

Annual General Meeting of Saab AB on 11 April 2024

Agenda item 13

BOARD OF DIRECTORS' REMUNERATION REPORT 2023

Introduction

This remuneration report provides an outline of how Saab Aktiebolag's (reg. no 556036-0793) ("Saab") guidelines for remuneration and other terms of employment for senior executives (the "remuneration guidelines"), adopted by the Annual General Meeting 2021, have been applied in 2023. The report also provides details on the remuneration of Saab's CEO and deputy CEOs. In addition, the report contains a summary of Saab's outstanding long-term incentive programs. The report has been prepared in compliance with Chapter 8, Sections 53 a and 53 b of the Swedish Companies Act (2005:551) and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Swedish Stock Market Self-Regulating Committee (1 January 2021).

Information required by Chapter 5, Sections 40-44 of the Annual Accounts Act (1995:1554) is available in note 8 on p. 121 - 126 in the company's Annual Report for 2023 (the "Annual Report 2023").

Information on the work of the Remuneration Committee in 2023 is set out in the corporate governance report, which is available on p. 79 - 85 in the Annual Report 2023.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in note 8 on p. 121 - 126 in the Annual Report 2023.

Developments 2023

The CEO summarises Saab's overall performance in 2023 in the statement on p. 9 in the Annual Report 2023.

Remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of Saab's business strategy and safeguarding of Saab's long-term interests, including its sustainability, is that Saab 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 Saab's development and situation, which the remuneration guidelines enable. To the greatest extent possible, remuneration structures shall be characterised by predictability with respect to both the cost for Saab 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. Under the remuneration guidelines, remuneration to senior executives may consist of fixed cash salary, other benefits and pension benefits. Saab does not normally offer any short-term variable cash remuneration to the CEO or other members of the group management, including the deputy CEOs. Instead, the variable remuneration consists of long-term share based incentive programs, which are adopted by the shareholders' meeting and not subject to the remuneration guidelines.

The remuneration guidelines are available on p. 91- 93 in the Annual Report 2023. During 2023, Saab has complied with the applicable remuneration guidelines adopted by the Annual General Meeting 2021 and no derogations or deviations have been made from the remuneration guidelines or from the decision-making process, which pursuant to the guidelines, is to be applied in order to set remuneration. The auditor's report regarding whether the company has complied with the remuneration guidelines is available on the company's website www.saab.com/agm. No remuneration has been reclaimed.

Remuneration Committee evaluation

The Remuneration Committee has evaluated the remuneration to the senior executives of Saab, including long-term variable remuneration, the application of the remuneration guidelines adopted by the Annual General Meeting 2021, as well as the current remuneration structures and remuneration levels in the company.

The Remuneration Committee is of the opinion that the remuneration guidelines adopted in 2021 achieve their purposes to facilitate the recruitment and retention of senior executives. No changes are proposed to the remuneration guidelines.

The Remuneration Committee has reviewed an external market analysis and is of the opinion that the remuneration to senior executives generally is in line with the applicable levels in industries and markets comparable to Saab.

The Remuneration Committee has recommended the Board of Directors to propose to the Annual General Meeting 2024 to resolve on a long-term incentive program 2025 (LTI 2025), consisting of a Share Matching Plan (SMP) 2025, a Performance Share Plan (PSP) 2025 and a Special Projects Incentive (SPI) 2025. LTI 2025 is proposed to have corresponding terms and conditions as the Long-Term Incentive program adopted by the Annual General Meeting 2023, except for the Performance Share Plan 2024 and the Special Projects Incentive 2024.

The Board of Directors proposes for the Performance Share Plan 2025 to: (i) increase the number of participants in Group 1 from up to 186 to up to 287 participants, which means that the total number of participants in the Performance Share Plan 2025 will increase from up to 200 to up to 300 participants, and (ii) adjust the sustainability target by making half of it (i.e. 5 percent of the maximum allotment) attributable to the annual average CO₂ reduction during a three-year measurement period and the other half of the sustainability target (i.e. 5 percent of the maximum allotment) attributable to the increase of the percentage of female employees in the Saab Group. The annual average CO₂ reduction target refers to the annual average aggregate greenhouse gas reduction within the following areas: district heating and cooling, steam, electricity, stationary combustion, company cars, accidental emissions, corporate flight services and special flight operations, during the financial years 2025-2027. The Board of Directors also proposes to (iii) change one of the financial targets from free cash flow to operational cash flow.

In respect of the Special Projects Incentive 2025, the Board of Directors proposes: (i) to increase the number of participants in Group C from up to 86 to up to 137 participants which means that the total number of participants in the Special Projects Incentive 2025 will increase from up to 100 to up to 150 participants, (ii) that the conditions for allotment of performance shares shall be based on the achievement of a minimum of ten and a maximum of fifteen equally weighted performance targets, (iii) that the special projects, to which the performance targets refer, can also be linked to the development of future capabilities, including digitalization, within each of the defined core areas in line with Saab's strategy, and (iv) an adjustment to the terms and conditions relating to the allotment of performance shares. The adjustment in (iv) means that if the Board of Directors determines that a special project to which a performance target refers has developed significantly negatively, the Board of Directors may decide that allotment of performance shares shall not be made for the relevant target. In addition, the product areas have been updated to align with how the Group currently define its core areas.

Overall, the Remuneration Committee is of the opinion that the current remuneration structure and the remuneration levels in the company are in line with market competitive levels.

Total remuneration

Below table sets out total remuneration paid to Saab's CEO and deputy CEOs during 2023 (SEK).

Name of Director, position	Fixed remuneration		Variable remuneration	Pension expense ⁴	Total remuneration	Proportion of fixed and variable remuneration
	Base salary ¹	Other benefits ²	Multi-year variable ³			
Micael Johansson, CEO	14,131,813	213,686	17,217,150	5,316,124	36,878,773	53% / 47%
Anders Carp, deputy CEO	6,033,013	123,716	4,112,180	2,073,852	12,342,761	67% / 33%
Christian Luiga, deputy CEO ⁵	8,380,872	93,103	1,787,992	3,698,105	13,960,072	87% / 13%

Share based remuneration

Background share and share-price related incentive programs

Saab's Annual General Meetings have adopted long-term incentive programs ("LTI") that currently are ongoing. Each of the four long-term incentive programs adopted in 2020-2023 consists of three parts, a Share Matching Plan, a Performance Share Plan and a Special Projects Incentive⁶. The respective Share Matching Plan is for all employees, whereas the respective Performance Share Plan and the respective Special Projects Incentive are for senior executives and other key employees.

Taking into account the outcome of the performance conditions and the number of remaining participants in each plan, the number of shares that may vest in all ongoing long-term incentive programs amounts to 2,047,000 per 31 December 2023. LTI 2024 started in January 2024 and comprises 1,300,000 shares. The financial exposure of LTI 2024 will be managed via equity swap agreements.

The long-term incentive program LTI 2020, adopted by the Annual General Meeting 2019, was completed in February 2024 and consisted of a Share Matching Plan, a Performance Share Plan and a Special Projects Incentive.

Share Matching Plans

Employees who participate in a Share Matching Plan may during a twelve-month period save up to a maximum of 5 per cent of the cash base salary for the purchase of shares of series B. If the purchased shares are retained by the employee for three years from the date of investment and employment within the Saab Group has not been terminated during the entire three-year period, the employee will be allocated a corresponding number of shares of series B free of consideration.

Performance Share Plans

Employees who participate in a Performance Share Plan may during a twelve-month period save up to a maximum of 7.5 per cent of the cash base salary for the purchase of shares of series B. If the purchased shares are retained by the employee for three years from the date of investment and

¹ The base salary includes monthly salary, holiday pay and compensation for the additional tax cost of certain benefits.

² Other benefits includes benefits such as company car, health insurance, housing, travels, tax assistance and taxable allowances.

³ Multi-year variable consists of shares that vested under the long-term incentive programs during 2023, based on the current share price at the time of respective vesting during the year.

⁴ Pension expenses according to collective agreements and according to the Saab-plan for senior executives. The long-term incentive programmes do not qualify for pension benefits.

⁵ The former deputy CEO Magnus Örnberg, who left his position as deputy CEO on 8 May 2020, has during 2023 received multi-year variable remuneration consisting of shares that vested under the long-term incentive programs during 2023. In accordance with the terms of the long-term incentive programmes, the Board of Directors resolved in 2020 that outgoing deputy CEO Magnus Örnberg has the right to participate in future matches in all ongoing incentive programmes, i.e. the Share Matching Plan, Performance Share Plan and Special Projects Incentive, which he participated in at the time of his termination as deputy CEO. Shares in these plans will be allotted or matched on the scheduled dates, but the remuneration was expensed in its entirety in 2020, representing SEK 4,062,628 of the total remuneration for share related plans of SEK 5,158,503.

⁶ LTI 2024 was adopted by the Annual General Meeting 2023; LTI 2023 was adopted by the Annual General Meeting 2022; LTI 2022 was adopted by the Annual General Meeting 2021; and LTI 2021 was adopted by the Annual General Meeting 2020.

employment within the Saab Group has not been terminated during the entire three-year period, the employee will be entitled to matching of performance shares, free of consideration, as set out below.

- The CEO may be entitled to a performance match of up to seven shares for each purchased share;
- the deputy CEOs may be entitled to a performance match of up to five shares for each purchased share; and
- other employees may be entitled to a performance match of up to four or five shares for each purchased share.

The conditions for the performance matching are based on three independent targets; which for LTI 2020 and LTI 2019 are organic sales growth⁷ (relative weighting 30 per cent), EBIT margin⁸ (relative weighting 40 per cent) and free cash flow⁹ (relative weighting 30 per cent) which are measured during one financial year. For LTI 2022 and 2021, the same targets are used but the relative weighting for EBIT margin is 30 per cent, whereas the relative weighting for free cash flow is 40 per cent. The terms for the performance matching 2023 are based on four independent targets for a one-year performance period: organic sales growth, EBIT margin, free cash flow and CO₂ reduction. The relative apportionment between the targets is 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 CO₂ reduction. The terms for the performance matching 2024 are based on four independent targets for a one-year performance period: organic sales growth, EBIT margin, free cash flow and CO₂ reduction. During the financial year 2024, the maximum allotment for each of the three financial performance targets is to be determined within the range of 20 to 40 percent in order to be able to optimize the balance between the financial performance targets. In aggregate, the financial performance targets will comprise a maximum allotment of 90 percent, and the non-financial performance target an allotment of 10 percent.

Background Special Projects Incentives

Participation in each Special Projects Incentive presupposes savings under the Performance Share Plan for the relevant year or under the Share Matching Plan for the relevant year for purchasing shares of series B. For the CEO and the deputy CEOs, allotment of performance shares under each Special Projects Incentive requires savings by an amount equivalent to 7.5 per cent of the cash base salary under the Performance Share Plan for the relevant year (i.e. maximum saving). Participants in the Special Projects Incentive will be entitled to allotment of performance shares, free of consideration, as set out below.

- The CEO may be entitled to allotment of performance shares corresponding to up to 52.5 per cent of the cash base salary for the relevant financial year;
- the deputy CEOs may be entitled to allotment of performance shares corresponding to up to 37.5 per cent of the cash base salary for the relevant financial year; and
- other employees may be entitled to allotment of performance shares corresponding to up to 37.5 or 15 per cent of the cash base salary for the relevant financial year.

The total value of allotted performance shares under the Performance Share Plan and the Special Projects Incentive for each year may not exceed 75 per cent for the CEO and 60 per cent for the respective deputy CEO of the cash base salary for the relevant financial year. This so called cap has been applied to SPI 2019, SPI 2021, SPI 2022 and SPI 2023 and reduced the number of allotted shares.

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 2020. As of SPI 2021 the programme is based on 10 equally weighted performance targets, consisting of operational targets and milestones in special projects within Saab's product areas Gripen, airborne radar systems (AEW&C),

⁷ Adjusted for acquisitions and divestments, and exchange rates differences.

⁸ Adjusted for acquisitions and divestments, and non-recurring items.

⁹ Adjusted for acquisitions and divestments, and non-recurring items.

submarines, missiles, combat management systems and advanced pilot training systems. As from SPI 2024 the product area missiles is changed to advanced weapon systems, considering that the company now has special projects in more areas than previously.

MAIN CONDITIONS SHARE-BASED INCENTIVES						INFORMATION CURRENT YEAR					
Name of Director, position	Performance period	Performance period starts ¹⁰	Performance period ends	Programme	Performance outcome	OPENING	CURRENT YEAR				CLOSING
						Share rights January 1, 2023	Number of vested shares	Value of vested shares (KSEK) ¹¹	Number of awarded share rights ¹²	Value of awarded share rights (KSEK) ¹³	Allocated share rights not vested December 31, 2023
Micael Johansson, CEO	2019	May 2019	Feb 2023	SMP 2019	-	328	328	175	-	-	-
				PSP 2019	88%	3,028	3,028	1,617	-	-	-
				SPI 2019	-	-	-	-	-	-	
	2020	May 2020	Feb 2024	SMP 2020	-	2,552	2,104	1,241	-	-	448
				PSP 2020	38%	10,185	8,397	4,954	-	-	1,788
				SPI 2020	62.5%	17,284	17,284	9,230	-	-	-
	2021	May 2021	Feb 2025	SMP 2021	-	2,462	-	-	-	-	2,462
				PSP 2021	100%	25,849	-	-	-	-	25,849
				SPI 2021	50%	12,274	-	-	-	-	12,274
	2022	May 2022	Feb 2026	SMP 2022	-	1,561	-	-	-	-	1,561
				PSP 2022	81%	13,281	-	-	-	-	13,281
				SPI 2022	70%	7,643	-	-	-	-	7,643
2023	May 2023	Feb 2027	SMP 2023	-	-	-	1,089	660	1,089		
			PSP 2023	84%	-	-	9,601	5,825	9,601		
			SPI 2023	80%	-	-	5,245	4,081	5,245		
					-	96,447	31,142	17,217	15,935	10,566	81,240
Anders Carp, Deputy CEO	2019	May 2019	Feb 2023	SMP 2019	-	88	88	47	-	-	-
				PSP 2019	88%	578	578	309	-	-	-
				SPI 2019	-	-	-	-	-	-	
	2020	May 2020	Feb 2024	SMP 2020	-	842	678	398	-	-	164
				PSP 2020	38%	2,399	1,933	1,135	-	-	466
				SPI 2020	62.5%	4,165	4,165	2,224	-	-	-
	2021	May 2021	Feb 2025	SMP 2021	-	1,001	-	-	-	-	1,001
				PSP 2021	100%	7,505	-	-	-	-	7,505
				SPI 2021	50%	4,158	-	-	-	-	4,158
	2022	May 2022	Feb 2026	SMP 2022	-	645	-	-	-	-	645
				PSP 2022	81%	3,921	-	-	-	-	3,921
				SPI 2022	70%	2,553	-	-	-	-	2,553
2023	May 2023	Feb 2027	SMP 2023	-	-	-	459	278	459		
			PSP 2023	84%	-	-	2,890	1,753	2,890		
			SPI 2023	80%	-	-	2,038	1,586	2,038		
					-	27,855	7,442	4,112	5,386	3,617	25,800
Christian Luiga, Deputy CEO	2020	May 2020	Feb 2024	SMP 2020	-	543	264	147	-	-	280
				PSP 2020	38%	1,549	751	418	-	-	798
				SPI 2020	62.5%	2,290	2,290	1,223	-	-	-
	2021	May 2021	Feb 2025	SMP 2021	-	1,532	-	-	-	-	1,532
				PSP 2021	100%	11,494	-	-	-	-	11,494
				SPI 2021	50%	6,368	-	-	-	-	6,368
	2022	May 2022	Feb 2026	SMP 2022	-	959	-	-	-	-	959
				PSP 2022	81%	5,829	-	-	-	-	5,829
				SPI 2022	70%	3,836	-	-	-	-	3,836
	2023	May 2023	Feb 2027	SMP 2023	-	-	-	631	375	631	
				PSP 2023	84%	-	-	3,977	2,364	3,977	
				SPI 2023	80%	-	-	2,998	2,333	2,998	
					-	34,401	3,305	1,788	7,606	5,072	38,703

Application of performance criteria during 2023

After the end of the one-year performance period for the PSP 2023 and SPI 2023, on 31 December 2023, the Board decided on the outcome of the performance matching as follows. The retention period is still running for below programs and the awarded shares will be vested in 2026-2027, provided that the participants remain employed by the Saab group.

¹⁰ Allotment of matching and performance shares for SMP and PSP occurs in May, August, November and February during the first year of the retention period. Allotment of performance shares for SPI occurs in February during the first year of the retention period.

¹¹ Based on the current share price at the time of respective vesting during the year.

¹² Matching and performance shares for SMP and PSP will be awarded in May, August, November and February provided that the purchased shares are retained by the employee and employment within the Saab Group has not been terminated. Performance shares for SPI will be awarded in February. After the end of the financial year 2023, the Board resolved in February 2024, on allocation of performance shares for PSP and SPI.

¹³ Based on the actual share price at the time of respective award.

MAIN CONDITIONS SHARE-BASED INCENTIVES					INFORMATION CURRENT YEAR					
Programme	Performance targets	Weighted	Reported outcome	Outcome	Micael Johansson, CEO		Anders Carp, Deputy CEO		Christian Luiga, Deputy CEO	
					Awarded share rights	Value of awarded share rights, KSEK	Awarded share rights	Value of awarded share rights, KSEK	Awarded share rights	Value of awarded share rights, KSEK
PSP 2023	Organic sales growth	30%	23%	30%	3,429	1,733	1,032	522	1,420	767
	EBIT margin	30%	8.3%	24%	2,743	1,387	826	417	1,136	614
	Free cash flow	30%	2,311 MSEK	30%	3,429	1,733	1,032	522	1,420	767
	CO2 emissions	10%	-1.5%	0%	0	0	0	0	0	0
	Total			84%	9,601	4,854	2,890	1,461	3,977	2,149
SPI 2023	10 operating targets and milestones related to Saab's products	10% each	8 of 10 targets fulfilled	80%	5,245	4,081	2,038	1,586	2,998	2,333
	Total				5,245	4,081	2,038	1,586	2,998	2,333

The ten performance targets in the Special Projects Incentive 2023, 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 target. The performance targets in previous SPI programmes have been of a similar nature as in SPI 2023. Due to the nature of the defence industry, further information on the individual performance targets cannot be provided. All participants will be allotted performance shares based on the achievement of the same performance targets.

Comparative information on the change of remuneration and company performance

Change of remuneration and company performance over the last four reported financial years

Annual change	2020 compared to 2019	2021 compared to 2020	2022 compared to 2021	2023 compared to 2022	2023
Directors remuneration (SEK)					
Micael Johansson, CEO	-4,555,226 (-19 %)	+1,208,901 (+6 %)	+1,565,187 (+8 %)	+14,661,481 (+66%)	36,878,773
Anders Carp, deputy CEO	-1,540,408 (-18 %)	+1,730,127 (+25 %)	+1,046,775 (+12 %)	+2,564,519 (+26%)	12,342,761
Christian Luiga, deputy CEO and CFO	+2,182,664 (+25 %)	+337,466 (+3 %)	+442,669 (+4 %)	+2,324,814 (+20%)	13,960,072
Company's performance					
Operating Profit	-1,622 MSEK (-55 %)	+1,573 MSEK (+120%)	+386 MSEK (+13%)	+998 MSEK (+30%)	4,272 MSEK
Average remuneration on a full-time equivalent basis of employees (SEK)					
Employees ¹⁴ of the company, i.e. Saab Aktiebolag	-8,000 ¹⁵ (-1.2 %)	+27,000 (+4.1%)	+20,000 (+3%)	+36,000 (+5.1%)	741,000

Linköping in March 2024

The Board of Directors in Saab Aktiebolag (publ)

¹⁴ Excluding members of the Group Management.

¹⁵ Salary review covering 2020 was performed during 2021. An increased number of employees under the age of 30 hired compared to previous year.