market trend remains positive. The order backlog on September 30 was at a historically high level, amounting to SEK 1,627 million (1,272), an increase of 28%.

Net sales

MilDef's sales were slightly lower in the first three quarters of 2024 compared with the strong comparison figures for 2023. The first three quarters of 2023 constituted a strong growth period with 89% growth compared with 2022. Net sales decreased in the first nine months of the year by 2% compared with the same period in 2023 and amounted to SEK 783 million (798).

Gross profit

Gross profit amounted to SEK 391.3 million (386.3), equivalent to a gross margin of 49.9% (48.4). The Company's gross profit may vary across periods depending on sales volumes, and the gross margin may vary based on the product and customer mix.

Operating expenses

Operating expenses amounted to SEK 342 million (320). There were no non-recurring items during the period. Operating expenses increased during the period in an amount equivalent to SEK 23 million compared with the first nine months of 2023. The operating expenses as a percentage of sales amounted to 43.7% (40.0) in the third quarter. The increase in expenses was planned for and tracks the Company's growth trajectory.

Operating profit (EBIT)

Operating profit (EBIT) in the first nine months amounted to SEK 49.1 million (66.7). There were no non-recurring items. This is equivalent to an operating margin of 6.3% (8.4). 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 (EBITA)

Adjusted operating profit before amortization of intangible non-current assets amounted to SEK 78.7 million (88.2), equivalent to a margin of 10.0% (11.0). Amortization of intangible non-current assets amounted to SEK 29.7 million (21.5), with amortization of capitalized product development accounting for 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 -12.0 million (-15.0). The change is mainly due to increased interest expense linked to financing the acquisition of Handheld Group AB, as well as the positive currency revaluations in financial items during the third quarter as a result of the general appreciation of the Swedish krona.

Tax

The tax effect from the first nine months of the year impacted net profit in the amount of SEK -8.0 million (-8.3). This makes the effective tax rate 21.5% (16.1). 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 29.1 million (43.4). Earnings per share before dilution amounted to SEK 0.73 (1.09) and earnings per share after dilution to SEK 0.72 (1.07).

Cash flow

Cash flow reported for the period amounted to SEK -40.8 million (1.6). During the third quarter, the reclassification of the Group's overdraft facility and cash pool was finalized. As a result of this adjustment, the accounts show a decrease in liabilities to credit institutions, as well as a decrease in cash and cash equivalents in the period.

Free cash flow for the first nine months of the year amounted to SEK 83.7 million (-17.4). Cash flow from operating activities amounted to SEK 97.9 million (18.4). Cash flow from changes in working capital amounted to SEK 28.1 million (-48.4). The improved working capital situation during the period more than compensated for the decrease in operating profit.

Cash flow from investing activities amounted to SEK -30.6 million (-58.9). The lower pace of investment is due to the fact that the focus in the first three quarters of 2024 has been on delivering customer-specific development projects that are not capitalized in the consolidated accounts. In the third quarter of 2024 the final adjustment was made on the purchase consideration for Defcon Solutions AB in the form of a contingent consideration of SEK 12.5 million.

Cash flow from financing activities amounted to SEK -108.2 million (42.1). Repayment of loans taken out in connection with the acquisition of Handheld Group in September 2022 amounted to SEK 22.5 million in the first nine months of the year. Amortization of leases was charged to financing activities in the amount of SEK -16.7 million (-15.1).

Equity

The Group's equity amounted to SEK 852.3 million (828.5) at the end of the period. The equity/assets ratio as of September 30, 2024 was SEK 61.1% (56.3). The "2021/2025" incentive program described in the 2023 Annual and Sustainability Report has been open for subscribing for shares since September 1. A number of participants have taken this

FINANCIAL OVERVIEW

opportunity and the Company had therefore issued 72,500 new shares as of September 30. The total number of shares after the new share issue is 39,932,066 and the share capital is SEK 9,983,016.50.

Net working capital

Net working capital amounted to SEK 377 million (387) at the end of the period. The change in comparison with the corresponding period was driven by lower operating receivables in relation to operating liabilities, while stocks were higher than in the comparison period. Compared with the same period the previous year, net working capital in relation to net sales decreased to 33.2% (34.8). For the full year 2023 it was 33.5%.

SEK m	Sept. 30, 2024	Sept. 30, 2023	Dec. 31 2023
Inventories	326.4	304.1	290.2
Accounts receivable	143.4	155.6	284.5
Other current receivables	139.5	138.2	92.5
Accounts payable	-88.6	-97.7	-114.0
Other current liabilities	-143.9	-113.1	-167.2
Net working capital	376.7	387.1	386.0
<i>as a percentage of net sales LTM (%)</i>			
	33.2%	34.8%	33.5%

Net debt and cash and cash equivalents

The net debt including lease liabilities amounted to SEK 224 million (318) at the end of the period. Cash and cash equivalents as of September 30, 2024 amounted to SEK 42 million (62). At the end of the period there was an unutilized revolving overdraft facility of SEK 85 million (9). 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 0.8 (1.4). Calculated including the effects of IFRS 16, the net debt/equity ratio was 1.4 (2.1).

SEK m	Sept. 30, 2024	Sept. 30, 2023	Dec. 31 2023
Other interest-bearing liabilities	176.6	267.3	263.9
Lease liabilities	88.5	112.1	103.5
Cash and cash equivalents	-41.5	-61.9	-81.5
Net debt incl. IFRS 16	223.5	317.5	285.9
<i>relative to adjusted operating profit (EBITDA) LTM, times</i>	<i>1.4</i>	<i>2.1</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 57 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 September 30, 2024 was 39,932,066 (39,859,566) and the share capital was SEK 9,983,016.50 (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 85.3 and the market value was SEK 3,406 million. The total number of shareholders at the end of the period was 14,426.

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 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 third quarter of 2024

Supported by the acquisition of the assets of Advanced Vision Technology Ltd (AVT), MilDef has secured an order consisting of rugged displays for a European military vehicle manufacturer. The order is related to a substantial European vehicle program and is worth SEK 135 million. Deliveries will take place in the period 2024–2029.

To meet the growing demand for integration services in Sweden, MilDef has decided to expand its local capacity in the Stockholm region. A bespoke building with more than 6,000 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.

OTHER INFORMATION

MilDef has decided to employ Magnus Hagman to be Vice President Nordics. He was previously Head of Marketing and Sales at Carmenta where he had worked since 2022. Before this he worked for a decade within the SAAB defense company holding various positions there. Magnus will join the Company's Management Team.

The Norwegian Defence Materiel Agency (NDMA) has ordered computers from MilDef to modernize the CV90 combat vehicle. The value of the order is SEK 72 million. Deliveries will take place in 2025.

As a result of MilDef's financial development, market conditions and prospects, the company has amended its profitability target. The previous EBITDA target of at least 10% over time has been replaced by an EBITA target of at least 15% over time.

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 326 (316) at the end of the period. 240 (236) of the employees were men and 86 (80) were women. The average number of FTEs during the period was 314, compared with 307 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 statutory 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.

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.

OTHER INFORMATION

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 interim report has been reviewed by the Company's auditors.

CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated statement of comprehensive income

SEK m	Note	July 1–September 30		January 1–September 30		12 months Oct 2023– Sept 2024	Last Full year 2023
		2024	2023	2024	2023		
Net sales	1	249.9	226.5	783.4	798.5	1,136.1	1,151.3
Cost of goods sold		-125.0	-113.2	-392.1	-412.2	-574.9	-595.0
Gross profit		124.9	113.3	391.3	386.3	561.2	556.3
Selling expenses		-61.4	-63.4	-202.6	-197.4	-288.1	-282.8
Administrative expenses		-27.4	-18.0	-77.2	-59.7	-103.4	-85.9
Research and development expenses		-17.2	-18.1	-62.3	-57.6	-85.4	-80.7
Other operating income/expenses		2.9	-2.4	-0.1	-4.9	6.0	1.2
Operating profit		21.8	11.4	49.1	66.7	90.5	108.1
Net financial items		-0.5	-6.0	-12.0	-15.0	-16.5	-19.6
Profit after financial items		21.4	5.4	37.1	51.7	74.0	88.6
Income tax		-4.1	0.4	-8.0	-8.3	-19.2	-19.6
Profit for the period		17.2	5.8	29.1	43.4	54.8	69.0
Other comprehensive income for the Group							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Translation differences		-8.5	2.0	-5.1	-2.8	-14.4	-12.2
Other comprehensive income for the period		-8.5	2.0	-5.1	-2.8	-14.4	-12.2
Comprehensive income for the period		8.8	7.8	24.1	40.6	40.4	56.8

Earnings per share	July 1–September 30		January 1–September 30		12 months Oct 2023– Sept 2024	Last Full year 2023
	2024	2023	2024	2023		
Number of shares at year-end	39,932,066	39,859,566	39,932,066	39,859,566	39,932,066	39,859,566
Weighted average number of shares in the period before dilution	39,860,354	39,859,566	39,859,831	39,859,566	39,859,764	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
Earnings per share before dilution (SEK)	0.43	0.14	0.73	1.09	1.37	1.73
Earnings per share after dilution (SEK)	0.43	0.14	0.72	1.07	1.36	1.71

CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated balance sheet

SEK m	Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023
ASSETS			
Non-current assets			
Capitalized product development expenses	54.4	68.5	71.9
Acquisition-related intangible assets	566.6	576.4	583.8
Other intangible non-current assets	0.2	0.3	0.3
Right-of-use assets	84.8	100.5	109.3
Other property, plant and equipment	21.3	21.5	21.1
Deferred tax assets	16.2	9.5	24.6
Other financial non-current assets	0.3	0.3	0.3
Total non-current assets	743.8	777.0	811.3
Inventories	326.4	290.2	304.1
Accounts receivable	143.4	284.5	155.6
Other current receivables	139.5	92.5	138.2
Cash and cash equivalents	41.5	81.5	61.9
Total current assets	650.8	748.7	659.8
TOTAL ASSETS	1,394.6	1,525.7	1,471.1
EQUITY AND LIABILITIES			
Equity	852.3	844.6	828.5
Non-current liabilities			
Lease liabilities	62.8	76.4	82.7
Non-current interest-bearing liabilities	110.0	132.5	140.0
Deferred tax liabilities	44.7	32.6	52.4
Total non-current liabilities	217.4	241.5	275.1
Current liabilities			
Current interest-bearing liabilities	66.6	131.4	127.3
Lease liabilities	25.7	27.1	29.4
Accounts payable	88.6	114.0	97.7
Other current liabilities	143.9	167.2	113.1
Total current liabilities	324.8	439.7	367.5
TOTAL EQUITY AND LIABILITIES	1,394.6	1,525.7	1,471.1

CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated statement of changes in equity

SEK m	Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023
Equity, opening balance	844.6	787.9	787.9
Comprehensive income for the period	24.1	56.8	40.6
Dividend	-19.9	-	-
New share issues	3.5	-	-
Equity, closing balance	852.3	844.6	828.5

Condensed consolidated cash flow statement

SEK m	July 1–September 30	January 1–September 30	Last 12 months		Full year	
	2024	2023	2024	2023	Oct 2023–Sept 2024	2023
Cash flow from operating activities						
Operating profit	21.8	11.4	49.1	66.7	90.5	108.1
Reversal of depreciation, amortization and impairment	16.3	15.2	51.4	41.5	69.8	59.9
Other non-cash items	-2.3	-0.6	-0.3	-0.0	8.3	8.6
Net interest income/expense	-0.5	-5.6	-11.8	-15.0	-16.3	-19.5
Income taxes paid	0.8	-2.9	-18.6	-26.4	-4.8	-12.6
Change in working capital	11.9	-48.1	28.1	-48.4	-13.6	-90.1
Cash flow from operating activities	48.1	-30.6	97.9	18.4	134.1	54.5
Cash flow from investing activities						
Investments in intangible non-current assets	-2.1	-9.0	-8.3	-26.9	-13.3	-31.9
Investments in property, plant and equipment	-3.5	-2.4	-9.8	-9.0	-14.7	-13.9
Acquisition of subsidiaries, net of acquired cash and cash equivalents	-12.5	-23.0	-12.5	-23.0	-12.5	-23.1
Cash flow from investing activities	-18.0	-34.4	-30.6	-58.9	-40.6%	-68.9
Cash flow from financing activities						
Dividend	-	-	-19.9	-	-19.9	-
New share issues	3.5	-	3.5	-	3.5	-
Increase in liabilities to credit institutions*	-84.8	79.7	-52.6	79.7	-42.5	89.9
Repayment of interest-bearing liabilities	-7.5	15.6	-22.5	-22.5	-30.0	-30.0
Repayment of lease liabilities	-5.4	-5.8	-16.7	-15.1	-22.9	-21.4
Cash flow from financing activities	-94.2	89.6	-108.2	42.1	-111.8	38.5
Total cash flow for the period	-64.1	24.6	-40.8	1.6	-18.2	24.2
Change in cash and cash equivalents						
Cash and cash equivalents at beginning of period	106.9	37.4	81.5	59.9	81.5	59.9
Exchange rate difference in cash and cash equivalents	-1.3	-	0.9	0.4	-2.1	-2.6
Cash and cash equivalents at end of period*	41.5	61.9	41.5	61.9	61.1	81.5

* During the third quarter, the reclassification of the Group's overdraft facility and cash pool was finalized.

As a result of this adjustment, the accounts show a decrease in liabilities to credit institutions, as well as a decrease in cash and cash equivalents in the period.

CONSOLIDATED FINANCIAL STATEMENTS

Quarterly overview for the Group

SEK m	2024			2023			2022		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales	249.9	301.5	231.9	352.8	226.5	288.8	283.2	315.3	163.7
Cost of goods sold	-125.0	-147.5	-119.6	-182.8	-113.2	-144.0	-155.0	-170.8	-80.4
Gross profit	124.9	154.0	112.3	170.0	113.3	144.8	128.2	144.5	83.3
Operating expenses	-103.1	-120.0	-119.2	-128.5	-101.9	-111.2	-106.5	-113.0	-70.8
Operating profit	21.8	34.1	-6.8	41.4	11.4	33.6	21.7	31.5	12.5
Net financial items	-0.5	-5.0	-6.5	-4.6	-6.0	-5.4	-3.6	-3.7	-5.3
Profit before tax	21.4	29.0	-13.3	36.9	5.4	28.2	18.1	27.8	7.2
Income tax on profit for the period	-4.1	-5.7	1.9	-11.3	0.4	-6.9	-1.8	-7.3	-0.6
Profit for the period	17.2	23.3	-11.4	25.7	5.8	21.3	16.3	20.5	6.6

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

	July 1–September 30	January 1–September 30	12 months	Last Oct 2023– Sept 2024	Full year 2023
SEK m	2024	2023	2024	2023	2023
Net sales	30.0	23.6	90.1	70.2	116.4
Selling expenses	-10.5	-8.8	-30.6	-22.7	-42.5
Administrative expenses	-10.6	-8.0	-34.1	-26.7	-46.6
Research and development expenses	-6.4	-5.2	-21.3	-17.3	-29.3
Other operating income/expenses	-0.1	-0.3	0.3	-0.3	-1.3
Operating profit	2.5	1.3	4.3	3.2	-3.4
Net financial items	1.1	-	2.6	0.7	2.1
Profit after financial items	3.6	1.3	6.9	3.9	-1.3
Year-end appropriations	-	-	-	-	1.4
Profit before tax	3.6	1.3	6.9	3.9	0.1
Income tax	-0.7	-0.3	-1.4	-0.8	-0.7
Profit for the period	2.9	1.0	5.5	3.1	-0.5
Other comprehensive income					
Profit for the period	2.9	1.0	5.5	3.1	-0.5
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	2.9	1.0	5.5	3.1	-0.5
					-3.2

PARENT COMPANY FINANCIAL STATEMENTS

Condensed Parent Company balance sheet

SEK m	Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	7.0	8.3	8.5
Financial non-current assets	781.5	781.3	781.3
Total non-current assets	788.5	789.6	789.8
Current receivables from Group companies	304.0	288.7	294.4
Other current receivables	20.7	14.8	26.9
Cash and cash equivalents	0.2	36.1	85.6
Total current assets	324.8	339.6	406.9
TOTAL ASSETS	1,113.3	1,129.2	1,196.7
EQUITY AND LIABILITIES			
Equity	740.0	750.6	756.9
Untaxed reserves	3.6	3.6	3.6
Non-current liabilities			
Non-current interest-bearing liabilities	110.0	132.5	223.8
Deferred tax liabilities	1.4	-	0.8
Total non-current liabilities	111.4	132.5	224.6
Current liabilities			
Current interest-bearing liabilities	65.2	166.2	127.7
Current liabilities to Group companies	171.2	54.9	67.9
Accounts payable	4.7	4.7	4.3
Other current liabilities	17.2	16.7	11.7
Total current liabilities	258.3	242.5	211.6
TOTAL EQUITY AND LIABILITIES	1,113.3	1,129.2	1,196.7

Condensed Parent Company statement of changes in equity

SEK m	Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023
Equity, opening balance	750.6	753.8	753.8
Comprehensive income for the period	5.5	-3.2	3.1
Merger result	0.3	-	-
Dividend	-19.9	-	-
New share issues	3.5	-	-
Equity, closing balance	740.0	750.6	756.9

Notes

Note 1. Net sales by geographic area

SEK m	July 1–September 30		January 1–September 30		Last 12 months	Full year
	2024	2023	2024	2023		
Nordics	155	109	439	453	675	689
Europe (excl. Nordics)	56	61	212	179	264	231
North America	32	49	112	126	171	185
Other countries	7	7	20	40	26	46
Total revenue	250	226	783	798	1,136	1,151

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	July 1–September 30		January 1–September 30		12 months	Last Full year
	2024	2023	2024	2023	Oct 2023– Sept 2024	2023
Operating profit (EBIT)	21.8	11.4	49.1	66.7	90.5	108.1
Listing expenses	-	-	-	-	-	-
Acquisition-related expenses	-	-	-	-	-	-
Adjusted operating profit (EBIT)	21.8	11.4	49.1	66.7	90.5	108.1
 Adjusted operating profit (EBIT)	 21.8	11.4	 49.1	66.7	 90.5	 108.1
Net sales	250	226	783	798	1,136	1,151
Adjusted operating margin (EBIT), %	8.7%	5.0%	6.3%	8.4%	8.0%	9.4%
 Operating profit (EBITA), SEK m	 21.8	11.4	 49.1	66.7	 90.5	 108.1
Operating profit (EBIT)	21.8	11.4	49.1	66.7	90.5	108.1
Amortization of intangible non-current assets	9.3	7.5	29.7	21.5	40.2	32.1
Operating profit (EBITA)	31.1	18.9	78.7	88.2	130.7	140.2
 Adjusted operating profit (EBITA), SEK m	 31.1	18.9	 78.7	 88.2	 130.7	 140.2
Operating profit (EBITA)	31.1	18.9	78.7	88.2	130.7	140.2
Listing expenses	-	-	-	-	-	-
Acquisition-related expenses	-	-	-	-	-	-
Adjusted operating profit (EBITA)	31.1	18.9	78.7	88.2	130.7	140.2
 Adjusted operating profit (EBITA)	 31.1	18.9	 78.7	 88.2	 130.7	 140.2
Net sales	250	226	783	798	1,136	1,151
Adjusted operating margin (EBITA), %	12.5%	8.4%	10.0%	11.0%	11.5%	12.2%
 Operating profit (EBITDA), SEK m	 21.8	11.4	 49.1	66.7	 90.5	 108.1
Operating profit (EBIT)	21.8	11.4	49.1	66.7	90.5	108.1
Depreciation/amortization	16.6	15.1	51.7	41.5	70.1	59.9
Operating profit (EBITDA)	38.4	26.5	100.7	108.2	160.6	168.0
 Adjusted operating profit (EBITDA), SEK m	 38.4	26.5	 100.7	 108.2	 160.6	 168.0
Operating profit (EBITDA)	38.4	26.5	100.7	108.2	160.6	168.0
Listing expenses	-	-	-	-	-	-
Acquisition-related expenses	-	-	-	-	-	-
Adjusted operating profit (EBITDA)	38.4	26.5	100.7	108.2	160.6	168.0
 Adjusted operating profit (EBITDA)	 38.4	26.5	 100.7	 108.2	 160.6	 168.0
Net sales	250	226	783	798	1,136	1,151
Adjusted operating margin (EBITDA), %	15.4%	11.7%	12.9%	13.5%	14.1%	14.6%

Available cash and cash equivalents

SEK m	Sept. 30, 2024	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023
Cash and bank balances	41.5	106.9	113.2	81.5	61.9
Unutilized overdraft facility	84.7	36.1	10.4	0.0	9.0
Available cash and cash equivalents	126.2	143.0	123.6	81.5	70.9

Working capital including cash and bank balances

SEK m	Sept. 30, 2024	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023
Total current assets excluding cash and bank balances	609.3	625.1	592.3	667.3	597.9
Cash and bank balances	41.5	106.9	113.2	81.5	61.9
Current liabilities, non-interest-bearing	-232.6	-234.9	-224.8	-281.2	-210.8
Working capital including cash and bank balances	418.2	497.1	480.7	467.6	449.0
Net sales last 12 months	1,136	1,113	1,100	1,151	1,114
Working capital including cash and bank balances in relation to net sales, %	36.8%	44.7%	43.7%	40.6%	40.3%

Working capital excluding cash and bank balances

SEK m	Sept. 30, 2024	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023
Inventories	326.4	305.0	316.5	290.2	304.1
Current receivables	282.8	320.2	275.7	377.1	293.8
Current liabilities, non-interest-bearing	-232.6	-234.9	-224.8	-281.2	-210.8
Working capital excluding cash and bank balances	376.7	390.3	367.5	386.1	387.1
Net sales last 12 months	1,136	1,113	1,100	1,151	1,114
Working capital excluding cash and bank balances in relation to net sales, %	33.2%	35.1%	33.4%	33.5%	34.8%

Return on capital employed

SEK m	Sept. 30, 2024	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023
Profit after financial items, last 12 months	74.0	57.9	57.2	88.6	79.5
Financial expense, last 12 months	-25.0	-22.3	-30.5	-28.4	-24.9
Profit before financial expense, last 12 months	99.0	80.1	87.7	117.0	104.4
Capital employed at beginning of period	1,208	1,129	1,118	1,103	1,087
Capital employed at end of period	1,117	1,215	1,216	1,212	1,208
Average capital employed	1,163	1,172	1,167	1,157	1,147
Return on capital employed, %	8.5%	6.8%	7.5%	10.1%	9.1%

Return on equity

SEK m	Sept. 30, 2024	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023
Profit after tax, last 12 months	54.8	43.2	41.3	69.0	63.9
Equity at beginning of period	829	821	796	788	766
Equity at end of period	852	840	835	845	829
Average equity	840	830	816	816	797
Return on equity, %	6.5%	5.2%	5.1%	8.5%	8.0%

Net debt/EBITDA

SEK m	Sept. 30, 2024	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023
Non-current liabilities, interest-bearing	172.8	184.9	199.7	208.9	222.7
Current liabilities, interest-bearing	92.3	190.4	181.5	158.5	156.7
Cash and bank balances	-41.5	-106.9	-113.2	-81.5	-61.9
Net debt incl. IFRS 16	223.5	268.4	268.0	285.9	317.5
Operating profit, last 12 months	90.5	80.0	79.6	108.1	98.2
Depreciation, amortization and impairment, last 12 months	70.1	68.6	63.1	59.9	53.4
Non-recurring items, last 12 months	-	-	-	-	-
Adjusted EBITDA, last 12 months	160.6	148.6	142.7	168.0	151.6
Net debt/EBITDA, multiple	1.4	1.8	1.9	1.7	2.1

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, October 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

Auditors' Review Report

MilDef Group AB corp. reg. no.556893-5414

Introduction

We have reviewed the condensed interim financial information (interim report) of MilDef Group AB as of 30 September 2024 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, 25th October 2024

Öhrlings PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in charge

Johan Rönnbäck
Authorized Public Accountant

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.

EBITA

Operating profit excluding amortization of intangible non-current assets.

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.

FREE 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 9 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 (EBITA) over time of at least 15%.

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–September 2024

The presentation will be held in English and will conclude with a Q&A. The meeting will start at 10:00 CEST on October 25, 2024 and will last for about 45 minutes. The report will be made available at 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 relevant telephone number below (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: [841 978 737#](#)

Financial calendar

Year-End Report Q4 2024	February 6, 2025
Annual report 2024	April 10, 2025
Interim Report Q1 2025	April 29, 2025
Annual General Meeting 2025	May 22, 2025
Interim Report Q2 2025	July 18, 2025

The Company's financial reports are made available via the Cision news service and on MilDef's website, 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 is disclosed through the contact person below for publication on October 25, 2024 at 08:00 CEST.

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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.TM

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.