

MILDEF GROUP

# Q3

INTERIM REPORT  
JANUARY–SEPTEMBER 2023



# INTERIM REPORT JANUARY–SEPTEMBER 2023

## SUMMARY OF THE PERIOD

### SHARPLY IMPROVED PROFITABILITY FOR THE FIRST NINE MONTHS

#### Third quarter 2023

- Net sales increased by 38% to SEK 226.5 million (163.7).
- The gross margin was 50% (51).
- Adjusted EBITDA amounted to SEK 26.5 million (19.9), equivalent to an adjusted operating margin of 11.7% (12.2).
- Operating profit (EBIT) amounted to SEK 11.4 million (12.5), corresponding to an operating margin of 5.0% (7.6).
- Order intake decreased by 42% to SEK 177.2 million (307.2).
- Operating cash flow amounted to SEK -42.0 million (-40.1).
- Earnings per share after dilution amounted to SEK 0.14 (0.18).

#### January–September 2023

- Net sales increased by 89% to SEK 798.5 million (423.5).
- The gross margin was 48% (49).
- Adjusted EBITDA amounted to SEK 108.2 million (16.6), equivalent to an adjusted operating margin of 13.5% (3.9).
- Operating profit (EBIT) amounted to SEK 66.7 million (-2.3), corresponding to an operating margin of 8.4% (-0.5).
- Order intake increased by 21% to SEK 805.6 million (667.5).
- Order backlog as of September 30, 2023 increased by 4% to SEK 1,272 million compared with the same date in 2022 (1,218).
- Operating cash flow amounted to SEK -17.5 million (-45.7).
- Earnings per share after dilution for the last 12-month period amounted to SEK 1.07 (-0.17) and before dilution, SEK 1.09 (SEK -0.17).

### LAST 12 MONTHS, OCTOBER 2022–SEPTEMBER 2023

NET SALES	ADJUSTED OPERATING PROFIT (EBITDA)	ADJUSTED OPERATING MARGIN (EBITDA)
SEK 1,114 <sub>m</sub>	SEK 152 <sub>m</sub>	13.6%

### Summary of significant events in the third quarter, July–September 2023

- At the DSEI (Defence and Security Equipment International) trade fair in London in September MilDef launched its newly developed brand platform WE ARMOR IT, signifying that MilDef makes both IT and everything we produce stronger and more sustainable.
- In the third quarter MilDef signed a series of contracts in the US defense market for rugged IT. Based on its products, MilDef will deliver mission-critical functionality under these contracts for land vehicles, aviation platforms and naval vessel installations.
- During the quarter MilDef launched its handheld Tactical Android Device (T.A.D) which will redefine soldier-borne digitalization. The innovative unit addresses the challenges that military personnel face by offering advanced technical functions and durability.
- During the quarter a newly developed Panel PC was launched with a rapidly detachable computer module for a new level of operational flexibility. This unique display and computer combination will enable groundbreaking use of computers and displays in military operations.

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

- No events considered of significance have taken place since the end of the period up to the signing of this interim report.



# INTERIM REPORT JANUARY–SEPTEMBER 2023

## SUMMARY OF THE PERIOD

### FINANCIAL SUMMARY

	July 1–September 30		January 1–September 30		Last 12 months	Full year
All figures are in SEK million unless otherwise indicated	2023	2022	2023	2022	Oct 2022– Sept 2023	2022
Net sales	226.5	163.7	798.5	423.5	1,113.8	738.8
Sales growth, %	38	20	89	57	78	57
Of which organic, %	14	12	62	23	51	26
Of which acquisition-driven, %	24	8	27	34	27	31
Gross margin, %	50	51	48	49	48	48
Adjusted operating profit (EBITDA)	26.5	19.9	108.2	16.6	151.6	60.0
Adjusted operating margin (EBITDA), %	11.7	12.2	13.5	3.9	13.6	8.1
Order intake	177	307	806	668	1,076	938
Order backlog	1,272	1,218	1,272	1,218	1,272	1,156
Operating cash flow	-42.0	-40.1	-17.5	-45.7	-66.8	-95.0

All amounts are presented in SEK million 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

## CONTINUED GOOD GROWTH

**As we now close the books for the third quarter we can state that MilDef as a company and what MilDef delivers have never been more relevant in the Company's 26 years in existence. Based on national security policy, significant increases in military capacity are imminent in the West and MilDef is ready to deliver to meet the needs of this trend.**

Good growth was sustained in the third quarter and sales increased by 38%. During the first nine months of the year sales amounted to SEK 799 million (424), representing growth of a full 89%. During the same period the Company's operating profit (adjusted EBITDA) increased by 552%, from SEK 16.6 million to SEK 108.2 million. Added to this is an order backlog that remains strong at SEK 1,272 million.

### **An unstable world and changed dynamics**

The world around us remains unstable. The security situation is concerning to say the least. It is my belief that countries will need to reinforce their defense capacity for many years to come and this is confirmed by the planned increases in defense appropriations. We are not satisfied with our third quarter order intake, but I attribute this shortfall above all to volatility over individual quarters. In the first nine months of the year we saw an increase of 21% in order intake. We are optimistic about the order intake going forward as our addressable market is growing sharply. In the past our end-customers have had time but limited financial resources; now they have the money but are short on time. This changed dynamic will work in MilDef's favor. Combined with MilDef's offering and strong reputation, this gives us faith in our ability to convert business opportunities into orders.

***“As we now close the books for the third quarter we can state that MilDef as a company and what MilDef delivers have never been more relevant.”***



# CEO'S COMMENTS

+89%

NET SALES

January–September  
2023

+21%

ORDER INTAKE

January–September  
2023

14%

ADJUSTED EBITDA %

January–September  
2023

## Delivery in focus

The Company's primary priority for 2023 is to successfully deliver according to our customers' needs and wishes. Based on this, the focus in the third quarter was on continuing to build up our inventory. Along the ambitious growth journey that MilDef has embarked upon on it is of utmost importance for the Company to meet customer needs and delivery undertakings. We continue to take a cautious approach with respect to the supply chain challenges because some uncertainty still exists. MilDef is working constantly on managing these challenges to secure stable delivery flows for our customers.

## Cash flow and working capital

The higher inventory levels at the end of the quarter reflect our delivery readiness going into the fourth quarter. MilDef's liquidity is following past patterns this year too, being strained in the autumn before improving markedly in the first quarter of the following year. Although changes in working capital affected the third quarter cash flow negatively in the amount of SEK 48.1 million, this is a price worth paying to ensure deliveries to our customers. Working capital as a percentage of sales on a rolling 12-month basis is still not where the Company would like it to be, but we remain of the opinion that it will normalize and return to historical levels over time. This in turn will have a positive effect on operating cash flow. MilDef's operating cash flow for the first nine months of the year, excluding the effect from the acquired company Handheld, amounted to SEK +28.9 million. This is a substantial improvement in relation to the comparison period (-45.7).

## Product development

During the quarter two new products were launched in our product portfolio, demonstrating MilDef's ability to develop innovative solutions. The first is a rugged, handheld Android-based unit intended for military operations. MilDef's focus on the end-user has enabled us to produce a product that exceeds what is required of a future-proof soldier-borne

solution. The second new product is our next generation Panel PC with a rapidly detachable computer module for a new level of operational flexibility. The unique display and computer combination will enable groundbreaking use of computers and displays in military operations. The system has already been implemented in battle-ready platforms.

## LSS Mark – review rejected

As communicated in the first quarter of 2023 MilDef applied for a review of the "LSS Mark – Unit Integrator" procurement. The procurement is for digitalization of the Swedish ground forces. In the third quarter the Stockholm Administrative Court ruled to reject MilDef's review application. Despite this negative outcome, we believe that we took a clear and important stance in this matter which relates to the highly topical issue of Sweden's supply reliability. The prospects are still good for MilDef to deliver significant volumes of hardware and services for next generation digitalization of Sweden's armed forces.

## Positive expectations

The underlying conditions for MilDef to achieve strong and sustainable growth remain good. The forward-looking investments that have been accelerated over the past few years, in combination with a significant order intake and a more active market, allow us to predict sustained strong sales, order intake and profitability.

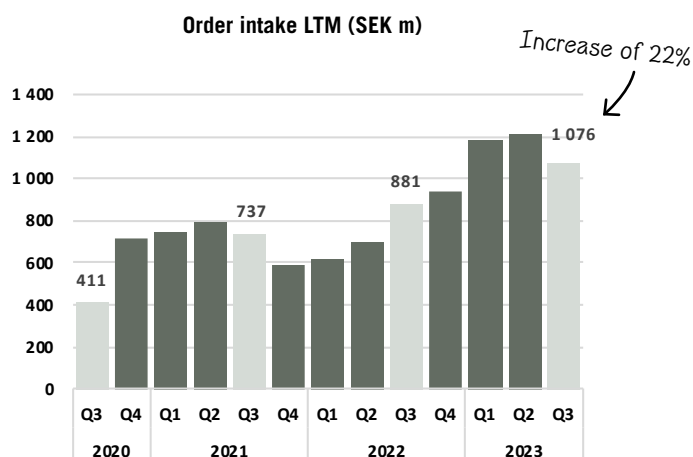
Given the above, I see continued good potential for MilDef to keep creating long-term value for the Company's shareholders and other stakeholders.



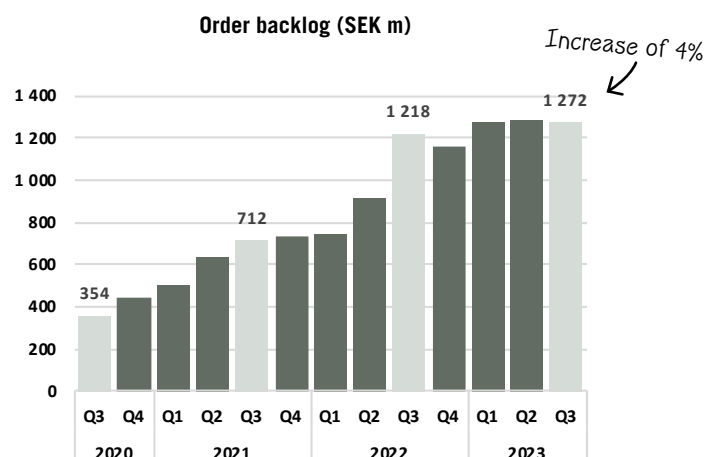
Daniel Ljunggren, President and CEO of MilDef Group

# MILDEF'S FINANCIAL DEVELOPMENT

## ORDER STATUS

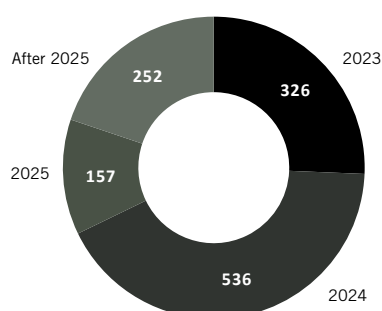


Each individual column in the diagram above shows MilDef's order intake over the last 12 months (LTM) in SEK million. The order intake is the total orders received during the period in question. Deliveries may take place over a number of years. MilDef monitors order intake to analyze future revenue streams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

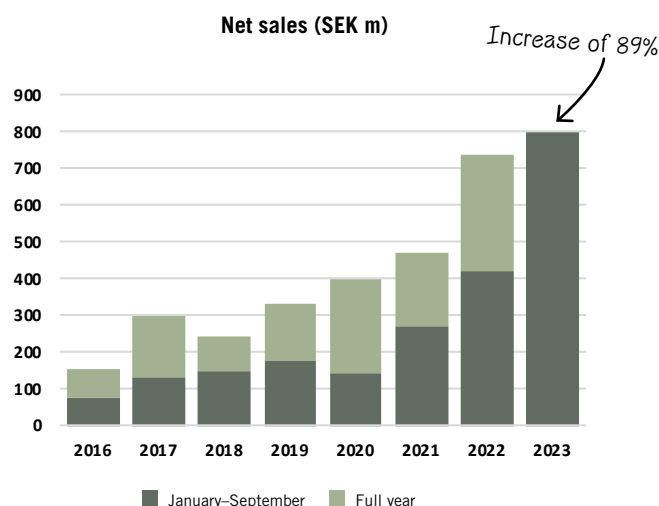
### Change in order backlog January–September 2023 (SEK m)

Order backlog as of January 1, 2023	1,156.0
Order intake Jan–Sept 2023	805.6
Sales Jan–Sept 2023	-798.5
Sales January–Sept 2023 not impacting order backlog	62.3
Order backlog acquired in the period	0.0
Currency effect in order backlog during the period	46.6
<b>Order backlog as of September 30, 2023</b>	<b>1,272.0</b>

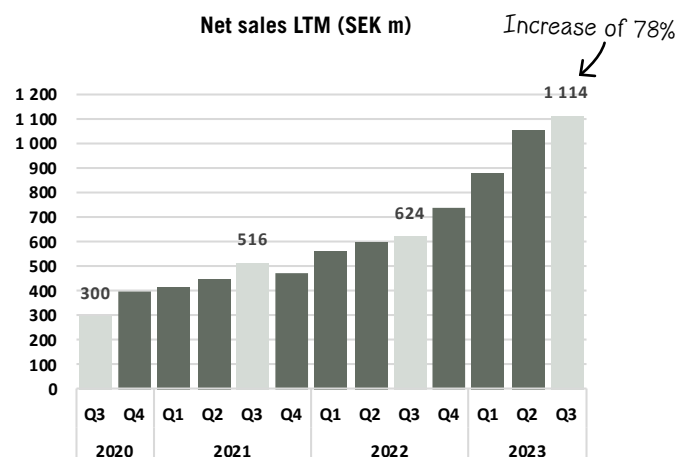
The table above presents the development of MilDef's order backlog in SEK million during the first nine months of 2023, and the size of the components included, to arrive at the difference in the order backlog as of January 1, 2023 in comparison with September 30, 2023.

# MILDEF'S FINANCIAL DEVELOPMENT

## NET SALES

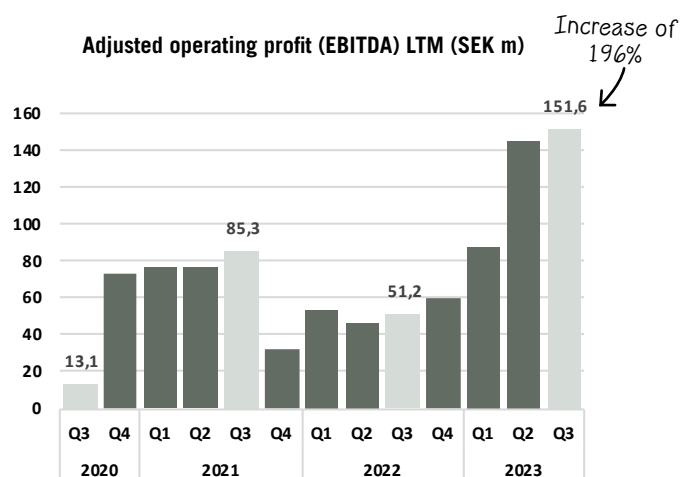


The columns above show MilDef's net sales for full years 2016–2022 and for January–September 2016–2023. The diagram shows the clear seasonal variation in MilDef's net sales.

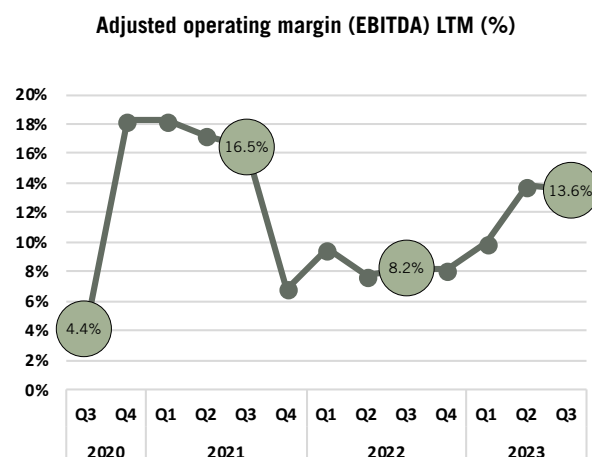


The diagram's columns show MilDef's net sales over the last 12 months (LTM) in SEK million. The columns show the data excluding seasonal variations during the year.

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



Each column in the diagram above shows MilDef's operating profit (EBITDA) over the last 12 months (LTM) in SEK million, adjusted for non-recurring items. 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 last 12 months (LTM) as a percentage, adjusted for non-recurring items. The adjusted EBITDA margin is stated as a percentage of net sales. MilDef considers the adjusted EBITDA margin to be a useful indicator to measure the Group's operational efficiency.



# FINANCIAL OVERVIEW

**Profit/loss items and cash flow are compared with the corresponding period the previous year. The balance sheet items refer to the end of the period and are compared with the corresponding date the previous year.**

## Third quarter: July–September 2023

### Order status

The order intake during the period decreased by 42% to SEK 177.2 million compared with SEK 307.2 million in the third quarter of 2022. SEK 33.6 million of the period's order intake is directly related to the acquisition of Handheld Group AB.

### Net sales

Net sales increased in the third quarter of 2023 by 38% compared with the same quarter the previous year and amounted to SEK 226.5 million (163.7). Acquisition-driven growth amounted to SEK 39.2 million in the quarter and is fully attributable to the acquisition of Handheld Group AB. Organic growth was 14% and acquisition-driven growth made up 24% of the total growth rate in the third quarter.

### Gross profit

Gross profit amounted to SEK 113.3 million (83.3), equivalent to a gross margin of 50% (51). 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 101.9 million (70.8), of which SEK 20.4 million related to operating costs acquired in the third quarter of 2023. There were no items affecting comparability during the period. Excluding acquisition-related operating expenses, the operating expenses increased by 20%, equivalent to SEK 13.6 million. The increase in expenses was planned for and tracks the Company's steep growth trajectory. Sequentially, the Company's operating expenses decreased by 8% in the third quarter of 2023 compared with the second quarter of 2023. The operating expenses as a percentage of sales amounted to 45% (43) in the third quarter of 2023.

### Operating profit (EBIT)

Operating profit (EBIT) in the third quarter of 2023 amounted to SEK 11.4 million (12.5). There were no items affecting comparability. This is equivalent to an operating margin of 5.0% (7.6). 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 26.5 million (19.9), equivalent to a margin of 11.7% (12.2). Depreciation/amortization and impairment amounted to SEK 15.1 million (7.4), with depreciation of acquisition-related assets accounting for most of the increase. Acquisitions in 2022 were charged to the quarter's adjusted operating profit in the amount of SEK -1.2 million. The adjusted operating profit does not include non-recurring items.

### Financial items

Net financial income/expense for the period amounted to SEK -6.0 million (-5.3). The increase is mainly due to increased interest expense linked to the acquisition loan taken out for the acquisition of Handheld Group AB.

### Tax

The third quarter's tax effect impacted net profit in the amount of SEK 0.4 million (-0.6).

### Net profit for the quarter

Profit after tax amounted to SEK 5.8 million (6.6). Earnings per share before dilution amounted to SEK 0.14 (0.18) and earnings per share after dilution to SEK 0.14 (0.18).

### Cash flow

Cash flow for the quarter was recognized at SEK 24.6 million (-3.0). Operating cash flow for the quarter amounted to SEK -42.0 million (-40.1). The shift is explained by a more favorable development in working capital during this quarter than during the comparison quarter, offset by increased investment in intangible non-current assets.

Cash flow from operating activities amounted to SEK -30.6 million (-37.1). Cash flow from changes in working capital amounted to SEK -48.1 million (-52.6).

Cash flow from investing activities amounted to SEK -34.4 million (-386.1). The majority of this amount is related to product development investments. The same quarter the previous year was affected by the acquisition of Handheld Group AB.

Cash flow from financing activities amounted to SEK 89.6 million (420.2). In the third quarter of 2022 the Company carried out a new share issue for the purpose of acquiring Handheld. An additional SEK 79.7 million (200.0) of the credit facility was utilized during the quarter. Repayment of loans taken out in connection with the acquisition of Handheld amounted to SEK 7.5 million in the third quarter of 2023. Amortization of leases was charged to financing activities in the amount of SEK -5.8 million (-3.3).



# FINANCIAL OVERVIEW

## First nine months: January–September 2023

### Order status

The order intake was strong in the first nine months of 2023 and, as before, was driven by strong underlying demand for digitalization and modernization among MilDef's end-customers. For January–September 2023 the order intake increased by 21% to SEK 805.6 million, compared with SEK 667.5 million for the same period in 2022. The order backlog as of September 30, 2023 remains at a high level having increased by 4% to SEK 1,272 million compared with the same date the previous year (1,218). SEK 129.6 million of the period's order intake and SEK 107.7 million of the order backlog relate directly to the acquisition of Handheld Group AB.

### Net sales

Net sales increased in the first nine months of 2023 by 89% compared with the same period the previous year and amounted to SEK 798.5 million (423.5). Acquisition-driven growth amounted to SEK 126.1 million in the period, and is fully attributable to the acquisition of Handheld Group AB. Organic growth was 62% and acquisition-driven growth made up 27 percentage points of the total sales growth for January–September 2023.

### Gross profit

Gross profit amounted to SEK 386.3 million (207.8), equivalent to a gross margin of 48% (49). 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 319.6 million (210.1), of which SEK 66.1 million related to operating expenses in the period January–September 2023. There were no items affecting comparability during the period. Excluding acquisition-related operating expenses, the operating expenses increased by 22%, equivalent to SEK 46.3 million. The increase in expenses was planned for and tracks the Company's steep growth trajectory. Operating expenses as a percentage of sales amounted to 40% (50) in the first nine months of 2023.

### Operating profit (EBIT)

The Company's increased sales and maintained gross margin in the period led to a clear improvement in operating profits. Operating profit (EBIT) in the first nine months of 2023 amounted to SEK 66.7 million (-2.3). There were no items affecting comparability. This is equivalent to an operating margin of 8.4% (-0.5). 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 108.2 million (16.6), equivalent to a margin of 13.5% (3.9). Depreciation/amortization and impairment amounted to SEK 41.5 million (18.9), with depreciation of acquisition-related assets accounting for most of the increase. Acquisitions in 2022 affected the period's adjusted operating profit in the amount of SEK -16.1 million. The adjusted operating profit does not include non-recurring items.

### Financial items

Net financial income/expense for the period amounted to SEK -15.0 million (-6.3). The increase is mainly due to increased interest expense linked to the acquisition loan taken out for the acquisition of Handheld Group AB.

### Tax

The tax effect for the period impacted net profit in the amount of SEK -8.3 million (2.3). Increased tax expense accompanies the Company's financial development. The tax expense for the period is equivalent to 16% of profit after financial items.

### Profit for the period

Profit after tax amounted to SEK 43.4 million (-6.3). Earnings per share before dilution amounted to SEK 1.09 (-0.17) and earnings per share after dilution to SEK 1.07 (-0.17).

### Cash flow

Cash flow for the first nine months of the year was recognized at SEK 1.6 million (-51.2). Operating cash flow for the period amounted to SEK -17.5 million (-45.7). The improvement is mainly explained by a higher operating profit partly offset by increased capital tied up in inventories.

Cash flow from operating activities amounted to SEK 18.4 million (-35.5). Cash flow from changes in working capital amounted to SEK -48.4 million (-30.2).

Cash flow from investing activities amounted to SEK -58.9 million (-393.3). SEK 26.9 million is for investments in product development and SEK 9.0 million is mostly for investments in production and testing equipment. In the first nine months of the year contingent considerations from past acquisitions were charged to cash flow in the amount of SEK 23.1 million. The same quarter the previous year was affected by the acquisition of Handheld Group AB.

Cash flow from financing activities amounted to SEK 42.1 million (377.6). Repayment of loans taken out in connection with the acquisition of Handheld amounted to SEK 22.5 million during the period. No dividends were paid out in the first half of 2023. However, SEK 27.3 million in dividends were paid out in the same period the previous year. Amortization of leases was charged to financing activities in the amount of SEK -15.1 million (-7.2).

# FINANCIAL OVERVIEW

## Equity

The Group's equity amounted to SEK 828.5 million (765.9) at the end of the period. The equity-assets ratio as of September 30, 2023 was SEK 56% (59).

## Net working capital

Net working capital amounted to SEK 387.1 million (227.6) at the end of the period. Higher accounts receivable and an increase in inventory volumes have had a negative impact on working capital. The increase is a consequence of the Company's growth and the acquisitions made, as well as preparing the Company for further expansion. The negative impact from increased accounts receivable and inventory volumes is offset to some extent by increased accounts payable and other current liabilities. Net working capital in relation to net sales remained at around the same level as the previous year, at 35% (36).

SEK m	Sept. 30, 2023	Dec. 31, 2022	Sept. 30, 2022
Inventories	304.1	236.5	188.9
Accounts receivable	155.6	255.4	124.2
Other current receivables	138.2	69.9	102.0
Accounts payable	-97.7	-105.1	-74.5
Other current liabilities	-113.1	-151.1	-113.0
<b>Net working capital</b>	<b>387.1</b>	<b>305.6</b>	<b>227.6</b>
<i>as a percentage of net sales LTM (%)</i>	<i>35%</i>	<i>41%</i>	<i>36%</i>

## Net debt and cash and cash equivalents

The net debt including lease liabilities amounted to SEK 317.5 million (199.3) at the end of the period. Cash and cash equivalents as of September 30 amounted to SEK 61.9 million (121.4). At the end of the period there was also an unutilized revolving overdraft facility of SEK 9.0 million (75.0). Net debt at the end of the period in relation to adjusted operating profit (EBITDA) over the last 12-month period, excluding the effects of IFRS 16 Leases, amounted to 1.4 (2.2). When calculated including the effects of IFRS 16 the net debt/equity ratio was 2.1 (3.9).

SEK m	Sept. 30, 2023	Dec. 31, 2022	Sept. 30, 2022
Other interest-bearing liabilities	267.3	227.9	233.4
Lease liabilities	112.1	86.8	87.3
Cash and cash equivalents	-61.9	-59.9	-121.4
<b>Net debt incl. IFRS 16</b>	<b>317.5</b>	<b>254.8</b>	<b>199.3</b>
<i>relative to adjusted operating profit (EBITDA) LTM, times</i>	<i>2.1</i>	<i>4.2</i>	<i>3.9</i>

# FINANCIAL OVERVIEW





# 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 45 employees.

## MilDef Group AB's share

MilDef Group AB (publ) has been listed on NASDAQ OMX Stockholm 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. As of January 1, 2023 the share is being traded on NASDAQ OMX Stockholm in the Mid Cap segment.

## Share capital and number of shares

The total number of shares as of September 30, 2023 was 39,859,566 (39,859,566) and the share capital was SEK 9,964,891.50 (9,964,891.50). All of the shares are ordinary shares carrying the same voting rights. The shares have a quota value of SEK 0.25. At the end of the period the closing price was SEK 72 and the market value was SEK 2,870 million. The total number of shareholders at the end of the period was around 10,700.

## 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 2022 Annual Report. The 2022 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 measures

MilDef applies the guidelines for alternative performance measures issued by ESMA, the European Securities and Markets Authority. Alternative performance measures are financial measures that cannot be directly gleaned or deduced from the financial statements. These financial measures are intended to facilitate the Management Team's and investors' analysis of the Group's development. Investors should not regard these alternative performance measures as substitutes for the financial statements prepared in accordance with IFRS, but rather as complements to the statements. Definitions of the alternative performance measures are presented on page 25.

## Segments

MilDef's operations are treated as one segment as this reflects the Group's business, financial monitoring and management structure. MilDef's CEO, who is the 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 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.

## Fluctuation in 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 third quarter of 2023

At the DSEI (Defence and Security Equipment International) trade fair in London in September MilDef launched a newly developed brand platform. For the first time since 2011 a newly developed customer promise was launched called WE ARMOR IT, signifying that MilDef makes both IT and everything we produce stronger and more sustainable. The Company also launched a new graphic profile and revised its positioning with respect to MilDef's now significantly expanded offering.

In the third quarter MilDef signed a series of contracts in the US defense market for rugged IT for digitalization of the US army, special units in the US air force, the US navy and its na-



# OTHER INFORMATION

val fleet. These transactions confirm MilDef's continued commitment to US defense customers, such as the Department of Defense, and are also proof of the confidence these customers have in MilDef. The deliveries will enable mission-critical functionality in land vehicles, aviation platforms and naval vessel installations.

During the quarter MilDef launched its handheld Tactical Android Device (T.A.D) which will redefine soldier-borne digitalization. The innovative unit addresses the challenges that military personnel face by offering advanced technical functions and durability for modern warfare. MilDef T.A.D is a rugged, Android-based mobile unit intended for military operations. With its open architecture and integration possibilities, MilDef T.A.D. will enable a variety of application scenarios to be realized.

Also during the quarter a newly developed Panel PC was launched with a rapidly detachable computer module for a new level of operational flexibility. The unique display and computer combination will enable groundbreaking use of computers and displays in military operations. The system has been implemented in battle-ready platforms. MilDef's Panel PC integrates a rugged display and detachable computer in an "intelligent display". The detachable and space-efficient computer can be prepared for missions, connected to the opened display ahead of missions and brought along after completed missions for data analysis.

## Significant events after the end of the period

No events considered of significance have taken place since the end of the period up to the signing of this interim report.

## Acquisition and acquisition analysis

At the time of acquisition, preliminary acquisition analyses are performed based on estimates and judgments that are as accurate as possible. These analyses may however need to be adjusted at some point in the future. All acquisition analyses are 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 316 (285) at the end of the period. 236 (217) of the employees were men and 80 (68) were women. The average number of FTEs during the period was 307, compared with 250 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 identify the customers' changing requirements and transform them into the best solutions for every given market situation. In 2023 further resources were added to the R&D department to handle

an increasing number of projects, many of which are highly complex. Around 16% 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 85–87 in the Company's 2022 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 116 in Note 20 of the 2022 Annual Report.

## Disputes

The Company is not a party in any material dispute.

## Annual General Meeting 2024

The Board has decided to hold the Annual General Meeting in Helsingborg on May 23, 2024. Notice will be given in due order.

## Forward-looking statements

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

## Audit review

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

# Consolidated statement of comprehensive income

SEK m	Note	July 1–September 30		January 1–September 30		Last 12 months	Full year
		2023	2022	2023	2022	Oct 2022– Sept 2023	2022
Net sales	1	226.5	163.7	798.5	423.5	1,113.8	738.8
Cost of goods sold		-113.2	-80.4	-412.2	-215.7	-583.0	-386.5
<b>Gross profit</b>		<b>113.3</b>	<b>83.3</b>	<b>386.3</b>	<b>207.8</b>	<b>530.8</b>	<b>352.3</b>
Selling expenses		-63.4	-42.0	-197.4	-127.6	-276.1	-206.3
Administrative expenses		-18.0	-15.6	-59.7	-46.2	-80.7	-67.2
Research and development expenses		-18.1	-10.2	-57.6	-30.1	-76.5	-49.0
Other operating income/expenses		-2.4	-3.0	-4.9	-6.2	0.7	-0.6
<b>Operating profit</b>		<b>11.4</b>	<b>12.5</b>	<b>66.7</b>	<b>-2.3</b>	<b>98.2</b>	<b>29.2</b>
Net financial items		-6.0	-5.3	-15.0	-6.3	-18.7	-10.0
<b>Profit after financial items</b>		<b>5.4</b>	<b>7.2</b>	<b>51.7</b>	<b>-8.6</b>	<b>79.5</b>	<b>19.2</b>
Income tax		0.4	-0.6	-8.3	2.3	-15.6	-5.0
<b>Profit for the period</b>		<b>5.8</b>	<b>6.6</b>	<b>43.4</b>	<b>-6.3</b>	<b>63.9</b>	<b>14.2</b>
<b>Other comprehensive income for the Group</b>							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Translation differences		2.0	1.1	-2.8	7.8	-1.0	9.6
<b>Other comprehensive income for the period</b>		<b>2.0</b>	<b>1.1</b>	<b>-2.8</b>	<b>7.8</b>	<b>-1.0</b>	<b>9.6</b>
<b>Comprehensive income for the period</b>		<b>7.8</b>	<b>7.7</b>	<b>40.6</b>	<b>1.5</b>	<b>62.9</b>	<b>23.8</b>

## Earnings per share

	July 1–September 30		January 1–September 30		Last 12 months	Full year
	2023	2022	2023	2022	Oct 2022– Sept 2023	2022
Number of shares at year-end	39,859,566	39,859,566	39,859,566	39,859,566	39,859,566	39,859,566
Weighted average number of shares in the period before dilution	39,859,566	36,932,653	39,859,566	36,572,456	39,859,566	37,400,988
Weighted average number of shares in the period after dilution	40,301,066	37,376,153	40,301,066	37,015,956	40,301,066	37,844,488
<b>Earnings per share before dilution (SEK)</b>	<b>0.14</b>	<b>0.18</b>	<b>1.09</b>	<b>-0.17</b>	<b>1.60</b>	<b>0.38</b>
<b>Earnings per share after dilution (SEK)</b>	<b>0.14</b>	<b>0.18</b>	<b>1.07</b>	<b>-0.17</b>	<b>1.58</b>	<b>0.37</b>

# Condensed consolidated balance sheet

SEK m	Sept. 30, 2023	Dec. 31, 2022	Sept. 30, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalized product development expenses	71.9	56.2	53.2
Acquisition-related intangible assets	583.8	598.7	587.3
Other intangible non-current assets	0.3	0.4	0.9
Right-of-use assets	109.3	85.2	86.0
Other property, plant and equipment	21.1	17.1	17.0
Deferred tax assets	24.6	14.3	19.7
Other financial non-current assets	0.3	0.3	0.3
<b>Total non-current assets</b>	<b>811.3</b>	<b>772.2</b>	<b>764.4</b>
<b>Current assets</b>			
Inventories	304.1	236.5	188.9
Accounts receivable	155.6	255.4	124.2
Other current receivables	138.2	69.9	102.0
Cash and cash equivalents	61.9	59.9	121.4
<b>Total current assets</b>	<b>659.8</b>	<b>621.7</b>	<b>536.5</b>
<b>TOTAL ASSETS</b>	<b>1,471.1</b>	<b>1,393.9</b>	<b>1,300.9</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	<b>828.5</b>	<b>787.9</b>	<b>765.9</b>
<b>Non-current liabilities</b>			
Lease liabilities	82.7	70.6	71.8
Non-current interest-bearing liabilities	140.0	174.8	182.1
Deferred tax liabilities	52.4	35.1	26.8
<b>Total non-current liabilities</b>	<b>275.1</b>	<b>280.5</b>	<b>280.7</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	127.3	53.1	51.3
Lease liabilities	29.4	16.2	15.5
Accounts payable	97.7	105.1	74.5
Other current liabilities	113.1	151.1	113.0
<b>Total current liabilities</b>	<b>367.5</b>	<b>325.5</b>	<b>254.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,471.1</b>	<b>1,393.9</b>	<b>1,300.9</b>

# Condensed consolidated statement of changes in equity

SEK m	Sept. 30, 2023	Dec. 31, 2022	Sept. 30, 2022
Equity, opening balance	787.9	568.2	568.2
Comprehensive income for the period	40.6	23.8	1.5
New share issues	-	223.2	223.5
Dividend	-	-27.3	-27.3
<b>Equity, closing balance</b>	<b>828.5</b>	<b>787.9</b>	<b>765.9</b>

# Condensed consolidated cash flow statement

	July 1–September 30		January 1–September 30		Last 12 months	Full year
SEK m	2023	2022	2023	2022	Oct 2022– Sept 2023	2022
<b>Cash flow from operating activities</b>						
Operating profit	11.4	12.5	66.7	-2.3	98.2	29.2
Reversal of depreciation, amortization and impairment	15.2	7.4	41.5	18.9	53.4	30.8
Other non-cash items	-0.6	0.5	-	0.1	-1.3	-1.2
Net interest income/expense	-5.6	-2.0	-15.0	-2.9	-16.7	-4.6
Income taxes paid	-2.9	-2.9	-26.4	-19.1	-14.9	-7.6
Change in working capital	-48.1	-52.6	-48.4	-30.2	-141.6	-123.4
<b>Cash flow from operating activities</b>	<b>-30.6</b>	<b>-37.1</b>	<b>18.4</b>	<b>-35.5</b>	<b>-22.9</b>	<b>-76.8</b>
<b>Cash flow from investing activities</b>						
Investments in intangible assets	-9.0	-1.8	-26.9	-7.0	-33.1	-13.2
Investments in property, plant and equipment	-2.4	-1.2	-9.0	-3.2	-10.6	-4.8
Acquisition of subsidiaries, net of acquired cash and cash equivalents	-23.0	-383.1	-23.0	-383.1	-	-303.1
Change in other non-current receivables	-	-	-	-	-0.2	-0.2
<b>Cash flow from investing activities</b>	<b>-34.4</b>	<b>-386.1</b>	<b>-58.9</b>	<b>-393.3</b>	<b>-43.9</b>	<b>-321.3</b>
<b>Cash flow from financing activities</b>						
Dividend	-	-	-	-27.3	-	-27.3
New share issues	-	223.5	-	223.5	-0.3	143.2
Increase in liabilities to credit institutions	79.7	200.0	79.7	200.0	79.7	200.0
Repayment of interest-bearing liabilities	15.6	-	-22.5	-11.4	-53.9	-19.8
Repayment of lease liabilities	-5.8	-3.3	-15.1	-7.2	-18.3	-10.4
<b>Cash flow from financing activities</b>	<b>89.6</b>	<b>420.2</b>	<b>42.1</b>	<b>377.6</b>	<b>7.2</b>	<b>285.7</b>
<b>Total cash flow for the period</b>	<b>24.6</b>	<b>-3.0</b>	<b>1.6</b>	<b>-51.2</b>	<b>-59.6</b>	<b>-112.4</b>
<b>Change in cash and cash equivalents</b>						
Cash and cash equivalents at beginning of period	37.4	123.1	59.9	169.2	121.4	169.2
Exchange rate difference in cash and cash equivalents	-	1.3	0.4	3.4	0.2	3.1
<b>Cash and cash equivalents at end of period</b>	<b>61.9</b>	<b>121.4</b>	<b>61.9</b>	<b>121.4</b>	<b>61.9</b>	<b>59.9</b>



# Quarterly overview for the Group

	2023				2022			2021	
SEK m	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales	226.5	288.8	283.2	315.3	163.7	118.5	141.3	200.7	136.6
Cost of goods sold	-113.2	-144.0	-155.0	-170.8	-80.4	-60.5	-74.8	-108.0	-75.6
<b>Gross profit</b>	<b>113.3</b>	<b>144.8</b>	<b>128.2</b>	<b>144.5</b>	<b>83.3</b>	<b>58.0</b>	<b>66.5</b>	<b>92.7</b>	<b>61.0</b>
Operating expenses	-101.9	-111.2	-106.5	-113.0	-70.8	-73.0	-66.3	-64.5	-58.7
<b>Operating profit</b>	<b>11.4</b>	<b>33.6</b>	<b>21.7</b>	<b>31.5</b>	<b>12.5</b>	<b>-15.0</b>	<b>0.2</b>	<b>28.2</b>	<b>2.3</b>
Net financial items	-6.0	-5.4	-3.6	-3.7	-5.3	-0.2	-0.8	-0.9	-1.7
<b>Profit before tax</b>	<b>5.4</b>	<b>28.2</b>	<b>18.1</b>	<b>27.8</b>	<b>7.2</b>	<b>-15.2</b>	<b>-0.6</b>	<b>27.3</b>	<b>0.6</b>
Income tax on profit for the period	0.4	-6.9	-1.8	-7.3	-0.6	2.0	0.9	-6.7	0.9
<b>Net profit for the period</b>	<b>5.8</b>	<b>21.3</b>	<b>16.3</b>	<b>20.5</b>	<b>6.6</b>	<b>-13.2</b>	<b>0.3</b>	<b>20.6</b>	<b>1.4</b>

# Multi-year overview for the Group

	2022	2021	2020	2019	2018	2017	2016	2015
Net sales, SEK m	738.8	469.6	398.4	334.0	243.8	298.8	153.1	146.0
Gross margin	48%	45%	46%	37%	38%	34%	34%	29%
Operating margin (EBITDA)	8.1%	4.4%	17.2%	10.7%	9.9%	15%	7%	7%
Operating margin (EBIT)	4.0%	-0.6%	14.3%	7.4%	7.3%	12%	4%	5%
Profit margin (EBT)	2.6%	-1.1%	13.9%	7.5%	7.9%	11%	5%	5%
Earnings per share for the period before dilution, SEK	0.38	-0.03	1.72*	1.64	1.04	2.24	0.48	0.55
Earnings per share for the period after dilution, SEK	0.37	-0.03	1.72*	1.64	1.04	2.24	0.48	0.55
Cash and cash equivalents, SEK m	59.9	169.2	46.8	9.1	31.5	26.7	-10.1	34.9
Cash flow from operating activities, SEK m	-76.8	-55.5	61.7	-7.9	25.8	35.0	-19.0	2.3
Total assets, SEK m	1,393.9	808.2	367.9	285.2	178.2	167.6	134.6	89.0
Equity, SEK m	787.9	568.2	132.6	101.3	87.7	85.2	61.9	59.4
Equity/assets ratio	57%	70%	36%	36%	49%	51%	46%	67%
Return on capital employed	4%	0%	36%	20%	25%	36%	10%	12%
Return on equity	2%	0%	36%	20%	14%	34%	9%	10%
Equity per share, SEK	19.77	15.61	5.71	4.36	3.78	8.10	5.61	5.41
Dividend per share, SEK	0.00	0.75	0.75*	0.38	0.25	1.22	0.00	0.18
Average number of employees	233	154	97	85	81	75	64	54
Number of employees at end of period	291	188	119	93	86	76	69	57

\*After adjustment for 2:1 split

# Condensed Parent Company income statement

	July 1–September 30		January 1–September 30		Last 12 months	Full year
SEK m	2023	2022	2023	2022	Oct 2022– Sept 2023	2022
Net sales	23.6	19.4	70.2	57.7	91.8	79.3
Selling expenses	-8.8	-6.3	-22.7	-19.2	-32.3	-28.8
Administrative expenses	-8.0	-8.0	-26.7	-22.7	-35.5	-31.5
Research and development expenses	-5.2	-4.7	-17.3	-14.4	-23.3	-20.4
Other operating income/expenses	-0.3	-0.1	-0.3	-0.3	-0.8	-0.8
<b>Operating profit</b>	<b>1.3</b>	<b>0.3</b>	<b>3.2</b>	<b>1.1</b>	<b>-0.1</b>	<b>-2.2</b>
Net financial items	0.0	-2.9	0.7	-1.3	-1.8	-3.8
<b>Profit after financial items</b>	<b>1.3</b>	<b>-2.6</b>	<b>3.9</b>	<b>-0.2</b>	<b>-1.9</b>	<b>-6.0</b>
Year-end appropriations	-	-	-	-	8.7	8.7
<b>Profit before tax</b>	<b>1.3</b>	<b>-2.6</b>	<b>3.9</b>	<b>-0.2</b>	<b>6.8</b>	<b>2.7</b>
Income tax	-0.3	1.9	-0.8	1.4	-2.2	0.0
<b>Net profit for the period</b>	<b>1.0</b>	<b>-0.7</b>	<b>3.1</b>	<b>1.2</b>	<b>4.6</b>	<b>2.7</b>
<b>Other comprehensive income</b>						
<b>Net profit for the period</b>	<b>1.0</b>	<b>-0.7</b>	<b>3.1</b>	<b>1.2</b>	<b>4.6</b>	<b>2.7</b>
<b>Other comprehensive income</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-	-	-
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income for the period</b>	<b>1.0</b>	<b>-0.7</b>	<b>3.1</b>	<b>1.2</b>	<b>4.6</b>	<b>2.7</b>

# Condensed Parent Company balance sheet

SEK m	Sept. 30, 2023	Dec. 31, 2022	Sept. 30, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8.5	9.5	9.3
Financial non-current assets	781.3	780.6	782.0
<b>Total non-current assets</b>	<b>789.8</b>	<b>790.1</b>	<b>791.3</b>
<b>Current assets</b>			
Current receivables from Group companies	294.4	173.6	173.0
Other current receivables	26.9	16.0	17.0
Cash and cash equivalents	85.6	51.5	108.2
<b>Total current assets</b>	<b>406.9</b>	<b>241.1</b>	<b>298.2</b>
<b>TOTAL ASSETS</b>	<b>1,196.7</b>	<b>1,031.2</b>	<b>1,089.5</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>756.9</b>	<b>753.8</b>	<b>752.7</b>
<b>Untaxed reserves</b>	<b>3.6</b>	<b>3.6</b>	<b>5.5</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	223.8	174.8	182.1
Deferred tax liabilities	0.8	-	-
<b>Total non-current liabilities</b>	<b>224.6</b>	<b>174.8</b>	<b>182.1</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	127.7	53.1	51.3
Current liabilities to Group companies	67.9	30.0	80.6
Accounts payable	4.3	3.2	6.3
Other current liabilities	11.7	12.7	11.0
<b>Total current liabilities</b>	<b>211.6</b>	<b>99.0</b>	<b>149.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,196.7</b>	<b>1,031.2</b>	<b>1,089.5</b>

# Condensed Parent Company statement of changes in equity

SEK m	Sept. 30, 2023	Dec. 31, 2022	Sept. 30, 2022
Equity, opening balance	753.8	555.2	555.2
Comprehensive income for the period after tax	3.1	2.7	1.2
New share issues	-	223.2	223.5
Dividend	-	-27.3	-27.3
<b>Equity, closing balance</b>	<b>756.9</b>	<b>753.8</b>	<b>752.6</b>

# Notes

## Note 1. Net sales by geographic area

SEK m	Q3 2023	Q3 2022	Jan–Sept 2023	Jan–Sept 2022	Last 12 months	Full year 2022
Nordics	110.3	111.6	453.1	288.8	621.0	456.7
Europe (excl. Nordics)	60.8	28.0	178.8	62.3	235.9	119.4
North America	48.7	22.4	126.3	68.0	209.4	151.1
Other countries	6.7	1.7	40.3	4.4	47.5	11.6
<b>Total revenue</b>	<b>226.5</b>	<b>163.7</b>	<b>798.5</b>	<b>423.5</b>	<b>1,113.8</b>	<b>738.8</b>



# Alternative performance measures

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

Operating profit (EBIT), SEK m	Q3 2023	Q3 2022	Jan–Sept 2023	Jan–Sept 2022	Last 12 months	Full year 2022
<b>Operating profit (EBIT)</b>	<b>11.4</b>	<b>12.5</b>	<b>66.7</b>	<b>-2.3</b>	<b>98.2</b>	<b>29.2</b>
Listing expenses	-	-	-	-	-	-
Acquisition-related expenses	-	-	-	-	-	-
<b>Adjusted operating profit (EBIT)</b>	<b>11.4</b>	<b>12.5</b>	<b>66.7</b>	<b>-2.3</b>	<b>98.2</b>	<b>29.2</b>
<b>Adjusted operating profit (EBIT)</b>	<b>11.4</b>	<b>12.5</b>	<b>66.7</b>	<b>-2.3</b>	<b>98.2</b>	<b>29.2</b>
Net sales	226.5	163.7	798.5	423.5	1,113.8	738.8
<b>Adjusted operating margin (EBIT), %</b>	<b>5.0%</b>	<b>7.6%</b>	<b>8.4%</b>	<b>-0.5%</b>	<b>8.8%</b>	<b>4.0%</b>
<b>Operating profit (EBITA), SEK m</b>						
Operating profit (EBIT)	11.4	12.5	66.7	-2.3	98.2	29.2
Amortization of intangible assets	7.5	3.0	21.5	8.7	28.4	15.6
<b>Operating profit (EBITA)</b>	<b>18.9</b>	<b>15.5</b>	<b>88.2</b>	<b>6.4</b>	<b>126.6</b>	<b>44.8</b>
<b>Adjusted operating profit (EBITA), SEK m</b>						
Operating profit (EBITA)	18.9	15.5	88.2	6.4	126.6	44.8
Listing expenses	-	-	-	-	-	-
Acquisition-related expenses	-	-	-	-	-	-
<b>Adjusted operating profit (EBITA)</b>	<b>18.9</b>	<b>15.5</b>	<b>88.2</b>	<b>6.4</b>	<b>126.6</b>	<b>44.8</b>
<b>Adjusted operating profit (EBITA)</b>	<b>18.9</b>	<b>15.5</b>	<b>88.2</b>	<b>6.4</b>	<b>126.6</b>	<b>44.8</b>
Net sales	226.5	163.7	798.5	423.5	1,113.8	738.8
<b>Adjusted operating margin (EBITA), %</b>	<b>8.4%</b>	<b>9.5%</b>	<b>11.0%</b>	<b>1.5%</b>	<b>11.4%</b>	<b>6.1%</b>
<b>Operating profit (EBITDA), SEK m</b>						
Operating profit (EBIT)	11.4	12.5	66.7	-2.3	98.2	29.2
Depreciation/amortization	15.1	7.4	41.5	18.9	53.4	30.8
<b>Operating profit (EBITDA)</b>	<b>26.5</b>	<b>19.9</b>	<b>108.2</b>	<b>16.6</b>	<b>151.6</b>	<b>60.0</b>
<b>Adjusted operating profit (EBITDA), SEK m</b>						
Operating profit (EBITDA)	26.5	19.9	108.2	16.6	151.6	60.0
Listing expenses	-	-	-	-	-	-
Acquisition-related expenses	-	-	-	-	-	-
<b>Adjusted operating profit (EBITDA)</b>	<b>26.5</b>	<b>19.9</b>	<b>108.2</b>	<b>16.6</b>	<b>151.6</b>	<b>60.0</b>
<b>Adjusted operating profit (EBITDA)</b>	<b>26.5</b>	<b>19.9</b>	<b>108.2</b>	<b>16.6</b>	<b>151.6</b>	<b>60.0</b>
Net sales	226.5	163.7	798.5	423.5	1,113.8	738.8
<b>Adjusted operating margin (EBITDA), %</b>	<b>11.7%</b>	<b>12.2%</b>	<b>13.5%</b>	<b>3.9%</b>	<b>13.6%</b>	<b>8.1%</b>

## Available cash and cash equivalents

SEK m	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022
Cash and bank balances	61.9	37.4	75.9	59.9	121.4
Unutilized overdraft facility	9.0	75.0	75.0	75.0	75.0
<b>Available cash and cash equivalents</b>	<b>70.9</b>	<b>112.4</b>	<b>150.9</b>	<b>134.9</b>	<b>196.4</b>

## Working capital including cash and bank balances

SEK m	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022
Total current assets excluding cash and bank balances	597.9	558.2	519.3	561.8	415.1
Cash and bank balances	61.9	37.4	75.9	59.9	121.4
Current liabilities, non-interest-bearing	-210.8	-229.7	-224.9	-256.2	-187.5
<b>Working capital including cash and bank balances</b>	<b>449.0</b>	<b>365.9</b>	<b>370.3</b>	<b>365.5</b>	<b>349.0</b>
Net sales last 12 months	1,113.8	1,051.0	880.7	738.8	624.2
<b>Working capital including cash and bank balances in relation to net sales, %</b>	<b>40.3%</b>	<b>34.8%</b>	<b>42.0%</b>	<b>49.5%</b>	<b>55.9%</b>

## Working capital excluding cash and bank balances

SEK m	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022
Inventories	304.1	271.4	235.9	236.5	188.9
Current receivables	293.8	286.8	283.4	325.3	226.2
Current liabilities, non-interest-bearing	-210.8	-229.7	-224.9	-256.2	-187.5
<b>Working capital excluding cash and bank balances</b>	<b>387.1</b>	<b>328.5</b>	<b>294.4</b>	<b>305.6</b>	<b>227.6</b>
Net sales last 12 months	1,113.8	1,051.0	880.7	738.8	624.2
<b>Working capital excluding cash and bank balances in relation to net sales, %</b>	<b>34.8%</b>	<b>31.3%</b>	<b>33.4%</b>	<b>41.4%</b>	<b>36.5%</b>

## Return on capital employed

SEK m	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022
Profit after financial items, last 12 months	79.5	81.3	37.9	19.2	18.7
Financial expense, last 12 months	-30.7	-23.4	5.8	-11.2	7.9
Profit before financial expense, last 12 months	48.8	57.9	43.7	30.4	26.6
Capital employed at beginning of period	1,086.6	621.6	676.9	670.3	664.8
Capital employed at end of period	1,207.9	1,129.3	1,118.3	1,102.6	1,086.6
Average capital employed	1,147.3	875.5	897.6	886.5	875.7
<b>Return on capital employed, %</b>	<b>4.3%</b>	<b>6.6%</b>	<b>4.9%</b>	<b>3.7%</b>	<b>3.0%</b>

## Return on equity

SEK m	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022
Profit after tax, last 12 months	63.9	64.7	30.2	14.2	14.4
Equity at beginning of period	765.9	534.6	576.9	568.2	544.5
Equity at end of period	828.5	820.7	795.9	787.9	765.9
Average equity	797.2	677.7	686.4	678.1	655.2
<b>Return on equity, %</b>	<b>8.0%</b>	<b>9.5%</b>	<b>4.4%</b>	<b>2.1%</b>	<b>2.2%</b>

## Net debt/EBITDA

SEK m	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022
Non-current liabilities, interest-bearing	222.7	235.7	230.9	245.4	253.9
Current liabilities, interest-bearing	156.7	72.9	91.5	69.3	66.8
Cash and bank balances	-61.9	-37.4	-75.9	-59.9	-121.4
<b>Net debt incl. IFRS 16</b>	<b>317.5</b>	<b>271.2</b>	<b>246.5</b>	<b>254.8</b>	<b>199.3</b>
Operating profit, last 12 months	98.2	99.3	50.7	29.2	25.9
Depreciation, amortization and impairment, last 12 months	53.4	45.7	37.0	30.8	25.3
Adjusted EBITDA, last 12 months	151.6	145.0	87.7	60.0	51.2
<b>Net debt/EBITDA, multiple</b>	<b>2.1</b>	<b>1.9</b>	<b>2.8</b>	<b>4.2</b>	<b>3.9</b>

# THE BOARD OF DIRECTORS' ASSURANCE & THE AUDITOR'S REVIEW REPORT

## 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 26, 2023

**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 org nr 556893-5414**

### Introduction

We have reviewed the condensed interim financial information (interim report) of MilDef Group AB as of 30 September 2023 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.

2023-10-26

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 rolling 12-month basis, expressed as a percentage of average capital employed.

## EBIT

Earnings before interest and taxes according to the income statement.

## EBITDA

Earnings before interest, taxes, depreciation and amortization of property, plant and equipment and intangible assets.

## NON-RECURRING ITEMS

Non-recurring items are specific material items that are reported separately because of their size or frequency, e.g. restructuring costs, impairment, divestments and acquisition-related expenses.

## NET DEBT

Long-term and short-term interest-bearing liabilities less income-bearing financial assets.

## OPERATING CASH FLOW

Cash flow from operating activities and cash flow from investing activities excluding acquisitions and divestments of intangible 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, 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 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.

- Specialist in the global niche for tactical IT
- Operations in nine countries
- Partner network in more than 30 countries
- Founded in 1997
- +300 employees

## 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 within other areas that are crucial for society.

## FINANCIAL TARGETS

### Growth

MilDef's target is to grow sales over time by at least 25% per year, including acquisitions.

### Profitability

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

### Capital structure

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

### Dividend policy

MilDef's target is to pay out an annual dividend of 20–40% of profit after tax. MilDef will, however, take long-term development, the capital structure and the 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 considers these three areas – hardware, services and software – to have the potential to be equally strong business divisions over time.



# MILDEF IN BRIEF

## SUSTAINABILITY APPROACH

Our reason for being is to protect the sustainable fabrics of society. To stand up for freedom and democracy. To make the world a safer place and to protect our way of life. This sustainability work is interwoven with all aspects of responsibility for a sustainable world.

We aim to create 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

ESMA	European Securities and Markets Authority, an independent EU agency
NDMA	Norwegian Defence Materiel Agency, Norwegian equivalent of the Swedish Defence Material Administration, FMV
FMN	Federated Mission Networking, NATO's initiative to ensure interoperability and operative efficiency
FMV	Swedish Defence Materiel Administration
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
KYC	Know your customer
NATO	North Atlantic Treaty Organization, a military alliance between states
R&D	Research and development
LTM	Last 12 months, equivalent to rolling 12-month basis



## Important information

This interim 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.

## Invitation to a presentation of MilDef's interim report for January–September 2023

The presentation will be held in English and will conclude with a Q&A. The meeting will start at 10:00 CEST on October 26, 2023 and will last for about 45 minutes. The report will be made available at [www.mildef.com](http://www.mildef.com) the same morning.

### Connecting to the meeting

Connect to the meeting either by clicking on this [Teams link](#) or by calling the 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: **581 082 148#**

## Financial calendar

Interim Report Q3 2023	October 26, 2023
Year-End Report Q4 2023	February 8, 2024
Interim Report Q1 2024	April 26, 2024
Annual General Meeting 2024	May 23, 2024
Interim Report Q2 2024	July 25, 2024

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 26, 2023 at 08:00 CEST.

## For further information please contact:



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## About MilDef

MilDef is a global systems integrator and full-spectrum provider specializing in rugged IT for military, government and critical infrastructure sectors. MilDef provides hardware, software, and services that shield and protect critical information streams and systems, when and where the stakes are the highest. MilDef Group is listed on Nasdaq Stockholm.

# WE ARMOR IT.™

## 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.**