



SAAB

Strong order intake and delivering on our outlook

KEY HIGHLIGHTS Q4 2022

- Order intake increased to SEK 29,866m (12,218) driven by growth in large and medium-sized orders.
- The order backlog increased by 21% and amounted to SEK 128bn (105).
- Sales increased 16%, whereof 14% organic, amounting to SEK 13,866m (11,943) with high volumes and deliveries in all business areas.
- EBITDA amounted to SEK 1,883m (1,587) with a margin of 13.6% (13.3).
- Operating income increased 22% and amounted to SEK 1,314m (1,076) with a margin of 9.5% (9.0).
- Net income increased to SEK 1,154m (791) in the period and EPS amounted to SEK 8.32 (5.52), corresponding to an increase of 51%.
- Operational cash flow amounted to SEK 1,682m (1,522) in the quarter.
- The Board proposes a dividend for 2022 of SEK 5.30 (4.90) per share.
- Outlook 2023: Organic sales growth to be around 15%, operating income growth higher than organic sales growth and positive operational cash flow.

FINANCIAL HIGHLIGHTS

MSEK	Full Year 2022	Full Year 2021	Change, %	Q4 2022	Q4 2021	Change, %
Order bookings	63,116	43,569	45	29,866	12,218	144
Order backlog	127,676	105,177	21			
Sales	42,006	39,154	7	13,866	11,943	16
Gross income	8,886	8,205	8	2,849	2,412	18
Gross margin, %	21.2	21.0		20.5	20.2	
EBITDA	5,401	4,826	12	1,883	1,587	19
EBITDA margin, %	12.9	12.3		13.6	13.3	
Operating income (EBIT)	3,274	2,888	13	1,314	1,076	22
Operating margin, %	7.8	7.4		9.5	9.0	
Net income	2,283	2,025	13	1,154	791	46
of which Parent Company's shareholders' interest	2,195	1,926	14	1,115	733	52
Earnings per share after dilution, SEK	16.41	14.45	14	8.32	5.52	51
Return on equity, % ¹⁾	8.6	9.0				
Operational cash flow	2,593	3,276		1,682	1,522	
Free cash flow	1,871	2,737		1,439	1,377	
Free cash flow per share after dilution, SEK	13.99	20.53		10.73	10.36	
Average number of shares after dilution	133,724,223	133,293,340		134,058,461	132,861,467	

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

Q4

Order bookings
30 BSEK

Sales growth
16%

Operating margin
9.5%

JANUARY-DECEMBER 2022

COMMENTS FROM THE CEO

Strong order intake and delivering on our outlook



Micael Johansson
President & CEO

2022 will be remembered as a year that left a mark on us all due to the tragic war in Ukraine. The heightened geopolitical instability in Europe has led to a new reality which reminds us of our purpose as a company - to keep people and society safe.

For Saab, 2022 was a financially and operationally strong year. We delivered on our outlook for the year with an organic sales growth of 5%, EBIT growth of 13% and positive cash flow of SEK 2.6 billion. We continued to execute on our multi-domestic growth strategy and accelerated our efforts to increase future capacity and production facilities. Investments in innovation and R&D to develop new technologies and the capabilities of tomorrow also continued and we were successful in recruiting new talent. By year-end, we had a net increase of more than 1,000 new employees (FTEs). All of these initiatives position us well to capture the increased market demand.

Looking at the fourth quarter, we made the first deliveries of Saab's new anti-submarine lightweight torpedo to Sweden. Moreover, Saab obtained the military type certificate for Gripen E from both Sweden and Brazil, meaning that the fighter aircraft is certified for operational use and is now flying in the skies of Brazil. In the quarter, we also announced the divestment of our Maritime Traffic Management operations, in line with our strategy to increase focus on our core areas.

Saab's order intake in the quarter was strong and confirmed the strength of our product portfolio with growth in both Sweden and internationally. In the period, we strengthened our close relationship with the U.K. and Sweden with orders for the proven anti-tank weapon system NLAW. We also received upgrade and support contracts for Gripen to Sweden, which added to Aeronautics and Surveillance orders. The large order for two signal intelligence ships to Poland further strengthened the order backlog in Surveillance and Kockums.

Project activity and deliveries were high in the fourth quarter and organic sales increased 14%. Operating income grew by 22% and the operating margin was 9.5% (9.0). Dynamics had an exceptionally favourable mix and Surveillance and Kockums also showed margin improvement. The T-7 ramp-up and the civil business in Aeronautics continued to have negative impact on results. We expect these challenges to phase out over the coming years.

Operational cash flow in the quarter was somewhat better than what we expected and amounted to SEK 1.7 billion (1.5).

We continue to be cautious on the industry-driven issues in supply chains, lead times for components and cost inflation and are proactively managing these together with our customers and suppliers.

During 2022, we remained focused on driving our sustainability agenda forward. In this regard, we strengthened our Responsible Sales Policy and governance structure and accelerated the work related to our Race to Zero commitment. During the quarter, Saab became the first major defence company to have its science-based targets approved by the SBTi. This is an important milestone in Saab's sustainability journey and our efforts to reduce emissions and ensuring long-term competitiveness.

Going forward, we are positive on the outlook of our businesses. We have a solid order backlog and a strong position to capture further growth. For the full year 2023, we expect organic sales growth to be around 15% and operating income growth to be higher than organic sales growth. We estimate operational cash flow to be positive for 2023.

Based on Saab's financial results and future outlook, the Board proposes an increase of the dividend to SEK 5.30 (4.90) per share for 2022.

I would like to take the opportunity and thank Saab's exceptional employees for their efforts during the year and for ensuring Saab's continued growth journey.

Outlook 2023

SALES GROWTH:

Organic sales growth of around 15%.

OPERATING INCOME:

Operating income growth higher than organic sales growth.

OPERATIONAL CASH FLOW:

Operational cash flow to be positive.

Orders

FOURTH QUARTER 2022

Order bookings amounted to SEK 29,866 million (12,218) driven by strong growth in large orders which amounted to SEK 16,507 million (1,106) in the quarter. Medium-sized orders increased by 40 per cent and amounted to SEK 8,843 million (6,338) while small orders amounted to SEK 4,516 million (4,774).

Key orders in the quarter included design, production and support of two Signal Intelligence (SIGINT) ships to Poland with an order value of SEK 6.7 billion, an order for upgrade and a new maintenance contract for Gripen from Sweden of SEK 3.5 billion and SEK 3.4 billion, respectively and orders for NLAW from the UK and Sweden with a total order value of SEK 3.8 billion.

JANUARY-DECEMBER 2022

Order bookings amounted to SEK 63,116 million (43,569), an increase of 45 per cent compared to the full year 2021. This was primarily driven by strong growth in both large and medium-sized orders. Booking of large orders increased 85 per cent and amounted to SEK 27,473 million (14,869). Medium-sized orders increased 44 per cent amounting to SEK 22,341 million (15,495). Small orders were at the same level as last year and amounted to SEK 13,302 million (13,205).

The order backlog at the end of the period amounted to SEK 127,676 million, compared to SEK 105,177 million at the beginning of the year, corresponding to a 21 per cent increase. In total, 62 per cent of the backlog is attributable to markets outside Sweden, compared to 67 per cent at the end of last year.

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

Sales

FOURTH QUARTER 2022

Sales in the fourth quarter grew 16 per cent to SEK 13,866 million (11,943) with an organic sales growth of 14 per cent, driven by increased pace in project execution and deliveries. All business areas and Combitech reported sales growth in the quarter.

JANUARY-DECEMBER 2022

Sales amounted to SEK 42,006 million (39,154) corresponding to a growth of 7 per cent, of which organic growth was 5 per cent. All business areas and Combitech reported sales growth compared with the full year 2021. This was a result of the high activity level in our projects during the year.

Sales from markets outside Sweden amounted to SEK 24,451 million (24,313) and corresponded to 58 per cent (62) of total sales. In the period, primarily Sweden and rest of Europe reported sales growth. 89 per cent (90) of sales were related to the defence business.

SALES GROWTH

Per cent	Full Year 2022	Full Year 2021	Q4 2022	Q4 2021
Organic sales growth	5	11	14	-4
Acquisitions	-	-	-	-
Currency translation effects	2	0	2	0
Total sales growth	7	11	16	-4

SALES PER REGION

MSEK	Full Year 2022	Full Year 2021	Change, %
Sweden	17,555	14,841	18
Rest of Europe	7,838	6,553	20
North America	4,466	4,203	6
Latin America	3,901	5,786	-33
Asia	5,910	5,507	7
Africa	88	175	-50
Australia, etc.	2,248	2,089	8
Total	42,006	39,154	7

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

Order distribution

Orders exceeding MSEK 100 accounted for 79% (70) of total orders during 2022.



Order backlog duration:

2023: SEK **40.6** billion

2024: SEK **33.2** billion

2025: SEK **25.5** billion

2026: SEK **13.1** billion

After 2026: SEK **15.3** billion

Defence/Civil

A total of 93% (92) of order bookings was attributable to defence-related operations during 2022.

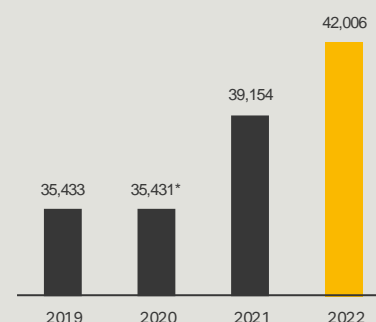


Market

A total of 50% (54) of order bookings was related to markets outside Sweden during 2022.



Sales Jan-Dec, MSEK



*includes items affecting comparability of SEK 1,331 million

Income

FOURTH QUARTER 2022

The gross margin increased compared to the fourth quarter last year and amounted to 20.5 per cent (20.2). EBITDA increased 19 per cent and the margin was 13.6 per cent (13.3). Operating income grew 22 per cent to SEK 1,314 million (1,076) with an operating margin of 9.5 per cent (9.0). The improvement was a result of positive scale effects from higher volumes, favourable project mix and efficiency. Increased research and development costs had a partly negative impact on the results. In the comparison period last year, the operating income included costs of SEK 38 million for right-sizing measures in the business areas Aeronautics and Surveillance.

JANUARY-DECEMBER 2022

The gross margin showed a slight increase to 21.2 per cent (21.0) during the year. The improvement was mainly driven by business area Dynamics, Surveillance and Kockums.

Total depreciation, amortisation and write-downs amounted to SEK 2,127 million (1,938). Depreciation of tangible fixed assets and right-of-use assets amounted to SEK 1,415 million (1,237).

Total R&D expenditures amounted to SEK 7,637 million (6,897), corresponding to 18 per cent (18) of sales. Expenditures for internally funded investments in R&D amounted to SEK 1,763 million (2,000), of which SEK 500 million (891) 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 712 million (701), of which amortisation and write-downs of capitalised development expenditures amounted to SEK 554 million (550). R&D amortisation is mainly related to GlobalEye, amounting to SEK 374 million (374) in 2022.

The share of income in associated companies and joint ventures amounted to SEK -97 million (-28).

EBITDA grew 11.9 per cent to SEK 5,401 million (4,826) and the EBITDA margin was 12.9 per cent (12.3). The growth and increased margin was mainly driven by the improved gross income, which more than offset increased marketing and R&D.

Operating income increased by 13.4 per cent and amounted to SEK 3,274 million (2,888). This was driven by increases in Dynamics, Surveillance and Kockums. Higher T-7 ramp-up cost in Aeronautics and corporate cost had an unfavourable impact on operating income compared to 2021. The operating margin improved to 7.8 per cent (7.4) driven mainly by the improved gross margin. The comparison period included costs for right-sizing measures and capacity adjustments in the business areas Dynamics, Surveillance and Aeronautics of SEK 167 million.

Financial net

MSEK	Full Year 2022	Full Year 2021
Financial net related to pensions	-72	-52
Net interest items	-70	-66
Currency gains/losses	9	-29
Lease liability interest	-106	-98
Other financial items	-216	-66
Total	-455	-311

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.

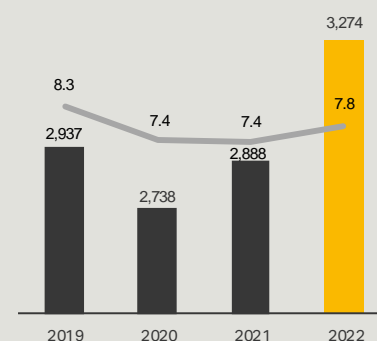
Lease liability interest consists of the interest portion related to lease liabilities recognised in the balance sheet.

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 net loss in other financial items for 2022 was SEK -216 million whereof SEK -202 was attributable to unrealised negative market value changes of short-term investments, due to movements in market interest rates and credit spreads.

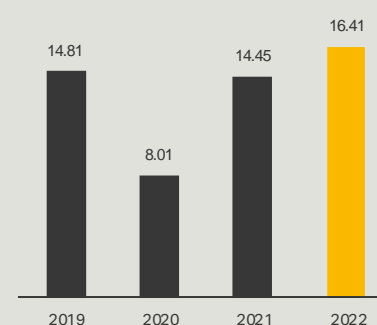
Tax

Current and deferred taxes amounted to SEK -536 million (-552) for the full year, corresponding to an effective tax rate of 19 (21) per cent. The decrease in the effective tax rate was mainly a result of utilisation of previously non-capitalised deductible temporary differences and loss carry forwards.

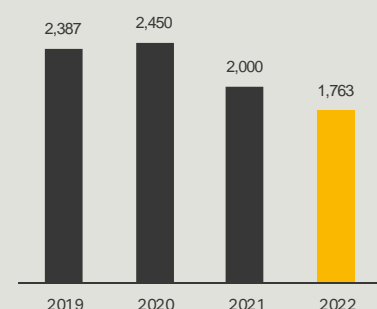
Adjusted operating income (MSEK) and margin (%), Jan-Dec



Earnings per share after dilution, SEK



Internally funded R&D expenditures, MSEK



Financial position and liquidity

At the end of December 2022, Saab had a net liquidity of SEK 2,432 million, an improvement of SEK 4,557 million compared to a net debt of SEK 2,125 million at year-end 2021. Net debt/EBITDA was -0.45 (0.44) at the end of the period.

Cash flow from operating activities amounted to SEK 4,654 million (5,713).

Contract assets increased by SEK 659 million following lower milestone payments while contract liabilities increased by SEK 502 million compared to year-end 2021. Inventories increased by SEK 2,586 million during the full year 2022, mainly related to future deliveries within Dynamics.

Net provisions for pensions, excluding special employer's contribution, amounted to SEK 1,068 million as of 31 December 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 3,706 million. For further information on Saab's benefit pension plans, see note 12.

Tangible fixed assets amounted to SEK 7,965 million at year-end compared to 7,147 at the end of 2021. Biological assets increased during the year and amounted to SEK 408 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 2,682 million compared to 2,472 million at the end of 2021.

Net investments in the year amounted to SEK 2,193 million (2,494). Investments in tangible fixed assets amounted to SEK 1,624 million (1,223).

Investments in intangible fixed assets amounted to SEK 686 million (1,297), of which SEK 500 million (891) 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 186 million (406) related to other intangible fixed assets.

As of 31 December 2022, short-term investments and liquid assets amounted to SEK 12,857 million, an increase of SEK 1,016 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 3,174 million during the year to SEK 40,951 million. The return on capital employed was 8.8 per cent (8.1) and the return on equity was 8.6 per cent (9.0), both measured over a rolling 12-month period.

Change in net debt Jan-Dec 2022

	MSEK
Net liquidity (+) / net debt (-), 31 Dec 2021 ¹⁾	-2,125
Cash flow from operating activities	4,654
Change in net pension obligation	3,706
Net investments	-2,193
Sale of and investments in financial assets, associates and joint ventures	-108
Dividend	-647
Dividend to and transactions with non-controlling interest	-15
Additional lease liabilities	-690
Sale of operations	42
Other items, currency impact and unrealised results from financial investments	-192
Net liquidity (+) / net debt (-), 31 Dec 2022 ¹⁾	2,432
¹⁾ Net liquidity (+) / net debt (-) excluding net provisions for pensions, lease liabilities and interest-bearing receivables, 31 December 2022	5,663

Key indicators of financial position and liquidity

MSEK	31 Dec 2022	31 Dec 2021	Change
Net liquidity / debt ²⁾	2,432	-2,125	4,557
Intangible fixed assets	12,248	12,162	86
Goodwill	5,384	5,253	131
Capitalised development costs	5,958	6,040	-82
Other intangible fixed assets	906	869	37
Tangible fixed assets, etc ³⁾	8,373	7,532	841
Right of use assets ⁴⁾	2,682	2,472	210
Inventories	14,195	11,609	2,586
Accounts receivable	6,045	5,884	161
Contract assets	9,911	9,252	659
Contract liabilities	11,189	10,687	502
Equity/assets ratio, %	41.3	35.7	-
Return on equity, %	8.6	9.0	-
Return on capital employed, %	8.8	8.1	-
Equity per share, SEK ¹⁾	222.55	174.31	48.2

1) Number of shares excluding treasury shares

132,488,884 131,810,178

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

FOURTH QUARTER 2022

Operational cash flow for the fourth quarter amounted to SEK 1,682 million (1,522). This was driven by higher customer payments in Surveillance, Kockums and Combitech compared to the same period 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 1,439 million (1,377). For more detailed information on cash flow, see note 10.

JANUARY-DECEMBER 2022

Operational cash flow was lower compared to the same period last year and amounted to SEK 2,593 million (3,276) following increased working capital, partly offset by lower investments. The increase in working capital referred mainly to lower milestone payments in Surveillance compared to last year and increases in inventory across business areas.

Free cash flow amounted to SEK 1,871 million (2,737). For more detailed information on cash flow, see note 10.

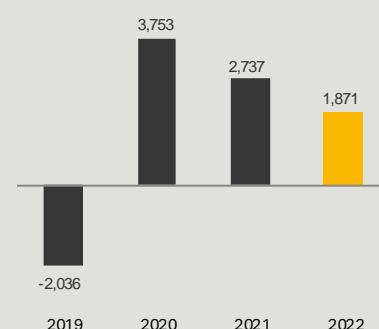
There can be large fluctuations in cash flow between reporting periods as the timing of milestone payments in large projects greatly varies depending on when milestones are reached.

	Jan-Dec 2022	Jan-Dec 2021
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items ¹⁾	5,718	5,846
Change in working capital	-932	-76
Cash flow from operating activities excluding taxes and other financial items	4,786	5,770
Cash flow from investing activities ²⁾	-2,193	-2,494
Operational cash flow	2,593	3,276
Taxes and other financial items	-656	-526
Sale of and investments in financial assets and operations	-66	-13
Free cash flow	1,871	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, MSEK



Business Area Aeronautics

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

MSEK	Full Year 2022	Full Year 2021	Change, %	Q4 2022	Q4 2021
Order bookings	13,119	7,828	68	7,021	3,166
Order backlog	42,645	42,429	1		
Sales	12,942	12,263	6	4,258	3,637
EBITDA	858	871	-1	295	301
EBITDA margin, %	6.6	7.1		6.9	8.3
Operating income (EBIT)	694	746	-7	257	267
Operating margin, %	5.4	6.1		6.0	7.3
Operational cash flow	107	-768		457	574

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 91% (79) of total orders during the year.



MARKET

Sales in markets outside Sweden amounted to 42% (53) during the year.



Market and orders

- Strong order intake in the quarter driven by Gripen C/D upgrade and maintenance contracts for Sweden.
- Gripen E now operational with the military type certificate received by both Swedish and Brazilian authorities.
- Several campaigns for Gripen ongoing.

Sales, income and margin

- Sales increased 17% in the quarter, driven by high activity in the Gripen E/F programmes.
- Operating income and margins declined in the quarter. Aviation Services had a tougher comparison in the quarter due to higher GlobalEye activities last year.

Cash flow

- Operational cash flow was 457 MSEK in the quarter and driven by milestone payments related to Gripen Brazil.

Business Area Dynamics

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

MSEK	Full Year 2022	Full Year 2021	Change, %	Q4 2022	Q4 2021
Order bookings	17,811	10,909	63	8,526	2,972
Order backlog	30,821	21,831	41		
Sales	9,168	8,690	6	3,287	2,790
EBITDA	1,658	1,201	38	606	393
EBITDA margin, %	18.1	13.8		18.4	14.1
Operating income (EBIT)	1,562	1,113	40	580	371
Operating margin, %	17.0	12.8		17.6	13.3
Operational cash flow	1,251	705		590	1,151

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 73% (65) of total orders during the year.



MARKET

Sales in markets outside Sweden amounted to 76% (72) during the year.



Market and orders

- Continued strong demand for advanced weapon systems.
- Strong order intake for Dynamics in the quarter, driven by NLAW orders to the UK and Sweden as well as RBS 70 missiles to Finland.

Sales, income and margin

- Sales increased by 18% in the quarter driven by high delivery volumes and strong activity in Ground Combat, Missile Systems and Training & Simulation.
- Operating income and margin increased in the quarter as a result of higher volumes and exceptionally favourable mix in Ground Combat during the year.

Cash flow

- Cash flow in the quarter was lower versus same period last year due to timing of customer payments.
- Cash flow in Q4 last year was positively impacted by large end-of-year payments.

Business Area Surveillance

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

MSEK	Full Year 2022	Full Year 2021	Change, %	Q4 2022	Q4 2021
Order bookings	22,966	14,065	63	8,941	3,577
Order backlog	41,301	32,012	29		
Sales	14,616	13,373	9	4,793	4,008
EBITDA	1,983	1,685	18	722	594
EBITDA margin, %	13.6	12.6		15.1	14.8
Operating income (EBIT)	1,176	917	28	520	400
Operating margin, %	8.0	6.9		10.8	10.0
Operational cash flow	1,314	4,040		219	-151

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 80% (66) of total orders during the year.



MARKET

Sales in markets outside Sweden amounted to 78% (83) during the year.



Market and orders

- Strong market interest for the portfolio.
- Order intake driven by parts of the Signal Intelligence ships order to Poland and the Gripen upgrade contract to Sweden.
- During the quarter Saab announced the divestment of its Maritime Traffic Management operation, expected to be closed in H1 2023.

Sales, income and margin

- Sales increased by 20% in the quarter with growth in all business units.
- Operating income increased by 30% and was mainly related to higher sales volumes. The operating margin improved to 11% in the quarter.

Cash flow

- Cash flow improved in the quarter driven by customer payments.
- Cash flow for the full year amounted 1.3 BSEK. The comparison period last year included milestone payments related to GlobalEye.

Business Area Kockums

BUSINESS UNITS: Submarines, Surface Ships, Docksta.

MSEK	Full Year 2022	Full Year 2021	Change, %	Q4 2022	Q4 2021
Order bookings	7,267	8,853	-18	4,668	1,582
Order backlog	12,772	9,099	40		
Sales	3,614	3,388	7	1,134	1,128
EBITDA	329	243	35	146	123
EBITDA margin, %	9.1	7.2		12.9	10.9
Operating income (EBIT)	300	208	44	139	116
Operating margin, %	8.3	6.1		12.3	10.3
Operational cash flow	-288	-13		19	-8

ORDER DISTRIBUTION

Orders exceeding MSEK 100 accounted for 89% (88) of total orders during the year.



MARKET

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



Market and orders

- Strong order intake in the quarter.
- Orders for Signal Intelligence (SIGINT) ships to Poland and life extension of Swedish Mine Countermeasures ships.
- Modernised corvette HMS Sundsvall delivered to Swedish customer.

Sales, income and margin

- Sales was in line with the fourth quarter last year and was driven by continued high activity level in projects.
- Operating income and margin improved as a result of good performance in Surface Ships and aftermarket sales.

Cash flow

- Cash flow in the fourth quarter improved slightly but was negative for the full year due to timing of customer payments.

Combitech

MSEK	Full Year 2022	Full Year 2021	Change, %	Q4 2022	Q4 2021
Order bookings	3,469	3,344	4	1,083	1,113
Order backlog	1,227	1,226	0		
Sales	3,399	3,116	9	1,035	904
EBITDA	275	273	1	97	71
EBITDA margin, %	8.1	8.8	-	9.4	7.9
Operating income (EBIT)	267	265	1	95	69
Operating margin, %	7.9	8.5	-	9.2	7.6
Operational cash flow	177	271	-	270	84

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 year.



MARKET

Sales in markets outside Sweden amounted to 6% (7) during the year.



Market and orders

- Strong customer interest in civil security and defence segments.
- Continued cyber and digitalisation opportunities.
- Focus on recruitment efforts continue with a net increase of number of employees during the year.

Sales, income and margin

- Sales increased 14% in the quarter as a result of increased number of consultants and higher utilisation.
- Operating income and margins increased compared to Q4 2021 mainly as a result of the higher utilisation levels.

Cash flow

- Cash flow improved as a result of timing of payments in the quarter.

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 -725 million (-361) in 2022. The higher loss was related to increased costs in Saab's share-related incentive programme, IT, HR initiatives as well as lower results in the minority portfolio.

Operational cash flow attributable to Corporate amounted to SEK 32 million (-959) in 2022. 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

During the fourth quarter, a future divestment of the Maritime Traffic Management operation within business area Surveillance was announced. Completion of the divestment is expected to take place during the first half of 2023.

Share repurchase

Saab held 3,356,963 treasury shares as of 31 December 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.

Proposed dividend

The Board of Directors proposes that shareholders receive a dividend of SEK 5.30 per share (4.90), totalling SEK 702 million (647). The dividend for 2022 is based on the number of shares outstanding as of 31 December 2022, amounting to 132,488,884 (131,810,178). The proposed record date to be entitled to receive the dividend is 11 April 2023 and the dividend is expected to be paid out on 14 April 2023.

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 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 on its operations.

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 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 31 December 2022:

	% of capital	% of votes
Investor AB	30.2	40.6
Wallenberg Investments	8.7	7.7
Swedbank Robur Funds	5.5	4.9
Vanguard	2.4	2.1
Norges Bank	1.7	1.5
Orbis Investment Management Ltd	1.5	1.3
BlackRock	1.4	1.3
Life Insurance Skandia	1.2	1.0
AFA Insurance	1.0	0.9
Alliance Bernstein	1.0	0.8

Source: Modular Finance

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

Personnel

	31 Dec 2022	31 Dec 2021
Number of employees	19,002	18,153
FTE's	19,121	18,011

Sustainability

SUSTAINABILITY AT SAAB

Peace, security, and stability are fundamental for a sustainable future and the UN Sustainable Development Goals (SDGs). In a world where threats against our societies are growing increasingly diverse, Saab delivers defence and security capabilities to nations with the purpose to protect their people and society.

HIGHLIGHTS DURING THE FOURTH QUARTER

- Saab becomes the first major defence and security company to receive approval on the Science Based Targets (SBT).
- Mandatory sustainability training launched to raise awareness and knowledge linked to Saab's commitment within the area.
- Decision to phase out all fossil-fuel company vehicles for zero-emission/electric cars, to be rolled out from mid-2023.
- Mandatory employee training within occupational health and safety (OHS) launched with the aim to increase knowledge regarding OHS incident-reporting.
- During the quarter, Saab received ratings from CDP for its Climate and Water reporting. For the fourth consecutive year, Saab scored an A- for Climate disclosure. CDP scored Saab's Water Security disclosure for the first time with the score B.



SAAB'S RESPONSIBLE SALES POLICY

The purpose of the Responsible Sales Policy is to 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 policy is integrated in Saab's sales process with risk screening of all new sales leads, relating to human rights risks and a process for due diligence and decision-making for high-risk leads. A new function, Business and Human rights, has been established within Group Sustainability in order to support the sales organisation in Human Rights risk assessment. The policy complements existing export control and further strengthens Saab's sustainability commitment.

CLIMATE AND SCIENCE BASED TARGETS

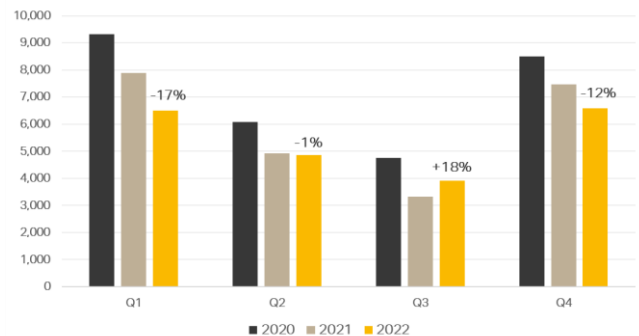
During the fourth quarter, Saab's science-based targets were approved. The approved targets include:

- a 42% reduction of Scope 1 and Scope 2 emissions for applicable categories by 2030 (base year 2020)
- a 25% reduction in Scope 3 emissions for applicable categories by 2030 (base year 2020)
- SBTi engagement target of 50% in Scope 3 for Saab's supply chain by 2027 (base year 2022)

Scope 1 and 2 emissions include sources of emissions such as flight testing and services, heating and cooling of premises plus electricity usage. Scope 3 emissions include business travel, transportation of goods, purchased goods and services, and the use of Saab products by customers. Saab has decided to extend the science-based target project with net-zero climate emissions by 2050. A strategy for working with climate innovations has been developed and will be implemented going forward.

During the fourth quarter Saab's GHG emissions decreased 12 % compared to the same period last year, and with a full-year reduction of 7% in 2022. This was partly due to less flight testing (scope 1) and lower consumption of electricity and district heating (scope 2). A significant part of the reduction was a result of energy efficiency measures at our facilities and from replacing fossil sources of fuel for heating. In November 2022, Saab started an electricity saving campaign within the Group that will run until April 2023. The aim of the campaign is to decrease electricity usage by 10% in Saab's facilities located in EU. The result for the first two months was a reduction of 11% compared to last year.

Quarterly Emissions Scope 1 & 2 Market Based
Comparison Year-over-Year in Tonne CO₂e per Quarter



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.

To increase the awareness and knowledge regarding OHS Incident reporting, Saab launched a global mandatory employee training during the quarter. At the end of the period, the number of reported incidents per workplace injury declined compared to 2021, as shown in the table below. This was due to the temporary inclusion of incidents related to Covid being recorded in the KPI in 2021, following requirements from national health authorities. As of 2022, this requirement has been removed.

Performance Indicators ¹	2020	2021	2022
Lost Time Injury Frequency Rate ² (LTIFR)	-	0.59	0.84
Total Recordable Injury Frequency Rate ³ (TRIFR)	-	-	2.61
Reported incidents per workplace injury ⁴	4.5	5.1	4.4
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-December 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 Materiel Administration 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 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 16 June, Saab announced it had shipped the last five fully installed T-7A aft fuselages to partner Boeing. This completes Saab's deliveries in the Engineering Manufacturing Development phase, which marks an important milestone in the programme.
- On 30 June, Saab received an order from the Swedish Defence Materiel Administration for two GlobalEye Airborne Early Warning and Control (AEW&C) aircraft with deliveries planned during 2027. The order value is approximately SEK 7.3 billion.
- 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 25 November, Saab signed a contract for design, production and support of two ships for Signal Intelligence (SIGINT) for Poland. The total order value corresponds to approximately EUR 620 million (SEK 6.7 billion) with deliveries planned during 2027.
- On 30 November, Saab announced the divestment of its Maritime Traffic Management (MTM) operation for an enterprise value of approximately EUR 40 million.
- On 7 December, Saab announced it had received an order from the United Kingdom Ministry of Defence for the Next generation Light Anti-tank Weapon system (NLAW). The order value is approximately SEK 2.9 billion and deliveries will take place 2023-2026.
- On 14 December, Saab announced its science-based emission reduction targets had been approved by the Science Based Targets initiative (SBTi). This is an important milestone in Saab's sustainability journey and Saab will continue its work to reach the approved targets.
- On 15 December, Saab announced it had received an order for NLAW (Next generation Light Anti-tank Weapon) from the Swedish Defence Materiel Administration (FMV). The order value is approximately SEK 900 million with product deliveries scheduled 2024-2026.
- On 16 December, Saab received an order for upgrade of Gripen C/D from the Swedish Defence Materiel Administration. The order value is approximately SEK 3.5 billion and the contract period is 2023-2029.
- On 16 December, Saab and the Swedish Armed Forces signed a new maintenance contract for Gripen. The order value amounts to approximately SEK 3.4 billion and relates to the period 2023-2025.
- On 21 December, Saab announced it had received an order for life extension of two mine countermeasures ships from the Swedish Defence Materiel Administration, with an order value of SEK 350 million.
- On 22 December, Saab announced an order from Finland for RBS 70 missiles. The order value is approximately SEK 800 million and deliveries will take place 2023-2026.

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 10 February, Saab announced changes in its Group management and organisation. Lars Tossman, currently Head of business area Kockums, has been appointed Head of Saab's business area Aeronautics. Mats Wicksell will assume the position as Head of business area Kockums and will become a new member of Saab's Group Management team. Jonas Hjelm, currently Head of business area Aeronautics, will take on a new position within the Group management team as Head of the newly established group function, Government Affairs. These changes will take effect on 1 March 2023.

Invitation to Saab's CMD 2023:

- Saab has the pleasure of inviting institutional investors, financial analysts and media to its Capital Markets Day on 14 February 2023 in Stockholm, Sweden. The event will be hosted by Saab's CEO Micael Johansson, and CFO and Deputy CEO Christian Luiga, together with parts of Group Management. More information will be provided on Saab's Group website and on www.saab.com/cmd.



NLAW order from the UK

"Demand is increasing for anti-tank systems such as NLAW. We look forward to further strengthening our close relationship with the UK and are proud to continue delivering our proven and trusted anti-tank capability," said Saab's President and CEO Micael Johansson.



Order for signal intelligence ships to Poland

"We are proud that Poland has selected Saab as a partner in naval intelligence ship systems. We will contribute with our capabilities by building advanced platforms with world-leading sensors, fully integrating complete mission systems, where we have long experience," said Saab's President and CEO Micael Johansson.

Consolidated income statement

MSEK	Note	Full Year 2022	Full Year 2021	Q4 2022	Q4 2021
Sales	4	42,006	39,154	13,866	11,943
Cost of goods sold		-33,120	-30,949	-11,017	-9,531
Gross income		8,886	8,205	2,849	2,412
<i>Gross margin, %</i>		21.2	21.0	20.5	20.2
Other operating income		231	146	101	98
Marketing expenses		-2,333	-2,266	-581	-620
Administrative expenses		-1,543	-1,434	-463	-407
Research and development costs		-1,817	-1,659	-529	-416
Other operating expenses		-53	-76	5	-6
Share in income of associated companies and joint ventures		-97	-28	-68	15
Operating income (EBIT) ¹⁾	3	3,274	2,888	1,314	1,076
<i>Operating margin, %</i>		7.8	7.4	9.5	9.0
Financial income		194	124	42	28
Financial expenses		-649	-435	-7	-103
Net financial items		-455	-311	35	-75
Income before taxes		2,819	2,577	1,349	1,001
Taxes		-536	-552	-195	-210
Net income for the period		2,283	2,025	1,154	791
of which Parent Company's shareholders' interest		2,195	1,926	1,115	733
of which non-controlling interest		88	99	39	58
Earnings per share before dilution, SEK ²⁾		16.61	14.57	8.42	5.56
Earnings per share after dilution, SEK ³⁾		16.41	14.45	8.32	5.52
1) Of which depreciation/amortisation and write-downs		-2,127	-1,938	-569	-511
2) Average number of shares before dilution		132,157,586	132,164,599	132,417,754	131,743,033
3) Average number of shares after dilution		133,724,223	133,293,340	134,058,461	132,861,467

Consolidated statement of comprehensive income

MSEK	Full Year 2022	Full Year 2021	Q4 2022	Q4 2021
Net income for the period	2,283	2,025	1,154	791
Other comprehensive income/loss:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	4,719	485	1,173	-345
Tax attributable to revaluation of net pension obligations	-975	-100	-245	71
Equity instruments classified as measured at fair value through other comprehensive income	-1	-	-1	-
Tax attributable to equity instruments classified as measured at fair value through other comprehensive income	0	-	0	-
Total	3,743	385	927	-274
Items that may be reversed in the income statement:				
Translation differences	816	402	-268	123
Cash flow hedges	262	-622	273	-69
Tax attributable to cash flow hedges	-52	130	-57	15
Total	1,026	-90	-52	69
Other comprehensive income/loss for the period	4,769	295	875	-205
Net comprehensive income/loss for the period	7,052	2,320	2,029	586
of which Parent Company's shareholders' interest	6,936	2,207	2,006	522
of which non-controlling interest	116	113	23	64

Consolidated statement of financial position

MSEK	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Fixed assets:			
Intangible fixed assets	6	12,248	12,162
Tangible fixed assets		7,965	7,147
Biological assets		408	385
Right of use assets		2,682	2,472
Shares in associated companies and joint ventures		343	404
Financial investments		118	37
Long-term receivables		695	595
Deferred tax assets		403	305
Total fixed assets		24,862	23,507
Current assets:			
Inventories		14,195	11,609
Derivatives		1,835	779
Tax receivables		36	35
Accounts receivable		6,045	5,884
Contract assets		9,911	9,252
Other receivables		1,232	1,179
Prepaid expenses and accrued income		1,101	953
Short-term investments		9,988	10,140
Liquid assets	10	2,869	1,701
Assets held for sale	11	291	-
Total current assets		47,503	41,532
TOTAL ASSETS		72,365	65,039
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity:			
Parent Company's shareholders' interest		29,486	22,976
Non-controlling interest		390	273
Total shareholders' equity		29,876	23,249
Long-term liabilities:			
Long-term lease liabilities		2,240	2,061
Other long-term interest-bearing liabilities	7	6,749	5,752
Other liabilities		90	81
Provisions for pensions	12	1,304	5,918
Other provisions		2,566	2,529
Deferred tax liabilities		1,140	137
Total long-term liabilities		14,089	16,478
Current liabilities:			
Short-term lease liabilities		554	482
Other short-term interest-bearing liabilities	7	445	1,421
Contract liabilities		11,189	10,687
Accounts payable		4,870	3,534
Derivatives		1,664	615
Tax liabilities		198	179
Other liabilities		1,097	945
Accrued expenses and deferred income		7,216	6,377
Provisions		1,035	1,072
Liabilities related to assets held for sale	11	132	-
Total current liabilities		28,400	25,312
Total liabilities		42,489	41,790
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		72,365	65,039

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-December 2021			-492	388	2,311	2,207	113	2,320
Transactions with shareholders:								
Repurchase of shares					-246	-246		-246
Share matching plan					190	190		190
Dividend					-622	-622	-53	-675
Acquisition and sale of non-controlling interest					-19	-19	35	16
Closing balance, 31 December 2021	2,174	6,099	-34	404	14,333	22,976	273	23,249
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-December 2022			210	788	5,938	6,936	116	7,052
Transactions with shareholders:								
Share matching plan					202	202		202
Dividend					-647	-647	-30	-677
Acquisition and sale of non-controlling interest					19	19	31	50
Closing balance, 31 December 2022	2,174	6,099	176	1,192	19,845	29,486	390	29,876

Consolidated statement of cash flows

MSEK	Note	Full Year 2022	Full Year 2021
Operating activities:			
Income after financial items		2,819	2,577
Adjustments for items not affecting cash flows		3,319	3,513
Dividend from associated companies and joint ventures		44	72
Income tax paid		-596	-373
Cash flow from operating activities before changes in working capital		5,586	5,789
Cash flow from changes in working capital:			
Contract assets and liabilities		-153	2,929
Inventories		-2,550	-1,320
Other current receivables		-241	-1,636
Other current liabilities		2,552	401
Provisions		-540	-450
Cash flow from operating activities		4,654	5,713
Investing activities:			
Capitalised development costs		-500	-891
Investments in other intangible fixed assets		-186	-406
Investments in tangible fixed assets		-1,624	-1,223
Sales and disposals of tangible fixed assets including biological assets		117	26
Investments in and sale of short-term investments		-49	-2,085
Investments in financial assets, associated companies and joint ventures		-240	-125
Sale of financial assets, associated companies and joint ventures		2	3
Investments in operations		-	-21
Sale of subsidiaries		-	19
Sale of operations		42	-
Cash flow from investing activities		-2,438	-4,703
Financing activities:			
Repayments of loans		-1,386	-2,538
Amortisation of lease liabilities		-524	-469
Raising of loans		1,394	2,248
Repurchase of shares		-	-246
Dividend paid to Parent Company's shareholders		-647	-622
Dividend paid to non-controlling interest		-62	-27
Transactions with non-controlling interest		47	15
Cash flow from financing activities		-1,178	-1,639
Cash flow for the period		1,038	-629
Liquid assets at the beginning of the period		1,701	2,273
Exchange rate difference in liquid assets		130	57
Liquid assets at end of period	10	2,869	1,701

Quarterly consolidated income statement

MSEK	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Sales	13,866	8,751	10,171	9,218	11,943	7,992	10,131	9,088
Cost of goods sold	-11,017	-6,870	-8,049	-7,184	-9,531	-6,246	-8,018	-7,154
Gross income	2,849	1,881	2,122	2,034	2,412	1,746	2,113	1,934
Gross margin, %	20.5	21.5	20.9	22.1	20.2	21.8	20.9	21.3
Other operating income	101	43	69	18	98	23	3	22
Marketing expenses	-582	-561	-638	-553	-620	-523	-570	-553
Administrative expenses	-463	-334	-384	-362	-407	-340	-351	-336
Research and development costs	-529	-433	-439	-416	-416	-372	-465	-406
Other operating expenses	5	-20	6	-44	-6	-18	-	-52
Share of income in associated companies and joint ventures	-68	-8	2	-23	15	-16	-15	-12
Operating income (EBIT) ¹⁾	1,314	568	738	654	1,076	500	715	597
Operating margin, %	9.5	6.5	7.3	7.1	9.0	6.3	7.1	6.6
Financial income	42	68	52	32	28	31	2	63
Financial expenses	-7	-201	-240	-201	-103	-109	-68	-155
Net financial items	35	-133	-188	-169	-75	-78	-66	-92
Income before taxes	1,349	435	550	485	1,001	422	649	505
Taxes	-195	-111	-117	-113	-210	-98	-135	-109
Net income for the period	1,154	324	433	372	791	324	514	396
of which Parent Company's shareholders' interest	1,115	305	421	354	733	296	505	392
of which non-controlling interest	39	19	12	18	58	28	9	4
Earnings per share before dilution, SEK ²⁾	8.42	2.31	3.19	2.68	5.56	2.24	3.81	2.96
Earnings per share after dilution, SEK ³⁾	8.32	2.28	3.15	2.66	5.52	2.22	3.78	2.94
1) Of which depreciation/amortisation and write-downs	-569	-547	-517	-494	-511	-477	-481	-469
2) Average number of shares before dilution	132,417,754	132,257,777	132,067,095	131,887,719	131,743,033	132,116,615	132,476,942	132,321,807
3) Average number of shares after dilution	134,058,461	133,842,175	133,782,303	133,267,371	132,861,467	133,198,087	133,446,047	133,213,468

Quarterly consolidated statement of comprehensive income

MSEK	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net income for the period	1,154	324	433	372	791	324	514	396
Other comprehensive income/loss:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	1,173	165	1,978	1,403	-345	94	328	408
Tax attributable to revaluation of net pension obligations	-245	-33	-407	-290	71	-19	-68	-84
Equity instruments classified as measured at fair value through other comprehensive income	-1	-	-	-	-	-	-	-
Tax attributable to equity instruments classified as measured at fair value through other comprehensive income	0	-	-	-	-	-	-	-
Total	927	132	1,571	1,113	-274	75	260	324
Items that may be reversed in the income statement:								
Translation differences	-268	401	414	269	123	58	-86	307
Net gain/loss on cash flow hedges	273	-141	-84	214	-69	-170	79	-462
Tax attributable to net gain/loss on cash flow hedges	-57	31	18	-44	15	37	-28	106
Total	-52	291	348	439	69	-75	-35	-49
Other comprehensive income/loss for the period	875	423	1,919	1,552	-205	0	225	275
Net comprehensive income/loss for the period	2,029	747	2,352	1,924	586	324	739	671
of which Parent Company's shareholders' interest	2,006	707	2,321	1,902	522	292	732	661
of which non-controlling interest	23	40	31	22	64	32	7	10

Key ratios by quarter

MSEK	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Equity/assets ratio, (%)	41.3	39.3	38.7	38.0	35.7	36.4	36.3	36.8
Return on capital employed, % ³⁾	8.8	8.4	8.1	8.1	8.1	7.7	4.4	4.3
Return on equity, % ³⁾	8.6	7.6	7.8	8.4	9.0	8.5	5.2	5.2
Equity per share, SEK ^{1) 3)}	222.55	207.25	201.55	188.85	174.31	170.42	168.50	167.59
Free cash flow, MSEK ³⁾	1,439	398	395	-361	1,377	-1,403	3,028	-265
Free cash flow per share after dilution, SEK ^{2) 3)}	10.73	2.97	2.95	-2.71	10.36	-10.53	22.69	-1.99
1) Number of shares excluding treasury shares	132,488,884	132,346,624	132,168,930	131,965,259	131,810,178	131,675,887	132,557,343	132,396,540
2) Average number of shares after dilution	134,058,461	133,842,175	133,782,303	133,267,371	132,861,467	133,198,087	133,446,047	133,213,468
3) For more information and explanations regarding the usage of these key ratios, please see saabgroup.com , investor, financial data, key ratios.								

Quarterly information per operating segment

MSEK	Q4 2022	Operating margin	Q3 2022	Operating margin	Q2 2022	Operating margin	Q1 2022	Operating margin
Sales								
Aeronautics	4,258		2,555		3,073		3,056	
Dynamics	3,287		1,880		2,208		1,793	
Surveillance	4,793		3,152		3,562		3,109	
Kockums	1,134		774		889		817	
Combitech	1,035		703		866		795	
Corporate/elimination	-641		-313		-427		-352	
Total	13,866		8,751		10,171		9,218	
Operating income/loss								
Aeronautics	257	6.0%	60	2.3%	178	5.8%	199	6.5%
Dynamics	580	17.6%	318	16.9%	408	18.5%	256	14.3%
Surveillance	520	10.8%	199	6.3%	223	6.3%	234	7.5%
Kockums	139	12.3%	60	7.8%	55	6.2%	46	5.6%
Combitech	95	9.2%	36	5.1%	55	6.4%	81	10.2%
Corporate	-277		-105		-181		-162	
Total	1,314	9.5%	568	6.5%	738	7.3%	654	7.1%
MSEK	Q4 2021	Operating margin	Q3 2021	Operating margin	Q2 2021	Operating margin	Q1 2021	Operating margin
Sales								
Aeronautics	3,637		2,479		3,044		3,103	
Dynamics	2,790		1,456		2,789		1,655	
Surveillance	4,008		3,030		3,036		3,299	
Kockums	1,128		707		899		654	
Combitech	904		621		825		766	
Corporate/elimination	-524		-301		-462		-389	
Total	11,943		7,992		10,131		9,088	
Operating income/loss								
Aeronautics	267	7.3%	47	1.9%	219	7.2%	213	6.9%
Dynamics	371	13.3%	201	13.8%	380	13.6%	161	9.7%
Surveillance	400	10.0%	204	6.7%	147	4.8%	166	5.0%
Kockums	116	10.3%	33	4.7%	32	3.6%	27	4.1%
Combitech	69	7.6%	34	5.5%	75	9.1%	87	11.4%
Corporate	-147		-19		-138		-57	
Total	1,076	9.0%	500	6.3%	715	7.1%	597	6.6%

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.

Multi-year overview

MSEK	2022	2021	2020	2019	2018
Order bookings	63,116	43,569	42,328	27,216	27,975
Order backlog at 31 December	127,676	105,177	99,816	93,293	102,184
Sales	42,006	39,154	35,431	35,433	33,156
Sales in Sweden, %	42	38	36	37	41
Sales in Europe excluding Sweden, %	19	17	18	16	14
Sales in North America, %	11	11	11	11	10
Sales in Latin America, %	9	15	13	12	12
Sales in Rest of the World, %	19	19	22	24	24
Operating income (EBIT)	3,274	2,888	1,315	2,937	2,266
Operating margin, %	7.8	7.4	3.7	8.3	6.8
Adjusted operating income	3,274	2,888	2,738	2,937	2,564
Adjusted operating margin, %	7.8	7.4	7.4	8.3	7.7
Depreciation/amortisation and write-downs	2,127	1,938	1,518	1,368	916
EBITDA	5,401	4,826	2,833	4,305	3,182
EBITDA margin, %	12.9	12.3	8.0	12.1	9.6
Income after financial items	2,819	2,577	1,112	2,607	1,796
Net income for the year	2,283	2,025	1,092	2,025	1,366
Total assets	72,365	65,039	60,568	59,858	56,128
Equity	29,876	23,249	21,644	20,809	19,633
Free cash flow ¹⁾	1,871	2,737	3,753	-2,036	-3,195
Return on capital employed, % ¹⁾	8.8	8.1	4.3	9.1	8.7
Return on equity, % ¹⁾	8.6	9.0	5.1	10.0	8.1
Equity/assets ratio, %	41.3	35.7	35.7	34.8	35.0
Earnings per share before dilution, SEK ¹⁾²⁾	16.61	14.57	8.07	14.88	11.27
Earnings per share after dilution, SEK ¹⁾²⁾	16.41	14.45	8.01	14.81	11.21
Dividend per share, SEK	5.30 ³⁾	4.90	4.70	-	4.50
Equity per share, SEK ¹⁾²⁾	222.56	174.31	162.32	154.48	145.43
Number of employees at year-end	19,002	18,153	18,073	17,420	17,096
Number of shares excluding treasury shares as of 31 December ²⁾	132,488,884	131,810,178	132,247,073	132,926,363	133,482,880
Average number of shares before dilution ²⁾	132,157,586	132,164,599	133,009,986	133,245,360	116,467,822
Average number of shares after dilution ²⁾	133,724,223	133,293,340	133,877,141	133,929,292	117,144,915

1) For more information and explanations regarding the usage of these key ratios, please see [saabgroup.com](https://www.saabgroup.com), investor, financial data, key ratios.

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

3) Board of Directors' proposal

Key ratios and goals

	Long-term target	Full Year 2022	Full Year 2021
Organic sales growth, %	5	5	11
Operating margin, %	10	7.8	7.4
Equity/assets ratio, %	30	41.3	35.7

Parent company

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

Parent company income statement

MSEK	Full Year 2022	Full Year 2021	Q4 2022	Q4 2021
Sales	24,075	23,430	7,932	6,772
Cost of goods sold	-20,287	-19,129	-6,843	-5,655
Gross income	3,788	4,301	1,089	1,117
Gross margin, %	15.7	18.4	13.7	16.5
Operating income and expenses	-3,366	-3,662	-948	-924
Operating income (EBIT)	422	639	141	193
Operating margin, %	1.8	2.7	1.8	2.8
Financial income and expenses	1,743	1,248	1,774	1,230
Income after financial items	2,165	1,887	1,915	1,423
Appropriations	-623	-487	-623	-487
Income before taxes	1,542	1,400	1,292	936
Taxes	-206	-284	-225	-185
Net income for the period	1,336	1,116	1,067	751

Parent company balance sheet

MSEK	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Fixed assets:			
Intangible fixed assets		918	920
Tangible fixed assets		4,802	4,427
Financial fixed assets		8,297	7,969
Total fixed assets		14,017	13,316
Current assets:			
Inventories		8,704	7,696
Current receivables		17,459	16,920
Short term investments		9,986	10,135
Liquid assets		1,603	805
Total current assets		37,752	35,556
TOTAL ASSETS		51,769	48,872
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity:			
Restricted equity		3,360	3,366
Unrestricted equity		12,132	11,235
Total shareholders' equity		15,492	14,601
Untaxed reserves, provisions and liabilities:			
Untaxed reserves		3,309	2,686
Provisions		2,704	2,765
Liabilities	7	30,264	28,820
Total untaxed reserves, provisions and liabilities		36,277	34,271
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		51,769	48,872

LIQUIDITY, FINANCING, CAPITAL EXPENDITURES AND NUMBER OF EMPLOYEES

The Parent Company's net liquidity amounted to SEK 2,647 million as of 31 December 2022 compared to a net debt of SEK 1,542 million as of 31 December 2021.

Investments in tangible fixed assets amounted to SEK 993 million (700). Investments in intangible assets amounted to SEK 168 million (364). At the end of the period, the Parent Company had 10,055 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 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 year-end report is condensed and does not contain all the information and disclosures in the annual report and should therefore be read together with the annual report 2021. All the information on pages 1-28 constitutes the year-end report for 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 its customers' specific needs. Combitech is active in aviation, defence, telecom and other industries as well as the public sector. Combitech offers services in systems development, systems integration, information security, systems security, communications, mechanics, technical product information and logistics.

Order bookings per operating segment

MSEK	Full Year 2022	Full Year 2021	Change, %	Q4 2022	Q4 2021
Aeronautics	13,119	7,828	68	7,021	3,166
Dynamics	17,811	10,909	63	8,526	2,972
Surveillance	22,966	14,065	63	8,941	3,577
Kockums	7,267	8,853	-18	4,668	1,582
Combitech	3,469	3,344	4	1,083	1,113
Corporate/elimination	-1,516	-1,430		-373	-192
Total	63,116	43,569	45	29,866	12,218

Order bookings per region

MSEK	Full Year 2022	Full Year 2021	Change, %	Q4 2022	Q4 2021
Sweden	31,832	20,188	58	12,719	5,454
Rest of Europe	18,605	13,880	34	14,314	2,797
North America	6,110	3,178	92	1,109	908
Latin America	2,032	525	287	955	318
Asia	2,197	3,997	-45	342	2,122
Africa	361	187	93	13	14
Australia, etc.	1,979	1,614	23	414	605
Total	63,116	43,569	45	29,866	12,218

Order backlog per operating segment

MSEK	31 Dec 2022	31 Dec 2021
Aeronautics	42,645	42,429
Dynamics	30,821	21,831
Surveillance	41,301	32,012
Kockums	12,772	9,099
Combitech	1,227	1,226
Corporate/elimination	-1,090	-1,420
Total	127,676	105,177

Order backlog per region

MSEK	31 Dec 2022	31 Dec 2021
Sweden	48,485	34,207
Rest of Europe	36,799	25,782
North America	8,201	6,054
Latin America	20,012	21,870
Asia	8,409	11,895
Africa	615	334
Australia etc.	5,155	5,035
Total	127,676	105,177

Sales per operating segment

MSEK	Full Year 2022	Full Year 2021	Change, %	Q4 2022	Q4 2021	Change, %
Aeronautics	12,942	12,263	6	4,258	3,637	17
Dynamics	9,168	8,690	6	3,287	2,790	18
Surveillance	14,616	13,373	9	4,793	4,008	20
Kockums	3,614	3,388	7	1,134	1,128	1
Combitech	3,399	3,116	9	1,035	904	14
Corporate/elimination	-1,733	-1,676		-641	-524	
Total	42,006	39,154	7	13,866	11,943	16

Sales per region

MSEK	Full Year 2022	% of sales	Full Year 2021	% of sales
Sweden	17,555	42	14,841	38
Rest of Europe	7,838	19	6,553	17
North America	4,466	11	4,203	11
Latin America	3,901	9	5,786	15
Asia	5,910	14	5,507	14
Africa	88	0	175	0
Australia, etc.	2,248	5	2,089	5
Total	42,006	100	39,154	100

Information on large customers

During 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 15,298 million (12,782). 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 5,009 million in 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	Full Year 2022	% of sales	Full Year 2021	% of sales	Q4 2022	Q4 2021
Aeronautics	694	5.4	746	6.1	257	267
Dynamics	1,562	17.0	1,113	12.8	580	371
Surveillance	1,176	8.0	917	6.9	520	400
Kockums	300	8.3	208	6.1	139	116
Combitech	267	7.9	265	8.5	95	69
The operating segments' operating income	3,999	9.5	3,249	8.3	1,591	1,223
Corporate	-725		-361		-277	-147
Total	3,274	7.8	2,888	7.4	1,314	1,076

Depreciation/amortisation and write-downs per operating segment

MSEK	Full Year 2022	Full Year 2021	Change, %	Q4 2022	Q4 2021
Aeronautics	164	125	31	38	34
Dynamics	96	88	9	26	22
Surveillance	807	767	5	202	194
Kockums	29	35	-17	7	7
Combitech	8	8	-	2	2
Corporate	1,023	915	12	294	252
Total	2,127	1,938	10	569	511

Operational cash flow per operating segment

MSEK	Full Year 2022	Full Year 2021	Q4 2022	Q4 2021
Aeronautics	107	-768	457	574
Dynamics	1,251	705	590	1,151
Surveillance	1,314	4,040	219	-150
Kockums	-288	-13	19	-8
Combitech	177	271	270	84
Corporate	32	-959	127	-129
Total	2,593	3,276	1,682	1,522

Capital employed per operating segment

MSEK	31 Dec 2022	31 Dec 2021
Aeronautics	9,547	8,888
Dynamics	5,616	5,629
Surveillance	11,970	12,287
Kockums	1,515	1,391
Combitech	979	1,057
Corporate/elimination	11,324	8,525
Total	40,951	37,777

Full time equivalents (FTE's) per operating segment

Number at end of the period	31 Dec 2022	31 Dec 2021
Aeronautics	5,131	5,201
Dynamics	3,420	3,123
Surveillance	5,583	5,254
Kockums	1,462	1,216
Combitech	2,064	1,968
Corporate	1,461	1,249
Total	19,121	18,011

NOTE 4 DISTRIBUTION OF SALES

	Aeronautics		Dynamics		Surveillance		Kockums		Combitech		Corporate/ elimination		Group	
MSEK	Full Year 2022	Full Year 2021	Full Year 2022	Full Year 2021	Full Year 2022	Full Year 2021	Full Year 2022	Full Year 2021	Full Year 2022	Full Year 2021	Full Year 2022	Full Year 2021	Full Year 2022	Full Year 2021
External sales	12,869	12,176	8,973	8,518	14,029	12,889	3,580	3,357	2,358	2,057	197	157	42,006	39,154
Internal sales	73	87	195	172	587	484	34	31	1,041	1,059	-1,930	-1,833	-	-
Total sales	12,942	12,263	9,168	8,690	14,616	13,373	3,614	3,388	3,399	3,116	-1,733	-1,676	42,006	39,154
Sales by customer:														
Military customers	12,150	11,512	8,539	8,153	11,905	11,145	3,580	3,357	993	847	68	67	37,235	35,081
Civilian customers	719	664	434	365	2,124	1,744	-	-	1,365	1,210	129	90	4,771	4,073
Total external sales	12,869	12,176	8,973	8,518	14,029	12,889	3,580	3,357	2,358	2,057	197	157	42,006	39,154
Sales by significant source:														
Long-term customer contracts	10,420	9,606	2,181	2,539	10,294	8,987	2,439	2,683	25	144	64	47	25,423	24,006
Services	2,286	2,157	1,238	1,073	2,738	2,974	749	666	2,217	1,842	114	66	9,342	8,778
Products	163	413	5,554	4,906	997	928	392	8	116	71	19	44	7,241	6,370
Total external sales	12,869	12,176	8,973	8,518	14,029	12,889	3,580	3,357	2,358	2,057	197	157	42,006	39,154
Sales by domain:														
Air	11,914	11,321	271	207	5,551	5,606	-	-	38	49	26	49	17,800	17,232
Land	107	111	7,048	5,834	2,726	2,166	-	-	1,016	833	6	-2	10,903	8,942
Naval	6	-	1,619	1,938	3,575	3,082	3,580	3,357	7	21	110	49	8,897	8,447
Civil Security	49	51	24	529	2,156	1,969	-	-	324	313	33	15	2,586	2,877
Commercial Aeronautics	793	693	-	-	1	16	-	-	2	5	20	48	816	762
Other/not distributed	-	-	11	10	20	50	-	-	971	836	2	-2	1,004	894
Total external sales	12,869	12,176	8,973	8,518	14,029	12,889	3,580	3,357	2,358	2,057	197	157	42,006	39,154
Sales recognition method:														
Over time	11,772	10,875	3,194	3,087	11,471	11,215	3,350	3,303	2,323	1,963	86	76	32,196	30,519
Point in time	1,097	1,301	5,779	5,431	2,558	1,674	230	54	35	94	111	81	9,810	8,635
Total external sales	12,869	12,176	8,973	8,518	14,029	12,889	3,580	3,357	2,358	2,057	197	157	42,006	39,154

NOTE 5 DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At its meeting on 9 February 2023, the board of Directors decided to propose to the Annual General Meeting that the Parent company's shareholders receive a dividend of SEK 5.30 per share, totalling MSEK 702. Proposed record date for the dividend is 11 April 2023 with expected payment on 14 April 2023.

NOTE 6 INTANGIBLE FIXED ASSETS

MSEK	31 Dec 2022	31 Dec 2021
Goodwill	5,384	5,253
Capitalised development costs	5,958	6,040
Other intangible assets	906	869
Total	12,248	12,162

NOTE 7 NET LIQUIDITY/DEBT

MSEK	31 Dec 2022	31 Dec 2021
Assets:		
Liquid assets	2,869	1,701
Short-term investments	9,988	10,140
Total liquid investments	12,857	11,841
Short-term interest-bearing receivables	67	66
Long-term interest-bearing receivables	564	457
Long-term receivables attributable to pensions	19	39
Total interest-bearing assets	13,507	12,403
Liabilities:		
Lease liabilities	2,794	2,543
Bonds and other debt instruments	7,101	7,085
Liabilities to associated companies and joint ventures	48	43
Other interest-bearing liabilities	45	44
Provisions for pensions ¹⁾	1,087	4,813
Total interest-bearing liabilities and provisions for pensions	11,075	14,528
Net liquidity (+) / net debt (-)	2,432	-2,125

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)	66	-	66
Total	6,066	-	6,066

Parent Company

MSEK	31 Dec 2022	31 Dec 2021
Long-term bonds and other debt instruments	6,704	5,707
Short-term bonds and other debt instruments	397	1,378
Total	7,101	7,085

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). Bonds outstanding within the MTN programme amounted to SEK 6,935 million by the end of the quarter. No activities took place during the quarter.

In December 2015, Saab signed Schuldschein loans with a remaining value of EUR 15 million.

No credit facilities have been utilised during the period.

NOTE 8 CAPITAL EMPLOYED

MSEK	31 Dec 2022	31 Dec 2021
Total assets	72,365	65,039
Less non-interest bearing liabilities	31,414	27,262
Capital employed	40,951	37,777

NOTE 9 FINANCIAL INSTRUMENTS

Classification and categorisation of financial assets and liabilities ²⁾

Carrying amount	31 Dec 2022	31 Dec 2021
Financial assets:		
Valued at amortised cost ⁴⁾ :		
Accounts receivable, contract assets and other receivables	17,295	16,255
Liquid assets	2,869	1,701
Long-term receivables	676	556
Valued at fair value through profit and loss ³⁾ :		
Short-term investments	9,988	10,140
Derivatives for trading	75	29
Financial investments	66	37
Valued at fair value through other comprehensive income ³⁾ :		
Derivatives identified as hedges	1,760	750
Equity investments elected to be classified as fair value through other comprehensive income	52	-
Total financial assets	32,781	29,468
Financial liabilities:		
Valued at amortised cost:		
Interest-bearing liabilities ¹⁾	9,988	9,716
Other liabilities ⁴⁾	10,740	8,750
Valued at fair value through profit and loss ³⁾ :		
Derivatives for trading	21	9
Valued at fair value through other comprehensive income ³⁾ :		
Derivatives identified as hedges	1,643	606
Total financial liabilities	22,392	19,081
¹⁾ Fair value	9,840	9,734

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 917.

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 December 31 2022, the Group had the following financial assets and liabilities at fair value:

Financial assets at fair value

MSEK	31 Dec 2022	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	9,988	9,988	-	-
Forward exchange contracts	1,246	-	1,246	-
Currency options	15	-	15	-
Interest rate swaps	423	-	423	-
Cross currency basis swaps	27	-	27	-
Electricity derivatives	124	124	-	-
Shares, participations and long-term receivables	118	-	-	118
Total	11,941	10,112	1,711	118

Financial liabilities at fair value

MSEK	31 Dec 2022	Level 1	Level 2	Level 3
Forward exchange contracts	1,638	-	1,638	-
Currency options	4	-	4	-
Interest rate swaps	22	-	22	-
Total	1,664	-	1,664	-

NOTE 10 SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

Free cash flow

MSEK	Jan-Dec 2022	Jan-Dec 2021	Q4 2022	Q4 2021
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items ¹⁾	5,718	5,846	2,121	1,829
Cash flow from changes in working capital:				
Contract assets and liabilities	-153	2,929	517	1,329
Inventories	-2,550	-1,320	-165	210
Other current receivables	-241	-1,636	-1,354	-2,009
Other current liabilities	2,552	401	1,613	951
Provisions	-540	-450	-151	-130
Change in working capital	-932	-76	460	351
Cash flow from operating activities excluding taxes and other financial items	4,786	5,770	2,581	2,180
Investing activities:				
Investments in intangible fixed assets	-686	-1,297	-211	-359
Investments in tangible fixed assets	-1,624	-1,223	-698	-302
Sales and disposals of tangible fixed assets including biological assets	117	26	10	3
Cash flow from investing activities ²⁾	-2,193	-2,494	-899	-658
Operational cash flow	2,593	3,276	1,682	1,522
Taxes and other financial items	-656	-526	-225	-144
Sale of and investments in financial assets, associated companies and joint ventures	-108	-11	-18	-
Investments in operations	-	-21	-	-1
Sale of subsidiaries	-	19	-	-
Sale of operations	42	-	-	-
Free cash flow	1,871	2,737	1,439	1,377

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	Full Year 2022	Full Year 2021	Q4 2022	Q4 2021
Free cash flow	1,871	2,737	1,439	1,377
Investing activities – interest-bearing:				
Short-term investments	-49	-2,085	-1,023	-2,461
Other financial investments and receivables	-130	-111	5	-26
Financing activities:				
Repayments of loans	-1,386	-2,538	-7	-400
Raising of loans	1,394	2,248	-	644
Repurchase of shares	-	-246	-	-
Dividend paid to the Parent Company's shareholders	-647	-622	-	-
Dividend paid to non-controlling interest	-62	-27	-35	-
Transactions with non-controlling interest	47	15	-	-53
Cash flow for the period	1,038	-629	379	-919

Liquid assets

MSEK	31 Dec 2022	31 Dec 2021
The following components are included in liquid assets:		
Cash and bank balances	1,619	1,401
Bank deposits	1,250	300
Total according to balance sheet	2,869	1,701
Total according to statement of cash flows	2,869	1,701

NOTE 11 BUSINESS COMBINATIONS

No significant acquisitions through business combinations were made during 2022. During the fourth quarter 2022, a future divestment of the

Maritime Traffic Management operation within business area Surveillance was announced. Completion of the divestment is expected to take place during the first half-year 2023. The operations are presented separately in the statement of financial position as assets held for sale and liabilities related to assets held for sale.

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	31 Dec 2022	31 Dec 2021
Defined-benefit obligation	9,742	13,729
Special employers' contribution	217	1,105
Less assets under management	8,674	8,955
Total provisions for pensions	1,285	5,879
of which reported as long-term receivable	19	39

Actuarial gains and losses are recognised in other comprehensive income. Actuarial gain related to the Swedish pension plans amounted to SEK 4,715 million net in 2022 primarily due to the following:

Assumed discount rate has increased by 225 basis points, from 1.50% to 3.75% while the inflation assumption has decreased by 50 basis points, from 2.25% to 1.75% compared to the beginning of the year. The net of these revised assumptions amounted to a gain of SEK 5,608 million.

Revised demographical assumptions led to an actuarial loss of SEK 493 million.

Negative experience adjustment has resulted in an actuarial loss of SEK 1,001 million.

The actuarial gain related to the special employer's contribution amounted to SEK 917 million.

The return on assets under management was lower than expected which led to an actuarial loss of SEK 316 million.

NOTE 13 CONTINGENT LIABILITIES

No additional significant commitments have arisen during 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 year. 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
CDP	Global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts
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
SBTi	Science Based Targets initiative

STOCKHOLM 10 FEBRUARY 2023

Saab AB (publ)

The Board of Directors

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



SAAB

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Media and Financial analyst conference:

10 February 2023 at 10.00 (CET)

Live webcast:

<https://www.saab.com/investors/webcast/Q4-2022>

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 www.saab.com/investors

SAAB'S CAPITAL MARKETS DAY 2023

Saab has the pleasure of inviting institutional investors, financial analysts and media to Saab's Capital Markets Day in Stockholm on 14th of February 2023.

Registrations open at: www.saab.com/cmd

CALENDAR

Saab Annual General Meeting

To be held 5 April 2023

Q1 Interim report 2023

Published 26 April 2023

Half-year report 2023

Published 20 July 2023

Q3 Interim report 2023

Published 26 October 2023

IMPORTANT INFORMATION

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

This information is such that Saab AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, on 10 February 2023 at 07.30 (CET)

Q4