

Press release

Helsingborg, 12th of September 2022

MilDef acquires Handheld Group and accelerates the pace in the strategy for profitable growth

MilDef has entered into an agreement to acquire all shares in the company Handheld Group AB ("Handheld"), specialised within the product segment rugged computers for an international customer base. The acquisition accelerates the pace in MilDef's strategy for profitable growth, adding a complementary product segment, broadening the customer base as well as strengthening MilDef's international footprint, including increased market presence in prioritised markets, such as the US and Germany. MilDef envisions substantial commercial synergies within several segments, most notably through cross-selling along the companies' current verticals. The initial purchase price amounts to 350 MSEK, which corresponds to an EV/EBITDA-multiple of approximately 10x, based on Handheld's estimated EBITDA for 2022. The cash consideration amounts to 270 MSEK and is financed within the framework of existing credit facilities whilst the remaining 80 MSEK is paid with newly issued MilDef shares. With the aim of facilitating continued growth through strategic acquisitions, MilDef will explore potential forms of capital raising.

- *The acquisition of Handheld serves several purposes for MilDef's expansion. Product wise, we strengthen areas where MilDef previously have had some gaps, from an organisational perspective MilDef gains access to prioritised geographic markets and operationally both businesses are equipped with competences and capabilities that will complement one another. An aspect that is extra interesting is Handheld's successful business in the US, where we see good potential to accelerate together through joint forces in this important market. The companies have limited overlaps and complement each other well. Together, we look forward to building something greater and better. It is with great joy that we welcome Handheld's staff to the MilDef-family, says Björn Karlsson, CEO MilDef Group.*
- *It is rare that two companies within the same area of business not only complement each other's businesses in such a good way but are also likeminded in company culture with a strong team spirit as one of many important success factors. I am excited about the possibilities that this creates and look forward to continuing building Handheld under the MilDef umbrella. This deal will help us boost our future businesses moving forward, says Thomas Löfblad, CEO, Handheld Group.*

The acquisition in brief

- The initial purchase price amounts to 350 MSEK. In addition, the acquisition price could increase with a maximum of 100 MSEK through an earnout if certain financial targets for 2022 are exceeded.
- The majority of the purchase price will be paid in cash. The cash consideration amounts to 270 MSEK and is financed within the framework of existing credit facilities. The remaining 80 MSEK will be paid through newly issued shares in MilDef. For the former majority shareholder in Handheld Group, the newly issued shares will be subject to lock-up agreements for 18 months from the acquisition. The price at which the shares will be issued at will be based on the volume weighted average price for MilDef's shares on Nasdaq Stockholm for the 10 days prior to (but not including) the date when the agreement of the acquisition was announced, i.e. 71.02 SEK per share ("VWAP 10").
- The substantially larger client base, extended product portfolio as well as increased market presence in prioritised markets, creates possibilities to achieve commercial synergies and growth. The revenue synergies, measured on an annual basis, are estimated to 50-100 MSEK and are expected to be reached within two to three years, whilst the cost synergies, measured on an annual basis, are estimated to 0-5 MSEK.
- Handheld's operation will continue to operate as a separate unit under the name Handheld, whilst the process of realising commercial synergies and improving scalability will commence immediately.

- The transaction and integration costs as well as acquisition related costs are estimated to less than 1 MSEK and will be reported for the years 2022 and 2023. The transaction costs will be reported and presented as items affecting comparability.
- The acquisition of Handheld is estimated to have an accretive effect on MilDef's earnings per share already from and during 2023.
- The shares in Handheld are admitted on the date of the acquisition, which will at the earliest occur on the 21st of September 2022 and at the latest on the 31st of October. Handheld will be consolidated in the consolidated accounts from the date of the acquisition.

Handheld in brief

Handheld was founded in 1997 and is today an internationally renowned and respected actor within the customer segment of rugged computers for several customer segments, including critical infrastructure. The current owners, Jerker Hellström and Thomas Löfblad, have during the last 25 years worked with technological innovation for rugged computers and built a business model with an emphasis on international sales of rugged tablets and handhelds. Handheld has approximately 60 employees and the headquarters is located in Lidköping, Sweden. The company enjoys a diversified and international client base. The subsidiaries are spread across 8 countries and the client base consist of over 700 customers across more than 80 countries. In 2021, Handheld's revenue amounted to 191 MSEK, with an EBITDA-margin of 15%. Handheld is expected to grow its revenue by a double-digit rate in 2022 in comparison to 2021 revenue, whilst maintaining the EBITDA-margin of approximately 15%.

For more information, see www.handheldgroup.com

MilDef and Handheld – a winning combination

With the acquisition of Handheld, MilDef continues to carry-out strategic acquisitions aimed at realising the group's full potential. The combination creates value for all of MilDef's stakeholders. The deal will result in a well renown international supplier of rugged and ultra-rugged premium solutions to all forms of critical infrastructure.

MilDef will through the transaction broaden its portfolio of solutions whilst simultaneously obtaining a significantly broader client base. The group will thus be able to deliver an increased value to their customers. The transaction will also result in an increased presence in both established and new markets. The combination of the two companies' resources and competences lays the foundation for a strong platform of future growth. Moreover, there are similarities in the companies' culture and values. Both organisations emphasise upon delivering value to the customer in the form of solutions with high quality, whilst the company culture is built upon inclusion, with a pronounced team spirit amongst employees.

The integration will commence as soon as the transaction has been completed. An integration plan has been designed and synergies have been identified. During the integration phase the foremost ambition will be to take advantage of all value that is generated through the combination, to manage integration risks as well as and most importantly, ensure continuity in the business operations with a clear focus on the customers.

Tele conference / presentation

A conference will take place (on teams) for investors, analysts, and media, on the **12th of September between 11:00 CEST to 11:45 CEST**, under the direction of CEO Björn Karlsson and CFO Daniel Ljunggren.

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

Welcome!

Connecting to the meeting

Connecting to the meeting is done through [this Teams-link](#) or call in as per below (only sound)

Phone 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: **745 803 122#**

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About MilDef

MilDef was founded in 1997 in Helsingborg, Sweden and is a provider of tactical IT for demanding environments. Tactical IT includes rugged electronics, software and services. Today, MilDef's products are sold to over 160 customers through their subsidiaries in Sweden, Norway, Finland, the UK and the US as well as through a partner network to over 30 countries, primarily within the EU. MilDef is listed on Nasdaq Stockholm. www.mildef.com