

# Strengthened order backlog for continued growth

## KEY HIGHLIGHTS Q3 2021

- Strong order intake of SEK 15,605m, an increase of 54%, from orders in Sweden and rest of Europe. Order backlog amounting to SEK 105bn (95).
- Sales increased 32% and amounted to SEK 7,992m driven by high activity level in the defence business. The Q3 2020 included adjustments to project estimates of SEK -1.5bn. Adjusted for this, sales increased 6%.
- EBITDA amounted to SEK 977m (-314), corresponding to a margin of 12.2%. EBITDA and the EBITDA margin improved compared to the adjusted EBITDA in Q3 2020 of SEK 794m and adjusted margin of 10.5%.
- Operating income amounted to SEK 500m (-663), with a margin of 6.3%. The operating income and margin improved compared to the adjusted operating income in Q3 2020 of SEK 445m and adjusted margin of 5.9%.
- Operational cash flow was SEK -1,238m (-363) in the third quarter and SEK 1,754m (-128) in the first nine month of 2021.
- New organizational structure with four business areas in effect as of July 1.
- Saab joins the "Race to Zero" initiative to reduce climate impact and adopts a long-term climate goal of net zero emissions by 2050.

## FINANCIAL HIGHLIGHTS

MSEK	Jan-Sep 2021	Jan-Sep 2020	Change, %	Q3 2021	Q3 2020	Change, %	Full Year 2020
Order bookings	31,351	24,222	29	15,605	10,152	54	42,328
Order backlog	104,570	94,652	10				99,816
Sales	27,211	22,940	19	7,992	6,064	32	35,431
Gross income	5,793	3,537	64	1,746	-174	n/a	5,676
Gross margin, %	21.3	15.4		21.8	-2.9		16.0
EBITDA	3,239	1,604	102	977	-314	n/a	2,833
EBITDA margin, %	11.9	7.0		12.2	-5.2		8.0
Operating income (EBIT)	1,812	549	230	500	-663	n/a	1,315
Operating margin, %	6.7	2.4		6.3	-10.9		3.7
Adjusted operating income <sup>1)</sup>	1,812	1,657	9	500	445	12	2,738
Adjusted operating margin, % <sup>1)</sup>	6.7	6.8		6.3	5.9		7.4
Net income	1,234	489	152	324	-371	n/a	1,092
of which Parent Company's shareholders' interest	1,193	475	151	296	-380	n/a	1,073
Earnings per share after dilution, SEK	8.95	3.55		2.22	-2.83		8.01
Return on equity, % <sup>2)</sup>	8.5	7.0					5.1
Operational cash flow	1,754	-128		-1,238	-363		2,773
Free cash flow	1,360	698		-1,403	676		3,753
Free cash flow per share after dilution, SEK	10.20	5.21		-10.53	5.04		28.03
Average number of shares after dilution	133,361,072	133,861,996		133,198,087	134,048,466		133,877,141

<sup>1)</sup> Items affecting comparability, see note 5

<sup>2)</sup> Return on equity is measured over a rolling 12-month period.

# Q3

Order bookings

**15.6** BSEK

Sales growth

**32** %

Operating margin

**6.3** %

JANUARY-SEPTEMBER 2021

## COMMENTS FROM THE CEO

# Strengthened order backlog for continued growth



**Micael Johansson**  
President & CEO

Saab continued to win important contracts and delivered another growth quarter. Orders grew 54% in the third quarter and 29% in the first nine months of 2021. I am pleased to see orders growing in Sweden, rest of Europe and the U.S., which further strengthens Saab's position in important markets. Our order backlog is now SEK 105 billion and underlines the strength of our portfolio and the capabilities in our five core areas. With the opening of the new U.S. production site in West Lafayette, Indiana, in October, Saab took an important step in its international expansion.

Sales increased 32% in the third quarter. The same quarter last year included project estimate adjustments of SEK -1.5bn and adjusted for this, sales increased 6%. This was driven by solid project execution in the defence business, partly offset by the weak sales development in the civil aviation business, which continued to decline in the quarter. Sales for the first nine months increased 19% and 11% compared to adjusted sales in the same period 2020.

The improved sales had a positive contribution to EBITDA in the quarter, which increased 23% compared to the adjusted EBITDA in Q3 2020. The EBITDA margin was 12.2%. Operating income in the quarter grew 12% compared to last year's adjusted operating income and the margin improved from 5.9% to 6.3%. Dynamics was the main earnings driver in the quarter, supported by Ground Combat and Training and Simulation. In Aeronautics, we are now in the last part of the EMD (Engineering, Manufacturing and Development) phase of the T-7A programme. The T-7A operations will continue to have a negative impact on earnings until we ramp up the production in West Lafayette. In Surveillance, operating income improved compared to last year, mainly driven by higher sales, partly offset by higher amortisation cost. Kockums continued to show a year over year improvement in profitability in the quarter.

Whilst society and businesses are returning to normal following the pandemic, the risks in the global supply chains, including shortages in the electronic component market, remain. We have a close dialogue with our suppliers to mitigate potential future effects on supply shortages and secure delivery of products.

Operational cash flow in the third quarter amounted to SEK -1.2 billion (-0.4). The lower cash flow in the quarter was due to a temporary inventory build-up in Dynamics and Surveillance. The operational cash flow for the first nine months of 2021 was SEK 1.8 billion (-0.1). We reiterate our outlook of positive operational cash flow for the full year.

As we continue on our growth journey, we do so guided by our purpose and fundamental sustainability commitment to help nations keep people and society safe. This is in line with the UN's Sustainable Development Goal 16 for peace, justice and strong institutions. In the overall contribution to a sustainable society, an urgent focus on climate impact is also necessary. Saab is therefore dedicated to reduce the overall climate impact from emissions in operations, products and across the value-chain. During the quarter, Saab committed to the "Race to Zero" initiative to achieve net zero greenhouse gas emissions by 2050 by setting Science Based Targets. This commitment is one step in our work to meet the increased challenges in sustainability, climate change and emission targets. Year-to-date, Saab's reduction of carbon emissions from operations in scope 1 and 2 was 15%.

With some Covid-19 restrictions lifted, we now have the opportunity to meet and interact with our customers again. We have an exciting time ahead of us with several market campaigns ongoing, including opportunities for Gripen, GlobalEye, Ground Combat and in the underwater area. I remain confident in our ability to deliver on our long-term targets and create sustainable value for all our shareholders.

## Outlook for 2021\*

### SALES GROWTH:

Organic sales growth for the full year to be around 10 per cent.

### OPERATING INCOME:

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

### OPERATIONAL CASH FLOW:

Positive for the full year.

*\*The uncertainty surrounding Covid-19 and its future effects remain.*

## Orders

### THIRD QUARTER 2021

Order bookings increased 54 per cent and amounted to SEK 15,605 million (10,152) in the third quarter of 2021. Bookings of medium-sized orders grew 63 per cent while small orders declined 50 per cent. Key orders booked in the quarter included the further capability contract for the A26 submarines to Sweden of SEK 5.2 billion and the F123 Frigates contract to the German Navy of SEK 4.6 billion. Dynamics received important orders for combat training solutions to Poland of SEK 1 billion as well as a Carl-Gustaf order amounting to approximately SEK 0.9 billion.

### JANUARY-SEPTEMBER 2021

Order bookings for the first nine months amounted to SEK 31,351 million (24,222), an increase of 29 per cent. This was mainly driven by growth in large orders amounting to SEK 13,763 million (6,731). The growth was predominantly driven by Sweden, rest of Europe and the U.S. Medium-sized orders grew 20 per cent and amounted to 9,157 (7,607). Bookings of small orders declined 15 per cent in the period and amounted to SEK 8,431 million (9,885).

In the period, index and price changes had a positive effect on order bookings of SEK 659 million, compared to SEK 556 million in 2020.

The order backlog at the end of the period amounted to SEK 104,570 million, compared to SEK 99,816 million at the beginning of the year. In total, 68 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

### THIRD QUARTER 2021

Sales in the third quarter amounted to SEK 7,992 million (6,064) and corresponded to a 33 per cent organic growth. Adjusted for items affecting comparability in the third quarter 2020, sales growth was 6 per cent. Sales in Aeronautics increased 40 per cent compared to the third quarter 2020 that was affected by adjustments to project estimates of SEK -1,121 million. Surveillance contributed with a sales growth of 24 per cent in the quarter driven by high activity level. Kockums grew sales with 20 per cent and Combitech with 6 per cent also due to good activity levels, while sales in Dynamics was in line with same quarter last year.

### JANUARY-SEPTEMBER 2021

Sales in the first nine months amounted to SEK 27,211 million (22,940), corresponding to an organic sales increase of 20 per cent. Adjusted for items affecting comparability in the third quarter 2020, sales growth was 11 per cent. Dynamics, Surveillance, Kockums and Combitech reported sales growth compared to adjusted 2020 levels thanks to high activity in projects and deliveries. This more than offset lower sales in Aeronautics, affected by the civil aviation operations.

Sales from markets outside Sweden increased to SEK 17,241 million (14,736), corresponding to 63 per cent (64) of total sales. In the period, all regions reported sales growth. 90 per cent (86) of sales were related to the defence business.

### SALES GROWTH

Per cent	Jan-Sep 2021	Jan-Sep 2020	Q3 2021	Q3 2020	Full Year 2020
Organic sales growth	20	-8	33	-22	1
Acquisitions	-	-	-	-	-
Currency effects regarding revaluation of foreign subsidiaries	-1	0	-1	-1	-1
<b>Total sales growth</b>	<b>19</b>	<b>-8</b>	<b>32</b>	<b>-23</b>	<b>0</b>

### SALES PER REGION

MSEK	Jan-Sep 2021	Jan-Sep 2020	Change, %
Sweden	9,970	8,204	22
Rest of Europe	4,374	4,351	1
North America	3,007	2,710	11
Latin America	4,230	2,945	44
Asia	3,841	3,417	12
Africa	161	126	28
Australia, etc.	1,628	1,186	37
<b>Total</b>	<b>27,211</b>	<b>22,940</b>	<b>19</b>

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

### Order distribution

Orders exceeding MSEK 100 accounted for 73% (59) of total orders during January-September 2021.



### Order backlog duration:

2021: SEK **10.3** billion  
 2022: SEK **30.8** billion  
 2023: SEK **22.7** billion  
 2024: SEK **16.9** billion  
 After 2024: SEK **23.9** billion

### Defence/Civil

A total of 93% (89) of order bookings was attributable to defence-related operations during January-September 2021.

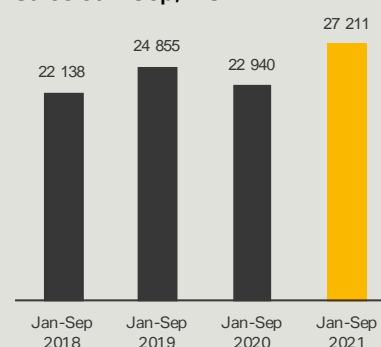


### Market

A total of 53% (68) of order bookings was related to markets outside Sweden during January-September 2021.



### Sales Jan-Sep, MSEK



## Income

### THIRD QUARTER 2021

The gross margin in the third quarter improved to 21.8 per cent (-2.9) compared to the adjusted gross margin of 19.3 per cent in the third quarter 2020. The improvement was a result of higher sales.

The strong sales in the quarter contributed positively to earnings and EBITDA increased 23 per cent compared to adjusted EBITDA in the third quarter 2020, corresponding to a margin of 12.2 per cent (-5.2). The adjusted EBITDA margin in the third quarter 2020 was 10.5 per cent.

Operating income grew 12 per cent and amounted to SEK 500 million (-663) compared to the adjusted operating income of SEK 445 million in the third quarter 2020. Operating margin was 6.3 per cent (-10.9), an improvement compared to adjusted margin in the third quarter 2020 of 5.9 per cent. This was primarily due to the improved sales in the quarter, partly offset by amortisation of capitalised development costs. During the quarter, operating income included right-sizing measures of SEK 26 million in the business areas Aeronautics and Surveillance.

### JANUARY-SEPTEMBER 2021

Gross income for the period increased 12 per cent compared to the adjusted gross income of 2020 driven by improved sales. The gross margin during the first nine months of 2021 was 21.3 per cent (15.4) and improved slightly compared to adjusted gross margin in the same period last year of 21.2 per cent.

Total depreciation, amortisation and write-downs amounted to SEK 1,427 million (1,055). Depreciation of tangible fixed assets amounted to SEK 918 million (864).

Expenditures for internally funded investments in R&D amounted to SEK 1,507 million (1,754), of which SEK 677 million (969) 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 509 million (191), of which amortisation and write-downs of capitalised development expenditures amounted to SEK 412 million (105). The increase is mainly explained by amortisation of GlobalEye, amounting to SEK 281 million in the first nine months of 2021.

The share of income in associated companies and joint ventures amounted to SEK -43 million (-134).

EBITDA in the first nine months amounted to SEK 3,239 million (1,604) and improved compared to the adjusted EBITDA in the same period last year of SEK 2,712 million. The improvement was a result of the positive contributions from sales. The EBITDA margin during the first nine months was 11.9 per cent (7.0) and the adjusted EBITDA margin for the corresponding period was 11.1 per cent.

Operating income increased by 9 per cent compared to the adjusted operating income of SEK 1,657 million in the first nine month 2020 and amounted to SEK 1,812 million (549). The operating margin of 6.7 per cent (2.4) was in line with the adjusted margin of the first nine month of 2020 of 6.8 per cent. In the period, operating income included right-sizing measures and capacity adjustments in the business areas Dynamics, Surveillance and Aeronautics of SEK 111 million.

## Financial net

MSEK	Jan-Sep 2021	Jan-Sep 2020
Financial net related to pensions	-39	-55
Net interest items	-45	-52
Currency gains/losses	-27	56
Lease liability interest	-73	-70
Other financial items	-52	-34
<b>Total</b>	<b>-236</b>	<b>-155</b>

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.

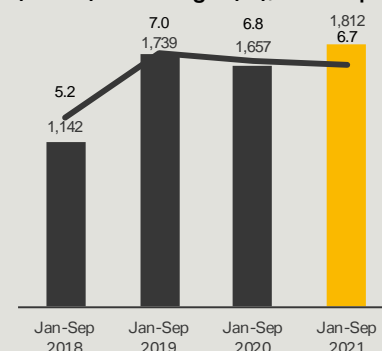
During the first nine months of 2021, the Group had a negative impact on results from derivatives that hedge tenders in foreign currency while the result was positive in the comparative period. Lease liability interest consists of the interest portion related to lease liabilities recognised in the balance 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.

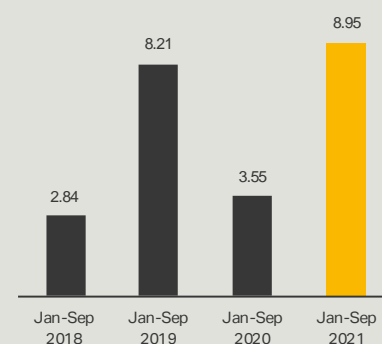
## Tax

Current and deferred taxes amounted to SEK -342 million (95), which means that the effective tax rate amounted to 22 per cent. Taxes for the first nine months of 2020 were affected by a tax-exempt income from the divestment of the joint venture Vricon.

### Adjusted operating income (MSEK) and margin (%), Jan-Sep

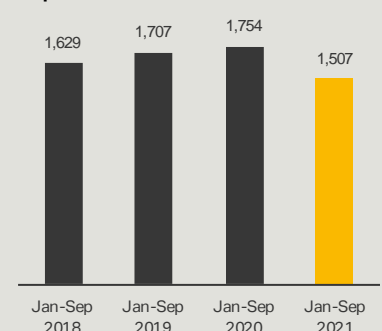


### Earnings per share after dilution, SEK



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 September 2021, net debt was SEK 3,076 million, a decrease of SEK 1,197 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 3,547 million (1,910).

Despite invoicing and milestone payments in large projects, contract assets slightly increased by SEK 88 million due to high activity level, while contract liabilities increased by SEK 1,677 million compared to year-end 2020. Inventories increased by SEK 1,552 million during the first nine months of 2021, mainly related to future deliveries within Dynamics and Surveillance.

Net provisions for pensions, excluding special employer's contribution, amounted to SEK 4,475 million as of 30 September 2021, compared to SEK 5,067 million at year-end 2020. The change had a positive effect on net debt of SEK 592 million. For further information on Saab's benefit pension plans, see note 13.

Tangible fixed assets amounted to SEK 7,023 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 2,411 million compared to 2,516 million at the end of 2020.

Net investments in the first nine months of the year amounted to SEK 1,836 million (2,063). Investments in tangible fixed assets amounted to SEK 921 million (908).

Investments in intangible fixed assets amounted to SEK 938 million (1,169), of which SEK 677 million (969) related to capitalised R&D expenditures. Capitalised R&D in the balance sheet increased by SEK 265 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 261 million (200) related to other intangible fixed assets. The increase mainly relates to IT security.

As of 30 September 2021, short-term investments and liquid assets amounted to SEK 10,292 million, a decrease of SEK 85 million compared to year-end 2020. In the second quarter a dividend of SEK 622 million was paid to the Parent Company's shareholders.

Capital employed decreased by SEK 136 million during the first nine months of 2021 to SEK 36,573 million. The return on capital employed was 7.7 per cent (5.4) and the return on equity was 8.5 per cent (7.0), 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-Sep 2021

	MSEK
<b>Net liquidity (+) / net debt (-), 31 Dec 2020</b>	<b>-4,273</b>
Cash flow from operating activities	3,547
Change in net pension obligation	592
Net investments	-1,836
Sale of and investments in financial assets, associates and joint ventures	-11
Repurchase of shares	-246
Dividend	-622
Dividend to and transactions with non-controlling interest	41
Additional lease liabilities	-240
Other items, currency impact and unrealised results from financial investments	-28
<b>Net liquidity (+) / net debt (-), 30 Sep 2021 <sup>1)</sup></b>	<b>-3,076</b>
<sup>1)</sup> Net liquidity (+) / net debt (-) excluding net provisions for pensions, lease liabilities and interest-bearing receivables, 30 Sep 2021	3,363

## Key indicators of financial position and liquidity

MSEK	30 Sep 2021	31 Dec 2020	Change	30 Sep 2020
Net liquidity / debt <sup>2)</sup>	-3,076	-4,273	1,197	-7,097
Intangible fixed assets	11,972	11,520	452	11,333
Goodwill	5,224	5,141	83	5,251
Capitalised development costs	5,964	5,699	265	5,444
Other intangible fixed assets	784	680	104	638
Tangible fixed assets, etc <sup>3)</sup>	7,406	6,984	422	6,889
Right of use assets <sup>4)</sup>	2,411	2,516	-105	2,384
Inventories	11,804	10,252	1,552	11,416
Accounts receivable	3,841	4,062	-221	2,826
Contract assets	9,988	9,900	88	10,277
Contract liabilities	10,086	8,409	1,677	6,770
Equity/assets ratio, %	36.4	35.7		35.5
Return on equity, %	8.5	5.1		7.0
Equity per share, SEK <sup>1)</sup>	170.42	162.32	8.10	152.91
1) Number of shares excluding treasury shares	131,675,887	132,247,073		133,278,501

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

### THIRD QUARTER 2021

Operational cash flow for the third quarter amounted to SEK -1,238 million (-363). The negative cash flow in the third quarter was impacted by temporary inventory build-up in Dynamics and Surveillance.

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

Free cash flow amounted to SEK -1,403 million (676). For more detailed information on cash flow, see note 11.

### JANUARY-SEPTEMBER 2021

Cash flow from operating activities, excluding taxes and other financial items, amounted to SEK 3,590 million (1,935) and improved compared to the same period last year, as a result of good activity level and completions and deliveries in several of Saab's projects.

Operational cash flow amounted to SEK 1,754 million (-128). Cash flow improved as a result of higher EBITDA, lower investments and improved cash flow from large milestone payments. The majority of this year's large milestone payments were received in the first half of the year.

Free cash flow amounted to SEK 1,360 million (698). For more detailed information on cash flow, see note 11.

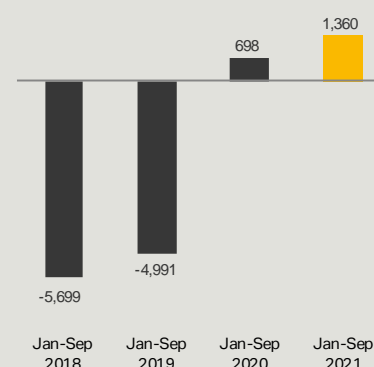
There can be large fluctuations in cash flow between reporting periods as the timing of milestone payments in large projects greatly varies depending on when milestones are passed.

	Jan-Sep 2021	Jan-Sep 2020
<b>Cash flow from operating activities before changes in working capital, excluding taxes and other financial items <sup>1)</sup></b>	<b>4,017</b>	<b>1,093</b>
Change in working capital	-427	842
<b>Cash flow from operating activities excluding taxes and other financial items</b>	<b>3,590</b>	<b>1,935</b>
Cash flow from investing activities <sup>2)</sup>	-1,836	-2,063
<b>Operational cash flow</b>	<b>1,754</b>	<b>-128</b>
Taxes and other financial items	-382	-344
Sale of and investments in financial assets and operations	-12	1,170
<b>Free cash flow</b>	<b>1,360</b>	<b>698</b>

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, Aviation Services, Aerospace Systems, Gripen Support.

MSEK	Jan-Sep 2021	Jan-Sep 2020	Change, %	Q3 2021	Q3 2020	Full Year 2020
Order bookings	4,662	4,022	16	299	901	6,006
Order backlog	42,881	48,476	-12			46,842
Sales	8,626	7,763	11	2,479	1,770	11,340
EBITDA	570	-484	n/a	79	-943	-771
EBITDA margin, %	6.6	-6.2		3.2	-53.3	-6.8
Operating income (EBIT)	479	-560	n/a	47	-970	-875
Operating margin, %	5.6	-7.2		1.9	-54.8	-7.7
Adjusted operating income <sup>1)</sup>	479	561	-15	47	151	711
Adjusted operating margin, %	5.6	6.3		1.9	5.2	5.7
Operational cash flow	-1,342	-867		-1,257	-455	-1,077

<sup>1)</sup> See note 5 for additional information regarding items affecting comparability

### ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 78% (64) of total orders during January-September 2021.



### MARKET

Sales in markets outside Sweden amounted to 55% (58) during January-September 2021.



#### Market and orders

- Ongoing market campaign activities for Gripen E/F and Gripen C/D continues.
- In the period, the second and third T-7A aft sections were delivered to Boeing.
- Grand opening of the West Lafayette production facility in Indiana in October.

#### Sales, income and margin

- Sales increased in the quarter compared to the last year, which included project estimate adjustments of SEK 1.1 billion. Adjusted for this, sales declined by 14%.
- Sales in the civil aviation business continued to decline in the quarter and had a negative impact on results.
- The T-7A operations also had a negative impact on operating income in the quarter.

#### Cash flow

- Cash flow in the quarter was negative, driven by the lower earnings in the period but also due to continued capital build-up related to Gripen and T-7A programmes.
- Cash flow in Q3 2020 had a positive effect from a large customer compensation payment of SEK 558 million within the business unit Aerostructures, previously part of IPS.

## Business Area Dynamics

**BUSINESS UNITS:** Ground Combat, Missile Systems, Underwater Systems, Barracuda, Training and Simulation, Tactical Support Solutions.

MSEK	Jan-Sep 2021	Jan-Sep 2020	Change, %	Q3 2021	Q3 2020	Full Year 2020
Order bookings	7,937	10,197	-22	3,190	5,811	12,028
Order backlog	21,532	20,663	4			19,418
Sales	5,900	4,684	26	1,456	1,480	7,608
EBITDA	808	545	48	223	133	1,003
EBITDA margin, %	13.7	11.6		15.3	9.0	13.2
Operating income (EBIT)	742	480	55	201	112	912
Operating margin, %	12.6	10.2		13.8	7.6	12.0
Operational cash flow	-446	-319		-170	309	811

### ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 70% (71) of total orders during January-September 2021.



### MARKET

Sales in markets outside Sweden amounted to 74% (72) during January-September 2021.



#### Market and orders

- The market environment remained strong in most product areas, however, order intake was lower in the third quarter compared to the same quarter last year which included several large orders.
- Key orders received in the quarter included a Carl-Gustaf order as well as combat training solutions.

#### Sales, income and margin

- Sales growth in the quarter was negatively impacted by the closure of Barracuda in the U.S.
- Operating income improved, driven by good performance and several project completions.
- Ground Combat and Training & Simulation contributed to the improved margins in the quarter.

#### Cash flow

- Operational cash flow decreased compared to the same quarter last year, as well as year-to-date, mainly due to temporary build-up of inventory.

## Business Area Surveillance

**BUSINESS UNITS:** Radar Solutions, Electronic Warfare and Aircraft Systems, Combat Systems, Cyber Security, Traffic Management.

MSEK	Jan-Sep 2021	Jan-Sep 2020	Change, %	Q3 2021	Q3 2020	Full Year 2020
Order bookings	10,378	8,062	29	5,455	3,123	21,166
Order backlog	31,690	21,888	45			30,154
Sales	9,233	7,886	17	2,978	2,410	12,324
EBITDA	1,070	781	37	384	255	1,276
EBITDA margin, %	11.6	9.9		12.9	10.6	10.4
Operating income (EBIT)	502	509	-1	192	165	821
Operating margin, %	5.4	6.5		6.4	6.8	6.7
Operational cash flow	4,056	467		5	-270	2,146

### ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 71% (54) of total orders during January-September 2021.



### MARKET

Sales in markets outside Sweden amounted to 84% (83) during January-September 2021.



#### Market and orders

- Order intake in the quarter increased and further strengthened the order backlog.
- Largest contract was the order to modernise German Navy's F123 frigates and a framework contract for Saab's Digital Air Traffic Solutions to Belgium.

#### Sales, income and margin

- Sales growth in the quarter was mainly driven by the business Radar Solutions.
- Operating income improved while margins declined. Higher amortisation cost of SEK 102 million and the operations in South Africa impacted margins negatively.

#### Cash flow

- Operational cash flow continued to improve in the third quarter. This was despite temporary build-up of inventory.
- Year to date cash flow amounted to SEK 4.1 billion, mainly driven by milestone payments received for GlobalEye.

## Business Area Kockums

**BUSINESS UNITS:** Submarines, Surface Ships, Docksta.

MSEK	Jan-Sep 2021	Jan-Sep 2020	Change, %	Q3 2021	Q3 2020	Full Year 2020
Order bookings	7,271	938	675	6,383	198	1,801
Order backlog	8,643	3,638	138			3,631
Sales	2,260	2,151	5	707	589	3,027
EBITDA	120	99	21	41	30	153
EBITDA margin, %	5.3	4.6		5.8	5.1	5.1
Operating income (EBIT)	92	73	26	33	22	119
Operating margin, %	4.1	3.4		4.7	3.7	3.9
Operational cash flow	-5	297		109	91	983

### ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 88% (19) of total orders during January-September 2021.



### MARKET

Sales in markets outside Sweden amounted to 5% (4) during January-September 2021.



#### Market and orders

- Kockums backlog strengthened with the further capability order received for the A26 submarines to Sweden.
- Several medium-sized orders also contributed to the order growth in the quarter.

#### Sales, income and margin

- Sales increased in the quarter driven by high activity level in the business unit Submarines.
- Operating margin increased as a result of sales growth and improved productivity.

#### Cash flow

- Cash flow in the third quarter was positive, reflecting numerous smaller milestone payments.
- In the first nine months, cash flow was unchanged due to lower payments from projects compared to last year.



# Combitech

MSEK	Jan-Sep 2021	Jan-Sep 2020	Change, %	Q3 2021	Q3 2020	Full Year 2020
Order bookings	2,342	2,289	2	520	555	3,419
Order backlog	1,625	1,344	21			1,617
Sales	2,336	2,173	8	660	621	3,038
EBITDA	222	165	35	50	26	279
EBITDA margin, %	9.5	7.6	-	7.6	4.2	9.2
Operating income (EBIT)	211	161	31	46	25	273
Operating margin, %	9.0	7.4	-	7.0	4.0	9.0
Operational cash flow	321	605	-	67	-5	567

## ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 0% (0) of total orders during January-September 2021.



## MARKET

Sales in markets outside Sweden amounted to 9% (6) during January-September 2021.



### Market and orders

- Market conditions for Combitech remain favourable with good interest from the industry and the public sector.
- A number of collaborations within sustainability and digitalisation.

### Sales, income and margin

- Sales increased in the quarter, driven by continued good demand for services.
- Operating income and margins improved compared to the same quarter last year.

### Cash flow

- Operational cash flow improved in the quarter, mainly related to higher earnings.

## 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 -214 million (-114) in the first nine months of 2021.

Operational cash flow attributable to Corporate amounted to SEK -830 million (-311) in the first nine months of 2021. The change was primarily related to the effects from the restructuring of the Group's currency contract portfolio in the first quarter of 2021. This had a positive impact on business area Aeronautics cash flow, while the corresponding amount had a negative impact on the Corporate cash flow.

## Acquisitions and divestments 2021

During the first nine months of 2021, there were no major acquisitions or divestments.

## Share repurchase

Saab held 4,169,960 treasury shares as of 30 September 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

In June the Board of Directors decided to utilise its authorisation to repurchase own shares of series B in order to secure delivery of shares to participants in Saab's long-term incentive programmes. In the third quarter of 2021, Series B shares were repurchased for SEK 246 million.

## 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 larger 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 risk

Saab is closely monitoring the effects of the pandemic such as ongoing travel restrictions and the global shortage of certain categories of components. For Saab, the uncertainty surrounding Covid-19 has primarily been linked to disruptions in the supply chain, lock-downs in society and the market conditions in civil operations. In the areas where demand has decreased, a review of capacity, including staffing, is ongoing.

Despite an improved pandemic situation, Saab cannot rule out direct or indirect future risks related to the effects of Covid-19. Furthermore, the pandemic has had a negative impact on production capacity in operations and the risk of a broader impact on the Group remains.

Covid-19 related risks that may affect Saab in the future are:

- Lower order bookings due to limitations on meetings, travel and other 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 new 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 30 September 2021:

	% of capital	% of votes
Investor AB	30.2	40.8
Wallenberg Investments	8.7	7.7
Alliance Bernstein	5.1	4.5
First Swedish National Pension Fund	3.2	2.8
Vanguard	2.0	1.8
Norges Bank	1.5	1.3
Unionen	1.4	1.2
Zadig Asset Management	1.2	1.1
Skandia	1.1	1.0
BlackRock	1.0	0.9

## SOURCE: MODULAR FINANCE

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

## Personnel

	30 Sep 2021	31 Dec 2020
Number of employees	18,037	18,073
FTE's	18,026	17,985

# Sustainability

## SUSTAINABILITY AT SAAB

A commitment to society has been at the core of Saab's business since its founding, supporting nations to keep people and society safe, in line with UN's Sustainable Development Goal to build peace, justice and strong institutions. Saab's sustainability commitment expands to create value for all its stakeholders in a responsible way. Sustainability is therefore integrated in all aspects of the strategy and operations, and lays the foundation for the company's long-term development and growth. Through its operations, Saab contributes to most of the UN's Sustainability Development Goals (SDG). Saab's ambition is to develop the quarterly and annual sustainability reports incrementally going forward. A key component of this development will be stakeholder dialogue, materiality analysis and to develop the sustainability strategy further.

### Saab joins Race to Zero initiative



## HIGHLIGHTS DURING THE PERIOD

- Ahead of the COP26 climate summit in Glasgow, Saab has committed to the "Business Ambition for 1.5°C" campaign, thereby acknowledging the importance of climate action.
- Saab has become part of the UN Climate Champions and "Race to Zero" initiative, to reach net-zero emissions by 2050, backed by the Science Based Targets initiative (SBTi).
- Saab conducted a stakeholder dialogue on sustainability topics, which will constitute input to the Group's updated materiality analysis and sustainability strategy.
- Saab launched a Learning Landscape for employees. The initiative gives the employees the opportunity to develop continuously to meet the business needs in an efficient way.
- Saab led a live demonstration as part of the EU-funded OCEAN2020 defence research project, using the advantages of unmanned systems and platforms in real-life environment, together with the participation of 17 European companies, research institutes and defence ministries. The technology developed through the project will contribute to several Sustainable Development Goals, not least the Climate Action (SDG13) and Peace, Justice and Strong Institutions (SDG16).

## ENVIRONMENT AND CLIMATE IMPACT

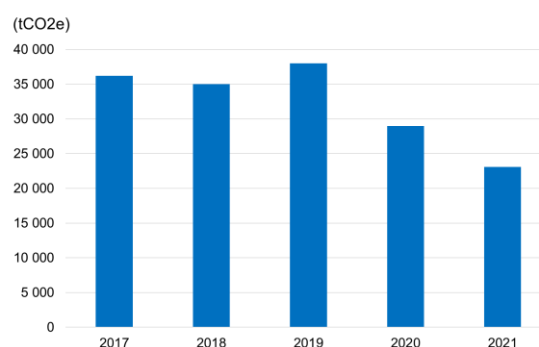
To strengthen competitiveness in the future and contribute to a sustainable society, Saab is working actively to reduce its environmental impact, from both its own operations, the value-chain and its products. Saab's environmental strategy is focused on reducing our own climate impact, phasing out hazardous substances and using the resources more efficiently.

### SCIENCE BASED TARGET

Recent research on climate change urge the need for immediate action to avoid severe and irreversible impact on our environment. With this global challenge in mind, Saab has during September signed a letter committing the company to "Race to Zero" and setting targets in line with the Science Based Targets (SBTi). Saab has committed to setting targets that entails reducing direct emissions by 50% by 2030.

Saab's reduction in carbon emissions from the scope 1 and 2 was 15% for the first nine months of 2021 compared to last year. The reduction in emissions was a result of continued work to improve energy efficiency at several of our larger sites, through the purchase of renewable energy certificates (REC), as well as reduced flight-testing from Saab's own aircraft according to their development and delivery plans. Furthermore, limited business travel due to the pandemic also contributed to the reductions.

### Greenhouse Gas Emissions from operations since 2017



## PHASING OUT FOSSIL FUELED VEHICLES

In 2020, Saab took decision to phase out vehicles fuelled only by fossil fuels used for business travel by 2025. The decision is part of our commitment to reduce greenhouse gases from our operations. This led Saab to establish a cross-functional steering group in order to increase the uptake of low-emission vehicles in line with the decision. It has contributed to increased emission requirements on selectable vehicles and a broader variety of low-emission options.

During the quarter, progress continued and Saab is well on track to achieve the target. So far this year, 80 percent of all new company cars have been low-emission vehicles. Additionally, 20 percent of these new cars have been zero emission electric vehicles. The development means Saab is ahead of the necessary uptake in order to achieve the phase out by 2025.

## PEOPLE

Employees are the driving force that will ensure that Saab can stay at the forefront of technology. Saab works on the fact that an even gender distribution among our recruiting managers will contribute to Saab attracting and recruiting more women as employees. Based on this approach, Saab continues to work to increase the share of women as managers and employees. Saab continues on a positive trend within this area, which is a result of systematic work and training of employees.

Occupational Health and Safety (OHS) is an important area for many of Saab's stakeholder groups and is therefore a prioritised sustainability area for Saab. Saab continues to work systematically to offer a safe, secure and healthy workplace from a physical, organisational and social perspective. Both of the OHS-related performance indicators continued the positive trend in the quarter.

Performance Indicators	2019	2020	Q3
Lost Time Injury Frequency Rate (LTIFR)	1.09	0.85	0.62
Reported incidents per workplace injury <sup>1</sup>	3.2	4.5	4.6
Share of women managers globally	25%	26%	27%
Share of women employees globally	23%	23%	23%

<sup>1</sup> Increased incidence reporting leads to fewer accidents.

## Significant events in January-September 2021:

- 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 profitable growth ambitions.
- 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. Saab booked SEK 1.5 billion of the value in Q1.
- 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. Read more on <https://www.saab.com/about/corporate-governance/shareholders-meeting/annual-general-meeting-2021>.
- On 5 May, Saab received an order from the Swedish Defence Materiel Administration, FMV, to provide future development support for Gripen. Total order value is SEK 998m.
- On 21 May, Carl-Johan Bergholm was presented as the new head of Saab's Business Area Surveillance. Charlotta Björklund was presented as the new head of the function Operational Excellence. Both were selected as members of Saab's Group Management.
- On 11 June, Saab's board utilised the authorisation to repurchase own shares of series B in order to secure delivery of shares to participants in Saab's long-term Share Matching Plan, Performance Share Plan and Special Projects Incentive.
- Saab's new organizational structure with four business areas effective as of July 1, 2021.
- During the period 9 July – 29 July 2021, Saab AB repurchased in total 1.000.000 own shares of series B as part of the share buy-back programme initiated by the Board of Directors in order to secure delivery of shares to participants in Saab's long-term Share Matching Plan, Performance Share Plan and Special Projects Incentive.
- On 30 July, Saab announced a contract with the German Federal Office of BAaINBw, for the order to deliver and integrate new naval radars and fire control directors for the German Navy's Frigates F123. The order value is approximately 4.6 billion SEK.
- On 27 August, Saab received a further capability order for the A26 Submarine for Sweden. Order value is SEK 5.2 billion and the delivery will take place in 2027 and 2028.
- On 31 August, Saab Digital Air Traffic Solutions (SDATS) was selected for a long-term framework agreement by skeyes, the Air Traffic Control organisation of Belgium. The framework agreement has a total value of just over 48 million Euro, spread over 18 years.
- Saab signed on 7 September a contract for the delivery of live training systems and services to the Polish Armed Forces. The total order value is approximately 1 billion SEK.
- On 16 September, Saab received orders for the Carl-Gustaf® M4 with included ammunition. The combined order value is approximately 900 million SEK.

For more information on significant order received during the year, see page 3 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>.

## Events after the conclusion of the period:

- On 13 October, Saab announced that the Group joins the United Nations Climate Change (UNFCCC) Race to Zero campaign and commits to reduce greenhouse gas emissions by 50 per cent by 2030 and to net zero by 2050.
- On 13 October, Saab announced the grand opening of its new facility located in West Lafayette, Indiana USA. This purpose-built facility will be the base for Saab's domestic production of the aft airframe section for the T-7A trainer.



**Saab Delivers for the T-7A Flight Test Program**

Saab has shipped its third aft airframe section for use in the T-7A Red Hawk flight test program for the United States Air Force. "This delivery shows we are committed to our plan and the solid progress achieved towards completing our EMD schedule. This airframe will be part of the first T-7A to fly and is another step towards the start of production in our brand new state of the art facility in West Lafayette, Indiana," said Jonas Hjelm, Senior Vice President and head of Saab business area Aeronautics.



**Saab Receives Further Order for the A26 Submarine for Sweden**

"Saab is currently constructing the world's most advanced conventional submarine. The new capabilities that are to be added to the A26 will give an additional edge within the weapon system and stealth technology among other things. With support from Saab's skilled employees and investments, the important industrial submarine capability in Sweden has been restored," says Micael Johansson, Saab's President and CEO

## Consolidated income statement

MSEK	Note	Jan-Sep 2021	Jan-Sep 2020	Rolling 12 Months	Full Year 2020
Sales	4,5	27,211	22,940	39,702	35,431
Cost of goods sold	5	-21,418	-19,403	-31,770	-29,755
<b>Gross income</b>		<b>5,793</b>	<b>3,537</b>	<b>7,932</b>	<b>5,676</b>
Gross margin, %		21.3	15.4	20.0	16.0
Other operating income	5	48	1,189	150	1,291
Marketing expenses		-1,646	-1,710	-2,275	-2,339
Administrative expenses		-1,027	-1,073	-1,363	-1,409
Research and development costs		-1,243	-890	-1,684	-1,331
Other operating expenses	5	-70	-370	-93	-393
Share in income of associated companies and joint ventures	5	-43	-134	-89	-180
<b>Operating income (EBIT) <sup>1)</sup></b>	<b>3</b>	<b>1,812</b>	<b>549</b>	<b>2,578</b>	<b>1,315</b>
Operating margin, %		6.7	2.4	6.5	3.7
Financial income		96	136	190	230
Financial expenses		-332	-291	-474	-433
<b>Net financial items</b>		<b>-236</b>	<b>-155</b>	<b>-284</b>	<b>-203</b>
<b>Income before taxes</b>		<b>1,576</b>	<b>394</b>	<b>2,294</b>	<b>1,112</b>
Taxes		-342	95	-457	-20
<b>Net income for the period</b>		<b>1,234</b>	<b>489</b>	<b>1,837</b>	<b>1,092</b>
of which Parent Company's shareholders' interest		1,193	475	1,791	1,073
of which non-controlling interest		41	14	46	19
Earnings per share before dilution, SEK <sup>2)</sup>		9.02	3.57	13.53	8.07
Earnings per share after dilution, SEK <sup>3)</sup>		8.95	3.55	13.43	8.01
1) Of which depreciation/amortisation and write-downs		-1,427	-1,055	-1,890	-1,518
2) Average number of shares before dilution		132,305,121	133,092,386	132,419,538	133,009,986
3) Average number of shares after dilution		133,361,072	133,861,996	133,352,846	133,877,141

## Consolidated statement of comprehensive income

MSEK	Jan-Sep 2021	Jan-Sep 2020	Rolling 12 Months	Full Year 2020
<b>Net income for the period</b>	<b>1,234</b>	<b>489</b>	<b>1,837</b>	<b>1,092</b>
Other comprehensive income/loss:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	830	-578	1,156	-252
Tax attributable to revaluation of net pension obligations	-171	119	-236	54
<b>Total</b>	<b>659</b>	<b>-459</b>	<b>920</b>	<b>-198</b>
Items that may be reversed in the income statement:				
Translation differences	279	-370	-14	-663
Cash flow hedges	-553	49	266	868
Tax attributable to cash flow hedges	115	-14	-51	-180
<b>Total</b>	<b>-159</b>	<b>-335</b>	<b>201</b>	<b>25</b>
<b>Other comprehensive income/loss for the period</b>	<b>500</b>	<b>-794</b>	<b>1,121</b>	<b>-173</b>
<b>Net comprehensive income/loss for the period</b>	<b>1,734</b>	<b>-305</b>	<b>2,958</b>	<b>919</b>
of which Parent Company's shareholders' interest	1,685	-287	2,898	926
of which non-controlling interest	49	-18	60	-7



## Consolidated statement of financial position

MSEK	Note	30 Sep 2021	31 Dec 2020	30 Sep 2020
<b>ASSETS</b>				
Fixed assets:				
Intangible fixed assets	7	11,972	11,520	11,333
Tangible fixed assets		7,023	6,608	6,518
Biological assets		383	376	371
Right of use assets		2,411	2,516	2,384
Shares in associated companies and joint ventures		396	496	543
Financial investments		37	30	29
Long-term receivables		880	617	564
Deferred tax assets		283	231	593
<b>Total fixed assets</b>		<b>23,385</b>	<b>22,394</b>	<b>22,335</b>
Current assets:				
Inventories		11,804	10,252	11,416
Derivatives		733	1,677	1,231
Tax receivables		203	28	211
Accounts receivable		3,841	4,062	2,826
Contract assets		9,988	9,900	10,277
Other receivables		1,004	899	858
Prepaid expenses and accrued income		1,071	979	1,302
Short-term investments		7,695	8,104	5,205
Liquid assets	11	2,597	2,273	2,381
<b>Total current assets</b>		<b>38,936</b>	<b>38,174</b>	<b>35,707</b>
<b>TOTAL ASSETS</b>		<b>62,321</b>	<b>60,568</b>	<b>58,042</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Shareholders' equity:				
Parent Company's shareholders' interest		22,440	21,466	20,380
Non-controlling interest		247	178	251
<b>Total shareholders' equity</b>		<b>22,687</b>	<b>21,644</b>	<b>20,631</b>
Long-term liabilities:				
Long-term lease liabilities		2,025	2,095	2,008
Other long-term interest-bearing liabilities	8	5,106	5,291	5,556
Other liabilities		80	100	159
Provisions for pensions	13	5,847	6,445	6,684
Other provisions		2,630	2,197	1,667
Deferred tax liabilities		180	56	23
<b>Total long-term liabilities</b>		<b>15,868</b>	<b>16,184</b>	<b>16,097</b>
Current liabilities:				
Short-term lease liabilities		457	444	417
Other short-term interest-bearing liabilities	8	1,823	2,168	1,839
Contract liabilities		10,086	8,409	6,770
Accounts payable		2,844	3,302	2,305
Derivatives		533	965	1,199
Tax liabilities		263	42	121
Other liabilities		704	778	2,443
Accrued expenses and deferred income		6,277	5,939	5,545
Provisions		779	693	675
<b>Total current liabilities</b>		<b>23,766</b>	<b>22,740</b>	<b>21,314</b>
<b>Total liabilities</b>		<b>39,634</b>	<b>38,924</b>	<b>37,411</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>62,321</b>	<b>60,568</b>	<b>58,042</b>

## 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
<b>Opening balance, 1 January 2020</b>	2,174	6,099	-228	651	11	11,828	20,535	274	20,809
Net comprehensive income/loss for the period January-September 2020			41	-344		16	-287	-18	-305
Transactions with shareholders:									
Share matching plan						139	139		139
Dividend						-	-	-10	-10
Acquisition and sale of non-controlling interest						-7	-7	5	-2
<b>Closing balance, 30 September 2020</b>	<b>2,174</b>	<b>6,099</b>	<b>-187</b>	<b>307</b>	<b>11</b>	<b>11,976</b>	<b>20,380</b>	<b>251</b>	<b>20,631</b>
Net comprehensive income/loss for the period October-December 2020			645	-291		859	1,213	11	1,224
Reallocation of revaluation reserve					-11	11			
Transactions with shareholders:									
Repurchase of shares						-242	-242		-242
Share matching plan						48	48		48
Dividend								1	1
Acquisition and sale of non-controlling interest						67	67	-85	-18
<b>Closing balance, 31 December 2020</b>	<b>2,174</b>	<b>6,099</b>	<b>458</b>	<b>16</b>	<b>-</b>	<b>12,719</b>	<b>21,466</b>	<b>178</b>	<b>21,644</b>
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			-438	271		1,852	1,685	49	1,734
Transactions with shareholders:									
Repurchase of shares						-246	-246		-246
Share matching plan						138	138		138
Dividend						-622	-622	-27	-649
Acquisition and sale of non-controlling interest						19	19	47	66
<b>Closing balance, 30 September 2021</b>	<b>2,174</b>	<b>6,099</b>	<b>20</b>	<b>287</b>	<b>-</b>	<b>13,860</b>	<b>22,440</b>	<b>247</b>	<b>22,687</b>

## Consolidated statement of cash flows

MSEK	Note	Jan-Sep 2021	Jan-Sep 2020	Full Year 2020
Operating activities:				
Income after financial items		1,576	394	1,112
Adjustments for items not affecting cash flows		2,608	897	2,033
Dividend from associated companies and joint ventures		62	58	63
Income tax paid		-272	-281	-144
<b>Cash flow from operating activities before changes in working capital</b>		<b>3,974</b>	<b>1,068</b>	<b>3,064</b>
Cash flow from changes in working capital:				
Contract assets and liabilities		1,600	-157	1,704
Inventories		-1,530	-1,031	95
Other current receivables		373	1,998	805
Other current liabilities		-550	322	468
Provisions		-320	-290	-336
<b>Cash flow from operating activities</b>		<b>3,547</b>	<b>1,910</b>	<b>5,800</b>
Investing activities:				
Capitalised development costs		-677	-969	-1,353
Investments in other intangible fixed assets		-261	-200	-269
Investments in tangible fixed assets		-921	-908	-1,269
Sales and disposals of tangible fixed assets		23	14	23
Investments in and sale of short-term investments		376	589	-2,312
Investments in financial assets, associated companies and joint ventures		-99	-91	-97
Sale of financial assets, associated companies and joint ventures		3	1,113	1,110
Investments in operations		-20	-4	-4
Sale of subsidiaries		19	71	169
<b>Cash flow from investing activities</b>		<b>-1,557</b>	<b>-385</b>	<b>-4,002</b>
Financing activities:				
Repayments of loans		-2,138	-2,787	-3,077
Amortisation of lease liabilities		-339	-319	-437
Raising of loans		1,604	2,328	2,728
Repurchase of shares		-246	-	-242
Dividend paid to Parent Company's shareholders		-622	-	-
Dividend paid to non-controlling interest		-27	-12	-12
Transactions with non-controlling interest		68	-1	-85
<b>Cash flow from financing activities</b>		<b>-1,700</b>	<b>-791</b>	<b>-1,125</b>
<b>Cash flow for the period</b>		<b>290</b>	<b>734</b>	<b>673</b>
Liquid assets at the beginning of the period		2,273	1,687	1,687
Exchange rate difference in liquid assets		34	-40	-87
<b>Liquid assets at end of period</b>	<b>11</b>	<b>2,597</b>	<b>2,381</b>	<b>2,273</b>

## Quarterly consolidated income statement

MSEK	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Sales	7,992	10,131	9,088	12,491	6,064	8,836	8,040	10,578
Cost of goods sold	-6,246	-8,018	-7,154	-10,352	-6,238	-7,005	-6,160	-8,009
<b>Gross income</b>	<b>1,746</b>	<b>2,113</b>	<b>1,934</b>	<b>2,139</b>	<b>-174</b>	<b>1,831</b>	<b>1,880</b>	<b>2,569</b>
Gross margin, %	21.8	20.9	21.3	17.1	-2.9	20.7	23.4	24.3
Other operating income	23	3	22	102	1,103	67	19	81
Marketing expenses	-523	-570	-553	-629	-492	-579	-639	-742
Administrative expenses	-340	-351	-336	-336	-348	-360	-365	-385
Research and development costs	-372	-465	-406	-441	-264	-317	-309	-325
Other operating expenses	-18	-	-52	-23	-359	5	-16	-69
Share of income in associated companies and joint ventures	-16	-15	-12	-46	-129	5	-10	69
<b>Operating income (EBIT) <sup>1)</sup></b>	<b>500</b>	<b>715</b>	<b>597</b>	<b>766</b>	<b>-663</b>	<b>652</b>	<b>560</b>	<b>1,198</b>
Operating margin, %	6.3	7.1	6.6	6.1	-10.9	7.4	7.0	11.3
Financial income	31	2	63	94	37	39	60	35
Financial expenses	-109	-68	-155	-142	-94	-19	-178	-100
<b>Net financial items</b>	<b>-78</b>	<b>-66</b>	<b>-92</b>	<b>-48</b>	<b>-57</b>	<b>20</b>	<b>-118</b>	<b>-65</b>
<b>Income before taxes</b>	<b>422</b>	<b>649</b>	<b>505</b>	<b>718</b>	<b>-720</b>	<b>672</b>	<b>442</b>	<b>1,133</b>
Taxes	-98	-135	-109	-115	349	-154	-100	-229
<b>Net income for the period</b>	<b>324</b>	<b>514</b>	<b>396</b>	<b>603</b>	<b>-371</b>	<b>518</b>	<b>342</b>	<b>904</b>
of which Parent Company's shareholders' interest	296	505	392	598	-380	521	334	883
of which non-controlling interest	28	9	4	5	9	-3	8	21
Earnings per share before dilution, SEK <sup>2)</sup>	2.24	3.81	2.96	4.50	-2.85	3.91	2.51	6.63
Earnings per share after dilution, SEK <sup>3)</sup>	2.22	3.78	2.94	4.48	-2.83	3.90	2.50	6.60
1) Of which depreciation/amortisation and write-downs	-477	-481	-469	-463	-349	-352	-354	-365
2) Average number of shares before dilution	132,116,615	132,476,942	132,321,807	132,762,787	133,226,313	133,087,362	132,963,482	132,875,322
3) Average number of shares after dilution	133,198,087	133,446,047	133,213,468	133,553,781	134,048,466	133,625,118	133,701,893	133,553,690

## Quarterly consolidated statement of comprehensive income

MSEK	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
<b>Net income for the period</b>	<b>324</b>	<b>514</b>	<b>396</b>	<b>603</b>	<b>-371</b>	<b>518</b>	<b>342</b>	<b>904</b>
Other comprehensive income/loss:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	94	328	408	326	-514	-706	642	757
Tax attributable to revaluation of net pension obligations	-19	-68	-84	-65	106	145	-132	-158
<b>Total</b>	<b>75</b>	<b>260</b>	<b>324</b>	<b>261</b>	<b>-408</b>	<b>-561</b>	<b>510</b>	<b>599</b>
Items that may be reversed in the income statement:								
Translation differences	58	-86	307	-293	-141	-301	72	-167
Net gain/loss on cash flow hedges	-170	79	-462	819	-54	254	-151	216
Tax attributable to net gain/loss on cash flow hedges	37	-28	106	-166	4	-52	34	-45
<b>Total</b>	<b>-75</b>	<b>-35</b>	<b>-49</b>	<b>360</b>	<b>-191</b>	<b>-99</b>	<b>-45</b>	<b>4</b>
<b>Other comprehensive income/loss for the period</b>	<b>0</b>	<b>225</b>	<b>275</b>	<b>621</b>	<b>-599</b>	<b>-660</b>	<b>465</b>	<b>603</b>
<b>Net comprehensive income/loss for the period</b>	<b>324</b>	<b>739</b>	<b>671</b>	<b>1,224</b>	<b>-970</b>	<b>-142</b>	<b>807</b>	<b>1,507</b>
of which Parent Company's shareholders' interest	292	732	661	1,213	-976	-131	820	1,484
of which non-controlling interest	32	7	10	11	6	-11	-13	23

## Key ratios by quarter

MSEK	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Equity/assets ratio, (%)	36.4	36.3	36.8	35.7	35.5	36.2	35.3	34.8
Return on capital employed, % <sup>3)</sup>	7.7	4.4	4.3	4.3	5.4	8.7	8.5	9.1
Return on equity, % <sup>3)</sup>	8.5	5.2	5.2	5.1	7.0	10.0	9.3	10.0
Equity per share, SEK <sup>1) 3)</sup>	170.42	168.50	167.59	162.32	152.91	160.03	160.89	154.48
Free cash flow, MSEK <sup>3)</sup>	-1,403	3,028	-265	3,055	676	1,722	-1,700	2,955
Free cash flow per share after dilution, SEK <sup>2) 3)</sup>	-10.53	22.69	-1.99	22.87	5.04	12.89	-12.71	22.13
1) Number of shares excluding treasury shares	131,675,887	132,557,343	132,396,540	132,247,073	133,278,501	133,174,124	133,000,600	132,926,363
2) Average number of shares after dilution	133,198,087	133,446,047	133,213,468	133,553,781	134,048,466	133,625,118	133,701,893	133,553,690
3) For more information and explanations regarding the usage of these key ratios, please see <a href="http://saabgroup.com">saabgroup.com</a> , investor, financial data, key ratios.								

## Quarterly information per operating segment

MSEK	Q3 2021	Operating margin	Q2 2021	Operating margin	Q1 2021	Operating margin	Q4 2020	Operating margin
<b>Sales</b>								
Aeronautics	2,479		3,044		3,103		3,577	
Dynamics	1,456		2,789		1,655		2,924	
Surveillance	2,978		2,981		3,274		4,438	
Kockums	707		899		654		876	
Combitech	660		883		793		865	
Corporate/elimination	-288		-465		-391		-189	
<b>Total</b>	<b>7,992</b>		<b>10,131</b>		<b>9,088</b>		<b>12,491</b>	
<b>Operating income/loss</b>								
Aeronautics	47	1.9%	219	7.2%	213	6.9%	-315	-8.8%
Dynamics	201	13.8%	380	13.6%	161	9.7%	431	14.7%
Surveillance	192	6.4%	138	4.6%	172	5.3%	312	7.0%
Kockums	33	4.7%	32	3.6%	27	4.1%	46	5.3%
Combitech	46	7.0%	84	9.5%	81	10.2%	112	12.9%
Corporate	-19		-138		-57		180	
<b>Total</b>	<b>500</b>	<b>6.3%</b>	<b>715</b>	<b>7.1%</b>	<b>597</b>	<b>6.6%</b>	<b>766</b>	<b>6.1%</b>
MSEK	Q3 2020	Operating margin	Q2 2020	Operating margin	Q1 2020	Operating margin	Q4 2019	Operating margin
<b>Sales</b>								
Aeronautics	1,770		2,937		3,056		3,556	
Dynamics	1,480		1,882		1,322		2,113	
Surveillance	2,410		2,918		2,558		3,551	
Kockums	589		756		806		815	
Combitech	621		797		755		1,211	
Corporate/elimination	-806		-454		-457		-668	
<b>Total</b>	<b>6,064</b>		<b>8,836</b>		<b>8,040</b>		<b>10,578</b>	
<b>Operating income/loss</b>								
Aeronautics	-970	-54.8%	154	5.2%	256	8.4%	324	9.1%
Dynamics	112	7.6%	259	13.8%	109	8.2%	402	19.0%
Surveillance	165	6.8%	146	5.0%	198	7.7%	495	13.9%
Kockums	22	3.7%	25	3.3%	26	3.2%	36	4.4%
Combitech	25	4.0%	79	9.9%	57	7.5%	125	10.3%
Corporate	-17		-11		-86		-184	
<b>Total</b>	<b>-663</b>	<b>-10.9%</b>	<b>652</b>	<b>7.4%</b>	<b>560</b>	<b>7.0%</b>	<b>1,198</b>	<b>11.3%</b>



## 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
Sales in Sweden, %	36	37	41	42	43
Sales in Europe excluding Sweden, %	18	16	14	14	17
Sales in North America, %	11	11	10	9	10
Sales in Latin America, %	13	12	12	8	7
Sales in Rest of the World, %	22	24	24	27	23
Operating income (EBIT)	1,315	2,937	2,266	2,250	1,797
Operating margin, %	3.7	8.3	6.8	7.1	6.3
Adjusted operating income	2,738	2,937	2,564	2,250	1,797
Adjusted operating margin, %	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
EBITDA margin, %	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 <sup>1)</sup>	3,753	-2,036	-3,195	852	2,359
Return on capital employed, % <sup>1)</sup>	4.3	9.1	8.7	10.5	8.9
Return on equity, % <sup>1)</sup>	5.1	10.0	8.1	10.9	9.0
Equity/assets ratio, %	35.7	34.8	35.0	31.7	32.3
Earnings per share before dilution, SEK <sup>1)2)</sup>	8.07	14.88	11.27	12.79	9.85
Earnings per share after dilution, SEK <sup>1)2)</sup>	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 <sup>1)2)</sup>	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 <sup>2)</sup>	132,247,073	132,926,363	133,482,880	115,685,451	115,232,495
Average number of shares before dilution <sup>2)</sup>	133,009,986	133,245,360	116,467,822	115,444,915	114,971,098
Average number of shares after dilution <sup>2)</sup>	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](http://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-Sep 2021	Jan-Sep 2020	Full Year 2020
Organic sales growth, %	5	20	-8	1
Operating margin, %	10	6.7	2.4	3.7
Equity/assets ratio, %	30	36.4	35.5	35.7

## Parent company

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

## Parent company income statement

MSEK	Jan-Sep 2021	Jan-Sep 2020	Full Year 2020
Sales	16,658	13,929	21,986
Cost of goods sold	-13,474	-12,676	-19,518
<b>Gross income</b>	<b>3,184</b>	<b>1,253</b>	<b>2,468</b>
Gross margin, %	19.1	9.0	11.2
Operating income and expenses	-2,738	-3,354	-4,464
<b>Operating income (EBIT)</b>	<b>446</b>	<b>-2,101</b>	<b>-1,996</b>
Operating margin, %	2.7	-15.1	-9.1
Financial income and expenses	18	894	1,334
<b>Income after financial items</b>	<b>464</b>	<b>-1,207</b>	<b>-662</b>
Appropriations	-	-	309
<b>Income before taxes</b>	<b>464</b>	<b>-1,207</b>	<b>-353</b>
Taxes	-99	465	258
<b>Net income for the period</b>	<b>365</b>	<b>-742</b>	<b>-95</b>

## Parent company balance sheet

MSEK	Note	30 Sep 2021	31 Dec 2020	30 Sep 2020
<b>ASSETS</b>				
Fixed assets:				
Intangible fixed assets		861	780	746
Tangible fixed assets		4,395	4,183	4,140
Financial fixed assets		7,823	7,507	7,773
<b>Total fixed assets</b>		<b>13,079</b>	<b>12,470</b>	<b>12,659</b>
Current assets:				
Inventories		7,610	6,833	7,809
Current receivables		15,971	15,538	14,496
Short term investments		7,687	8,076	5,186
Liquid assets		1,911	1,598	1,828
<b>Total current assets</b>		<b>33,179</b>	<b>32,045</b>	<b>29,319</b>
<b>TOTAL ASSETS</b>		<b>46,258</b>	<b>44,515</b>	<b>41,978</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Equity:				
Restricted equity		3,373	3,373	3,380
Unrestricted equity		10,425	10,789	10,329
<b>Total shareholders' equity</b>		<b>13,798</b>	<b>14,162</b>	<b>13,709</b>
Untaxed reserves, provisions and liabilities:				
Untaxed reserves		2,199	2,199	2,508
Provisions		2,677	2,539	1,951
Liabilities	8	27,584	25,615	23,810
<b>Total untaxed reserves, provisions and liabilities</b>		<b>32,460</b>	<b>30,353</b>	<b>28,269</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>46,258</b>	<b>44,515</b>	<b>41,978</b>

## LIQUIDITY, FINANCING, CAPITAL EXPENDITURES AND NUMBER OF EMPLOYEES

The Parent Company's net debt amounted to SEK 94 million as of 30 September 2021 compared to SEK 1,224 million as of 31 December 2020.

Investments in tangible fixed assets amounted to SEK 540 million (498). Investments in intangible assets amounted to SEK 242 million (186). At the end of the period, the Parent Company had 10,065 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 and sustainability report 2020.

## NOTE 2 ACCOUNTING PRINCIPLES

The consolidated accounts for the first nine months of 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 1-28 constitutes the interim report for the period 1 January – 30 September 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 third 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 four business areas, which are also operating segments: Aeronautics, Dynamics, Surveillance and Kockums. In addition Combitech, which provides consulting services, is an independent, wholly owned subsidiary of Saab. Corporate comprises Group staff and departments, a minority portfolio containing Saab's ownership interests in companies in various stages of development as well as other operations outside the core operations.

Under the new organisation structure, announced on March 18, 2021, six business areas became four. Combitech is no longer part of the business area structure, but reported separately. Proforma figures showing the performance of the merged business areas for the years 2021, 2020 and 2019 are found at [saab.com/investors/financial-data](http://saab.com/investors/financial-data).

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.

### Kockums

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

### Combitech

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

### Order bookings per operating segment

MSEK	Jan-Sep 2021	Jan-Sep 2020	Change, %	Q3 2021	Q3 2020	Full Year 2020
Aeronautics	4,662	4,022	16	299	901	6,006
Dynamics	7,937	10,197	-22	3,190	5,811	12,028
Surveillance	10,378	8,062	29	5,455	3,123	21,166
Kockums	7,271	938	675	6,383	198	1,801
Combitech	2,342	2,289	2	520	555	3,419
Corporate/elimination	-1,239	-1,286		-242	-436	-2,092
<b>Total</b>	<b>31,351</b>	<b>24,222</b>	<b>29</b>	<b>15,605</b>	<b>10,152</b>	<b>42,328</b>

### Order bookings per region

MSEK	Jan-Sep 2021	Jan-Sep 2020	Change, %	Q3 2021	Q3 2020	Full Year 2020
Sweden	14,734	7,770	90	7,497	2,043	12,903
Rest of Europe	11,083	5,772	92	6,768	3,071	8,469
North America	2,270	3,605	-37	-201	762	4,358
Latin America	207	186	11	33	62	61
Asia	1,875	3,899	-52	978	1,692	12,863
Africa	173	9	1,822	202	-4	-113
Australia, etc.	1,009	2,981	-66	328	2,526	3,787
<b>Total</b>	<b>31,351</b>	<b>24,222</b>	<b>29</b>	<b>15,605</b>	<b>10,152</b>	<b>42,328</b>

### Order backlog per operating segment

MSEK	30 Sep 2021	31 Dec 2020	30 Sep 2020
Aeronautics	42,881	46,842	48,476
Dynamics	21,532	19,418	20,663
Surveillance	31,690	30,154	21,888
Kockums	8,643	3,631	3,638
Combitech	1,625	1,617	1,344
Corporate/elimination	-1,801	-1,846	-1,357
<b>Total</b>	<b>104,570</b>	<b>99,816</b>	<b>94,652</b>

### Order backlog per region

MSEK	30 Sep 2021	31 Dec 2020	30 Sep 2020
Sweden	33,589	28,819	28,244
Rest of Europe	25,122	18,374	17,546
North America	6,273	6,819	7,459
Latin America	23,112	27,129	28,839
Asia	11,406	13,155	7,212
Africa	332	237	410
Australia etc.	4,736	5,283	4,942
<b>Total</b>	<b>104,570</b>	<b>99,816</b>	<b>94,652</b>

## Sales per operating segment

MSEK	Jan-Sep 2021	Jan-Sep 2020	Q3 2021	Q3 2020	Rolling Months	Full Year 2020
Aeronautics	8,626	7,763	2,479	1,770	12,203	11,340
Dynamics	5,900	4,684	1,456	1,480	8,824	7,608
Surveillance	9,233	7,886	2,978	2,410	13,671	12,324
Kockums	2,260	2,151	707	589	3,136	3,027
Combitech	2,336	2,173	660	621	3,201	3,038
Corporate/elimination	-1,144	-1,717	-288	-806	-1,333	-1,906
<b>Total</b>	<b>27,211</b>	<b>22,940</b>	<b>7,992</b>	<b>6,064</b>	<b>39,702</b>	<b>35,431</b>

<sup>1)</sup> Items affecting comparability during 2020 has had a negative impact on sales for the comparative period, refer to note 5 for more information.

## Sales per region

MSEK	Jan-Sep 2021	% of sales	Jan-Sep 2020	% of sales	Full Year 2020	% of sales
Sweden	9,970	37	8,204	36	12,662	36
Rest of Europe	4,374	16	4,351	19	6,239	18
North America	3,007	11	2,710	12	3,938	11
Latin America	4,230	16	2,945	13	4,527	13
Asia	3,841	14	3,417	15	6,336	18
Africa	161	1	126	1	180	1
Australia, etc.	1,628	6	1,187	5	1,549	4
<b>Total</b>	<b>27,211</b>	<b>100</b>	<b>22,940</b>	<b>100</b>	<b>35,431</b>	<b>100</b>

## Information on large customers

During the first nine months of 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 8,420 million (7,047). The Brazilian State is a customer primarily to business area Aeronautics and total sales amounted to SEK 3,899 million (2,740).

## 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-Sep 2021	% of sales	Jan-Sep 2020	% of sales	Q3 2021	Q3 2020	Rolling Months	Full Year 2020
Aeronautics	479	5.6	-560	-7.2	47	-970	164	-875
Dynamics	742	12.6	480	10.2	201	112	1,174	912
Surveillance	502	5.4	509	6.5	192	165	814	821
Kockums	92	4.1	73	3.4	33	22	138	119
Combitech	211	9.4	161	7.4	46	25	323	273
<b>The operating segments' operating income</b>	<b>2,026</b>	<b>7.5</b>	<b>663</b>	<b>2.9</b>	<b>519</b>	<b>-646</b>	<b>2,613</b>	<b>1,250</b>
Corporate	-214		-114		-19	-17	-35	65
<b>Total</b>	<b>1,812</b>	<b>6.7</b>	<b>549</b>	<b>2.4</b>	<b>500</b>	<b>-663</b>	<b>2,578</b>	<b>1,315</b>

## Depreciation/amortisation and write-downs per operating segment

MSEK	Jan-Sep 2021	Jan-Sep 2020	Change , %	Q3 2021	Q3 2020	Rolling 12 Months	Full Year 2020
Aeronautics	91	76	20	32	27	119	104
Dynamics	66	65	2	22	21	92	91
Surveillance	568	272	109	192	90	751	455
Kockums	28	26	8	8	8	36	34
Combitech	11	4	175	4	2	13	6
Corporate	663	612	8	219	201	879	828
<b>Total</b>	<b>1,427</b>	<b>1,055</b>	<b>35</b>	<b>477</b>	<b>349</b>	<b>1,890</b>	<b>1,518</b>

## Operational cash flow per operating segment

MSEK	Jan-Sep 2021	Jan-Sep 2020	Q3 2021	Q3 2020	Rolling 12 Months	Full Year 2020
Aeronautics	-1,342	-867	-1,257	-455	-1,552	-1,077
Dynamics	-446	-319	-170	309	684	811
Surveillance	4,056	467	5	-270	5,735	2,146
Kockums	-5	297	109	91	681	983
Combitech	321	605	67	-5	283	567
Corporate	-830	-311	8	-33	-1,176	-657
<b>Total</b>	<b>1,754</b>	<b>-128</b>	<b>-1,238</b>	<b>-363</b>	<b>4,655</b>	<b>2,773</b>

## Capital employed per operating segment

MSEK	30 Sep 2021	31 Dec 2020	30 Sep 2020
Aeronautics	9,449	8,630	9,469
Dynamics	5,847	4,584	5,031
Surveillance	11,958	12,635	14,208
Kockums	1,261	1,230	1,271
Combitech	919	917	886
Corporate/elimination	7,139	8,713	4,891
<b>Total</b>	<b>36,573</b>	<b>36,709</b>	<b>35,756</b>

## Full time equivalents (FTE's) per operating segment

Number at end of the period	30 Sep 2021	31 Dec 2020	30 Sep 2020
Aeronautics	5,310	5,438	5,401
Dynamics	3,104	3,023	2,988
Surveillance	5,123	5,109	5,084
Kockums	1,215	1,240	1,223
Combitech	2,061	2,056	2,035
Corporate	1,213	1,119	1,111
<b>Total</b>	<b>18,026</b>	<b>17,985</b>	<b>17,842</b>

## NOTE 4 DISTRIBUTION OF SALES

MSEK	Aeronautics		Dynamics		Surveillance		Kockums		Combitech		Corporate/ elimination		Group	
	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
External sales	8,568	7,668	5,770	4,408	8,956	7,525	2,239	2,139	1,567	1,406	111	-206	27,211	22,940
Internal sales	58	95	130	276	277	361	21	12	769	767	-1,255	-1,511	-	-
<b>Total sales</b>	<b>8,626</b>	<b>7,763</b>	<b>5,900</b>	<b>4,684</b>	<b>9,233</b>	<b>7,886</b>	<b>2,260</b>	<b>2,151</b>	<b>2,336</b>	<b>2,173</b>	<b>-1,144</b>	<b>-1,717</b>	<b>27,211</b>	<b>22,940</b>
<b>Sales by customer:</b>														
Military customers	8,066	6,536	5,552	4,136	7,785	6,417	2,239	2,139	702	669	41	-222	24,385	19,675
Civilian customers	502	1,132	218	272	1,171	1,108	-	-	865	737	70	16	2,826	3,265
<b>Total external sales</b>	<b>8,568</b>	<b>7,668</b>	<b>5,770</b>	<b>4,408</b>	<b>8,956</b>	<b>7,525</b>	<b>2,239</b>	<b>2,139</b>	<b>1,567</b>	<b>1,406</b>	<b>111</b>	<b>-206</b>	<b>27,211</b>	<b>22,940</b>
<b>Sales by significant source:</b>														
Long-term customer contracts	6,962	5,569	1,858	1,197	6,586	5,363	1,761	1,656	171	188	38	-300	17,376	13,673
Services	1,538	1,975	757	758	1,690	1,608	476	470	1,383	1,214	38	77	5,882	6,102
Products	68	124	3,155	2,453	680	554	2	13	13	4	35	17	3,953	3,165
<b>Total external sales</b>	<b>8,568</b>	<b>7,668</b>	<b>5,770</b>	<b>4,408</b>	<b>8,956</b>	<b>7,525</b>	<b>2,239</b>	<b>2,139</b>	<b>1,567</b>	<b>1,406</b>	<b>111</b>	<b>-206</b>	<b>27,211</b>	<b>22,940</b>
<b>Sales by domain:</b>														
Air	7,944	6,382	136	249	4,030	3,444	-	-	134	142	32	53	12,276	10,270
Land	71	61	4,262	3,239	1,453	903	-	-	586	506	-2	11	6,370	4,720
Naval	-	-	1,350	888	2,007	1,833	2,239	2,139	16	29	34	53	5,646	4,942
Civil Security	38	66	13	22	1,424	1,247	-	-	231	163	11	37	1,717	1,535
Commercial Aeronautics	515	1,159	-	-	7	16	-	-	2	8	37	5	561	1,188
Other/not distributed	-	-	9	10	35	82	-	-	598	558	-1	-365	641	285
<b>Total external sales</b>	<b>8,568</b>	<b>7,668</b>	<b>5,770</b>	<b>4,408</b>	<b>8,956</b>	<b>7,525</b>	<b>2,239</b>	<b>2,139</b>	<b>1,567</b>	<b>1,406</b>	<b>111</b>	<b>-206</b>	<b>27,211</b>	<b>22,940</b>
<b>Sales recognition method:</b>														
Over time	7,818	6,367	2,204	1,790	7,819	6,579	2,201	2,038	1,441	1,353	48	-260	21,531	17,867
Point in time	750	1,301	3,566	2,618	1,137	946	38	101	126	53	63	54	5,680	5,073
<b>Total external sales</b>	<b>8,568</b>	<b>7,668</b>	<b>5,770</b>	<b>4,408</b>	<b>8,956</b>	<b>7,525</b>	<b>2,239</b>	<b>2,139</b>	<b>1,567</b>	<b>1,406</b>	<b>111</b>	<b>-206</b>	<b>27,211</b>	<b>22,940</b>

## NOTE 5 ITEMS AFFECTING COMPARABILITY

Item affecting comparability	Business Area	MSEK	Jan-Sep 2021	Jan-Sep 2020	Q3 2021	Q3 2020	Full Year 2020
Adjustment of project estimates, Covid-19	Aeronautics	Sales	-	-1,121	-	-1,121	-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	-	-375	-	-375	-44
Provision for onerous contract, Covid-19	Aeronautics	Cost of goods sold	-	-	-	-	-315
Write-down of inventory, Covid-19	Aeronautics	Cost of goods sold	-	-	-	-	-118
Write-down of inventory, changes to product portfolio	Corporate	Cost of goods sold	-	-137	-	-137	-137
Write-down of shares in associated companies	Corporate	Share in income of associated companies	-	-113	-	-113	-113
Impairment of long-term receivable from associated companies	Corporate	Other operating expenses	-	-59	-	-59	-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	-	-300	-300
Capital gain from the divestment of shares in Vicon Inc	Corporate	Other operating income	-	997	-	997	997
<b>Sum</b>			<b>-</b>	<b>-1,108</b>	<b>-</b>	<b>-1,108</b>	<b>-1,423</b>

## 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	30 Sep 2021	31 Dec 2020	30 Sep 2020
Goodwill	5,224	5,141	5,251
Capitalised development costs	5,964	5,699	5,444
Other intangible assets	784	680	638
<b>Total</b>	<b>11,972</b>	<b>11,520</b>	<b>11,333</b>



## NOTE 8 NET LIQUIDITY/DEBT

MSEK	30 Sep 2021	31 Dec 2020	30 Sep 2020
Assets:			
Liquid assets	2,597	2,273	2,381
Short-term investments	7,695	8,104	5,205
<b>Total liquid investments</b>	<b>10,292</b>	<b>10,377</b>	<b>7,586</b>
Short-term interest-bearing receivables	72	64	63
Long-term interest-bearing receivables	446	351	351
Long-term receivables attributable to pensions	-	-	28
<b>Total interest-bearing assets</b>	<b>10,810</b>	<b>10,792</b>	<b>8,028</b>
Liabilities:			
Lease liabilities	2,482	2,539	2,425
Liabilities to credit institutions	6,883	7,412	7,348
Liabilities to associated companies and joint ventures	42	39	43
Other interest-bearing liabilities	4	8	4
Provisions for pensions <sup>1)</sup>	4,475	5,067	5,305
<b>Total interest-bearing liabilities and provisions for pensions</b>	<b>13,886</b>	<b>15,065</b>	<b>15,125</b>
<b>Net liquidity (+) / net debt (-)</b>	<b>-3,076</b>	<b>-4,273</b>	<b>-7,097</b>

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

## Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2026 SEK 4 billion, 2023, SEK 2 billion)	6,000	-	6,000
Overdraft facility (Maturity 2021 SEK 29 million, 2022 SEK 30 million)	59	-	59
<b>Total</b>	<b>6,059</b>	<b>-</b>	<b>6,059</b>

## Parent Company

MSEK	30 Sep 2021	31 Dec 2020	30 Sep 2020
Long-term liabilities to credit institutions	5,105	5,291	5,555
Short-term liabilities to credit institutions	1,778	2,121	1,792
<b>Total</b>	<b>6,883</b>	<b>7,412</b>	<b>7,347</b>

Since 2009, Saab has a Medium Term Note programme (MTN) to enable issuance of bonds in the capital market. During 2018 the MTN programme was increased to SEK 10,000 million. A major part of the bonds are issued as Floating Rate Notes (FRN). During the quarter, bonds amounting to SEK 918 million were repaid. New bonds with tenors 2029 to 2031 were issued at total of amount of SEK 900 million. Altogether, bonds outstanding within the MTN programme amounted to SEK 6,733 million.

In December 2015, Saab signed a Schuldschein loan amounting to EUR 100 million. Loans with a value of EUR 80 million has been repaid during the year and another EUR 5 million has been repurchased. Remaining Schuldschein loans amounts to EUR 15 million.

In September 2021, Saab signed two revolving credit facilities of a total amount of SEK 6 billion with the purpose of extending the existing credit facilities with maturity in January 2023. The total amount includes a five year facility of SEK 4 billion and a two year facility of SEK 2 billion with an option to extend one plus one year. In connection with the extension, the SEK 4 billion revolving credit facility signed in March 2020 was cancelled. No facility has been utilised during the year.

## NOTE 9 CAPITAL EMPLOYED

MSEK	30 Sep 2021	31 Dec 2020	30 Sep 2020
Total assets	62,321	60,568	58,042
Less non-interest bearing liabilities	25,748	23,859	22,286
<b>Capital employed</b>	<b>36,573</b>	<b>36,709</b>	<b>35,756</b>

## NOTE 10 FINANCIAL INSTRUMENTS

Classification and categorisation of financial assets and liabilities <sup>2)</sup>

Carrying amount	30 Sep 2021	31 Dec 2020	30 Sep 2020
<b>Financial assets:</b>			
Valued at amortised cost <sup>4)</sup> :			
Accounts receivable, contract assets and other receivables	14,901	15,000	14,866
Liquid assets	2,597	2,273	2,381
Long-term receivables	880	617	536
Valued at fair value through profit and loss <sup>3)</sup> :			
Short-term investments	7,695	8,104	5,205
Derivatives for trading	25	147	154
Financial investments	37	30	29
Valued at fair value through other comprehensive income <sup>3)</sup> :			
Derivatives identified as hedges	708	1,530	1,077
<b>Total financial liabilities</b>	<b>26,843</b>	<b>27,701</b>	<b>24,248</b>
<b>Financial liabilities:</b>			
Valued at amortised cost:			
Interest-bearing liabilities <sup>1)</sup>	9,410	9,996	9,818
Other liabilities <sup>4)</sup>	7,798	8,105	6,781
Valued at fair value through profit and loss <sup>3)</sup> :			
Derivatives for trading	24	46	43
Valued at fair value through other comprehensive income <sup>3)</sup> :			
Derivatives identified as hedges	509	919	1,156
<b>Total financial liabilities</b>	<b>17,741</b>	<b>19,066</b>	<b>17,798</b>
<sup>1)</sup> Fair value	9,421	10,015	9,819

<sup>2)</sup> 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 326.

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

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

The Group has used the same valuation methods as in the year-end closing of 2020, as described in the annual report 2020 on page 138, note 35. As of September 30 2021, the Group had the following financial assets and liabilities at fair value:

## Assets at fair value

MSEK	30 Sep 2021	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	7,695	7,695	-	-
Forward exchange contracts	658	-	658	-
Interest rate swaps	28	-	28	-
Cross currency basis swaps	12	-	12	-
Electricity derivatives	35	35	-	-
Shares, participations and long-term receivables	37	-	-	37
<b>Total</b>	<b>8,465</b>	<b>7,730</b>	<b>698</b>	<b>37</b>

## Liabilities at fair value

MSEK	30 Sep 2021	Level 1	Level 2	Level 3
Forward exchange contracts	473	-	473	-
Interest rate swaps	60	-	60	-
<b>Total</b>	<b>533</b>	<b>-</b>	<b>533</b>	<b>-</b>

## NOTE 11 SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

## Free cash flow

MSEK	Jan-Sep 2021	Jan-Sep 2020	Q3 2021	Q3 2020	Full year 2020
<b>Cash flow from operating activities before changes in working capital, excluding taxes and other financial items <sup>1)</sup></b>	<b>4,017</b>	<b>1,093</b>	<b>1,530</b>	<b>-906</b>	<b>2,905</b>
Cash flow from changes in working capital:					
Contract assets and liabilities	1,600	-157	-274	386	1,704
Inventories	-1,530	-1,031	-736	291	95
Other current receivables	373	1,998	132	1,376	805
Other current liabilities	-550	322	-1,238	-923	468
Provisions	-320	-290	-140	-78	-336
<b>Change in working capital</b>	<b>-427</b>	<b>842</b>	<b>-2,256</b>	<b>1,052</b>	<b>2,736</b>
<b>Cash flow from operating activities excluding taxes and other financial items</b>	<b>3,590</b>	<b>1,935</b>	<b>-726</b>	<b>146</b>	<b>5,641</b>
Investing activities:					
Investments in intangible fixed assets	-938	-1,169	-269	-287	-1,622
Investments in tangible fixed assets	-921	-908	-254	-221	-1,269
Sales and disposals of tangible fixed assets	23	14	11	-1	23
<b>Cash flow from investing activities <sup>2)</sup></b>	<b>-1,836</b>	<b>-2,063</b>	<b>-512</b>	<b>-509</b>	<b>-2,868</b>
<b>Operational cash flow</b>	<b>1,754</b>	<b>-128</b>	<b>-1,238</b>	<b>-363</b>	<b>2,773</b>
Taxes and other financial items	-382	-344	-163	-115	-278
Sale of and investments in financial assets, associated companies and joint ventures	-11	1,103	-2	1,085	1,093
Investments in operations	-20	-4	-	-2	-4
Sale of subsidiaries	19	71	-	71	169
<b>Free cash flow</b>	<b>1,360</b>	<b>698</b>	<b>-1,403</b>	<b>676</b>	<b>3,753</b>

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-Sep 2021	Jan-Sep 2020	Q3 2021	Q3 2020	Full Year 2020
Free cash flow	1,360	698	-1,403	676	3,753
Investing activities – interest-bearing:					
Short-term investments	376	589	1,094	-163	-2,312
Other financial investments and receivables	-85	-81	-39	-10	-80
Financing activities:					
Repayments of loans	-2,138	-2,787	-920	-2	-3,077
Raising of loans	1,604	2,328	900	-	2,728
Repurchase of shares	-246	-	-246	-	-242
Dividend paid to the Parent Company's shareholders	-622	-	-	-	-
Dividend paid to non-controlling interest	-27	-12	-27	-	-12
Transactions with non-controlling interest	68	-1	16	-	-85
<b>Cash flow for the period</b>	<b>290</b>	<b>734</b>	<b>-625</b>	<b>501</b>	<b>673</b>

## Liquid assets

MSEK	30 Sep 2021	31 Dec 2020	30 Sep 2020
The following components are included in liquid assets:			
Cash and bank balances	1,197	1,123	885
Bank deposits	1,400	1,150	1,496
<b>Total according to balance sheet</b>	<b>2,597</b>	<b>2,273</b>	<b>2,381</b>
<b>Total according to statement of cash flows</b>	<b>2,597</b>	<b>2,273</b>	<b>2,381</b>

## NOTE 12 BUSINESS COMBINATIONS

No significant acquisitions through business combinations were made during the first nine 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	30 Sep 2021	31 Dec 2020	30 Sep 2020
Defined-benefit obligation	12,866	12,774	12,761
Special employers' contribution	1,372	1,378	1,379
Less assets under management	8,391	7,707	7,484
<b>Total provisions for pensions</b>	<b>5,847</b>	<b>6,445</b>	<b>6,656</b>
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 830 million net in the first nine months of 2021 primarily due to the following:

Assumed discount rate has increased by 50 basis points, from 1.00% to 1.50% and the inflation assumption has increased by 50 basis points, from 1.50% to 2.00% compared to the beginning of the year. The net of revised assumptions amounted to a gain of SEK 36 million.

Negative experience adjustment has resulted in an actuarial loss of SEK 10 million.

The actuarial gain related to the special employer's contribution amounted to SEK 162 million.

The return on assets under management was higher than expected, which led to an actuarial gain of SEK 642 million.

#### NOTE 14 CONTINGENT LIABILITIES

No additional significant commitments have arisen during the first nine months of 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](http://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 adjusted for items affecting comparability

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

##### EBITDA margin

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

##### EBITDA margin adjusted for items affecting comparability

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

##### Effective tax rate

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

##### Equity/assets ratio

Equity in relation to total assets.

##### Equity per share

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

##### Free cash flow

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

##### Free cash flow per share

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

##### Gross income adjusted for items affecting comparability

Gross income adjusted for items classified as affecting comparability.

##### Gross margin

Gross income as a percentage of sales.

##### Gross margin adjusted for items affecting comparability

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

##### 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

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

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

**STOCKHOLM 22 OCTOBER 2021**

Saab AB (publ)

Micael Johansson

President and CEO and Board member

## Review report

Saab AB (publ.), corporate identity number 556036-0793.

### Introduction

We have reviewed the condensed interim financial information (interim report) of Saab AB as of 30 September 2021 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm 22 October 2021  
PricewaterhouseCoopers AB

Peter Nyllinge  
Authorised Public Accountant, Auditor in charge

Fredrik Göransson  
Authorised Public Accountant





# SAAB

## CONTACT

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ph +46 734 18 00 18

### Financial market:

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### Press and financial analyst conference:

22 October 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/211022>

### Conference call:

Please dial in using one of the numbers below:

Sweden: +46 8 505 583 73

UK: +44 333 300 9266

US: +1 631 913 1422 PIN: 22450724#

The interim report, presentation material and the webcast will be available on

<http://www.saab.com/investors>

## CALENDAR

### Year-end report 2021

Published 11 February 2022

### Saab Annual General Meeting

To be held 6 April 2022

### Interim report January-March 2022

Published 22 April 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 22 October 2021 at 07.30 (CET)*

# Q3