

Press Release

Helsingborg, 13 November 2024

MilDef significantly expands its presence in Central Europe – enters into agreement for a transformative acquisition of roda computer GmbH

MilDef Group AB (publ) ("MilDef") has, through its wholly owned subsidiary MilDef Germany Holding GmbH, entered into a binding agreement to acquire all shares in roda computer GmbH ("roda"), a well-established provider of military IT solutions with a strong market presence in Central Europe, primarily in the DACH region. Through the acquisition, MilDef becomes one of Europe's leading players in tactical and rugged IT for the defence and security sector. The acquisition provides MilDef with access to key market channels, long-standing customer relationships, and existing framework agreements in attractive and growing markets in Central Europe.

The acquisition in brief

- MilDef has, through its wholly owned subsidiary MilDef Germany Holding GmbH, entered into a binding agreement to acquire roda for an initial consideration of EUR 70 million (approximately SEK 808 million¹) in cash, and 1 374 047 newly issued shares in MilDef² (the "Issue In Kind") on a cash and debt free basis (Enterprise Value). The initial consideration could increase through a potential earn-out of up to EUR 4 million (approximately SEK 46 million³) dependent on agreed financial performance targets for 2024.
- The initial consideration of the acquisition implies an EV/EBITDA multiple of approximately 8x based on the EBITDA for the FY2023 for roda GmbH, the Group's main entity.
- Roda, based in Germany, is a well-established provider of tactical IT solutions for the defence domain, with long-standing customer relationships and existing framework agreements. The acquisition will significantly strengthen MilDef's presence in the attractive and growing Central European market and enable cross-selling of MilDef's products through roda's market channels.
- The acquisition is expected to be accretive to MilDef's earnings per share from completion of the acquisition (excluding any non-cash amortization impacts from the transaction).
- The combination of MilDef and roda had annual sales exceeding SEK 1,900 million in the FY2023, with an adjusted EBITA margin of approximately 13 percent.
- The acquisition will be financed with a combination of new debt and issue of new shares, consisting of a long-term facility and a directed share issue of approximately SEK 450 million conducted through an accelerated bookbuilding procedure (the "Directed Share Issue"). MilDef will publish a separate press release regarding the details of the Directed Share Issue.

¹ Conversion based on the European Central Bank average exchange rate (EUR/SEK) as of 12 November 2024.

² The number of shares amounts to 1 374 047 based on a EUR/SEK exchange rate of 11.54 and corresponds to approximately EUR 11.7 million based on MilDef's share price of SEK 98.6 as per 12 November 2024.

³ Ref note 1.

MilDef - WE ARMOR IT.

MilDef is a global systems integrator and full-spectrum supplier of rugged IT for defence forces, government agencies and critical infrastructure sectors. MilDef develops and offers hardware, software and services that protect critical information flows and systems, where and when the stakes are highest. MilDef's products are sold to over 200 customers through MilDef's subsidiaries in Sweden, Norway, Finland, Denmark, United Kingdom, Switzerland, United States, and Australia as well as through a partner network in more than 40 countries. MilDef was founded in 1997 and is publicly listed on Nasdaq Stockholm since 2021.

- Three of MilDef's largest shareholders, Svolder AB, Andra AP-fonden and Tredje AP-fonden support the acquisition and have expressed interest to participate in the Directed Share Issue.
- Svolder AB, Andra AP-fonden and Tredje AP-fonden have entered into binding agreements to vote in favour of any relevant proposal at the Extraordinary General Meeting intended to be held on or around 9 December, 2024. Further, MilDef's CEO Daniel Ljunggren, MilDef's Chairperson Björn Karlsson and MilDef's Board representatives Marianne Trolle and Jan Andersson together with other employees have entered into binding agreements to vote in favour of relevant proposals at the Extraordinary General Meeting. In total, existing shareholders representing approximately 44 percent of the share capital and voting rights in MilDef have entered into binding agreements to vote in favour of relevant proposal at the Extraordinary General Meeting.
- The acquisition is expected to close during the first quarter of 2025, subject to customary regulatory approvals and closing conditions, inter alia. Roda will be consolidated in MilDef's consolidated accounts from the closing of the acquisition.

"We are very pleased to welcome Roda to MilDef. The acquisition of Roda accelerates MilDef's expansion in the strategically important defence market in Europe. Roda's long-standing customer relationships, existing framework agreements, and strong reputation in the Central European market create a great opportunity for cross-selling of MilDef's existing offerings. The acquisition strengthens MilDef's role as a significant player in the European effort to enhance defence and security capabilities. We look forward to taking the next step in MilDef's growth journey once the transaction is completed", says Daniel Ljunggren, President & CEO of MilDef Group.

"The main criteria when finding a new owner of Roda was to find a partner that truly wanted to continue the successful growth journey of our company. For the management of Roda this was extremely important, and we are convinced that MilDef is the perfect fit for continued development. Now two of Europe's leading defense technology companies will join forces to present a very attractive and trustworthy offering", says Martin Bertsch, CEO and Founder Roda.

Strategic rationale

For MilDef, it is of strategic importance to increase its presence and strengthen its market channels in the attractive Central European market. Further, MilDef unlocks access to significant framework agreements with countries that have announced substantial increases in defence budgets and enhanced defence capabilities. Through the acquisition, MilDef becomes one of Europe's leading players in tactical and rugged IT for the defence domain.

The acquisition is also expected to enable several cross-selling synergies for MilDef, primarily by leveraging Roda's existing market channels. With the main share of its revenue in the DACH region, Roda holds a strong position in Central Europe, providing MilDef with the opportunity to increase sales of its own developed products and expand the Group's customer base. Many global platform manufacturers are present in the German market and MilDef also sees an opportunity for increased sales to these parties through the acquisition of Roda.

Further, the acquisition is expected to create synergies in procurement of parts for both MilDef's and Roda's offerings, which will be further evaluated after the transaction has been completed.

The combination of the two companies' resources and competencies provides a strong platform for continued growth. Both organisations emphasize delivering value to customers through high-quality solutions. Through the acquisition, MilDef get access to a capable management team with extensive experience from operating in the Central European markets.

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Roda in brief

Roda computer GmbH, headquartered in Lichtenau (Germany), was founded in 1987 and has approximately 115 employees and two production facilities. Since the start, the company has specialised in the sale of mobile and rugged computers primarily within Europe (excluding the Nordics). Customers are mainly active in the defence sector and include government agencies such as national defence authorities and procurement organisations as well as companies in the defence industry. A majority of sales are made through framework agreements. In addition to the headquarter in Lichtenau, Germany, roda is also present in France and the United Kingdom. Roda is the exclusive reseller of laptops and tablets from MilDef Crete Inc. in several Central European markets.

Financial overview and effect on MilDef's financials

During the twelve-month period that ended on 31 December, 2023, roda⁴ reported revenue of approximately SEK 800 million and adjusted EBITA of approximately SEK 130 million, which corresponds to an adjusted EBITA margin of approximately 16 percent. During the same period, roda reported a gross margin of approximately 29 percent.

During the twelve-month period that ended on the 31 December, 2023, MilDef reported sales for the preceding twelve months of SEK 1,151 million and an EBITA of SEK 140 million, which corresponds to an EBITA margin of 12 percent. If roda had been a part of MilDef during the same period, the combined revenue, pro forma, based on certain assumptions, would have amounted to approximately SEK 1,900 million and the adjusted EBITA to approximately SEK 254 million, corresponding to an EBITA margin of approximately 13 percent.

The acquisition is expected to have an accretive effect on MilDef's earnings per share from the time of acquisition closing (excluding potential non-cash amortisation from the acquisition).

One-off integration costs are expected to amount to approximately SEK 5-10 million over three years.

MilDef has a financial target to maintain net debt/adjusted EBITDA below 2.5x over time. On 30 September 2024 MilDef reported net debt of SEK 224 million, corresponding to a net debt/adjusted EBITDA of 1.4x (on a post-IFRS 16-basis).

After closing of the acquisition and the Directed Share Issue, net debt/adjusted EBITDA on a post-IFRS 16-basis, excluding transaction and integration costs, is expected to amount to approximately 2,2x, which is below MilDef's target level of 2.5x.

Financing and support from MilDef's shareholders

The acquisition will be financed through a combination of new debt and issue of new shares. 1 374 047 new shares will be issued to the sellers as part of the consideration in the acquisition, through the Issue In Kind, corresponding to 3.3 percent of the shares outstanding prior to the Directed Share Issue. The sellers have undertaken towards MilDef to not sell their shares received via the transaction within 24 months after the closing of the acquisition (lock-up) with certain exceptions. The Issue In Kind is subject to a resolution by an Extraordinary General Meeting authorising the Board to resolve on share issues. The Extraordinary General Meeting is intended to be held on or around 9 December, 2024.

The rest of the consideration is paid in cash. To finance the cash consideration, MilDef has received a new credit facility of EUR 45 million from Skandinaviska Enskilda Banken ("**SEB**").

To cover long-term financing of the acquisition, MilDef intends to raise approximately SEK 450 million through the Directed Share Issue to Swedish and International institutional investors through an

⁴ roda GmbH, the Group's main entity, in accordance with local German accounting standards (HGB).

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accelerated bookbuilding procedure, as will be announced separately by MilDef later today. The Directed Share Issue is intended to be carried out with deviation from the shareholders' pre-emptive rights, and to be resolved upon by the Board of Directors of MilDef, partly on the basis of the authorisation granted by the Annual General Meeting held on 23 May, 2024, and partly subject to the subsequent approval by an Extraordinary General Meeting intended to be held on or around 9 December, 2024.

Three of MilDef's largest shareholders, Svolder AB, Andra AP-fonden and Tredje AP-fonden support the acquisition and have expressed interest to participate in the Directed Share Issue. Svolder AB, Andra AP-fonden and Tredje AP-fonden have entered into binding agreements to vote in favour of any relevant proposal at the Extraordinary General Meeting. Further, MilDef's CEO Daniel Ljunggren, MilDef's Chairperson Björn Karlsson as well as MilDef's Board representatives Marianne Trolle and Jan Andersson together with other employees have entered into binding agreements to vote in favour of relevant proposal at the Extraordinary General Meeting. In total, existing shareholders representing 44 percent of the share capital and voting rights in MilDef have entered into binding agreements to vote in favour of relevant proposal at the Extraordinary General Meeting.

Regulatory approvals and closing

Closing of the acquisition is expected to take place during the first quarter 2025, given that customary regulatory approvals and closing conditions are met, including submission to and approval from relevant authorities according to FDI-regulation in France, Germany and United Kingdom. The completion of the Issue in Kind is subject to a resolution by an Extraordinary General Meeting authorising the Board to resolve on share issues.

Advisors

SEB provides debt financing and is Sole Global Coordinator and Bookrunner to MilDef in relation to the Directed Share Issue. HWF Advokater AB is primary legal counsel to MilDef in relation to the acquisition of roda and the Directed Share Issue. EY is advisor to MilDef in relation to tax and financial topics in the acquisition.

Conference call / presentation

A conference call will take place (on Teams) for investors, analysts and media on 14 November, 2024, between 11:00 CET to 11:45 CET, under the direction of CEO Daniel Ljunggren and CFO Viveca Johnsson.

The presentation will be conducted in English and will end with a Q&A. No registration is required to participate in the conference, however, connect/dial in five minutes prior to designated time to ensure a punctual start of the meeting.

Welcome!

Connecting to the meeting

Connecting to the meeting is done through this **Teams-link** or dial in as per below (only sound)

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Enter conference-ID: **582 403 238#**

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This information is information that MilDef Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 17:31 CET on 13 November, 2024.

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