



SAAB

In a time of high demand



Q1

INTERIM REPORT 2023

January-March 2023

Key Highlights

- Order intake amounted to SEK 17,018m (8,115) with strong increases in Dynamics and Surveillance.
- Sales amounted to SEK 11,485m (9,218) with an organic growth of 23%, driven by most business areas.
- Operating income increased 42% and amounted to SEK 928m (654), with an operating margin of 8.1% (7.1).
- The operating results included a capital gain of SEK 270m from the divestment of the MTM business, and write-downs in Saab's minority portfolio of SEK -260m.
- Net income for the period amounted to SEK 735m (372) and earnings per share was SEK 5.45 (2.66).
- Operational cash flow in the quarter improved to SEK 3,072m (-179) due to pre-payments from new customer contracts.
- Net liquidity position in the quarter was SEK 5.3bn (-1.4), enabling flexibility to execute on future opportunities.
- Reiterating the full year 2023 outlook on organic sales growth, EBIT growth and operational cash flow.
- The AGM decided on a dividend of SEK 5.30 (4.90) per share for the fiscal year 2022.

17

Order bookings, SEK bn

25

Sales growth, %

8.1

Operating margin, %

Financial highlights

MSEK	Jan-Mar 2023	Jan-Mar 2022	Change, %	Full Year 2022
Order bookings	17,018	8,115	110	63,116
Order backlog	132,662	104,537	27	127,676
Sales	11,485	9,218	25	42,006
Gross income	2,502	2,034	23	8,886
Gross margin, %	21.8	22.1		21.2
EBITDA	1,484	1,148	29	5,401
EBITDA margin, %	12.9	12.5		12.9
Operating income (EBIT)	928	654	42	3,274
Operating margin, %	8.1	7.1		7.8
Net income	735	372	98	2,283
of which Parent Company's shareholders' interest	732	354	107	2,195
Earnings per share after dilution, SEK	5.45	2.66	105	16.41
Return on equity, % ¹⁾	9.5	8.4		8.6
Operational cash flow	3,072	-179		2,593
Free cash flow	3,125	-361		1,871
Free cash flow per share after dilution, SEK	23.26	-2.71		13.99
Average number of shares after dilution	134,370,647	133,267,371		133,724,223

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



CEO comments

In a time of high demand

Micael Johansson
President and CEO

Saab delivered strong growth and financial performance in the first quarter of 2023. Demand in our markets remained high and our customer base is growing. Saab's position with a unique product portfolio, technology and multi-domestic approach has further strengthened the company in Europe and within NATO. What we do today is more important than ever.

In the first quarter we announced new medium-term financial targets for 2023-2027, on the back of improved market opportunities and our significant backlog. These targets are i) an organic sales growth of around 10% (CAGR), ii) an operating income growth higher than the organic sales growth and iii) a cash flow conversion of minimum 70%, cumulative for the 5-year period. We aim to deliver on our targets through higher investments and by adding resources in the coming years, enabling a future capacity uplift. Our work also includes mitigating the ongoing challenges from inflation, resource limitations and supply chain.

Major market activities in the period included growing interest in Saab's portfolio from NATO regarding a new generation of surveillance and control capabilities, for which Saab responded with a solution based on GlobalEye. Furthermore, Saab signed framework agreements with NATO's Support and Procurement Agency for the Carl-Gustaf® M4 and AT4 weapon systems. Interest in the Ground Combat portfolio also resulted in orders from Finland and Lithuania. At the end of the quarter, Saab's AEW&C programme reached another important milestone with the first flight of the fourth

GlobalEye aircraft for UAE. Moreover, Saab completed its air traffic control and surveillance project for South Korea, delivering cutting edge technology that enhances the safety, efficiency and sustainability at our customer's airports.

Order bookings was strong in the quarter and increased 110% year-over-year and amounted to SEK 17.0 billion (8.1), largely driven by favourable development in our international markets. Large, medium and small orders all recorded growth in the first quarter.

Sales amounted to SEK 11.5 billion (9.2) in the quarter and corresponded to a growth of 25%, of which 23% was organic. The increase was driven by high delivery volumes and continued good pace in project activity in most business areas, as well as in Combitech. For the full year 2023, we reiterate our organic sales growth outlook of around 15%. With high growth in the first quarter, we expect sales growth to be lower for the rest of the year.

Operating income in the quarter increased by 42% year-over-year and the operating margin improved to 8.1% (7.1). The growth in operating income was driven by Dynamics, Surveillance, Kockums and Combitech, while Aeronautics declined. The operating results included a capital gain from the divestment of the Maritime Traffic Management business in Surveillance, which was to a large extent offset by write-downs in Saab's minority portfolio.

Operational cash flow improved compared to the same quarter last year and amounted to SEK

3.1 billion (-0.2), due to pre-payments from new customer contracts.

To accelerate our climate commitments further, Saab announced a "Climate Innovation Call" initiative in the quarter, to drive new innovative ideas for the reduction of carbon emissions within our operations. In addition, we launched Saab's new Code of Conduct which will better support the Group and its employees on Saab's growth journey, by positioning the company with a stronger foundation of core sustainable values.

All our employees are working hard to deliver to our customers. It is also great to see the growing interest in Saab, despite tough competition for competences in the market. In the quarter, we welcomed over 500 new employees and I am confident that together we will all make Saab an even stronger company.

Outlook 2023

Sales growth:

Organic sales growth of around 15%.

Operating income:

Operating income growth higher than organic sales growth.

Operational cash flow:

Operational cash flow to be positive.

Targets 2023-2027

Sales growth:

An organic sales growth of around 10% (compound annual growth rate).

Operating income:

Operating income growth to be higher than the organic sales growth.

Operational cash flow:

Cash flow conversion of minimum 70%, cumulative for the 5-year period.

Orders

January-March 2023

Order bookings increased and amounted to SEK 17,018 million (8,115) driven by growth in large orders which amounted to SEK 8,511 million (1,168) in the quarter. Small orders increased by 44 per cent and amounted to SEK 4,400 million (3,055) while medium-sized orders amounted to SEK 4,107 million (3,892).

Key orders in the first quarter included defence equipment to an undisclosed Western country of SEK 8.5 billion, orders for Gripen C/D development and support to Sweden of SEK 528 million and an NLAW order to Finland of SEK 400 million. Several Ground Combat orders within the NATO framework agreements were also received in the quarter, with a total value of SEK 350 million.

The order backlog at the end of the period amounted to SEK 132,662 million, compared to SEK 127,676 million at the beginning of the year, corresponding to a 4 per cent increase. In total, 65 per cent of the backlog is attributable to markets outside Sweden, compared to 62 per cent at the end of last year.

For more information on the order intake, see the business area comments on pages 8, 9 and 10.

Sales

January-March 2023

Sales amounted to SEK 11,485 million (9,218) corresponding to a growth of 24.6 per cent, of which organic growth was 23.0 per cent. Most business areas and Combitech reported sales growth as a result of high delivery volumes and continued good pace in project activity in the quarter.

Sales from markets outside Sweden amounted to SEK 6,231 million (5,658) and corresponded to 54 per cent (61) of total sales. In the period, all regions except Latin America and Asia reported sales growth. 90 per cent (89) of sales were related to the defence business.

Sales growth

Per cent	Jan-Mar 2023	Jan-Mar 2022	Full Year 2022
Organic sales growth	23	0	5
Acquisitions	-	-	-
Currency translation effects	2	1	2
Total sales growth	25	1	7

Sales per region

MSEK	Jan-Mar 2023	Jan-Mar 2022	Change, %
Sweden	5,254	3,560	48
Rest of Europe	2,135	1,617	32
North America	1,248	1,054	18
Latin America	670	1,099	-39
Asia	1,152	1,246	-8
Africa	34	18	89
Australia, etc.	992	624	59
Total	11,485	9,218	25

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

Order distribution

- Small orders 26%(38)
- Medium-sized orders 24%(48)
- Large orders 50%(14)



Order backlog duration:

- 2023: SEK 32.1 billion
- 2024: SEK 38.8 billion
- 2025: SEK 29.6 billion
- 2026: SEK 16.4 billion
- After 2026: SEK 15.8 billion

Defence/Civil

A total of 91% (83) of order bookings were attributable to defence related operations during the first quarter 2023.

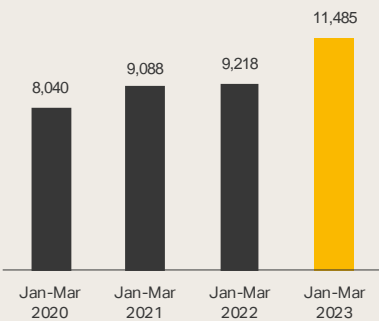


Market

A total of 81% (50) of order bookings were related to markets outside Sweden during the first quarter 2023.



Sales Jan-Mar, MSEK



Income

January-March 2023

Gross income grew 23 per cent to SEK 2,502 million (2,034) driven by the strong sales growth. The gross margin, however, declined in the quarter and was 21.8 per cent (22.1), mainly due to unfavourable project mix.

Total depreciation, amortisation and write-downs amounted to SEK 556 million (494). Depreciation of tangible fixed assets and right-of-use assets amounted to SEK 371 million (321).

Expenditures for internally funded investments in R&D amounted to SEK 443 million (402), of which SEK 125 million (128) 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 185 million (173), of which amortisation and write-downs of capitalised development expenditures amounted to SEK 147 million (142). R&D amortisation is mainly related to GlobalEye, amounting to SEK 94 million (94) in the first quarter 2023.

The share of income in associated companies and joint ventures amounted to SEK -287 million (-23), including write-downs in the minority portfolio of SEK -260 million, classified as items affecting comparability, see also note 5.

EBITDA grew 29 per cent to SEK 1,484 million (1,148) with a corresponding margin of 12.9 per cent (12.5). The improvements were mainly driven by the higher gross income, which more than offset higher operating costs in the quarter.

Operating income increased by 42 per cent and amounted to SEK 928 million (654), with a margin of 8.1 per cent (7.1). The improvement was mainly driven by increased volumes in Dynamics, Surveillance and Kockums. Items affecting comparability had a net positive impact of SEK 10 million from the capital gain related to the sale of the MTM operations and the write-downs in the minority portfolio, see note 5 for further information.

Financial net

MSEK	Jan-Mar 2023	Jan-Mar 2022
Financial net related to pensions	-9	-18
Net interest items	18	-20
Currency gains/losses	7	2
Lease liability interest	-33	-23
Other financial items	19	-110
Total	2	-169

The financial net related to pensions is the financial cost for net pension obligations recognised in the balance sheet. See note 13 for more information regarding defined-benefit pension plans.

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

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

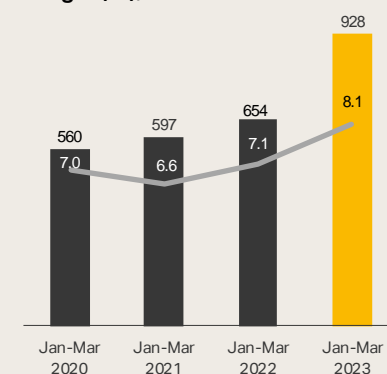
Other net financial items consist of realised and unrealised results from short-term investments and derivatives as well as other currency effects, e.g. changes in exchange rates for liquid assets in currencies other than SEK.

Other financial items was positive in the quarter and reflected lower movements in market interest rate and credit spreads compared to last year which had a favourable impact on unrealised market value changes of short-term investments.

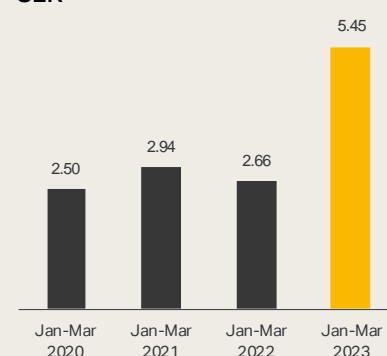
Tax

Current and deferred taxes amounted to SEK -195 million (-113) for the first quarter 2023, corresponding to an effective tax rate of 21 (23) per cent. The effective tax rate was positively affected by non-taxable income from the capital gain related to the sale of the MTM operations offsetting the negative effects from non-deductible write-downs in the minority portfolio.

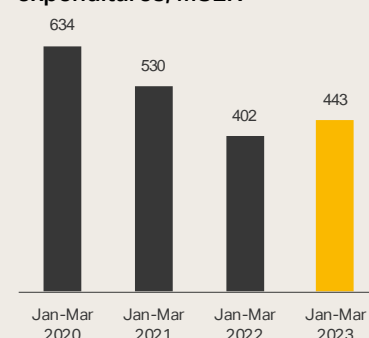
Operating income (MSEK) and margin (%), Jan-Mar



Earnings per share after dilution, SEK



Internally funded R&D expenditures, MSEK



Financial position and liquidity

At the end of March 2023, Saab had a net liquidity of SEK 5,326 million, an improvement of SEK 2,894 million compared to a net liquidity of SEK 2,432 million at year-end 2022. Net debt/EBITDA was -0.93 (-0.45) at the end of the period.

Cash flow from operating activities amounted to SEK 3,747 million (249).

Contract assets increased by SEK 1,612 million while contract liabilities increased by SEK 3,936 million compared to year-end 2022, following higher customer pre-payments in the period. Inventories increased by SEK 1,002 million during the first quarter 2023 with increases across business areas.

Net provisions for pensions, excluding special employer's contribution, amounted to SEK 1,147 million as of 31 March 2023, compared to SEK 1,068 million at year-end 2022. Changes in actuarial assumptions regarding experience and plan assets had a net negative effect on net debt of SEK 79 million. For further information on Saab's benefit pension plans, see note 13.

Tangible fixed assets amounted to SEK 8,236 million at the end of the quarter compared to 7,965 at the end of 2022. Biological assets amounted to SEK 408 million, unchanged in the quarter.

Right-of-use assets recognised in the balance sheet amounted to SEK 2,574 million compared to 2,682 million at the end of 2022.

Net investments in the first quarter amounted to SEK 742 million (490). Investments in tangible fixed assets amounted to SEK 524 million (308).

Investments in intangible fixed assets amounted to SEK 233 million (186), of which SEK 125 million (128) was 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 108 million (58) was related to other intangible fixed assets.

As of 31 March 2023, short-term investments and liquid assets amounted to SEK 15,606 million, an increase of SEK 2,749 million compared to year-end 2022. In addition, the Group had unutilised revolving credit facilities amounting to SEK 6,000 million.

Capital employed increased by SEK 144 million during the period to SEK 41,095 million. The return on capital employed was 9.6 per cent (8.1) and the return on equity was 9.5 per cent (8.4), both measured over a rolling 12-month period.

Change in net debt Jan-Mar 2023

	MSEK
Net liquidity (+) / net debt (-), 31 Dec 2022 ¹⁾	2,432
Cash flow from operating activities	3,747
Change in net pension obligation	-79
Net investments	-742
Sale of and investments in financial assets, associates and joint ventures	-28
Write-down of loan receivable to associated company	-252
Additional lease liabilities	-45
Sale of subsidiaries	307
Other items, currency impact and unrealised results from financial investments	-14
Net liquidity (+) / net debt (-), 31 Mar 2023 ¹⁾	5,326
¹⁾ Net liquidity (+) / net debt (-) excluding net provisions for pensions, lease liabilities and interest-bearing receivables, 31 Mars 2023	8,653

Key indicators of financial position and liquidity

MSEK	31 Mar 2023	31 Dec 2022	Change	31 Mar 2022
Net liquidity / debt ²⁾	5,326	2,432	2,894	-1,375
Intangible fixed assets	12,273	12,248	25	12,216
Goodwill	5,371	5,384	-13	5,293
Capitalised development costs	5,927	5,958	-31	6,026
Other intangible fixed assets	975	906	69	898
Tangible fixed assets, etc ³⁾	8,644	8,373	271	7,707
Right of use assets ⁴⁾	2,574	2,682	-108	2,364
Inventories	15,197	14,195	1,002	12,645
Accounts receivable	4,953	6,045	-1,092	5,102
Contract assets	11,523	9,911	1,612	9,941
Contract liabilities	15,125	11,189	3,936	10,176
Equity/assets ratio, %	39.6	41.3		38.0
Return on equity, %	9.5	8.6		8.4
Return on capital employed, %	9.6	8.1		8.1
Equity per share, SEK ¹⁾	225.57	222.55	3.02	188.85
1) Number of shares excluding treasury shares	132,670,977	132,488,884		131,965,259

2) The Group's net liquidity/debt refers to liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for special employers' contribution attributable to pensions. For a detailed break-down of interest-bearing receivables and interest-bearing liabilities, see note 8.

3) Including tangible fixed assets and biological assets.

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

Cash flow

January-March 2023

Operational cash flow amounted to SEK 3,072 million (-179). The increase was attributable to decreased working capital, partly offset by higher investments. The decrease in working capital referred mainly to higher customer payments in the period compared to last year.

Free cash flow amounted to SEK 3,125 million (-361) and had a favourable effect of SEK 307 million from the divestment of the MTM operations. For more detailed information on cash flow, see note 11.

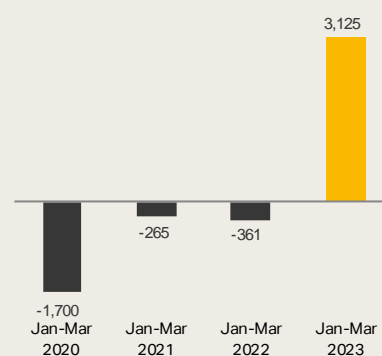
There can be large fluctuations in cash flow between reporting periods as the timing of milestone payments in large projects greatly varies depending on when milestones are reached.

	Jan-Mar 2023	Jan-Mar 2022
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items ¹⁾	1,399	1,229
Change in working capital	2,415	-918
Cash flow from operating activities excluding taxes and other financial items	3,814	311
Cash flow from investing activities ²⁾	-742	-490
Operational cash flow	3,072	-179
Taxes and other financial items	-226	-180
Sale of and investments in financial assets and operations	279	-2
Free cash flow	3,125	-361

1) Including amortisation of lease liabilities

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

Free cash flow, MSEK



Business Area

Aeronautics

Business Units

Gripen Design, Gripen Sustainment, Aviation Services, Aerospace Systems.

Market highlights

Market activities for Gripen continued during the quarter. Saab and its Brazilian partner Embraer announced a Memorandum of Understanding (MoU) to deepen the collaboration.

Orders booked in the quarter included contracts for Gripen C/D development and support to Sweden.

Sales and operating income

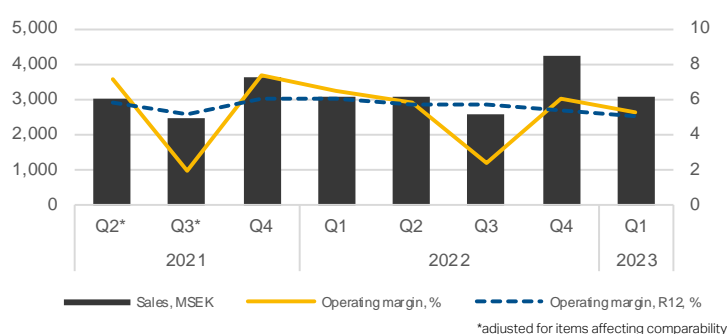
Sales in Aeronautics was in line with last year with a slight recovery in civil aviation.

The operating income and margin declined in the quarter compared to last year, due to lower sales in the Gripen project and continued T-7A ramp up activities.

Cash flow

The operating cash flow improved in the quarter and related to the Gripen programme.

MSEK	Jan-Mar 2023	Jan-Mar 2022	Change, %	Full Year 2022
Order bookings	1,426	1,299	10	13,119
Order backlog	41,001	40,677	1	42,645
Sales	3,070	3,056	0	12,942
EBITDA	212	240	-12	858
EBITDA margin, %	6.9	7.9		6.6
Operating income (EBIT)	163	199	-18	694
Operating margin, %	5.3	6.5		5.4
Operational cash flow	82	-446		107



Business Area

Dynamics

Business Units

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

Market highlights

Demand for Dynamics's portfolio across business units was strong in the quarter. The strong order intake was driven by the large order to an undisclosed customer, which included Carl-Gustaf® and RBS 70 NG.

Other key orders in the quarter included NLAW to Finland and Carl-Gustaf® ammunition to Lithuania.

Sales and operating income

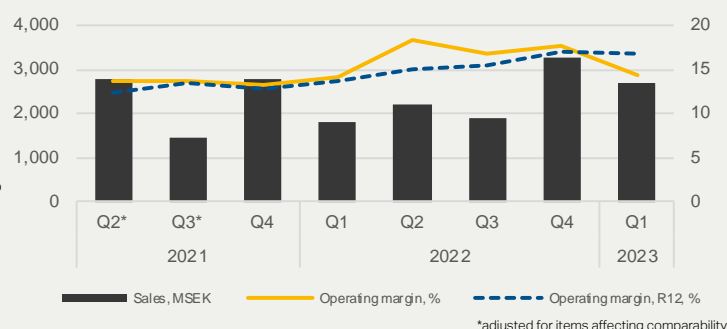
Sales grew 51%, driven by an exceptionally strong quarter with high delivery volumes.

Operating income increased compared to the same period last year mainly as a result of the higher volumes. The operating margin in the quarter declined sequentially, reflecting a normalisation compared to the favourable mix recorded in 2022.

Cash flow

Strong cash flow improvement, amounting to SEK 2bn, driven by customer pre-payments.

MSEK	Jan-Mar 2023	Jan-Mar 2022	Change, %	Full Year 2022
Order bookings	9,630	2,633	266	17,811
Order backlog	37,688	22,825	65	30,821
Sales	2,702	1,793	51	9,168
EBITDA	414	278	49	1,658
EBITDA margin, %	15.3	15.5		18.1
Operating income (EBIT)	389	256	52	1,562
Operating margin, %	14.4	14.3		17.0
Operational cash flow	2,024	232		1,251



Business Area

Surveillance

Business Units

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

Market highlights

During the quarter Surveillance saw strong interest in its AEW&C solutions from NATO through a Request for Information (RFI) regarding new generation of surveillance and control capabilities.

Order intake increased in the quarter and was driven by parts of the large defence equipment order to an undisclosed customer. In Australia, Saab continued to capture orders within the naval domain.

Sales and operating income

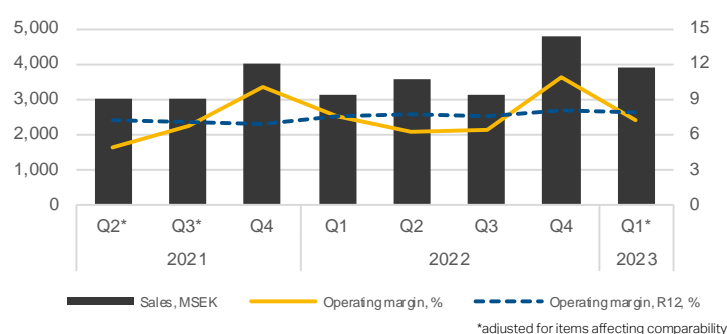
Sales growth was 25% in the first quarter, whereof 22% organic, with a strong broad-based performance across business units.

Operating income improved with a margin of 14.2%. The results were positively impacted by a capital gain of 270 MSEK from the Maritime Traffic Management divestment. Adjusted for this, the operating income improved by 21% with a margin of 7.3%.

Cash flow

Cash flow improved compared to last year driven by customer payments connected to new contracts.

MSEK	Jan-Mar 2023	Jan-Mar 2022	Change, %	Full Year 2022
Order bookings	4,872	2,309	111	22,966
Order backlog	41,730	31,540	32	41,301
Sales	3,894	3,109	25	14,616
EBITDA	768	433	77	1,983
EBITDA margin, %	19.7	13.9		13.6
Operating income (EBIT)	554	234	137	1,176
Operating margin, %	14.2	7.5		8.0
Operational cash flow	745	135		1,314



Business Area

Kockums

Business Units

Submarines, Surface Ships, Docksta.

Market highlights

Market efforts ongoing in all segments.

Order intake declined compared to the same quarter last year which included a large order for a mid-life submarine upgrade.

Sales and operating income

Strong sales growth recorded in the quarter as a result of high activity in projects.

Operating income and margin improved in the quarter driven by favourable project mix and a high share of aftermarket business.

Cash flow

Cash flow showed strong improvement in the quarter, mainly driven by customer payments.

MSEK	Jan-Mar 2023	Jan-Mar 2022	Change, %	Full Year 2022
Order bookings	471	1,385	-66	7,267
Order backlog	12,013	9,667	24	12,772
Sales	1,255	817	54	3,614
EBITDA	128	53	142	329
EBITDA margin, %	10.2	6.5		9.1
Operating income (EBIT)	121	46	163	300
Operating margin, %	9.6	5.6		8.3
Operational cash flow	594	-126		-288



Combitech

Market highlights

Continued favourable market demand in the Nordics for total defence capabilities within both the military and civil sector.

Increased amount of customer assignments in the quarter, such as surveillance solutions, and support to the Finnish Defence.

Several frame agreements were signed during the quarter with customers such as the Swedish Armed Forces and the Swedish Transport Administration.

Continued intensive recruitment efforts during the quarter.

Sales and operating income

Sales showed strong growth in the quarter, driven by good market development and increased number of consultants.

Operating income and margin increased as a result of the higher sales and utilisation rates.

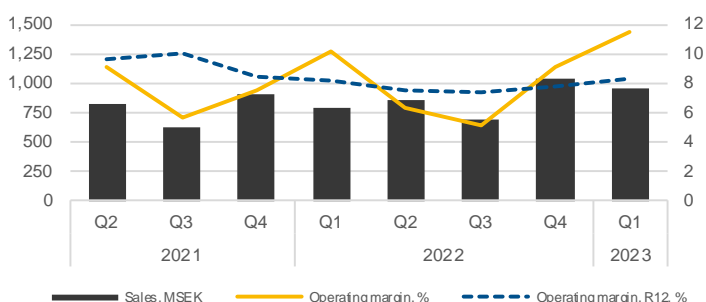
Cash flow

Cash flow showed a strong improvement in the quarter and amounted to SEK 138m (2).

MSEK	Jan-Mar 2023	Jan-Mar 2022	Change, %	Full Year 2022
Order bookings	1,081	806	34	3,469
Order backlog	1,343	1,171	15	1,227
Sales	966	795	22	3,399
EBITDA	113	83	36	275
EBITDA margin, %	11.7	10.4		8.1
Operating income (EBIT)	111	81	37	267
Operating margin, %	11.5	10.2		7.9
Operational cash flow	138	2		177



Market
Sales in markets outside Sweden amounted to 7% (7) in the quarter.



Corporate

Corporate comprise Group staff, Group departments and other operations including Saab's minority portfolio in Corporate. The minority portfolio contains Saab's interests in UMS Skeldar AG and Ventures. Corporate reported an operating loss of SEK -410 million (-162) in the first quarter 2023. The higher loss was mainly related to write-downs in the minority portfolio of SEK -260 million that were classified as items affecting comparability, see note 5. Excluding items affecting comparability, the Corporate operating loss was lower compared to last year and amounted to SEK -150 million (-162).

Operational cash flow attributable to Corporate amounted to SEK -511 million (24) in the first quarter 2023. The decrease was due to changes in working capital and an unusually strong cash flow in the comparison period.

Acquisitions and divestments 2023

On 31 March 2023, Saab completed the divestment of the Maritime Traffic Management (MTM) operation within business area Surveillance to funds advised by Agilitas Private Equity LLP. The purchase price amounted to EUR 46 million and the transaction generated a capital gain of SEK 270 million with a positive effect on free cash flow of SEK 307 million. The capital gain has been classified as an item affecting comparability, see note 5. In 2022, the divested MTM operations had sales of SEK 356 million and an operating income of SEK 42 million.

Share repurchase

Saab held 3,174,870 treasury shares as of 31 March 2023, compared to 3,356,963 at year-end 2022. The Annual General Meeting in 2023 authorised that Saab may enter into an equity swap agreement with a third party to hedge the expected financial exposure of LTI 2024. The Annual General Meeting also decided to authorise the Board, before the next Annual General Meeting, to decide on the acquisition of Series B shares up to a maximum of 10 percent of the total number of shares in the company. The purpose of the authorisation is to be able to adjust the company's capital structure and thereby contribute to increased shareholder value as well as to enable continued use of repurchased shares in connection with potential acquisitions of companies and for the company's share-related incentive programmes.

Risks and uncertainties

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

Saab today conducts projects involving a large share of development, and their inherent complexity entails a higher level of risk. Furthermore, the market is characterised by conditions where orders can be deferred to the future partly for financial and political reasons. The uncertainty in the global supply chain and a higher inflationary environment also entails a risk for Saab and its operations. The risks primarily relate to the availability of certain raw materials, components and longer lead times, as well as higher general inflation. Some of these risks are managed through contract management, re-planning and intensified dialogue and negotiations with suppliers. For a general description of the risk areas, see the Annual Report 2022, pages 38-44.

For Saab, the uncertainty surrounding the COVID-19 pandemic has primarily been linked to customer access, employee availability, disruptions in the supply chain, lock-downs in society and the market conditions in civil operations. The prolonged effects have put continued pressure on electronics shortages, shipping delays and increased costs. Saab is closely monitoring the effects of the pandemic and cannot rule out future risks on its operations.

Risks related to the armed conflict in Ukraine

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

Owners

Largest owners, 31 March 2023:

	% of capital	% of votes
Investor AB	30.2	40.5
Wallenberg Investments	8.7	7.7
Swedbank Robur Funds	5.3	4.7
Vanguard	2.4	2.1
Norges Bank	1.8	1.6
Orbis Investment Management Ltd	1.5	1.3
BlackRock	1.4	1.2
Första AP-fonden	1.1	1.0
Life Insurance Skandia	1.1	1.0
Schroders	1.1	1.0

Source: Modular Finance
The percentage of votes is calculated on the number of shares excluding treasury shares.

Personnel

	31 Mar 2023	31 Dec 2022
Number of employees	19,584	19,002
FTEs	19,651	19,121

Sustainability at Saab

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.

Highlights during the quarter

- Saab launched its new Code of Conduct at the end of the quarter. The new Code modernises and strengthens Saab's corporate guidelines and better supports business and employees.
- To accelerate the climate transition at Saab, a "Climate Innovation call" initiative has been announced to encourage employees to drive new innovative ideas for carbon emission reduction within operations.
- In Saab's ongoing efforts to minimise hazardous chemicals at its sites, decisions made by the County administrative board confirmed that significant improvements have been made in safety and health.
- On March 8, Saab's Annual and sustainability report 2022 was published. The report contains comprehensive information, cases and examples on how Saab drives its sustainability strategy and targets, including details on its Responsible Sales Policy, all as an integral part of the Group's ambition to create sustainable value for its stakeholders.
- As of the first quarter, Saab is eligible for inclusion in the Dow Jones Sustainability Indices (DJSI).



New Code of Conduct – Our Code

The development of Our Code spanned over 18 months and involved the active participation of more than 2,000 employees. The result is a Saab-unique code designed around our operations and mission to keep people and society safe. Our Code will support us in making sure that we always conduct ourselves responsibly and ethically in everything we do. Saab's sustainability commitment is an integral part of the Code that applies to the entire Saab Group. Find more on www.saab.com/sustainability/code-of-conduct.

Hazardous substances

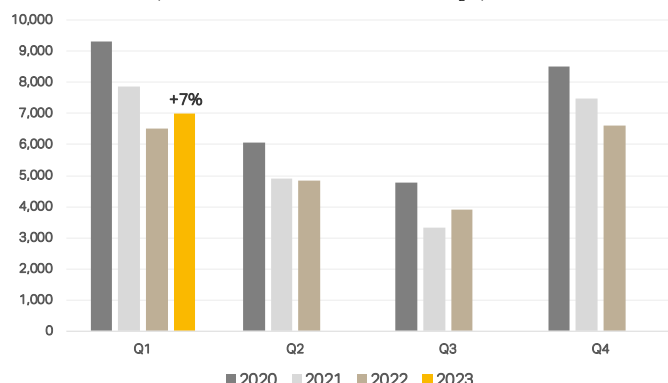
Over the last couple of years, Aeronautics in Linköping has made major efforts in reducing the amount of hazardous chemicals within the site, by closing down several surface treatment processes. This work has resulted in a better work environment for employees and reduced the risks for nearby residential areas. Based on a decision by the County administrative board in the quarter, the operations in Linköping are thereby no longer covered by the Seveso Directive that encompass control of risks related to larger accidents involving dangerous chemicals.

Climate

As part of Saab's commitment to Science-based Targets and the Race to Zero campaign, we have initiated a "Climate Innovation call". All employees are encouraged to submit ideas to reduce the climate impact from products, services and processes. Saab has also joined as a member of the Aerospace and Defence Industries Association of Europe's (ASD) Green Defence Task Force. The group consists of fellow ASD member companies with similar ambitions in terms of reducing climate impact and providing solutions that enable transition to a low carbon defence, meanwhile maintaining operational capabilities. This was also the message pronounced by representatives at the NATO Conference of National Armaments Directors (CNAD) in January, where Saab participated with a diverse team of experts.

During the first quarter, scope 1 and 2 emissions increased by approximately 7 per cent compared to the same quarter last year. This was mainly a result of increased use of district heating at our largest facility, due to colder weather conditions and size expansion. Increased travel reported in scope 1 also contributed to the higher emissions.

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



People

At the end of 2022, Saab launched a global mandatory employee training to increase the awareness and knowledge regarding OHS (Occupational Health and Safety) Incident reporting. As a result, this increased the reporting of incidents at Saab, which is reflected in the performance indicator LTIFR in the table below, while the TRIFR indicator showed an improvement in Q1 2023 compared to 2022. The reported incidents per workplace injury indicator also showed a decrease in the period compared to 2022. The number of reported incidents per workplace injury for 2021 and 2022 is affected by a temporary inclusion of incidents related to Covid, following requirements from the national health authorities.

Performance Indicators ¹	Dec 2021	Dec 2022	Q1 2023
Lost Time Injury Frequency Rate (LTIFR) ²	0.59	0.84	0.90
Total Recordable Injury Frequency Rate (TRIFR) ³	-	2.61	2.58
Reported incidents per workplace injury ⁴	5.1	4.4	4.0
Share of women managers	27%	27%	26%
Share of women employees	24%	24%	25%

¹ All performance indicators are global

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

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

⁴ Increased incidence reporting leads to fewer accidents

Significant events

January-March 2023

On 10 February, Saab announced changes in its Group Management and organisation that took effect on 1 March 2023. Lars Tossman 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 took on a new position within the Group Management team as Head of the newly established group function, Government Affairs.

On 14 February, 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.

On 23 February, Saab announced it had received an order for NLAW from Finland. The order value was approx. SEK 400 million with product deliveries planned during 2024.

On 24 February, 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.

On 30 March, Saab announced it had signed framework agreements with NATO Support and Procurement Agency (NSPA) for the Carl-Gustaf® M4 weapon system and the AT4 anti-armour weapon. The NSPA has also placed call-off orders with a total value of approximately SEK 350 million.

For more information on significant orders received during the period, see page 4 and the comments on the business areas on page 8-10. All press releases can be found on <https://www.saab.com/newsroom>.

Events after the conclusion of the period

On 5 April, Saab held its Annual General Meeting in Stockholm, Sweden. The Annual General Meeting decided on a dividend of SEK 5.30 per share. Read more on www.saab.com/agm.

On 11 April, Saab and Embraer S.A. announced the signature of a Memorandum of Understanding (MoU) to deepen the collaboration between the companies in several areas, including potential future customers of the Gripen.



Defence equipment to Western country

"We are proud to provide the world-leading capabilities of Saab's product portfolio. With this order, we continue our commitment to keep people and society safe," said Saab's President and CEO Micael Johansson.

Framework agreements with NATO

"We are proud that our combat solutions are making a difference for our customers. These framework agreements will further strengthen our relations with NATO and facilitate the order process for Carl-Gustaf and AT4 for its members," said Görgen Johansson, head of Saab's business area Dynamics.

Consolidated income statement

MSEK	Note	Jan-Mar 2023	Jan-Mar 2022	Rolling 12 Months	Full Year 2022
Sales	4	11,485	9,218	44,273	42,006
Cost of goods sold		-8,983	-7,184	-34,919	-33,120
Gross income		2,502	2,034	9,354	8,886
Gross margin, %		21.8	22.1	21.1	21.2
Other operating income	5	283	18	496	231
Marketing expenses		-641	-553	-2,421	-2,333
Administrative expenses		-450	-362	-1,631	-1,543
Research and development costs		-465	-416	-1,866	-1,817
Other operating expenses		-14	-44	-23	-53
Share in income of associated companies and joint ventures	5	-287	-23	-361	-97
Operating income (EBIT) ¹⁾	3	928	654	3,548	3,274
Operating margin, %		8.1	7.1	8.0	7.8
Financial income		127	32	289	194
Financial expenses		-125	-201	-573	-649
Net financial items		2	-169	-284	-455
Income before taxes		930	485	3,264	2,819
Taxes		-195	-113	-618	-536
Net income for the period		735	372	2,646	2,283
of which Parent Company's shareholders' interest		732	354	2,573	2,195
of which non-controlling interest		3	18	73	88
Earnings per share before dilution, SEK ²⁾		5.52	2.68	19.44	16.61
Earnings per share after dilution, SEK ³⁾		5.45	2.66	19.20	16.41
1) Of which depreciation/amortisation and write-downs		-556	-494	-2,189	-2,127
2) Average number of shares before dilution		132,579,931	131,887,719	132,330,639	132,157,586
3) Average number of shares after dilution		134,370,647	133,267,371	134,013,397	133,724,223

Consolidated statement of comprehensive income

MSEK	Jan-Mar 2023	Jan-Mar 2022	Rolling 12 Months	Full Year 2022
Net income for the period	735	372	2,646	2,283
Other comprehensive income/loss:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	-167	1,403	3,149	4,719
Tax attributable to revaluation of net pension obligations income	35	-290	-650	-975
	-0	-	-1	-1
Tax attributable to equity instruments classified as measured at fair value through other comprehensive income	0	-	-	-
Total	-132	1,113	2,498	3,743
Items that may be reversed in the income statement:				
Translation differences	-171	269	376	816
Cash flow hedges	-46	214	2	262
Tax attributable to cash flow hedges	9	-44	1	-52
Total	-208	439	379	1,026
Other comprehensive income/loss for the period	-340	1,552	2,877	4,769
Net comprehensive income/loss for the period	395	1,924	5,523	7,052
of which Parent Company's shareholders' interest	394	1,902	5,428	6,936
of which non-controlling interest	1	22	95	116

Consolidated statement of financial position

MSEK	Note	31 Mar 2023	31 Dec 2022	31 Mar 2022
ASSETS				
Fixed assets:				
Intangible fixed assets	7	12,273	12,248	12,216
Tangible fixed assets		8,236	7,965	7,321
Biological assets		408	408	385
Right of use assets		2,574	2,682	2,364
Shares in associated companies and joint ventures		309	343	382
Financial investments		278	118	43
Long-term receivables		557	695	632
Deferred tax assets		395	403	320
Total fixed assets		25,030	24,862	23,663
Current assets:				
Inventories		15,197	14,195	12,645
Derivatives		1,483	1,835	1,158
Tax receivables		167	36	134
Accounts receivable		4,953	6,045	5,102
Contract assets		11,523	9,911	9,941
Other receivables		1,364	1,232	1,215
Prepaid expenses and accrued income		1,186	1,101	1,134
Short-term investments		12,688	9,988	9,745
Liquid assets	11	2,918	2,869	1,603
Assets held for sale	12	-	291	-
Total current assets		51,479	47,503	42,677
TOTAL ASSETS		76,509	72,365	66,340
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity:				
Parent Company's shareholders' interest		29,927	29,486	24,922
Non-controlling interest		372	390	295
Total shareholders' equity		30,299	29,876	25,217
Long-term liabilities:				
Long-term lease liabilities		2,114	2,240	1,969
Other long-term interest-bearing liabilities	8	6,748	6,749	5,456
Other liabilities		141	90	88
Provisions for pensions	13	1,407	1,304	4,548
Other provisions		2,664	2,566	2,534
Deferred tax liabilities		1,125	1,140	439
Total long-term liabilities		14,199	14,089	15,034
Current liabilities:				
Short-term lease liabilities		562	554	481
Other short-term interest-bearing liabilities	8	205	445	1,710
Contract liabilities		15,125	11,189	10,176
Accounts payable		4,311	4,870	3,865
Derivatives		1,487	1,664	657
Tax liabilities		243	198	285
Other liabilities		827	1,097	745
Accrued expenses and deferred income		8,395	7,216	7,105
Provisions		856	1,035	1,065
Liabilities related to assets held for sale	12	-	132	-
Total current liabilities		32,011	28,400	26,089
Total liabilities		46,210	42,489	41,123
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		76,509	72,365	66,340

Consolidated statement of changes in equity

MSEK	Capital stock	Other capital contributions	Net result of cash flow hedges	Translation reserve	Retained earnings	Total parent company's shareholders' interest	Non-controlling interest	Total shareholders' equity
Opening balance, 1 January 2022	2,174	6,099	-34	404	14,333	22,976	273	23,249
Net comprehensive income/loss for the period January-March 2022			170	265	1,467	1,902	22	1,924
Transactions with shareholders:								
Share matching plan					44	44		44
Closing balance, 31 March 2022	2,174	6,099	136	669	15,844	24,922	295	25,217
Net comprehensive income/loss for the period April-December 2022			40	523	4,471	5,034	94	5,128
Transactions with shareholders:								
Share matching plan					158	158		158
Dividend					-647	-647	-30	-677
Acquisition and sale of non-controlling interest					19	19	31	50
Closing balance, 31 December 2022	2,174	6,099	176	1,192	19,845	29,486	390	29,876
Opening balance, 1 January 2023	2,174	6,099	176	1,192	19,845	29,486	390	29,876
Net comprehensive income/loss for the period January-March 2023			-37	-169	600	394	1	395
Transactions with shareholders:								
Share matching plan					47	47		47
Dividend					-	-	-19	-19
Acquisition and sale of non-controlling interest					-	-	-	-
Closing balance, 31 March 2023	2,174	6,099	139	1,023	20,492	29,927	372	30,299

Consolidated statement of cash flows

MSEK	Note	Jan-Mar 2023	Jan-Mar 2022	Full Year 2022
Operating activities:				
Income after financial items		930	485	2,819
Adjustments for items not affecting cash flows		630	802	3,319
Dividend from associated companies and joint ventures		-	9	44
Income tax paid		-228	-129	-596
Cash flow from operating activities before changes in working capital		1,332	1,167	5,586
Cash flow from changes in working capital:				
Contract assets and liabilities		2,100	-1,223	-153
Inventories		-1,020	-1,001	-2,550
Other current receivables		1,064	572	-241
Other current liabilities		274	819	2,552
Provisions		-3	-85	-540
Cash flow from operating activities		3,747	249	4,654
Investing activities:				
Capitalised development costs		-125	-128	-500
Investments in other intangible fixed assets		-108	-58	-186
Investments in tangible fixed assets		-524	-308	-1,624
Sales and disposals of tangible fixed assets including biological assets		15	4	117
Investments in and sale of short-term investments		-2,704	292	-49
Investments in financial assets, associated companies and joint ventures		-141	-36	-240
Sale of financial assets, associated companies and joint ventures		-	2	2
Sale of subsidiaries		307	-	-
Sale of operations		-	-	42
Cash flow from investing activities		-3,280	-232	-2,438
Financing activities:				
Repayments of loans		-248	-7	-1,386
Amortisation of lease liabilities		-159	-119	-524
Raising of loans		-	-	1,394
Dividend paid to Parent Company's shareholders		-	-	-647
Dividend paid to non-controlling interest		-	-25	-62
Transactions with non-controlling interest		-	-	47
Cash flow from financing activities		-407	-151	-1,178
Cash flow for the period		60	-134	1,038
Liquid assets at the beginning of the period		2,869	1,701	1,701
Exchange rate difference in liquid assets		-11	36	130
Liquid assets at end of period	11	2,918	1,603	2,869

Quarterly consolidated income statement

MSEK	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Sales	11,485	13,866	8,751	10,171	9,218	11,943	7,992	10,131
Cost of goods sold	-8,983	-11,017	-6,870	-8,049	-7,184	-9,531	-6,246	-8,018
Gross income	2,502	2,849	1,881	2,122	2,034	2,412	1,746	2,113
Gross margin, %	21.8	20.5	21.5	20.9	22.1	20.2	21.8	20.9
Other operating income	283	101	43	69	18	98	23	3
Marketing expenses	-641	-582	-561	-638	-553	-620	-523	-570
Administrative expenses	-450	-463	-334	-384	-362	-407	-340	-351
Research and development costs	-465	-529	-433	-439	-416	-416	-372	-465
Other operating expenses	-14	5	-20	6	-44	-6	-18	-
Share of income in associated companies and joint ventures	-287	-68	-8	2	-23	15	-16	-15
Operating income (EBIT) ¹⁾	928	1,314	568	738	654	1,076	500	715
Operating margin, %	8.1	9.5	6.5	7.3	7.1	9.0	6.3	7.1
Financial income	127	42	68	52	32	28	31	2
Financial expenses	-125	-7	-201	-240	-201	-103	-109	-68
Net financial items	2	35	-133	-188	-169	-75	-78	-66
Income before taxes	930	1,349	435	550	485	1,001	422	649
Taxes	-195	-195	-111	-117	-113	-210	-98	-135
Net income for the period	735	1,154	324	433	372	791	324	514
of which Parent Company's shareholders' interest	732	1,115	305	421	354	733	296	505
of which non-controlling interest	3	39	19	12	18	58	28	9
Earnings per share before dilution, SEK ²⁾	5.52	8.42	2.31	3.19	2.68	5.56	2.24	3.81
Earnings per share after dilution, SEK ³⁾	5.45	8.32	2.28	3.15	2.66	5.52	2.22	3.78
1) Of which depreciation/amortisation and write-downs	-556	-569	-547	-517	-494	-511	-477	-481
2) Average number of shares before dilution	132,579,931	132,417,754	132,257,777	132,067,095	131,887,719	131,743,033	132,116,615	132,476,942
3) Average number of shares after dilution	134,370,647	134,058,461	133,842,175	133,782,303	133,267,371	132,861,467	133,198,087	133,446,047

Quarterly consolidated statement of comprehensive income

MSEK	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Net income for the period	735	1,154	324	433	372	791	324	514
Other comprehensive income/loss:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	-167	1,173	165	1,978	1,403	-345	94	328
Tax attributable to revaluation of net pension obligations	35	-245	-33	-407	-290	71	-19	-68
Equity instruments classified as measured at fair value through other comprehensive income	-0	-1	-	-	-	-	-	-
Tax attributable to equity instruments classified as measured at fair value through other comprehensive income	0	0	-	-	-	-	-	-
Total	-132	927	132	1,571	1,113	-274	75	260
Items that may be reversed in the income statement:								
Translation differences	-171	-268	401	414	269	123	58	-86
Net gain/loss on cash flow hedges	-46	273	-141	-84	214	-69	-170	79
Tax attributable to net gain/loss on cash flow hedges	9	-57	31	18	-44	15	37	-28
Total	-208	-52	291	348	439	69	-75	-35
Other comprehensive income/loss for the period	-340	875	423	1,919	1,552	-205	0	225
Net comprehensive income/loss for the period	395	2,029	747	2,352	1,924	586	324	739
of which Parent Company's shareholders' interest	394	2,006	707	2,321	1,902	522	292	732
of which non-controlling interest	1	23	40	31	22	64	32	7

Key ratios by quarter

MSEK	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Equity/assets ratio, (%)	39.6	41.3	39.3	38.7	38.0	35.7	36.4	36.3
Return on capital employed, % ³⁾	9.6	8.8	8.4	8.1	8.1	8.1	7.7	4.4
Return on equity, % ³⁾	9.5	8.6	7.6	7.8	8.4	9.0	8.5	5.2
Equity per share, SEK ^{1) 3)}	225.57	222.55	207.25	201.55	188.85	174.31	170.42	168.50
Free cash flow, MSEK ³⁾	3,125	1,439	398	395	-361	1,377	-1,403	3,028
Free cash flow per share after dilution, SEK ^{2) 3)}	23.26	10.73	2.97	2.95	-2.71	10.36	-10.53	22.69
1) Number of shares excluding treasury shares	132,670,977	132,488,884	132,346,624	132,168,930	131,965,259	131,810,178	131,675,887	132,557,343
2) Average number of shares after dilution	134,370,647	134,058,461	133,842,175	133,782,303	133,267,371	132,861,467	133,198,087	133,446,047
3) For more information and explanations regarding the usage of these key ratios, please see saab.com , investor, financial data, key ratios.								

Quarterly information per operating segment

MSEK	Q1 2023	Operating margin	Q4 2022	Operating margin	Q3 2022	Operating margin	Q2 2022	Operating margin
Sales								
Aeronautics	3,070		4,258		2,555		3,073	
Dynamics	2,702		3,287		1,880		2,208	
Surveillance	3,894		4,793		3,152		3,562	
Kockums	1,255		1,134		774		889	
Combitech	966		1,035		703		866	
Corporate/elimination	-402		-641		-313		-427	
Total	11,485		13,866		8,751		10,171	
Operating income/loss								
Aeronautics	163	5.3%	257	6.0%	60	2.3%	178	5.8%
Dynamics	389	14.4%	580	17.6%	318	16.9%	408	18.5%
Surveillance	554	14.2%	520	10.8%	199	6.3%	223	6.3%
Kockums	121	9.6%	139	12.3%	60	7.8%	55	6.2%
Combitech	111	11.5%	95	9.2%	36	5.1%	55	6.4%
Corporate	-410		-277		-105		-181	
Total	928	8.1%	1,314	9.5%	568	6.5%	738	7.3%
MSEK	Q1 2022	Operating margin	Q4 2021	Operating margin	Q3 2021	Operating margin	Q2 2021	Operating margin
Sales								
Aeronautics	3,056		3,637		2,479		3,044	
Dynamics	1,793		2,790		1,456		2,789	
Surveillance	3,109		4,008		3,030		3,036	
Kockums	817		1,128		707		899	
Combitech	795		904		621		825	
Corporate/elimination	-352		-524		-301		-462	
Total	9,218		11,943		7,992		10,131	
Operating income/loss								
Aeronautics	199	6.5%	267	7.3%	47	1.9%	219	7.2%
Dynamics	256	14.3%	371	13.3%	201	13.8%	380	13.6%
Surveillance	234	7.5%	400	10.0%	204	6.7%	147	4.8%
Kockums	46	5.6%	116	10.3%	33	4.7%	32	3.6%
Combitech	81	10.2%	69	7.6%	34	5.5%	75	9.1%
Corporate	-162		-147		-19		-138	
Total	654	7.1%	1,076	9.0%	500	6.3%	715	7.1%

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

Multi-year overview

MSEK	2022	2021	2020	2019	2018
Order bookings	63,116	43,569	42,328	27,216	27,975
Order backlog at 31 December	127,676	105,177	99,816	93,293	102,184
Sales	42,006	39,154	35,431	35,433	33,156
<i>Sales in Sweden, %</i>	42	38	36	37	41
<i>Sales in Europe excluding Sweden, %</i>	19	17	18	16	14
<i>Sales in North America, %</i>	11	11	11	11	10
<i>Sales in Latin America, %</i>	9	15	13	12	12
<i>Sales in Rest of the World, %</i>	19	19	22	24	24
<i>Organic sales growth, %</i>	5	11	1	6	4
Operating income (EBIT)	3,274	2,888	1,315	2,937	2,266
<i>Operating margin, %</i>	7.8	7.4	3.7	8.3	6.8
Adjusted operating income	3,274	2,888	2,738	2,937	2,564
<i>Adjusted operating margin, %</i>	7.8	7.4	7.4	8.3	7.7
Depreciation/amortisation and write-downs	2,127	1,938	1,518	1,368	916
EBITDA	5,401	4,826	2,833	4,305	3,182
<i>EBITDA margin, %</i>	12.9	12.3	8.0	12.1	9.6
Income after financial items	2,819	2,577	1,112	2,607	1,796
Net income for the year	2,283	2,025	1,092	2,025	1,366
Total assets	72,365	65,039	60,568	59,858	56,128
Equity	29,876	23,249	21,644	20,809	19,633
Free cash flow ¹⁾	1,871	2,737	3,753	-2,036	-3,195
<i>Cash conversion, % ⁴⁾</i>	79	113	101 ³⁾	-44	-95 ³⁾
<i>Return on capital employed, % ¹⁾</i>	8.8	8.1	4.3	9.1	8.7
<i>Return on equity, % ¹⁾</i>	8.6	9.0	5.1	10.0	8.1
<i>Equity/assets ratio, %</i>	41.3	35.7	35.7	34.8	35.0
Earnings per share before dilution, SEK ¹⁾²⁾	16.61	14.57	8.07	14.88	11.27
Earnings per share after dilution, SEK ¹⁾²⁾	16.41	14.45	8.01	14.81	11.21
Dividend per share, SEK	5.30	4.90	4.70	-	4.50
Equity per share, SEK ¹⁾²⁾	222.55	174.31	162.32	154.48	145.43
Number of employees at year-end	19,002	18,153	18,073	17,420	17,096
Number of shares excluding treasury shares as of 31 December ²⁾	132,488,884	131,810,178	132,247,073	132,926,363	133,482,880
Average number of shares before dilution ²⁾	132,157,586	132,164,599	133,009,986	133,245,360	116,467,822
Average number of shares after dilution ²⁾	133,724,223	133,293,340	133,877,141	133,929,292	117,144,915

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

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

3) Adjusted for items affecting comparability

4) Cash conversion = operational cash flow / operating income

Parent company

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

Parent company income statement

MSEK	Jan-Mar 2023	Jan-Mar 2022	Full Year 2022
Sales	6,397	5,531	24,075
Cost of goods sold	-5,411	-4,543	-20,287
Gross income	986	988	3,788
Gross margin, %	15.4	17.9	15.7
Operating income and expenses	-998	-796	-3,366
Operating income (EBIT)	-12	192	422
Operating margin, %	-0.2	3.5	1.8
Financial income and expenses	-30	148	1,743
Income after financial items	-42	340	2,165
Appropriations	-	-	-623
Income before taxes	-42	340	1,542
Taxes	-4	-18	-206
Net income for the period	-46	322	1,336

Parent company balance sheet

MSEK	Note	31 Mar 2023	31 Dec 2022	31 Mar 2022
ASSETS				
Fixed assets:				
Intangible fixed assets		988	918	942
Tangible fixed assets		4,963	4,802	4,478
Financial fixed assets		7,679	8,297	7,980
Total fixed assets		13,630	14,017	13,400
Current assets:				
Inventories		9,183	8,704	7,935
Current receivables		15,442	17,459	16,718
Short term investments		12,679	9,986	9,745
Liquid assets		1,897	1,603	916
Total current assets		39,201	37,752	35,314
TOTAL ASSETS		52,831	51,769	48,714
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity:				
Restricted equity		3,360	3,360	3,366
Unrestricted equity		12,123	12,132	11,590
Total shareholders' equity		15,483	15,492	14,956
Untaxed reserves, provisions and liabilities:				
Untaxed reserves		3,309	3,309	2,686
Provisions		2,642	2,704	2,757
Liabilities	8	31,397	30,264	28,315
Total untaxed reserves, provisions and liabilities		37,348	36,277	33,758
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		52,831	51,769	48,714

Liquidity, financing, capital expenditures and number of employees

The Parent Company's net liquidity amounted to SEK 2,994 million as of 31 March 2023 compared to a net liquidity of SEK 2,647 million as of 31 December 2022. Investments in tangible fixed assets amounted to SEK 230 million (187). Investments in intangible assets amounted to SEK 32 million (55). At the end of the period, the Parent Company had 10,267 employees compared to 10,055 at the beginning of the year.

Notes to the financial statements

Note 1 Corporate information

Saab AB (publ.), corporate identity no. 556036-0793, has its registered office in Linköping, Sweden. The company's head office is located at Olof Palmes gata 17, 5tr, SE-111 22 Stockholm, Sweden, telephone number +46-8-463 00 00. Saab's B shares are listed on Nasdaq Stockholm since 1998 and on the large cap list as of October 2006. The company's operations, including subsidiaries, associated companies and joint ventures, are described in the annual and sustainability report 2022.

Note 2 Accounting principles

The consolidated accounts for the first quarter 2023 have been prepared in accordance with IAS 34 Interim Reporting and the Annual Accounts Act. The Parent Company's accounts have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The Group's and the Parent Company's accounting principles are described on pages 106-108, and concerning significant income statement and balance sheet items, in each note disclosure in the annual report 2022.

The interim report is condensed and does not contain all the information and disclosures in the annual report and should therefore be read together with the annual report 2022. All the information on pages 1-31 constitutes the interim report for the first quarter 2023.

The Group and the Parent Company use the accounting principles and calculation methods as described in the annual report 2022.

Important estimates and assumptions are disclosed in note 2 in the annual report 2022.

Note 3 Segment reporting

Saab is a leading high-technology company, with its main operations in defence, aviation and civil security. Operations are primarily focused on well-defined areas in defence electronics, missile systems, and naval systems as well as military and commercial aviation. Saab is also active in technical services and maintenance. Saab has a strong position in Sweden and the main part of sales is generated in Europe. In addition, Saab has a local presence in Australia, the U.S., South Africa, and in other selected countries. Saab's operating and management structure is divided into four business areas, which are also operating segments: Aeronautics, Dynamics, Surveillance and Kockums. In addition, Combitech, which provides consulting services, is an independent, wholly owned subsidiary of Saab. Corporate comprises Group staff and departments, a minority portfolio containing Saab's ownership interests in companies in various stages of development as well as other operations outside the core operations.

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

Aeronautics

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

Dynamics

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

Surveillance

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

Kockums

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

Combitech

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

Order bookings per operating segment

MSEK	Jan-Mar 2023	Jan-Mar 2022	Change, %	Rolling 12 Months	Full Year 2022
Aeronautics	1,426	1,299	10	13,246	13,119
Dynamics	9,630	2,633	266	24,808	17,811
Surveillance	4,872	2,309	111	25,529	22,966
Kockums	471	1,385	-66	6,353	7,267
Combitech	1,081	806	34	3,744	3,469
Corporate/elimination	-462	-317		-1,661	-1,516
Total	17,018	8,115	110	72,019	63,116

Order bookings per region

MSEK	Jan-Mar 2023	Jan-Mar 2022	Change, %	Full Year 2022
Sweden	3,158	4,081	-23	31,832
Rest of Europe	2,171	1,208	80	18,605
North America	1,503	1,148	31	6,110
Latin America	27	457	-94	2,032
Asia	581	627	-7	2,197
Africa	34	39	-12	361
Australia, etc.	1,033	555	86	1,979
Undisclosed country	8,511	-	-	-
Total	17,018	8,115	110	63,116

Order backlog per operating segment

MSEK	31 Mar 2023	31 Dec 2022	31 Mar 2022
Aeronautics	41,001	42,645	40,677
Dynamics	37,688	30,821	22,825
Surveillance	41,730	41,301	31,540
Kockums	12,013	12,772	9,667
Combitech	1,343	1,227	1,171
Corporate/elimination	-1,113	-1,090	-1,343
Total	132,662	127,676	104,537

Order backlog per region

MSEK	31 Mar 2023	31 Dec 2022	31 Mar 2022
Sweden	46,425	48,485	34,735
Rest of Europe	36,645	36,799	25,404
North America	8,363	8,201	6,239
Latin America	19,362	20,012	21,233
Asia	7,767	8,409	11,323
Africa	572	615	361
Australia etc.	5,017	5,155	5,242
Undisclosed country	8,511	-	-
Total	132,662	127,676	104,537

Sales per operating segment

MSEK	Jan-Mar 2023	Jan-Mar 2022	Change, % 12 Months	Rolling 12 Months	Full Year 2022
Aeronautics	3,070	3,056	0	12,956	12,942
Dynamics	2,702	1,793	51	10,077	9,168
Surveillance	3,894	3,109	25	15,401	14,616
Kockums	1,255	817	54	4,052	3,614
Combitech	966	795	22	3,570	3,399
Corporate/elimination	-402	-352		-1,783	-1,733
Total	11,485	9,218	25	44,273	42,006

Sales per region

MSEK	Jan-Mar 2023	% of sales	Jan-Mar 2022	% of sales	Full Year 2022	% of sales
Sweden	5,254	46	3,560	39	17,555	42
Rest of Europe	2,135	19	1,617	18	7,838	19
North America	1,248	11	1,054	11	4,466	11
Latin America	670	6	1,099	12	3,901	9
Asia	1,152	10	1,246	14	5,910	14
Africa	34	0	18	0	88	0
Australia, etc.	992	9	624	7	2,248	5
Total	11,485	100	9,218	100	42,006	100

Information on large customers

During the first quarter 2023, 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 3,603 million (3,106). 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 1,046 million during the first quarter 2022.

Seasonal variation

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

Operating income per operating segment

MSEK	Jan-Mar 2023	% of sales	Jan-Mar 2022	% of sales	Rolling 12 Months	Full Year 2022
Aeronautics	163	5.3	199	6.5	658	694
Dynamics	389	14.4	256	14.3	1,695	1,562
Surveillance	554	14.2	234	7.5	1,496	1,176
Kockums	121	9.6	46	5.6	375	300
Combitech	111	11.5	81	10.2	297	267
The operating segments' operating income	1,338	11.6	816	8.9	4,521	3,999
Corporate	-410		-162		-973	-725
Total	928	8.1	654	7.1	3,548	3,274

Depreciation/amortisation and write-downs per operating segment

MSEK	Jan-Mar 2023	Jan-Mar 2022	Change, % 12 Months	Rolling 12 Months	Full Year 2022
Aeronautics	49	41	20	172	164
Dynamics	25	22	14	99	96
Surveillance	214	199	8	822	807
Kockums	7	7	-	29	29
Combitech	2	2	-	8	8
Corporate	259	223	16	1,059	1,023
Total	556	494	13	2,189	2,127

Operational cash flow per operating segment

MSEK	Jan-Mar 2023	Jan-Mar 2022	Rolling 12 Months	Full Year 2022
Aeronautics	82	-446	635	107
Dynamics	2,024	232	3,043	1,251
Surveillance	745	135	1,924	1,314
Kockums	594	-126	432	-288
Combitech	138	2	313	177
Corporate	-511	24	-503	32
Total	3,072	-179	5,844	2,593

Capital employed per operating segment

MSEK	31 Mar 2023	31 Dec 2022	31 Mar 2022
Aeronautics	9,872	9,547	9,381
Dynamics	3,980	5,616	5,369
Surveillance	10,518	11,970	10,435
Kockums	1,419	1,515	1,262
Combitech	1,065	979	1,363
Corporate/elimination	14,241	11,324	10,732
Total	41,095	40,951	38,542

Full time equivalents (FTEs) per operating segment

Number at end of the period	31 Mar 2023	31 Dec 2022	31 Mar 2022
Aeronautics	5,203	5,131	5,138
Dynamics	3,519	3,420	3,189
Surveillance	5,822	5,583	5,302
Kockums	1,525	1,462	1,265
Combitech	2,075	2,064	1,963
Corporate	1,507	1,461	1,272
Total	19,651	19,121	18,129

Note 4 Distribution of sales

	Aeronautics		Dynamics		Surveillance		Kockums		Combitech		Corporate/ elimination		Group	
MSEK	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022
External sales	3,049	3,044	2,651	1,754	3,804	3,016	1,241	810	675	560	65	34	11,485	9,218
Internal sales	21	12	51	39	90	93	14	7	291	235	-467	-386	-	-
Total sales	3,070	3,056	2,702	1,793	3,894	3,109	1,255	817	966	795	-402	-352	11,485	9,218
Sales by customer:														
Military customers	2,838	2,890	2,559	1,659	3,327	2,567	1,241	810	310	232	41	17	10,316	8,175
Civilian customers	211	154	92	95	477	449	-	-	365	328	24	17	1,169	1,043
Total external sales	3,049	3,044	2,651	1,754	3,804	3,016	1,241	810	675	560	65	34	11,485	9,218
Sales by significant source:														
Long-term customer contracts	2,586	2,490	977	467	2,633	2,161	813	605	-	23	42	16	7,051	5,762
Services	390	512	349	281	755	648	292	202	623	529	19	12	2,428	2,184
Products	73	42	1,325	1,006	416	207	136	3	52	8	4	6	2,006	1,272
Total external sales	3,049	3,044	2,651	1,754	3,804	3,016	1,241	810	675	560	65	34	11,485	9,218
Sales by domain:														
Air	2,765	2,809	59	59	1,666	1,130	-	-	12	12	14	11	4,516	4,021
Land	28	25	2,147	1,356	654	539	-	-	317	232	7	1	3,153	2,153
Naval	2	-	437	332	981	869	1,241	810	1	3	23	14	2,685	2,028
Civil Security	15	13	7	5	497	473	-	-	97	71	15	4	631	566
Commercial Aeronautics	239	196	-	-	-	-	-	-	3	2	3	4	245	202
Other/not distributed	-	1	1	2	6	5	-	-	245	240	3	-	255	248
Total external sales	3,049	3,044	2,651	1,754	3,804	3,016	1,241	810	675	560	65	34	11,485	9,218
Sales recognition method:														
Over time	2,696	2,796	1,279	674	2,928	2,581	1,225	782	675	534	49	23	8,852	7,390
Point in time	353	248	1,372	1,080	876	435	16	28	-	26	16	11	2,633	1,828
Total external sales	3,049	3,044	2,651	1,754	3,804	3,016	1,241	810	675	560	65	34	11,485	9,218

Note 5 Items affecting comparability

Item affecting comparability	Business Area	Line item	Jan-Mar 2023	Jan-Mar 2022
Write-down of associated companies	Corporate	Share in income of associated companies	-260	-
Capital gain from the divestment of MTM operations	Surveillance	Other operating income	270	-
Total			10	-

Note 6 Dividend to Parent Company's shareholders

The Annual General Meeting 2023 held on April 5 decided on a dividend to the Parent Company's shareholders of SEK 5.30 per share, corresponding to a total dividend of SEK 702 million. Record date for the dividend was April 11 2023 and the dividend was paid out on April 14 2023.

Note 7 Intangible fixed assets

MSEK	31 Mar 2023	31 Dec 2022	31 Mar 2022
Goodwill	5,371	5,384	5,293
Capitalised development costs	5,927	5,958	6,026
Other intangible assets	975	906	897
Total	12,273	12,248	12,216

Note 8 Net liquidity/debt

MSEK	31 Mar 2023	31 Dec 2022	31 Mar 2022
Assets:			
Liquid assets	2,918	2,869	1,603
Short-term investments	12,688	9,988	9,745
Total liquid investments	15,606	12,857	11,348
Short-term interest-bearing receivables	73	67	70
Long-term interest-bearing receivables	423	564	493
Long-term receivables attributable to pensions	19	19	39
Total interest-bearing assets	16,121	13,507	11,950
Liabilities:			
Lease liabilities	2,676	2,794	2,450
Bonds and other debt instruments	6,798	7,101	7,086
Liabilities to associated companies and joint ventures	48	48	44
Other interest-bearing liabilities	107	45	36
Provisions for pensions ¹⁾	1,166	1,087	3,709
Total interest-bearing liabilities and provisions for pensions	10,795	11,075	13,325
Net liquidity (+) / net debt (-)	5,326	2,432	-1,375

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

Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2026 SEK 4 billion, 2024, SEK 2 billion)	6,000	-	6,000
Overdraft facility (Maturity 2023)	64	27	37
Total	6,064	27	6,037

Parent Company

MSEK	31 Mar 2023	31 Dec 2022	31 Mar 2022
Long-term bonds and other debt instruments	6,704	6,704	5,411
Short-term bonds and other debt instruments	88	397	1,675
Total	6,792	7,101	7,086

Since 2009, Saab has a Medium Term Note programme (MTN) to enable issuance of bonds in the capital market. During 2018 the MTN programme was increased to SEK 10,000 million. A major part of the bonds are issued as Floating Rate Notes (FRN). During the quarter bonds matured to an amount of SEK 142 million while no new bonds were issued. Bonds outstanding within the MTN programme amounted to SEK 6,793 million by the end of the quarter.

The final outstanding Schuldschein loan of EUR 15 million, signed in December 2015, matured during the quarter.

No revolving credit facilities have been utilised during the period.

Note 9 Capital employed

MSEK	31 Mar 2023	31 Dec 2022	31 Mar 2022
Total assets	76,509	72,365	66,340
Less non-interest bearing liabilities	35,414	31,414	27,798
Capital employed	41,095	40,951	38,542

Note 10 Financial instruments

Classification and categorisation of financial assets and liabilities ²⁾

Carrying amount	31 Mar 2023	31 Dec 2022	31 Mar 2022
Financial assets:			
Valued at amortised cost ⁴⁾ :			
Accounts receivable, contract assets and other receivables	17,977	17,295	16,348
Liquid assets	2,918	2,869	1,603
Long-term receivables	539	676	593
Valued at fair value through profit and loss ³⁾ :			
Short-term investments	12,688	9,988	9,745
Derivatives for trading	40	75	103
Financial investments	226	66	43
Valued at fair value through other comprehensive income ³⁾ :			
Derivatives identified as hedges through other comprehensive income	1,443	1,760	1,055
	52	52	-
Total financial assets	35,883	32,781	29,490
Financial liabilities:			
Valued at amortised cost:			
Interest-bearing liabilities ¹⁾	9,629	9,988	9,616
Other liabilities ⁴⁾	10,888	10,740	9,705
Valued at fair value through profit and loss ³⁾ :			
Derivatives for trading	25	21	25
Valued at fair value through other comprehensive income ³⁾ :			
Derivatives identified as hedges	1,462	1,643	632
Total financial liabilities	22,004	22,392	19,978
¹⁾ Fair value	9,481	9,840	9,653

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 845.

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

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

The Group has used the same valuation methods as in the year-end closing of 2022, as described in the annual report 2022 on page 149, note 35. As of March 31 2023, the Group had the following financial assets and liabilities at fair value:

Financial assets at fair value

MSEK	31 Mar 2023	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	12,688	12,688	-	-
Forward exchange contracts	1,082	-	1,082	-
Currency options	15	-	15	-
Interest rate swaps	368	-	368	-
Electricity derivatives	18	18	-	-
Shares, participations and long-term receivables	278	-	-	278
Total	14,449	12,706	1,465	278

Financial liabilities at fair value

MSEK	31 Mar 2023	Level 1	Level 2	Level 3
Forward exchange contracts	1,445	-	1,445	-
Currency options	8	-	8	-
Interest rate swaps	21	-	21	-
Electricity derivatives	13	13	-	-
Total	1,487	13	1,474	-

Note 11 Supplemental information on statement of cash flows

Free cash flow

MSEK	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items ¹⁾	1,399	1,229	5,718
Cash flow from changes in working capital:			
Contract assets and liabilities	2,100	-1,223	-153
Inventories	-1,020	-1,001	-2,550
Other current receivables	1,064	572	-241
Other current liabilities	274	819	2,552
Provisions	-3	-85	-540
Change in working capital	2,415	-918	-932
Cash flow from operating activities excluding taxes and other financial items	3,814	311	4,786
Investing activities:			
Investments in intangible fixed assets	-233	-186	-686
Investments in tangible fixed assets	-524	-308	-1,624
Sales and disposals of tangible fixed assets including biological assets	15	4	117
Cash flow from investing activities ²⁾	-742	-490	-2,193
Operational cash flow	3,072	-179	2,593
Taxes and other financial items	-226	-180	-656
Sale of and investments in financial assets, associated companies and joint ventures	-28	-2	-108
Sale of subsidiaries	307	-	-
Sale of operations	-	-	42
Free cash flow	3,125	-361	1,871

1) Including amortisation of lease liabilities

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

Free cash flow vs. statement of cash flows

MSEK	Jan-Mar 2023	Jan-Mar 2022	Full Year 2022
Free cash flow	3,125	-361	1,871
Investing activities – interest-bearing:			
Short-term investments	-2,704	292	-49
Other financial investments and receivables	-113	-33	-130
Financing activities:			
Repayments of loans	-248	-7	-1,386
Raising of loans	-	-	1,394
Dividend paid to the Parent Company's shareholders	-	-	-647
Dividend paid to non-controlling interest	-	-25	-62
Transactions with non-controlling interest	-	-	47
Cash flow for the period	60	-134	1,038

Liquid assets

MSEK	31 Mar 2023	31 Dec 2022	31 Mar 2022
The following components are included in liquid assets:			
Cash and bank balances	2,311	1,619	903
Bank deposits	607	1,250	700
Total according to balance sheet	2,918	2,869	1,603
Total according to statement of cash flows	2,918	2,869	1,603

Note 12 Business combinations

No significant acquisitions through business combinations were made during the first quarter 2023. On 31 March 2023, Saab completed the divestment of the Maritime Traffic Management (MTM) operation within business area Surveillance to funds advised by Agilitas Private Equity LLP. The purchase price amounted to EUR 46 million and the transaction

generated a capital gain of SEK 270 million with a positive effect on free cash flow of SEK 307 million. The capital gain has been classified as an item affecting comparability, see note 5. In 2022, the divested MTM operations had sales of SEK 356 million and an operating income of SEK 42 million. The operations were presented separately in the statement of financial position as assets held for sale and liabilities related to assets held for sale as of December 31 2022.

Note 13 Defined-benefit plans

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

Pension obligation according to IAS 19

MSEK	31 Mar 2023	31 Dec 2022	31 Mar 2022
Defined-benefit obligation	10,025	9,742	12,597
Special employers' contribution	241	217	839
Less assets under management	8,878	8,674	8,927
Total provisions for pensions	1,388	1,285	4,509
of which reported as long-term receivable	19	19	39

Actuarial gains and losses are recognised in other comprehensive income. The actuarial loss related to the Swedish pension plans amounted to SEK 167 million net in the first quarter 2023 primarily due to the following:

Negative experience adjustment resulted in an actuarial loss of SEK 262 million.

The actuarial loss related to the special employer's contribution amounted to SEK 33 million.

The return on assets under management was higher than expected which led to an actuarial gain of SEK 128 million.

Assumptions about discount rate, inflation and demographics were unchanged from the beginning of the year and did not result in any

actuarial results. The assumed discount rate was 3.75 per cent and the inflation assumption was 1.75 per cent.

Note 14 Contingent liabilities

No additional significant commitments have arisen during the first quarter 2023. With regard to the Group's so-called performance guarantees for commitments to customers, the likelihood of an outflow of resources is estimated as remote and, as a result, no value is recognised.

Note 15 Transactions with related parties

No significant transactions have occurred during the first quarter 2023. The Annual General Meeting held April 5 2023 approved a Share Purchase Agreement and a Lease Agreement with Vectura, an indirect wholly-owned subsidiary of Investor AB regarding premises to be used by business area Kockums and the subsidiary Combitech AB in southern Sweden. Related parties with which the Group has transactions are described in note 37 in the Annual Report 2022.

Note 16 Definitions

Below are definitions of financial key ratios that are used in the report. For more information and explanations regarding the usage of these key ratios, please see [saab.com](https://www.saab.com), investor, financial data, key ratios.

Capital employed

Total assets less non-interest-bearing liabilities.

Cash conversion

Operational cash flow divided by operating income (EBIT).

Earnings per share

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

EBITDA

Operating income before depreciation/amortisation and write-downs.

EBITDA adjusted for items affecting comparability

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

EBITDA margin

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

EBITDA margin adjusted for items affecting comparability

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

Effective tax rate

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

Equity/assets ratio

Equity in relation to total assets.

Equity per share

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

Free cash flow

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

Free cash flow per share

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

Full Time Equivalent, FTE

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

Gross income adjusted for items affecting comparability

Gross income adjusted for items classified as affecting comparability.

Gross margin

Gross income as a percentage of sales.

Gross margin adjusted for items affecting comparability

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

Items affecting comparability

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

Net investments

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

Net liquidity/net debt

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

Net liquidity/net debt to EBITDA

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

Number of employees

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

Operating income

Income before financial items and tax.

Operating income adjusted for items affecting comparability

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

Operating margin adjusted for items affecting comparability

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

Operating margin

Operating income (EBIT) as a percentage of sales.

Operational cash flow

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

Order backlog

Total value of orders at the end of the period.

Order bookings

Total value of orders received during the period.

Organic sales growth

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

Research and development, R&D

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

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

Return on capital employed

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

Return on equity

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

Sales adjusted for items affecting comparability

Sales adjusted for items classified as affecting comparability.

Glossary

AEW&CS	Airborne Early Warning & Control System
C4I	Command, Control, Communications, Computers, and Intelligence
CDP	Global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts
FMV	Swedish Defence Materiel Administration, Sw, "Försvarets Materielverk"
FRN	Floating Rate Note
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
MTN	Medium Term Note, loan facility for issuance of bonds with a duration of 1-15 years
MTM	Maritime Traffic Management
NLAW	Next Generation Light Anti-Tank Weapon
SBTi	Science Based Targets initiative

Stockholm 26 April 2023

Saab AB (publ)

Micael Johansson

President and CEO

This interim report has not been subject to review by the company's auditors.



SAAB

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Media and financial analyst conference:

26 April 2023 at 10.00 (CET)

Live webcast:

<https://www.saab.com/investors/webcast/q1-2023>

Conference call:

Please dial in using one of the numbers below:
Sweden: +46 8 5051 0031
UK: +44 207 107 06 13
US: +1 631 570 56 13

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

Calendar

Half-year report 2023

Published 20 July 2023

Q3 Interim report 2023

Published 26 October 2023

Year-end report 2023

Published 9 February 2024

Important information

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

This information is such that Saab AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on 26 April 2023 at 07.30 (CET).

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