

MILDEF GROUP

# YEAR-END REPORT

JANUARY – DECEMBER 2023



# YEAR-END REPORT JANUARY – DECEMBER 2023

## SUMMARY OF THE PERIOD

### A STRONG END TO A STRONG YEAR

#### Fourth quarter 2023

- Net sales increased by 12% to SEK 353 million (315).
- The gross margin was 48.2% (45.8).
- Adjusted EBITDA amounted to SEK 59.8 million (43.4), equivalent to an adjusted operating margin of 17.0% (13.8).
- Operating profit (EBIT) amounted to SEK 41.4 million (31.5), corresponding to an operating margin of 11.7% (10.0).
- Order intake increased by 51% to SEK 408 million (271).
- Operating cash flow amounted to SEK 26.2 million (-49.3).

#### January – December 2023

- Net sales increased by 56% to SEK 1,151 million (739).
- The gross margin was 48.3% (47.7).
- Adjusted EBITDA amounted to SEK 168.0 million (60.0), equivalent to an adjusted operating margin of 14.6% (8.1).
- Operating profit (EBIT) amounted to SEK 108.1 million (29.2), corresponding to an operating margin of 9.4% (4.0).
- Order intake increased by 29% to SEK 1,214 million (938).
- Order backlog as of December 31, 2023 increased by 15% to SEK 1,327 million compared with the same date in 2022 (1,156).
- Operating cash flow amounted to SEK 8.7 million (-95.0).
- Earnings per share after dilution over the last 12-month period amounted to SEK 1.71 (0.37).
- The Board of Directors is proposing that a dividend for the 2023 financial year be set at SEK 0.50 per share.

### LAST 12 MONTHS, JANUARY – DECEMBER 2023

NET SALES	ADJUSTED OPERATING PROFIT (EBITDA)	ADJUSTED OPERATING MARGIN (EBITDA)
SEK <b>1,151</b> m	SEK <b>168</b> m	<b>14.6%</b>

### Summary of significant events in the fourth quarter, October–December 2023

- In the fourth quarter MilDef received a strategic hardware order from an unnamed, European NATO country. This is a suborder from an existing framework agreement and is the result of the country accelerating the pace at which it is boosting its defense capacity. The order is worth SEK 30 million with delivery expected to take place in 2024.
- MilDef's subsidiary Handheld won an order from Makin during the quarter. The order is for delivery of robust tablets in the Algiz RT 10 series to Makin, an international provider of machine control systems. The contract is for five years and is worth a total of SEK 67 million.
- The Swedish Defence Materiel Administration (FMV) placed a number of orders during the quarter for robust IT equipment for the Swedish Armed Forces. These are products such as computers, laptops and network equipment. The value of the deliveries, which will take place in 2024, is a total of SEK 45 million.
- Clavister, a leader in European cybersecurity for mission-critical applications, ordered MilDef hardware during the quarter for a value of SEK 97 million. The order follows an earlier prototype order for customized and robust network equipment. The products will be part of Clavister Cyber Armour, an integrated cyber security system for defense platforms. Deliveries will take place in the period 2024–2029.

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

- In February MilDef signed a Memorandum of Understanding (MoU) with defense company Lockheed Martin to explore an industrial partnership within Sweden's aerospace sector.



# YEAR-END REPORT JANUARY – DECEMBER 2023

## SUMMARY OF THE PERIOD

### FINANCIAL SUMMARY

	October 1 – December 31		January 1 – December 31		Last 12 months	Full year
All figures are in SEK million unless otherwise indicated	2023	2022	2023	2022	Jan–Dec 2023	2022
Net sales	353	315	1,151	739	1,151	739
Sales growth, %	12	57	56	57	56	57
Of which organic, %	12	29	47	26	47	26
Of which acquisition-driven, %	-	28	8	31	8	31
Gross margin, %	48.2	45.8	48.3	47.7	48.3	47.7
Adjusted operating profit (EBITDA)	59.8	43.4	168.0	60.0	168.0	60.0
Adjusted operating margin (EBITDA), %	17.0	13.8	14.6	8.1	14.6	8.1
Order intake	408	271	1,214	938	1,214	938
Order backlog	1,327	1,156	1,327	1,156	1,327	1,156
Operating cash flow	26.2	-49.3	8.7	-95.0	8.7	-95.0

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



# CEO'S COMMENTS

## A STRONG FINISH TO 2023 SETS THE TONE FOR 2024

The fourth quarter was the strongest ever for the company in terms of order intake and sales. Order intake increased during the quarter by 51% to SEK 408 million. It is also gratifying to note that the company's focus on operating cash flow has delivered effect. The quarter's operating cash flow was SEK +26.2 compared with SEK -49.3 during the same period in 2022. The order backlog also grew by 15% for a record high of SEK 1,327 million at the end of the year.

Aside from the above-mentioned good news, we are still unfortunately living in an unstable world with a security situation that is a cause for concern. Many countries have an expressed need to strengthen their defense capacity for many years to come. This is confirmed by the rapidly increasing defense appropriations. We firmly believe that there will be a significant increase in demand for European defense technology over the next decade. Given this background, MilDef and what we deliver have never been more relevant. To leverage the upcoming growth opportunities we are maintaining our sharp focus on strengthening MilDef's market position and operating capacity.



### Long-term view more important than individual quarters

While a record quarter is certainly something to celebrate, the company's financial development over time is even more important as a means of driving long-term shareholder value. MilDef operates in an industry characterized by volatile order intake over individual quarters and the volatility between quarters is expected to continue. This means that it is best to look at a longer time horizon when evaluating MilDef's financial performance. The past 12-month period saw growth of 56%, 47% of which is organic growth. This was achieved at the same time as operating profit improved by 180%, from SEK 60 million to SEK 168 million.

***“Now we are closing the books and putting 2023 behind us. It was a year in which MilDef made important advances – both operationally and financially.”***

The operating profit for the full year is 15% (8%), which exceeds the company's long-term target of 10% over time. Order intake increased by 29%, from SEK 938 million to SEK 1,214 million. In summary, MilDef has clearly moved the company's financial performance in a positive direction over the past 12-month period.

# CEO'S COMMENTS

+56%

NET SALES

January – December  
2023

+29%

ORDER INTAKE

January – December  
2023

15%

ADJUSTED EBITDA

January – December  
2023

## Cash flow and operating capital are developing well

In the fourth quarter we saw positive effects of the company's ever increasing focus on operating cash flow as activities implemented are now starting to yield results. This was achieved despite the fact that sustained strong growth drives a need for increased working capital. MilDef's operating cash flow for full year 2023 amounted to SEK +8.7 million. This is a distinct improvement on the comparison period in 2022 when a negative cash flow of SEK -95.0 million was reported. 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 will, over time, return to historical levels of around 25%. This will in turn lead to further positive effects on operating cash flow going forward.

## Market conditions 2024 and beyond

Behind the strong growth in 2023 is higher activity in the market combined with increased digitalization among our end-customers. The geopolitical tensions affect our industry and have resulted in the biggest increase in defense investment for 30 years, above all in Europe. It is, however, important to mention that MilDef's growth in 2023 is mainly the result of earlier decisions on armed forces modernization and digitalization. The effects of the recent increase in defense budgets are expected to be felt later on. The need for more advanced technical capacity, more secure supply chains and rebuilding of inventory from low levels will drive demand over the next decade, particularly within the European defense industry.

## Operating capacity prioritized initially

Since Russia invaded Ukraine the European defense industry has been navigating somewhat new and unknown terrain. Transitioning from disarmament to building greatly increased defense capacity takes time. At MilDef we have noted that rearmament – contrary to what one might expect – has initially caused a situation where orders for MilDef's products have been put on the hold in favor of more basic needs. This is because MilDef's end-customers have shifted their focus from modernization and digitalization to pure operating capacity. At the same time the need for modernization – which was already significant – has increased in line with an increased focus on defense. At MilDef we are positioning ourselves to be prepared for larger volumes.

## Summary of 2023 and outlook for 2024

Now we are closing the books and putting 2023 behind us. It was a year in which MilDef made important advances – both operationally and financially. The company is reporting record profits, strong growth and clearly improved cash flow, and for this we want to extend our great gratitude to our employees, customers and suppliers for their efforts and support during the year.

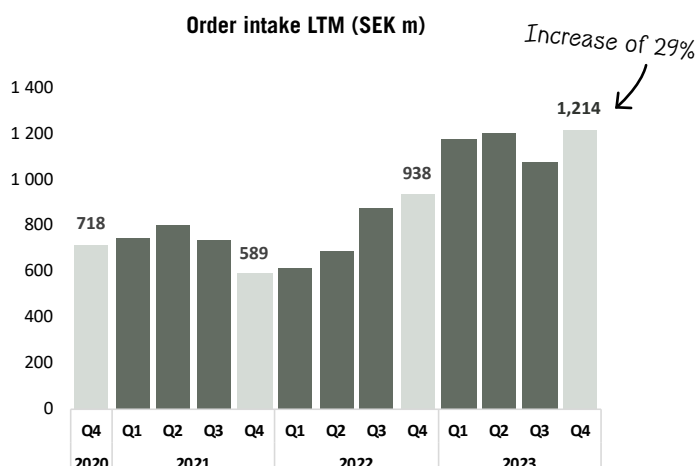
MilDef is entering 2024 with a record order backlog and important framework agreements in place, while also being well-prepared to meet the rapidly growing needs of the market. All this makes me very optimistic as I look forward to 2024.



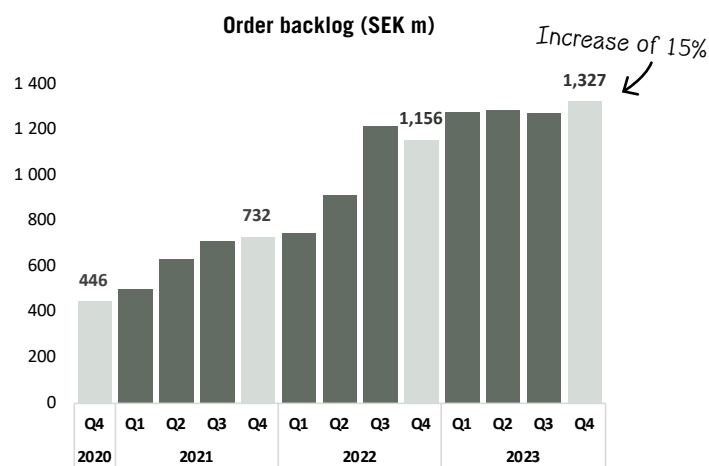
Daniel Ljunggren, President and CEO of MilDef Group

# MILDEF'S FINANCIAL DEVELOPMENT

## ORDER STATUS

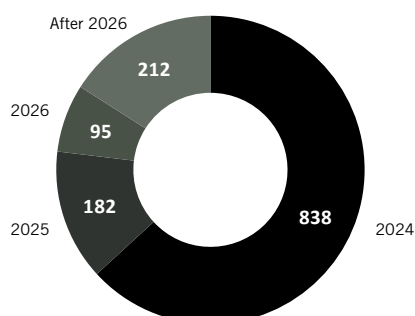


Each individual column in the diagram above shows MilDef's order intake over the last 12 months (LTM) in SEK million. Order intake is the total orders received during the period in question. Deliveries may take place over a number of years. MilDef monitors order intake to analyze future revenue streams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

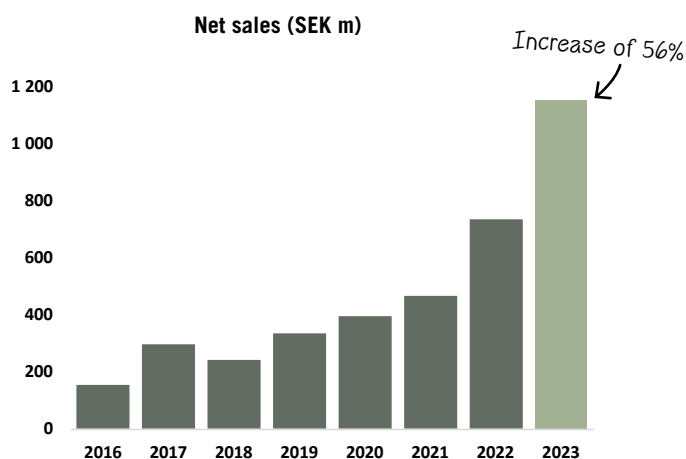
### Change in order backlog January–December 2023 (SEK m)

Order backlog as of January 1, 2023	1,156
Order intake January–December 2023	1,214
Sales January–December 2023	-1,151
Sales January–December 2023 not impacting order backlog	89
Order backlog acquired in the period	-
Currency effect in order backlog during the period	19
<b>Order backlog as of December 31, 2023</b>	<b>1,327</b>

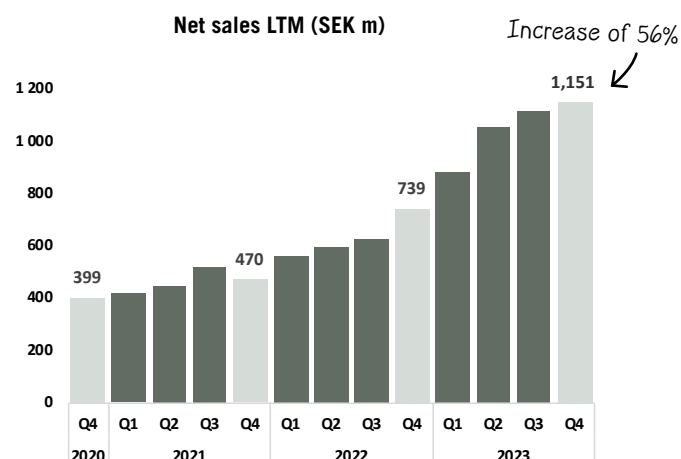
The table above presents the development of MilDef's order backlog in SEK million during the year, and the size of the components included, to arrive at the difference in the order backlog as of January 1, 2023 in comparison with December 31, 2023.

# MILDEF'S FINANCIAL DEVELOPMENT

## NET SALES

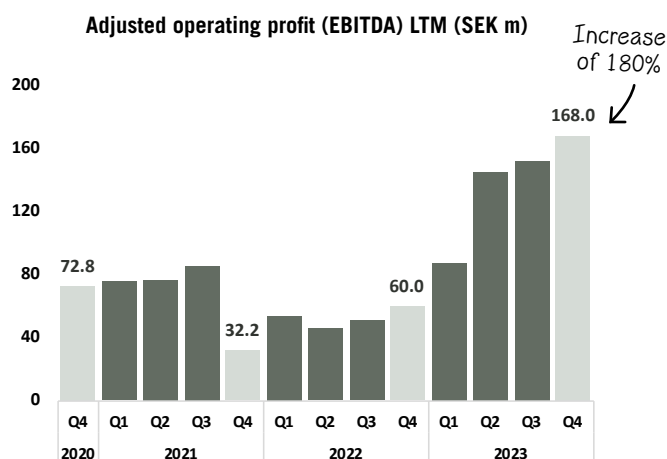


The columns above show MilDef's net sales for full years for the period 2016–2023.

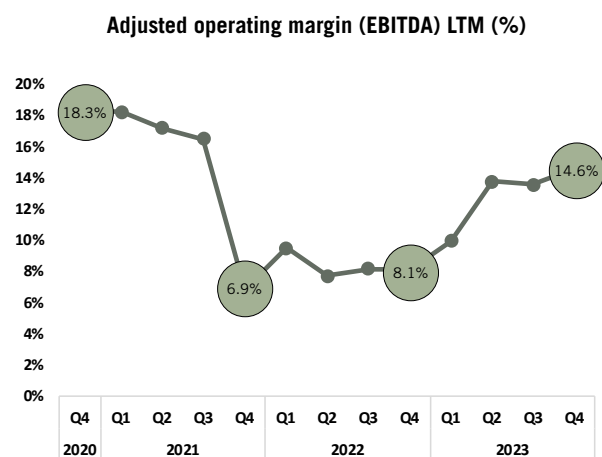


The diagram's columns show MilDef's net sales over the last 12 months (LTM) in SEK million. The columns show the data excluding seasonal variations during the year.

## 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.**

## Fourth quarter: October – December 2023

### Order status

Order intake was strong in the fourth quarter of 2023, increasing during the period by 51% to SEK 408 million, compared with SEK 271 million in the fourth quarter of 2022. All of the growth is organic.

### Net sales

Net sales increased in the fourth quarter of 2023 by 12% compared with the same quarter the previous year and amounted to SEK 353 million (315). The total growth, which was organic, was 12% for the quarter.

### Gross profit

Gross profit amounted to SEK 170 million (145), equivalent to a gross margin of 48.2% (45.8). 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 129 million (113). There were no non-recurring items during the period. Operating expenses increased during the period in an amount equivalent to SEK 15.5 million. The increase in expenses was planned for and tracks the Company's steep growth trajectory. Sequentially, the Company's operating expenses increased by 26% in the fourth quarter of 2023 compared with the third quarter of 2023. The Company's operating expenses vary from quarter to quarter depending on vacation periods, among other things. The operating expenses as a percentage of sales amounted to 36.4% (35.8) in the fourth quarter of 2023.

### Operating profit (EBIT)

Operating profit (EBIT) in the fourth quarter of 2023 amounted to SEK 41.4 million (31.5). There were no non-recurring items. This is equivalent to an operating margin of 11.7% (10.0). 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 59.8 million (43.4), equivalent to a margin of 17.0% (13.8). Depreciation/amortization and impairment amounted to SEK 18.4 million (11.9), with amortization of capitalized product development accounting for most of the increase. The adjusted operating profit does not include non-recurring items.

### Financial items

Net financial income/expense for the period amounted to SEK -4.6 million (-3.7).

The increase is mainly due to increased interest expense linked to the acquisition loan taken out for the acquisition of Handheld Group AB, which took place in September 2022.

### Tax

The fourth quarter's tax effect impacted net profit in the amount of SEK -11.3 million (-7.3).

### Net profit for the quarter

Profit after tax amounted to SEK 25.7 million (20.5). Earnings per share before dilution amounted to SEK 0.64 (0.51) and earnings per share after dilution to SEK 0.64 (0.51).

### Cash flow

Cash flow for the quarter was recognized at SEK 22.6 million (-61.3). Operating cash flow for the quarter amounted to SEK 26.2 million (-49.3). The shift is explained by improved operating profit during the quarter and by a more favorable development in working capital in this quarter than in the comparison quarter.

Cash flow from operating activities amounted to SEK 36.1 million (-41.3). Cash flow from changes in working capital amounted to SEK -41.7 million (-93.2).

Cash flow from investing activities amounted to SEK -9.9 million (-8.0). The majority of this amount is related to investments in product development as well as production and testing equipment.

Cash flow from financing activities amounted to SEK -3.5 million (-12.0). An additional SEK 10.2 million (-) of the credit facility was utilized during the quarter. Amortization of loans taken out in connection with the acquisition of Handheld in September 2022 amounted to SEK 7.5 million in the fourth quarter of 2023. Amortization of leases was charged to financing activities in the amount of SEK -6.3 million (-3.3).



# FINANCIAL OVERVIEW

## Full year 2023: January – December 2023

### Order status

Order intake was strong for full year 2023 and, as in previous years, was driven by strong underlying demand for digitalization and modernization among MilDef's end-customers. For January–December 2023 order intake increased by 29% to SEK 1,214 million, compared with SEK 938 million for the same period in 2022. The order backlog as of December 31, 2023 remains at a high level, having increased by 15% to SEK 1,327 million compared with the same date the previous year (1,156). SEK 129 million of the period's order intake is structural growth relating to the Handheld acquisition.

### Net sales

Net sales for full year 2023 increased by 56% compared with the same period the previous year and amounted to SEK 1,151 million (739). Acquisition-driven growth amounted to SEK 128.2 million during the period and is entirely related to the acquisition of Handheld Group AB in September 2022. Organic growth was around 47% and acquisition-driven growth made up around 8 percentage points of the total sales growth for January–December 2023.

### Gross profit

Gross profit amounted to SEK 556 million (352), equivalent to a gross margin of 48.3% (47.7). 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 448 million (323), of which SEK 66.1 million related to the effect of acquired operating expenses in 2023. There were no non-recurring items during the period. Excluding operating expenses related to Handheld, operating expenses increased by 18%, equivalent to SEK 58.9 million. The increase in expenses was planned for and tracks the Company's steep growth trajectory. The operating expenses as a percentage of sales amounted to 38.9% (43.7) for full year 2023.

### Operating profit (EBIT)

The Company's increased sales and maintained gross margin in the period resulted in a clear improvement in operating profits. Operating profit (EBIT) for full year 2023 amounted to SEK 108.1 million (29.2). There were no non-recurring items. This is equivalent to an operating margin of 9.4% (4.0). 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 168.0 million (60.0), equivalent to a margin of 14.6% (8.1). Depreciation/amortization and impairment amounted to SEK 59.9 million (30.8), with depreciation of acquisition-related assets accounting for most of the increase. The acquisition of Handheld in 2022 affected the period's adjusted operating profit in the amount of SEK -16.8 million. The adjusted operating profit does not include non-recurring items.

### Financial items

Net financial expense for the period amounted to SEK -19.6 million (-10.0). 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 -19.6 million (-5.0). Increased tax costs accompany the Company's good financial development. The tax expense for the period is equivalent to 22.1% of profit after financial items.

### Profit for the period

Profit after tax amounted to SEK 69.0 million (14.2). Earnings per share before dilution amounted to SEK 1.73 (0.38) and earnings per share after dilution to SEK 1.71 (0.37).

### Cash flow

The Group's cash flow for full year 2023 amounted to SEK 24.2 million (-112.4). Operating cash flow for the period amounted to SEK 8.7 million (-95.0). The improvement is explained by higher operating profit as well as somewhat more favorable development of working capital. This was offset to some extent by the higher net interest expense and by higher income tax as a result of profit development.

Cash flow from operating activities amounted to SEK 54.5 million (-76.8). Cash flow from changes in working capital amounted to SEK -90.1 million (-123.4).

Cash flow from investing activities amounted to SEK -68.8 million (-321.3). SEK 31.9 million is for investments in product development and SEK 13.9 million is mostly for investments in production and testing equipment. For full year 2023 contingent considerations from past acquisitions were charged to cash flow in the amount of SEK 23.0 million. The cash flow for the previous year was affected by the acquisition of Handheld Group AB.

Cash flow from financing activities amounted to SEK 38.5 million (285.7). Amortization of loans taken out in connection with the acquisition of Handheld amounted to SEK 30 million

# FINANCIAL OVERVIEW

during the period. No dividend was paid out in 2023, but SEK 27.3 million was paid out in dividends in 2022. Amortization of lease liabilities was charged to financing activities in the amount of SEK -21.4 million (-10.4).

## Equity

The Group's equity amounted to SEK 844.6 million (787.9) at the end of the period. The equity-assets ratio as of December 31, 2023 was SEK 55% (57).

## Net working capital

Net working capital amounted to SEK 386.1 million (305.6) 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 MilDef's growth 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 decreased from the same period the previous year to 33.5% (41.4), which was also an improvement compared with the 34.8% reported at the end of third quarter.

SEK m	Dec. 31, 2023	Sept. 30, 2023	Dec. 31, 2022
Inventories	290.2	304.1	236.5
Accounts receivable	284.5	155.6	255.4
Other current receivables	92.6	138.2	69.9
Accounts payable	-114.0	-97.7	-105.1
Other current liabilities	-167.2	-113.1	-151.1
<b>Net working capital</b>	<b>386.1</b>	<b>387.1</b>	<b>305.6</b>
<i>as a percentage of net sales LTM (%)</i>	<i>34%</i>	<i>35%</i>	<i>41%</i>

## Net debt and cash and cash equivalents

The net debt including lease liabilities amounted to SEK 285.9 million (254.8) at the end of the period. Cash and cash equivalents as of December 31 amounted to SEK 81.5 million (59.9). At the end of the previous year there was an unutilized revolving overdraft facility of SEK 75.0 million. At the end of 2023 no portion of this remained unutilized. 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 1.1 (2.8). Calculated including the effects of IFRS 16, the net debt/equity ratio was 1.7 (4.2).

SEK m	Dec. 31, 2023	Sept. 30, 2023	Dec. 31, 2022
Other interest-bearing liabilities	263.9	267.3	227.9
Lease liabilities	103.5	112.1	86.8
Cash and cash equivalents	-81.5	-61.9	-59.9
<b>Net debt incl. IFRS 16</b>	<b>285.9</b>	<b>317.5</b>	<b>254.8</b>
<i>relative to adjusted operating profit (EBITDA) LTM, times</i>	<i>1.7</i>	<i>2.1</i>	<i>4.2</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 since June 4, 2021 and was in the Industrial Goods and Services sector. The share's ISIN code is SE0016074249. The share is traded under the ticker MILDEF. A trading unit is one (1) share. As of January 1, 2023 the share is being traded on NASDAQ OMX Stockholm in the Mid Cap segment.

## Share capital and number of shares

The total number of shares as of December 31, 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 65.6 and the market value was SEK 2,615 million. The total number of shareholders at the end of the period was around 10,400.

## Accounting principles

MilDef prepares its consolidated accounts in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. This year-end 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 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.

## 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 fourth quarter of 2023

In the fourth quarter MilDef received a strategic hardware order from an unnamed, European NATO country. This is a suborder from an existing framework agreement and is the result of the country accelerating the pace at which it is boosting its defense capacity. The order is worth SEK 30 million with delivery expected to take place in 2024.

MilDef's subsidiary Handheld won an order from Makin during the quarter. The order is for delivery of robust tablets in the Algiz RT 10 series to Makin, an international provider of machine control systems. The contract is for five years and is worth a total of SEK 67 million.



# OTHER INFORMATION

The Swedish Defence Materiel Administration (FMV) placed a number of orders during the quarter for robust IT equipment for the Swedish Armed Forces. These are products such as computers, laptops and network equipment. The value of these deliveries, which are expected to take place in 2024, is a total of SEK 45 million.

Clavister, a leader in European cybersecurity for mission-critical applications, ordered MilDef hardware during the quarter for a value of SEK 97 million. The order follows an earlier prototype order for customized and robust network equipment. The products will be part of Clavister Cyber Armour, an integrated cyber security system for defense platforms. The deliveries are expected to take place during the period 2024–2029.

## Significant events after the end of the period

In February MilDef signed a Memorandum of Understanding (MoU) with defense company Lockheed Martin to explore an industrial partnership within Sweden's aerospace sector. The contract is initially intended to strengthen opportunities for cooperation around Lockheed Martin's C-130J-30 Super Hercules tactical aircraft for the Swedish air force.

No other events considered of significance have taken place since the end of the period up to the signing of this year-end 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 309 (291) at the end of the period. 227 (219) of the employees were men and 82 (72) were women. The average number of FTEs during the quarter was 313, compared with 288 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 9% 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 134 in Note 19 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.

## Dividend proposal

The Board of Directors is proposing that a dividend for the 2023 financial year be set at SEK 0.50 per share. The proposed record date for the right to receive a dividend is May 27, 2024. If the Annual General Meeting votes in favor of the proposal the dividend is expected to be paid out on May 30, 2024.

## Audit review

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

# Consolidated statement of comprehensive income

SEK m	Note	October 1 – December 31		January 1 – December 31		Last 12 months	Full year
		2023	2022	2023	2022	Jan–Dec 2023	2022
Net sales	1	352.8	315.3	1,151.3	738.8	1,151.3	738.8
Cost of goods sold		-182.8	-170.8	-595.0	-386.5	-595.0	-386.5
<b>Gross profit</b>		<b>170.0</b>	<b>144.5</b>	<b>556.3</b>	<b>352.3</b>	<b>556.3</b>	<b>352.3</b>
Selling expenses		-85.4	-78.7	-282.8	-206.3	-282.8	-206.3
Administrative expenses		-26.2	-21.0	-85.9	-67.2	-85.9	-67.2
Research and development expenses		-23.1	-18.9	-80.7	-49.0	-80.7	-49.0
Other operating income/expenses		6.1	5.6	1.2	-0.6	1.2	-0.6
<b>Operating profit</b>		<b>41.4</b>	<b>31.5</b>	<b>108.1</b>	<b>29.2</b>	<b>108.1</b>	<b>29.2</b>
Net financial items		-4.6	-3.7	-19.6	-10.0	-19.6	-10.0
<b>Profit after financial items</b>		<b>36.9</b>	<b>27.8</b>	<b>88.6</b>	<b>19.2</b>	<b>88.6</b>	<b>19.2</b>
Income tax		-11.3	-7.3	-19.6	-5.0	-19.6	-5.0
<b>Profit for the period</b>		<b>25.7</b>	<b>20.5</b>	<b>69.0</b>	<b>14.2</b>	<b>69.0</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		-9.4	1.8	-12.2	9.6	-12.2	9.6
<b>Other comprehensive income for the period</b>		<b>-9.4</b>	<b>1.8</b>	<b>-12.2</b>	<b>9.6</b>	<b>-12.2</b>	<b>9.6</b>
<b>Comprehensive income for the period</b>		<b>16.2</b>	<b>22.3</b>	<b>56.8</b>	<b>23.8</b>	<b>56.8</b>	<b>23.8</b>

## Earnings per share

	October 1 – December 31		January 1 – December 31		Last 12 months	Full year
	2023	2022	2023	2022	Jan–Dec 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	39,859,566	39,859,566	37,400,988	39,859,566	37,400,988
Weighted average number of shares in the period after dilution	40,301,066	40,303,066	40,301,066	37,844,488	40,301,066	37,844,488
<b>Earnings per share before dilution (SEK)</b>	<b>0.64</b>	<b>0.51</b>	<b>1.73</b>	<b>0.38</b>	<b>1.73</b>	<b>0.38</b>
<b>Earnings per share after dilution (SEK)</b>	<b>0.64</b>	<b>0.51</b>	<b>1.71</b>	<b>0.37</b>	<b>1.71</b>	<b>0.37</b>

# Condensed consolidated balance sheet

SEK m	Dec. 31, 2023	Dec. 31, 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Capitalized product development expenses	68.5	56.2
Acquisition-related intangible assets	576.4	598.7
Other intangible non-current assets	0.3	0.4
Right-of-use assets	100.5	85.2
Other property, plant and equipment	21.6	17.1
Deferred tax assets	9.5	14.3
Other financial non-current assets	0.3	0.3
<b>Total non-current assets</b>	<b>777.0</b>	<b>772.2</b>
Inventories	290.2	236.5
Accounts receivable	284.5	255.4
Other current receivables	92.6	69.9
Cash and cash equivalents	81.5	59.9
<b>Total current assets</b>	<b>748.8</b>	<b>621.7</b>
<b>TOTAL ASSETS</b>	<b>1,525.8</b>	<b>1,393.9</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>844.6</b>	<b>787.9</b>
<b>Non-current liabilities</b>		
Lease liabilities	76.4	70.6
Non-current interest-bearing liabilities	132.5	174.8
Deferred tax liabilities	32.6	35.1
<b>Total non-current liabilities</b>	<b>241.5</b>	<b>280.5</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	131.4	53.1
Lease liabilities	27.1	16.2
Accounts payable	114.0	105.1
Other current liabilities	167.2	151.1
<b>Total current liabilities</b>	<b>439.7</b>	<b>325.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,525.8</b>	<b>1,393.9</b>

# Condensed consolidated statement of changes in equity

SEK m	Dec. 31, 2023	Dec. 31, 2022
Equity, opening balance	787.9	568.2
Comprehensive income for the period	56.8	23.8
New share issues	-	223.2
Dividend	-	-27.3
<b>Equity, closing balance</b>	<b>844.6</b>	<b>787.9</b>

# Condensed consolidated cash flow statement

	October 1 – December 31		January 1 – December 31		Last 12 months	Full year
SEK m	2023	2022	2023	2022	Jan-Dec 2023	2022
<b>Cash flow from operating activities</b>						
Operating profit	41.4	31.5	108.1	29.2	108.1	29.2
Reversal of depreciation, amortization and impairment	18.4	11.9	59.9	30.8	59.9	30.8
Other non-cash items	8.6	-1.3	8.6	-1.2	8.6	-1.2
Net interest income/expense	-4.5	-1.7	-19.5	-4.6	-19.5	-4.6
Income taxes paid	13.9	11.5	-12.5	-7.6	-12.5	-7.6
Change in working capital	-41.7	-93.2	-90.1	-123.4	-90.1	-123.4
<b>Cash flow from operating activities</b>	<b>36.1</b>	<b>-41.3</b>	<b>54.5</b>	<b>-76.8</b>	<b>54.5</b>	<b>-76.8</b>
<b>Cash flow from investing activities</b>						
Investments in intangible assets	-5.0	-6.2	-31.9	-13.2	-31.9	-13.2
Investments in tangible assets	-4.9	-1.6	-13.9	-4.8	-13.9	-4.8
Acquisition of subsidiaries, net of acquired cash and cash equivalents	-	-	-23.0	-303.1	-23.0	-303.1
Change in other non-current receivables	-	-0.2	-	-0.2	-	-0.2
<b>Cash flow from investing activities</b>	<b>-9.9</b>	<b>-8.0</b>	<b>-68.8</b>	<b>-321.3</b>	<b>-68.8</b>	<b>-321.3</b>
<b>Cash flow from financing activities</b>						
Dividend	-	-	-	-27.3	-	-27.3
New share issues	-	-0.3	-	143.2	-	143.2
Increase in liabilities to credit institutions	10.2	0.0	89.9	200.0	89.9	200.0
Amortization of interest-bearing liabilities	-7.5	-8.4	-30.0	-19.8	-30.0	-19.8
Amortization of lease liabilities	-6.3	-3.3	-21.4	-10.4	-21.4	-10.4
<b>Cash flow from financing activities</b>	<b>-3.5</b>	<b>-12.0</b>	<b>38.5</b>	<b>285.7</b>	<b>38.5</b>	<b>285.7</b>
<b>Total cash flow for the period</b>	<b>22.6</b>	<b>-61.3</b>	<b>24.2</b>	<b>-112.4</b>	<b>24.2</b>	<b>-112.4</b>
<b>Change in cash and cash equivalents</b>						
Cash and cash equivalents at beginning of period	61.9	121.4	59.9	169.2	59.9	169.2
Exchange rate difference in cash and cash equivalents	-3.0	-0.2	-2.6	3.2	-2.6	3.2
<b>Cash and cash equivalents at end of period</b>	<b>81.5</b>	<b>59.9</b>	<b>81.5</b>	<b>59.9</b>	<b>81.5</b>	<b>59.9</b>



# Quarterly overview for the Group

	2023				2022			2021	
SEK m	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales	352.8	226.5	288.8	283.2	315.3	163.7	118.5	141.3	200.7
Cost of goods sold	-182.8	-113.2	-144.0	-155.0	-170.8	-80.4	-60.5	-74.8	-108.0
<b>Gross profit</b>	<b>170.0</b>	<b>113.3</b>	<b>144.8</b>	<b>128.2</b>	<b>144.5</b>	<b>83.3</b>	<b>58.0</b>	<b>66.5</b>	<b>92.7</b>
Operating expenses	-128.5	-101.9	-111.2	-106.5	-113	-70.8	-73.0	-66.3	-64.5
<b>Operating profit</b>	<b>41.4</b>	<b>11.4</b>	<b>33.6</b>	<b>21.7</b>	<b>31.5</b>	<b>12.5</b>	<b>-15.0</b>	<b>0.2</b>	<b>28.2</b>
Net financial items	-4.6	-6.0	-5.4	-3.6	-3.7	-5.3	-0.2	-0.8	-0.9
<b>Profit before tax</b>	<b>36.9</b>	<b>5.4</b>	<b>28.2</b>	<b>18.1</b>	<b>27.8</b>	<b>7.2</b>	<b>-15.2</b>	<b>-0.6</b>	<b>27.3</b>
Income tax on profit for the period	-11.3	0.4	-6.9	-1.8	-7.3	-0.6	2.0	0.9	-6.7
<b>Profit for the period</b>	<b>25.7</b>	<b>5.8</b>	<b>21.3</b>	<b>16.3</b>	<b>20.5</b>	<b>6.6</b>	<b>-13.2</b>	<b>0.3</b>	<b>20.6</b>

# Multi-year overview for the Group

	2023	2022	2021	2020	2019	2018	2017	2016
Net sales, SEK m	1,151	739	470	398	334	244	299	153
Gross margin	48%	48%	45%	46%	37%	38%	34%	34%
Operating margin (EBITDA)	14.6%	8.1%	4.4%	17.2%	10.7%	9.9%	15%	7%
Operating margin (EBIT)	9.4%	4.0%	-0.6%	14.3%	7.4%	7.3%	12%	4%
Profit margin (EBT)	7.7%	2.6%	-1.1%	13.9%	7.5%	7.9%	11%	5%
Earnings per share before dilution (SEK)	1.73	0.38	-0.03	1.83*	0.82*	0.52*	2.24	0.48
Earnings per share after dilution (SEK)	1.71	0.37	-0.03	1.83*	0.82*	0.52*	2.24	0.48
Cash and cash equivalents, SEK m	81.5	59.9	169.2	46.8	9.1	31.5	26.7	-10.1
Cash flow from operating activities, SEK m	54.5	-76.8	-55.5	61.7	-7.9	25.8	35.0	-19.0
Total assets, SEK m	1,526	1,394	808	368	285	178	168	135
Equity, SEK m	844.6	787.9	568.2	132.6	101.3	87.7	85.2	61.9
Equity/assets ratio	55%	57%	70%	36%	36%	49%	51%	46%
Return on capital employed	10%	3%	0%	31%	20%	25%	36%	10%
Return on equity	8%	2%	0%	36%	20%	14%	34%	9%
Equity per share, SEK	21.19	19.77	15.61	5.71	4.36	3.78	8.10	5.61
Dividend per share, SEK	0.50	0.00	0.75	0.75*	0.38	0.25	1.22	0.00
Average number of employees	302	233	154	97	85	81	75	64
Number of employees at year-end	309	291	188	119	93	86	76	69

\* To enable year-on-year comparisons, data for 2018–2020 has been adjusted for the 2:1 share split implemented in 2021.

# Condensed Parent Company income statement

	October 1 – December 31		January 1 – December 31		Last 12 months	Full year
SEK m	2023	2022	2023	2022	Jan-Dec 2023	2022
Net sales	26.3	21.6	96.5	79.3	96.5	79.3
Selling expenses	-11.9	-9.6	-34.6	-28.8	-34.6	-28.8
Administrative expenses	-12.5	-8.8	-39.2	-31.5	-39.2	-31.5
Research and development expenses	-8.0	-6.0	-25.3	-20.4	-25.3	-20.4
Other operating income/expenses	-1.6	-0.5	-1.9	-0.8	-1.9	-0.8
<b>Operating profit</b>	<b>-7.8</b>	<b>-3.3</b>	<b>-4.6</b>	<b>-2.2</b>	<b>-4.6</b>	<b>-2.2</b>
Net financial items	-0.6	-2.5	0.1	-3.8	0.1	-3.8
<b>Profit after financial items</b>	<b>-8.4</b>	<b>-5.8</b>	<b>-4.5</b>	<b>-6.0</b>	<b>-4.5</b>	<b>-6.0</b>
Year-end appropriations	1.4	8.7	1.4	8.7	1.4	8.7
<b>Profit before tax</b>	<b>-7.0</b>	<b>2.9</b>	<b>-3.1</b>	<b>2.7</b>	<b>-3.1</b>	<b>2.7</b>
Income tax	0.7	-1.4	-0.1	0.0	-0.1	0.0
<b>Profit for the period</b>	<b>-6.3</b>	<b>1.5</b>	<b>-3.2</b>	<b>2.7</b>	<b>-3.2</b>	<b>2.7</b>
<b>Other comprehensive income</b>						
<b>Profit for the period</b>	<b>-6.3</b>	<b>1.5</b>	<b>-3.2</b>	<b>2.7</b>	<b>-3.2</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>-6.3</b>	<b>1.5</b>	<b>-3.2</b>	<b>2.7</b>	<b>-3.2</b>	<b>2.7</b>

# Condensed Parent Company balance sheet

SEK m	Dec. 31, 2023	Dec. 31, 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	8.3	9.5
Financial non-current assets	781.3	780.6
<b>Total non-current assets</b>	<b>789.6</b>	<b>790.1</b>
Current receivables from Group companies	288.7	173.6
Other current receivables	14.7	16.0
Cash and cash equivalents	36.1	51.5
<b>Total current assets</b>	<b>339.5</b>	<b>241.1</b>
<b>TOTAL ASSETS</b>	<b>1,129.1</b>	<b>1,031.2</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>750.6</b>	<b>753.8</b>
<b>Untaxed reserves</b>	<b>3.6</b>	<b>3.6</b>
<b>Non-current liabilities</b>		
Non-current interest-bearing liabilities	132.5	174.8
Deferred tax liabilities	-	-
<b>Total non-current liabilities</b>	<b>132.5</b>	<b>174.8</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	166.2	53.1
Current liabilities to Group companies	54.9	30.0
Accounts payable	4.7	3.2
Other current liabilities	16.6	12.7
<b>Total current liabilities</b>	<b>242.4</b>	<b>99.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,129.1</b>	<b>1,031.2</b>

# Condensed Parent Company statement of changes in equity

SEK m	Dec. 31, 2023	Dec. 31, 2022
Equity, opening balance	753.8	555.2
Comprehensive income for the period	-3.2	2.7
New share issues	-	223.2
Dividend	-	-27.3
<b>Equity, closing balance</b>	<b>750.6</b>	<b>753.8</b>

# Notes

## Note 1. Net sales by geographic area

SEK m	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022	Last 12 months	Full year 2022
Nordics	236	168	689	457	689	457
Europe (excl. Nordics)	53	57	231	119	231	119
North America	59	83	185	151	185	151
Other countries	6	7	46	12	46	12
<b>Total revenue</b>	<b>353</b>	<b>315</b>	<b>1,151</b>	<b>739</b>	<b>1,151</b>	<b>739</b>



# Alternative performance measures

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

SEK m	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022	Last 12 months	Full year 2022
<b>Operating profit (EBIT)</b>	<b>41.4</b>	<b>31.5</b>	<b>108.1</b>	<b>29.2</b>	<b>108.1</b>	<b>29.2</b>
Listing expenses	-	-	-	-	-	-
Acquisition-related expenses	-	-	-	-	-	-
<b>Adjusted operating profit (EBIT)</b>	<b>41.4</b>	<b>31.5</b>	<b>108.1</b>	<b>29.2</b>	<b>108.1</b>	<b>29.2</b>
<b>Adjusted operating profit (EBIT)</b>	<b>41.4</b>	<b>31.5</b>	<b>108.1</b>	<b>29.2</b>	<b>108.1</b>	<b>29.2</b>
Net sales	352.8	315.3	1,151.3	738.8	1,151.3	738.8
<b>Adjusted operating margin (EBIT), %</b>	<b>11.7%</b>	<b>10.0%</b>	<b>9.4%</b>	<b>4.0%</b>	<b>9.4%</b>	<b>4.0%</b>
<b>Operating profit (EBITA), SEK m</b>						
Operating profit (EBIT)	41.4	31.5	108.1	29.2	108.1	29.2
Amortization of intangible assets	10.5	6.9	32.1	15.6	32.1	15.6
<b>Operating profit (EBITA)</b>	<b>52.0</b>	<b>38.4</b>	<b>140.2</b>	<b>44.8</b>	<b>140.2</b>	<b>44.8</b>
<b>Adjusted operating profit (EBITA), SEK m</b>						
Operating profit (EBITA)	52.0	38.4	140.2	44.8	140.2	44.8
Listing expenses	-	-	-	-	-	-
Acquisition-related expenses	-	-	-	-	-	-
<b>Adjusted operating profit (EBITA)</b>	<b>52.0</b>	<b>38.4</b>	<b>140.2</b>	<b>44.8</b>	<b>140.2</b>	<b>44.8</b>
<b>Adjusted operating profit (EBITA)</b>	<b>52.0</b>	<b>38.4</b>	<b>140.2</b>	<b>44.8</b>	<b>140.2</b>	<b>44.8</b>
Net sales	352.8	315.3	1,151.3	738.8	1,151.3	738.8
<b>Adjusted operating margin (EBITA), %</b>	<b>14.7%</b>	<b>12.2%</b>	<b>12.2%</b>	<b>6.1%</b>	<b>12.2%</b>	<b>6.1%</b>
<b>Operating profit (EBITDA), SEK m</b>						
Operating profit (EBIT)	41.4	31.5	108.1	29.2	108.1	29.2
Depreciation/amortization	18.4	11.9	59.9	30.8	59.9	30.8
<b>Operating profit (EBITDA)</b>	<b>59.8</b>	<b>43.4</b>	<b>168.0</b>	<b>60.0</b>	<b>168.0</b>	<b>60.0</b>
<b>Adjusted operating profit (EBITDA), SEK m</b>						
Operating profit (EBITDA)	59.8	43.4	168.0	60.0	168.0	60.0
Listing expenses	-	-	-	-	-	-
Acquisition-related expenses	-	-	-	-	-	-
<b>Adjusted operating profit (EBITDA)</b>	<b>59.8</b>	<b>43.4</b>	<b>168.0</b>	<b>60.0</b>	<b>168.0</b>	<b>60.0</b>
<b>Adjusted operating profit (EBITDA)</b>	<b>59.8</b>	<b>43.4</b>	<b>168.0</b>	<b>60.0</b>	<b>168.0</b>	<b>60.0</b>
Net sales	352.8	315.3	1,151.3	738.8	1,151.3	738.8
<b>Adjusted operating margin (EBITDA), %</b>	<b>17.0%</b>	<b>13.8%</b>	<b>14.6%</b>	<b>8.1%</b>	<b>14.6%</b>	<b>8.1%</b>

## Available cash and cash equivalents

SEK m	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022
Cash and bank balances	81.5	61.9	37.4	75.9	59.9
Unutilized overdraft facility	0.0	9.0	75.0	75.0	75.0
<b>Available cash and cash equivalents</b>	<b>81.5</b>	<b>70.9</b>	<b>112.4</b>	<b>150.9</b>	<b>134.9</b>

## Working capital including cash and bank balances

SEK m	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022
Total current assets excluding cash and bank balances	667.3	597.9	558.2	519.3	561.8
Cash and bank balances	81.5	61.9	37.4	75.9	59.9
Current liabilities, non-interest-bearing	-281.2	-210.8	-229.7	-224.9	-256.2
<b>Working capital including cash and bank balances</b>	<b>467.6</b>	<b>449.0</b>	<b>365.9</b>	<b>370.3</b>	<b>365.5</b>
Net sales last 12 months	1,151	1,114	1,051	881	739
<b>Working capital including cash and bank balances in relation to net sales, %</b>	<b>40.6%</b>	<b>40.3%</b>	<b>34.8%</b>	<b>42.0%</b>	<b>49.5%</b>

## Working capital excluding cash and bank balances

SEK m	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022
Inventories	290.2	304.1	271.4	235.9	236.5
Current receivables	377.1	293.8	286.8	283.4	325.3
Current liabilities, non-interest-bearing	-281.2	-210.8	-229.7	-224.9	-256.2
<b>Working capital excluding cash and bank balances</b>	<b>386.1</b>	<b>387.1</b>	<b>328.5</b>	<b>294.4</b>	<b>305.6</b>
Net sales last 12 months	1,151	1,114	1,051	881	739
<b>Working capital excluding cash and bank balances in relation to net sales, %</b>	<b>33.5%</b>	<b>34.8%</b>	<b>31.3%</b>	<b>33.4%</b>	<b>41.4%</b>

## Return on capital employed

SEK m	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022
Profit after financial items, last 12 months	88.6	79.5	81.3	37.9	19.2
Financial expense, last 12 months	-28.4	-24.9	-22.9	-15.6	-11.2
Profit before financial expense, last 12 months	117.0	104.4	104.2	53.5	30.4
Capital employed at beginning of period	1,103	1,087	622	677	670
Capital employed at end of period	1,212	1,208	1,129	1,118	1,103
Average capital employed	1,157	1,147	876	898	887
<b>Return on capital employed, %</b>	<b>10.1%</b>	<b>9.1%</b>	<b>11.9%</b>	<b>6.0%</b>	<b>3.4%</b>

## Return on equity

SEK m	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022
Profit after tax, last 12 months	69.0	63.9	64.7	30.2	14.2
Equity at beginning of period	787.9	765.9	534.6	576.9	568.2
Equity at end of period	844.6	828.5	820.7	795.9	787.9
Average equity	816.3	797.2	677.7	686.4	678.1
<b>Return on equity, %</b>	<b>8.5%</b>	<b>8.0%</b>	<b>9.5%</b>	<b>4.4%</b>	<b>2.1%</b>

## Net debt/EBITDA

SEK m	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022
Non-current liabilities, interest-bearing	208.9	222.7	235.7	230.9	245.4
Current liabilities, interest-bearing	158.5	156.7	72.9	91.5	69.3
Cash and bank balances	-81.5	-61.9	-37.4	-75.9	-59.9
<b>Net debt incl. IFRS 16</b>	<b>285.9</b>	<b>317.5</b>	<b>271.2</b>	<b>246.5</b>	<b>254.8</b>
Operating profit, last 12 months	108.1	98.2	99.3	50.7	29.2
Depreciation, amortization and impairment, last 12 months	59.9	53.4	45.7	37.0	30.8
Non-recurring items, last 12 months	-	-	-	-	-
Adjusted EBITDA, last 12 months	168.0	151.6	145.0	87.7	60.0
<b>Net debt/EBITDA, multiple</b>	<b>1.7</b>	<b>2.1</b>	<b>1.9</b>	<b>2.8</b>	<b>4.2</b>

# BOARD OF DIRECTORS' ASSURANCE

## Board of Directors' assurance

The Board of Directors and CEO affirm that this year-end 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 other companies included in the Group.

**MilDef Group AB (publ)**  
Helsingborg, February 8, 2024

**Björn Karlsson**  
Chair

**Jan Andersson**  
Board member

**Marianne Trolle**  
Board member

**Christian Hammenborn**  
Board member

**Charlotte Darth**  
Board member

**Lennart Pihl**  
Board member

**Bengt-Arne Molin**  
Board member

**Daniel Ljunggren**  
Chief Executive Officer

# DEFINITIONS

## NUMBER OF OUTSTANDING SHARES

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

## RETURN ON EQUITY

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

## RETURN ON CAPITAL EMPLOYED

Profit before tax after reversal of financial expense, on a 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.

- Supplier of tactical IT solutions
- Founded in 1997
- Stock exchange listing on June 4, 2021
- +300 employees in 9 countries
- Key markets: Nordics, EU, NATO
- Customers: Defense industry, government agencies and critical infrastructure
- Product portfolio: Hardware, software and services

## VISION

Your number one choice for tactical IT.

## MISSION

In an ever-changing and increasingly digitalized world, there is an urgent need for tactical IT systems 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 Materiel 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 year-end report may contain forward-looking information that reflects MilDef's current view of future events, as well as financial and operational 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 Year-End Report January–December 2023

The presentation will be held in English and will conclude with a Q&A. The meeting will start at 10:00 CET on February 8, 2024 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: **485 572 127#**

## Financial calendar

Annual report 2023	April 30, 2024
Interim Report Q1 2024	April 26, 2024
Annual General Meeting 2024	May 23, 2024
Interim Report Q2 2024	July 25, 2024
Interim Report Q3 2024	October 25, 2024

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

This information is the information that MilDef Group AB (publ) is required to publish in accordance with the EU market abuse regulation and the Swedish Securities Market Act. The information was disclosed through the above-mentioned contact persons for publication on February 8, 2024 at 08:00 CET.

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## About MilDef

MilDef is a global systems integrator and full-spectrum provider of rugged IT for defense and security applications as well as for national and critical infrastructure sectors. MilDef provides hardware, software and services that protect critical information flows and systems where the stakes are the highest. MilDef's products are sold to more than 160 customers through MilDef's companies in Sweden, Norway, Finland, Denmark, the UK, Germany, Switzerland, the USA and Australia, and through a network of partners in more than 30 countries. MilDef was founded in 1997 and has been listed on NASDAQ OMX Stockholm since 2021.

# 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.**