



SAAB

Continued good order and sales growth

KEY HIGHLIGHTS Q1 2021

- Order intake up 22%, strengthening position in strategic markets.
- Sales growth of 13%, supported by a solid order backlog and activity level.
- EBITDA increased to SEK 1,066m (914), corresponding to a margin of 11.7%.
- Operating income amounted to SEK 597m (560), margin of 6.6%.
- Operational cash flow was SEK -160m (-1,582).
- Orders/milestones: Gripen C/D support contract to Sweden, orders for Carl-Gustaf and delivery of the third GlobalEye to UAE.
- New organizational structure to be implemented July 1, 2021, for increased focus on efficiency and a clearer connection between business areas, core areas, services and a simplified customer interaction.

FINANCIAL HIGHLIGHTS

MSEK	Jan-Mar 2021	Jan-Mar 2020	Change, %	Full Year 2020
Order bookings	5,871	4,823	22	42,328
Order backlog	97,211	90,234	8	99,816
Sales	9,088	8,040	13	35,431
Gross income	1,934	1,880	3	5,676
Gross margin, %	21.3	23.4		16.0
EBITDA	1,066	914	17	2,833
EBITDA margin, %	11.7	11.4		8.0
Operating income (EBIT)	597	560	7	1,315
Operating margin, %	6.6	7.0		3.7
Net income	396	342	16	1,092
of which Parent Company's shareholders' interest	392	334	17	1,073
Earnings per share after dilution, SEK ¹⁾	2.94	2.50		8.01
Return on equity, % ²⁾	5.2	9.3		5.1
Operational cash flow	-160	-1,582		2,773
Free cash flow	-265	-1,700		3,753
Free cash flow per share after dilution, SEK	-1.99	-12.71		28.03
	133,213,468	133,701,893		133,877,141

¹⁾ Average number of shares after dilution

²⁾ Return on equity is measured over a rolling 12-month period.

Q1

Order bookings

5.9 BSEK

Sales growth

13 %

Operating margin

6.6 %

JANUARY-MARCH 2021

COMMENTS FROM THE CEO

Continued good order and sales growth



Mikael Johansson
President & CEO

In the first quarter, we continued to execute on our growth strategy to become a multi-domestic company and strengthen our position in strategic markets, despite the challenging pandemic environment. Saab continued to record good order intake in the first quarter, which increased 22%, supported by large orders from our defence related business. Order intake improved in several regions and was particularly strong in Sweden.

During the quarter, we secured a support contract for the Gripen C/D to Sweden and continued to drive growth in Ground Combat through orders for Carl-Gustaf M4 to the U.S. and Estonia as well as orders from Australia. During the quarter, Saab also signed a contract for delivery of the fire and control system UTAAS. The order backlog ended up at SEK 97 billion.

Sales grew 13% in the quarter, supported by a solid order backlog and high activity level in Saab's key programmes. Four out of six business areas showed organic growth. The downturn in the civil aviation market, however, continued to affect the civil business, primarily within IPS, negatively.

Earnings showed an improvement in the first quarter. EBITDA for the Group increased 17% and amounted to SEK 1,066 million, primarily driven by Dynamics, Surveillance and Support and Services. Operating income increased 7% compared to the same quarter last year and amounted to SEK 597 million (560), corresponding to a margin of 6.6% (7.0). Even if risks related to Covid-19 remain and the civil aviation market is down, we are managing the effects from the pandemic within the risk provisions and activities initiated in 2020.

Operational cash flow in the quarter improved compared to the first quarter 2020 and came in at SEK -160 million (-1,582). The improvement in cash flow was a result of higher EBITDA and lower investments as well as cash flow from milestone payments.

Apart from international expansion, our priority in 2021 is to increase focus on operational efficiency. We recently announced a new organisational structure, where six business areas becomes four, creating a clearer connection between businesses, core areas, services and a simplified customer interaction. This is to be implemented as of July 1, with the aim to support improved efficiency. Within the change, Saab is creating a new Operational Excellence function with focus on driving efficiency in the areas; project execution, quality, supply chain, sourcing and IT. The new structure will contribute to Saab's long-term goals.

Saab has a healthy financial position and we continue with our actions to improve efficiency, maintain our technological leadership and strengthen our market position. Altogether, this puts us in a good position to deliver on our targets. We reiterate our outlook for the full year 2021.

Outlook for 2021*

SALES GROWTH:

Organic sales growth to be in line with our long-term target of 5 per cent.

OPERATING INCOME:

EBIT margin for the full year to be in line with adjusted EBIT margin, 7.4 per cent for 2020.

OPERATIONAL CASH FLOW:

Positive for the full year.

**The uncertainty surrounding Covid-19 and its future effects remains high.*

Orders

JANUARY-MARCH 2021

Order bookings amounted to SEK 5,871 million (4,823), an increase of 22 per cent. This was mainly due to the support and maintenance contract for Gripen C/D to Sweden amounting to SEK 1,571 million. Bookings of small orders declined 5 per cent and amounted to SEK 3,251 million (3,422).

In the first quarter, index and price changes had a positive effect on order bookings of SEK 197 million, compared to SEK 115 million in 2020.

The order backlog at the end of the period amounted to SEK 97,211 million, compared to SEK 99,816 million at the beginning of the year. In total, 70 per cent of the order backlog is attributable to markets outside Sweden, compared to 71 per cent at the beginning of the year.

For more information on orders received, see the business area comments on pages 7, 8 and 9.

Sales

JANUARY-MARCH 2021

Sales amounted to SEK 9,088 million (8,040), corresponding to an increase of 13 per cent. The business areas Aeronautics, Dynamics, Surveillance and Support and Services reported sales growth thanks to a high activity level in projects such as Gripen and GlobalEye, as well as high level of deliveries within Dynamics. Sales volumes in IPS continued to be negatively impacted by the downturn in demand in the civil aviation industry due to Covid-19.

Sales from markets outside Sweden increased to SEK 5,849 million (4,522), corresponding to 64 per cent (56) of total sales. 91 per cent (86) of sales were related to the defence market.

SALES GROWTH

Per cent	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020
Organic sales growth	14	-5	1
Acquisitions	-	-	-
Currency effects regarding revaluation of foreign subsidiaries	-1	-	-1
Total sales growth	13	-5	0

SALES PER REGION

MSEK	Jan-Mar 2021	Jan-Mar 2020	Change, %
Sweden	3,239	3,518	-8
Rest of Europe	1,465	1,321	11
North America	768	907	-15
Latin America	1,567	927	69
Asia	1,526	974	57
Africa	51	56	-9
Australia, etc.	472	338	40
Total	9,088	8,040	13

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

Order distribution

Orders exceeding MSEK 100 accounted for 45% (29) of total orders during the period.



Order backlog duration:

2021: SEK **25.0** billion
 2022: SEK **24.1** billion
 2023: SEK **16.4** billion
 2024: SEK **14.7** billion
 After 2024: SEK **17.0** billion

Defence/Civil

A total of 87% (82) of order bookings was attributable to defence-related operations during the period.

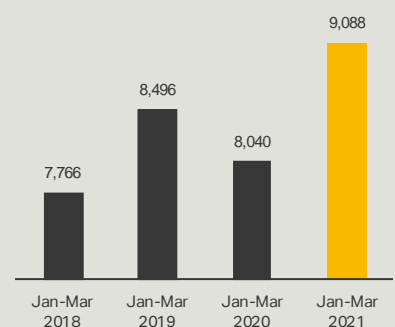


Market

A total of 39% (59) of order bookings was related to markets outside Sweden during the period.



Sales MSEK



Income

JANUARY-MARCH 2021

The gross margin during the first quarter 2021 was 21.3 per cent (23.4). The decline is mainly explained by the project mix within Surveillance and due to lower gross margin in the civil operations compared to the same period last year.

Total depreciation, amortisation and write-downs amounted to SEK 469 million (354). Depreciation of tangible fixed assets amounted to SEK 303 million (288).

Expenditures for internally funded investments in R&D amounted to SEK 530 million (634), of which SEK 261 million (361) has been capitalised. Capitalised expenditures are mainly attributable to the development of Gripen E/F for future exports.

Amortisation and write-downs of intangible fixed assets amounted to SEK 166 million (66), of which amortisation and write-downs of capitalised development expenditures amounted to SEK 137 million (35). The increase is mainly explained by amortisation of airborne surveillance systems, amounting to MSEK 94 in the first quarter.

The share of income in associated companies and joint ventures amounted to SEK -12 million (-10).

Operating income increased by 7 per cent in the quarter and amounted to SEK 597 million (560), corresponding to an operating margin of 6.6 per cent (7.0). The improved earnings, driven by increased sales volumes and high activity level in projects, was partly offset by continued negative impact in Saab's civil aviation business.

Saab has not received any government support related to Covid-19 during the quarter.

Financial net

MSEK	Jan-Mar 2021	Jan-Mar 2020
Financial net related to pensions	-13	-19
Net interest items	-16	-13
Currency gains/losses	-22	-55
Lease liability interest	-25	-25
Other financial items	-16	-6
Total	-92	-118

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. During the first quarter 2021 and in 2020, the Group had negative impact on results from derivatives that hedge tenders in foreign currency.

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

Other net 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.

Tax

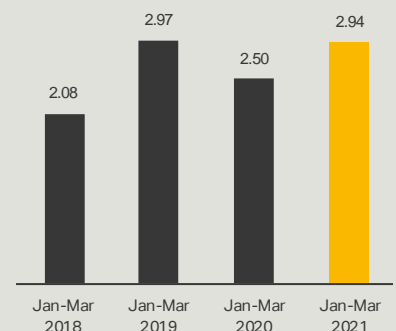
Current and deferred taxes amounted to SEK -109 million (-100), which means that the effective tax rate amounted to 22 per cent (23).

Operating margin, %



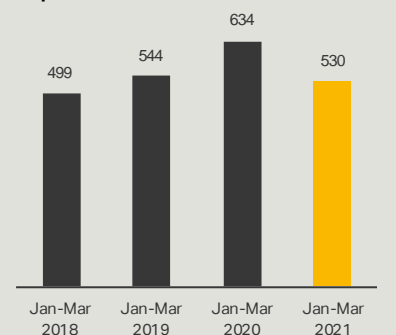
Jan-Mar 2018 Jan-Mar 2019 Jan-Mar 2020 Jan-Mar 2021

Earnings per share after dilution, SEK



Earnings per share have been adjusted in accordance with the rights issue completed in 2018.

Internally funded R&D expenditures, MSEK



Financial position and liquidity

At the end of March 2021, net debt was SEK 4,119 million, a decrease of SEK 154 million compared to year-end 2020, when net debt amounted to SEK 4,273 million.

Cash flow from operating activities improved and amounted to SEK 534 million (-813).

Due to invoicing and milestone payments in large projects contract assets decreased by SEK 449 million, while contract liabilities increased by SEK 573 million compared to year-end 2020. Inventories increased by SEK 1,006 million during the period, mainly related to future deliveries within Dynamics.

Net provisions for pensions, excluding the special employer's contribution, amounted to SEK 4,764 million as of 31 March 2021, compared to SEK 5,067 million at year-end 2020. The change had a positive effect on net debt of SEK 303 million. For further information on Saab's benefit pension plans, see note 13.

Tangible fixed assets amounted to SEK 6,791 million at period end compared to 6,608 at the end of 2020.

Right-of-use assets recognised in the balance sheet amounted to SEK 2,457 compared to 2,516 at the end of 2020.

Net investments in the first quarter amounted to SEK 683 million (798). Investments in tangible fixed assets amounted to SEK 342 million (374).

Investments in intangible fixed assets amounted to SEK 342 million (428), of which SEK 261 million (361) related to capitalised R&D expenditures. Capitalised R&D in the balance sheet increased by SEK 124 million. The increase was mainly related to investments to develop Gripen E/F for future exports. Of the total investments in intangible fixed assets, SEK 81 million (67) related to other intangible fixed assets. The increase mainly relates to IT security.

As of 31 March 2021, short-term investments and liquid assets amounted to SEK 9,322 million, a decrease of SEK 1,055 million compared to year-end 2020.

Capital employed decreased by SEK 403 million during the period to SEK 36,306 million. The return on capital employed was 4.3 per cent (8.5) and the return on equity was 5.2 per cent (9.3), both measured over a rolling 12-month period. Performance indicators for return on capital employed and return on equity have been significantly impacted by items affecting comparability in 2020.

Change in net debt Jan-Mar 2021

	MSEK
Net liquidity (+) / net debt (-), 31 Dec 2020	-4,273
Cash flow from operating activities	534
Change in net pension obligation	303
Net investments	-683
Dividend to and transactions with non-controlling interest	62
Additional lease liabilities	-45
Other items, currency impact and unrealised results from financial investments	-17
Net liquidity (+) / net debt (-), 31 Mar 2021 ¹⁾	-4,119
¹⁾ Net liquidity (+) / net debt (-) excluding net provisions for pensions, lease liabilities and interest-bearing receivables, 31 Mar 2021	2,708

Key indicators of financial position and liquidity

MSEK	31 Mar 2021	31 Dec 2020	Change	31 Mar 2020
Net liquidity / debt ²⁾	-4,119	-4,273	154	-8,449
Intangible fixed assets	11,782	11,520	262	10,924
Goodwill	5,228	5,141	87	5,447
Capitalised development costs	5,823	5,699	124	4,908
Other intangible fixed assets	731	680	51	569
Tangible fixed assets, etc ³⁾	7,165	6,984	181	6,758
Right of use assets ⁴⁾	2,457	2,516	-59	2,572
Inventories	11,258	10,252	1,006	11,372
Accounts receivable	5,313	4,062	1,251	3,523
Contract assets	9,451	9,900	-449	13,792
Contract liabilities	8,982	8,409	573	8,077
Equity/assets ratio, %	36.8	35.7		35.3
Return on equity, %	5.2	5.1		9.3
Equity per share, SEK ¹⁾	167.59	162.32	5.27	160.89
1) Number of shares excluding treasury shares	132,396,540	132,247,073		133,000,600

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

JANUARY-MARCH 2021

Cash flow from operations, excluding taxes and other financial items, amounted to SEK 523 million (-784) and improved compared to the same period last year, as a result of good activity level in projects and deliveries in several of Saab's projects, which had a positive effect on working capital.

Saab has an established programme to sell trade receivables in order to increase financial flexibility. As of 31 March 2021, the programme has not been utilised.

Operational cash flow amounted to SEK -160 million (-1,582). It 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. Cash flow improved as a result of higher EBITDA, lower investments and improved cash flow from milestone payments.

Free cash flow amounted to SEK -265 million (-1,700). For more detailed information on cash flow, see note 11.

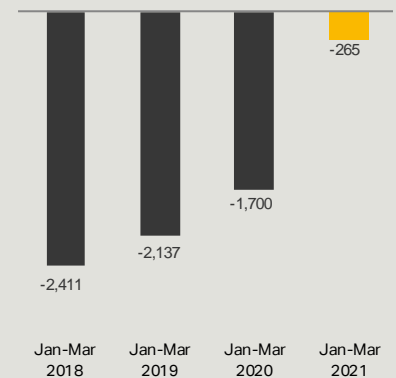
There can be big differences in cash flow between reporting periods as the timing of milestone payments in large projects greatly varies depending on when milestones are passed.

	Jan-Mar 2021	Jan-Mar 2020
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items ¹⁾	1,260	831
Change in working capital	-737	-1,615
Cash flow from operating activities excluding taxes and other financial items	523	-784
Cash flow from investing activities ²⁾	-683	-798
Operational cash flow	-160	-1,582
Taxes and other financial items	-102	-138
Sale of and investments in financial assets and operations	-3	20
Free cash flow	-265	-1,700

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, investments in operations and sale of 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 E/F, Gripen C/D, Advanced Pilot Training Systems and Aeronautical Solutions.

MSEK	Jan-Mar 2021	Jan-Mar 2020	Change, %	Full Year 2020
Order bookings	868	371	134	2,025
Order backlog	35,413	40,520	-13	36,838
Sales	2,293	1,971	16	7,307
EBITDA	177	173	2	-431
EBITDA margin, %	7.7	8.8		-5.9
Operating income (EBIT)	158	158	-	-500
Operating margin, %	6.9	8.0		-6.8
Operational cash flow	-1,253	-767		-2,226

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 86% (32) of total orders during the period.



MARKET

Sales in markets outside Sweden amounted to 64% (45) during the period.



Orders

- Aeronautics showed strong order intake in the first quarter, driven by the support contract for Gripen C/D to Sweden.
- The Business Area is active in several ongoing market campaigns such as Gripen E for Finland, Canada, Colombia and Gripen C/D to Croatia.

Sales, income and margin

- Sales revenues increased in the quarter as a result of higher activity level, mainly in the Gripen E programmes.
- The operations for the Gripen-programmes are in an early ramp-up and production phase.
- Operating income was in line with the first quarter last year. The lower margin is mainly explained by the comparison period last year which was positively impacted by project completions.

Cash flow

- Cash flow in the first quarter year was negative as a result of continued working capital build-up related to the ongoing Gripen and T-7 programmes.

Business Area Dynamics

BUSINESS UNITS: Ground Combat, Missile Systems, Underwater Systems, Barracuda and Training and Simulation.

MSEK	Jan-Mar 2021	Jan-Mar 2020	Change, %	Full Year 2020
Order bookings	1,079	1,284	-16	9,231
Order backlog	16,135	14,487	11	16,527
Sales	1,498	1,118	34	6,913
EBITDA	174	109	60	917
EBITDA margin, %	11.6	9.7		13.3
Operating income (EBIT)	153	87	76	829
Operating margin, %	10.2	7.8		12.0
Operational cash flow	-526	-553		551

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 22% (35) of total orders during the period.



MARKET

Sales in markets outside Sweden amounted to 71% (72) during the period.



Orders

- Order intake continued to be favourable in Ground Combat and Missile Systems, offset by lower orders in other business units within Dynamics during the quarter.
- During the first quarter, orders were received for the Carl Gustaf M4 to the U.S. Army as well as orders from Estonia and Australia.

Sales, income and margin

- Sales revenues increased in the first quarter, driven by high activity level and deliveries.
- Operating margin improved as a result of increased volumes compared to the same quarter last year.

Cash flow

- Operating cash flow amounted to SEK -526 million and was unchanged compared to the same quarter last year.
- The strong growth in Dynamics has resulted in an increase in working capital for future deliveries.

Business Area Surveillance

BUSINESS UNITS: Radar Solutions, Electronic Warfare Systems, Combat Systems and Cyber Security.

MSEK	Jan-Mar 2021	Jan-Mar 2020	Change, %	Full Year 2020
Order bookings	1,320	1,093	21	13,928
Order backlog	21,323	15,795	35	22,183
Sales	2,385	1,728	38	7,888
EBITDA	348	296	18	852
EBITDA margin, %	14.6	17.1		10.8
Operating income (EBIT)	223	221	1	505
Operating margin, %	9.4	12.8		6.4
Operational cash flow	1,381	-501		1,281

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 44% (27) of total orders during the period.



MARKET

Sales in markets outside Sweden amounted to 82% (76) during the period.



Orders

- During the first quarter, orders continued to increase in Surveillance, with contracts signed for delivery of the fire and targeting system UTAAS as well as parts of the large support contract for Gripen C/D to Sweden.

Sales, income and margin

- A high activity level in the business units as a result of the strong order intake last year contributed positively to volumes.
- Operating income was in line with the corresponding quarter last year but project mix and an increase in amortization of capitalized development cost had a negative impact on margins. Operations outside of Sweden continues to impact the business area due to Covid-19.

Cash flow

- Operating cash flow strengthened and amounted to SEK 1,381 million in the period and was driven by, among other factors, milestone payments in the GlobalEye project.

Business Area Support and Services

BUSINESS UNITS: Aviation Services, Airborne ISR, Gripen Support and Communication and Tactical Solutions.

MSEK	Jan-Mar 2021	Jan-Mar 2020	Change, %	Full Year 2020
Order bookings	1,574	877	79	11,945
Order backlog	14,564	8,605	69	14,238
Sales	1,457	1,310	11	6,521
EBITDA	212	137	55	788
EBITDA margin, %	14.6	10.5		12.1
Operating income (EBIT)	153	131	17	711
Operating margin, %	10.5	10.0		10.9
Operational cash flow	445	-257		1,856

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 61% (40) of total orders during the period.



MARKET

Sales in markets outside Sweden amounted to 57% (45) during the period.



Orders

- Support and Services showed a strong order intake during the first quarter supported by favourable market demand.
- The strong order increase was primarily related to support and maintenance contract for Gripen C/D to Sweden.
- Small orders also contributed positively.

Sales, income and margin

- Sales volumes increased during the first quarter and was a result of a high activity in support work for Gripen C/D and GlobalEye.
- Operating income and margins showed slight improvement in the first quarter. This was mainly due to good project execution.
- The business area continued to be impacted by the civil aviation operations due to Covid-19.

Cash flow

- Operating cash flow for the quarter showed a strong improvement and amounted to SEK 445 million (-257).
- The increase in cash flow compared with the previous year was a result of improved earnings and milestone payments.

Business Area Industrial Products and Services

BUSINESS UNITS: Aeurostructures, Avionics Systems, Traffic Management and Combitech

MSEK	Jan-Mar 2021	Jan-Mar 2020	Change, %	Full Year 2020
Order bookings	1,141	1,196	-5	5,611
Order backlog	8,773	8,672	1	8,794
Sales	1,302	1,599	-19	5,846
EBITDA	44	46	-4	-322
EBITDA margin, %	3.4	2.9	-	-5.5
Operating income (EBIT)	27	27	-	-398
Operating margin, %	2.1	1.7	-	-6.8
Operational cash flow	451	66		1,028

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 0% (0) of total orders during the period.



MARKET

Sales in markets outside Sweden amounted to 44% (55) during the period.



Orders

- Market conditions for Combitech was favourable during the first quarter while the activity within the civil aviation market remained weak.
- IPS order intake declined 5% in the first quarter. Strong order development in the business unit Combitech was offset by decreased order intake in the civil aviation business units.

Sales, income and margin

- Sales during the quarter decreased compared to last year. Lower demand due to the ongoing pandemic impacted volumes negatively.
- Operating income for the quarter was unchanged compared to the period last year. Margins showed slight increase, partly driven by the Improved profitability in business unit Combitech.

Cash flow

- In order to simplify the handling of currency hedges within operations, the Group restructured its existing currency contract portfolio in the quarter. The effects from this had a positive impact on IPS cash flow. The corresponding amount impacted Corporate cash flow negatively.

Business Area Kockums

BUSINESS UNITS: Submarines, Surface Ships and Docksta.

MSEK	Jan-Mar 2021	Jan-Mar 2020	Change, %	Full Year 2020
Order bookings	452	490	-8	1,801
Order backlog	3,430	4,540	-24	3,631
Sales	654	806	-19	3,027
EBITDA	36	35	3	153
EBITDA margin, %	5.5	4.3		5.1
Operating income (EBIT)	27	26	4	119
Operating margin, %	4.1	3.2		3.9
Operational cash flow	-115	34		983

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 24% (36) of total orders during the period.



MARKET

Sales in markets outside Sweden amounted to 9% (4) during the period.



Orders

- Order intake during the quarter was lower compared to last year. Focus is on securing new orders, both in export markets as well as in the home market.

Sales, income and margin

- Sales in the quarter declined as a result of lower project volumes.
- Operating margins improved compared with the first quarter previous year. Higher productivity and cost savings contributed positively.
- The business is in a transition from development to production and productivity measures to improve profitability continue.

Cash flow

- Cash flow in the quarter weakened compared to last year as result of lower milestone payments from projects in the period.

Corporate

Corporate comprises Group staff, Group departments and other operations including Saab's minority portfolio in Corporate, outside the core operations. The minority portfolio contains Saab's interests in UMS Skeldar AG and Ventures. Corporate reported operating income of SEK -144 million (-90) during the period.

Operational cash flow attributable to Corporate amounted to SEK -543 million (396) for the period. The comparison period had a positive impact of SEK 548 million from sale of receivables.

Acquisitions and divestments 2021

During the first quarter 2021, there were no major acquisitions or divestments.

Share repurchase

Saab held 3,449,307 treasury shares as of 31 March 2021, compared to 3,598,774 at year-end 2020. The Annual General Meeting in 2021 authorised the Board of Directors to repurchase a maximum of 1,370,000 Series B shares to secure delivery of shares to participants in Saab's long-term incentive programmes 2022. 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 more projects involving large share of development than before, and their inherent complexity entails a higher level of risk. The market is characterised by challenging conditions where orders can be deferred to the future partly for financial and political reasons. For a general description of the risk areas, see the annual report 2020, pages 54-58.

Covid-19 update

The corona pandemic has a continued impact on Saab's operations. Saab is closely monitoring the effects of the pandemic such as the global shortage of semiconductors. Saab's operations have so far not been affected by the lack of supply of semiconductors and we strive to take a proactive approach in order to safeguard continued operations. For Saab, the uncertainty surrounding Covid-19 is primarily linked to disruptions in the supply chain, lock-downs in society and the market conditions in civilian operations. In the areas where demand has decreased, a review of capacity, including staffing, is ongoing.

Due to the protracted pandemic and the slow global recovery, Saab sees continued risks related to the effects of Covid-19. Furthermore, the pandemic has had a negative impact on production capacity at certain operations outside Sweden, and the risk of a broader impact on the Group remains.

Saab has taken a number of measures to combat the negative effects of the pandemic on its operations, but is also working to reduce the risks, especially in the supply chain, related to Covid-19.

However, Saab's overall strategy and long-term financial goals remain unchanged. Covid-19 related risks that may affect Saab in the future are:

- Lower order bookings due to limitations on meetings, travel and restrictions by government authorities.
- Travel restrictions affecting development work, customer verification, suppliers and partners.
- Operations are dependent on access to and subcontractors' ability to supply components and subsystems. Access to material supply and risk of delays to key deliveries cannot be ruled out and may as a result impact the Group's sales and production cost.
- Operations could be affected by high sick leave and decisions by authorities that affect the ability of employees to work effectively.
- Delays from suppliers or disruptions to Saab's own operations could lead to deliveries and milestone payments of contracts not being reached on time.

OWNERS

Saab's largest shareholders as of 31 March 2021:

	% of capital	% of votes
Investor AB	30.2	40.6
Knut och Alice Wallenbergs stiftelse	8.8	7.8
Första AP-fonden	4.4	3.9
Alliance Bernstein	3.2	2.8
AFA Insurance	1.8	1.6
Vanguard	1.7	1.5
Schroders	1.5	1.3
Unionen	1.4	1.2
Swedbank Robur fonder	1.3	1.1
Keel Capital	1.1	1.0

SOURCE: MODULAR FINANCE

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

Personnel

	31 Mar 2021	31 Dec 2020
Number of employees	18,140	18,073
FTE's	18,039	17,985

Significant events in January-March 2021:

- In January, Saab received the first order from prime contractor Thales, for the Multi-Shot Mine Neutralisation System (MuMNS). The order value amounted to approximately 300 MSEK and deliveries of the first systems will take place in 2022.
- Saab signed a framework agreement with the Norwegian Armed Forces for the latest version of the Carl-Gustaf® M4 in January.
- In January, Saab and the Swedish Defence Materiel Administration, (FMV), signed two agreements concerning the next generation of surface ships and corvettes. A Product Definition Phase for the Mid-Life Upgrades (MLU) of five Visby-class corvettes, as well as a Product Definition Phase for the next generation; Visby Generation 2 corvettes. The collected value of the contracts is 190 MSEK.
- In February, Saab received an order for deliveries of the Carl-Gustaf® M4 Ground Combat Indoor Trainer (GC IDT), the order value is approximately 135 MSEK and deliveries will take place in 2022-2023.
- Saab delivered the third GlobalEye aircraft to the United Arab Emirates on 20 February 2021.
- In February, Saab signed a contract with the UK's Royal Navy to provide a Digital Tower solution at Air Station Culdrose's satellite airfield at Predannack.
- On 18 March, Saab announced changes in the organization and management for further growth. Saab is adapting the organisation so that governance and management will better support the company's growth ambitions. A clearer connection is being created between business area, core area and services. Customer interaction is simplified, internal interfaces are removed and there is increased focus on operational efficiency.
- On 31 March, Saab and the Swedish Defence Materiel Administration (FMV) extended a contract to provide support and maintenance services for Gripen. The order value amounts to approximately SEK 1.6 billion for the period from 1 April 2021 to 31 December 2022. Saab has booked SEK 1.5 billion of the order value in Q1.

For more information on significant order received during the year, see page 2 and the comments on the business areas on pages 7-9 and in note 3. All press releases can be found on <https://www.saab.com/newsroom>.

Significant events after the conclusion of the period:

- On 13 April, Saab held its fully digital Annual General Meeting and through electronic connection in accordance with the temporary law applicable during 2021. The Annual General Meeting decided on a dividend of SEK 4.70 per share to the shareholders. Payment of the dividend is expected to be made from Euroclear Sweden AB, on Tuesday, April 20, 2021. For more information, <https://www.saab.com/about/corporate-governance/shareholders-meeting/annual-general-meeting-2021>.
- On 20 April, Saab shipped its first aft airframe section for the T-7A Red Hawk program. This is a key delivery in the Engineering and Manufacturing Development (EMD) program to its T-7A Red Hawk advanced trainer aircraft partner, Boeing.



Extended support and maintenance contract for Gripen C/D

"With this extension Saab will continue to provide support for the effective operation and availability of Gripen. It is essential for us to constantly develop our support concept by implementing innovative solutions and this contract gives us the possibility to do so together with our customer," says Ellen Molin, Head of the Support and Services business area within Saab.



Saab delivers third GlobalEye

Saab delivered the third GlobalEye aircraft to the United Arab Emirates on 20 February 2021. This follows Saab's previous deliveries of GlobalEye in April and September 2020. The United Arab Emirates has ordered a total of five GlobalEye aircraft.

Consolidated income statement

MSEK	Note	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 Months	Full Year 2020
Sales	4.5	9,088	8,040	36,479	35,431
Cost of goods sold	5	-7,154	-6,160	-30,749	-29,755
Gross income		1,934	1,880	5,730	5,676
Gross margin, %		21.3	23.4	15.7	16.0
Other operating income	5	22	19	1,294	1,291
Marketing expenses		-553	-639	-2,253	-2,339
Administrative expenses		-336	-365	-1,380	-1,409
Research and development costs		-406	-309	-1,428	-1,331
Other operating expenses	5	-52	-16	-429	-393
Share in income of associated companies and joint ventures	5	-12	-10	-182	-180
Operating income (EBIT) ¹⁾	3	597	560	1,352	1,315
Operating margin, %		6.6	7.0	3.7	3.7
Financial income		63	60	233	230
Financial expenses		-155	-178	-410	-433
Net financial items		-92	-118	-177	-203
Income before taxes		505	442	1,175	1,112
Taxes		-109	-100	-29	-20
Net income for the period		396	342	1,146	1,092
of which Parent Company's shareholders' interest		392	334	1,131	1,073
of which non-controlling interest		4	8	15	19
Earnings per share before dilution, SEK ²⁾		2.96	2.51	8.51	8.07
Earnings per share after dilution, SEK ³⁾		2.94	2.50	8.47	8.01
1) Of which depreciation/amortisation and write-downs		-469	-354	-1,633	-1,518
2) Average number of shares before dilution		132,321,807	132,963,482	132,849,567	133,009,986
3) Average number of shares after dilution		133,213,468	133,701,893	133,602,419	133,877,141

Consolidated statement of comprehensive income

MSEK	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 Months	Full Year 2020
Net income for the period	396	342	1,146	1,092
Other comprehensive income/loss:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	408	642	-486	-252
Tax attributable to revaluation of net pension obligations	-84	-132	102	54
Total	324	510	-384	-198
Items that may be reversed in the income statement:				
Translation differences	307	72	-428	-663
Cash flow hedges	-462	-151	557	868
Tax attributable to cash flow hedges	106	34	-108	-180
Total	-49	-45	21	25
Other comprehensive income/loss for the period	275	465	-363	-173
Net comprehensive income/loss for the period	671	807	783	919
of which Parent Company's shareholders' interest	661	820	767	926
of which non-controlling interest	10	-13	16	-7

Consolidated statement of financial position

MSEK	Note	31 Mar 2021	31 Dec 2020	31 Mar 2020
ASSETS				
Fixed assets:				
Intangible fixed assets	7	11,782	11,520	10,924
Tangible fixed assets		6,791	6,608	6,390
Biological assets		374	376	368
Right of use assets		2,457	2,516	2,572
Shares in associated companies and joint ventures		484	496	665
Financial investments		31	30	28
Long-term receivables		731	617	655
Deferred tax assets		264	231	208
Total fixed assets		22,914	22,394	21,810
Current assets:				
Inventories		11,258	10,252	11,372
Derivatives		971	1,677	2,199
Tax receivables		72	28	81
Accounts receivable		5,313	4,062	3,523
Contract assets		9,451	9,900	13,792
Other receivables		655	899	743
Prepaid expenses and accrued income		962	979	1,095
Short-term investments		7,861	8,104	5,341
Liquid assets	11	1,461	2,273	1,411
Total current assets		38,004	38,174	39,557
TOTAL ASSETS		60,918	60,568	61,367
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity:				
Parent Company's shareholders' interest		22,188	21,466	21,398
Non-controlling interest		230	178	262
Total shareholders' equity		22,418	21,644	21,660
Long-term liabilities:				
Long-term lease liabilities		2,062	2,095	2,194
Other long-term interest-bearing liabilities	8	5,245	5,291	8,017
Other liabilities		82	100	166
Provisions for pensions	13	6,144	6,445	5,270
Other provisions		2,268	2,197	1,241
Deferred tax liabilities		47	56	150
Total long-term liabilities		15,848	16,184	17,038
Current liabilities:				
Short-term lease liabilities		447	444	441
Other short-term interest-bearing liabilities	8	1,369	2,168	937
Contract liabilities		8,982	8,409	8,077
Accounts payable		2,894	3,302	3,210
Derivatives		772	965	3,063
Tax liabilities		147	42	63
Other liabilities		411	778	575
Accrued expenses and deferred income		6,866	5,939	5,647
Provisions		764	693	656
Total current liabilities		22,652	22,740	22,669
Total liabilities		38,500	38,924	39,707
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		60,918	60,568	61,367

Consolidated statement of changes in equity

MSEK	Capital stock	Other capital contributions	Net result of cash flow hedges	Translation reserve	Revaluation reserve	Retained earnings	Total parent company's shareholders' interest	Non-controlling interest	Total shareholders' equity
Opening balance, 1 January 2020	2,174	6,099	-228	651	11	11,828	20,535	274	20,809
Net comprehensive income/loss for the period January-March 2020			-107	83		844	820	-13	807
Transactions with shareholders:									
Share matching plan						44	44		44
Acquisition and sale of non-controlling interest						-1	-1	1	-
Closing balance, 31 March 2020	2,174	6,099	-335	734	11	12,715	21,398	262	21,660
Net comprehensive income/loss for the period April-December 2020			793	-718		31	106	6	112
Reallocation of revaluation reserve					-11	11			
Transactions with shareholders:									
Repurchase of shares						-242	-242		-242
Share matching plan						143	143		143
Dividend								-9	-9
Acquisition and sale of non-controlling interest						61	61	-81	-20
Closing balance, 31 December 2020	2,174	6,099	458	16	-	12,719	21,466	178	21,644
Opening balance, 1 January 2021	2,174	6,099	458	16	-	12,719	21,466	178	21,644
Net comprehensive income/loss for the period			-356	301		716	661	10	671
Transactions with shareholders:									
Share matching plan						42	42		42
Acquisition and sale of non-controlling interest						19	19	42	61
Closing balance, 31 March 2021	2,174	6,099	102	317	-	13,496	22,188	230	22,418

Consolidated statement of cash flows

MSEK	Note	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020
Operating activities:				
Income after financial items		505	442	1,112
Adjustments for items not affecting cash flows		832	448	2,033
Dividend from associated companies and joint ventures		-	2	63
Income tax paid		-66	-90	-144
Cash flow from operating activities before changes in working capital		1,271	802	3,064
Cash flow from changes in working capital:				
Contract assets and liabilities		1,016	-2,365	1,704
Inventories		-958	-901	95
Other current receivables		-749	1,869	805
Other current liabilities		92	-103	468
Provisions		-138	-115	-336
Cash flow from operating activities		534	-813	5,800
Investing activities:				
Capitalised development costs		-261	-361	-1,353
Investments in other intangible fixed assets		-81	-67	-269
Investments in tangible fixed assets		-342	-374	-1,269
Sales and disposals of tangible fixed assets		1	4	23
Investments in and sale of short-term investments		231	420	-2,312
Investments in financial assets, associated companies and joint ventures		-25	-51	-97
Sale of financial assets, associated companies and joint ventures		-	21	1,110
Investments in operations		-20	-	-4
Sale of subsidiaries		19	-	169
Cash flow from investing activities		-478	-408	-4,002
Financing activities:				
Repayments of loans		-853	-1,275	-3,077
Amortisation of lease liabilities		-113	-109	-437
Raising of loans		4	2,328	2,728
Repurchase of shares		-	-	-242
Dividend paid to non-controlling interest		-	-	-12
Transactions with non-controlling interest		62	-1	-85
Cash flow from financing activities		-900	943	-1,125
Cash flow for the period		-844	-278	673
Liquid assets at the beginning of the period		2,273	1,687	1,687
Exchange rate difference in liquid assets		32	2	-87
Liquid assets at end of period	11	1,461	1,411	2,273

Quarterly consolidated income statement

MSEK	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Sales	9,088	12,491	6,064	8,836	8,040	10,578	7,914	8,445
Cost of goods sold	-7,154	-10,352	-6,238	-7,005	-6,160	-8,009	-6,236	-6,508
Gross income	1,934	2,139	-174	1,831	1,880	2,569	1,678	1,937
Gross margin, %	21.3	17.1	-2.9	20.7	23.4	24.3	21.2	22.9
Other operating income	22	102	1,103	67	19	81	24	94
Marketing expenses	-553	-629	-492	-579	-639	-742	-589	-658
Administrative expenses	-336	-336	-348	-360	-365	-385	-338	-391
Research and development costs	-406	-441	-264	-317	-309	-325	-248	-300
Other operating expenses	-52	-23	-359	5	-16	-69	11	-18
Share of income in associated companies and joint ventures	-12	-46	-129	5	-10	69	-20	-34
Operating income (EBIT) ¹⁾	597	766	-663	652	560	1,198	518	630
Operating margin, %	6.6	6.1	-10.9	7.4	7.0	11.3	6.5	7.5
Financial income	63	94	37	39	60	35	77	32
Financial expenses	-155	-142	-94	-19	-178	-100	-195	-98
Net financial items	-92	-48	-57	20	-118	-65	-118	-66
Income before taxes	505	718	-720	672	442	1,133	400	564
Taxes	-109	-115	349	-154	-100	-229	-105	-135
Net income for the period	396	603	-371	518	342	904	295	429
of which Parent Company's shareholders' interest	392	598	-380	521	334	883	269	433
of which non-controlling interest	4	5	9	-3	8	21	26	-4
Earnings per share before dilution, SEK ²⁾	2.96	4.50	-2.85	3.91	2.51	6.63	2.02	3.24
Earnings per share after dilution, SEK ³⁾	2.94	4.48	-2.83	3.90	2.50	6.60	2.01	3.23
1) Of which depreciation/amortisation and write-downs	-469	-463	-349	-352	-354	-365	-331	-344
2) Average number of shares before dilution	132,321,807	132,762,787	133,226,313	133,087,362	132,963,482	132,875,322	133,103,705	133,476,269
3) Average number of shares after dilution	133,213,468	133,553,781	134,048,466	133,625,118	133,701,893	133,553,690	133,702,351	134,039,937

Quarterly consolidated statement of comprehensive income

MSEK	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net income for the period	396	603	-371	518	342	904	295	429
Other comprehensive income/loss:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	408	326	-514	-706	642	757	-649	-1,130
Tax attributable to revaluation of net pension obligations	-84	-65	106	145	-132	-158	134	232
Total	324	261	-408	-561	510	599	-515	-898
Items that may be reversed in the income statement:								
Translation differences	307	-293	-141	-301	72	-167	177	29
Net gain/loss on cash flow hedges	-462	819	-54	254	-151	216	-110	133
Tax attributable to net gain/loss on cash flow hedges	106	-166	4	-52	34	-45	23	-31
Total	-49	360	-191	-99	-45	4	90	131
Other comprehensive income/loss for the period	275	621	-599	-660	465	603	-425	-767
Net comprehensive income/loss for the period	671	1,224	-970	-142	807	1,507	-130	-338
of which Parent Company's shareholders' interest	661	1,213	-976	-131	820	1,484	-158	-342
of which non-controlling interest	10	11	6	-11	-13	23	28	4

Key ratios by quarter

MSEK	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Equity/assets ratio, (%)	36.8	35.7	35.5	36.2	35.3	34.8	33.6	34.0
Return on capital employed, % ³⁾	4.3	4.3	5.4	8.7	8.5	9.1	11.0	9.1
Return on equity, % ³⁾	5.2	5.1	7.0	10.0	9.3	10.0	13.1	10.5
Equity per share, SEK ^{1) 3)}	167.59	162.32	152.91	160.03	160.89	154.48	142.99	144.44
Free cash flow, MSEK ³⁾	-265	3,055	676	1,722	-1,700	2,955	-1,865	-989
Free cash flow per share after dilution, SEK ^{2) 3)}	-1.99	22.87	5.04	12.89	-12.71	22.13	-13.95	-7.38
1) Number of shares excluding treasury shares	132,396,540	132,247,073	133,278,501	133,174,124	133,000,600	132,926,363	132,824,280	133,383,129
2) Average number of shares after dilution	133,213,468	133,553,781	134,048,466	133,625,118	133,701,893	133,553,690	133,702,351	134,039,937
3) For more information and explanations regarding the usage of these key ratios, please see saabgroup.com , investor, financial data, key ratios.								

Quarterly information per operating segment

MSEK	Q1 2021	Operating margin	Q4 2020	Operating margin	Q3 2020	Operating margin	Q2 2020	Operating margin
Sales								
Aeronautics	2,294		2,594		688		2,054	
Dynamics	1,497		2,695		1,356		1,744	
Surveillance	2,385		2,540		1,555		2,065	
Support and Services	1,457		2,569		1,289		1,353	
Industrial Products and Services	1,302		1,475		1,400		1,372	
Kockums	654		876		589		756	
Corporate/elimination	-501		-258		-813		-508	
Total	9,088		12,491		6,064		8,836	
Operating income/loss								
Aeronautics	158	6.9%	121	4.7%	-951	-138.2%	172	8.4%
Dynamics	153	10.2%	393	14.6%	107	7.9%	242	13.9%
Surveillance	223	9.4%	33	1.3%	91	5.9%	160	7.7%
Support and Services	153	10.5%	323	12.6%	93	7.2%	164	12.1%
Industrial Products and Services	27	2.1%	-340	-23.1%	-4	-0.3%	-81	-5.9%
Kockums	27	4.1%	46	5.3%	22	3.7%	25	3.3%
Corporate	-144		190		-21		-30	
Total	597	6.6%	766	6.1%	-663	-10.9%	652	7.4%
MSEK	Q1 2020	Operating margin	Q4 2019	Operating margin	Q3 2019	Operating margin	Q2 2019	Operating margin
Sales								
Aeronautics	1,971		2,329		1,794		1,971	
Dynamics	1,118		2,251		960		1,537	
Surveillance	1,728		2,304		1,876		1,795	
Support and Services	1,310		1,654		1,526		1,292	
Industrial Products and Services	1,599		1,933		1,377		1,672	
Kockums	806		815		690		705	
Corporate/elimination	-492		-708		-309		-527	
Total	8,040		10,578		7,914		8,445	
Operating income/loss								
Aeronautics	158	8.0%	192	8.2%	122	6.8%	166	8.4%
Dynamics	87	7.8%	419	18.6%	24	2.5%	160	10.4%
Surveillance	221	12.8%	361	15.7%	189	10.1%	213	11.9%
Support and Services	131	10.0%	262	15.8%	158	10.4%	140	10.8%
Industrial Products and Services	27	1.7%	105	5.4%	-7	-0.5%	71	4.2%
Kockums	26	3.2%	36	4.4%	21	3.0%	-3	-0.4%
Corporate	-90		-177		11		-117	
Total	560	7.0%	1,198	11.3%	518	6.5%	630	7.5%

Multi-year overview

MSEK	2020	2019	2018	2017	2016
Order bookings	42,328	27,216	27,975	30,841	21,828
Order backlog at 31 December	99,816	93,293	102,184	107,233	107,606
Sales	35,431	35,433	33,156	31,666	28,631
<i>Sales in Sweden, %</i>	36	37	41	42	43
<i>Sales in Europe excluding Sweden, %</i>	18	16	14	14	17
<i>Sales in North America, %</i>	11	11	10	9	10
<i>Sales in Latin America, %</i>	13	12	12	8	7
<i>Sales in Rest of the World, %</i>	22	24	24	27	23
Operating income (EBIT)	1,315	2,937	2,266	2,250	1,797
<i>Operating margin, %</i>	3.7	8.3	6.8	7.1	6.3
Adjusted operating income	2,738	2,937	2,564	2,250	1,797
<i>Adjusted operating margin, %</i>	7.4	8.3	7.7	7.1	6.3
Depreciation/amortisation and write-downs	1,518	1,368	916	839	946
EBITDA	2,833	4,305	3,182	3,089	2,743
<i>EBITDA margin, %</i>	8.0	12.1	9.6	9.8	9.6
Income after financial items	1,112	2,607	1,796	2,099	1,611
Net income for the year	1,092	2,025	1,366	1,508	1,175
Total assets	60,568	59,858	56,128	44,998	41,211
Equity	21,644	20,809	19,633	14,285	13,301
Free cash flow ¹⁾	3,753	-2,036	-3,195	852	2,359
<i>Return on capital employed, % ¹⁾</i>	4.3	9.1	8.7	10.5	8.9
<i>Return on equity, % ¹⁾</i>	5.1	10.0	8.1	10.9	9.0
<i>Equity/assets ratio, %</i>	35.7	34.8	35.0	31.7	32.3
Earnings per share before dilution, SEK ¹⁾²⁾	8.07	14.88	11.27	12.79	9.85
Earnings per share after dilution, SEK ¹⁾²⁾	8.01	14.81	11.21	12.70	9.79
Dividend per share, SEK	4.70	-	4.50	5.50	5.25
Equity per share, SEK ¹⁾²⁾	162.32	154.48	145.43	121.86	114.17
Number of employees at year-end	18,073	17,420	17,096	16,427	15,465
Number of shares excluding treasury shares as of 31 December ²⁾	132,247,073	132,926,363	133,482,880	115,685,451	115,232,495
Average number of shares before dilution ²⁾	133,009,986	133,245,360	116,467,822	115,444,915	114,971,098
Average number of shares after dilution ²⁾	133,877,141	133,929,292	117,144,915	116,310,466	115,775,275

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

2) The average number of shares outstanding have for the comparative periods 2018-2015 been adjusted in accordance with IAS 33, Earnings per share, in accordance with the terms of the rights issue completed in 2018.

2017 has been restated according to the accounting principles regarding revenue recognition (IFRS 15).

Key ratios and goals

	Long-term target	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020
Organic sales growth, %	5	14	-5	1
Operating margin, %	10	6.6	7.0	3.7
Equity/assets ratio, %	30	36.8	35.3	35.7

Parent company

The Parent Company includes units within the business areas Aeronautics, Surveillance, Support and Services, and Industrial Products and Services as well as one unit within Dynamics. 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 interim report.

Parent company income statement

MSEK	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020
Sales	6,032	5,182	21,986
Cost of goods sold	-4,874	-4,053	-19,518
Gross income	1,158	1,129	2,468
Gross margin, %	19.2	21.8	11.2
Operating income and expenses	-946	-1,192	-4,464
Operating income (EBIT)	212	-63	-1,996
Operating margin, %	3.5	-1.2	-9.1
Financial income and expenses	62	-59	1,334
Income after financial items	274	-122	-662
Appropriations	-	-	309
Income before taxes	274	-122	-353
Taxes	-51	20	258
Net income for the period	223	-102	-95

Parent company balance sheet

MSEK	Note	31 Mar 2021	31 Dec 2020	31 Mar 2020
ASSETS				
Fixed assets:				
Intangible fixed assets		825	780	684
Tangible fixed assets		4,256	4,183	4,076
Financial fixed assets		7,567	7,507	7,359
Total fixed assets		12,648	12,470	12,119
Current assets:				
Inventories		6,999	6,833	7,492
Current receivables		16,827	15,538	18,315
Short term investments		7,838	8,076	5,331
Liquid assets		747	1,598	789
Total current assets		32,411	32,045	31,927
TOTAL ASSETS		45,059	44,515	44,046
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity:				
Restricted equity		3,373	3,373	3,380
Unrestricted equity		11,054	10,789	10,873
Total shareholders' equity		14,427	14,162	14,253
Untaxed reserves, provisions and liabilities:				
Untaxed reserves		2,199	2,199	2,508
Provisions		2,606	2,539	1,534
Liabilities	8	25,827	25,615	25,751
Total untaxed reserves, provisions and liabilities		30,632	30,353	29,793
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		45,059	44,515	44,046

LIQUIDITY, FINANCING, CAPITAL EXPENDITURES AND NUMBER OF EMPLOYEES

The Parent Company's net debt amounted to SEK 850 million as of 31 March 2021 compared to SEK 1,224 million as of 31 December 2020.

Investments in tangible fixed assets amounted to SEK 202 million (216). Investments in intangible assets amounted to SEK 79 million (57). At the end of the period, the Parent Company had 10,121 employees compared to 10,094 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 report 2020.

NOTE 2 ACCOUNTING PRINCIPLES

The consolidated accounts for the first quarter 2021 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 Parent Company's accounting principles are described on pages 108-109, and concerning significant income statement and balance sheet items in each note disclosure in the annual report 2020.

The interim 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 2020. All the information on pages 1-27 constitutes the interim report for the period 1 January – 31 March 2021.

The Group and the Parent Company use the accounting principles and calculation methods as described in the annual report 2020.

Important estimates and assumptions are disclosed in note 2 in the annual report 2020. As a consequence of Covid-19 has Saab during the first quarter 2021 analysed whether to revise the estimates and assumptions for these areas as well as measurements of financial instruments including impairment of accounts receivable and contract assets. This has not resulted in any significant adjustments.

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 six business areas, which are also operating segments: Aeronautics, Dynamics, Surveillance, Support and Services, Industrial Products and Services, and Kockums. In addition, 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 operating leases.

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.

Support and Services

Support and Services offers reliable, cost-efficient service and support for all of Saab's markets. This includes support solutions, technical

maintenance and logistics as well as products, solutions and services for military and civil missions.

Industrial Products and Services

The business units within Industrial Products and Services are focused on mainly civilian customers.

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.

Order bookings per operating segment

MSEK	Jan-Mar	Jan-Mar	Change, %	Rolling	Full Year
	2021	2020		12 Months	2020
Aeronautics	868	371	134	2,522	2,025
Dynamics	1,079	1,284	-16	9,026	9,231
Surveillance	1,320	1,093	21	14,155	13,928
Support and Services	1,574	877	79	12,642	11,945
Industrial Products and Services	1,141	1,196	-5	5,556	5,611
Kockums	452	490	-8	1,763	1,801
Corporate/elimination	-563	-488		-2,288	-2,213
Total	5,871	4,823	22	43,376	42,328

Order bookings per region

MSEK	Jan-Mar	Jan-Mar	Change, %	Full Year
	2021	2020		2020
Sweden	3,610	2,000	81	12,903
Rest of Europe	1,258	1,340	-6	8,469
North America	434	854	-49	4,358
Latin America	67	24	179	61
Asia	213	402	-47	12,863
Africa	1	8	-88	-113
Australia, etc.	288	195	48	3,787
Total	5,871	4,823	22	42,328

Order backlog per operating segment

MSEK	31 Mar	31 Dec	31 Mar
	2021	2020	2020
Aeronautics	35,413	36,838	40,520
Dynamics	16,135	16,527	14,487
Surveillance	21,323	22,183	15,795
Support and Services	14,564	14,238	8,605
Industrial Products and Services	8,773	8,794	8,672
Kockums	3,430	3,631	4,540
Corporate/elimination	-2,427	-2,395	-2,385
Total	97,211	99,816	90,234

Order backlog per region

MSEK	31 Mar	31 Dec	31 Mar
	2021	2020	2020
Sweden	29,210	28,819	27,162
Rest of Europe	18,205	18,374	15,949
North America	6,638	6,819	6,748
Latin America	25,635	27,129	30,706
Asia	11,868	13,155	6,226
Africa	269	237	486
Australia etc.	5,386	5,283	2,957
Total	97,211	99,816	90,234

Sales per operating segment

MSEK	Jan-Mar 2021	Jan-Mar 2020	Change, %	Rolling % 12 Months	Year 2020
Aeronautics	2,293	1,971	16	7,629	7,307
Dynamics	1,498	1,118	34	7,293	6,913
Surveillance	2,385	1,728	38	8,545	7,888
Support and Services	1,457	1,310	11	6,668	6,521
Industrial Products and Services	1,302	1,599	-19	5,549	5,846
Kockums	654	806	-19	2,875	3,027
Corporate/elimination	-501	-492		-2,080	-2,071
Total	9,088	8,040	13	36,479	35,431

Sales per region

MSEK	Jan-Mar 2021	% of sales	Jan-Mar 2020	% of sales	Full Year 2020	% of sales
Sweden	3,239	36	3,518	44	12,662	36
Rest of Europe	1,465	16	1,321	16	6,239	18
North America	768	8	907	11	3,938	11
Latin America	1,567	17	927	12	4,527	13
Asia	1,526	17	974	12	6,336	18
Africa	51	1	56	1	180	1
Australia, etc.	472	5	337	4	1,549	4
Total	9,088	100	8,040	100	35,431	100

Information on large customers

During the first quarter 2021, Saab had two customers 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 2,670 million (2,834). The Brazilian State is a customer primarily to business area Aeronautics and total sales amounted to SEK 1,469 million (860).

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-Mar 2021	% of sales	Jan-Mar 2020	% of sales	Rolling 12 Months	Full Year 2020
Aeronautics	158	6.9	158	8.0	-500	-500
Dynamics	153	10.2	87	7.8	895	829
Surveillance	223	9.4	221	12.8	507	505
Support and Services	153	10.5	131	10.0	733	711
Industrial Products and Services	27	2.1	27	1.7	-398	-398
Kockums	27	4.1	26	3.2	120	119
The operating segments' operating income	741	8.2	650	8.1	1,357	1,266
Corporate	-144		-90		-5	49
Total	597	6.6	560	7.0	1,352	1,315

Depreciation/amortisation and write-downs per operating segment

MSEK	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 Months	Full Year 2020
Aeronautics	19	15	73	69
Dynamics	21	22	87	88
Surveillance	125	75	397	347
Support and Services	59	6	130	77
Industrial Products and Services	17	19	74	76
Kockums	9	9	34	34
Corporate	219	208	838	827
Total	469	354	1,633	1,518

Operational cash flow per operating segment

MSEK	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 Months	Full Year 2020
Aeronautics	-1,253	-767	-2,712	-2,226
Dynamics	-526	-553	578	551
Surveillance	1,381	-501	3,163	1,281
Support and Services	445	-257	2,558	1,856
Industrial Products and Services	451	66	1,413	1,028
Kockums	-115	34	834	983
Corporate	-543	396	-1,639	-700
Total	-160	-1,582	4,195	2,773

Capital employed per operating segment

MSEK	31 Mar 2021	31 Dec 2020	31 Mar 2020
Aeronautics	8,192	6,790	6,095
Dynamics	5,048	4,402	4,640
Surveillance	9,225	7,969	8,258
Support and Services	4,003	3,387	4,460
Industrial Products and Services	3,610	3,969	5,266
Kockums	1,219	1,230	1,263
Corporate/elimination	5,009	8,962	7,531
Total	36,306	36,709	37,513

Full time equivalents (FTE's) per operating segment

Number at end of the period	31 Mar 2021	31 Dec 2020	31 Mar 2020
Aeronautics	3,584	3,554	3,452
Dynamics	2,821	2,795	2,619
Surveillance	3,830	3,829	3,726
Support and Services	2,117	2,066	1,984
Industrial Products and Services	3,325	3,391	3,701
Kockums	1,225	1,240	1,216
Corporate	1,137	1,111	1,094
Total	18,039	17,985	17,792

NOTE 4 DISTRIBUTION OF SALES

MSEK	Aeronautics		Dynamics		Surveillance		Support and Services		Industrial Products and Services		Kockums		Corporate/elimination		Group	
	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020
External sales	2,266	1,911	1,465	1,077	2,332	1,642	1,412	1,276	1,008	1,288	646	802	-41	44	9,088	8,040
Internal sales	27	60	33	41	53	86	45	34	294	311	8	4	-460	-536	-	-
Total sales	2,293	1,971	1,498	1,118	2,385	1,728	1,457	1,310	1,302	1,599	654	806	-501	-492	9,088	8,040
Sales by customer:																
Military customers	2,264	1,911	1,414	1,024	2,327	1,640	1,320	1,114	320	369	646	802	-64	33	8,227	6,893
Civilian customers	2	-	51	53	5	2	92	162	688	919	-	-	23	11	861	1,147
Total external sales	2,266	1,911	1,465	1,077	2,332	1,642	1,412	1,276	1,008	1,288	646	802	-41	44	9,088	8,040
Sales by significant source:																
Long-term customer contracts	2,064	1,641	597	354	1,728	1,175	838	451	404	695	433	595	-60	20	6,004	4,931
Services	199	267	215	178	431	360	473	641	553	520	213	190	12	19	2,096	2,175
Products	3	3	653	545	173	107	101	184	51	73	-	17	7	5	988	934
Total external sales	2,266	1,911	1,465	1,077	2,332	1,642	1,412	1,276	1,008	1,288	646	802	-41	44	9,088	8,040
Sales by domain:																
Air	2,263	1,911	30	80	1,241	767	1,101	839	78	91	-	-	-68	19	4,645	3,707
Land	3	-	899	707	453	268	211	248	162	164	-	-	4	3	1,732	1,390
Naval	-	-	528	286	627	581	34	39	2	3	646	802	15	17	1,852	1,728
Civil Security	-	-	5	3	1	-	39	47	430	490	-	-	4	1	479	541
Commercial Aeronautics	-	-	-	-	-	-	27	103	132	348	-	-	4	2	163	453
Other/not distributed	-	-	3	1	10	26	-	-	204	192	-	-	-	2	217	221
Total external sales	2,266	1,911	1,465	1,077	2,332	1,642	1,412	1,276	1,008	1,288	646	802	-41	44	9,088	8,040
Sales recognition method:																
Over time	2,256	1,889	735	513	2,076	1,464	1,218	992	768	822	632	791	-45	35	7,640	6,506
Point in time	10	22	730	564	256	178	194	284	240	466	14	11	4	9	1,448	1,534
Total external sales	2,266	1,911	1,465	1,077	2,332	1,642	1,412	1,276	1,008	1,288	646	802	-41	44	9,088	8,040

NOTE 5 ITEMS AFFECTING COMPARABILITY

Item affecting comparability	Business Area	MSEK	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020
Adjustment of project estimates, Covid-19	Aeronautics	Sales	-	-	-1,121
Adjustment of project estimates, Covid-19	Surveillance	Sales	-	-	-166
Adjustment of project estimates, Covid-19	Dynamics	Cost of goods sold	-	-	-15
Adjustment of project estimates, Covid-19	Corporate	Sales	-	-	-44
Provision for onerous contract, Covid-19	Industrial Products and Services	Cost of goods sold	-	-	-315
Write-down of inventory, Covid-19	Support and Services	Cost of goods sold	-	-	-118
Write-down of inventory, changes to product portfolio	Corporate	Cost of goods sold	-	-	-137
Write-down of shares in associated companies	Corporate	Share in income of associated companies	-	-	-113
Impairment of long-term receivable from associated companies	Corporate	Other operating expenses	-	-	-59
Write-down of shares in associated companies	Aeronautics	Share in income of associated companies	-	-	-32
Provision related to new assessment of ongoing disputes and legal proceedings for the Group	Corporate	Other operating expenses	-	-	-300
Capital gain from the divestment of shares in Vricon Inc	Corporate	Other operating income	-	-	997
		Sum	-	-	-1,423

NOTE 6 DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

The Annual General Meeting 2021 held on 13 April decided on a dividend to the Parent Company's shareholders of SEK 4.70 per share, corresponding to a total dividend of SEK 622 million. Record date for the dividend was 15 April 2021 and the dividend was paid out on 20 April 2021.

NOTE 7 INTANGIBLE FIXED ASSETS

MSEK	31 Mar 2021	31 Dec 2020	31 Mar 2020
Goodwill	5,228	5,141	5,447
Capitalised development costs	5,823	5,699	4,908
Other intangible assets	731	680	569
Total	11,782	11,520	10,924

NOTE 8 NET LIQUIDITY/DEBT

MSEK	31 Mar 2021	31 Dec 2020	31 Mar 2020
Assets:			
Liquid assets	1,461	2,273	1,411
Short-term investments	7,861	8,104	5,341
Total liquid investments	9,322	10,377	6,752
Short-term interest-bearing receivables	70	64	60
Long-term interest-bearing receivables	376	351	564
Long-term receivables attributable to pensions	-	-	28
Total interest-bearing assets	9,768	10,792	7,404
Liabilities:			
Lease liabilities	2,509	2,539	2,635
Liabilities to credit institutions	6,562	7,412	8,903
Liabilities to associated companies and joint ventures	42	39	48
Other interest-bearing liabilities	10	8	2
Provisions for pensions ¹⁾	4,764	5,067	4,265
Total interest-bearing liabilities and provisions for pensions	13,887	15,065	15,853
Net liquidity (+) / net debt (-)	-4,119	-4,273	-8,449

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

Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2022 SEK 4 billion, 2023, SEK 6 billion)	10,000	-	10,000
Overdraft facility (Maturity 2021)	59	-	59
Total	10,059	-	10,059

Parent Company

MSEK	31 Mar 2021	31 Dec 2020	31 Mar 2020
Long-term liabilities to credit institutions	5,244	5,291	8,016
Short-term liabilities to credit institutions	1,318	2,121	887
Total	6,562	7,412	8,903

Since 2009, Saab has a Medium Term Note programme (MTN) to enable issuance of long-term loans on the capital market. During 2018 the MTN programme was increased to MSEK 10,000.

Under the terms of this programme, Saab has issued fixed rate bonds as well as Floating Rate Notes (FRN). During the first quarter 2021, no activities has taken place within this program. Altogether, loans outstanding under the MTN programme amounted to SEK 6,412 million at the end of the reporting period. In December 2015, Saab signed Schuldschein loan agreements amounting to EUR 100 million. Loans to a value of EUR 80 million has matured during the quarter and another EUR 5 million has been repurchased. Remaining value of Schuldschein loan agreements amounts to EUR 15 million.

In 2020, Saab signed a 24-month Revolving Credit Facility Agreement of SEK 4 billion to strengthen the company's financial flexibility, and if needed to be utilised to refinance upcoming and future loan maturities. The facility has not been utilised in the quarter.

NOTE 9 CAPITAL EMPLOYED

MSEK	31 Mar 2021	31 Dec 2020	31 Mar 2020
Total assets	60,918	60,568	61,367
Less non-interest bearing liabilities	24,612	23,859	23,854
Capital employed	36,306	36,709	37,513

NOTE 10 FINANCIAL INSTRUMENTS

Classification and categorisation of financial assets and liabilities ²⁾

Carrying amount	31 Mar 2021	31 Dec 2020	31 Mar 2020
Financial assets:			
Valued at amortised cost ⁴⁾ :			
Accounts receivable, contract assets and other receivables	15,523	15,000	18,451
Liquid assets	1,461	2,273	1,411
Long-term receivables	731	617	627
Valued at fair value through profit and loss ³⁾ :			
Short-term investments	7,861	8,104	5,341
Derivatives for trading	74	147	228
Financial investments	31	30	28
Valued at fair value through other comprehensive income ³⁾ :			
Derivatives identified as hedges	897	1,530	1,971
Total financial liabilities	26,578	27,701	28,057
Financial liabilities:			
Valued at amortised cost:			
Interest-bearing liabilities ¹⁾	9,123	9,996	11,589
Other liabilities ⁴⁾	8,484	8,105	8,033
Valued at fair value through profit and loss ³⁾ :			
Derivatives for trading	27	46	102
Valued at fair value through other comprehensive income ³⁾ :			
Derivatives identified as hedges	745	919	2,961
Total financial liabilities	18,379	19,066	22,685
¹⁾ Fair value	9,138	10,015	11,427

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 MSEK 619.

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 for 2020, as described in the annual report 2020 on page 138, note 35. As of 31 March 2021, the Group had the following financial assets and liabilities at fair value:

Assets at fair value

MSEK	31 Mar 2021	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	7,861	7,861	-	-
Forward exchange contracts	934	-	934	-
Currency options	2	-	2	-
Interest rate swaps	17	-	17	-
Cross currency basis swaps	14	-	14	-
Electricity derivatives	4	4	-	-
Shares, participations and long-term receivables	31	-	-	31
Total	8,863	7,865	967	31

Liabilities at fair value

MSEK	31 Mar 2021	Level 1	Level 2	Level 3
Forward exchange contracts	691	-	691	-
Currency options	4	-	4	-
Interest rate swaps	77	-	77	-
Total	772	-	772	-

NOTE 11 SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

Free cash flow

MSEK	Jan-Mar 2021	Jan-Mar 2020	Full year 2020
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items ¹⁾	1,260	831	2,905
Cash flow from changes in working capital:			
Contract assets and liabilities	1,016	-2,365	1,704
Inventories	-958	-901	95
Other current receivables	-749	1,869	805
Other current liabilities	92	-103	468
Provisions	-138	-115	-336
Change in working capital	-737	-1,615	2,736
Cash flow from operating activities excluding taxes and other financial items	523	-784	5,641
Investing activities:			
Investments in intangible fixed assets	-342	-428	-1,622
Investments in tangible fixed assets	-342	-374	-1,269
Sales and disposals of tangible fixed assets	1	4	23
Cash flow from investing activities ²⁾	-683	-798	-2,868
Operational cash flow	-160	-1,582	2,773
Taxes and other financial items	-102	-138	-278
Sale of and investments in financial assets, associated companies and joint ventures	-2	20	1,093
Investments in operations	-20	-	-4
Sale of subsidiaries	19	-	169
Free cash flow	-265	-1,700	3,753

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, investments in operations and sale of 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-Mar 2021	Jan-Mar 2020	Full Year 2020
Free cash flow	-265	-1,700	3,753
Investing activities – interest-bearing:			
Short-term investments	231	420	-2,312
Other financial investments and receivables	-23	-50	-80
Financing activities:			
Repayments of loans	-853	-1,275	-3,077
Raising of loans	4	2,328	2,728
Repurchase of shares	-	-	-242
Dividend paid to non-controlling interest	-	-	-12
Transactions with non-controlling interest	62	-1	-85
Cash flow for the period	-844	-278	673

Liquid assets

MSEK	31 Mar 2021	31 Dec 2020	31 Mar 2020
The following components are included in liquid assets:			
Cash and bank balances	961	1,123	811
Bank deposits	500	1,150	600
Total according to balance sheet	1,461	2,273	1,411
Total according to statement of cash flows	1,461	2,273	1,411

NOTE 12 BUSINESS COMBINATIONS

No significant acquisitions through business combinations were made during the first three months of 2021.

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	31 Mar 2021	31 Dec 2020	31 Mar 2020
Defined-benefit obligation	12,825	12,774	11,175
Special employers' contribution	1,380	1,378	1,005
Less assets under management	8,061	7,707	6,938
Total provisions for pensions	6,144	6,445	5,242
of which reported as long-term receivable	-	-	28

Actuarial gains and losses are recognised in other comprehensive income. Actuarial gain related to the Swedish pension plans amounted to SEK 408 million net in the first quarter 2021 primarily due to the following:

Assumed discount rate has increased by 25 basis points, from 1.00% to 1.25% and the inflation assumption has increased by 25 basis points, from 1.50% to 1.75% compared to the beginning of the year. The net of revised assumptions amounted to a gain of SEK 18 million.

Negative experience adjustment has resulted in an actuarial loss of SEK -29 million.

The actuarial gain related to the special employer's contribution amounted to SEK 80 million.

The return on assets under management was higher than expected, which led to an actuarial gain of SEK 339 million.

NOTE 14 CONTINGENT LIABILITIES

No additional significant commitments have arisen during the first quarter 2021. 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

No significant transactions have occurred during the period.

Related parties with which the Group has transactions are described in the annual report 2020, note 37.

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 saabgroup.com, investor, financial data, key ratios.

Capital employed

Total assets less non-interest-bearing liabilities.

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 margin

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

Gross margin

Gross income as a percentage of sales.

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.

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.

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

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 expenses 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

C4I	Command, Control, Communications, Computers, and Intelligence
FMV	Swedish Defence Materiel Administration
FRN	Floating Rate Note
FTE	Full Time Equivalent, corresponds to one employee working full-time for one year
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards, internationella redovisningsregler
ISR	ISR Intelligence, Surveillance and Reconnaissance systems
MTN	Medium Term Note, bonds with a duration of 1-15 years

LINKÖPING 23 APRIL 2021

Saab AB (publ)

Micael Johansson

President and CEO

This interim report has not been subject to review by the company's auditors



SAAB

CONTACT

Media:

Saab press center
ph +46 734 18 00 18

Financial market:

Merton Kaplan, Head of Investor Relations
ph +46 734 18 20 71
Karl Förander, Manager Investor Relations
ph +46 734 18 51 66

Press and financial analysis conference:

23 April 2021 at 10.00 (CET)

You are welcome to participate by the live webcast or dial in to the conference call. It is possible to post questions both over the web and in the conference call.

Live webcast:

<http://saab-interimreport.creo.se/210423>

Conference call:

Please dial in using one of the numbers below:
Sweden: +46 8 505 583 65
UK: +44 333 300 9270
US: +1 833 249 8407

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

CALENDAR

Interim report January-June 2021

Published 21 July 2021

Interim report January-September 2021

Published 22 October 2021

Year-end report 2021

Published 11 February 2022

IMPORTANT INFORMATION

This interim 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. The information was submitted for publication, through the agency of the contact person set out below, on 23 April 2021 at 07.30 (CET)

Q1