A changing landscape

• Humanitarian tragedy connected to the war in Ukraine
• Substantial support to Ukraine including weapon systems
• Heightened security situation in Europe
• Many initiatives to strengthen European countries’ defence capabilities
• EU joint defence programmes accentuated
• National safety and security a foundation for a sustainable democracy
• Industry-wide supply challenges – early customer decision will support mitigation
• Strategic alliances forming and changing; increased importance of NATO and AUKUS
Orders Growth 8,115 MSEK 38% (5,871 MSEK)

EBITDA Margin 1,148 MSEK 12.5% (1,066 MSEK) (11.7%)

OCF -179 MSEK (-160 MSEK)

Sales Growth 9,218 MSEK 1.4% (9,088 MSEK)

EBIT Margin 654 MSEK 7.1% (597 MSEK) (6.6%)

Q1 2022 Highlights

• Strong interest in Saab’s portfolio with continued growth in order intake
• Solid start to the year, slight sales growth
• EBIT growth of 10% driven by improved gross margin and favourable product mix
• First two serially produced Gripen E arrived to Brazil and conducted first flights in country
• New product launch of the Mobile Short Range Air Defence System “MSHORAD”
Key orders in Q1

• Mid-Life Upgrade of 3rd Gotland-class submarine to Sweden
• Several important training contracts to the U.S. Marine Corps, Denmark and Finland
• Civil security solution to Australia
• Air defence system RBS 70 NG to Argentina
• AT4 Support Weapon to Indian Armed Forces
• Air traffic management solutions to airports in the U.S. and Romania
Business area summary

Aeronautics
• Medium-sized orders related to ongoing Gripen projects
• Canada selected competitor although Gripen met all requirements
• Negative impact on results from start-up of T-7 operations

MSEK | Jan-Mar 2022 | Jan-Mar 2021 | Change, % | FY 2021
---|---|---|---|---
Order intake | 1,299 | 2,041 | -36 | 7,828
Sales | 3,056 | 3,103 | -2 | 12,263
EBITDA | 240 | 241 | 0 | 871
EBITDA margin | 7.9 | 7.8 | 0 | 7.1
EBIT | 199 | 213 | -7 | 746
EBIT margin | 6.5 | 6.9 | -7 | 6.1

Dynamics
• High demand and strong interest for portfolio
• Order growth driven by Training & Simulation, Missile and Underwater Systems
• Higher volumes and favourable product mix contribute to increased EBIT and margins

MSEK | Jan-Mar 2022 | Jan-Mar 2021 | Change, % | FY 2021
---|---|---|---|---
Order intake | 2,633 | 1,341 | 96 | 10,909
Sales | 1,793 | 1,655 | 8 | 8,690
EBITDA | 278 | 182 | 53 | 1,201
EBITDA margin | 15.5 | 11.0 | 59 | 13.8
EBIT | 256 | 161 | 59 | 1,113
EBIT margin | 14.3 | 9.7 | 59 | 12.8
## Business area summary

### Surveillance
- Order growth of 36% in the quarter, driven by orders in the civil segment such as traffic management solutions
- Sales growth negative due to last year’s very high growth levels in Q1
- Increased EBIT margin driven by improved project execution and favourable project mix

### Kockums
- Strong order intake with large submarine upgrade order to Sweden
- Solid quarter with high activity in the business unit Surface Ships and continued efficiency

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Jan-Mar 2022</th>
<th>Jan-Mar 2021</th>
<th>Change, %</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>2,309</td>
<td>1,703</td>
<td>36</td>
<td>14,065</td>
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<tr>
<td>Sales</td>
<td>3,109</td>
<td>3,299</td>
<td>-6</td>
<td>13,373</td>
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<tr>
<td>EBITDA</td>
<td>433</td>
<td>355</td>
<td>22</td>
<td>1,684</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>13.9</td>
<td>10.8</td>
<td>22</td>
<td>12.6</td>
</tr>
<tr>
<td>EBIT</td>
<td>234</td>
<td>166</td>
<td>41</td>
<td>917</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>7.5</td>
<td>5.0</td>
<td>41</td>
<td>6.9</td>
</tr>
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<table>
<thead>
<tr>
<th>MSEK</th>
<th>Jan-Mar 2022</th>
<th>Jan-Mar 2021</th>
<th>Change, %</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>1,385</td>
<td>452</td>
<td>206</td>
<td>8,853</td>
</tr>
<tr>
<td>Sales</td>
<td>817</td>
<td>654</td>
<td>25</td>
<td>3,388</td>
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<tr>
<td>EBITDA</td>
<td>53</td>
<td>36</td>
<td>47</td>
<td>243</td>
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<tr>
<td>EBITDA margin</td>
<td>6.5</td>
<td>5.5</td>
<td>7.2</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>46</td>
<td>27</td>
<td>70</td>
<td>208</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>5.6</td>
<td>4.1</td>
<td></td>
<td>6.1</td>
</tr>
</tbody>
</table>
Sustainability in focus

Peace, security and stability is the foundation for a sustainable society

• Continued extensive work on sustainability and further strengthened our governance
• Proposed climate targets submitted to the Science-Based Targets initiative
• Inclusion of CO₂ emission reduction as target in Saab’s Performance Share Plan
• Implementation of the new Responsible Sales Policy
Long-term growth from increases in defence spending

**Sweden**
2022 DB: USD 9.1bn / 1.37%GDP
10 Mar 22 – Prime Minister: defence budget will increase from 1.4% to 2% of GDP.

**Norway**
2022 DB: USD 7.8bn / 1.70%GDP
18 Mar 22 – NOX 28bn (USD 338m) added to 2022 defence budget for border defence. Long Term Defense Plan (April 2020) to reach 2% of GDP by 2028.

**Finland**
2022 DB: USD 6.6bn / 2.11% of GDP (USD 7.5bn / 2.38% of GDP)
5 Apr 22 – EUR2.2bn additional funding for defence in 2023-2026 fiscal plan. EUR700m more for 2022.

**Latvia**
2022 DB: USD 0.89bn / 2.20%GDP
1 Mar 22 – Latvian cabinet approves increase in defence spending from 2.2% to 2.5% of GDP by 2025.

**Poland**
2022 DB: USD 15.2bn / 2.11%GDP
3 Mar 22 – Defence Minister: Defence budget should increase from the 2% to 3% of GDP in 2023.

**Germany**
2022 DB: USD 60.8bn / 1.33%GDP
(USD 91.1bn / 2%GDP)
27 Feb 22 – Chancellor: EUR100bn special fund for defence, budget of 2% of GDP 'from now on'.

**Denmark**
2022 DB: USD 5.5bn / 1.34%GDP
8 Mar 22 – Prime Minister: Defence budget will reach 2% of GDP by 2033.

**Netherlands**
2022 DB: USD 14.7bn / 1.37%GDP
7 Mar 22 – Prime Minister: Country already working towards 2% of GDP goal - will now look at implementing further increases to defence.

**Belgium**
2022 DB: USD 7.2bn / 1.17%GDP
21 Jan 22 (pre-invasion) – Defence Minister: Update of the Strategic Defense Vision for 2030 - defence budget will be increased from 1.17% to 1.54% of GDP by 2030.

**France**
2022 DB: USD 62.2bn / 1.98%GDP
2 Mar 22 – President: France will increase defence investment from LPM 2019-25.

**Italy**
2022 DB: USD 34.5bn / 1.52%GDP, 31 Mar 22 – Considering increasing 2022 defence budget by EUR1.5bn. Goal to reach 2%GDP by 2028.

**Austria**
2022 DB: USD 3.8bn / 0.72%GDP, 7 Mar 22 – Chancellor: Need to increase defence budget from 0.7% to 1% of GDP.

**Romania**
2022 DB: USD 6.0bn / 1.90%GDP, 1 Mar 22 – President: Romania should raise budget from 2% to 2.5% of GDP.

**Estonia**
2022 DB: USD 0.9bn / 2.27%GDP
25 Mar 22 – Government approved EUR476m uplift to defence between 2022-2026 to boost air defence capabilities. Increases budget to over 2.5% of GDP.

**Latvia**
2022 DB: USD 0.89bn / 2.20%GDP
1 Mar 22 – Latvian cabinet approves increase in defence spending from 2.2% to 2.5% of GDP by 2025.

**Lithuania**
2022 DB: USD 1.4bn / 2.01%GDP
14 Mar 22 – State Budget amendment to add EUR296m to 2022 defence budget, increase from 2.0% to 2.5% of GDP.
Strategic priorities remain intact

- Continuous focus on core areas
- Execute on multi-domestic strategy
- Invest in future capabilities; Autonomous Systems, Distributed Sensor Systems, Cyber Security and Defence Cloud offering
- Support customers’ defence capability growth
- Boost production capacity to meet higher demand
- Work proactively with supply chain challenges
- Attract and secure right competencies
Order backlog supports continued growth

- Order growth of 38% in quarter, driven by medium orders
- Backlog to sales conversion for current year, an increase of 8.4%
- Backlog at 105 BSEK and 67% outside Sweden
# Financial summary Q1 2022

## P&L comments
- Sales growth of 1.4% (13%)
- Higher gross income driven by improved project execution and favourable product mix
- EBIT and EBIT margin growth driven by improved gross margin
- Decrease in net income and EPS due to negative results from short-term investments

## Table: Saab Group

<table>
<thead>
<tr>
<th></th>
<th>MSEK</th>
<th>Q1 2022</th>
<th>Q1 2021</th>
<th>Change</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td></td>
<td>9,218</td>
<td>9,088</td>
<td>1%</td>
<td>39,154</td>
</tr>
<tr>
<td>Gross income</td>
<td></td>
<td>2,034</td>
<td>1,934</td>
<td>5%</td>
<td>8,205</td>
</tr>
<tr>
<td>Gross margin, %</td>
<td></td>
<td>22.1</td>
<td>21.3</td>
<td></td>
<td>21.0</td>
</tr>
<tr>
<td>EBITDA</td>
<td></td>
<td>1,148</td>
<td>1,066</td>
<td>8%</td>
<td>4,826</td>
</tr>
<tr>
<td>EBITDA margin, %</td>
<td></td>
<td>12.5</td>
<td>11.7</td>
<td></td>
<td>12.3</td>
</tr>
<tr>
<td>EBIT</td>
<td></td>
<td>654</td>
<td>597</td>
<td>10%</td>
<td>2,888</td>
</tr>
<tr>
<td>EBIT margin, %</td>
<td></td>
<td>7.1</td>
<td>6.6</td>
<td></td>
<td>7.4</td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td>372</td>
<td>396</td>
<td>-6%</td>
<td>2,025</td>
</tr>
<tr>
<td>EPS (SEK)</td>
<td></td>
<td>2.66</td>
<td>2.94</td>
<td>-10%</td>
<td>14.45</td>
</tr>
</tbody>
</table>
Sales per Business Area

Sales growth %

Business Area comments

- Aeronautics’ sales impacted by timing effects on project execution
- High delivery volumes in Dynamics
- Strong comparison quarter for Surveillance (38% in Q1 2021)
- High activity level in Kockums driven by Surface Ships
- Continued high activity in Combitech
Adj. Sales and EBITDA margin trend

EBITDA comments

- Positive long-term growth trend
- Sales CAGR of 4.3% since 2018
- EBITDA margin improvement driven by better gross margin
EBIT and margins per Business Area

Business Area comments

- Aeronautics’ earnings impacted by civil business and start-up of T-7 operations
- Favourable product and project mix within Dynamics and Surveillance
- Higher sales volumes drive margin in Kockums
Business summary – Combitech

Comments

- Continued high market demand
- Contract signed for “Combitech SAINT” data system to Sweden (FMV)
- New projects towards the finance industry within cyber security
- Sales increase driven by higher project deliveries
- Decrease in operating income due to slightly higher cost

<table>
<thead>
<tr>
<th>MSEK</th>
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<th>Jan-Mar 2021</th>
<th>Change, %</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>806</td>
<td>844</td>
<td>-5</td>
<td>3,344</td>
</tr>
<tr>
<td>Sales</td>
<td>795</td>
<td>766</td>
<td>4</td>
<td>3,116</td>
</tr>
<tr>
<td>EBITDA</td>
<td>83</td>
<td>89</td>
<td>-7</td>
<td>273</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>10.4</td>
<td>11.6</td>
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<td>8.8</td>
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<tr>
<td>EBIT</td>
<td>81</td>
<td>87</td>
<td>-7</td>
<td>265</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>10.2</td>
<td>11.4</td>
<td></td>
<td>8.5</td>
</tr>
</tbody>
</table>
Cash flow from operations

Cash flow Q1 2022

- Cash flow in line with Q1 last year
- No large milestone payments in the quarter
- Change in inventory at same level as last year
- Lower investments in capitalized R&D

Operational cash flow FY

“Full year positive cash flow, however at a lower level than in 2021”
• Continued decrease in Net debt, driven by change in pension obligation
• Debt with maturity less than 12 months equals 1.7 BSEK
• Total liquid investments of 11.3 BSEK
• Unutilized Revolving credit facilities 6 BSEK
  • Maturity of 2 BSEK in 2023 and 4 BSEK in 2026

### Net debt development

<table>
<thead>
<tr>
<th></th>
<th>Q1 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension liabilities</td>
<td>3.7</td>
</tr>
<tr>
<td>Leasing liabilities</td>
<td>2.5</td>
</tr>
<tr>
<td>- Other cash less liabilities</td>
<td>-4.8</td>
</tr>
<tr>
<td>= Net debt</td>
<td>1.4</td>
</tr>
<tr>
<td>Net debt/EBITDA*</td>
<td>0.28x</td>
</tr>
</tbody>
</table>

**EBITDA rolling 12 months
**Adjusted for items affecting comparability
### Outlook 2022

#### LONG-TERM TARGET

<table>
<thead>
<tr>
<th>OUTLOOK 2022</th>
<th>ORGANIC SALES GROWTH</th>
<th>EBIT</th>
<th>CASH FLOW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Organic sales growth to be around 5%</td>
<td>EBIT improvement between 8-12% compared to 2021</td>
<td>Operational cash flow expected to be positive for 2022, however at a lower level than in 2021</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ORGANIC SALES GROWTH</th>
<th>EBIT MARGIN</th>
<th>EQUITY/ASSETS RATIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic sales growth will average 5% per year over a business cycle</td>
<td>Operating margin will average at least 10% per year over a business cycle</td>
<td>Exceed 30%</td>
</tr>
</tbody>
</table>
This presentation 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.