



SAAB

Ready to support increased defence capability needs

KEY HIGHLIGHTS Q3 2022

- Order intake amounted to SEK 7,772m (15,605) with growth in small and medium-sized orders.
- Sales grew 9.5%, of which 6.9% organic, and amounted to SEK 8,751m (7,992), mainly driven by high delivery volumes in Dynamics in the quarter.
- EBITDA increased and was SEK 1,115m (977). EBITDA margin was 12.7% (12.2) with improvements in several business areas.
- Operating income increased 13.6% and amounted to SEK 568m (500), corresponding to an operating margin of 6.5% (6.3).
- Net income for the period amounted to SEK 324m (324).
- Operational cash flow improved and was SEK 559m (-1,238) in the quarter.

FINANCIAL HIGHLIGHTS

MSEK	Jan-Sep 2022	Jan-Sep 2021	Change, %	Q3 2022	Q3 2021	Change, %	Full Year 2021
Order bookings	33,250	31,351	6	7,772	15,605	-50	43,569
Order backlog	112,025	104,570	7				105,177
Sales	28,140	27,211	3	8,751	7,992	9	39,154
Gross income	6,037	5,793	4	1,881	1,746	8	8,205
Gross margin, %	21.5	21.3		21.5	21.8		21.0
EBITDA	3,518	3,239	9	1,115	977	14	4,826
EBITDA margin, %	12.5	11.9		12.7	12.2		12.3
Operating income (EBIT)	1,960	1,812	8	568	500	14	2,888
Operating margin, %	7.0	6.7		6.5	6.3		7.4
Net income	1,129	1,234	-9	324	324	-	2,025
of which Parent Company's shareholders' interest	1,080	1,193	-9	305	296	3	1,926
Earnings per share after dilution, SEK	8.08	8.95		2.27	2.22		14.45
Return on equity, % ¹⁾	7.6	8.5					9.0
Operational cash flow	911	1,754		559	-1,238		3,276
Free cash flow	432	1,360		398	-1,403		2,737
Free cash flow per share after dilution, SEK	3.23	10.20		2.97	-10.53		20.53
Average number of shares after dilution	133,608,085	133,361,072		133,842,175	133,198,087		133,293,340

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

Q3

Order bookings
7.8 ^{BSEK}

Sales growth
9.5 %

Operating margin
6.5 %

JANUARY-SEPTEMBER 2022

COMMENTS FROM THE CEO

Ready to support increased defence capability needs



Micael Johansson
President & CEO

We continued to see strong interest for Saab's portfolio in the quarter. The increased defence spending in many countries, in combination with Sweden's NATO application has created significant market opportunities for Saab. Whilst procurement processes take time before being translated into orders, we are preparing our operations for future demand and have taken initiatives to invest in increased capacity and to recruit the right competences.

In the third quarter, we took the decision to set up a manufacturing facility for the Carl-Gustaf M4 shoulder-launched weapon system in India. The new facility will support production, as well as supply of components to users around the world. Investments to increase future capacity in our Ground Combat business in Sweden and our U.S. operations also continued. I am also glad to report that we have a net increase of more than 500 employees globally this year, despite tough competition for competence in the market.

Order bookings in the quarter amounted to SEK 7,772 million (15,605) and was driven by growth in small and medium-sized orders. The same period last year included bookings of two major orders. Our order bookings for the first nine months is now 6.1% ahead of last year and our backlog amounts to SEK 112 billion. Key orders in the third quarter came from Sweden for submarine upgrades and from the U.S. for Carl-Gustaf ammunition and the AT4 system. We also received the first low rate production order for trainer jet aft-fuselages from Boeing. This is an important step for the Aerospace business at our U.S. facility in West Lafayette, Indiana.

Sales growth was 9.5% in the third quarter, of which organic growth was 6.9%. All business areas contributed positively to the growth. Sales for the first nine months grew 3.4%, whereof organic growth was 1.3%. We maintain our sales growth outlook for the full year, for which we have guided an organic growth of around 5%.

Operating income increased 13.6% in the quarter and amounted to SEK 568 million (500) with an operating margin of 6.5% (6.3). Contribution from Dynamics was strong in the quarter and year to date. The operating income for the first nine months improved 8.2% and amounted to SEK 1,960 million (1,812) with a margin of 7.0% (6.7).

Our operational performance remains stable across the business, although inflation, supply of certain materials and transportation continue to be a challenge. We are working hard to mitigate these together with our partners and customers. We reconfirm our full year estimate of the operating income to improve at the upper end of our outlook range of 8-12%.

Operational cash flow in the quarter amounted to SEK 559 million (-1,238) and SEK 911 million (1,754) for the first nine months. The cash flow is in line with our milestone plan for the year and we expect it to remain positive for the full year 2022, according to our guidance.

Launching new innovative products is key for Saab. One recent example of this was the successful launch and testing of Saab's mobile short-range air defence system MSHORAD, which was demonstrated to 15 countries during the quarter. The system is based on a combination of our Giraffe 1X radar and the next generation RBS 70 mobile firing unit, connected with Saab's ground-based command and control solution. Now operational, the system will further strengthen Saab's missile offering.

An equally important focus area for Saab is to drive sustainable development, and we aim to do so through partnerships and collaboration. In the quarter, we became a minority shareholder in the Swedish electric aircraft company Heart Aerospace, alongside other key partners in the aviation industry. The investment supports our commitment to innovative technology and the transition to sustainable aviation.

Our long-term strategic priorities are intact and we are preparing our company to capture the improved growth opportunities. I am confident that Saab will continue to create sustainable value for our shareholders and all stakeholders.

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

THIRD QUARTER 2022

Order bookings amounted to SEK 7,772 million (15,605) with strong order intake in North America, and growth in both small and medium-sized orders. Medium-sized orders increased 28 per cent and amounted to SEK 4,339 million (3,398) and small orders showed a growth of 59 per cent. The comparison quarter 2021 included major orders such as the further capability order for the A26 submarines and the F123 frigates modernisation contract in Germany, totaling SEK 9.8 billion. Bookings of large orders in the quarter amounted to SEK 1,166 million (10,782).

Orders in the quarter included Carl-Gustaf ammunition and AT4 to the U.S. of SEK 813 million, order for the production of advanced training aircraft fuselage systems to Boeing of approximately SEK 750 million and orders from Sweden related to submarine upgrades with a total value of SEK 470 million.

JANUARY-SEPTEMBER 2022

Order bookings amounted to SEK 33,250 million (31,351), an increase of 6 per cent compared to the first nine months of 2021. This was primarily due to growth in both medium-sized orders, amounting to SEK 13,498 million (9,157), and small orders that increased 4 per cent and amounted to SEK 8,786 million (8,431). Bookings of large orders declined 20 per cent from a high level in 2021 and amounted to SEK 10,966 million (13,763).

The order backlog at the end of the period amounted to SEK 112,025 million, compared to SEK 105,177 million at the beginning of the year, corresponding to a 7 per cent increase. In total, 63 per cent of the backlog is attributable to markets outside Sweden, compared to 67 per cent at the beginning of the year.

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

Sales

THIRD QUARTER 2022

Sales in the third quarter grew 9.5 per cent to SEK 8,751 million (7,992) with an organic sales growth of 6.9 per cent. All business areas and Combitech reported sales growth. Growth in Dynamics was 29 per cent, driven by higher delivery volumes compared to the same period last year. Surveillance sales had a favourable impact from currency effects related to the U.S. operations.

JANUARY-SEPTEMBER 2022

Sales amounted to SEK 28,140 million (27,211) corresponding to a growth of 3.4 per cent, of which organic growth was 1.3 per cent. Sales growth was flat in Aeronautics and Dynamics while Surveillance, Kockums and Combitech reported growth driven by high activity in projects and deliveries.

Sales from markets outside Sweden amounted to SEK 16,805 million (17,241) and corresponded to 60 per cent (63) of total sales. In the period, primarily Europe and Asia reported sales growth. 88 per cent (90) of sales were related to the defence business.

SALES GROWTH

Per cent	Jan-Sep 2022	Jan-Sep 2021	Q3 2022	Q3 2021	Full Year 2021
Organic sales growth	1	20	7	33	11
Acquisitions	-	-	-	-	-
Currency translation effects	2	-1	2	-1	0
Total sales growth	3	19	9	32	11

SALES PER REGION

MSEK	Jan-Sep 2022	Jan-Sep 2021	Change, %
Sweden	11,335	9,970	14
Rest of Europe	4,972	4,374	14
North America	2,950	3,007	-2
Latin America	2,749	4,230	-35
Asia	4,341	3,841	13
Africa	59	161	-63
Australia, etc.	1,734	1,628	7
Total	28,140	27,211	3

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

Order distribution

Orders exceeding MSEK 100 accounted for 74% (73) of total orders during January-September 2022.



Order backlog duration:

2022: SEK **12.4** billion
 2023: SEK **34.1** billion
 2024: SEK **26.7** billion
 2025: SEK **18.4** billion
 After 2025: SEK **20.4** billion

Defence/Civil

A total of 91% (93) of order bookings was attributable to defence-related operations during January-September 2022.

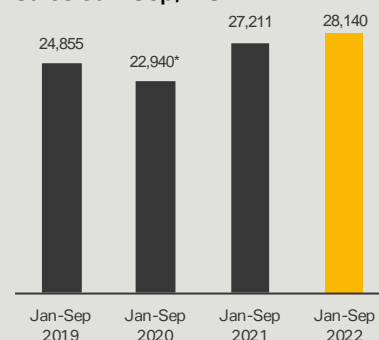


Market

A total of 43% (53) of order bookings was related to markets outside Sweden during January-September 2022.



Sales Jan-Sep, MSEK



*includes items affecting comparability of SEK 1,496 million

Income

THIRD QUARTER 2022

The gross margin declined somewhat compared to the third quarter last year and amounted to 21.5 per cent (21.8). EBITDA increased 14.1 per cent, corresponding to a margin of 12.7 per cent (12.2). Operating income grew 13.6 per cent to SEK 568 million (500) with an operating margin of 6.5 per cent (6.3) following strong sales growth, while increased research and development costs, and marketing expenses had a partly offsetting negative impact. In the comparison period last year, the operating income included costs of SEK 26 million for right-sizing measures in the business areas Aeronautics and Surveillance.

JANUARY-SEPTEMBER 2022

The gross margin during the period increased to 21.5 per cent (21.3). The improvement was mainly driven by business area Dynamics, Surveillance and Kockums.

Total depreciation, amortisation and write-downs amounted to SEK 1,558 million (1,427). Depreciation of tangible fixed assets amounted to SEK 1,032 million (918).

Expenditures for internally funded investments in R&D amounted to SEK 1,218 million (1,507), of which SEK 347 million (677) has been capitalised. Capitalised expenditures are mainly attributable to the development of Gripen E/F.

Amortisation and write-downs of intangible fixed assets amounted to SEK 526 million (509), of which amortisation and write-downs of capitalised development expenditures amounted to SEK 417 million (412). This was mainly related to R&D amortisation of GlobalEye, amounting to SEK 281 million (281) in the first nine months 2022.

The share of income in associated companies and joint ventures amounted to SEK -29 million (-43).

EBITDA grew to SEK 3,518 million (3,239). The EBITDA margin was 12.5 per cent (11.9). The growth and increased margin was mainly driven by improved gross income, which more than offset increased marketing costs.

Operating income increased by 8.2 per cent and amounted to SEK 1,960 million (1,812). This was driven by increases in Surveillance, Dynamics and Kockums. Higher corporate cost in the first nine months of 2022 had an unfavourable impact on operating income compared to the same period last year. The operating margin was 7.0 per cent (6.7) driven mainly by the improved gross margin. The comparison period included costs for right-sizing measures of SEK 111 million.

Financial net

MSEK	Jan-Sep 2022	Jan-Sep 2021
Financial net related to pensions	-54	-39
Net interest items	-58	-45
Currency gains/losses	-61	-27
Lease liability interest	-75	-73
Other financial items	-242	-52
Total	-490	-236

The financial net related to pensions is the financial cost for net pension obligations recognised in the balance sheet. See note 12 for more information regarding defined-benefit pension plans.

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

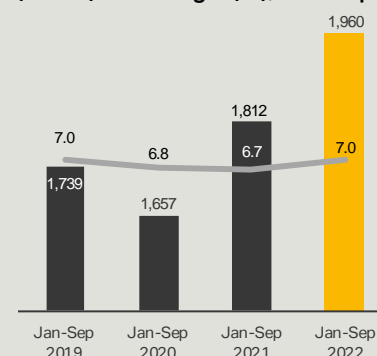
Lease liability interest consists of the interest portion related to lease liabilities recognised in the balance sheet.

Other 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. The loss in the period was SEK -242 million whereof SEK -235 was attributable to unrealised negative market value changes of short-term investments, due to movements in market interest rates and credit spreads.

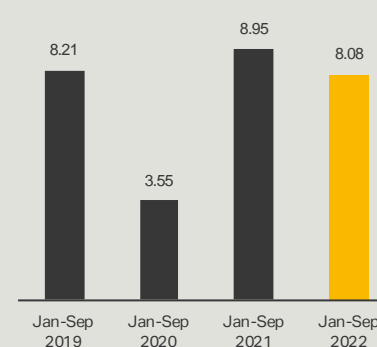
Tax

Current and deferred taxes amounted to SEK -341 million (-342), corresponding to an effective tax rate of 23 (22) per cent in the first nine months 2022. The increase in the effective tax rate was related to higher taxable results in Saab's operations outside Sweden in the period.

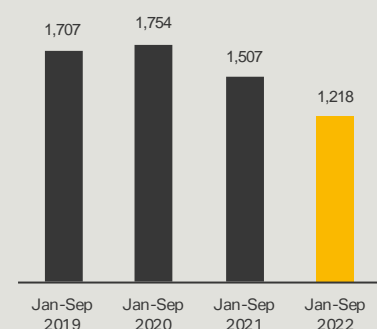
Adjusted operating income (MSEK) and margin (%), Jan-Sep



Earnings per share after dilution, SEK



Internally funded R&D expenditures, MSEK



Financial position and liquidity

At the end of September 2022, Saab had a net liquidity of SEK 404 million, an improvement of SEK 2,529 million, compared to a net debt of SEK 2,125 million at year-end 2021. Net debt/EBITDA was -0.08 (0.69) at the end of the period.

Cash flow from operating activities amounted to SEK 2,143 million (3,547).

Contract assets increased by SEK 1,833 million following lower milestone payments while contract liabilities increased by SEK 1,080 million compared to year-end 2021. Inventories increased by SEK 2,480 million during the first nine months 2022, mainly related to future deliveries within Dynamics.

Net provisions for pensions, excluding special employer's contribution, amounted to SEK 2,001 million as of 30 September 2022, compared to SEK 4,774 million at year-end 2021. Changes in actuarial assumptions regarding discount rate, inflation and demographics had a net positive effect on net debt of SEK 2,773 million. For further information on Saab's benefit pension plans, see note 12.

Tangible fixed assets amounted to SEK 7,576 million at period end compared to 7,147 at the end of 2021. Biological assets decreased during the first nine months of 2022 and amounted to SEK 353 million at the end of the period. During the second quarter 2022, a subsidiary to Saab AB sold forest property at a market price of SEK 54 million to Kopparfors Skogar, a subsidiary owned by Wallenberg Investments AB.

Right-of-use assets recognised in the balance sheet amounted to SEK 2,394 million compared to 2,472 million at the end of 2021.

Net investments in the first nine months of the year amounted to SEK 1,294 million (1,836). Investments in tangible fixed assets amounted to SEK 926 million (921).

Investments in intangible fixed assets amounted to SEK 475 million (938), of which SEK 347 million (677) related to capitalised R&D expenditures. The investments were mainly related to the development of Gripen E/F. Of the total investments in intangible fixed assets, SEK 128 million (261) related to other intangible fixed assets.

As of 30 September 2022, short-term investments and liquid assets amounted to SEK 11,476 million, a decrease of SEK 365 million compared to year-end 2021. In addition to this, the Group had revolving credit facilities amounting to SEK 6,000 million. No credit facilities have been utilised during the period.

Capital employed increased by SEK 1,839 million during the first nine months of the year to SEK 39,616 million. The return on capital employed was 8.4 per cent (7.7) and the return on equity was 7.6 per cent (8.5), both measured over a rolling 12-month period.

Change in net debt Jan-Sep 2022

	MSEK
Net liquidity (+) / net debt (-), 31 Dec 2021 ¹⁾	-2,125
Cash flow from operating activities	2,143
Change in net pension obligation	2,773
Net investments	-1,294
Sale of and investments in financial assets, associates and joint ventures	-90
Dividend	-647
Dividend to and transactions with non-controlling interest	20
Additional lease liabilities	-263
Sale of operations	42
Other items, currency impact and unrealised results from financial investments	-155
Net liquidity (+) / net debt (-), 30 Sep 2022 ¹⁾	404
¹⁾ Net liquidity (+) / net debt (-) excluding net provisions for pensions, lease liabilities and interest-bearing receivables, 30 September 2022	4,277

Key indicators of financial position and liquidity

MSEK	30 Sep 2022	31 Dec 2021	Change	30 Sep 2021
Net liquidity / debt ²⁾	404	-2,125	2,529	-3,076
Intangible fixed assets	12,402	12,162	240	11,972
Goodwill	5,533	5,253	280	5,224
Capitalised development costs	5,974	6,040	-66	5,964
Other intangible fixed assets	895	869	26	784
Tangible fixed assets, etc ³⁾	7,929	7,532	397	7,406
Right of use assets ⁴⁾	2,394	2,472	-78	2,411
Inventories	14,089	11,609	2,480	11,804
Accounts receivable	4,556	5,884	-1,328	3,841
Contract assets	11,085	9,252	1,833	9,988
Contract liabilities	11,767	10,687	1,080	10,086
Equity/assets ratio, %	39.3	35.7	-	36.4
Return on equity, %	7.6	9.0	-	8.5
Return on capital employed, %	8.4	8.1	-	7.7
Equity per share, SEK ¹⁾	207.25	174.31	32.9	170.42
1) Number of shares excluding treasury shares	132,346,624	131,810,178		131,675,887

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 7.

3) Including tangible fixed assets and biological assets.

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

Cash flow

THIRD QUARTER 2022

Operational cash flow for the third quarter amounted to SEK 559 million (-1,238). This was mainly driven by cash flow improvements in Aeronautics, Dynamics and Surveillance compared to last year.

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 398 million (-1,403). For more detailed information on cash flow, see note 10.

JANUARY-SEPTEMBER 2022

Operational cash flow was lower compared to the same period last year and amounted to SEK 911 million (1,754) following increased working capital, partly offset by lower investments. The increase in working capital referred mainly to lower large milestone payments in Surveillance compared to last year and increases in inventory.

Free cash flow amounted to SEK 432 million (1,360). For more detailed information on cash flow, see note 10.

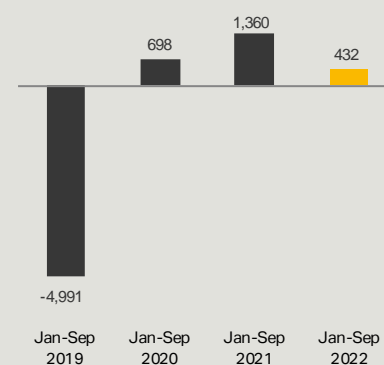
There can be large fluctuations in cash flow between reporting periods as the timing of milestone payments in large projects greatly varies depending on when milestones are reached.

	Jan-Sep 2022	Jan-Sep 2021
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items ¹⁾	3,597	4,017
Change in working capital	-1,392	-427
Cash flow from operating activities excluding taxes and other financial items	2,205	3,590
Cash flow from investing activities ²⁾	-1,294	-1,836
Operational cash flow	911	1,754
Taxes and other financial items	-431	-382
Sale of and investments in financial assets and operations	-48	-12
Free cash flow	432	1,360

1) Including amortisation of lease liabilities

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

Free cash flow, MSEK



Business Area Aeronautics

BUSINESS UNITS: Gripen Design, Gripen Sustainment, Aviation Services, Aerospace Systems

MSEK	Jan-Sep 2022	Jan-Sep 2021	Change, %	Q3 2022	Q3 2021	Full Year 2021
Order bookings	6,098	4,662	31	1,960	299	7,828
Order backlog	39,868	42,881	-7			42,429
Sales	8,684	8,626	1	2,555	2,479	12,263
EBITDA	563	570	-1	104	79	871
EBITDA margin, %	6.5	6.6		4.1	3.2	7.1
Operating income (EBIT)	437	479	-9	60	47	746
Operating margin, %	5.0	5.6		2.3	1.9	6.1
Operational cash flow	-350	-1,342		-230	-1,257	-768

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 85% (78) of total orders during the first nine months 2022.



MARKET

Sales in markets outside Sweden amounted to 44% (55) during the first nine months 2022.



Market and orders

- Order bookings in the quarter included the production order for the advanced training aircraft aft system from Boeing.
- Gripen C/D support contract to South Africa was also received in the quarter.

Sales, income and margin

- Sales increased in the quarter, with high activity in Aviation Services.
- The operating income and operating margin improved slightly in the quarter.
- T-7 ramp-up and the commercial aviation business continued to have a negative effect on results.

Cash flow

- Operational cash flow in the quarter improved compared to last year and was driven by customer payments.

Business Area Dynamics

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

MSEK	Jan-Sep 2022	Jan-Sep 2021	Change, %	Q3 2022	Q3 2021	Full Year 2021
Order bookings	9,285	7,937	17	2,989	3,190	10,909
Order backlog	25,688	21,532	19			21,831
Sales	5,881	5,900	-0	1,880	1,456	8,690
EBITDA	1,052	808	30	350	223	1,201
EBITDA margin, %	17.9	13.7		18.6	15.3	13.8
Operating income (EBIT)	982	742	32	318	201	1,113
Operating margin, %	16.7	12.6		16.9	13.8	12.8
Operational cash flow	661	-446		256	-170	705

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 66% (70) of total orders during the first nine months 2022.



MARKET

Sales in markets outside Sweden amounted to 79% (74) during the first nine months 2022.



Market and orders

- Strong interest and high market activity.
- Order received for Carl-Gustaf® ammunition and AT4 from the U.S., as well as orders from Norway and Sweden.
- New MSHORAD system successfully demonstrated to 15 different countries.
- To strengthen market position further, initiatives have been taken to add capacity in Sweden, U.S. and in India.

Sales, income and margin

- Strong sales growth driven by higher delivery volumes in the quarter.
- Sales year-to-date showed a more even sales pattern compared to last year.
- The increase in operating income and margin in the quarter was driven by higher volumes and favourable product mix.

Cash flow

- Cash flow improved in the quarter and was driven by higher customer payments compared to last year.

Business Area Surveillance

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

MSEK	Jan-Sep 2022	Jan-Sep 2021	Change, %	Q3 2022	Q3 2021	Full Year 2021
Order bookings	14,025	10,488	34	1,855	5,469	14,065
Order backlog	37,456	32,287	16			32,012
Sales	9,823	9,365	5	3,152	3,030	13,373
EBITDA	1,261	1,090	16	405	397	1,684
EBITDA margin, %	12.8	11.6		12.8	13.1	12.6
Operating income (EBIT)	656	517	27	199	204	917
Operating margin, %	6.7	5.5		6.3	6.7	6.9
Operational cash flow	1,095	4,190		310	45	4,040

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

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 78% (71) of total orders during the first nine months 2022.



MARKET

Sales in markets outside Sweden amounted to 80% (84) during the first nine months 2022.



Market and orders

- Several small to medium sized orders booked in Q3, including order for Saab's Multi-Mode Radar (MMR) to the U.S.
- Orders declined in the quarter as the comparison period included the large frigates contract to the German Navy.

Sales, income and margin

- Sales showed growth in the third quarter. Excluding currency effects, sales declined -1.4% in the quarter.
- The comparison quarter last year included higher GlobalEye sales.
- Operating income declined slightly in the quarter. The margin decreased mainly due to increased R&D expenditures.

Cash flow

- Cash flow increased in the quarter and was related to customer payments.
- Year to date cash flow amounted to SEK 1 billion, last year included large milestone payments related to GlobalEye.

Business Area Kockums

BUSINESS UNITS: Submarines, Surface Ships, Docksta.

MSEK	Jan-Sep 2022	Jan-Sep 2021	Change, %	Q3 2022	Q3 2021	Full Year 2021
Order bookings	2,599	7,271	-64	706	6,383	8,853
Order backlog	9,219	8,643	7			9,099
Sales	2,480	2,260	10	774	707	3,388
EBITDA	183	120	53	67	41	243
EBITDA margin, %	7.4	5.3		8.7	5.8	7.2
Operating income (EBIT)	161	92	75	60	33	208
Operating margin, %	6.5	4.1		7.8	4.7	6.1
Operational cash flow	-307	-5		61	109	-13

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 85% (88) of total orders during the first nine months 2022.



MARKET

Sales in markets outside Sweden amounted to 10% (5) during the first nine months 2022.



Market and orders

- Orders received for submarine upgrades to Sweden, including a life-time extension of HMS Södermanland.
- Order intake in the same quarter last year included a large A26 further capability order to Sweden.

Sales, income and margin

- Strong sales growth of 9.5% in the quarter driven by higher activity level in projects.
- Operating income and margin improved driven by higher volumes and project mix.

Cash flow

- Positive cash flow in the quarter despite increases in inventory.
- Cash flow for the first nine months negative due to timing of customer payments and increases in inventory.

Combitech

MSEK	Jan-Sep 2022	Jan-Sep 2021	Change, %	Q3 2022	Q3 2021	Full Year 2021
Order bookings	2,386	2,231	7	703	506	3,344
Order backlog	1,183	1,020	16			1,226
Sales	2,364	2,212	7	703	621	3,116
EBITDA	178	202	-12	38	37	273
EBITDA margin, %	7.5	9.1	-	5.4	6.0	8.8
Operating income (EBIT)	172	196	-12	36	34	265
Operating margin, %	7.3	8.9	-	5.1	5.5	8.5
Operational cash flow	-93	187	-	-113	27	271

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

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 0% (0) of total orders during the first nine months 2022.



MARKET

Sales in markets outside Sweden amounted to 6% (6) during the first nine months 2022.



Market and orders

- Strong market demand for security and civil defence capabilities.
- Several frame agreements were signed within the public sector during the quarter.
- Continued recruitment efforts with a net increase of around 100 employees in the third quarter.

Sales, income and margin

- Sales increased 13.2% in Q3 driven by higher utilisation level and price increases.
- Operating income was in line with the same quarter last year while the operating margin declined due to higher cost.

Cash flow

- Cash flow was negative in the quarter and mainly related to timing effects from customer payments.

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 an operating loss of SEK -448 million (-214) during the first nine months of 2022. The higher loss was related to increased costs in Saab's share-related incentive programme, IT, centrally led Human Resource-activities as well as lower results in the minority portfolio.

Operational cash flow attributable to Corporate amounted to SEK -95 million (-830) for the first nine months of the year. The comparison period included effects from restructuring of the Group's currency contract portfolio that had a negative impact on Corporate with a corresponding positive impact on Aeronautics.

Acquisitions and divestments 2022

There were no major acquisitions or divestments in the first nine months of 2022.

Share repurchase

Saab held 3,499,223 treasury shares as of 30 September 2022, compared to 4,035,669 at year-end 2021. The Annual General Meeting in 2022 authorised the Board of Directors to repurchase a maximum of 1,730,000 Series B shares to secure delivery of shares to participants in Saab's long-term incentive programmes 2023. The Annual General Meeting also decided to authorise the Board, before the next Annual General Meeting, to decide on the acquisition of Series B shares up to a maximum of 10 percent of the total number of shares in the company. The purpose of the authorisation is to be able to adjust the company's capital structure and thereby contribute to increased shareholder value as well as to enable continued use of repurchased shares in connection with potential acquisitions of companies and for the company's share-related incentive programmes.

Risks and uncertainties

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

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

For a general description of the risk areas, see the annual report 2021, pages 44-49.

COVID-19 risk

For Saab, the uncertainty surrounding COVID-19 has primarily been linked to customer access, Saab employee availability, disruptions in the supply chain, lock-downs in society and the market conditions in civil operations. The surge in new COVID cases in China during the year has led to an extension of restrictions and temporary lockdowns in the region, which has continued to impact the global supply of goods and services. The development has put continued pressure on electronics shortages, shipping delays and increased freight costs. Saab is closely monitoring the prolonged effects of the pandemic and cannot rule out direct or indirect future risks related to a prolonged pandemic situation or new variants of the virus that could affect society and businesses.

Risks related to the armed conflict in Ukraine

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

The war in Ukraine has further led to increased uncertainty in the global supply chain for certain materials and transportation, with risks for longer lead times and price increases. Saab has experienced some challenges primarily in the availability of electronic components in parts of its operations.

OWNERS

Saab's largest shareholders as of 30 September 2022:

	% of capital	% of votes
Investor AB	30.2	39.7
Wallenberg Investments	8.7	7.5
Swedbank Robur Funds	5.3	4.6
Vanguard	2.4	2.1
Norges Bank	1.6	1.4
Orbis Investment Management Ltd	1.5	1.3
BlackRock	1.4	1.2
Life Insurance Skandia	1.2	1.0
AllianceBernstein	1.1	1.0
First Swedish National Pension Fund	1.1	0.9

Source: Modular Finance

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

Personnel

	30 Sep 2022	31 Dec 2021
Number of employees	18,707	18,153
FTE's	18,762	18,011

Sustainability

SUSTAINABILITY AT SAAB

A commitment to society has been at the core of Saab's business since its founding, supporting nations to keep people and society safe. The foundation of Saab's sustainability commitment is to create value for all its stakeholders in a responsible way, and maintain high ethical standards. Sustainability is integrated in all aspects of Saab's strategy and operations, and lays the foundation for the company's long-term development and growth. In 2021, Saab renewed its sustainability strategy and strengthened the governance structure to enable the execution of the framework.

Saab's Sustainability Strategy



HIGHLIGHTS DURING THE QUARTER

- Saab received an A rating in Position Green's ESG100 sustainability ranking of Nordic companies.
- A diversity and inclusion week with seminars and employee activities was organised for increased awareness at Saab.
- Saab became a minority shareholder in the Swedish electric aircraft manufacturer Heart Aerospace, supporting the Group's ambition in the transition to sustainable aviation.
- In October, decision was taken to introduce a campaign to reduce the electricity consumption across Saab's operations.



THE NEW RESPONSIBLE SALES POLICY

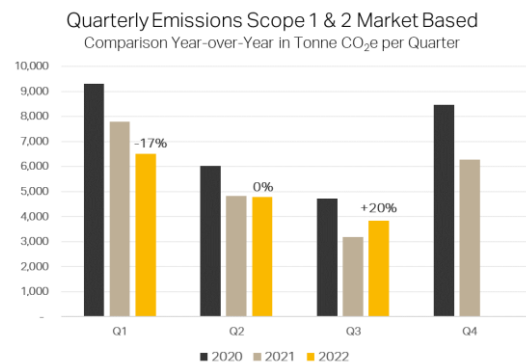
In December 2021, Saab's Sustainability Board took the decision that the Group should adopt and implement a Responsible Sales Policy. The purpose of the policy is to further strengthen the management of sustainability risks in Saab's value-chain and closer align Saab's processes with the UN Guiding Principles for Business and Human Rights (UNGP). The implementation will be finalised in December 2022 when the policy will be in full effect in our processes. The implementation of the policy will include risk screening of new sales leads relating to human rights risk, and a process for due diligence and decision-making for flagged leads. The policy will complement existing export control and serve to strengthen Saab's sustainability commitment.

CLIMATE

Our work with setting Science-based Targets and developing our Climate Task Forces continued in the third quarter. The focus has been on enabling the use of biofuel for aviation operations, energy efficiency and developing a strategy for sustainable innovations.

During the third quarter, emissions increased by 20% compared to the same quarter last year. This was driven by increased flight testing related to Gripen and Scope 1 business travel emissions. Emissions from district heating also increased slightly as a result of higher on-site activity compared to during the COVID restrictions. Market based Scope 2 emissions from electricity decreased as a result of reduced electricity consumption and an increase in the percentage of renewable energy certificates (REC) at our sites in the U.S. and Australia.

Emissions reported for the first nine month decreased by 4%. This was mainly due to energy efficiency measures and purchase of renewable energy certificates.



PEOPLE

Employees are the driving force that ensures that Saab stays at the forefront of technology. Saab continues its focus on diversity and inclusion with numerous activities ongoing to raise awareness within the organisation. Saab is also systematically working to increase the share of women managers and employees.

Saab introduced the new KPI Total Recordable Injuries (TRIFR) last quarter. To increase the awareness and knowledge regarding the importance of reporting OHS incidents, a global employee training course will be released in Q4 and will be mandatory for all employees.

Saab has during the quarter focused on incident reporting concerning occupational health and safety. LTIFR² year-to-date is slightly higher compared to the full year 2021, primarily due to the lower amount of total hours worked in the third quarter, as the amount of injuries has not increased nominally. Reported incidents per workplace injury is lower compared to 2021 mainly due to reclassification of COVID illness, which means that it is no longer reported as an incident in the performance indicator.

Performance Indicators ¹	2020	2021	YTD22
Lost Time Injury Frequency Rate ² (LTIFR)	-	0.59	0.78
Total Recordable Injury Frequency Rate ³ (TRIFR)	-	-	2.5
Reported incidents per workplace injury ⁴	4.5	5.1	4.5
Share of women managers	26%	27%	27%
Share of women employees	23%	24%	24%

¹ All performance indicators are global

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

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

⁴ Increased incidence reporting leads to fewer accidents

Significant events in January-September 2022:

- On 9 March, Saab announced a contract modification from the U.S. Marine Corps within the Force on Force Training Systems – Next Program. The value is approx. USD 122 million, where USD 68 million was booked in Q1 2022 and USD 54 million in 2021.
- On 18 March, Saab signed a contract with the Swedish Defence Material Administration (FMV) for the Mid-Life Upgrade of the third Gotland-class submarine, HMS Halland. The total order value is SEK 1.1 billion.
- On 6 April, Saab held its Annual General Meeting in Linköping, Sweden. The Annual General Meeting decided on a dividend of SEK 4.90 per share to the shareholders. Read more on <https://www.saab.com/agm>.
- On 11 April, Saab received an order from the Swedish Defence Materiel Administration to ensure the continued operation and the operational relevance of JAS 39 Gripen C/D. The order value is SEK 500 million.
- On 10 May, Saab received an order from the Swedish Defence Materiel Administration for deliveries of ammunition for the recoilless Carl-Gustaf® rifle. The order value is approximately SEK 800 million and deliveries will take place 2023-2025.
- On 12 May, Saab announced it had appointed Viktor Wallström as new Senior Vice President and Head of Group Communication. Viktor Wallström started the position on 1 October 2022 and is a part of Saab's Group Management.
- On 27 May, Saab announced a contract for components to the Carl-Gustaf®. The total order value is SEK 643 million and deliveries will take place during 2022 and 2023.
- On 16 June, Saab announced it had shipped the last five fully installed T-7A Red Hawk aft fuselages to partner Boeing. This completes Saab's deliveries in the EMD phase, which marks an important milestone in the programme.
- On 30 June, Saab received an order from the Swedish Defence Materiel Administration (FMV) for the GlobalEye Airborne Early Warning and Control (AEW&C) aircraft. The order includes two GlobalEye aircraft with deliveries planned during 2027. The order value is approximately SEK 7.3 billion.
- On 14 July, Saab announced it had signed a framework agreement with the Swedish Defence Materiel Administration for military training and simulation systems, and received the first orders within the new agreement. The order value is approx. SEK 340 million.
- On 30 August, Saab conducted a successful first test firing with the advanced Meteor Beyond Visual Range Air-to-Air Missile (BVRAAM) on Gripen E. This is an important milestone for the Gripen programme.
- On 31 August, Saab received an award from Boeing for the production of advanced training aircraft aft fuselage systems. The order value for Saab is USD 71.2 million and the first deliveries to Boeing are planned for 2023.
- On 7 September, Saab received an order for Carl-Gustaf® ammunition and AT4 CS RS systems for U.S. Armed Forces. The order value is USD 81.8 million (SEK 812.7 million) and deliveries will take place during 2024.
- On 14 September, Saab received orders from FMV regarding submarine upgrades. The orders include a life-time extension of HMS Södermanland, as well as new batteries and battery development. The total order value is SEK 470 million.
- On 19 September, Saab received a support contract for the service, repairs and maintenance of the South African Air Force's Gripen C/D jet fighters. The order value is SEK 333 million (ZAR 532 million) over a three-year period.

Successful Meteor live firing with Gripen E



"It feels very good that we have now completed the first test firing with Meteor from Gripen E. It is a very important milestone both for the programme and for Saab. It shows that the weapon capability of Gripen is at the absolute forefront," said Mikael Olsson, Head of Flight Test & Verification, Saab.

Order for production of advanced training aircraft fuselage systems



"This is an important milestone and underscores that we are delivering on our commitments to our customers and the state of Indiana. This order will allow Saab to continue ramping up production and hiring in West Lafayette. We couldn't be more excited about this new chapter, and the future of our growing aerospace operations in Indiana," said Erik Smith, President and CEO of Saab in the U.S.

For more information on significant orders received during the year, see page 3 and the comments on the business areas on page 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 25 October, Saab announced it had signed a four-year contract with Lithuania for RBS 70 missiles, with a first order placed of SEK 350 million. The order was booked in Q4 and deliveries will take place 2023-2024.

Consolidated income statement

MSEK	Note	Jan-Sep 2022	Jan-Sep 2021	Rolling 12 Months	Full Year 2021
Sales	4	28,140	27,211	40,083	39,154
Cost of goods sold		-22,103	-21,418	-31,634	-30,949
Gross income		6,037	5,793	8,449	8,205
Gross margin, %		21.5	21.3	21.1	21.0
Other operating income		130	48	228	146
Marketing expenses		-1,752	-1,646	-2,372	-2,266
Administrative expenses		-1,080	-1,027	-1,487	-1,434
Research and development costs		-1,288	-1,243	-1,704	-1,659
Other operating expenses		-58	-70	-64	-76
Share in income of associated companies and joint ventures		-29	-43	-14	-28
Operating income (EBIT) ¹⁾	3	1,960	1,812	3,036	2,888
Operating margin, %		7.0	6.7	7.6	7.4
Financial income		152	96	180	124
Financial expenses		-642	-332	-745	-435
Net financial items		-490	-236	-565	-311
Income before taxes		1,470	1,576	2,471	2,577
Taxes		-341	-342	-551	-552
Net income for the period		1,129	1,234	1,920	2,025
of which Parent Company's shareholders' interest		1,080	1,193	1,813	1,926
of which non-controlling interest		49	41	107	99
Earnings per share before dilution, SEK ²⁾		8.18	9.02	13.74	14.57
Earnings per share after dilution, SEK ³⁾		8.08	8.95	13.59	14.45
1) Of which depreciation/amortisation and write-downs		-1,558	-1,427	-2,069	-1,938
2) Average number of shares before dilution		132,070,863	132,305,121	131,988,906	132,164,599
3) Average number of shares after dilution		133,608,085	133,361,072	133,438,329	133,293,340

Consolidated statement of comprehensive income

MSEK	Jan-Sep 2022	Jan-Sep 2021	Rolling 12 Months	Full Year 2021
Net income for the period	1,129	1,234	1,920	2,025
Other comprehensive income/loss:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	3,546	830	3,201	485
Tax attributable to revaluation of net pension obligations	-730	-171	-659	-100
Total	2,816	659	2,542	385
Items that may be reversed in the income statement:				
Translation differences	1,084	279	1,207	402
Cash flow hedges	-11	-553	-80	-622
Tax attributable to cash flow hedges	5	115	20	130
Total	1,078	-159	1,147	-90
Other comprehensive income/loss for the period	3,894	500	3,689	295
Net comprehensive income/loss for the period	5,023	1,734	5,609	2,320
of which Parent Company's shareholders' interest	4,930	1,685	5,452	2,207
of which non-controlling interest	93	49	157	113

Consolidated statement of financial position

MSEK	Note	30 Sep 2022	31 Dec 2021	30 Sep 2021
ASSETS				
Fixed assets:				
Intangible fixed assets	6	12,402	12,162	11,972
Tangible fixed assets		7,576	7,147	7,023
Biological assets		353	385	383
Right of use assets		2,394	2,472	2,411
Shares in associated companies and joint ventures		384	404	396
Financial investments		118	37	37
Long-term receivables		753	595	880
Deferred tax assets		322	305	283
Total fixed assets		24,302	23,507	23,385
Current assets:				
Inventories		14,089	11,609	11,804
Derivatives		2,500	779	733
Tax receivables		253	35	203
Accounts receivable		4,556	5,884	3,841
Contract assets		11,085	9,252	9,988
Other receivables		1,099	1,179	1,004
Prepaid expenses and accrued income		1,419	953	1,071
Short-term investments		8,931	10,140	7,695
Liquid assets	10	2,545	1,701	2,597
Total current assets		46,477	41,532	38,936
TOTAL ASSETS		70,779	65,039	62,321
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity:				
Parent Company's shareholders' interest		27,429	22,976	22,440
Non-controlling interest		396	273	247
Total shareholders' equity		27,825	23,249	22,687
Long-term liabilities:				
Long-term lease liabilities		2,035	2,061	2,025
Other long-term interest-bearing liabilities	7	6,749	5,752	5,106
Other liabilities		89	81	80
Provisions for pensions	12	2,475	5,918	5,847
Other provisions		2,482	2,529	2,630
Deferred tax liabilities		872	137	180
Total long-term liabilities		14,702	16,478	15,868
Current liabilities:				
Short-term lease liabilities		517	482	457
Other short-term interest-bearing liabilities	7	450	1,421	1,823
Contract liabilities		11,767	10,687	10,086
Accounts payable		3,802	3,534	2,844
Derivatives		2,520	615	533
Tax liabilities		250	179	263
Other liabilities		799	945	704
Accrued expenses and deferred income		7,195	6,377	6,277
Provisions		952	1,072	779
Total current liabilities		28,252	25,312	23,766
Total liabilities		42,954	41,790	39,634
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		70,779	65,039	62,321

Consolidated statement of changes in equity

MSEK	Capital stock	Other capital contributions	Net result of cash flow hedges	Translation reserve	Retained earnings	Total parent company's shareholders' interest	Non-controlling interest	Total shareholders' equity
Opening balance, 1 January 2021	2,174	6,099	458	16	12,719	21,466	178	21,644
Net comprehensive income/loss for the period January-September 2021			-438	271	1,852	1,685	49	1,734
Transactions with shareholders:								
Repurchase of shares					-246	-246		-246
Share matching plan					138	138		138
Dividend					-622	-622	-27	-649
Acquisition and sale of non-controlling interest					19	19	47	66
Closing balance, 30 September 2021	2,174	6,099	20	287	13,860	22,440	247	22,687
Net comprehensive income/loss for the period October-December 2021			-54	117	459	522	64	586
Transactions with shareholders:								
Repurchase of shares					-	-		-
Share matching plan					52	52		52
Dividend					-	-	-26	-26
Acquisition and sale of non-controlling interest					-38	-38	-12	-50
Closing balance, 31 December 2021	2,174	6,099	-34	404	14,333	22,976	273	23,249
Opening balance, 1 January 2022	2,174	6,099	-34	404	14,333	22,976	273	23,249
Net comprehensive income/loss for the period January-September 2022			-6	1,042	3,894	4,930	93	5,023
Transactions with shareholders:								
Share matching plan					151	151		151
Dividend					-647	-647	-	-647
Acquisition and sale of non-controlling interest					19	19	30	49
Closing balance, 30 September 2022	2,174	6,099	-40	1,446	17,750	27,429	396	27,825

Consolidated statement of cash flows

MSEK	Note	Jan-Sep 2022	Jan-Sep 2021	Full Year 2021
Operating activities:				
Income after financial items		1,470	1,576	2,577
Adjustments for items not affecting cash flows		2,481	2,608	3,513
Dividend from associated companies and joint ventures		24	62	72
Income tax paid		-440	-272	-373
Cash flow from operating activities before changes in working capital		3,535	3,974	5,789
Cash flow from changes in working capital:				
Contract assets and liabilities		-670	1,600	2,929
Inventories		-2,385	-1,530	-1,320
Other current receivables		1,113	373	-1,636
Other current liabilities		939	-550	401
Provisions		-389	-320	-450
Cash flow from operating activities		2,143	3,547	5,713
Investing activities:				
Capitalised development costs		-347	-677	-891
Investments in other intangible fixed assets		-128	-261	-406
Investments in tangible fixed assets		-926	-921	-1,223
Sales and disposals of tangible fixed assets including biological assets		107	23	26
Investments in and sale of short-term investments		974	376	-2,085
Investments in financial assets, associated companies and joint ventures		-227	-99	-125
Sale of financial assets, associated companies and joint ventures		2	3	3
Investments in operations		-	-20	-21
Sale of subsidiaries		-	19	19
Sale of operations		42	-	-
Cash flow from investing activities		-503	-1,557	-4,703
Financing activities:				
Repayments of loans		-1,379	-2,138	-2,538
Amortisation of lease liabilities		-369	-339	-469
Raising of loans		1,394	1,604	2,248
Repurchase of shares		-	-246	-246
Dividend paid to Parent Company's shareholders		-647	-622	-622
Dividend paid to non-controlling interest		-27	-27	-27
Transactions with non-controlling interest		47	68	15
Cash flow from financing activities		-981	-1,700	-1,639
Cash flow for the period		659	290	-629
Liquid assets at the beginning of the period		1,701	2,273	2,273
Exchange rate difference in liquid assets		185	34	57
Liquid assets at end of period	10	2,545	2,597	1,701

Quarterly consolidated income statement

MSEK	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Sales	8,751	10,171	9,218	11,943	7,992	10,131	9,088	12,491
Cost of goods sold	-6,870	-8,049	-7,184	-9,531	-6,246	-8,018	-7,154	-10,352
Gross income	1,881	2,122	2,034	2,412	1,746	2,113	1,934	2,139
Gross margin, %	21.5	20.9	22.1	20.2	21.8	20.9	21.3	17.1
Other operating income	43	69	18	98	23	3	22	102
Marketing expenses	-561	-638	-553	-620	-523	-570	-553	-629
Administrative expenses	-334	-384	-362	-407	-340	-351	-336	-336
Research and development costs	-433	-439	-416	-416	-372	-465	-406	-441
Other operating expenses	-20	6	-44	-6	-18	-	-52	-23
Share of income in associated companies and joint ventures	-8	2	-23	15	-16	-15	-12	-46
Operating income (EBIT) ¹⁾	568	738	654	1,076	500	715	597	766
Operating margin, %	6.5	7.3	7.1	9.0	6.3	7.1	6.6	6.1
Financial income	68	52	32	28	31	2	63	94
Financial expenses	-201	-240	-201	-103	-109	-68	-155	-142
Net financial items	-133	-188	-169	-75	-78	-66	-92	-48
Income before taxes	435	550	485	1,001	422	649	505	718
Taxes	-111	-117	-113	-210	-98	-135	-109	-115
Net income for the period	324	433	372	791	324	514	396	603
of which Parent Company's shareholders' interest	305	421	354	733	296	505	392	598
of which non-controlling interest	19	12	18	58	28	9	4	5
Earnings per share before dilution, SEK ²⁾	2.31	3.19	2.68	5.56	2.24	3.81	2.96	4.50
Earnings per share after dilution, SEK ³⁾	2.28	3.15	2.66	5.52	2.22	3.78	2.94	4.48
1) Of which depreciation/amortisation and write-downs	-547	-517	-494	-511	-477	-481	-469	-463
2) Average number of shares before dilution	132,257,777	132,067,095	131,887,719	131,743,033	132,116,615	132,476,942	132,321,807	132,762,787
3) Average number of shares after dilution	133,842,175	133,782,303	133,267,371	132,861,467	133,198,087	133,446,047	133,213,468	133,553,781

Quarterly consolidated statement of comprehensive income

MSEK	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Net income for the period	324	433	372	791	324	514	396	603
Other comprehensive income/loss:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	165	1,978	1,403	-345	94	328	408	326
Tax attributable to revaluation of net pension obligations	-33	-407	-290	71	-19	-68	-84	-65
Total	132	1,571	1,113	-274	75	260	324	261
Items that may be reversed in the income statement:								
Translation differences	401	414	269	123	58	-86	307	-293
Net gain/loss on cash flow hedges	-141	-84	214	-69	-170	79	-462	819
Tax attributable to net gain/loss on cash flow hedges	31	18	-44	15	37	-28	106	-166
Total	291	348	439	69	-75	-35	-49	360
Other comprehensive income/loss for the period	423	1,919	1,552	-205	0	225	275	621
Net comprehensive income/loss for the period	747	2,352	1,924	586	324	739	671	1,224
of which Parent Company's shareholders' interest	707	2,321	1,902	522	292	732	661	1,213
of which non-controlling interest	40	31	22	64	32	7	10	11

Key ratios by quarter

MSEK	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Equity/assets ratio, (%)	39.3	38.7	38.0	35.7	36.4	36.3	36.8	35.7
Return on capital employed, % ³⁾	8.4	8.1	8.1	8.1	7.7	4.4	4.3	4.3
Return on equity, % ³⁾	7.6	7.8	8.4	9.0	8.5	5.2	5.2	5.1
Equity per share, SEK ^{1) 3)}	207.25	201.55	188.85	174.31	170.42	168.50	167.59	162.32
Free cash flow, MSEK ³⁾	398	395	-361	1,377	-1,403	3,028	-265	3,055
Free cash flow per share after dilution, SEK ^{2) 3)}	2.97	2.95	-2.71	10.36	-10.53	22.69	-1.99	22.87

1) Number of shares excluding treasury shares

132,346,624 132,168,930 131,965,259 131,810,178 131,675,887 132,557,343 132,396,540 132,247,073

2) Average number of shares after dilution

133,842,175 133,782,303 133,267,371 132,861,467 133,198,087 133,446,047 133,213,468 133,553,781

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	Q3 2022	Operating margin	Q2 2022	Operating margin	Q1 2022	Operating margin	Q4 2021	Operating margin
Sales								
Aeronautics	2,555		3,073		3,056		3,637	
Dynamics	1,880		2,208		1,793		2,790	
Surveillance	3,152		3,562		3,109		4,008	
Kockums	774		889		817		1,128	
Combitech	703		866		795		904	
Corporate/elimination	-313		-427		-352		-524	
Total	8,751		10,171		9,218		11,943	
Operating income/loss								
Aeronautics	60	2.3%	178	5.8%	199	6.5%	267	7.3%
Dynamics	318	16.9%	408	18.5%	256	14.3%	371	13.3%
Surveillance	199	6.3%	223	6.3%	234	7.5%	400	10.0%
Kockums	60	7.8%	55	6.2%	46	5.6%	116	10.3%
Combitech	36	5.1%	55	6.4%	81	10.2%	69	7.6%
Corporate	-105		-181		-162		-147	
Total	568	6.5%	738	7.3%	654	7.1%	1,076	9.0%
MSEK	Q3 2021	Operating margin	Q2 2021	Operating margin	Q1 2021	Operating margin	Q4 2020	Operating margin
Sales								
Aeronautics	2,479		3,044		3,103		3,577	
Dynamics	1,456		2,789		1,655		2,924	
Surveillance	3,030		3,036		3,299		4,438	
Kockums	707		899		654		876	
Combitech	621		825		766		865	
Corporate/elimination	-301		-462		-389		-189	
Total	7,992		10,131		9,088		12,491	
Operating income/loss								
Aeronautics	47	1.9%	219	7.2%	213	6.9%	-315	-8.8%
Dynamics	201	13.8%	380	13.6%	161	9.7%	431	14.7%
Surveillance	204	6.7%	147	4.8%	166	5.0%	312	7.0%
Kockums	33	4.7%	32	3.6%	27	4.1%	46	5.3%
Combitech	34	5.5%	75	9.1%	87	11.4%	112	12.9%
Corporate	-19		-138		-57		180	
Total	500	6.3%	715	7.1%	597	6.6%	766	6.1%

2021 has been restated due to a minor structural change as parts of a department within Combitech has been migrated to Surveillance. Proforma statements are found at saab.com/investors/financial-data.
2020 has not been restated.

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	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.

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

Key ratios and goals

	Long-term target	Jan-Sep 2022	Jan-Sep 2021	Full Year 2021
Organic sales growth, %	5	1	20	11
Operating margin, %	10	7.0	6.7	7.4
Equity/assets ratio, %	30	39.3	36.4	35.7

Parent company

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

Parent company income statement

MSEK	Jan-Sep 2022	Jan-Sep 2021	Full Year 2021
Sales	16,143	16,658	23,430
Cost of goods sold	-13,444	-13,474	-19,129
Gross income	2,699	3,184	4,301
Gross margin, %	16.7	19.1	18.4
Operating income and expenses	-2,418	-2,738	-3,662
Operating income (EBIT)	281	446	639
Operating margin, %	1.7	2.7	2.7
Financial income and expenses	-31	18	1,248
Income after financial items	250	464	1,887
Appropriations	-	-	-487
Income before taxes	250	464	1,400
Taxes	19	-99	-284
Net income for the period	269	365	1,116

Parent company balance sheet

MSEK	Note	30 Sep 2022	31 Dec 2021	30 Sep 2021
ASSETS				
Fixed assets:				
Intangible fixed assets		914	920	861
Tangible fixed assets		4,517	4,427	4,395
Financial fixed assets		8,142	7,969	7,823
Total fixed assets		13,573	13,316	13,079
Current assets:				
Inventories		8,461	7,696	7,610
Current receivables		17,583	16,920	15,971
Short term investments		8,931	10,135	7,687
Liquid assets		1,288	805	1,911
Total current assets		36,263	35,556	33,179
TOTAL ASSETS		49,836	48,872	46,258
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity:				
Restricted equity		3,366	3,366	3,373
Unrestricted equity		11,008	11,235	10,425
Total shareholders' equity		14,374	14,601	13,798
Untaxed reserves, provisions and liabilities:				
Untaxed reserves		2,686	2,686	2,199
Provisions		2,645	2,765	2,677
Liabilities	7	30,131	28,820	27,584
Total untaxed reserves, provisions and liabilities		35,462	34,271	32,460
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		49,836	48,872	46,258

LIQUIDITY, FINANCING, CAPITAL EXPENDITURES AND NUMBER OF EMPLOYEES

The Parent Company's net liquidity amounted to SEK 242 million as of 30 September 2022 compared to a net debt of SEK 1,542 million as of 31 December 2021.

Investments in tangible fixed assets amounted to SEK 540 million (540). Investments in intangible assets amounted to SEK 111 million (242). At the end of the period, the Parent Company had 9,988 employees compared to 10,064 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 2021.

NOTE 2 ACCOUNTING PRINCIPLES

The consolidated accounts for the first nine months 2022 have been prepared in accordance with IAS 34 Interim Reporting and the Annual Accounts Act. The Parent Company's accounts have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The Group's and the Parent Company's accounting principles are described on pages 106-107, and concerning significant income statement and balance sheet items, in each note disclosure in the annual report 2021.

The interim report for the first nine months 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 2021. All the information on pages 1-28 constitutes the report for the period 1 January – 30 September 2022.

The Group and the Parent Company use the accounting principles and calculation methods as described in the annual report 2021.

Important estimates and assumptions are disclosed in note 2 in the annual report 2021. As a consequence of COVID-19, Saab has during the year 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.

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

The Group's operating segments recognise all lease contracts as expenses on a straight-line basis over the lease term.

Aeronautics

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

Dynamics

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

Surveillance

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

Kockums

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

Combitech

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

Order bookings per operating segment

MSEK	Jan-Sep 2022	Jan-Sep 2021	Change, %	Q3 2022	Q3 2021	Rolling 12 Months 2021	Full Year 2021
Aeronautics	6,098	4,662	31	1,960	299	9,264	7,828
Dynamics	9,285	7,937	17	2,989	3,190	12,257	10,909
Surveillance	14,025	10,488	34	1,855	5,469	17,602	14,065
Kockums	2,599	7,271	-64	706	6,383	4,181	8,853
Combitech	2,386	2,231	7	703	506	3,499	3,344
Corporate/elimination	-1,143	-1,238		-441	-242	-1,335	-1,430
Total	33,250	31,351	6	7,772	15,605	45,468	43,569

Order bookings per region

MSEK	Jan-Sep 2022	Jan-Sep 2021	Change, %	Q3 2022	Q3 2021	Full Year 2021
Sweden	19,113	14,734	30	2,678	7,497	20,188
Rest of Europe	4,291	11,083	-61	1,286	6,768	13,880
North America	5,001	2,270	120	2,887	-201	3,178
Latin America	1,077	207	420	135	33	525
Asia	1,855	1,875	-1	172	978	3,997
Africa	348	173	101	306	202	187
Australia, etc.	1,565	1,009	55	308	328	1,614
Total	33,250	31,351	6	7,772	15,605	43,569

Order backlog per operating segment

MSEK	30 Sep 2022	31 Dec 2021	30 Sep 2021
Aeronautics	39,868	42,429	42,881
Dynamics	25,688	21,831	21,532
Surveillance	37,456	32,012	32,287
Kockums	9,219	9,099	8,643
Combitech	1,183	1,226	1,020
Corporate/elimination	-1,389	-1,420	-1,793
Total	112,025	105,177	104,570

Order backlog per region

MSEK	30 Sep 2022	31 Dec 2021	30 Sep 2021
Sweden	41,957	34,207	33,589
Rest of Europe	25,285	25,782	25,122
North America	8,902	6,054	6,273
Latin America	20,208	21,870	23,112
Asia	9,683	11,895	11,406
Africa	630	334	332
Australia etc.	5,360	5,035	4,736
Total	112,025	105,177	104,570

Sales per operating segment

MSEK	Jan-Sep 2022	Jan-Sep 2021	Change, %	Q3 2022	Q3 2021	Change, %	Rolling 12 Months	Year 2021
Aeronautics	8,684	8,626	1	2,555	2,479	3	12,321	12,263
Dynamics	5,881	5,900	-0	1,880	1,456	29	8,671	8,690
Surveillance	9,823	9,365	5	3,152	3,030	4	13,831	13,373
Kockums	2,480	2,260	10	774	707	9	3,608	3,388
Combitech	2,364	2,212	7	703	621	13	3,268	3,116
Corporate/elimination	-1,092	-1,152		-313	-301		-1,616	-1,676
Total	28,140	27,211	3	8,751	7,992	9	40,083	39,154

Sales per region

MSEK	Jan-Sep 2022	% of sales	Jan-Sep 2021	% of sales	Full Year 2021	% of sales
Sweden	11,335	40	9,970	37	14,841	38
Rest of Europe	4,972	18	4,374	16	6,553	17
North America	2,950	10	3,007	11	4,203	11
Latin America	2,749	10	4,230	16	5,786	15
Asia	4,341	15	3,841	14	5,507	14
Africa	59	0	161	1	175	0
Australia, etc.	1,734	6	1,628	6	2,089	5
Total	28,140	100	27,211	100	39,154	100

Information on large customers

During the first nine months 2022, Saab had one customer that separately accounted for 10 per cent or more of the Group's sales. The Swedish Defence is a customer of all business areas and total sales amounted to SEK 9,540 million (8,420). In the comparative period, the Brazilian State also constituted a customer that separately accounted for 10 per cent or more of the Group's sales. It is a customer primarily to business area Aeronautics and total sales amounted to SEK 3,899 in the first nine months 2021.

Seasonal variation

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

Operating income per operating segment

MSEK	Jan-Sep 2022	% of sales	Jan-Sep 2021	% of sales	Q3 2022	Q3 2021	Rolling Full Year 12 Months	2021
Aeronautics	437	5.0	479	5.6	60	47	704	746
Dynamics	982	16.7	742	12.6	318	201	1,353	1,113
Surveillance	656	6.7	517	5.5	199	204	1,056	917
Kockums	161	6.5	92	4.1	60	33	277	208
Combitech	172	7.3	196	8.9	36	34	241	265
The operating segments' operating income	2,408	8.6	2,026	7.4	673	519	3,631	3,249
Corporate	-448		-214		-105	-19	-595	-361
Total	1,960	7.0	1,812	6.7	568	500	3,036	2,888

Depreciation/amortisation and write-downs per operating segment

MSEK	Jan-Sep 2022	Jan-Sep 2021	Change, %	Q3 2022	Q3 2021	Rolling Full Year 12 Months	2021
Aeronautics	126	91	38	44	32	160	125
Dynamics	70	66	6	32	22	92	88
Surveillance	605	573	6	206	193	799	767
Kockums	22	28	-21	7	8	29	35
Combitech	6	6	-	2	3	8	8
Corporate	729	663	10	256	219	981	915
Total	1,558	1,427	9	547	477	2,069	1,938

Operational cash flow per operating segment

MSEK	Jan-Sep 2022	Jan-Sep 2021	Q3 2022	Q3 2021	Rolling Full Year 12 Months	2021
Aeronautics	-350	-1,342	-230	-1,257	224	-768
Dynamics	661	-446	256	-170	1,812	705
Surveillance	1,095	4,190	310	45	945	4,040
Kockums	-307	-5	61	109	-315	-13
Combitech	-93	187	-113	27	-9	271
Corporate	-95	-830	275	8	-224	-959
Total	911	1,754	559	-1,238	2,433	3,276

Capital employed per operating segment

MSEK	30 Sep 2022	31 Dec 2021	30 Sep 2021
Aeronautics	9,768	8,888	9,449
Dynamics	5,535	5,629	5,847
Surveillance	11,951	12,287	11,932
Kockums	1,349	1,391	1,261
Combitech	1,009	1,057	945
Corporate/elimination	10,003	8,525	7,139
Total	39,615	37,777	36,573

Full time equivalents (FTE's) per operating segment

Number at end of the period	30 Sep 2022	31 Dec 2021	30 Sep 2021
Aeronautics	5,112	5,201	5,310
Dynamics	3,316	3,123	3,104
Surveillance	5,476	5,254	5,224
Kockums	1,406	1,216	1,215
Combitech	2,054	1,968	1,960
Corporate	1,398	1,249	1,213
Total	18,762	18,011	18,026

NOTE 4 DISTRIBUTION OF SALES

MSEK	Aeronautics		Dynamics		Surveillance		Kockums		Combitech		Corporate/ elimination		Group	
	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
External sales	8,637	8,568	5,744	5,770	9,498	9,080	2,457	2,239	1,661	1,444	143	110	28,140	27,211
Internal sales	47	58	137	130	325	285	23	21	703	768	-1,235	-1,262	-	-
Total sales	8,684	8,626	5,881	5,900	9,823	9,365	2,480	2,260	2,364	2,212	-1,092	-1,152	28,140	27,211
Sales by customer:														
Military customers	8,128	8,066	5,428	5,552	8,002	7,909	2,457	2,239	684	578	41	41	24,740	24,385
Civilian customers	509	502	316	218	1,496	1,171	-	-	977	866	102	69	3,400	2,826
Total external sales	8,637	8,568	5,744	5,770	9,498	9,080	2,457	2,239	1,661	1,444	143	110	28,140	27,211
Sales by significant source:														
Long-term customer contracts	6,961	6,962	1,335	1,858	6,993	6,648	1,948	1,761	23	109	42	38	17,302	17,376
Services	1,564	1,538	875	757	1,819	1,752	479	476	1,572	1,322	89	37	6,398	5,882
Products	112	68	3,534	3,155	686	680	30	2	66	13	12	35	4,440	3,953
Total external sales	8,637	8,568	5,744	5,770	9,498	9,080	2,457	2,239	1,661	1,444	143	110	28,140	27,211
Sales by domain:														
Air	7,981	7,944	168	136	3,696	4,139	-	-	29	25	18	32	11,892	12,276
Land	75	71	4,532	4,262	1,751	1,468	-	-	698	571	1	-2	7,057	6,370
Naval	3	-	1,026	1,350	2,483	2,007	2,457	2,239	5	16	87	34	6,061	5,646
Civil Security	35	38	13	13	1,558	1,424	-	-	222	231	22	11	1,850	1,717
Commercial Aeronautics	541	515	-	-	1	7	-	-	4	2	14	37	560	561
Other/not distributed	2	-	5	9	9	35	-	-	703	599	1	-2	720	641
Total external sales	8,637	8,568	5,744	5,770	9,498	9,080	2,457	2,239	1,661	1,444	143	110	28,140	27,211
Sales recognition method:														
Over time	7,890	7,818	2,030	2,204	7,936	7,881	2,373	2,201	1,629	1,379	55	48	21,913	21,531
Point in time	747	750	3,714	3,566	1,562	1,199	84	38	32	65	88	62	6,227	5,680
Total external sales	8,637	8,568	5,744	5,770	9,498	9,080	2,457	2,239	1,661	1,444	143	110	28,140	27,211

NOTE 5 DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

The Annual General Meeting 2022 held on April 6 decided on a dividend to the Parent Company's shareholders of SEK 4.90 per share, corresponding to a total dividend of SEK 647 million. Record date for the dividend was April 8 2022 and the dividend was paid out on April 13 2022.

NOTE 6 INTANGIBLE FIXED ASSETS

MSEK	30 Sep 2022	31 Dec 2021	30 Sep 2021
Goodwill	5,533	5,253	5,224
Capitalised development costs	5,974	6,040	5,964
Other intangible assets	895	869	784
Total	12,402	12,162	11,972

NOTE 7 NET LIQUIDITY/DEBT

MSEK	30 Sep 2022	31 Dec 2021	30 Sep 2021
Assets:			
Liquid assets	2,545	1,701	2,597
Short-term investments	8,931	10,140	7,695
Total liquid investments	11,476	11,841	10,292
Short-term interest-bearing receivables	73	66	72
Long-term interest-bearing receivables	607	457	446
Long-term receivables attributable to pensions	39	39	-
Total interest-bearing assets	12,195	12,403	10,810
Liabilities:			
Lease liabilities	2,552	2,543	2,482
Bonds and other debt instruments	7,098	7,085	6,883
Liabilities to associated companies and joint ventures	55	43	42
Other interest-bearing liabilities	46	44	4
Provisions for pensions ¹⁾	2,040	4,813	4,475
Total interest-bearing liabilities and provisions for pensions	11,791	14,528	13,886
Net liquidity (+) / net debt (-)	404	-2,125	-3,076

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

Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2026 SEK 4 billion, 2024, SEK 2 billion)	6,000	-	6,000
Overdraft facility (Maturity 2023)	68	-	68
Total	6,068	-	6,068

Parent Company

MSEK	30 Sep 2022	31 Dec 2021	30 Sep 2021
Long-term bonds and other debt instruments	6,704	5,707	5,105
Short-term bonds and other debt instruments	394	1,378	1,778
Total	7,098	7,085	6,883

Since 2009, Saab has a Medium Term Note programme (MTN) to enable issuance of bonds in the capital market. During 2018 the MTN programme was increased to SEK 10,000 million. A major part of the bonds are issued as Floating Rate Notes (FRN). During the quarter, bonds to an amount of SEK 1,378 million matured and no new bonds were issued. Bonds outstanding within the MTN programme amounts to SEK 6,935 million at the end of the third quarter 2022.

In December 2015, Saab signed Schuldschein loans. Remaining value amounts to EUR 15 million as of September 30 2022.

No credit facilities have been utilised during the period.

NOTE 8 CAPITAL EMPLOYED

MSEK	30 Sep 2022	31 Dec 2021	30 Sep 2021
Total assets	70,779	65,039	62,321
Less non-interest bearing liabilities	31,163	27,262	25,748
Capital employed	39,616	37,777	36,573

NOTE 9 FINANCIAL INSTRUMENTS

Classification and categorisation of financial assets and liabilities ²⁾

Carrying amount	30 Sep 2022	31 Dec 2021	30 Sep 2021
Financial assets:			
Valued at amortised cost ⁴⁾ :			
Accounts receivable, contract assets and other receivables	17,091	16,255	14,901
Liquid assets	2,545	1,701	2,597
Long-term receivables	714	556	880
Valued at fair value through profit and loss ³⁾ :			
Short-term investments	8,931	10,140	7,695
Derivatives for trading	83	29	25
Financial investments	65	37	37
Valued at fair value through other comprehensive income ³⁾ :			
Derivatives identified as hedges	2,417	750	708
Equity investments elected to be classified as fair value through other comprehensive income	53	-	-
Total financial assets	31,899	29,468	26,843
Financial liabilities:			
Valued at amortised cost:			
Interest-bearing liabilities ¹⁾	9,751	9,716	9,410
Other liabilities ⁴⁾	9,522	8,750	7,798
Valued at fair value through profit and loss ³⁾ :			
Derivatives for trading	80	9	24
Valued at fair value through other comprehensive income ³⁾ :			
Derivatives identified as hedges	2,440	606	509
Total financial liabilities	21,793	19,081	17,741
¹⁾ Fair value	9,582	9,734	9,421

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 1,346.

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 2021, as described in the annual report 2021 on page 139, note 35. As of September 30 2022, the Group had the following financial assets and liabilities at fair value:

Financial assets at fair value

MSEK	30 Sep 2022	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	8,931	8,931	-	-
Forward exchange contracts	1,721	-	1,721	-
Currency options	9	-	9	-
Interest rate swaps	438	-	438	-
Cross currency basis swaps	24	-	24	-
Electricity derivatives	308	308	-	-
Shares, participations and long-term receivables	118	-	-	118
Total	11,549	9,239	2,192	118

Financial liabilities at fair value

MSEK	30 Sep 2022	Level 1	Level 2	Level 3
Forward exchange contracts	2,473	-	2,473	-
Currency options	25	-	25	-
Interest rate swaps	22	-	22	-
Total	2,520	-	2,520	-

NOTE 10 SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

Free cash flow

MSEK	Jan-Sep 2022	Jan-Sep 2021	Q3 2022	Q3 2021	Full year 2021
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items ¹⁾	3,597	4,017	1,039	1,530	5,846
Cash flow from changes in working capital:					
Contract assets and liabilities	-670	1,600	892	-274	2,929
Inventories	-2,385	-1,530	-760	-736	-1,320
Other current receivables	1,113	373	209	132	-1,636
Other current liabilities	939	-550	-311	-1,238	401
Provisions	-389	-320	-72	-140	-450
Change in working capital	-1,392	-427	-42	-2,256	-76
Cash flow from operating activities excluding taxes and other financial items	2,205	3,590	997	-726	5,770
Investing activities:					
Investments in intangible fixed assets	-475	-938	-140	-269	-1,297
Investments in tangible fixed assets	-926	-921	-306	-254	-1,223
Sales and disposals of tangible fixed assets including biological assets	107	23	8	11	26
Cash flow from investing activities ²⁾	-1,294	-1,836	-438	-512	-2,494
Operational cash flow	911	1,754	559	-1,238	3,276
Taxes and other financial items	-431	-382	-78	-163	-526
Sale of and investments in financial assets, associated companies and joint ventures	-90	-11	-83	-2	-11
Investments in operations	-	-20	-	-	-21
Sale of subsidiaries	-	19	-	-	19
Sale of operations	42	-	-	-	-
Free cash flow	432	1,360	398	-1,403	2,737

1) Including amortisation of lease liabilities

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

Free cash flow vs. statement of cash flows

MSEK	Jan-Sep 2022	Jan-Sep 2021	Full Year 2021	Q3 2022	Q3 2021
Free cash flow	432	1,360	2,737	398	-1,403
Investing activities – interest-bearing:					
Short-term investments	974	376	-2,085	765	1,094
Other financial investments and receivables	-135	-85	-111	-40	-39
Financing activities:					
Repayments of loans	-1,379	-2,138	-2,538	-1,372	-920
Raising of loans	1,394	1,604	2,248	-	900
Repurchase of shares	-	-246	-246	-	-246
Dividend paid to the Parent Company's shareholders	-647	-622	-622	-	-
Dividend paid to non-controlling interest	-27	-27	-27	-2	-27
Transactions with non-controlling interest	47	68	15	52	16
Cash flow for the period	659	290	-629	-199	-625

Liquid assets

MSEK	30 Sep 2022	31 Dec 2021	30 Sep 2021
The following components are included in liquid assets:			
Cash and bank balances	1,945	1,401	1,197
Bank deposits	600	300	1,400
Total according to balance sheet	2,545	1,701	2,597
Total according to statement of cash flows	2,545	1,701	2,597

NOTE 11 BUSINESS COMBINATIONS

No significant acquisitions through business combinations were made during the first nine months 2022.

NOTE 12 DEFINED-BENEFIT PLANS

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary. Defined-

benefit plans mainly relate to the Swedish operations, where the ITP2 plan accounts for more than 90 per cent of the total obligation.

Pension obligation according to IAS 19

MSEK	30 Sep 2022	31 Dec 2021	30 Sep 2021
Defined-benefit obligation	10,781	13,729	12,866
Special employers' contribution	435	1,105	1,372
Less assets under management	8,780	8,955	8,391
Total provisions for pensions	2,436	5,879	5,847
of which reported as long-term receivable	39	39	-

Actuarial gains and losses are recognised in other comprehensive income. Actuarial gain related to the Swedish pension plans amounted to SEK 3,546 million net in the first nine months 2022 primarily due to the following:

Assumed discount rate has increased by 225 basis points, from 1.50% to 3.75% and the inflation assumption has increased by 25 basis points, from 2.25% to 2.50% compared to the beginning of the year. The net of these revised assumptions amounted to a gain of SEK 4,373 million.

Revised demographical assumptions led to an actuarial loss of SEK 491 million.

Negative experience adjustment has resulted in an actuarial loss of SEK 760 million.

The actuarial gain related to the special employer's contribution amounted to SEK 692 million.

The return on assets under management was lower than expected which led to an actuarial loss of SEK 268 million.

NOTE 13 CONTINGENT LIABILITIES

No additional significant commitments have arisen during the first nine months 2022. 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 14 TRANSACTIONS WITH RELATED PARTIES

No significant transactions have occurred during the first nine months of 2022. Related parties with which the Group has transactions are described in note 37 in the Annual Report 2021.

NOTE 15 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.

Full Time Equivalent, FTE

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

Gross income adjusted for items affecting comparability

Gross income adjusted for items classified as affecting comparability.

Gross margin

Gross income as a percentage of sales.

Gross margin adjusted for items affecting comparability

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

Items affecting comparability

Items affecting comparability comprise the financial effects from events or transactions with material impact that are relevant to understand the result when comparing periods. Such events or transactions can relate to restructuring programs, costs related to disputes and legal proceedings, macroeconomic developments, impairment charges and gains and losses from divestments of group companies, joint ventures or associated companies.

Net investments

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

Net liquidity/net debt

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

Net liquidity/net debt to EBITDA

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

Number of employees

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

Operating income

Income before financial items and tax.

Operating income adjusted for items affecting comparability

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

Operating margin adjusted for items affecting comparability

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

Operating margin

Operating income (EBIT) as a percentage of sales.

Operational cash flow

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

Order backlog

Total value of orders at the end of the period.

Order bookings

Total value of orders received during the period.

Organic sales growth

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

Research and development, R&D

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

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

Return on capital employed

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

Return on equity

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

Sales adjusted for items affecting comparability

Sales adjusted for items classified as affecting comparability

Glossary

AEW&CS	Airborne Early Warning & Control System
C4I	Command, Control, Communications, Computers, and Intelligence
FMV	Swedish Defence Materiel Administration, Sw, "Försvarets Materielverk"
FRN	Floating Rate Note
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
MTN	Medium Term Note, loan facility for issuance of bonds with a duration of 1-15 years

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

STOCKHOLM 28 OCTOBER 2022

Saab AB (publ)

Micael Johansson

President and CEO and Board member

Review report

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

Introduction

We have reviewed the condensed interim financial information (interim report) of Saab AB as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

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

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

Conclusion

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

Stockholm 28 October 2022
PricewaterhouseCoopers AB

Peter Nyllinge

Authorised Public Accountant, Auditor in charge

Fredrik Göransson

Authorised Public Accountant



SAAB

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Press and financial analyst conference:

28 October 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/Q3-2022>

Conference call:

Please dial in using one of the numbers below:

Sweden: +46 8 5051 0031

UK: +44 207 107 06 13

US: +1 631 570 56 13

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

CALENDAR

Year-end report 2022

Published 10 February 2023

Q1 Interim report 2023

Published 26 April 2023

IMPORTANT INFORMATION

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

This information is such that Saab AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, on 28 October 2022 at 07.30 (CET)

Q3