



SAAB

A year with growth and strong cash flow generation

KEY HIGHLIGHTS Q4 2021

- Order intake of SEK 12,218m with strong growth in small and medium orders of 41% and 50%, respectively. Order backlog amounted to SEK 105bn (100).
- Sales amounted to SEK 11,943m (12,491) with continued good activity in the defence business while civil aviation business remained weak.
- EBITDA showed an improvement and amounted to SEK 1,587m (1,229), corresponding to a margin of 13.3% (9.8). EBITDA also improved compared to adjusted EBITDA of 1,544 in Q4 2020 with a margin of 12.5%.
- Operating income amounted to SEK 1,076m (766), and corresponded to a margin of 9.0% (6.1). The operating margin improved compared to the adjusted operating income of 8.8% in Q4 2020.
- Operational cash flow in the quarter was SEK 1,522m (2,901) and came in at SEK 3,276m (2,773) for the full year.
- The Board proposes a dividend for 2021 of SEK 4.90 (4.70) per share.
- Outlook 2022: organic growth to be around 5%, an operating income improvement between 8-12% and operational cash flow to be positive for 2022, however at a lower level than in 2021.

FINANCIAL HIGHLIGHTS

MSEK	Full Year 2021	Full Year 2020	Change, %	Q4 2021	Q4 2020	Change, %
Order bookings	43,569	42,328	3	12,218	18,106	-33
Order backlog	105,177	99,816	5			
Sales	39,154	35,431	11	11,943	12,491	-4
Gross income	8,205	5,676	45	2,412	2,139	13
Gross margin, %	21.0	16.0		20.2	17.1	
EBITDA	4,826	2,833	70	1,587	1,229	29
EBITDA margin, %	12.3	8.0		13.3	9.8	
Operating income (EBIT)	2,888	1,315	120	1,076	766	40
Operating margin, %	7.4	3.7		9.0	6.1	
Adjusted operating income ¹⁾	2,888	2,738	5	1,076	1,081	0
Adjusted operating margin, % ¹⁾	7.4	7.4		9.0	8.8	
Net income	2,025	1,092	85	791	603	31
of which Parent Company's shareholders' interest	1,926	1,073	79	733	598	23
Earnings per share after dilution, SEK	14.45	8.01		5.52	4.48	
Return on equity, % ²⁾	9.0	5.1				
Operational cash flow	3,276	2,773		1,522	2,901	
Free cash flow	2,737	3,753		1,377	3,055	
Free cash flow per share after dilution, SEK	20.53	28.03		10.36	22.87	
Average number of shares after dilution	133,293,340	133,877,141		132,861,467	133,553,781	

¹⁾ Items affecting comparability, see note 5

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

Q4

Order bookings
12.2 BSEK

Sales growth
-4.4%

Operating margin
9.0%

JANUARY-DECEMBER 2021

COMMENTS FROM THE CEO

A year with growth and strong cash flow generation



Micael Johansson
President & CEO

In 2021, we strengthened our platform for future growth by continuing to grow our order intake. This was despite the fact that the HX-fighter campaign in Finland favoured a U.S. capability over a strong Swedish offer. With a consistent focus on improved project execution and efficiency, we delivered on our targets for 2021. We achieved sales growth of 11%, an improvement in earnings, corresponding to an operating margin of 7.4% and we continued to deliver strong positive cash flow for the second year in a row. In contrast to 2020, Saab's financials were not affected by items affecting comparability in 2021.

In the fourth quarter, demand for our products remained high with small and medium sized orders growing 41% and 50%, respectively. Order intake was particularly strong in Sweden and Europe in the quarter. This added to our order book, which is now amounting to SEK 105 billion (100). Key orders during the quarter was the Gripen E new equipment contract to Sweden, several Carl-Gustaf orders including the next generation round to Sweden and a launch contract for the new G1X radar in the air defence segment.

Sales declined in the fourth quarter and was down -4%, in line with our outlook. Aeronautics and Kockums reported growth while Dynamics and Surveillance had lower sales. In Surveillance, sales declined mainly due to the strong volumes related to GlobalEye in Q4 2020 and in Dynamics due to a more even sales pattern in 2021. Looking ahead, capitalizing on the strong market, executing on our backlog and work to restore stability in the civil aviation business will continue to be our key focus. For the full year 2022, we expect organic sales growth to be around 5%.

Operating income amounted to SEK 1,076m in the quarter, corresponding to a margin of 9.0%. Even though sales in the quarter was lower, operational performance contributed to improved gross margin. For 2022, we expect continued growth and higher efficiency, which will support earnings growth. We expect EBIT to grow between 8% and 12% for the full year 2022.

Operational cash flow in the quarter amounted to SEK 1.5 billion (2.9). For the full year operational cash flow was positive and came in strong at SEK 3.3 billion (2.8). This was mainly due to higher EBITDA and cash flow from large milestone payments during the year. Looking ahead, we estimate operational cash flow to continue to be positive, however at a lower level than in 2021 for the coming two years. Based on Saab's financial results and future outlook, the Board proposes an increase of the dividend to SEK 4.90 (4.70) per share for 2021.

The risks related to the global pandemic remains to some extent, and there is a continued risk for resource and supply chain shortages. We proactively manage the challenges by new ways of working, which we learned and implemented during the pandemic. By this, we have largely mitigated the impact on our business. We continue to be cautious in our planning and have a close dialogue with our suppliers to mitigate potential future effects.

We are accelerating our sustainability agenda and firmly believe that defence and security capabilities are prerequisites for peace, security and stability. We are especially reminded by this in times where geopolitical tensions and security threats are increasing. Our sustainability commitment is based on Saab's mission to keep people and society safe, and we contribute to the global community by focusing on key UN goals for sustainable development identified in our strategy. During the period, we made further progress in our work to manage sustainability risks and decided to implement a Responsible Sales Policy. Saab is committed to work with future sustainability challenges, including driving corporate climate action by setting Science-Based Targets and through transparent reporting. I am confident that this journey will support long-term value creation for all our stakeholders.

Finally, I would like to thank our over 18,000 employees for their commitment and hard work in a challenging but successful 2021.

Outlook 2022

SALES GROWTH:

Organic sales growth of around 5%.

OPERATING INCOME:

Operating income improvement between 8-12% compared to 2021.

OPERATIONAL CASH FLOW:

Operational cash flow to be positive for 2022 however at a lower level than in 2021.

Orders

FOURTH QUARTER 2021

Order bookings amounted to SEK 12,218 million (18,106), a decline compared to the same quarter in the previous year, which included a large follow-on order for GlobalEye to the UAE. Small and medium-sized orders grew 41 and 50 per cent, respectively, in the fourth quarter 2021. Key orders in the business area Aeronautics included the contract for new equipment for Gripen to Sweden of SEK 1.4 billion and the capability upgrade of the Hungarian Gripen aircraft fleet. Dynamics received orders for the Carl-Gustaf system, orders for Barracuda camouflage and heavyweight torpedo system as well as Saab Seaeye orders. Surveillance and Kockums also secured important medium and small-sized orders in the quarter.

JANUARY-DECEMBER 2021

Order bookings for the full year amounted to SEK 43,569 million (42,328), an increase of 3 per cent. In the last two years, the book-to-bill ratio has been greater than one, supporting the company's long-term growth. Growth in order bookings during the year was mainly driven by orders in Sweden and Europe. Large orders amounted to SEK 14,869 million (17,222). Medium-sized orders grew 31 per cent and amounted to 15,495 (11,839). Bookings of small orders for the full year period was in line with last year and amounted to SEK 13,205 million (13,267). In the period, index and price changes had a positive effect on order bookings of SEK 1,223 million, compared to SEK 588 million in 2020.

The order backlog at the end of the period amounted to SEK 105,177 million, compared to SEK 99,816 million at the beginning of the year. In total, 67 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

FOURTH QUARTER 2021

Sales in the fourth quarter amounted to SEK 11,943 million (12,491) and corresponded to a decline of 4 per cent. Adjusted for items affecting comparability in the fourth quarter 2020, sales growth was down 3 per cent. Sales in Aeronautics increased 2 per cent compared to the same quarter in 2020 driven by good progress in the Gripen projects. Kockums and Combitech also contributed with sales growth of 29 per cent and 11 per cent in the quarter, respectively. Dynamics sales declined somewhat compared to Q4 last year, mainly due to lower seasonal variations in volumes in 2021 compared to the previous year. Surveillance sales also declined in the quarter in spite of improved sales in several business units, as the comparative quarter included higher volumes related to the GlobalEye contract.

JANUARY-DECEMBER 2021

Sales for the full year amounted to SEK 39,154 million (35,431) and corresponded to an organic growth of 11 per cent. Adjusted for items affecting comparability in 2020, sales growth was 6.5 per cent. Dynamics, Surveillance, Kockums and Combitech reported sales growth compared to adjusted full year 2020 as a result of continued high activity in projects and deliveries. In Aeronautics, the weak volumes in the civil aviation operations had a negative impact on sales.

Sales from markets outside Sweden increased to SEK 24,313 million (22,769) and corresponded to 62 per cent (64) of total sales. In the period, all regions, except Asia and Africa, reported sales growth. 90 per cent (88) of sales were related to the defence business.

SALES GROWTH

Per cent	Full Year 2021	Full Year 2020	Q4 2021	Q4 2020
Organic sales growth	11	1	-4	20
Acquisitions	-	-	-	-
Currency effects regarding revaluation of foreign subsidiaries	0	-1	0	-2
Total sales growth	11	0	-4	18

SALES PER REGION

MSEK	Full Year 2021	Full Year 2020	Change, %
Sweden	14,841	12,662	17
Rest of Europe	6,553	6,239	5
North America	4,203	3,938	7
Latin America	5,786	4,527	28
Asia	5,507	6,336	-13
Africa	175	180	-3
Australia, etc.	2,089	1,549	35
Total	39,154	35,431	11

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

Order distribution

Orders exceeding MSEK 100 accounted for 70% (69) of total orders during the year



Order backlog duration:

2022: SEK **34.0** billion
 2023: SEK **24.9** billion
 2024: SEK **17.3** billion
 2025: SEK **14.4** billion
 After 2025: SEK **14.6** billion

Defence/Civil

A total of 92% (91) of order bookings was attributable to defence-related operations during the year.

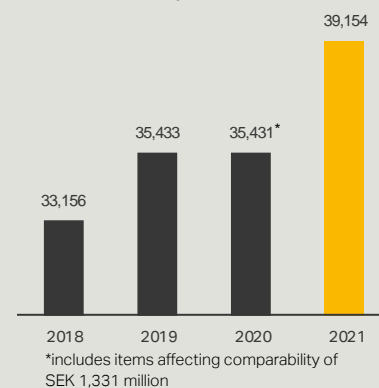


Market

A total of 54% (70) of order bookings was related to markets outside Sweden during the year.



Sales Jan-Dec, MSEK



Income

FOURTH QUARTER 2021

Driven by operational performance and efficiency, the gross margin in the fourth quarter improved to 20.2 per cent (17.1) compared to the adjusted gross margin of 19.6 per cent in Q4 2020.

EBITDA increased 3 per cent compared to adjusted EBITDA in the fourth quarter 2020, corresponding to a margin of 13.3 per cent (9.8). The adjusted EBITDA margin in Q4 2020 was 12.5 per cent.

Operating income amounted to SEK 1,076 million (766) compared to the adjusted operating income of SEK 1,081 million in the fourth quarter 2020. Operating margin was 9.0 per cent (6.1), an improvement compared to adjusted margin in the fourth quarter 2020 of 8.8 per cent. Even though sales was slightly lower in the quarter, improved efficiency contributed positively to earnings. During the quarter, operating income included right-sizing measures of SEK -38 million in business areas Aeronautics and Surveillance.

JANUARY-DECEMBER 2021

Gross income for the period increased 8 per cent compared to the adjusted gross income of 2020, driven by improved sales volumes. The gross margin during 2021 was 21.0 per cent (16.0) and improved slightly compared to the adjusted gross margin in the same period last year of 20.6 per cent.

Total depreciation, amortisation and write-downs amounted to SEK 1,938 million (1,518). Depreciation of tangible fixed assets amounted to SEK 1,237 million (1,169).

Total R&D expenditures amounted to SEK 6,897 million (7,440), about 18 per cent (21) of sales. Expenditures for internally funded investments in R&D amounted to SEK 2,000 million (2,450), of which SEK 891 million (1,353) 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 701 million (349) for the full year, of which amortisation and write-downs of capitalised development expenditures amounted to SEK 550 million (233). The increase is mainly explained by R&D amortisation related to GlobalEye, amounting to SEK 374 million (94) during 2021.

The share of income in associated companies and joint ventures amounted to SEK -28 million (-180).

EBITDA amounted to SEK 4,826 million (2,833) and improved compared to the adjusted EBITDA last year of SEK 4,256 million. The improvement was a result of positive sales contribution. The EBITDA margin 2021 was 12.3 per cent (8.0) compared to the adjusted EBITDA margin 2020 of 11.6 per cent.

Operating income increased by 5 per cent and amounted to SEK 2,888 million (1,315) compared to the adjusted operating income of SEK 2,738 million in 2020. The operating margin of 7.4 per cent (3.7) was in line with the adjusted margin of 7.4 per cent during 2020. During the year, operating income included right-sizing measures and capacity adjustments in the business areas Dynamics, Surveillance and Aeronautics of SEK -167 million.

Financial net

MSEK	Full Year 2021	Full Year 2020
Financial net related to pensions	-52	-73
Net interest items	-66	-70
Currency gains/losses	-29	110
Lease liability interest	-98	-93
Other financial items	-66	-77
Total	-311	-203

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.

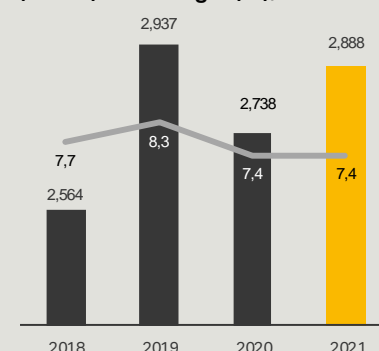
During 2021, the Group had a negative impact on results from derivatives that hedge tenders in foreign currency while the result was positive in the comparative period. Lease liability interest consists of the interest portion related to lease liabilities recognised in the balance sheet.

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.

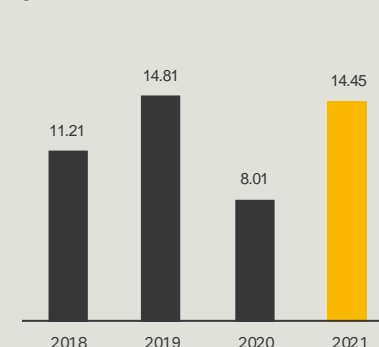
Tax

Current and deferred taxes amounted to SEK -552 million (-20), which means that the effective tax rate amounted to 21 per cent. Taxes in 2020 were affected by a tax-exempt income from the divestment of the joint venture Vicon.

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

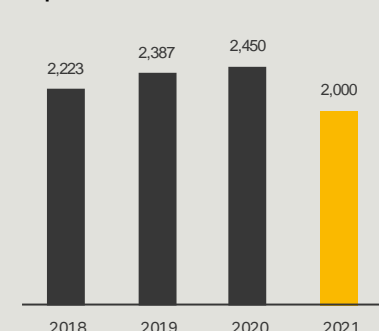


Earnings per share after dilution, SEK



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 December 2021, net debt was SEK 2,125 million, a decrease of SEK 2,148 million compared to year-end 2020, when net debt amounted to SEK 4,273 million.

Cash flow from operating activities amounted to SEK 5,713 million (5,800).

Due to invoicing and milestone payments in large projects, contract assets slightly decreased by SEK 648 million while contract liabilities increased by SEK 2,278 million compared to year-end 2020.

Inventories increased by SEK 1,357 million during the year, mainly related to future deliveries within Dynamics and Surveillance.

Net provisions for pensions, excluding special employer's contribution, amounted to SEK 4,774 million as of 31 December 2021, compared to SEK 5,067 million at year-end 2020. The change had a positive effect on net debt of SEK 293 million. For further information on Saab's benefit pension plans, see note 13.

Tangible fixed assets amounted to SEK 7,147 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 2,472 million compared to 2,516 million at the end of 2020.

Net investments in 2021 amounted to SEK 2,494 million (2,868). Investments in tangible fixed assets amounted to SEK 1,223 million (1,269).

Investments in intangible fixed assets amounted to SEK 1,297 million (1,622), of which SEK 891 million (1,353) related to capitalised R&D expenditures. Capitalised R&D in the balance sheet increased by SEK 341 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 406 million (269) related to other intangible fixed assets. The increase mainly relates to IT security.

As of 31 December 2021, short-term investments and liquid assets amounted to SEK 11,841 million, a increase of SEK 1,464 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 increased by SEK 1,068 million during the year to SEK 37,777 million. The return on capital employed was 8.1 per cent (4.3) and the return on equity was 9.0 per cent (5.1), 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-Dec 2021

	MSEK
Net liquidity (+) / net debt (-), 31 Dec 2020	-4,273
Cash flow from operating activities	5,713
Change in net pension obligation	293
Net investments	-2,494
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	-12
Additional lease liabilities	-416
Other items, currency impact and unrealised results from financial investments	-57
Net liquidity (+) / net debt (-), 31 Dec 2021 ¹⁾	-2,125
¹⁾ Net liquidity (+) / net debt (-) excluding net provisions for pensions, lease liabilities and interest-bearing receivables, 31 Dec 2021	4,669

Key indicators of financial position and liquidity

MSEK	31 Dec 2021	31 Dec 2020	Change
Net liquidity / debt ²⁾	-2,125	-4,273	2,148
Intangible fixed assets	12,162	11,520	642
Goodwill	5,253	5,141	112
Capitalised development costs	6,040	5,699	341
Other intangible fixed assets	869	680	189
Tangible fixed assets, etc ³⁾	7,532	6,984	548
Right of use assets ⁴⁾	2,472	2,516	-44
Inventories	11,609	10,252	1,357
Accounts receivable	5,884	4,062	1,822
Contract assets	9,252	9,900	-648
Contract liabilities	10,687	8,409	2,278
Equity/assets ratio, %	35.7	35.7	-
Return on equity, %	9.0	5.1	-
Equity per share, SEK ¹⁾	174.31	162.32	-
1) Number of shares excluding treasury shares	131,810,178	132,247,073	-436,895

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

FOURTH QUARTER 2021

Operational cash flow for the fourth quarter amounted to SEK 1,522 million (2,901) and was driven by customer payments in Aeronautics and Dynamics.

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 1,377 million (3,055). For more detailed information on cash flow, see note 11.

JANUARY-DECEMBER 2021

Cash flow from operating activities, excluding taxes and other financial items, amounted to SEK 5,770 million (5,641), which is in line with last year.

Operational cash flow amounted to SEK 3,276 million (2,773). Cash flow improved as a result of higher EBITDA and lower investments.

Free cash flow amounted to SEK 2,737 million (3,753). For more detailed information on cash flow, see note 11.

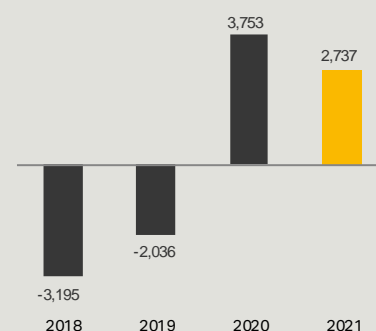
There can be large fluctuations in cash flow between reporting periods as the timing of milestone payments in large projects greatly varies depending on when milestones are passed.

	Jan-Dec 2021	Jan-Dec 2020
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items ¹⁾	5,846	2,905
Change in working capital	-76	2,736
Cash flow from operating activities excluding taxes and other financial items	5,770	5,641
Cash flow from investing activities ²⁾	-2,494	-2,868
Operational cash flow	3,276	2,773
Taxes and other financial items	-526	-278
Sale of and investments in financial assets and operations	-13	1,258
Free cash flow	2,737	3,753

1) Including amortisation of lease liabilities

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

Free cash flow, MSEK



Business Area Aeronautics

BUSINESS UNITS: Gripen E/F, Gripen C/D, Aviation Services, Aerospace Systems, Gripen Support.

MSEK	Full Year 2021	Full Year 2020	Change, %	Q4 2021	Q4 2020
Order bookings	7,828	6,006	30	3,166	1,985
Order backlog	42,429	46,842	-9		
Sales	12,263	11,340	8	3,637	3,577
EBITDA	871	-771	-	301	-286
EBITDA margin, %	7.1	-6.8		8.3	-8.0
Operating income (EBIT)	746	-875	-	267	-315
Operating margin, %	6.1	-7.7		7.3	-8.8
Adjusted operating income ¹⁾	746	711	5	267	150
Adjusted operating margin, % ¹⁾	6.1	5.7		7.3	4.2
Operational cash flow	-768	-1,077		574	-210

¹⁾ See note 5 for additional information regarding items affecting comparability

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 79% (64) of total orders during the year.



MARKET

Sales in markets outside Sweden amounted to 53% (57) during the year.



Market and orders

- Orders secured in the quarter included contracts for new equipment for Gripen E to Sweden and capability upgrade of the Hungarian Gripen fleet.
- In the period, the Gripen E fighter entered serial delivery phase with aircrafts for both Brazilian Air Force and Swedish Air Force.
- The HX-fighter campaign favoured a U.S. capability despite a strong Swedish offer
- Market campaign activities for the Gripen fighter continues.

Sales, income and margin

- Sales improved in the quarter, driven by high activity level in the Gripen programs.
- The downturn in the commercial aviation market continued to affect volumes in the business units Aerospace Systems and Aviation Services.
- Operating margin in the quarter was 7.3% compared to adjusted margin of 4.2% in the same quarter last year.
- The T-7A operations continued to impact results negatively in the quarter.

Cash flow

- Cash flow in the quarter was positive and mainly driven by milestone payments.
- Cash flow in the fourth quarter last year was impacted by repayment of deferred social security contributions due to Covid-19 of approx. SEK -900 million.

Business Area Dynamics

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

MSEK	Full Year 2021	Full Year 2020	Change, %	Q4 2021	Q4 2020
Order bookings	10,909	12,028	-9	2,972	1,830
Order backlog	21,831	19,418	12		
Sales	8,690	7,608	14	2,790	2,924
EBITDA	1,201	1,003	20	393	458
EBITDA margin, %	13.8	13.2		14.1	15.7
Operating income (EBIT)	1,113	912	22	371	431
Operating margin, %	12.8	12.0		13.3	14.7
Adjusted operating income ¹⁾	1,113	927	20	371	446
Adjusted operating margin, % ¹⁾	12.8	12.2		13.3	15.3
Operational cash flow	705	811		1,151	1,130

¹⁾ See note 5 for additional information regarding items affecting comparability

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 65% (67) of total orders during the year.



MARKET

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



Market and orders

- Continued favourable market demand in most product areas with strong order intake in the quarter despite the pandemic.
- The order growth in the quarter was driven by several Carl-Gustaf orders, including a first order on the next generation ammunition to Sweden.
- Order for the next phase of the life-time extension of the heavyweight torpedo 62.

Sales, income and margin

- Sales volumes in the fourth quarter declined, mainly due to lower seasonal variation in 2021 compared to 2020.
- The closure of the U.S. Barracuda operations impacted volumes negatively.
- Operating income declined following the lower sales volumes in the quarter.
- For the full year the operating income improved with a margin of 12.8%.

Cash flow

- Operational cash flow was in line with the same quarter last year and amounted to SEK 1.2 billion.
- For the full year cash flow was SEK 705 million.

Business Area Surveillance

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

MSEK	Full Year 2021	Full Year 2020	Change, %	Q4 2021	Q4 2020
Order bookings	13,921	21,166	-34	3,543	13,103
Order backlog	31,447	30,154	4		
Sales	13,175	12,324	7	3,942	4,438
EBITDA	1,648	1,276	29	578	495
EBITDA margin, %	12.5	10.4		14.7	11.2
Operating income (EBIT)	888	821	8	386	312
Operating margin, %	6.7	6.7		9.8	7.0
Adjusted operating income ¹⁾	888	987	-10	386	478
Adjusted operating margin, % ¹⁾	6.7	7.9		9.8	10.4
Operational cash flow	3,846	2,146		-210	1,679

¹⁾ See note 5 for additional information regarding items affecting comparability

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 66% (78) of total orders during the year.



MARKET

Sales in markets outside Sweden amounted to 84% (85) during the year.



Market and orders

- Strong order backlog in the business area.
- Order intake in the fourth quarter was lower vs the same quarter last year when the UAE GlobalEye order was booked.
- Key orders in the period were launch order of a new Short Range GBAD radar, contract for the new Gripen C/D fighter radar and the first order in the frame agreement for Saab's digital tower to Skeyes in Belgium.

Sales, income and margin

- Sales volumes declined in the quarter following higher volumes in the fourth quarter 2020 due to the GlobalEye order.
- For the full year sales increased by 5.5% compared to adjusted sales in 2020.
- Operating margin in the quarter was lower than the adjusted margin last year as a result of the lower sales volumes.

Cash flow

- Operational cash flow was negative in the quarter. Inventory build-up was higher Q4 2021 compared to Q4 2020.
- For the full year, cash flow improved to SEK 3.8 billion, mainly driven by milestone payments received for GlobalEye.

Business Area Kockums

BUSINESS UNITS: Submarines, Surface Ships, Docksta.

MSEK	Full Year 2021	Full Year 2020	Change, %	Q4 2021	Q4 2020
Order bookings	8,853	1,801	392	1,582	863
Order backlog	9,099	3,631	151		
Sales	3,388	3,027	12	1,128	876
EBITDA	243	153	59	123	54
EBITDA margin, %	7.2	5.1		10.9	6.2
Operating income (EBIT)	208	119	75	116	46
Operating margin, %	6.1	3.9		10.3	5.3
Operational cash flow	-13	983		-8	686

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 88% (39) of total orders during the year.



MARKET

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



Market and orders

- Kockums order backlog continued to strengthen in the last quarter of 2021 with several small and medium-sized orders.
- Dutch Walrus submarine campaign focus.

Sales, income and margin

- Sales increased in the fourth quarter mainly due to strong performance in the business unit Submarines.
- The sales increase, in combination with ongoing productivity improvements had a positive contribution to operating income and margins in the quarter.

Cash flow

- Due to lower milestone payments from projects compared to 2020, cash flow was slightly negative for the fourth quarter and the full year.

Combitech

MSEK	Full Year 2021	Full Year 2020	Change, %	Q4 2021	Q4 2020
Order bookings	3,472	3,419	2	1,130	1,130
Order backlog	1,795	1,617	11		
Sales	3,295	3,038	8	959	865
EBITDA	309	279	11	87	114
EBITDA margin, %	9.4	9.2	-	9.1	13.2
Operating income (EBIT)	294	273	8	83	112
Operating margin, %	8.9	9.0	-	8.7	12.9
Operational cash flow	465	567	-	144	-37

ORDER DISTRIBUTION

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



MARKET

Sales in markets outside Sweden amounted to 9% (6) during the year.



Market and orders

- Favourable market condition in both defence and civil segments.
- Continued collaboration and ongoing projects with Swedish customers within the mining area, smart manufacturing and connectivity.
- Cyber security and digital transformation contracts won in Sweden.

Sales, income and margin

- Sales increased by 11% in the quarter driven by continued demand for services.
- Operating income in the fourth quarter declined mainly due to variation in business mix between the comparison years.
- Focus on HR activities to meet increased competition for competences.

Cash flow

- Operational cash flow was positive in the quarter and for the full year, mainly related to improved working capital.

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 -361 million (65) in 2021. Adjusted for items affecting comparability, operating income amounted to SEK -279 million for 2020, refer to note 5.

Operational cash flow attributable to Corporate amounted to SEK -959 million (-657) in 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 2021, there were no major acquisitions or divestments.

Share repurchase

Saab held 4,035,669 treasury shares as of 31 December 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. Series B shares were repurchased for SEK 246 million in the third quarter of 2021.

Proposed dividend

The Board of Directors proposes that shareholders receive a dividend of SEK 4.90 per share (4.70), totalling SEK 646 million (622). The dividend for 2021 is based on the number of shares outstanding as of 31 December 2021, amounting to 131,810,178 (132,247,073). The proposed record date to be entitled to receive the dividend is 8 April 2022 and the dividend is expected to be paid out on 13 April 2022.

Nomination Committee

In accordance with the resolution of Saab's Annual General Meeting, the members of the Nomination Committee were appointed based on the shareholder structure on 31 August 2021. The members of the Saab Nomination Committee for the Annual General Meeting 2022 are Marcus Wallenberg, Chairman of the Board of Saab AB; Petra Hedengran, Investor AB; Peter Wallenberg Jr, Wallenberg Investments AB; Ossian Ekdahl, Första AP-fonden and Anders Algotsson, AFA Insurance. The Nomination Committee prepares proposals for the Chairman of the Annual General Meeting, the Board of Directors, the Chairman of the Board of Directors and the Auditor as well as Board remuneration and the fee to the Auditor. The Annual General Meeting of Saab AB will be held on Wednesday, 6 April 2022. More information will be found in the invitation to the annual general meeting.

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.

OWNERS

Saab's largest shareholders as of 31 December 2021:

	% of capital	% of votes
Investor AB	30.2	40.7
Wallenberg Investments	8.7	7.7
Alliance Bernstein	4.7	4.1
First Swedish National Pension Fund	3.2	2.8
Vanguard	2.1	1.8
Unionen	1.4	1.2
Norges Bank	1.3	1.2
Nordea Funds	1.2	1.1
BlackRock	1.1	1.0
AFA Insurance	1.0	0.9

SOURCE: MODULAR FINANCE

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

Personnel

	31 Dec 2021	31 Dec 2020
Number of employees	18,153	18,073
FTE's	18,011	17,985

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.

With a prolonged pandemic situation, Saab cannot rule out direct or indirect future risks related to the effects of Covid-19 and new variants of the virus that is affecting society and businesses. During 2020 and 2021, 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 milestones of contracts not being reached on time.

Sustainability

SUSTAINABILITY AT SAAB

A commitment to society has been at the core of Saab's business since its founding, supporting states 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 the strategy and operations, and sets 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 (SDGs).

Saab is committed to the Science Based Targets initiative



HIGHLIGHTS DURING THE FOURTH QUARTER

- For the third year in a row, Saab has been awarded a strong ranking (A-) by the international organisation CDP for its climate work.
- Saab participated at the COP26-meeting in Glasgow with a new climate commitment to set science-based targets and reach net-zero emissions by 2050.
- During the quarter, the project to set climate targets in line with the Science Based Target initiative (SBTi) was started.
- A first internal report based on the guidelines of the Taskforce on Climate-related Financial Disclosures (TCFD) was completed.
- The project "A Circular and Climate Neutral Transition of the Defence Industry", funded by Vinnova, was launched. Saab participates in the project together with FMV and other Swedish organisations within the defence sector. The purpose is to facilitate and accelerate the defence industry's transition to circularity and sustainability.

ENVIRONMENT AND CLIMATE IMPACT

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

The in-depth analysis for setting Science-Based Target (SBT) is currently conducted through the SBT project together with relevant parts of the company.

EMISSION REDUCTION MEASURES

During the fourth quarter, Saab continued reducing its direct and indirect emissions from operations. An example of this was improved insulation and smart energy solutions at several of our facilities, maintaining minimum additional energy use despite increased need for district heating. A second area was from procuring renewable energy from international certificates (I-REC) for the electricity used at our facility in South Africa. As of December, this will be conducted also in one of the sites in Australia. Moreover, emissions from our own flight operations have been comparatively lower in the fourth quarter of 2021. Business travel within the Group also remained low year over year, due to continued Covid-19 and travel restrictions. In the quarter, we also continued to phase out fossil-only vehicles for business travel, contributing to reduced emissions from domestic travel.

Complete reporting of climate data for the fourth quarter and the full year will be presented in Saab's Annual report 2021, to be published in March 2022.

SUSTAINABLE INNOVATION

An example of an innovation that enables reduced emissions that was highlighted in Saab's CDP work is Saab's remote guidance tool, Remote Support. Remote Support gives the possibility to share live video and instruct personnel who are on location, while service experts can work remotely. It also includes the use of augmented reality through overlay technology. The tool reduces the need for business travel and has benefits to users as well as for the climate.

RESPONSIBLE SOURCING

During the quarter, Saab launched a new tool that will help the company evaluate suppliers according to sustainability criteria. The tool is supplied by the third-party Ecovadis and allows Saab to assess and get a better overview of sustainability risks throughout the whole supply-chain. In 2022, Saab will further develop training, processes and methods within procurement to continue the integration of sustainability risk management throughout the business.

PEOPLE

Employees are the driving force that will ensure that Saab can stay at the forefront of technology. During the quarter, Saab has continued to focus on diversity and inclusion, by planning and driving awareness initiatives within the organisation. Based on this approach, Saab continues to work to increase the share of women as managers and employees.

Performance Indicators	2019	2020	2021
Lost Time Injury Frequency Rate (LTIFR)	1.09	0.85	0.55
Reported incidents per workplace injury ¹	3.2	4.5	5.1
Share of women managers globally	25%	26%	27%
Share of women employees globally	23%	23%	24%

¹ Increased incidence reporting leads to fewer accidents.

Significant events in January-December 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 BAANBw, 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.
- 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.
- On 24 November, Saab held a high-level meeting with authorities from Brazil and Sweden to present the first six serial production Gripen E aircraft, which have left the factory and entered the delivery phase.
- On 15 December, Saab announced an order from the Swedish Defence Materiel Administration (FMV) regarding new equipment for Gripen E. This is a supplementary contract to the original Gripen E contract from 2013. The order value amounts to approximately SEK 1.4 billion. Saab booked SEK 1.1 billion of the order value in Q4 2021.
- On 21 December, Saab received orders from the Swedish Defence Materiel Administration (FMV) for deliveries of both the new High Explosive round and Fire Control Device for the recoilless Carl-Gustaf® rifle. The order values are approximately SEK 300 million and SEK 65 million respectively and deliveries will take place during 2022-2023.

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 12 January, Saab announced that the Hungarian Government Commissioner Office responsible for defence development and the Swedish Defence Materiel Administration (FMV) have successfully completed the negotiations for the MS20 Block 2 capability upgrade to the Hungarian fleet of Gripen fighter aircraft. Saab will deliver the upgrade. The order was booked in Q4 2021.

Gripen E Entering Serial Delivery Phase for Brazilian and Swedish Air Forces



"The start of the serial delivery phase with these four aircraft for the Brazilian Air Force and two for the Swedish Air Force is an extremely important achievement for the Gripen programme. It shows that we have a mature product and that we fulfil our contractual obligations," said Micael Johansson, President and CEO of Saab.



Next Generation Carl-Gustaf Round Ordered by Sweden

"This order indicates the beginning of the future for Carl-Gustaf. Through our expertise within ground combat weapons and advanced technology, we will, for the first time, enable communication with the ammunition. It gives the Carl-Gustaf operator an effective, but still easy to handle addition, to the already wide portfolio of Carl-Gustaf ammunition," says Görgen Johansson, head of Saab's business area Dynamics.

Consolidated income statement

MSEK	Note	Full Year 2021	Full Year 2020	Q4 2021	Q4 2020
Sales	4,5	39,154	35,431	11,943	12,491
Cost of goods sold	5	-30,949	-29,755	-9,531	-10,352
Gross income		8,205	5,676	2,412	2,139
Gross margin, %		21.0	16.0	20.2	17.1
Other operating income	5	146	1,291	98	102
Marketing expenses		-2,266	-2,339	-620	-629
Administrative expenses		-1,434	-1,409	-407	-336
Research and development costs		-1,659	-1,331	-416	-441
Other operating expenses	5	-76	-393	-6	-23
Share in income of associated companies and joint ventures	5	-28	-180	15	-46
Operating income (EBIT) ¹⁾	3	2,888	1,315	1,076	766
Operating margin, %		7.4	3.7	9.0	6.1
Financial income		124	230	28	94
Financial expenses		-435	-433	-103	-142
Net financial items		-311	-203	-75	-48
Income before taxes		2,577	1,112	1,001	718
Taxes		-552	-20	-210	-115
Net income for the period		2,025	1,092	791	603
of which Parent Company's shareholders' interest		1,926	1,073	733	598
of which non-controlling interest		99	19	58	5
Earnings per share before dilution, SEK ²⁾		14.57	8.07	5.56	4.50
Earnings per share after dilution, SEK ³⁾		14.45	8.01	5.52	4.48
1) Of which depreciation/amortisation and write-downs		-1,938	-1,518	-511	-463
2) Average number of shares before dilution		132,164,599	133,009,986	131,743,033	132,762,787
3) Average number of shares after dilution		133,293,340	133,877,141	132,861,467	133,553,781

Consolidated statement of comprehensive income

MSEK	Full Year 2021	Full Year 2020	Q4 2021	Q4 2020
Net income for the period	2,025	1,092	791	603
Other comprehensive income/loss:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	485	-252	-345	326
Tax attributable to revaluation of net pension obligations	-100	54	71	-65
Total	385	-198	-274	261
Items that may be reversed in the income statement:				
Translation differences	402	-663	123	-293
Cash flow hedges	-622	868	-69	819
Tax attributable to cash flow hedges	130	-180	15	-166
Total	-90	25	69	360
Other comprehensive income/loss for the period	295	-173	-205	621
Net comprehensive income/loss for the period	2,320	919	586	1,224
of which Parent Company's shareholders' interest	2,207	926	522	1,213
of which non-controlling interest	113	-7	64	11

Consolidated statement of financial position

MSEK	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Fixed assets:			
Intangible fixed assets	7	12,162	11,520
Tangible fixed assets		7,147	6,608
Biological assets		385	376
Right of use assets		2,472	2,516
Shares in associated companies and joint ventures		404	496
Financial investments		37	30
Long-term receivables		595	617
Deferred tax assets		305	231
Total fixed assets		23,507	22,394
Current assets:			
Inventories		11,609	10,252
Derivatives		779	1,677
Tax receivables		35	28
Accounts receivable		5,884	4,062
Contract assets		9,252	9,900
Other receivables		1,179	899
Prepaid expenses and accrued income		953	979
Short-term investments		10,140	8,104
Liquid assets	11	1,701	2,273
Total current assets		41,532	38,174
TOTAL ASSETS		65,039	60,568
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity:			
Parent Company's shareholders' interest		22,976	21,466
Non-controlling interest		273	178
Total shareholders' equity		23,249	21,644
Long-term liabilities:			
Long-term lease liabilities		2,061	2,095
Other long-term interest-bearing liabilities	8	5,752	5,291
Other liabilities		81	100
Provisions for pensions	13	5,918	6,445
Other provisions		2,529	2,197
Deferred tax liabilities		137	56
Total long-term liabilities		16,478	16,184
Current liabilities:			
Short-term lease liabilities		482	444
Other short-term interest-bearing liabilities	8	1,421	2,168
Contract liabilities		10,687	8,409
Accounts payable		3,534	3,302
Derivatives		615	965
Tax liabilities		179	42
Other liabilities		945	778
Accrued expenses and deferred income		6,377	5,939
Provisions		1,072	693
Total current liabilities		25,312	22,740
Total liabilities		41,790	38,924
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		65,039	60,568

Consolidated statement of changes in equity

MSEK	Capital stock	Other capital contributions	Net result of cash flow hedges	Translation reserve	Revaluation reserve	Retained earnings	Total parent company's shareholders' interest	Non-controlling interest	Total shareholders' equity
Opening balance, 1 January 2020	2,174	6,099	-228	651	11	11,828	20,535	274	20,809
Net comprehensive income/loss for the year			686	-635		875	926	-7	919
Reallocation of revaluation reserve					-11	11			
Transactions with shareholders:									
Repurchase of shares						-242	-242		-242
Share matching plan						187	187		187
Dividend								-9	-9
Acquisition and sale of non-controlling interest						60	60	-80	-20
Closing balance, 31 December 2020	2,174	6,099	458	16	-	12,719	21,466	178	21,644
Opening balance, 1 January 2021	2,174	6,099	458	16	-	12,719	21,466	178	21,644
Net comprehensive income/loss for the year			-492	388		2,311	2,207	113	2,320
Transactions with shareholders:									
Repurchase of shares						-246	-246		-246
Share matching plan						190	190		190
Dividend						-622	-622	-53	-675
Acquisition and sale of non-controlling interest						-19	-19	35	16
Closing balance, 31 December 2021	2,174	6,099	-34	404	-	14,333	22,976	273	23,249

Consolidated statement of cash flows

MSEK	Note	Full Year 2021	Full Year 2020
Operating activities:			
Income after financial items		2,577	1,112
Adjustments for items not affecting cash flows		3,513	2,033
Dividend from associated companies and joint ventures		72	63
Income tax paid		-373	-144
Cash flow from operating activities before changes in working capital		5,789	3,064
Cash flow from changes in working capital:			
Contract assets and liabilities		2,929	1,704
Inventories		-1,320	95
Other current receivables		-1,636	805
Other current liabilities		401	468
Provisions		-450	-336
Cash flow from operating activities		5,713	5,800
Investing activities:			
Capitalised development costs		-891	-1,353
Investments in other intangible fixed assets		-406	-269
Investments in tangible fixed assets		-1,223	-1,269
Sales and disposals of tangible fixed assets		26	23
Investments in and sale of short-term investments		-2,085	-2,312
Investments in financial assets, associated companies and joint ventures		-125	-97
Sale of financial assets, associated companies and joint ventures		3	1,110
Investments in operations		-21	-4
Sale of subsidiaries		19	169
Cash flow from investing activities		-4,703	-4,002
Financing activities:			
Repayments of loans		-2,538	-3,077
Amortisation of lease liabilities		-469	-437
Raising of loans		2,248	2,728
Repurchase of shares		-246	-242
Dividend paid to Parent Company's shareholders		-622	0
Dividend paid to non-controlling interest		-27	-12
Transactions with non-controlling interest		15	-85
Cash flow from financing activities		-1,639	-1,125
Cash flow for the period		-629	673
Liquid assets at the beginning of the period		2,273	1,687
Exchange rate difference in liquid assets		57	-87
Liquid assets at end of period	11	1,701	2,273

Quarterly consolidated income statement

MSEK	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Sales	11,943	7,992	10,131	9,088	12,491	6,064	8,836	8,040
Cost of goods sold	-9,531	-6,246	-8,018	-7,154	-10,352	-6,238	-7,005	-6,160
Gross income	2,412	1,746	2,113	1,934	2,139	-174	1,831	1,880
Gross margin, %	20.2	21.8	20.9	21.3	17.1	-2.9	20.7	23.4
Other operating income	98	23	3	22	102	1,103	67	19
Marketing expenses	-620	-523	-570	-553	-629	-492	-579	-639
Administrative expenses	-407	-340	-351	-336	-336	-348	-360	-365
Research and development costs	-416	-372	-465	-406	-441	-264	-317	-309
Other operating expenses	-6	-18	-	-52	-23	-359	5	-16
Share of income in associated companies and joint ventures	15	-16	-15	-12	-46	-129	5	-10
Operating income (EBIT) ¹⁾	1,076	500	715	597	766	-663	652	560
Operating margin, %	9.0	6.3	7.1	6.6	6.1	-10.9	7.4	7.0
Financial income	28	31	2	63	94	37	39	60
Financial expenses	-103	-109	-68	-155	-142	-94	-19	-178
Net financial items	-75	-78	-66	-92	-48	-57	20	-118
Income before taxes	1,001	422	649	505	718	-720	672	442
Taxes	-210	-98	-135	-109	-115	349	-154	-100
Net income for the period	791	324	514	396	603	-371	518	342
of which Parent Company's shareholders' interest	733	296	505	392	598	-380	521	334
of which non-controlling interest	58	28	9	4	5	9	-3	8
Earnings per share before dilution, SEK ²⁾	5.56	2.24	3.81	2.96	4.50	-2.85	3.91	2.51
Earnings per share after dilution, SEK ³⁾	5.52	2.22	3.78	2.94	4.48	-2.83	3.90	2.50
1) Of which depreciation/amortisation and write-downs	-511	-477	-481	-469	-463	-349	-352	-354
2) Average number of shares before dilution	131,743,033	132,116,615	132,476,942	132,321,807	132,762,787	133,226,313	133,087,362	132,963,482
3) Average number of shares after dilution	132,861,467	133,198,087	133,446,047	133,213,468	133,553,781	134,048,466	133,625,118	133,701,893

Quarterly consolidated statement of comprehensive income

MSEK	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net income for the period	791	324	514	396	603	-371	518	342
Other comprehensive income/loss:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	-345	94	328	408	326	-514	-706	642
Tax attributable to revaluation of net pension obligations	71	-19	-68	-84	-65	106	145	-132
Total	-274	75	260	324	261	-408	-561	510
Items that may be reversed in the income statement:								
Translation differences	123	58	-86	307	-293	-141	-301	72
Net gain/loss on cash flow hedges	-69	-170	79	-462	819	-54	254	-151
Tax attributable to net gain/loss on cash flow hedges	15	37	-28	106	-166	4	-52	34
Total	69	-75	-35	-49	360	-191	-99	-45
Other comprehensive income/loss for the period	-205	0	225	275	621	-599	-660	465
Net comprehensive income/loss for the period	586	324	739	671	1,224	-970	-142	807
of which Parent Company's shareholders' interest	522	292	732	661	1,213	-976	-131	820
of which non-controlling interest	64	32	7	10	11	6	-11	-13

Key ratios by quarter

MSEK	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Equity/assets ratio, (%)	35.7	36.4	36.3	36.8	35.7	35.5	36.2	35.3
Return on capital employed, % ³⁾	8.1	7.7	4.4	4.3	4.3	5.4	8.7	8.5
Return on equity, % ³⁾	9.0	8.5	5.2	5.2	5.1	7.0	10.0	9.3
Equity per share, SEK ^{1) 3)}	174.31	170.42	168.50	167.59	162.32	152.91	160.03	160.89
Free cash flow, MSEK ³⁾	1,377	-1,403	3,028	-265	3,055	676	1,722	-1,700
Free cash flow per share after dilution, SEK ^{2) 3)}	10.36	-10.53	22.69	-1.99	22.87	5.04	12.89	-12.71
1) Number of shares excluding treasury shares	131,810,178	131,675,887	132,557,343	132,396,540	132,247,073	133,278,501	133,174,124	133,000,600
2) Average number of shares after dilution	132,861,467	133,198,087	133,446,047	133,213,468	133,553,781	134,048,466	133,625,118	133,701,893
3) For more information and explanations regarding the usage of these key ratios, please see saabgroup.com, investor, financial data, key ratios.								

Quarterly information per operating segment

MSEK	Q4 2021	Operating margin	Q3 2021	Operating margin	Q2 2021	Operating margin	Q1 2021	Operating margin
Sales								
Aeronautics	3,637		2,479		3,044		3,103	
Dynamics	2,790		1,456		2,789		1,655	
Surveillance	3,942		2,978		2,981		3,274	
Kockums	1,128		707		899		654	
Combitech	959		660		883		793	
Corporate/elimination	-513		-288		-465		-391	
Total	11,943		7,992		10,131		9,088	
Operating income/loss								
Aeronautics	267	7.3%	47	1.9%	219	7.2%	213	6.9%
Dynamics	371	13.3%	201	13.8%	380	13.6%	161	9.7%
Surveillance	386	9.8%	192	6.4%	138	4.6%	172	5.3%
Kockums	116	10.3%	33	4.7%	32	3.6%	27	4.1%
Combitech	83	8.7%	46	7.0%	84	9.5%	81	10.2%
Corporate	-147		-19		-138		-57	
Total	1,076	9.0%	500	6.3%	715	7.1%	597	6.6%
MSEK	Q4 2020	Operating margin	Q3 2020	Operating margin	Q2 2020	Operating margin	Q1 2020	Operating margin
Sales								
Aeronautics	3,577		1,770		2,937		3,056	
Dynamics	2,924		1,480		1,882		1,322	
Surveillance	4,438		2,410		2,918		2,558	
Kockums	876		589		756		806	
Combitech	865		621		797		755	
Corporate/elimination	-189		-806		-454		-457	
Total	12,491		6,064		8,836		8,040	
Operating income/loss								
Aeronautics	-315	-8.8%	-970	-54.8%	154	5.2%	256	8.4%
Dynamics	431	14.7%	112	7.6%	259	13.8%	109	8.2%
Surveillance	312	7.0%	165	6.8%	146	5.0%	198	7.7%
Kockums	46	5.3%	22	3.7%	25	3.3%	26	3.2%
Combitech	112	12.9%	25	4.0%	79	9.9%	57	7.5%
Corporate	180		-17		-11		-86	
Total	766	6.1%	-663	-10.9%	652	7.4%	560	7.0%

Multi-year overview

MSEK	2021	2020	2019	2018	2017
Order bookings	43,569	42,328	27,216	27,975	30,841
Order backlog at 31 December	105,177	99,816	93,293	102,184	107,233
Sales	39,154	35,431	35,433	33,156	31,666
Sales in Sweden, %	38	36	37	41	42
Sales in Europe excluding Sweden, %	17	18	16	14	14
Sales in North America, %	11	11	11	10	9
Sales in Latin America, %	15	13	12	12	8
Sales in Rest of the World, %	19	22	24	24	27
Operating income (EBIT)	2,888	1,315	2,937	2,266	2,250
Operating margin, %	7.4	3.7	8.3	6.8	7.1
Adjusted operating income	2,888	2,738	2,937	2,564	2,250
Adjusted operating margin, %	7.4	7.4	8.3	7.7	7.1
Depreciation/amortisation and write-downs	1,938	1,518	1,368	916	839
EBITDA	4,826	2,833	4,305	3,182	3,089
EBITDA margin, %	12.3	8.0	12.1	9.6	9.8
Income after financial items	2,577	1,112	2,607	1,796	2,099
Net income for the year	2,025	1,092	2,025	1,366	1,508
Total assets	65,039	60,568	59,858	56,128	44,998
Equity	23,249	21,644	20,809	19,633	14,285
Free cash flow ¹⁾	2,737	3,753	-2,036	-3,195	852
Return on capital employed, % ¹⁾	8.1	4.3	9.1	8.7	10.5
Return on equity, % ¹⁾	9.0	5.1	10.0	8.1	10.9
Equity/assets ratio, %	35.7	35.7	34.8	35.0	31.7
Earnings per share before dilution, SEK ¹⁾²⁾	14.57	8.07	14.88	11.27	12.79
Earnings per share after dilution, SEK ¹⁾²⁾	14.45	8.01	14.81	11.21	12.70
Dividend per share, SEK	4.90 ³⁾	4.70	-	4.50	5.50
Equity per share, SEK ¹⁾²⁾	174.31	162.32	154.48	145.43	121.86
Number of employees at year-end	18,153	18,073	17,420	17,096	16,427
Number of shares excluding treasury shares as of 31 December ²⁾	131,810,178	132,247,073	132,926,363	133,482,880	115,685,451
Average number of shares before dilution ²⁾	132,164,599	133,009,986	133,245,360	116,467,822	115,444,915
Average number of shares after dilution ²⁾	133,293,340	133,877,141	133,929,292	117,144,915	116,310,466

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

2) The average number of shares outstanding have for the comparative periods 2018-2017 been adjusted in accordance with IAS 33, Earnings per share, in accordance with the terms of the rights issue completed in 2018.

3) Board of Directors' proposal

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

Key ratios and goals

	Long-term target	Full Year 2021	Full Year 2020
Organic sales growth, %	5	11	1
Operating margin, %	10	7.4	3.7
Equity/assets ratio, %	30	35.7	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	Full Year 2021	Full Year 2020	Q4 2021	Q4 2020
Sales	23,430	21,986	6,772	8,057
Cost of goods sold	-19,129	-19,518	-5,655	-6,842
Gross income	4,301	2,468	1,117	1,215
Gross margin, %	18.4	11.2	16.5	15.1
Operating income and expenses	-3,662	-4,464	-924	-1,110
Operating income (EBIT)	639	-1,996	193	105
Operating margin, %	2.7	-9.1	2.8	1.3
Financial income and expenses	1,248	1,334	1,230	440
Income after financial items	1,887	-662	1,423	545
Appropriations	-487	309	-487	309
Income before taxes	1,400	-353	936	854
Taxes	-284	258	-185	-207
Net income for the period	1,116	-95	751	647

Parent company balance sheet

MSEK	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Fixed assets:			
Intangible fixed assets		920	780
Tangible fixed assets		4,427	4,183
Financial fixed assets		7,969	7,507
Total fixed assets		13,316	12,470
Current assets:			
Inventories		7,696	6,833
Current receivables		16,920	15,538
Short term investments		10,135	8,076
Liquid assets		805	1,598
Total current assets		35,556	32,045
TOTAL ASSETS		48,872	44,515
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity:			
Restricted equity		3,366	3,373
Unrestricted equity		11,235	10,789
Total shareholders' equity		14,601	14,162
Untaxed reserves, provisions and liabilities:			
Untaxed reserves		2,686	2,199
Provisions		2,765	2,539
Liabilities	8	28,820	25,615
Total untaxed reserves, provisions and liabilities		34,271	30,353
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		48,872	44,515

LIQUIDITY, FINANCING, CAPITAL EXPENDITURES AND NUMBER OF EMPLOYEES

The Parent Company's net debt amounted to SEK 1,542 million as of 31 December 2021 compared to SEK 1,224 million as of 31 December 2020.

Investments in tangible fixed assets amounted to SEK 700 million (668). Investments in intangible assets amounted to SEK 364 million (250). At the end of the period, the Parent Company had 10,064 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 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 1-29 constitutes the year-end report for 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 fourth 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.

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	Full Year 2021	Full Year 2020	Change, %	Q4 2021	Q4 2020
Aeronautics	7,828	6,006	30	3,166	1,985
Dynamics	10,909	12,028	-9	2,972	1,830
Surveillance	13,921	21,166	-34	3,543	13,103
Kockums	8,853	1,801	392	1,582	863
Combitech	3,472	3,419	2	1,130	1,130
Corporate/elimination	-1,414	-2,092		-175	-805
Total	43,569	42,328	3	12,218	18,106

Order bookings per region

MSEK	Full Year 2021	Full Year 2020	Change, %	Q4 2021	Q4 2020
Sweden	20,188	12,903	56	5,454	5,133
Rest of Europe	13,880	8,469	64	2,797	2,697
North America	3,178	4,358	-27	908	753
Latin America	525	61	761	318	-125
Asia	3,997	12,863	-69	2,122	8,964
Africa	187	-113	-265	14	-122
Australia, etc.	1,614	3,787	-57	605	806
Total	43,569	42,328	3	12,218	18,106

Order backlog per operating segment

MSEK	31 Dec 2021	31 Dec 2020
Aeronautics	42,429	46,842
Dynamics	21,831	19,418
Surveillance	31,447	30,154
Kockums	9,099	3,631
Combitech	1,795	1,617
Corporate/elimination	-1,424	-1,846
Total	105,177	99,816

Order backlog per region

MSEK	31 Dec 2021	31 Dec 2020
Sweden	34,207	28,819
Rest of Europe	25,782	18,374
North America	6,054	6,819
Latin America	21,870	27,129
Asia	11,895	13,155
Africa	334	237
Australia etc.	5,035	5,283
Total	105,177	99,816

Sales per operating segment

MSEK	Full Year			Q4		
	2021	2020	Change, %	2021	2020	Change, %
Aeronautics	12,263	11,340	8	3,637	3,577	2
Dynamics	8,690	7,608	14	2,790	2,924	-5
Surveillance	13,175	12,324	7	3,942	4,438	-11
Kockums	3,388	3,027	12	1,128	876	29
Combitech	3,295	3,038	8	959	865	11
Corporate/elimination	-1,657	-1,906		-513	-189	
Total	39,154	35,431	11	11,943	12,491	-4

Sales per region

MSEK	Full Year		Full Year	
	2021	% of sales	2020	% of sales
Sweden	14,841	38	12,662	36
Rest of Europe	6,553	17	6,239	18
North America	4,203	11	3,938	11
Latin America	5,786	15	4,527	13
Asia	5,507	14	6,336	18
Africa	175	0	180	1
Australia, etc.	2,089	5	1,549	4
Total	39,154	100	35,431	100

Information on large customers

During 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 12,782 million (10,683). The Brazilian State is a customer primarily to business area Aeronautics and total sales amounted to SEK 5,009 million (4,211).

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	Full Year		Full Year		Q4	
	2021	% of sales	2020	% of sales	2021	2020
Aeronautics	746	6.1	-875	-7.7	267	-315
Dynamics	1,113	12.8	912	12.0	371	431
Surveillance	888	6.7	821	6.7	386	312
Kockums	208	6.1	119	3.9	116	46
Combitech	294	8.9	273	9.0	83	112
The operating segments' operating income	3,249	8.3	1,250	3.5	1,223	586
Corporate	-361		65		-147	180
Total	2,888	7.4	1,315	3.7	1,076	766

Depreciation/amortisation and write-downs per operating segment

MSEK	Full Year		Change, %	Q4	
	2021	2020		2021	2020
Aeronautics	125	104	20	34	29
Dynamics	88	91	-3	22	27
Surveillance	760	455	67	192	183
Kockums	35	34	3	7	8
Combitech	15	6	150	4	2
Corporate	915	828	10	252	214
Total	1,938	1,518	28	511	463

Operational cash flow per operating segment

MSEK	Full Year		Q4	
	2021	2020	2021	2020
Aeronautics	-768	-1,077	574	-210
Dynamics	705	811	1,151	1,130
Surveillance	3,846	2,146	-210	1,679
Kockums	-13	983	-8	686
Combitech	465	567	144	-37
Corporate	-959	-657	-129	-347
Total	3,276	2,773	1,522	2,901

Capital employed per operating segment

MSEK	31 Dec 2021	31 Dec 2020
Aeronautics	8,888	8,630
Dynamics	5,629	4,584
Surveillance	12,360	12,635
Kockums	1,391	1,230
Combitech	984	917
Corporate/elimination	8,525	8,713
Total	37,777	36,709

Full time equivalents (FTE's) per operating segment

Number at end of the period	31 Dec 2021	31 Dec 2020
Aeronautics	5,201	5,438
Dynamics	3,123	3,023
Surveillance	5,153	5,109
Kockums	1,216	1,240
Combitech	2,069	2,056
Corporate	1,249	1,119
Total	18,011	17,985

NOTE 4 DISTRIBUTION OF SALES

MSEK	Aeronautics		Dynamics		Surveillance		Kockums		Combitech		Corporate/ elimination		Group	
	Full Year 2021	Full Year 2020	Full Year 2021	Full Year 2020	Full Year 2021	Full Year 2020	Full Year 2021	Full Year 2020	Full Year 2021	Full Year 2020	Full Year 2021	Full Year 2020	Full Year 2021	Full Year 2020
External sales	12,176	11,241	8,518	7,270	12,711	11,797	3,357	3,003	2,235	1,941	157	179	39,154	35,431
Internal sales	87	99	172	338	464	527	31	24	1,060	1,097	-1,814	-2,085	-	-
Total sales	12,263	11,340	8,690	7,608	13,175	12,324	3,388	3,027	3,295	3,038	-1,657	-1,906	39,154	35,431
Sales by customer:														
Military customers	11,512	9,872	8,153	6,840	10,967	10,311	3,357	3,003	1,025	906	67	157	35,081	31,089
Civilian customers	664	1,369	365	430	1,744	1,486	-	-	1,210	1,035	90	22	4,073	4,342
Total external sales	12,176	11,241	8,518	7,270	12,711	11,797	3,357	3,003	2,235	1,941	157	179	39,154	35,431
Sales by significant source:														
Long-term customer contracts	9,606	8,477	2,539	2,138	8,898	8,651	2,683	2,323	233	267	47	52	24,006	21,908
Services	2,157	2,607	1,073	1,114	2,885	2,152	666	657	1,931	1,671	66	94	8,778	8,295
Products	413	157	4,906	4,018	928	994	8	23	71	3	44	33	6,370	5,228
Total external sales	12,176	11,241	8,518	7,270	12,711	11,797	3,357	3,003	2,235	1,941	157	179	39,154	35,431
Sales by domain:														
Air	11,321	9,660	207	345	5,454	6,066	-	-	201	197	49	75	17,232	16,343
Land	111	87	5,834	5,374	2,140	1,326	-	-	859	680	-2	13	8,942	7,480
Naval	-	-	1,938	1,513	3,082	2,557	3,357	3,003	21	42	49	68	8,447	7,183
Civil Security	51	104	529	24	1,969	1,665	-	-	313	252	15	12	2,877	2,057
Commercial Aeronautics	693	1,390	-	-	16	17	-	-	5	10	48	6	762	1,423
Other/not distributed	-	-	10	14	50	166	-	-	836	760	-2	5	894	945
Total external sales	12,176	11,241	8,518	7,270	12,711	11,797	3,357	3,003	2,235	1,941	157	179	39,154	35,431
Sales recognition method:														
Over time	10,875	9,634	3,087	2,830	11,127	10,192	3,303	2,840	2,051	1,865	76	97	30,519	27,458
Point in time	1,301	1,607	5,431	4,440	1,584	1,605	54	163	184	76	81	82	8,635	7,973
Total external sales	12,176	11,241	8,518	7,270	12,711	11,797	3,357	3,003	2,235	1,941	157	179	39,154	35,431

NOTE 5 ITEMS AFFECTING COMPARABILITY

Item affecting comparability	Business Area	MSEK	Full Year 2021	Full Year 2020	Q4 2021	Q4 2020
Adjustment of project estimates, Covid-19	Aeronautics	Sales	-	-1,121	-	-
Adjustment of project estimates, Covid-19	Surveillance	Sales	-	-166	-	-166
Adjustment of project estimates, Covid-19	Dynamics	Cost of goods sold	-	-15	-	-15
Adjustment of project estimates, Covid-19	Corporate	Sales	-	-44	-	331
Provision for onerous contract, Covid-19	Aeronautics	Cost of goods sold	-	-315	-	-315
Write-down of inventory, Covid-19	Aeronautics	Cost of goods sold	-	-118	-	-118
Write-down of inventory, changes to product portfolio	Corporate	Cost of goods sold	-	-137	-	-
Write-down of shares in associated companies	Corporate	Share in income of associated companies	-	-113	-	-
Impairment of long-term receivable from associated companies	Corporate	Other operating expenses	-	-59	-	-
Write-down of shares in associated companies	Aeronautics	Share in income of associated companies	-	-32	-	-32
Provision related to new assessment of ongoing disputes and legal proceedings for the Group	Corporate	Other operating expenses	-	-300	-	-
Capital gain from the divestment of shares in Vicon Inc	Corporate	Other operating income	-	997	-	-
Sum			-	-1,423	-	-315

NOTE 6 DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At its meeting on 10 February 2022, the board of Directors decided to propose to the Annual General Meeting that the Parent company's shareholders receive a dividend of SEK 4.90 per share, totalling MSEK 646. Proposed record date for the dividend is 8 April 2022 with expected payment on 13 April 2022.

NOTE 7 INTANGIBLE FIXED ASSETS

MSEK	31 Dec 2021	31 Dec 2020
Goodwill	5,253	5,141
Capitalised development costs	6,040	5,699
Other intangible assets	869	680
Total	12,162	11,520

NOTE 8 NET LIQUIDITY/DEBT

MSEK	31 Dec 2021	31 Dec 2020
Assets:		
Liquid assets	1,701	2,273
Short-term investments	10,140	8,104
Total liquid investments	11,841	10,377
Short-term interest-bearing receivables	66	64
Long-term interest-bearing receivables	457	351
Long-term receivables attributable to pensions	39	-
Total interest-bearing assets	12,403	10,792
Liabilities:		
Lease liabilities	2,543	2,539
Bonds and other debt instruments	7,085	7,412
Liabilities to associated companies and joint ventures	43	39
Other interest-bearing liabilities	44	8
Provisions for pensions ¹⁾	4,813	5,067
Total interest-bearing liabilities and provisions for pensions	14,528	15,065
Net liquidity (+) / net debt (-)	-2,125	-4,273

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 2022)	59	-	59
Total	6,059	-	6,059

Parent Company

MSEK	31 Dec 2021	31 Dec 2020
Long-term bonds and other debt instruments	5,707	5,291
Short-term bonds and other debt instruments	1,378	2,121
Total	7,085	7,412

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 MSEK 10,000. A major part of the bonds are issued as Floating Rate Notes (FRN). During the quarter, bonds amounting to SEK 400 million were repaid. New bonds with tenors 2026 and 2031 were issued at total of amount of SEK 600 million. Altogether, bonds outstanding within the MTN programme amounted to SEK 6,933 million at the end of the reporting period.

In December 2015, Saab signed a Schuldschein loan amounting to EUR 100 million. Remaining Schuldschein loans amounts to EUR 15 million.

In September 2021, Saab signed two revolving credit facilities, a five year facility of SEK 4 billion and a two year facility of SEK 2 billion. No facility has been utilized during the year.

NOTE 9 CAPITAL EMPLOYED

MSEK	31 Dec 2021	31 Dec 2020
Total assets	65,039	60,568
Less non-interest bearing liabilities	27,262	23,859
Capital employed	37,777	36,709

NOTE 10 FINANCIAL INSTRUMENTS

Classification and categorisation of financial assets and liabilities ²⁾

Carrying amount	31 Dec 2021	31 Dec 2020
Financial assets:		
Valued at amortised cost ⁴⁾ :		
Accounts receivable, contract assets and other receivables	16,255	15,000
Liquid assets	1,701	2,273
Long-term receivables	556	617
Valued at fair value through profit and loss ³⁾ :		
Short-term investments	10,140	8,104
Derivatives for trading	29	147
Financial investments	37	30
Valued at fair value through other comprehensive income ³⁾ :		
Derivatives identified as hedges	750	1,530
Total financial assets	29,468	27,701
Financial liabilities:		
Valued at amortised cost:		
Interest-bearing liabilities ¹⁾	9,716	9,996
Other liabilities ⁴⁾	8,750	8,105
Valued at fair value through profit and loss ³⁾ :		
Derivatives for trading	9	46
Valued at fair value through other comprehensive income ³⁾ :		
Derivatives identified as hedges	606	919
Total financial liabilities	19,081	19,066
¹⁾ Fair value	9,734	10,015

²⁾ Derivatives with positive values are recognised as assets and derivatives with negative values are recognised as liabilities. Derivatives with a legal right of offset amount to MSEK 412.

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

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

The Group has used the same valuation methods as in the year-end closing of 2020, as described in the annual report 2020 on page 138, note 35. As of December 31 2021, the Group had the following financial assets and liabilities at fair value:

Assets at fair value

MSEK	31 Dec 2021	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	10,140	10,140	-	-
Forward exchange contracts	655	-	655	-
Interest rate swaps	38	-	38	-
Cross currency basis swaps	12	-	12	-
Electricity derivatives	74	74	-	-
Shares, participations and long-term receivables	37	-	-	37
Total	10,956	10,214	705	37

Liabilities at fair value

MSEK	31 Dec 2021	Level 1	Level 2	Level 3
Forward exchange contracts	563	-	563	-
Currency options	3	-	3	-
Interest rate swaps	49	-	49	-
Total	615	-	615	-

NOTE 11 SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

Free cash flow

MSEK	Jan-Dec 2021	Jan-Dec 2020	Q4 2021	Q4 2020
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items ¹⁾	5,846	2,905	1,829	1,812
Cash flow from changes in working capital:				
Contract assets and liabilities	2,929	1,704	1,329	1,861
Inventories	-1,320	95	210	1,126
Other current receivables	-1,636	805	-2,009	-1,193
Other current liabilities	401	468	951	146
Provisions	-450	-336	-130	-46
Change in working capital	-76	2,736	351	1,894
Cash flow from operating activities excluding taxes and other financial items	5,770	5,641	2,180	3,706
Investing activities:				
Investments in intangible fixed assets	-1,297	-1,622	-359	-453
Investments in tangible fixed assets	-1,223	-1,269	-302	-361
Sales and disposals of tangible fixed assets	26	23	3	9
Cash flow from investing activities ²⁾	-2,494	-2,868	-658	-805
Operational cash flow	3,276	2,773	1,522	2,901
Taxes and other financial items	-526	-278	-144	66
Sale of and investments in financial assets, associated companies and joint ventures	-11	1,093	-	-10
Investments in operations	-21	-4	-1	-
Sale of subsidiaries	19	169	-	98
Free cash flow	2,737	3,753	1,377	3,055

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	Full Year 2021	Full Year 2020	Q4 2021	Q4 2020
Free cash flow	2,737	3,753	1,377	3,055
Investing activities – interest-bearing:				
Short-term investments	-2,085	-2,312	-2,461	-2,901
Other financial investments and receivables	-111	-80	-26	1
Financing activities:				
Repayments of loans	-2,538	-3,077	-400	-290
Raising of loans	2,248	2,728	644	400
Repurchase of shares	-246	-242	-	-242
Dividend paid to the Parent Company's shareholders	-622	-	-	-
Dividend paid to non-controlling interest	-27	-12	-	-
Transactions with non-controlling interest	15	-85	-53	-84
Cash flow for the period	-629	673	-919	-61

Liquid assets

MSEK	31 Dec 2021	31 Dec 2020
The following components are included in liquid assets:		
Cash and bank balances	1,401	1,123
Bank deposits	300	1,150
Total according to balance sheet	1,701	2,273
Total according to statement of cash flows	1,701	2,273

NOTE 12 BUSINESS COMBINATIONS

No significant acquisitions through business combinations were made during 2021.

NOTE 13 DEFINED-BENEFIT PLANS

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

Pension obligation according to IAS 19

MSEK	31 Dec 2021	31 Dec 2020
Defined-benefit obligation	13,729	12,774
Special employers' contribution	1,105	1,378
Less assets under management	8,955	7,707
Total provisions for pensions	5,879	6,445
of which reported as long-term receivable	39	-

Actuarial gains and losses are recognised in other comprehensive income. Actuarial gain related to the Swedish pension plans amounted to SEK 480 million net in 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 75 basis points, from 1.50% to 2.25% compared to the beginning of the year. The net of revised assumptions amounted to a loss of SEK 575 million.

Negative experience adjustment has resulted in an actuarial loss of SEK 183 million.

The actuarial gain related to the special employer's contribution amounted to SEK 92 million.

The return on assets under management was SEK 1,217 million which led to an actuarial gain of SEK 1,146 million.

NOTE 14 CONTINGENT LIABILITIES

No additional significant commitments have arisen during 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 year.

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

NOTE 16 DEFINITIONS

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

Capital employed

Total assets less non-interest-bearing liabilities.

Earnings per share

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

EBITDA

Operating income before depreciation/amortisation and write-downs.

EBITDA 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

C4I	Command, Control, Communications, Computers, and Intelligence
FMV	Swedish Defence Materiel Administration, Sw, "Försvarets Materielverk"
FRN	Floating Rate Note
FTE	Full Time Equivalent, corresponds to one employee working full-time for one year
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ISR	Intelligence, Surveillance and Reconnaissance systems
MTN	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 year-end 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 11 FEBRUARY 2022

Saab AB (publ)

The Board of Directors

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



SAAB

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Press and financial analyst conference:

11 February 2022 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:

<https://www.saab.com/investors/webcast/Q4-2021>

Conference call:

Please dial in using one of the numbers below:

Sweden: +46 8 566 427 06

UK: +44 333 300 9261

US: +1 631 913 1422 PIN: 51345232#

The year-end report, presentation material and the webcast will be available on

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

CALENDAR

Saab Annual General Meeting

To be held 6 April 2022

Q1 Interim report 2022

Published 22 April 2022

Half-year report 2022

Published 21 July 2022

Q3 Interim report 2022

Published 28 October 2022

IMPORTANT INFORMATION

This year-end 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 11 February 2022 at 07.30 (CET)

Q4