

CEO PRESENTATION AGM 2024



Daniel Ljunggren
President & CEO

WE ARMOR IT.



AGENDA AGM 2024

This is MilDef

2023 highlights

Follow-up on long-term financial targets

The start of 2024

Market trends

Future outlook

THE MILDEF STORY

Provider of tactical IT solutions

- Founded 1997 – History matters!
- IPO June 4, 2021
- +300 employees in 9 countries
- Core markets: Nordics, EU, NATO
- Customers: Defense, government and critical infrastructure
- Product portfolio: Hardware, software and services

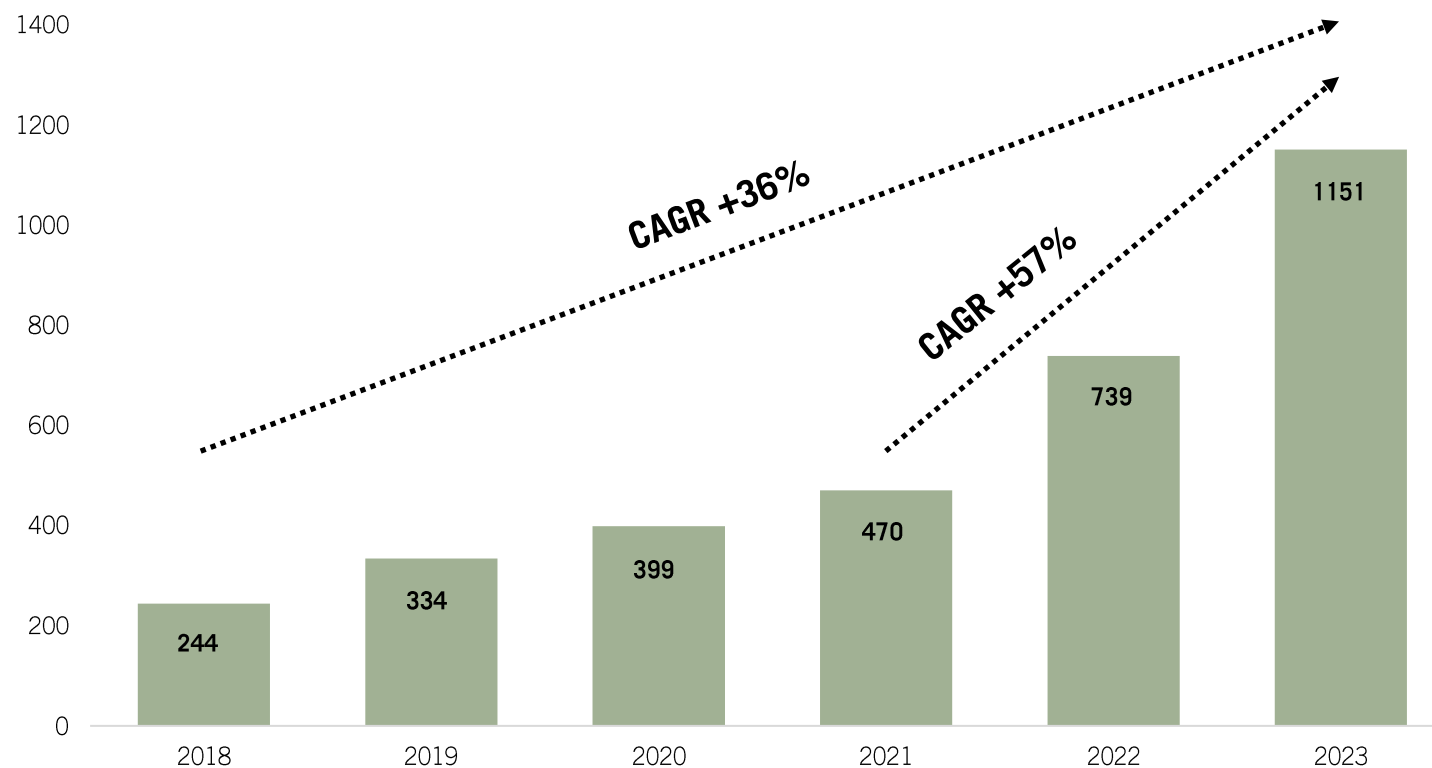


The Fortress. HQ and production facility in Helsingborg



A STRONG GROWTH JOURNEY

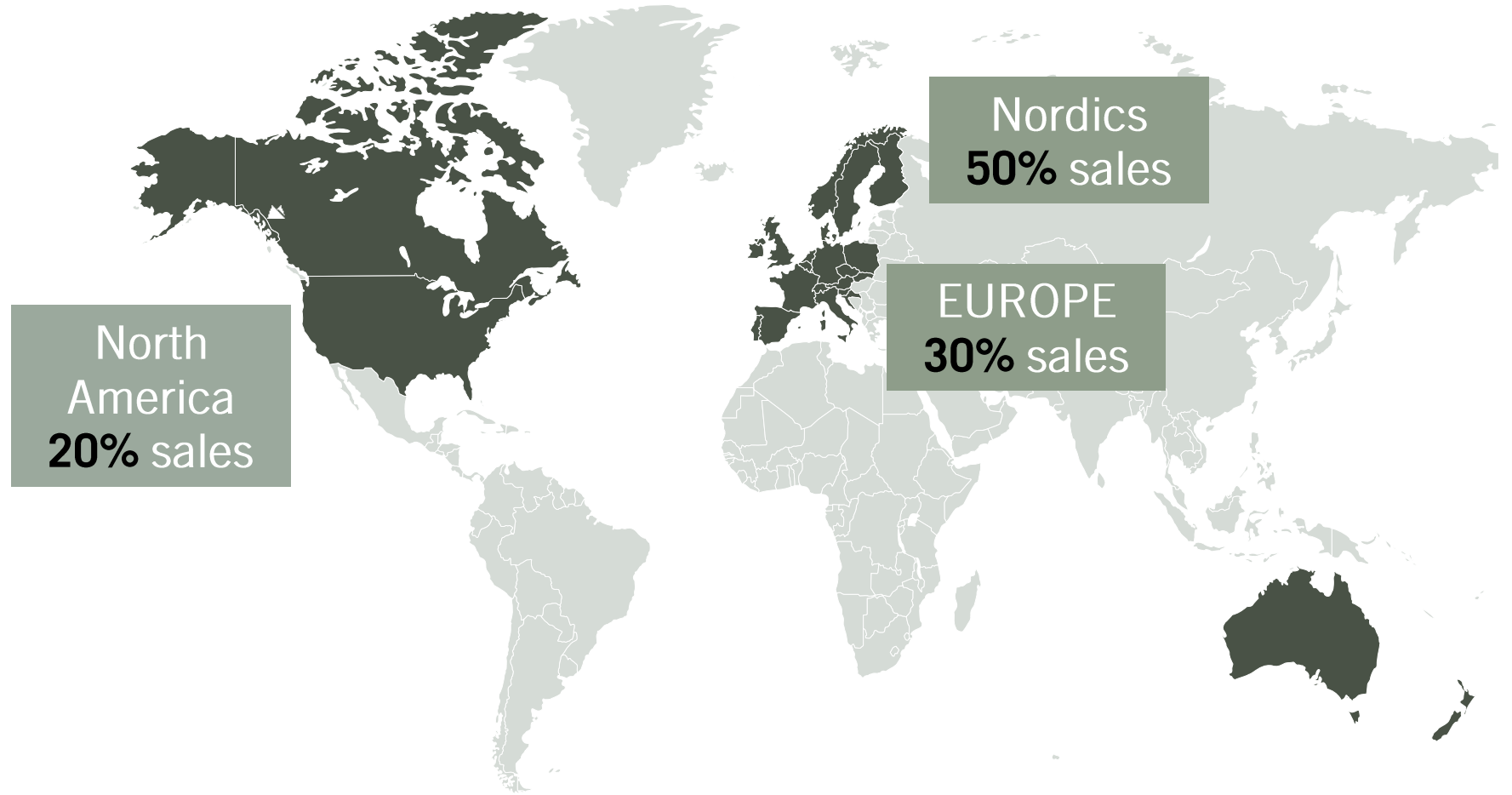
Net Sales (SEKm)



THE MILDEF FOOTPRINT

9 COUNTRIES

Sweden
Norway
Finland
Denmark
UK
US
Germany
Switzerland
Australia



OUR CUSTOMER SEGMENTS

DEFENSE



80% of sales

GOVERNMENT



20% of sales

CRITICAL INFRASTRUCTURE



WE ARMOR IT. HARDWARE – SOLUTIONS – SOFTWARE

70% of sales

25% of sales

5% of sales



SOLUTIONS

In close cooperation with our customers and partners, we integrate durable, reliable and bespoke hardware into highly flexible and customizable systems and solutions. Solutions that are rigorously tested — not only in our laboratory and environmental test facilities, but also in real life.

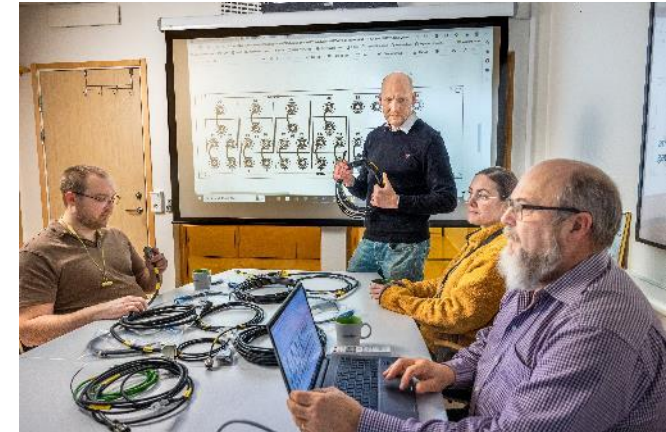
Program & Project Management



Systems Engineering



Integration Services



DEPLOYMENT SOFTWARE

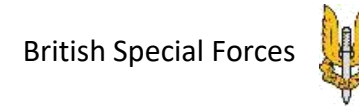
OneCIS – Tactical Deployed CIS



- Enables the customer to **build systems** up to NATO secret level
- Supports both **autonomous** and joint tactical operations
- Fully **automated** deployment
- NATO **Federated Mission Networking (FMN) compliant***



COLLABORATING PARTNERS



Patria



Norwegian Armed Forces



QINETIQ



BAE SYSTEMS

Statnett



GENERAL DYNAMICS



ULTRA





HIGHLIGHTS 2023

2023 OUTCOME

- Sales growth +56% to 1,151 SEKm
- Order intake +29% to 1,214 SEKm
- Operating cash flow 8,7 SEKm (-95)
- EBITDA 168 million SEKm (60)
- Order backlog +15% at 1,327 SEKm

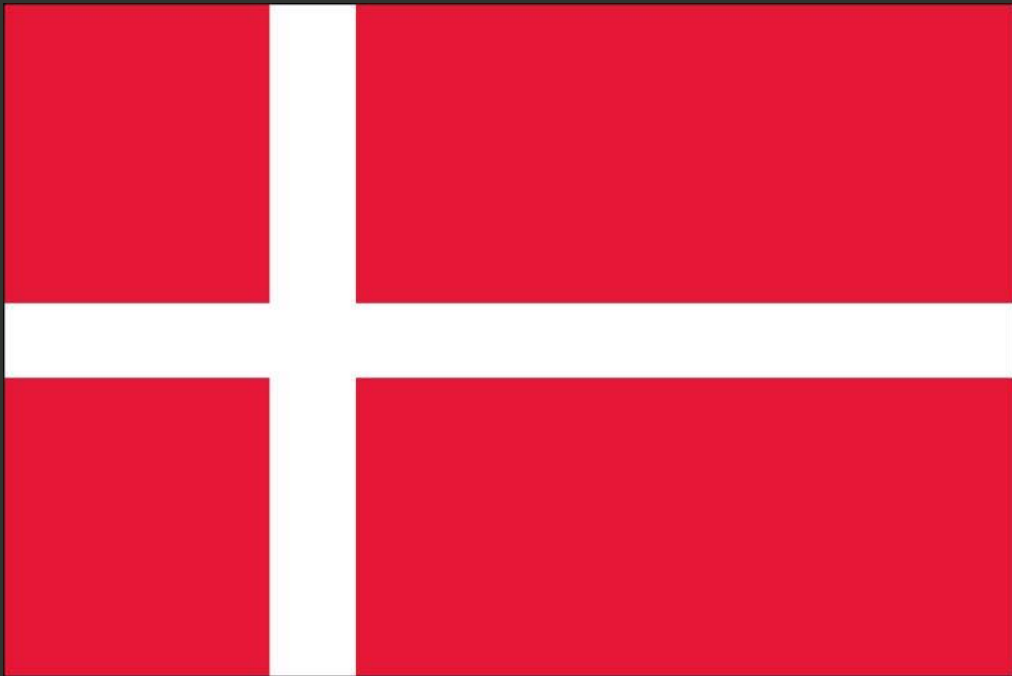


2023

1

JANUARY

MILDEF LAUNCH A COMPANY IN DENMARK



- To further strengthen MilDef's position in Denmark, MilDef Denmark is now established.

2023

2

FEBRUARY

DANIEL LJUNGGREN APPOINTED NEW CEO



- Daniel Ljunggren took over as CEO on May 26, 2023.

2023

3

MARCH

RBSL AWARDS £2.5M CHALLENGER 3 CONTRACT TO MILDEF



- Processors and Ethernet switches for the British Army's upgraded tanks.
- MilDef will manufacture the components at its UK facility in Cardiff, Wales.

2023

4

APRIL

MILDEF WINS ORDER FROM BAE SYSTEMS, WORTH 69 MSEK



- MilDef has been entrusted to deliver rugged computers, switches and displays.
- Technology is part of the Archer Artillery System.

2023

5

May

MILDEF RECRUITS NEW CFO – VIVECA JOHNSON



- Viveca Johnson is employed as new CFO.
- Previously at the industrial company Nederman, where she has been active since 2013.

2023

6

June

MILDEF INC TRANSFORMED UNDER LEADERSHIP OF JIM RIMAY



- MilDef is accelerating its efforts in the US by consolidating MilDef Inc and the Handheld business, under one strong and focused entity.
- Jim Rimay, CEO of Handheld US Inc, takes over the management of all MilDef activities in the US.

2023

7

July

MILDEF WIN CONTRACT WITH ASTRONICS CORPORATION, WORTH 3 MUSD



- Astronics Corporation, a provider of advanced technologies for global aerospace, defense and mission critical industries.
- This integrates MilDef's computing platform within the Astronics portable radio test suite being provided to U.S. Marine Corps'.

2023

7

July

HANDHELD CLOSE CONTRACT FOR NANO DRONE TECHNOLOGY



- The bespoke carry-on uniform control computer is based on 7-inch Handheld Android tablet.
- The customer is a global defense group, based in the US, delivering nano drones for military battlefield surveillance.

2023

8

AUGUST

MILDEF LAUNCHES NEW BRAND POSITIONING – WE ARMOR IT.



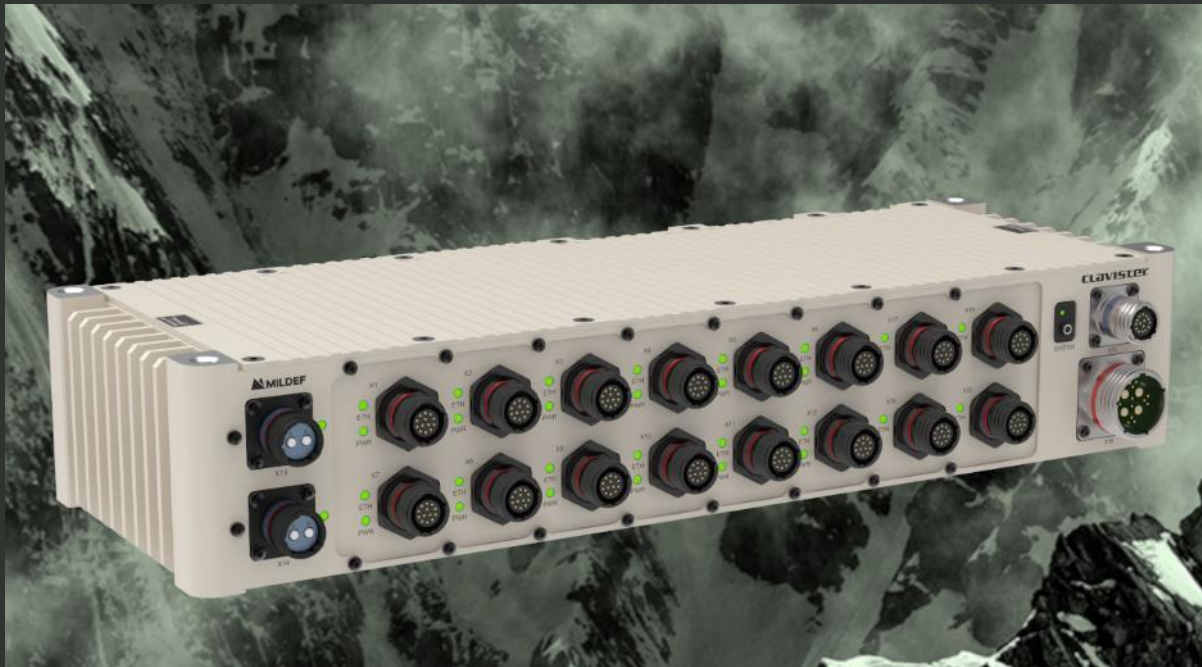
- Enhanced brand promise - WE ARMOR IT.
- We make everything stronger with hardware – software and solutions.

HANDHELD WINS ORDER FROM MAKIN, WORTH 67 MSEK



- Delivery of ruggedized tablets in the Algiz RT10 series to Makin, an international supplier of machine control.
- The agreement extends over five years.

97 MSEK CYBERSECURITY CONTRACT WITH CLAVISTER



- Part of Clavister Cyber Armour, an integrated cyber security system for defense platforms.
- Deliveries will take place 2024-2029.



FINANCIAL TARGETS

FINANCIAL TARGETS EXECUTION 2023

GROWTH

56%



EBITDA

14.6%



NET DEBT

1.7X



DIVIDEND

29%



The four financial targets

GROWTH

At least 25%

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

PROFITABILITY

At least 10%

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

CAPITAL STRUCTURE

Interest-bearing net debt not to exceed
2.5 times EBITDA
other than temporarily.

DIVIDEND POLICY

20–40%
Distribute 20–40% of net profit. MilDef will, however, take long-term development, capital structure and prevailing market conditions into account.

THE START OF 2024

START OF 2024 - Q1

- Slow – but not unexpected – Q1 2024
- Quarterly volatility remains – no lost orders in Q1 but delayed sell processes.
- Still positive outlook for 2024 and beyond – near term outlook supported by a strong order intake-start of Q2
- High activity level in the market – purchasing and procurement processes take long time
- Swedish Nato membership creates long term opportunities



QUARTER 1, 2024

232

NET SALES, SEK M

18% decrease Q1

Slow start in net sales but in line with management expectations for the quarter. The comparison quarter (Q1 2023) was a strong quarter in terms of net sales due to delayed deliveries in 2022.

215

ORDER INTAKE, SEK M

37% decrease Q1

Order intake volatile remains between quarters. Slow start of 2024, however, Q2 has started promising with a couple of large orders that has been press released.

8.7

EBITDA, SEK M

EBITDA margin Q1 3,7% (12,0%)

Decreased EBITDA in Q1 is due to lower net sales in the quarter. Gross margin remains on a solid level, 48.4% and OPEX develops according to plan.

20.9

OPERATING
CASH FLOW, SEK M

Q1 2023: 28.8 SEK million

Mid-term target is that net working capital as a percent of R12 sales to be equal to or less than 25% - in Q1 it is 33,4%

HIGHLIGHTS IN THE START OF 2024

Q1 2024

April



Lockheed Martin
industry
collaboration



10-year framework
agreement BAE
Systems Bofors



Handheld win
69 MSEK
contract



BAE Systems
Bofors order
worth 52 MSEK

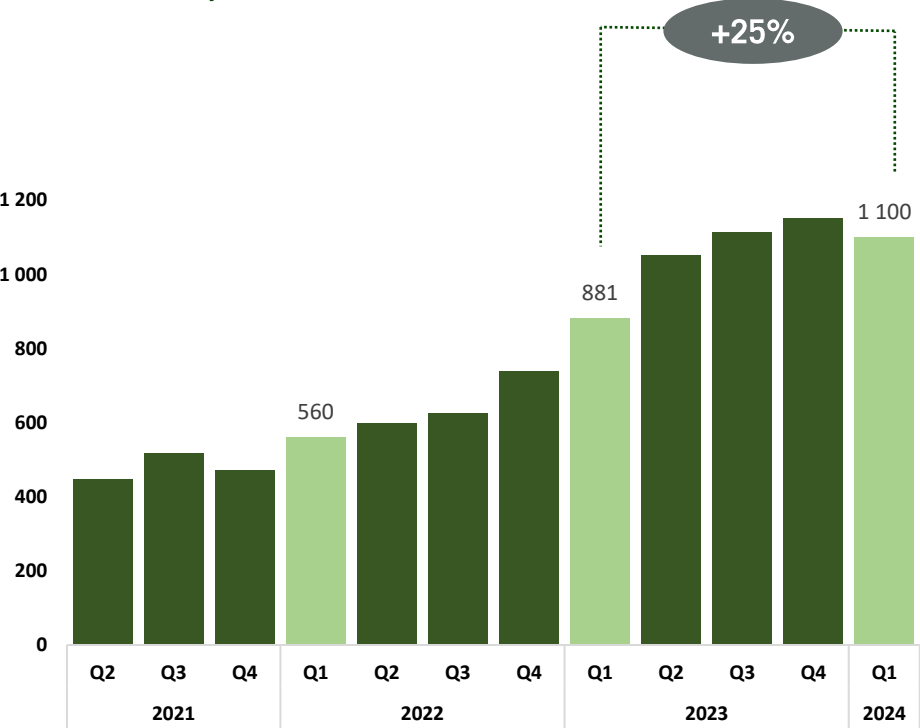


Strategic hardware
contract Estonia
worth 53 MSEK

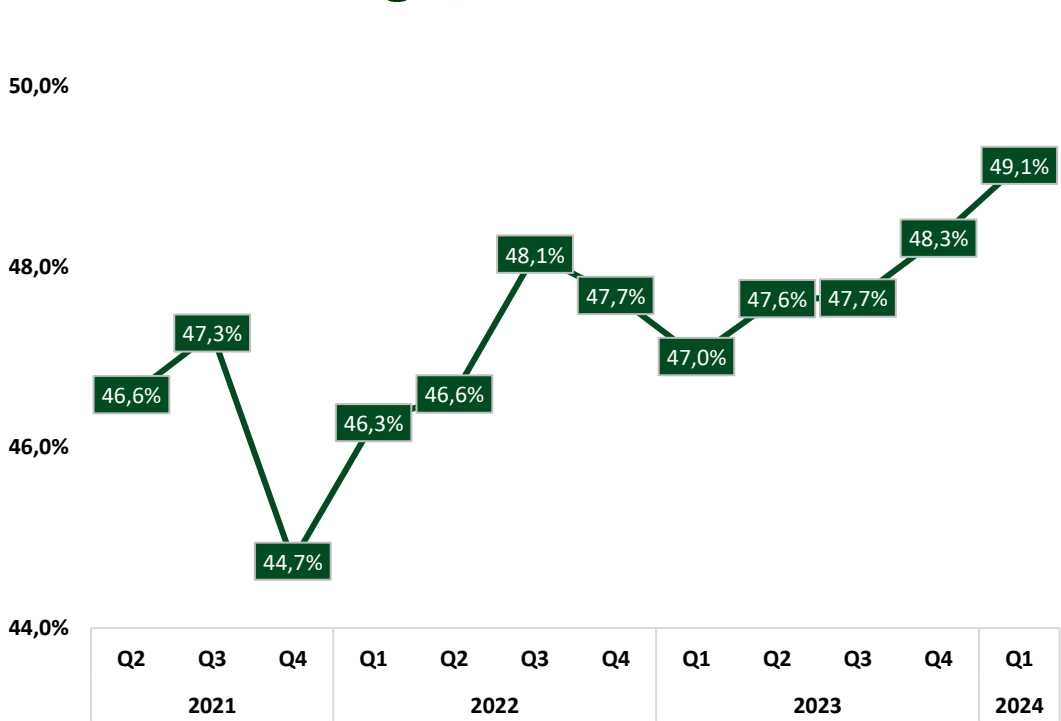
174 MSEK

SOLID GROSS MARGIN DEVELOPMENT

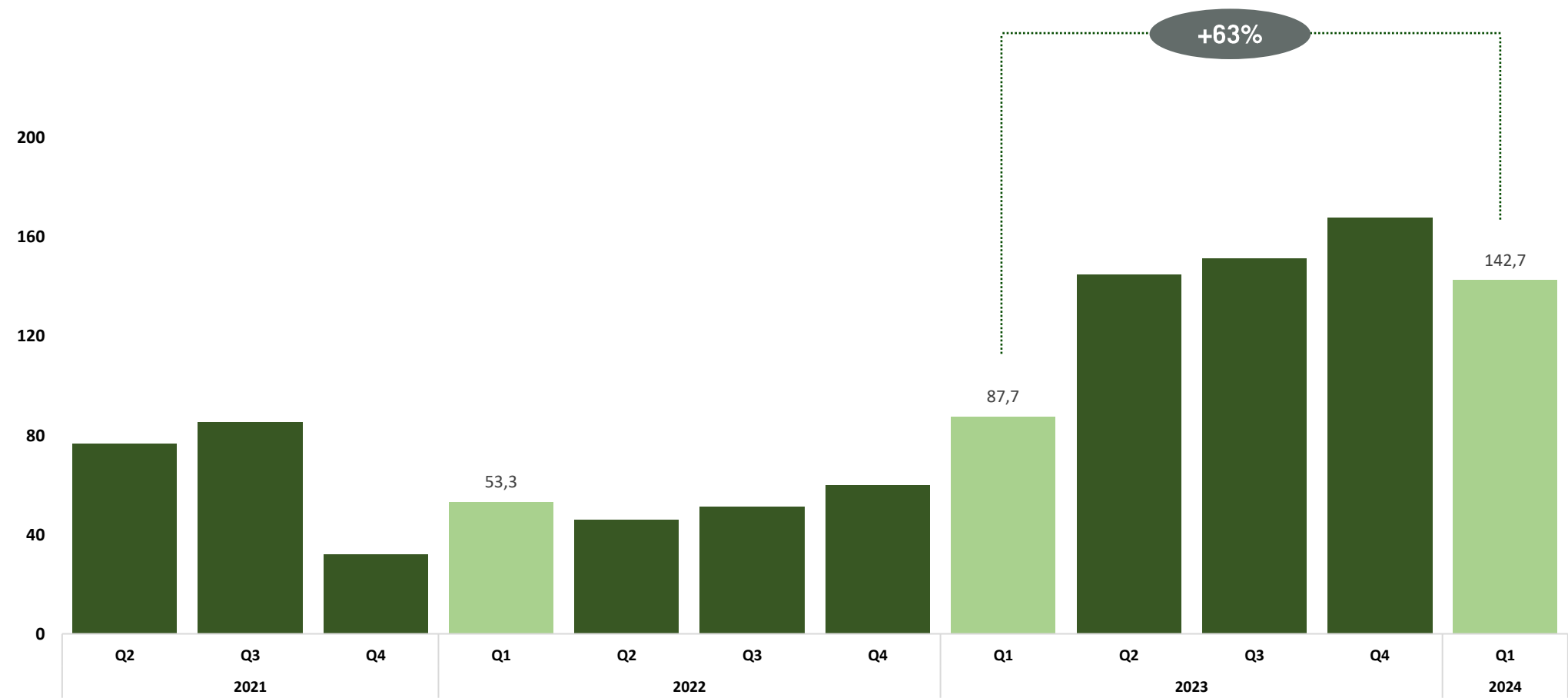
Net Sales, SEKm



Gross Margin, %



EBITDA IN A SCALABLE BUSINESS MODEL





MACRO TRENDS

STRONG MARKET FUNDAMENTALS

1



Largest increase in military spending in Europe in 30 years

2



Great need of modernization and digitalization in the defense sector

3



Defense planning processes ongoing in several countries
MilDef late in the cycle

4

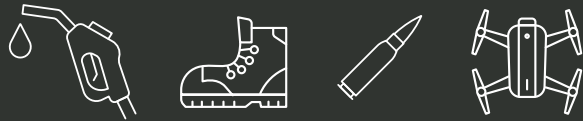


Potential NATO-boost

3 WAVES OF CUSTOMER PRIORITIES

POST INVASION OF UKRAINE

MilDef



1. Operational

- Fuel
- Ammunition
- Training
- Drones
- etc...



2. Platforms

- Troop transportation
- Battle tanks
- Aircrafts
- Ships
- etc...



3. IT power & support systems

- Computers
- Switches
- Servers
- Displays
- etc...



FUTURE OUTLOOK

FOCUS AREAS 2024

1 Capture the growing market

Geographic expansion and broadened customer base

2 Customer deliveries

Continued strong focus on ensuring deliveries in time

3 Customer offering

Dismounted soldier system & Tempest, NATO readiness

4 Working capital and operating cash flow

Improve operating cash flow and reduce working capital





Q&A