



**SAAB**



# 2022

**Annual & Sustainability Report**

# Enabling safe and resilient societies

In a world of increasing geopolitical tension, widespread instability and accelerating climate-related challenges, the safety and resilience of our societies is absolutely crucial. Only in such societies can people live their everyday lives freely and rely on infrastructure and institutions to operate in stable and predictable ways. It is also the foundation of a progressive society where there is room for sustainable development and an ability to address the global challenges of tomorrow.

Through advanced research, technological innovation and responsible operations, Saab remains proud and committed to partnering with its customers to keep people and society safe.



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# Content

## This is Saab

Saab in brief 6

## 2022 in review

Highlights 2022 8  
Business highlights 9  
CEO letter 10

## Market

Global and technology trends 13  
Saab's markets are growing 14

## Strategy

A focused strategy 17  
How we create value 19

## Operations

Five core areas 21  
Business areas 22  
Initiatives for innovation 31  
CFO letter 32

## Administration report

Financial review 35  
Significant events 37  
Risks and uncertainties 38  
Sustainability report 45  
Corporate governance report 79  
Board of Directors 85  
Group Management 88

## Financials

Financial statements and notes 93  
Dividend motivation 161  
Proposed disposition of earnings 162  
Auditor's report 163  
  
Saab's share 168  
Multi-year overview 170  
Glossary 171

## About this report

Sustainability is integrated throughout the annual report. Pages 45-78 describe Saab's sustainability work in greater detail. The formal annual report comprises pages 33-162. Certain figures have been rounded off, so tables and calculations do not always add up exactly.

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**Foreword**

# A changed security landscape

The heightened geopolitical instability, ongoing war in Europe and macro uncertainty have led to a new reality for many industries to navigate and one where defence and security plays a key role. 2022 saw Saab progress on its growth journey and increase its efforts to drive sustainable value for society.

Dear shareholder,

2022 was a year marked by increased geopolitical tension and an uncertain macro-economic climate, following the war in Ukraine and the lingering effects of the Covid-19 pandemic. This has led to a new reality for many industries to navigate. In this new environment, the defence industry plays a vital role in contributing to long-term sustainable and safe societies.

Saab's purpose is to keep people and society safe, which in our recent history has never been more important than now. Our sight is set on a future where Saab continues to be a leading technology company that can provide nations with advanced systems and solutions to support them in their responsibility to protect their people.

In 2022, the key focus for Saab's Board of Directors has been to ensure Saab's efforts to increase future capacity and its supporting role in national defence and resilience, as well as meeting the customers' increased demand. Investments in innovation and R&D to develop the technologies and capabilities of tomorrow, together with partners, has also remained high on the Board's agenda.

Being a sustainable defence company has many dimensions to it and is crucial for Saab and an integral part of the Group strategy. Strong and transparent governance is also fundamental for our shareholders' trust in the company. In this regard, Saab further strengthened its responsible sales policy and governance structure for sustainability during the year.

Driving the green transition is one core pillar of Saab's sustainability strategy. During the year, Saab accelerated the work related to its Race to Zero commitment and its efforts to reduce emissions and ensure long-term competitiveness. Saab also became the first major defence company to have its science-based emission reduction targets approved by the Science Based Targets initiative.

Finally, it is with great delight that I note the growing interest in Saab, particularly by a new wave of talent that wish to be part of Saab's journey going forward on the basis of our purpose. I am also glad to welcome close to 30,000 new shareholders onboard and would like to thank all of you and all stakeholders for your trust in Saab.

Stockholm, March 2023

**Marcus Wallenberg**  
Chairman

This is Saab

# Here for a reason

Saab is a leading security and defence company, serving the global market with products, services and systems at the forefront of technology. Since Saab was founded in 1937 we have strived to keep people and society safe by providing customers with solutions that increase security.



**SAAB**

Annual & Sustainability  
Report 2022

[This is Saab](#)

Saab in brief

2022 in review

Market

Strategy

Operations

Administration report

Financials

# Saab in brief

Saab was founded as an answer to the needs of the Swedish Air Force, and the commitment to Sweden remains strong. Over time, Saab has developed into a company with a presence in around one hundred countries worldwide with a focused multi-domestic approach. Close partnerships with customers and selected partners in strategic markets such as Sweden, Australia, U.S., U.K. and Germany form the foundation for future capabilities and growth.

Saab is headquartered in Stockholm, Sweden and has 19,000 employees globally. The majority of facilities are located in Sweden with a growing international presence, most recently with Saab's new production facility in West Lafayette, Indiana in the U.S. and expansion of the existing facility in Adelaide, Australia.

Saab is focusing on five core areas – Fighter Systems, Advanced Weapon Systems, Sensors, Command and Control Systems, and Underwater Systems.

The product portfolio includes the advanced fighter Gripen, the Airborne Early Warning & Control System GlobalEye, advanced sensor systems such as the Giraffe radar family, the submarine A26 and anti-tank weapons such as Carl-Gustaf®, AT4 and NLAW. To remain at the forefront of technology going forward, integrating emerging technologies such as digitalisation, artificial intelligence and autonomy is a key focus within all core areas.

At Saab, we are guided by our vision to keep people and society safe. We supply countries with solutions that help them protect their people and borders, and we work continuously to support them to achieve their sustainability ambitions. With a strong and integrated sustainability agenda, Saab aims to contribute to sustainable development and stay competitive also in the future.

42

SEK billion in sales

19,000

Employees

30

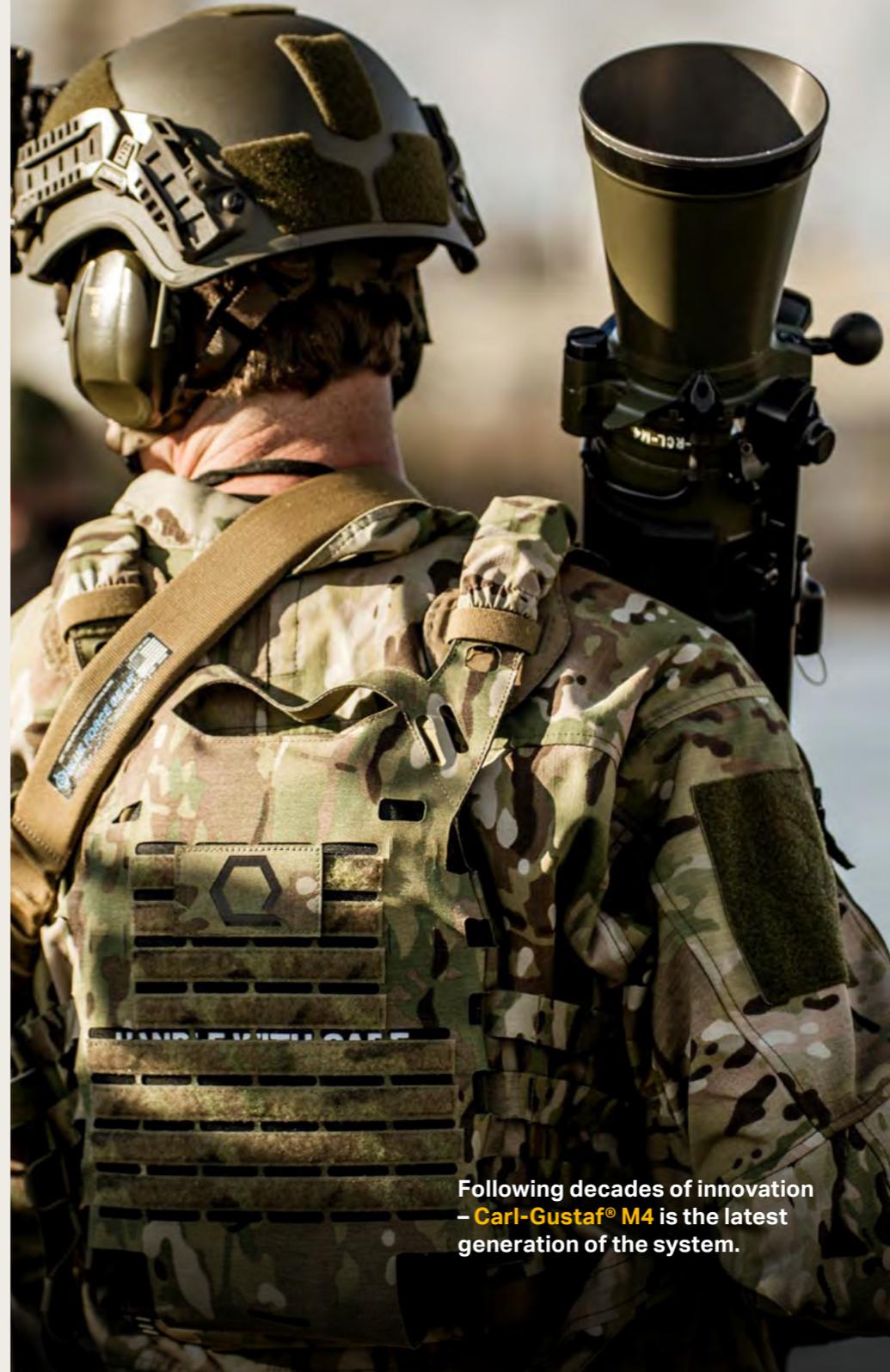
Countries with Saab operations

520

Products in offering

~100

Markets served



Following decades of innovation – Carl-Gustaf® M4 is the latest generation of the system.



## Annual & Sustainability Report 2022

### [This is Saab](#)

[Saab in brief](#)

2022 in review

Market

Strategy

Operations

Administration report

Financials

2022 in review

# Delivering on our promises

Silent power for enhanced situational awareness – with **Sirius Compact**, a compact and lightweight Electronic Warfare (EW) sensor that can rapidly be deployed and connected in a network to support tactical operations, launched by Saab in 2022.



Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Highlights 2022

Business highlights

CEO letter

Market

Strategy

Operations

Administration report

Financials

# Highlights 2022

## Significant order intake

of SEK 63bn, with a record order backlog of SEK 128bn at the end of the year.

## Sales growth of 7%

of which 5% organic, driven by increased pace in project execution and deliveries.

## EBIT improvement of 13%

with an EBIT margin of 7.8% driven by sales volumes and favourable product mix.

## Strong cash flow

for the third consecutive year with operational cash flow amounting to SEK 2,593m.

## Investing in capacity

to meet increased market demand, with initiatives made in Ground Combat as well as increased recruitment efforts.

## Important milestones in our strategic markets

with the first serial produced Gripen E fighters delivered to Brazil and deliveries of the T-7A trainer aircraft aft fuselages shipped to U.S. partner Boeing. Saab also delivered the first of the new anti-submarine lightweight torpedo to Sweden.

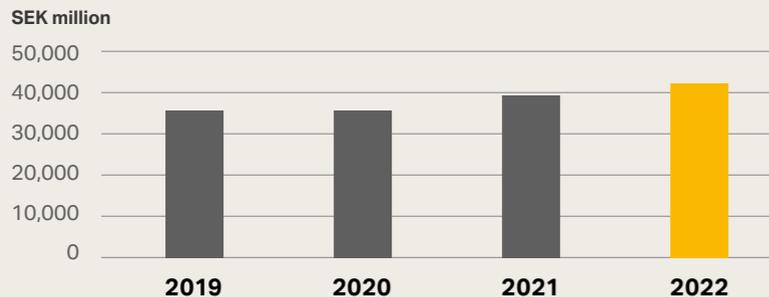
## Progress in our sustainability journey

with the strengthening of Saab's Responsible Sales Policy and governance structure. Saab also became the first major defence company to receive approval of its science-based emission reduction targets.

## New outlook for 2023

Organic growth to be around 15%, operating income growth higher than organic sales growth and positive operational cash.

## Sales growth average of 6% annually over the last 4 years



# 42.0

Sales, SEK bn

# 7.8

Operating margin, %

# 5.30

Dividend per share\*, SEK

# 5.4

EBITDA, SEK bn

# 2.6

Operational cash flow, SEK bn

# 7.3

CO<sub>2</sub>e emission reduction\*\*, %

## Key figures

SEK million	2022	2021	2020
Sales	42,006	39,154	35,431
Organic sales growth, %	5	11	1
EBITDA	5,401	4,826	2,833
Operating income (EBIT)	3,274	2,888	1,315
Operating margin, %	7.8	7.4	3.7
Adjusted operating margin, %	7.8	7.4	7.4
Net income	2,283	2,025	1,092
Earnings per share, SEK	16.41	14.45	8.01
Operational cash flow	2,593	3,276	2,773
Free cash flow	1,871	2,737	3,753
Net debt to EBITDA ratio	-0.45	0.44	1.51
Dividend per share, SEK	5.30*	4.90	4.70
Return on equity, %	8.6	9.0	5.1
Total shareholder return (TSR), %	80.5	-1.9	-23.7

\*Proposed dividend

\*\*Scope 1 and 2



## Annual & Sustainability Report 2022

This is Saab

## 2022 in review

Highlights 2022

Business highlights

CEO letter

Market

Strategy

Operations

Administration report

Financials

# Quarterly business highlights



Annual & Sustainability Report 2022

## Q1

- Changed security landscape in Europe with the start of the war in Ukraine.
- Several countries, including Sweden and Germany, announced higher defence budgets.
- Interest in Saab's portfolio continued with increased order intake in the quarter.
- EBIT increased 10% driven by improved gross margin and favourable mix.
- First serially produced Gripen E fighters arrived to Brazil and first flights conducted.
- Launch of the new product Mobile Short Range Air Defence System "MSHORAD".
- Submitted proposed targets to the Science Based Targets initiative (SBTi) linked to Saab's Race to Zero commitment.

## Q2

- Sweden and Finland decided to apply for NATO membership.
- Saab saw strong interest in its training solutions, anti-tank weapons and sensors.
- Initiatives taken to increase future capacity.
- Orders increased 76% in the second quarter.
- Increased EBIT and EBIT margin.
- Important milestone in the A26 submarine programme with the keel-laying ceremony.
- Completion of Saab's deliveries in the Engineering, Manufacturing and Development phase of the trainer aircraft T-7A.
- Saab's sustainability efforts continued with all Climate Task Forces initiated.

## Q3

- Strong growth in medium and small orders.
- Sales up 9.5% with growth in all business areas.
- Continued EBIT and EBIT margin increase.
- Saab received the first low rate production order for trainer jet aft fuselages from Boeing.
- Successful live firing of the Meteor for Gripen E.
- Saab's MSHORAD system operational and demonstrated to 15 customers.
- First Saab digital air-traffic control tower live at NATO airbase in Geilenkirchen, Germany.
- Saab in partnering agreement for the Royal Australian Navy's sovereign Combat Management System capability.

## Q4

- Significant interest for Saab's portfolio with a Q4 record-high order intake of SEK 30bn.
- High activity level across business areas contributed to a sales growth of 16%.
- Improved gross margin and EBIT margin.
- Saab delivered on financial targets for 2022.
- First deliveries of Saab's new lightweight torpedo to FMV.
- Saab's science-based emission reduction targets approved.
- Gripen E fully operational with Brazilian Air Force.
- Agreement to divest the Maritime Traffic Management (MTM) operation.

This is Saab

[2022 in review](#)

Highlights 2022

[Business highlights](#)

[CEO letter](#)

Market

Strategy

Operations

Administration report

Financials

[This is Saab](#)[2022 in review](#)[Highlights 2022](#)[Business highlights](#)[CEO letter](#)[Market](#)[Strategy](#)[Operations](#)[Administration report](#)[Financials](#)

# CEO letter: On a journey to create value

With the tragic war in Europe, the importance of Saab's purpose to keep people and society safe has never been more evident. Saab stands ready to support its customers as it takes the next step on its growth journey.

We entered 2022 with hopes of a return to normal after a prolonged pandemic. However, these hopes were not realised as on February 24th we witnessed the beginning of the tragic war in Ukraine. The war has not only changed the geopolitical security situation significantly, but also the conditions for the European defence industry as a whole.

For many, the changed landscape also became a reminder that peace, stability and security are the foundation for freedom and human rights - and unfortunately not to be taken for granted. It is therefore with pride that I reflect on Saab and the key purpose that guides me and my 19,000 colleagues: keeping people and society safe.

The implications of the events experienced during the year are substantial on our industry.

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## Conditions in the European defence landscape have changed

Many European countries, including Sweden, announced increased defence spending, leading to a stronger focus on national defence over the coming years. Sweden and Finland also decided to join NATO. All of this is affecting Saab as a defence company and provider of state-of-the-art defence capabilities. As we stand ready to support our customers' increased needs, our opportunities for future growth have improved significantly.

In 2022, Saab saw a strong interest for its product portfolio by both new and existing customers. Several of our products and solutions have been used in the defence of Ukraine, supplied by existing Saab customers. We ended the year by growing our order backlog by 21 per cent and showed growth in all business areas. This was a result of successful execution on our multi-domestic growth strategy and our focus on core areas, ensuring our position to grow further together with our international customers.

One major order received during 2022 was within our Surveillance business, with the Swedish acquisition of two GlobalEye aircraft. We also signed large contracts with the U.K. and Sweden for the delivery of the NLAW anti-tank weapon system, on top of several Carl-Gustaf® orders.

[Read more on next page →](#)

At the end of the year, Saab signed an important contract for the design and production of two Signal Intelligence ships for Poland. I am also happy that Saab received the first low rate production order for trainer jet aft fuselages from Boeing - an important step for the Aerospace business at our new U.S. facility in West Lafayette, Indiana.

#### Delivering on our growth promises

Our operational performance was robust across our businesses, although inflation, supply of certain materials and transportation was a challenge. However, we have been working hard to mitigate these together with our partners and customers. We set out the year with the target of reaching an organic sales growth of around 5 per cent, an operating income improvement between 8-12 per cent compared to 2021 and a positive operational cash flow for the full year. As we have closed the books for 2022 I can conclude that we have confidently reached all those targets.

#### Investing for further growth

In order to help our customers keep their people and societies safe, investment in new technology that meets modern threats is crucial. As we continue to strengthen our offering within core areas and investing in new innovative solutions, we have taken initiatives to increase future capacity and competences to meet the increased demand. A milestone during the year was the decision to set up a manufacturing facility for the Carl-Gustaf® M4 shoulder-launched weapon system in India. Investments to increase future capacity in our Ground Combat business in Sweden and in our U.S. operations also continued.

#### Increasing our competences

The single most important factor in being able to meet our customers' demands, both today and in the future, is Saab's employees. We continuously need to attract new talent and invest in our colleagues to maintain our edge and find the innovations of tomorrow. In 2022, Saab's recruitment efforts increased and I am glad that we have a net increase of more than 1,000 employees globally this year.

## We strive to be sustainable in all parts of our business

#### Strengthening our sustainability agenda

During the year, we continued our extensive work on sustainability and strengthened our responsible sales policy further. Moreover, we initiated the Climate Task Forces within our science-based targets project for setting emission reduction targets, which were later approved by the Science Based Targets initiative. This is an important milestone on our journey towards net zero emissions by 2050 and now the real work begins.

We strive to be sustainable in all parts of our business and support the UN Global Compact and its ten principles. By developing and providing solutions that enable customers to achieve their own sustainability ambitions, we can contribute to sustainable development while gaining a competitive advantage.

To conclude, 2022 has been a year which has demanded a lot from Saab and our customers when it comes to adapting to a new reality. We are ready to support our customers increased needs and capture future opportunities. I would like to thank all Saab employees that go to work every day to help keep people and societies safe – the importance of what we do is more evident than ever.

Stockholm, March 2023

**Micael Johansson**  
President and CEO

## We delivered on our promises for 2022



Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Highlights 2022

Business highlights

CEO letter

Market

Strategy

Operations

Administration report

Financials

Market

# A new market reality

2022 was a year marked by increased geopolitical tension and a rapidly changed defence landscape. In parallel, major technologies are evolving and changing quickly, creating new opportunities as well as challenges for countries to protect their borders and citizens. In this new and uncertain environment, the defence industry plays a critical role. To stay ahead, Saab constantly monitors several key trends.



Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

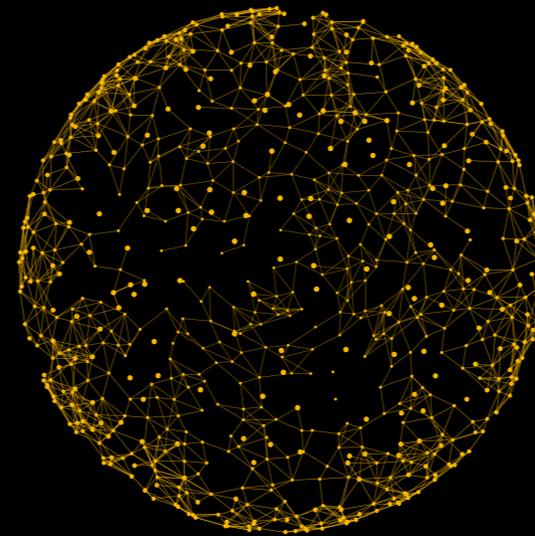
Global and technology trends  
Saab's markets are growing

Strategy

Operations

Administration report

Financials



## Global trends

### Rising tensions and conflict levels

The geopolitical tensions are increasing following Russia's invasion of Ukraine, rising concerns about China, and instability in Africa and the Middle East. Following the recent developments, Sweden and Finland have applied for NATO membership and other European countries are increasing their focus on strengthening defence capabilities.

For Saab, this means that existing markets in the U.S., NATO, and the trilateral security agreement AUKUS, grow in importance together with partnerships based on strong multi-domestic capabilities.

### Increasing demand for defence

As a consequence of rising geopolitical tensions, investments in enhanced defence capabilities are growing significantly on a global scale and many countries are increasing their defence spending. Forecasts put total European defence spending to increase by 23 per cent up to

USD 3,500 billion for the period 2023–2030. The increasing demand creates growth opportunities within the defence industry sector and for Saab. At the same time, strain is put on lead times, deliveries and the supply chains for strategic components.

### A need for sustainable solutions

Adding to the tensions are an energy shortage and an environmental crisis. Both are hotbeds for new conflicts, which accentuate the overall need for more sustainable solutions and actions. To address and contribute to all aspects of sustainable development – environmental, social and economic – is crucial for Saab.

## Technology trends

### Digitalisation

Digitalisation is rapidly enabling new products and systems to enter the battlefield. For defence companies, speed, agility and the ability to identify and utilise new technologies is imperative in order to remain competitive. Digitalisation is also driving transformation within engineering and production, for improved efficiency and shortening of lead times.

### Unmanned vehicles

The demand for unmanned and autonomous vehicles to be used in air, land, sea and subsea applications is growing fast. Drones are now frequently deployed in combat as well as for surveillance, most recently used in the war in Ukraine. Moreover, threats to underwater infrastructure such as communication cables, oil and gas pipelines, and power cables are also increasing significantly. This means that the demand for effective underwater vehicles and systems for seabed operations and underwater surveillance also increases.

### Information security

Cyber security focuses on protecting against unauthorised access to computers, networks, programs and data. Cyberthreats have become almost commonplace; threatening both military targets as well as civilian infrastructure. Saab has ongoing initiatives within the area with a dedicated function focusing on cyber defence and building platform products for future cyber security threats. Technology and product development is ongoing in collaboration with multiple customers.

### Vulnerable targets

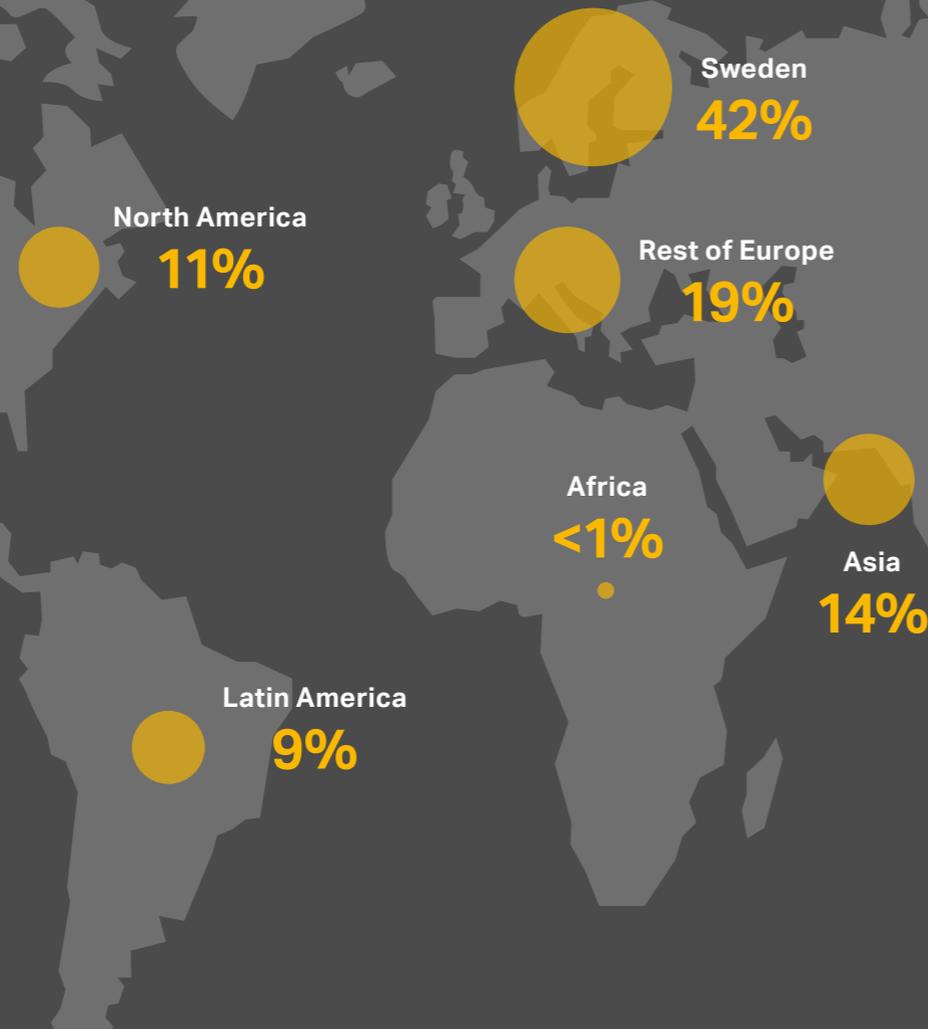
Modern weapon systems are constantly becoming more effective and sophisticated. The introduction and use of systems such as hypersonic missiles, space assets, autonomous systems and Anti Access/Area Denial (A2AD) systems like cruise missiles, long-range rockets and advanced artillery munition make high value targets as bridges and control centres more exposed and vulnerable.

# Saab's markets are growing

## Increasing European defence spending

Many European countries are increasing their defence spending significantly in the coming years, following the war in Ukraine and its implications on geopolitical tensions. In total, around USD 655 billion is expected to be added to European defence expenditure between 2023-2030 compared to previous forecasts, and a considerable part of that is expected to go to investments. Germany announced a one-off special defence fund of EUR 100 billion and aims to increase defence spending from levels between 1.1-1.4 per cent of GDP up to over 2 per cent from 2022 and onwards. Sweden is also aiming to increase spending significantly, with a more than 50 per cent increase between 2022 and 2025. The increased defence spending in Saab's strategic countries creates significant market opportunities for Saab.

## Percentage of Saab sales in 2022



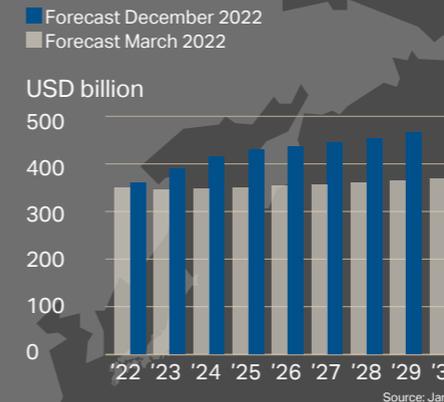
Order intake 2022, SEK million

# 63,116

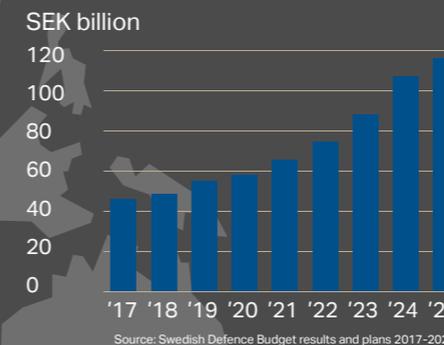
Order backlog as of 31 Dec 2022, SEK billion

# 128

## European defence budgets



## Sweden's defence budget



# How Saab will capture a growing market

## Well positioned and NATO compatible

While Sweden remains at the core of Saab's strategic foundation, the company's success is closely linked to its position and expansion in international markets, including markets inside the NATO alliance. Aided by strong partnerships and a high-tech offering, Saab is committed to becoming a global multi-domestic company with a strong competitive position. Saab's products and systems are already today NATO compatible and with Sweden and Finland joining the alliance, Saab's opportunities for future growth will improve.

## Strong position in Sweden

Throughout the company's history, Saab has collaborated closely with the Swedish national defence forces, developing a range of high-technological and cost-effective capabilities that are under constant development. Given its strong position, Saab is constantly investing in competences and new technology in order to meet tomorrow's threat environment. Saab aims to continue building on its long-standing relations with Sweden and its Armed Forces.

## The Swedish defence market

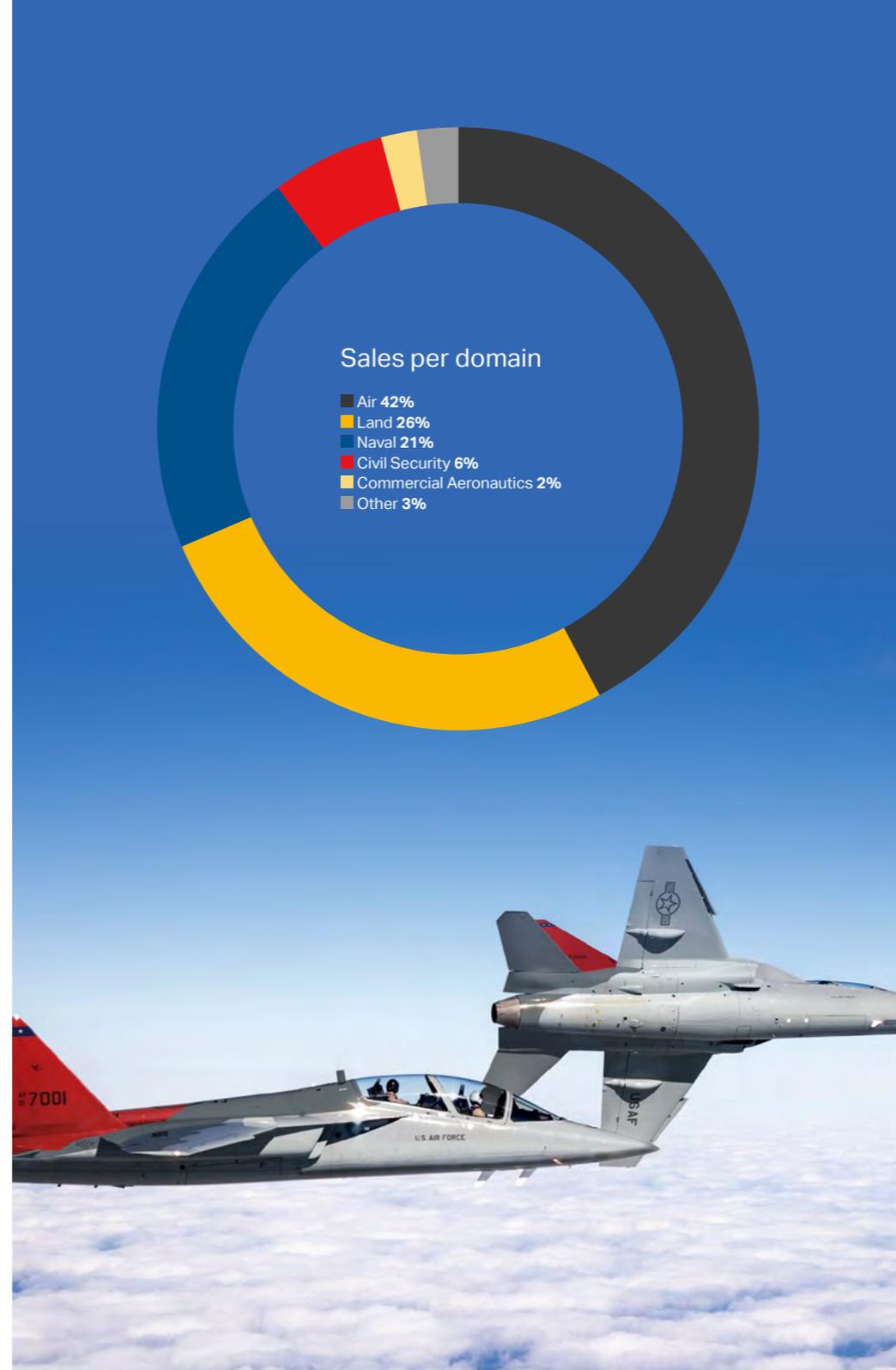
Defence spending in Sweden is expected to increase substantially over the coming years. With a total value of defence funding of over SEK 300 billion planned between 2023-2025, Sweden will continue to be an important market for Saab with its proven portfolio and capabilities adapted to Sweden's requirements. The Swedish defence expenditure is expected to reach 2.0 per cent of GDP in 2026 compared to 1.2 per cent of GDP in 2022.

## Multi-domestic growth strategy

Looking beyond the home market, Saab's multi-domestic strategy for global growth is based on its competitiveness and world-leading product portfolio. Adding to the strategic markets the U.S., the U.K. and Australia, as of January 1st, 2022, Germany has been included as a strategic market for growth by Saab. By leveraging strong partnerships and by being close to its customers, Saab can increase its local presence and become a trusted domestic supplier in these countries. In this way Saab is striving to establish a global and multi-domestic base, making the company a natural part of these countries' national defence eco-system and capabilities, similar to the role Saab has attained in Sweden.

## A good base for future growth

Since 2012, Saab has developed a strong position for growth in the U.S. market, capturing a total of USD 3.3 billion in orders, with operations in several locations across the country. With the grand opening of Saab's U.S. facility in West Lafayette, Indiana in 2021, and the first production order for the T-7A trainer aircraft received in 2022, Saab has taken further steps in its expansion in the U.S. Furthermore, Saab has established competence hubs in several markets, including command & control systems in Australia and radar systems in the U.S. In addition, Saab has also invested in the expansion of its operations in Finland, establishing extensive capabilities in research and development, as well as production. To support future international growth, Saab is also focusing on M&A.



Sales per domain



# Keeping people and society safe

A commitment to society is at the core of Saab's business – and our products and services help ensure the security of societies every day.



Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

Strategy

A focused strategy  
How we create value

Operations

Administration report

Financials

# A focused strategy for sustainable business

Over the past decade Saab has grown into a company with global reach, a state-of-the-art product portfolio and focused market strategy. Saab develops future defence capabilities and drives performance by leveraging its expertise across operations and business units to create synergies between technologies, its core areas and strategic markets. In a fast-changing world with increasing geopolitical tension and continuously evolving threats to society, a new defence and security landscape has emerged. Saab needs to meet the demands and challenges of the new reality in order to support countries in their responsibility to protect its borders and citizens.



Read more



Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

A focused strategy  
How we create value

Operations

Administration report

Financials

# 5

## strategic focus areas:

### Driving growth in strategic markets

Saab is active in around one hundred countries worldwide. Five countries: Sweden, Australia, the U.S., the United Kingdom and Germany, constitute the main platform for further growth. In these strategic markets, Saab sees opportunities for growth in technology areas where Saab has a strong position, such as sensors, underwater systems and command and control systems. By scaling up local operations and forging partnerships, Saab aims to gain further market access, invest in R&D opportunities and become an integral part of the defence ecosystem in these countries.

Sweden is Saab's home market and accounted for around 40 per cent of total revenues in 2022. In addition to strengthening national defence capabilities in the coming years, Sweden's NATO application and subsequent integration into the alliance will be a priority. Saab aims to capture future opportunities within the Nordic region by strengthening its operations, focusing on NATO interoperability and positioning in key areas.

### Sustainable business

Keeping people and societies safe is fundamental for sustainability. Only safe societies have the power to focus on issues such as climate change, human rights, diversity and financial stability.

Saab strives for a sustainable business in all aspects of its operations and impact on society. By developing and providing solutions that enable customers to achieve their sustainability ambitions, Saab can have a competitive advantage in the market while contributing to sustainable

### Investments in core areas and future capabilities

Saab has defined five core technology areas where the company has a strong market position and a leading product portfolio. The core areas are Fighter Systems, Advanced Weapon Systems, Sensors, Command and Control Systems, and Underwater Systems.

All systems are continuously developed and updated to new generations that can further enhance the capabilities of Saab's customers. Saab is continuously investing in R&D and product development to strengthen the competitiveness within the core areas. The company will also seek innovative collaboration with leading customers and partners, in areas such as cyber security and defence, autonomous systems and defence cloud.

#### Focus within the core areas

- Fighter Systems: the next generation fighter system, and manned and unmanned aircraft systems.
- Advanced Weapon Systems: build on the strong customer base to introduce new capabilities and product generations.
- Sensors: further leverage Saab's technology leadership to grow in strategic markets, and to increase the production of the systems and platforms.
- Command and Control Systems: integrate systems into larger systems-of-systems, such as defence clouds, using connected platforms and distributed functions. Increased focus on AI-based decision support.
- Underwater Systems: submarines for Sweden and for export. Expansion within unmanned/autonomous underwater vehicle systems and seabed operations.

development. Saab's sustainability strategy is built on three pillars, with prioritised areas within each:

#### Contributing to resilient and safe societies

Enabling sustainable development through our contribution to resilient and safe societies.

- Business and human rights
- Anti-corruption
- Information security
- Export compliance

### Operational efficiency through digitalisation and automation

To enable profitable growth while increasing its market share in strategic areas, Saab will expand capacity to capture higher customer demand. This will be done in several ways, such as through investments in automated production lines, increased digitalisation and capability build-up in strategic markets. One example of this is the new production facility in West Lafayette, Indiana where Saab has built a state-of-the-art manufacturing production capability for the advanced trainer aircraft T-7A.

### Attract, develop and retain talent and competence

Saab maintains a set of strong corporate values and is driven by a clear purpose and commitment - to keep people and society safe. Competition for talent remains intense and Saab has initiated proactive work to attract and retain the right competences and leadership that will support Saab's future growth.

As an employer, Saab also strives to develop a continuous learning culture and to build a sustainable work environment with engaged and creative employees. This is supported by individual plans for competence development, including re- and upskilling as well as incentive programs and benefits.

#### Driving green and social transition

Considering and managing impact on people, society and the environment in our operations and value-chain.

- Climate impact
- Hazardous substances
- Circular economy
- Occupational health and safety

#### Partnering for innovation

Realising sustainability commitments through innovation and partnerships.

- Diversity and inclusion
- Innovation
- Industrial cooperation and partnership



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

A focused strategy

How we create value

Operations

Administration report

Financials

# How we create value

## 1.

We are driven by our purpose

**Keeping people and society safe**



## 2.

Our customers are facing a new reality

- » War in Europe
- » Rising geopolitical tension
- » Evolving threats to society
- » Countries' responsibility to protect its borders and citizens
- » Increased awareness of vulnerable supply chains and critical infrastructure
- » Protecting human rights
- » Sweden and Finland joining NATO



## 3.

A strategy for value creation that responds to our customers' needs



## 4.

Saab's core offering

- » Fighter Systems
- » Advanced Weapon Systems
- » Sensors
- » Command and Control Systems
- » Underwater Systems

## 5.

Greater value for safe societies and our shareholders

- » Multi-year growth opportunity
- » Increased capacity and resources for future growth
- » Investing in future capabilities
- » Improving profitability
- » Positive cash flow generation
- » Strong financial position
- » Dividend return to shareholders
- » Improved sustainability footprint and sustainable operations

# Excellence in execution

In the way Saab is organised, each core area has a clear connection to one of Saab's four business areas. The organisation is structured to support growth and increased efficiency, by continuously optimising performance and identifying synergies between workflows and organisational units. In order to continue to drive profitable growth in a new reality, Saab is focusing on increasing capacity to capture demand while leveraging digitalisation and automation for improved efficiency in our operations.



Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Five core areas

Business areas

Initiatives for innovation

CFO letter

Administration report

Financials

# Five core areas

Saab has five core technology areas where the company is constantly investing in technology development to stay ahead of the competition and protect its market leadership in selected areas. Saab's longstanding experience of, and expertise in, advanced system integration runs as a common thread through all five areas. In R&D, close cooperation with customers and partners is key to driving new innovative technology within all core areas. With this work, Saab also seeks to secure excellence in competencies needed today and to secure future competitiveness and growth opportunities.

## 1. Fighter Systems



Saab's latest fighter version, the Gripen E-series, entered serial delivery phase for the Swedish and Brazilian Air Forces in 2021. In 2022, another important milestone was reached when Gripen E achieved the certification necessary for military use by both countries. The E-series has several new features including cutting-edge sensors, enhanced weapon capability and electronic jammer pods.

The Gripen system is operated by air forces in several countries all over the world, including Brazil, Thailand, the Czech Republic, Hungary, South Africa and Sweden. The Swedish Air Force is Saab's main customer and Gripen will constitute the backbone of the Swedish Air Force for decades to come.

Saab also conducts research, development, and production of other aircraft systems such as the advanced trainer aircraft T-7A, as well as studies on future unmanned systems.

Focus going forward is the full integration of Gripen into NATO systems, standards and specifications, as well as the development of a successor to the Gripen system.

## 2. Advanced Weapon Systems



The area holds products ranging from ground combat support weapons to missile systems and torpedoes. Saab's Ground Combat systems hold an undisputed leading market position owing to continuous development. The war in Ukraine has further proved that man-portable and multi-role anti-tank weapons are extremely effective in modern combat situations. Saab's anti-tank weapons include the Carl-Gustaf®, AT4 and NLAW systems.

In the missile area, Saab leverages its competence through partnerships. The portfolio includes the RBS15, IRIS-T, Meteor and Taurus projects. To develop the next-generation systems and capabilities, and to improve existing products, Saab is working closely with partners such as MBDA, Diehl Defence and Boeing.

## 3. Sensors



Saab is a world-leading supplier of sensors, radar technology and electronic warfare solutions. The sensor portfolio comprises systems such as the Giraffe radar family and GlobalEye.

The Giraffe radar family has been developed and adapted over the years, to an advanced array-type technology for land-based as well as naval applications.

Deliveries of the advanced GlobalEye Airborne Early Warning and Control (AEW&C) solution started in 2020 to the United Arab Emirates and in 2022, Sweden became the second GlobalEye customer with the acquisition of two aircraft. GlobalEye's predecessor, the Erieye-system, is in service in eight nations.

Going forward, Saab aims to transform its world-leading technical leadership into a world-leading market position.

## 4. Command and Control Systems

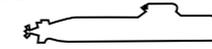


Saab provides complete command and control solutions for land, air and naval use, with a particularly strong position within the naval domain. The company also offers parts of larger and more complex systems-of-systems. The portfolio ranges from fire control systems to fully integrated combat systems.

The purpose of a command and control system is to connect and integrate various defence systems from land, air, and naval applications to enable seamless and real-time communication and exchange of data. Saab's systems provide the user with superior situational awareness and decision support, improving operational efficiency.

Focus going forward is to increase the ability to incorporate cloud solutions, artificial intelligence and other technologies, and make them secure and adapted to standards used by for example NATO.

## 5. Underwater Systems



Saab is a leading provider of naval systems primarily to the Swedish Navy. The offer ranges from surface vessels with stealth characteristics to advanced conventional submarines, autonomous underwater systems and combat boats.

The submarines built for the Swedish Navy is state-of-the-art and can carry large payloads and operate in hostile environments under extreme conditions without being detected. They have excelled in several tests and exercises in the U.S., and the Baltic Sea.

Threats to vital underwater infrastructure such as communication cables, oil and gas pipelines, and power cables have increased significantly. This has resulted in an increased interest for systems for seabed operations and surveillance. Saab provides a range of underwater systems that autonomously can patrol and scan such installations and detect any attempts to manipulate or harm them.

Going forward, Saab is working to secure the competence to build vessels and to develop and integrate the complex systems needed. In addition, Saab aims to achieve a strong market position within the seabed warfare area.

Gripen E has the capability to fully operate with allied joint forces such as NATO, with effective weapon integration, communication systems and networked datalinks.

31%

Share of sales 2022

21%

Share of EBIT 2022

## Aeronautics

Core area:

Fighter Systems



### Business units:

Gripen Design, Gripen Sustainment, Aviation Services, Aerospace Systems

### Key products:

Gripen fighter system, advanced pilot training system T-7A with Boeing

**Business area Aeronautics is a supplier of innovative and world-class aircraft systems and is engaged in research, development, and production of military aircraft systems. It also conducts preparation studies for future manned and unmanned aircraft systems as well as further development of existing products.**

The Gripen series is designed to have the capacity to defeat any adversary. It is equipped with the latest systems, sensors, and weapons to ensure combat advantage and air superiority in highly contested environments.

The latest version, Gripen E, is the world's first fully digitalised fighter aircraft. It is the only fighter with separated flight-critical and mission-critical software platforms.

- Development of future manned and unmanned aircraft systems
- Development, integration and modification of aircraft platforms for airborne surveillance systems such as GlobalEye
- Saab and Boeing have jointly developed the next generation trainer-jet for the U.S. Air Force, the T-7A
- Turnkey support solutions for fighter jets, aerial firefighting and helicopter support
- Development and production of advanced aerostructures and systems for the commercial aviation industry



SAAB

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Five core areas

Business areas

Initiatives for innovation

CFO letter

Administration report

Financials

# T-7A – transitioning into the next phase



This is Saab

2022 in review

Market

Strategy

**Operations**

Five core areas

**Business areas**

Initiatives for innovation

CFO letter

Administration report

Financials



## Background

### A Boeing-Saab partnership

- Saab won contract together with Boeing in 2018.
- Design, development and production of T-7A, the U.S. Air Force's new advanced pilot trainer aircraft.
- Boeing awarded contract for 351 aircraft with a value of USD 9.2 billion.
- Saab's production share is the fully installed aircraft aft fuselage including associated sub systems.
- Business case supporting business area Aeronautics' long term margins.

## EMD phase

### and ongoing series production transitioning to Saab's facility in West Lafayette

- In 2022, Saab completed its deliveries in the EMD phase with five fully installed aircraft aft fuselages.
- EMD focus forward will be flight test activities to verify and validate aft fuselage design.
- Assemblers and engineers from West Lafayette in Sweden for training.
- Production of aft fuselages is transferring from Sweden to the United States.

EMD: Engineering & Manufacturing Development

## Creating capability

### for U.S. growth with the new production facility

- 110 employees hired and working in West Lafayette with more on the way.
- Aircraft aft production has begun via contract order from Boeing.
- Factory utilising best practices in industry 4.0 and automation.

# Dynamics

Core area:

Advanced Weapon Systems



## Business units:

Ground Combat, Missile Systems, Underwater Systems, Barracuda, Training and Simulation, Tactical Support Solutions

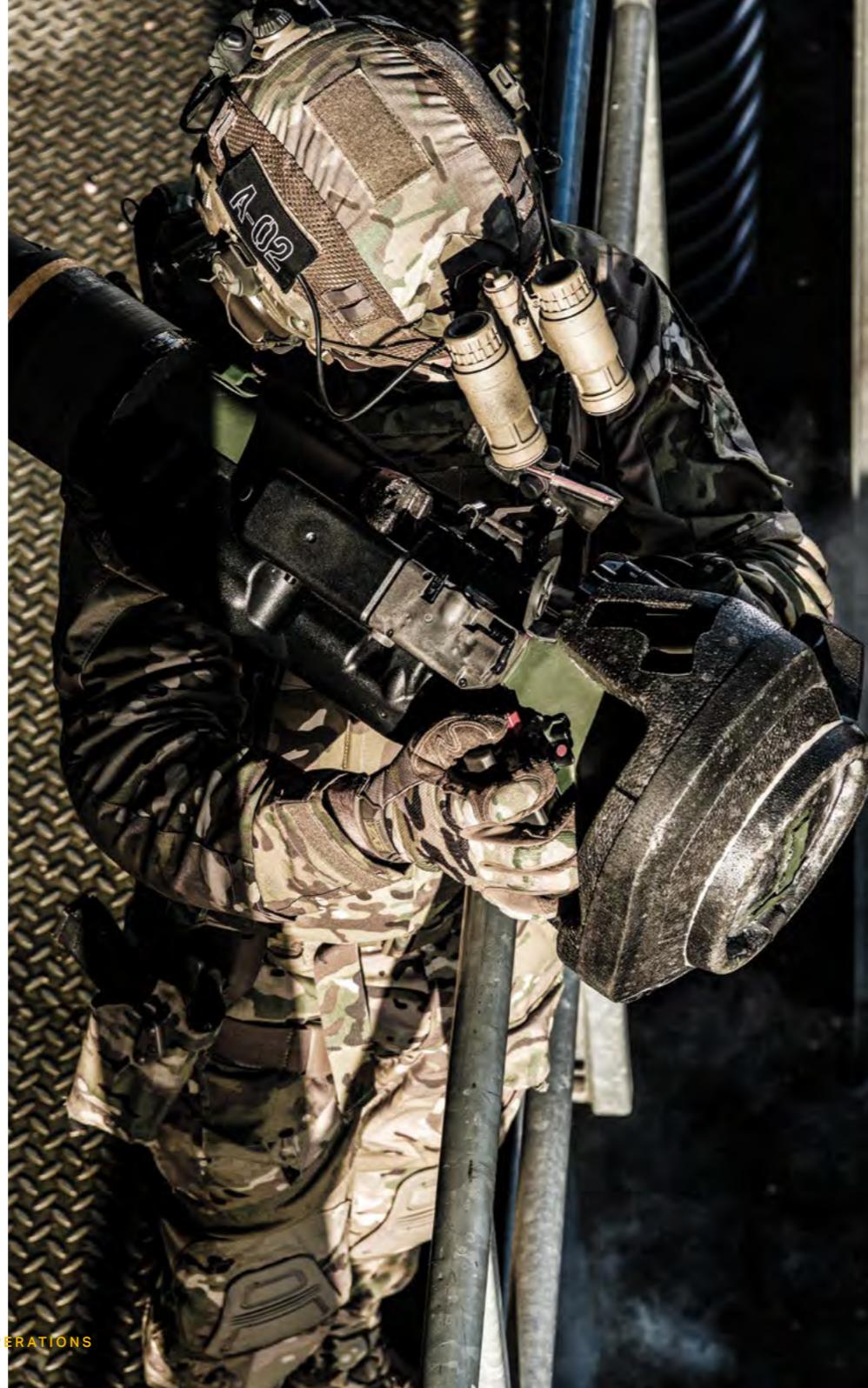
## Key products:

Multi-role weapon system Carl-Gustaf®, support weapon system AT4, anti-tank system NLAW, anti-ship missile RBS15, ground-based air defence system RBS 70 NG, mobile short-range air defence system MSHORAD, air-to-air missiles IRIS-T and Meteor, air-to-surface missile Taurus, Barracuda camouflage systems, Double Eagle family of underwater vehicles, AUV62-AT anti-submarine warfare training system, Saab Lightweight Torpedo (SLWT), GAMER live training system

**Business area Dynamics offers a market-leading product portfolio comprising ground combat weapons, missile systems, torpedoes, unmanned underwater vehicles, training systems and advanced camouflage systems for armed forces.**

The product portfolio also holds advanced niche products for the civil defence market such as underwater vehicles for the offshore industry.

- Strong portfolio of ground combat weapons, including Carl-Gustaf®, AT4 and NLAW
- World-leading land-based air defence systems, RBS15 air-to-surface missile and international missile programmes
- Next generation underwater systems, with autonomous vehicles as well as torpedoes and underwater sensors
- Complete training solutions and services for the land domain
- Wide range of advanced camouflage systems



With **NLAW**, a single soldier can take out a heavily-protected modern main battle tank at ranges between 20 and 800 metres.

# 22%

Share of sales 2022

# 48%

Share of EBIT 2022



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## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Five core areas

Business areas

Initiatives for innovation

CFO letter

Administration report

Financials

Case: Dynamics

# World-leading advanced weapon systems



Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

**Operations**

Five core areas

Business areas

Initiatives for innovation

CFO letter

Administration report

Financials



## Carl-Gustaf®

Setting the standards

- Developed in the 1940s with the latest version Carl-Gustaf® M4 from 2014
- Multi-role weapon system
- Reusable, man-portable and weighs only ~7 kg
- Tactical flexibility through a wide range of ammunition
- Combat proven and sold to 40+ countries worldwide

## AT4

Equipping forces for any challenge

- Introduced in the 1980s
- Anti-armour and anti-structure capabilities
- Disposable, single-soldier operated
- Ease of use and weighs ~7-9 kg
- High fire power
- Confined space capability
- Deployed in over 15 countries worldwide

## NLAW

The ultimate anti-tank weapon

- Developed for UK and Sweden in 2002
- Single-use, light anti-tank weapon of ~12 kg
- Overfly Top-Attack or Direct Attack
- Can destroy even the most advanced tanks
- Soft launch capability for confined spaces
- Assembly in Belfast, Northern Ireland
- Customers include U.K., Sweden, Finland, Luxembourg and Switzerland

With a mix of modern active and passive sensors, **GlobalEye** enables situational awareness of the surrounding areas and early detection of threats in all domains.



**35%**

Share of sales 2022

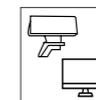
**36%**

Share of EBIT 2022

## Surveillance

### Core areas:

Sensors, Command and Control Systems



### Business units:

Radar Solutions, Electronic Warfare and Aircraft Systems, Combat Systems, Traffic Management

### Key products:

GlobalEye early warning & control solution, Giraffe surface radar family, the electronic warfare suite Arexis, the 9LV range of command and control and combat management systems, cyber security solutions, fighter radar, airport systems

**Business area Surveillance provides world-class solutions for surveillance, command and control systems and self-protection, for defence and security applications.**

Surveillance develops world-leading sensor solutions for airborne, ground-based and naval platforms. The systems are high performing, compact, robust and easy to operate. They can effectively be integrated into customers' existing solutions.

- A world leader in surface-based radar systems for air defence, weapon location and sense & warn
- The world's largest customer base in airborne early warning & control
- An international leader in electronic warfare self-protection, signals intelligence and combat systems & C4I solutions
- Broad global footprint within civil security, with solutions for public safety and high security facilities
- World leader within traffic management for both civil and military application, with focus on security and sustainable airport operations



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

**Operations**

Five core areas

**Business areas**

Initiatives for innovation

CFO letter

Administration report

Financials

## Case: Surveillance

# Saab's Giraffe radar family



Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

**Operations**

Five core areas

Business areas

Initiatives for innovation

CFO letter

Administration report

Financials

Situational awareness and efficient coordination of resources is key for a successful Ground Based Air Defence (GBAD) and air surveillance. With its Giraffe radar family, Saab delivers software based leading-edge sensor solutions that create time to act. The radar sensors provide air surveillance with simultaneous multi-functionality and all target capability with a large volume coverage and high update rate that allows for immediate and effective response. Including the Drone Tracker (enhanced low, small and slow target functionality) Giraffe radars can detect even the smallest drones and distinguish them from birds.



### Sea Giraffe – the naval version of the radar family

They are dimensioned to meet all operational requirements from small to large naval vessels. The compact design, in combination with state-of-the-art radar technology, makes them ideal for naval application where space is limited but demand on performance is high. The Sea Giraffe radars can also be combined to assure optimised capability for any kind of threat.

The Sea Giraffe family is for example aboard six classes of U.S. Navy and Coast Guard ships, the Swedish Visby class corvettes, and is part of the upgrade of the Canadian Halifax class frigates, Finland's new Pohjanmaa class corvettes and Brandenburg class frigates F123 in Germany.

## Giraffe 1X

Giraffe 1X is compact, lightweight and easily integrated in any type of platform. The high mobility and ability to perform search on the move and C-UAS makes it optimal as gap filler and for mobile air surveillance and short-range GBAD solutions supporting maneuvering units.

The Sea Giraffe 1X is a compact and affordable solution suitable for patrol crafts, fast attack crafts, combat boats and unmanned vessels.

75 km

## Giraffe AMB

Giraffe AMB is an ideal solution for short to medium-range GBAD including C-UAS. It is a fully self-contained solution including command and control capabilities with a mast that elevates the antenna to 12 metres above the ground, providing improved low altitude radar coverage.

The Sea Giraffe AMB is an optimal all-round solution suitable for vessels such as Swedish Visby Class corvette and the U.S. Littoral Combat Ship Independence Class.

120 km

## Giraffe 4A

The long range Giraffe 4A is based on Active Electronically Scanned Array (AESA) technology for high performance, flexibility and reliability in air surveillance, weapon locating and GBAD roles. Its software based design simplifies upgrades that provides forces with the latest capabilities.

The Sea Giraffe 4A is available both as a rotating system and fixed panels. With its maximum range and volume search performance, suitable for frigates and large corvettes.

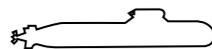
400 km

Range

# Kockums

Core area:

Underwater Systems



## Business units:

Submarines, Surface Ships, Docksta

## Key products:

A26 submarine, the next generation combat boat CB90 NG, surface vessels

**Business area Kockums has extensive and long experience of developing highly advanced vessels and platforms for the maritime domain, on the surface and below.**

With one of the world's most modern shipyards, Kockums is a leader in the development, construction, mid-life upgrade and in-service support of submarines, surface vessels and naval systems. Through evolutionary design and world-leading technology, Kockums offers conventional submarines with a flexible configuration, meeting the various needs of navies around the world. This flexibility also secures upgrades and modifications, making the submarines future-proof. Equipment installations can be easily accessed for maintenance and upgrades at any point in the submarine's lifecycle. Kockums' surface vessels are made for a challenging environment with unique capabilities in relation to stealth, speed, maneuverability and shock resistance.

Kockums offers a wide range of products, from smaller combat boats with great speed and maneuverability to larger ships with superior modularity. Kockums can provide services as basic design and material technology, but also superstructures and integrated masts in composite materials. Kockums delivers advanced platforms with multi-mission capabilities for reconnaissance, surface combat, anti-submarine warfare, seabed operations, mine counter-measures or patrol missions. Versatility, modularity and availability are key characteristics for all Kockums' products.

Building on more than 100 years experience, **seven submarine classes** have been delivered across three continents.



# 9%

Share of sales 2022

# 9%

Share of EBIT 2022



# SAAB

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

**Operations**

Five core areas

**Business areas**

Initiatives for innovation

CFO letter

Administration report

Financials

## Case: Kockums – sustainable innovation

# CO<sub>2</sub>-free submarine propulsion



Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

Strategy

**Operations**

Five core areas

**Business areas**

Initiatives for innovation

CFO letter

Administration report

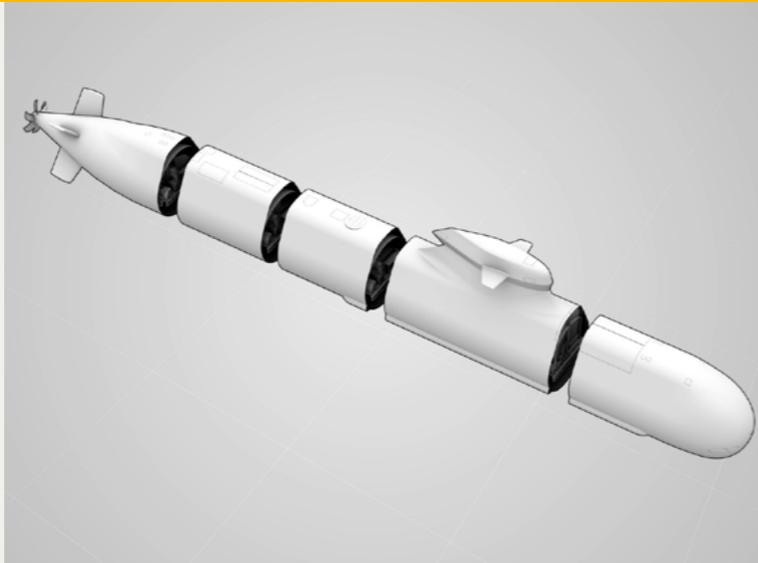
Financials

Driving innovation is at the core of Saab's business and vital for future competitiveness in the market. Climate change has led to an urgent need for innovative solutions mitigating greenhouse gas emission. In its innovation efforts, Saab aims to help its customers and partners to reduce their CO<sub>2</sub> emissions.

A recent example of sustainable innovation at Saab is the research for using aluminium combustion as a way to generate energy for the Swedish submarines' Stirling motors. The Stirling motor is driven by heat – and by using combustion of a metal such as aluminium instead of traditional fossil fuel to generate this heat, it is possible to create an entirely CO<sub>2</sub> emission-free and closed energy-cycle.

In addition to submarines, Saab has discovered that this method can also be used for other types of naval shipping. Conducting further research in this area, such as a complete life cycle analysis, can add further potential for developing innovative solutions within the shipping and transportation field, which is considered to be one of the most difficult emissions to eliminate.

Saab's efforts within aluminium technology creates a good potential to support alternative and more sustainable solutions for maritime transport in the future.



## Partnering for innovation

In this research, Saab is collaborating with leading institutions such as Lund University in Sweden and other international universities. Industrial cooperation will also be key to future development within this innovation area.

## Benefits of using aluminium as fuel

- High energy density
- One of the most common elements in the earth's crust
- Favourable from a volume and weight perspective, compared to e.g. batteries
- Safe to handle and transport
- Can be stored for a long time
- Recyclable
- Security of supply: nations can produce its own fuel using domestic electric energy

# Combitech

## Combitech – an independent Saab company

- Tech consultant and solutions partner with 2,100 employees in the Nordic countries, wholly owned by Saab.
- Solid expertise in core capabilities for shaping a smart and resilient society; total defence, cyber security, digitalisation, system integration, secure communication, connectivity, autonomy, systems engineering and technical information.
- 40+ years experience from civil and military defence.
- Strong track-record: solid growth and good margins.
- Utilising transfer of technology, knowledge, and competence across sectors.

## Uniqueness in niche areas

- Leading partner to societal critical functions within security and total defence.
- Solid expertise in the high technology industry being at the forefront of system integration, enabling new and legacy systems to operate seamless with both each other and with humans in a secure way to increase value in customers' operations.
- Well positioned, having the power and expertise to lead full, complex, high speed and sustainable digitalisation transformation programmes within multiple industry sectors.
- Securing the interfaces between humans and systems to be safe and easy to work with.

## Market trends

- A market characterised by high complexity both in terms of security as well as the economic and political situation worldwide.
- Expected market growth, giving Combitech opportunities to secure important assignments.
- Substantially increased need for security and safety through digitalisation and collaborations across sectors with focus on total defence and cyber security.
- The significant acceleration of full, secure and digital transformation to smart factoring, earning all benefits of more effective and sustainable production becoming key for the industry as well as society.

## Strategy going forward

- Continue to grow with current and new customers, further deepen relationships delivering real and advanced solutions to complex challenges.
- Accelerate the work to build more team deliveries, integrated solutions and deeper proactive partnership.
- Building from strength to further reinforce total defence and national society preparedness capabilities.
- Strong focus on employees, securing key expertise resources to meet extensive market demand. Competence development and retaining existing employees, while intensifying recruitment efforts of additional key expertise.

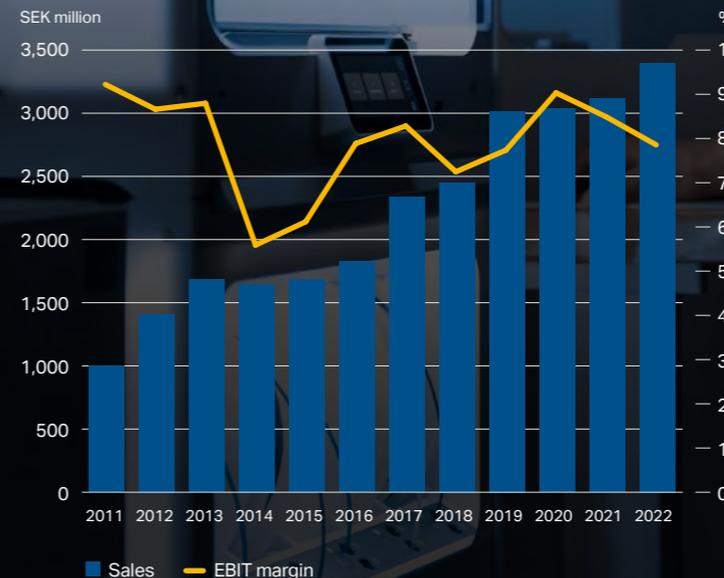
8%

Share of sales 2022

8%

Share of EBIT 2022

## Strong growth in Combitech



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Five core areas

Business areas

Initiatives for innovation

CFO letter

Administration report

Financials

# Initiatives for innovation

Innovation is critical for Saab today and in the future, and the ability to innovate moves the company forward as a key driver of growth and value creation. Together with customers, Saab invests significantly in Research and Development (R&D) and innovation in selected areas to strengthen the portfolio further and maintain its technology leadership.

Saab puts strong effort to increase the effectiveness of existing products and create new products to bring to the market. As a small and agile company, Saab benefits from several advantages. It makes it easier to operate as a flat organisation which enables speed when presented with new possibilities, changing market demands and identifying new technologies and ways of working.

In 2022, a total of 18 per cent of sales was spent on R&D, and over half of Saab's 19,000 employees were engaged in R&D. As Saab continues to grow, R&D investments along with the number of people engaged in R&D are set to continue to increase.

## How we drive product innovation

Saab's broad but niched portfolio ranging across different domains, gives an edge in innovation since experiences and technologies developed in one area can benefit other areas. Saab is constantly searching for synergies that can increase efficiency and reduce costs by sharing components and software solutions across technology areas.

Saab strives to build and maintain a culture where innovation and new ideas are valued, and where knowledge is shared. In recent years,

Saab has created an eco-system for driving innovation within the company. War game scenarios are one way to achieve this. There, diverse types of conflicts are analysed, and ideas for solving them are evaluated. This is often done together with customers to yield the best outcomes.

## Saab's technology clusters

Ideas with potential are transferred to one or several technology clusters. They are networks of engineers with relevant expertise from various parts of the business. Together they design a roadmap, outlining the technologies, competencies and partners needed in order to initiate a research project. Saab has fourteen active technology clusters with expertise in for example composite- and nanomaterials, autonomous systems, additive manufacturing, vehicle subsystems, AI and software for cyber security, and cloud solutions.

The innovation process is evaluated by specific Key Performance Indicators, KPI's, that shows how many inventions are developed, and how many of those become products.

## Access to the right competencies

The number of engineers with competence in developing a radar system, submarine or a

complex fighter jet is limited. Boosting R&D capabilities in strategic markets is part of Saab's strategy and this is done through a partnership with companies, customers and leading universities.

## Sustainable innovation

Saab's products and systems are geared towards supporting the UN Sustainable Development Goal 16, "Peace, justice and strong institutions". With instability and uncertainty growing in the world, solutions that protect infrastructure and institutions are crucial. Saab has long expertise in driving innovation to meet modern threats and the capability needs of its customers to ensure safe and resilient societies.

Furthermore, Saab works to create sustainable solutions and products that can reduce customers' environmental impact. This can mean a new type of energy generation for Stirling submarine engines, the use of batteries instead of traditional diesel generators for sensor systems, or the possibility to replace conventional jet fuel with biofuel. A new research facility has been set up at Lund University for further studies of new jet fuels.

Efficient and realistic flight simulators can decrease the time needed for flight training with fighter jets by 70 per cent, which reduces CO<sub>2</sub> emissions substantially. Improved systems for flight control can minimise ground taxing time. This saves fuel, cuts emissions and prevents congestion during peak hours.



Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Five core areas

Business areas

Initiatives for innovation

CFO letter

Administration report

Financials

# CFO letter:

## High growth potential, increased investments and new medium-term targets

2022 was a financially solid year for Saab. We delivered on the outlook for 2022 with an organic sales growth of 5%, EBIT growth of 13% and positive cash flow of SEK 2.6 billion. With the changed market conditions, but also Saab's position, including our product portfolio, multi-domestic platform and strong backlog, we continue to be a company with substantial growth opportunities.

On 14 February 2023, Saab held its first Capital Markets Day since 2018. At the event, we described our growth journey and how we aim to capture the improved market opportunities. In connection to the CMD, we also announced new medium-term financial targets for the period 2023-2027. These medium-term targets replaced Saab's previous long-term targets on sales growth and operating income.

The last three years we have reported positive cash flow. With higher growth ambitions, higher level of investments to increase capacity will be needed. Growth in combination with supply chain challenges may also lead to higher inventory, with the purpose of securing deliveries to our customers. As a result, our focus on the financial steering of working capital and investments will be key going forward. Altogether, with a continuous EBITDA growth, milestone payment plans and increased investments, we foresee a continued positive cash flow profile in the medium-term.

Finally, to summarise our financial position and goals, I would like to reiterate our main messages from the CMD;

- Saab has a strong order backlog in all business areas and acts on a growing market.
- Our target is to grow earnings through scale, efficiency and portfolio management.
- Investments will be higher in the coming 5-year period to handle capacity uplift.
- A strong balance sheet and a net liquidity position will give us flexibility to act on opportunities even in weaker macro conditions.
- On 14 February, 2023, we released targets for the medium-term period up to 2027.

### Saab's outlook for 2023

- Organic sales growth of around 15%.
- Operating income growth higher than organic sales growth.
- Operational cash flow to be positive.

### Saab's new medium-term targets

- An organic sales growth of around 10% (compound annual growth rate 2023-2027).
- Operating income growth to be higher than the organic sales growth.
- Cash flow conversion of minimum 70%, cumulative for the 5-year period 2023-2027.

Note: Cash conversion is measured as Operational Cash Flow divided by Operating Income.

Stockholm, March 2023

**Christian Luiga**  
CFO and Deputy CEO



Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

Strategy

**Operations**

Five core areas

Business areas

Initiatives for innovation

CFO letter

Administration report

Financials

# Administration report



Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

# Content

## Administration report

Financial review 2022	35
Significant events	37
Risks and uncertainties	38
Sustainability report	45
Corporate governance report	79
Remuneration and long-term incentive programmes	90
Financial statements and notes	93
Dividend motivation	161
Proposed disposition of earnings 2022	162
Auditor's report	163
The Saab share	168
Multi-year overview	170
Information to shareholders and glossary	171

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

## Administration report

Financial review 2022
Significant events
Risks and uncertainties
Sustainability report
Corporate governance report
Board of Directors
Group Management

Financials

# Financial review 2022

Saab AB (publ.), corporate identity number 556036-0793, has its registered address in Linköping, Sweden. The head office's visiting address is Olof Palmes gata 17, 5tr, 111 22 Stockholm. The telephone number to the head office of Saab AB is +46 131 800 00. Saab has been listed on Nasdaq Stockholm since 1998 and on the Large Cap list since 2006. The largest shareholder is Investor, with 30.2 per cent of the shares, corresponding to 40.6 per cent of the votes. The voting percentage is calculated based on the number of shares, excluding treasury shares, at year-end. At year-end, there were a total of 135,845,847 shares in the company, distributed between 2,383,903 Series A shares with ten votes each and 133,461,944 Series B shares with one vote each.

At year-end, a total of 3,356,963 Series B shares had been repurchased to guarantee the Group's share matching plans. The repurchased shares are held as treasury shares.

## Corporate Governance Report

In accordance with the Swedish Annual Accounts Act, Saab has prepared a corporate governance report. The corporate governance report, found here on pages 79-89, contains the Board of Directors' report on internal control of financial reporting, which includes disclosures on both the Parent Company and the Group.

## Sustainability Report

In accordance with the Annual Accounts Act, Saab has prepared a sustainability report, which can be found in this document on pages 45-78. For information on Saab's strategy, see page 17.

## Operations

As one of the world's leading high technology companies, Saab offers products, solutions and services for military defence and civil security. In 2022, the Group had customers in about 100 countries, while research and development is concentrated in Sweden. The Group has employees mainly in Europe, the U.S., Australia and South Africa, with local offices in more than 30 countries around the world.

Saab is organised in four business areas: Aeronautics, Dynamics, Surveillance and Kockums. In addition, Combitech, which provides consulting services, is an independent, wholly owned subsidiary of Saab.

## Corporate

Corporate comprises Group staff and departments as well as other operations outside the core business, including Saab's minority portfolio in Corporate.

Corporate reported operating income of SEK -725 million (-361) in 2022.

## Medium-term financial goals

On 14 February, 2023, Saab announced new medium-term financial targets for the period 2023-2027. These medium-term targets replace Saab's long-term targets on sales growth and operating income. The new targets are provided on the back of improved growth opportunities from increased market demand and Saab's significant order backlog.

The medium-term financial goals set in 2023 consist of goals for organic sales growth, growth in operating income (EBIT), operational cash flow and the equity/asset ratio for the period 2023-2027:

- An organic sales growth of around 10 per cent (compound annual growth rate).
- Operating income growth to be higher than the organic sales growth.
- Cash-flow conversion of minimum 70 per cent, cumulative for the 5-year period.
- The equity/assets ratio will exceed 30 per cent. At year-end 2022, the equity/assets ratio was 41.3 per cent (35.7).

## Dividend and dividend policy

Saab's long-term policy is to pay a dividend corresponding to 20-40 per cent of net income over a business cycle. For the financial year 2022, the Board of Directors is proposing a dividend of SEK 5.30 per share (4.90). The proposed dividend corresponds to 32 per cent (34) of net income.



## Outlook 2023

~15%

Organic sales growth of around

Operating income growth higher than organic sales growth

Operating income (EBIT)

Positive

Operational cash flow

Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

## Business area Aeronautics



### Financial highlights 2022

In 2022, Aeronautics' order intake increased by 68 per cent and amounted to SEK 13.1 billion, mainly driven by two contracts for Gripen C/D upgrade and maintenance to Sweden as well as a first production order for the advanced training aircraft aft systems from Boeing. Sales increased by 6 per cent for the full year and amounted to SEK 12.9 billion as a result of high activity level in the Gripen programmes and Aviation Services. The operating income and margin declined compared to 2021 due to negative impact from T-7 ramp-up and the commercial aviation business. For the full year, cash flow improved to SEK 107 million driven by higher milestone payments related to Gripen.

MSEK	2022	2021
Order bookings	13,119	7,828
Order backlog	42,645	42,429
Sales	12,942	12,263
EBITDA	858	871
EBITDA margin, %	6.6	7.1
Operating income (EBIT)	694	746
Operating margin, %	5.4	6.1
Operational cash flow	107	-768

## Business area Dynamics



### Financial highlights 2022

Demand was strong for Dynamics' product portfolio in 2022 with an order intake of SEK 17.8 billion for the full year. Orders included NLAW contracts to the UK and Sweden, several orders for Carl-Gustaf®, AT4 and RBS 70 from international customers and training contracts to the U.S. and Sweden. Sales increased by 6 per cent and amounted to SEK 9.2 billion with high delivery volumes and activity levels. The operating income increased by 40 per cent and amounted to SEK 1.6 billion with a margin of 17.0 per cent, mainly as a result of favorable mix in 2022. Cash flow improved for the full year and amounted to SEK 1.3 billion.

MSEK	2022	2021
Order bookings	17,811	10,909
Order backlog	30,821	21,831
Sales	9,168	8,690
EBITDA	1,658	1,201
EBITDA margin, %	18.1	13.8
Operating income (EBIT)	1,562	1,113
Operating margin, %	17.0	12.8
Operational cash flow	1,251	705

## Business area Surveillance



### Financial highlights 2022

Market interest continued to be high in Surveillance during 2022 and order intake increased to SEK 23.0 billion, with orders for two GlobalEye aircraft to Sweden as well as parts of the Signal Intelligence ships order to Poland and the Gripen C/D upgrade contract to Sweden. Sales growth was 9 per cent for the full year as a result of high activity level across business units. Operating income increased by 28 per cent to SEK 1.2 billion, corresponding to an operating margin of 8.0 per cent, mainly driven by the higher volumes. Cash flow for the full year 2022 was positive but lower than last year, which included large milestone payments related to GlobalEye.

MSEK	2022	2021
Order bookings	22,966	14,065
Order backlog	41,301	32,012
Sales	14,616	13,373
EBITDA	1,983	1,685
EBITDA margin, %	13.6	12.6
Operating income (EBIT)	1,176	917
Operating margin, %	8.0	6.9
Operational cash flow	1,314	4,040

## Business area Kockums



### Financial highlights 2022

Order intake continued to be strong for Kockums in 2022 and amounted to SEK 7.3 billion, driven by the Signal Intelligence ships order to Poland and contracts to Sweden for submarine upgrades, including a mid-life upgrade of the third Gotland-class submarine. Sales increased by 7 per cent as a result of high activity levels. Operating income improved for the full year corresponding to a margin of 8.3 per cent, mainly driven by efficiency and project mix. Cash flow decreased compared to last year due to timing of customer payments.

MSEK	2022	2021
Order bookings	7,267	8,853
Order backlog	12,772	9,099
Sales	3,614	3,388
EBITDA	329	243
EBITDA margin, %	9.1	7.2
Operating income (EBIT)	300	208
Operating margin, %	8.3	6.1
Operational cash flow	-288	-13



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

# Significant events 2022

## 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.

## 18 March.

Saab signed a contract with the Swedish Defence Materiel Administration (FMV) for the Mid-Life Upgrade of the third Gotland-class submarine, HMS Halland. The total order value is SEK 1.1 billion.

## 1 April.

The first two serial production Gripen E fighters arrived in Brazil and became operational with the Brazilian Air Force in December.

## 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 at <https://www.saab.com/agm>.

## 12 May.

Saab announced it had appointed Viktor Wallström as the 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.

## 30 June.

Saab received an order from the Swedish Defence Materiel Administration (FMV) for the GlobalEye Airborne Early Warning and Control (AEW&C) aircraft. The order includes two GlobalEye aircraft with deliveries planned for 2027. The order value is approx. SEK 7.3 billion.

## 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 (approx. SEK 750 million) and the first deliveries to Boeing are planned for 2023.

## 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.

## 15 September.

Saab announced it had become a minority shareholder in the Swedish electric aircraft manufacturer Heart Aerospace, supporting Saab's commitment to innovative technology and the transition to sustainable aviation.

## 25 November.

Saab signed a contract for design, production and support of two ships for Signal Intelligence (SIGINT) for Poland. The total order value is approximately EUR 620 million (SEK 6.7 billion) with deliveries planned during 2027.

## 30 November.

Saab announced the divestment of its Maritime Traffic Management (MTM) operation for an enterprise value of approximately EUR 40 million. The divestment is in line with Saab's strategy of increased focus in its core areas.

## 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.

## 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 newly approved targets.

## 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.

## 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.

## 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.

## Events after conclusion of the period

### 10 February 2023.

Saab announced changes in its Group Management and organisation. Lars Tossman was appointed Head of Saab's business area Aeronautics. Mats Wicksell assumed the position as Head of business area Kockums and became a new member of Saab's Group Management team. Jonas Hjelm took on a new position within the Group Management team as Head of the newly established group function Government Affairs.

### 14 February 2023.

Saab announced new medium-term financial targets for the period 2023-2027. These targets replace Saab's long-term targets on sales growth and operating income. The new targets are provided on the back of improved growth opportunities from increased market demand and Saab's significant order backlog.

### 24 February 2023.

Saab announced it had signed a framework agreement with a Government of a Western Country and received orders within the agreement for a number of defence systems. The total order value is approximately SEK 8 billion with deliveries planned 2023-2026.

### 24 February 2023.

The Nomination Committee proposed new election of Sebastian Tham to Saab's Board of Directors. Daniel Nodhäll declined re-election.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

# Risks and uncertainties

All businesses entail risk and risk management is a continuous process. Risks that are managed well add value by supporting strategy fulfilment and can lead to opportunities. Risks that are not managed properly can cause damages and losses. Saab takes a structured and proactive approach to identifying and managing risks and opportunities to safeguard the business.

Saab develops, manufactures and supplies technologically advanced systems and products to military and civil customers around the world. Operations largely consist of technology development as well as major projects carried out over long periods of time, usually several years, in close cooperation with customers, suppliers, partners and institutions.

Saab is affected by geopolitical, worldwide financial and sustainability factors as well as industry and business related events that can give rise to uncertainties and risks. The ability to identify, evaluate and manage risks is therefore essential to strategy implementation and in governance and control. The aim, by understanding risks and their impact, is to better support decision-making and meet Saab's long-term goals through proactive mitigation activities and balanced risk-taking within the established framework.

## Risk management

Within Saab, each business area and Group Function is responsible within its respective organisation for identifying and managing risks in accordance with the Group's common risk processes and current policies, guidelines and instructions. When combined with Enterprise

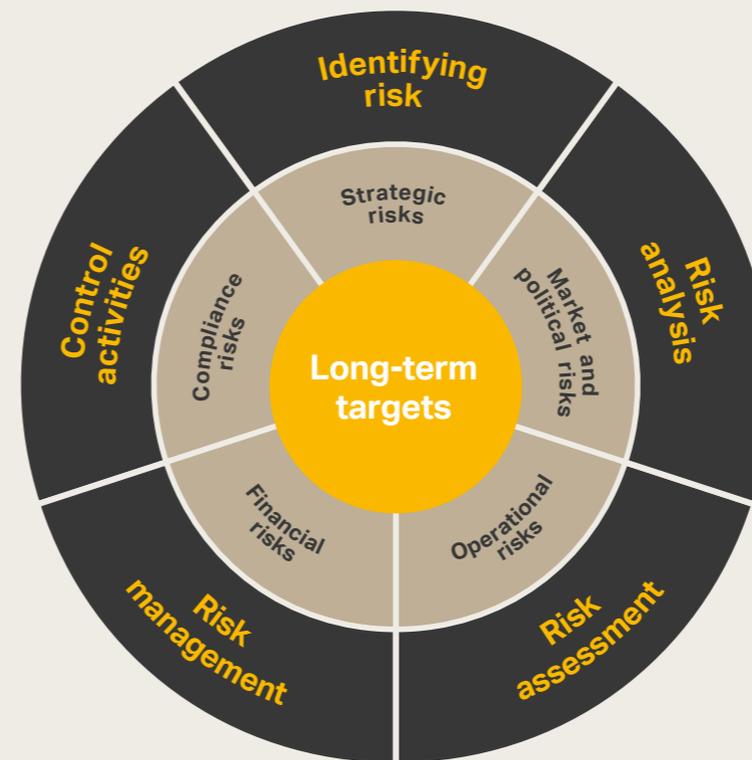
Risk Management (ERM), which focuses on the overarching risks and uncertainties the Group is exposed to, we get both a top-down and bottom-up view.

The purpose of ERM is to provide a Group overview of the risks and uncertainties Saab is exposed to and to support value creation, ensure risk awareness and balance risk versus return.

Most of the risks that are identified are managed within the business areas. Among these, Saab identifies a number of risks through the ERM process that individually or in combination can have a large impact at the business area level. These risks are weighed against the company's risk tolerance, and decisions are made on the appropriate measures to avoid, reduce, spread or accept risks. When needed, action plans are defined and implemented to minimise the probability and impact of identified risks. A number of these risks can potentially also affect the entire Group.

ERM work is part of the strategic work and involves the business areas' management as well as Group Management and Group

## Risk management



At Saab, each business area and Group Function is responsible within its respective organisation for identifying and managing risks in accordance with the Group's common risk processes and current policies, guidelines and instructions.

Functions. Sustainability is integrated in Saab's business and in the risk management framework.

The ERM function works actively with overarching risk management. The most pressing risks and uncertainties and how they are managed are regularly reported to Group Management, the Audit Committee and the Board of Directors during the year.

In addition, Saab has a process for monitoring internal control within financial and business related processes. Key controls, designed to handle a specific risk, are performed within business areas and Group functions according to each key control's frequency. Semi-annually, a self-assessment on completed key controls is performed.

The Internal Control function works with developing the internal control framework and supports business areas and Group functions in the internal control process. Result on performed key controls and self-assessment is reported to Management and once a year to the Audit Committee.

The external auditors perform testing of Saab's internal processes and key controls and report to Management and the Audit Committee once a year. Saab's Internal Audit function is independently responsible to perform audits on financial and business matters. The audits are reported and followed up by management and the Audit Committee.

### Insurance and loss prevention

Saab Group's global insurance programme contains all the usual types of business insurance, including product liability. However, Saab is not fully insured against effects from flooding, earthquakes and other natural disasters.

The management of insurance policies is centralised and the insurances are procured globally but also domestically. Insurance policies comply with local laws where applicable.

The main purpose of loss prevention is to prevent incidents, property damage and interruptions. A Group-wide programme called Saab Blue sets the requirements for physical protection, preventive work and action plans if incidents occur. To ensure that the requirements are met and to support the business operations in the preventive work, risk inspections are conducted on an annual basis and the results of these inspections are compiled and reported to Group Management.

### 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 practices. Saab is operating on a highly regulated market and it is essential for Saab as a responsible defence company to comply with all applicable regulations and commitments regarding export control and sanctions, i.e. sanctions from EU, UN, OSCE or other applicable country-specific sanctions. The armed conflict in Ukraine and the increased geopolitical tension, has led to increased security measures at Saab. This may lead to increased costs for security to protect Saab's sites, personnel, IT and cyber security.

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

### External environmental and climate risks

Climate changes and natural disasters can for example disrupt operations and/or affect the supply chain, and rules and requirements for industrial processes are continuously heightened. Saab works to mitigate such risks on the business, for example when planning new facilities at locations around the world. Saab is taking measures to mitigate the

occurrence of risks like extreme weather or higher energy costs, and takes into account the environmental considerations regarding building requirements, whilst striving to provide the best conditions for employees in accordance with Saab's environmental policy and climate goals. In support of this, and in compliance with stakeholder requirements, Saab has continued to adopt the Taskforce on Climate-related Financial Disclosures (TCFD) framework to analyse the financial risks and opportunities associated with climate change. The climate-related risks (and opportunities) identified in the TCFD analysis are an integrated part of the enterprise risk management.

Climate and sustainability are integrated in all aspects of Saab's strategy and operations, and lays the foundation for the company's long-term development and growth. In September 2021, Saab committed to the UN's Race to Zero initiative to combat climate change and to setting science-based targets in line with the Paris Agreement. The work with setting science-based targets continued during 2022 and in December, the targets were approved by the Science Based Targets initiative.

### Risks related to COVID-19

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 framework for sustainable finance

In recent years, the EU has launched a series of initiatives to put in place a regulatory framework for sustainable finance, based on environmental, social and governance (ESG) criteria. The main strategic objective of these initiatives is to mobilise private sector investments to support the green and

low-carbon transition. This year, Saab reports taxonomy eligible activities in relation to the first two environmental objectives. In parallel, there is also an increasing debate on the social dimension of sustainability, including attempts to define which activities are socially responsible. Policymakers and regulators work to find a common understanding of what is sustainable. There is a risk that financial market operators will continue to develop their own interpretation of the social aspects of sustainability that may affect financing and investors' support of defence activities. Therefore, Saab focuses on expanding its sustainability strategy to answer questions from stakeholders.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

## Strategic risks

Risk	Description	Management
<b>Strategic risks</b>	The strategy to grow globally by strengthening its presence in key markets, developing innovative solutions and acquiring companies in priority areas exposes Saab to various risks that can affect its ability to create value and reach its goals.	Strategic risks are managed through strategies and plans established by the Board of Directors, Group Management and the management teams of the business areas and Group functions.
<b>Development and introduction of new high-tech systems and products</b>	<p>Saab's success is dependent on its ability to develop and manufacture innovative products and launch them on the market at the right time and at competitive prices. Due to long development cycles, market changes can mean that demand has changed when products are ready to bring to market. The risk is that the products do not generate the previously expected return.</p> <p>Historically, a large share of Saab's product renewal has been achieved collaboratively with the Swedish Armed Forces and FMV and together with other nations.</p> <p>There are also risks for technology shifts, present competitors or new smaller companies developing new products or disruptive technologies that can make Saab's products appear obsolete.</p> <p>Saab can also be exposed to risks from a shifting market and increased competition due to the impact of climate change.</p>	<ul style="list-style-type: none"> <li>Investments in new products are made after analysis and assessment of future business opportunities.</li> <li>To reduce the development risk inherent in major systems multinational partnerships are imperative, and for internally developed products such as for example radar, command and control, and electronic warfare systems as well as tactical weapons it is important to early identify a launch customer.</li> <li>Saab expects Sweden to account for the largest share of its development expenditures in the fighter aircraft, missile and underwater areas.</li> <li>Develop certain technology in partnership with other companies, e.g. the T-7 trainer aircraft together with Boeing.</li> <li>Product development through modularisation, which enables new models to be developed continuously, cost-effectively and faster.</li> <li>Balancing R&amp;D between the traditional and new technologies. Saab is for example active in AI, additive manufacturing, machine learning and automation as well as in creating products with less environmental impact.</li> <li>Established the Saab Climate Fund, aimed at investing in product innovation that leads to reduced climate impact from the use of our products as well as efficiency measures in our processes and facilities.</li> <li>Developed our sustainable innovation strategy as part of our ongoing science-based targets project.</li> </ul>
<b>International expansion and collaborations</b>	Acquisitions and collaborations are an integral part of Saab's international growth strategy to further strengthen its presence in selected key markets.	<ul style="list-style-type: none"> <li>Thorough strategical, geopolitical and market analysis in connection with acquisitions and expansion.</li> <li>Business case driven expansion in focus countries.</li> <li>A combination of organic growth and acquisitions.</li> <li>International collaboration programmes, partnerships and joint ventures with other companies.</li> <li>Allocation of resources and local stakeholder management.</li> <li>Research collaborations with universities.</li> <li>A central organisation that is responsible for the acquisition process and supports the business.</li> </ul>
<b>Attract and retain key employees</b>	<p>Saab's future competitiveness and growth depends on its ability to globally attract and retain employees and leaders with the right skills in e.g. multiple technologies, production, IT security, digitalisation, business development and project management. Saab is also dependent on the professional development of its employees.</p> <p>Saab works with very complex technology and the product life cycle is long. It could therefore also be a challenge to ensure competence continuity over time.</p>	<ul style="list-style-type: none"> <li>Strategic talent mapping and planning ensures access to employees with the right skills at the right time, including strategic workforce planning.</li> <li>Apply a structured process to develop employees and identify talents, including job rotation, retention management and performance management.</li> <li>Learning and development opportunities "Learning landscape" on all levels to support upskill and reskill.</li> <li>A learning culture to accelerate development and innovation.</li> <li>Salaries and other conditions are adapted to the market and linked to business priorities. Saab strives to maintain good relationships with unions.</li> <li>Work long term to position Saab as an attractive employer among students and young professionals.</li> <li>Offer PhD services, trainee programs, master's thesis opportunities and summer jobs.</li> <li>Promote education and an interest in technology among younger students to broaden the future recruiting base.</li> <li>Corporate ambitions set high within areas such as climate (by setting science-based targets), which may be seen as important for attracting and retaining employees.</li> <li>A detailed description of Saab's sustainability work and key performance indicators for employees can be found in the Sustainability report.</li> </ul>



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

**Information management and cyber security related risks**

Saab manages information that is vital to its customers and in many cases to their national security. The information security risk for Saab is that information will fall into the wrong hands if handled incorrectly or in the event of an IT breach or manipulation of communication channels.

Cyber security risks are increasing in importance and the risks have increased in light of the speed of digital transformation and increased remote working, among other causes.

Cyber threats is a category of risk that has increased for Saab's products, which contain a large amount of software and defence secrets, since it has become more common for these products to be linked to civil networks.

Disruptions, cyber attacks and other security threats against Saab's business could harm the operations, reputation and have a significant adverse effect on earnings and financial position.

Saab also relies on IT systems in its daily operations. Disruptions to or errors in critical systems can have a direct impact on operations.

- Cyber security is regularly discussed, addressed and invested in. Adherence to increasing requirements from customers and governments regarding information security standards.
- Strategic initiatives to further ramp-up the secure digitalisation.
- Continuous and systematic information and IT security work and periodic audits of IT security.
- Clearly defined rules, processes, routines and technical solutions for information, IT and communication security.
- Standardised processes to implement new systems, upgrades and daily operations.
- All employees receive training in information management and security.
- Security measures taken and extra information to employees regarding security aspects of remote working.
- Different levels of physical and digital security classifications to reduce the risk of information leaks.
- Work with solutions to increase cyber security in Saab's products.

**Market and political risks**

Risk	Description	Management
<b>Market and political risks</b>	About 90 per cent of Saab's sales consists of defence materiel, which is regulated by national laws and regulations as well as international conventions, and more than half of total sales is international. Saab is therefore dependant on stable political and multinational relationships around the world, and national priorities.	Saab works proactively to manage market and political risks and uncertainties, through strategic impact assessments and alternative strategies. It is impossible, however, to completely avoid losing business opportunities or incurring damage if political or other market risks are realised.
<b>Geopolitical and macroeconomic risks and uncertainties</b>	<p>Demand for the defence materiel is dependant on the political mandate and willingness of national governments as well as fiscal flexibility. The defence industry is therefore affected by a number of macroeconomic factors, e.g. global economic growth, trade barriers and changes in exchange rates. It is also exposed to geopolitical risks.</p> <p>The large share of Saab's order backlog consists of contracts with an order value above SEK 1 billion, which will be delivered over many years. Consequently, the impact on Saab could be significant if a major contract is broken or amended and renegotiated because the customer is adversely affected by market factors.</p>	<ul style="list-style-type: none"> <li>• Strategical, geopolitical and market analysis of new regions and countries.</li> <li>• Market intelligence.</li> <li>• Dialogue with authorities and the political establishment.</li> <li>• Proactive measures to assess and manage risks and opportunities.</li> <li>• Major investments are mainly in focus countries and strategic markets.</li> <li>• Building long-term international relationships and partnerships with key stakeholders.</li> <li>• Terms and conditions.</li> <li>• Export guarantees, insurance solutions and other instruments.</li> </ul>
<b>Regulatory changes</b>	<p>The large share of Saab's exports is from Sweden, where the Swedish Inspectorate of Strategic Products (ISP) determines which defence products Saab may manufacture, market, sell and export to which countries. ISP does an overall assessment that weighs several factors. Since 2018, the democratic status of the recipient country is also playing an important role. Saab may also be dependant on export control laws in other countries where it has operations or suppliers. Some of Saab's civil products are governed by export controls on dual-use products. The risk for Saab arises from changes to laws, regulations and permits.</p> <p>Increasing business requirements from customers and governments to adhere to different standards.</p>	<ul style="list-style-type: none"> <li>• Continuously monitor laws, regulations and standards to adapt the business as needed.</li> <li>• A central function with responsibility for compliance to business requirements.</li> <li>• Dialogue with authorities in the political establishment.</li> <li>• Terms and conditions.</li> <li>• Central and local export control functions.</li> <li>• Aligning with global frameworks within the area of climate, such as TCFD and science-based targets, in order to meet current and future requirements from stakeholders such as customers and legislators.</li> </ul>

## Operational risks

Risk	Description	Management
<b>Operational risks</b>	Operational risks can affect Saab's ability to deliver on its commitments and are important to day-to-day operations. The risks include risks relating to order bookings, contract management, project execution, suppliers, product liability, the environment, and occupational health and safety.	Operational risks are managed in tactical and operational decisions as well as at an operating level throughout the organisation. Information about Saab's work with environmental and occupational health and safety risks can be found in the Sustainability report.
<b>Risks related to execution of long-term customer projects</b>	<p>Saab's operations involve complex, long-term development projects on the leading edge of technology that in some cases also include industrial co-operations with the customer's country. When a contract is signed, the product may not be fully developed in some instances. Contracts also often include a fixed-price component, which can entail a risk of incorrect pricing if the costs cannot be adequately estimated.</p> <p>The risk in long-term customer projects is therefore that Saab does not succeed in delivering cost-efficient, high-tech solutions as per the terms of the contract or in implementing the required industrial co-operation. Consequently, the commitment may not be fulfilled and the costs may run significantly higher with a negative impact on financial position and cash flow.</p> <p>The Group applies the percentage of completion method to recognise revenue from the majority of long-term customer projects. An estimation of total cost, including assessments of technical and commercial risks, is critical to revenue recognition and provisions for project losses as well as inventory valuations. Revised estimates of total project costs have a retroactive impact on results.</p>	<ul style="list-style-type: none"> <li>• An established quality assurance process – the Win Business process – includes a comprehensive analysis of risks and what is required to manage them.</li> <li>• During project execution – the Execute Business process – various types of reviews with clear tollgates are conducted continuously to identify and assess these risks and the measures taken to mitigate them.</li> <li>• Effective management of both the product delivery and the industrial co-operations.</li> <li>• Measuring and follow-up of productivity and efficiency.</li> <li>• Leverage technologies and products across Saab.</li> <li>• High demands are placed on project planning and control as well as monitoring to ensure at any given time that assumptions and assessments provide a satisfactory basis for reporting revenue and results.</li> <li>• Saab's largest projects are also regularly monitored by Group Management and reported to the Board of Directors.</li> <li>• Other projects with high impact are regularly monitored by each business area management and reported to Group Management.</li> <li>• Saab's internal audit is also independently reviewing the process adherence of a number of projects each year.</li> </ul>
<b>Dependence on new contracts and increased competition</b>	<p>A large share of Saab's revenue comes from a limited number of customers and relatively few contracts. Saab is therefore dependent on winning new contracts in a market with limited access, since there are only a certain number of governments and defence contractors to sell to.</p> <p>Competition in the military market as well as the commercial aircraft and security market is high. U.S. and European companies are especially strong players, with competition also increasing from companies in other parts of the world. Many competitors are also strong in their home markets.</p> <p>EU takes a more active role in forming the business conditions for the defence industry, moving towards more joint procurement and strives to consolidate the EU defence industry towards strong champions in each segment to avoid dilution of R&amp;D funding. This could limit access to the European defence market.</p> <p>A Swedish NATO membership means both opportunities and risks for Saab.</p>	<ul style="list-style-type: none"> <li>• The marketing organisation is organised to focus marketing and sales on key markets with the potential for new business.</li> <li>• Saab has identified four strategic markets: Australia, Germany, the U.K. and the U.S., where the local presence has been and will be further strengthened. Saab has also increased the local presence in focus countries, for example Brazil and Finland, with own operations and collaborations.</li> <li>• Product portfolio optimisation.</li> <li>• Focus on quality, innovation, security, development times, delivery precision and price.</li> <li>• Reference customers, partnerships and industrial collaborations.</li> <li>• Saab is part of the European defence industry and has operations and collaborations in several European countries.</li> <li>• Create role in new landscape (NATO &amp; EU) and work more proactively.</li> </ul>
<b>Supply chain risks</b>	<p>Saab is dependant on deliveries from subcontractors of e.g. sub-systems, components and equipment. For certain sub-systems, Saab is dependent on deliveries from one or a few suppliers.</p> <p>The suppliers must share the same values as expressed in Saab's supplier Code of Conduct and have sustainable production to avoid negatively impacting Saab.</p> <p>Saab is exposed to the uncertainty in the global supply chain and a higher inflationary environment. The risks primarily relate to the availability of certain raw materials, components and longer lead times, as well as general inflation. There is also a risk for shortage and increased costs for transportation as a direct or indirect consequence of the pandemic.</p> <p>Without a clear definition on sustainability, there is a risk that suppliers avoid doing business with defence companies to avoid being defined as unsustainable. Also, as we increase our own requirements within this area, there is a risk that fewer compliant suppliers are available.</p>	<ul style="list-style-type: none"> <li>• Select, evaluate and document suppliers and business partners based on objective criteria such as quality, the environment, delivery, price and reliability.</li> <li>• Active work with supply chain alternatives, such as second sourcing, in- and outsourcing to secure supply.</li> <li>• Close co-operations with suppliers for high quality.</li> <li>• Systematic measures to ensure that suppliers take ethical, social and environmental responsibility and work proactively to prevent damages.</li> <li>• Saab's supplier Code of Conduct and compliance monitoring.</li> <li>• Risks related to the uncertainty in the global supply chain are for example managed through contract management, re-planning, place order earlier and intensified dialogue and negotiations with suppliers.</li> <li>• Stakeholder dialogue of the impact of Saab throughout the value chain and actively participate in branch organisations work regarding the sustainability of defence industry.</li> </ul>
<b>Pandemic risks</b>	<p>A pandemic may potentially affect part of or the whole business from order intake, operations, deliveries, supply chain to employee health and well-being.</p> <p>A pandemic could potentially delay decisions due to other priorities in national budgets and in the long run impact defence budgets. Larger procurement campaigns may also be affected. It could also increase protectionism in certain markets.</p>	<ul style="list-style-type: none"> <li>• A well prepared crises management organisation and Business Continuity Management in place.</li> <li>• Prepared for disturbances in for example supply chain.</li> <li>• Digital tools for secure meetings with customers and suppliers and possibility for remote working.</li> <li>• Increased partnerships and local operations.</li> </ul>



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

**Risks and uncertainties**

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

## Financial risks

Risk	Description	Management
<b>Financial risks</b>	<p>Financial risks can affect the ability to protect Saab's financial position. The risk consists of potentially negative effects on Saab's financial assets and liabilities as well as contractual commitments. For more information, see note 35.</p> <p>There is a risk that financial institutes and investors, without a clear common definition on sustainability, do not see the defence industry as sustainable and avoid investing in Saab. Hence, there is a risk that the defence industry will not in the long run be seen as sustainable by investors and financial institutes.</p>	<p>Financial risks are governed by the Group's financial policy, which is adopted by Saab's Board of Directors, as well as detailed directives and processes. Management of these risks is centralised in Group Treasury and largely involves the use of financial instruments. The goal is to actively manage financial risks in order to reduce any negative impacts on the Group's results, competitive strength and financial flexibility. Group Treasury also supports the business areas in implementing financial policies and guidelines, and with training.</p> <p>Focus on expanding the sustainability strategy to answer the questions from stakeholders, as reported in the Sustainability Report.</p> <p>A Responsible Sales Policy implemented.</p> <p>Committed to the UN's Race to Zero initiative to combat climate change and to setting science-based targets in line with the Paris Agreement. Approved by the SBTi.</p> <p>Stakeholder dialogue of the impact of Saab throughout the value chain, implementing TCFD guidelines, communication and KPI reporting. Actively participate in branch organisations work regarding the sustainability of the defence industry.</p>
<b>Interest rate risk</b>	<p>The risk that Saab's net financial items will be negatively affected by changes in interest rate levels. Saab is exposed when the market value of certain items in the statement of financial position is affected by changes in underlying interest rates. The financial item with the largest exposure is pension obligations. Saab has both interest-bearing assets and liabilities.</p>	<ul style="list-style-type: none"> <li>• Interest rate futures and swaps to achieve the desired interest rate duration.</li> <li>• Interest rate and foreign currency risk from foreign currency. Funding is managed with currency swaps (internal) or cross currency basis swaps (external).</li> </ul>
<b>Currency risk</b>	<p>The risk that unfavourable exchange rates will negatively affect results or equity, e.g. when revenue and expenses are in currencies other than the functional currency (transaction exposure), when translating foreign subsidiaries to SEK (translation exposure) and when submitting fixed-price tenders in foreign currency.</p>	<ul style="list-style-type: none"> <li>• Currency exposure in the order backlog (transaction exposure) is hedged through netting and with currency derivatives (mainly currency swaps and forwards), which means that changes in exchange rates do not affect the future results from the order backlog.</li> <li>• Foreign currency risk due to translation exposure is not hedged.</li> <li>• Fixed-price tenders in foreign currency are usually managed in a separate tender portfolio, using both currency options and forwards.</li> </ul>
<b>Commodity price and shortage risk</b>	<p>The risk that the result will be negatively affected by general inflation and changes in commodity prices. Saab is exposed to commodity prices when purchasing raw materials and through electricity usage.</p> <p>Raw material constraints in the world market affect availability of steel, aluminium, copper, magnesium and chemicals. Due to these constraints, Saab is exposed to risks of increased lead-times and prices within the supply chain.</p> <p>Saab is dependant on for example electricity for its operation. Shortage due to extreme weather, increased demand and/or shortage in supply could impact the business.</p>	<ul style="list-style-type: none"> <li>• Exposure to prices in raw materials are primarily managed through contract and index clauses with customers and suppliers.</li> <li>• Proactive work with suppliers and long-term planning.</li> <li>• Exposure to fluctuation in electricity price is hedged with derivatives.</li> <li>• Ensuring functioning infrastructure and securing safe surroundings.</li> <li>• Further increasing the work to reduce electricity consumption.</li> </ul>
<b>Refinancing risk</b>	<p>The risk that Saab cannot refinance maturing loans with either new loans or its own funds, or that it becomes significantly more expensive. Financial debt mainly consists of bonds issued under a Medium Term Note programme.</p>	<ul style="list-style-type: none"> <li>• Debt is managed by Group Treasury and loans are primarily raised by the Parent Company to ensure efficiency and risk control.</li> <li>• Two Revolving Credit facilities (RCF) amounting to totally 6 BSEK was signed during 2021 (4 BSEK with 9 banks maturing 2026, and 2 BSEK maturing 2024).</li> <li>• A diversified loan maturity structure.</li> <li>• Issuing bonds with long maturity.</li> <li>• None of the existing credit facilities are restricted by financial covenantes.</li> </ul>
<b>Counterparty risk</b>	<p>Saab is in its day-to-day operation exposed to credit risks, mainly in transactions with customers, suppliers and financial institutions.</p> <p>Credit risk in accounts receivable is considered low, since the receivables are primarily from governments and public authorities.</p> <p>Financial credit risk consists of exposure to financial institutions through e.g. deposits, investments and outstanding derivatives.</p>	<ul style="list-style-type: none"> <li>• Accounts receivable payment risks are managed by utilising available banking or insurance products or in some cases export credit institutions.</li> <li>• All financial counterparties shall have a long-term credit rating of no lower than A- from Standard and Poor's or A3 from Moody's.</li> <li>• ISDA master agreements with financial counterparties.</li> </ul>



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

## Financials

**Reporting risk and tax risk** The risk related to communication of financial information to the capital market, is that the reports do not provide a fair presentation of Saab's actual financial position and results.

Reporting errors could result in management drawing the wrong conclusions.

Risks associated with transfer prices, but also new tax rules and guidelines and local tax laws in the countries where Saab operates.

- Saab's units regularly report their financial position in accordance with the International Financial Reporting Standards (IFRS). Saab's consolidated accounts, based on these reports, are prepared in accordance with IFRS and relevant parts of the Annual Accounts Act. See more information in note 1 and note 2.
- Saab's result is analysed by business area and Group Functions before publication.
- Saab has routines to ensure legal compliance, e.g. internal control, internal audit and external auditors.
- The central unit Group Tax is responsible for policies, instructions and guidelines in the tax area, and monitors compliance with local tax laws and transfer price policies.

**Pension obligations** Saab has relatively high pension commitments, some owed under defined benefit plans. Changes in assumptions of interest and inflation rates, mortality, retirement age and pensionable remunerations could result in significant changes to the present value of already accrued benefit obligations as well as the cost of new benefit accruals, affecting funding level of such plan. Investments, independently managed by Saab Pension fund exposed to market risk can also substantially affect funding levels. See more information in note 31.

If there is a shortfall in benefit plans, Saab could be required to make substantial unexpected cash contribution which would adversely affect cash flow and Saab's financial position.

- For its defined-contribution pensions, Saab pays fees to a separate legal entity that assumes the obligations.
- Defined-benefit pension obligations remain in the Group and are secured through Saab's pension foundation or insurance.
- The exposure is controlled by ensuring strict adherence to investment policy.
- Obligations are compared annually to the foundation's assets, and in the event of a deficit, Saab reports this as a debt in the statement of financial position.

## Compliance risks

Risk	Description	Management
<b>Compliance risks</b>	<p>In its operations, Saab is obligated to follow laws and regulations, be compliant with agreed customer regulations and make conscious decisions about which global standards Saab will live up to.</p> <p>Saab does business around the world and has relationships with customers and other stakeholders on every continent. Ethical values, transparent relationships and compliance are critical for Saab. The trust of the public and the political system, together with employee pride, is critical to Saab's long-term profitability and survival.</p> <p>Saab is aware that conducting business in certain parts of the world constitutes higher risks for potential human rights violations not only in the own organisation, but also through business relationships and in the supply chain.</p> <p>Saab's operations are also affected by approvals, licenses, patents and other intellectual property.</p> <p>Learn more about Saab's sustainability work and key performance indicators in the Sustainability report.</p>	<ul style="list-style-type: none"> <li>• Compliance issues are integrated in the business strategy and affect Saab's strategic priorities. This work is guided by Saab's Code of Conduct, which is adopted by the Board of Directors.</li> <li>• Policy of zero tolerance for bribes and corruption and committed to respect human rights in line with applicable legislation throughout the world and relevant global frameworks.</li> <li>• Training in Saab's Code of Conduct.</li> <li>• Strict scrutiny of marketing consultants and business partners.</li> <li>• Whistleblower system.</li> <li>• Supplier Code of Conduct.</li> <li>• Clear roles and responsibilities.</li> <li>• Information and IT security strategy and security classification.</li> <li>• Internal training on information management for all employees.</li> <li>• Systematic environmental work to reduce environmental impacts according to the Environmental Policy and fulfillment of environmental licenses.</li> <li>• Occupational health and safety policy.</li> <li>• Yearly employee survey.</li> <li>• Participation in the UN's Global Compact. Committed to the UN's Race to Zero initiative.</li> <li>• ISO 9001, 14001 and 45001 certified.</li> <li>• Saab's internal ethics and compliance function including Ethics and Compliance Officers in all Business Areas.</li> <li>• Internal Control and Internal Audit.</li> </ul>
<b>Non-compliance with data protection laws</b>	<p>Focus on Data Protection is increasing from authorities around the world resulting in Data Protection laws entering into force.</p> <p>The EU General Data Protection Regulation (GDPR) has an impact on the handling of personal data. Failure to comply may result in substantial fines and reputational damage.</p>	<ul style="list-style-type: none"> <li>• An organisation and routines to ensure that the GDPR regulation is followed.</li> </ul>
<b>Legal proceedings</b>	<p>In the normal course of business, Saab is involved in disputes and legal proceedings. These can be expensive, lengthy, take up resources and are often difficult to predict. There can be no assurance that provisions, where recognised, will cover the costs, nor that unprovisioned proceedings will not give rise to any significant additional expenditure.</p>	<ul style="list-style-type: none"> <li>• For some of these legal proceedings and disputes Saab has recognised a provision, see note 32 Provisions.</li> <li>• Other legal proceedings and disputes are not expected, either individually or collectively, to have any significant negative impact on Saab's financial position or result.</li> </ul>

Administration report

# Sustainability report

In 2022, Saab's sustainability journey continued. We further advanced our commitments by setting validated science-based targets and implementing framework related to our Responsible Sales Policy. We continued to strengthen sustainability governance within the organisation and introduced sustainability training to increase awareness and boost our employees.



Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

# Saab's sustainability report

## Our approach to sustainability

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.

Sustainability is a vital and integrated part of Saab's strategy and the foundation of Saab's commitment to responsible value creation for all stakeholders. Sustainable value creation is achieved through responsible business practices and continuously developing innovative solutions that contribute to safe and resilient societies. We believe that a strong sustainability framework is instrumental for future competitiveness.

Saab develops innovative, high-tech, and cost-efficient defence and security solutions. To supply such products is a considerable responsibility. Guided by our code of conduct for ethical business, complying with strict laws and regulations and executing on our sustainability strategy, we seek to earn the confidence of our customers, employees and society. To ensure that sustainable business practices are continuously advanced, the Saab Group and its management is driving and strengthening Saab's sustainability agenda and commitments further.

## Our contribution to sustainable development

Saab is committed to contributing to the UN SDGs, which is reflected in Saab's sustainability strategy. Based on a materiality analysis, Saab has mapped out where the company has the greatest impact on sustainable development and where efforts should be focused to find synergies between Saab's business plan and the SDGs. Saab strives to increase and retain a positive impact and realise opportunities within the areas of security, sustainable innovation, international cooperation, partnership, anti-corruption, diversity and inclusion. Simultaneously, Saab aims to decrease negative impact and manage risks in the areas of occupational health and safety, climate impact, human rights, resource use and hazardous substances.

There is an urgent need for climate action, which is why Saab has committed to Race to Zero and set science-based targets. Current trends indicate a continued increase of customer and legal sustainability requirements and stakeholder expectations within climate, human rights, and circular economy. Innovation is key in meeting future customer requirements based on alignment to the Paris Agreement and Race to Zero Campaign. Saab realises that being at the forefront of sustainable innovation will lead to a competitive advantage while inactivity will pose a business risk.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

**Sustainability report**

Corporate governance report

Board of Directors

Group Management

### Financials



The security situation in Europe has changed dramatically this year due to the tragic war in Ukraine and its implications on geopolitical tensions. As a consequence, Saab's stakeholders have shown an increased awareness of the importance of the security and defence sector and an interest to learn more about the sector's sustainability aspects. Saab has conducted many dialogues throughout the year around its sustainability work and Saab's contribution to the UN Sustainable Development Goal for Peace, Justice and strong institutions.

**About Saab's sustainability report**

Saab's sustainability report contains information on the company's development and impact in the areas of anti-corruption, environment, employees, human rights, and society. The report describes work practices, targets, results, performance indicators and material sustainability impact for each area. The sustainability report is prepared in accordance with the Annual Accounts Act and comprises all the Group's operations for the financial year 2022, unless otherwise indicated. Saab also reports sustainability data in accordance with the Global Reporting Initiative (GRI). The sustainability report, including the statutory report, comprises of pages 45-78. The GRI Index can be found at the end of the sustainability report. This is the first year Saab reports alignment to the new EU-taxonomy. Due to the taxonomy's focus on other sectors, Saab's core business activities are generally not covered by the taxonomy, which results in low taxonomy eligibility percentage.

A limited assurance has been conducted on the sustainability report as a whole, and a reasonable assurance on our scope 1 and 2 emissions, by PwC. The auditor's combined assurance report on Saab's sustainability report can be found on page 167.

Saab reports climate aspects to the carbon disclosure initiative CDP since 2006 and water aspects to CDP since 2021. For more information on CDP and Saab's complete reports, see [www.cdp.net](http://www.cdp.net).

**UN Sustainable Development Goals**

Peace, security and stability are fundamental for a sustainable future. By executing on our sustainability strategy, guided by our mission to keep people and societies safe, we contribute to sustainable development.

The UN Sustainable Development Goals that Saab contributes most materially to are:



**Annual & Sustainability Report 2022**

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

- Financial review 2022
- Significant events
- Risks and uncertainties
- Sustainability report**
- Corporate governance report
- Board of Directors
- Group Management

**Financials**

## Our highlights for the year:

- **Science-based targets defined and validated by the Science Based Targets initiative (SBTi)**
- **Responsible Sales framework strengthened**
- **Decision to introduce greenhouse gas reduction targets into the Performance Share Plan from 2023, in line with Saab's objective to reduce its climate impact**
- **Sustainability Council established**
- **Review of sustainability goals and targets for the focus areas within the sustainability strategy**
- **Developed and launched sustainability training, mandatory for all employees**

### The sustainability year 2022

During the year, Saab's sustainability journey continued. We strengthened the governance of sustainability further by establishing a Sustainability Council, complementing the Sustainability Board established in 2021. We have reviewed and updated targets within the strategic focus areas in the sustainability strategy and implemented sustainability training, mandatory for all employees.

In 2022 we set out with the ambition of setting science-based climate targets and developing the framework related to our Responsible Sales Policy, both of which we achieved. Saab developed and submitted new science-based targets to the Science Based Targets initiative in the first quarter with the targets validated and approved in December. Saab finalised and implemented a Responsible Sales framework at the end of 2022. The framework will further strengthen Saab's internal processes and human rights risk management regarding the sales and marketing of Saab's products.

Saab's Annual General Meeting 2022 decided to introduce greenhouse gas reduction targets into Saab's Performance Share Plan 2023. The performance target will have a weight of 10 per cent. The threshold for generating performance matching in relation to the greenhouse gas target will be a reduction level of at least 4.2 per cent annually, in line with the scope 1 and scope 2 science-based targets.

Going forward, the focus is to execute further actions to achieve the science-based targets, accelerate product innovation that contributes to our Race to Zero ambition, develop human risk due diligence in the supply chain, and improve sustainability communication and awareness.

### Governance of sustainability work

The Board of Directors oversees the company's sustainability strategy, focus areas, and material topics as an integrated part of the approval process for Saab's business plan and strategy each year. Progress is shared with the Board of Directors annually through the Annual and Sustainability Report.

The Sustainability Board is responsible for overseeing the implementation of the sustainability strategy and setting the agenda for Saab's sustainability work. The Sustainability Board is comprised of representatives from Saab's Group Management and chaired by Saab's Chief Sustainability Officer.

During 2022, Saab established a Group Sustainability Council to further strengthen the governance of sustainability topics. The Group Sustainability Council consist of representatives from each Business Area and Group Functions within Human Resources, Environment, Ethics and Compliance, Procurement, Finance, Government Relations and Marketing and Sales and is chaired by the Chief Sustainability Officer and Head of Group Sustainability. The Sustainability Council provides the Sustainability Board with background material, analyses, and recommendations for decisions.

Saab emphasises that every employee can contribute and have an impact on sustainable development. Saab produced and launched a sustainability training at the end of 2022, mandatory for all employees during 2023. This training, as well as integration of sustainability aspects in relevant processes in our global management system, support our employees in acting in line with our sustainability strategy and targets.

For governance of specific material topics, see pages 53-66.

### Policies and certifications

Saab's sustainability work is managed through established policy documents such as the Code of Conduct, Supplier Code of Conduct, Environmental Policy, Anti-Bribery and Corruption Policy, Modern Slavery Policy, Conflict Minerals Policy, Occupational Health and Safety Policy, Procurement Policy, Diversity Policy, Business Travel Policy, Security Policy, Tax Policy and Responsible Sales Policy. Several of these policies stipulate applying a precautionary principle through risk management. If negative impact still would occur, Saab has processes in



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

**Sustainability report**

Corporate governance report

Board of Directors

Group Management

### Financials

place for mitigation and remediation actions. The Board of Directors adopts the Code of Conduct. The CEO authorises and signs policies. The Code of Conduct contains sections on business ethics, information security, social responsibility, the workplace, the environment and more. The Code is available in Swedish, English, Portuguese, Spanish, German, Arabic and Czech. Saab also has a Supplier Code of Conduct based on the UN Global Compact's ten principles and the International Labour Organization's core conventions. Group policies are available to all employees in Saab's global management system and communicated for example through on-boarding processes and recurrent training. The policies are embedded in Saab's activities through implementation in relevant global management processes. Policies are also publicly available on [saab.com](http://saab.com).

Saab has certificates of conformance to ISO 9001, ISO 14001 and ISO 45001. A number of units are also certified according to ISO 27001. The certificates and specifications on the units covered are available at [saab.com](http://saab.com).

### Stakeholder engagement and materiality assessment

Achieving sustainable development is a global challenge and Saab will contribute to this goal together with our stakeholders. Stakeholder expectations, together with Saab's own strategic assessment, serve as essential input to Saab's sustainability strategy and, as a result, the contents of this report.

Saab conducted a comprehensive materiality analysis for the Saab Group during 2021. The process included the identification of Saab's main stakeholder groups, gathering responses through surveys and interviews and analysing the extensive material that was collected. The stakeholder groups that were asked to participate in Saab's materiality analysis included shareholders, financial institutions, employees, customers, civil society actors and suppliers. The stakeholder representatives rated the influence of various sustainability topics on a scale from not important at all to extremely important and rated Saab's most material positive and negative sustainability impact in

their view. In addition, Saab conducted its own assessment of significance of impacts on social and economic development and environmental protection based on severity, likelihood, scale and scope. This was done through a workshop with internal subject area experts. Both positive and negative as well as actual and potential impacts were considered.

Saab also conducts stakeholder dialogues on an ongoing basis through marketing and sales activities, customer dialogues, collaboration within industry organisations, meetings with financial institutions, supplier communications etc. The developments regarding regional security in Europe during 2022 has resulted in an increased awareness and focus on security and defence issues. Saab has in light of this conducted many stakeholder dialogues with interested parties, who have been interested in learning more about Saab's sustainability work and capabilities. Saab has welcomed the interest to understand Saab's role in society. The Sustainability Council and its subject area experts, serves as one of the information sharing platforms within the company on sustainability topics.

As part of the annual strategic business planning process in Q4 2022, Saab analysed changes in external and internal issues based on stakeholder dialogues and trends, and reviewed its material topics. The sustainability reporting standard "GRI 2021" was part of the topics considered within this review. See page 51 for the result.

Saab has prioritised to report on the material topics exceeding a determined threshold for significance, based on the stakeholder dialogue and Saab's impact assessment as well as changes and trends considered in the annual review of the material topics.

### Collaboration initiatives and memberships

Saab has since 2011 participated in the UN Global Compact and has pledged to follow its ten principles on human rights, labour, the environment, and anti-corruption. As guidance in its sustainability work, Saab has chosen to participate in several sustainability initiatives and organisations. Examples include:

- Aerospace and Defence Industries Association of Europe (ASD)
- International Forum on Business Ethical Conduct (IFBEC)
- Swedish Security and Defence Industry Association (SOFF)
- International Aerospace Environmental Group (IAEG)
- International Council of Swedish Industry (NIR)
- Global Compact Network Nordic Countries
- Enact's Swedish Network for Business and Human Rights
- CDP - Climate Change and Water disclosure
- Fossil Free Sweden (Fossilfritt Sverige)
- International Chamber of Commerce (ICC) Sweden
- Science Based Targets initiative (SBTi)
- Association of Swedish Engineering Industries (Teknikföretagen)



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

**Sustainability report**

Corporate governance report

Board of Directors

Group Management

Financials

# Stakeholder dialogue

Saab is committed to conducting business responsibly, drive sustainable innovation and contribute to safe and resilient societies. Therefore, Saab has an important role in a sustainable future. As no sustainable value can be created by Saab in isolation, the company needs to meet the expectations of and collaborate with its important stakeholders.

## Financial sector

The dramatically changed security situation in Europe during the year has led to many dialogues with the financial sector on the importance of the defence and security industry for sustainable development. The sector has shown an increased interest in Saab's sustainability strategy and its relevance for long-term return on investments.

## Society

Through its products and systems, Saab will contribute to creating safe and secure societies, which is a human right. Saab is, together with its employees, customers and partners, committed to contributing to a sustainable development and being a part of society's transition.

## Industry organisations

Swedish and international industry organisations form an important part of Saab's network of contacts and create opportunities to prepare for emerging expectations. Saab is an active member and promotes the organisations and their activities.

## Suppliers

Saab cooperates with stable and reliable suppliers with a high level of technical competence and integrity. In order for Saab's collaborations to be long-term, sustainable and profitable for both parties, they must be commercially professional and maintain a high level of ethics.

## Employees

Saab's employees are the strongest asset to enable Saab to achieve its sustainability commitments. Saab is dependent on access to competent, motivated, and proud employees. To meet this need, Saab always strives to be an inclusive work place where all employees are part of our work towards building a more sustainable future.

## Customers and partners

Saab's projects and technical collaborations are complex and long-term. Because of this, Saab's customers and partners are essential parts of the value chain and have a significant impact on Saab's sustainability efforts. By partnering with customers and stakeholders on sustainability, Saab looks forward to finding ways to offset and mitigate negative impacts, while maximising the positive impacts from the defence and security sector.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

## Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

## Process for material topics

### Stakeholder engagement

Interaction with stakeholders through interviews and surveys, and communication on an ongoing basis



### Identify impact

Identification of Saab's economic, social and environmental impacts



### Materiality assessment

Assessment and rating of impacts to determine the most material sustainability topics



### Sustainability strategy

Implementation of Sustainability Strategy as part of the strategic business planning



### Disclosure

Communication and reporting on progress



# Our sustainability strategy

## Focus areas and material topics 2022

Based on the materiality analysis that was conducted during 2021, and reviewed in 2022, Saab has mapped out where the company has the greatest impact on sustainable development and where efforts should be focused to find synergies between Saab's business plan and the UN Sustainable Development Goals. The sustainability strategy has been approved by Saab's Board of Directors as part of the approval of the strategic business plan. The following pages contain information on each of the material topics within the strategy.

## Keeping people and society safe



# Targets and progress

## Contributing to resilient and safe societies

Area	Targets	Progress 2022
<b>Business and Human Rights</b>	At least 50% of strategic suppliers assessed or have committed to be assessed based on social and environmental criteria in 2022 (Ecovadis)	55%
	100% of sales leads flagged in screening are assessed for human rights risks	New target set Dec 2022, will start reporting from 2023
<b>Anti-Corruption</b>	Zero tolerance for corruption	See page 54-57
<b>Information Security</b>	Information security integrated in all central processes (100%)	52%
	Data privacy integrated in all central processes (100%)	67%
<b>Export Compliance</b>	Saab will remain its excellence in export control through robust rules, processes and training	See page 58

## Driving green and social transition

Area	Targets	Progress 2022
<b>Climate Impact</b>	Reduce Scope 1 & 2 CO <sub>2</sub> e emissions by 42% by 2030 (related to 2020) <sup>1</sup>	24% reduction
<b>Hazardous Substances</b>	Phase out chromates, cadmium and other prioritized hazardous substances <sup>2</sup>	See page 60-61
<b>Circular Economy</b>	Reduce waste to landfill by 10% by 2025 (related to 2019) <sup>2</sup>	83% reduction
	Reduce water withdrawal by 20% by 2025 (related to 2018) <sup>2</sup>	20% reduction
<b>Occupational Health and Safety</b>	Yearly reduction in total recordable injuries <sup>3</sup>	TRIFR: 2.61

<sup>1</sup> New target from December 2022

<sup>2</sup> Valid until December 2022. New targets will apply from 2023

<sup>3</sup> New target during 2022

## Partnering for innovation

Area	Targets	Progress 2022
<b>Diversity and Inclusion</b>	At least 25% of employees and 30% of managers will be women by 2025	24% employees and 27% managers globally
<b>Innovation, Industrial Cooperation &amp; Partnership</b>	Saab will annually have at least 30 PhD candidates.	30 PhD candidates

## Contributing to resilient and safe societies

A commitment to the needs of society has been Saab's core mission since its founding. Today we look to the future, focusing on the challenges our stakeholders encounter. Saab contributes to strengthened resilience and security for individuals and society as a whole, which are prerequisites for sustainable development.

### Business and Human Rights

Being a producer of defence equipment is a considerable responsibility. Saab is committed to respecting human rights throughout its operations and value-chain, in line with the UN Global Compact and the UN Guiding Principles for Business and Human Rights.



### Contributing to resilient and safe societies



Business and Human Rights



Anti-Corruption



Information Security



Export Compliance

### Impact on human rights

Human rights is one of Saab's material sustainability topics, according to Saab's materiality analysis. Through its value-chain, Saab has an impact on human rights within several stakeholder groups. These include employees, workers in the supply-chain, contractors, local communities, and individuals. Saab's most salient human rights risks relate to labour rights in Saab's supply-chain and to the potential misuse of Saab's products by customers and end-users.

The sale of defence equipment can entail risks for violations of human rights, if the equipment is misused. This can include risks relating to misuse of government authority, privacy, violence, harmful testing of products and violations of International Humanitarian Law. These potential impacts are most likely to occur within states, and not during international armed conflicts between states.

As a producer of advanced technology and complex platform systems, Saab also has a significant supply chain, where risks relating to labour right violations exist. This impact is most likely to occur at suppliers that Saab does not have a direct business relationship with, beyond tier 1 suppliers. Over 80 per cent of Saab's tier 1 suppliers are located in Europe or North America.

### Governance of topic

Saab manages human rights risks in the supply chain, in Saab's operations and related to the end-use of Saab's products. Saab's human rights commitments are outlined in several policy documents, such as the Code of Conduct, Supplier Code of Conduct, Modern Slavery Policy, Conflict Minerals Policy, and Responsible Sales Policy. Human rights issues are managed within several processes, with the most salient human rights issues being managed through sales and procurement processes.

Saab's global Responsible Sales Policy clarifies and strengthens the commitment to human rights risk management. The framework connected to the policy was implemented in Saab's marketing and sales process at the

end of 2022. A newly formed function within Group Sustainability will support internal sales processes with expertise relating to the policy. The framework includes a process for identification of risks, mitigation activities and decision-making. It complements existing export control and serves to strengthen Saab's sustainability commitment. See page 58 for information about Saab's work with export compliance.

Saab's view is that actively addressing sustainability in the supply chain is not only positive for people and the environment, but also promotes other values such as quality, a long-term outlook and profitability. Saab works continuously to find better ways to manage risks in the supply chain. The Procurement Council, which is comprised of Saab's procurement managers, has a responsibility to lead improvements in this area. Strategies are developed by a Group procurement unit. The work at an operational level is coordinated and developed through a work group, the Responsible Sourcing sub-team, made up of procurement representatives from each business area. The sub-team, led by the central procurement function, implements the strategy, and seeks support from and decisions by Procurement Council when required. Within the Procurement Council, the Procurement Sustainability Council works to support implementation of improvements. Support is also available from a cross-functional reference group and Group Sustainability.

Saab participates in business networks focusing on sustainability and human rights, to gain experience through peer-to-peer exchange and to follow legislative developments.

### Targets and progress during 2022

Saab will ensure compliance with the Responsible Sales Policy in the sales process through the CRM-tool, where the related framework was implemented at the end of 2022. With the new framework in place, a responsible sales screening will be carried out for all new sales leads in an early stage

of the sales process. Sales leads that are considered high risk must go through an extra due diligence process, where potential adverse human rights impacts of the sales lead are identified. It will also be evaluated if the risks can be mitigated or avoided. Based on the due diligence process, an informed decision will be taken by the business area. It is also possible to escalate decisions to the corporate level for guidance. Starting in 2023, Saab will report process indicators for the Responsible Sales Policy.

For the management of sustainability in the supply-chain, Saab uses the third-party service Ecovadis. New and existing suppliers' sustainability performance, risks and opportunities are assessed through Ecovadis. Saab has a risk-based approach when assessing supply-chain sustainability risks, focusing on suppliers of strategic importance or with high sustainability risk. Saab had a target of assessing, or receiving assessment commitments from, at least 50 per cent of its strategic suppliers in Ecovadis 2022. The result for 2022 was 55 per cent. Outcomes of the assessments form the basis for continued activities and dialogue with the supplier, to ensure that expectations and requirements are met concerning sustainability.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

**Sustainability report**

Corporate governance report

Board of Directors

Group Management

Financials

## Anti-Corruption

Saab does not tolerate corruption in any form. It goes against our Code of Conduct, our values and the principles and standards we hold ourselves accountable to. Saab works systematically to identify, assess, and manage corruption risks. Everyone who enters into business with Saab should do so knowing that the relationship is built on solid ground.

### Impact on corruption

The harmful effects of corruption on society are extensive. It erodes democratic institutions, distorts justice, and stifles economic development. It negatively impacts the safeguarding of all human rights.

Corruption also has serious consequences for business. It hampers competition and exposes companies and their employees to serious legal consequences, e.g. imprisonment, fines and debarment, and reputational damage.

Saab's exposure to corruption risk stems from three factors. First, as a defence contractor the business is largely oriented towards states and their agencies, i.e. the public sector. Second, Saab is a global company which means that business is also conducted in countries where corruption risks are significantly higher than in domestic markets. Third, business is typically conducted in collaboration with other companies, which may result in Saab also being liable for their business conduct.

### Governance of topic

The Board of Directors adopts the Code of Conduct. The Audit Committee monitors the development of the Code of Conduct and the efficiency and adequacy of Saab's anti-bribery and corruption (ABC) programme. Group Ethics and Compliance manages and develops the ABC-programme under the supervision of the Ethics and Compliance Board, which is chaired by the General Counsel and meets at least eight times per year. Market Network Management (MNM) operates the Business Intermediary on-boarding process and conducts business partner due diligence investigations. Local Ethics and Compliance

## Business Intermediary Engagement



## Number of Business Intermediaries as of December 2022 and their distribution based on Transparency International's Corruption Perception Index

Type of business intermediary	Total	Transparency International's Corruption Perception Index (CPI)				
		0-30	31-40	41-60	61-80	81-100
Market Consultants	93	1	24	20	37	11
Resellers	38	1	6	14	16	1

## Training and Assessment of Business Intermediaries

Number and % of business intermediaries that have undergone ABC-training	Number of business intermediaries that failed due diligence or were terminated due to ethical concerns in 2022	Number of business intermediaries that have been audited by Saab in 2022	Number of business intermediaries audits resulting in material remarks in 2022	Number and % of business intermediaries that have taken recurring ABC e-learning in 2022
131 (100%) at on-boarding	2	5	2	115 (86%)

## Training of Employees

Number and % of targeted employees that have taken the marketing and sales ABC e-learning	Number and % of targeted employees that have taken the procurement ABC e-learning	Number and % of targeted employees that have taken classroom training, Red flag 2022
Nov 15, 2021 - Dec 31, 2022: 697 (82%)	Nov 15, 2021 - Dec 31, 2022: 368 (86%)	75 (88%)



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

**Sustainability report**

Corporate governance report

Board of Directors

Group Management

Financials

Officers oversee the implementation of the ABC-programme in Business Areas and provide first line guidance and advice.

**Corruption risk assessment**

Saab seeks to identify and assess corruption risks and programme improvements in multiple ways. The business corruption risk module of the enterprise risk management (ERM) process serves to rate the corruption risk in Saab's business dealings. This is done using a method that measures the corruption risk in all business prospects above 50 MSEK against a set of weighted risk indicators and a country risk multiplier. All of Saab's four Business Areas performed the business corruption risk assessment in 2022.

In addition, Ethics and Compliance performs an annual programme risk assessment to identify and manage corruption risks and gaps in Saab's anti-bribery and corruption programme. Data to the programme risk assessment is collected from several sources including stakeholder workshops, regulatory requirements, external benchmarking, ERM-output and other metrics.

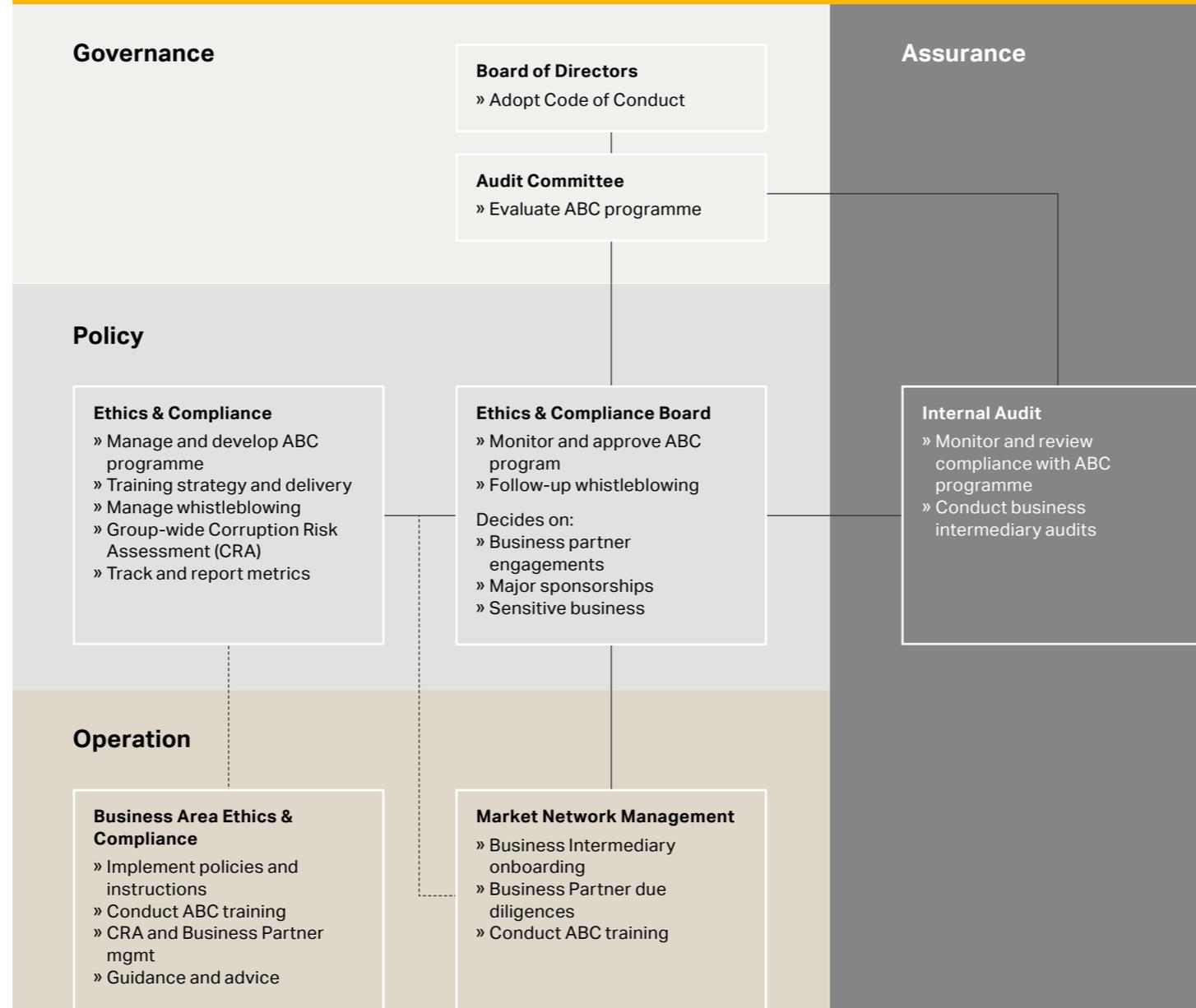
The result of all assessments and activities are converted into actions in annual activity plans or road maps.

**The most significant programme risks/ gaps according to the latest programme risk assessment**

- The engagement and monitoring of business intermediaries
- The management and governance of joint ventures
- Customer requirements to deliver offset
- Need to increase supply chain due diligence efforts to meet upcoming legislation
- Need to further develop and increase internal training efforts

# Group ethics and compliance

## Anti-bribery and corruption governance structure



**Annual & Sustainability Report 2022**

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

**Sustainability report**

Corporate governance report

Board of Directors

Group Management

Financials

**Cases of whistleblowing (incl. remedial actions)**

Issue types	Number of reports to the whistleblowing hotline in 2022	Number of reports resulting in disciplinary action
Bribery and corruption	1	
Competition law and anti-trust		
Conflict of interest	2	
Discrimination and harassment	3	
Environment		
Finance and accounting		
Information management – personal data and business critical information	1	
Misuse of company assets	1	1
Personal health and safety	1	
Security - IT, personal and physical	3	
Trade regulations		
Other suspected misconduct or breach of law	1	
<b>Total:</b>	<b>13</b>	<b>1</b>

**Scrutiny of business partners**

Business partners may pose a legal and reputational risk as part of the corruption risk if not managed correctly. This is particularly true for business partners that are engaged in promoting or assisting Saab's marketing and sales efforts, business development or strategic planning ("Business intermediaries") and the company has dedicated resources and processes in place to manage and mitigate business partner risk in general, and business intermediary risk specifically.

Business intermediary engagements are governed by a centralised process serving to (i) assess the business intermediary's credentials and suitability for the assignment through due diligence and background controls, (ii) train and bind the business intermediary to Saab's anti-bribery and compliance expectations through appropriate contractual commitments, and (iii) follow-up and control the business intermediary's performance and conduct. The Ethics and Compliance Board (ECB) approves individual engagements above certain thresholds and reviews statistics. Saab's internal auditors conduct reviews each year of a number of selected business intermediaries to verify compliance and ensure that the intermediary is acting in line with Saab's values and contractual terms. Each engagement has a dedicated agreement monitor responsible to follow-up performance of services, activity reporting and payment process.

Similar corruption risk management processes are applied for other high-risk business partners, such as prime contractors, offset suppliers and joint ventures.

**Gifts and hospitality**

Saab's rules on gifts and hospitality provide clear guidance and set requirements of approval depending on the value of the benefit. A tool is in place to document and identify red flags. Sponsorships and donations

are also subject to a structured decision-making process and requirements regarding documentation and recording. As a policy, Saab does not sponsor political parties or candidates.

**Training**

Web-based Code of Conduct training is mandated for all employees. Senior executives, business leaders and those in high-risk functions including marketing and sales, business development, project management and sourcing also receive customized anti-corruption training through web courses and classroom sessions. The Board of Directors receives more extensive anti-corruption training every three years with the latest training taking place in 2020.

**Whistleblowing**

Employees who become aware of or suspect a violation of Saab's Code of Conduct are expected to speak up and report it, either through the normal line reporting or through Saab's whistleblowing hotline. The whistleblowing hotline is hosted by an external party and allows employees and external parties to report anonymously online or by phone. Reports and investigations are treated confidentially, and Saab does not tolerate any form of retaliation.

**Targets and progress during 2022**

- Developed a new Code of Conduct, to be launched 2023
- Updated our speak up procedures to meet EU whistleblowing legislation
- Produced dilemma scenarios for classroom training

## Information Security

As a security and defence company, Saab manages information that is of vital importance to its customers and in many cases to Sweden's and other nations' security. In an increasingly uncertain world with growing cyber security challenges, continuous and systematic security management is critical.

### Impact on information security and data privacy

Mishandling of information can have serious security policy implications for Saab's customers, which is something that can have severely negative impacts on national, regional and global security, as well as for individuals.

Saab also manages the personal data of employees and business partners. Incorrect handling of personal data can jeopardize the right to privacy and lead to negative consequences for the individuals affected by an incident.

### Governance of topic

Saab has a global security organisation, which works in accordance with Saab's Security Policy and Saab's management system for security. The management system is based on ISO 27001, to continuously improve the security governance and security management within the company. Saab performs regular training of employees and has processes in place for risk and incident management, security audits and vulnerability management.

Saab's Data Privacy Policy establishes and communicates the importance of data privacy for the entire Saab Group. The Data Privacy Programme covers and supports all business areas and group functions. The Data Privacy Programme provides training to employees and to business partners that process personal data in their work with Saab. Saab assesses IT systems to identify and mitigate privacy risks and the company works closely with other functions to manage any potential personal data breaches.

## Targets and progress during 2022

Due to the increasing volume and complexity of security threats facing Saab, its customers and suppliers, the company must continuously manage security risks across its global organisation. Due to the nature of Saab's operations, Saab cannot disclose specific information about risks and risk management. Saab however annually reports on the ongoing integration of information security and data privacy in the company's central processes. For Saab to go from demand-driven security to process-integrated security, the company established a target in 2019 to introduce information security controls in all central processes. The table to the right shows the result of these efforts until 2022.

### Targets and progress

	2020	2021	2022	Target
Information security integrated in all central processes	40%	45%	52%	100%
Data privacy integrated in all central processes	40%	40%	67%	100%



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

### Financials

## Export Compliance

Saab operates in an area where there are both national and international rules and regulations that the company must comply with concerning export control. All exports of defence equipment from Sweden and other countries where Saab has operations are subject to applicable laws and regulations. Export control is legislation that regulates export of goods, services, and technology. A major part of Saab's products, services and technologies are regulated by Swedish export control legislation.

### Impact of export compliance

The UN Charter states that it is the inherent right of each country to protect its citizens from armed aggression. Military defence is the ultimate prerequisite for this. A domestic defence industry is an important component of defence capabilities but requires sales and technology cooperation with other countries to develop over the long term.

Export permission can be granted if there are security and defence policy reasons for the export and if it is compatible with Swedish foreign policy interests. Export should not conflict with any of Sweden's international commitments or obligations. Decisions on export authorisations are decided on a case-by-case basis by the Inspectorate of Strategic Products (ISP) which considers a number of criteria in its overall assessment, including the situation regarding respect for human rights and international humanitarian law in the intended recipient country. ISP also considers the type of product the decision applies to. Saab's subsidiaries in other countries adheres to the export control regulations of the respective country in question.

While defence equipment helps to uphold human rights, if misused, they can also be used for violations of human rights and international humanitarian law. The export of defence equipment therefore entails a high degree of responsibility, and the area is consequently surrounded by strict regulations. The UN

Sustainable Development Goals highlights the need to combat illicit arms flows.

### Governance of topic

The company has policies and tools to facilitate compliance with export control regulations that apply to its products, technologies, and operations. The Head of Export Compliance is responsible for the company's overarching policy, directives, and governing policy documents as well as for providing advice to the businesses on operational issues and monitoring compliance within the company. In addition, each business area has its own export control organisation to manage the work at an operational level. To facilitate collaboration and prioritise needs, Saab also has an Export Control Council with representatives from business areas.

### Targets and progress during 2022

Saab is constantly developing its processes to improve its work. Internal training in export control is held continuously for employees who come into contact with controlled products and technology. For export control officers and other key personnel, a biennial conference is held to increase knowledge and understanding of different export control regulations as well as related areas of law. All of Saab's Swedish export control managers are certified according to the Swedish Export Control Association. Saab also collaborate with other industries through various trade associations in Sweden, the EU, and the U.S.

Saab has a close ongoing dialogue with export controlling authorities to ensure compliance and build knowledge together with stakeholders. The Swedish government annually produces an extensive report to the Swedish parliament on export control of military equipment and dual-use products. The annual report and other information can be found at ISP's web site.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

## Driving green and social transition

Saab is committed to reducing climate impact throughout its value chain and ensuring a healthy and safe workplace for all its employees. Saab also work systematically to phase out and avoid hazardous substances in systems and products.

### Climate Impact

Saab, like most other industrial companies, is an emitter of carbon dioxide through our own corporate activities and facilities as well as those tied to our value chain. This means that Saab is one of many companies that needs to reduce emissions and contribute to solving the challenge and risk that climate change poses.



### Driving green and social transition



Climate Impact



Hazardous Substances



Circular Economy



Occupational Health and Safety

### Saab's impact on climate

Saab has gone to great lengths to map climate impact throughout the value chain, which is a prerequisite for setting relevant and actionable targets. The absolute majority of Saab's climate impact is related to the use of a handful of products and to purchased goods and services.

### Governance of topic

To further the company's climate ambitions and to ensure that Saab approaches this global challenge in line with global compacts, such as those set out in the Paris Agreement, Saab took the decision in September 2021 to commit to the Science Based Targets initiative (SBTi), as well as to achieve net zero emissions by 2050 throughout the value chain by joining the United Nations Climate Change Race to Zero Campaign.

The process of establishing science-based targets has provided Saab with a clear path on how we can reduce our direct emissions, known as Scope 1 as well as Scope 2 emissions, while enabling our organisation to work with the Scope 3 emissions that are material to our business. The latter scope represents the absolute majority of Saab's carbon footprint. Setting science-based targets has been instrumental in further refining Saab's global carbon reduction strategy.

During the year, Saab established a dedicated science-based targets project and has begun to perform work that has been identified as crucial to reaching our targets. To do so efficiently and in an organised manor, involving multiple functions within the organisation, we have established 'Climate Task Forces' in the areas identified as the most carbon-intensive. These Climate Task Forces have contributed to several positive developments throughout the year, including decisions that will have a long-term impact on reduced emissions from business travel and flight-testing. Our Climate Task Forces will continue their work into 2023 at the very least.

The global framework Task-Force on Climate-related Financial Disclosures (TCFD) has provided us with a deeper understanding of the risks and opportunities associated with climate change. Saab has set into motion a number of actions and activities that will ensure that the company controls these environmental risks and realises environmental opportunities. Saab assesses climate-related risks and opportunities within the short term (0-1 years), medium-term (1-5 years) and long-term (5-30+ years) time horizons. We utilise our existing Enterprise Risk Management (ERM) platform, which allows a holistic analysis of both financial and strategic impacts from climate-related risks.

Many of Saab's customers have made commitments to reduce their climate impact. One of our Climate Task Forces has been assigned to work with innovation that reduces emissions from our products in order to meet future customer demand and contribute to Saab's goal of reaching net zero emission by 2050.

Saab collaborates closely within several forums such as European Defence Agency (EDA), International Aerospace Environmental Group (IAEG) and Defence Innovation Sweden (SOFF) which examine opportunities for Saab as a company and the Aerospace and Defence sector as a whole to accelerate the climate efforts and ambitions of our users, through for example transitioning to circular business models, the reduction of hazardous substances and transitioning to more sustainable fuels and other energy sources.

Climate change has thus far not had a significant, direct impact on Saab's ability to carry out its business. However, the company recognises that climate change has the potential to affect its business through risks related to the transition to a low-carbon economy, risks related to the physical impacts of climate change, and climate-related business opportunities.

## Electricity supply interruptions

Electricity supply interruptions due to extreme weather events is the greatest physical risk identified through Saab's application of the Task Force in Climate-related Disclosures framework. Saab has experienced such interruptions impacting our operations in Brazil, Australia, South Africa, India and in the U.S. Electricity interruptions may lead to downtime in operations and possible damage to machinery. Deliveries could be interrupted, leading to reputational damage, contract violations and potential financial penalties. Back-up generators exist but come with a financial and climate price tag.

Although this is an identified risk, the impact is limited due to the issue being largely confined to sites with lower production volumes. Mitigation activities include ensuring functioning infrastructure and surroundings, possibly entering into agreements with power suppliers to expand energy production, as well as limiting contractual exposure to circumstances beyond Saab's control. This risk and the mitigation actions have become even more amplified in light of the current energy crisis impacting Europe as a result of the war in Ukraine.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

**Sustainability report**

Corporate governance report

Board of Directors

Group Management

Financials

### Targets and progress during 2022

Saab has made significant efforts to reduce greenhouse gas emissions from own operations and has successfully reduced greenhouse gas emissions by more than half since 2017. During the COVID-19 pandemic Saab, like many other companies, saw a large reduction in emissions from business travel as a result of travel restrictions. In the past years we have further reduced our emissions from Scope 2 through energy efficiencies and increasing the purchase of renewable energy certificates, both for our operations in Sweden and even more importantly and extensively abroad.

Saab tracks energy consumption, business travel, energy efficiency measures, and similar through quarterly internal reporting. Saab reports climate aspects to the global reporting framework CDP in accordance with the Greenhouse Gas (GHG) Protocol. We received a score of A- in 2022 for the fourth consecutive year. For information on CDP and Saab's complete report, please see [www.cdp.net](http://www.cdp.net).

Saab AB, with the approved science-based targets, commits to reduce absolute scope 1 and 2 GHG emissions by 42 per cent by 2030 from a 2020 base year. The targets address climate impacts through the entire value chain, including scope 1, 2 and 3 emissions. Scope 1 and 2 emissions include the combustion of fuels such as from our flight testing, oil furnaces and procured energy. The Scope 3 targets are divided into three categories: a) Use of sold products and services, where we have committed to enable an annual emissions reduction of 2.5 per cent; b) Saab business travel and the transportation of goods are also targeted with a 2.5 per cent yearly reduction and lastly; c) An engagement target to influence at least 50 per cent of Saab's suppliers to reduce their own climate impact through setting science-based emission reduction targets in line with SBTi resources.

Our science-based targets will be comprehensively reported on for 2023, meanwhile for 2022 we follow up on the target for scope 1 and 2. During the target approval

stage and in the years before, Saab has made good progress in reducing our Scope 1 and 2 emissions, such as energy efficiency measures, but also in reducing the climate impacts of our products and business travel (Scope 3). Some examples of decisions and actions taken in 2022 to reduce greenhouse gas emission are:

- Saab's electricity savings campaign "Turn it off" launched to reduce electricity use
- Continued energy efficiency measures, resulting in estimated energy savings of 3,576 MWh annually
- The Climate Fund allocated resources to convert to alternative energy sources for a production process, the development of an interactive EV-charging infrastructure map at Saab sites, a new training to avoid fuel disposal after flight testing and more
- Developed a strategy for innovations that reduces emissions
- Increased the number of electric vehicles charging points at Saab sites by 100 per cent
- Decision to only allow zero emission/electric company cars, to be rolled out for new orders from mid-2023
- Decision to allow the use of biofuel blends in flight-testing, enabling long-term emission reductions in our operations

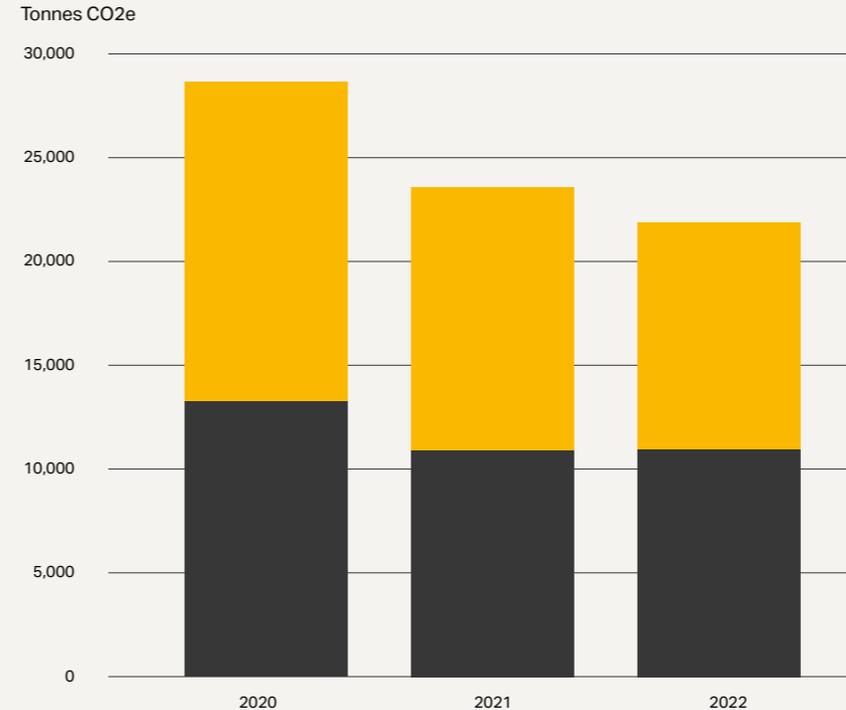
### Hazardous Substances

Phasing out and avoiding hazardous substances is a strategic focus area for Saab.

The transition from hazardous substances which are prioritised due to their environmental and health effects, is both a challenge and opportunity for Saab. It is a matter of minimising technical and environmental risks as well as occupational health risks, without compromising product performance and safety requirements. The removal of such substances is complex but will help to reduce dependencies in the value chain on substances, processes and articles that may be subject to future restrictions or availability limitations.

### Scope 1 & 2 emissions

■ Scope 1  
■ Scope 2 market-based



The values for GHG emissions in 2020 and 2021 were adjusted during the year as part of our annual back-tracking and data quality assurance process. This resulted in an increase of 1500 tonne GHG emission for 2021. Our reporting of GHG takes into consideration the following gases, all converted into CO<sub>2</sub>-equivalents (CO<sub>2</sub>e): CO<sub>2</sub>, CH<sub>4</sub> (methane), N<sub>2</sub>O (nitrous oxide), SF<sub>6</sub>, HFCs and NF<sub>2</sub>. The majority of emission factors are from the following annually updated sources: IEA ([www.iea.org](http://www.iea.org)), DEFRA ([www.gov.uk](http://www.gov.uk)) and Lokala miljövården ([www.energiforetagen.se](http://www.energiforetagen.se)). PwC has provided a reasonable assurance on Saab's emissions of green-house gases as presented in the diagram on this page. The assurance statement is found on page 167.

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

**Sustainability report**

Corporate governance report

Board of Directors

Group Management

Financials

### Impact of hazardous substances

As chemical substances may pose risks to health and the environment, several substances are currently subject to legislative changes and restrictions. Knowledge about chemical substances continues to grow, and an increasing number of substances will become subject to restrictions, causing risk for disturbances in production and delivery. At the same time, the development of new chemical products and materials provides solutions to many of the challenges Saab solves on behalf of our customers. One such technical performance challenge is enhanced corrosion protection, to ensure the longevity and durability of products. Some hazardous substances are used in the manufacturing process and do not end up in the final product, while others are incorporated into the final products.

### Governance of topic

Saab monitors the development of new legislation, upcoming restrictions, new technology and substitution opportunities, which all support our strategy to avoid hazardous substances.

A part of our strategy is to work closely with our suppliers and with trade associations and industry forums to effectively replace substances of concern.

Saab is targeting improvements in the management of hazardous substances, both internally and with suppliers, through collaboration forums, and supplier reporting requirements in line with both customer and legal requirements.

Saab has employed digital solutions to manage the vast amount of data related to hazardous substances, such as safety data sheets, material standards and declarations of materials, articles and chemical products, both those internally generated and from our suppliers. Our digital tools also support the risk assessment process prior to sourcing of new chemical products.

Our work within this area affects Saab's and our customers' efforts to avoid hazardous

substances in the work environment and increase the recyclability of scrapped products. There are numerous ongoing projects which will result in positive impacts within this area. One concrete example is the replacement of chromate surface treatment lines within Saab's production facilities.

### Targets and progress during 2022

Each Saab business area has established roadmaps and defined targets to prioritise the phase-out of substances of concern according to upcoming restrictions and in regards to substances with unacceptable risks. This medium to long-term approach ensures that Saab can meet future requirements whilst securing continued technical performance/capability and on-time delivery to our customers. Each business area has a unique product and service offering so their roadmaps differ accordingly.

Group Environment follows up each business area's target completion. Saab has managed to reduce the use of cadmium, hexavalent chromates and chemical products containing hexavalent chromates by establishing new surface treatment lines and implementing qualified alternatives in our product portfolio.

We have continued to revise, update, and implement environmentally conscious design principles in Saab's system engineering management processes during 2022.

Our product data management systems for tracking substances in articles and products structures are continuously improved and updated to ensure effective traceability.

Suppliers are required to submit material declarations to Saab. In 2022 we continued the efforts to improve and ensure the quality and content of material declarations from Saab's supply chain. Going forward we will for example continue to engage suppliers and improve Saab's internal processes for data collection. Our close collaboration with the supply chain will not only ensure our own improvements and compliance, but also strengthen our supplier partnerships and

their own legal compliance, knowledge and capabilities.

The compliance complexities and challenges Saab faces are not unique to us. Therefore, we go beyond close dialogue with suppliers and seek out collaborations with other businesses and forums facing similar challenges. Several substances cannot be substituted at this time, not only due to the long lead times in qualifying new products and processes, but also due to lack of available technical alternatives to meet product performance requirements and durability expectations of our customers.

### Circular Economy

Saab realizes that circularity and resource efficiency are key to meeting the global challenges related to climate change, scarcity of materials and resources, waste production and management, to name a few, and that it is vital for long-term profitability.

### Impact of circular economy

The geopolitical development in the last few years have brought into focus the risk of material dependencies in businesses' supply chains. The global challenges require us to do more with less, for example using products and services more effectively in order to use fewer materials. A focus on maintaining performance of sold products, rather than selling new products, is common within many industries and businesses. Manufacturing products from virgin materials has a greater climatic impact than using recycled materials. In addition, having a high utilisation of materials and products decreases resource use and its environmental implications. And ultimately, incineration and landfilling constitute a major environmental burden in comparison to upgrading, renovating, and reusing.

The long life cycles of Saab's product offerings and the already relatively common approach in the defence industry to upgrade existing equipment means that the end-of-life for products occurs decades after production. This places high demands on Saab to

### Waste reduction through smart design

Saab has already achieved a good waste recycling level within its production facilities. One of the next steps, and perhaps the most challenging, is to offer customers an even greater offering of products and services that will, through smart design, decrease their waste streams. Saab's design and product development process includes activities to ensure resource efficiency and reduction of the environmental impact of our products.

Architectural solutions are evaluated against criteria such as their ability to meet requirements (e.g. modularity, hazardous substance content, and fuel consumption), adapt to projected future needs, development opportunities and aspects related to maintenance, support and logistics. This process enables an evolution towards a circular customer offering as we constantly improve and find new solutions to challenges.

### One example of this way of thinking is the Gripen multipurpose aircraft

Besides its optimised design with light materials and low fuel consumption, it has a unique maintenance concept that extends its longevity. Gripen's smart and easily adaptable technical solutions enable rapid avionics upgrades of the aircraft as new technologies become available.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

communicate closely with customers on how to safely repair, dismantle or dispose products. In addition, Saab's supply chain includes the shipment of goods and products, creating opportunities to minimise waste in the form of packaging and minimising the impact from transportation.

Saab has not identified water as an immediate risk. The absolute majority water withdrawal is within Sweden, where the availability of fresh water is good and stable. While only a few processes are dependent upon access to fresh water, Saab considers that clean water as a finite resource requires us to ensure that we use water responsibly. As a result, Saab disclosed water risks and consumption to CDP Water and received the score of B for the latest reporting period.

Saab is a waste producer in relation to materials spent during or left from the production phase as well as the disposal of used products and packaging material related to purchased goods and sold products.

#### Governance of topic

Saab continues to seek opportunities to develop and implement circular business models for both products and services.

Saab aims to extend the product life cycles and optimise the use of resources. One example of this is the aerial firefighting mission services that Saab provides for the Swedish Civil Contingencies Agency (MSB), where Saab supports full aerial firefighting services with our own aircraft, pilots and maintenance. Another example is where Saab allows customers to lease combat training material, instead of making a purchase, which contributes to a more efficient and circular use of resources.

Saab has put several actions in motion to increase circularity such as phasing out hazardous substances and reducing waste sent to landfill. In relation to water consumption, Saab has concluded studies to better understand where we have the greatest consumption in relation to water availability, coupled with the feasibility to significantly

reduce consumption. The study has formed the foundation of Saab's water reduction target and work with risk mitigation.

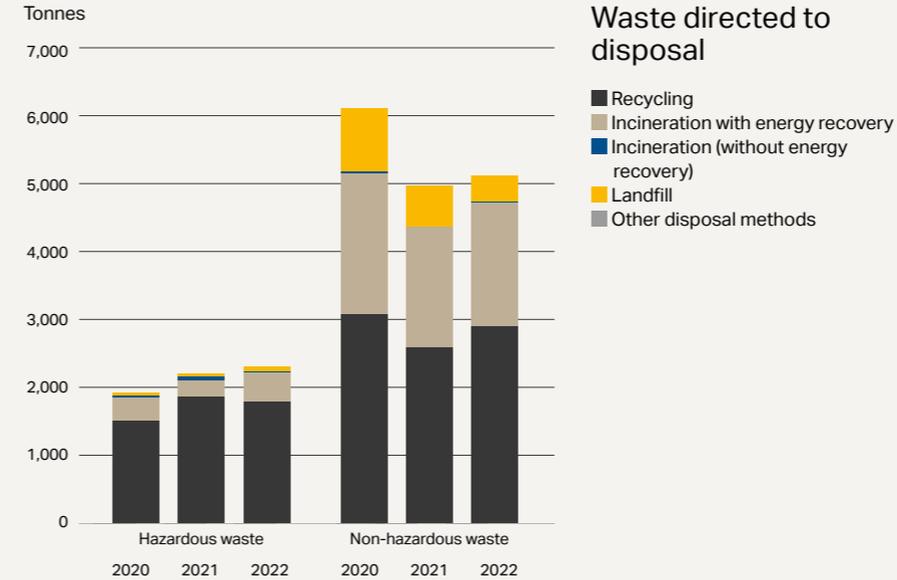
Since 2021, Saab has together with FMV and other Swedish defence companies participated in the project "A Circular and Climate Neutral Transition of the Defence Industry", funded by Vinnova. The purpose is to facilitate and accelerate the defence industry's transition to circularity and sustainability through identifying minimum requirements that both industry and customers support and are feasible to achieve. Another such project collaboration is with the European Defence Agency aimed at finding opportunities to increase circularity within the aerospace and defence industry.

#### Targets and progress during 2022

Both waste generation and recycling data and water consumption is monitored and regularly reported from all our major sites.

Saab's water target was to reduce water withdrawal by 20 per cent by 2025, related to 2018. In 2022, we reached 20 per cent reduction due to reduced need for cooling of test equipment and facilities. In the end of 2022, the target was updated in scope and length. The updated target will take effect from 2023. Saab has successfully diverted waste from landfill, managing to reduce by 83 per cent mainly due to reuse of blasting material.

Saab continues to develop and implement Additive Manufacturing (AM, also known as 3D printing) technologies, with numerous advantages and opportunities as a result. Not only does Saab use less raw materials and produce less waste with AM parts-production compared with traditional production, but the technology allows for flexibilities in production which contribute to shorter lead times and other efficiencies. Yet another advantage is that AM produces parts with 30-75 per cent less weight so, depending upon the final product, the application of AM has the potential to significantly contribute to lowered fuel consumption for our customers. One such example is the Airborne Cooling System which



## Waste management

### Onsite generated waste disposal forms

Operational waste from Saab is only generated at Saab locations. It consists of multiple waste fractions and is handled according to the waste hierarchy. Hazardous waste is stored in enclosed spaces to prevent leakage. Waste is collected by approved waste management companies, which in turn report actual waste data. Saab collects the waste data centrally into relevant categories per reporting operational unit. Saab works actively to ensure waste segregation and responsible waste management, for example through verifications of data and waste contractor permits. Environmental impacts of waste handling may consist of emissions to air during incineration and the formation of leachate at landfills. Saab's units generated a total of 7,407 tonnes of waste in 2022. The total reported waste generated from our own production sites and offices, include the following fractions:

- Packaging material from procured components and subsystems (paper, plastic, wood etc.)
- Surface treatment washing fluids, degreasing waste, process chemical waste etc.
- Metals and carbon fiber waste from cutting/trimming processes
- Aviation fuel residues from flight testing, trouble-shooting and aircraft maintenance
- Electronic equipment, metal scrap and waste chemicals generated through customer maintenance activities
- Electronic equipment, paper etc. from office-related activities
- Waste sand/steel blasting material generated during vessel maintenance activities



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

## Financials

weighs half of the original cooling system, is more efficient and has shown to have a greater level of quality due to the redundancy of the brazing stage.

Over the course of 2023, Saab will conduct an analysis of operational waste streams to work more closely with our suppliers to prevent waste. Targets will be set accordingly. In the area of circular products, Saab will work more aligned with both suppliers and customers to further our circular objectives.

### **Occupational Health and Safety**

A prerequisite for high performance and a sustainable work life is a safe and healthy workplace from a physical, organisational, and social perspective.

#### **Impact of occupational health and safety**

Saab's primary occupational health and safety risks, or potential negative impact, have been identified as failing to provide prerequisites for employees to maintain a work-life balance and failing to provide healthy working conditions.

#### **Governance of topic**

Saab's global Health and Safety Policy and People Strategy provide a framework for goals and activities. Saab has a global certificate of conformance to the Occupational Health and Safety standard ISO 45001. The certificate is available at [saab.com](http://saab.com) and specifies sites covered. The occupational health and safety process is part of Saab's global management system.

The process contains instructions for identifying and evaluating legal requirements, risk and opportunity assessment, reporting and investigating occupational health and safety incidents and risk observations, and safety inspections. The process includes both own employees and external parties (people working in Saab's premises under Saab's control).

Through this systematic way of working, a large number of the potential negative impacts are

avoided, prevented and mitigated. Mandatory trainings increases employees' knowledge to prevent accidents and ill-health.

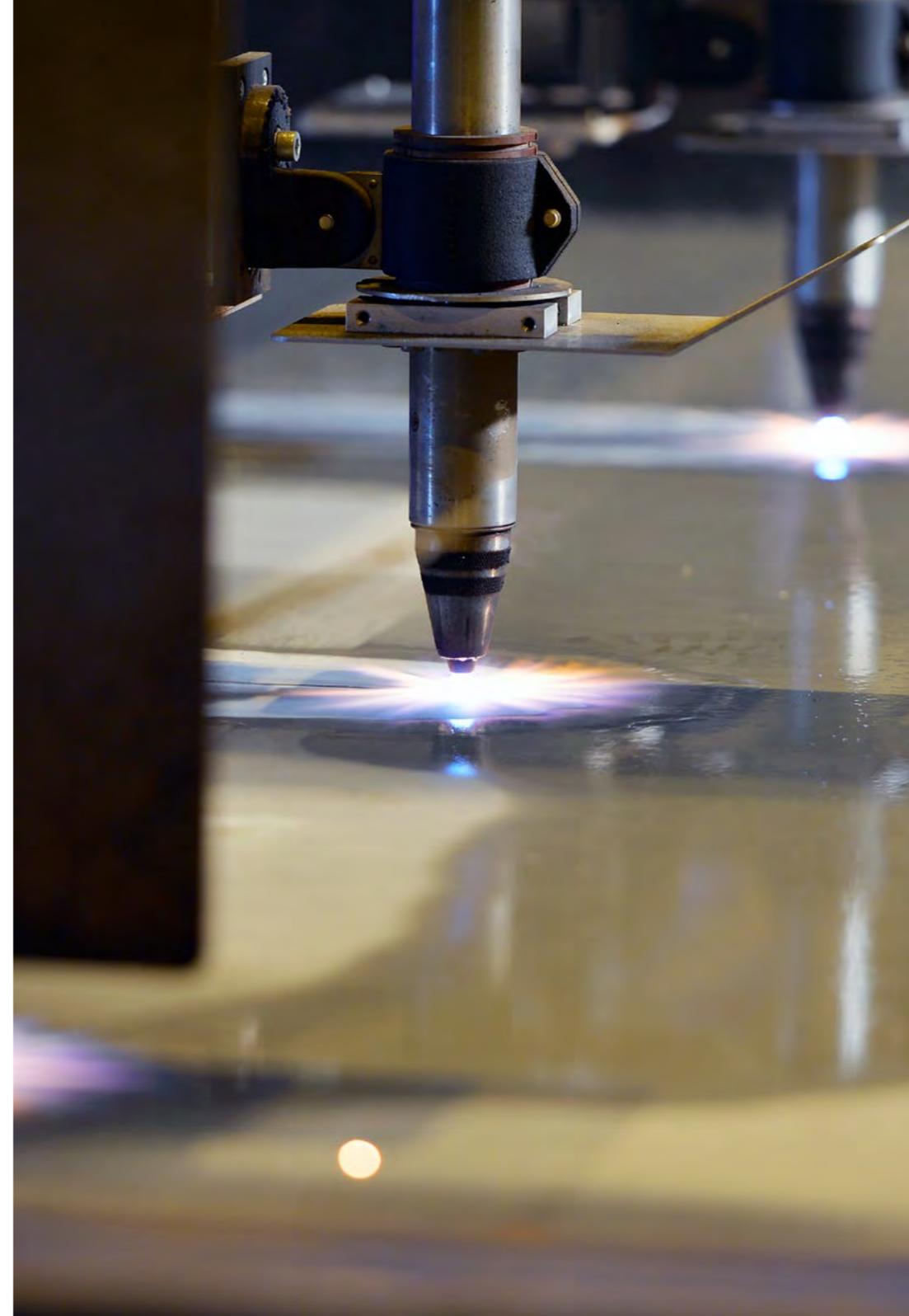
#### **Targets and progress during 2022**

One way of identifying health and safety risks at an early stage is to report hazards and near misses, and act on those proactively. The long-term goal is to have 10 reported incidents (or risk observations) per accident. To support this goal, a mandatory employee training was introduced in 2022. The next step is to increase the focus on managing actions on reported incidents and non-conformities. This is reflected in an operational goal, stating that at least 90 per cent of reporting incidents shall be investigated and completed within specified timeframes. In 2022, the result was 77 per cent (Sweden).

At the same time as reported near misses and hazard identifications increased, the work-related injuries also increased, which is something Saab will prioritise to manage. To follow the occurrence of incidents a new, widely used, performance indicator has been implemented, Total Recordable Injuries Frequency Rate (TRIFR). A target is set for the period 2023-2025, with a goal to annually reduce total recordable injuries, measured by decreased total TRIFR. In 2022, the TRIFR was 2.61.

Where chemicals are handled work activities must be risk assessed. Chemical risks refer to the risks that may arise when handling chemical products in regards to work environment and external environment. In 2021, Saab updated the chemicals process to provide additional support for performing chemical risk assessments with implementation 2022. In 2023, a new performance indicator will be implemented to track progress. The KPI has been defined as number of risk assessments that have been carried out in relation to the total number of chemicals.

To understand how the employees experience their work life balance the yearly Employee



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### **Administration report**

Financial review 2022

Significant events

Risks and uncertainties

**Sustainability report**

Corporate governance report

Board of Directors

Group Management

Financials

Survey include the question “I have a balance between work and time for recovery”. The results of this question between 2020 and 2021 showed that less employees agreed with this statement. The result of a similar question in 2022 was about the same as the year before. During 2021 a tool “Current situation” was implemented to understand the work situation. The tool consists of questions regarding the work situation that the employee shall answer and thereafter review the answers together with the manager. This tool is an important way to understand the work environment impact.

To support managers in performing activities related to work environment a Yearly Planning Wheel has been implemented in Sweden. This contains instructions regarding how and when these activities shall be performed and completed. These activities are also to be found in the occupational health and safety process.

In 2022, the Yearly Planning Wheel was digitalised to facilitate implementation and follow-up of the activities. Every manager has their own dashboard and gets digital to-dos with instructions and reminders. In 2022, Saab explored the possibility to implement this globally.

### Performance indicators – Health and safety

	2022	2021	2020
Number of reported near misses and hazard identifications per workplace injury (a higher propensity to report incidents reduces the risk of workplace injuries)	4.4	5.1	4.5
Lost Time Injury Frequency Rate (LTIFR)	0.84	0.59	Not reported
The number and rate* of total recordable work related injuries (Total Recordable Injury Frequency Rate)	62 (TRIFR 2.61)	Not reported	Not reported
The number (and rate*) of fatalities as a result of work-related injuries	0 (0)	0 (0)	0 (0)
The number (and rate*) of high-consequence work-related injuries (excl. fatalities)	10 (0.31)	8 (0.26)	6 (0.2)
The main type of work-related injury	Minor cut/crush injuries	Minor cut/crush injuries	Minor cut/crush injuries
Health index (percentage of employees who have taken 40 hours or less of sick leave in a year) (Sweden)	62.6%	75.35%	67.68%
Sick leave (Sweden)	3.2%	2.81%	3.59%

\* Hours worked in 2022: 32,035,688 (calculations for rates based on number of events, divided by number of hours worked, times 1,000,000)

Both own employees and workers who are not employees but whose work and/or workplace is controlled by the organisation are included in the above numbers. Data is collected in tools specific for each country and compiled manually for Saab Group.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

### Sustainability report

Corporate governance report

Board of Directors

Group Management

### Financials

## Partnering for innovation

Research and innovation are two of Saab's most important contributions to sustainable development. Through industrial cooperation, transfer of technology and university partnerships, Saab enables economic growth and industrial development. A diversified workforce strengthens Saab's innovation capabilities.

### Diversity and Inclusion

At Saab, diversity and inclusion are part of our strategy. We firmly believe that a diverse, inclusive and respectful workplace brings out the best in people. We strive to have a diverse workforce and an inclusive culture where everyone feels that they are welcome.

**Partnering for innovation**

- Diversity and Inclusion
- Innovation
- Industrial Cooperation and Partnership

### Impact on diversity and inclusion

A workplace characterized by diversity amongst our employees increase creativity and boosts innovation. An inclusive culture results in higher engagement, well-being, and increased performance amongst our employees. We are convinced that diversity and inclusion helps us be innovative, reach our targets and become an even more successful business.

Failing to promote diversity and inclusiveness has a potential negative impact on health, loss of talent, less innovations and in the end not reaching our business goals.

### Governance of topic

Saab has a diversity and inclusion policy and a framework that governs and guides the Diversity and Inclusion work. The policy emphasizes the importance of all employees seeing the value of diversity, that everyone treats each other with respect and consideration and that all forms of discrimination actively should be prevented. It also highlights leadership as an important part of the diversity and inclusion work.

Saab's work with diversity and inclusion is an incorporated part of the general engagement work within Saab, both on a corporate level and in business areas. The work is overseen by a steering group consisting of top management in each Business Area (BA) and owned by Saab's Head of Group Human Resources. Activities are planned and performed by teams in all BA's, connected within an Engagement network. All this is overseen and coordinated by Group Human Resources.

### Targets and progress 2022

An important aspect of increased diversity and inclusion is gender equality, which is something we have systematically focused on for many years. Our global goal is set at 30 per cent female managers and 25 per cent female employees no later than 2025.

We continued our structured work by promoting interest in technology and visualising the company towards females.

Active diversity representation in recruitment process moves us closer to the goal.

Saab works to ensure that all employees see the importance of diversity and appreciate the unique contribution to the company by each individual. A step in reaching this is to focus on raising awareness internally and increasing knowledge regarding diversity and inclusion for both leaders and employees.

To increase knowledge and raise awareness Saab has among other things during 2022 developed diversity and inclusion learnings available to employees, educated managers (through e.g. seminars, workshops etc.), carried out awareness weeks with various events such as lectures, seminars and workshops. These focus weeks have been made visible in the company's internal channels through live broadcasts, articles and videos.

### Innovation, Industrial Cooperation and Partnership

Saab's sustainability commitment is rooted in its mission to keep people and society safe by contributing to advanced security and defence capabilities. Saab's successful story is built on its legacy of being an innovative company, generating technological advances in society. As climate action is urgent, the society needs disruptive sustainable innovations with low carbon footprint. In 2021, Saab joined the United Nations Climate Change Race to Zero Campaign, committing to reduce greenhouse gas emissions to net zero by 2050. Sustainable innovation is of vital importance to reach this ambition.

### Impact on innovation

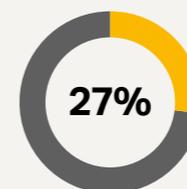
Innovation and research are strong drivers for economic growth and key for a sustainable future. Saab's operations play an important role in driving innovation and technological development in society.

Innovation is fundamental in Saab's work to reduce climate impact in our value chain and

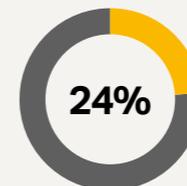
## Focus on gender equality

### Globally 2022

Share of women managers

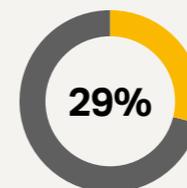


Share of women employees

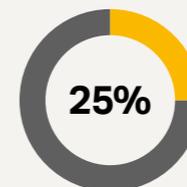


### Sweden 2022

Share of women managers



Share of women employees



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

in creating sustainable solutions that fulfil customers' future needs. Innovation is also important when it comes to increasing the energy resilience of our value chain.

Saab's large defence contracts often include long-term industrial cooperation with customer countries. The goal is to create value for both parties, such as transfer of technology and skills. Through customised offerings, Saab has contributed together with partners to several successful projects that contribute to industrial development and economic growth in the customer country.

#### Governance of topic

Saab's Innovation and Technology Council (I&TC) coordinates research, technology and innovation strategy for the Saab Group and directs Business Areas, Operational Countries and Group Functions in their work. The I&TC is chaired by the Chief Technology Officer and consists of representatives from all Business Areas and Operational Countries as well as representatives from Group IT, Saab Ventures, Combitech, Group Human Resources, Group Strategy and Group Legal. A sub-group within I&TC has been tasked to focus on sustainable innovations that contribute to Saab's goal of reaching net zero emission by 2050, as part of Saab's science-based targets and Race to Zero project.

The Research and technology strategy outlines the direction in which Saab focuses competence and technology development. Key Saab personnel are active in various national and international forums, boards and other organisations that have an impact on research and technology programmes in Sweden and Europe. Saab's key focus areas are additive manufacturing, autonomy, artificial intelligence, digitalisation and cyber, all of which can work as enablers towards a sustainable transition.

Saab's long-term partnerships with universities give insights in the latest in research while we contribute with our industry knowledge. Saab's collaboration with start-ups is another way of gaining access to the most up-to-date knowledge and skills when developing new

products and technologies and to meet the needs of our company and customers.

Saab promotes an innovation-friendly culture and encourages new ideas. Employees with innovative ideas can apply for the support of the Saab Innovation Greenhouse. The Greenhouse provides selected projects with test facilities and support in developing the idea with a view to scaling it up as prospect for the wider business.

To continuously increase and improve its environmentally sustainable offering, Saab has established the Saab Climate Fund which supports climate innovations within the company. The funding is made up from an internal fee on business travel by air. One example of a project that received funding during the year, is a pre-study into the use of alternative energy sources in one of our more energy intense production processes.

Saab offers industrial cooperation involving production, maintenance, training, and R&D in the form of business and technology transfer as part of large contracts. This is executed through the direct participation of the customers' own national industry in the production and development of the contracted system, or other products from the portfolios of Saab and its partners.

#### Targets and progress 2022

Saab has a target to engage at least 30 PhD candidates annually. In 2022 Saab had 30 PhD candidates.

Some examples of current sustainable innovations within Saab are:

- Research for replacing fossil fuel with aluminium combustion for submarine propulsion.
- Development of the eWROV, one of the largest and most powerful electric underwater remotely operating vehicle.
- Use of AI and drones to detect infestation of spruce bark beetle to protect forests.
- Development of VDES, which enables fuel reduction and improved safety within maritime traffic.

Some examples of current partnerships were Saab contributes to sustainable development are:

- Saab and Universeum (national science centre of Sweden) is collaborating for a sustainable and lifelong learning within science and technology, through experiences that strengthen creativity, innovativeness and a curiosity for new knowledge.
- "Handslag för Bergsjön" is a collaboration with Framtidenkoncernen, Fastighets AB Balder and Business Region Gothenburg for sustainable development in Bergsjön, Gothenburg with the aim to support initiatives to help residents to better inclusion in their community and a more prosperous future.
- Saab's underwater robot Falcon supported a systematic scientific survey of the coral reefs surrounding the Maldives.
- Saab supports Pratham Sweden as a partner to Swedish Industry for Quality Education in India through contributions and participation in steering committee meetings.

## Sustainable innovation

Saab has recently introduced the maritime traffic control product portfolio VDES to the market with the aim of creating a greener, safer and smarter maritime future. The introduction is followed by more than five years of research and international standardisation activities and product development. The VDES product portfolio will succeed the current Saab R5 AIS portfolio, which was successfully introduced by the International Maritime Organization (IMO) for maritime navigation in 2002. Since then, virtually all commercial ships and recreational vessels have been equipped with AIS – worldwide. VDES make available up to 32 times more bandwidth compared to AIS and can provide unique satellite-to-ship communications, better integrity and cyber security technology. The technology leap in VDES will give the shipping community new applications that ultimately provide better efficiency, safety, security and environmental protection. One example of a new application that VDES enables is Route Exchange via STM technology (Sea Traffic Management). When VDES-equipped ships are within range of each other, they can not only exchange their current positions, but also their future routes. This will significantly increase situational awareness and safety. VDES also enables substantial fuel savings by optimising routes and increasing time efficiency at ports, thereby reducing greenhouse gas emission considerably.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

# Operations subject to licensing or notification requirements pursuant to the Swedish Environment Code

## Licensed operations in the parent company

Production of aircraft and aircraft components by the Parent Company, Saab AB, in Tannefors industrial zone in the municipality of Linköping is subject to licensing pursuant to the Swedish Environment Code due to aeronautics operations, surface treatment processes, manufacturing of composite materials, handling of chemical substances, the firing of large caliber weapons and the size of the manufacturing facilities. The environmental impact of these operations primarily arises from emissions of volatile organic compounds (VOC) and aircraft emissions into the atmosphere, emissions of metals into water, the generation of industrial waste and noise disturbing local surroundings. The operations subject to licensing requirements predominantly entail manufacturing. In 2019, the Land and Environmental Court granted a new permit for the operations in Linköping (Tannefors). In Järfälla, Saab AB has operations involving the manufacture of advanced command and control systems and electronic warfare systems, among other things, which are also subject to licensing under the Environment Code. The licensing requirement is due to surface treatment processes and the size of the manufacturing facilities. The environmental impact of these operations primarily arises from metals into waterways. The National Licensing Board for Environmental Protection granted the permit in 1990.

## Licensed operations in subsidiaries

Saab Airport AB's operations are subject to licensing under the Environment Code and are covered by the permit issued by the Land and Environmental Court that gained legal force early 2019 for Saab's collective operations in Tannefors industrial zone in the municipality of Linköping. This permit also covers the operations of Saab Dynamics AB in the area, despite the fact that they are not subject to licensing and notification requirements under the Environment Code. Saab Dynamics AB and Saab Bofors Test Center AB run operations in Karlskoga that are subject to licensing under the Environment Code and Saab Barracuda AB runs licensed operations in Gamleby. In 2019, Saab Dynamics AB in Karlskoga was granted a new environmental permit by the county administrative board in Örebro. The new permit gained legal force early 2020. A permit process is in progress regarding a new environmental permit for the operations within Saab Bofors Test Center AB in Karlskoga. Saab Bofors Test Center AB also runs operations subject to licensing in the municipalities of Degerfors and Härjedalen. The permit in Degerfors expired 31 January 2021, and there was no need for renewal due to changed operations. Saab Dynamics AB runs operations subject to licensing in the municipalities of Linköping (Malmslätt). In addition, Saab Kockums AB runs operations subject to licensing in Karlskrona and on Muskö island, south of Stockholm. The environmental impact from subsidiaries that are subject to licensing requirements

primarily consists of emissions of VOCs from workshops, emissions from aircraft into the atmosphere, emissions of metals and de-icing solvents into water, generation of industrial waste, storing and transfer of explosive goods, and noise disturbing local surroundings.

## Operations subject to notification requirements

Saab AB has operations in Arboga, Frösön, Huskvarna, Ljungbyhed, Linköping (Malmslätt) and Nyköping which are subject to notification requirements pursuant to the Environment Code. The Group also has operations subject to notification requirements in the subsidiary Saab Dynamics AB in Motala municipality. There the permit is still in effect, however. Two other subsidiaries have operations subject to notification requirements: N. Sundin Dockstavarvet AB in Kramfors municipality and Muskövarvet AB on the island of Muskö in Haninge municipality. The environmental impact of these operations are limited.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

**Sustainability report**

Corporate governance report

Board of Directors

Group Management

Financials

# Sustainability data



Energy	2020	2021	2022	Comment
Total fuel consumption within the organisation from non-renewable sources (MWh)	50,200	36,624	42,632	The rationale for the base year of our comparison is our science-based targets which have 2020 as a base year. The analysis is based on the international standard, the Greenhouse Gas Protocol Initiative (GHG protocol), developed by World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). The GHG protocol founds its carbon inventory and reporting on three main scopes of direct and indirect emissions. The reporting considers the following greenhouse gases, all converted into CO <sub>2</sub> equivalents: CO <sub>2</sub> , CH <sub>4</sub> (methane), N <sub>2</sub> O (nitrous oxide), SF <sub>6</sub> , HFCs and PFCs. Source: DEFRA, IEA, Energiföretagen etc.
Total fuel consumption within the organisation from renewable sources (MWh)	1,448	1,732	3,591	
Electricity consumption (MWh)	175,370	179,112	173,532	
Heating consumption (MWh)	83,512	98,178	88,050	
Cooling consumption (MWh)	17,349	16,704	16,020	
Steam consumption (MWh)	17,067	20,419	20,664	
Total energy consumption within the organisation in MWh	344,946	352,769	344,489	
Total energy consumption within the organisation in GJ	1,241,806	1,269,968	1,240,160	
Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives. Includes fuel, electricity, heating, cooling and steam (MWh)	3,969	2,770	3,576	

Greenhouse gases	2020	2021	2022	Comment
Greenhouse gas emission, scope 1 (tonne)	13,250	10,899	10,953	Our science-based targets have 2020 as a base year, in line with SBTi's guidance. Data is calculated based on the Greenhouse Gas Protocol. The reporting considers the following greenhouse gases, all converted into CO <sub>2</sub> equivalents: CO <sub>2</sub> , CH <sub>4</sub> (methane), N <sub>2</sub> O (nitrous oxide), SF <sub>6</sub> , HFCs and PFCs. Sources of conversion factors: DEFRA 2021, IEA, Energiföretagen etc. Saab is using financial control approach regarding GHG emissions.
Greenhouse gas emission, scope 2 market based (tonne)	15,423	12,682	10,913	
Greenhouse gas emission, scope 2 location based (tonne)	17,368	18,440	16,303	
Greenhouse gas emission, scope 3 (includes business travel and upstream transport and distribution) (tonne)	14,946	11,552	18,681	
Biogenic CO <sub>2</sub> emission, scope 1 (tonne)	436	721	1,087	

Waste	2020	2021	2022	Comment
<b>Total non-hazardous waste generated (tonne)</b>	<b>6,109</b>	<b>4,964</b>	<b>5,102</b>	Total weight of waste directed to disposal in metric tons. The waste data for 2021 were adjusted during the year due to our annual backtracking and data quality assurance. 49.7 tonnes of hazardous waste to landfill was added for 2021.
Recycling	3,072	2,579	2,891	
Incineration with energy recovery	2,070	1,775	1,822	
Incineration without energy recovery	28	13	20	
Landfill	939	597	370	
Other disposal methods	0	0	0	
<b>Total hazardous waste generated (tonne)</b>	<b>1,911</b>	<b>2,198</b>	<b>2,305</b>	
Recycling	1,501	1,855	1,786	
Incineration with energy recovery	345	248	421	
Incineration without energy recovery	30	45	21	
Landfill	35	50	76	
Other disposal methods	0	0	0	

Water	2020	2021	2022	Comment
Water withdrawal (megaliters)	323	328	246	Based on Saab's four largest facilities as included in water target.

Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

**Sustainability report**

Corporate governance report

Board of Directors

Group Management

Financials

## Employees

	Female	Male	Total	Comment
Number of employees	4,624	14,378	19,002	4.7% increase since 2021.
Full Time	4,400	14,101	18,501	
Part Time	224	277	501	

The number of employees represents headcount at the end of the reporting period, 2022-12-31.

### All employees #

Under 30 years	665	1,720	2,385	Employee data is collected from HR Systems and is consolidated into the Finance system. Finance generates a report, with employee data broken down by gender and country. For number of employees per country, see page 171.
30 to 50	2,350	6,537	8,888	
Over 50 years	1,609	6,121	7,729	
<b>Total</b>	<b>4,624</b>	<b>14,378</b>	<b>19,002</b>	

Number of employees per age group is calculated based on information on age from our most common HR system, where 86% of employees are included. The distribution on age groups from that system has been applied to the total number of employees.

### All employees %

Under 30 years	14%	12%	13%
30 to 50	51%	45%	47%
Over 50 years	35%	43%	41%
<b>Total</b>	<b>24%</b>	<b>76%</b>	<b>100%</b>

### Group Management %

Under 30 years	0%	0%	0%
30 to 50	0%	10%	8%
Over 50 years	100%	90%	92%
<b>Total</b>	<b>23%</b>	<b>77%</b>	<b>100%</b>

### Board of Directors %

Under 30 years	0%	0%	0%
30 to 50	25%	0%	9%
Over 50 years	75%	100%	91%
<b>Total</b>	<b>36%</b>	<b>64%</b>	<b>100%</b>

Percentage of total employees covered by collective bargaining agreements

8% of Saab's employees are not covered by Collective Bargaining Agreements. Data is missing for the remaining 8%. In countries where Saab's employees are not covered by Collective Bargaining Agreements, working conditions and terms of employments are not based on CBAs covering employees in other countries.

**84%**

## Workers who are not employees

		Comment
<b>Total</b>	<b>2,512</b>	
Change from previous reporting period (2021-12-31)	18% increase	Data collected from HR Systems and consolidated into Finance system. Finance generates report with total (sum of FTE). Data represents the status at the end of the reporting period.
Most common types of workers who are not employees	External Consultants, engineers working in our offices in development projects. Other common types of workers are IT consultants and blue collars in manufacturing. The workers have a Saab line manager and are included in Saab's organisational structure. Saab hires consultants through consultancy firms with which Saab has a standard contract where eg. the Code of Conduct is part.	The number of consultants has increased during 2022 and compared with previous years. This is due to increased sales, production and investments.

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

## Financials

**Compensation**

	2022	Comment
Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	23.75	Salary data information collected from our most common HR-system and covers 86% of our employees (9 countries).
Ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	0.84	In "annual total compensation" the monthly base salary has been taken into consideration. The salary has been calculated as full time equivalent.
Ratio of basic salary and remuneration of women to men	0.91	Salary data information collected from our most common HR-system and covers 86% of our employees (9 countries). Median annual basic salary women divided by median annual basic salary men.

**Occupational health and safety management system**

	Employees	Consultants (workers who are not employees)	Total	Comment
Workers covered by an occupational health and safety management system	19,002 (100%)	2,512 (100%)	<b>21,514</b> (100%)	Saab's process in the Global management system "Manage occupational health and safety" is a part of minimum level of Saab procedures and internally audited. For workers covered by OH&S management system, audited by third party, we have mapped the number of employees and workers who are not employees to the sites where Saab is certified to ISO 45001. The numbers include both own employees and workers who are not employees. Temporary employees and non-guaranteed hours employees are excluded because of limited information available for these employee types.
Workers covered by an occupational health and safety management system that has been internally audited	19,002 (100%)	2,512 (100%)	<b>21,514</b> (100%)	
Workers covered by an occupational health and safety management system that has been audited and certified by an external party	13,544 (71%)	2,145 (85%)	<b>15,689</b> (73%)	

**Compliance with laws and regulations**

Saab has had no significant instance of non-compliance with laws and regulations during the reporting period. This disclosure is based on information from the areas of Anti-Corruption, Environment, Occupational Health and safety, Data Integrity, Export Control, Tax and Human Rights.

# Accounting Principles

# EU Taxonomy



Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

**Sustainability report**

Corporate governance report

Board of Directors

Group Management

Financials

Saab reported eligibility according to the new EU-taxonomy (EU 2020/852) for the first time for the financial year 2021 and alignment for the first time in this report. The EU taxonomy establishes a list of environmentally sustainable economic activities through six environmental objectives. Saab has conducted a group-wide screening to identify taxonomy eligible economic activities related to the environmental objectives of (1) "climate change mitigation" and (2) "climate change adaptation" and alignment to the technical screening criteria. The four other environmental objectives are not yet formally adopted by EU, and will not be in scope for reporting until financial year 2024.

## Eligibility

Due to the focus in the taxonomy on other sectors, Saab's core business activities are generally not covered by the taxonomy. Saab's identified eligible turnover generating activities (see section Key Performance Indicator Turnover below) can be found mainly within the traffic management segment, and the reduction of emissions enabled by improved flow of airport traffic and traffic management in sea ports. Aerobahn CDM Suite is a solution that improves efficiency in traffic flows, enabling lower fuel consumption at airports. MaritimeControl and VDES are systems that enables climate change mitigation through the management of traffic flows at sea ports, real-time tracking and monitoring of maritime traffic. Aerobahn and MaritimeControl are deemed to be eligible, according to economic activity 8.2 "Data-driven solutions for GHG emissions reductions", in the taxonomy, and

VDES is deemed to be eligible, according to economic activity 3.6 "Manufacture of other low carbon technologies". Through Saab's divestment of Maritime Traffic Management, announced in November 2022, MaritimeControl will no longer be a part of Saab's product portfolio.

In addition to the above, Saab has also screened facility and transport related activities for eligibility and alignment related to "stand alone" investments (so called CAPEX category c, see KPI section below) in the 2022 report. The reason for this addition is the clarifications from the European Commission on taxonomy applicability for CAPEX last spring.

Facility related eligible taxonomy CAPEX includes activities in Saab's energy savings programme:

- 7.3 "Installation, maintenance and repair of energy efficient equipment" consists of investments in installation and replacement of energy efficient light sources, isolation of roof, exchange of windows and doors and installation of new and more energy efficient heating/cooling systems.
- 7.4 "Installation, maintenance and repair of charging stations for electric vehicles in building and parking spaces" includes our investments in installation of charging stations at Saab facilities for electric vehicles.
- 7.5 "Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy

performance of buildings" includes our investments in installation, maintenance and repair of building automation and control systems, energy management systems and smart systems for heating, cooling, and lighting.

Saab's taxonomy related CAPEX disclosure also includes our lease of electric company cars in 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles", 7.2 "Renovation of existing buildings" and 7.7 "Acquisition and ownership of buildings".

## Assessment of alignment

Saab has assessed eligible activities against the technical screening criteria in the Commission Delegated Regulation (EU) 2021/2139, and found the product Aerobahn CDM Suite to be aligned as well as facility related activities in 7.4 and 7.5.

We have assessed Aerobahn CDM Suite against the technical screening criteria in 8.2 in Commission Delegated Regulation (EU) 2021/2139 and found the activity to contribute to environmental objectives (1) "climate change mitigation". Aerobahn is a traffic flow management tool used by airport operators, air navigation service providers, and airlines in order to reduce departure taxi times and maximize runway throughput. The taxi time reductions enabled by the Aerobahn directly correlate with a reduction in fuel burn and thereby carbon emissions. The activity fulfills the Substantial contribution to climate change mitigation criteria in 8.2, being an ICT solution that enables substantial

greenhouse gas emission reductions through the provision of data and analytics. 8.2 contains criteria for Do Not Significantly Harm (DNSH) the environmental targets Climate change adaptation and Circular economy. Aerobahn does not significantly harm climate change adaptation, based on our TCFD analysis. Since the core of Aerobahn CDM Suite is a software tool it does not significantly harm transition to a circular economy. In cases where hardware is part of the delivery of Aerobahn CDM Suite, it could be decommissioned and recycled as electronic waste.

Saab does not have enough information to ensure that VDES and Maritime control fulfill all the DNHS-criteria in 3.6 and 8.2 respectively.

For each eligible facility related activity, Saab has assessed alignment against the technical screening criteria in 7.2-7.3 and 7.7 in Commission Delegated Regulation (EU) 2021/2139. At this point, we do not have enough information to prove alignment for all the eligible activities. We will continue the process of assessing alignment in the time ahead.

Saab's investments in installation of charging stations for electric vehicles at Saab facilities fulfil the criteria for environmental objective 1) Climate change mitigation in 7.4, which is Installation, maintenance or repair of charging stations for electric vehicles. It also fulfils the only DNHS criteria in 7.4, Climate Change adaptation. Also, our investments in installation, maintenance and repair of

building automation and control systems, energy management systems and smart systems for heating, cooling, and lighting fulfill the Climate Change mitigation objective through the conducting of these activities. These activities also fulfils the only DNHS criteria in 7.5, Climate Change adaptation. The conclusion on compliance with the Climate Change adaptation criteria are drawn based on Saab's company-wide climate change scenario analysis, since the activities' risks relates to our own facilities.

Saab's lease of company cars has been assessed against the technical screening criteria in 6.5. 374 of 439 new company car leases in 2022 fulfil the criteria of CO<sub>2</sub> emissions lower than 50 g/km. Since we do not have enough information to prove alignment against the Do No Significant Harm criteria in 6.5, this activity is reported as eligible, but not aligned.

We have taken support from the Platform on Sustainable Finance's Final report on Minimum Safeguards to assess compliance with the minimum safeguards laid down in Article 18 in Regulation (EU) 2020/852. We have policies and processes in place to secure minimum safeguards relating to anti-corruption, fair competition and taxation as well as following the OECD's 6 steps for due diligence of human rights. Please read more on pages 53-56. We have not had any court convictions in any of these areas.

#### KPIs

Saab reports eligible and, where applicable, aligned activities by using three key performance indicators (KPIs); Turnover, Capital Expenditure and Operating Expenditure, as defined by the taxonomy regulation.

#### Key Performance Indicator "Turnover":

When disclosing the Turnover KPI for taxonomy alignment, Saab reports as numerator the share of net sales derived from long-term customer contracts, products or services that are associated with taxonomy-aligned economic activities. For eligible but not aligned

activities, Saab reports as numerator the share of net sales derived from long-term customer contracts, products or services, associated with taxonomy-eligible but not aligned economic activities.

The denominator for both alignment and eligibility/not aligned includes Saab's net total sales during the reporting year (line item "Sales" in the consolidated income statement).

#### Key Performance Indicator "Capital Expenditure":

When disclosing the Capital Expenditure KPI for taxonomy alignment, Saab reports as numerator the share of Saab's total capitalised expenditure that is related to the economic activities that Saab has defined to be taxonomy-aligned. When disclosing the Capital Expenditure KPI for taxonomy eligible but not taxonomy-aligned activities, Saab reports as numerator the share of Saab's capitalised expenditure that is related to the economic activities that Saab has defined to be taxonomy-eligible but not aligned. The denominator for both alignment and eligibility/not aligned includes investments in intangible fixed assets, tangible fixed assets, biological assets and right-of-use assets. For reference on investments included in the denominator; see line item "Internally Developed Assets" in table "Capitalised Development Costs" and line item "Investments" in table "Other Intangible Assets" in note 15; line item "Investments" in tables for "Operating Properties/Buildings and Land", "Plant and Machinery", "Equipment, Tools and Installations" and "Construction in progress" in note 16; and line item "New leases" in note 17. All our eligible and aligned CAPEX comes from investments in "property plant and equipment" and are related to individual investments in activity 7.4 and 7.5.

#### Key Performance Indicator "Operating Expenditure":

When disclosing the Operating Expenditure KPI for taxonomy alignment, Saab reports as numerator the share of Saab's operational expenses that is related to the economic activities that Saab has defined to be taxonomy aligned.

When disclosing the Operating Expenditure KPI for taxonomy eligibility but not aligned, Saab reports as numerator the share of Saab's operational expenses that is related to the economic activities that Saab has defined to be taxonomy aligned but not eligible. The denominator for both alignment and eligibility/not aligned includes research and development costs, renovation of premises, short term leases, maintenance, and repairs of tangible fixed assets. Our OPEX comes from investments in "Other direct expenditures".



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

# Turnover



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

[Administration report](#)

Financial review 2022

Significant events

Risks and uncertainties

[Sustainability report](#)

Corporate governance report

Board of Directors

Group Management

Financials

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria					DNSH criteria (Does No Significantly Harm)					Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy-aligned proportion of turnover, year 2021 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)					
		MSEK		%					Y/N								E	T
<b>A. Taxonomy-eligible activities</b>																		
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																		
8.2 Data-driven solutions for GHG emissions reductions	C26.3.0	164	0.4%	100							Y		Y		Y	0.4%	*	E
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>164</b>	<b>0.4%</b>	100												0.4%		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																		
3.6 Manufacture of other low carbon technologies	C26.3.0	103	0.2%															
8.2 Data-driven solutions for GHG emissions reductions	C26.3.0	258	0.6%															
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>361</b>	<b>0.8%</b>															
<b>Total (A.1 + A.2)</b>		<b>525</b>	<b>1.2%</b>													<b>0.4%</b>		
<b>B. Taxonomy-non-eligible activities</b>																		
<b>Turnover of Taxonomy-non-eligible activities (B)</b>		<b>41,481</b>	<b>98.8%</b>															
<b>Total (A + B)</b>		<b>42,006</b>	<b>100%</b>															

\* Not assessed 2021, due to the implementation phases of legislation. Alignment not covered until 2022.

# CAPEX



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

**Sustainability report**

Corporate governance report

Board of Directors

Group Management

Financials

Economic activities (1)	Code(s) (2)	Absolute CAPEX (3)	Proportion of CAPEX (4)	Substantial contribution criteria						DNSH criteria (Does No Significantly Harm)						Minimum safeguards (17)	Taxonomy-aligned proportion of CAPEX, year 2022 (18)	Taxonomy-aligned proportion of CAPEX, year 2021 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)		
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)							
		MSEK		%						Y/N							%		E	T		
<b>A. Taxonomy-eligible activities</b>																						
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																						
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces	F43.2.1	1.4	0.1%	100								Y			Y	0.1%		* E				
<b>CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>1.4</b>	<b>0.1%</b>	100															0.1%			
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																						
3.6 Manufacture of other low carbon technologies	C26.3.0	7	0.3%																			
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	N77.1.1	55	2.1%																			
7.2 Renovation of existing buildings	F41.10	23	0.9%																			
7.3 Installation, maintenance and repair of energy efficiency equipment	F43.99	7	0.3%																			
7.7 Acquisition and ownership of buildings	L68	69	2.6%																			
8.2 Data-driven solutions for GHG emissions reductions	C26.3.0	22	0.8%																			
<b>CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>183</b>	<b>7.0%</b>																			
<b>Total (A.1 + A.2)</b>		<b>184</b>	<b>7.1%</b>															0.1%				
<b>B. Taxonomy-non-eligible activities</b>																						
<b>CAPEX of Taxonomy-non-eligible activities (B)</b>		<b>2,415</b>	<b>92.9%</b>																			
<b>Total (A + B)</b>		<b>2,599</b>	<b>100%</b>																			

\* Not assessed 2021, due to the implementation phases of legislation. Alignment not covered until 2022.

Economic activities (1)	Codes (2)	Absolute OPEX (3)	Proportion of OPEX (4)	Substantial contribution criteria					DNSH criteria (Does No Significantly Harm)					Minimum safeguards (17)	Taxonomy-aligned proportion of OPEX, year 2022 (18)	Taxonomy-aligned proportion of OPEX, year 2021 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)					
		MSEK		%					Y/N						%		E	T
<b>A. Taxonomy-eligible activities</b>																		
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																		
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	F43.2	2	0.1%	100														
8.2 Data-driven solutions for GHG emissions reductions	C26.3.0	11	0.5%	100														
<b>OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>13</b>	<b>0.6%</b>	<b>100</b>											<b>0.6%</b>			
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																		
3.6 Manufacture of other low carbon technologies	C26.3.0	3	0.1%															
8.2 Data-driven solutions for GHG emissions reductions	C26.3.0	4	0.2%															
<b>OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>7</b>	<b>0.3%</b>															
<b>Total (A.1 + A.2)</b>		<b>20</b>	<b>0.9%</b>												<b>0.6%</b>			
<b>B. Taxonomy-non-eligible activities</b>																		
<b>OPEX of Taxonomy-non-eligible activities (B)</b>		<b>2,090</b>	<b>99.1%</b>															
<b>Total (A + B)</b>		<b>2,110</b>	<b>100%</b>															

\* Not assessed 2021, due to the implementation phases of legislation. Alignment not covered until 2022.

# GRI content index



**Statement of use** Saab AB has reported in accordance with the GRI Standards for the period Jan 1st 2022 to Dec 31st 2022. The report was published 8 March 2023.

**GRI 1 used** GRI 1: Foundation 2021

**Applicable GRI Sector Standard(s)** None applicable

GRI standard/other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>General disclosures</b>					
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	p. 159, 171			
	2-2 Entities included in the organization's sustainability reporting	p. 47, p. 106-107, p. 155			
	2-3 Reporting period, frequency and contact point	p. 3, 47, 76			
	2-4 Restatements of information	p. 60, 68			
	2-5 External assurance	p. 47, 79-80, 167			
	2-6 Activities, value chain and other business relationships	p. 5, 14, 17, 21-30, 53, 55, 109			
	2-7 Employees	p. 69, 171	Breakdown per employment type	Information unavailable/incomplete	Number of employees not reported for the categories temporary employees and non-guaranteed employees
	2-8 Workers who are not employees	p. 70			
	2-9 Governance structure and composition	p. 80-87			
	2-10 Nomination and selection of the highest governance body	p. 81-82			
	2-11 Chair of the highest governance body	p. 82			
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 48-49, 51			
	2-13 Delegation of responsibility for managing impacts	p. 48			
	2-14 Role of the highest governance body in sustainability reporting	p. 48, 51			
	2-15 Conflicts of interest	p. 82, 85			
	2-16 Communication of critical concerns	p. 56, 82			
	2-17 Collective knowledge of the highest governance body	p. 48-49, 77			
	2-18 Evaluation of the performance of the highest governance body	p. 81, 83			
	2-19 Remuneration policies	p. 90-91, 115			
	2-20 Process to determine remuneration	p. 90			
	2-21 Annual total compensation ratio	p. 70			
	2-22 Statement on sustainable development strategy	p. 9-11			
	2-23 Policy commitments	p. 48-49, 53-55			
	2-24 Embedding policy commitments	p. 49, 53-55			
	2-25 Processes to remediate negative impacts	p. 48, 53, 63, 65			
	2-26 Mechanisms for seeking advice and raising concerns	p. 48-49, 56			
	2-27 Compliance with laws and regulations	p. 70			
	2-28 Membership associations	p. 49			
	2-29 Approach to stakeholder engagement	p. 49-50			
	2-30 Collective bargaining agreements	p. 69			

Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

**Sustainability report**

Corporate governance report

Board of Directors

Group Management

Financials

GRI standard/other source	Disclosure	Location	Omission		Explanation
			Requirement(s) omitted	Reason	
<b>Material topics</b>					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 49			
	3-2 List of material topics	p. 51			
<b>Anti-corruption</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 48, 54-56			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 54			
	205-2 Communication and training about anti-corruption policies and procedures	p. 54-55			
	205-3 Confirmed incidents of corruption and actions taken	p. 56, 70			
<b>Energy</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 59-60			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 68			
	302-4 Reduction of energy consumption	p. 68			
<b>Emissions</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 59-60			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 68			
	305-2 Energy indirect (Scope 2) GHG emissions	p. 68			
	305-3 Other indirect (Scope 3) GHG emissions	p. 68			
	305-5 Reduction of GHG emissions	p. 68			
<b>Waste</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 62			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	p. 61-63			
	306-2 Management of significant waste-related impacts	p. 62			
	306-3 Waste generated	p. 62, 68			
	306-4 Waste diverted from disposal	p. 62, 68			
	306-5 Waste directed to disposal	p. 62, 68			

Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

**Sustainability report**

Corporate governance report

Board of Directors

Group Management

Financials

GRI standard/other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>Occupational health and safety</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 63			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	p. 70, saab.com/sustainability/responsible-business/health-and-safety			
	403-2 Hazard identification, risk assessment, and incident investigation	p. 63			
	403-3 Occupational health services	p. 63			
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 64			
	403-5 Worker training on occupational health and safety	p. 63			
	403-6 Promotion of worker health	saab.com/sustainability/responsible-business/health-and-safety			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 63-64			
	403-8 Workers covered by an occupational health and safety management system	p. 70			
	403-9 Work-related injuries	p. 63-64	Work-related hazards that pose a risk of high-consequence injury	Information unavailable	Information not available on a group-wide level
<b>Diversity and equal opportunity</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 65			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p. 69			
	405-2 Ratio of basic salary and remuneration of women to men	p. 70	Breakdown for each employee category and by significant locations of operation	Information unavailable	Information not available per employee category and location
<b>Business and Human Rights</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 53			
Own Disclosure	Share of sales leads flagged in screening assessed for human rights risks	p. 52			
Own Disclosure	Strategic suppliers assessed based on social and environmental criteria	p. 52			
<b>Innovation, Industrial Cooperation and Partnership</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 66			
Own Disclosure	Number of PhD candidates	p. 52			
<b>Information security</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 57			
Own Disclosure	Information security in central processes	p. 57			
Own Disclosure	Data privacy in central processes	p. 57			

# Corporate governance report

Saab AB is a Swedish public limited liability company and the company's Series B shares are listed on Nasdaq Stockholm. Saab's corporate governance is based on the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Nordic Main Market Rulebook for Issuers of Shares (Nasdaq Rulebook), the Swedish Code of Corporate Governance and other relevant Swedish and foreign laws, regulations and guidelines. Saab has a Code of Conduct containing ethical guidelines in a number of areas on how the company and its employees are expected to act in contact with customers, business partners and in society as well as their interaction with one another as colleagues. Saab's Code of Conduct is a part of the governance of Saab.

**Swedish Code of Corporate Governance**  
Since Saab's shares are traded on Nasdaq Stockholm and must follow good practices in the securities market, Saab is also obligated

to comply with the Swedish Code of Corporate Governance (the Code). The Code is available at [www.bolagsstyrning.se](http://www.bolagsstyrning.se).

This Corporate Governance Report is prepared in accordance with the Annual Accounts Act and the Code, and describes how Saab applied the Code in the financial year 2022. Saab's website, [www.saab.com](http://www.saab.com), has a special section on corporate governance, which is updated continuously in accordance with the Code.

The Corporate Governance Report includes the Board of Directors' report on internal control over financial reporting. This Corporate Governance Report has been reviewed by the company's auditor. Saab did not deviate from the provisions of the Code in 2022.



Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

**Corporate governance report**

Board of Directors

Group Management

Financials

## 1. Shareholders' meeting and ownership structure

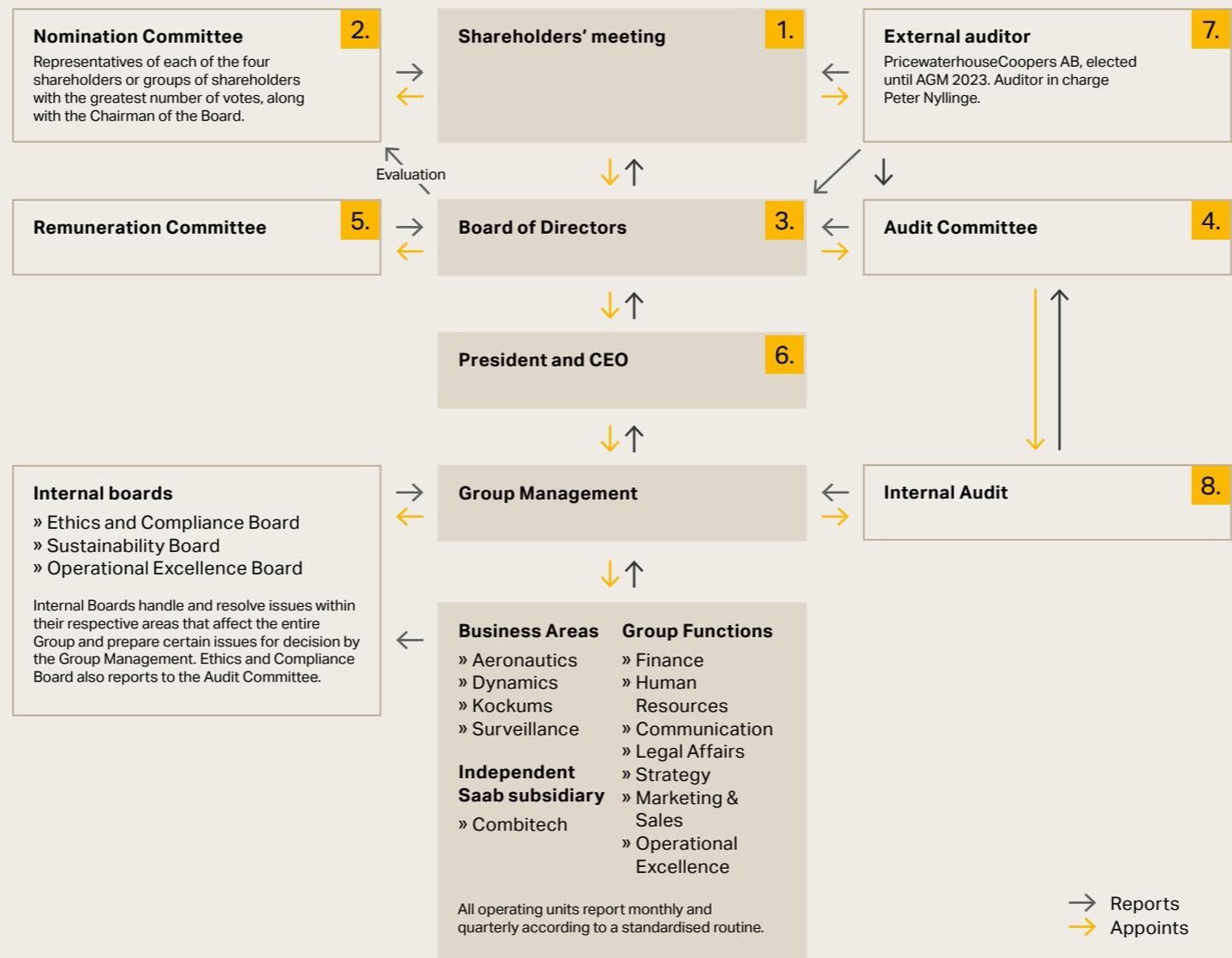
The shareholders' meeting is the highest decision-making body in a company. At the shareholders' meeting, the shareholders have the opportunity to exercise their voting rights.

The Annual General Meeting (AGM) shall be held within six months of the end of each financial year. At the Annual General Meeting shareholders vote, for example, on resolutions relating to the annual report, dividend, Board election, Board fees, auditor's fees, remuneration report, adoption of remuneration guidelines for senior executives and, when applicable, election of the external auditor and other matters stipulated in the Companies Act. Preparations for and the execution of the AGM 2022 were carried out in accordance with the Code, and the AGM 2023 will also comply with the provisions of the Code. The Annual General Meeting of Saab was held on 6 April 2022 in Linköping. The shareholders could also exercise their voting rights by postal voting in advance. 373 shareholders were represented at the Meeting, corresponding to about 65 per cent of the total number of votes in the company.

This year the Annual General Meeting will be held on 5 April 2023 in Stockholm, for more information see page 171. On 31 December 2022, Saab's share capital amounted to SEK 2,173,533,552 and consisted of 2,383,903 Series A shares and 133,461,944 Series B shares. Series A shares have ten votes each, while Series B shares have one vote each. A Series A share may, on demand of the owner, be converted to a Series B share. The Saab shares are registered with Euroclear Sweden AB. The quota value per share is SEK 16. The Series B shares are listed on Nasdaq Stockholm's Large Cap list. The Series A shares are not listed. All Series A shares are owned by Investor AB.

The Board of Directors has an authorisation from the shareholders' meeting to repurchase own shares; see page 92. As of 31 December 2022, Saab held 3,356,963 of its own Series B shares, corresponding to 2.5 per cent of the share capital. For more information on the ownership structure, see page 169.

# Corporate Governance



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

### Corporate governance report

Board of Directors

Group Management

### Financials

## Largest shareholders, 31 December 2022

	% of capital	% of votes <sup>1)</sup>
Investor AB	30.2	40.6
Wallenberg Investments AB	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
AllianceBernstein	1.0	0.8

<sup>1)</sup> % of votes is calculated based on the number of shares, excluding treasury shares, at 31 December, 2022.

Source: Modular Finance

## 2. Nomination Committee

According to the Nomination Committee process adopted by the Annual General Meeting 2011, which applies until further notice, Saab shall have a Nomination Committee consisting of one representative of each of the four shareholders or groups of shareholders with the greatest number of votes, along with the Chairman of the Board. The names of the four shareholder representatives and the shareholders they represent shall be announced at least six months prior to the Annual General Meeting based on known votes as per the last business day of August in the year before the Annual General Meeting. The Nomination Committee process includes procedures, where necessary, to replace a member who leaves the committee before its work has been completed.

According to the process, the Nomination Committee shall prepare a proposal on the following issues to be presented to the Annual General Meeting for resolution:

- Chairman of the shareholders' meeting,
- Board of Directors,
- Chairman of the Board,
- Remuneration to the members of the Board, allocated between the Chairman and other members of the Board, and remuneration for committee work,
- Election of auditor (if applicable), and
- Fees paid to the company's auditor.

Prior to the Annual General Meeting on 6 April 2022, the Nomination Committee issued a proposal for resolution on the Chairman of the shareholders' meeting, the Board of Directors, Auditors, Board fees and auditor fee. The Nomination Committee has applied rule 4.1 of the Code as a diversity policy with respect to the Board. The goal of the policy is that the Nomination Committee's proposal shall lead to that Saab will have a board with an appropriate composition and with satisfactory diversity and breadth in terms of gender, competence, age, experience and background.

Prior to the Annual General Meeting on 5 April 2023, it was announced in a press release on 29 September 2022 that, in addition to Chairman of the Board Marcus Wallenberg, the following shareholder representatives had been appointed to the Nomination Committee (shareholder's name in parentheses): Petra Hedengran (Investor AB), Peter Wallenberg Jr (Wallenberg Investments AB), Jan Andersson (Swedbank Robur Fonder) and Anders Jonsson (Livförsäkringsbolaget Skandia, ömsesidigt). Petra Hedengran is Chairman of the Nomination Committee.

The Nomination Committee members represent in the aggregate approximately 52 per cent of the votes in Saab based on the ownership structure as of 31 August 2022. The proposals of the Nomination Committee for resolution at the Annual General Meeting 2023 has been announced in the notice of the Annual General Meeting 2023. The Nominations Committee's statement regarding proposal for the Board of Directors is published on [www.saab.com/aggm](http://www.saab.com/aggm).

## Members of the Nomination Committee for Annual General Meeting 2023

Member	Representing	% of votes, 31 Aug 2022	% of capital, 31 Aug 2022
Petra Hedengran	Investor AB	39.69	30.16
Peter Wallenberg Jr	Wallenberg Investments AB	7.52	8.71
Jan Andersson	Swedbank Robur Fonder	4.44	5.14
Anders Jonsson	Livförsäkringsbolaget Skandia, ömsesidigt	0.94	1.09
Marcus Wallenberg	Chairman of the Board of Saab AB		

## 3. Board of Directors Composition of the Board

According to Saab's Articles of Association, the Board of Directors shall, in addition to the employee representatives, consist of at least six and not more than twelve members. Board members are elected annually by the shareholders' meeting. According to the resolution of the Annual General Meeting on 6 April 2022, Saab's Board of Directors shall consist of eleven members elected by the shareholders' meeting with no deputies. In addition, employee organisations appoint three Board members with an equal number of deputies.

At the Annual General Meeting on 6 April 2022, Henrik Henriksson, Danica Kragic Jensfelt, Sara Mazur, Johan Menckel, Daniel Nodhäll, Bert Nordberg, Erika Söderberg Johnson, Marcus Wallenberg, Joakim Westh and Micael Johansson were re-elected. Lena Erixon was elected as a new Board member. Cecilia Stegö Chiló had declined re-election. Marcus Wallenberg was elected Chairman of the Board.

The current composition of the Board is the result of the Nomination Committee's work prior to the Annual General Meeting 2022 applying the diversity policy. The members of the Board of Directors of Saab represent a diversity and breadth in terms of gender, competence, age, experience and background. In the aggregate, the Board combines the

competence and experience that are important to Saab's operations and that the Nomination Committee deems are needed to meet Saab's future challenges and needs. Of the Board members elected by the shareholders' meeting, and not employed by the company, 40 per cent are women.

At the statutory Board meeting after the Annual General Meeting, Bert Nordberg was elected Deputy Chairman of the Board. Only CEO Micael Johansson is employed by the company and at the same time a member of the Board.

Information on remuneration to the members of the Board as resolved by the AGM 2022 is set forth in note 8.

## Members of the Board elected by the shareholders' meeting

Marcus Wallenberg	Daniel Nodhäll
Micael Johansson	Bert Nordberg
Lena Erixon	Erika Söderberg Johnson
Henrik Henriksson	Joakim Westh
Danica Kragic Jensfelt	
Sara Mazur	
Johan Menckel	

## Employee representatives

Regulars	Deputies
Stefan Andersson	Tina Mikkelsen
Göran Andersson	Conny Holm
Magnus Gustafsson	Lars Svensson



# Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

**Corporate governance report**

Board of Directors

Group Management

Financials

The Board members' other significant professional commitments, work experience, shareholdings etc. are set forth in the presentation of the Board of Directors on pages 85-87.

### Independence requirement

The table sets forth the Board members elected by the shareholders' meeting who, according to the provisions of the Code, are considered independent in relation to the company and its management, as well as in relation to the company's major shareholders.

### Composition and independence of the Board in 2022

Member	Elected	Independent of company/ management	Independent of major shareholders
Marcus Wallenberg	1992	Yes	No <sup>1)</sup>
Micael Johansson	2020	No <sup>2)</sup>	Yes
Lena Erixon	2022	Yes	Yes
Henrik Henriksson	2021	Yes	Yes
Danica Kragic Jensfelt	2017	Yes	Yes
Sara Mazur	2013	Yes	No <sup>3)</sup>
Johan Menckel	2019	Yes	Yes
Daniel Nodhäll	2017	Yes	No <sup>4)</sup>
Bert Nordberg	2016	Yes	Yes
Erika Söderberg Johnson	2017	Yes	Yes
Joakim Westh	2010	Yes	Yes

<sup>1)</sup> Board member of Investor AB

<sup>2)</sup> President and CEO of Saab AB

<sup>3)</sup> Board member of Wallenberg Investments AB

<sup>4)</sup> Employed by Investor AB

Accordingly, the company fulfils the Code's requirement that a majority of Board members appointed by the shareholders' meeting are independent of the company and its management, and that at least two are independent of the major shareholders.

### Work of the Board

According to the Board's rules of procedure, seven ordinary meetings shall normally be held each year, in addition to the statutory meeting. The Board can also meet when circumstances demand. In 2022, the Board held one statutory meeting, seven ordinary meetings and two extra meetings, a total of ten meetings. The Board meetings in 2022 were held in Stockholm, except for two meetings in Linköping in connection with the Annual General Meeting in April. The Board has also during October 2022 visited the Company's operations in Syracuse and in West Lafayette, US.

The Board annually adopts rules of procedure, an instruction on the division of work between the Board and the CEO, and an instruction on financial reporting to the Board.

The rules of procedure contain provisions on the number of Board meetings, a list of matters to be considered at the meetings, reporting from the auditor, and special decisions to be taken at the statutory meeting. The rules of procedure and special instruction for the CEO set forth the delegation of responsibilities between the Board and its two committees, the Remuneration Committee and the Audit Committee, including the Chairman's role, as well as the division of duties between the Board and the CEO.

The instruction for the CEO sets forth the CEO's duties and authority, including matters which require a Board decision. Policies on investments, financing and reporting are also connected to the instruction.

During the year, the Board was assisted by the secretary of the Board of Directors, General Counsel Annika Bärems, who is not a member of the Board.

The Board of Directors' meetings follow an agenda. Prior to each meeting, Board members receive documentation and supporting material for the issues on the agenda. At each Board meeting the CEO presents a Market and Operations Report. A financial report is

also presented at each Board meeting and is addressed in detail prior to the publication of the interim reports and the year-end report. The Board regularly considers investments, research and development, organisational issues, management of significant risk areas, and acquisitions and divestments of companies. The Board's annual work includes deciding on the company's business plan and strategy, which in 2022 were addressed in December. The Board meeting in December also considers the company's budget for the coming year as well as Enterprise Risk Management. The Board then also addressed the performance targets in the company's two performance related share plans. In 2022, the Board especially focused on topics relating to the effects of the war in Ukraine and Sweden's NATO application, for example preparations for meeting future demand by investing in increased capacity and recruiting the right competences, and also specific strategic matters. The Board has also during 2022 worked with major projects related to Gripen, A26, GlobalEye, missiles, combat management systems and the T-7A jet trainer as well as other significant export and marketing topics. In 2022, the company arranged two special information sessions for the Board members, where they received detailed information on i.e. the Company's work with innovations, Combat Systems and Electronic Warfare as well as other important strategic matters.

The work in the committees represent an important part of the Board's work. After each meeting of the Audit and Remuneration Committees, the respective Chairman submits a report to the Board on the issues that were dealt with at the meeting. The Board then adopts resolutions on any matters prepared by the committees.

## 4. Board of Directors' committee work

### Audit Committee

In accordance with the principles set out in the Swedish Companies Act and the Code, the Board of Directors has appointed an Audit Committee consisting of three members. The work of the Audit Committee is mainly of a

preparatory nature, i.e. preparing matters for resolution by the Board. The Audit Committee has certain limited decision-making power. For example, it has established guidelines for services other than auditing that the company may procure from the auditor. The Audit Committee's members following the Annual General Meeting 2022 are Joakim Westh (Chairman of the Committee), Daniel Nodhäll and Erika Söderberg Johnson, whereof both Joakim Westh and Erika Söderberg Johnson are independent of the company and its management as well as of the major shareholders. Moreover, all members of the committee have accounting or auditing competence. The General Counsel, Annika Bärems, was secretary to the Audit Committee in 2022.

The Audit Committee's assignment is set forth in the Board's rules of procedure. The Audit Committee shall, among other things, monitor the company's financial reporting and submit proposals to ensure the integrity of the financial reporting, monitor the efficiency of the company's internal control, internal audit and risk management in respect of the financial reporting, keep itself informed of the audit of the annual report and consolidated accounts, inform the Board of the results of the audit, review and monitor the auditor's impartiality and independence, assist the Nomination Committee in preparing the proposal for the shareholders' meeting's election of the auditor and in certain cases procure auditing services, in addition to establishing guidelines for services other than auditing that may be provided by the company's auditor. Moreover, the Audit Committee shall annually monitor and evaluate the efficiency and adequacy of the company's anti-bribery and corruption program including the Code of Conduct, and keep itself informed of material deviations or non-compliance with the company's anti-bribery and corruption program, including whistle-blower reports, through regular reporting from the Ethics and Compliance Board. The company's external auditor normally participates in the meetings of the Audit Committee. In 2022, the Audit Committee focused especially on current issues relating to



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

**Corporate governance report**

Board of Directors

Group Management

Financials

the company's financial position, procurement, the financial reporting, execution of major projects, budget, risk management, internal control, assisted the Nomination Committee with proposal for election of auditor and issues relating to the company's business ethical rules.

The Audit Committee keeps minutes of its meetings, which are distributed upon request to the other members of the Board. In 2022, the Committee held five meetings.

## 5. Remuneration Committee

In accordance with principles set out in the Code, the Board of Directors has appointed a Remuneration Committee consisting of three members. The Remuneration Committee's members following the Annual General Meeting 2022 are Johan Menckel, Marcus Wallenberg and Bert Nordberg. Johan Menckel is the Chairman of the Committee. All are independent of the company and its management. The

General Counsel, Annika Bärems, was secretary to the committee in 2022.

The Remuneration Committee's assignments are to prepare the Board's resolutions on remuneration principles, remuneration and other terms of employment for the Group Management, monitor and evaluate variable remuneration programmes for the Group Management, both ongoing and those ended during the year, and monitor and evaluate the application of the remuneration guidelines for senior executives adopted by the Annual General Meeting as well as the current remuneration structures and levels in the company. The Remuneration Committee also proposes remuneration guidelines for senior executives, which, following resolution by the Board of Directors, are submitted to the Annual General Meeting. Matters concerning the employment terms, remuneration and other benefits for the CEO are prepared by the Remuneration Committee for resolution

by the Board. The Remuneration Committee is responsible for interpretation and application of the remuneration guidelines for senior executives and to prepare (on behalf of the Board) a report regarding remuneration in accordance with the guidelines. The Remuneration Committee has no decision-making powers of its own. In 2022, the Remuneration Committee focused especially on issues relating to the company's long-term incentive programmes, including the proposed performance targets in the company's two performance related share plans, a new Key Employee Plan with synthetic shares for 1,500 key employees (not the Board, CEO and Group management) and the preparation of a remuneration report.

The Remuneration Committee keeps minutes of its meetings, which are distributed upon request to the other members of the Board. In 2022, the Committee held three meetings.

## Evaluation

The Chairman of the Board annually performs an evaluation of the Board's work and possible improvement areas, in order to develop the forms and effectiveness of its work. The evaluation is made by having Board members respond to a questionnaire and give their opinions on the Board's work and performance. The results are then compared with previous years and discussed at the Board meeting in December.

The questionnaire consists of six parts covering the breadth of the Board's competence, how the Board conducts its work, the Chairman, the Board's composition, the cooperative atmosphere and possible improvements. The Chairman of the Board does not participate in the Board's discussion on the results of the Chairman's evaluation. The Nomination Committee is informed of the results of the evaluation in connection with preparing its proposal on the composition of the Board.

The Board continuously evaluates the CEO's work by monitoring the company's performance relative to established goals. The Board annually evaluates the CEO's work through its members' responses to a questionnaire on the CEO in the areas of performance, organisation, people and leadership. The CEO does not participate in this evaluation.

## 6. Chief Executive Officer

The President and CEO of Saab is Micael Johansson and he is also a member of the Board of Directors. His significant professional commitments outside the company, earlier positions and shareholding in the company are set forth in the presentation of the Board of Directors, see page 85. Micael Johansson does not have shareholdings or partnerships in any company with which Saab has important business relations.

## Guidelines for remuneration and other benefits for senior executives

The guidelines for remuneration and other benefits for senior executives are found on pages 90-92.

## Attendance and board remuneration in 2022

Name	Audit Committee	Remuneration Committee	Board meetings attended <sup>1)</sup>	Committee meetings attended <sup>2)</sup>	Board remuneration KSEK <sup>3)</sup>	Audit Committee remuneration KSEK	Remuneration Committee remuneration KSEK	Total remuneration KSEK
Marcus Wallenberg		x	9	3	2,065		100	2,165
Micael Johansson			10					
Lena Erixon <sup>5)</sup>			7		675			675
Henrik Henriksson			10		675			675
Cecilia Stegö Chiló <sup>4)</sup>			2					
Danica Kragic Jensfelt			10		675			675
Sara Mazur			10		675			675
Johan Menckel		x	10	3	675		160	835
Daniel Nodhäll	x		10	5	675	185		860
Bert Nordberg		x	10	3	755		100	855
Erika Söderberg Johnson	x		10	5	675	185		860
Joakim Westh	x		10	5	675	285		960

1) Of a total of 10 meetings in 2022.

2) Of a total of 5 meetings of the Audit Committee in 2022 and 3 meetings of the Remuneration Committee in 2022.

3) Refers to the remuneration resolved by the AGM 2022 for the period until the AGM 2023. CEO Micael Johansson does not receive remuneration.

4) Left the Board at the Annual General Meeting 2022. Received fee for the period January-March 2022 of SEK 161,250 and participated in 2 Board meetings prior the Annual General Meeting 2022.

5) Elected by the AGM in April 2022, thereafter participated in 7 Board meetings of a total of 8 Board meetings.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

**Corporate governance report**

Board of Directors

Group Management

Financials

## 7. The company's auditor

On behalf of the shareholders and in accordance with current laws and regulations, the external auditor examines the financial statements, consolidated accounts, annual report, and administration and management of the company by the Board of Directors and the CEO, and carries out the statutory audit of the corporate governance report and sustainability report. A limited assurance on Saab AB's sustainability report has been conducted. The company's Q3 interim report has been reviewed by the auditor as well. The auditor presents an auditors' report to the Annual General Meeting. On behalf of the Board, the company's auditor has also reviewed whether the performance targets for the Special Projects Incentive 2022 were met.

The shareholders' meeting elects the auditor. PricewaterhouseCoopers AB was re-elected as auditor by the Annual General Meeting 2022, for the period 2022–2023.

### PricewaterhouseCoopers (PwC)

- Elected by the Annual General Meeting 2022 for the period 2022 through the Annual General Meeting 2023.
- Peter Nyllinge, Authorised Public Accountant, is auditor in charge since April 2020. Other major audit assignments: Sandvik AB, Getinge AB and AB Electrolux.

PricewaterhouseCoopers AB is a member of PwC's global network in around 150 countries. PwC has competence and experience in areas important to Saab: auditing of large and listed companies, accounting issues, industry experience and familiarity with international business.

The Audit Committee is responsible for ensuring the independence of the auditor, including by staying updated on ongoing consulting assignments. The Audit Committee has also established guidelines on which services other than auditing the company may procure from the auditor. Where applicable, the committee will approve such services in accordance with these guidelines.

## Audit fees 2021–2022

Saab's auditor receives a fee according to approved invoices as resolved by the Annual General Meeting.

PwC performed limited services on behalf of the company in 2022 in addition to its audit assignments by consulting on accounting and tax issues.

### Auditor's fees for the Group 2021–2022

MSEK	2022	2021
Audit assignments:		
PwC	22	20
Other	5	4
Other assignments:		
PwC	2	2

## The Board's report on internal control over financial reporting

The Board of Directors is responsible for internal control over financial reporting pursuant to the Swedish Companies Act, the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance.

The Board assures the quality of the financial accounting through the Audit Committee and CEO. The entire Board reviews the interim reports before they are published. The Audit Committee follows up the internal control over financial reporting on a regular basis. The Audit Committee considers critical accounting issues and the financial reports presented by the company as well as matters of strategic importance, e.g. asset acquisitions and sales and the Group's financing. It also covers issues such as internal control, regulatory compliance, any significant uncertainty in reported values, post-statement events, changes in estimates and judgements, and other circumstances that may affect the quality of the financial statements.

After each Audit Committee meeting, a report is submitted to the Board. The auditor, elected by the Annual General Meeting, participated in

five of five meetings of the Audit Committee in 2022.

The Board of Directors has met with the auditor to discuss their review of the company for the financial year 2022. The Board has also met the auditor while not in the presence of the CEO or other members of the Group Management.

## Internal control over financial reporting

The internal control system applies the principles of the Committee of Sponsoring Organizations' (COSO) framework and assists the business in achieving its financial goals by monitoring risk exposure in a structured way. Moreover, internal control aims to provide reasonable assurance of the reliability of the external and internal financial reporting and to ensure that it is prepared in accordance with laws, applicable accounting standards and other requirements for listed companies.

## Control environment

Internal control is based on Saab's organisation, where operating responsibilities and authorities are delegated to the business areas and support units, which are also supported and monitored by Group functions. These Group functions issue guidelines that clarify responsibilities and powers. Saab has a process for monitoring internal control where roles and responsibilities are defined, control matrixes and key controls included, and reporting clarified.

## Risk assessment

Saab's operations are characterised by the development, production and supply of technologically advanced hardware and software for military and civil customers around the world. The business largely consists of large projects that stretch over long periods, often several years. Saab identifies and assesses risks with an impact on the financial reporting within a number of processes such as the annual accounts, investments, project implementation and procurement. In addition to the risk of inaccurate financial reporting, internal processes are also assessed on the basis of the risk of exposure to improprieties. Group

Finance continuously coordinates an overall risk assessment of the financial reporting. The current risk assessment is reviewed by Internal Audit and taken into account in the preparation of the annual internal audit plan, which is established by the Audit Committee.

## Control activities

Key controls are defined within Saab's internal processes and functions to monitor the internal control. There are also general IT key controls. Key controls are performed according to a predefined schedule. The control activities are both manual and automated and include e.g. authorisation routines, account reconciliations, process compliance and access to programs and data.

## Information and communication

Policies, Group directives and manuals are continuously updated, clearly communicated and available through Saab's internal enterprise management system. A web-based tool used to monitor Saab's key controls clearly shows the status and results of performed controls. The results of performed controls are an integral part of Saab's financial closing process and are reported quarterly to the Group Management and yearly to the Audit Committee.

## Monitoring and evaluation

- The Audit Committee monitors the principles for accounting and financial reporting.
- A semi-annual self-assessment on completed key controls. The self-assessment process also includes assessing whether the material risks in each internal process are managed with existing key controls.
- Saab's Internal Audit reports directly to the Audit Committee and the CFO. Internal Audit follows the internal audit plan adopted by the Audit Committee and performs independent and objective reviews in order to evaluate and increase the efficiency of the internal control.
- The company's auditor annually evaluate and report on the status of Saab's internal control over financial reporting.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

**Corporate governance report**

Board of Directors

Group Management

Financials

# Board of Directors



**Marcus Wallenberg**  
Chair of the Board since 2006  
Deputy Chair of the Board  
1993–2006 and Member of the  
Board since 1992  
Member of Saab's Remuneration  
Committee.

Born 1956  
B.Sc. of Foreign Service,  
Georgetown University  
**Shares in Saab:** 125,000  
**Other board commitments:**  
Chair of SEB, FAM AB, Wallenberg  
Investments AB, Patricia  
Industries and the Royal Swedish  
Academy of Engineering (IVA).  
Vice Chair of Investor AB, EQT AB  
and Knut and Alice Wallenberg  
Foundation. Board member of  
AstraZeneca PLC.  
**Former employment and  
positions:** Chair of AB Electrolux,  
LKAB and Svenska ICC Service  
AB. President and CEO of  
Investor AB. Board member of, i.a.,  
Temasek Holding Ltd, Stora Enso  
Oyj, EQT Holdings AB.



**Bert Nordberg**  
Member of the Board since 2016  
Deputy Chair of the Board since  
2021  
Member of Saab's Remuneration  
Committee.

Born 1956  
Engineer  
**Shares in Saab:** 10,625  
**Other board commitments:**  
Chair of Vestas Wind Systems  
A/S, Sigma Connectivity AB and  
AXIS AB. Board member of Essity  
Aktiebolag (publ).  
**Former employment and  
positions:** Board member of  
AB Electrolux, SkiStar AB, Axis  
AB, Sigma Connectivity AB and  
Svenska Cellulosa Aktiebolag  
(SCA). Chair of TDC Group  
A/S, Imagination Technologies  
Group Plc. and Sony Mobile  
Communications AB. Chair  
and CEO of Sony Ericsson  
Communications AB. Various  
positions within the Ericsson  
group as well as within Data  
General Corporation and Digital  
Equipment Corporation.



**Micael Johansson**  
Member of the Board since 2020  
President and CEO, Saab AB.

Born 1960  
B.Sc.+ in Mathematics and  
Computer Science at University  
of Uppsala  
**Shares in Saab:** 49,306  
**Other board commitments:**  
Board member of AeroSpace and  
Defence Industries Association  
of Europe (ASD) and European  
Business Leader's Convention.  
**Former employment and  
positions:** Deputy CEO of  
Saab AB. Senior Vice President  
and Head of Business Area  
Surveillance, Saab AB. President  
of Avitronics and various senior  
positions within Saab Group.



**Lena Erixon**  
Member of the Board since 2022

Born 1960  
Degree in Public administration  
Stockholm University  
**Shares in Saab:** 55  
**Other board commitments:**  
Chair of JBS, Board for  
collaboration within the railway  
sector, and SPV, Statens  
tjänstepensionsverk. Board  
member of Hector Rail AB.  
**Former employment and  
positions:** Director General of the Swedish  
Transport Administration (TrV)  
and the Swedish Defence Materiel  
Administration (FMV). Chair of  
Swedish Employment Service  
and European Defence Agency.  
Director of Market and Planning  
and Deputy Director General  
of TrV. Director General of the  
Swedish Road Administration (VV).  
Director Market and Planning,  
Director Finance and Deputy  
Director General of VV. Director  
Finance municipality of Södertälje.  
Several positions within the  
Swedish Association of Local  
Authorities, Ministry of Finance  
and the municipality of Täby.



**Henrik Henriksson**  
Member of the Board since 2021  
CEO, H2 Green Steel.

Born 1970  
B.Sc. in Business Administration,  
Lund University  
**Shares in Saab:** -  
**Other board commitments:**  
Board member of Hexagon AB,  
Electrolux AB and Creades AB.  
**Former employment and  
positions:** Board member of  
Svenskt Näringsliv. Various  
senior positions within Scania,  
including President and CEO from  
2016–2021.



**Danica Kragic Jensfelt**  
Member of the Board since 2017  
Professor, School of Electrical  
Engineering and Computer  
Science, Royal Institute of  
Technology (KTH).

Born 1971  
Ph.D. Computer Science,  
M.Sc. Mechanical Engineering  
**Shares in Saab:** 2,000  
**Other board commitments:**  
Board member of FAM AB, H&M  
Group and CROSEIR AB. Member  
of the Royal Swedish Academy of  
Engineering Sciences (IVA) and  
Swedish Academy of Sciences  
(KVA).  
**Former employment and  
positions:** Board member of  
Institute for Future Studies. Deputy  
Director, School of Computer  
Science and Communication, KTH.  
Founding member of the Young  
Academy of Sweden.

Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

**Board of Directors**

Group Management

Financials

# Board of Directors



## Sara Mazur

**Member of the Board since 2013**  
Vice Executive Director,  
Knut and Alice Wallenberg  
Foundation.

Born 1966  
Associate Professor Electrical  
Engineering, Royal Institute of  
Technology (KTH).  
Ph.D. Electrical Engineering, KTH  
M.Sc. Electrical Engineering, KTH  
Honorary Doctorate Luleå University  
of Technology  
**Shares in Saab:** 4,500  
**Other board commitments:**  
Chair of Wallenberg Autonomous  
System and Software Program  
(WASP) and Wallenberg Initiative  
Materials Science for Sustainability  
(WISE). Board member of  
Wallenberg Investments AB and  
the Royal Swedish Academy of  
Engineering Sciences (IVA).  
**Former employment and positions:**  
Vice President and Head of Ericsson  
Research, Ericsson AB. Vice  
President System Management,  
Business Unit Networks, Ericsson  
AB. Board member of Investor  
AB, Nobel Prize Outreach AB,  
CombiEnt AB, Chalmers University  
of Technology AB, RISE Research  
Institutes of Sweden AB and RISE  
SICS North Swedish ICT AB.



## Johan Menckel

**Member of the Board since 2019**  
Chair of Saab's Remuneration  
Committee.  
EVP, Chief Investment Officer,  
Investment AB Latour.

Born 1971  
M.Sc. Engineering (industrial  
engineering and management),  
Royal Institute of Technology  
(KTH)  
**Shares in Saab:** 8,000  
**Other board commitments:**  
Chair of Nord-Lock Group,  
Bemsiq AB, Swegon Group AB  
and Nederman Holding AB. Board  
member of Securitas AB and  
World Materials Forum, France.  
**Former employment and  
positions:** President and CEO of  
Gränges AB. CEO of Sapa Heat  
Transfer. Business Area President  
of Sapa Profiles Asia. MD of  
Sapa Heat Transfer Shanghai.  
Management consultant at  
Accenture and founder of  
addnature.com. Board member of  
Svenska postkodföreningen.



## Daniel Nodhäll

**Member of the Board since 2017**  
Member of Saab's Audit  
Committee.  
Head of Listed Companies,  
Investor AB.

Born 1978  
M.Sc. in Economics and Business,  
Stockholm School of Economics  
**Shares in Saab:** 2,500  
**Other board commitments:**  
Board member of Electrolux  
Professional AB and  
Husqvarna AB.  
**Former employment and  
positions:** Board member of  
Kunskapsskolan Education  
Sweden AB. Investment Manager,  
Head of Capital Goods at  
Investor AB.



## Erika Söderberg Johnson

**Member of the Board since 2017**  
Member of Saab's Audit  
Committee.  
Senior Advisor, Kinnevik AB.

Born 1970  
M.Sc. in Economics and Business,  
Stockholm School of Economics  
**Shares in Saab:** 3,200  
**Other board commitments:**  
Board member of Lunar Group  
A/S.  
**Former employment and  
positions:** Chief Financial Officer  
of Kinnevik AB, Biotage AB,  
Karo Bio AB, Affibody AB and  
Global Genomics AB. Investment  
Banking Advisor of Enskilda, SEB.  
Board member of Sectra AB, Qliro  
Group AB and MedCap AB.



## Joakim Westh

**Member of the Board since 2010**  
Chair of Saab's Audit Committee.

Born 1961  
M.Sc. in Aeronautics, Royal  
Institute of Technology (KTH).  
M.Sc. in Aerospace Engineering,  
Massachusetts Institute of  
Technology (MIT)  
**Shares in Saab:** 10,000  
**Other board commitments:**  
Chair of Amexci AB. Board  
member of CGI Group Inc., and  
Absolent Air Care Group AB.  
**Former employment and  
positions:** Chair of EMA  
Technology AB and Absolent  
AB. Board member of Swedish  
Match AB (ended January  
2023), Arcam AB, Intrum AB,  
Rörvik Timber AB, Telelogic AB  
and VKR Holding A/S. Deputy  
board member of Sony Ericsson  
Mobile Communications AB.  
Senior Vice President of Group  
Function Strategy & Operational  
Excellence and member of  
the Group Management Team,  
LM Ericsson AB. Group Vice  
President and member of the  
Executive Management Group  
of Assa Abloy AB and Partner at  
McKinsey & Co. Inc.

Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

**Board of Directors**

Group Management

Financials



# Board of Directors



## Employee representatives



### Stefan Andersson

**Member of the Board since 2008**  
President of the Local Salaried Employees' union Unionen at Saab Dynamics AB, Linköping.

Born 1974  
B.Sc. Mechanical Engineering,  
Dalarna University  
**Shares in Saab:** 3,188



### Göran Andersson

**Member of the Board since 2020**  
Treasurer of the local trade union IF Metall at Saab AB, Linköping.

Born 1972  
**Shares in Saab:** 485



### Magnus Gustafsson

**Member of the Board since 2021**  
**Deputy Board member 2016–2021**  
President of the Local Swedish Association of Graduate Engineers at Saab AB, Linköping.

Born 1965  
M.Sc. in Applied Physics and Electrical Engineering, Linköping Institute of Technology  
**Shares in Saab:** 1,012

## Deputies



### Conny Holm

**Deputy Board member since 2017 and 1995-2008**  
**Member of the Board 2008–2017**  
Board member of Saab Group IF Metall Union and of the local trade union IF Metall at Electronic Warfare and Aircraft Systems, Huskvarna.

Born 1947  
Upper secondary engineering education  
**Shares in Saab:** 1,702



### Tina Mikkelsen

**Deputy Board member since 2016**  
President of the Local Salaried Employees' union, Unionen at Saab AB, Järfälla.

Born 1973  
Electrical Engineering,  
Stockholms Tekniska Institut (STI)  
**Shares in Saab:** 2,144



### Lars Svensson

**Deputy Board member since 2021**  
Chair of the Local Swedish Association of Graduate Engineers at Saab AB, Gothenburg.

Born 1972  
M.Sc.E.E. Chalmers University of Technology  
**Shares in Saab:** 50

Information on shareholdings includes holdings of closely affiliated natural persons and legal entities, where applicable.

Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

**Board of Directors**

Group Management

Financials

# Group Management



**Micael Johansson**  
President and Chief Executive Officer (CEO)

Born 1960  
B.Sc. in Mathematics and Computer Science studies  
Employed 1985  
**Shares in Saab:** 49,306



**Christian Luiga**  
Deputy CEO and Chief Financial Officer

Born 1968  
Economics studies  
Employed 2020  
**Shares in Saab:** 15,554



**Anders Carp**  
Deputy CEO

Born 1971  
Military officer education and Executive Program studies  
Employed 2001  
**Shares in Saab:** 12,301



**Charlotta Björklund**  
Senior Vice President and Head of Operational Excellence

Born 1965  
M.Sc. in Engineering  
Employed 2018  
**Shares in Saab:** 1,736



**Annika Bäreemo**  
Senior Vice President and Head of Group Legal Affairs, General Counsel, Secretary of the Board of Directors

Born 1964  
Master of Laws (LL.M.)  
Employed 2012  
**Shares in Saab:** 13,340



**Lena Eliasson**  
Senior Vice President and Head of Group Human Resources

Born 1967  
M.Sc. in Engineering  
Employed 2012  
**Shares in Saab:** 20,187



**Christian Hedelin**  
Senior Vice President and Chief Strategy Officer

Born 1969  
M.Sc. in Electronic Engineering  
Employed 2018  
**Shares in Saab:** 7,068

Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

- Financial review 2022
- Significant events
- Risks and uncertainties
- Sustainability report
- Corporate governance report
- Board of Directors
- Group Management**

Financials



# Group Management



Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

**Group Management**

Financials



**Jonas Hjelm**  
Senior Vice President and  
Head of Government Affairs

Born 1971  
Employed 2006  
Shares in Saab: 10,652



**Dean Rosenfield**  
Senior Vice President and  
Chief Marketing Officer

Born 1968  
Masters in Management  
Employed 2001  
Shares in Saab: 10,523



**Viktor Wallström**  
Senior Vice President and Head  
of Group Communication and  
Sustainability

Born 1985  
M.Sc. in Political Science  
Employed 2022  
Shares in Saab: 2,500



**Carl-Johan Bergholm**  
Senior Vice President and  
Head of Business Area  
Surveillance

Born 1967  
M.Sc. in Applied Physics  
Employed 2003  
Shares in Saab: 3,638



**Görgen Johansson**  
Senior Vice President and  
Head of Business Area Dynamics

Born 1964  
MBA degree  
Employed 2004  
Shares in Saab: 16,467



**Lars Tossman**  
Senior Vice President and  
Head of Business Area  
Aeronautics

Born 1962  
Employed 1986  
Shares in Saab: 23,123



**Mats Wicksell**  
Senior Vice President and Head  
of Business Area Kockums

Born 1973  
Employed 1998  
Shares in Saab: 2,575

## Changes in the Group Management

During the second quarter 2022, Viktor Wallström was appointed as new Senior Vice President and Head of Group Communication and Sustainability. He started in the position on 1 October 2022, becoming a member of Saab's Group Management.

On 10 February 2023, Lars Tossman, previously head of business area Kockums, was appointed head of business area Aeronautics. Mats Wicksell assumed the position as head of business area Kockums and became a new member of Saab's Group Management team. Jonas Hjelm, previously head of business area Aeronautics, took on a new position within the Group Management team as head of the newly established group function Government Affairs. These changes took effect on 1 March 2023.

Note: Shareholdings as per February 28, 2023 and Group Management as per March 1, 2023.



# Remuneration and long-term incentive programmes



Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

## Guidelines on remuneration and other terms of employment for senior executives 2022

Pursuant to the Swedish Companies Act, the Board of Directors shall, at least every fourth year, present a proposal for remuneration guidelines for the company's senior executives to be adopted by the Annual General Meeting. The Annual General Meeting 2021 adopted the Board's proposed guidelines for senior executives which is described below.

During the year, the Remuneration Committee has evaluated the application of the remuneration guidelines. The Remuneration Committee is of the opinion that the guidelines adopted in 2021 achieve their purposes to facilitate the recruitment and retention of senior executives and therefore no changes are proposed to the remuneration guidelines.

### Guidelines

The senior executives comprise the President and other members of the Group Management. The members of this group are presented on the Company's website. In certain specific cases, these guidelines may also comprise Board Members of Saab AB, as described below. No board fees are to be paid to members of the Group Management for participation on the boards of the business areas or Saab subsidiaries. These guidelines do not apply to any remuneration resolved by the Shareholders' Meeting.

These guidelines apply from the Annual General Meeting 2021 and are applicable to remuneration agreed, and amendments to

remuneration already agreed, after adoption of the guidelines by the Annual General Meeting.

### The guidelines' promotion of Saab's strategy, long-term interests and sustainability

A prerequisite for the successful implementation of Saab's business strategy and safeguarding of the Company's long-term interests, including its sustainability, is that the Company is able to recruit and retain senior executives. To this end, it is necessary that Saab offers a competitive total remuneration on market terms, adapted to the Company's development and situation, which these guidelines enable. To the greatest extent possible, remuneration structures shall be characterised by predictability with respect to both the cost for the Company and the benefit for the employee. They shall be based on factors such as position, competence, experience and performance. Benchmarking shall be made regularly relative to comparable industries and markets.

For information regarding the Company's business strategy, please see the external website [www.saab.com](http://www.saab.com).

### Fixed remuneration

Fixed remuneration shall consist of cash salary. The fixed salary shall be reviewed annually as per 1 January for all members of the Group Management. The fixed salary shall be at market terms and based on factors such as position, competence, experience and performance.

### Variable remuneration

Saab's operations are mainly characterised by the development of technically advanced products and systems. The products are marketed, further developed, produced and maintained during long periods of time, in some cases three to four decades, which generally entails substantial investments and long-term customer relations all over the world. Consequently, it is important that senior executives have a long-term view and a long-term commitment in the Company's operations and profits. Therefore, long-term incentive is especially well suited to Saab and its shareholders. Hence, Saab does not normally offer any short-term variable cash remuneration to the President or other members of the Group Management. Instead, the variable remuneration consists of long-term share based incentive programs which are adopted by the Shareholders' Meeting and therefore not subject to these guidelines. The President and other members of the Group Management are entitled to participate in these programs. The Board of Directors proposes that the Annual General Meeting 2023 resolve on a long-term incentive program (LTI 2024). The Board's intention is to propose such long-term incentive programs also to future Annual General Meetings. The terms and estimated costs for the Company's long-term incentive programs are presented in the Board's complete proposal to each Annual General Meeting.

In extraordinary circumstances, agreements of a one-off nature for variable cash remuneration may be made, provided that such agreements

are made solely on an individual basis for recruitment or retention purposes only, or as compensation for extraordinary efforts beyond the individual's ordinary assignment, and that such remuneration shall never exceed the amount of the fixed annual salary and shall not be paid more than once a year per individual. Such remuneration shall not qualify for pension benefits unless otherwise provided by mandatory collective agreement provisions. Resolutions on such remuneration shall be made by the Board based on a proposal from the Remuneration Committee.

Variable cash remuneration shall not be paid in other cases.

### Other benefits

All members of the Group Management may be entitled to other benefits in accordance with local practice. The benefits shall contribute to facilitating the executive's discharge of his or her duties. Other benefits may for example be a company car, travels, housing and medical insurance.

The total value of the benefits shall be equivalent to what is considered reasonable in relation to market practice. The value for benefits such as company car and medical insurance shall amount to not more than 5 per cent of the fixed annual salary. In addition to this, senior executives may, on an individual basis, be entitled to housing and travels amounting to not more than 25 per cent of the fixed annual salary.

Senior executives who are stationed in a country other than their home country may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the arrangement, taking into account, to the extent possible, the overall purpose of these guidelines. Such benefits shall in total not exceed 30 per cent of the fixed annual salary.

#### **Pension**

The pension age shall be 65 years. Senior executives shall be entitled to pension benefits under the ITP plan and may also be covered by the New Saab plan. Pension benefits under the New Saab plan shall be premium based and pension contributions shall be made monthly. According to the New Saab plan, contributions are made for old age pension benefits from the age of 65 on salary levels exceeding 30 income base amounts per year, unless it is not already made under ITP1. The New Saab plan entails contributions of 30 per cent on the part of the annual salary that is not insured by the ITP plan. Annual provisions for pension benefits for an individual senior executive shall in total not amount to more than 40 per cent of the fixed annual salary.

According to the New Saab plan, all senior executives, including the President, may also be entitled to enhanced invalidity pension and survivors' pension benefits. Enhanced invalidity pension is offered in addition to national health insurance as well as the health insurance included in the ITP plan and is calculated as a percentage of the pensionable salary; 10-65 per cent in various salary levels. The additional invalidity pension may be received up to 65 years of age at a maximum. Saab maintains contributions for old age pension benefits in case of invalidity pension. Survivors' pension for senior executives, including the President, is based on the highest of either 12 months' salaries or the accumulated funds in the insurance.

#### **Adjustments to local regulations**

For employments governed by rules other than Swedish, remuneration may be duly adjusted to comply with mandatory rules or established

local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

#### **Miscellaneous terms**

All executives in the Group Management, including the President, may terminate their employment with a maximum of six months' notice. If the employment is terminated by Saab, severance pay equal to not more than 18 months may be paid, in addition to a notice period of normally six months. Fixed salary during the period of notice and severance pay may not together exceed an amount equivalent to 24 months' fixed salary.

Remuneration may be paid for possible non-compete undertakings. Such remuneration shall compensate for possible loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the monthly fixed cash salary at the time of notice of termination of employment and relate to the time the non-compete undertaking applies, however not for more than 18 months following termination of employment.

A reduction of severance pay shall normally be made against income from other employment during the corresponding time.

#### **Consultancy fees to Board Members**

Saab AB Board Members, elected by the Shareholders' Meeting, may in special cases receive a fee for services performed within their respective areas of expertise, separately from their Board duties and for a limited period of time. Compensation for these services (including services performed through a Board Member's wholly-owned company) shall be paid at market terms, provided that such services contribute to the implementation of Saab's business strategy and safeguarding of Saab's long-term interest, including its sustainability.

#### **Additional information in the Annual Report**

The notes of the Annual Report includes a description of remuneration for senior

executives, including fixed and variable compensation, long-term incentive programs, pension and other benefits.

#### **Salary and employment conditions for employees**

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account. This was made by including information on the employees' total income, the components of the remuneration and remuneration development over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The remuneration principles for establishing salary, long-term incentive programs, pension and other benefits are applied in a similar way to both senior executives and other employees within the Saab Group.

#### **The decision-making process to determine, review and implement the guidelines**

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing a proposal for guidelines for executive remuneration on behalf of the Board, which, after decision by the Board of Directors, is submitted to the Annual General Meeting. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting for adoption. The guidelines shall be in force until new guidelines are adopted by the Shareholders' Meeting. The Remuneration Committee shall also prepare the Board's decisions as regards remuneration principles, remuneration and other terms of employment for senior executives, monitor and evaluate programs for variable remuneration for the Group Management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The President and other members of the Group Management do not participate in the Board of Directors' processing of and resolutions

regarding remuneration-related matters in so far as they are affected by such matters.

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This also includes any resolutions to derogate from the guidelines.

#### **Information in the annual report note 8**

Note 8 of the Annual Report includes a description of current remuneration for senior executives, including fixed and variable compensation, long-term incentive programmes and other benefits.

#### **Incentive programme proposed to the Annual General Meeting 2022**

The Board of Directors proposed that the Annual General Meeting 2022 resolve to adopt long-term incentive programme 2023 (LTI 2023), consisting of Share Matching Plan 2023, Performance Share Plan 2023 and Special Projects Incentive 2023, with some changes to the performance targets as regards the Performance Share Plan 2023. The Annual General Meeting resolved in accordance with the Board's proposal.

#### **Saab's long-term incentive programmes and authorisation to repurchase shares**

The Annual General Meeting of Saab has resolved for a number of years to offer a long-term incentive programme consisting of three parts: a Share Matching Plan, a Performance Share Plan and a Special Projects Incentive. The Board considers it important that Saab's employees share a long-term interest in the appreciation of the company's shares.

#### **Share matching plan**

Since 2007, Saab offers permanent employees the opportunity to participate in the Share Matching Plan. Employees can withhold up to 5



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

**Administration report**

Financial review 2022

Significant events

Risks and uncertainties

Sustainability report

Corporate governance report

Board of Directors

Group Management

Financials

per cent of their gross base salary to purchase Series B shares on Nasdaq Stockholm during a twelve-month period. Provided that a participant retains the purchased shares for three years after the investment date and is still employed by the Saab Group, the participant will be allotted a corresponding number of Series B shares free of charge. Currently, Share Matching Plans 2019–2023 are ongoing.

According to the resolution of the 2021 Annual General Meeting, the Share Matching Plan comprises a maximum of 1,200,000 shares.

#### **Performance share plan**

Since 2008, Saab has a Performance Share Plan for senior executives and key employees. The Performance Share Plan is directed at a limited number of key employees, including the President. Participants can save up to 7.5 per cent of their base salary to purchase Series B shares during a twelve-month period, provided that they also participate in the Share Matching Plan with a maximum of 5 per cent of base salary. Depending on which category they belong to, participants are entitled to 2–7 performance shares for each purchased share.

Participants are entitled to matching of performance shares, free of consideration, provided that the performance targets are achieved and the participants have retained the purchased shares for three years after the investment date and remain employed by the Saab Group.

The number of performance shares is linked to the performance targets established by the Board of Directors. The terms for the performance matching are until 2022 based on three independent targets for a one-year performance period: organic sales growth, EBIT margin and free cash flow. The relative apportionment between the targets is until 2022 as follows: 30 per cent of the allotment is attributable to organic sales growth, 30 per cent to EBIT margin and 40 per cent to free cash flow. The terms for the performance matching are from 2023 based on four independent targets for a one-year performance period: organic sales growth,

EBIT margin, free cash flow and CO<sub>2</sub> reduction. The relative apportionment between the targets is from 2023 as follows: 30 per cent of the allotment is attributable to organic sales growth, 30 per cent to EBIT margin, 30 per cent to free cash flow and 10 per cent CO<sub>2</sub> reduction. The financial performance targets are established by the Board of Directors with a minimum and maximum level for each target. The Board of Directors decides on the performance matching after the end of the one-year performance period.

If the performance outcome falls short of the maximum level but exceeds the minimum level, a linear proportionate performance matching will occur. No performance matching will occur if the performance outcome is equal to or below the minimum level. Before the performance matching is ultimately determined, the Board of Directors will assess whether it is reasonable in relation to the company's financial results and position, conditions in the stock market and other circumstances. If it determines that this is not the case, the Board of Directors will reduce the number of performance shares that will be matched to the lower number of shares it considers appropriate. Performance shares are allotted three years after the investment. Currently, Performance Share Plans 2019–2023 are ongoing.

According to the resolution of the 2022 Annual General Meeting, the Performance Share Plan comprises a maximum of 300,000 shares.

#### **Special projects incentive**

Since 2017, Saab has also a Special Projects Incentive programme (SPI), as a complement to the Performance Share Plan. The Special Projects Incentive is directed at a limited number of key employees, including the President. Participation in SPI presupposes participation in the Performance Share Plan or the Share Matching Plan. The programme entitles the employee to allotment of performance shares corresponding to 15–52.5 per cent of the cash base salary for the current financial year depending on group affiliation, provided that the employment remains for three years and that performance targets are

reached. For the President and other members of the Group Management, the total allotment of shares in SPI and the Performance Share Plan together amounts to a maximum of 75 per cent of the cash base salary for the President and 60 per cent of the cash base salary for the other members of the Group Management.

Performance shares are allotted after three years based on the achievement during the current financial year of eight equally weighted performance targets in SPI 2018–SPI 2020. As of SPI 2021, the programme is based on 10 equally weighted performance targets.

According to the resolution of the 2022 Annual General Meeting, the Special Projects Incentive comprises a maximum of 230,000 shares.

#### **Share repurchases**

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 2022 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 per cent 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.

The Board of Directors did not decide in 2022 to exercise either of the two repurchase mandates. Both repurchase mandates apply until the Annual General Meeting 2023.

#### **Incentive programme proposed to the Annual General Meeting 2023**

The Board of Directors proposes that the Annual General Meeting resolve to adopt long-term incentive programme 2024 (LTI 2024), which consists of three parts: Share

Matching Plan 2024, Performance Share Plan 2024 and Special Projects Incentive 2024. The terms and conditions and costs of the above-mentioned programmes are presented in the Board's complete proposal to the Annual General Meeting.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

### Administration report

- Financial review 2022
- Significant events
- Risks and uncertainties
- Sustainability report
- Corporate governance report
- Board of Directors
- Group Management

Financials

# Financial statements and notes

Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

## Financials

Financial statements and  
notes

Dividend motivation

Proposed disposition of  
earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

# Financial statements and notes



Annual & Sustainability Report 2022

## Content

### Financial statements

Income Statement, Consolidated.....	95
Statement of Comprehensive Income, Consolidated.....	97
Statement of Financial Position, Consolidated.....	98
Statement of Changes in Equity, Consolidated.....	100
Statement of Cash Flows, Consolidated.....	101
Income Statement, Parent Company.....	102
Comprehensive Income, Parent Company.....	102
Balance Sheet, Parent Company.....	103
Statement of Changes in Equity, Parent Company.....	104
Statement of Cash Flows, Parent Company.....	105

### Notes

1. Accounting principles.....	106
2. Assumptions in the application of the accounting principles.....	108
3. Segment reporting.....	109
4. Sales.....	111
5. Operating expenses.....	113
6. Other operating income and expenses.....	114
7. Government grants.....	114
8. Employees and staff costs.....	115
9. Auditors' fees and compensation.....	121
10. Depreciation/amortisation and write-downs.....	121
11. Financial income and expenses.....	122
12. Appropriations.....	123
13. Taxes.....	123
14. Earnings per share.....	126
15. Intangible fixed assets.....	127
16. Tangible fixed assets.....	129
17. Leasing.....	131
18. Biological assets.....	132
19. Shares in associated companies and joint ventures.....	133
20. Parent Company's shares in associated companies and joint ventures.....	135
21. Receivables from Group companies.....	135
22. Other long-term securities holdings.....	136
23. Long-term receivables and other receivables.....	136
24. Inventories.....	137
25. Accounts receivable.....	137
26. Prepaid expenses and accrued income.....	138
27. Liquid assets.....	138
28. Shareholders' equity.....	139
29. Interest-bearing liabilities.....	140
30. Bonds and other debt instruments.....	140
31. Post-employment benefits.....	141
32. Provisions.....	144
33. Other liabilities.....	146
34. Accrued expenses and deferred income.....	147
35. Financial risk management and financial instruments.....	147
36. Assets pledged and contingent liabilities.....	155
37. Transactions with related parties.....	155
38. Group companies.....	155
39. Untaxed reserves.....	157
40. Statement of cash flows, supplemental information.....	157
41. Assets held for sale.....	159
42. Information on Parent Company.....	159
43. Exchange rates used in financial statements.....	159
44. Definitions of key ratios.....	160
45. Significant events after the conclusion of the period.....	160

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

# Financial statements



## Consolidated income statement

MSEK	Note	2022	2021
Sales	4	42,006	39,154
Cost of goods sold		-33,120	-30,949
<b>Gross income</b>		<b>8,886</b>	<b>8,205</b>
Other operating income	6	231	146
Marketing expenses		-2,333	-2,266
Administrative expenses		-1,543	-1,434
Research and development costs		-1,817	-1,659
Other operating expenses	6	-53	-76
Share in income of associated companies and joint ventures	19	-97	-28
<b>Operating income</b>		<b>3,274</b>	<b>2,888</b>
Financial income		194	124
Financial expenses		-649	-435
<b>Net financial items</b>	11	<b>-455</b>	<b>-311</b>
<b>Income before taxes</b>		<b>2,819</b>	<b>2,577</b>
Taxes	13	-536	-552
<b>Net income for the year</b>		<b>2,283</b>	<b>2,025</b>
Attributable to:			
Parent Company's shareholders		2,195	1,926
Non-controlling interest		88	99
Earnings per share before dilution (SEK)	14	16.61	14.57
Earnings per share after dilution (SEK)	14	16.41	14.45

### Orders

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 year 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.

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

Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Sales per region

MSEK	2022	2021
Sweden	17,555	14,841
Rest of Europe	7,838	6,553
North America	4,466	4,203
Latin America	3,901	5,786
Asia	5,910	5,507
Africa	88	175
Australia, etc.	2,248	2,089
<b>Total</b>	<b>42,006</b>	<b>39,154</b>

## Sales per market segment

MSEK	2022	2021
Air	17,800	17,232
Land	10,903	8,942
Naval	8,897	8,447
Civil Security	2,586	2,877
Commercial Aeronautics	816	762
Other	1,004	894
<b>Total</b>	<b>42,006</b>	<b>39,154</b>

## Sales growth

MSEK	2022	2021
Organic sales growth	5	11
Acquisitions	-	-
Currency effects regarding revaluation of foreign subsidiaries	2	0
<b>Total sales growth</b>	<b>7</b>	<b>11</b>

## Sales

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 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. During the year, primarily Sweden and rest of Europe reported sales growth. 89 per cent (90) of sales were related to the defence business.

## Income, margin and profitability

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 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, R&D and admin costs.

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.

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.

The return on capital employed was 8.8 per cent (8.1) and the return on equity was 8.6 per cent (9.0).

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

## Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

# Consolidated statement of comprehensive income

MSEK	2022	2021
<b>Net income for the year</b>	<b>2,283</b>	<b>2,025</b>
Other comprehensive income/loss:		
Items that will not be reversed in the income statement:		
Revaluation of net pension obligations	4,719	485
Tax attributable to revaluation of net pension obligations	-975	-100
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	-
<b>Total</b>	<b>3,743</b>	<b>385</b>
Items that may be reversed in the income statement:		
Translation differences	816	402
Net gain/loss on cash flow hedges:		
Change in value	187	-210
Reversed through profit or loss	75	-412
Tax attributable to net gain/loss on cash flow hedges	-52	130
<b>Total</b>	<b>1,026</b>	<b>-90</b>
<b>Other comprehensive income/loss for the year</b>	<b>4,769</b>	<b>295</b>
<b>Net comprehensive income/loss for the year</b>	<b>7,052</b>	<b>2,320</b>
of which Parent Company's shareholders' interest	6,936	2,207
of which non-controlling interest	116	113

## Financial net

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

## Other comprehensive income/loss

Revaluation of net pension obligations had a pre-tax effect of MSEK 4,719 (485) on net comprehensive income for the year, see note 31 for more information. Pre-tax gain/loss on cash flow hedges amounted to MSEK 262 (-622), see note 35 for more information.

## Financial net

The financial net related to pensions is the financial cost for net pension obligations recognised in the balance sheet. See note 31 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 the full year 2022 was MSEK -216 whereof MSEK -202 was attributable to unrealised negative market value changes of short-term investments, due to movements in market interest rates and credit spreads.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

## Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

# Consolidated statement of financial position

MSEK	Note	2022	2021
<b>ASSETS</b>			
Fixed assets:			
Intangible fixed assets	15	12,248	12,162
Tangible fixed assets	16	7,965	7,147
Biological assets	18	408	385
Right-of-use assets	17	2,682	2,472
Shares in associated companies and joint ventures	19	343	404
Financial investments	35	118	37
Long-term receivables	23	695	595
Deferred tax assets	13	403	305
<b>Total fixed assets</b>		<b>24,862</b>	<b>23,507</b>
Current assets:			
Inventories	24	14,195	11,609
Derivatives	35	1,835	779
Tax receivables		36	35
Accounts receivable	25	6,045	5,884
Contract assets	4,25	9,911	9,252
Other receivables	23	1,232	1,179
Prepaid expenses and accrued income	26	1,101	953
Short-term investments	35	9,988	10,140
Liquid assets	27	2,869	1,701
Assets held for sale	41	291	-
<b>Total current assets</b>		<b>47,503</b>	<b>41,532</b>
<b>TOTAL ASSETS</b>		<b>72,365</b>	<b>65,039</b>

MSEK	Note	2022	2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	28		
Capital stock		2,174	2,174
Other capital contributions		6,099	6,099
Other reserves		1,368	370
Retained earnings		19,845	14,333
<b>Equity attributable to Parent Company's shareholders</b>		<b>29,486</b>	<b>22,976</b>
<b>Non-controlling interest</b>		<b>390</b>	<b>273</b>
<b>Total equity</b>		<b>29,876</b>	<b>23,249</b>
<b>Liabilities</b>			
Long-term liabilities:			
Long-term lease liabilities	17	2,240	2,061
Other long-term interest-bearing liabilities	29	6,749	5,752
Other liabilities	33	90	81
Provisions for pensions	31	1,304	5,918
Other provisions	32	2,566	2,529
Deferred tax liabilities	13	1,140	137
<b>Total long-term liabilities</b>		<b>14,089</b>	<b>16,478</b>
Current liabilities:			
Short-term lease liabilities	17	554	482
Other short-term interest-bearing liabilities	29	445	1,421
Contract liabilities	4	11,189	10,687
Accounts payable		4,870	3,534
Derivatives	35	1,664	615
Tax liabilities		198	179
Other liabilities	33	1,097	945
Accrued expenses and deferred income	34	7,216	6,377
Provisions	32	1,035	1,072
Liabilities related to assets held for sale	41	132	-
<b>Total current liabilities</b>		<b>28,400</b>	<b>25,312</b>
<b>Total liabilities</b>		<b>42,489</b>	<b>41,790</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>72,365</b>	<b>65,039</b>

For information on the Group's assets pledged and contingent liabilities, see note 36.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

# Consolidated statement of financial position, cont.

MSEK	Note	31-12-2022	31-12-2021
<b>NET LIQUIDITY/DEBT</b>			
<b>Assets</b>			
Liquid assets	27	2,869	1,701
Short-term investments	35	9,988	10,140
<b>Total liquid investments</b>		<b>12,857</b>	<b>11,841</b>
Short-term interest-bearing receivables	23	67	66
Long-term interest-bearing receivables	23	564	457
Long-term receivables attributable to pensions	23	19	39
<b>Total interest-bearing assets</b>		<b>13,507</b>	<b>12,403</b>
<b>Liabilities</b>			
Lease liabilities	17	2,794	2,543
Bonds and other debt instruments	30	7,101	7,085
Liabilities to associated companies and joint ventures	29	48	43
Other interest-bearing liabilities	29	45	44
Provisions for pensions <sup>1)</sup>	31	1,087	4,813
<b>Total interest-bearing liabilities and provisions for pensions</b>		<b>11,075</b>	<b>14,528</b>
<b>Net liquidity (+) / debt (-)</b>		<b>2,432</b>	<b>-2,125</b>

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

The average net liquidity/debt during 2022 amounted to MSEK 336 (-3,016). Net liquidity/debt excluding interest-bearing receivables, net pension obligations and lease liabilities amounted to MSEK 5,663 (4,669) on 31 December 2022.

## Statement of financial position

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 31.

Tangible fixed assets amounted to SEK 7,965 million at year-end 2022 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). During the year a dividend of MSEK 647 (622) was paid to the parent company's shareholders.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

## Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

# Consolidated statement of changes in equity



MSEK	Capital stock	Other capital contributions	Other reserves		Retained earnings	Total parent company's shareholders' interest	Non-controlling interest	Total shareholder's equity
			Net result of cash flow hedges	Translation reserve				
Opening balance, 1 January 2021	2,174	6,099	458	16	12,719	21,466	178	21,644
<b>Net comprehensive income/loss for the year</b>			-492	388	2,311	2,207	113	2,320
<b>Transactions with shareholders:</b>								
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
<b>Closing balance, 31 December 2021</b>	<b>2,174</b>	<b>6,099</b>	<b>-34</b>	<b>404</b>	<b>14,333</b>	<b>22,976</b>	<b>273</b>	<b>23,249</b>
Opening balance, 1 January 2022	2,174	6,099	-34	404	14,333	22,976	273	23,249
<b>Net comprehensive income/loss for the year</b>			210	788	5,938	6,936	116	7,052
<b>Transactions with shareholders:</b>								
Share matching plan					202	202		202
Dividend					-647	-647	-30	-677
Acquisition and sale of non-controlling interest					19	19	31	50
<b>Closing balance, 31 December 2022</b>	<b>2,174</b>	<b>6,099</b>	<b>176</b>	<b>1,192</b>	<b>19,845</b>	<b>29,486</b>	<b>390</b>	<b>29,876</b>

For a definition of other reserves, see note 28.

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

# Consolidated statement of cash flows

MSEK	Note	2022	2021
<b>Operating activities:</b>			
Income after financial items		2,819	2,577
Adjustments for items not affecting cash flow	40	3,319	3,513
Dividend from associated companies and joint ventures		44	72
Income tax paid		-596	-373
<b>Cash flow from operating activities before changes in working capital</b>		<b>5,586</b>	<b>5,789</b>
<b>Cash flow from changes in working capital:</b>			
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
<b>Cash flow from operating activities</b>		<b>4,654</b>	<b>5,713</b>
<b>Investing activities:</b>			
Capitalised development costs		-500	-891
Investments in intangible fixed assets		-186	-406
Investments in tangible fixed assets		-1,624	-1,223
Sales and disposals of tangible fixed 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	40	-	-21
Sale of subsidiaries	40	-	19
Sale of operations	40	42	-
<b>Cash flow from investing activities</b>		<b>-2,438</b>	<b>-4,703</b>
<b>Financing activities:</b>			
Repayment 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 interests		-62	-27
Transactions with non-controlling interests		47	15
<b>Cash flow from financing activities</b>		<b>-1,178</b>	<b>-1,639</b>
<b>CASH FLOW FOR THE YEAR</b>	40	<b>1,038</b>	<b>-629</b>
Liquid assets at beginning of year		1,701	2,273
Exchange rate difference in liquid assets		130	57
<b>Liquid assets at year-end</b>	40	<b>2,869</b>	<b>1,701</b>

## Capital expenditures

The cash flow effect of capital expenditures in tangible fixed assets amounted to MSEK 1,624 (1,223).

Investments in intangible fixed assets amounted to MSEK 686 (1,297), of which MSEK 500 (891) was related to capitalised development costs and MSEK 186 (406) to other intangible fixed assets.

## Cash flow

Cash flow from operating activities, excluding taxes and other financial items, amounted to MSEK 4,786 (5,770), see note 40.

Operational cash flow amounted to MSEK 2,593 (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.

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 MSEK 1,871 (2,737). For more detailed information on cash flow, see note 40.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

## Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

# Parent company income statement

MSEK	Note	2022	2021
Sales	4	24,075	23,430
Cost of goods sold		-20,288	-19,129
<b>Gross income</b>		<b>3,787</b>	<b>4,301</b>
Marketing expenses		-1,364	-1,360
Administrative expenses		-805	-768
Research and development costs		-1,232	-1,549
Other operating income	6	58	66
Other operating expenses	6	-22	-51
<b>Operating income</b>		<b>422</b>	<b>639</b>
Result from financial items:	11		
Result from shares in Group companies		1,940	1,134
Result from shares in associated companies and joint ventures		-	-6
Result from other securities and receivables held as fixed assets		-43	40
Other interest income and similar items		218	150
Interest expenses and similar items		-372	-70
<b>Income after financial items</b>		<b>2,165</b>	<b>1,887</b>
Appropriations	12	-623	-487
<b>Income before taxes</b>		<b>1,542</b>	<b>1,400</b>
Taxes	13	-206	-284
<b>Net income for the year</b>		<b>1,336</b>	<b>1,116</b>

## Sales and income

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.

# Parent company comprehensive income

MSEK	2022	2021
<b>Net income for the year</b>	<b>1,336</b>	<b>1,116</b>
Other comprehensive income/loss:		
Items that may be reversed in the income statement:		
Translation differences	-	-
<b>Other comprehensive income/loss for the year</b>	<b>-</b>	<b>-</b>
<b>Net comprehensive income/loss for the year</b>	<b>1,336</b>	<b>1,116</b>

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

## Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

# Parent company balance sheet

MSEK	Note	31-12-2022	31-12-2021
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Intangible fixed assets	15	918	920
Tangible fixed assets	16	4,802	4,427
Financial fixed assets:			
Shares in Group companies	38	6,590	6,640
Receivables from Group companies	21	91	91
Shares in associated companies and joint ventures	20	368	349
Receivables from associated companies and joint ventures	21	539	397
Other long-term securities holdings	22	116	35
Other long-term receivables	23	16	18
Deferred tax assets	13	576	439
<b>Total financial fixed assets</b>		<b>8,296</b>	<b>7,969</b>
<b>Total fixed assets</b>		<b>14,016</b>	<b>13,316</b>
<b>Current assets:</b>			
Inventories	24	8,704	7,696
Current receivables:			
Accounts receivable	25	2,291	2,526
Receivables from Group companies		4,878	4,874
Receivables from associated companies and joint ventures		53	1
Contract assets		6,624	6,633
Other receivables	23	782	451
Prepaid expenses and accrued income	26	2,833	2,435
<b>Total current receivables</b>		<b>17,461</b>	<b>16,920</b>
Short-term investments		9,985	10,135
Cash and bank balances		1,603	805
<b>Total current assets</b>		<b>37,753</b>	<b>35,556</b>
<b>TOTAL ASSETS</b>		<b>51,769</b>	<b>48,872</b>

## 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 994 million (700). Investments in intangible assets amounted to SEK 171 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.

MSEK	Note	31-12-2022	31-12-2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
28			
Restricted equity:			
Capital stock		2,174	2,174
Revaluation reserve		644	650
Statutory reserve		543	543
Unrestricted equity:			
Share premium reserve		5,557	5,557
Retained earnings		5,238	4,561
Net income for the year		1,336	1,116
<b>Total equity</b>		<b>15,492</b>	<b>14,601</b>
<b>Untaxed reserves</b>	39	<b>3,309</b>	<b>2,686</b>
<b>Provisions</b>			
Provisions for pensions and similar commitments	31	209	225
Other provisions	32	2,495	2,540
<b>Total provisions</b>		<b>2,704</b>	<b>2,765</b>
<b>Liabilities</b>			
Bonds and other debt instruments	30	7,101	7,085
Liabilities to Group companies		7,115	6,878
Contract liabilities	4	5,095	5,903
Accounts payable		3,175	2,126
Liabilities to associated companies and joint ventures		49	43
Tax liabilities		74	106
Other liabilities	33	1,233	775
Accrued expenses and deferred income	34	6,422	5,904
<b>Total liabilities</b>		<b>30,264</b>	<b>28,820</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>51,769</b>	<b>48,872</b>

For information on the Parent Company's assets pledged and contingent liabilities, see note 36.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

## Financials

Financial statements and  
notes

Dividend motivation

Proposed disposition of  
earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

# Statement of changes in equity for the parent company

MSEK	Restricted equity			Unrestricted equity			Total equity
	Capital stock	Revaluation reserve	Statutory reserve	Share premium reserve	Retained earnings	Net comprehensive income for the year	
Opening balance, 1 January 2021	2,174	656	543	5,557	5,232	-	14,162
<b>Items reported directly in equity:</b>							
Change in revaluation reserve		-6			6		-
<b>Net comprehensive income/loss for the year</b>						1,116	1,116
<b>Transactions with shareholders:</b>							
Repurchase of shares					-246		-246
Dividend					-622		-622
Share matching plan					190		190
<b>Closing balance, 31 December 2021</b>	<b>2,174</b>	<b>650</b>	<b>543</b>	<b>5,557</b>	<b>4,561</b>	<b>1,116</b>	<b>14,601</b>
Opening balance, 1 January 2022	2,174	650	543	5,557	5,677	-	14,601
<b>Items reported directly in equity:</b>							
Change in revaluation reserve		-6			6		-
<b>Net comprehensive income/loss for the year</b>						1,336	1,336
<b>Transactions with shareholders:</b>							
Dividend					-647		-647
Share matching plan					202		202
<b>Closing balance, 31 December 2022</b>	<b>2,174</b>	<b>644</b>	<b>543</b>	<b>5,557</b>	<b>5,238</b>	<b>1,336</b>	<b>15,492</b>



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

[Financial statements and notes](#)

[Dividend motivation](#)

[Proposed disposition of earnings](#)

[Auditor's report](#)

[Saab's share](#)

[Multi-year overview](#)

[Glossary](#)

# Parent company statement of cash flows



MSEK	Note	2022	2021
Operating activities:			
Income after financial items		2,165	1,887
Adjustments for items not affecting cash flow	40	-336	322
Income tax paid		-376	-234
<b>Cash flow from operating activities before changes in working capital</b>		<b>1,453</b>	<b>1,975</b>
Cash flow from changes in working capital:			
Contract assets and -liabilities		-803	3,355
Inventories		-1,022	-797
Other current receivables		248	-297
Other current liabilities		1,710	16
Provisions		-471	-334
<b>Cash flow from operating activities</b>		<b>1,115</b>	<b>3,918</b>
Investing activities:			
Shareholders' contributions paid/repaid		-1	-208
Investments in intangible fixed assets		-171	-364
Investments in tangible fixed assets		-994	-700
Sale of tangible fixed assets		30	5
Sale of and investments in short-term investments		-49	-2,084
Investments in financial assets, associated companies and joint ventures		-204	-134
Sale of financial assets, associated companies and joint ventures		-	3
Investments in operations		-58	-73
Sale of subsidiaries		29	-
Sale of operations		42	-
<b>Cash flow from investing activities</b>		<b>-1,376</b>	<b>-3,555</b>
Financing activities:			
Change in receivables to/liabilities from Group companies		-46	-456
Raising of loans		1,387	2,203
Repayment of loans		-1,378	-2,527
Repurchase of shares		-	-246
Dividend paid to shareholders		-647	-622
Group contributions and dividends received		1,743	492
<b>Cash flow from financing activities</b>		<b>1,059</b>	<b>-1,156</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>798</b>	<b>-793</b>
Liquid assets at beginning of year		805	1,598
<b>Liquid assets at year-end</b>		<b>1,603</b>	<b>805</b>

Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and  
notes

Dividend motivation

Proposed disposition of  
earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Note 1. Accounting principles

### Operations

Saab AB is a Swedish limited company with its registered address in Linköping. The company's Series B shares are listed on Nasdaq Stockholm's large cap list. The operations of Saab AB with its subsidiaries, joint ventures and associated companies (jointly referred to as Saab or the Group) are since 1 July 2021 divided into four business areas: Aeronautics, Dynamics, Surveillance and Kockums. Combitech is reported as a segment outside of the business area structure. In addition, Corporate comprise Group staff, Group departments and secondary operations. The operations in each business area and Combitech are described in note 3.

On 3 March 2023, the Board of Directors and the President and CEO approved this annual report and consolidated accounts for publication, and it will be presented to the Annual General Meeting on 5 April 2023 for adoption.

### Conformity to standards and laws

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as approved by the EU.

The consolidated accounts have also been prepared in accordance with the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups, which contains certain additional disclosure requirements for Swedish consolidated accounts prepared in accordance with IFRS.

The annual report for Saab AB has been prepared according to the Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 2 Reporting by Legal Entities and the pronouncements of the Swedish Financial Reporting Board. Differences between the accounting principles applied by the Parent Company and the Group are a result of limitations of opportunities to apply IFRS by the Parent Company owing to the Annual Accounts Act, the Act on Safeguarding Pension Commitments and in certain cases income tax rules. Significant differences are described in section "Significant differences between the Group's and the Parent Company's accounting principles."

### Assumptions in the preparation of the financial reports

The Parent Company's functional currency is Swedish kronor (SEK), which is also the reporting currency for the Parent Company and for the Group. The financial reports are presented in SEK. All amounts, unless indicated otherwise, are rounded off to the nearest million.

The preparation of the financial reports in accordance with IFRS requires the Board of Directors and Management to make estimates and assumptions that affect the application of the accounting principles and the carrying amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are based on historical experience and knowledge of the industry that Saab operates in, that under current circumstances seem reasonable. The result of these estimates and assumptions is then used to determine the carrying amounts of assets and liabilities that otherwise are not clearly indicated by other sources. Actual outcomes may deviate from these estimates and assumptions.

Estimates and assumptions are reviewed regularly, and the effect of changed estimates is recognised in profit or loss unless the assessment relates to an item reported in other comprehensive income.

Estimates made by the Board of Directors and Management in applying the accounting principles in compliance with IFRS that may have a significant impact on the financial reports as well as estimates that may necessitate significant adjustments in financial reports in subsequent years are described in more detail in note 2.

The accounting principles described below for the Group and the accounting principles concerning significant profit/loss and balance sheet items described in the respective note disclosure have been applied consistently for all periods presented in the Group's financial reports, unless otherwise stated.

The consolidated accounts have been prepared with acquisition cost as valuation basis unless otherwise stated below or in the accounting principles in each note.

### Impact from macroeconomic environment on the financial reports

Demand for defence materiel is dependant on the political mandate and willingness of national governments as well as fiscal flexibility. The defence industry is therefore affected by a number of macroeconomic factors, e.g. global economic growth, trade barriers and changes in exchange rates. It is also exposed to geopolitical risks. For Saab, changes in the macroeconomic development has primarily had a material impact on the measurement of Saab's defined-benefit obligation from changes in actuarial assumptions regarding discount rate and inflation, see notes 2 and 31.

With regards to COVID-19, the uncertainty 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 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.

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. 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.

In addition to the effects summarised above, the impact on the group from the macroeconomic development including the pandemic and the armed conflict in Ukraine is disclosed outside of the financial reports and the notes disclosures in the Administration report in general and more specifically in the descriptions of the development in each business area, in this Annual and Sustainability report.

### Application of new and revised accounting rules

A number of changes to existing accounting standards have entered into force during the year. None of these has had any material effect on the Group.

### New and amended standards and interpretations that have not yet entered into force

IASB has issued a number of amendments and standards that have not yet entered into force. None of these are expected to have a material effect on the Group.

### Classification of assets and liabilities

Current assets and current liabilities generally consist of amounts that can be recovered or paid within twelve months of the closing day. Other assets and liabilities are recognised as fixed assets or long-term liabilities.

### Consolidation principles

#### Group companies

Group companies are companies in which Saab AB has a decisive influence. Decisive influence exists when Saab has right to and can affect the variable return from the company through a direct or indirect shareholding amounting to more than 50 per cent of the votes, other than in exceptional circumstances where it can be clearly demonstrated that such ownership does not constitute a decisive influence. Decisive influence also exists when the parent owns not more than half of the voting power of an entity but otherwise has a decisive influence over more than half the voting rights or the power to govern the company's financial and operating policies under a statute or agreement. When determining whether a decisive influence exists, potential voting shares that can be exercised or converted without delay are taken into account.

Subsidiaries and acquired operations (business combinations) are recognised according to the

Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

Financials

Financial statements and  
notes

Dividend motivation

Proposed disposition of  
earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

purchase accounting method. This means that a business combination is treated as a transaction whereby the Group indirectly acquires the business's assets and takes over its liabilities and contingent liabilities. The Group's cost is determined through an acquisition analysis with regard to the acquisition of operating entities. Cost is comprised of the sum of the fair value of what is paid in cash on the acquisition date through the assumption of liabilities or shares issued. Contingent consideration is included in cost and recognised at its fair value on the acquisition date. The subsequent effects of revaluations of contingent consideration are recognised in profit or loss. Acquired identifiable assets and assumed liabilities are initially recognised at their acquisition-date fair value. The exceptions to this principle are acquired tax assets/liabilities, employee benefits, share-based payment and assets held for sale, which are valued in accordance with the principles described in each respective note disclosure. Exceptions are also made for indemnification assets and repurchased rights. Indemnification assets are valued according to the same principle as the indemnified item. Repurchased rights are valued based on the remaining contractual period regardless of whether other market players might consider opportunities for contract extensions in connection with valuations.

Recognised goodwill consists of the difference between, on the one hand, the cost of Group company's interests, the value of non-controlling interests in the acquired company and the fair value of the previously owned interest and, on the other, the carrying amount of the acquired assets and assumed liabilities in the acquisition analysis. Non-controlling interests are recognised on the acquisition date either at fair value or their proportionate share of the carrying amount of the acquired company's identified assets and liabilities. Acquisitions of non-controlling interests are recognised as transactions affecting the owners' equity.

The financial reports of Group companies are included in the consolidated accounts from the point in time when a decisive influence arises (acquisition date) until this influence ceases. When decisive influence over the Group company ceases but the Group retains an interest in the company, the remaining shares are initially recognised at fair value. The gain or loss that arises is recognised in profit or loss.

#### Associated companies and joint ventures

Associated companies are companies over which the Group has a significant, but not decisive, influence. Joint ventures are companies that the Group, through a cooperative agreement with one of more parties, shares a decisive influence over. Associated company and joint venture are recognised according to the equity method in the consolidated accounts. See note 19 for further information.

#### Eliminated transactions

Intra-Group receivables and liabilities, revenue or expenses, and gains or losses that arise from transactions between Group companies are eliminated in their entirety in the preparation of the consolidated accounts. Gains that arise from transactions with associated companies and joint ventures are eliminated to an extent corresponding to the Group's ownership interest in the company. Losses are eliminated in the same way as gains, but only to the extent that there is no impairment loss.

#### Foreign currency

Functional currencies are the currencies in each primary economic environment where units of the Group conduct their operations.

#### Transactions and assets and liabilities in foreign currency

Transactions in foreign currency are recognised in the functional currency at the exchange rate on the transaction day. Monetary assets and liabilities are translated to the functional currency on the closing day at the exchange rate then in effect. Exchange rate differences that arise through these translations are recognised in profit and loss. Non-monetary assets and liabilities recognised at fair value are translated to the functional currency at the rate in effect at the time of valuation at fair value. Changes in exchange rates are then recognised in the same way as other changes in value of the asset or liability.

#### Translation of financial reports of foreign operations to SEK

Assets and liabilities in operations with a functional currency other than SEK are translated to SEK at the closing day exchange rate. Revenue and expenses in foreign operations are translated to SEK at the average rate. Translation differences that arise through currency translations are recognised directly in other comprehensive income. The amount is recognised separately as a translation reserve in equity.

#### Significant differences between the Group's and the Parent Company's accounting principles

The Parent Company follows the same accounting principles as the Group with the following exceptions.

##### Business combinations

Transaction costs are included in the cost of business combinations.

##### Associated companies and joint ventures

Shares in associated companies and joint ventures are recognised by the Parent Company according to the acquisition cost method. Revenue includes only dividends received.

##### Intangible fixed assets

All development costs are recognised in profit or loss.

##### Tangible fixed assets

Tangible fixed assets are recognised after revaluation, if necessary.

##### Right-of-use assets and lease liabilities

The Parent Company do not recognise leases in the balance sheet as right-of-use assets and lease liabilities. Leasing fees are expensed on a straight-line basis over the lease term in accordance with the exemption from IFRS 16 in RFR 2, Accounting for Legal Entities.

##### Financial assets and liabilities and other financial instruments

The Parent Company does not apply IFRS 9 in full but the rules for financial instruments in RFR 2. This means among other things that financial fixed assets are measured at cost less any write-down and current financial assets according to the lowest value principle. If the reason for write-down has ceased, it is reversed.

##### Derivatives and hedge accounting

Derivatives not classified as hedging instruments are carried by the Parent Company according to the lowest value principle. For derivatives classified as hedging instruments, recognition is determined by the hedged item. This means that the derivative is treated as an off-balance sheet item until the hedged transaction has occurred.

##### Employee benefits

The Parent Company complies with the provisions of the Law on Safeguarding of Pension Commitments and the regulations of the Swedish Financial Supervisory Authority, since this is a condition for tax deductibility.

##### Untaxed reserves

The amounts allocated to untaxed reserves constitute taxable temporary differences. Due to the connection between reporting and taxation, the deferred tax liability is recognised in the Parent Company as part of untaxed reserves.

##### Group contributions and shareholders' contributions

Group contributions received are recognised through profit and loss in financial income and expenses. Group contributions paid are capitalized in the shares and participating interests of the parent. Shareholders' contributions are recognised directly in the equity of the recipient and capitalised in the shares and participating interests of the contributor, to the extent write-down is not required.

## Note 2. Assumptions in the application of the accounting principles

The Board of Directors and Group Management together have identified the following areas where estimates and assumptions in the application of the accounting principles may have a significant impact on the accounting of the Group's results of operations and financial position and may result in significant adjustments in subsequent financial reports. Developments in these areas are monitored continuously by Group Management and the Board of Directors' Audit Committee.

### Uncertainties in estimates and assumptions

#### Long-term customer contracts

A majority of all long-term customer contracts contain significant development aspects, which are associated with risks. Before a contract is signed with a customer on delivery of a product or service, a thorough analysis is always made of the prerequisites and risks of the delivery through a project management process established within Saab. In the execution stage, continuous reviews are made of the work in the project according to the same process.

An important aspect is to identify risks and assess them and the measures that are taken to mitigate the risks with the help of a risk assessment method.

The Group recognise revenue over time for long-term contracts. An estimation of total costs including an estimate of technical and commercial risks is critical in revenue recognition. Changed estimates of the projects' total costs cause retroactive effects that affect sales and revenue recognition. Saab has during recent years conducted several large customer projects in the development phase, which means greater uncertainties in risks to take into consideration in revenue recognition and estimation of total costs. Ongoing assessments of risks in projects and total costs of projects are part of Saab's operations. These ongoing assessments also results in changes to project estimates, both positive and negative. The accounting of long-term customer contracts also affects balance sheet items such as contract assets and contract liabilities, accounts receivables, inventories and project loss provisions. Making delivery according to project plan and milestones are important for the cash flow since payments are made upon achievement of milestones or deliveries in projects. See note 4 for more information regarding long-term customer contracts.

#### Recovery of value of development costs

The Group has invested considerable amounts in research and development. The reported amounts in the statement of financial position are primarily due to development projects relating to the airborne early warning and control system, GlobalEye, and the new version of Gripen. Capitalised development costs amount to MSEK 5,958 (6,040). The recognition of development expenditures as an asset in the statement of financial position requires an assumption that the product is expected to be technically and commercially usable in the future and that future economic benefits are likely. Amortisation of capitalised development costs is made on a straight-line basis over the period of use, up to a maximum of 10 years. The carrying amount of capitalised development costs is tested on each closing day for any indication of impairment. If an indication exists, the asset's recoverable amount is calculated. For assets not yet ready for use recoverable amount is calculated annually, irrespective of whether there is any indication of impairment or not. See note 15 for further information.

#### Impairment testing of goodwill

In the calculation of cash-generating units' recovery value to determine whether there is a need for impairment of goodwill, assumptions have been made with regards to the calculation of value in use, based on discounted cash flow projections. A significant deviation in the conditions could necessitate impairment of goodwill. The carrying amount for goodwill amounts to MSEK 5,384 (5,253). See note 15 for further information.

Saab has analysed different scenarios and performed stress tests of the calculations of value in use through negative adjustments of key judgments such as growth rate and profitability level during the forecast period and in the terminal value. These stress test have not led to any identified need of impairment.

### Pensions

Saab has two types of pension plans: defined-benefit and defined-contribution. In defined-benefit plans, post-employment compensation is based on a percentage of the recipient's salary. The present value of defined-benefit obligations amounts to MSEK 9,742 (13,729). The value of the pension obligation is determined through a number of actuarial assumptions, because of which the obligation can significantly increase or decrease if the actuarial assumptions change. During 2022, changes in actuarial assumptions regarding discount rate, inflation and demographics had a significant impact on the defined benefit obligation where changes to discount rate and inflation were due to the macroeconomic development. Changes in actuarial gains and losses directly affect the pension obligation and hence the Group's financial position. See note 31 for further information.

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Note 3. Segment reporting

### Operating segments

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, advanced weapons system and command and control systems, 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, Brazil, South Africa, the US and other selected countries globally.

Segment information is presented based on management's view, and operating segments are identified based on internal reporting to the company's chief operating decision maker. Saab has identified the Chief Executive Officer as its chief operating decision maker and the internal reports used by the CEO to oversee operations and make decisions on allocating resources serve as the basis of the information presented. The segments are monitored at the operating income level. In the segments' reporting, all leasing agreements are recognised as a cost on straight line basis over the leasing period. Except IFRS 16, the accounting principles for reportable segments conform to the principles applied by the Group as a whole. Sales of goods and services between segments are made on market terms.

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 is reported as an operating segment outside the business area structure within Saab Group.

The operating segments are described below. Complementing the five operating segments is Corporate, which comprises Group staffs and departments as well as other non-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](http://saab.com/investors/financial-data).

### 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, 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 reported as an operating segment outside the business area structure within Saab Group.

Combitech is one of Sweden's largest technology consulting firms, combining technology with cutting-edge expertise to create solutions for our customers' specific needs. Combitech is active in aviation, defence, telecom and other industries as well as the public sector. Combitech offers services in systems development, systems integration, information security, systems security, communications, mechanics, technical product information and logistics.

### 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.

### Information on geographical areas

External sales are distributed to the market where the customer is domiciled, while fixed assets are distributed to the market where the asset is geographically located.

### Seasonal variation

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



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

Group	Aeronautics		Dynamics		Surveillance		Kockums		Combitech		Corporate		Eliminations		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>MSEK</b>																
External order bookings	13,068	7,774	17,622	10,759	22,635	13,689	7,234	8,835	2,372	2,277	185	235	-	-	63,116	43,569
Internal order bookings	51	54	189	150	331	376	33	18	1,097	1,067	-	-	-1,701	-1,665	-	-
<b>Total</b>	<b>13,119</b>	<b>7,828</b>	<b>17,811</b>	<b>10,909</b>	<b>22,966</b>	<b>14,065</b>	<b>7,267</b>	<b>8,853</b>	<b>3,469</b>	<b>3,344</b>	<b>185</b>	<b>235</b>	<b>-1,701</b>	<b>-1,665</b>	<b>63,116</b>	<b>43,569</b>
External order backlog	42,538	42,301	30,672	21,669	40,482	30,938	12,584	8,911	943	977	457	381	-	-	127,676	105,177
Internal order backlog	107	128	149	162	819	1,074	188	188	284	249	-	-	-1,547	-1,801	-	-
<b>Total</b>	<b>42,645</b>	<b>42,429</b>	<b>30,821</b>	<b>21,831</b>	<b>41,301</b>	<b>32,012</b>	<b>12,772</b>	<b>9,099</b>	<b>1,227</b>	<b>1,226</b>	<b>457</b>	<b>381</b>	<b>-1,547</b>	<b>-1,801</b>	<b>127,676</b>	<b>105,177</b>
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	-	-
<b>Total sales</b>	<b>12,942</b>	<b>12,263</b>	<b>9,168</b>	<b>8,690</b>	<b>14,616</b>	<b>13,373</b>	<b>3,614</b>	<b>3,388</b>	<b>3,399</b>	<b>3,116</b>	<b>197</b>	<b>157</b>	<b>-1,930</b>	<b>-1,833</b>	<b>42,006</b>	<b>39,154</b>
Operating income before share in income of associated companies and joint ventures	696	740	1,539	1,076	1,176	917	300	208	267	265	-607	-290	-	-	3,371	2,916
Share in income of associated companies and joint ventures	-2	6	23	37	-	-	-	-	-	-	-118	-71	-	-	-97	-28
<b>Operating income</b>	<b>694</b>	<b>746</b>	<b>1,562</b>	<b>1,113</b>	<b>1,176</b>	<b>917</b>	<b>300</b>	<b>208</b>	<b>267</b>	<b>265</b>	<b>-725</b>	<b>-361</b>	<b>-</b>	<b>-</b>	<b>3,274</b>	<b>2,888</b>
Financial income	6	-	10	2	26	6	-	-	6	2	352	285	-206	-171	194	124
Financial expenses	-79	-172	-58	-68	-38	-88	-9	-10	-14	-14	-657	-254	206	171	-649	-435
<b>Income before taxes</b>	<b>621</b>	<b>574</b>	<b>1,514</b>	<b>1,047</b>	<b>1,164</b>	<b>835</b>	<b>291</b>	<b>198</b>	<b>259</b>	<b>253</b>	<b>-1,030</b>	<b>-330</b>	<b>-</b>	<b>-</b>	<b>2,819</b>	<b>2,577</b>
Taxes <sup>1)</sup>	-107	-164	-20	-22	70	87	-4	1	-38	-7	-437	-447	-	-	-536	-552
<b>Net income for the year</b>	<b>514</b>	<b>410</b>	<b>1,494</b>	<b>1,025</b>	<b>1,234</b>	<b>922</b>	<b>287</b>	<b>199</b>	<b>221</b>	<b>246</b>	<b>-1,467</b>	<b>-777</b>	<b>-</b>	<b>-</b>	<b>2,283</b>	<b>2,025</b>
Assets	17,389	16,325	13,309	10,579	22,809	22,491	4,768	4,872	1,917	1,884	38,227	33,817	-26,054	-24,929	72,365	65,039
Of which shares in associated companies and joint ventures	55	42	197	217	4	4	-	-	-	-	87	141	-	-	343	404
Liabilities	13,206	12,981	10,573	7,588	11,803	12,410	3,576	3,692	1,138	1,202	20,617	21,216	-18,424	-17,299	42,489	41,790
Operational cash flow	107	-768	1,251	705	1,314	4,040	-288	-13	177	271	32	-959	-	-	2,593	3,276
Capital employed	9,547	8,888	5,616	5,629	11,970	12,287	1,515	1,391	979	1,057	11,324	8,525	-	-	40,951	37,777
Investments	653	1,102	265	180	414	438	6	18	6	10	966	772	-	-	2,310	2,520
Depreciation	164	125	96	88	807	767	29	35	8	8	1,023	915	-	-	2,127	1,938

1) Current taxes in the Parent Company are reported in Corporate

### Geographical areas

Group	Sweden		Rest of Europe		North America		Latin America		Asia		Africa		Australia, etc.		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>MSEK</b>																
External sales	17,555	14,841	7,838	6,553	4,466	4,203	3,901	5,786	5,910	5,507	88	175	2,248	2,089	42,006	39,154
as % of sales	42	38	19	17	11 <sup>1)</sup>	11 <sup>1)</sup>	9 <sup>2)</sup>	15 <sup>2)</sup>	14 <sup>3)</sup>	14 <sup>3)</sup>	0	0	5	5	100	100
Fixed assets	20,066	19,501	1,438	1,213	2,048	1,700	193	136	284	303	426	409	407	246	24,862	23,507

1) Which of US represents 10 per cent (10) of the Group's total sales.

2) Which of Brasil represents 9 per cent (14) of the Group's total sales.

3) Which of United Arab Emirates represents 5 per cent (7) of the Group's total sales.

**Sales by operating segment**

MSEK	Parent Company	
	2022	2021
Aeronautics	12,801	12,138
Dynamics	2,056	2,088
Surveillance	9,045	8,892
Combitech	158	295
Corporate	15	17
<b>Total</b>	<b>24,075</b>	<b>23,430</b>

**Sales by geographical market**

MSEK	Parent Company	
	2022	2021
Sweden	11,199	8,619
Rest of Europe	4,684	3,765
North America	1,214	1,177
Latin America	3,765	5,471
Asia	3,049	4,209
Africa	44	70
Australia, etc.	120	119
<b>Total</b>	<b>24,075</b>	<b>23,430</b>

## Note 4. Sales

**Accounting principles**
**Sales**

Revenue recognition is based on a contract for the sale of a good or service between two parties. The company recognises revenue when it satisfies the obligation to deliver the promised goods or services to the customer, which means that revenue is recognised when the customer obtains control over the good or service and has the ability to use or obtain the benefits from the good or service. The main principles of revenue recognition are based on a five-step model:

1. Identify the contract
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to each obligation
5. Recognise revenue when the obligation is satisfied.

**Long-term customer contracts**

A large part of the Group's operations involves long-term customer contracts for the development and manufacture of complex systems that stretch over several reporting periods. The analysis of these contracts according to the five-step model has mainly meant determining the number of performance obligations (step 2) and when they are fulfilled (step 5), i.e. over time or at a given point in time.

Since Saab's long-term customer contracts involve considerable customisation and integration of goods and services, it usually means that a single performance obligation has been identified. A

performance obligation is satisfied at a given point in time or over time. If a performance obligation is satisfied over time, one of the following criteria must be met: a) the customer must obtain immediate benefits when the obligation is satisfied, b) Saab's performance creates or improves an asset that the customer controls, or c) Saab's performance does not create an asset with an alternative use to the company and Saab has the right to payment for costs incurred to date, including profit, in the event that the customer terminates the contract for reasons other than the company's failure to perform as promised.

Since Saab's long-term customer contracts involve considerable customisation and integration of goods and services and because the cost to adapt the asset and sell it to a new customer would not be insignificant, the conclusion is most often that the asset is not deemed to have an alternative use. Since the contracts also contain clauses that include the right to payment plus a reasonable profit for costs incurred, it means that the criteria for recognising revenues from long-term customer contracts over time are satisfied. Revenue and costs are therefore recognised in the income statement in relation to the contract's stage of completion.

The stage of completion is based on a determination of the relationship between expenditures incurred as of the closing day and estimated total expenditures to satisfy the contract. Of the total revenue, the portion corresponding to the stage of completion is recognised in each period. The stage of completion can also be determined in certain cases based on milestones or number of units delivered. An expected loss is recognised in the income statement as soon as it is identified. In some long-term customer contracts Saab receives advance payments or build-up material contract assets. If there is a significant financing component, the time value effect is recognised only for contracts where the advance payment still remain after twelve months. Occasionally, the content of the contractual relationship between Saab and the customer is changed through i.a. an additional order. Saab evaluates whether additional orders and other changes to contracts should be recognised as a part of the original contract or as a new contract. The evaluation is based on whether additional goods or services are added, that are distinct from the original contract, and whether the price of such goods or services correspond to a stand-alone selling price. If both these prerequisites are met the additional order is treated as a new contract.

**Products**

A share of Saab's revenue is attributable to products where development, customisation and integration are relatively minor and relates for the most part only to the manufacture of products, as well as the resale of spare parts, for example. Revenue from these contracts is recognised at a given point in time, i.e. normally when control of the good has transferred to the customer in accordance with the terms of the contract.

**Service assignments**

For Saab's service assignments, which include the sale of consulting hours and support services, at a fixed price or on current account, the customer normally obtains the benefits when the obligation is satisfied. Revenue is mainly recognised over time as the assignment is performed according to the contract.

Saab is active in the military defence market as well as the commercial aircraft and security market. In 2022, sales of defence materiel accounted for 89 per cent (90) of Saab's sales. Saab's international sales represent more than half of its total operations and as a rule entail considerable sums that stretch over long periods of time. In 2022, 58 per cent (62) of Saab's sales was to markets outside Sweden.

A large share of Saab's sales comes from a limited number of customers and relatively few contracts. The European market including Sweden is Saab's most important market. The Swedish Defence Materiel Administration (FMV) is Saab's most important customer, accounting for 36 per cent (33) of Saab's sales in 2022.

Saab's operations are distinguished by complex, multi-year development assignments on the cutting edge of technology. In its long-term customer projects, Saab implements and delivers cost-efficient high-tech solutions in accordance with the customer contract. The contract model for major development projects according to which Saab is often engaged in development work is complex and entails risks. Contracts are often signed where the customer orders a product with specifications on its features and which problems it will solve. Saab then commits to deliver in accordance with the specifications and produces the required product or system. Consequently, when contracts are signed, the product in some cases has not been developed and will normally be delivered several years later. Most of the contracts are signed with a fixed-price component. In 2022 Long-term customer contracts accounted for 61 per cent (61) of total sales.

The majority of Saab's sales relate to projects where revenue is recognised over time. This places high demands on project planning and control as well as monitoring to ensure that at any given time the commitments and estimates of project costs and revenue provide a satisfactory basis for recognition of sales and income. Saab continuously updates cost estimates for long-term customer contracts, which has a retroactive effect, both positive and negative, on sales. The impact from regular revisions of projects estimates were insignificant in relation to sales during both 2022 and 2021. Approximately 80 percent of sales is recognised over time in pace with project completion.

Accounting for long-term customer contracts affects balance sheet items such as contract assets and contract liabilities as well as accounts receivable, for which customary payment terms are applied. Many of Saab's large contracts with customers are based on a payment model according to which the majority of the payment is not made until or after the product or system has been delivered or partially delivered. Saab has during 2022 and during recent years conducted several large customer projects in the development phase. During 2022, many of the Group's large projects reached far in the project execution phase which has led to that the Group has reached material milestones. Opening contract liabilities as of 1 January 2022 were practically all recognised in revenue in the financial year.

Provisions for guarantees in connection with products or services sold are normally recognised if a reliable calculation of the provision can be made; see note 32 for further information. The Group has no significant commitments or obligations relating to product returns. Saab has not identified any customer contracts where a significant financing component exists.

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](http://saab.com/investors/financial-data).

MSEK	Aeronautics		Dynamics		Surveillance		Kockums		Combitech		Corporate/ elimination		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Sales per customer:</b>														
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
<b>Total external sales</b>	<b>12,869</b>	<b>12,176</b>	<b>8,973</b>	<b>8,518</b>	<b>14,029</b>	<b>12,889</b>	<b>3,580</b>	<b>3,357</b>	<b>2,358</b>	<b>2,057</b>	<b>197</b>	<b>157</b>	<b>42,006</b>	<b>39,154</b>
<b>Sales by significant source:</b>														
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
<b>Total external sales</b>	<b>12,869</b>	<b>12,176</b>	<b>8,973</b>	<b>8,518</b>	<b>14,029</b>	<b>12,889</b>	<b>3,580</b>	<b>3,357</b>	<b>2,358</b>	<b>2,057</b>	<b>197</b>	<b>157</b>	<b>42,006</b>	<b>39,154</b>
<b>Sales by domain:</b>														
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	-	-	11	10	20	50	-	-	971	836	2	-2	1,004	894
<b>Total external sales</b>	<b>12,869</b>	<b>12,176</b>	<b>8,973</b>	<b>8,518</b>	<b>14,029</b>	<b>12,889</b>	<b>3,580</b>	<b>3,357</b>	<b>2,358</b>	<b>2,057</b>	<b>197</b>	<b>157</b>	<b>42,006</b>	<b>39,154</b>
<b>Sales recognition method:</b>														
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
<b>Total external sales</b>	<b>12,869</b>	<b>12,176</b>	<b>8,973</b>	<b>8,518</b>	<b>14,029</b>	<b>12,889</b>	<b>3,580</b>	<b>3,357</b>	<b>2,358</b>	<b>2,057</b>	<b>197</b>	<b>157</b>	<b>42,006</b>	<b>39,154</b>

#### Future revenue from contracts with customers

The order backlog is expected to be realised and recognised as revenue according to the following table:

#### Order backlog duration:

MSEK	2022	2021
Within 1 year	40,602	33,970
Within 2 years	33,168	24,882
Within 3 years	25,441	17,285
Within 4 years	13,140	14,411
4 years and forward	15,325	14,629
<b>Total</b>	<b>127,676</b>	<b>105,177</b>



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

**Sales by customer**

MSEK	Parent Company	
	2022	2021
Military customers	22,809	22,413
Civilian customers	1,266	1,017
<b>Total</b>	<b>24,075</b>	<b>23,430</b>

**Sales by significant source**

MSEK	Parent Company	
	2022	2021
Long-term customer contracts	17,729	17,052
Services	4,761	4,662
Products	1,585	1,716
<b>Total</b>	<b>24,075</b>	<b>23,430</b>

**Sales by domain**

MSEK	Parent Company	
	2022	2021
Air	16,866	16,549
Land	3,690	3,557
Naval	2,100	2,093
Civil Security	607	504
Commercial Aeronautics	795	720
Other	17	7
<b>Total</b>	<b>24,075</b>	<b>23,430</b>

**Sales recognition method**

MSEK	Parent Company	
	2022	2021
Over time	19,924	19,757
Point in time	4,151	3,673
<b>Total</b>	<b>24,075</b>	<b>23,430</b>

**Note 5. Operating expenses**

The income statement is classified according to function as follows:

*Cost of goods sold* comprises costs for material handling and manufacturing costs, including salary and material costs, purchased services, premises, and the depreciation/amortisation and write-down of intangible and tangible fixed assets other than self-financed capitalised development cost (see below).

Customer-financed research and development is recognised in cost of goods sold.

*Administrative expenses* relate to expenses for the Board of Directors, Group Management and staff functions as well as expenses attributable to business area and business unit managements.

*Marketing expenses* comprise expenses for the in-house marketing and sales organisation as well as external marketing and selling expenses.

*Research and development costs* are recognised separately and comprise the cost of self-financed new and continued product development as well as amortisation of capitalised development costs.

Operating expenses classified by the type of cost, excluding other operating income and expenses, are distributed as follows:

MSEK	Group	
	2022	2021
Materials and components	10,269	9,643
Purchased services	5,054	4,464
Personnel costs	16,109	15,133
Depreciation/amortisation and write-downs	2,196	2,172
Other external costs	5,185	4,895
<b>Total</b>	<b>38,813</b>	<b>36,307</b>

Depreciation/amortisation and write-downs include write-downs and reversal of write-downs on inventory.

## Note 6. Other operating income and expenses

### Accounting principles

#### Other operating income and expenses

Other operating income and expenses relate to operating activities that fall outside of core operations, costs not directly attributable to functions in the income statement, exchange rate differences on items of an operating nature, government grants, changes in the value of derivatives of an operating nature and capital gains/losses on the sale of tangible fixed assets. Also included at the Group level are capital gains/losses on the sale of subsidiaries, operations, associated companies and joint ventures.

#### Other operating income

MSEK	Group		Parent Company	
	2022	2021	2022	2021
Government grants	62	29	40	19
Change in fair value of biological assets	60	9	-	-
Gain on sale of tangible fixed assets	44	3	9	0
Exchange rate gains on operating receivables/liabilities and change in value of derivatives	17	9	-	-
Gain from other operating activities	8	14	-	-
Insurance compensation	8	9	6	9
Gain on sale of associated companies/joint ventures	1	-	-	-
Disbursement from collective health insurance provider	-	52	-	34
Gain on sale of Group companies	-	1	-	-
Other	31	20	3	4
<b>Total</b>	<b>231</b>	<b>146</b>	<b>58</b>	<b>66</b>

#### Other operating expenses

MSEK	Group		Parent Company	
	2022	2021	2022	2021
Exchange rate gains on operating receivables/liabilities and change in value of derivatives	-26	-44	-17	-36
Loss on sale and disposal of tangible fixed assets	-10	-15	-5	-15
Impairment of receivables from associated companies	-3	-2	-	-
Loss from other operating activities	0	-2	-	-
Other	-14	-13	-	0
<b>Total</b>	<b>-53</b>	<b>-76</b>	<b>-22</b>	<b>-51</b>

## Note 7. Government grants

### Accounting principles

Saab receives government grants, mainly various grants from the EU related to research and development projects. These are recognised when there is a reasonable certainty that the grant will be received and that the Group will meet the conditions associated with the grant. Project-related government grants are systematically recognised in the income statement primarily as cost deduction over the same periods as the expenses for which the grants are intended to compensate.

During 2022, MSEK 179 (105) was received in project-related support.

MSEK 132 (128) has been recognised through profit or loss mainly by deducting research and development expenditures and cost of goods sold or as other operating income. In the statement of financial position at year-end, MSEK 137 (90) is recognised as prepaid income.

No contingent liabilities or contingent assets are reported.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Note 8. Employees and staff costs

The average number of employees in 2022 amounted to 18,555 (18,045), of whom 77 per cent (77) were men. For information about number of employees per locality and by country see page 171.

### Average number of employees<sup>1)</sup>

MSEK	2022		2021	
	of whom men		of whom men	
<b>Parent company</b>				
Sweden	9,665	76%	9,782	77%
Rest of Europe	8	78%	8	84%
North America	1	-	1	-
Latin America	28	89%	33	93%
Asia	42	82%	55	79%
<b>Parent company, total</b>	<b>9,744</b>	<b>76%</b>	<b>9,879</b>	<b>77%</b>
<b>Group companies</b>				
Sweden	5,379	75%	4,994	76%
Rest of Europe	1,274	85%	1,155	85%
North America	753	77%	694	76%
Latin America	106	67%	105	69%
Asia	241	80%	218	81%
Africa	367	72%	432	72%
Australia, etc	691	80%	568	80%
<b>Group companies, total</b>	<b>8,811</b>	<b>77%</b>	<b>8,166</b>	<b>77%</b>
<b>Group, total</b>	<b>18,555</b>	<b>77%</b>	<b>18,045</b>	<b>77%</b>

1) The average number of employees has been calculated as an average of the number of Full Time Equivalents (FTE). The term Full-Time Equivalents excludes long-term absentees and consultants. Fixed term employees and probationers are however included in the calculation.

### Gender distribution of corporate management

Share of women, per cent	Parent company	
	2022	2021
Board of Directors <sup>1)</sup>	40	40
Other senior executives	23	23

1) Of the Board members elected by the shareholders' meeting, and not employed by the company.

### Salaries, other remuneration and social security expenses

MSEK	2022		2021	
	Salaries and other remuneration	Social security expenses	Salaries and other remuneration	Social security expenses
<b>Parent company</b>	5,905	2,900	5,784	2,877
of which pension costs <sup>1)</sup>		1,065		1,071
<b>Group companies</b>	5,574	1,730	4,928	1,544
of which pension costs <sup>2)</sup>		694		602
<b>Group, total</b>	<b>11,479</b>	<b>4,630</b>	<b>10,712</b>	<b>4,421</b>
of which pension costs <sup>3)</sup>		1,759		1,673

1) Of the Parent Company's pension costs, MSEK 11 (8) referred to the Parent Company's Board and President, including deputies and Executive Vice President. The company's outstanding pension obligations for these individuals, amounted to MSEK 9 (8), of which MSEK 7 (7) referred to former Board members and President, including deputies and Executive Vice Presidents.

2) Adjusted according to different accounting principles regarding defined-benefit plans between Parent Company and Group. See notes 1 and 31 for more information.

3) Of the Group's pension costs, MSEK 26 (20) referred to the Group's and Group companies' Boards and Presidents. The Group's outstanding pension obligations for these individuals amounted to MSEK 10 (8), of which MSEK 7 (7) referred to former board members and Presidents

### Salaries and other remuneration distributed between Board members, President and Executive Vice Presidents and other employees

MSEK	2022		2021	
	Board, President and Executive Vice Presidents	Other employees	Board, President and Executive Vice Presidents	Other employees
<b>Parent company</b>	37	5,868	36	5,748
<b>Group companies</b>	103	5,471	83	4,845
<b>Group, total</b>	<b>140</b>	<b>11,339</b>	<b>119</b>	<b>10,593</b>

Of the salaries and remuneration paid to other employees in the Group, MSEK 36 (35) referred to senior executives other than Board members, the President and Executive Vice Presidents. Salaries and other remuneration to the President, Executive Vice Presidents and other senior executives according to the information above does not include share-based payments. Pages 117-118 includes information about share-based payments.

For information on post-employment benefits, see note 31.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Senior executives' benefits

### Remuneration to Board members

In accordance with the resolution of the Annual General Meeting, the fees paid to members of the Board, for the term April 2022 – April 2023, amount to SEK 8,220,000 (7,860,000), consisting of SEK 2,065,000 (1,975,000) to the Chairman, SEK 755,000 (725,000) to the Deputy Chairman and SEK 675,000 (645,000) to each of the other members elected by the Annual General Meeting, with the exception of the President.

For audit committee work during the term April 2022 – April 2023, committee chairman Joakim Westh also received a fee of SEK 285,000 (275,000) and committee members Erika Söderberg Johnson and Daniel Nodhäll each received a fee of SEK 185,000 (175,000).

For remuneration committee work, during the term April 2022 – April 2023, committee chairman Johan Menckel also received a fee of SEK 160,000 (155,000) and committee members Marcus Wallenberg and Bert Nordberg each received a fee of SEK 100,000 (95,000).

Remuneration to Board members and committee members recognised as cost for fiscal year 2022 is shown in the table on page 117.

### Remuneration to the President

The cash remuneration paid to the President and CEO consists of a fixed salary. No short-term variable remuneration is paid. The preparation process for compensation issues regarding the President is handled by the Board's Remuneration Committee according to the principles laid down by the Annual General Meeting and then voted on by the Board.

In the period 1 January through 31 December 2022, the cost for salary and other benefits to President and CEO Micael Johansson amounted in total to SEK 21,670,065 (18,795,905), of which other benefits, including share related plans, amounted to SEK 8,299,169 (5,699,428). Micael Johansson has participated in ongoing Share Matching plan 2019-2022, in Performance Share Plan 2019-2022 and in Saab's performance programme Special Projects Incentive 2019-2022. For more detailed information regarding Saab's long-term incentive programmes, see pages 118-120.

### Pension terms

The retirement age for the President is 65 years. The President has a defined contribution pension plan and may decide himself on the payment term, though within the provisions of Swedish income tax law. The pension cost for Saab consists of pension premiums amounting to 35 per cent of the fixed salary. Pension premiums are paid as long as the President remains an employee of the company, but not beyond the age of 65. To this is added the cost of pension premiums according to the ITP plan. The pension commitment is vested.

For 2022 the cost of President Micael Johansson's pension including ITP, was SEK 5,104,541 (4,942,691).

### Severance terms

If terminated by the company, the President will receive a salary and pension benefits for a period of six months (period of notice). Thereafter he will receive severance pay equivalent to one year of salary, based on his current fixed salary. If the President does not obtain new employment, he will receive an additional six months of severance pay. The severance will be deducted from income received from other employment during the same period. If the President resigns voluntarily, there is a six-month period of notice with salary and pension benefits, but no severance pay. The President's agreement includes a non-compete clause.

### Remuneration to other senior executives

The group of other senior executives included 12 (12) individuals at 31 December 2022: the Executive Vice President, the Heads of the Business Areas and the Heads of Group staffs. At 31 December 2022 Group Management was comprised of Micael Johansson (President), Christian Luiga, Görgen Johansson, Anders Carp, Jonas Hjelm, Lars Tossman, Christian Hedelin, Dean Rosenfield, Charlotta Björklund, Annika Bäreemo, Carl-Johan Bergholm, Viktor Wallström and Lena Eliasson. The cash remuneration paid to other senior executives consists of a fixed salary. No short-term variable remuneration is paid. Compensation issues regarding the other senior executives are prepared by the Head of Group Human Resources and presented to the President, who makes a decision that is presented to the Compensation Committee and the Board.

All eligible executives have participated in ongoing Performance Share Plan 2019-2022, Share Matching Plan 2019-2022 and Special Projects Incentive 2019-2022.

In 2022, the cost for salaries and other benefits to other senior executives totalled SEK 73,840,469 (67,840,987), of which other benefits, including share related plans, amounted to SEK 23,380,562 (19,243,936). For more detailed information regarding Saab's long-term incentive programmes, see pages 118-120.

### Pension terms

The retirement age for other senior executives is at least 62 years. However, two (three) persons have a pension age according to existing law and collective agreement.

In addition to ITP, 7 (7) members of the group are affiliated with the Saab plan and 2 (2) members of the group are affiliated with the New Saab plan, both plans are defined-contribution and vested. The Saab plan provides pension benefits in addition to ITP or its equivalent on salary levels between 20 and 30 basic amounts as well as on salary segments over 30 basic amounts. Moreover, an insurance policy finances the period between the agreed pension age, 62 years, and 65 years.

The pension cost for the Saab plan consists of pension premiums, which are based on a percentage of qualifying salaries. The percentage rate is determined by each executive's time remaining until agreed pension age, 62 years, when joining the plan. The aggregate insurance balance should cover a targeted pension from 65 years of approximately 32.5 per cent of salary levels between 20 and 30 basic amounts and approximately 50 per cent of segments over 30 basic amounts of qualifying salaries. The pension age in the New Saab plan shall be 65 years.

According to the New Saab plan, contributions are made for old age pension benefits from the age of 65 on salary levels exceeding 30 income base amounts per year, unless it is not already made under ITP1. The New Saab plan entails contributions of 30 per cent on the part of the annual salary that is not insured by the ITP plan.

The individuals themselves can decide on the payment term, though within the provisions of Swedish income tax law. Premium payments continue as long as the individuals remain in their positions or as employees of the company.

Pension obligations are vested. In 2022, pension costs for other senior executives, including ITP and its equivalent, amounted to SEK 16,427,751 (17,021,627). Other senior executives are entitled, or obliged if the company so requests, to retire on pension as of the agreed retirement age.

### Severance terms and severance pay

Upon termination by the company, the group of other senior executives normally receives salary and pension benefits for six months (period of notice). Thereafter 10 (9) senior executives receive severance pay, according to agreement, equivalent to a maximum of 18 months of salary, based on their fixed salary. Severance is paid monthly with the first payment in the month after the employment has ended. Severance is not paid for the period falling after the contractual pension age. Together, the term of notice and severance may not exceed 24 months.

The severance will be deducted from income received from other employment during the same period. Upon termination by themselves, there is a six-month period of notice with salary and pension benefits, but no severance pay.

### Other benefits

All senior executives have medical insurance and are entitled to a company car. Several senior executives also have benefits in the form of overnight housing and travel.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Summary of compensation and other benefits during 2022

SEK	Base salary/ Board and committee fee	Variable compensation remuneration	Share related plans <sup>2)</sup>	Other benefits <sup>1)</sup>	Pension cost	Total
Chairman of the Board						
Marcus Wallenberg	2,141,250					2,141,250
Deputy Chairman						
Bert Nordberg	846,250					846,250
Other Board members						
Sara Mazur	667,500					667,500
Cecilia Stegö Chilò	161,250					161,250
Lena Erixon	506,250					506,250
Joakim Westh	950,000					950,000
Danica Kragic Jensfelt	667,500					667,500
Daniel Nodhäll	850,000					850,000
Erika Söderberg Johnson	850,000					850,000
Johan Menckel	826,250					826,250
Henrik Henriksson	667,500					667,500
President and CEO Micael Johansson	13,370,896		7,926,444	372,725	5,104,541	26,774,606
Other senior executives	50,459,907	0	20,054,997	3,325,565	16,427,751	90,268,220
<b>Total</b>	<b>72,964,553</b>	<b>0</b>	<b>27,981,441</b>	<b>3,698,290</b>	<b>21,532,292</b>	<b>126,176,576</b>

1) Including compensation for the additional costs incurred due to the benefits.

2) Share related plans relate to Share Matching Plans, Performance Share Plans and Special Projects Incentive.

Guidelines for remuneration and other benefits for senior executives are described in the administration report.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Summary of compensation and other benefits during 2021

SEK	Base salary/ Board and committee fee	Variable compensation remuneration	Share related plans <sup>2)</sup>	Other benefits <sup>1)</sup>	Pension cost	Total
Chairman of the Board						
Marcus Wallenberg	2,050,000					2,050,000
Deputy Chairman						
Sten Jakobsson	212,500					212,500
Bert Nordberg	615,000					615,000
Other Board members						
Sara Mazur	638,750					638,750
Cecilia Stegö Chilò	638,750					638,750
Joakim Westh	907,500					907,500
Bert Nordberg	177,500					177,500
Danica Kragic Jensfelt	638,750					638,750
Daniel Nodhäll	811,250					811,250
Erika Söderberg Johnson	811,250					811,250
Johan Menckel	755,000					755,000
Henrik Henriksson	483,750					483,750
President and CEO Micael Johansson	13,096,477		5,383,398	316,030	4,942,691	23,738,596
Other senior executives	48,360,801	236,250 <sup>3)</sup>	16,928,661	2,315,275	17,021,627	84,862,614
<b>Total</b>	<b>70,197,278</b>	<b>236,250</b>	<b>22,312,059</b>	<b>2,631,305</b>	<b>21,964,318</b>	<b>117,341,210</b>

1) Including compensation for the additional costs incurred due to the benefits.

2) Share related plans relate to Share Matching Plans, Performance Share Plans and Special Projects Incentive.

3) Including remuneration to one senior executives, which, as agreed, was paid in the form of pension premiums.

### Share-based payment

#### Accounting principles

Share-based payment refers solely to remuneration to employees, including senior executives. Share-based payment settled with the company's shares or other equity instruments is comprised of the difference between the fair value at the time these plans were issued and the consideration received. This remuneration is recognised as staff costs during the vesting period. To the extent the vesting conditions in the plan are tied to market factors (such as the price of the company's shares), they are taken into consideration in determining the fair value of the plan. Other conditions (such as earnings per share) affect staff costs during the vesting period by changing the number of shares or share-related instruments that are expected to be paid.

Saab has a Share Matching Plan where all permanent employees are entitled to participate. The payroll expenses for matching shares in the plan are recognised during the vesting period based on the fair value of the shares. The employees pay a price for the share that corresponds to the share price on the investment date. Three years after the investment date, employees are allotted as many shares as they purchased three years earlier, provided that they are still employees of the Saab Group and that the shares have not been sold. In certain countries, social security expenses are paid on the value of the employee's benefit when matching takes place. During the vesting period, provisions are allocated for these estimated social security expenses. Share repurchases to fulfil the commitments of Saab's Share Matching Plans are

recognised in equity. In addition, there is a Performance Share Plan for senior executives and other key employees that entitles them to performance shares, depending on the employee category to which they belong, as well as a Special Projects Incentive, as a complement to the Performance Share Plan. The plans entitle the employee to performance shares depending on group affiliation, provided that they are still employed after three years and that the performance targets were met.

#### Long-term incentive programme

The Annual General Meeting of Saab has resolved for a number of years to offer a long-term incentive programme (LTI) consisting of three parts: a Share Matching Plan, a Performance Share Plan and a Special Projects Incentive. The Board considers it important that Saab's employees share a long-term interest in the appreciation of the company's shares. The table below shows the maximum number of shares in the ongoing programmes and the maximum number of participants of the performance programmes.

The Board of Directors proposed that the Annual General Meeting 2022 resolve to adopt long-term incentive programme 2023 (LTI 2023), consisting of Share Matching Plan 2023, Performance Share Plan 2023 and Special Projects Incentive 2023, with some changes to the performance targets as regards the Performance Share Plan 2023. The Annual General Meeting resolved in accordance with the Board's proposal. Until LTI 2021, the maximum number of shares consisted both of shares that can be transferred to the participants free of consideration and shares that are intended to be transferred on Nasdaq Stockholm in order to cover social security costs. The number of shares that can be transferred to the participants free of consideration has increased from 1,370,000 in LTI 2022 to 1,730,000 in LTI 2023.

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

Ongoing incentive programmes	Maximum number of shares	Maximum number of participants <sup>1)</sup>
Share Matching Plan 2019	900,000	
Share Matching Plan 2020	993,000	
Share Matching Plan 2021	993,000	
Share Matching Plan 2022	1,005,000	
Share Matching Plan 2023	1,200,000	
Performance Share Plan 2019	310,000	175
Performance Share Plan 2020	310,000	175
Performance Share Plan 2021	258,000	200
Performance Share Plan 2022	200,000	200
Performance Share Plan 2023	300,000	200
Special Projects Incentive 2019	130,000	45
Special Projects Incentive 2020	162,000	45
Special Projects Incentive 2021	214,000	100
Special Projects Incentive 2022	165,000	100
Special Projects Incentive 2023	230,000	100

1) Permanent employees working in a country where the Share Matching Plan is introduced are offered to participate in the Share Matching Plan, thus there is no maximum numbers of participants.

#### Share Matching Plan

Since 2007, Saab offers permanent employees the opportunity to participate in the Share Matching Plan. Employees can withhold up to 5 per cent of their gross base salary to purchase Series B shares on Nasdaq Stockholm during a twelve-month period. Provided that a participant retains the purchased shares for three years after the investment date and is still employed by the Saab Group, the participant will be allotted a corresponding number of Series B shares free of charge. Currently, Share Matching Plans 2019–2023 are ongoing.

In the Share Matching Plan 2019, shares have been matched three times in 2022 and once in February 2023. In Share Matching Plan 2020, shares will be matched three times in 2023 and once in February 2024.

#### Performance Share Plan

Since 2008, Saab also has a Performance Share Plan for senior executives and key employees. The Performance Share Plan is directed at a limited number of key employees, see the table above, including the President. Participants can save up to 7.5 per cent of their base salary to purchase Series B shares during a twelvemonth period, while participating in the Share Matching Plan as well, but only up to a maximum of 5 per cent of base salary. Depending on which category they belong to, participants are entitled to 2–7 performance shares for each purchased share. Participants are entitled to matching of performance shares, free of consideration, provided that the performance targets are achieved and the participants have retained the purchased shares for three years after the investment date and remain employed by the Saab Group.

The number of performance shares is linked to the performance targets established by the Board of Directors. The terms for the performance matching are based on three independent targets for a one-year performance period: organic sales growth <sup>1)</sup>, EBIT margin <sup>2)</sup> and free cash flow <sup>3)</sup>. Performance Share Plan 2023 has one additional target, CO2 reduction <sup>4)</sup>. The Board of Directors decides on the performance matching after the end of the one-year performance period. If the performance outcome falls short of the maximum level but exceeds the minimum level, a linear proportionate performance matching will occur. No performance matching will occur if the performance outcome is equal to or below the minimum level. Before the performance matching is ultimately determined, the Board of Directors will assess whether it is reasonable in relation to the company's financial results and position, conditions in the stock market and

other circumstances. If it determines that this is not the case, the Board of Directors will reduce the number of performance shares that will be matched to the lower number of shares it considers appropriate.

Performance shares are allotted three years after the investment. Currently, Performance Share Plans 2019–2023 are ongoing. In Performance Share Plan 2019, performance matching has occurred three times in 2022 and once in February 2023. In Performance Share Plan 2020, performance matching will take place three times in 2023 and once in February 2024.

After the end of the one-year performance period for the Performance Share Plan 2022, on 31 December 2022, it was determined that the targets had been achieved and the Board of Directors approved performance matching as follows. Performance matching will take place three times in 2025 and once in February 2026.

1) Adjusted for acquisitions and divestments as well as exchange rate differences.

2) Adjusted for acquisitions and divestments as well as non-recurring items.

3) Adjusted for acquisitions and divestments as well as non-recurring items.

4) Adjusted for acquisitions and divestments as well as any other extraordinary or non-recurring items.

#### Performance Share Plan

2022	Reported performance outcome	Outcome targets, %	Weighted, %	Allotment, %
Organic sales growth	5%	65	30	20
EBIT margin	7.8%	70	30	21
Free cash flow	MSEK 1,871	100	40	40
<b>Total allotment</b>				<b>81</b>

2021	Reported performance outcome	Outcome targets, %	Weighted, %	Allotment, %
Organic sales growth	11%	100	30	30
EBIT margin	7.4%	100	30	30
Free cash flow	MSEK 2,737	99	40	40
<b>Total allotment</b>				<b>100</b>

#### Special Projects Incentive

Since 2017, Saab has also a Special Projects Incentive programme (SPI), as a complement to the Performance Share Plan.

The Special Projects Incentive is directed at a limited number of key employees, see the table above, including the President. Participation in SPI presupposes participation in the Performance Share Plan or the Share Matching Plan. The programme entitles the employee to allotment of performance shares corresponding to 15–52.5 per cent of the cash base salary for the current financial year depending on group affiliation, provided that the employment remains for three years and that performance targets are reached. For the President and other members of the Group Management, the total allotment of shares in SPI and the Performance Share Plan together amounts to a maximum of 75 per cent of the cash base salary for the President and 60 per cent of the cash base salary for the other members of the Group Management. Performance shares are allotted after three years based on the achievement during the current financial year of eight equally weighted performance targets in SPI 2019–SPI 2021. As of SPI 2022 the programme is based on 10 equally weighted performance targets.

After the end of the one-year performance period for the SPI 2022, on 31 December 2022, it was determined that seven of the ten performance targets had been met. The ten performance targets in SPI 2022 were operating targets and milestones in special projects within Saab's product areas Gripen, airborne radar systems (AEW&C), submarines, missiles, combat management systems and advanced pilot training systems. The performance targets may be related to e.g. product design review, customer design review,

partial deliveries or system implementation. Each performance target represents 10 per cent of the total performance targets. The performance targets in previous SPI programmes have been of a similar nature as in SPI 2022. Due to the nature of the defence industry, further information on the individual performance targets cannot be provided. Performances have been reviewed by Saab's internal audit and the external auditor, PwC.

The performance shares in SPI 2022 will be allotted in February 2025. In 2022, a total of 66,052 shares have been allotted in SPI 2019.

#### Number of Series B shares purchased and number of participants, Share Matching Plans, 2019–2022

Year	Number of shares	Number of participants
2019	584,225	7,519
2020	771,063	7,891
2021	763,864	8,062
2022	411,265	8,112

#### Number of Series B shares purchased and number of participants, Performance Share Plans, 2019–2022

Year	Number of shares	Number of participants
2019	52,722	158
2020	64,349	162
2021	69,492	162
2022	40,303	194

#### Share Matching Plan

Thousands	2019	2020	2021	2022	Total
Number of matching shares eligible at beginning of the year	504	711	611	-	1,826
Allotted during the year (purchased shares)	-	-	139	411	550
Early share matching	-	-16	-13	-2	-31
Ordinary share matching	-384	-	-	-	-384
Forfeited	-23	-45	-55	-10	-133
<b>Number of matching shares eligible at year-end</b>	<b>97</b>	<b>650</b>	<b>682</b>	<b>399</b>	<b>1,828</b>
Average remaining maturity, years	-	0.8	1.8	2.8	

#### Performance Share Plan

Thousands	2019	2020	2021	2022	Total
Number of matching shares eligible at beginning of the year	47	63	57	-	167
Allotted during the year (purchased shares)	-	-	12	40	52
Early share matching	-	-3	-2	-	-5
Ordinary share matching	-20	-	-	-	-20
<b>Number of matching shares eligible at year-end</b>	<b>27</b>	<b>60</b>	<b>67</b>	<b>40</b>	<b>194</b>
Average remaining maturity, years	-	0.8	1.8	2.8	

#### Total number of shares eligible at year-end

Thousands	2019	2020	2021	2022	Total
Share Matching Plan	97	650	682	399	1,828
Performance Share Plan	27	60	67	40	194
Less: Shares included in both plans	-27	-60	-67	-40	-194
<b>Total</b>	<b>97</b>	<b>650</b>	<b>682</b>	<b>399</b>	<b>1,828</b>

#### Recognised expense for above-mentioned plans, including social security expenses

MSEK	2022	2021
Share Matching Plan 2018	-	31
Share Matching Plan 2019	72	64
Share Matching Plan 2020	82	70
Share Matching Plan 2021	85	26
Share Matching Plan 2022	26	-
Performance Share Plan 2018	-	4
Performance Share Plan 2019	14	11
Performance Share Plan 2020	7	6
Performance Share Plan 2021	24	6
Performance Share Plan 2022	7	-
Special Projects Incentive 2019	-	6
Special Projects Incentive 2020	12	8
Special Projects Incentive 2021	10	8
Special Projects Incentive 2022	11	-
<b>Total</b>	<b>350</b>	<b>240</b>

The expense for the share matching plans is included in operating income and is recognised in the balance sheet as equity and accrued expenses (social security expenses). Administrative expenses for the share matching plans amounted to MSEK 6 (6) in 2022.

The expense is based on the share price of the matching shares that are expected to be allotted. The share price is determined at the time of the participants' investment adjusted by the dividend that does not accrue to the employee during the vesting period.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Note 9. Auditors' fees and compensation

MSEK	Group		Parent Company	
	2022	2021	2022	2021
<b>PwC</b>				
Audit assignments	22	20	12	12
where of PwC Sweden	16	15	-	-
Audit work in excess of the audit assignment	1	1	1	1
where of PwC Sweden	1	1	-	-
Tax advice	0	0	0	0
Other services	1	1	1	1
where of PwC Sweden	1	1	-	-
<b>Other audit firms</b>				
Audit assignments	5	4	-	-
<b>Total</b>	<b>29</b>	<b>26</b>	<b>13</b>	<b>13</b>
where of PwC Sweden	18	16	-	-

Audit assignments refer to expenses for the statutory audit, i.e. the work that was necessary to issue the audit report as well as advice in connection with the audit assignment.

Audit work in excess of the audit assignment relates to expenses for opinions and other assignments associated to a fairly high degree with audits and which are normally performed by the external auditor, including consultations on advisory and reporting requirements, internal control and the review of interim reports. For 2022, the external auditors' assignment as mandated by law amounted to a negligible sum.

Other services relate to expenses that are not classified as audit assignments, audit work in excess of the audit assignment and tax advice.

## Note 10. Depreciation/amortisation and write-downs

MSEK	Group	
	2022	2021
<b>Depreciation/amortisation</b>		
Capitalised development costs	-554	-550
Other intangible fixed assets	-158	-151
Operating properties	-127	-100
Plant and machinery	-338	-293
Equipment, tools and installations	-424	-357
Right-of-use assets	-526	-487
<b>Total</b>	<b>-2,127</b>	<b>-1,938</b>

MSEK	Parent Company	
	2022	2021
<b>Depreciation/amortisation</b>		
Goodwill	-40	-40
Other intangible fixed assets	-131	-115
Buildings	-75	-57
Plant and machinery	-209	-181
Equipment, tools and installations	-308	-261
<b>Total</b>	<b>-763</b>	<b>-654</b>

No write-downs were recognised in the Group or in the Parent Company during 2022 or 2021.



Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Note 11. Financial income and expenses

MSEK	Group	
	2022	2021
Interest income on loans receivable	131	32
Financial income from revaluation and disposal of financial assets and liabilities measured at fair value through profit or loss	49	48
Other financial income	14	44
<b>Financial income</b>	<b>194</b>	<b>124</b>
Interest expenses on bonds and other financial liabilities	-201	-194
Interest expenses on lease liabilities	-106	-98
Financial expenses from revaluation and disposal of financial assets and liabilities measured at fair value through profit or loss	-228	-29
Financial expenses related to pensions	-72	-52
Other financial expenses	-42	-62
<b>Financial expenses</b>	<b>-649</b>	<b>-435</b>
<b>Net financial income and expenses</b>	<b>-455</b>	<b>-311</b>

MSEK	Parent Company			
	Result from shares in Group companies		Result from shares in associated companies/ joint ventures	
	2022	2021	2022	2021
Dividends	602	51	-	-
Group contributions received	1,337	1,075	-	-
Capital gain on sale of shares	-	28	-	-6
Write-downs	-	-20	-	-
Other	1	0	-	-
<b>Total</b>	<b>1,940</b>	<b>1,134</b>	<b>-</b>	<b>-6</b>

MSEK	Parent Company			
	Result from other securities and receivables held as fixed assets		Other interest income and similar profit/loss items	
	2022	2021	2022	2021
Interest income, Group companies	-	-	103	101
Other interest income	-	-	115	49
Capital gain on sale of shares	0	-	-	-
Translation differences	24	8	-	-
Net change in value from revaluation of financial assets/liabilities	-37	78	-	-
Write-downs of financial assets	-8	-6	-	-
Other	-22	-40	-	-
<b>Total</b>	<b>-43</b>	<b>40</b>	<b>218</b>	<b>150</b>

MSEK	Parent Company	
	Interest expenses and similar profit/loss items	
	2022	2021
Interest expenses, Group companies	-23	-1
Other interest expenses	-349	-69
<b>Total</b>	<b>-372</b>	<b>-70</b>



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

[Financial statements and notes](#)

[Dividend motivation](#)

[Proposed disposition of earnings](#)

[Auditor's report](#)

[Saab's share](#)

[Multi-year overview](#)

[Glossary](#)

## Note 12. Appropriations

MSEK	Parent Company	
	2022	2021
Plant and machinery as well as equipment, tools and installations	-111	-92
Buildings and land	-2	-
<b>Total difference between tax depreciation and depreciation according to plan</b>	<b>-113</b>	<b>-92</b>
Net change in tax allocation reserves	-510	-395
<b>Total</b>	<b>-623</b>	<b>-487</b>

## Note 13. Taxes

### Accounting principles

Income taxes are recognised in the income statement and consist of current tax and deferred tax. When the underlying transaction is recognised in other comprehensive income, for example the revaluation of the net pension obligations, the related tax effect is also recognised in other comprehensive income.

Current tax is the tax to be paid or received for the current year, applying the tax rates that have been set as of the closing day. Adjustment is made for current tax attributable to previous periods.

Deferred tax is calculated according to the balance sheet method based on temporary differences. Temporary differences constitute the difference between the carrying amount of assets and liabilities and their value for tax purposes.

Deductible temporary differences are not taken into account in the initial reporting of assets and liabilities other than a business combination and which, at the time of the transaction, do not affect either the recognised or taxable result. Moreover, temporary differences are not taken into account if they are attributable to shares in subsidiaries, associated companies, and joint ventures that are not expected to be reversed within the foreseeable future. The valuation of deferred tax is based on when assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates and tax rules that have been set as of the closing day.

Deferred tax assets from deductible temporary differences and tax loss carry forwards are only recognised to the extent it is likely that they will be utilised. The value of deferred tax assets is reduced when it is no longer considered likely that they can be utilised. Deferred tax assets are set off against deferred tax liabilities when the receivable and liability relate to the same tax authority. Deferred tax assets and deferred tax liabilities arising from a single transaction are set off both in the statement of financial position and in the disclosures. No temporary difference arise on initial recognition on such items that emerge from a single transaction.

### Tax recognised in the income statement

Taxes comprise current tax and deferred tax. Current tax is calculated based on applicable tax laws in the countries in which the parent company and subsidiaries operate and generate taxable income.

MSEK	Group	
	2022	2021
<b>Current tax expense (-)/tax income (+)</b>		
Taxes for the year	-612	-491
Adjustment for taxes related to previous years	9	-10
<b>Total</b>	<b>-603</b>	<b>-501</b>
<b>Deferred tax expense (-)/tax income (+)</b>		
Deferred tax related to temporary differences	92	-46
Deferred tax related to value of tax loss carry forwards capitalised during the year	27	67
Deferred tax expense due to utilisation of previously capitalised tax value in tax loss carry forwards	-45	-71
Deferred tax related to previous years	-7	-3
Deferred tax related to changed tax rates	0	2
<b>Total</b>	<b>67</b>	<b>-51</b>
<b>Total recognised tax in the Group</b>	<b>-536</b>	<b>-552</b>

The Group's total deferred tax amounted to MSEK 67 (-51) and current tax expense for the year amounted to MSEK -603 (-501), leading to a total recognised tax of MSEK -536 (-552) in the consolidated income statement. The table "Change in deferred tax in temporary differences and tax loss carry forwards" for the Group, on the following page, specifies how deferred tax affected income.

MSEK	Parent Company	
	2022	2021
<b>Current tax expense (-)/tax income (+)</b>		
Taxes for the year	-345	-338
Adjustment for taxes related to previous years	1	0
<b>Total</b>	<b>-344</b>	<b>-338</b>
<b>Deferred tax expense (-)/tax income (+)</b>		
Deferred tax related to temporary differences	139	56
Deferred tax related to previous years	-1	-2
<b>Total</b>	<b>138</b>	<b>54</b>
<b>Total recognised tax in the Parent Company</b>	<b>-206</b>	<b>-284</b>



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

**Reconciliation of effective tax**

MSEK	Group			
	2022 (%)	2022	2021 (%)	2021
Income before taxes		2,819		2,577
Tax according to current tax rate for the Parent Company	-20.6	-581	-20.6	-531
Effect of other tax rates for foreign operations	-0.5	-15	0.1	2
Non-deductible expenses	-1.0	-27	-0.6	-16
Tax-exempt income	0.2	6	0.4	11
Tax on additional non-capitalised tax loss carry forwards	-0.2	-7	-0.6	-15
Revaluation of previously non-capitalised deferred tax loss carryforwards	1.7	49	0.2	4
Tax attributable to future reduction rights	-	-	0.6	16
Utilisation of previously non-capitalised deductible temporary differences	1.9	54	-	-
Tax related to previous years	0.1	2	-0.5	-13
Effect on tax from associated companies	-0.7	-20	-0.2	-6
Other	0.1	3	-0.2	-4
<b>Reported effective tax</b>	<b>-19.0</b>	<b>-536</b>	<b>-21.4</b>	<b>-552</b>

Current and deferred taxes amounted to MSEK -536 (-552), equivalent to an effective tax rate of 19.0 per cent (21.4). The decrease in the effective tax rate was mainly a result of utilisation of previously non-capitalised deductible temporary differences and loss carry forwards.

MSEK	Parent Company			
	2022 (%)	2022	2021 (%)	2021
Income before taxes		1,542		1,400
Tax according to current tax rate for the Parent Company	-20.6	-318	-20.6	-288
Tax allocated to foreign operations	0.9	19	-0.3	-4
Non-deductible expenses	-2.0	-30	-2.6	-35
Tax-exempt income	8.3	128	2.4	33
Tax attributable to future reduction rights	-	-	0.9	12
Tax related to previous years	-0.0	-0	-0.1	-2
<b>Reported effective tax</b>	<b>-13.4</b>	<b>-206</b>	<b>-20.3</b>	<b>-284</b>

**Tax items recognised directly against other comprehensive income**

MSEK	Group	
	2022	2021
Provisions for pensions	-975	-100
Cash flow hedges	-52	130
Equity instruments classified as measured at fair value through other comprehensive income	0	-
<b>Total</b>	<b>-1.027</b>	<b>30</b>

**Expiration of recognised and unrecognised tax loss carry forwards in the Group**

MSEK	Recognised tax loss carry forwards	Unrecognised tax loss carry forwards
<b>Expiration</b>		
Unlimited expiration	647	296
2023	16	
2024	30	
2027	1	
2028	23	7
<b>Total tax loss carry forwards</b>	<b>717</b>	<b>303</b>
<b>Recognised deferred tax asset</b>	<b>164</b>	

At the close of 2022, the Saab Group's unrecognised tax loss carry forwards amounted to MSEK 303 (479).

**Change in deferred tax in temporary differences and tax loss carry forwards**

SEK	Group										
	Intangible fixed assets	Tangible fixed assets <sup>1)</sup>	Inventories	Provisions for pensions	Other provisions	Tax allocation reserves	Tax loss carry forwards	Other	Total	Tax set-off	Deferred tax assets/liabilities, net
<b>Opening balance 1 Jan 2021</b>	<b>-1,181</b>	<b>-466</b>	<b>343</b>	<b>1,382</b>	<b>386</b>	<b>-320</b>	<b>166</b>	<b>-135</b>	<b>175</b>		<b>175</b>
Recognised in the income statement	-68	-9	-50	39	29	-79	-4	91	-51		-51
Recognised in other comprehensive income	-	-	-	-100	-	-	-	130	30		30
Translation differences	0	0	8	0	5	-	4	-3	14		14
<b>Closing balance 31 Dec 2021</b>	<b>-1,249</b>	<b>-475</b>	<b>301</b>	<b>1,321</b>	<b>420</b>	<b>-399</b>	<b>166</b>	<b>83</b>	<b>168</b>		<b>168</b>
Of which, deferred tax assets	1	27	301	1,321	420	-	166	195	2,431	-2,126	305
Of which, deferred tax liabilities	-1,250	-502	-	-	-	-399	-	-112	-2,263	2,126	-137
<b>Opening balance 1 Jan 2022</b>	<b>-1,249</b>	<b>-475</b>	<b>301</b>	<b>1,321</b>	<b>420</b>	<b>-399</b>	<b>166</b>	<b>83</b>	<b>168</b>		<b>168</b>
Recognised in the income statement	11	2	146	17	37	-105	-18	-23	67		67
Recognised in other comprehensive income	-	-	-	-975	-	-	-	-52	-1,027		-1,027
Translation differences	-1	-6	16	0	8	-	16	22	55		55
<b>Closing balance 31 Dec 2022</b>	<b>-1,239</b>	<b>-479</b>	<b>463</b>	<b>363</b>	<b>465</b>	<b>-504</b>	<b>164</b>	<b>30</b>	<b>-737</b>		<b>-737</b>
Of which, deferred tax assets	0	41	463	363	465	-	164	315	1,811	-1,408	403
Of which, deferred tax liabilities	-1,239	-520	-	-	-	-504	-	-285	-2,548	1,408	-1,140

1) Includes deferred tax on right-of-use assets and lease liabilities.

The Group's total deferred tax income/expense in the 2022 income statement amounted to MSEK 67 (-51). The Group's total deferred tax income/expense in the statement of comprehensive income amounted to MSEK -1,027 (30). The net closing balance on 31 December 2022, MSEK -737 (168), consisted of deferred tax assets of MSEK 403 (305) and deferred tax liabilities of MSEK -1,140 (-137).

The net change in the year's tax loss carry forwards, excluding acquisition/divestment of operations and translation differences, amounted to MSEK -18 (-4), which is the amount of deferred tax on capitalised tax value in tax loss carry forwards, MSEK 27 (67), and deferred tax expense due to utilisation of previously

capitalised tax value in tax loss carry forwards, MSEK -45 (-71).

Other amounts in the "Recognised in the income statement" row in the table above amounted to MSEK 85 (-47), which is the total of deferred tax related to temporary differences and deferred tax attributable to previous years.

Deferred tax assets and liabilities related to leases are offset in the statement of financial position and the category Tangible fixed assets above.

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

MSEK	Parent Company		Net
	Deferred tax assets 31-12-2022	Deferred tax liabilities 31-12-2022	
Tangible fixed assets	0	-195	-195
Inventories	202	-	202
Accounts receivable	12	-	12
Provisions for pensions	117	-	117
Other provisions	242	-	242
Long-term liabilities	23	-	23
Accrued expenses and deferred income	51	-	51
Other	124	-	124
<b>Tax assets/liabilities, total</b>	<b>771</b>	<b>-195</b>	<b>576</b>
Set-off	-195	195	-
<b>Tax assets/liabilities, net</b>	<b>576</b>	<b>-</b>	<b>576</b>

MSEK	Parent Company		Net
	Deferred tax assets 31-12-2021	Deferred tax liabilities 31-12-2021	
Tangible fixed assets	13	-199	-186
Inventories	192	-	192
Accounts receivable	11	-	11
Provisions for pensions	124	-	124
Other provisions	230	-	230
Long-term liabilities	6	-	6
Accrued expenses and deferred income	39	-	39
Other	23	-	23
<b>Tax assets/liabilities, total</b>	<b>638</b>	<b>-199</b>	<b>439</b>
Set-off	-199	199	-
<b>Tax assets/liabilities, net</b>	<b>439</b>	<b>-</b>	<b>439</b>

The change in deferred tax assets and liabilities in the Parent Company, Saab ab, has been recognised in the income statement.

**Estimated utilisation dates of recognised deferred tax assets**

MSEK	Group	Parent Company
Deferred tax assets expected to be recovered within one year	134	13
Deferred tax assets expected to be recovered after one year	1,677	758

**Estimated utilisation dates of recognised deferred tax liabilities**

MSEK	Group	Parent Company
Deferred tax liabilities due for payment within one year	-205	-10
Deferred tax liabilities due for payment after one year	-2,343	-185

**Note 14. Earnings per share**

MSEK	2022	2021
Net income for the year attributable to Parent Company's shareholders (MSEK)	2,195	1,926
Weighted average number of common shares outstanding:		
before dilution (thousands)	132,158	132,165
after dilution (thousands)	133,724	133,293
Earnings per share, before dilution (SEK)	16.61	14.57
Earnings per share, after dilution (SEK)	16.41	14.45

The weighted average number of shares outstanding before dilution refers to the total number of shares in issue less the average number of repurchased treasury shares. The weighted average number of shares outstanding after dilution is based on the effects of all potential shares (long-term incentive programmes) that give rise to a dilution effect.

## Note 15. Intangible fixed assets

### Accounting principles

#### Goodwill

Goodwill is distributed among cash-generating units and tested annually for impairment in the fourth quarter. Goodwill arising from the acquisition of associated companies and joint ventures is included in the carrying amount of the shares in the associated company and joint venture.

In acquisitions where the cost is less than, on the one hand, the net of the cost of the Group company's shares, the value of non-controlling interests in the acquired company and the fair value of the previously owned interest and, on the other, the carrying amount of the acquired assets and assumed liabilities in the acquisition analysis, the difference is recognised directly through profit or loss.

#### Research and development

Expenditures for research undertaken in an effort to gain new scientific or technological knowledge are expensed when incurred.

Expenditures for development, where the research results or other knowledge is applied to new or improved products or processes, are recognised as an asset in the statement of financial position from the time when the product or process in the future is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits. The carrying amount includes expenditures for material, direct expenditures for salaries and, if applicable, other expenditures that are considered directly attributable to the asset. Other expenditures for development are recognised in profit or loss as an expense when they arise. Development expenditures are recognised in the statement of financial position at cost less accumulated amortisation and any impairment losses. Customer-financed research and development is recognised in cost of goods sold rather than capitalised.

#### Other intangible fixed assets

Other intangible fixed assets, which include licenses for operating systems, design and implementation of new operating systems, as well as acquired assets such as trademarks and customer relations, are recognised at cost less accumulated amortisation and any impairment losses.

#### Amortisation

Amortisation is recognised in profit or loss over the intangible fixed assets' estimated periods of use, provided such periods can be determined. Intangible fixed assets, excluding goodwill and other intangible fixed assets with indeterminate periods of use, are amortised from the day they are available for use. Estimated periods of use and amortisation methods are as follows:

- Patents, trademarks, customer relations and other technical rights: 5–10 years on a straight line basis.
- Other intangible assets: licenses for operating systems etc. are amortised on a straight line basis, 2-5 years.
- Capitalised development costs: Self-financed capitalised development costs are amortised on a straight line basis over a maximum period of 10 years. Acquired development costs are amortised on a straight line basis over a maximum of 10 years.
- Goodwill: In the Parent Company, goodwill is amortised over a maximum period of 20 years. Goodwill is not amortised in the Group.

Periods of use are tested annually and unfinished development work is tested for impairment at least once a year regardless of any indications of diminished value.

#### Impairment of goodwill, capitalised development costs and other intangible assets

Intangible fixed assets are tested on each closing day for any indication of impairment. If an indication exists, the asset's recoverable amount is calculated.

For goodwill and other intangible fixed assets with an indeterminate period of use and intangible fixed assets not yet ready for use, recoverable values are calculated annually in the fourth quarter.

The recoverable amount of an asset is the higher of its fair value less selling expenses and value in use. Value in use is measured by discounting future cash flows using a discounting factor that takes into account the risk-free rate of interest adjusted for the risk associated with the specific asset.

If essentially independent cash flows cannot be isolated for individual assets, the assets are grouped at the lowest levels where essentially independent cash flows can be identified (cash-generating units). An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable value. Impairment losses are charged against the income statement.

Impairment losses attributable to a cash-generating unit (or pool of units) are mainly allocated to goodwill, after which they are divided proportionately among other assets in the unit (the pool of units). Impairment of goodwill is not reversed. Impairment losses from other assets are reversed if a change has occurred in the assumptions that served as the basis for determining recoverable value. Impairment is reversed only to the extent the carrying amount of the assets following the reversal does not exceed the carrying amount that the asset would have had if the impairment had not been recognised, taking into account the amortisation that would have been recognised.

MSEK	Group		Parent Company	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Goodwill	5,384	5,253	133	173
Capitalised development costs	5,958	6,040	-	-
Other intangible assets	906	869	785	747
<b>Total</b>	<b>12,248</b>	<b>12,162</b>	<b>918</b>	<b>920</b>

#### Goodwill

MSEK	Group		Parent Company	
	2022	2021	2022	2021
<b>Acquisition value</b>				
Opening balance, 1 January	5,950	5,838	784	784
Business combinations	-	-	-	-
Divestments		-9	-	-
Reclassifications <sup>1)</sup>	-80	-	-	-
Translation differences	211	121	-	-
<b>Closing balance, 31 December</b>	<b>6,081</b>	<b>5,950</b>	<b>784</b>	<b>784</b>
<b>Amortisation and write-downs</b>				
Opening balance, 1 January	-697	-697	-611	-571
Amortisation for the year	-	-	-40	-40
<b>Closing balance, 31 December</b>	<b>-697</b>	<b>-697</b>	<b>-651</b>	<b>-611</b>
<b>Carrying amount, 31 December</b>	<b>5,384</b>	<b>5,253</b>	<b>133</b>	<b>173</b>

1) Reclassifications in 2022 constitutes goodwill reclassified to Assets held for sale.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

**Capitalised development costs**

MSEK	Group		Parent Company	
	2022	2021	2022	2021
<b>Acquisition value</b>				
Opening balance, 1 January	12,736	11,823	2,000	2,000
Internally developed assets	500	891	-	-
Reclassifications	-31	-	-	-
Translation differences	41	22	-	-
<b>Closing balance, 31 December</b>	<b>13,246</b>	<b>12,736</b>	<b>2,000</b>	<b>2,000</b>
<b>Amortisation and write-downs</b>				
Opening balance, 1 January	-6,696	-6,124	-2,000	-2,000
Amortisation for the year	-554	-550	-	-
Translation differences	-38	-22	-	-
<b>Closing balance, 31 December</b>	<b>-7,288</b>	<b>-6,696</b>	<b>-2,000</b>	<b>-2,000</b>
<b>Carrying amount, 31 December</b>	<b>5,958</b>	<b>6,040</b>	<b>-</b>	<b>-</b>

**Other intangible assets**

MSEK	Group		Parent Company	
	2022	2021	2022	2021
<b>Acquisition value</b>				
Opening balance, 1 January	3,059	2,733	2,385	2,125
Investments	186	406	168	364
Disposals and reclassifications	-5	-111	-1	-104
Translation differences	60	31	-	-
<b>Closing balance, 31 December</b>	<b>3,300</b>	<b>3,059</b>	<b>2,552</b>	<b>2,385</b>
<b>Amortisation and write-downs</b>				
Opening balance, 1 January	-2,190	-2,053	-1,638	-1,558
Amortisation for the year	-158	-151	-131	-115
Disposals and reclassifications	5	43	2	35
Translation differences	-51	-29	-	-
<b>Closing balance, 31 December</b>	<b>2,394</b>	<b>-2,190</b>	<b>-1,767</b>	<b>-1,638</b>
<b>Carrying amount, 31 December</b>	<b>906</b>	<b>869</b>	<b>785</b>	<b>747</b>

**Amortisation is included in the following lines in the income statement**

MSEK	Group		Parent Company	
	2022	2021	2022	2021
Cost of goods sold	158	151	171	155
Research and development costs	554	550	-	-

**Development expenditures**

The total capitalisation largely relates to development projects for the GlobalEye Airborne Early Warning & Control system and the Gripen E/F.

Development expenditures are capitalised only in the consolidated accounts. In legal entities, all development expenditures are expensed. Capitalisation of development expenditures in the Parent Company relates to acquired development expenditures.

**Impairment tests for goodwill**

In connection with business combinations, goodwill is allocated to the cash-generating units, or groups thereof, that are expected to obtain future economic benefits in the form of, for example, synergies from the acquisition. Acquired operations normally have access to knowledge, technology and solutions that will benefit large parts of the Group, and the acquired operations are usually integrated with other operations shortly after acquisition. Consequently, goodwill is allocated to and tested for impairment at the business area level, which also corresponds to the lowest level at which goodwill is monitored in the internal governance.

Goodwill in the Parent Company relates to goodwill arising from the purchase of the net assets of Saab Microwave Systems.

Goodwill is distributed by segment as follows:

MSEK	31-12-2022	31-12-2021
Aeronautics	119	119
Dynamics	723	720
Surveillance	3,884	3,752
Kockums	264	264
Combitech	358	366
Corporate	36	32
<b>Total goodwill</b>	<b>5,384</b>	<b>5,253</b>

Impairment testing of cash-generating units is based on the calculation of value in use. This value is based on discounted cash flow forecasts according to the units' business plans. Saab's assessment is that this does not cause any impairment. Saab has analysed different scenarios and performed stress tests of the calculations of value in use through negative adjustments of key judgments such as growth rate and profitability level during the forecast period and in the terminal value. These stress test have not led to any identified need of impairment.

**Variables used to calculate value in use**
**Volume/growth**

Growth in the cash-generating units' business plans is based on Saab's expectations with regard to development in each market area and previous experience. It is also based on estimates of cash flows that are distributed over the long projects and are dependent on the timing and size of advances and milestone payments. The first five years are based on the five-year business plan formulated by Group Management and approved by the Board. For cash flows after five years, the annual growth rate has been assumed to be 0 (0) per cent.

**Operating margin**

The operating margin is based on the units' operating income after depreciation and amortisation. Each unit's operating margin is calculated against the backdrop of historical results and Saab's expectations with regard to the future development of markets where the units are active. All business areas have a substantial order backlog of projects that stretch over a number of years. The risks and opportunities affecting the operating margin are managed through continuous cost forecasts for all significant projects. The operating margin is based on current projections of final costs.

**Capitalised development costs**

In the five-year business plans, consideration is given to additional investments in development considered necessary for certain units to reach the growth targets in their respective markets.

**Discount rate**

Discount rates are based on the weighted average cost of capital (WACC). The WACC rate that is used is based on a risk-free rate of interest in ten years adjusted for, among other things, market risks. The discount rate is in line with the external requirements placed on Saab and similar companies in the market.

All units have sales of defence materiel, unique systems, products and support solutions in the international market as their primary activity, and their business risk in this respect is considered equivalent.

Recent years' order bookings have increased the share of projects across business areas and changed the composition of the order backlog for certain units, which complicates a differentiation of discount rates between business areas. As a result, Saab has decided to apply a uniform discount rate in the impairment tests. The discount rate (WACC) used in 2022 was 10 per cent (10) pre-tax.

**Sensitivity analysis**

Group Management considers that reasonable possible changes in the above variables would not have such a large impact that any one variable individually would reduce the recoverable amount to less than the carrying amount.

## Note 16. Tangible fixed assets

**Accounting principles**

Tangible fixed assets are recognised as an asset in the statement of financial position if it is likely that future economic benefits will accrue to the Group and the cost of the asset can be reliably estimated.

Tangible fixed assets are recognised at cost after deducting accumulated depreciation and any write-down. Cost includes the purchase price and costs directly attributable to putting the asset into place and condition to be utilised in accordance with the purpose of the purchase. Examples of directly attributable expenditures included in cost are delivery and handling, installation, title and consulting services.

The cost of fixed assets produced by Saab includes expenditures for material, expenditures for employee benefits and, where applicable, other production costs considered directly attributable to the fixed asset. The cost of tangible fixed assets includes estimated costs for disassembly and removal of the assets as well as restoration of the location or area where these assets are found.

The carrying amount of a tangible fixed asset is derecognised from the statement of financial position when the asset is sold or disposed of or when no future economic benefits are expected from its use. The gain or loss that arises on the sale or disposal comprise the difference between the sales price and the asset's carrying amount less direct selling expenses. Such gains and losses are recognised as other operating income/expenses.

**Incremental expenditures**

Incremental expenditures are added to cost only if it is likely that the future economic benefits tied to the incremental expenditures will accrue to the Group and the expenditures can be reliably estimated. All other incremental expenditures are recognised as costs in the period they arise.

The determining factor whether an incremental expenditure is added to cost is whether it relates to the replacement of identifiable components, or parts thereof. If so, the cost is capitalised. Also in cases where a new component is created, the expenditure is added to cost. Any undepreciated carrying amount of replaced components, or parts of components, is disposed of and expensed in connection with the replacement. Repairs are expensed as incurred.

**Depreciation**

Depreciation is recognised on a straight-line basis based on the asset's cost less estimated residual value at the end of the period of use, over the asset's estimated period of use. Land is not depreciated. Component depreciation is applied, which means that fixed assets consisting of various components, or where significant parts have different periods of use, are depreciated as separate assets based on their periods of use.

Estimated periods of use:

- Operating properties/buildings: 20–90 years.
- Plant and machinery: 5–10 years.
- Equipment, tools, installations and computers: 3–10 years.

Each asset's residual value and period of use are estimated annually.

**Impairment of tangible assets**

The carrying amount of fixed assets, with the exception of assets measured at fair value, is tested on each closing day for indications of impairment. If an indication exists, the asset's recoverable amount is calculated.

The recoverable amount of an asset is the higher of its fair value less selling expenses and value in use. Value in use is measured by discounting future cash flows using a discounting factor that takes into account the risk-free rate of interest adjusted for the risk associated with the specific asset. If essentially independent cash flows cannot be isolated for individual assets, the assets are grouped at the lowest levels where essentially independent cash flows can be identified (cash-generating units). An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable value. Impairment losses are charged against the income statement.

Impairment losses are reversed if a change has occurred in the assumptions that served as the basis for determining recoverable value. Impairment is reversed only to the extent the carrying amount of the assets following the reversal does not exceed the carrying amount that the asset would have had if the impairment had not been recognised, taking into account the depreciation that would have been recognised.

MSEK	Group		Parent Company	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Operating properties/ buildings and land <sup>1)</sup>	2,896	2,709	1,513	1,584
Plant and machinery	2,100	1,846	1,304	1,218
Equipment, tools and installations	1,411	1,207	912	776
Construction in progress	1,558	1,385	1,073	849
<b>Total</b>	<b>7,965</b>	<b>7,147</b>	<b>4,802</b>	<b>4,427</b>

1) In the Group, the reported amount refers to operating properties. In the Parent Company, the reported amount refers to buildings and land.

## Operating properties/buildings and land<sup>1)</sup>

MSEK	Group		Parent Company	
	2022	2021	2022	2021
<b>Acquisition value</b>				
Opening balance, 1 January	5,793	5,747	2,485	2,464
Investments	118	80	56	44
Divestments, disposals and reclassifications	161	-58	-58	-23
Translation differences	55	24	-	-
<b>Closing balance, 31 December</b>	<b>6,127</b>	<b>5,793</b>	<b>2,483</b>	<b>2,485</b>
<b>Depreciation and write-downs</b>				
Opening balance, 1 January	-3,084	-3,007	-1,798	-1,748
Depreciation for the year	-127	-100	-75	-57
Divestments, disposals and reclassifications	5	38	6	7
Translation differences	-25	-15	-	-
<b>Closing balance, 31 December</b>	<b>-3,231</b>	<b>-3,084</b>	<b>-1,867</b>	<b>-1,798</b>
<b>Revaluations</b>				
Opening balance, 1 January	-	-	897	897
<b>Closing balance, 31 December</b>	<b>-</b>	<b>-</b>	<b>897</b>	<b>897</b>
<b>Carrying amount, 31 December</b>	<b>2,896</b>	<b>2,709</b>	<b>1,513</b>	<b>1,584</b>

1) In the Group, the reported amount refers to operating properties. In the Parent Company, the reported amount refers to buildings and land.

## Plant and machinery

MSEK	Group		Parent Company	
	2022	2021	2022	2021
<b>Acquisition value</b>				
Opening balance, 1 January	5,952	5,631	3,648	3,449
Investments	476	419	237	293
Reclassifications	79	19	57	5
Divestments and disposals	-153	-210	-115	-99
Translation differences	189	93	-	-
<b>Closing balance, 31 December</b>	<b>6,543</b>	<b>5,952</b>	<b>3,827</b>	<b>3,648</b>
<b>Depreciation and write-downs</b>				
Opening balance, 1 January	-4,106	-3,925	-2,430	-2,344
Depreciation for the year	-338	-293	-209	-181
Reclassifications	19	-	11	-
Divestments and disposals	124	189	105	95
Translation differences	-142	-77	-	-
<b>Closing balance, 31 December</b>	<b>-4,443</b>	<b>-4,106</b>	<b>-2,523</b>	<b>-2,430</b>
<b>Carrying amount, 31 December</b>	<b>2,100</b>	<b>1,846</b>	<b>1,304</b>	<b>1,218</b>

## Equipment, tools and installations

MSEK	Group		Parent Company	
	2022	2021	2022	2021
<b>Acquisition value</b>				
Opening balance, 1 January	3,734	3,334	2,471	2,259
Investments	621	451	455	266
Reclassifications	-46	13	-12	-
Divestments and disposals	-102	-93	-76	-54
Translation differences	71	29	-	-
<b>Closing balance, 31 December</b>	<b>4,278</b>	<b>3,734</b>	<b>2,838</b>	<b>2,471</b>
<b>Depreciation and write-downs</b>				
Opening balance, 1 January	-2,527	-2,239	-1,695	-1,484
Depreciation for the year	-424	-357	-308	-261
Reclassifications	28	-	5	-
Divestments and disposals	98	88	72	50
Translation differences	-42	-19	-	-
<b>Closing balance, 31 December</b>	<b>-2,867</b>	<b>-2,527</b>	<b>-1,926</b>	<b>-1,695</b>
<b>Carrying amount, 31 December</b>	<b>1,411</b>	<b>1,207</b>	<b>912</b>	<b>776</b>

## Construction in progress

MSEK	Group		Parent Company	
	2022	2021	2022	2021
<b>Acquisition value</b>				
Opening balance, 1 January	1,385	1,067	849	690
Investments	409	273	246	97
Reclassifications	-274	33	-22	62
Translation differences	38	12	-	-
<b>Carrying amount, 31 December</b>	<b>1,558</b>	<b>1,385</b>	<b>1,073</b>	<b>849</b>

Investments in construction in progress refer to a net of new investments and reclassifications to other asset classes.

## Collateral

On 31 December 2022 property with a carrying amount of MSEK 0 (0) was pledged as collateral for bank loans.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

## Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Note 17. Leasing

The Group's and the Parent Company's obligations as a lessee mainly involve premises and buildings for production and/or administration. The Group's other leases mainly relate to aircraft and vehicles. Leases are normally signed for fixed periods over several years, but may include an option to extend, as described in more detail below. The Group or the Parent Company has no material obligations as a lessor.

The terms are negotiated separately for each lease and contain a large number of contractual terms. The leases do not contain any special terms or restrictions whereby the contracts could be terminated if the terms are not met, but the leased assets may not be used as collateral for loans.

In addition to the leases reported as of the closing day, the Group has not signed any significant new lease agreements.

### Accounting principles

Leases are recognised as right-of-use assets and a corresponding liability on the date the leased asset is available for use by the Group. Each lease payment is divided between amortisation of the liability and financial cost. The financial cost is allocated over the lease term so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognised in that period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's period of use and the term of the lease.

Assets and liabilities arising from leases are initially recognised at present value. Lease liabilities are initially recognised at the present value of future lease payments, which includes fixed fees, variable lease fees that depend on an index or a price, the guaranteed residual value that is expected to be paid to the lessor, the redemption price for a call option, if it is reasonably certain that the option will be exercised, and any penalties to terminate the lease, if the lease term reflects the assumption that this option will be exercised. The lease payments are discounted by the implicit interest rate if that rate can easily be determined, or otherwise by the incremental borrowing rate.

Saab sets the incremental borrowing rate for different maturities by constructing a rate curve based on the interbank interest rate swap curve adjusted with Saab's credit risk. The credit risk of a liability with the underlying asset type as collateral is added. The rate is recalculated if the lessee within the Saab Group has a functional currency other than SEK. The rate is also adjusted for differences in credit risk between the Group company in question and the Saab Group. Saab uses market data in the form of swap rates, for example, to calculate the incremental borrowing rate. If a quote is not available for a variable for a specific maturity, interpolation or extrapolation is applied. The key judgments made in determining the incremental borrowing rate mainly comprise assumptions about the mark-up for lessee-specific credit risk and collateral-specific credit risk. The mark-up for the credit risk is based on listed bonds with similar underlying credit risk.

Right-of-use assets are initially measured at the lease liability's value plus lease fees paid on or before the start date. Right-of-use assets are subsequently measured after deducting accumulated depreciation and any impairment losses. An impairment test is conducted if circumstances indicate that the carrying amount of the right-of-use asset exceeds its recoverable amount.

Right-of-use assets and lease liabilities are presented as separate items in the balance sheet as Right-of-use assets and Long- and short-term lease liabilities.

Lease payments for short-term leases and leases of low-value assets are expensed on a straight-line basis in the income statement. Short-term leases are leases of 12 months or less.

Options to extend and terminate are included in a number of the Group's leases on premises and buildings. The terms are used to maximise the flexibility in managing the contracts. When determining the term of the lease, available information is taken into account if it provides an economic incentive to exercise an extension option, or to not exercise an option to terminate a lease. Possibilities to extend a lease are included in the term of the lease only if it is reasonably certain that the lease will be extended (or not terminated). The key judgments made when determining the lease term have been based on Saab's judgments when dividing leases into groups based on whether they are of a strategic nature or not. Strategic nature refers to premises that contain production equipment which is difficult to move or for which Saab for some other reason has an economic incentive to exercise an option. The lease term for these contracts is regularly assessed, whereupon extension options are more likely to be included the shorter the remaining term is. For leases that are not of a strategic nature, Saab has determined that there are no economic incentives to exercise options that affect the lease term. It happens, however, that options to extend which have not been taken into account in the calculation of the lease liability are exercised even

though the initial judgment was that there was no significant economic incentive to exercise the extension option.

Interest costs on lease liabilities are presented as financial costs in the income statement.

Cash flows from leases are classified and presented as follows:

- The lease liability's amortisation is included in financing activities.
- Interest payments are included in cash flows from operating activities.
- Payments for short-term leases and payments for leases for which the underlying asset has a low value and is not included in the valuation of the lease liability are presented in operating activities.

The following tables provide information on leases.

### Right-of-use assets

MSEK	Properties	Other	Group
Opening balance, 1 January 2021	2,047	469	2,516
New leases	189	86	275
Depreciation	-367	-120	-487
Revaluation <sup>1)</sup>	142	1	143
Translation differences	23	2	25
<b>Closing balance, 31 December 2021</b>	<b>2,034</b>	<b>438</b>	<b>2,472</b>
Opening balance, 1 January 2022	2,034	438	2,472
New leases	205	84	289
Depreciation	-397	-129	-526
Revaluation <sup>1)</sup>	398	2	400
Translation differences	41	6	47
<b>Closing balance, 31 December 2022</b>	<b>2,281</b>	<b>401</b>	<b>2,682</b>

1) Revaluation primarily refers to extensions of existing contracts but also indexation and early termination of contracts.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Lease liabilities

MSEK	Group	
	2022	2021
Opening balance lease liabilities, 1 January	2,543	2,539
of which long-term leases	2,061	2,095
of which short-term leases	482	444
New leases	270	264
Expensed interest	106	98
Lease fees paid	-630	-567
Revaluation <sup>1)</sup>	414	154
Translation differences	91	55
<b>Closing balance, 31 December</b>	<b>2,794</b>	<b>2,543</b>
of which long-term leases	2,240	2,061
of which short-term leases	554	482

1) Revaluation primarily refers to extensions of existing contracts but also indexation and early termination of contracts.

Of the lease liabilities, undiscounted lease fees due within one year from the closing day amount to MSEK 610 (565), MSEK 1,364 (1,286) in the range from one to three years and MSEK 980 (1,061) are due later than three years from the closing day. Lease fees during periods in scope of an extension option which have not been included in the calculation of the lease liability amount to MSEK 1,423 (1,310). The amount has been calculated on the basis of one extension period per contract.

## Result from leases that are not recognised as right-of-use assets and lease liabilities

MSEK	Group	
	2022	2021
Costs for short-term leases	34	39
Costs for leases for assets of low-value	8	7
<b>Total</b>	<b>42</b>	<b>46</b>

Lease fees paid for leases that are not recognised as right-of-use assets and lease liabilities amounted to MSEK 42 (46) whereby the Group paid total lease fees of MSEK 672 (613). Contractual obligations for short-term leases amounted to MSEK 10 (11) as of 31 December 2022.

The following table provide the result of lease contracts for the Parent Company.

MSEK	2022		2021	
	Buildings and land	Plant and machinery	Buildings and land	Plant and machinery
<b>Expensed lease fees</b>	352	126	306	169
of which variable lease fees	-	-	-	-
<b>Contracted lease fees</b>				
Within 1 year	355	105	316	94
1 to 3 years	840	269	712	273
Later than three years	870	0	948	0
<b>Total contracted</b>	<b>2,065</b>	<b>374</b>	<b>1,976</b>	<b>367</b>

## Note 18. Biological assets

### Accounting principles

Biological assets comprise forest property that is recognised at fair value less deduction for estimated selling expenses. Changes in fair value is recognised in the income statement. The fair value is based on a valuation of an independent appraiser.

MSEK	Group	
	2022	2021
<b>Living forest</b>		
Carrying amount, 1 January	385	376
Investments	-	-
Divestments	-37	-
Change in fair value	70	18
Less fair value logging	-10	-9
<b>Carrying amount, 31 December</b>	<b>408</b>	<b>385</b>
Of which fixed assets	408	385

On 31 December 2022, biological assets consisted of approximately 378,000 m<sup>3</sup>sk of spruce, 784,000 m<sup>3</sup>sk of pine and 89,000 m<sup>3</sup>sk of hardwood. Forest growth is estimated at 37,000 m<sup>3</sup>sk per year. During the year, approximately 22,500 m<sup>3</sup>sk of timber was felled, which had a fair value in the Group, after deduction of selling expenses, of MSEK 10 on the felling date.

The valuation of forests has been done by independent appraisers. The forestry property has been valued according to the market comparison method. In the valuation according to the market comparison method, the environmental impact from a firing range within the property has not been taken into account. An adjustment for the environmental impact has therefore been made by reducing fair value by an amount corresponding to the market value of the size of the firing range (4,457 hectares) less the value of the timber.

The divestment in 2022 is attributable to a subsidiary of Saab AB that sold forest property at a market price of MSEK 54 to Kopparfors Skogar, a subsidiary owned by Wallenberg Investments AB.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

## Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Note 19. Shares in associated companies and joint ventures

### Accounting Principles

Associated companies are companies over which the Group has a significant, but not decisive, influence over operating and financial controls, usually through a shareholding of between 20 and 50 per cent of the votes. Joint ventures are companies in which the Group, through a cooperative agreement with one or more parties, shares a decisive influence over operating and financial controls. As of the date that significant influence in an associated company and shared decisive influence in a joint venture arises, the shares in the associated company or joint venture are recognised according to the equity method in the consolidated accounts. The equity method is applied until the date when significant or shared decisive influence ceases.

The equity method means that the carrying amount of the shares in associated companies and joint ventures corresponds to the Group's share of the associated companies and joint ventures equity based on an application of the Group's accounting principles as well as Group goodwill and any remaining Group surplus or deficit values. "Share in income of associated companies and joint ventures" in the income statement comprises the Group's share of the net income after tax and the non-controlling interests in associated companies and joint ventures adjusted for any amortisation/depreciation, write-downs or dissolution of acquired surplus and deficit values determined in the same way as for business combinations. Dividends received from associated companies and joint ventures reduce the carrying amount of the investment.

If the Group's share of the accumulated deficit in an associated company or joint venture exceeds the carrying amount of the shares in the Group, the value of the shares is reduced to zero. Losses are also offset against long-term uncollateralised financial balances that in their economic significance represent part of the owner-company's net investment in the associated company or joint venture. Subsequent losses are not recognised as a liability in the consolidated accounts as long as the Group has not issued any guarantees to cover losses arising in the associated company or joint venture.

When significant influence over the associated company or shared decisive influence over the joint venture ceases but the Group retains an interest in the company, the remaining shares are initially recognised at fair value. The gain or loss that arises is recognised in profit or loss.

### Associated companies and joint ventures

MSEK	Group	
	2022	2021
Carrying amount, 1 January	404	496
Acquisition of associated companies and joint ventures	4	0
Sales of associated companies and joint ventures	-	-4
Share in income of associated companies and joint ventures <sup>1)</sup>	-97	-28
New share issues/infusion of capital	25	6
Adjustment against receivable	36	-
Translation differences	15	6
Dividends	-44	-72
<b>Carrying amount, 31 December</b>	<b>343</b>	<b>404</b>

1) Share in associated companies' and joint ventures' net income and non-controlling interests.

The Group's associated companies and joint ventures are held for operating purposes, i.e. they are related to operations of the business areas or in the venture portfolio and are therefore recognised in operating income.

Aggregate net income for Saab's associated companies amounted to MSEK -186 (-11) and other comprehensive income/loss to MSEK 31 (-13), producing net comprehensive income/loss of MSEK -155 (2).

For Saab's joint ventures, net income amounted to MSEK -10 (-13) and other comprehensive income to MSEK 0 (0), producing net comprehensive income of MSEK -10 (-13).

Saab's share in income of associated companies and joint ventures amounts to MSEK -97 (-28).

Shares in associated companies and joint ventures as of 31 December 2022 include goodwill of MSEK 48 (48).

The Group's share of sales, income, assets, liabilities, equity, and the carrying amount of shares in associated companies and joint ventures is as follows.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

2022, MSEK	Country	Sales	Income	Assets	Liabilities	Equity	Ownership interest, % <sup>1)</sup>	Share in income of associated companies and joint ventures	Carrying amount, shares in associated companies and joint ventures
<b>Associated companies</b>									
Akaer Participações S.A.	Brazil	237	-5	420	290	130	42.2%	-2	55
FFV Services Private Limited	India	43	15	141	11	130	49.0%	7	64
S.N. Technologies SA	Switzerland	0	2	23	2	21	50.0%	1	10
Taurus Systems GmbH	Germany	279	6	222	190	32	33.0%	2	11
UMS Skeldar AG	Switzerland	96	-239	448	448	0	47.0%	-113	0
Wah Nobel (Pvt) Ltd	Pakistan	344	27	440	93	347	27.0%	7	94
Other associated companies, mainly in the ventures portfolio		1,063	8	725	450	275		4	94
<b>Total associated companies</b>		<b>2,062</b>	<b>-186</b>	<b>2,419</b>	<b>1,484</b>	<b>935</b>		<b>-94</b>	<b>328</b>
<b>Joint ventures</b>									
Järfälla-Veddesta Holdings AB	Sweden	0	-10	720	677	43	35.0%	-3	15
<b>Total joint ventures</b>		<b>0</b>	<b>-10</b>	<b>720</b>	<b>677</b>	<b>43</b>		<b>-3</b>	<b>15</b>
<b>Total</b>		<b>2,062</b>	<b>-196</b>	<b>3,139</b>	<b>2,161</b>	<b>978</b>		<b>-97</b>	<b>343</b>

1) The ownership interest of each holding represents both ownership and voting rights.

2021, MSEK	Country	Sales	Income	Assets	Liabilities	Equity	Ownership interest, % <sup>1)</sup>	Share in income of associated companies and joint ventures	Carrying amount, shares in associated companies and joint ventures
<b>Associated companies</b>									
Akaer Participações S.A.	Brazil	204	13	272	171	101	42.2%	6	42
FFV Services Private Limited	India	46	28	175	12	163	49.0%	14	80
S.N. Technologies SA	Switzerland	0	0	18	0	18	50.0%	0	9
Taurus Systems GmbH	Germany	247	17	405	332	73	33.0%	6	24
UMS Skeldar AG	Switzerland	99	-163	297	141	156	47.0%	-76	73
Wah Nobel (Pvt) Ltd	Pakistan	308	67	410	69	341	27.0%	18	92
Other associated companies, mainly in the ventures portfolio		941	27	695	453	242		9	84
<b>Total associated companies</b>		<b>1,845</b>	<b>-11</b>	<b>2,272</b>	<b>1,178</b>	<b>1,094</b>		<b>-23</b>	<b>404</b>
<b>Joint ventures</b>									
Järfälla-Veddesta Holdings AB	Sweden	0	-13	706	706	0	35.0%	-5	0
<b>Total joint ventures</b>		<b>0</b>	<b>-13</b>	<b>706</b>	<b>706</b>	<b>0</b>		<b>-5</b>	<b>0</b>
<b>Total</b>		<b>1,845</b>	<b>-24</b>	<b>2,978</b>	<b>1,884</b>	<b>1,094</b>		<b>-28</b>	<b>404</b>

1) The ownership interest of each holding represents both ownership and voting rights.

## Note 20. Parent company's shares in associated companies and joint ventures

MSEK	Parent Company	
	2022	2021
Accumulated acquisition value		
Opening balance, 1 January	349	354
Acquisitions	19	4
Divestments	-	-9
Write-downs	-	-
<b>Closing balance, 31 December</b>	<b>368</b>	<b>349</b>
<b>Carrying amount, 31 December</b>	<b>368</b>	<b>349</b>

### Specification of Parent Company's (co-owner's) directly owned holdings of shares in associated companies and joint ventures

MSEK	2022	
	% of votes and capital	Carrying amount
<b>Associated companies</b>		
Akaer Participações S.A., Brazil	42.2	36
Kedtech Holding AB, 556945-3748, Stockholm	23.0	0
Skill Scandinavia AB, 556060-5478, Linköping	33.0	2
AVIA SATCOM Co Ltd, Thailand	25.1	0
UMS Skeldar AG, CHE-113.226.140, Switzerland	47.0	258
Combient AB, 556985-1560, Järfälla	24.9	35
<b>Joint ventures</b>		
Järfälla-Veddesta Holdings AB, 559025-4024, Linköping	35.0	37
Industrigruppen JAS AB, 556147-5921, Stockholm	80.0	0
<b>Total</b>		<b>368</b>

MSEK	2021	
	% of votes and capital	Carrying amount
<b>Associated companies</b>		
Akaer Participações S.A., Brazil	42.2	36
Kedtech Holding AB, 556945-3748, Stockholm	23.0	0
Skill Scandinavia AB, 556060-5478, Linköping	33.0	2
AVIA SATCOM Co Ltd, Thailand	25.1	0
UMS Skeldar AG, CHE-113.226.140, Switzerland	47.0	258
Combient AB, 556985-1560, Järfälla	24.9	35
<b>Joint ventures</b>		
Järfälla-Veddesta Holdings AB, 559025-4024, Linköping	35.0	18
Industrigruppen JAS AB, 556147-5921, Stockholm	80.0	0
<b>Total</b>		<b>349</b>

## Note 21. Receivables from group companies

MSEK	Parent Company			
	Long-term receivables from Group companies		Long-term receivables from associated companies and joint ventures	
	2022	2021	2022	2021
<b>Accumulated acquisition value</b>				
Opening balance, 1 January	91	91	397	290
Change in reserve for excepted credit losses	-	-	-7	-4
Settled receivables	-	-	-10	-10
Additional receivables	-	-	133	110
Translation differences	-	-	26	11
<b>Closing balance, 31 December</b>	<b>91</b>	<b>91</b>	<b>539</b>	<b>397</b>



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Note 22. Other long-term securities holdings

MSEK	Parent Company	
	2022	2021
<b>Accumulated acquisition value</b>		
Opening balance, 1 January	52	44
Acquisitions	81	8
<b>Closing balance, 31 December</b>	<b>133</b>	<b>52</b>
<b>Accumulated write-downs</b>		
Opening balance, 1 January	-17	-17
<b>Closing balance, 31 December</b>	<b>-17</b>	<b>-17</b>
<b>Carrying amount, 31 December</b>	<b>116</b>	<b>35</b>

Acquisitions in 2022 refers to AMEXCI AB and Heart Aerospace Inc.

## Note 23. Long-term receivables and other receivables

MSEK	Group	
	31-12-2022	31-12-2021
<b>Long-term receivables held as fixed assets</b>		
Receivables from associated companies, interest-bearing	380	264
Receivables from joint ventures, interest-bearing	184	193
Receivables attributable to pensions, interest-bearing	19	39
Other non interest-bearing receivables	112	99
<b>Total</b>	<b>695</b>	<b>595</b>

MSEK	Group	
	31-12-2022	31-12-2021
<b>Other receivables held as current assets</b>		
Receivables from associated companies, interest-bearing	7	-
Receivables from associated companies, non interest-bearing	82	18
Advance payments to suppliers	374	441
Other interest-bearing receivables	60	66
Other non interest-bearing receivables	709	654
<b>Total</b>	<b>1,232</b>	<b>1,179</b>

MSEK	Parent Company	
	31-12-2022	31-12-2021
<b>Other long-term receivables</b>		
Non interest-bearing receivables	16	18
<b>Total</b>	<b>16</b>	<b>18</b>

MSEK	Parent Company	
	31-12-2022	31-12-2021
<b>Other receivables held as current assets</b>		
Positive market value related to FX forwards	384	100
Other non interest-bearing receivables	398	351
<b>Total</b>	<b>782</b>	<b>451</b>

MSEK	Parent Company	
	31-12-2022	31-12-2021
<b>Long-term receivables</b>		
<b>Accumulated acquisition value</b>		
Opening balance, 1 January	18	19
Additional receivables	-	-
Settled receivables	-2	-1
<b>Closing balance, 31 December</b>	<b>16</b>	<b>18</b>

## Note 24. Inventories

### Accounting principles

Inventories are valued at the lower of cost and net realisable value. The net realisable value is the estimated selling price in continuing operations after deducting estimated expenses for completion and expenses incurred in selling.

Cost is calculated by applying the first-in first-out method (FIFO) or the weighted average method and includes expenses to acquire inventory assets and bring them to their present location and condition. For finished and semifinished goods, cost consists of direct manufacturing expenses and a reasonable share of indirect manufacturing expenses as well as expenses to customise products for individual customers. Calculations take into account normal capacity utilisation.

MSEK	Group	
	31-12-2022	31-12-2021
Raw materials and consumables	7,277	5,973
Work in progress	5,512	4,405
Finished goods and goods for resale	1,406	1,231
<b>Total</b>	<b>14,195</b>	<b>11,609</b>

The Group's cost of goods sold includes inventory write-downs of MSEK 116 (303). The reversal of previous write-downs amounted to MSEK 47 (69).

MSEK	Parent Company	
	31-12-2022	31-12-2021
Raw materials and consumables	3,699	3,105
Work in progress	3,490	3,221
Finished goods and goods for resale	1,213	1,119
Advance payments to suppliers	302	251
<b>Total</b>	<b>8,704</b>	<b>7,696</b>

Cost of goods sold for the Parent company includes inventory write-downs of MSEK 88 (273) and reversals of previous write-downs of MSEK 42 (66).

## Note 25. Accounts receivable

### Accounting principles

Accounts receivable are initially recognised at fair value and subsequently at amortised cost at the amount expected to be received based on an individual evaluation. Accounts receivable have a short expected maturity, accordingly, they are normally recognised at their nominal amount without discounting.

Impairment losses on accounts receivable and contract assets from defence-related operations are evaluated based on expected credit losses due to defaults within the coming twelve months. These tests are done individually by counterparty. The evaluation is primarily based on counterparty credit risk after consideration of collateral received. Data primarily include official credit rating grades for counterparties.

Impairment losses on accounts receivable from commercial operations are tested based on a probability-weighted outcome for expected credit losses. The calculation is based on an individual assessment of the solvency of the customer and on incurred customer losses in the last ten financial years, from which a worse-case scenario, default scenario and better-case scenario is calculated. The default scenario has been calculated using the average of actual customer losses during these ten years. The other two scenarios have been calculated based on historical information as well as forward-looking information such as future outlooks and economic forecasts. Each scenario has been assigned a probability, where the default scenario is weighted 70 (70) per cent in the calculation and the other two scenarios 15 (15) per cent each. Finally, an evaluation is performed, both for defence-related and civil operations, in order to identify whether adjustments to the calculated provision is needed to capture credit risk that is not captured by the calculation models. This evaluation has resulted in an adjustment to the loss provision related to the civil operations of MSEK 10 (10).

Contract assets recognised in the balance sheet for work to be billed essentially have the same risk characteristics as work already billed for the same type of contract. The Group therefore applies the same assessment for expected credit losses in contract assets as for account receivables.

Impairment of accounts receivable is recognised as operating expenses.

Accounts receivable are written off when the counterparty is no longer expected to be able to pay its debt which can be indicated by final settlement from liquidation of the counterparty or other information that cause Saab to deem that no reimbursement is likely.

As of 31 December 2022 the Group's outstanding accounts receivable amounted to MSEK 6,045 (5,884) of which MSEK 5,263 (5,331) were attributable to defence-related operations. Contract assets amounted to MSEK 9,911 (9,252) of which 9,069 (8,420) were attributable to defence-related operations. Saab's trade receivable sales programme that was established to strengthen the financial position and increase financial flexibility has not been utilised as of 31 December 2022.

Defence-related sales accounted for 89 per cent (90) of total sales, accordingly counterparties in the major part of accounts receivables are nations with high creditworthiness. The Group's receivables are mainly within the EU, which accounted for 65 per cent (59) of the total. Where counterparties' creditworthiness is deemed unsatisfactory, bank or insurance guarantees or guarantees from EKN are secured.

Write-downs of accounts receivable and contract assets amounted to MSEK 80 (77) as of 31 December 2022, corresponding to 1.3 per cent (1.3) of total accounts receivable. Write-downs are entirely attributable to accounts receivable. MSEK 51 (49) of the write-down is attributable to defence-related operations and MSEK 29 (28) to civil operations.

Accounts receivable in the Parent Company amounted to MSEK 2,291 (2,526). During the year, receivables were written down by MSEK 6 (0). Reversals of previous write-downs amounted to MSEK 1 (1).



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Write-downs of accounts receivable, Group

MSEK	2022		
	Defence related operations	Civil operations	Total
Write-downs, 1 January	-49	-28	-77
Write-downs for calculated losses	-8	-1	-9
Reversal of previous write-downs	7	0	7
Actual credit losses	0	0	0
Translation differences	-1	0	-1
<b>Write-downs, 31 December</b>	<b>-51</b>	<b>-29</b>	<b>-80</b>

MSEK	2021		
	Defence related operations	Civil operations	Total
Write-downs, 1 January	-48	-55	-103
Write-downs for calculated losses	0	0	0
Reversal of previous write-downs	0	26	26
Actual credit losses	0	1	1
Translation differences	-1	0	-1
<b>Write-downs, 31 December</b>	<b>-49</b>	<b>-28</b>	<b>-77</b>

## Age analysis of the Group's overdue receivables

MSEK	2022		
	Defence related operations	Civil operations	Total
<30 days	595	71	666
30 to 90 days	311	49	360
91 to 180 days	83	7	90
>181 days	237	11	248
<b>Accounts receivable overdue</b>	<b>1,226</b>	<b>138</b>	<b>1,364</b>
Accounts receivable not overdue	4,037	644	4,681
<b>Total accounts receivable</b>	<b>5,263</b>	<b>782</b>	<b>6,045</b>

MSEK	2021		
	Defence related operations	Civil operations	Total
<30 days	773	45	818
30 to 90 days	103	7	110
91 to 180 days	72	4	76
>181 days	238	11	249
<b>Accounts receivable overdue</b>	<b>1,186</b>	<b>67</b>	<b>1,253</b>
Accounts receivable not overdue	4,145	486	4,631
<b>Total accounts receivable</b>	<b>5,331</b>	<b>553</b>	<b>5,884</b>

## Note 26. Prepaid expenses and accrued income

MSEK	Group		Parent Company	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Prepaid expenses	641	581	612	553
Deferred realised losses from cash flow hedges	-	-	1,869	1,451
Accrued service income	136	123	15	36
Other accrued income	324	249	337	395
<b>Total</b>	<b>1,101</b>	<b>953</b>	<b>2,833</b>	<b>2,435</b>

Prepaid expenses primarily relate to pension premiums, rents, licenses and insurance.

## Note 27. Liquid assets

### Accounting principles

Liquid assets consist of cash and cash equivalents, immediately accessible balances with banks and similar institutions, and short-term liquid investments with a maturity from acquisition date of less than three months, which are exposed to no more than an insignificant risk of fluctuation in value.

MSEK	Group	
	31-12-2022	31-12-2021
Cash and bank balances	1,619	1,401
Bank deposits	1,250	300
<b>Total according to statement of financial position</b>	<b>2,869</b>	<b>1,701</b>
<b>Total according to statement of cash flows</b>	<b>2,869</b>	<b>1,701</b>

Bank deposits relate to short-term investments, with a maturity of less than three months. The Group's unutilised account overdraft facility amounted to msek 66 (59) at year-end. With regard to the Group's other loan facilities, refer to notes 30 and 35.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

## Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Note 28. Shareholders' equity

The shares in the Parent Company are divided into two series, A and B. Both classes of shares carry equal rights, with the exception that each Series A share is entitled to ten votes and each Series B share one vote. The shares have a quota value of SEK 16.

### Outstanding shares

31 December 2022	Number of shares	Number of shares, %	Number of votes, %
Series A shares	2,383,903	1.8%	15.5%
Series B shares	130,104,981	98.2%	84.5%
<b>Total</b>	<b>132,488,884</b>	<b>100.0%</b>	<b>100.0%</b>

31 December 2021	Number of shares	Number of shares, %	Number of votes, %
Series A shares	2,383,903	1.8%	15.6%
Series B shares	129,426,275	98.2%	84.4%
<b>Total</b>	<b>131,810,178</b>	<b>100.0%</b>	<b>100.0%</b>

### Change in number of outstanding shares

2022	Series A	Series B	Total
Number of outstanding shares at 1 January	2,383,903	129,426,275	131,810,178
Matching and allotment in long-term incentive programmes		678,706	678,706
<b>Number of outstanding shares at 31 December</b>	<b>2,383,903</b>	<b>130,104,981</b>	<b>132,488,884</b>

In 2022, 678,706 shares were matched or allotted in Saab's long-term incentive programmes. Transferred shares correspond to 0.5 per cent of the share capital. No shares were repurchased during the year. A total of 3,356,963 shares are held in treasury after this year's matching. The dividend to shareholders during the year amounted to MSEK 647 (622), or SEK 4.90 (4.70) per share.

### Proposed disposition of earnings 2022

The Board of Directors and the President and CEO propose that the unappropriated earnings in the Parent Company at disposal of the Annual General Meeting, amounting to:

### SEK

Retained earnings	5,238,329,269
Share premium reserve	5,557,130,127
Net income for the year	1,336,331,866
<b>Total</b>	<b>12,131,791,262</b>

be disposed as follows:

To the shareholders, a dividend of SEK 5.30 per share	702,191,085
To share premium reserve	5,557,130,127
Funds to be carried forward	5,872,470,050
<b>Total</b>	<b>12,131,791,262</b>

### Management of the Group's capital

The Group's capital under management consists of equity. The Group's capital management goal is to facilitate continued operating growth and to remain prepared to capitalise on business opportunities. Saab's equity/asset target is to exceed at least 30 per cent.

### Net result of cash flow hedges

The net result of cash flow hedges comprise the effective share of the cumulative net change in fair value of a cash flow hedging instrument attributable to hedge transactions that have not yet occurred.

### Translation reserve

The translation reserve comprise exchange rate differences that arise from the translation of financial reports from operations that have prepared their reports in a currency other than the currency of the Group's financial reports. The Parent Company and the Group present their financial reports in SEK. The translation reserve at year-end amounts to MSEK 1,192 (404). There were no reclassifications from the translation reserve to the income statement during the year or the comparative year.

### Parent company

#### Restricted reserves

Restricted reserves may not be reduced through profit distributions.

#### Revaluation reserve

When a tangible or financial fixed asset is revaluated, the revaluation amount is allocated to a revaluation reserve.

#### Statutory reserve

Provisions to the statutory reserve have previously amounted to at least 10 per cent of net income for the year, until the statutory reserve corresponded to at least 20 per cent of the Parent Company's capital stock. As of 2006 provisions are voluntary and the Parent Company makes no provisions to the statutory reserve.

#### Unrestricted equity

##### Share premium reserve

Amounts exceeding the quota value per share received in connection with rights issues. The amount is available for distribution to the shareholders.

##### Retained earnings

Retained earnings consist of previous year's unrestricted equity after any profit distribution. Retained earnings together with net income for the year comprise unrestricted equity, available for distribution to the shareholders.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Note 29. Interest-bearing liabilities

MSEK	Group	
	31-12-2022	31-12-2021
Long-term liabilities		
Bonds and other debt instruments	6,704	5,707
Other interest-bearing liabilities	45	45
<b>Total</b>	<b>6,749</b>	<b>5,752</b>
<b>Current liabilities</b>		
Bonds and other debt instruments	397	1,378
Liabilities to associated companies and joint ventures	48	43
<b>Total</b>	<b>445</b>	<b>1,421</b>
<b>Total interest-bearing liabilities</b>	<b>7,194</b>	<b>7,173</b>

### Terms and repayment schedules

Collateral for loans amounts to MSEK 0 (0). Of the long-term liabilities, MSEK 2,794 (2,876) falls due between one and five years of the closing day and MSEK 3,955 (2,876) later than five years of the closing day. The undiscounted cashflows in the interval between one and five years from the closing day are MSEK 3,162 (3,051) and MSEK 5,555 (3,562) later than five years from the closing day. The interest rate curve as of the closing day has been used to calculate future cashflows from floating rate liabilities.

Bonds and other debt instruments consist of Medium Term Notes (MTN) and Schuldschein loans. For more information on financial risk management, see note 35.

The fair value of MTNs and Schuldschein loans is MSEK 148 lower than the book value (MSEK 18 higher). Except for MTNs and Schuldschein loans, there is no significant difference between book and fair value.

## Note 30. Bonds and other debt instruments

MSEK	Parent company	
	31-12-2022	31-12-2021
<b>Current liabilities</b>		
Overdraft facilities: Available credit/limit	66	31
Short-term portion of bank loans: Unutilised portion	-66	-31
<b>Utilised credit amount</b>	<b>-</b>	<b>-</b>
Credit facility: Medium Term Notes (MTN)	230	1,378
Credit facility: Schuldschein (SSD)	167	-
<b>Total</b>	<b>397</b>	<b>1,378</b>
<b>Long-term liabilities</b>		
Credit facilities: Available credit/limit (revolving credit facility)	6,000	6,000
Unutilised portion of revolving credit facility	-6,000	-6,000
<b>Utilised credit amount</b>	<b>-</b>	<b>-</b>
Credit facility: Medium Term Notes (MTN)	6,704	5,553
Credit facility: Schuldschein (SSD)	-	154
<b>Total</b>	<b>6,704</b>	<b>5,707</b>
<b>Total bonds and other debt instruments</b>	<b>7,101</b>	<b>7,085</b>

Since 2009, Saab has a Medium Term Note programme (MTN) to enable the issuance of long-term loans on the capital market. In 2018, the MTN programme was increased to MSEK 10,000. During the year new bonds with tenors 2030 to 2032 were issued at total of amount of MSEK 1,380. No bonds were repurchased while bonds matured amounted to MSEK 1,378. As a result, outstanding loans under the MTN programme totaled MSEK 6,935 (6,933) with a corresponding carrying value of MSEK 6,934 (6,931). In addition to the MTN programme, Saab also has a commercial paper program with a limit of MSEK 5,000 (5,000). Issues of commercial papers amounted to MSEK 0 (0). In December 2015, Saab signed Schuldschein loans amounting to MEUR 100 with a remaining value of MEUR 15.

In September 2021 Saab signed two revolving credit facilities of MSEK 2,000 maturing 2024 with a one year extension option and MSEK 4,000 maturing 2026. No credit facility has been utilised during the year.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Note 31. Post-employment benefits

The Saab Group's post-employment benefits refer to pensions. These pensions comprise both defined-contribution and defined-benefit plans. A defined-contribution plan is a pension plan according to which the Group pays fixed fees to a separate legal entity that assumes the obligations to employees. Other pension plans are defined-benefit and refer to pension obligations that are retained by the Group, secured through its own pension funds or through insurance.

### Accounting principles group

#### Defined-contribution plans

Obligations for fees to defined-contribution plans are expensed through the income statement.

#### Defined-benefit plans

Saab has around ten different types of defined-benefit plans. Defined-benefit plans mainly relate to the Swedish operations, where the ITP2 plan accounts for 93 per cent (94) of the total obligation.

The Group's net obligation for defined-benefit plans is calculated separately for each plan by estimating the future compensation that employees have earned through employment in present and previous periods. This compensation is discounted to present value. Most of the liability is met through provisions to a pension fund. The net obligation on the closing day is estimated as the net of the fair value of the fund assets and the present value of the pension liability.

The discount rate to estimate the obligation at present value is based on the interest rate on the closing day for first-class corporate bonds, if available, with a maturity corresponding to the pension obligation. The discount rate for Sweden is based on Swedish covered mortgage bonds (AAA) taking into account the duration of all cash flows. The calculation is made by qualified actuaries using the Projected Unit Credit Method.

When the compensation terms in a plan are improved, the portion of the increased compensation attributable to the employees' service in previous periods is expensed through the income statement.

If the obligation calculated on the closing day deviates from the estimated obligation, actuarial gains or losses arise and are recognised directly in other comprehensive income. The same interest rate is used to calculate financial income on assets under management as to discount pension liabilities.

If pension obligations are lower than assets under management, this amount is recognised as an asset.

When there is a difference between how the pension cost is determined for a legal entity and for the Group, a liability or receivable is recognised for the special employer's contribution based on this difference.

The following tables provide information on defined-benefit pension plans.

#### Sweden

The predominant plan in Sweden is the ITP plan under collective agreements between the Confederation of Swedish Enterprise and the Negotiation Cartel for Salaried Employees in the Private Business Sector (PTK). The ITP2 plan, which is based on an employee's final salary, covers individuals born 1978 and before and is a defined-benefit plan, while the ITP1 plan is a defined-contribution plan and covers individuals born 1979 and after.

Saab's defined-benefit pension plans in Sweden are secured either through transfers to the Group's own pension fund, as liabilities in the balance sheet or are funded through insurance mainly with Alecta. The Saab Pension Fund, which secures part of the ITP2 plan, had assets of MSEK 8,120 (8,307) as of 31 December 2022, compared to an obligation of MSEK 9,015 (12,864), calculated according to IAS 19, which means that the solvency margin amounted to 90 per cent (65).

The following applies to the portion of the defined-benefit pension obligation for retirement and family

pensions secured through insurance with Alecta. According to a pronouncement by the Swedish Financial Reporting Board, this is a defined-benefit plan for multiple employers. Alecta is unable to provide the information that would allow Saab to report these obligations as a defined-benefit plan, owing to which they are reported as a defined-contribution plan. All newly earned pensions are secured through the pension fund solution. As a result, no additional premiums are paid to Alecta. The collective funding ratio is calculated as the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial methods and assumptions, which differ from IAS 19.

The collective funding ratio is normally permitted to range between 125 and 155 per cent. At year-end 2022, Alecta's surplus in the form of the collective funding ratio was 218 per cent (201).

#### USA

The US has a defined-benefit plan for certain employees and a supplementary plan for individuals in executive positions.

The plans are company-specific according to an agreement in 1986 between the employees and the company and include retirement and survivor's pensions. The pension is not vested during the first five years of employment, and the retirement age is 65. Payments corresponding to accrued pensions are made yearly to an external trustee to cover the obligation. Payments during 2022 amounted to MSEK 0 (0).

#### Switzerland

Switzerland has a defined-benefit plan that includes all employees and where minimum benefits are prescribed by law. The company is affiliated with a collective foundation for the purpose of insuring its employees' retirement and survivor's pension, and payments are made annually. Provisions for pensions are made by both employer and employees. The employee may elect to receive the full pension as a lump sum at retirement.

#### Other countries

The pension plans in other countries are of insignificant amounts and are therefore reported together with Sweden below.

### Disclosures regarding defined-benefit plans

31-12-2022, MSEK	Group			
	Sweden	USA	Switzerland	Total
<b>Wholly or partially funded obligations</b>				
Present value of defined-benefit obligations	9,243	200	299	9,742
Fair value of assets under management	-8,156	-219	-372	-8,747
<b>Total net obligation</b>	<b>1,087</b>	<b>-19</b>	<b>-73</b>	<b>995</b>
Impact of asset ceiling	-	-	73	73
<b>Recognised value net obligation</b>	<b>1,087</b>	<b>-19</b>	<b>-</b>	<b>1,068</b>
Share funded	88%	110%	100%	89%
Average duration of pension obligation	16	17	13	
<b>The net amount and the special employer's contribution is reported in the following items in the statement of financial position</b>				
Provisions for pensions (excluding special employer's contribution)	1,087	-	-	1,087
Provisions for pensions (related to special employer's contribution)	217	-	-	217
Long-term receivables	-	19	-	19



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

31-12-2021, MSEK	Group			Total
	Sweden	USA	Switzerland	
<b>Wholly or partially funded obligations</b>				
Present value of defined-benefit obligations	13,116	307	306	13,729
Fair value of assets under management	-8,351	-259	-345	-8,955
<b>Recognised value of net obligation</b>	<b>4,765</b>	<b>48</b>	<b>-39</b>	<b>4,774</b>
Share funded	64%	84%	113%	65%
Average duration of pension obligation	20	15	16	

**The net amount and the special employer's contribution is reported in the following items in the statement of financial position**

Provisions for pensions (excluding special employer's contribution)	4,765	48	-	4,813
Provisions for pensions (related to special employer's contribution)	1,105	-	-	1,105
Long-term receivables	-	-	39	39

**Cost reported in the income statement**

2022, MSEK	Group			Total
	Sweden	USA	Switzerland	
Current service costs	335	6	10	351
Net interest expense	72	-	-	72
<b>Cost of defined-benefit plans in the income statement</b>	<b>407</b>	<b>6</b>	<b>10</b>	<b>423</b>
Cost of defined-contribution plans				989
Special employer's contribution				347
<b>Total cost of post-employment benefits</b>				<b>1,759</b>

2021, MSEK	Group			Total
	Sweden	USA	Switzerland	
Current service costs	336	11	9	356
Net interest expense	51	1	-	52
<b>Cost of defined-benefit plans in the income statement</b>	<b>387</b>	<b>12</b>	<b>9</b>	<b>408</b>
Cost of defined-contribution plans				951
Special employer's contribution				314
<b>Total cost of post-employment benefits</b>				<b>1,673</b>

**Items included in the statement of cash flow**

2022, MSEK	Group			Total
	Sweden	USA	Switzerland	
Deposits to pension fund and other funding	-1	-	-8	-9
Payments	-309	-49	-16	-374
Withdrawals	-	39	16	55
<b>Total impact on cash flow</b>	<b>-310</b>	<b>-10</b>	<b>-8</b>	<b>-328</b>

2021, MSEK	Group			Total
	Sweden	USA	Switzerland	
Deposits to pension fund and other funding	-1	-	-7	-8
Payments	-286	-72	-4	-362
Withdrawals	-	58	4	62
<b>Total impact on cash flow</b>	<b>-287</b>	<b>-14</b>	<b>-7</b>	<b>-308</b>

Estimated payments during 2023 amount to approximately MSEK 373.

Actuarial gains and losses are reported in other comprehensive income.

Actuarial gain related to pensions amounted to MSEK 4,719 net in 2022 primarily due to the following:

The net of revised assumptions related to discount rate and inflation amounted to a gain of MSEK 5,729. The gain mainly relate to the Swedish pension plans for which the assumed discount rate has increased by 225 basis points, from 1.50% to 3.75% and the inflation assumption has decreased by 50 basis points, from 2.25% to 1.75% compared to the beginning of the year.

Negative experience adjustment, mainly related to higher inflation and salary increase than expected, has resulted in an actuarial loss of MSEK 1,008 while changed demographic assumptions led to an actuarial loss of MSEK 469.

Actuarial gain related to special employer's contribution amounted to MSEK 917. The return on assets under management was higher than expected, which produced an actuarial loss of MSEK 382. The impact of asset ceiling led to an actuarial loss of MSEK 68.

**Changes in net obligation for defined-benefit plans reported in the statement of financial position**

MSEK	Group	
	2022	2021
Net obligation for defined-benefit plans, 1 January	4,774	5,067
Compensation paid	-374	-362
Deposits to pension fund and other funding	-9	-8
Cost reported in the income statement	423	408
Income (-) /cost (+) reported in other comprehensive income	-3,802	-393
Settlement/translation differences	1	0
Withdrawals from pension funds	55	62
<b>Net obligation for defined-benefit plans, 31 December</b>	<b>1,068</b>	<b>4,774</b>

**Change in pension obligation**

MSEK	Group	
	2022	2021
Fair value, 1 January	13,729	12,774
Benefits vested during the year	351	356
Interest expense	204	129
Pension disbursements	-374	-362
Settlement	0	-4
Actuarial gain (-)/loss (+)	-4,252	787
Translation differences	84	49
<b>Fair value, 31 December</b>	<b>9,742</b>	<b>13,729</b>

**Change in assets under management**

MSEK	Group	
	2022	2021
Fair value, 1 January	8,955	7,707
Financial income	132	77
Withdrawals	-55	-62
Settlement	0	-4
Contributions	9	8
Actuarial gain (+)/loss (-)	-382	1,180
Actuarial loss related to asset ceiling	-68	-
Translation differences	83	49
<b>Fair value, 31 December</b>	<b>8,674</b>	<b>8,955</b>

Interest expense on the pension obligation less financial income on assets under management is classified as financial expense. Other pension costs are divided by function in the income statement in relation to how payroll expenses are charged to the various functions.

**Sensitivity analysis (excluding special employer's contribution)**

MSEK	Group	
	Change	Change in obligation
Discount rate	0.25%	-360
	-0.25%	382
Inflation	0.25%	371
	-0.25%	-352
Salaries	0.25%	42
	-0.25%	-36
Life span	1 year	329

**Return on assets under management**

MSEK	Group	
	2022	2021
Actual return on assets under management	-250	1,257
Financial income on assets under management	-132	-77
<b>Actuarial result from assets under management during the year</b>	<b>-382</b>	<b>1,180</b>

**Governance**

The pension fund is governed by the Pension Board, which resumes 4–5 times per year and has the following responsibilities:

- Appoint the members of the Investment Committee
- Appoint the Fund Manager
- Annually establish the Investment Policy
- Decide on strategic (long-term) and tactical (short-term) asset allocation and allow deviations in accordance with the terms of the strategic and tactical mandate
- Annually approve the benchmark indices to track the fund's performance
- Annually approve the stop loss limit

**Investment strategy and risk management**

The pension fund manages the allocation and investment of assets with an aim to increase the consolidation level over time. Certain risks are accepted in order to achieve the desired return. The investment horizon is long-term and the allocation ensures that the investment portfolio is well diversified.

The Fund's investments are subject to a number of restrictions and limitations, the purpose of which is to limit investment losses. Treasury Operations continuously monitors the Fund's management and reports its findings to the Chairman of the Board and the Investment Committee.

**Assets under management divided by asset class**

Per cent	Group			
	2022	of which listed on an active market	2021	of which listed on an active market
Interest-bearing assets	25	100	25	100
Share-related assets	26	100	35	100
Hedge funds	17	-	15	-
Property	30	-	23	-
Liquid assets	2	-	2	-
<b>Total assets</b>	<b>100</b>	<b>51</b>	<b>100</b>	<b>60</b>

**Assumptions for defined-benefit obligations**

Per cent	Group				
	2022	2021	2020	2019	2018
<b>Significant actuarial assumptions as of closing day (expressed as weighted averages)<sup>1)</sup></b>					
Discount rate, 31 December	3.75	1.50	1.00	1.50	2.25
Future salary increase	2.75	3.25	2.50	2.75	3.00
Future increase in pensions	1.75	2.25	1.50	1.75	2.00
Employee turnover	3.00	3.00	3.00	3.00	3.00

1) Refers to Sweden since essentially all defined-benefit plans are in Sweden.

The following assumptions serve as the basis of the valuation of Saab's pension liability:

**Discount rate:** The valuation has been based on Swedish covered mortgage bonds (AAA), taking into account the duration of all cash flows. A nominal government bond whose duration corresponds to the average duration of the pension obligation is used as a basis. A premium is then added equal to the difference between the interest rate on a mortgage bond and a nominal government bond with similar maturities. The same discount rate has been used for all future disbursements.

**Long-term salary increase assumption:** The long-term salary increase assumption corresponds to a real salary increase of 1 per cent plus an inflation assumption of 1.75 per cent, rendering a future salary increase of 2.75 per cent.

**Long-term inflation assumption:** The long-term inflation assumption is based on market pricing of inflation on maturities corresponding to the pension liability's duration. For 2022, the assumption is 1.75 per cent.

**Mortality:** The mortality assumption has been updated during the year and is based on tables from the industry organisation Insurance Sweden, the so called DUS21.

**Employee turnover:** The employee turnover is assumed to be 3 per cent per year.

#### Accounting principles parent company

The parent company's accounting principles differ from IAS 19 in the following ways:

- The calculation does not take into account future salary increases
- The discount rate is determined by PRI
- Changes in the discount rate and other actuarial assumptions are recognised directly in the income statement and balance sheet
- Surplus in the pension plan cannot be recognised as an asset while the deficit should either be expensed or recovered through contributions to the pension fund

#### Parent Company's pension obligations

Funds allocated for pensions according to the balance sheet correspond to the net present value of existing pension obligations less funds that are secured by Saab's pension fund.

MSEK	31-12-2022	31-12-2021
Pension obligations ITP 2	5,867	4,906
Less funds secured in pension fund	-5,867	-4,906
<b>Total ITP 2 and the book reserve method</b>	<b>-</b>	<b>-</b>
Other pensions	93	112
Other provisions for pensions	116	113
<b>Total</b>	<b>209</b>	<b>225</b>
Of which credit guarantees in PRI Pensionsgaranti	43	32

MSEK	2022	2021
Amount related to pension obligations ITP 2 expected to be settled within 12 months	247	216

## Note 32. Provisions

#### Accounting principles

A provision is recognised in the statement of financial position when the Group has a legal or informal obligation owing to an event that has occurred and it is likely that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where it is important when in time payment will be made, provisions are estimated by discounting projected cash flow at a pre-tax interest rate that reflects current market estimates of the time value of money and, where appropriate, the risks associated with the liability.

#### Provisions for incremental costs for industrial cooperations

Some of Saab's contracts with customers contain requirements on technology and knowledge transfers as well as various forms of industrial cooperation. The related costs are included in the project's expenditures and expensed in relation to the stage of completion. The expenditures are then set against the provision, which can also occur after the delivery of goods and services under the contract.

#### Onerous contracts

A provision for an onerous contract is recognised when anticipated benefits are less than the unavoidable costs to fulfill the obligations as set out in the contract.

#### Guarantees

A provision for a guarantee is normally recognised when the underlying product or services are sold if a reliable calculation of the provision can be made. The provision is based on historical data on guarantees for the products or similar products and an overall appraisal of possible outcomes in relation to the likelihood associated with these outcomes.

#### Restructuring

A provision for restructuring is recognised when a detailed, formal restructuring plan has been established and the restructuring has either begun or been publicly announced. No provision is made for future operating losses.

A provision is recognised in connection with termination of personnel only if the company is obligated to terminate an employment before the customary time, e.g., when compensation is paid in connection with a voluntary termination offer. In cases where the company terminates personnel, a detailed plan is drafted containing at the minimum the workplaces, positions and approximate number of individuals affected as well as compensation for each personnel category or position and a schedule for the plan's implementation.

#### Soil remediation

In accordance with the Group's publicly announced environmental policy and applicable legal requirements, periodic estimates are made of Saab's obligations to restore contaminated soil. Anticipated future payments are discounted to present value and recognised as an operating expense and a provision. Provision for environmental commitments is included in other provisions below.

MSEK	Group	
	31-12-2022	31-12-2021
<b>Provisions that are long-term liabilities</b>		
Incremental costs for industrial cooperations	1,310	1,183
Onerous contracts	310	349
Guarantees	51	50
Expenditures for restructuring measures	1	2
Other	894	945
<b>Total</b>	<b>2,566</b>	<b>2,529</b>

<b>Provisions that are current liabilities</b>		
Incremental costs for industrial cooperations	10	28
Onerous contracts	556	473
Guarantees	229	297
Expenditures for restructuring measures	33	91
Other	207	183
<b>Total</b>	<b>1,035</b>	<b>1,072</b>

MSEK	Parent Company	
	31-12-2022	31-12-2021
Incremental costs for industrial cooperations	1,387	1,264
Onerous contracts	430	545
Guarantees	172	245
Expenditures for restructuring measures	31	91
Other	475	395
<b>Total</b>	<b>2,495</b>	<b>2,540</b>

**Incremental costs for industrial cooperations**

MSEK	Group	Parent Company
Provisions allocated during the year	239	239
Amount utilised during the year	-130	-116
<b>Closing balance, 31 December 2022</b>	<b>1,320</b>	<b>1,387</b>

**Onerous contracts**

MSEK	Group	Parent Company
Provisions allocated during the year	453	226
Amount utilised during the year	-437	-339
Reversal of unutilised amount	-1	-
Reclassification	24	-2
Translation differences and other	5	-
<b>Closing balance, 31 December 2022</b>	<b>866</b>	<b>430</b>

**Guarantees**

MSEK	Group	Parent Company
Provisions allocated during the year	95	47
Amount utilised during the year	-146	-111
Reversal of unutilised amount	-17	-7
Reclassification	-3	-2
Translation differences and other	4	-
<b>Closing balance, 31 December 2022</b>	<b>280</b>	<b>172</b>

**Expenditures for restructuring measures**

MSEK	Group	Parent Company
Provisions allocated during the year	20	18
Amount utilised during the year	-77	-76
Reversal of unutilised amount	-2	-2
<b>Closing balance, 31 December 2022</b>	<b>34</b>	<b>31</b>

**Other provisions**

MSEK	Group	Parent Company
Provisions allocated during the year	220	171
Amount utilised during the year	-94	-68
Reversal of unutilised amount	-7	-
Reclassification	-161	-23
Translation differences and other	15	-
<b>Closing balance, 31 December 2022</b>	<b>1,101</b>	<b>475</b>

**Total provisions**

MSEK	Group	Parent Company
Opening balance, 1 January 2022	3,601	2,540
Provisions allocated during the year	1,027	701
Amount utilised during the year	-884	-710
Reversal of unutilised amount	-27	-9
Reclassification	-140	-27
Translation differences and other	24	-
<b>Closing balance, 31 December 2022</b>	<b>3,601</b>	<b>2,495</b>

**Incremental costs for industrial cooperations**

Provision for incremental costs for industrial cooperations relates to costs to meet future obligations for industrial cooperations in accordance with these contracts. The expenditure is expected to occur during the term of the projects but also after the delivery of goods and services under the contracts in accordance with the contract and the regulation for industrial cooperation.

**Restructuring**

Structural costs primarily relate to costs to adapt resources and transformation costs.

**Onerous contracts**

Provisions for onerous contracts on the closing day relate to certain military projects as well as projects within commercial aeronautics. The provisions are utilised in pace with the projects' completion.

**Other provisions**

Other provisions primarily relate to provisions for remaining costs in projects, environmental commitments, disputes and legal proceedings, provisions related to leasing as well as for royalty.

By year end 2022 the provision related to disputes and legal proceedings amounted to SEK 180 million. The disputes are mainly attributable to deliveries in both ongoing and completed projects. Due to the state of negotiations in the legal proceedings, all information in accordance with the disclosure requirements in IAS37 Provisions, Contingent Liabilities and Contingent Assets cannot be provided.

No provision has been made for liability risks associated with the production of civil aircraft or the production of sub-components for civil aircraft.

**Note 33. Other liabilities**

MSEK	Group	
	31-12-2022	31-12-2021
<b>Other long-term liabilities</b>		
Liabilities related to employees	41	41
Other	49	40
<b>Total</b>	<b>90</b>	<b>81</b>
Of which liabilities due for payment more than five years after closing day	40	33
<b>Other current liabilities</b>		
Value-added tax	529	473
Employee withholding taxes	286	275
Liabilities to minority owners	-	25
Liabilities to associated companies and joint ventures	3	3
Other	279	169
<b>Total</b>	<b>1,097</b>	<b>945</b>

MSEK	Parent Company	
	31-12-2022	31-12-2021
Value-added tax	160	196
Employee withholding taxes	166	160
Negative market value related to financial instruments	139	44
Negative market value of FX forwards	601	150
Other	167	225
<b>Total</b>	<b>1,233</b>	<b>775</b>
Of which liabilities due for payment more than five years after closing day	7	13

Saab considers that there is no significant difference between book and fair value.

## Note 34. Accrued expenses and deferred income

MSEK	Group		Parent Company	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
<b>Accrued expenses</b>				
Accrued project costs	2,725	2,602	2,349	2,403
Vacation pay liability	1,451	1,329	889	882
Social security expenses	968	863	754	690
Expected invoices	745	621	450	405
Personnel liabilities	455	350	206	213
Royalties and commissions	13	79	11	78
Other	203	188	98	72
<b>Total accrued expenses</b>	<b>6,560</b>	<b>6,032</b>	<b>4,757</b>	<b>4,743</b>
<b>Deferred income</b>				
Deferred realised gains from cash flow hedges	-	-	1,441	1,024
Government grants	137	90	125	70
Other	519	255	99	67
<b>Total deferred income</b>	<b>656</b>	<b>345</b>	<b>1,665</b>	<b>1,161</b>
<b>Total</b>	<b>7,216</b>	<b>6,377</b>	<b>6,422</b>	<b>5,904</b>

Saab considers that there is no significant difference between book and fair value.

## Note 35. Financial risk management and financial instruments

Saab's financial assets and liabilities and contractual obligations give rise to financial risks. Group Treasury is responsible for identifying and managing the financial risks with various financial instruments in order to reduce the impact on the Group's result, competitive strength and financial flexibility. The Board of Directors of Saab has established a Group Treasury Policy, which provides an overall description of the management of the financial risks and Treasury operations.

The financial risks are defined as follows:

- Currency risk
- Liquidity risk
- Funding and liquidity risk
- Interest rate risk
- Commodity price risk
- Credit risk

To handle financial risks, Group Treasury has been assigned various risk mandates that are reported daily according to defined risk measures.

### Accounting principles

#### Recognition and valuation of financial assets and liabilities

A financial asset or liability is recognised in the statement of financial position when the Group becomes party to the instrument's contractual terms. Accounts receivable are recognised in the statement of financial position when an invoice has been sent.

A financial asset is derecognised from the statement of financial position when the rights in the contract are realised, expire or if the group loses control over the asset. The same applies to part of a financial asset. A financial liability is derecognised from the statement of financial position when the obligation in the agreement has been discharged or otherwise extinguished. The same applies to part of a financial liability.

On each reporting date, Saab evaluates the need of impairment for expected credit losses for financial assets or pools of financial assets, which are not recognised at fair value through profit or loss. Financial assets and liabilities are offset and recognised as a net amount in the statement of financial position when there is a legal right to set-off and when the intent is to settle the items with a net amount or to realise the asset and settle the liability at the same time.

Financial instruments are initially recognised at cost, corresponding to the instrument's fair value plus transaction expenses. This applies to all financial instruments with the exception of financial assets and liabilities categorised as and measured at fair value through profit or loss or equity instruments recognised at fair value through other comprehensive income, where the fair value excluding transaction costs equals the acquisition cost. The instruments are subsequently recognised at fair value or amortised cost, depending on how they have been classified as described below. The fair value of listed financial assets and liabilities is determined using market prices. Saab also applies various valuation methods to determine the fair value of financial assets and liabilities traded on an inactive market or that are unlisted holdings. These valuation methods are based on the valuation of similar instruments, discounted cash flows or well-recognised valuation models such as Garman-Kohlhagen's. Amortised cost is determined based on the effective interest rate calculated on acquisition date.

#### Classification of financial assets and liabilities

The Group's financial assets and liabilities are classified according to the following categories, which determine how each item is valued.

#### Financial assets and liabilities at amortised cost:

Financial assets in this category are assets that are held to collect contractual cash flows that consist of principal and interest, such as liquid assets, accounts receivable, loans receivable, other receivables and contract assets.

Interest income is recognised as financial interest income by applying the effective interest rate method.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

Gains and losses that arise upon derecognition from the balance sheet are recognised directly in profit or loss together with FX effects.

Financial liabilities in this category comprise interest-bearing liabilities, accounts payable and other liabilities that are initially recognised at fair value, which corresponds to the amount received less deducting transaction costs. After acquisition, the liabilities are measured at amortised cost according to the effective interest rate method.

#### **Financial assets at fair value through other comprehensive income:**

Financial assets that are debt instruments in this category are assets that result in payments related only to principal and interest on the outstanding principal and where the financial asset is held under a business model whose purpose is achieved both by holding financial assets to collect contractual cash flows and selling financial assets. These assets are subsequently measured at fair value with changes in fair value recognised in other comprehensive income (OCI), except effective interest, impairments and their reversals as well as exchange rate gains and losses, which are presented in profit or loss. When the asset is derecognised from the balance sheet, accumulated gains and losses in OCI are reclassified to profit or loss. In addition to debt instruments, equity instruments that are not held for trading can be classified and measured as fair value through other comprehensive income upon such an election. Realised and unrealised gains and losses, including gain or loss upon disposal but excluding any dividend is recognised in OCI for such instruments. Currently, the Group has no assets mandatorily classified in this category, however, one equity investment is elected to be classified in the category and derivatives that are designated as hedging instruments in a cash flow hedge relationship are recognised at fair value through other comprehensive income.

#### **Financial assets and liabilities at fair value through profit or loss:**

Assets that do not satisfy the requirements to be recognised at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains or losses on assets and liabilities at fair value through profit or loss that are not included in a hedging relationship are offset in profit or loss in the period the gain or loss arises. Derivatives included in a hedging relationship are recognised in other comprehensive income for the portion determined to be an effective hedge. Equity instruments such as shares and participations are continuously measured at fair value with changes in value recognised in profit or loss except for those that are elected to be classified as and measured at fair value through other comprehensive income.

#### **Impairment of financial assets:**

Financial assets that are not recognised at fair value through profit or loss or equity instruments recognised at fair value through other comprehensive income are tested for impairment on each closing date using a model based on expected credit losses. Impairment losses are recognised in profit or loss. Derecognition from the balance sheet occurs when there is no longer a reasonable expectation of collecting payment. See also note 25 and 23.

#### **Hedge accounting**

To meet the requirements for hedge accounting there must be an economic relationship between the hedging instrument and the hedged item and the hedging relationship must be effective until the hedge matures.

To cover the Group's risks associated with changes in exchange rates and exposure to interest rates, derivatives, consisting of FX forwards, options and swaps, are utilised. These instruments are valued at fair value on initial recognition and subsequently at each reporting date.

Changes in fair value of derivatives that do not meet the requirements for hedge accounting are recognised directly in profit or loss. If the underlying hedged items relate to operations-related receivables or liabilities, the effect on earnings is recognised in operating income, while the corresponding effect on earnings related to financial receivables and liabilities are recognised in the financial net.

The Group applies hedge accounting to cash flow hedges as described below.

#### **Cash flow hedges**

FX forwards (hedge instruments) entered into mainly to hedge future receipts and disbursements against currency risks and classified as cash flow hedges (primarily related to contracted sales volumes) are recognised in the statement of financial position at fair value. Changes in value are recognised in other

comprehensive income and separately recognised in the hedge reserve in equity until the hedged cash flow affects the income statement, at which point the cumulative changes in value of the hedging instrument are transferred to profit or loss to offset the effects on earnings of the hedged transaction.

When the hedged future cash flow refers to a transaction that will be capitalised in the statement of financial position, the hedge reserve is dissolved when the hedged item is recognised in the statement of financial position. If the hedged item is a non-financial asset or liability, the gain or loss from the hedging instrument is included in the acquisition cost of the asset or liability. If the hedged item is a financial asset or liability, the hedge reserve is dissolved gradually through profit or loss at the same rate that the hedged item affects earnings.

When a hedging instrument expires, is sold, terminated or exercised, or the group otherwise revokes the designation as a hedging relationship before the hedged transaction occurs and the projected transaction is still expected to occur, the cumulative gain or loss remains in the hedge reserve in equity and is recognised in the same way as above when the hedged transaction occurs.

If the hedged transaction is no longer expected to occur, the hedging instrument's cumulative gains and losses are immediately recognised in profit or loss in accordance with the principles described above for derivatives.

The Group is potentially exposed to the Interest Rate Benchmark reform through issued bonds, derivatives and interest-bearing securities with STIBOR as benchmark interest rate. The Group has no material exposure towards other benchmark interest rates. The nominal amount of interest rate swaps, that are designated as hedging instruments in a cash flow hedge, total MSEK 4,000 and MTN bonds with STIBOR as base rate, MSEK 6,935. STIBOR linked interest-bearing securities in the investment portfolio amounted to MSEK 3,908 at year-end. Fallback provisions are not yet in place for these financial instruments. Saab closely monitors the development of creating fallback language from working groups and industry participants and will take due procedures when possible.

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Financial instruments

Financial assets within the Group mainly consist of liquid assets, accounts receivable, shares, loans receivable, bonds receivable, derivatives with positive market values, certain accrued income and other receivables. The liability side includes accounts payable, loans payable, derivatives with negative market values, certain accrued expenses and other liabilities.

The following table shows classification and categorisation of financial assets and liabilities.

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

MSEK	Carrying amount	
	31-12-2022	31-12-2021
<b>Financial assets</b>		
Valued at amortised cost <sup>4)</sup> :		
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 <sup>3)</sup> :		
Short-term investments	9,988	10,140
Derivatives for trading	75	29
Financial investments	66	37
Valued at fair value through other comprehensive income <sup>3)</sup> :		
Derivatives identified as hedges	1,760	750
Equity investments elected to be classified as fair value through other comprehensive income	52	-
<b>Total financial assets</b>	<b>32,781</b>	<b>29,468</b>
<b>Financial liabilities</b>		
Valued at amortised cost:		
Interest-bearing liabilities <sup>1)</sup>	9,988	9,716
Other liabilities <sup>4)</sup>	10,740	8,750
Valued at fair value through profit and loss <sup>3)</sup> :		
Derivatives for trading	21	9
Valued at fair value through other comprehensive income <sup>3)</sup> :		
Derivatives identified as hedges	1,643	606
<b>Total financial liabilities</b>	<b>22,392</b>	<b>19,081</b>
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 (412).

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

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

Valuation of financial instruments at fair value are divided into the following three valuation levels:

#### Level 1

According to listed (unadjusted) prices on an active market on closing date:

- Bonds and interest-bearing securities
- Electricity derivatives
- Interest rate forwards

#### Level 2

According to accepted valuation models based on observable market data from Refinitiv Datascope:

- *Currency forwards*: Future payment flows in each currency are discounted by current market rates to the valuation day and valued in SEK at period-end exchange rates.
- *Currency options*: The Garman-Kohlhagens option-pricing model is used in the market valuation of all options.
- *Interest rate swaps and cross currency basis swaps*: Future variable interest rates are calculated with the help of current forward rates. These implicit interest payments are discounted to the valuation date using current market rates. The market value of interest rate swaps is obtained by contrasting the discounted variable interest payments with the discounted present value of fixed interest payments.

#### Level 3

According to accepted principles, e.g. for venture capital firms:

- *Unlisted shares and participations*

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

#### Assets at fair value

MSEK	2022	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	9,988	9,988	-	-
FX forwards	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
<b>Total</b>	<b>11,941</b>	<b>10,112</b>	<b>1,711</b>	<b>118</b>

#### Liabilities at fair value

MSEK	2022	Level 1	Level 2	Level 3
FX forwards	1,638	-	1,638	-
Currency options	4	-	4	-
Interest rate swaps	22	-	22	-
<b>Total</b>	<b>1,664</b>	<b>-</b>	<b>1,664</b>	<b>-</b>



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

**Financial risk management**
**Currency risk**

Currency risk refers to the risk that fluctuations in exchange rates will negatively affect income or the value of net assets.

In 2022, countries outside Sweden accounted for 58 per cent (62) of Saab's sales. Since a large share of production takes place in Sweden with expenses denominated in SEK, Saab has a large net exposure in foreign currencies. The predominant currency risk in the order backlog are in the currencies USD, EUR and GBP.

**Transaction exposure**

Transaction exposure within the order backlog is hedged with currency derivatives (mainly currency swaps and forwards), which means that changes in exchange rates do not affect the Group's future results with respect to the order backlog. Hedges are normally arranged for each specific contract and the average forward rate is used as the contract's rate for revenue recognition.

Transaction exposure from commercial contracts with option clauses and framework agreements that according to forecasts are highly probable transactions, are hedged to a certain level according to separate hedging instructions. Impairment testing of unprofitable contracts in foreign currency that are not hedged is done by valuating future cash flows at the spot rate. These contracts mainly refer to anticipated future orders as part of long-term commercial aircraft programs in USD. Framework agreements can contain both

transaction and economic exposure.

Hedge accounting is applied to derivatives that hedge transaction exposure. The hedge is effective when the hedging relationship is entered and periodically evaluated to ensure that the criteria for effectiveness are still met. The factors that are examined to ensure the effectiveness are currency, timing of payment flows and amount. If the flow generated by the hedging instrument matches the flow from the hedged item in currency, timing and amount, the hedging relationship is considered effective. Until maturity, value changes from effective hedges are recognised in other comprehensive income and recognised separately in the hedge reserve in equity. Value changes in ineffective hedges are recognised in profit or loss. Ineffectiveness can arise if the timing and/or amount of cash flow changes. Since parts of the portfolio extend over long periods, effects from forward points could also be a source of ineffectiveness. Hedging relationships are arranged such that adjustments are made continuously to avoid this effect.

The net market value of existing hedges of the order backlog and highly probable transactions according to forecasts amounted to MSEK -415 (82). Currency sensitivity, i.e. the effect of a change in exchange rates of +/- 10 per cent, would affect the market value of derivatives as of 31 December 2022 by +/- MSEK 510 (454). The ineffectiveness in cash flow hedges that affected net income for the year amounted to MSEK -9 (-7).

The following table shows the cash flows for derivatives recognised as cash flow hedges, expressed in millions in local currency.

Million	EUR			GBP			USD		
	Outflow	Inflow	Net	Outflow	Inflow	Net	Outflow	Inflow	Net
2023	-214	271	57	-121	51	-70	-619	794	175
2024	-76	121	45	-106	14	-92	-270	651	381
2025	-34	84	50	-51	15	-36	-148	182	34
2026	-16	30	14	-2	6	4	-28	21	-7
2027	-	13	13	-	2	2	-	-	-
2028 and forward	-	2	2	-	1	1	-	-	-
<b>Total flows 2022</b>	<b>-340</b>	<b>521</b>	<b>181</b>	<b>-280</b>	<b>89</b>	<b>-191</b>	<b>-1,065</b>	<b>1,648</b>	<b>583</b>
<b>Total flows 2021</b>	<b>-319</b>	<b>394</b>	<b>75</b>	<b>-206</b>	<b>80</b>	<b>-126</b>	<b>-940</b>	<b>1,575</b>	<b>635</b>

Pre-transaction exposure arises when fixed-price tenders are issued in foreign currency. This risk is usually managed separately in the tender portfolio, using both currency options and forwards. The following table shows outstanding nominal net hedges for the most predominant currencies as of year-end.

**Net hedges**

Million	Forward contracts <sup>1)</sup>		Options <sup>2)</sup>		Total hedge	
	2022	2021	2022	2021	2022	2021
USD	-83	-56	-55	-10	-138	-66
EUR	-27	-42	-	-20	-27	-62
GBP	-1	-	-	-	-1	-

1) Also including sold call- and put options.

2) Net of bought call- and put options.

To measure VaR the external hedges are compared with a benchmark, that is to say the external hedge that would optimally be done to eliminate the currency risk a tender gives rise to in relation to the likelihood that a business contract is received. If the two correspond, the tender portfolio is defined as risk-neutral – i.e. its VaR measure will be zero.

In 2022 a VaR limit of MSEK 35 was allocated to the tender portfolio, and at year-end VaR amounted to MSEK 16.5 (2.2). Hedge accounting is not applied to the portfolios hedges, due to which the Group's result is affected by the extent of tenders and the exchange rate for the underlying currency pair. The portfolio's effect on the Group's result in 2022 was MSEK 9 (-29).

**Translation exposure**

Comprehensive income is affected when the results and net assets of foreign subsidiaries are translated to SEK. The value of net assets exposed to translation exposure amounted to MSEK 7,977 (6,732) at year-end; see the following table.

## Net assets translated to SEK

MSEK	31-12-2022	31-12-2021
USD	3,405	2,595
EUR	1,065	926
AUD	1,089	1,132
ZAR	686	600
GBP	341	341
DKK	282	226
BRL	243	182
Other currencies	866	730
<b>Total</b>	<b>7,977</b>	<b>6,732</b>

The effect on net assets as of 31 December 2022 of a change in exchange rates of +/- 10 per cent would be a change in value of MSEK 798 (673).

Foreign currency risk due to translation effects on the net assets of foreign subsidiaries is not hedged.

### Currency exposure

The Group's total outstanding currency derivatives related to all currency risks are shown in the following table.

### The Group's outstanding derivatives

Currency derivatives	Million	Currency	Fair value 2022			2021	
			Local currency	Asset SEK	Liability SEK	Net	Local currency
Maturity up to 1 year	EUR	9	83	108	-25	-3	-9
	GBP	77	35	25	10	49	-3
	USD	-246	537	498	39	-237	27
	Other		97	90	7		22
<b>Subtotal</b>			<b>752</b>	<b>721</b>	<b>31</b>		<b>37</b>
Maturity 1 to 3 years	EUR	-136	56	117	-61	-25	0
	GBP	127	103	6	97	85	37
	USD	-414	277	767	-490	-325	-4
	Other		40	5	35		27
<b>Subtotal</b>			<b>476</b>	<b>895</b>	<b>-419</b>		<b>60</b>
Maturity 3 to 5 years	EUR	-27	8	14	-6	-51	4
	GBP	-3	0	0	0	6	4
	USD	6	25	12	13	-57	-17
	Other		0	-	0		1
<b>Subtotal</b>			<b>33</b>	<b>26</b>	<b>7</b>		<b>-8</b>
Maturity over 5 years	EUR		-	-	-	-3	0
	GBP		-	-	-	-	-
	USD		-	-	-	-	-
<b>Subtotal</b>			<b>-</b>	<b>-</b>	<b>0</b>		<b>0</b>
<b>Currency derivatives, total<sup>1)</sup></b>			<b>1,261</b>	<b>1,642</b>	<b>-381</b>		<b>89</b>

1) Of which derivatives used as cash flow hedge MSEK -196 (105).

## The Parent Company's outstanding derivatives

Currency derivatives	Million	Currency	Fair value 2022			2021	
			Local currency	Asset SEK	Liability SEK	Net	Local currency
	EUR	47	384	325	59	-66	55
	GBP	127	153	64	89	146	44
	USD	-468	1,037	1,353	-316	-430	30
	Other		151	132	19		50
<b>Currency derivatives, Parent Company total</b>			<b>1,725</b>	<b>1,874</b>	<b>-149</b>		<b>179</b>

### Funding and liquidity risk

To minimize the risk of not being able to meet payment obligations due to insufficient liquidity the company consistently maintains liquid assets and short term investments, adjusted for loans maturing within 12 months, to a value higher than MSEK 5,000. If any of the risk-weighted amount of bank guarantees covered by Saab or 10 per cent of annual total sales exceeds MSEK 5,000, then shall the adjusted value of liquid assets and short term investments exceed the highest there of.

Saab is diversifying funding sources and maturities to reduce impact from the risk of not being able to find favorable market conditions for raising new debt or re-financing. To meet funding needs related to long dated projects the average maturity of the loan portfolio shall not be below 24 months. As of 31 December 2022 the average maturity was 65 months (57). For maturity analysis of the Group's financial liabilities, see tables for each class of derivatives in this note as well as information on interest-bearing liabilities in note 29.

Saab has two revolving credit facilities of MSEK 2,000 maturing 2024 and MSEK 4,000 maturing 2026, with nine participating banks. Saab also has a commercial paper program with a limit of MSEK 5,000 (5,000) and a Medium Term Note (MTN) program with a limit of MSEK 10,000 (10,000). As of 31 December 2022, MSEK 0 (0) commercial paper and MSEK 6,935 (6,933) MTN were issued. Additionally Saab has issued a MEUR 15 (15) Schuldschein loan. None of the existing credit facilities or capital market programmes are restricted by financial covenants.

### Saab Funding facilities

MSEK	Facility	Utilised	Unutilised	
	Revolving credit facility (Maturity 2024)	2,000	-	2,000
	Revolving credit facility (Maturity 2026)	4,000		4,000
	Overdraft facility (Maturity 2023)	66	-	66
<b>Total committed credit facilities</b>		<b>6,066</b>	<b>-</b>	<b>6,066</b>
	Commercial paper	5,000	-	5,000
	Medium Term Notes (MTN)	10,000	6,935	3,065
<b>Total capital market programs</b>		<b>15,000</b>	<b>6,935</b>	<b>8,065</b>

### Interest rate risk

Interest rate risk refers to the risk that Saab will be negatively affected by changes in interest rates.

### Funding portfolio

A portfolio of loans issued in the Capital Market. Interest rate derivatives are used to manage the interest rate risk and the average duration shall be in the range of 12-48 months (12-48). As of year-end, the loan portfolio's duration was 38 months (33).

Cash flow hedging is applied in the financial statements. The effectiveness of a hedge is evaluated when the hedging relationship is included and periodically evaluated to ensure that the relationship meets the



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

requirement. The factors that are evaluated to ensure effectiveness are the timing of payment flows and amount of interest payments as well as the nominal amount of the hedging instrument and the hedged item. If the nominal amount of the hedging instrument does not exceed the nominal amount of the hedged item and the flows generated by the hedging instrument do not exceed the flows from the hedged item in timing and amount, the hedging relationship is considered effective. Until maturity, value changes in effective hedges are recognised as other comprehensive income and recognised separately, in the hedge reserve in equity. The value change is obtained in the financial upon transfer to profit or loss. Value changes in ineffective hedges are recognised in profit or loss. Ineffectiveness affecting net income for the year amounted to MSEK 1 (-1). The interest rate benchmark reform could potentially affect hedge effectiveness in the future. An increase or decrease in market interest rates of +/- 0.10 per cent would affect financial income by +/- 0.01 MSEK (0.15) and other comprehensive income by +/- 19 MSEK (19) based on the loan portfolio as of 31 December 2022.

**Financing (refers to utilised credit facilities)**

MSEK (Nom) Maturities	Fixed interest	Of which effect from derivative agreements entered	Tied-up capital
1 year	3,202	-3,900	397
2 years	200	200	400
3 years	500	500	800
4 years	600	600	1,250
5 years and forward	2,600	2,600	4,255
<b>Total</b>	<b>7,102</b>	<b>-</b>	<b>7,102</b>

**Interest rate derivatives**

The next table shows the Group's outstanding interest rate derivatives.

**Interest rate derivatives**

Million	Currency	Local currency	Fair value 2022			2021	
			Asset SEK	Liability SEK	Net	Local currency	Net
Maturity up to 1 year	SEK	100	1	1	-	1,350	-7
	EUR <sup>2)</sup>	15	27	-	27	-	-
<b>Subtotal</b>			<b>28</b>	<b>1</b>	<b>27</b>		<b>-7</b>
Maturity 1 to 3 years	SEK	500	40	6	34	300	-
	EUR <sup>2)</sup>	-	-	-	-	15	12
<b>Subtotal</b>			<b>40</b>	<b>6</b>	<b>34</b>		<b>12</b>
Maturity 3 to 5 years	SEK	700	71	15	56	1,500	-38
<b>Subtotal</b>			<b>71</b>	<b>15</b>	<b>56</b>		<b>-38</b>
Maturity over 5 years	SEK	2,500	311	-	311	1,600	34
<b>Subtotal</b>			<b>311</b>	<b>-</b>	<b>311</b>		<b>34</b>
<b>Interest derivatives, total <sup>1)3)</sup></b>			<b>450</b>	<b>22</b>	<b>428</b>		<b>1</b>

1) Market value includes accrued interest of MSEK -12 (-21).

2) Refers to cross currency basis swaps (CCY).

3) Of which derivatives used for cash flow hedges MSEK 418 (10).

**Investment portfolio**

The portfolio invests in interest-bearing securities. Interest rate derivatives are used to manage the interest rate risk and the average duration shall be in the range of 3–24 months (3–24). As of year-end, the duration was 7 months (12).

Changes in interest rates affect Saab's net financial items. An increase in market interest rates of 0.10 per cent units would affect financial income negatively by 7 MSEK (11). A corresponding decrease in market interest rates of 0.10 per cent units would positively affect financial income by 7 MSEK (11) based on the investment portfolio as of 31 December 2022.

**Investments in interest-bearing securities and bank deposits**

MSEK (Nom) Maturities	Fixed interest <sup>1)</sup>	Tied-up capital
1 year	9,472	7,544
2 years	1,622	2,730
3 years	445	865
4 years	100	400
5 years and forward	-	100
<b>Total</b>	<b>11,639</b>	<b>11,639</b>

1) Effects of derivative agreements entered are included in the fixed interest.

**FX forwards**

FX forwards used to hedge commercial currency flows contain an interest component. In certain cases, Saab may decide to shift the hedge to an earlier date than when the cash flow is expected. This primarily refers to very long-term customer contracts, which then generate an interest rate risk. The underlying cash flows that are exposed to extensions through FX forwards amounted to MPLN 183 (183) and MEUR 36 (36) at year-end.

### Commodity price risk

Commodity price risk refers to the risk that Saab will be negatively affected by changes in commodity prices. Purchasing costs for raw materials are managed primarily through contract clauses with customers and suppliers. Electricity costs are managed through hedging instruments. Electricity derivatives are managed through a discretionary management mandate. The market value of electricity derivatives at year-end was MSEK 124(74). Hedge accounting is applied to electricity derivatives. Projected electricity consumption is hedged using a model where 90 per cent of the coming year's consumption is hedged; the hedge ratio then drops on a straight-line basis to 0 per cent in quarter 13. The effectiveness of the hedge is periodically evaluated to ensure that the relationship meets the requirement. To ensure that the hedge is effective, an evaluation is made to determine that the hedged volume per quarter does not exceed the projected volume. Value changes in derivatives that exceed the projected volume in a quarter are recognised in profit or loss. Ineffectiveness affecting net income for the year amounted to MSEK 0 (0).

### The Group's outstanding electricity derivatives

Electricity derivatives	Fair value 2022				2021	
	Mega-watt	Asset MSEK	Liability MSEK	Net	Mega-watt	Net
Maturity up to 1 year	15	98	-	98	14	66
<b>Subtotal</b>		<b>98</b>	<b>-</b>	<b>98</b>		<b>66</b>
Maturity 1 to 3 years	11	26	-	26	11	8
<b>Subtotal</b>		<b>26</b>	<b>-</b>	<b>26</b>		<b>8</b>
<b>Electricity derivatives, total<sup>1)</sup></b>		<b>124</b>	<b>-</b>	<b>124</b>		<b>74</b>

1) Of which derivatives used for cash flow hedges MSEK 124 (74).

### Credit risks

Credit risk is the risk that the counterparty in a transaction will not be able to fulfil the financial obligations of a contract. In the course of its day-to-day operations, Saab is exposed to credit risks as a result of transactions with counterparties in the form of customers, suppliers and financial players. The Group's aggregate credit risks consist of commercial credit risks and financial credit risks.

### Commercial credit risks

Commercial credit risks consist of accounts receivable outstanding, contract assets and advances paid to suppliers. This type of credit risk is identified and managed on a case-by-case basis. Credit risks that arise in customer contracts are managed by utilising available banking or insurance products. In some cases, export credit institutions may be used as well. Commercial credit risks that arise through advances paid to suppliers are managed by maintaining bank-guaranteed collateral. At 31 December 2022, the Group had paid advances to suppliers of MSEK 374 (441).

Accounts receivable and contract assets represent a commercial credit risk. Where counterparties' creditworthiness is deemed unsatisfactory, bank or insurance guarantees or guarantees from EKN are secured to ensure that payment will be received. Since accounts receivable are generally secured through bank or insurance guarantees or are attributable to states, the commercial credit risk is low. For more information on the Group's accounts receivable including expected credit losses, see note 25.

### Financial credit risks

The risk that counterparties within financial contracts, such as deposits, asset investments and positive market value of outstanding derivatives, will not be able to fulfill their payment obligations are denoted as credit risk.

The governing rule for Saab is that counterparties shall have a long-term credit rating of no lower than A- from Standard and Poor's or A3 from Moody's. Consequently, the risk of credit losses is considered low and there was no need for credit reserves at year-end.

The concentration risk is managed by a credit limit assigned to each financial counterparty based on its long-term credit rating.

Saab has entered into ISDA master agreements with financial counterparties to handle legal and credit risks in OTC transactions. Furthermore, the agreements net the positive and negative market values of outstanding derivatives, see the tables below.

### Market value of financial assets and liabilities subject to netting arrangements

2022 MSEK	Gross amount	Set-off	Net amount in balance sheet	Master netting arrangements	Collateral received/assets pledged	Net amount
Currency derivatives	1,261	-	1,261	-895	-	366
Interest rate derivatives	423	-	423	-22	-	401
CCY <sup>1)</sup>	27	-	27	-	-	27
Electricity derivatives	124	-	124	-	-	124
<b>Assets</b>	<b>1,835</b>	<b>-</b>	<b>1,835</b>	<b>-917</b>	<b>-</b>	<b>918</b>
Currency derivatives	1,642	-	1,624	-895	-	747
Interest rate derivatives	22	-	22	-22	-	-
CCY <sup>1)</sup>	-	-	-	-	-	-
Electricity derivatives	-	-	-	-	-	-
<b>Liabilities</b>	<b>1,664</b>	<b>-</b>	<b>1,664</b>	<b>-917</b>	<b>-</b>	<b>747</b>

1) Cross currency basis swaps.

2021 MSEK	Gross amount	Set-off	Net amount in balance sheet	Master netting arrangements	Collateral received/assets pledged	Net amount
Currency derivatives	655	-	655	-383	-	272
Interest rate derivatives	38	-	38	-29	-	9
CCY <sup>1)</sup>	12	-	12	-	-	12
Electricity derivatives	74	-	74	-	-	74
<b>Assets</b>	<b>779</b>	<b>-</b>	<b>779</b>	<b>-412</b>	<b>-</b>	<b>367</b>
Currency derivatives	566	-	566	-383	-	183
Interest rate derivatives	49	-	49	-29	-	20
CCY <sup>1)</sup>	-	-	-	-	-	-
Electricity derivatives	-	-	-	-	-	-
<b>Liabilities</b>	<b>615</b>	<b>-</b>	<b>615</b>	<b>-412</b>	<b>-</b>	<b>203</b>

1) Cross currency basis swaps.

The exposure towards banks, mortgage institutions, corporates and the Swedish state as of 31 December 2022 amounted to MSEK 13,422 (11,841). The exposure is calculated using the market value of assets with each counterparty.

### Hedge reserve

The hedge reserve before tax amounted to MSEK 218 (-44), of which the unrealised value of derivatives was MSEK 347 (189) and the realised effects arising from rollovers of derivatives was MSEK -129 (-233). For information on the amount recognised in other comprehensive income, see consolidated other comprehensive income. The ineffectiveness in cash flow hedges that affected net income for the year amounted to MSEK -8 (-8).

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

**Change in the hedge reserve per derivative**

2022 (2021) MSEK	Currency derivatives	Interest rate derivatives	Electricity derivatives	Total
Reversed through profit or loss	136 (-414)	5 (2)	-66(0)	75(-412)
Change in value of existing derivatives	-615 (-322)	341 (73)	56 (44)	-218 (-205)
Change in value of new derivatives	95 (-79)	61 (15)	61 (31)	217(-33)
Change due to rollover	188 (28)	- (-)	-(-)	188 (28)
<b>Total</b>	<b>-196 (-787)</b>	<b>407 (90)</b>	<b>51 (75)</b>	<b>262 (-622)</b>

**Effects in the hedge reserve per derivative**

2022, MSEK	Currency derivatives	Interest rate derivatives	Electricity derivatives
Recognised amount in hedge reserve	-196	418	124
Nominal amount	5,656	4,000	26 <sup>1)</sup>
Maturity date	2023-2027	2023-2032	2023-2025
Hedge ratio	1:1	1:1	1:1
Change in value of derivatives outstanding since 1 January	-301	410	50
Change in value of hedged item to determine effectiveness	292	409	-50

<sup>1)</sup> Megawatt

**Pension obligation**

The Saab Pension Fund was established in 2006 to secure the main part of the Group's pension obligation. The fund has a long-term real yield requirement that corresponds annual financial cost of pension liability to PRI Pensionsgaranti. Investment guidelines indicate the following asset allocation, 0-40 per cent equities, 0-20 per cent alternative assets, 10-100 per cent interest-bearing products and 0-30 per cent real assets. Investments are made in interest-bearing securities from issuers with a credit rating of no lower than BBB according to Standard & Poor's and Baa according to Moody's.

Of the fund's capital at year-end 23 per cent (20) was invested in interest-bearing assets, 30 (27) per cent real assets investments, 27 per cent (33) in equity and 20 per cent (20) in alternative investments. The market value of the fund's assets as of 31 December 2022 was MSEK 8,120 (8,307) and the annual return was -2 per cent (17). In 2022, the fund was capitalised by MSEK 0 (0) and MSEK 0 (0) in refunds was paid.

The table below shows the solvency margin for the pension fund.

MSEK	31-12-2022	31-12-2021	31-12-2020	31-12-2019
Fair value of assets under management	8,120	8,307	7,096	6,741
Present value of defined-benefit obligations <sup>1)</sup>	8,995	12,832	11,900	11,235
Solvency margin	90%	65%	60%	60%
Pension obligation according to PRI	7,681	6,404	6,239	6,043
Solvency margin	106%	130%	114%	112%

<sup>1)</sup> Refers to the pension obligation that the assets under management are designed to cover.

## Note 36. Assets Pledged and Contingent Liabilities

### Accounting principles

A contingent liability exists if there is a possible commitment arising from events whose occurrence is dependent on one or more uncertain future events and the possible commitment is not recognised as a liability or provision. This, because it is unlikely that an outflow of resources will be required to settle the possible commitment or the size of the obligation cannot be estimated with sufficient reliability. Information of such contingent liabilities is disclosed as long as the likelihood of an outflow of resources is not extremely small.

MSEK	Group		Parent Company	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
<b>Contingent liabilities</b>				
Guarantees to insurance company, PRI Pensionsgaranti	154	128	154	128
Guarantees for Group companies' commitments to customers	-	-	7,921	4,320
Sureties for joint ventures	12	8	-	-
Sureties for associated companies	11	11	9	93
<b>Total</b>	<b>177</b>	<b>147</b>	<b>8,084</b>	<b>4,541</b>

In the ordinary course of business, Saab is occasionally involved in disputes and legal proceedings arising as a result of the Group's operations worldwide. For some of these legal proceedings and disputes Saab has recognised a provision, see note 32. Other disputes and legal proceedings are not expected, either individually or collectively, to have any significant negative impact on Saab's financial position or results.

The table below shows the total sum of guarantees that do not represent contingent liabilities and a distribution by category.

MSEK	31-12-2022	Per cent of total	
		31-12-2021	31-12-2021
<b>Bank Guarantees:</b>			
On demand	20,264	98	17,380
Award	348	2	369
<b>Bank Guarantees total</b>	<b>20,612</b>	<b>100</b>	<b>17,749</b>
<b>Bank Guarantees total</b>	<b>20,612</b>	<b>100</b>	<b>17,749</b>
<b>Bank Guarantees total</b>	<b>20,612</b>	<b>100</b>	<b>17,749</b>

In the ordinary course of business, Saab AB issue Parent Company guarantees to subsidiaries and joint ventures on a case by case basis. These guarantees may cover all or part of the relevant subsidiary's or joint venture's general obligations, or be a defined amount for a specific purpose.

With regard to the Group's so-called fulfilment guarantees for commitments to customers, the likelihood of an outflow of resources is extremely small and, as a result, no value is recognised in the table of contingent liabilities.

## Note 37. Transactions with Related Parties

The Group's financial agreements conform to market principles. Saab has not had any significant transactions with Investor, Board members or members of Group Management during the year. For information on remuneration, see note 8.

Of the Parent Company's sales, 8 (7) per cent referred to sales to Group companies, while 24 (23) per cent of the Parent Company's purchases were from Group companies.

Sales to and purchases from the Group's associated companies and joint ventures amounted to approximately MSEK 74 (92) and MSEK 202 (285), respectively. For information on receivables from and liabilities to associated companies and joint ventures, see notes 23 and 33.

## Note 38. Group Companies

### Significant Group company holdings

Group company	Group company's registered office, country	Ownership share, per cent	
		2022	2021
Combitech AB	Växjö, Sweden	100	100
Saab Australia Pty Ltd	Australia	100	100
Saab Barracuda AB	Västervik, Sweden	100	100
Saab Canada, Inc.	Canada	100	100
Saab Danmark A/S	Denmark	100	100
Saab Deutschland GmbH.	Germany	100	100
Saab Digital Air Traffic Solutions AB	Timrå, Sweden	100	100
Saab Dynamics AB	Karlskoga, Sweden	100	100
Saab Grintek Defence (Pty) Ltd	South Africa	100	100
Saab, Inc.	USA	100	100
Saab Kockums AB	Malmö, Sweden	100	100
Saab Seaeye Ltd	UK	100	100
Saab Technologies B.V.	The Netherlands	100	100

Total ownership of non-controlling interests amounted to MSEK 390 (273). No non-controlling interests are considered material.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

MSEK	Parent Company	
	2022	2021
<b>Accumulated acquisition value</b>		
Opening balance, 1 January	19,388	19,070
New issues/shareholders' contributions	1	208
Acquisitions	-	110
Sales and liquidations	-51	-
<b>Closing balance, 31 December</b>	<b>19,338</b>	<b>19,388</b>
<b>Accumulated write-downs</b>		
Opening balance, 1 January	-12,748	-12,728
Write-downs for the year	-	-20
<b>Closing balance, 31 December</b>	<b>-12,748</b>	<b>-12,748</b>
<b>Carrying amount, 31 December</b>	<b>6,590</b>	<b>6,640</b>

**Specification of Parent Company's holdings of shares in Group companies**

31-12-2022	No. of shares	Share, per cent	Carrying amount, MSEK
<b>Group company/Corp. ID no./Registered office</b>			
Celsius AB, 556194-4652, Linköping, Sweden	5,000	100.0%	144
Celsius Invest AB, 556164-6588, Stockholm, Sweden	1,720,000	100.0%	158
Combitech AB, 556218-6790, Växjö, Sweden	100,000	100.0%	1,064
EMC Services Elmiljöteknik AB, 556315-6636, Mölndal, Sweden	2,000	100.0%	4
Fastighets AB Brunnshög, 559332-8684, Linköping, Sweden	1,000	100.0%	0
Fastighets AB Linköping Malmen 27, 556354-6349, Linköping, Sweden	20,000	100.0%	4
Fastighets AB Stensholm-Huskvarna, 556030-2746, Jönköping, Sweden	150,000	100.0%	42
FFV Ordnance AB, 556414-8194, Karlskoga, Sweden	100,000	100.0%	10
Muskövarvet AB, 556675-3496, Haninge, Sweden	1,002	100.0%	61
N. Sundin Dockstavarvet AB, 556193-6138, Kramfors, Sweden	5,100	100.0%	85
Saab Airport AB, 556366-8333, Linköping, Sweden	5,000	100.0%	3
Saab Asia Pacific Co. Ltd, Thailand	1,000	100.0%	12
Saab Barracuda AB, 556045-7391, Västervik, Sweden	200,000	100.0%	107
Saab Canada, Inc., Canada	25,765	100.0%	1
Saab Czech s.r.o, Czech Republic	-	100.0%	25
Saab Danmark A/S, Denmark	-	100.0%	103
Saab Deutschland GmbH, Germany	-	100.0%	311
Saab Digital Air Traffic Solutions AB, 559060-0747, Timrå, Sweden	500	100.0%	124
Saab Dynamics AB, 556264-6074, Karlskoga, Sweden	500,000	100.0%	357
Saab Emerging Technologies Normalm AB, 559334-2180, Stockholm, Sweden	1,000	100.0%	0
Saab France S.A.S, France	-	100.0%	0
Saab India Technologies Private Limited, India	100,000	100.0%	0

31-12-2022	No. of shares	Share, per cent	Carrying amount, MSEK
Saab International AB, 556267-8994, Stockholm, Sweden	50,000	100.0%	14
Saab Kenya Ltd, Kenya	2,000	100.0%	0
Saab Kockums AB, 556205-5623, Malmö, Sweden	500,000	100.0%	340
SAAB LTD, United Arab Emirates	-	100.0%	0
Saab Microwave Systems AB, 556028-1627, Mölndal, Sweden	300,000	100.0%	49
Saab Nederland B.V., The Netherlands	-	100.0%	57
Saab Nordic Defence Industries A/S, Denmark	1,000	100.0%	22
Saab North America, Inc., USA	-	100.0%	2,419
Saab Seaeye Holdings Ltd, UK	267,472	100.0%	194
Saab South Africa (Pty) Ltd, South Africa	-	100.0%	443
Saab Tactical Electronics AB, 559238-1627, Linköping, Sweden	1,000	100.0%	51
Saab Technologies B.V., The Netherlands	-	100.0%	295
Saab Technologies BV, Belgium	-	100.0%	29
Saab Technologies Ltd., Canada	167	100.0%	18
Saab Technologies Norway AS, Norway	1,000	100.0%	3
Saab Technologies s.r.o., Czech Republic	-	100.0%	0
Saab TransponderTech AB, 556535-9790, Linköping, Sweden	1,000	100.0%	0
Saab UK LTD, UK	100,000	100.0%	0
Saab Ventures AB, 556757-5211, Linköping, Sweden	1,000	100.0%	0
Dormant companies etc.	-	-	41
<b>Carrying amount at year-end</b>			<b>6,590</b>

## Note 39. Untaxed Reserves

MSEK	Parent Company	
	2022	2021
<b>Tax allocation reserve:</b>		
Opening balance, 1 January	1,826	1,431
Allocation for the year	600	537
Dissolution for the year	-90	-142
<b>Closing balance, 31 December</b>	<b>2,336</b>	<b>1,826</b>
<b>Accumulated accelerated/under depreciation</b>		
Buildings and land:		
Opening balance, 1 January	-2	-2
Accelerated/under depreciation for the year	2	-
<b>Closing balance, 31 December</b>	<b>-</b>	<b>-2</b>
Machinery and equipment:		
Opening balance, 1 January	862	770
Accelerated depreciation for the year	111	92
<b>Closing balance, 31 December</b>	<b>973</b>	<b>862</b>
<b>Total untaxed reserves, 31 December</b>	<b>3,309</b>	<b>2,686</b>

## Note 40. Statement of Cash Flows, Supplemental Information

The Group's free cash flow, and a reconciliation between free cash flow and cash flow for the year from the statement of cash flows, are stated below.

### Free cash flow

MSEK	Group	
	2022	2021
<b>Cash flow from operating activities before changes in working capital, excluding taxes and other financial items<sup>1)</sup></b>	<b>5,718</b>	<b>5,846</b>
<b>Cash flow from changes in working capital:</b>		
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
<b>Change in working capital</b>	<b>-932</b>	<b>-76</b>
<b>Cash flow from operating activities, excluding taxes and other financial items</b>	<b>4,786</b>	<b>5,770</b>
Investing activities:		
Investments in intangible fixed assets	-686	-1,297
Investments in tangible fixed assets	-1,624	-1,223
Sales and disposals of tangible fixed assets	117	26
<b>Cash flow from investing activities<sup>2)</sup></b>	<b>-2,193</b>	<b>-2,494</b>
<b>Operational cash flow</b>	<b>2,593</b>	<b>3,276</b>
Taxes and other financial items	-656	-526
Sale of and investments in financial assets	-108	-11
Investments in operations <sup>3)</sup>	-	-21
Sale of subsidiaries	-	19
Sale of operations	42	-
<b>Free cash flow</b>	<b>1,871</b>	<b>2,737</b>

1) Including amortisation of lease liabilities.

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

3) Investments in operations during 2021 refers to additional consideration regarding previous acquisitions.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

### Free cash flow versus cash flow for the year in statement of cash flows

MSEK	2022	2021
Free cash flow	1,871	2,737
Investing activities – interest-bearing:		
Short-term investments	-49	-2,085
Other financial investments and receivables	-130	-111
Financing activities:		
Repayment of loans	-1,386	-2,538
Raising of loans	1,394	2,248
Repurchase of shares	-	-246
Dividend paid to the Parent Company's shareholders	-647	-622
Dividend paid to non-controlling interest	-62	-27
Transactions with non-controlling interest	47	15
<b>Cash flow for the year</b>	<b>1,038</b>	<b>-629</b>

### Supplemental information on statement of cash flows

#### Liquid assets

MSEK	Group	
	31-12-2022	31-12-2021
<b>The following components are included in liquid assets:</b>		
Cash and bank balances	1,619	1,401
Bank deposits	1,250	300
<b>Total according to the statement of financial position</b>	<b>2,869</b>	<b>1,701</b>
<b>Total according to statement of cash flows</b>	<b>2,869</b>	<b>1,701</b>

MSEK	Parent Company	
	31-12-2022	31-12-2021
<b>The following components are included in liquid assets:</b>		
Cash and bank balances	353	505
Bank deposits	1,250	300
<b>Total according to balance sheet</b>	<b>1,603</b>	<b>805</b>
<b>Total according to statement of cash flows</b>	<b>1,603</b>	<b>805</b>

### Interest and dividend

MSEK	Group		Parent Company	
	2022	2021	2022	2021
Dividends received	44	72	678	27
Interest received	140	94	241	205
Interest paid	-294	-243	-209	-150
<b>Total</b>	<b>-110</b>	<b>-77</b>	<b>710</b>	<b>82</b>

### Adjustments for items not affecting cash flow

MSEK	Group		Parent Company	
	2022	2021	2022	2021
Depreciation and amortisation	2,127	1,938	763	654
Capital gains/losses from sales of Group companies, associated companies and joint ventures	-	-	-	-28
Provisions	705	1,272	437	561
Write-downs	-	-	-	20
Share of profits in associated companies and joint ventures	97	28	-	-
Unrealized change in fair value biological assets	-60	-9	-	-
Dividends and Group contributions from/to Group companies	-	-	-1,939	-1,125
Other	450	284	403	240
<b>Total</b>	<b>3,319</b>	<b>3,513</b>	<b>-336</b>	<b>322</b>

### Reconciliation of cash flows arising from liabilities in financing activities

MSEK	31-12-2021	Non-cash changes			31-12-2022
		Cash flows <sup>1)</sup>	Foreign exchange movement	New contracts/ Revaluation	
<b>Interest-bearing liabilities</b>					
Liabilities to credit institutions	7,085	2	14		7,101
Liabilities to associated companies and joint ventures	43	6	-1		48
Lease liabilities	2,543	-524	91	684	2,794
Other interest-bearing liabilities	44		1		45
<b>Total interest-bearing liabilities</b>	<b>9,715</b>	<b>-516</b>	<b>105</b>	<b>684</b>	<b>9,988</b>

1) These amounts refer to cash flows arising from liabilities in Financing activities in the Consolidated statement of cash flows.

### Sale of subsidiaries and operations

No divestments were made in 2021. In 2021 an additional consideration of MSEK 19 was received relating to previous divestments. During 2022, operations linked to the laser rangefinder business have been divested. The cashflow effect was MSEK 42. The future divestment of the MTM operations is described in note 41.

Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Note 41. Assets Held for Sale

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.

Assets held for sale amount to MSEK 291 of which MSEK 112 is attributable to intangible fixed assets, MSEK 12 to tangible fixed assets and MSEK 167 to current assets. Liabilities related to assets held for sale of MSEK 132 comprise short-term liabilities.

## Note 42. Information on Parent Company

Saab AB (publ), corporate identity no. 556036-0793, is a limited company registered in Sweden, with its registered office in Linköping. The Parent Company's B shares are registered on Nasdaq Stockholm. The address of the head office is Saab AB, Olof Palmes gata 17, 5th floor, SE-111 22 Stockholm, Sweden.

The consolidated accounts for 2022 comprise the Parent Company and its Group companies, together referred to as the Group. The Group also includes the holdings in associated companies and joint ventures.

Saab AB also operates a small business in a South Korean branch.

## Note 43. Exchange Rates used in Financial Statements

Land			Year-end rate		Average rate	
			2022	2021	2022	2021
Australia	AUD	1	7.09	6.55	7.01	6.44
Brazil	BRL	1	1.98	1.58	1.96	1.59
Denmark	DKK	100	150.02	137.85	142.88	136.40
Euro	EUR	1	11.16	10.25	10.63	10.14
India	INR	100	12.64	12.11	12.87	11.60
Canada	CAD	1	7.72	7.06	7.77	6.84
Norway	NOK	100	105.84	102.89	105.25	99.83
Switzerland	CHF	1	11.33	9.88	10.59	9.38
UK	GBP	1	12.61	12.18	12.47	11.80
South Africa	ZAR	100	61.66	56.68	61.87	58.05
Czech Republic	CZK	100	46.12	41.10	43.30	39.56
USA	USD	1	10.46	9.03	10.12	8.58



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

## Note 44. Definitions of Key Ratios in Financial Statements

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, see [saabgroup.com](http://saabgroup.com), investor, financial data, key ratios.

**Capital employed** Total assets less non-interest-bearing liabilities.

**Capital turnover** Sales divided by average capital employed.

**Earnings per share** Net income for the year attributable to the Parent Company's shareholders, divided by the average number of shares before and after full dilution. There is no dilution impact if the result is negative.

**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 classified as 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 year.

**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.

**Interest coverage ratio** Operating income plus financial income divided by financial expenses.

**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** Operating income (EBIT) as a percentage of sales.

**Operating margin adjusted for items affecting comparability** Operating income adjusted for items affecting comparability as a percentage of adjusted 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 year.

**Order bookings** Total value of orders received during the year.

**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.

**Profit margin** Operating income plus financial income as a percentage of sales.

**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 expenses comprise both expenses incurred as costs excluding amortization and write-downs, and expenses capitalised as development costs in the statement of financial position. Total R&D expenses also include the part of Saab's R&D that is conducted in cooperation with customers, which is reported as cost of goods sold.

**Return on capital employed** Operating income plus financial income as a percentage of average capital employed.

**Return on equity** Net income for the year as a percentage of average equity.

**Sales adjusted for items affecting comparability** Sales adjusted for items classified as affecting comparability.

## Note 45. Significant events after the conclusion of the period in the Financial Statements

- On 10 February 2023, Saab announced changes in its Group management and organisation. Lars Tossman, former Head of business area Kockums, was appointed Head of Saab's business area Aeronautics. Mats Wicksell assumed the position as Head of business area Kockums and became a new member of Saab's Group Management team. Jonas Hjelm, former Head of business area Aeronautics, took on a new position within the Group management team as Head of the newly established group function, Government Affairs. These changes took effect on 1 March 2023.
- On 24 February 2023, Saab announced that it has signed a framework agreement with a Government of a Western country and received orders within the agreement for a number of defence systems. The total order value is approximately SEK 8 billion with deliveries planned 2023–2026.

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

# Dividend motivation

The Board of Directors' statement according to chapter 18, § 4 of the Companies Act with regard to the proposed dividend – Saab AB.

Saab is one of the world's leading high-technology companies, with operations that are characterised by complex development assignments on the cutting edge of technology. Over the years, Saab has conducted significant development projects and managed the associated risks with great success. See also risks and uncertainties in the annual report.

The Board of Directors is proposing a total dividend of MSEK 702 (647), an increase of 9 per cent, corresponding to SEK 5.30 (4.90) per share.

Saab AB's unrestricted equity amounts to MSEK 12,131 and profit carried forward in the Group before the dividend is paid amounts to MSEK 19,845.

Net income for the year attributable to the Parent Company's shareholders amounted to MSEK 2,195 for the Group and MSEK 1,336 for the Parent Company.

After paying the dividend to the shareholders, the Group's equity/assets ratio amounts to 40.7 per cent, compared to the target of 30 per cent. Since the IPO in 1998, the equity/assets ratio has risen from 22 per cent to 41.3 per cent in 2022.

Saab's gross capital expenditure in 2022 amounted to MSEK 1,624. Investments are also made in research and development, which in 2022 amounted to MSEK 1,763, of which MSEK 500 was capitalised in the balance sheet.

At year-end, Saab had a net liquidity, which includes liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities, including provisions for lease liabilities and pensions, amounting to MSEK 2,432.

The proposed dividend is not expected to affect Saab's ability to carry out its commitments on a short- or long-term basis.

The proposed dividend is considered justifiable with regard to what is stated in chapter 17, § 3, paragraphs two and three of the Companies Act (2005:551):

1. the demands that the company's nature, scope and risks place on the size of its equity, and
2. the company's consolidation needs, liquidity or financial position in other respects.

The Board of Directors of Saab AB



Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and notes

**Dividend motivation**

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

Glossary

# Proposed disposition of earnings 2022

The Board of Directors and the President and CEO propose that the unappropriated earnings in the Parent Company at disposal of the Annual General Meeting, amounting to:

SEK	
Retained earnings	5,238,329,269
Share premium reserve	5,557,130,127
Net comprehensive income for the year	1,336,331,866
<b>Total</b>	<b>12,131,791,262</b>

**be disposed as follows:**

To the shareholders, a dividend of SEK 5.30 per share	702,191,085
To share premium reserve	5,557,130,127
Funds to be carried forward	5,872,470,050
<b>Total</b>	<b>12,131,791,262</b>

After the proposed disposition, equity in the Parent Company will be as follows:

SEK	
Capital stock	2,173,533,552
Statutory reserve	542,471,135
Revaluation reserve	643,874,742
Share premium reserve	5,557,130,127
Retained earnings	5,587,470,050
<b>Total</b>	<b>14,789,479,606</b>

The company's policy is to issue a dividend of 20–40 per cent of net income over a business cycle. The Board of Directors and the President propose that MSEK 702 (647), or SEK 5.30 (4.90) per share be issued as a dividend. This has been calculated based on the amount of outstanding shares on 31 December 2022, of 132,488,884 (131,810,178). Saab's equity/assets ratio is currently 41.3 per cent (35.7) and after the proposed disposition of earnings will be 40.7 per cent (35.1).

The undersigned certify that the consolidated accounts and the annual report have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union, and generally accepted accounting principles, and give a true and fair view of the financial positions and results of the Group and the Parent Company, and that the management report gives a fair review of the development of the operations, financial positions and results of the Group and the Parent Company and describes substantial risks and uncertainties that the Group companies faces.

Linköping 3 March 2023

**Marcus Wallenberg**  
Chairman

**Bert Nordberg**  
Deputy Chairman

**Lena Erixon**  
Board member

**Henrik Henriksson**  
Board member

**Danica Kragic Jensfelt**  
Board member

**Sara Mazur**  
Board member

**Johan Menckel**  
Board member

**Daniel Nodhäll**  
Board member

**Erika Söderberg Johnson**  
Board member

**Joakim Westh**  
Board member

**Stefan Andersson**  
Board member

**Göran Andersson**  
Board member

**Magnus Gustafsson**  
Board member

**Micael Johansson**  
President and Chief Executive Officer (CEO) and board member

Our audit report was submitted on 7 March 2023  
PricewaterhouseCoopers AB

**Peter Nyllinge**  
Authorised Public Accountant  
Auditor in charge

**Fredrik Göransson**  
Authorised Public Accountant

# Auditor's report

To the general meeting of the shareholders of Saab AB (publ), corporate identity number 556036-0793

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Saab AB for the year 2022 except for the statutory sustainability report and the corporate governance statement on pages 45 to 78 and 79 to 89 respectively. The annual accounts and consolidated accounts of the company are included on pages 33 to 162 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. Our opinions do not include the statutory sustainability report and the corporate governance statement on pages 48 to 78 and 79 to 89 respectively.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and statement of financial position for the group. Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of my (our) knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## Our audit approach

### Audit approach and scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls and the specific circumstances in larger customer projects.

In order to design an appropriate audit, we have updated our understanding of how the operations within Saab are organised, of important systems and processes as well as the internal controls implemented to give the Board of Directors and management confidence that the financial reporting is of high precision. For this purpose we have performed interviews with senior management at various levels in the group and leaders of group functions, as well as reviewed reports, policies, instructions and planning and steering documents. We have also had a regular dialogue with the internal audit and

internal controls functions to share relevant information and to coordinate activities when and if deemed relevant.

A significant part of Saab's revenue and result is derived from long term customer contracts including substantial development and customization for specific customers, which are associated with technical and commercial risks. Revenue and income are in many projects recognised using percentage of completion, which as such are based on management's estimates and measurement of percentage of completion, estimated profit margin as well as total costs and risks. This requires a high level of project control and monitoring to be able to, at any given time confirm the assumptions and estimates for project cost and revenue to give a satisfying base for recognizing revenue and income. In many cases the customer contracts have a significant element of integration with the customer and sub-contractors why the financial outcome is not only dependent on Saab's own activities but other parties as well.

In our audit we have focused on the operations in the parent company Saab AB and the subsidiaries Saab Dynamics AB, Saab Kockums AB and Combitech AB. In addition entities in Australia, South Africa and the USA have been subject to review procedures.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

**Auditor's report**

Saab's share

Multi-year overview

Glossary

due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements. Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

#### Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. In the audit of Saab we have identified one key audit matter. The matters below were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

#### Key audit matter

##### Long term customer contracts

Revenue and income are in many projects recognised over time using percentage of completion, which as such are based on management's estimates and measurement of percentage of completion, estimated profit margin as well as total costs and risks. If a project is expected to be in a loss position, the loss is recognised as soon as it can be determined.

Percentage of completion and the income recognised can be based on cost incurred, milestones reached, or units delivered.

The financial reporting risk in the financial reporting is that revenue and income recognised, not correctly reflect Saab's fulfilment of performance obligations in the long term customer contracts and that the risks in the contracts deviate from actual outcome, which can result in revenue being recognised at wrong margin. This in turn might lead to cut off errors in revenue and cost over the project's lifecycle.

Accounting for long term customer contracts also, besides revenue and cost of goods sold, affect balance sheet items such as receivables from customers, inventory and provision for loss contracts.

In the annual report risks related to long term contracts are described on page 42 and in the notes to the financial statements (note 2 and 4) the accounting principles are described in more detail.

##### How our audit addressed the Key audit matter

Saab has implemented processes, methods and controls to account for and monitor the long term customer contracts from tender, through execution and completion. These processes include among other project organisation, documentation, financial reviews and reporting as well as guidance on application of the accounting principles. This is further described in the annual report on page 42.

In our audit we have evaluated the design of these processes, methods and controls and tested on a sample basis that they work as designed. In this testing we have focused on the following:

Test of monitoring controls on business area, business unit of where applicable on product level.

Test of transaction controls for accounting for cost incurred related to long term customer contracts for procurement to projects.

Test that project reviews and documentation has been approved according to methods applied within Saab.

We have further selected a sample of long term customer contracts for substantive testing. Our sample is based on quantitative and qualitative factors where we have selected long term contracts that are material from contract value, revenue recognised or risk in residual cost to complete. Contracts for Gripen E to Sweden, Gripen NG to Brazil and Airborne surveillance to United Arab Emirates and Sweden, respectively, A26 submarines

to Sweden, combat system for the program Squadron 2020 to Finland and upgrade of the German Navy's F123 frigates have been most significant in our audit.

For the selected contracts we have in detail obtained an understanding for the project though, among other procedures, review of contract clauses, project plans, analysis of stage of completion and contract forecasts. Each quarter we review the projects together with the project leader, the project controller or similar. In these reviews we perform the following procedures focusing on whether significant risks are reasonably accounted for:

We inspect management's assessment of the project execution and how this affects the financial reporting. This includes total contract value, level of completion, method for recognising stage of completion, cost incurred and estimated remaining cost.

We reconcile management's assessment to underlying documentation and compare this with previous quarters.

We reconcile financial information between reports and systems and recalculate calculations.

In these reviews we use our knowledge about Saab and how similar long term contracts have been treated to discuss and ask questions and challenge management's estimates and judgements. We also assess consistent application of accounting principles between contracts with similar circumstances.



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

**Auditor's report**

Saab's share

Multi-year overview

Glossary

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1 to 32 and 168 to 172 as well as the statutory sustainability report on page 45 to 78. The other information also consists of the remuneration report, which we have had access to prior to the date of this audit report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing

Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts. A further description of our responsibility for the audit of the annual accounts and

consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Saab AB for the year 2022 and the proposed appropriations of the company's profit or loss. We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the

group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

**Auditor's report**

Saab's share

Multi-year overview

Glossary

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### The auditor's examination of the ESEF report

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Saab AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

#### Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Saab AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including

documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for the corporate governance statement on pages 79 to 89 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

PricewaterhouseCoopers AB, Stockholm, was appointed auditor of Saab AB (publ)'s by the general meeting of the shareholders on the 6 April 2022 and has been the company's auditor since the 7 April 2011.

Stockholm 7 March 2023  
PricewaterhouseCoopers AB

#### Peter Nyllinge

Authorized public accountant  
Partner in charge

#### Fredrik Göransson

Authorized public accountant

## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

## Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

**Auditor's report**

Saab's share

Multi-year overview

Glossary

# Auditor's Combined Assurance Report

## on the Sustainability Report and Statement on the Statutory Sustainability Report

This is a translation of the original report in Swedish  
To the annual general meeting of Saab AB, org.nr 556036-0793

### Introduction

We have been engaged by the Group Management of Saab AB to undertake an examination of Saab's Sustainability Report for 2022. The company has defined the scope of the Sustainability Report and the Statutory Sustainability Report on page 47. The engagement includes a limited assurance engagement on the complete Sustainability Report and reasonable assurance of specific CO<sub>2</sub> emissions (scope 1 and scope 2) as specified below.

### Responsibilities of the Board and Management for the Sustainability Report

The Board of Directors and the Group Management of Saab are responsible for the preparation of the sustainability report, including the statutory sustainability report, in accordance with applicable criteria and the Annual Accounts Act. The reporting criteria are described on page 76 in this report, and consists of the Global Reporting Initiative (GRI) Sustainability Reporting Standards which are applicable to the Saab's sustainability report, and the Greenhouse Gas Protocol for CO<sub>2</sub> emissions scope 1 and 2, as well as the accounting and calculation principles that Saab AB has developed. This responsibility also includes the internal control which is relevant to the preparation of the sustainability report that is free from material misstatement, whether due to fraud or error.

### Responsibilities of the Auditor

Our responsibility is to express a conclusion on the sustainability report based on the procedures we have performed, and to provide a statement on the statutory sustainability

report. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted the assurance engagement in accordance with ISAE3000 (revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", to provide limited assurance on the sustainability report as a whole, and in accordance with ISAE3410, "Assurance Engagements on Greenhouse Gas Statements", to provide reasonable assurance on scope 1 and 2 CO<sub>2</sub> emissions as specified below. We have conducted our review regarding the statutory sustainability report in accordance with FAR's recommendation RevR 12, the Auditor's Opinion on the Statutory Sustainability Report.

The audit firm applies ISQM 1 (International Standard on Quality Management) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Saab AB according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The objective of an audit is to obtain reasonable assurance that the information is free of material misstatements. A reasonable assurance engagement includes examining, on a test basis, evidence supporting the selected information in the sustainability report. We have evaluated the effectiveness of internal controls and the processes for collecting and consolidating

CO<sub>2</sub> emissions data, and performed testing on a sample basis to evaluate whether the CO<sub>2</sub> emissions are reported according to the reporting criteria.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the sustainability report and applying analytical and other limited assurance procedures. A limited assurance engagement and an examination according to RevR 12 have a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a limited assurance engagement and an examination according to RevR 12 do not allow us to obtain such assurance that we become aware of all significant matters that could have been identified if an audit was performed. The stated conclusion based on a limited assurance and an examination in accordance with RevR 12, therefore, does not have the security that the conclusion of our reasonable assurance procedures.

Since this assurance engagement is combined, our conclusions regarding the reasonable assurance, the limited assurance and the review according to RevR12 will be presented in separate sections.

Our reasonable assurance engagement includes 2022 data related to CO<sub>2</sub> emissions in scope 1 and scope 2 (as disclosed in the sustainability report on page 60).

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria as suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

### Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the sustainability report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Group Management.

In our opinion, Saab's direct and indirect (scopes 1+2) fossil CO<sub>2</sub> emissions which have been subject to our reasonable assurance procedures have, in all material respects, been prepared in accordance with the criteria defined by the Board of Directors and the Group Management.

A statutory sustainability report has been prepared.

Stockholm 7 March 2023  
PricewaterhouseCoopers AB

**Peter Nyllinge**  
Authorized Public  
Accountant

**Isabelle Hammarström**  
Sustainability Expert  
Member of FAR



Annual & Sustainability  
Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

**Financials**

Financial statements and  
notes

Dividend motivation

Proposed disposition of  
earnings

**Auditor's report**

Saab's share

Multi-year overview

Glossary

# Saab's share



## Share price development

The Saab B share is listed on Nasdaq Stockholm. In 2022, the Saab B share increased by 78% compared to OMXS30 that decreased by 16%. The war in Ukraine and its implications on geopolitical tensions and increasing European defence spend had a significant impact on defence shares during the year, including the Saab B share.

The global economy saw a slowdown in 2022, marked by high inflation, increasing interest rates and lower growth forecasts, which had an overall impact on the stock market.

The Saab B share traded at a 52-week high on Nasdaq Stockholm of SEK 444.9 on 7 June and a low of SEK 211.8 on 23 February.

## Trading in the Saab share

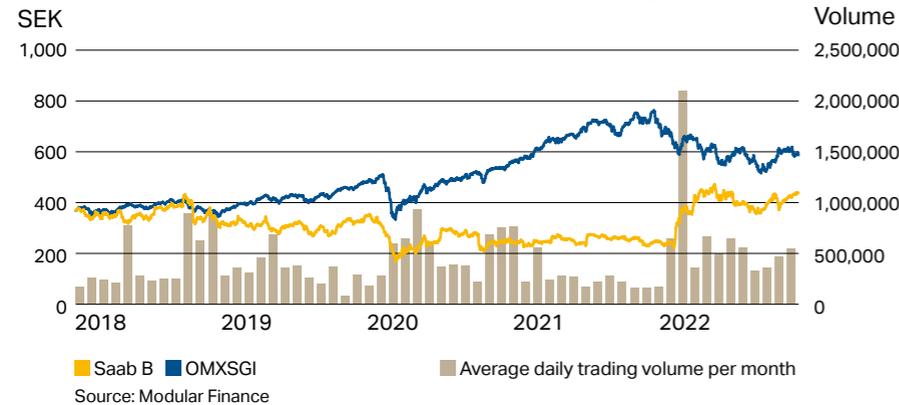
In 2022, the total number of Saab's series B shares traded on Nasdaq increased by 56% to 137,500,975 (87,879,017). The free float in the share at year-end was 56.12% (55.37).

## Share capital and number of shares

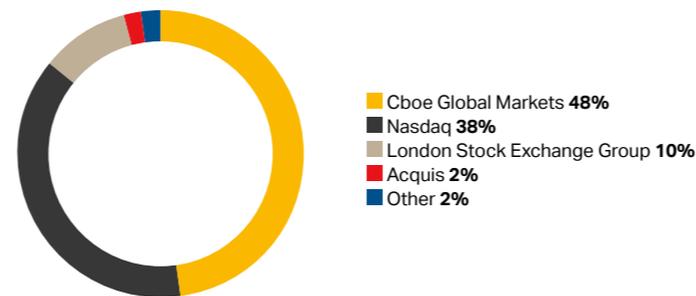
The share capital in Saab amounted to SEK 2,173,533,552 on 31 December 2022,

comprised of 2,383,903 unlisted series A shares and 133,461,944 listed series B shares. The series A shares have ten votes each, while series B shares have one vote each. The quota value per share is SEK 16. All series A shares are owned by Investor AB.

## Saab B, Total shareholder return in the last five years



## Trading per platform



## Saab B, Share price performance in 2022



## Shares and votes, December 31 2022

Share class	Number of shares	% of shares	Number of votes <sup>1)</sup>	% of votes
Series A	2,383,903	1.8	23,839,030	15.5
Series B	133,461,944	98.2	130,104,981	84.5
<b>Total</b>	<b>135,845,847</b>	<b>100.0</b>	<b>153,944,011</b>	<b>100.0</b>

1) Number of votes excludes 3,356,963 series B shares repurchased to secure the Group's Share Matching Plan and Performance Share Plan. The repurchased shares are held as treasury shares.

Source: Modular Finance

## Annual & Sustainability Report 2022

### This is Saab

### 2022 in review

### Market

### Strategy

### Operations

### Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

### Saab's share

Multi-year overview

Glossary

## Ownership structure

The amount of shareholders in Saab increased by approximately 50% in 2022, from 56,486 at 31 December 2021 to 84,493 at 31 December 2022.

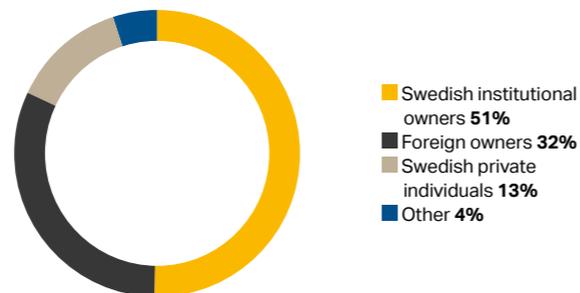
## Authorisation for repurchase

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 per cent of the total number of shares in the company.

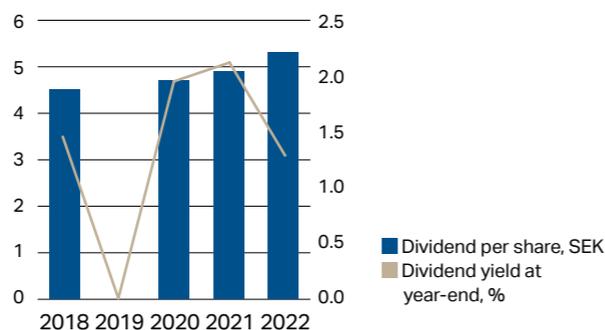
## Dividend and dividend policy

Saab's long-term policy is to pay a dividend corresponding to 20-40 per cent of net income over a business cycle. For the financial year 2022, the Board of Directors is proposing a dividend of SEK 5.30 per share (4.90). The proposed dividend corresponds to 32 per cent (34) of net income and is in line with the long-term dividend policy.

## Ownership distribution



## Dividend



## Saab's largest shareholders, 31 December 2022

Owner	Number of shares	% of capital	% of votes <sup>1)</sup>
Investor AB	40,972,622	30.2	40.6
Wallenberg Investments AB	11,835,875	8.7	7.7
Swedbank Robur Funds	7,516,003	5.5	4.9
Vanguard	3,239,707	2.4	2.1
Norges Bank	2,351,620	1.7	1.5
Orbis Investment Management Ltd	2,069,817	1.5	1.3
BlackRock	1,944,840	1.4	1.3
Life Insurance Skandia	1,560,714	1.2	1.0
AFA Insurance	1,365,359	1.0	0.9
AllianceBernstein	1,322,500	1.0	0.8
<b>10 largest shareholders</b>	<b>74,179,057</b>	<b>54.6</b>	<b>62.1</b>
Other shareholders	58,309,827	42.9	37.9
Repurchased shares	3,356,963	2.5	
<b>Total</b>	<b>135,845,847</b>	<b>100.0</b>	<b>100.0</b>

1) % of votes is calculated based on the number of shares, excluding treasury shares, at 31 December 2022.

Source: Modular Finance

## Why invest in Saab?

- Improved growth opportunities in Saab's strategic markets
- Leading position in several core areas
- High-tech and relevant product portfolio
- Delivering EBIT growth and positive cash flow generation
- Driving profitability improvement through scale, efficiency and portfolio management
- Accelerated sustainability efforts as part of Saab's value creation model
- Strong financial position that gives flexibility to act on future growth opportunities

## Investor Relations

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## Annual & Sustainability Report 2022

### This is Saab

### 2022 in review

### Market

### Strategy

### Operations

### Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

### Saab's share

Multi-year overview

Glossary

# Multi-year overview



MSEK. unless otherwise indicated	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Order bookings	63,116	43,569	42,328	27,216	27,975	30,841	21,828	81,175	22,602	49,809
Order backlog 31 December	127,676	105,177	99,816	93,293	102,184	107,233	107,606	113,834	60,128	59,870
<b>Sales</b>	<b>42,006</b>	<b>39,154</b>	<b>35,431</b>	<b>35,433</b>	<b>33,156</b>	<b>31,666</b>	<b>28,631</b>	<b>27,186</b>	<b>23,527</b>	<b>23,750</b>
Foreign market sales, %	58	62	64	63	59	58	57	58	55	59
Defence sales, %	89	90	88	85	85	84	83	82	79	81
Operating income before depreciation/amortisation and write-downs (EBITDA)	5,401	4,826	2,833	4,305	3,182	3,089	2,743	2,859	2,523	2,367
EBITDA margin, %	12.9	12.3	8.0	12.1	9.6	9.8	9.6	10.5	10.7	10.0
<b>Operating income (EBIT)</b>	<b>3,274</b>	<b>2,888</b>	<b>1,315</b>	<b>2,937</b>	<b>2,266</b>	<b>2,250</b>	<b>1,797</b>	<b>1,900</b>	<b>1,659</b>	<b>1,345</b>
Operating margin, %	7.8	7.4	3.7	8.3	6.8	7.1	6.3	7.0	7.1	5.7
Financial income	194	124	230	190	193	121	90	169	103	62
Financial expenses	-649	-435	-433	-520	-663	-272	-276	-338	-239	-428
Income after financial items	2,819	2,577	1,112	2,607	1,796	2,099	1,611	1,731	1,523	979
<b>Net income for the year</b>	<b>2,283</b>	<b>2,025</b>	<b>1,092</b>	<b>2,025</b>	<b>1,366</b>	<b>1,508</b>	<b>1,175</b>	<b>1,402</b>	<b>1,168</b>	<b>742</b>
Net income attributable to Parent Company's shareholders	2,195	1,926	1,073	1,983	1,313	1,477	1,133	1,362	1,153	741
Total assets	72,365	65,039	60,568	59,858	56,128	44,998	41,211	35,088	29,556	27,789
– of which total equity	29,876	23,249	21,644	20,809	19,633	14,285	13,301	12,912	11,373	12,227
– of which equity attributable to Parent Company's shareholders	29,486	22,976	21,466	20,535	19,412	14,097	13,156	12,851	11,291	12,136
Equity per share, SEK <sup>1)</sup>	222.55	174.31	162.32	154.48	145.43	121.86	114.17	111.99	98.83	105.31
Net liquidity/debt excluding lease liabilities, interest-bearing receivables and net provisions for pensions	5,663	4,669	2,918	-354	2,190	344	28	-1,880	185	1,953
Net liquidity/debt <sup>2)</sup>	2,432	-2,125	-4,273	-7,069	-1,460	-1,834	-1,836	-3,217	-2,113	813
Cash flow from operating activities	4,654	5,713	5,800	1,194	-490	3,164	4,154	358	-713	-662
<b>Free cash flow<sup>3)</sup></b>	<b>1,871</b>	<b>2,737</b>	<b>3,753</b>	<b>-2,036</b>	<b>-3,195</b>	<b>852</b>	<b>2,359</b>	<b>-726</b>	<b>-1,094</b>	<b>-1,460</b>
Free cash flow per share after dilution, SEK <sup>3)</sup>	13.99	20.53	28.03	-15.20	-27.27	7.33	20.38	-6.30	-9.45	-12.35
Average capital employed	39,364	37,243	36,338	34,485	28,151	22,495	21,135	18,454	15,897	15,454
Average equity	26,563	22,447	21,227	20,221	16,959	13,793	13,107	12,143	11,800	11,754
Return on capital employed, %	8.8	8.1	4.3	9.1	8.7	10.5	8.9	11.2	11.1	9.1
Return on equity, %	8.6	9.0	5.1	10.0	8.1	10.9	9.0	11.5	9.9	6.3
Profit margin, %	8.26	7.69	4.36	8.83	7.42	7.49	6.59	7.61	7.49	5.92
Capital turnover rate, multiple	1.07	1.05	0.98	1.03	1.18	1.41	1.35	1.47	1.48	1.54
Equity/assets ratio, %	41.3	35.7	35.7	34.8	35.0	31.7	32.3	36.8	38.5	44.0
Interest coverage ratio, multiple	5.34	6.92	3.57	6.01	3.71	8.72	6.84	6.12	7.37	3.29
Earnings per share before dilution, SEK <sup>2)5)</sup>	16.61	14.57	8.07	14.88	11.27	12.79	9.85	11.90	10.03	6.45
Earnings per share after dilution, SEK <sup>3)5)</sup>	16.41	14.45	8.01	14.81	11.21	12.70	9.79	11.81	9.96	6.27
<b>Dividend, SEK</b>	<b>5.30<sup>4)</sup></b>	<b>4.90</b>	<b>4.70</b>	<b>0.00</b>	<b>4.50</b>	<b>5.50</b>	<b>5.25</b>	<b>5.00</b>	<b>4.75</b>	<b>4.50</b>
Gross capital expenditures for tangible fixed assets	1,624	1,223	1,269	1,213	1,481	1,093	807	799	732	543
Research and development costs	7,637	6,897	7,440	7,643	7,562	7,348	7,421	6,841	5,970	6,543
<b>Number of employees at year-end</b>	<b>19,002</b>	<b>18,153</b>	<b>18,073</b>	<b>17,420</b>	<b>17,096</b>	<b>16,427</b>	<b>15,465</b>	<b>14,685</b>	<b>14,716</b>	<b>14,140</b>

- 1) Number of shares, excluding treasury shares, as of 31 December 2022: 132,488,884; 2021: 131,810,178; 2020: 132,247,073; 2019: 132,926,363; 2018: 133,482,880; 2017: 115,685,451; 2016: 115,232,495; 2015: 114,746,834; 2014: 114,251,832; 2013: 115,241,831
- 2) Average number of shares before dilution 2022: 132,157,586; 2021: 132,164,599; 2020: 133,009,986; 2019: 133,245,360; 2018: 116,467,822; 2017: 115,444,915; 2016: 114,971,098; 2015: 114,484,478; 2014: 114,929,422; 2013: 114,928,817
- 3) Average number of shares after dilution 2022: 133,724,223; 2021: 133,293,340; 2020: 133,877,141; 2019: 133,929,292; 2018: 117,144,915; 2017: 116,310,466; 2016: 115,775,275; 2015: 115,280,946; 2014: 115,785,595; 2013: 118,205,015
- 4) Board of Directors' proposal.
- 5) Net income less non-controlling interest divided by average number of shares.
- 6) For more information and explanations regarding the usage of these key ratios, please see [saab.com](http://saab.com), investor, financial data, key ratios.

Financials for 2017 are restated according to the changed accounting principles for revenue from contracts with customers (IFRS 15).  
Financials for 2013 are restated according to the changed accounting principles for joint arrangements (IFRS 11).

The average number of outstanding shares for the years 2017-2013 have been adjusted in accordance with IAS 33 "Earnings per share", in accordance with the terms of the rights issue 2018.

## Annual & Sustainability Report 2022

### This is Saab

### 2022 in review

### Market

### Strategy

### Operations

### Administration report

### Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

**Multi-year overview**

Glossary

# Glossary

**9LV** - Combat Management System

**A26** - Submarine programme for the Swedish Navy

**AEW&C** - Airborne Early Warning & Control

**AI** - Artificial Intelligence

**AT4** - Support weapon system

**C4I** - Command, Control, Communications, Computers, and Intelligence

**CAGR** - Compound Annual Growth Rate

**Carl-Gustaf®** - Man-portable multi-role weapon system

**CDP** - Carbon Disclosure Project

**EMD** - Engineering and Manufacturing Development

**Erieye** - Airborne surveillance system (AEW&C)

**ERM** - Enterprise Risk Management

**EW** - Electronic Warfare

**FMV** - Försvarets Materielverk (Swedish Defence and Materiel Administration)

**FTE** - Full Time Equivalent

**GDP** - Gross Domestic Product

**Giraffe** - Surveillance radar system

**GHG** - Greenhouse gas

**GlobalEye** - Airborne surveillance system (AEW&C)

**GRI** - Global Reporting Initiative

**Gripen** - Fighter system

**ISDA** - International Swaps and Derivatives Association

**ISP** - Swedish Inspectorate of Strategic Products

**LTI** - Long-Term Incentive Programme

**M&A** - Mergers & Acquisitions

**NLAW** - Next generation Light Anti-tank Weapon

**PhD** - Doctor of Philosophy

**RBS15** - Robotssystem 15, anti-ship missile system

**R&D** - Research and Development

**SBTi** - Science Based Targets initiative

**T-7 Program** - The United States procurement programme for fighter trainers

## Number of employees

By location	31 Dec 2022
Linköping, Sweden	6,410
Göteborg, Sweden	1,803
Järfälla, Sweden	1,521
Karlskoga, Sweden	1,253
Karlskrona, Sweden	840
Huskvarna, Sweden	659
Malmö, Sweden	579
Adelaide, Australia	563
Arboga, Sweden	473
Syracuse, USA	391
Stockholm, Sweden	365
Växjö, Sweden	352
Centurion, South Africa	319
Güz, Germany	190
Fareham, UK	167
Sonderborg, Denmark	149
Östersund, Sweden	142
Trollhättan, Sweden	128
Other	2,698
<b>Total</b>	<b>19,002</b>

By country	31 Dec 2022
Sweden	15,441
USA	759
Australia	725
South Africa	351
Germany	295
United Kingdom	283
Finland	181
Denmark	165
Netherlands	132
Brazil	122
Czech Republic	92
United Arab Emirates	90
Switzerland	81
Norway	60
Canada	49
Singapore	33
South Korea	21
Poland	20
Other	102
<b>Total</b>	<b>19,002</b>

## Information to shareholders

### Annual General Meeting 2023

The Annual General Meeting will be held on Wednesday, 5 April 2023 at 15:00 CET at Sergel Hub, Sveavägen 10, Stockholm.

The shareholders may, besides physical attendance, also exercise their voting rights at the Annual General Meeting by postal voting prior to the meeting.

Information on the right to participate, postal voting and on notification of participation, on how shareholders will be able to exercise their voting rights, and on proxies and assistants, can be found in the notice of the Annual General Meeting. Information can also be found at the company's website [www.saab.com/agm](http://www.saab.com/agm).

### Dividend

The Board of Directors proposes a dividend of SEK 5.30 per share and 11 April 2023 as the record date for the dividend. With this record date, Euroclear Sweden AB is expected to distribute the dividend on 14 April 2023.

### Distribution of the annual report

The annual report will be available on Saab's website, [www.saab.com](http://www.saab.com), approximately three weeks prior to the Annual General Meeting on 5 April. A printed version of the annual report can be ordered by e-mail to: [annual.report@saabgroup.com](mailto:annual.report@saabgroup.com).



## Annual & Sustainability Report 2022

This is Saab

2022 in review

Market

Strategy

Operations

Administration report

Financials

Financial statements and notes

Dividend motivation

Proposed disposition of earnings

Auditor's report

Saab's share

Multi-year overview

**Glossary**

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