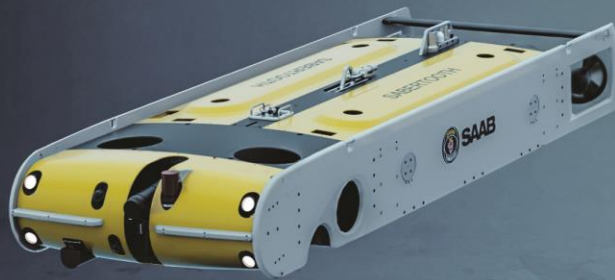




SAAB

Capacity and delivery in focus



Q2

INTERIM REPORT 2023

April-June 2023

Key Highlights

- Solid order intake amounting to SEK 14,315m (17,363) with strong growth in medium-sized orders in the quarter. Q2 last year included a GlobalEye order from Sweden of SEK 7.3bn.
- Sales increased to SEK 12,475m (10,171) with an organic growth of 22%, driven by high pace in project activity across all business areas.
- EBITDA amounted to SEK 1,618m (1,255) with a margin of 13.0% (12.3).
- Operating income (EBIT) increased 44% and amounted to SEK 1,065m (738) with a margin of 8.5% (7.3). Excluding items affecting comparability of SEK 34m, the margin was 8.3%.
- Net income for the period amounted to SEK 798m (433) and earnings per share increased to SEK 5.76 (3.15).
- Operational cash flow in the quarter declined to SEK -1,548m (531) and was due to higher outflow of supplier payments. The operational cash flow for H1 2023 was SEK 1,524m (352).
- Net liquidity position in the quarter was SEK 3.7bn (-0.1).
- Upgraded outlook for organic sales growth 2023: organic sales growth to be between 16-20%, compared to previous outlook of around 15%.

14

Order bookings, SEK bn

22

Organic sales growth, %

8.5

Operating margin, %

Financial highlights

MSEK	Jan-Jun 2023	Jan-Jun 2022	Change, %	Q2 2023	Q2 2022	Change, %	Full Year 2022
Order bookings	31,333	25,478	23	14,315	17,363	-18	63,116
Order backlog	135,181	112,367	20				127,676
Sales	23,960	19,389	24	12,475	10,171	23	42,006
Gross income	5,262	4,156	27	2,760	2,122	30	8,886
Gross margin, %	22.0	21.4		22.1	20.9		21.2
EBITDA	3,102	2,403	29	1,618	1,255	29	5,401
EBITDA margin, %	12.9	12.4		13.0	12.3		12.9
Operating income (EBIT)	1,993	1,392	43	1,065	738	44	3,274
Operating margin, %	8.3	7.2		8.5	7.3		7.8
Net income	1,533	805	90	798	433	84	2,283
of which Parent Company's shareholders' interest	1,506	775	94	774	421	84	2,195
Earnings per share after dilution, SEK	11.21	5.80	93	5.76	3.15	83	16.41
Return on equity, % ¹⁾	10.4	7.8					8.6
Operational cash flow	1,524	352		-1,548	531		2,593
Free cash flow	1,561	34		-1,564	395		1,871
Free cash flow per share after dilution, SEK	11.62	0.25		-11.63	2.95		13.99
Average number of shares after dilution	134,344,349	133,547,690		134,491,190	133,782,303		133,724,223

¹⁾ Return on equity is measured over a rolling 12-month period.



CEO comments

Capacity and delivery in focus

Micael Johansson
President and CEO

Our order bookings and sales continued to have a strong momentum in the second quarter. With an ambitious growth path ahead of us, meeting our customer commitments and deliveries is crucial for Saab's success. We are currently putting relentless effort into project execution, deliveries and capacity, which in turn is driving sales growth.

The European defence industry is experiencing strong demand which reflects the sustained military aid to Ukraine's defence. At the same time, EU and NATO countries need to strengthen their own defence capabilities, which will continue for many years. Saab's unique and diverse portfolio has proven to be well positioned and we see customer interest across all our product domains. We are increasing our R&D investments for future capabilities to make sure that our portfolio will remain strong.

The interest in working with Saab as a trusted partner is also more visible. In the quarter, Saab was selected to upgrade the German Air Force's Eurofighters, some of which will be equipped with AI-enabled Electronic Warfare capabilities. The project will be carried out with the AI company Helsing. Moreover, together with our Brazilian partner Embraer, we took an important step in the technology transfer programme with the inauguration of the production line for Gripen E in Brazil. In addition to the T-7 partnership with Boeing, we have initiated another collaboration on the Ground-Launched Small Diameter Bomb (GLSDB), which resulted in a contract in the quarter.

Our Q2 order intake amounted to SEK 14.3 billion (17.3), a decrease compared to the same quarter in 2022 which included order bookings of two GlobalEye from Sweden worth SEK 7.3 billion. The order intake in the quarter was driven by several medium-sized orders to international customers. These included a sight- and fire control order for the CV90 from BAE Systems Hägglunds for Slovakia and an additional Carl-Gustaf® M4 order from Australia. We also received our largest order to date for the autonomous underwater vehicle Sabertooth to the UAE-based company PXGEO worth SEK 620 million. In Sweden, we won a large contract of SEK 3 billion for Carl-Gustaf® ammunition.

We are ramping-up capacity to meet our customers' increased demand. In our Ground Combat business within Dynamics, we are continuously increasing capacity. In Sweden we are gradually increasing production volumes and in the U.S, we have decided to establish local production. In India, we have initiated the setup of a manufacturing facility that will supply the Indian Armed Forces with the Carl-Gustaf® system. We are also investing in capacity in our Surveillance business, where we have started production of Giraffe 1X in the U.K. In our naval business in Kockums, we focus on a potential upgrade of the Karlskrona shipyard. Moreover, we continue our intensified recruitment efforts across all businesses and so far this year we have been successful in attracting 1,000 net new employees globally. Investing in competence and resources is key to addressing demand.

We continue to have a cautious view on supply chain and inflation challenges as difficulties still remain, and we are constantly working on mitigating these.

Group sales in the quarter amounted to SEK 12.5 billion (10.2) with an organic sales growth of 22% year-over-year. The growth reflected the high pace in project activity and delivery volumes in all business areas, but with a particularly strong contribution from Surveillance and Dynamics. Based on our current expectations for programme execution and deliveries in the second half of the year, we upgrade our sales growth outlook for 2023. We now expect organic sales growth to be between 16-20% for the full year, compared to our previous outlook of around 15%.

EBIT improved 44% year-over-year and the operating margin increased to 8.5% (7.3). Excluding items affecting comparability, the margin was 8.3%. In our largest business area Surveillance, we see an EBIT improvement and the margin moving from 6.3% to 9.5%, whilst Dynamics margins have normalised in the quarter and the first-half year, compared to the favourable mix in 2022. Kockums and Combitech's margins improved year-over-year whilst Aeronautics margins declined compared the same quarter last year. We reiterate our

outlook of operating income growth higher than organic sales growth for the full year 2023.

Following the strong cash flow in Q1, the second quarter operational cash flow was negative and amounted to SEK -1.5 billion (0.5). The decrease was mainly related to large payments to suppliers and fewer larger customer milestone payments. We reiterate our outlook of positive cash flow for the full year.

We are navigating a fast-changing environment with an increased demand and we will meet this through increased capacity and by securing relevant competence. We will also continue to invest in R&D and innovation to secure future capabilities and provide state-of-the-art solutions for our customers in the long-term.

Outlook 2023

Sales growth:

Organic sales growth between 16-20%.
Old: Organic sales growth of around 15%.

Operating income:

Operating income growth higher than organic sales growth.

Operational cash flow:

Operational cash flow to be positive.

Targets 2023-2027

Sales growth:

An organic sales growth of around 10% (compound annual growth rate).

Operating income:

Operating income growth to be higher than the organic sales growth.

Operational cash flow:

Cash flow conversion of minimum 70%, cumulative for the 5-year period.

Orders

Second quarter 2023

Order bookings amounted to SEK 14,315 million (17,363), a decrease compared to the same quarter last year which included a large GlobalEye contract to Sweden of SEK 7.3 billion. Order intake was particularly strong in Dynamics in the quarter. Bookings of medium-sized orders increased 19 per cent and amounted to SEK 7,852 million (6,583) while small orders showed a slight improvement compared to last year and amounted to SEK 3,480 million (3,464). Bookings of large orders declined and amounted to SEK 2,983 million (7,316), as the comparison quarter included the GlobalEye contract to Sweden. Key orders in the quarter included Carl-Gustaf ammunition to Sweden of SEK 3 billion, sight- and fire control for CV90 to BAE Systems Hägglunds of SEK 900 million and a contract for the autonomous underwater vehicle Sabertooth of SEK 620 million. Several Gripen development and support contracts were also received within Aeronautics.

January-June 2023

Order bookings increased 23 per cent and amounted to SEK 31,333 million (25,478), with growth in all order sizes. Large order bookings increased 35 per cent and amounted to SEK 11,494 million (8,484), mainly driven by the large defence equipment order of SEK 8.5 billion received in the first quarter. Medium-sized orders grew 14 per cent and amounted to SEK 11,958 million (10,475) while small orders grew 21 per cent and amounted to 7,881 million (6,519). Order intake in the first half-year was particularly strong in Dynamics and Combitech.

The order backlog at the end of the period amounted to SEK 135,181 million, compared to SEK 127,676 million at the beginning of the year, corresponding to a 6 per cent increase. In total, 64 per cent of the backlog is attributable to international markets, compared to 62 per cent at the end of last year. For more information on the order intake, see the business area pages 8, 9 and 10.

Sales

Second quarter 2023

Sales in the second quarter grew 22.7 per cent, of which 21.5 per cent organic, and amounted to SEK 12,475 million (10,171). All business areas and Combitech reported strong sales growth reflecting the continued high pace in project activity and deliveries in the quarter.

January-June 2023

Sales in the first half-year amounted to SEK 23,960 million (19,389) corresponding to a growth of 23.6 per cent, of which organic growth was 22.8 per cent. In the period, all business areas and Combitech reported positive sales growth due to the high activity pace in projects and deliveries driven by generally higher customer activity.

Sales from international markets amounted to SEK 13,373 million (11,521) and corresponded to 56 per cent (59) of total sales. In the period, all regions except Latin America and Asia reported sales growth. 89 per cent (88) of sales were related to the defence business.

Sales growth

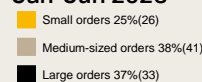
Per cent	Jan-Jun 2023	Jan-Jun 2022	Q2 2023	Q2 2022	Full Year 2022
Organic sales growth	23	-1	22	-1	5
Change from acquisitions and divestments	0	-	0	-	-
Currency translation effects	1	2	1	1	2
Total sales growth	24	1	23	0	7

Sales per region

MSEK	Jan-Jun 2023	Jan-Jun 2022	Change, %
Sweden	10,587	7,868	35
Rest of Europe	4,810	3,410	41
North America	2,727	2,027	35
Latin America	1,688	2,066	-18
Asia	2,248	2,797	-20
Africa	58	38	53
Australia, etc.	1,806	1,183	53
Undisclosed country	36	-	-
Total	23,960	19,389	24

Classification of orders	MSEK
Small orders	<100
Medium-sized orders	100-1000
Large orders	>1000

Order distribution, Jan-Jun 2023



Order backlog duration:

2023: SEK **23.2** billion
 2024: SEK **40.5** billion
 2025: SEK **32.9** billion
 2026: SEK **17.3** billion
 After 2026: SEK **21.3** billion

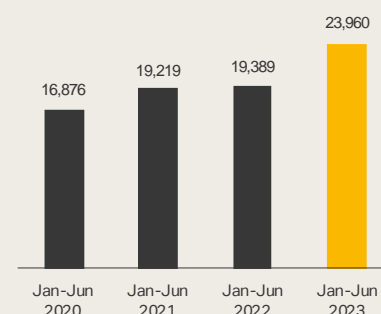
Defence/Civil

A total of 89% (92) of order bookings were attributable to defence related operations during the first half-year 2023.

Market

A total of 67% (35) of order bookings were related to markets outside Sweden during the first half-year 2023.

Sales Jan-Jun, MSEK



Income

Second quarter 2023

The gross margin improved compared to the second quarter last year and amounted to 22.1 per cent (20.9), driven by favourable volume effects. EBITDA increased 29 per cent to a margin of 13.0 per cent (12.3). Operating income grew 44 per cent to SEK 1,065 million (738) with an operating margin of 8.5 per cent (7.3). The gross margin improvement more than compensated for increased operating costs. The quarter included a capital gain from property divestment of SEK 58 million, partly offset by write-downs in the minority portfolio of SEK 24 million. Excluding for the items affecting comparability, the operating margin in the quarter was 8.3 per cent.

January-June 2023

Gross income grew 27 per cent to SEK 5,262 million (4,156) with a gross margin improvement to 22.0 per cent (21.4), driven mainly by the strong sales growth.

Total depreciation, amortisation and write-downs amounted to SEK 1,109 million (1,011). Depreciation of tangible fixed assets and right-of-use assets amounted to SEK 741 million (660).

Expenditures for internally funded investments in R&D amounted to SEK 943 million (823), of which SEK 250 million (248) has been capitalised. Capitalised expenditures are mainly attributable to the development of Gripen E/F. Amortisation and write-downs of intangible fixed assets amounted to SEK 368 million (351), of which amortisation and write-downs of capitalised development expenditures amounted to SEK 294 million (280). R&D amortisation is mainly related to GlobalEye, amounting to SEK 187 million (187) in the first half-year 2023.

The share of income in associated companies and joint ventures amounted to SEK -355 million (-21), including write-downs in the minority portfolio of SEK -284 million, classified as items affecting comparability, see also note 5.

EBITDA grew 29 per cent to SEK 3,102 million (2,403) with a corresponding margin of 12.9 per cent (12.4). The improvements were mainly driven by the higher gross income, which more than offset higher operating costs during the first half-year.

Operating income increased by 43 per cent and amounted to SEK 1,993 million (1,392), with a margin of 8.3 per cent (7.2). The improvement was mainly driven by increased sales volumes in most business areas and Combitech. Items affecting comparability had a net positive impact of SEK 44 million in the first half-year from the capital gain related to the sale of the MTM operations and a property and the write-downs in the minority portfolio. See note 5 for further information.

Financial net

MSEK	Jan-Jun 2023	Jan-Jun 2022
Financial net related to pensions	-19	-36
Net interest items	60	-42
Currency gains/losses	-82	-28
Lease liability interest	-68	-47
Other financial items	58	-204
Total	-51	-357

The financial net related to pensions is the financial cost for net pension obligations recognised in the balance sheet. See note 13 for more information regarding defined-benefit pension plans.

Net interest items refer to interest on liquid assets, short-term investments and interest expenses on short- and long-term interest-bearing liabilities and interest on interest-rate swaps. Currency gains/losses recognised in the financial net are mainly related to currency hedges of the tender portfolio, which are measured at fair value through profit and loss.

Lease liability interest consists of the interest portion related to lease liabilities recognised in the balance sheet.

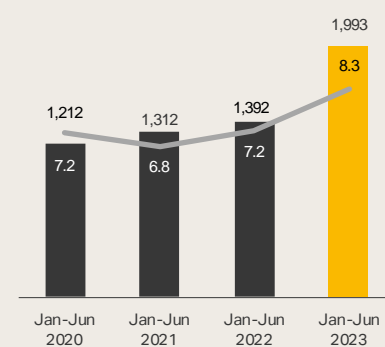
Other financial items consist of realised and unrealised results from short-term investments and derivatives as well as other currency effects, e.g. changes in exchange rates for liquid assets in currencies other than SEK.

Other financial items was positive in the first half-year and reflected lower movements in market interest rate and credit spreads which had a favourable impact on unrealised market value changes of short-term investments compared to last year.

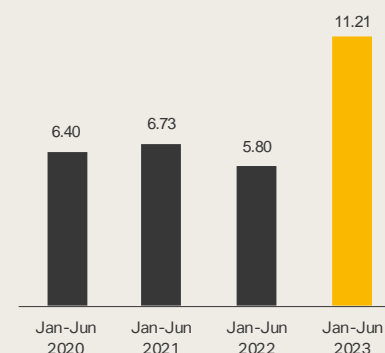
Tax

Current and deferred taxes amounted to SEK -409 million (-230) for the first half-year 2023, corresponding to an effective tax rate of 21 (22) per cent. The effective tax rate was positively affected by non-taxable income from the capital gain related to the sale of the MTM operations and property offsetting the negative effects from non-deductible write-downs in the minority portfolio.

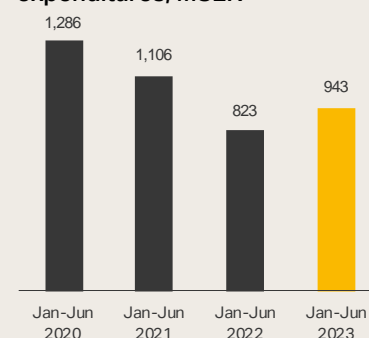
Operating income (MSEK) and margin (%), Jan-Jun



Earnings per share after dilution, SEK



Internally funded R&D expenditures, MSEK



Financial position and liquidity

At the end of June 2023, Saab had a net liquidity of SEK 3,653 million, an improvement of SEK 1,221 million compared to a net liquidity of SEK 2,432 million at year-end 2022. Net debt/EBITDA was -0.60 (-0.45) at the end of the period.

Cash flow from operating activities amounted to SEK 2,958 million (1,095).

Contract assets increased by SEK 1,807 million while contract liabilities increased by SEK 3,379 million compared to year-end 2022, following higher customer pre-payments in the period. Inventories increased by SEK 1,712 million during the first half-year 2023 with increases across business areas.

Net provisions for pensions, excluding special employer's contribution, amounted to SEK 566 million as of 30 June 2023, compared to SEK 1,068 million at year-end 2022. The positive effect on net debt of SEK 502 million was mainly related to changes in actuarial assumptions regarding discount rate, experience and plan assets. For further information on Saab's benefit pension plans, see note 13.

Tangible fixed assets amounted to SEK 8,568 million at the end of the quarter compared to 7,965 at the end of 2022. Biological assets amounted to SEK 410 million (408).

Right-of-use assets recognised in the balance sheet amounted to SEK 2,574 million compared to 2,682 million at the end of 2022.

Net investments in the first half of the year amounted to SEK 1,451 million (856). Investments in tangible fixed assets amounted to SEK 1,049 million (620).

Investments in intangible fixed assets amounted to SEK 423 million (335), of which SEK 250 million (248) was related to capitalised R&D expenditures. The investments were mainly related to the development of Gripen E/F. Of the total investments in intangible fixed assets, SEK 173 million (87) was related to other intangible fixed assets.

As of 30 June 2023, short-term investments and liquid assets amounted to SEK 13,310 million, an increase of SEK 453 million compared to year-end 2022. In addition, the Group had unutilised revolving credit facilities amounting to SEK 6,000 million.

Capital employed increased by SEK 462 million during the period to SEK 41,413 million. The return on capital employed was 10.5 per cent (8.1) and the return on equity was 10.4 per cent (7.8), both measured over a rolling 12-month period.

Change in net debt Jan-Jun 2023

	MSEK
Net liquidity (+) / net debt (-), 31 Dec 2022 ¹⁾	2,432
Cash flow from operating activities	2,958
Change in net pension obligation	502
Net investments	-1,451
Sale of and investments in financial assets, associates and joint ventures	-32
Write-down of loan receivable to associated company	-316
Dividend	-703
Dividend to and transactions with non-controlling interest	10
Additional lease liabilities	-169
Sale of subsidiaries and other operations	382
Other items, currency impact and unrealised results from financial investments	40
Net liquidity (+) / net debt (-), 30 June 2023 ¹⁾	3,653
¹⁾ Net liquidity (+) / net debt (-) excluding net provisions for pensions, lease liabilities and interest-bearing receivables, 30 June 2023	6,387

Key indicators of financial position and liquidity

MSEK	30 Jun 2023	31 Dec 2022	Change	30 Jun 2022
Net liquidity / debt ²⁾	3,653	2,432	1,221	-116
Intangible fixed assets	12,367	12,248	119	12,318
Goodwill	5,445	5,384	61	5,419
Capitalised development costs	5,907	5,958	-51	6,010
Other intangible fixed assets	1,015	906	109	889
Tangible fixed assets, etc ³⁾	8,978	8,373	605	7,806
Right of use assets ⁴⁾	2,574	2,682	-108	2,333
Inventories	15,907	14,195	1,712	13,269
Accounts receivable	6,034	6,045	-11	4,579
Contract assets	11,718	9,911	1,807	10,642
Contract liabilities	14,568	11,189	3,379	10,492
Equity/assets ratio, %	40.2	41.3		38.7
Return on equity, %	10.4	8.6		7.8
Return on capital employed, %	10.5	8.1		8.1
Equity per share, SEK ¹⁾	231.59	222.55	9.04	201.55
1) Number of shares excluding treasury shares	132,923,392	132,488,884		132,168,930

2) The Group's net liquidity/debt refers to liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for special employers' contribution attributable to pensions. For a detailed break-down of interest-bearing receivables and interest-bearing liabilities, see note 8.

3) Including tangible fixed assets and biological assets.

4) Relate to right-of-use assets for leases.

Cash flow

Second quarter 2023

Operational cash flow was negative in the second quarter and amounted to SEK -1,548 million (531). The decrease was mainly related to higher payments to suppliers and fewer larger customer milestone payments in the quarter.

Operational cash flow is defined as cash flow from operating activities and acquisitions and divestments of intangible and tangible fixed assets. Cash flow from operating activities excludes taxes and other financial items but includes amortisation of lease liabilities.

Free cash flow amounted to SEK -1,564 million (395) and had a favourable effect of SEK 75 million from divestment of property. For more detailed information on cash flow, see note 11.

January-June 2023

Operational cash flow for the first half-year amounted to SEK 1,524 million (352). The increase was attributable to working capital, partly offset by higher investments. The lower increase in working capital compared to the same period last year was mainly due to higher customer payments.

Free cash flow amounted to SEK 1,561 million (34) and had a favourable effect of SEK 307 million from the divestment of the MTM operations and SEK 75 million from divestment of property. For more detailed information on cash flow, see note 11.

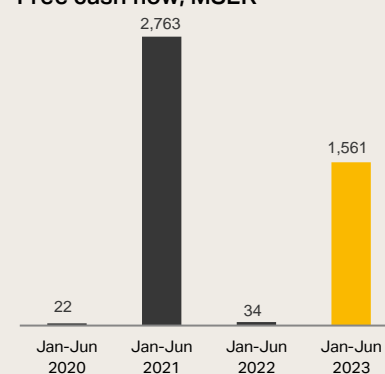
There can be large fluctuations in cash flow between reporting periods as the timing of milestone payments in large projects greatly varies depending on when milestones are reached.

MSEK	Jan-Jun 2023	Jan-Jun 2022
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items ¹⁾	3,073	2,558
Change in working capital	-98	-1,350
Cash flow from operating activities excluding taxes and other financial items	2,975	1,208
Cash flow from investing activities ²⁾	-1,451	-856
Operational cash flow	1,524	352
Taxes and other financial items	-313	-353
Sale of and investments in financial assets and operations	350	35
Free cash flow	1,561	34

1) Including amortisation of lease liabilities

2) Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets and excluding sale of and investment in financial assets, operations and subsidiaries. If investments in and sale of financial fixed assets are considered to be of operating nature, the item is included in investing activities.

Free cash flow, MSEK



Business Area

Aeronautics

Business Units

Gripen Design, Gripen Sustainment, Aviation Services, Aerospace Systems.

Market highlights

Several development and operational support contracts received for Gripen C/D from Sweden in the quarter.

Important milestones reached in the quarter with the inauguration of the Gripen E production line in Brazil and the first T-7A flight by the U.S. Air Force.

Sales and operating income

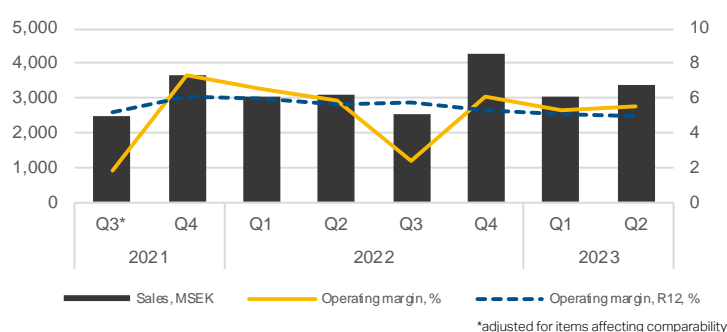
Sales improved in the quarter driven by growth in all business units.

EBIT showed an improvement in the quarter compared to last year while the EBIT margin declined, mainly due to increased marketing and campaign costs as well as higher R&D.

Cash flow

The operating cash flow in the quarter was negative and the decline related to lower milestone payments from customers.

MSEK	Jan-Jun 2023	Jan-Jun 2022	Change, %	Q2 2023	Q2 2022	Full Year 2022
Order bookings	3,602	4,138	-13	2,176	2,839	13,119
Order backlog	39,781	40,455	-2			42,645
Sales	6,467	6,129	6	3,397	3,073	12,942
EBITDA	451	459	-2	239	219	858
EBITDA margin, %	7.0	7.5		7.0	7.1	6.6
Operating income (EBIT)	350	377	-7	187	178	694
Operating margin, %	5.4	6.2		5.5	5.8	5.4
Operational cash flow	-41	-120		-123	326	107



Business Area

Dynamics

Business Units

Ground Combat, Missile Systems, Underwater Systems, Barracuda, Training and Simulation, Tactical Support Solutions.

Market highlights

Strong order intake in the quarter driven by a Carl-Gustaf® ammunition order from Sweden. Additional orders included Carl-Gustaf® M4 systems to Australia and a contract for the autonomous underwater vehicle Sabertooth.

During the quarter, Saab's collaboration with Boeing on the GLSDB missile system resulted in a contract for Dynamics.

Sales and operating income

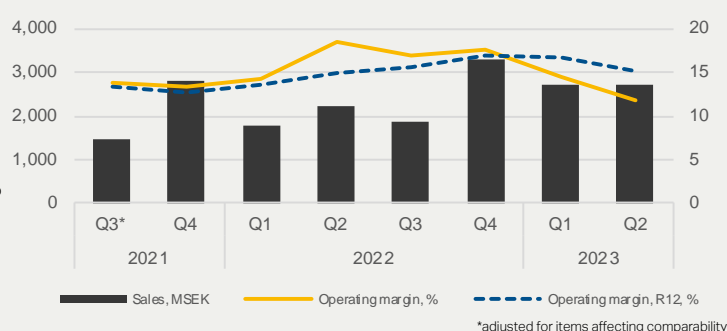
Sales increased 23% in the quarter and was driven by strong execution in several business units.

EBIT and the EBIT margin declined, however, and reflected a normalisation of the business mix compared to the favourable mix in 2022.

Cash flow

Cash flow showed a slight improvement in the quarter driven by customer payments.

MSEK	Jan-Jun 2023	Jan-Jun 2022	Change, %	Q2 2023	Q2 2022	Full Year 2022
Order bookings	16,318	6,296	159	6,688	3,663	17,811
Order backlog	41,924	24,393	72			30,821
Sales	5,422	4,001	36	2,720	2,208	9,168
EBITDA	764	702	9	350	424	1,658
EBITDA margin, %	14.1	17.5		12.9	19.2	18.1
Operating income (EBIT)	714	664	8	325	408	1,562
Operating margin, %	13.2	16.6		11.9	18.5	17.0
Operational cash flow	2,215	405		191	173	1,251



Business Area

Surveillance

Business Units

Radar Solutions, Electronic Warfare and Aircraft Systems, Combat Systems, Traffic Management.

Market highlights

Continued high interest for the Surveillance portfolio with electronic warfare solution Arexis selected as preferred solution for the German Eurofighters.

Key orders received in the quarter included a sight- and fire control contract for CV90 to BAE Systems Hägglunds. The comparison quarter included a large GlobalEye contract to Sweden.

Sales and operating income

Surveillance reported a sales growth of 33% in the quarter driven by strong performance across most business units.

EBIT showed a strong increase and the EBIT margin came in at 9.5% in the quarter. The improvement reflected the high project activity and mix.

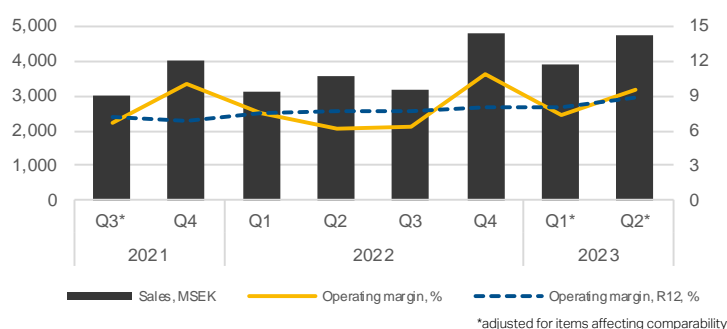
Cash flow

Cash flow was negative in the quarter and the difference compared to last year was partly due to cash outflows for supply and inventory connected to the pre-payments received from new contracts in the first quarter.

MSEK	Jan-Jun 2023	Jan-Jun 2022	Change, %	Q2 2023	Q2 2022	Full Year 2022
Order bookings	9,122	12,170	-25	4,250	9,861	22,966
Order backlog	41,570	38,319	8			41,301
Sales	8,633	6,671	29	4,739	3,562	14,616
EBITDA	1,435	856	68	667	423	1,983
EBITDA margin, %	16.6	12.8		14.1	11.9	13.6
Operating income (EBIT)	1,005	457	120	451	223	1,176
Operating margin, %	11.6	6.9		9.5	6.3	8.0
Operational cash flow	59	785		-686	650	1,314



Market
Sales in markets outside Sweden amounted to 70% (79) in the first half-year.



Business Area

Kockums

Business Units

Submarines, Surface Ships, Docksta.

Market highlights

In the quarter, Sweden and Australia signed a bilateral agreement on submarine technology, enabling Kockums' participation in Australia's Collins class life-of-type extension.

Kockums delivered the new SIGINT ship to Sweden, and a steel cutting ceremony was held for Polish Navy's new SIGINT ships.

Sales and operating income

Sales grew 27% in the quarter driven by high activity pace in projects and increased level of in-flow of material and components.

Both EBIT and the EBIT margin improved in the quarter driven by favourable mix including a high share of aftermarket business.

Cash flow

Operational cash flow declined and was negative due to supplier payments and timing of customer milestone payments.

MSEK	Jan-Jun 2023	Jan-Jun 2022	Change, %	Q2 2023	Q2 2022	Full Year 2022
Order bookings	930	1,893	-51	459	508	7,267
Order backlog	11,318	9,292	22			12,772
Sales	2,384	1,706	40	1,129	889	3,614
EBITDA	247	116	113	119	63	329
EBITDA margin, %	10.4	6.8		10.5	7.1	9.1
Operating income (EBIT)	233	101	131	112	55	300
Operating margin, %	9.8	5.9		9.9	6.2	8.3
Operational cash flow	-66	-368		-660	-242	-288



Market
Sales in markets outside Sweden amounted to 13% (8) in the first half-year.



Combitech

Market highlights

Order intake increased 54% in the quarter driven by continued favorable market demand.

A ten-year agreement was signed for technical system support to the Swedish Army's digital infrastructure.

The partnership with BAE Systems Hägglunds further strengthened with the collaboration on the CV90 and tracked vehicles projects for the European market.

Intensive recruitment efforts continued in the quarter.

Sales and operating income

Sales continued to grow in the period, driven by the favourable market fundamentals and increased number of consultants vs last year.

EBIT and the EBIT margin increased as a result of the higher sales and utilisation rates.

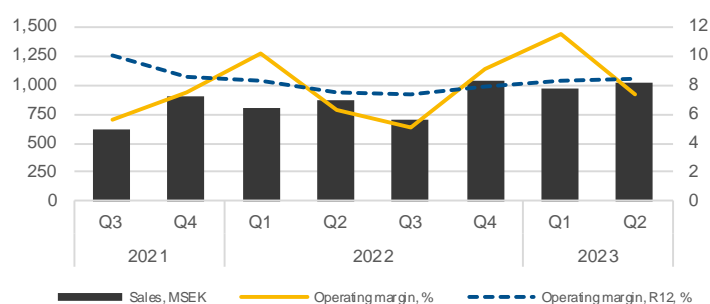
Cash flow

Cash flow was negative in the quarter due to timing of customer payments.

MSEK	Jan-Jun 2023	Jan-Jun 2022	Change, %	Q2 2023	Q2 2022	Full Year 2022
Order bookings	2,435	1,683	45	1,354	877	3,469
Order backlog	1,676	1,182	42			1,227
Sales	1,989	1,661	20	1,023	866	3,399
EBITDA	191	140	36	78	57	275
EBITDA margin, %	9.6	8.4		7.6	6.6	8.1
Operating income (EBIT)	186	136	37	75	55	267
Operating margin, %	9.4	8.2		7.3	6.4	7.9
Operational cash flow	91	20		-47	18	177



Market
Sales in markets outside Sweden amounted to 6% (7) in the first half-year.



Corporate

Corporate comprise Group staff, Group departments and other operations including Saab's minority portfolio in Corporate. The minority portfolio contains Saab's interests in UMS Skeldar AG and Ventures. Corporate reported an operating loss of SEK -495 million (-343) in the first half-year 2023. The higher loss was mainly related to the write-downs in the minority portfolio of SEK -284 million, of which SEK -260 million was reported in the first quarter and SEK -24 million in the second quarter. This was partly offset by a capital gain from the divestment of property amounting to SEK 58 million in the second quarter. These items were classified as items affecting comparability (see note 5) and excluding items affecting comparability, the Corporate operating loss was lower for the first half-year and amounted to SEK -269 million (-343).

Operational cash flow attributable to Corporate amounted to SEK -734 million (-370) in the first half-year 2023. The decrease was due to changes in working capital and increased investments.

Acquisitions and divestments 2023

On 31 March 2023, Saab completed the divestment of the Maritime Traffic Management (MTM) operation within business area Surveillance to funds advised by Agilitas Private Equity LLP. The purchase price amounted to EUR 46 million and the transaction generated a capital gain of SEK 270 million with a positive effect on free cash flow of SEK 307 million. The capital gain has been classified as an item affecting comparability, see note 5. In 2022, the divested MTM operations had sales of SEK 356 million and an operating income of SEK 42 million. During the second quarter 2023, Saab divested property in accordance with the resolution from the Annual General Meeting for the Share Purchase Agreement and a Lease Agreement with Vectura. The divestment resulted in a capital gain of SEK 58 million in the second quarter, classified as an item affecting comparability, and had a positive effect on free cash flow of SEK 75 million. See also note 5 and note 15.

Share repurchase

Saab held 2,922,455 treasury shares as of 30 June 2023, compared to 3,356,963 at year-end 2022. The Annual General Meeting in 2023 authorised that Saab may enter into an equity swap agreement with a third party to hedge the expected financial exposure of LTI 2024. The Annual General Meeting also decided to authorise the Board, before the next Annual General Meeting, to decide on the acquisition of Series B shares up to a maximum of 10 percent of the total number of shares in the company. The purpose of the authorisation is to be able to adjust the company's capital structure and thereby contribute to increased shareholder value as well as to enable continued use of repurchased shares in connection with potential acquisitions of companies and for the company's share-related incentive programmes.

Risks and uncertainties

Saab's operations primarily involve the development, production and supply of technologically advanced hardware and software to military and civilian customers around the world. Operations largely consist of major projects carried out over long periods of time, usually several years, in close cooperation with customers, suppliers, partners and institutions. Projects generally entail significant investments, long periods of time and technological development or refinement of products. In addition to customer and supplier relations, international operations involve joint ventures and collaborations with other industries as well as the establishment of operations abroad. Operations entail risk in various respects. The key risk areas are strategic, market and political, operating, financial and compliance. Various policies and instructions govern the management of material risks. Saab today conducts projects involving a large share of development, and their inherent complexity entails a higher level of risk. Furthermore, the market is characterised by conditions where orders can be deferred to the future partly for financial and political reasons.

The uncertainty in the global supply chain and a higher inflationary environment also entails a risk for Saab and its operations. The risks primarily relate to the availability of certain raw materials, components and longer lead times, as well as higher general inflation. Some of these risks are managed through contract management, re-planning and intensified dialogue and negotiations with suppliers.

Risks related to a pandemic outbreak cannot be ruled out and can impact Saab's operations through limited access to customers, employees, disruptions in supply chains, lock-downs in society and deteriorating market conditions in the civil aviation market. The effects from a pandemic may further cause electronics shortages, shipping delays and increased costs. Saab continues to monitor the long-term effects following the COVID-19 pandemic. For a general description of the risk areas, see the Annual Report 2022, pages 38-44.

Risks related to the armed conflict in Ukraine

Saab has no defence related sales exposure to Belarus and Russia, but is closely monitoring the effects on the business from the war in Ukraine. Saab's crisis management organisation continues to focus on security, embargo and sanction practises. Saab is operating on a highly regulated market and it is essential for Saab as a responsible defence company to comply with all applicable regulations and commitments regarding export control and sanctions, i.e. sanctions from EU, UN, OSCE or other applicable country specific sanctions. The conflict in Ukraine and the increased geopolitical tension, has led to increased security measures at Saab. This may lead to increased costs for security to protect Saab's sites, personnel, IT and cyber security.

Owners

Largest owners, 30 June 2023:

	% of capital	% of votes
Investor AB	30.2	40.4
Wallenberg Investments	8.7	7.7
Swedbank Robur Funds	5.0	4.4
Vanguard	2.4	2.2
BlackRock	1.9	1.7
Norges Bank	1.8	1.6
Schroders	1.5	1.4
Goldman Sachs Asset Management	1.1	1.0
Life Insurance		
Skandia	1.0	0.9
AFA Insurance	1.0	0.9

Source: Modular Finance

The percentage of votes is calculated on the number of shares excluding treasury shares.

Personnel

	30 Jun 2023	31 Dec 2022
Number of employees	20,066	19,002
FTEs	20,091	19,121

Sustainability at Saab

A commitment to the needs of society has been Saab's core mission since its founding. Today we look to the future, focusing on the challenges our stakeholders encounter. Saab contributes to strengthened resilience and security for individuals and society as a whole, which are prerequisites for sustainable development.

Highlights during the quarter

- Saab hosted two Supplier's Days, with over 400 suppliers attending. The focus was on sustainability and the increased need for cooperation to reach sustainability goals.
- Sustainable innovations submitted to Saab's "Climate Innovation call" have been down-selected and granted funding. The selected innovations are in areas such as product development and efficiency, simulation capabilities and energy efficiency improvements.
- With the ambition to become a sustainability leader in our industry, Saab hosted a seminar at Almedalen on the topic "The path to sustainable defence" with representatives from the Swedish Armed Forces, the Swedish Defence Materiel Administration, the Swedish Export Credit Corporation and political parties. The participants shared the view that joint efforts for sector specific sustainability actions are important.

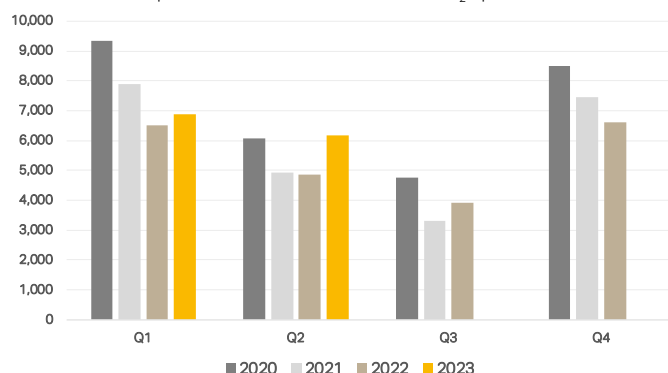
In November last year, Saab initiated an electricity savings campaign to reduce the electricity consumption by 10 per cent in its facilities in Europe. Significant savings were made thanks to driving both operational efficiencies and through ongoing employee activities. However, following the higher industry demand in the wake of the Ukraine war, these savings and efficiency improvements were offset by increased production at Saab's facilities. The achieved reduction in electricity for the campaign period, which lasted until April 2023, was 1 per cent.

During the second quarter, scope 1 and 2 emissions increased by 27 per cent, driven by an increase in fuel emissions from flight testing and delivery flights, as well as increased business travel reported in scope 1. The customer use of Saab's aerial fire fighter services also increased in the quarter, as a result of more frequent forest fires.

In addition, emissions from electricity increased due to higher production activity at our international sites. During the second half of the year, we expect to increase the amount of renewable energy at these sites. Meanwhile, in recent efforts to transition away from CO₂-intense sources of fuel at one of our larger Swedish production facilities, a significant increase in renewable energy was achieved. This resulted in a 42 per cent emission reduction at the site in the quarter compared to last year.



Quarterly Emissions Scope 1 & 2 Market Based
Comparison Year-over-Year in Tonne CO₂e per Quarter



Responsible sourcing

In line with Saab's sustainability ambitions, suppliers are encouraged to sign up to the Science-based Targets initiative. Saab has a goal that at least 50 per cent of its purchase volumes should come from suppliers that have committed to the initiative by 2027.

For the management of sustainability in the supply chain, Saab is working together with external partner Ecovadis for third-party sustainability audits and risk management. The goal is that all strategic suppliers participate in these assessments. Two thirds of the targeted suppliers have committed to conduct an Ecovadis review so far.

Climate

During the quarter, Saab's Science-based Targets project held its first Joint Climate Task Force Meeting where each project collaboration group shared the progress that has been made. At the end of the period, several project milestones were completed which resulted in a 71 per cent completion rate of identified milestones during the first half of this year.

From 1st of June, the decision to only allow zero-emission vehicles on orders for new company cars entered into force. This means that only fully electric vehicles are available to lease for employees located at our sites in Sweden, which is a natural progression and the result of reaching Saab's previous phase-out target of fossil-fuel only vehicles by 2025.

People

Saab focuses on diversity and inclusion with the ambition to increase the share of women as managers and employees. At the end of the second quarter, the share of female employees showed an increase compared to the end of 2022 while the share of female managers decreased.

Year-to-date, LTIFR and TRIFR increased compared to 2022 due to higher competence in accurately classifying incidents and implementation of enhanced system support. The reported incidents per workplace injury indicator improved as a result of increased reporting in combination with a lower number of occupational accidents.

Performance Indicators ¹	Dec 2021	Dec 2022	YTD 2023
Lost Time Injury Frequency Rate (LTIFR) ²	0.59	0.84	1.09
Total Recordable Injury Frequency Rate (TRIFR) ³	-	2.61	2.65
Reported incidents per workplace injury ⁴	5.1	4.4	4.5
Share of women managers	27%	27%	26%
Share of women employees	24%	24%	25%

¹ All performance indicators are global

² Number of lost-time injuries / total hours worked x 1,000,000

³ Number of recordable injuries / total hours worked x 1,000,000

⁴ Increased incidence reporting leads to fewer accidents

Significant events

January-June 2023

On 10 February, Saab announced changes in its Group Management and organisation that took effect on 1 March 2023. Lars Tossman was appointed Head of business area Aeronautics. Mats Wicksell assumed the position as Head of business area Kockums and became a new member of Saab's Group Management team. Jonas Hjelm took on a new position within the Group Management team as Head of the newly established group function, Government Affairs.

On 14 February, Saab announced new medium-term financial targets for the period 2023-2027. These targets replace Saab's long-term targets on sales growth and operating income. The new targets are provided on the back of improved growth opportunities from increased market demand and Saab's significant order backlog.

On 23 February, Saab announced it had received an order for NLAW from Finland. The order value was approx. SEK 400 million with product deliveries planned during 2024.

On 24 February, Saab announced it had signed a framework agreement with a Government of a Western country and received orders within the agreement for a number of defence systems. The total order value is approximately SEK 8 billion with deliveries planned 2023-2026.

On 30 March, Saab announced it had signed framework agreements with NATO Support and Procurement Agency (NSPA) for the Carl-Gustaf® M4 weapon system and the AT4 anti-armour weapon. The NSPA has also placed call-off orders with a total value of approximately SEK 350 million.

On 5 April, Saab held its Annual General Meeting in Stockholm, Sweden. The Annual General Meeting decided on a dividend of SEK 5.30 per share. Read more on www.saab.com/agm.

On 9 May, the Gripen E production line was inaugurated at Embraer's plant in Brazil. This is an important milestone in the technology transfer programme and the companies' commitment to work together on new business opportunities.

On 25 May, Saab received an order for sight- and fire control capability from BAE Systems Hägglunds for the CV90 combat vehicles ordered by the Slovak Republic. The order value is approx. SEK 900 million and deliveries are scheduled 2023-2029.

On 29 May, Saab received an order from the Swedish Defence Materiel Administration (FMV) for Carl-Gustaf® ammunition. The order value is approx. SEK 3 billion and deliveries will take place during 2026-2030.

On 5 June, Saab received an order for the autonomous underwater vehicle Sabertooth from marine geophysical company PXGEO. The order value is SEK 620 million and deliveries will take place 2023-2025.

On 16 June, Saab announced its Arexis sensor suite has been selected by Germany's defence procurement office (BAAINBw) as the preferred solution for the German Eurofighter Electronic Warfare (EW) variant. At this point, Saab has not yet signed a contract nor received an order for this.

On 30 June, Saab received an order from the Swedish Defence Materiel Administration (FMV) for Gripen development and operational support. The total value of the order is SEK 345 million.

On 30 June, Saab welcomed the first T-7A Red Hawk flight by a United States Air Force's (USAF) pilot taking place on 28 June from St. Louis, USA. The first flight is a historic achievement for the T-7A program.

For more information on significant orders received during the period, see page 4 and the comments on the business areas on page 8-10. All press releases can be found on <https://www.saab.com/newsroom>.

Events after the conclusion of the period

On 4 July, Saab announced it had received an order from the Australian Department of Defence for supply of additional Carl-Gustaf® M4 weapons. The order value is SEK 400 million, booked in Q2, with deliveries during 2024-2025.



Sight- and fire control for CV90 to BAE

"We look forward to continuing to deliver our proven sight- and fire control capability for BAE Systems' CV90, providing the user with precise targeting capability regardless of the vehicle's movements," said Carl-Johan Bergholm, head of Saab's business area Surveillance.

Carl-Gustaf ammunition order to Sweden

"We are proud to continue to deliver our world-leading solutions to Sweden and contribute to the Swedish defence capability. This order secures the Swedish Armed Forces supply of Carl-Gustaf ammunition and is a result of the weapon's capacity and robustness," said Micael Johansson, President and CEO of Saab.

Consolidated income statement

MSEK	Note	Jan-Jun 2023	Jan-Jun 2022	Rolling 12 Months	Full Year 2022
Sales	4	23,960	19,389	46,577	42,006
Cost of goods sold		-18,698	-15,233	-36,585	-33,120
Gross income		5,262	4,156	9,992	8,886
<i>Gross margin, %</i>		22.0	21.4	21.5	21.2
Other operating income	5	397	87	541	231
Marketing expenses		-1,328	-1,191	-2,470	-2,333
Administrative expenses		-941	-746	-1,738	-1,543
Research and development costs		-987	-855	-1,949	-1,817
Other operating expenses		-55	-38	-70	-53
Share of income in associated companies and joint ventures	5	-355	-21	-431	-97
Operating income (EBIT) ¹⁾	3	1,993	1,392	3,875	3,274
<i>Operating margin, %</i>		8.3	7.2	8.3	7.8
Financial income		300	84	410	194
Financial expenses		-351	-441	-559	-649
Net financial items		-51	-357	-149	-455
Income before taxes		1,942	1,035	3,726	2,819
Taxes		-409	-230	-715	-536
Net income for the period		1,533	805	3,011	2,283
of which Parent Company's shareholders' interest		1,506	775	2,926	2,195
of which non-controlling interest		27	30	85	88
Earnings per share before dilution, SEK ²⁾		11.35	5.87	22.08	16.61
Earnings per share after dilution, SEK ³⁾		11.21	5.80	21.80	16.41
1) Of which depreciation/amortisation and write-downs		-1,109	-1,011	-2,225	-2,127
2) Average number of shares before dilution		132,688,558	131,977,407	132,513,162	132,157,586
3) Average number of shares after dilution		134,344,349	133,547,690	134,190,618	133,724,223

Consolidated statement of comprehensive income

MSEK	Jan-Jun 2023	Jan-Jun 2022	Rolling 12 Months	Full Year 2022
Net income for the period	1,533	805	3,011	2,283
Other comprehensive income/loss:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	534	3,381	1,872	4,719
Tax attributable to revaluation of net pension obligations	-110	-697	-388	-975
Equity instruments classified as measured at fair value through other comprehensive income	2	-	1	-1
Tax attributable to equity instruments classified as measured at fair value through other comprehensive income	-0	-	-0	0
Total	426	2,684	1,485	3,743
Items that may be reversed in the income statement:				
Translation differences	140	683	273	816
Cash flow hedges	-198	130	-66	262
Tax attributable to cash flow hedges	41	-26	15	-52
Total	-17	787	222	1,026
Other comprehensive income/loss for the period	409	3,471	1,707	4,769
Net comprehensive income/loss for the period	1,942	4,276	4,718	7,052
of which Parent Company's shareholders' interest	1,903	4,223	4,616	6,936
of which non-controlling interest	39	53	102	116

Consolidated statement of financial position

MSEK	Note	30 Jun 2023	31 Dec 2022	30 Jun 2022
ASSETS				
Fixed assets:				
Intangible fixed assets	7	12,367	12,248	12,318
Tangible fixed assets		8,568	7,965	7,453
Biological assets		410	408	353
Right of use assets		2,574	2,682	2,333
Shares in associated companies and joint ventures		262	343	394
Financial investments		287	118	43
Long-term receivables		594	695	702
Deferred tax assets		367	403	342
Total fixed assets		25,429	24,862	23,938
Current assets:				
Inventories		15,907	14,195	13,269
Derivatives		1,910	1,835	1,839
Tax receivables		249	36	223
Accounts receivable		6,034	6,045	4,579
Contract assets		11,718	9,911	10,642
Other receivables		1,678	1,232	1,279
Prepaid expenses and accrued income		1,441	1,101	1,462
Short-term investments		11,295	9,988	9,723
Liquid assets	11	2,015	2,869	2,659
Assets held for sale	12	-	291	-
Total current assets		52,247	47,503	45,675
TOTAL ASSETS		77,676	72,365	69,613
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity:				
Parent Company's shareholders' interest		30,784	29,486	26,639
Non-controlling interest		419	390	326
Total shareholders' equity		31,203	29,876	26,965
Long-term liabilities:				
Long-term lease liabilities		2,122	2,240	1,958
Other long-term interest-bearing liabilities	8	6,750	6,749	6,836
Other liabilities		88	90	88
Provisions for pensions	13	681	1,304	2,605
Other provisions		2,707	2,566	2,446
Deferred tax liabilities		1,253	1,140	791
Total long-term liabilities		13,601	14,089	14,724
Current liabilities:				
Short-term lease liabilities		579	554	498
Other short-term interest-bearing liabilities	8	174	445	1,730
Contract liabilities		14,568	11,189	10,492
Accounts payable		4,412	4,870	3,657
Derivatives		2,438	1,664	1,728
Tax liabilities		415	198	381
Other liabilities		793	1,097	894
Accrued expenses and deferred income		8,828	7,216	7,475
Provisions		665	1,035	1,069
Liabilities related to assets held for sale	12	-	132	-
Total current liabilities		32,872	28,400	27,924
Total liabilities		46,473	42,489	42,648
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		77,676	72,365	69,613

Consolidated statement of changes in equity

MSEK	Capital stock	Other capital contributions	Net result of cash flow hedges	Translation reserve	Retained earnings	Total parent company's shareholders' interest	Non-controlling interest	Total shareholders' equity
Opening balance, 1 January 2022	2,174	6,099	-34	404	14,333	22,976	273	23,249
Net comprehensive income/loss for the period January-June 2022			104	660	3,459	4,223	53	4,276
Transactions with shareholders:								
Share matching plan					91	91		91
Dividend					-647	-647	-	-647
Acquisition and sale of non-controlling interest					-4	-4	-	-4
Closing balance, 30 June 2022	2,174	6,099	70	1,064	17,232	26,639	326	26,965
Net comprehensive income/loss for the period July-December 2022			106	128	2,479	2,713	63	2,776
Transactions with shareholders:								
Share matching plan					111	111		111
Dividend					-	-	-30	-30
Acquisition and sale of non-controlling interest					23	23	31	54
Closing balance, 31 December 2022	2,174	6,099	176	1,192	19,845	29,486	390	29,876
Opening balance, 1 January 2023	2,174	6,099	176	1,192	19,845	29,486	390	29,876
Net comprehensive income/loss for the period January-June 2023			-157	129	1,931	1,903	39	1,942
Transactions with shareholders:								
Share matching plan					98	98		98
Dividend					-703	-703	-21	-724
Acquisition and sale of non-controlling interest					-	-	11	11
Closing balance, 30 June 2023	2,174	6,099	19	1,321	21,171	30,784	419	31,203

Consolidated statement of cash flows

MSEK	Note	Jan-Jun 2023	Jan-Jun 2022	Full Year 2022
Operating activities:				
Income after financial items		1,942	1,035	2,819
Adjustments for items not affecting cash flows		1,439	1,681	3,319
Dividend from associated companies and joint ventures		31	9	44
Income tax paid		-356	-280	-596
Cash flow from operating activities before changes in working capital		3,056	2,445	5,586
Cash flow from changes in working capital:				
Contract assets and liabilities		1,373	-1,562	-153
Inventories		-1,864	-1,625	-2,550
Other current receivables		-323	904	-241
Other current liabilities		837	1,250	2,552
Provisions		-121	-317	-540
Cash flow from operating activities		2,958	1,095	4,654
Investing activities:				
Capitalised development costs		-250	-248	-500
Investments in other intangible fixed assets		-173	-87	-186
Investments in tangible fixed assets		-1,049	-620	-1,624
Sales and disposals of tangible fixed assets including biological assets		21	99	117
Investments in and sale of short-term investments		-1,280	209	-49
Investments in financial assets, associated companies and joint ventures		-238	-104	-240
Sale of financial assets, associated companies and joint ventures		-	2	2
Sale of subsidiaries and other operations		382	42	42
Cash flow from investing activities		-2,587	-707	-2,438
Financing activities:				
Repayments of loans		-269	-7	-1,386
Amortisation of lease liabilities		-296	-240	-524
Raising of loans		-	1,394	1,394
Dividend paid to Parent Company's shareholders		-703	-647	-647
Dividend paid to non-controlling interest		-	-25	-62
Transactions with non-controlling interest		10	-5	47
Cash flow from financing activities		-1,258	470	-1,178
Cash flow for the period		-887	858	1,038
Liquid assets at the beginning of the period		2,869	1,701	1,701
Exchange rate difference in liquid assets		33	100	130
Liquid assets at end of period	11	2,015	2,659	2,869

Quarterly consolidated income statement

MSEK	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Sales	12,475	11,485	13,866	8,751	10,171	9,218	11,943	7,992
Cost of goods sold	-9,715	-8,983	-11,017	-6,870	-8,049	-7,184	-9,531	-6,246
Gross income	2,760	2,502	2,849	1,881	2,122	2,034	2,412	1,746
Gross margin, %	22.1	21.8	20.5	21.5	20.9	22.1	20.2	21.8
Other operating income	114	283	101	43	69	18	98	23
Marketing expenses	-687	-641	-582	-561	-638	-553	-620	-523
Administrative expenses	-491	-450	-463	-334	-384	-362	-407	-340
Research and development costs	-522	-465	-529	-433	-439	-416	-416	-372
Other operating expenses	-41	-14	5	-20	6	-44	-6	-18
Share of income in associated companies and joint ventures	-68	-287	-68	-8	2	-23	15	-16
Operating income (EBIT) ¹⁾	1,065	928	1,314	568	738	654	1,076	500
Operating margin, %	8.5	8.1	9.5	6.5	7.3	7.1	9.0	6.3
Financial income	173	127	42	68	52	32	28	31
Financial expenses	-226	-125	-7	-201	-240	-201	-103	-109
Net financial items	-53	2	35	-133	-188	-169	-75	-78
Income before taxes	1,012	930	1,349	435	550	485	1,001	422
Taxes	-214	-195	-195	-111	-117	-113	-210	-98
Net income for the period	798	735	1,154	324	433	372	791	324
of which Parent Company's shareholders' interest	774	732	1,115	305	421	354	733	296
of which non-controlling interest	24	3	39	19	12	18	58	28
Earnings per share before dilution, SEK ²⁾	5.83	5.52	8.42	2.31	3.19	2.68	5.56	2.24
Earnings per share after dilution, SEK ³⁾	5.76	5.45	8.32	2.28	3.15	2.66	5.52	2.22
1) Of which depreciation/amortisation and write-downs	-553	-556	-569	-547	-517	-494	-511	-477
2) Average number of shares before dilution	132,797,185	132,579,931	132,417,754	132,257,777	132,067,095	131,887,719	131,743,033	132,116,615
3) Average number of shares after dilution	134,491,190	134,370,647	134,058,461	133,842,175	133,782,303	133,267,371	132,861,467	133,198,087

Quarterly consolidated statement of comprehensive income

MSEK	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net income for the period	798	735	1,154	324	433	372	791	324
Other comprehensive income/loss:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	701	-167	1,173	165	1,978	1,403	-345	94
Tax attributable to revaluation of net pension obligations	-145	35	-245	-33	-407	-290	71	-19
Equity instruments classified as measured at fair value through other comprehensive income	2	-0	-1	-	-	-	-	-
Tax attributable to equity instruments classified as measured at fair value through other comprehensive income	-0	0	0	-	-	-	-	-
Total	558	-132	927	132	1,571	1,113	-274	75
Items that may be reversed in the income statement:								
Translation differences	311	-171	-268	401	414	269	123	58
Net gain/loss on cash flow hedges	-152	-46	273	-141	-84	214	-69	-170
Tax attributable to net gain/loss on cash flow hedges	32	9	-57	31	18	-44	15	37
Total	191	-208	-52	291	348	439	69	-75
Other comprehensive income/loss for the period	749	-340	875	423	1,919	1,552	-205	0
Net comprehensive income/loss for the period	1,547	395	2,029	747	2,352	1,924	586	324
of which Parent Company's shareholders' interest	1,509	394	2,006	707	2,321	1,902	522	292
of which non-controlling interest	38	1	23	40	31	22	64	32

Key ratios by quarter

MSEK	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Equity/assets ratio, (%)	40.2	39.6	41.3	39.3	38.7	38.0	35.7	36.4
Return on capital employed, % ³⁾	10.5	9.6	8.8	8.4	8.1	8.1	8.1	7.7
Return on equity, % ³⁾	10.4	9.5	8.6	7.6	7.8	8.4	9.0	8.5
Equity per share, SEK ^{1) 3)}	231.59	225.57	222.55	207.25	201.55	188.85	174.31	170.42
Free cash flow, MSEK ³⁾	-1,564	3,125	1,439	398	395	-361	1,377	-1,403
Free cash flow per share after dilution, SEK ^{2) 3)}	-11.63	23.26	10.73	2.97	2.95	-2.71	10.36	-10.53
1) Number of shares excluding treasury shares	132,923,392	132,670,977	132,488,884	132,346,624	132,168,930	131,965,259	131,810,178	131,675,887
2) Average number of shares after dilution	134,491,190	134,370,647	134,058,461	133,842,175	133,782,303	133,267,371	132,861,467	133,198,087
3) For more information and explanations regarding the usage of these key ratios, please see saab.com , investor, financial data, key ratios.								

Quarterly information per operating segment

MSEK	Q2 2023	Operating margin	Q1 2023	Operating margin	Q4 2022	Operating margin	Q3 2022	Operating margin
Sales								
Aeronautics	3,397		3,070		4,258		2,555	
Dynamics	2,720		2,702		3,287		1,880	
Surveillance	4,739		3,894		4,793		3,152	
Kockums	1,129		1,255		1,134		774	
Combitech	1,023		966		1,035		703	
Corporate/elimination	-533		-402		-641		-313	
Total	12,475		11,485		13,866		8,751	
Operating income/loss								
Aeronautics	187	5.5%	163	5.3%	257	6.0%	60	2.3%
Dynamics	325	11.9%	389	14.4%	580	17.6%	318	16.9%
Surveillance	451	9.5%	554	14.2%	520	10.8%	199	6.3%
Kockums	112	9.9%	121	9.6%	139	12.3%	60	7.8%
Combitech	75	7.3%	111	11.5%	95	9.2%	36	5.1%
Corporate	-85		-410		-277		-105	
Total	1,065	8.5%	928	8.1%	1,314	9.5%	568	6.5%
MSEK	Q2 2022	Operating margin	Q1 2022	Operating margin	Q4 2021	Operating margin	Q3 2021	Operating margin
Sales								
Aeronautics	3,073		3,056		3,637		2,479	
Dynamics	2,208		1,793		2,790		1,456	
Surveillance	3,562		3,109		4,008		3,030	
Kockums	889		817		1,128		707	
Combitech	866		795		904		621	
Corporate/elimination	-427		-352		-524		-301	
Total	10,171		9,218		11,943		7,992	
Operating income/loss								
Aeronautics	178	5.8%	199	6.5%	267	7.3%	47	1.9%
Dynamics	408	18.5%	256	14.3%	371	13.3%	201	13.8%
Surveillance	223	6.3%	234	7.5%	400	10.0%	204	6.7%
Kockums	55	6.2%	46	5.6%	116	10.3%	33	4.7%
Combitech	55	6.4%	81	10.2%	69	7.6%	34	5.5%
Corporate	-181		-162		-147		-19	
Total	738	7.3%	654	7.1%	1,076	9.0%	500	6.3%

2021 has been restated due to a minor structural change as parts of a department within Combitech has been migrated to Surveillance. Proforma statements are found at saab.com/investors/financial-data.

Multi-year overview

MSEK	2022	2021	2020	2019	2018
Order bookings	63,116	43,569	42,328	27,216	27,975
Order backlog at 31 December	127,676	105,177	99,816	93,293	102,184
Sales	42,006	39,154	35,431	35,433	33,156
<i>Sales in Sweden, %</i>	42	38	36	37	41
<i>Sales in Europe excluding Sweden, %</i>	19	17	18	16	14
<i>Sales in North America, %</i>	11	11	11	11	10
<i>Sales in Latin America, %</i>	9	15	13	12	12
<i>Sales in Rest of the World, %</i>	19	19	22	24	24
<i>Organic sales growth, %</i>	5	11	1	6	4
Operating income (EBIT)	3,274	2,888	1,315	2,937	2,266
<i>Operating margin, %</i>	7.8	7.4	3.7	8.3	6.8
Adjusted operating income	3,274	2,888	2,738	2,937	2,564
<i>Adjusted operating margin, %</i>	7.8	7.4	7.4	8.3	7.7
Depreciation/amortisation and write-downs	2,127	1,938	1,518	1,368	916
EBITDA	5,401	4,826	2,833	4,305	3,182
<i>EBITDA margin, %</i>	12.9	12.3	8.0	12.1	9.6
Income after financial items	2,819	2,577	1,112	2,607	1,796
Net income for the year	2,283	2,025	1,092	2,025	1,366
Total assets	72,365	65,039	60,568	59,858	56,128
Equity	29,876	23,249	21,644	20,809	19,633
Free cash flow ¹⁾	1,871	2,737	3,753	-2,036	-3,195
<i>Cash conversion, % ⁴⁾</i>	79	113	101 ³⁾	-44	-95 ³⁾
<i>Return on capital employed, % ¹⁾</i>	8.8	8.1	4.3	9.1	8.7
<i>Return on equity, % ¹⁾</i>	8.6	9.0	5.1	10.0	8.1
<i>Equity/assets ratio, %</i>	41.3	35.7	35.7	34.8	35.0
Earnings per share before dilution, SEK ¹⁾²⁾	16.61	14.57	8.07	14.88	11.27
Earnings per share after dilution, SEK ¹⁾²⁾	16.41	14.45	8.01	14.81	11.21
Dividend per share, SEK	5.30	4.90	4.70	-	4.50
Equity per share, SEK ¹⁾²⁾	222.55	174.31	162.32	154.48	145.43
Number of employees at year-end	19,002	18,153	18,073	17,420	17,096
Number of shares excluding treasury shares as of 31 December ²⁾	132,488,884	131,810,178	132,247,073	132,926,363	133,482,880
Average number of shares before dilution ²⁾	132,157,586	132,164,599	133,009,986	133,245,360	116,467,822
Average number of shares after dilution ²⁾	133,724,223	133,293,340	133,877,141	133,929,292	117,144,915

1) For more information and explanations regarding the usage of these key ratios, please see saab.com, investor, financial data, key ratios.

2) The average number of shares outstanding for the comparative period 2018 has been adjusted in accordance with IAS 33, Earnings per share, in accordance with the terms of the rights issue completed in 2018.

3) Adjusted for items affecting comparability

4) Cash conversion = operational cash flow / operating income

Parent company

The Parent Company includes units within the business areas Aeronautics, Dynamics, Surveillance as well as one unit within Combitech. Group staff and Group support are also included. A major part of the Group's operations is included in the Parent Company. Separate notes to the Parent Company's financial statements and a separate description of risks and uncertainties for the Parent Company have therefore not been included in this half-year report.

Parent company income statement

MSEK	Jan-Jun 2023	Jan-Jun 2022	Full Year 2022
Sales	13,639	11,445	24,075
Cost of goods sold	-11,193	-9,552	-20,287
Gross income	2,446	1,893	3,788
Gross margin, %	17.9	16.5	15.7
Operating income and expenses	-1,977	-1,663	-3,366
Operating income (EBIT)	469	230	422
Operating margin, %	3.4	2.0	1.8
Financial income and expenses	-82	21	1,743
Income after financial items	387	251	2,165
Appropriations	-	-	-623
Income before taxes	387	251	1,542
Taxes	-92	-8	-206
Net income for the period	295	243	1,336

Parent company balance sheet

MSEK	Note	30 Jun 2023	31 Dec 2022	30 Jun 2022
ASSETS				
Fixed assets:				
Intangible fixed assets		1,007	918	926
Tangible fixed assets		5,059	4,802	4,492
Financial fixed assets		7,678	8,297	8,022
Total fixed assets		13,744	14,017	13,440
Current assets:				
Inventories		9,501	8,704	7,956
Current receivables		16,753	17,459	16,777
Short term investments		11,275	9,986	9,722
Liquid assets		1,003	1,603	1,776
Total current assets		38,532	37,752	36,231
TOTAL ASSETS		52,276	51,769	49,671
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity:				
Restricted equity		3,360	3,360	3,366
Unrestricted equity		11,821	12,132	10,922
Total shareholders' equity		15,181	15,492	14,288
Untaxed reserves, provisions and liabilities:				
Untaxed reserves		3,309	3,309	2,686
Provisions		2,620	2,704	2,647
Liabilities	8	31,166	30,264	30,050
Total untaxed reserves, provisions and liabilities		37,095	36,277	35,383
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		52,276	51,769	49,671

Liquidity, financing, capital expenditures and number of employees

The Parent Company's net liquidity amounted to SEK 1,512 million as of 30 June 2023 compared to a net liquidity of SEK 2,647 million as of 31 December 2022. Investments in tangible fixed assets amounted to SEK 392 million (359). Investments in intangible assets amounted to SEK 168 million (82). At the end of the period, the Parent Company had 10,505 employees compared to 10,055 at the beginning of the year.

Notes to the financial statements

Note 1 Corporate information

Saab AB (publ.), corporate identity no. 556036-0793, has its registered office in Linköping, Sweden. The company's head office is located at Olof Palmes gata 17, 5tr, SE-111 22 Stockholm, Sweden, telephone number +46-8-463 00 00. Saab's B shares are listed on Nasdaq Stockholm since 1998 and on the large cap list as of October 2006. The company's operations, including subsidiaries, associated companies and joint ventures, are described in the annual and sustainability report 2022.

Note 2 Accounting principles

The consolidated accounts for the first half-year 2023 have been prepared in accordance with IAS 34 Interim Reporting and the Annual Accounts Act. The Parent Company's accounts have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The Group's and the Parent Company's accounting principles are described on pages 106-108, and concerning significant income statement and balance sheet items, in each note disclosure in the annual report 2022.

The half-year report is condensed and does not contain all the information and disclosures in the annual report and should therefore be read together with the annual report 2022. All the information on pages 1-29 constitutes the interim report for the first half-year 2023.

The Group and the Parent Company use the accounting principles and calculation methods as described in the annual report 2022. Important estimates and assumptions are disclosed in note 2 in the annual report 2022.

Note 3 Segment reporting

Saab is a leading high-technology company, with its main operations in defence, aviation and civil security. Operations are primarily focused on well-defined areas in defence electronics, missile systems, and naval systems as well as military and commercial aviation. Saab is also active in technical services and maintenance. Saab has a strong position in Sweden and the main part of sales is generated in Europe. In addition, Saab has a local presence in Australia, the U.S., South Africa, and in other selected countries. Saab's operating and management structure is divided into four business areas, which are also operating segments: Aeronautics, Dynamics, Surveillance and Kockums. In addition, Combitech, which provides consulting services, is an independent, wholly owned subsidiary of Saab. Corporate comprises Group staff and departments, a minority portfolio containing Saab's ownership interests in companies in various stages of development as well as other operations outside the core operations. The Group's operating segments recognise all lease contracts as expenses on a straight-line basis over the lease term.

Aeronautics

Aeronautics is a world-leading manufacturer of innovative aerial systems and is engaged in development of military aviation technology. It also conducts long-term future studies of manned and unmanned aircraft as preparation for new systems and further development of existing products.

Dynamics

Dynamics offers a market-leading product portfolio comprising ground combat weapons, missile systems, torpedoes, unmanned underwater vehicles, systems for training and simulation, signature management systems for armed forces around the world, and niche products for the civil and defence markets.

Surveillance

Surveillance provides efficient solutions for safety and security, for surveillance and decision support, and for threat detection, location, and protection. The portfolio covers airborne, ground-based and naval radar, electronic warfare and combat systems and C4I solutions.

Kockums

Kockums develops, delivers, and maintains world-class solutions for naval environments. Its portfolio includes submarines with the Stirling system for air independent propulsion, surface combatants, mine hunting systems and autonomous vessels. Kockums' unique competence is in signature management, impact strength and advanced stealth technology.

Combitech

Combitech is an independent subsidiary of Saab and from 1 July 2021 reported as an operating segment outside the business area structure within Saab Group. Combitech is one of the largest technology consulting firms in Sweden, combining technology with cutting-edge expertise to create solutions for its customers' specific needs. Combitech is active in aviation, defence, telecom and other industries as well as the public sector. Combitech offers services in systems development, systems integration, information security, systems security, communications, mechanics, technical product information and logistics.

Order bookings per operating segment

MSEK	Jan-Jun 2023	Jan-Jun 2022	Change, %	Q2 2023	Q2 2022	Rolling 12 Months	Full Year 2022
Aeronautics	3,602	4,138	-13	2,176	2,839	12,583	13,119
Dynamics	16,318	6,296	159	6,688	3,663	27,833	17,811
Surveillance	9,122	12,170	-25	4,250	9,861	19,918	22,966
Kockums	930	1,893	-51	459	508	6,304	7,267
Combitech	2,435	1,683	45	1,354	877	4,221	3,469
Corporate/elimination	-1,074	-702	-612	-385	-1,888	-1,888	-1,516
Total	31,333	25,478	23	14,315	17,363	68,971	63,116

Order bookings per region

MSEK	Jan-Jun 2023	Jan-Jun 2022	Change, %	Q2 2023	Q2 2022	Full Year 2022
Sweden	10,336	16,435	-37	7,178	12,354	31,832
Rest of Europe	5,513	3,005	83	3,342	1,797	18,605
North America	3,457	2,114	64	1,954	966	6,110
Latin America	22	942	-98	-5	485	2,032
Asia	1,354	1,683	-20	773	1,056	2,197
Africa	59	42	40	25	3	361
Australia, etc.	2,081	1,257	66	1,048	702	1,979
Undisclosed country	8,511	-	-	-	-	-
Total	31,333	25,478	23	14,315	17,363	63,116

Order backlog per operating segment

MSEK	30 Jun 2023	31 Dec 2022	30 Jun 2022
Aeronautics	39,781	42,645	40,455
Dynamics	41,924	30,821	24,393
Surveillance	41,570	41,301	38,319
Kockums	11,318	12,772	9,292
Combitech	1,676	1,227	1,182
Corporate/elimination	-1,088	-1,090	-1,274
Total	135,181	127,676	112,367

Order backlog per region

MSEK	30 Jun 2023	31 Dec 2022	30 Jun 2022
Sweden	48,347	48,485	42,741
Rest of Europe	37,445	36,799	25,495
North America	9,081	8,201	6,607
Latin America	18,343	20,012	20,755
Asia	7,491	8,409	10,959
Africa	574	615	345
Australia etc.	5,425	5,155	5,465
Undisclosed country	8,475	-	-
Total	135,181	127,676	112,367

Sales per operating segment

MSEK	Jan-Jun 2023	Jan-Jun 2022	Change, %	Q2 2023	Q2 2022	Change, %	Rolling 12 Months	Full Year 2022
Aeronautics	6,467	6,129	6	3,397	3,073	11	13,280	12,942
Dynamics	5,422	4,001	36	2,720	2,208	23	10,589	9,168
Surveillance	8,633	6,671	29	4,739	3,562	33	16,578	14,616
Kockums	2,384	1,706	40	1,129	889	27	4,292	3,614
Combitech	1,989	1,661	20	1,023	866	18	3,727	3,399
Corporate/elimination	-935	-779		-533	-427		-1,889	-1,733
Total	23,960	19,389	24	12,475	10,171	23	46,577	42,006

Sales per region

MSEK	Jan-Jun 2023	% of sales	Jan-Jun 2022	% of sales	Full Year 2022	% of sales
Sweden	10,587	44	7,868	41	17,555	42
Rest of Europe	4,810	20	3,410	18	7,838	19
North America	2,727	11	2,027	10	4,466	11
Latin America	1,688	7	2,066	11	3,901	9
Asia	2,248	9	2,797	14	5,910	14
Africa	58	0	38	0	88	0
Australia, etc.	1,806	8	1,183	6	2,248	5
Undisclosed country	36	0	-	-	-	-
Total	23,960	100	19,389	100	42,006	100

Information on large customers

During the first half-year 2023, Saab had one customer that separately accounted for 10 per cent or more of the Group's sales. The Swedish Defence is a customer of all business areas and total sales amounted to SEK 9,030 million (6,625). In the comparative period, the Brazilian State also constituted a customer that separately accounted for 10 per cent or more of the Group's sales. It is a customer primarily to business area Aeronautics and total sales amounted to SEK 1,944 million during the first half-year 2022.

Seasonal variation

A major part of Saab's business is related to large projects where the revenue is recognised by using the percentage of completion method. The costs incurred in these projects are normally lower during the third quarter compared to other quarters. The fourth quarter is also usually affected by a higher number of deliveries, mainly within Dynamics.

Operating income per operating segment

MSEK	Jan-Jun 2023	% of sales	Jan-Jun 2022	% of sales	Q2 2023	Q2 2022	Rolling 12 Months	Full Year 2022
Aeronautics	350	5.4	377	6.2	187	178	667	694
Dynamics	714	13.2	664	16.6	325	408	1,612	1,562
Surveillance	1,005	11.6	457	6.9	451	223	1,724	1,176
Kockums	233	9.8	101	5.9	112	55	432	300
Combitech	186	9.4	136	8.2	75	55	317	267
Group segments' operating income	2,488	10.4	1,735	8.9	1,150	919	4,752	3,999
Corporate	-495		-343		-85	-181	-877	-725
Total	1,993	8.3	1,392	7.2	1,065	738	3,875	3,274

Depreciation/amortisation and write-downs per operating segment

MSEK	Jan-Jun 2023	Jan-Jun 2022	Change, %	Q2 2023	Q2 2022	Rolling 12 Months	Full Year 2022
Aeronautics	101	82	23	52	41	183	164
Dynamics	50	38	32	25	16	108	96
Surveillance	430	399	8	216	200	838	807
Kockums	14	15	-7	7	8	28	29
Combitech	5	4	25	3	2	9	8
Corporate	509	473	8	250	250	1,059	1,023
Total	1,109	1,011	10	553	517	2,225	2,127

Operational cash flow per operating segment

MSEK	Jan-Jun 2023	Jan-Jun 2022	Q2 2023	Q2 2022	Rolling 12 Months	Full Year 2022
Aeronautics	-41	-120	-123	326	186	107
Dynamics	2,215	405	191	173	3,061	1,251
Surveillance	59	785	-686	650	588	1,314
Kockums	-66	-368	-660	-242	14	-288
Combitech	91	20	-47	18	248	177
Corporate	-734	-370	-223	-394	-332	32
Total	1,524	352	-1,548	531	3,765	2,593

Capital employed per operating segment

MSEK	30 Jun 2023	31 Dec 2022	30 Jun 2022
Aeronautics	10,339	9,547	9,256
Dynamics	4,450	5,616	5,489
Surveillance	11,345	11,970	11,287
Kockums	1,546	1,515	1,375
Combitech	1,158	979	943
Corporate/elimination	12,575	11,324	11,782
Total	41,413	40,951	40,132

Full time equivalents (FTEs) per operating segment

Number at end of the period	30 Jun 2023	31 Dec 2022	30 Jun 2022
Aeronautics	5,275	5,131	5,140
Dynamics	3,638	3,420	3,250
Surveillance	5,904	5,583	5,378
Kockums	1,558	1,462	1,312
Combitech	2,138	2,064	1,974
Corporate	1,578	1,461	1,312
Total	20,091	19,121	18,366

Note 4 Distribution of sales

MSEK	Aeronautics		Dynamics		Surveillance		Kockums		Combitech		Corporate/ elimination		Group	
	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022
External sales	6,427	6,101	5,319	3,900	8,386	6,438	2,352	1,690	1,352	1,153	124	107	23,960	19,389
Internal sales	40	28	103	101	247	233	32	16	637	508	-1,059	-886	-	-
Total sales	6,467	6,129	5,422	4,001	8,633	6,671	2,384	1,706	1,989	1,661	-935	-779	23,960	19,389
Sales by customer:														
Military customers	5,971	5,777	5,052	3,680	7,395	5,475	2,352	1,690	585	468	74	29	21,429	17,119
Civilian customers	456	324	267	220	991	963	-	-	767	685	50	78	2,531	2,270
Total external sales	6,427	6,101	5,319	3,900	8,386	6,438	2,352	1,690	1,352	1,153	124	107	23,960	19,389
Sales by significant source:														
Long-term customer contracts	5,393	4,954	1,996	1,036	6,206	4,712	1,524	1,302	-	25	77	35	15,196	12,064
Services	821	1,072	758	617	1,425	1,192	591	375	1,264	1,101	38	66	4,897	4,423
Products	213	75	2,565	2,247	755	534	237	13	88	27	9	6	3,867	2,902
Total external sales	6,427	6,101	5,319	3,900	8,386	6,438	2,352	1,690	1,352	1,153	124	107	23,960	19,389
Sales by domain:														
Air	5,813	5,654	128	119	4,144	2,668	-	-	20	21	37	16	10,142	8,478
Land	64	53	4,231	3,052	1,381	1,166	-	-	591	479	9	-	6,276	4,750
Naval	5	1	939	716	1,750	1,585	2,352	1,690	3	5	44	67	5,093	4,064
Civil Security	28	24	13	9	1,025	1,009	-	-	201	155	26	16	1,293	1,213
Commercial Aeronautics	517	367	-	-	-	1	-	-	4	3	5	9	526	380
Other/not distributed	-	2	8	4	86	9	-	-	533	490	3	-1	630	504
Total external sales	6,427	6,101	5,319	3,900	8,386	6,438	2,352	1,690	1,352	1,153	124	107	23,960	19,389
Sales recognition method:														
Over time	5,665	5,608	2,647	1,486	6,337	5,217	2,330	1,631	1,352	1,120	89	39	18,420	15,101
Point in time	762	493	2,672	2,414	2,049	1,221	22	59	-	33	35	68	5,540	4,288
Total external sales	6,427	6,101	5,319	3,900	8,386	6,438	2,352	1,690	1,352	1,153	124	107	23,960	19,389

Note 5 Items affecting comparability

Item affecting comparability	Business Area	Line item	Jan-Jun 2023	Jan-Jun 2022	Q2 2023	Q2 2022	Full Year 2022
Write-down of associated companies	Corporate	Share of income in associated companies and joint ventures	-284	-	-24	-	-
Capital gain from the divestment of MTM	Surveillance	Other operating income	270	-	-	-	-
Capital gain from divestment of property	Corporate	Other operating income	58	-	58	-	-
Total			44	-	34	-	-

Note 6 Dividend to Parent Company's shareholders

The Annual General Meeting 2023 held on April 5, decided on a dividend to the Parent Company's shareholders of SEK 5.30 per share, corresponding to a total dividend of SEK 703 million. Record date for the dividend was April 11 2023 and the dividend was paid out on April 14 2023.

Note 7 Intangible fixed assets

MSEK	30 Jun 2023	31 Dec 2022	30 Jun 2022
Goodwill	5,445	5,384	5,419
Capitalised development costs	5,907	5,958	6,010
Other intangible assets	1,015	906	889
Total	12,367	12,248	12,318

Note 8 Net liquidity/debt

MSEK	30 Jun 2023	31 Dec 2022	30 Jun 2022
Assets:			
Liquid assets	2,015	2,869	2,659
Short-term investments	11,295	9,988	9,723
Total liquid investments	13,310	12,857	12,382
Short-term interest-bearing receivables	76	67	71
Long-term interest-bearing receivables	457	564	559
Long-term receivables attributable to pensions	19	19	39
Total interest-bearing assets	13,862	13,507	13,051
Liabilities:			
Lease liabilities	2,701	2,794	2,456
Bonds and other debt instruments	6,822	7,101	8,472
Liabilities to associated companies and joint ventures	52	48	48
Other interest-bearing liabilities	49	45	46
Provisions for pensions ¹⁾	585	1,087	2,145
Total interest-bearing liabilities and provisions for pensions	10,209	11,075	13,167
Net liquidity (+) / net debt (-)	3,653	2,432	-116

1) Excluding provisions for special employers' contribution attributable to pensions.

Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2026 SEK 4 billion, 2024, SEK 2 billion)	6,000	-	6,000
Overdraft facility (Maturity 2023)	95	7	88
Total	6,095	7	6,088

Parent Company

MSEK	30 Jun 2023	31 Dec 2022	30 Jun 2022
Long-term bonds and other debt instruments	6,704	6,704	6,792
Short-term bonds and other debt instruments	88	397	1,680
Total	6,792	7,101	8,472

Since 2009, Saab has a Medium Term Note programme (MTN) to enable issuance of bonds in the capital market. During 2018 the MTN programme was increased to SEK 10,000 million. A major part of the bonds are issued as Floating Rate Notes (FRN). During the quarter no bonds matured and no new bonds were issued. Bonds outstanding within the MTN programme amounted to SEK 6,793 million by the end of the quarter.

No revolving credit facilities have been utilised during the period.

Note 9 Capital employed

MSEK	30 Jun 2023	31 Dec 2022	30 Jun 2022
Total assets	77,676	72,365	69,613
Less non-interest bearing liabilities	36,263	31,414	29,481
Capital employed	41,413	40,951	40,132

Note 10 Financial instruments

Classification and categorisation of financial assets and liabilities²⁾

Carrying amount	30 Jun 2023	31 Dec 2022	30 Jun 2022
Financial assets:			
Valued at amortised cost ⁴⁾ :			
Accounts receivable, contract assets and other receivables	19,165	17,295	16,965
Liquid assets	2,015	2,869	2,659
Long-term receivables	576	676	663
Valued at fair value through profit and loss ³⁾ :			
Short-term investments	11,295	9,988	9,723
Derivatives for trading	13	75	42
Financial investments	233	66	43
Valued at fair value through other comprehensive income ³⁾ :			
Derivatives identified as hedges	1,897	1,760	1,797
Equity investments elected to be classified as fair value through other comprehensive income	54	52	-
Total financial assets	35,248	32,781	31,892
Financial liabilities:			
Valued at amortised cost:			
Interest-bearing liabilities ¹⁾	9,625	9,988	11,022
Other liabilities ⁴⁾	11,307	10,740	9,799
Valued at fair value through profit and loss ³⁾ :			
Derivatives for trading	83	21	34
Valued at fair value through other comprehensive income ³⁾ :			
Derivatives identified as hedges	2,355	1,643	1,694
Total financial liabilities	23,370	22,392	22,549

¹⁾ Fair value

²⁾ Derivatives with positive values are recognised as assets and derivatives with negative values are recognised as liabilities. Derivatives with a legal right of offset amount to SEK 1,291 million.

³⁾ The impact of credit risk on these instruments is considered low given the limits in the current investment policy.

⁴⁾ Carrying amount, in Saab's assessment, essentially corresponds to fair value.

The Group has used the same valuation methods as in the year-end closing of 2022, as described in the annual report 2022 on page 149, note 35. As of June 30 2023, the Group had the following financial assets and liabilities at fair value:

Financial assets at fair value

MSEK	30 Jun 2023	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	11,295	11,295	-	-
Forward exchange contracts	1,474	-	1,474	-
Currency options	1	-	1	-
Interest rate swaps	417	-	417	-
Electricity derivatives	18	18	-	-
Shares, participations and long-term receivables	287	-	-	287
Total	13,492	11,313	1,892	287

Financial liabilities at fair value

MSEK	30 Jun 2023	Level 1	Level 2	Level 3
Forward exchange contracts	2,394	-	2,394	-
Currency options	12	-	12	-
Interest rate swaps	22	-	22	-
Electricity derivatives	10	10	-	-
Total	2,438	10	2,428	-

Note 11 Supplemental information on statement of cash flows

Free cash flow

MSEK	Jan-Jun 2023	Jan-Jun 2022	Q2 2023	Q2 2022	Full year 2022
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items ¹⁾	3,073	2,558	1,674	1,329	5,718
Cash flow from changes in working capital:					
Contract assets and liabilities	1,373	-1,562	-727	-339	-153
Inventories	-1,864	-1,625	-844	-624	-2,550
Other current receivables	-323	904	-1,387	332	-241
Other current liabilities	837	1,250	563	431	2,552
Provisions	-121	-317	-118	-232	-540
Change in working capital	-98	-1,350	-2,513	-432	-932
Cash flow from operating activities excluding taxes and other financial items	2,975	1,208	-839	897	4,786
Investing activities:					
Investments in intangible fixed assets	-423	-335	-190	-149	-686
Investments in tangible fixed assets	-1,049	-620	-525	-312	-1,624
Sales and disposals of tangible fixed assets including biological assets	21	99	6	95	117
Cash flow from investing activities ²⁾	-1,451	-856	-709	-366	-2,193
Operational cash flow	1,524	352	-1,548	531	2,593
Taxes and other financial items	-313	-353	-87	-173	-656
Sale of and investments in financial assets, associated companies and joint ventures	-32	-7	-4	-5	-108
Sale of subsidiaries and other operations	382	42	75	42	42
Free cash flow	1,561	34	-1,564	395	1,871

1) Including amortisation of lease liabilities

2) Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets and excluding sale of and investment in financial assets, operations and subsidiaries. If investments in and sale of financial fixed assets are considered to be of operating nature, the item is included in investing activities.

Free cash flow vs. statement of cash flows

MSEK	Jan-Jun 2023	Jan-Jun 2022	Q2 2023	Q2 2022	Full Year 2022
Free cash flow	1,561	34	-1,564	395	1,871
Investing activities – interest-bearing:					
Short-term investments	-1,280	209	1,424	-83	-49
Other financial investments and receivables	-206	-95	-93	-62	-130
Financing activities:					
Repayments of loans	-269	-7	-21	-	-1,386
Raising of loans	-	1,394	-	1,394	1,394
Dividend paid to the Parent Company's shareholders	-703	-647	-703	-647	-647
Dividend paid to non-controlling interest	-	-25	-	-	-62
Transactions with non-controlling interest	10	-5	10	-5	47
Cash flow for the period	-887	858	-947	992	1,038

Liquid assets

MSEK	30 Jun 2023	31 Dec 2022	30 Jun 2022
The following components are included in liquid assets:			
Cash and bank balances	1,330	1,619	1,647
Bank deposits	685	1,250	1,012
Total according to balance sheet	2,015	2,869	2,659
Total according to statement of cash flows	2,015	2,869	2,659

Note 12 Business combinations

No significant acquisitions through business combinations were made during the first half-year 2023. On 31 March 2023, Saab completed the divestment of the Maritime Traffic Management (MTM) operation within business area Surveillance to funds advised by Agilitas Private Equity LLP. The purchase price amounted to EUR 46 million and the transaction generated a capital gain of SEK 270 million with a positive effect on free cash flow of SEK 307 million. The capital gain has been classified as an item affecting comparability, see note 5. In 2022, the divested MTM operations had sales of SEK 356 million and an operating income of SEK 42 million. The operations were presented separately in the statement of financial position as assets held for sale and liabilities related to assets held for sale as of December 31 2022.

During the second quarter 2023, Saab divested property in accordance with the resolution from the Annual General Meeting for the Share Purchase Agreement and a Lease Agreement with Vectura. The divestment resulted in a capital gain of SEK 58 million, classified as an item

affecting comparability, and had a positive effect on free cash flow of SEK 75 million. See also note 5 and note 15.

Note 13 Defined-benefit plans

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary. Defined-benefit plans mainly relate to the Swedish operations, where the ITP2 plan accounts for more than 90 per cent of the total obligation.

Pension obligation according to IAS 19

MSEK	30 Jun 2023	31 Dec 2022	30 Jun 2022
Defined-benefit obligation	9,719	9,742	10,883
Special employers' contribution	96	217	460
Less assets under management	9,153	8,674	8,777
Total provisions for pensions	662	1,285	2,566
of which reported as long-term receivable	19	19	39

Actuarial gains and losses are recognised in other comprehensive income. The actuarial gain related to the Swedish pension plans amounted to SEK 511 million net in the first half-year 2023 primarily due to the following:

Negative experience adjustment resulted in an actuarial loss of SEK 272 million.

The return on assets under management was higher than expected which led to an actuarial gain of SEK 328 million.

Assumptions about inflation and demographics were unchanged from the beginning of the year and did not result in any actuarial results. The inflation assumption was 1.75 per cent. The assumed discount rate increased from 3.75 per cent to 4.00 per cent resulting in an actuarial gain of SEK 355 million.

The actuarial gain related to the special employer's contribution amounted to SEK 100 million.

Note 14 Contingent liabilities

No additional significant commitments have arisen during the first half-year 2023. With regard to the Group's so-called performance guarantees for commitments to customers, the likelihood of an outflow of resources is estimated as remote and, as a result, no value is recognised.

Note 15 Transactions with related parties

The Annual General Meeting held April 5 2023 approved a Share Purchase Agreement and a Lease Agreement with Vectura, an indirect wholly-

owned subsidiary of Investor AB regarding premises to be used by business area Kockums and the subsidiary Combitech AB in southern Sweden. The sale of property was completed in the second quarter 2023, see notes 12 and 5. No other significant transactions have occurred during the first half-year 2023. Related parties with which the Group has transactions are described in note 37 in the Annual Report 2022.

Note 16 Definitions

Below are definitions of financial key ratios that are used in the report. For more information and explanations regarding the usage of these key ratios, please see saab.com, investor, financial data, key ratios.

Capital employed

Total assets less non-interest-bearing liabilities.

Cash conversion

Operational cash flow divided by operating income (EBIT).

Earnings per share

Net income for the period attributable to the Parent Company's shareholders, divided by the average number of shares before and after full dilution.

EBITDA

Operating income before depreciation/amortisation and write-downs.

EBITDA adjusted for items affecting comparability

Operating income before depreciation/amortisation and write-downs adjusted for items classified as affecting comparability.

EBITDA margin

Operating income before depreciation/amortisation and write-downs as a percentage of sales.

EBITDA margin adjusted for items affecting comparability

Operating income before depreciation/amortisation and write-downs adjusted for items affecting comparability as a percentage of adjusted sales.

Effective tax rate

Current and deferred taxes as a percentage of income before tax.

Equity/assets ratio

Equity in relation to total assets.

Equity per share

Equity attributable to the Parent Company's shareholders divided by the number of shares, excluding treasury shares, at the end of the period.

Free cash flow

Cash flow from operating activities including amortisation of lease liabilities and cash flow from investing activities, excluding acquisitions and divestments of short-term investments and other interest-bearing financial assets.

Free cash flow per share

Free cash flow divided by the average number of shares after dilution.

Full Time Equivalent, FTE

Refers to the number of full-time equivalent employees. Excludes long-term absentees and consultants but includes fixed term employees and part-time employees.

Gross income adjusted for items affecting comparability

Gross income adjusted for items classified as affecting comparability.

Gross margin

Gross income as a percentage of sales.

Gross margin adjusted for items affecting comparability

Gross income adjusted for items affecting comparability as a percentage of adjusted sales.

Items affecting comparability

Items affecting comparability comprise the financial effects from events or transactions with material impact that are relevant to understand the result when comparing periods. Such events or transactions can relate to

restructuring programs, costs related to disputes and legal proceedings, macroeconomic developments, impairment charges and gains and losses from divestments of group companies, joint ventures or associated companies.

Net investments

Investments, sales and disposals of intangible and tangible fixed assets.

Net liquidity/net debt

Liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for pensions attributable to special employers' contribution.

Net liquidity/net debt to EBITDA

End of period Net liquidity/net debt divided by 12-month rolling reported EBITDA

Number of employees

Headcount of all employed by the company, excluding fixed term employees and consultants.

Operating income

Income before financial items and tax.

Operating income adjusted for items affecting comparability

Operating income (EBIT) adjusted for items classified as affecting comparability.

Operating margin adjusted for items affecting comparability

Operating income adjusted for items affecting comparability as a percentage of adjusted sales.

Operating margin

Operating income (EBIT) as a percentage of sales.

Operational cash flow

Cash flow from operating activities, excluding taxes and other financial items, amortisation of lease liabilities and investments, sales and disposals of intangible and tangible fixed assets.

Order backlog

Total value of orders at the end of the period.

Order bookings

Total value of orders received during the period.

Organic sales growth

Change in sales in percentage adjusted for effects from exchange rate due to the translation of foreign subsidiaries, and structural changes such as acquisitions and divestments of subsidiaries.

Research and development, R&D

Research and development costs are recognised separately in the income statement and comprise the cost of self-financed new and continued product development as well as amortisation and any write-down of capitalised development costs.

Research and development expenditures comprise both expenses incurred as costs excluding amortization and write-downs, and expenses capitalised as development costs in the statement of financial position.

Return on capital employed

Operating income plus financial income (rolling 12 months) as a percentage of average capital employed.

Return on equity

Net income for the period (rolling 12 months) as a percentage of average equity.

Sales adjusted for items affecting comparability

Sales adjusted for items classified as affecting comparability.

Glossary

AEW&CS	Airborne Early Warning & Control System
C4I	Command, Control, Communications, Computers, and Intelligence
CDP	Global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts
FMV	Swedish Defence Materiel Administration, Sw, "Försvarets Materielverk"
FRN	Floating Rate Note
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
MTN	Medium Term Note, loan facility for issuance of bonds with a duration of 1-15 years
MTM	Maritime Traffic Management
NLAW	Next Generation Light Anti-Tank Weapon
SBTi	Science Based Targets initiative

The Board of Directors and the President have ensured that the half-year report provides an accurate overview of the Parent Company's and the Group's operations, financial position and results, and that it describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm 20 July 2023

Saab AB (publ)

Marcus Wallenberg

Chairman

Bert Nordberg
Board member

Lena Erixon
Board member

Henrik Henriksson
Board member

Danica Kragic Jensfelt
Board member

Sara Mazur
Board member

Johan Menckel
Board member

Erika Söderberg Johnson
Board member

Sebastian Tham
Board member

Joakim Westh
Board member

Stefan Andersson
Board member

Göran Andersson
Board member

Magnus Gustafsson
Board member

Micael Johansson

President and CEO and Board member

This half-year report has not been subject to review by the company's auditors.



SAAB

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Media and financial analyst conference:

20 July 2023 at 10.00 (CET)

Live webcast:

<https://www.saab.com/investors/webcast/q2-2023>

Conference call:

Please dial in using one of the numbers below:

Sweden: +46 8 5051 0031

UK: +44 207 107 06 13

US: +1 631 570 56 13

The interim report, presentation material and the webcast will be available on www.saab.com/investors

Calendar

Q3 Interim report 2023

Published 26 October 2023

Year-end report 2023

Published 9 February 2024

Important information

This half-year report may contain forward-looking statements which reflect Saab AB's current view on future events and financial and operational development. Words such as "intend", "expect", "anticipate", "may", "believe", "plan", "estimate" and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are intended to identify forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements.

This information is such that Saab AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on 20 July 2023 at 07.30 (CET).

Q2