

# MilDef Group

INTERIM REPORT  
JANUARY–JUNE 2022

Q2



Your number one choice for tactical IT

# Interim Report January–June 2022

## ACCELERATED ORDER INTAKE – RECORD ORDER BACKLOG

### Second quarter 2022

- Net sales increased by 46% to SEK 118.5 million (81.3).
- Gross margin amounted to 49% (48).
- Adjusted EBITDA amounted to SEK -9.6 million (-2.3), equivalent to an adjusted operating margin of -8.1% (-2.8).
- Operating profit (EBIT) amounted to SEK -15.0 million (-10.5) including non-recurring items of SEK 0.0 million (-3.4).
- Order intake increased by 41% to SEK 256.4 million (181.7).
- Operating cash flow amounted to SEK -49.0 million (-0.1).

### January–June 2022

- Net sales increased by 96% to SEK 259.8 million (132.3).
- Gross margin amounted to 48% (43).
- Adjusted EBITDA amounted to SEK -3.3 million (-17.2), equivalent to an adjusted operating margin of -1.3% (-13.0).
- Operating profit (EBIT) amounted to SEK -14.8 million (-33.4) including non-recurring items of SEK 0.0 million (-7.1).
- Order intake increased by 38% to SEK 360.3 million (261.2).
- Order backlog increased by 44% to SEK 913.4 million (634.0).
- Operating cash flow amounted to SEK -5.6 million (-20.1).

### Summary of significant events in the second quarter, April–June 2022

- MilDef signed a 7-year framework agreement with the Swedish Defence Materiel Administration (FMV). The value of the agreement's future deliveries is estimated to reach SEK 870 million.
- MilDef won its single largest contract in the USA, with an order value of around SEK 50 million.
- The 2022 Annual General Meeting decided to distribute a dividend to the shareholders of SEK 0.75 per share for the 2021 financial year.

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

- At the beginning of July MilDef won an order with the Norwegian Defence Materiel Agency (FMA). The total value of the order is SEK 82 million.
- MilDef entered into a credit facility agreement with SEB bank for a total of SEK 325 million to finance future acquisitions.

### ROLLING 12 MONTHS, JULY 2021–JUNE 2022

NET SALES	ADJUSTED OPERATING PROFIT (EBITDA)	ADJUSTED OPERATING MARGIN (EBITDA)
SEK 597 <sub>m</sub>	SEK 46.1 <sub>m</sub>	7.7%

### FINANCIAL SUMMARY

	April 1–June 30		January 1–June 30		Rolling 12 months	Full year
All figures are in SEK million unless otherwise indicated	2022	2021	2022	2021	July 2021–June 2022	2021
Net sales	118.5	81.3	259.8	132.3	597.1	469.6
Sales growth, %	46	59	96	55	34	18
Of which organic, %	4	17	34	17	-6	-14
Of which acquisition-driven, %	42	42	62	38	40	32
Gross margin, %	49	48	48	43	47	45
Adjusted operating profit (EBITDA)	-9.6	-2.3	-3.3	-17.2	46.1	32.2
Adjusted operating margin (EBITDA), %	-8.1%	-2.8%	-1.3%	-13.0%	7.7%	6.9%
Order intake	256.4	181.7	360.3	261.2	688.5	589.4
Order backlog	913.4	634.0	913.4	634.0	913.4	731.5
Operating cash flow	-49.0	-0.1	-5.6	-20.1	-56.9	-71.4

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





## CEO'S COMMENTS

## 96% growth in first six months of the year

During the second quarter MilDef was navigating its growth journey with confidence in a time that was otherwise one of uncertainty. Strong key ratios for the period are valuable, but the Company's long-term contracts are more important for future growth. During the period, MilDef signed a framework agreement with the Swedish Defence Materiel Administration (FMV) worth SEK 870 million and the Company secured its largest contract to date in the USA, worth just over SEK 50 million. In addition, MilDef won a digitalization contract in Norway worth SEK 82 million. All of these events, as well as Sweden's upcoming NATO membership, are important milestones which I will come back to shortly.



As reported earlier, we have not seen any direct effects yet from increased defense appropriations on our order intake. Our assessment is that this is still one or more quarters away. We increased our order intake by 41% to SEK 256.4 during the quarter, compared with the same period the previous year. Compared with the first quarter of 2022, the order intake is up 147%.

Although the second quarter's operating profit of SEK -9.6 million (adjusted EBITDA) is weaker than the comparison quarter, significant improvements were delivered in the first half of the year. The adjusted EBITDA was SEK -3.3 million compared with SEK -17.2 million, and EBIT was SEK -14.8 million compared with SEK -33.4 million. The lower operating profit for the second quarter, despite the growth

achieved, is explained by continuing investments in staffing and in strengthening our delivery capacity to handle future growth. The costs for these are according to plan. Despite the current inflation situation, MilDef has maintained its gross margin – both in the first half of the year (48% compared with 43% in 2021) and in the second quarter (49% compared with 48% in 2021).

### Growth despite ongoing component shortage

The previously reported challenges associated with the component shortage remain, but their impact is reduced by the new business opportunities and significantly improved key ratios that the Company is delivering. MilDef's half-year sales growth totals 96%, compared with the same period in 2021, with organic growth of 34%.

### **A Swedish framework agreement worth more than money**

In May MilDef signed its to date largest framework agreement with the Swedish Defence Materiel Administration – a 7-year agreement with an estimated value of SEK 870 million. But the benefits of this agreement go beyond financial value. With a period of growth on the way, it is of utmost importance to have stable business relationships that facilitate cooperation, partnership and an open dialogue. We have now established these for our entire offering – a combination of hardware, software and digitalization services – for the long term.

MilDef is becoming an increasingly integrated part of the growth that is planned within the Swedish armed forces, where digitalization and tactical IT are key components.

### **Our biggest contract in the USA**

Our US operations are clearly experiencing their best year since the start in 2016. The single largest contract for MilDef's North American operations was won in June and is worth over SEK 50 million. Through one of the largest military defense groups, MilDef will deliver 400 customized laptops for use by the US army. Significantly growing order intake indicate that MilDef's US operations will generate solid growth and strong operating profit for 2022.

### **New digitalization order in Norway**

Just after the end of the second quarter the Norwegian FMA (equivalent to Sweden's FMV) placed a tactical IT order worth SEK 82 million for delivery in 2022 and 2023. Digitalization of the Norwegian armed forces is based on cutting-edge technology and uses the full spectrum of MilDef's portfolio.

MilDef already has a multi-year framework agreement with FMA and thus also a long-term strategic partnership.

***“Strong key ratios for the period are valuable, but the Company's long-term contracts are more important for future growth”***

### **Focusing on an active acquisition agenda**

During the period we intensified our efforts to acquire companies that will help MilDef to grow in prioritized areas. No transactions have been executed, but we are optimistic about the work that has been done and the opportunities that exist to build an even stronger MilDef in cooperation with other excellent companies.

Our objective to implement at least one acquisition a year is still in place. With a balance sheet that remains strong, we have the financial muscle to act when we identify opportunities.

### **Value of NATO membership**

In answer to questions I've been asked about the significant of Sweden's NATO membership, I've mentioned, among other things, a hidden currency where the Swedish defense industry has an opportunity to complement its cutting-edge technology with international security policy capital that we have not had in the past. The new dynamic in MilDef's markets requires and deserves its own strategy to maximize the potential that exists in cooperation between NATO countries.

In this context, I would like to highlight our OneCIS software, a system for automated rollout of IT systems. OneCIS is equipped with special compatibility support for Federated Mission Networking (FMN), a NATO standard for interoperability between nations. We see great potential here for internationalization of our unique offering.

We need to remember that the NATO issue is part of a larger context in which Russia continues its full-scale invasion of Ukraine while causing human suffering and enormous problems – both financially and from a security policy perspective. The consequences of this are deeply negative, long-lasting and hard to grasp.

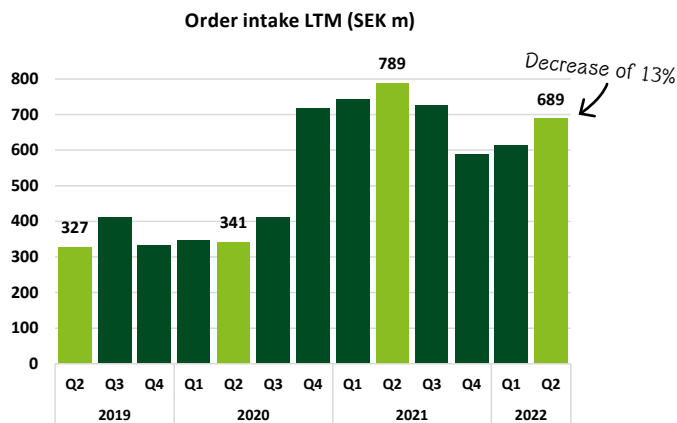
The ways in which we are trying to contribute in a positive way in this global crisis are as follows: We are doing our utmost to securely and reliably deliver a technical advantage to total defense – for Sweden, the Nordics, the EU and NATO.



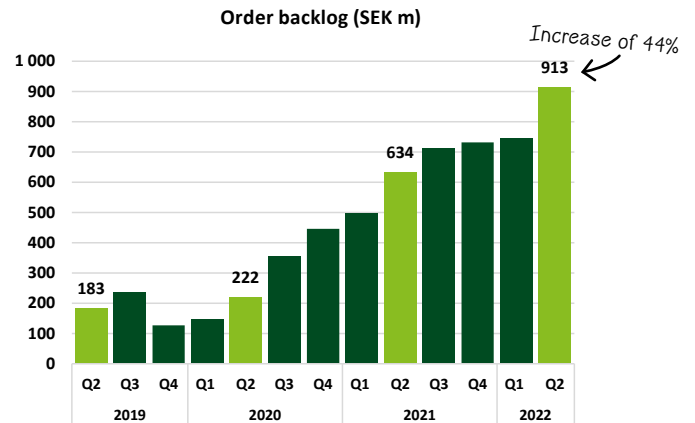
Björn Karlsson,  
CEO, MilDef Group

# MilDef's financial development

## ORDER STATUS

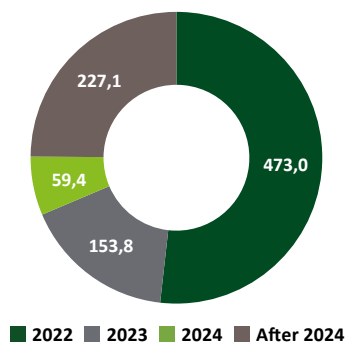


Each individual column in the diagram above shows MilDef's order intake over the past 12 months (LTM) in SEK million. The order intake are the total orders received during the period in question. Deliveries may take place over a number of years. MilDef monitors order intake to analyze future revenue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



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

### Order backlog by planned deliveries (SEK m)



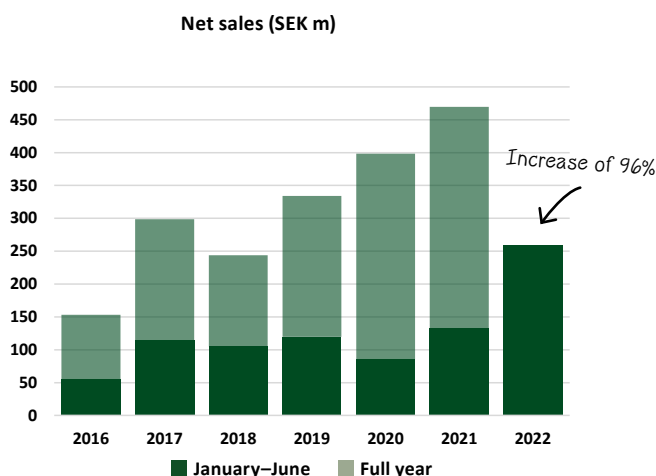
The pie chart above shows future planned deliveries by year in SEK m and is based on MilDef's current order backlog at the end of the period. The actual outcome may differ significantly from the above planned deliveries, above all due to delays.

### Change in order backlog in the first half of 2022 (SEK m)

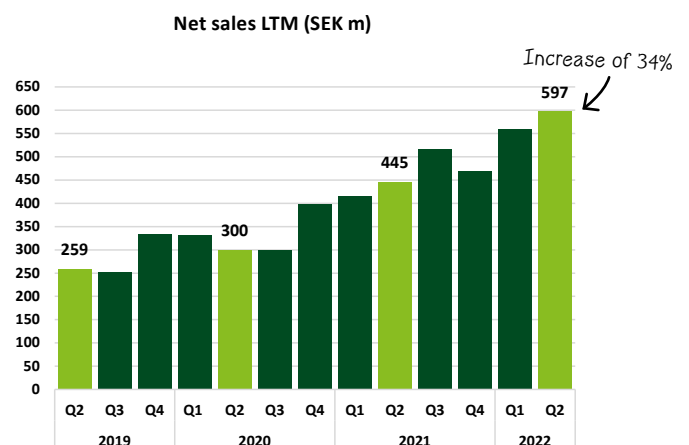
Order backlog as of January 1, 2022	731.5
Order intake first half of 2022	360.3
Sales first half of 2022	-259.8
Sales first half of 2022 not impacting order backlog	43.0
Currency effect in order backlog during the period	38.4
<b>Order backlog as of June 30, 2022</b>	<b>913.4</b>

The table above presents the development of MilDef's order backlog during the first half of 2022 and the size of the components included to arrive at the difference in the order backlog as of 1 January 2022 compared to 30 June 2022.

## NET SALES



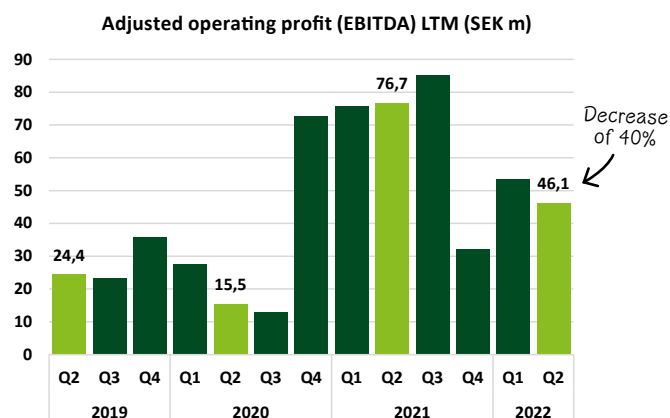
The columns above show MilDef's net sales for full year 2016–2021 and for January–June for the years 2016–2022. The diagram shows the clear seasonal variation in MilDef's net sales.



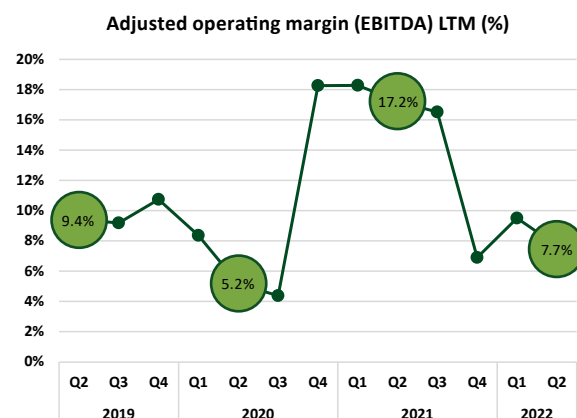
The diagram's columns show MilDef's net sales over the past 12 months (LTM) in SEK million. The columns show the data excluding seasonal variations during the year.



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



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



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



# 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 2022

### Order status

Order intake increased by 41% to SEK 256.4 million (181.7). The order backlog as of June 30, 2022 increased by 44% to SEK 913.4 million compared with June 30, 2021 (634.0). Defcon Solutions AB, which was acquired in the second half of 2021, contributed SEK 46.7 million to the quarter's order intake and SEK 118.4 million to the order backlog as of June 30, 2022. The name Defcon Solutions AB was changed to MilDef Integration Sweden AB in the fourth quarter of 2021, but in this report it is simply called "Defcon". Sysint AS, which was acquired in the first quarter of 2021, has not had any impact on order intake or order backlog during the period.

### Net sales

Net sales in the second quarter of 2022 amounted to SEK 118.5 million (81.3), representing an increase of 46%. Acquisition-driven growth amounted to SEK 33.8 million in the second quarter, and is fully attributable to the acquisition of Defcon. In the second quarter of 2022 MilDef delivered growth in all geographical markets. See Note 1 on page 22 for more information.

### Gross profit

Gross profit amounted to SEK 58.0 million (38.9), equivalent to a gross margin of 49% (48). The Company's gross margin may vary from quarter to quarter depending on sales volumes and the product and customer mix.

### Operating expenses

Operating expenses amounted to SEK 73.0 million (49.4). Excluding acquired operating expenses and non-recurring items, the Company's operating expenses increased by 5% compared with the same quarter the previous year. The adjusted operating expenses as a percentage of sales amounted to 62% (61) for the period. The operating expenses increased by 10% in the second quarter of 2022 compared with the first quarter of 2022.

### Operating profit (EBIT)

Operating profit (EBIT) in the second quarter of 2022 amounted to SEK -15.0 million (-10.5). Adjusted for non-recurring items, operating profit for the quarter amounted to SEK -15.0 million (-7.1), corresponding to an operating margin of -12.7% (-8.7). The lower operating profit for the second quarter, despite continued good growth, is explained by continuing investments in staffing and strengthened delivery capacity to handle future growth. The costs for these are according to plan. MilDef's sales and profits are affected by seasonal variations. Year-on-year comparisons between quarters can be made. The Group's strongest quarter in terms of sales and profits is normally the fourth quarter.

### Adjusted operating profit (EBITDA)

Adjusted operating profit before depreciation/amortization and impairment amounted to SEK -9.6 million (-2.3), equivalent to a margin of -8.1% (-2.8). Depreciation/amortization and impairment amounted to SEK 5.4 million (4.7). The adjusted operating profit does not include non-recurring items of SEK 0.0 million (3.4). These items are specified in Note 2 on page 22.

### Financial items

Net financial income/expense for the period amounted to SEK -0.2 million (1.6).

### Tax

The tax effect in the second quarter had a positive impact on net profit of SEK 2.0 million (5.3) and related to a deferred tax asset based on tax loss carryforwards for the period.

### Net profit for the quarter

Profit after tax amounted to SEK -13.2 million (-3.6). Earnings per share amounted to SEK -0.36 (-0.18), both before and after dilution.

### Cash flow

Cash flow for the quarter was reported at SEK -89.3 million (326.0). Operating cash flow in the quarter amounted to SEK -49.0 million (-0.1). Increased inventory intended to shorten lead times going forward lowered the operating cash flow by SEK 21.2 in the second quarter.

Cash flow from operating activities amounted to SEK -45.1 million (2.6). Cash flow from changes in working capital amounted to SEK -23.4 million (9.7). Cash flow from investing activities amounted to SEK -3.9 million (-2.7).



Cash flow from financing activities amounted to SEK -40.3 million (326.1). In the second quarter a contingent consideration of NOK 11 million was paid for the acquisition of Sysint AS. The change from previous years is mainly explained by the fact that in 2021 there was a positive effect of a new share issue of SEK 375.6 million in connection with MilDef's IPO.

### First half of the year: January–June 2022

#### Order status

Order intake increased by 38% to SEK 360.3 million (261.2). Order backlog increased by 44% to SEK 913.4 million (634.0). Defcon Solutions AB, which was acquired in the second half of 2021, contributed SEK 74.5 million to the quarter's order intake and SEK 118.4 million to the order backlog as of June 30, 2022. Sysint AS, which was acquired in the first quarter of 2021, has not had any impact on order intake or order backlog during the period.

MilDef received a significant customer contract in the fourth quarter of 2020 in the UK market. The total value of the contract is around SEK 275 million. The contract spans 10 years and serial delivery is not expected to start until 2023. MilDef is expecting planned deliveries to proceed according to the contract, in terms of both schedule and volume. However, the risk of changes or reduction in scope cannot be excluded.

#### Net sales

Net sales in the first half of 2022 amounted to SEK 259.8 million (132.3), representing growth totaling 96%. Acquisition-driven growth amounted to SEK 81.8 million for the period and is related to the acquisitions of Sysint AS and Defcon. Organic growth increased by 34% and acquisition-driven growth accounted for 62% of the total sales growth in the first half of 2022, compared with the same period the previous year.



**Gross profit**

Gross profit amounted to SEK 124.5 million (56.4), equivalent to a gross margin of 48% (43). The acquisitions executed in 2021 are among the reasons for the increased gross margin; another contributing factor is the fact that MilDef's efforts to increase the gross margin of the existing product portfolio yielded the desired result. This is despite an external situation where component prices and freight costs are rising. The Company's gross margin may vary slightly over time depending on sales volumes and the product and customer mix.

**Operating expenses**

Operating expenses amounted to SEK 139.3 million (89.8). Excluding acquired operating expenses and non-recurring items, the Company's operating expenses were 6% higher than in the same quarter the previous year. The adjusted operating expenses as a percentage of sales amounted to 54% (68) for the period. The operating expenses were 13% higher in the first half of 2022 than in the second half of 2021.

**Operating profit (EBIT)**

Operating profit (EBIT) in the first half of 2022 amounted to SEK -14.8 million (-33.4), corresponding to an operating margin of -5.7% (-25.2). The clearly improved operating profit is due to increased sales in combination with an increased gross margin. MilDef's sales and profits are affected by seasonal variations. Year-on-year comparisons between quarters can be made. The Group's strongest quarter in terms of sales and profits is normally the fourth quarter.

**Adjusted operating profit (EBITDA)**

Adjusted operating profit before depreciation/amortization and impairment amounted to SEK -3.3 million (-17.2), equivalent to a margin of -1.3% (-13.0). Depreciation/amortization and impairment amounted to SEK 11.5 million (9.1). The adjusted operating profit does not include non-recurring items of SEK 0 million (7.1). These items are specified in Note 2 on page 22.

**Financial items**

Net financial income/expense for the period amounted to SEK -1.0 million (0.2).

**Tax**

The tax effect in the period contributed positively to net sales in the amount of SEK 2.9 million (10.4). The positive effect relates to deferred tax assets based on tax loss carryforwards.

**Net profit for first half of the year**

Profit after tax amounted to SEK -12.9 million (-22.8). Earnings per share was SEK -0.36 (-1.42) before and SEK -0.35 (-1.42) after dilution.

**Cash flow**

Cash flow reported for the period amounted to SEK -48.5 million (305.4). Operating cash flow amounted to SEK -5.6 million (-20.1).

Cash flow from operating activities amounted to SEK 1.6 million (-8.5). Cash flow from changes in working capital amounted to SEK 22.4 million (25.3). Cash flow from investing activities amounted to SEK -7.2 million (-40.1).

Cash flow from investments in property, plant and equipment and intangible assets amounted to SEK -7.2 (-11.2). Cash flow from financing activities amounted to SEK -42.6 million (354.0). The first half of the year was impacted by dividends paid to the shareholders in the amount of SEK -27.3 million (-17.4). Amortization of interest-bearing liabilities was charged to financing activities in the amount of SEK -11.4 million (0).

### Equity

The Group's equity amounted to SEK 534.6 million (513.0) at the end of the period. The equity-assets ratio as of June 30, 2022 was 70% (73).

### Net working capital

Net working capital amounted to SEK 140.9 million (45.9) at the end of the period. Increased volumes have had a negative impact on working capital. Net working capital in relation to net sales increased by 14 percentage points, from 10% as of June 30, 2021 to 24% as of June 30, 2022.

SEK m	June 30, 2022	Dec. 31, 2021	June 30, 2021
Inventories	113.0	85.8	79.9
Accounts receivable	81.4	136.2	48.6
Other current receivables	59.1	40.5	14.4
Accounts payable	-43.0	-39.5	-33.3
Other current liabilities	-69.6	-75.0	-63.7
<b>Net working capital</b>	<b>140.9</b>	<b>148.0</b>	<b>45.9</b>
<i>as a percentage of net sales LTM (%)</i>	<i>24%</i>	<i>32%</i>	<i>10%</i>

### Net debt and cash and cash equivalents

The net debt including lease liabilities amounted to SEK -36.1 million (-271.1) at the end of the period. The change in cash and cash equivalents is mainly the result of the Company issuing new shares in connection with the Company's IPO. Net debt at the end of the period in relation to adjusted operating profit (EBITDA) over the past 12-month period, excluding the effects of IFRS 16 Leases, amounted to -2.0 (-4.5). If calculated including these effects, the net indebtedness would be -0.8 (-3.6).

SEK m	June 30, 2022	Dec. 31, 2021	June 30, 2021
Other interest-bearing liabilities	29.9	41.4	18.7
Lease liabilities	57.1	60.7	64.0
Cash and cash equivalents	-123.1	-169.2	-353.9
<b>Net debt incl. IFRS 16</b>	<b>-36.1</b>	<b>-67.1</b>	<b>-271.1</b>
<i>in relation to adjusted operating profit (EBITDA) LTM, multiple</i>	<i>-0.8</i>	<i>-2.1</i>	<i>-3.6</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 36 employees.

### MilDef Group AB's share

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

### Share capital and number of shares

The total number of shares as of June 30, 2022 was 36,389,373 (35,617,922) and the share capital was SEK 9,097,343.25 (6,164,754.50). All of the shares are ordinary shares carrying the same voting rights. The shares have a quota value of SEK 0.25. At the end of the period the closing price was SEK 57.10 and the market value was SEK 2,078 million. The total number of shareholders at the end of the period was 7,800.

### Accounting principles

MilDef prepares its consolidated accounts in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities, and the Annual Accounts Act. The accounting principles applied correspond to the accounting and valuation principles presented in the 2021 Annual Report. The 2021 Annual Report is available at [www.mildef.com](http://www.mildef.com).

### Judgements and estimates in the financial statements

Preparation of the financial statements in accordance with IFRS requires the Management Team to make judgements and estimates that affect the application of the accounting principles and the carrying amounts of assets, liabilities, revenue and expenses. Actual outcomes may deviate from these estimates and judgements. Estimates and

assumptions are reviewed on a regular basis. Changes in estimates are reported in the period the change is made if the change has only affected that period, or in the period the change is made and in future periods if the change affects both the current period and future periods.

### Alternative performance measure

MilDef applies the guidelines for alternative performance measures issued by ESMA, the European Securities and Markets Authority. Alternative performance measures are financial measures that cannot be directly gleaned or deduced from the financial statements. These financial measures are intended to facilitate the Management Team's and investors' analysis of the Group's development. Investors should not regard these alternative performance measures as substitutes for the financial statements prepared in accordance with IFRS, but rather as complements to the statements. Definitions of the alternative performance measures are presented on page 27.

### Segments

MilDef's operations are treated as one segment as this reflects the Group's business, financial monitoring and management structure. MilDef's CEO, who is the highest executive decision-maker, monitors and analyzes results and financial position for the Group as a whole. The CEO does not monitor results on a disaggregated level lower than at consolidation level. The CEO thus also decides on allocation of resources and takes strategic decisions based on consolidation as a whole. Based on IFRS 8, the analysis concludes that the MilDef Group consists of only one reporting segment.

### Seasonal variations

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

### Unevenly divided between order inflow and sales

MilDef's markets are characterized by large procurements with irregular frequency. The lead times are often long due to extensive administrative processes and long sales cycles. Both order intake and sales may fluctuate significantly between the quarters. The Company's development should therefore be evaluated in a longer perspective and not based on an individual quarter or year.

### Significant events during the second quarter of 2022

In May 2022 MilDef signed a 7-year framework agreement with FMV and the Swedish Armed Forces. MilDef's future commitment to FMV and the Armed Forces will include the whole of MilDef's portfolio of tactical IT as well as associated system delivery. In addition to concrete product deliveries, the agreement also gives the FMV and the Armed Forces the ability to place suborders for training and other services. The agreement is an intensification of the partnership between MilDef and its Swedish defense customer in which an important criterion for the customer is increased supply reliability.

The framework agreement with FMV consolidates a long-term and close relationship, and ensures the commercial dimension for the years ahead. MilDef's clear ambition – across the entire spectrum of digitalization – is to efficiently deliver the defense capability that the Armed Forces and FMV are now planning for. Under the framework agreement MilDef will contribute all of its expertise in the areas of modernization and digitalization.

MilDef's targeted and long-term investment in the US market continues to yield results. In June MilDef won its single largest contract to date in the US market. Under the contract, MilDef, through one of the largest global defense groups, will deliver 400 customized laptops to digitalize the US army. Delivery is expected to take place in the second half of 2022.

### Significant events after the end of the period

At the beginning of July 2022 MilDef won a strategically important order in Norway. The order value of the deliveries is expected to total SEK 82 million. Deliveries are planned in the amount SEK 12 million in 2022. The remaining SEK 70 million is expected to be delivered in 2023. Under the contract, MilDef's assignment is to equip Norwegian armored vehicles with computers, displays and network infrastructure for digital management systems. Existing technology in the vehicles was delivered by MilDef and other suppliers in 2008. The new delivery will consist of tactical IT from MilDef's hardware portfolio, integration and other services.

After the end of the second quarter MilDef also signed an agreement with Skandinaviska Enskilda Banken (SEB) for a credit facility for acquisitions in the amount of SEK 250 million and a revolving overdraft facility of SEK 75

million. The credit facility agreements entered into are intended to make it possible to finance future acquisitions. At the same time MilDef terminated its previous revolving overdraft facility of SEK 50 million. No other events considered of significance have taken place since the end of the period up to the signing of this interim report.

### Employees

The number of employees in the Group, recalculated to full-time equivalents (FTEs), was 213 (149) at the end of the period. 167 (116) of the employees were men and 46 (33) were women. The average number of FTEs amounted to 209 during the period, compared with 148 in the corresponding period the previous year.

### Research and development

MilDef conducts extensive, ongoing research and development. This is considered a critical factor for continued organic growth and to penetrate new markets. It is important to identify the customers' changing requirements and transform them into the best solutions for every given market situation. In 2022 further resources were added to the R&D department to handle an increasing number of projects, many of which are highly complex. Around 14% of MilDef's employees work in R&D-related positions.

### Significant risks and factors of uncertainty

MilDef's operations and results are affected by a number of external and internal factors. A constant process is under way to identify all of the risks that occur and to assess how to manage each risk. MilDef's risks can be divided into market-related, operational and financial risk. For a more detailed description of financial risk, see pages 66–69 in the Company's 2021 Annual Report. No other material financial risks, other than those described there, have been identified.

### Transactions with related parties

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

**Contingent liabilities**

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

**Disputes**

The Company is not a party in any material dispute.

**Annual General Meeting 2022**

The Annual General Meeting on May 12, 2022 decided to re-elect Jan Andersson as Chair of the Board as well as board members Marianne Trolle, Lennart Pihl, Charlotte Darth, Berndt Grundevik and Christian Hammenborn.

At the subsequent statutory board meeting Jan Andersson (Chair) and Lennart Pihl 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.

Authorized public accountants Andreas Brodström and Bengt Ekenberg were elected as the Company's auditors for a term of one year. Both work at Mazars AB. Auditors' fees are payable as invoiced.

The AGM also decided to authorize the Board, on one or several occasions up to the 2023 AGM, to decide on issuing new shares for cash, in-kind or offset payment and, in doing so, be able to deviate 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

purpose of the authorization and the reason for the deviation from the shareholders' preferential rights is to enable the Company to issue shares to finance acquisitions of companies or operations, or part thereof.

The 2022 AGM voted in favor of the Board's proposal to pay a dividend to the shareholders of SEK 0.75 per share (SEK 0.75 after a 2:1 split) for the 2021 financial year, equivalent to a total dividend of SEK 27.3 million. The dividend was paid out on May 19, 2022.

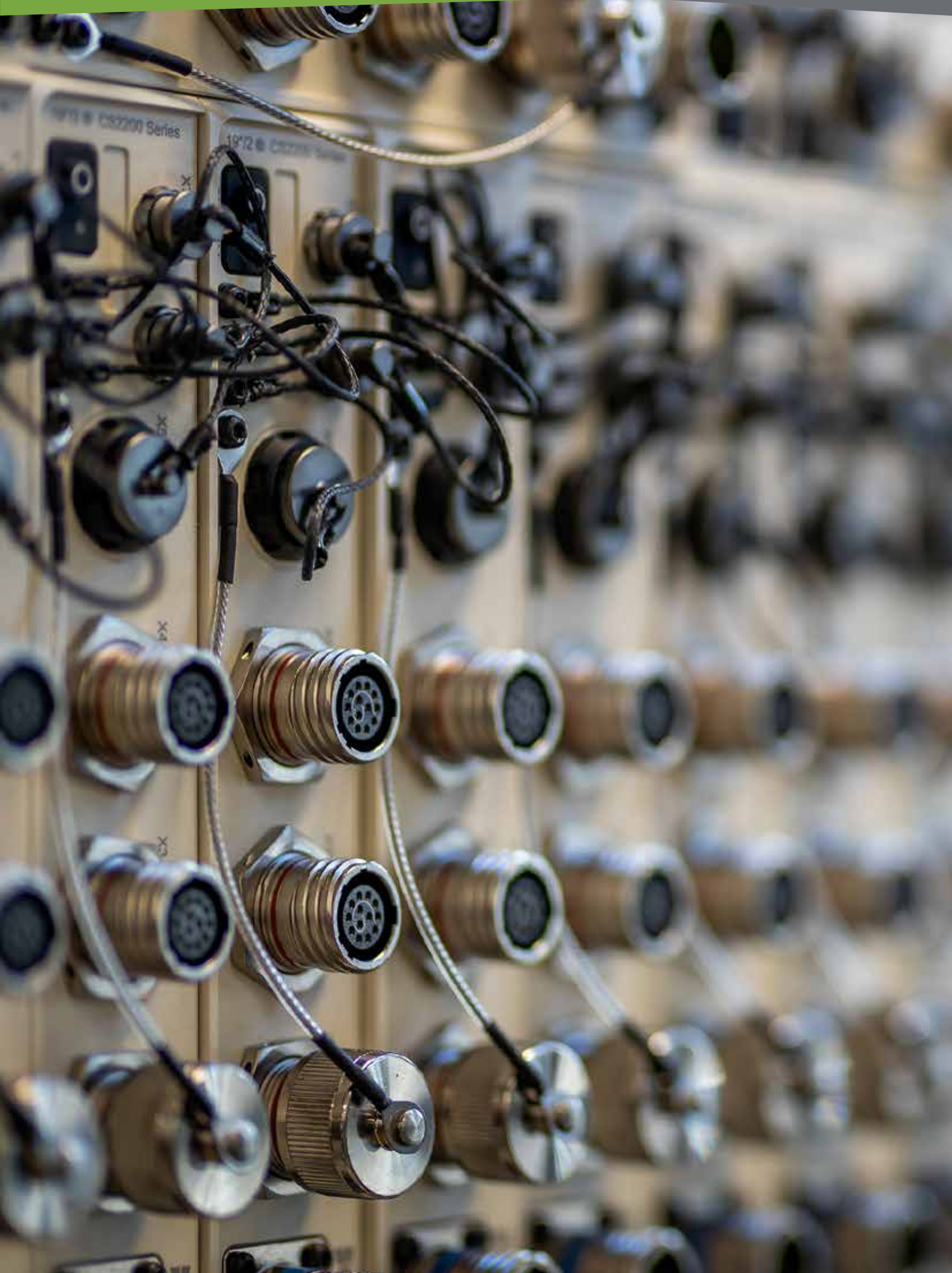
**Forward-looking statements**

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

**Audit review**

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





## Condensed consolidated income statement

SEK m	Note	April 1–June 30		January 1–June 30		Rolling 12 months	Full year
		2022	2021	2022	2021	July 2021– June 2022	2021
Net sales	1	118.5	81.3	259.8	132.3	597.1	469.6
Cost of goods sold		-60.5	-42.5	-135.3	-75.9	-318.9	-259.5
<b>Gross profit</b>		<b>58.0</b>	<b>38.9</b>	<b>124.5</b>	<b>56.4</b>	<b>278.2</b>	<b>210.1</b>
Selling expenses		-43.3	-23.0	-85.6	-39.9	-160.1	-114.4
Administrative expenses		-15.7	-14.9	-30.6	-29.5	-60.1	-59.0
Research and development expenses		-10.7	-11.6	-19.9	-21.8	-38.5	-40.4
Other operating income/expenses		-3.3	0.2	-3.2	1.4	-3.8	0.8
<b>Operating profit</b>		<b>-15.0</b>	<b>-10.5</b>	<b>-14.8</b>	<b>-33.4</b>	<b>15.7</b>	<b>-2.9</b>
Net financial items		-0.2	1.6	-1.0	0.2	-3.6	-2.4
<b>Profit after financial items</b>		<b>-15.2</b>	<b>-8.9</b>	<b>-15.8</b>	<b>-33.2</b>	<b>12.1</b>	<b>-5.3</b>
Income tax		2.0	5.3	2.9	10.4	-2.9	4.6
<b>Net profit for the period</b>		<b>-13.2</b>	<b>-3.6</b>	<b>-12.9</b>	<b>-22.8</b>	<b>9.2</b>	<b>-0.7</b>
<b>Other comprehensive income for the Group</b>							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Translation differences		-1.7	-4.1	6.7	-0.1	8.3	1.5
<b>Other comprehensive income for the period</b>		<b>-1.7</b>	<b>-4.1</b>	<b>6.7</b>	<b>-0.1</b>	<b>8.3</b>	<b>1.5</b>
<b>Comprehensive income for the period</b>		<b>-14.9</b>	<b>-7.7</b>	<b>-6.2</b>	<b>-22.9</b>	<b>17.5</b>	<b>0.8</b>

### Earnings per share

	April 1–June 30		January 1–June 30		Rolling 12 months	Full year
	2022	2021	2022	2021	July 2021– June 2022	2021
Number of shares at end of period	36,389,373	35,617,922	36,389,373	35,617,922	36,389,373	36,389,373
Weighted average number of shares in the period before dilution	36,389,373	20,544,997	36,389,373	16,106,369	36 361 365	26,243,169
Weighted average number of shares in the period after dilution	36,832,873	20,544,997	36,832,873	16,106,369	36 581 293	26,243,169
<b>Earnings per share before dilution (SEK)</b>	<b>-0.36</b>	<b>-0.18</b>	<b>-0.36</b>	<b>-1.42</b>	<b>0.25</b>	<b>-0.03</b>
<b>Earnings per share after dilution (SEK)</b>	<b>-0.36</b>	<b>-0.18</b>	<b>-0.35</b>	<b>-1.42</b>	<b>0.25</b>	<b>-0.03</b>

## Condensed consolidated balance sheet

SEK m	June 30, 2022	Dec. 31, 2021	June 30, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalized product development expenses	14.9	10.7	6.9
Acquisition-related intangible assets	284.7	285.2	112.9
Other intangible assets	0.5	0.5	-
Right-of-use assets	56.0	59.8	63.4
Other property, plant and equipment	14.9	14.5	15.9
Deferred tax assets	11.7	5.6	5.4
Other financial non-current assets	0.2	0.3	0.3
<b>Total non-current assets</b>	<b>382.9</b>	<b>376.6</b>	<b>204.8</b>
Inventories	113.0	85.8	79.9
Accounts receivable	81.4	136.2	48.6
Other current receivables	59.1	40.5	14.4
Cash and cash equivalents	123.1	169.2	353.9
<b>Total current assets</b>	<b>376.6</b>	<b>431.7</b>	<b>496.7</b>
<b>TOTAL ASSETS</b>	<b>759.5</b>	<b>808.2</b>	<b>701.6</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>534.6</b>	<b>568.2</b>	<b>513.0</b>
<b>Non-current liabilities</b>			
Lease liabilities	49.4	52.1	55.5
Non-current interest-bearing liabilities	10.6	31.7	9.1
Provisions for taxes	25.3	23.5	8.9
<b>Total non-current liabilities</b>	<b>85.3</b>	<b>107.3</b>	<b>73.5</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	19.3	9.7	9.7
Lease liabilities	7.7	8.6	8.5
Accounts payable	43.0	39.5	33.3
Other current liabilities	69.6	75.0	63.7
<b>Total current liabilities</b>	<b>139.6</b>	<b>132.8</b>	<b>115.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>759.5</b>	<b>808.2</b>	<b>701.6</b>



## Condensed consolidated statement of changes in equity

SEK m	June 30, 2022	Dec. 31, 2021	June 30, 2021
Equity, opening balance	568.2	132.6	132.6
Comprehensive income for the period after tax	-6.2	0.8	-22.9
New share issue	-	452.2	420.8
Dividend	-27.3	-17.4	-17.4
<b>Equity, closing balance</b>	<b>534.6</b>	<b>568.2</b>	<b>513.0</b>

## Condensed consolidated cash flow statement

	April 1–June 30		January 1–June 30		Rolling 12 months	Full year
SEK m	2022	2021	2022	2021	July 2021– June 2022	2021
Cash flow from operating activities						
Operating profit	-15.0	-10.5	-14.8	-33.4	15.7	-2.9
Reversal of depreciation, amortization and impairment	5.4	4.7	11.5	9.1	26.0	23.6
Other non-cash items	-0.6	-0.1	-0.4	-0.5	-0.4	-0.5
Net interest income/expense	-0.1	1.6	-0.9	0.2	-3.5	-2.4
Income taxes paid	-11.5	-2.9	-16.2	-9.2	-15.2	-8.2
Change in working capital	-23.4	9.7	22.4	25.3	-67.9	-65.0
Cash flow from operating activities	-45.1	2.6	1.6	-8.5	-45.3	-55.4
Cash flow from investing activities						
Investments in intangible assets	-2.2	-0.6	-5.2	-0.6	-10.2	-5.6
Investments in property, plant and equipment	-1.7	-1.7	-2.0	-10.6	-2.2	-10.8
Acquisition of subsidiaries, net of acquired cash and cash equivalents	-	-	-	-28.5	-142.8	-171.3
Change in other non-current receivables	-	-0.3	-	-0.3	0.8	0.5
Cash flow from investing activities	-3.9	-2.7	-7.2	-40.1	-154.4	-187.2
Cash flow from financing activities						
Dividend	-27.3	-17.4	-27.3	-17.4	-27.3	-17.4
New shares issues	-	375.6	-	375.6	13.7	389.3
Change in overdraft facilities	-	-	-	-0.1	0.1	-
Increase in liabilities to credit institutions	-	-	-	30.0	-	30.0
Repayment of loans issued by credit institutions	-	-30.0	-	-30.0	-	-30.0
Other interest-bearing liabilities	-11.4	-	-11.4	-	-11.4	-
Repayment of lease liabilities	-1.6	-2.1	-3.9	-4.1	-8.8	-9.0
Cash flow from financing activities	-40.3	326.1	-42.6	354.0	-33.7	362.9
Total cash flow for the period	-89.3	326.0	-48.2	305.4	-233.4	120.3
Change in cash and cash equivalents						
Cash and cash equivalents at beginning of period	212.2	28.5	169.2	46.8	353.9	46.8
Translation differences	0.2	-0.7	2.1	1.7	2.5	2.1
Cash and cash equivalents at end of period	123.1	353.9	123.1	353.9	123.1	169.2

## Quarterly overview for the Group

	2022		2021				2020		
SEK m	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	118.5	141.3	200.7	136.6	81.3	51.0	257.7	57.1	51.0
Cost of goods sold	-60.5	-74.8	-108.0	-75.6	-42.5	-33.5	-131.1	-29.7	-34.6
<b>Gross profit</b>	<b>58.0</b>	<b>66.5</b>	<b>92.7</b>	<b>61.0</b>	<b>38.9</b>	<b>17.5</b>	<b>126.6</b>	<b>27.4</b>	<b>16.4</b>
Operating expenses	-73.0	-66.3	-64.5	-58.7	-49.4	-40.4	-49.5	-26.7	-21.4
<b>Operating profit</b>	<b>-15.0</b>	<b>0.2</b>	<b>28.2</b>	<b>2.3</b>	<b>-10.5</b>	<b>-22.9</b>	<b>77.1</b>	<b>0.7</b>	<b>-5.0</b>
Net financial items	-0.2	-0.8	-0.9	-1.7	1.6	-1.4	-0.7	-0.3	-0.5
<b>Profit before tax</b>	<b>-15.2</b>	<b>-0.6</b>	<b>27.3</b>	<b>0.6</b>	<b>-8.9</b>	<b>-24.3</b>	<b>76.4</b>	<b>0.4</b>	<b>-5.5</b>
Income tax on profit for the period	2.0	0.9	-6.7	0.9	5.3	5.1	-13.6	-0.1	0.3
<b>Net profit for the period</b>	<b>-13.2</b>	<b>0.3</b>	<b>20.6</b>	<b>1.4</b>	<b>-3.6</b>	<b>-19.2</b>	<b>62.8</b>	<b>0.3</b>	<b>-5.2</b>

## Multi-year overview for the Group

	2021	2020	2019	2018	2017	2016	2015	2014
Net sales, SEK m	469.6	398.5	334.0	243.8	298.8	153.1	146.0	135.5
Gross margin	45%	46%	37%	38%	34%	34%	29%	30%
Operating margin (EBITDA)	5%	17%	10.7%	9.9%	15%	7%	7%	12%
Operating margin (EBIT)	0%	14%	7.4%	7.3%	12%	4%	5%	9%
Profit margin	0%	14%	8%	8%	11%	5%	5%	9%
Earnings per share for the period, SEK	0.03	1,72*	1.64	1.04	2.24	0.48	0.55	0.83
Net cash, SEK m	169.2	46.8	9.1	31.5	26.7	-10.1	34.9	38.7
Cash flow from operating activities, SEK m	-55,5	61.7	-7.9	25.8	35.0	-19.0	2.3	-1.9
Total assets, SEK m	808.2	367.9	285.2	178.2	167.6	134.6	89.0	96.9
Equity, SEK m	568.2	132.6	101.3	87.7	85.2	61.9	59.4	61.2
Equity/assets ratio	70%	36%	36%	49%	51%	46%	67%	63%
Return on capital employed	0%	36%	20%	25%	36%	10%	12%	19%
Return on equity	0%	36%	20%	14%	34%	9%	10%	14%
Equity per share, SEK	15.61	11.41	8.72	7.55	8.10	5.61	5.41	5.58
Dividend per share, SEK	0.75	0.75*	0.75	0.50	1.22	0.00	0.18	0.44
Average number of employees	154	97	85	81	75	64	54	50
Number of employees at end of period	188	119	93	86	76	69	57	51

\*After adjustment for 2:1 split

## Condensed Parent Company income statement

	April 1–June 30		January 1–June 30		Rolling 12 months	Full year
SEK m	2022	2021	2022	2021	July 2021– June 2022	2021
Net sales	19.2	15.6	38.3	31.1	71.2	64.0
Selling expenses	-7.1	-5.6	-12.9	-10.8	-25.2	-23.1
Administrative expenses	-7.9	-10.2	-14.7	-19.6	-33.0	-37.9
Research and development expenses	-5.1	-4.5	-9.7	-8.6	-18.1	-17.0
Other operating income/expenses	-0.2	0.4	-0.2	1.6	0.4	2.2
<b>Operating profit</b>	<b>-1.1</b>	<b>-4.3</b>	<b>0.8</b>	<b>-6.3</b>	<b>-4.7</b>	<b>-11.7</b>
Net financial items	1.1	-0.3	1.6	-0.8	1.4	-1.0
<b>Profit after financial items</b>	<b>0.0</b>	<b>-4.6</b>	<b>2.4</b>	<b>-7.1</b>	<b>-3.3</b>	<b>-12.7</b>
Year-end appropriations	-	-	-	-	33.3	33.3
<b>Profit before tax</b>	<b>0.0</b>	<b>-4.6</b>	<b>2.4</b>	<b>-7.1</b>	<b>30.0</b>	<b>20.6</b>
Income tax	-0.5	6.0	-0.5	-6.5	-7.0	0.0
<b>Net profit for the period</b>	<b>-0.5</b>	<b>1.4</b>	<b>1.9</b>	<b>-0.6</b>	<b>23.0</b>	<b>20.6</b>
<b>Other comprehensive income</b>						
<b>Net profit for the period</b>	<b>-0.5</b>	<b>1.4</b>	<b>1.9</b>	<b>-0.6</b>	<b>23.0</b>	<b>20.6</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>-</b>
<b>Comprehensive income for the period</b>	<b>-0.5</b>	<b>1.4</b>	<b>1.9</b>	<b>-0.6</b>	<b>23.0</b>	<b>20.6</b>



## Condensed Parent Company balance sheet

SEK m	June 30, 2022	Dec. 31, 2021	June 30, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9.6	9.9	10.9
Financial non-current assets	430.6	430.6	178.4
<b>Total non-current assets</b>	<b>440.2</b>	<b>440.5</b>	<b>189.2</b>
Current receivables from Group companies	136.0	41.6	76.3
Other current receivables	15.0	5.4	10.7
Cash and cash equivalents	77.4	202.2	328.0
<b>Total current assets</b>	<b>228.4</b>	<b>249.2</b>	<b>414.9</b>
<b>TOTAL ASSETS</b>	<b>668.6</b>	<b>689.7</b>	<b>604.2</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>529.8</b>	<b>555.2</b>	<b>502.6</b>
<b>Untaxed reserves</b>	<b>5.5</b>	<b>5.5</b>	<b>23.8</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	10.6	31.7	8.9
Deferred tax liabilities	0.5	-	-
<b>Total non-current liabilities</b>	<b>11.1</b>	<b>31.7</b>	<b>8.9</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	19.3	9.7	9.7
Current liabilities to Group companies	88.9	73.7	32.4
Accounts payable	2.5	1.8	3.4
Other current liabilities	11.5	12.1	23.5
<b>Total current liabilities</b>	<b>122.2</b>	<b>97.3</b>	<b>68.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>668.6</b>	<b>689.7</b>	<b>604.2</b>

## Condensed Parent Company statement of changes in equity

SEK m	June 30, 2022	Dec. 31, 2021	June 30, 2021
Equity, opening balance	555.2	99.9	99.9
Comprehensive income for the period after tax	1.9	20.6	-0.6
New shares issues	-	452.2	420.8
Dividend	-27.3	-17.4	-17.4
<b>Equity, closing balance</b>	<b>529.8</b>	<b>555.2</b>	<b>502.6</b>

## Notes

### Note 1. Net sales by geographic area

SEK m	Q2 2022	Q2 2021	Jan–June 2022	Jan–June 2021	Rolling 12 months	Full year 2021
Nordics	82.7	55.7	177.2	80.4	432.2	335.4
Europe (excl. Nordics)	16.4	14.6	34.3	27.2	87.3	80.2
North America	17.9	10.6	45.6	24.0	72.6	51.0
Other countries	1.5	0.4	2.7	0.7	5.0	3.0
<b>Total revenue</b>	<b>118.5</b>	<b>81.3</b>	<b>259.8</b>	<b>132.3</b>	<b>597.1</b>	<b>469.6</b>

### Note 2. Non-recurring items

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

SEK m	Q2 2022	Q2 2021	Jan–June 2022	Jan–June 2021	Rolling 12 months	Full year 2021
Listing expenses	0.0	-3.4	0.0	-6.7	-4.4	-11.1
Acquisition-related expenses	0.0	0.0	0.0	-0.4	0.0	-0.4
<b>Total non-recurring items</b>	<b>0.0</b>	<b>-3.4</b>	<b>0.0</b>	<b>-7.1</b>	<b>-4.4</b>	<b>-11.5</b>

## Additional performance measures

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

Operating profit (EBIT), SEK m	Q2 2022	Q2 2021	Jan–June 2022	Jan–June 2021	Rolling 12 months	Full year 2021
<b>Operating profit (EBIT)</b>	<b>-15.0</b>	<b>-10.5</b>	<b>-14.8</b>	<b>-33.4</b>	<b>15.7</b>	<b>-2.9</b>
Listing expenses	-	3.4	-	6.7	4.4	11.1
Acquisition-related expenses	-	-	-	0.4	-	0.4
<b>Adjusted operating profit (EBIT)</b>	<b>-15.0</b>	<b>-7.1</b>	<b>-14.8</b>	<b>-26.3</b>	<b>20.1</b>	<b>8.6</b>
<b>Adjusted operating profit (EBIT)</b>	<b>-15.0</b>	<b>-7.1</b>	<b>-14.8</b>	<b>-26.3</b>	<b>20.1</b>	<b>8.6</b>
Net sales	118.5	81.3	259.8	132.3	597.1	469.6
<b>Adjusted operating margin (EBIT), %</b>	<b>-12.7%</b>	<b>-8.7%</b>	<b>-5.7%</b>	<b>-19.9%</b>	<b>3.4%</b>	<b>1.8%</b>
<b>Operating profit (EBITA), SEK m</b>						
Operating profit (EBIT)	-15.0	-10.5	-14.8	-33.4	15.7	-2.9
Amortization of intangible assets	2.8	1.6	5.7	3.3	13.5	11.1
<b>Operating profit (EBITA)</b>	<b>-12.2</b>	<b>-8.9</b>	<b>-9.1</b>	<b>-30.1</b>	<b>29.2</b>	<b>8.2</b>
<b>Adjusted operating profit (EBITA), SEK m</b>						
Operating profit (EBITA)	-12.2	-8.9	-9.1	-30.1	29.2	8.2
Listing expenses	-	3.4	-	6.7	4.4	11.1
Acquisition-related expenses	-	-	-	0.4	-	0.4
<b>Adjusted operating profit (EBITA)</b>	<b>-12.2</b>	<b>-5.5</b>	<b>-9.1</b>	<b>-23.0</b>	<b>33.6</b>	<b>19.7</b>
<b>Adjusted operating profit (EBITA)</b>	<b>-12.2</b>	<b>-5.5</b>	<b>-9.1</b>	<b>-23.0</b>	<b>33.6</b>	<b>19.7</b>
Net sales	118.5	81.3	259.8	132.3	597.1	469.6
<b>Adjusted operating margin (EBITA), %</b>	<b>-10.3%</b>	<b>-6.8%</b>	<b>-3.5%</b>	<b>-17.4%</b>	<b>5.6%</b>	<b>4.2%</b>
<b>Operating profit (EBITDA), SEK m</b>						
Operating profit (EBIT)	-15.0	-10.5	-14.8	-33.4	15.7	-2.9
Depreciation/amortization	5.4	4.7	11.5	9.1	26.0	23.6
<b>Operating profit (EBITDA)</b>	<b>-9.6</b>	<b>-5.8</b>	<b>-3.3</b>	<b>-24.3</b>	<b>-41.7</b>	<b>20.7</b>
<b>Adjusted operating profit (EBITDA), SEK m</b>						
Operating profit (EBITDA)	-9.6	-5.8	-3.3	-24.3	-41.7	20.7
Listing expenses	-	3.4	-	6.7	4.4	11.1
Acquisition-related expenses	-	-	-	0.4	-	0.4
<b>Adjusted operating profit (EBITDA)</b>	<b>-9.6</b>	<b>-2.3</b>	<b>-3.3</b>	<b>-17.2</b>	<b>46.1</b>	<b>32.2</b>
<b>Adjusted operating profit (EBITDA)</b>	<b>-9.6</b>	<b>-2.3</b>	<b>-3.3</b>	<b>-17.2</b>	<b>46.1</b>	<b>32.2</b>
Net sales	118.5	81.3	259.8	132.3	597.1	469.6
<b>Adjusted operating margin (EBITDA), %</b>	<b>-8.1%</b>	<b>-2.8%</b>	<b>-1.3%</b>	<b>-13.0%</b>	<b>7.7%</b>	<b>6.9%</b>

**Available cash and cash equivalents**

SEK m	June 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021
Cash and bank balances	123.1	212.2	169.2	184.9	353.9
Unutilized overdraft facilities	50.0	50.0	50.0	50.0	51.1
<b>Available cash and cash equivalents</b>	<b>173.1</b>	<b>262.2</b>	<b>219.2</b>	<b>234.9</b>	<b>405.0</b>

**Working capital including cash and bank balances**

SEK m	June 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021
Total current assets	253.5	219.2	262.5	218.5	142.8
Cash and bank balances	123.1	212.2	169.2	184.9	353.9
Current liabilities, non-interest-bearing	-112.6	-113.3	-114.2	-133.9	-96.9
<b>Working capital including cash and bank balances</b>	<b>264.0</b>	<b>318.1</b>	<b>317.5</b>	<b>269.5</b>	<b>399.8</b>
Net sales last 12 months	597.1	559.9	469.6	516.1	445.3
<b>Working capital including cash and bank balances in relation to net sales, %</b>	<b>44.2%</b>	<b>56.8%</b>	<b>67.6%</b>	<b>52.2%</b>	<b>89.8%</b>

**Working capital excluding cash and bank balances**

SEK m	June 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021
Inventories	113.0	91.8	85.8	95.4	79.9
Current receivables	140.5	127.4	176.7	123.1	62.9
Current liabilities, non-interest-bearing	-112.6	-113.3	-114.2	-133.9	-96.9
<b>Working capital excluding cash and bank balances</b>	<b>140.9</b>	<b>105.9</b>	<b>148.3</b>	<b>84.6</b>	<b>45.9</b>
Net sales last 12 months	597.1	559.9	469.6	516.1	445.3
<b>Working capital excluding cash and bank balances in relation to net sales, %</b>	<b>23.6%</b>	<b>18.9%</b>	<b>31.6%</b>	<b>16.4%</b>	<b>10.3%</b>

**Return on capital employed**

SEK m	June 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021
Profit after financial items, last 12 months	12.1	18.4	-5.3	43.7	47.0
Financial expense, last 12 months	6.4	4.6	5.2	5.8	2.6
Profit before financial expense, last 12 months	18.5	23.0	-0.1	49.5	49.6
Capital employed at beginning of period	595.7	231.1	186.4	156.6	156.8
Capital employed at end of period	621.6	676.9	670.3	664.8	595.7
Average capital employed	608.7	454.0	428.3	410.7	376.3
<b>Return on capital employed, %</b>	<b>3.0%</b>	<b>5.1%</b>	<b>0.0%</b>	<b>12.1%</b>	<b>13.2%</b>



**Return on equity**

SEK m	June 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021
Profit after tax, last 12 months	9.2	18.8	-0.7	37.9	40.6
Equity at beginning of period	513.0	145.1	132.6	83.2	83.4
Equity at end of period	534.6	576.9	568.2	544.5	513.0
Average equity	523.8	361.0	350.4	313.9	298.2
<b>Return on equity, %</b>	<b>1.8%</b>	<b>5.2%</b>	<b>-0.2%</b>	<b>12.1%</b>	<b>13.6%</b>

**Net debt/EBITDA**

SEK m	June 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021
Non-current liabilities, interest-bearing	60.0	82.1	83.8	77.1	64.6
Current liabilities, interest-bearing	27.0	17.9	18.3	43.2	18.2
Cash and bank balances	-123.1	-212.2	-169.2	-184.9	-353.9
<b>Net debt incl. IFRS 16</b>	<b>-36.1</b>	<b>-112.2</b>	<b>-67.1</b>	<b>-64.6</b>	<b>-271.1</b>
Operating profit, last 12 months	15.7	20.2	-2.9	46.1	48.0
Depreciation, amortization and impairment, last 12 months	26.0	25.3	23.6	23.7	14.9
Non-recurring items, last 12 months	4.4	7.8	11.5	15.5	11.4
Adjusted EBITDA, last 12 months	46.1	53.3	32.2	85.3	74.3
<b>Net debt/EBITDA, multiple</b>	<b>-0.8</b>	<b>-2.1</b>	<b>-2.1</b>	<b>-0.8</b>	<b>-3.6</b>

## Board of Directors' assurance

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

Helsingborg, July 28, 2022

**MilDef Group AB (publ)**

**Jan Andersson**

Chair

**Marianne Trolle**

Board member

**Lennart Pihl**

Board member

**Charlotte Darth**

Board member

**Berndt Grundevik**

Board member

**Christian Hammenborn**

Board member

**Björn Karlsson**

President and CEO

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

# Definitions

## NUMBER OF OUTSTANDING SHARES

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

## RETURN ON EQUITY

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

## RETURN ON CAPITAL EMPLOYED

Profit before tax after reversal of financial expense, based on a rolling 12-month calculation, expressed as a percentage of average capital employed.

## EBIT

Earnings before interest and taxes according to the income statement.

## EBITDA

Earnings before interest, taxes, depreciation and amortization of property, plant and equipment and intangible 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 financial income-bearing assets.

## OPERATING CASH FLOW

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

## ORGANIC GROWTH

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

## WORKING CAPITAL

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

## OPERATING MARGIN

Operating profit as a percentage of net sales.

## EQUITY/ASSETS RATIO

Equity as a percentage of total assets.

## CAPITAL EMPLOYED

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

## EARNINGS PER SHARE BEFORE DILUTION

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

## EARNINGS PER SHARE AFTER DILUTION

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

# MilDef in brief

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

## Brief facts

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

- Specialist in the global niche for tactical IT
- Operations in five countries
- Partner network in more than 30 countries
- Founded in 1997
- Around 210 employees on the date of the report



MilDef's head office is in Helsingborg, Sweden.

## Vision

Your number one choice for tactical IT.

## Mission

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

## Business concept

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

## Growth strategy

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

### Organic growth

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

### Acquisitions

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

**Expanded customer offering** MilDef has expanded its customer offering, which in the past was mainly focused on hardware, to also include services and software. MilDef considers these three areas – hardware, services and software – to have the potential to be equally strong business divisions over time.



## Financial targets

### Growth

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

### Profitability

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

### Capital structure

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

### Dividend policy

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

## The MilDef Way

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

### Priority

Put 80% effort into the 20% that matters most

### Proactivity

Plan for the future; act today

### Integrity

We say what we do and we do what we say

### Unity

Work together as one



## Sustainability

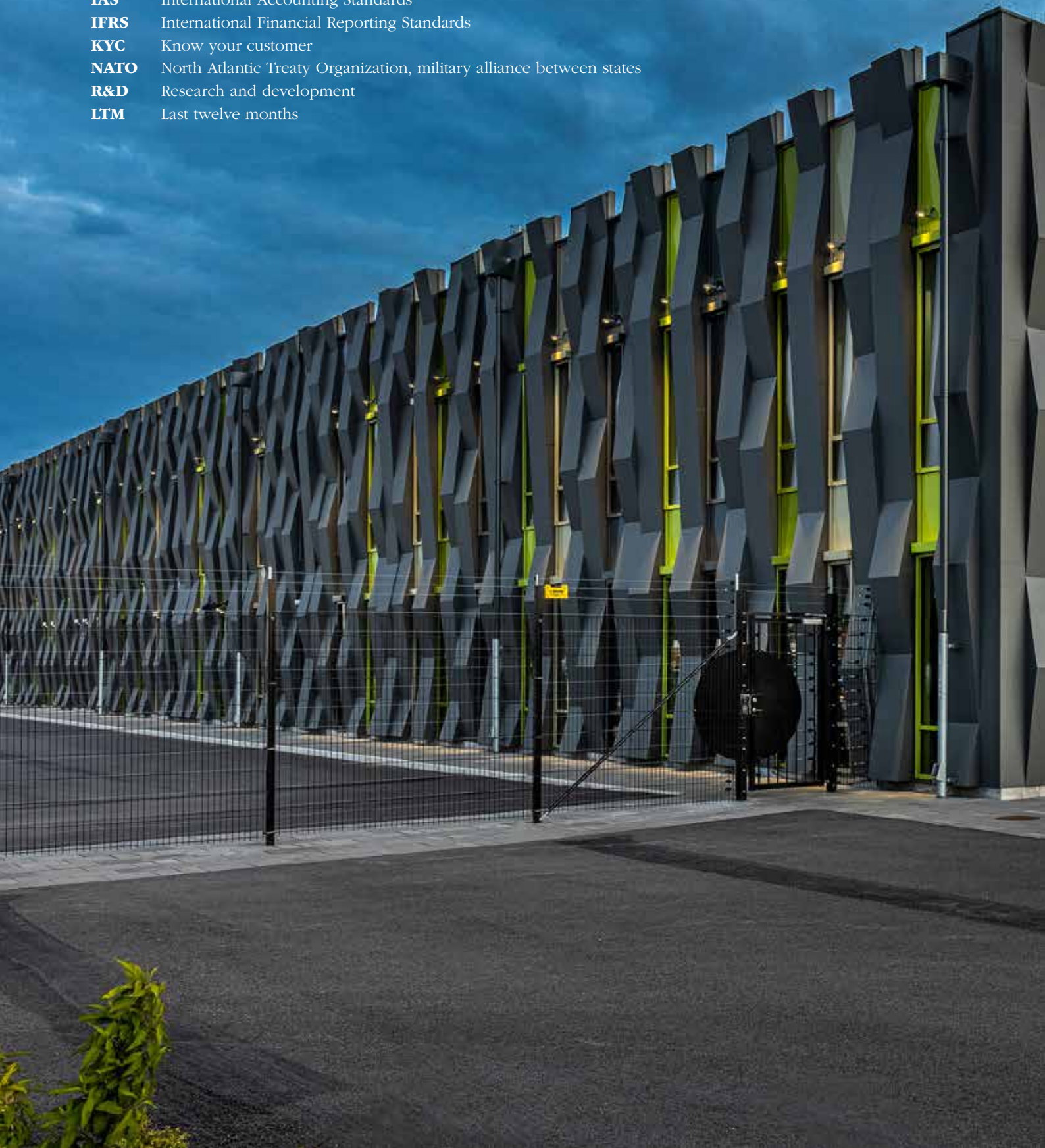
MilDef aims to maintain a good balance between business, environmental and social sustainability. This is considered crucial in order to meet current needs without jeopardizing the ability of future generations to meet their needs.

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

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

# Glossary

<b>ESMA</b>	European Securities and Markets Authority, an independent EU agency
<b>FMA</b>	Norwegian Defence Materiel Agency, Norwegian equivalent of the Swedish Defence Material Administration, FMV
<b>FMN</b>	Federated Mission Networking, NATO's initiative to ensure interoperability and operative efficiency
<b>FMV</b>	Swedish Defence Materiel Administration
<b>IAS</b>	International Accounting Standards
<b>IFRS</b>	International Financial Reporting Standards
<b>KYC</b>	Know your customer
<b>NATO</b>	North Atlantic Treaty Organization, military alliance between states
<b>R&amp;D</b>	Research and development
<b>LTM</b>	Last twelve months







## Important information

This half-year report may contain forward-looking information that reflects MilDef'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.

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## Invitation to a presentation of MilDef's half-year report

The presentation will be held in English and will conclude with a Q&A. The meeting will start at 10:00 CEST on July 28, 2022 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

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

### Telephone numbers:

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

Enter conference ID: 398 939 971#

## Financial calendar

Interim Report Q3 2022	October 27, 2022
Interim Report Q4 2022	February 09, 2023
Interim report Q1 2023	May 5, 2023

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 above, for publication at 08:00 CEST on July 28, 2022.

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

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