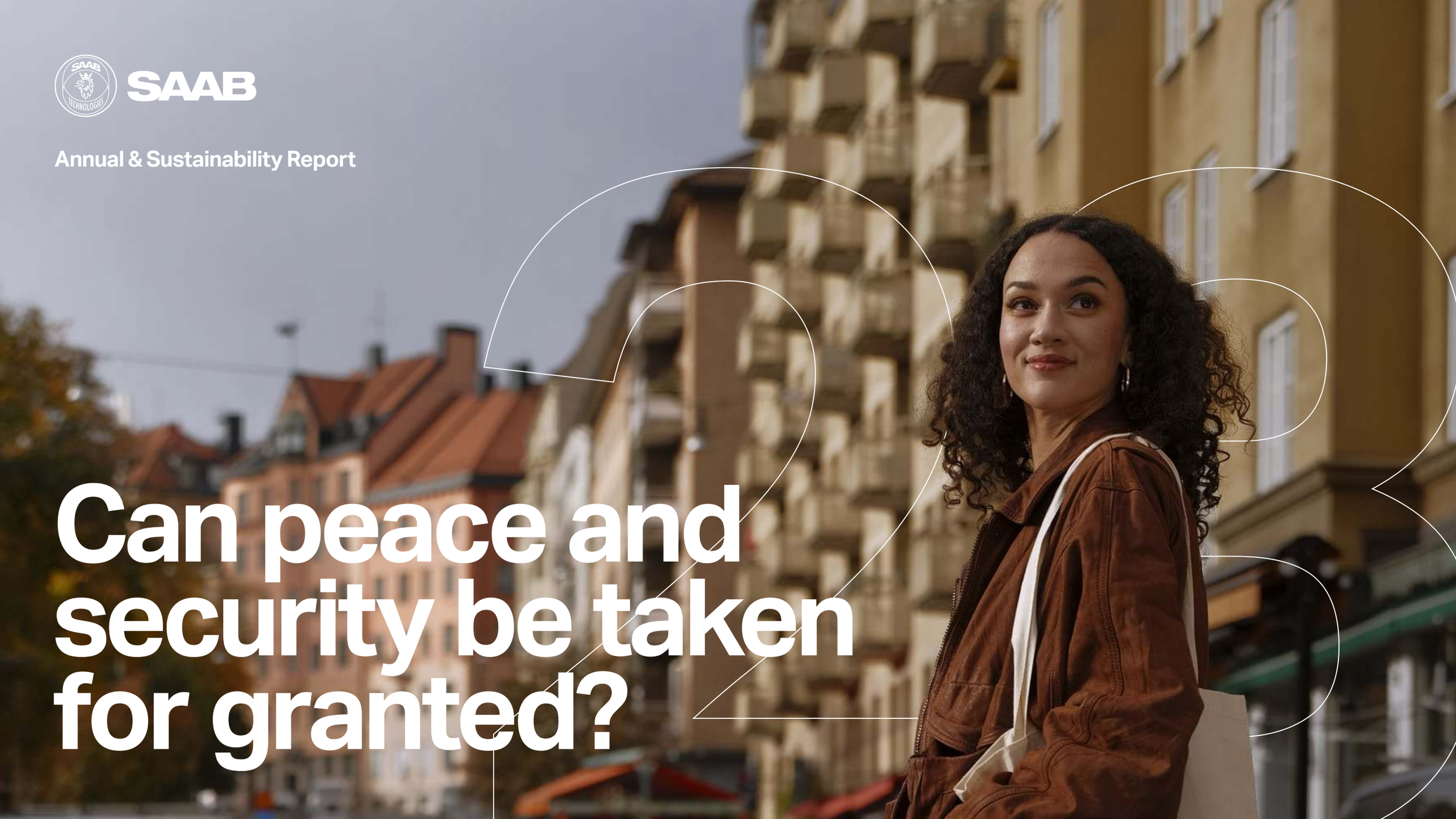
SAAB

Annual & Sustainability Report

Can peace and security be taken for granted?



We don't think so.
As a leading defence and security company, we offer solutions that range from the depths of the ocean to high in the sky, on land and in cyberspace, to keep people and society safe. In a world with widespread instability and geopolitical and climate-related challenges, the safety and resilience of our societies are crucial. Saab was founded as a result of the security situation in 1937 and a way for Sweden to safeguard its freedom. Since then, Saab's product portfolio and global presence have grown, while our purpose to contribute to a secure society and keeping people safe has remained.
SAAB
SAAB TECHNOLOGIES

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About this report

The formal annual report comprises pages 36-170.
The administration report is included on pages 36-99.

Sustainability is integrated throughout the annual report. Pages 42-78 describe Saab's sustainability work in greater detail and comprise the statutory sustainability report.

Due to the rounding of numbers, certain tables and calculations may not add up.

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Investing to keep people and societies safe

Dear shareholder,

Regrettably, the uncertainty in the world has continued to define our time. Ukraine has persistently defended its country with extensive support from the international community. Simultaneously, the war between Hamas and Israel has heightened the geopolitical uncertainty in that region. Many countries are now investing to replenish stockpiles and enhance their defence capabilities. This, of course, has a significant impact on our industry, which plays a crucial role in contributing to safe and secure societies. As a result, NATO and the EU have put increased focus on improved resilience and defence.

Saab's mission from the very beginning has been to keep people and society safe. The expectations from our customers and society have never been greater than they are now. Throughout the year, Saab has continued to deliver to customers but has also focused on investing in new technologies and capabilities that will be crucial for the future. It is of great importance that Saab is, and continues to be, a high-tech company that invests significantly in research and development.

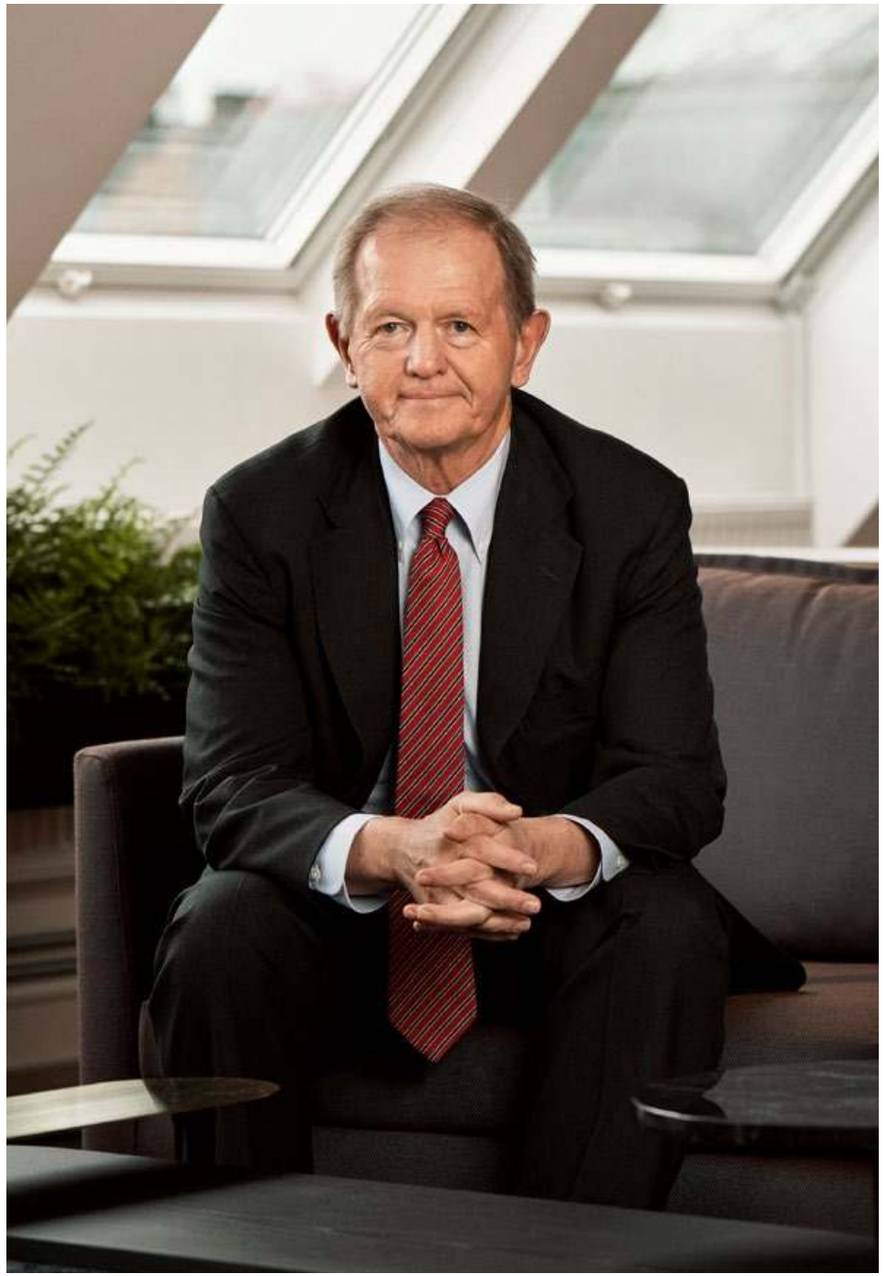
A key focus for Saab's Board of Directors during 2023 has been to ensure that Saab will be able to meet the growing demand in the coming decade, building additional capacity and capabilities. Therefore, a lot of the Board's discussions have focused on how we ensure that we are making the right investments, not least in the realms of digitalisation, AI and sustainability. These topics are important, and they cover aspects ranging from talent management and cultural aspects of the business to more tangible investments in hardware and software, as well as the more specific areas related to implementation of sustainability reporting according to EU's CSRD directive.

During 2023, Saab implemented and launched training for all employees in its new Code of Conduct to ensure that Saab behaves responsibly and ethically in carrying out its mission. For a growing company with thousands of new employees, this is even more important. Saab's Responsible Sales Policy and its related framework are now integrated parts of our sales and marketing processes. The Board has also approved an updated sustainability strategy in order to make sure the company meets its sustainability targets.

Finally, the growing interest in, and the support for Saab is reflected in the fact that we now have close to 115,000 shareholders. I want to thank everyone who chooses to invest in the company and for the trust you show in Saab.

Stockholm, February 2024

Marcus Wallenberg
Chairman



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This is Saab

Saab's strategic journey over the last couple of years has made us a strong, well-positioned and global company in today's defence landscape. We have focused our business around key strategic markets Sweden, U.S., U.K., Germany and Australia, and our product portfolio within five core areas – Fighter Systems, Advanced Weapon Systems, Sensors, Command and Control Systems, and Underwater Systems. To enhance competitiveness and maintain Saab's technology edge also in the future, we are leveraging new technologies to accelerate innovation within future capability areas such as autonomy, distributed sensor systems and cyber defence. Guided by our vision to keep people and society safe, we supply countries with solutions that help them protect their people and borders. We also work continuously to support them to achieve their sustainability ambitions. With a strong and integrated sustainability agenda, Saab aims to contribute to sustainable development and stay competitive also in the future.

52
SEK billion in sales

21,600
Employees

30
Countries with operations

515
Products in offering

~100
Markets served

For more information on Saab's business areas, including business units and the independent segment Combitech, see pages 25-35.

Aeronautics

Key products

Gripen fighter system, advanced pilot training system T-7A with Boeing and aircraft support solutions.

27% Share of sales 2023

2023

6%	47.0	5,600
Sales growth	Order backlog SEK billion	Employees

Dynamics

Key products

Ground combat weapons, ground-based air defence, anti-ship missile, camouflage systems, training & simulation, underwater vehicles, torpedoes and support.

24% Share of sales 2023

2023

37%	47.0	4,000
Sales growth	Order backlog SEK billion	Employees

Surveillance

Key products

Airborne Early Warning and Control solution GlobalEye, surface radars, command and control systems, electronic warfare, cyber security solutions and airport systems.

36% Share of sales 2023

2023

27%	45.8	6,300
Sales growth	Order backlog SEK billion	Employees

Kockums

Key products

Submarines, surface vessels and combat boats.

9% Share of sales 2023

2023

35%	13.2	1,700
Sales growth	Order backlog SEK billion	Employees

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Highlights from the year

Key highlights

Strong order momentum with order intake of SEK 78 bn and an order backlog of SEK 153 bn at the end of the year.

23% organic sales growth with growth in all business areas and Combitech.

EBIT improvement of 30% and an EBIT margin of 8.3% driven by increased sales volumes.

Positive cash flow for the fourth consecutive year with operational cash flow amounting to SEK 3.2 bn.

Capacity build-up to meet increased demand, with e.g. new Ground Combat and Giraffe 1X production facilities.

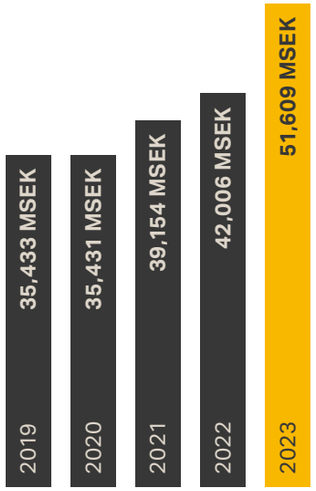
Securing competence with 2,500 new employees joining us in 2023.

Investments in R&D and innovation including two bolt-on acquisitions to accelerate our capabilities in autonomy and AI.

Updated sustainability strategy aimed at positioning Saab as a sustainability leader in the defence industry.

Outlook for 2024: organic sales growth between 12-16%, operating income growth higher than organic sales growth and positive operational cash flow.

Medium-term targets: upgrade of organic sales growth target to be around 15% (CAGR), from previously around 10%, for the period 2023-2027. Saab reconfirmed the medium-term targets for operating income growth and cash conversion.



Sales growth average of 10% annually over the last 5 years

Key figures

Sales, SEK bn
51.6

EBIT, SEK bn
4.3

EBIT margin, %
8.3

Operational cash flow, SEK bn
3.2

Dividend per share*, SEK
6.40

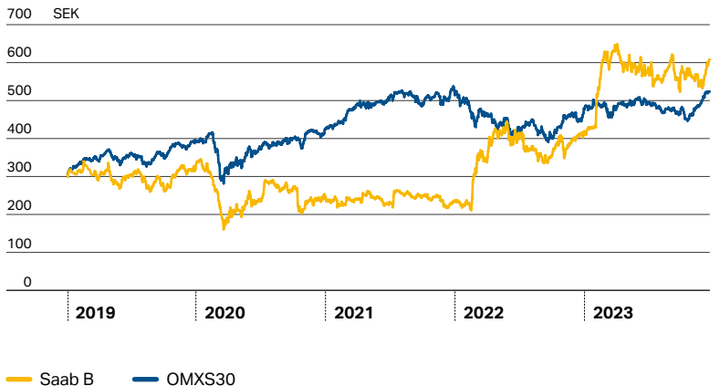
CO_2e emission reduction,%**
1.5

*Proposed dividend
**Scope 1 and 2

Financial highlights

SEK million	2023	2022	2021
Sales	51,609	42,006	39,154
Organic sales growth, %	23	5	11
EBITDA	6,558	5,401	4,826
Operating income (EBIT)	4,272	3,274	2,888
Operating margin, %	8.3	7.8	7.4
Net income	3,443	2,283	2,025
Earnings per share, SEK	25.16	16.41	14.45
Operational cash flow	3,157	2,593	3,276
Free cash flow	1,566	1,871	2,737
Net debt to EBITDA ratio	-0.36	-0.45	0.44
Dividend per share, SEK	6.40*	5.30	4.90
Return on equity, %	11.1	8.6	9.0
Total shareholder return (TSR), %	49.2	80.5	-1.9
No. of shareholders at year-end	104,951	84,493	56,486

Share price development 2019-2023



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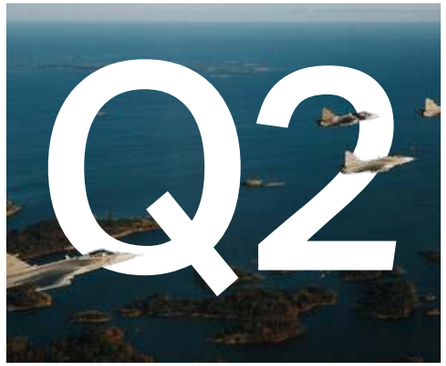
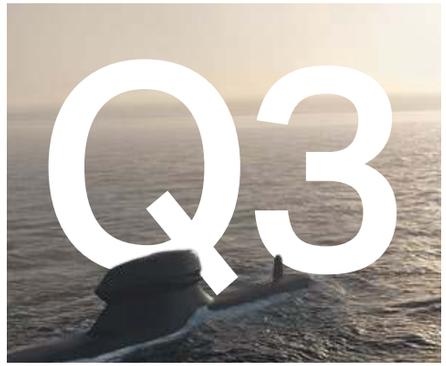
Quarterly market highlights

- Strong market demand drives order growth of 110%.
- Saab receives a large order of SEK 8.5 billion from an undisclosed Western country for defence equipment, including Carl-Gustaf, RBS 70 and Giraffe 1X (G1X).
- Gripen C/D development and support contract of SEK 528 million to Sweden.
- Several Ground Combat orders received within the NATO framework agreements in the quarter.
- A memorandum of understanding (MoU) signed between Saab and Embraer for future opportunities.
- Saab hosts a Capital Markets Day in Stockholm February 2023 and announces medium-term targets for 2023-2027.



- Saab selected to upgrade German Eurofighters electronic warfare (EW) capabilities, with AI partner Helsing.
- A large Carl-Gustaf ammunition order to Sweden received of SEK 3 billion.
- Sight- and fire control order for CV90 combat vehicles to BAE Systems Hägglunds.
- Saab recieves its largest Sabertooth autonomous underwater vehicle order to date of SEK 620 million.
- Capacity build-up efforts with new Carl-Gustaf manufacturing facility in India and start of G1X radar production in the U.K.
- Successful collaboration with Boeing on the Ground-Launched Small Diameter Bomb (GLSDB) missile system resulting in a contract for the Dynamics business.
- Saab expands and recruits 1,000 new employees year-to-date.



- Order intake grows 93% year-over-year and amounts to SEK 15.0 billion (7.8).
- Large order booking of a Gripen E additional functionality contract from Sweden for a value of SEK 5.8 billion.
- Poland orders two Saab 340 Airborne Early Warning (AEW) aircraft with deliveries in 2025.
- A large order received for AT4 systems and Carl-Gustaf ammunition to the U.S. of SEK 1.1 billion.
- Saab enters into a cooperation agreement with Helsing and makes an investment for a 5% stake in the company.
- Saab submits offer for 4 submarines to the Netherlands together with Damen.
- Saab completes two bolt-on acquisitions, BlueBear and CrowdAI, to accelerate autonomy and AI capability.

- Saab closes the full year with a strong order intake of SEK 78 billion, of which SEK 31.5 billion is recorded in Q4.
- Saab signs a large contract for defence equipment to a Western country of SEK 4.3 billion.
- A large Carl-Gustaf order received from an undisclosed customer with deliveries in 2024-2025.
- A production order for the T-7A fuselage systems is received from Boeing for a value of SEK 1 billion.
- Saab and South Korea sign a support contract for the weapon-locating radar system Arthur for SEK 795 million.
- Saab receives an order for AT4 from NATO's procurement agency for a value of approximately SEK 700 million.

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Delivering in a new reality

The defence industry is experiencing a new reality with a deteriorating security situation and a prolonged war in Ukraine, driving the largest increase in defence investments in Europe since the Cold War. To meet increased demand, to deliver on our customer commitments and to further strengthen our sustainability agenda, Saab is investing in capacity, competences and the technologies of tomorrow.

As defence spending in Europe continues to grow, building additional capacity and investing in capabilities based on new technologies will be crucial to meet the growing needs of customers. In 2023, we put relentless effort into customer deliveries and increasing capacity. With the growing interest in Saab's unique and diverse portfolio, we have increased our investments in R&D and intensified our ambitions in innovation, to ensure that Saab's product portfolio remains strong and that we can grow sustainably in the long term. Much of this is done in collaboration with customers who seek to replenish stocks and develop new technologies to strengthen defence capabilities both now and for the future.

The emergence of disruptive technologies such as AI and autonomy is set to be a game-changer for our industry and reshape defence and security applications in the future. During the year, we accelerated our activities in these areas and completed the acquisitions of the AI-enabled defence tech company BlueBear in the U.K. and the Silicon Valley-based AI company CrowdAI in the U.S. These acquisitions will enable Saab to leverage emerging technologies across our product portfolio and drive capabilities for future growth.

Moreover, we announced three strategic partnerships; we entered into a cooperation agreement with Helsing, a European defence company specialising in AI-based software technology and made an investment for a 5% stake in the company. We also signed an agreement with Babcock to explore future opportunities within advanced surface ships. In addition, we signed an MoU agreement with Singapore Technologies Engineering to further deepen our collaboration and opportunities in several defence domains.

We believe increased collaboration and partnerships will further strengthen our competitiveness in the market and support our customers' evolving needs. Saab's position as a trusted partner was further confirmed during 2023 by the significant order intake we recorded. Order bookings grew 23% and amounted to SEK 78 billion (63). Our backlog reached SEK 153 billion. Throughout the year, we have continued to execute on our focused

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multi-domestic strategy, with growth in all of our selected strategic markets; Sweden, the U.S., the U.K., Germany and Australia.

An important milestone in 2023 was the signing of framework agreements with NATO's Support and Procurement Agency for the Carl-Gustaf and AT4 weapon systems, in line with our focus on supporting our customers in building up their defence capabilities. We also received an order for two Airborne Early Warning (AEW) aircraft to Poland and rolled out the first aircraft two months after contract signing. Moreover, we delivered Sweden's new SIGINT ship as well as the first serially-produced Gripen E to the Swedish Defence Materiel Administration.

Organic sales growth for the full year was 23% and reflected the higher production volumes we have in all our businesses. Profitability also improved with an operating margin of 8.3% (7.8). Cash flow for the full year reached SEK 3.2 billion. As we close the books for 2023, it is with satisfaction that I conclude that we have again reached all our financial targets.

Looking ahead, delivering on our customer contracts and our strong backlog will be key. Based on current visibility for planned project execution and deliveries, we expect the organic sales growth for the full year 2024 to be between 12-16%. We are also committed to continue growing the operating income above organic sales growth in 2024. The last four years we have reported positive cash flow and we foresee a continued positive cash flow for the full year.

As a growing Swedish defence company, we have the ambition to be a sustainability leader in our industry and we strive to be sustainable in all parts of our business, in support of the UN Global Compact and its ten principles. We have, in addition to accelerated climate transition initiatives within the Group, also launched a new Code of Conduct and updated our sustainability strategy framework. During the year, we have also undertaken a thorough project across the organisation to be compliant with the new upcoming European Sustainability Reporting Standards. I believe that this project and the updated sustainability strategy, together with our strong foundation of responsible business practices, will guide us along the ambitious growth path that is ahead of us.

2023 was also an innovative year for Saab with several new products launched, including the Giraffe 1X Deployment Set and new features for our Barracuda camouflage solutions as well as showcasing our land-based capabilities for next-generation air defence. On the naval side, we introduced our future operator workspace console concept, leveraging on Saab's expertise within combat system hardware and software for warships. All of this is the result of our most important resource at Saab, our people.

Beyond actively engaging our employees to ensure that they are set to address the growing demand, it is key that we continue to invest, secure relevant competences and adapt to new technology. In 2023, we have been successful in attracting close to 2,500 net new employees globally, an increase of 13%. At the same time, Saab has climbed in the rankings as a top-ten most attractive IT and Engineering employer in Sweden. As we look ahead, we are investing in upskilling through our learning platform and putting efforts into both onboarding and our people experience. All our efforts within sustainability, innovation and people will be key to our long-term success and value creation.

Stockholm, February 2024

Micael Johansson
President and CEO

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Geopolitical tensions remained high during 2023. The unabating war in Ukraine has led to an intensification of Sweden's efforts in preparing for NATO membership, as well as prompted other European countries to increase their defence capabilities and budgets. Meanwhile, the U.S. is increasingly focused on the Indo-Pacific region and conflicts in the Middle East. Saab is closely monitoring the market development and its position in it.

Sweden preparing to join NATO

In July 2023, NATO's new strategic concept was presented at the Vilnius summit, reaffirming the alliance's key purpose to ensure collective defence. To meet this commitment, there is an urgent need to increase defence capabilities within NATO. Consequently, the Swedish government has made further increases in the defence budget to meet NATO's guideline for defence spending of two per cent of GDP already by 2024. The Swedish Armed Forces will have to make significant investments across all domains in the coming years to meet the requirements and obligations of a Swedish NATO membership. Saab has a well-positioned and NATO-compatible product portfolio and stands ready to support the increased defence capability needs in Sweden and NATO.

Increasing defence budgets

The deteriorating security situation, in combination with decades of underinvestment, is driving countries in Europe to increase defence spending between 2023 and 2032 by more than 30 per cent compared to the forecast before the war in Ukraine[1]. At the same time, U.S. defence spending remains robust and will continue to grow in the next few years at a modest pace. Sustaining and strengthening deterrence against China, supporting Ukraine and collaborating with a growing network of allies and partners on shared objectives will be a focus for the U.S. going forward. The need for increased and more advanced defence capabilities is driving demand from Saab's customers for the next decade.

Strengthened cooperation within Europe and NATO

Both the EU and NATO have pledged to increase cooperation and integration between the member states in matters relating to defence. A key focus is to strengthen the autonomy of the European defence industry and secure resilient supply chains. In response, programmes such as ASAP[2], EDIRPA[3] and EDF[4] have been established in the EU with the goal of addressing the most urgent and critical gaps in the Union's defence capabilities. NATO has also initiated a Defence Production Action Plan to boost capacity and cooperation. Beyond this, the EDTIB[5] is pushing for strengthened access to finance for the EU's defence industry, as a prerequisite for lasting capacity to deliver capabilities that meet Europe's security needs. Saab has an important role in the European defence industry and is focusing efforts to expand collaboration and increase capacity.

1. Source: Janes.
2. Act in Support of Ammunition Production (ASAP), a proposal for regulation to support EU industry to ramp-up production capacities in ammunition and missiles.
3. The European Defence Industry Reinforcement through common Procurement Act (EDIRPA) with the aim to address the EU's most urgent and critical defence capability gaps and incentivise the EU member states to procure defence products jointly.
4. The European Defence Fund (EDF) promotes cooperation among companies and research actors of all sizes and geographic origins in the European Union, in research and development of state-of-the-art and interoperable defence technology and equipment.
5. EU's Defence Technology and Industrial Base (EDTIB).

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Saab's strategic markets

As a long-term partner to our customers, Saab sees significant market demand for many years ahead, driven by countries' growing need for strengthened defence capabilities and supported by increasing budgets. Saab will work with customers to meet these needs, building on our strong position in core areas and focused multi-domestic strategy.

U.S.

The U.S. is the world's largest defence market and Saab has successfully grown in selected product areas. Currently, Saab has a well-established position in surface-based radars, ground combat, the trainer aircraft T-7A with Boeing, and training systems. Our footprint is also growing in unmanned underwater systems.

U.K.

Saab's U.K. presence is strong in sensors, seabed operations and ground combat. In 2023, Saab further strengthened its position with the acquisition of U.K.-based company BlueBear, accelerating innovation in areas such as artificial intelligence and autonomy.

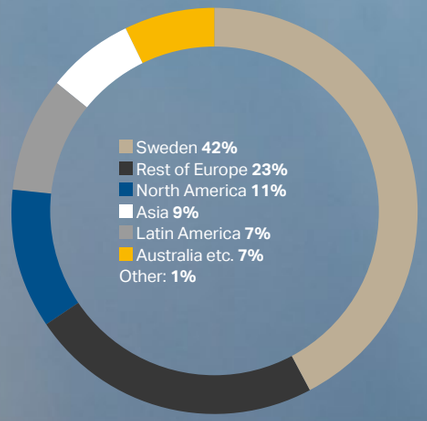
Sweden

Saab aims to keep its strong position within all core areas and grow further as the defence budget increases. An important focus going forward will be to support Sweden's new role in NATO.

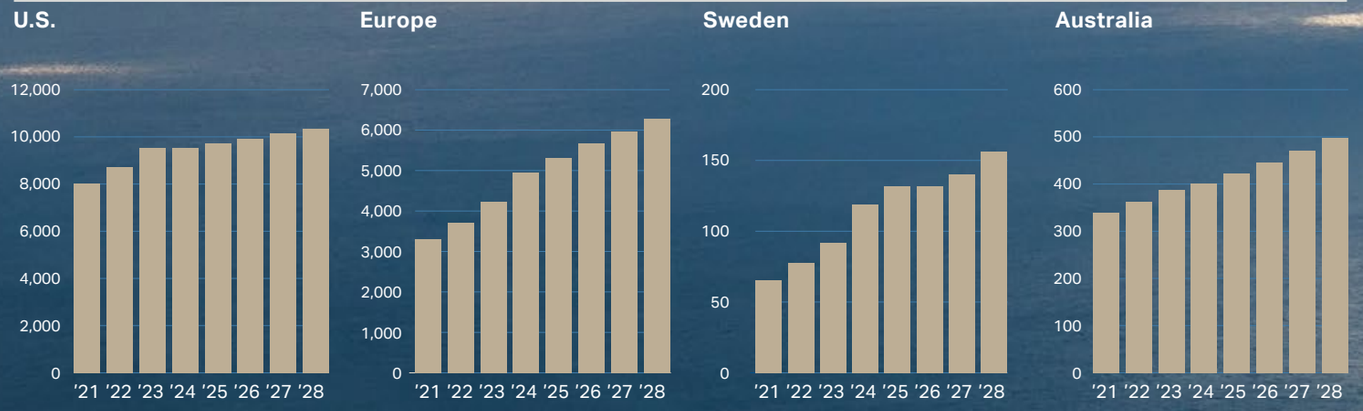
Germany

Saab has established operations in Germany and has in recent years gained a significant position in areas such as naval combat management, land training and simulation, and fighter electronic warfare (EW).

Saab's sales per region 2023



Defence budget forecasts, SEK billion (nominal)



Source: Janes and Swedish Defence Budget results and plans 2021-2028

Australia

Saab is the Australian Navy's sovereign combat management system provider for surface ships, and also has a strong legacy in the underwater domain with new opportunities emerging. The AUKUS agreement and its implications will play a key role in the region going forward.

AUKUS: a trilateral security partnership between Australia, U.K. and U.S.

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Technology trends

The technology development required to meet the needs of future defence is increasingly driven by non-military organisations and companies. There is therefore a growing need for collaboration across sectors in order to take advantage of knowledge in areas such as digitalisation, artificial intelligence and unmanned systems. Saab's strategy is to quickly integrate new technology into its product portfolio, where investments in R&D are combined with targeted acquisitions.

Artificial intelligence

The impact of artificial intelligence (AI) and machine learning (ML) in military applications is a game changer. An increasing number of improved sensors, such as satellites and radars, have created more data in the last five years than in the previous centuries. These vast amounts of data are impossible for human analysts to utilise in real-time, but with the help of AI, sensor data such as satellite images and radar tracks can be analysed much quicker. This creates enhanced situational awareness and intelligence information.

Saab's approach
Saab is accelerating the development and implementation of AI and machine learning capabilities into its portfolio to improve data analytics in sensor- and command and control systems. Saab is also implementing generative AI tools to speed up product development processes. In addition to organic efforts, the acquisition of CrowdAI in 2023 illustrates Saab's adaptive and forward-thinking approach, seamlessly integrating AI/ML technologies into its robust portfolio.

Autonomy and unmanned systems

The demand for autonomous and unmanned systems is growing. Besides small drones being deployed for surveillance and attack, the interest in larger unmanned systems with more advanced capabilities are also increasing. Furthermore, the vulnerability related to underwater infrastructure such as communication cables, powerlines and oil and gas pipelines has become apparent during 2023, driving an increased need for autonomous and unmanned systems that can monitor and protect underwater infrastructure .

Saab's approach
Saab is constantly working to expand its capabilities in autonomy and unmanned systems. Several initiatives are currently ongoing in close cooperation with customers in the areas of naval and air autonomy, for example seabed operations, swarming drones and manned-unmanned teaming. Saab is combining organic efforts with acquisitions when suitable. The acquisition of BlueBear in 2023, a company focused on AI-enabled autonomous swarm systems, is a good example of how Saab is leveraging emerging technologies in this field.

Multi-domain distributed sensor systems

Technology development over the last decade has enabled a new generation of radar sensors where microwave signals are converted to digital signals directly in the antenna. This facilitates a completely new way to design radars with great performance and flexibility.

Saab's approach
Using this technology, combined with advances in processing power, Saab can now build radars that are distributed between different platforms and sites. These radars are extremely mobile, or even completely silent, making them impossible to detect. When Saab combines these sensors in secure networks, managed by a multi-domain (air-naval-land-space-cyber) command and control system, it can provide unsurpassed situational awareness to Saab's customers.

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Core areas

Saab focuses its product portfolio on five core areas where we invest in technology development to stay ahead of the competition and protect our market leadership.

Fighter Systems

Saab's latest fighter version, the Gripen E, is certified for military use by both the Swedish and Brazilian Air Forces. The E-series has several new features including cutting-edge sensors, enhanced weapon capability and electronic jammer pods. In 2023, the Swedish customer received its first serially-produced aircraft, and the production line for Gripen E in Brazil was inaugurated.

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

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

Advanced Weapon Systems

The area holds products ranging from ground combat support weapons to missiles and training systems. Saab's Ground Combat systems hold an undisputed leading market position. The war in Ukraine has further proved that man-portable and multirole anti-tank weapons are extremely effective in modern combat situations. Saab's anti-tank weapons include the Carl-Gustaf, AT4 and NLAW (Next generation Light Anti-tank Weapon) systems.

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

Sensors

Saab is a world-leading supplier of sensors, radar technology and electronic warfare solutions. The sensor portfolio comprises systems such as the Giraffe radar family and the GlobalEye Airborne Early Warning and Control (AEW&C) solution.

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

Deliveries of the GlobalEye started in 2020 to the United Arab Emirates and has also been ordered by Sweden. In 2023, the fourth GlobalEye aircraft conducted its successful first flight. Including GlobalEye's predecessor, the Erieye system, Saab has the largest AEW&C customer base in the world.

Command and Control Systems

Saab provides complete command and control solutions for land, air and naval use, with a particularly strong position within the naval domain. The portfolio ranges from fire control systems to fully integrated combat systems.

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

Underwater Systems

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

The A26 submarines built for the Swedish Navy are state-of-the-art and can carry large payloads and operate in hostile environments under extreme conditions without being detected. They have excelled in several tests and exercises in the U.S. and the Baltic Sea.

The demand for seabed operations and surveillance systems has increased in recent years. Saab provides a range of autonomous underwater systems for both military and civil use, and continues to drive technology development within this area.

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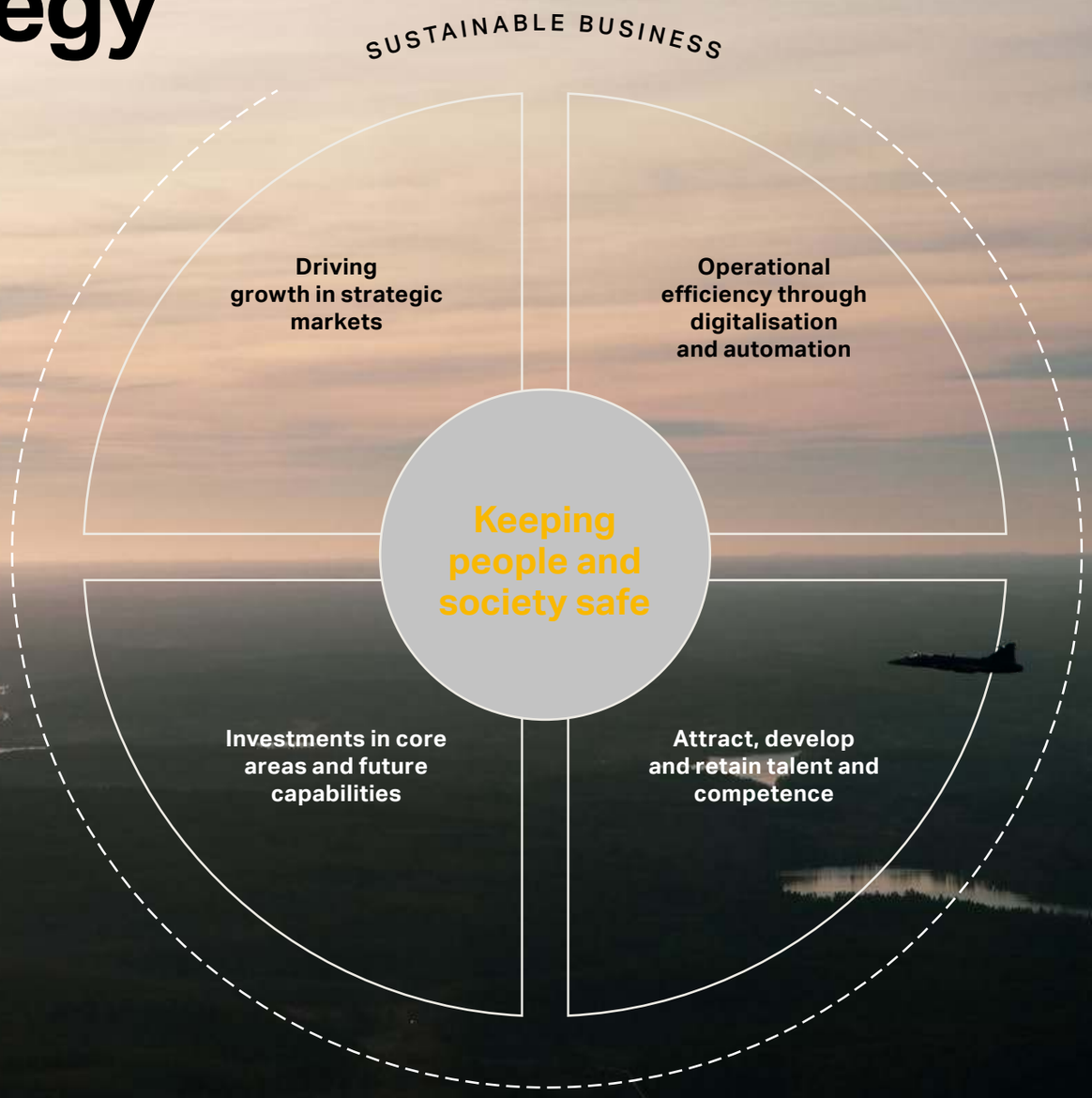
A focused strategy for profitable growth



Saab's strategy is to deliver on customer commitments and meet the increased market demand, whilst investing in future capabilties.

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The five pillars of Saab's strategy

Saab has focused its strategy around selected strategic markets and on strong core areas. To meet the rapidly increasing demand and deliver to our customers, Saab works to improve efficiency and secure relevant competence, while accelerating the development of future capabilities.

Growth in strategic markets

Saab is active in around one hundred countries worldwide. In addition to Sweden, Saab is focusing on the U.S., the U.K., Germany and Australia as the main platforms for future growth. In these selected strategic markets, Saab sees opportunities for further growth in niches and technology areas where Saab has a strong position such as sensors, underwater systems and command and control systems. By scaling up domestic operations further and forming new partnerships, Saab aims to grow locally and become an integral part of the defence ecosystem in these countries. Saab's organic growth strategy is combined with pursuing acquisitions in these markets.

Core areas and future capabilities

Saab has defined five core areas where the company has a strong market position and a leading product portfolio. The core areas are Fighter Systems, Advanced Weapon Systems, Sensors, Command and Control Systems, and Underwater Systems. Saab is continuously investing in R&D and product development to strengthen the competitiveness within the core areas. The company also seeks collaborations with customers and partners to drive innovation in future capability areas such as autonomy, distributed sensor systems, cyber defence and space, and advanced weapon systems.

Read more about innovation and future capabilities on page 22.

Operational efficiency

At front and centre for Saab is to deliver on our customer commitments and meet the increased demand by increasing capacity and efficiency. Saab is investing in automated production lines and increased digitalisation. We are working to increase our efficiency in all parts of the business and to reduce lead times. Several initiatives for continuous improvement are ongoing across the Group, within areas such as efficient digitalised development and supply, project excellence and cross-organisational consolidation.

People and competence

To manage the significant increase in demand, Saab is growing in number of employees. Saab has initiated proactive work to attract and retain the right competences and leadership that will support the Group's growth journey. Saab's people strategy for growth centres around securing robust recruiting, investing in learning and future leaders, building efficiency and simplicity in people processes, and creating the best people experience. Saab strives to develop a continuous learning culture and to build a sustainable work environment with engaged and creative employees.

Read more about Saab's people on page 24.

Sustainable business

Keeping people and societies safe from threats is fundamental for sustainable development. Only safe societies have the power to focus on issues such as climate change, human rights, diversity and financial stability. Saab strives for a sustainable business in all aspects of its operations and impact on society. By developing and providing solutions that enable customers to achieve their sustainability ambitions, Saab can have a competitive advantage in the market while contributing to sustainable development. Saab's sustainability strategy is built on three pillars, with prioritised areas within each: 1) Resilient and safe societies, 2) Green and social transition and 3) Innovation and partnerships.

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Sustainability at the core

Saab was founded in 1937 with a clear purpose to protect Sweden's borders and its people in a time of major security challenges. Over time, Saab's product portfolio and global presence has grown, while our purpose to keep people and society safe has remained. Now, almost 90 years later, the world is facing a radically changed security situation and we are once again reminded of the importance of what we do.

Our view:

Global challenges such as climate change, human rights, health and inequality can only be fully addressed when societies are safe and resilient.

Our agenda:

Contribute to sustainable development through responsible business practices and driving sustainable innovation together with customers and partners.

Our ambition:

To be a sustainability leader within the defence sector and utilising this position as a competitive advantage.

Read more about our sustainability efforts on pages 42-78.

Saab's sustainability highlights 2023:

- Updated sustainability strategy
- Launch of new Code of Conduct, strengthening corporate values and guidelines
- Introduction of the "Climate Innovation Call" initiative, to promote ideas for sustainable innovation within Saab
- Saab recognised for leadership in transparency and performance on climate change, by securing a place on CDP's 'A list' for 2023

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Saab's updated sustainability strategy

During the autumn 2023, Saab worked intensely to update our sustainability strategy. In the updated strategy, we set the ambition to become a sustainability leader within the defence sector.

The updated strategy is based on a double materiality analysis in preparation for upcoming EU reporting requirements and reflects increased stakeholder expectations from the financial market, our employees, our customers and legislators. The strategy includes new and revised targets on short- (1 year), medium- (3 years) and long-term (7 years), in line with our leader ambition. It took effect in January 2024 following the Board's approval in December 2023.

Sustainability strategy and long-term targets to 2030*:

Resilient and safe societies

Business and Human Rights
→ Saab has an industry-leading Human Rights Programme

Anti-Corruption
→ Saab has an industry-leading anti-bribery and corruption programme

Information Security
→ Saab has a defined, well-functioning, proactive and systematic approach to information security

Export Compliance
→ Saab will remain a leader in export control through robust rules, processes and training

Green and social transition

Climate Impact
→ Net zero emissions by 2050 (Scope 1, 2 and 3)

Substances of Concern
→ Performed substitution according to roadmaps

Circular Economy
→ Reduced water withdrawal by 20%
→ Further targets will be defined in 2024

Occupational Health and Safety
→ Reduced number of work-related accidents by 25%
→ Reached 10 reported close calls/hazard identification per work-related injury

Innovation and partnerships

Diversity and Inclusion
→ At least 30% female employees
→ At least 35% female managers

Innovation
→ CO_2-neutral options are available for all products
→ Circular business models are implemented

Industrial Cooperation and Partnership
→ A significant part of Saab's industrial cooperation activities are substantially contributing to our sustainability strategy
→ Partnerships with external actors contribute to Saab's sustainability commitments and strategy

*unless otherwise stated

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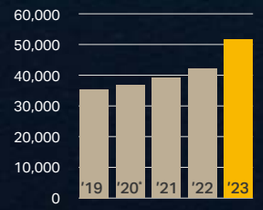
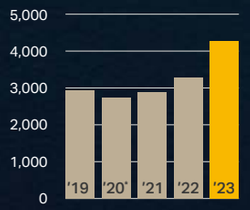
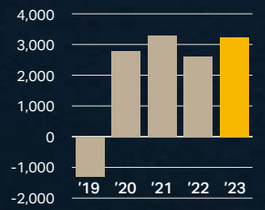
Financial targets

In 2023, Saab introduced medium-term targets for the period 2023-2027 on organic sales growth, operating income and operational cash flow. These were provided on the back of improved growth opportunities from increased market demand and Saab's significant order backlog. In January 2024, Saab upgraded its organic sales growth target to be around 15% (CAGR), from previously around 10%, for 2023-2027.

	Organic sales growth	Operating income	Cash flow
Target (2023-2027) →	Compound annual growth rate (CAGR) 2023-2027* **~15%**	Operating income growth higher than organic sales growth **higher**	Cash flow conversion**, cumulative for the 5-year period **>70%**
Outcome 2023 →	**Sales, MSEK**  **23%** Organic sales growth *2020 adjusted for items affecting comparability	**EBIT, MSEK**  **30%** Operating income growth *2020 adjusted for items affecting comparability	**Operational cash flow, MSEK**  **74%** Cash conversion**
Comment →	With a well-positioned portfolio and a focused strategy, Saab aims to capture the increased market opportunities and deliver on its growth target. Key priorities are to deliver on current customer orders and increase capacity, whilst continuing to invest in future capabilities. In 2023, sales increased corresponding to an organic sales growth of 23%, with growth in all business areas and Combitech.	Saab is committed to improve profitability, and to ensure that the improvement is sustainable over time. This is achieved through scale effects from sales growth and a strong focus on improving efficiency, as well as portfolio management. In 2023, Saab improved profitability with an EBIT growth of 30% and an EBIT margin of 8.3% (7.8), driven mainly by the stronger sales volumes.	Saab targets a positive cash flow in the medium-term period resulting from continuous EBITDA growth and milestone payment plans. Active financial steering of working capital and investments is important for future growth and Saab continues to invest in capacity and R&D. In 2023, Saab's operational cash flow amounted to SEK 3.2 billion, corresponding to a cash conversion of 74%. The cash flow was driven by a high level of customer milestone payments.

*CAGR base year 2022
**Cash conversion defined as operational cash flow divided by operating income

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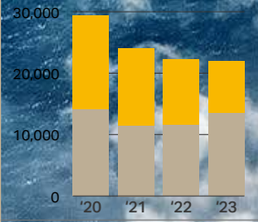
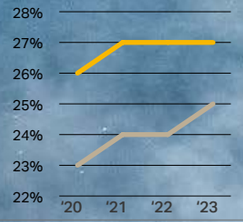
Sustainability targets

Saab strives for a sustainable business in all aspects of its operations and impact on society. Delivering on our sustainability targets is key to ensure Saab's competitiveness now and in the future. For full disclosure on all Saab's sustainability targets, see the Sustainability Report.

	Business and human rights **Resilient and safe societies**	Climate impact **Green and social transition**	Diversity and inclusion **Innovation and partnerships**
Target →	Business opportunities flagged in Saab's customer relations management system assessed for human rights risks. **100%**	Reduction in Scope 1 and 2 CO_2e emissions by 2030 (compared to base year 2020) **-42%**	2023 targets: Women employees by 2025* **>25%** 2023 targets: Women managers by 2025* **>30%**
Outcome 2023 →	During 2023, 43 flagged opportunities have been assessed according to Saab's Responsible Sales Policy. **100%**	**Scope 1 & 2 emissions, tonnes CO_2e**  **-26%**	**Share of women, %**  **25%** women employees **27%** women managers
Comment →	Saab's Responsible Sales Policy strengthens our commitment to human rights risk management relating to the sale and marketing of products. A responsible sales screening is required for all new sales opportunities, and any high-risk opportunities are flagged and must undergo an additional due diligence process. An opportunity is flagged when: • Customer has a Saab Responsible Sales Index score below a certain threshold, and • Product is classified as military equipment, and • Not a follow-on delivery (e.g. spare parts) Read more about Saab's Responsible Sales Policy on page 50.	Driving green transition is a core pillar of Saab's sustainability strategy. In line with Saab's commitment to Race to Zero and net zero emissions by 2050, we are making significant efforts to reduce greenhouse gas emissions. In 2023, Saab reduced emissions by 25.5% compared to 2020. The reduction was driven by continued work with energy efficiency measures, a reduced mix of emission-intense energy sources from suppliers and the purchase of renewable energy certificates (RECs). Read more about Saab's efforts to reduce our climate impact on page 57.	At Saab, we are convinced that a workplace characterised by diversity and inclusion boosts innovation and increases employees' engagement, well-being and performance. Gender equality is an important aspect of diversity and inclusion, and increasing the share of women employees and managers is something that Saab has worked with systematically for many years. In 2023, the share of women employees increased to 25% (24) whilst the share of women managers remained at 27% (27). Read more about diversity and inclusion at Saab on page 63.

*New targets apply from 2024

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Investing for the future

In parallel to delivering on our current commitments and increasing capacity, it is essential for Saab to continue to invest in research and development (R&D) to secure future capabilities and provide state-of-the-art solutions for our customers also in the long term.

Total R&D spending as percentage of sales 2023

17%

Saab employees engaged in R&D

11,000

SUSTAINABLE INNOVATION

A strong track record of innovations

Saab's history of being a small defence company in the global arena has pushed us to become innovative in system design, lead time reduction, and cost and performance efficiency. As a result, innovation and agility are inherent parts of Saab's culture, allowing us to leverage and integrate new and rapidly evolving technology development from both within and outside the defence sector.

Some examples of Saab's track record:

T-7A trainer
- development from blueprint to first flight in less than three years, in partnership with Boeing.

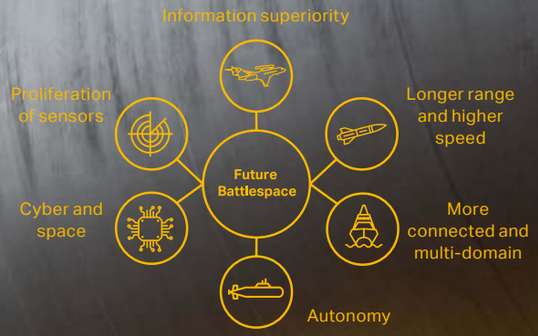
GlobalEye
- the world's leading and most advanced airborne early warning and control system.

Giraffe 1X radar
- reducing cost and size while maintaining performance.

Preparing for the future

As the future battlespace evolves, new technology advances. To sustain our competitive edge over time it is fundamental to build defence capabilities at a high pace that meet our customers' needs in this environment.

Characteristics of the future battlespace:



Focus and accelerate our investments

Saab's strategy is to leverage our strong position within core areas and focus investments towards selected future capabilities. Joint innovation together with customers and partners will be key to accelerate the development and achieve results.

Saab's selected future capability areas:

- Naval autonomy
- Air autonomy
- Multi-domain command and control (C2)
- Distributed sensor systems
- Cyber defence and space
- Next generation advanced weapon systems

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Advancing our technology position through acquisitions

As emerging and disruptive technologies such as artificial intelligence (AI), machine learning (ML) and autonomy have the potential to reshape entire industries, Saab has a proactive strategy of selected acquisitions and partnerships to enhance capabilities and accelerate integration of new technologies into our product portfolio.

In 2023, Saab executed on this strategy and completed two strategic bolt-on acquisitions and a cooperation agreement:

→ Acquisition of BlueBear

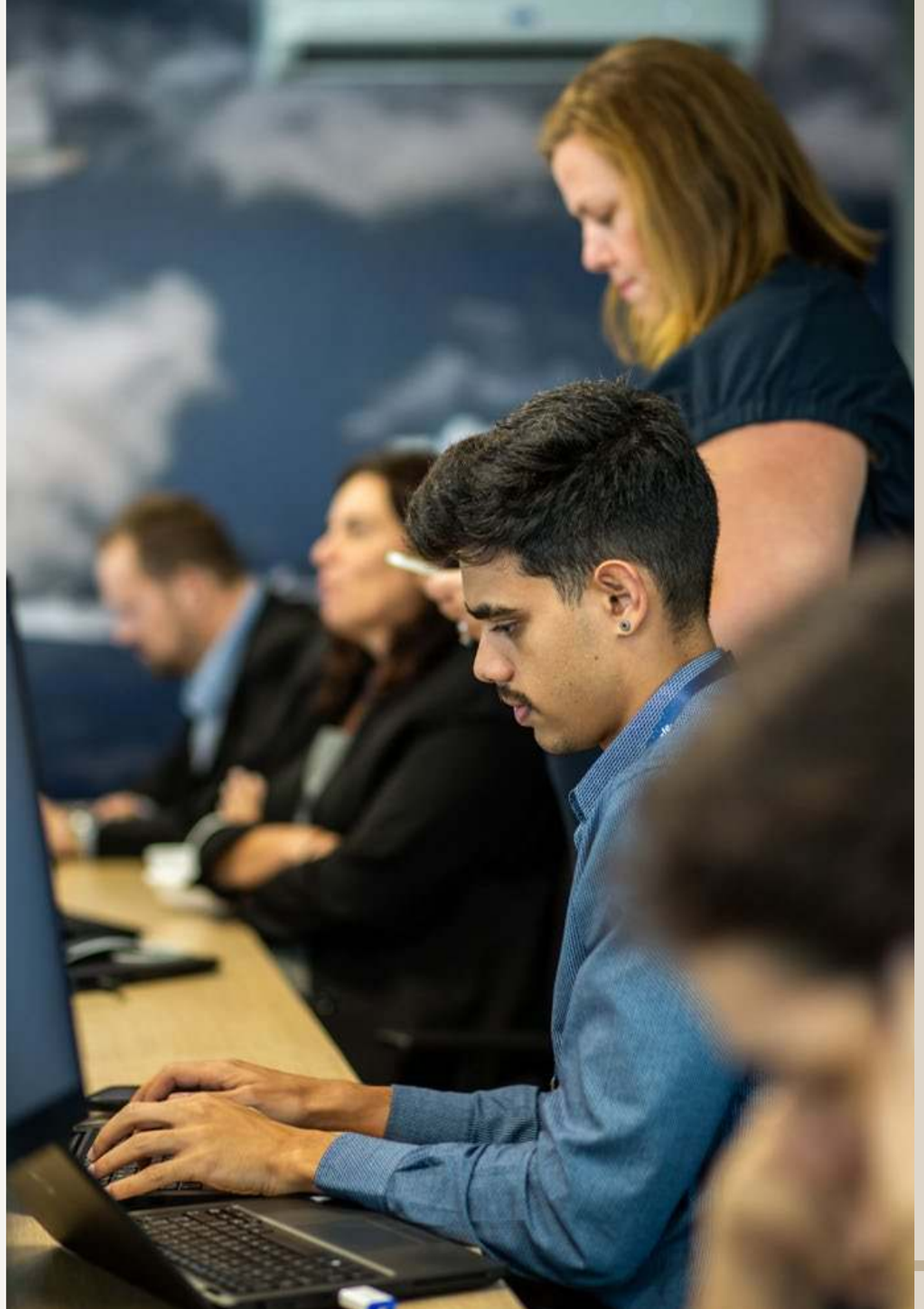
BlueBear is a world-leading, U.K.-based provider of AI-enabled autonomous swarm systems for complex defence and security applications. Saab sees potential within areas such as autonomy, uncrewed aerial systems (UAS), counter-UAS and command and control (C2) for swarms.

→ Acquisition of CrowdAI

Based in the U.S., CrowdAI is focused on mission-specific AI and computer vision application. The acquisition accelerates the development and implementation of AI/ML capabilities into Saab's portfolio.

→ Cooperation agreement and investment in Helsing

Helsing is a defence company specialising in AI-based software technology. Saab is already cooperating with Helsing on electronic warfare (EW) and surveillance capabilities for fighter aircraft, and sees further potential for other sensor and C2 applications in all domains.



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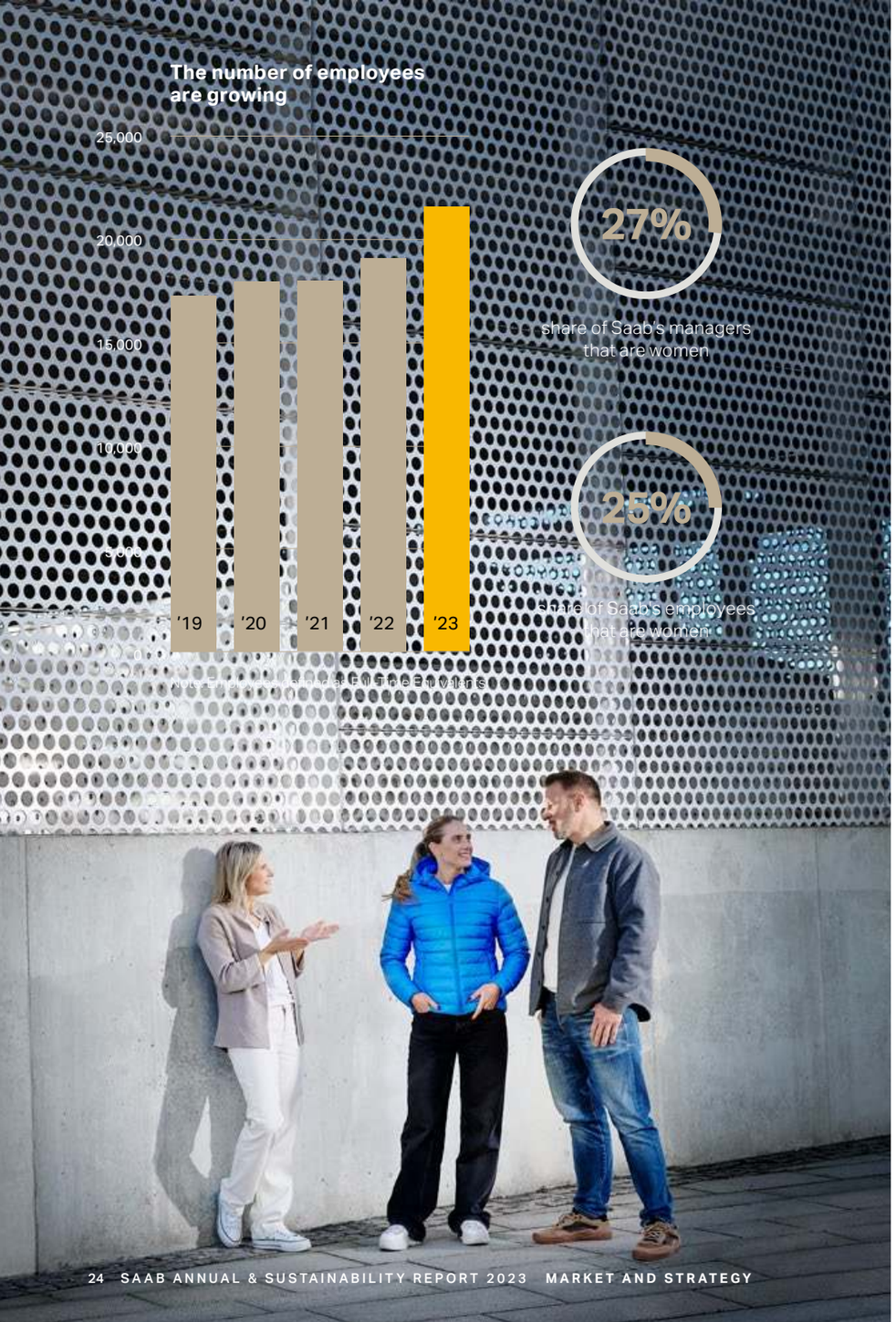

People

Our people

At Saab, our employees are crucial to our success. We are committed to attracting new talents and actively engage in their development. Saab is home to a dedicated and competent group of people. Together, we find innovative solutions to complex problems. In a growing, ever more diverse company, we work in a collaborative supporting environment, where everyone is encouraged to explore their full potential.

Our core values

At the core of Saab are three fundamental values: Trust, Drive, and Expertise, embodying our dedication to reliability, innovation and continuous learning. These values drive our ambition to be a preferred employer, emphasising the significance of having an attractive workplace for lasting success. We prioritise continuous learning, encouraging employees to explore their potential and contribute to a greater mission. Acknowledging that our employees are our most valuable assets, we place a primary focus on ensuring their well-being.

Saab is a place where:

- You can try new things, share your knowledge and learn from others.
- You are trusted and given responsibility.
- You can contribute with your own unique perspectives, just the way you are.
- Technology challenges us to come up with smart solutions.
- We create and deliver smart products and solutions as a team.
- We support and show up for each other.
- You contribute to our mission to keep people and society safe.

Year in review

In 2023, Saab grew by hiring close to 2,500 new employees, a 13% increase. The number of employees increased in all business areas and Combitech, and 20% of Saab's new employees are located in our strategic markets U.S., U.K., Germany and Australia. A key focus during the year has been to increase the awareness about Saab as an employer with various activities aimed at our target groups. Saab also showed notable improvements in various employer rankings in Sweden amongst IT, MSc. Engineering and BSc. Engineering students. To further strengthen Saab's growth, we work continuously with developing our talent acquisition function Career Center to support the business with finding talents.

Saab is also investing in upskilling through its learning platform, introducing Career Hub, an internal tool that promotes continuous learning, development and internal mobility.

Lastly, Saab continued its dedication to diversity, promoting technology interest amongst women and highlighting female leaders. Our recruitment process, incorporating diversity from job ads to interviews, aims to boost representation of women in both employee and managerial roles.

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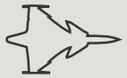
Business Area Aeronautics



Core area
Fighter Systems

Business units
Advanced Programs, Aerospace Systems, Aviation Services, Gripen.

Key highlights 2023

Delivery of the first serially-produced Gripen E aircraft to the Swedish Defence Materiel Administration.

New contract signed for additional functionality for Gripen E to Sweden.

First flight of the T-7A advanced trainer by a U.S. Air Force pilot.

Key figures 2023

5,600
Employees

47.0
Order backlog, SEK bn

13.8
Sales, SEK bn

6%
Sales growth

5.2%
EBIT margin

Sales by market	
Sweden	58%
Rest of world	42%

Sales by domain	
Air	91%
Civil	8%
Land	1%
Naval	<1%

Sales by significant source	
Long-term contracts	88%
Services	9%
Products	2%

Countries across four continents rely on Gripen to protect their sovereign airspace.

Aeronautics

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

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

The latest version, Gripen E, is the world's first fully digitalised fighter aircraft. It is the only fighter with separated flight- and mission-critical software platforms, enabling continuous capability updates without compromising operational availability.

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

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Aeronautics business units

Advanced Programs

Offering
Development of manned/unmanned Future Fighter System concepts including emerging and disruptive technologies, novel materials and agile methods.

Main sites
Linköping (Sweden)

Customers (examples)
Sweden

Aerospace Systems

Offering
Aeronautical subsystems: T-7 in partnership with Boeing, and airframe assemblies such as doors for Airbus and Boeing.

Main sites
Linköping (Sweden), West Lafayette (U.S.)

Customers (examples)
U.S., Germany, France, U.K.

Aviation Services

Offering
Maintenance solutions, support and services for a wide range of aviation capabilities including Gripen and GlobalEye as well as other aircraft and helicopters. Support solutions as turnkey or stand-alone services to defence forces, civil authorities, operators and original equipment manufacturers (OEM).

Main sites
Linköping, Nyköping, Arboga, Ljungbyhed, Östersund (Sweden)

Customers (examples)
Sweden, Brazil, UAE and civil operators in approximately 40 countries

Gripen

Offering
Main business unit for complete weapon system Gripen C/D/E/F. This includes design, development, related support and training systems, flight testing and contracting.

Main sites
Linköping, Järfälla and Arboga (Sweden), Brasília, São Paolo, Gavião Peixoto (Brazil)

Customers (examples)
Sweden, Brazil, Hungary, Thailand, South Africa, Czech Republic

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Business Area Dynamics

Core area
Advanced Weapon Systems

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

Key highlights 2023

Continued increase of production capacity for advanced weapons, investing both in Sweden and abroad.

Delivering on the GLSDB (Ground-Launched Small Diameter Bomb) contract together with Boeing, only nine months after contract signing.

Growing competence with the hiring of 580 highly-skilled new employees during the year.

Key figures 2023

4,000
Employees

47.0
Order backlog, SEK bn

12.6
Sales, SEK bn

37%
Sales growth

12.7%
EBIT margin

Sales by market	
Sweden	23%
Rest of world	77%

Sales by domain	
Land	80%
Naval	17%
Air	2%
Civil	<1%
Other	<1%

Sales by significant source	
Long-term contracts	37%
Services	12%
Products	52%

Demand for anti-tank systems such as NLAW is increasing, and current customers include the U.K., Sweden, Finland, Luxembourg and Switzerland.

Dynamics

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

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

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

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Dynamics business units

Ground Combat

World-leading products used by defence forces around the world.

Offering
- Recoilless Carl-Gustaf M4 weapon with a wide range of ammunition types
- Anti-tank weapon NLAW
- Single-shot and fully disposable AT4 weapon

Main sites
Sweden, Switzerland, India

Customers (examples)
Sweden, U.S., India, France, Australia

Missile Systems

Systems ranging from ground-based air defence solutions to anti-ship missiles. Partnership programmes such as the Ground-Launched Small Diameter Bomb (GLSDB) with Boeing and IRIS-T, a collaboration across six nations.

Offering
- Ground-based air defence solution RBS 70 NG
- Anti-ship missile RBS15
- Air-to-air missiles IRIS-T and Meteor
- Mobile Short-Range Air Defence (MSHORAD)
- GLSDB

Main sites
Sweden, Germany, U.S.

Customers (examples)
Sweden, Germany, Czech Republic, Latvia, Lithuania

Underwater Systems

Underwater solutions trusted to deliver reliable, cutting-edge technology and advanced capabilities to naval forces and commercial partners.

Offering
- Mine countermeasures (MCM)
- Anti-submarine warfare (ASW)
- Protection of critical underwater infrastructures

Main sites
Sweden, Denmark, U.K., U.S., Australia

Customers (examples)
Navies and offshore energy companies around the world

Barracuda

Development and manufacturing of a comprehensive range of camouflage and deception solutions for increased survivability and force protection.

Offering
- Barracuda Mobile Camouflage System (MCS)
- Barracuda Ultra-Lightweight Camouflage Screen (ULCAS)
- Barracuda Soldier System

Main sites
Sweden

Customers (examples)
Several NATO countries

Training and Simulation

By innovative use of technology and a well-proven training philosophy, Training and Simulation offers world-leading training solutions and capabilities that enable interoperability and true realism for land forces.

Offering
- Live training and live fire training
- Virtual training
- Support and service

Main sites
Sweden, Czech Republic, Germany, U.S., U.K., Poland

Customers (examples)
40+ countries globally, including U.S., U.K., Poland, Sweden and Germany

Tactical Support Solutions

Support partner to our customers as well as offering products and solutions in a global market such as healthcare solutions, CBRN systems, and vehicle and military electronics.

Offering
- System integration
- Support and maintenance for the Army domain
- Deployable healthcare solutions
- Ruggedized electronics
- CBRN detection and awareness solutions

Main sites
Sweden, Australia

Customers (examples)
Sweden, Australia, U.K., Baltics, Denmark, France, Netherlands, Norway, Switzerland

CBRN = Chemical Biological Radiological and Nuclear

Business Area Surveillance

Core area
Sensors, Command and Control Systems

Business units
Airborne Early Warning, Digital Battlespace Solutions, Fighter Core Capabilities, Naval Combat Systems, Safety and Security Solutions, Surface Sensor Solutions.

Key highlights 2023

Launch of several new products: the future operator combat console, Giraffe 1X Deployment Set and Deployable Digital Tower.

Rollout of the first Saab 340 airborne early warning aircraft to Poland only two months after contract signing.

Electronic Warfare Arexis sensor suite selected for Germany's Eurofighters.

Key figures 2023

6,300
Employees

45.8
Order backlog, SEK bn

18.6
Sales, SEK bn

27%
Sales growth

11.0%
EBIT margin

Sales by market	
Sweden	28%
Rest of world	72%

Sales by domain	
Air	40%
Naval	33%
Land	16%
Civil	11%
Other	<1%

Sales by significant source	
Long-term contracts	75%
Services	17%
Products	8%

Giraffe 1X is Saab's compact air surveillance radar that can be integrated in any type of mobile platform or fixed installation. In 2023, Saab opened a new radar facility in the U.K. to increase the production capacity of the Giraffe 1X.

Surveillance

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

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

- The world's largest customer base in airborne early warning & control.
- A world-leading position in surface-based radar systems for air defence, weapon location and sense & warn.
- The role as an international leader in electronic warfare self-protection, signals intelligence and combat systems & C4I solutions with artificial intelligence, robust, defensible connectivity and cyber security technologies.
- Long experience of securing mission success and safety to military operations by providing end-users with tactical and operational advantages through unsurpassed C5ISR solutions.
- A broad global footprint within civil security, with solutions for public safety and high security facilities.

C4I: command, control, communications, computers and intelligence.
C5ISR: command, control, computers, communications, cyber, intelligence, surveillance and reconnaissance.

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Surveillance business units

Airborne Early Warning

Multi-domain airborne surveillance for military and security applications with installed base in Sweden, UAE, Thailand, Poland, Brazil, Mexico, Greece and Pakistan.

Offering
- Airborne Early Warning (AEW) solutions
- Sensors, mission systems and upgrades
- AEW support solutions

Main sites
Göteborg, Linköping and Luleå (Sweden), Abu Dhabi (UAE)

Surface Sensor Solutions

Advanced radars and electronic warfare (EW) systems for land and naval applications. A world-leader in the AESA radar technology. Track record of 3,000+ systems in more than 26 countries worldwide.

Offering
- Radar and EW systems
- Integrated command and control (C2) to end users, partners and prime contractors
- Air and sea surveillance
- GBAD, C-RAM, C-UAS , WLR, ESM, ELINT, COMINT*

Main sites
Göteborg, Järfälla, Halmstad and Linköping (Sweden), Fareham and Farnborough (U.K.), Syracuse (U.S.), Helsinki and Tampere (Finland), Halden (Norway)

Naval Combat Systems

Advanced combat systems solutions and systems for command and weapon control in the naval domain. Globally deployed solutions with 100+ systems in use today across 30 customer countries.

Offering
- System integration
- Fire Control Systems
- Combat Management Systems
- Communication solutions
- Support and maintenance
- Upgrades

Main sites
Järfälla and Karlskrona (Sweden), Adelaide (Australia), Sønderborg (Denmark), Tampere and Turku (Finland), Wilhelmshaven (Germany), Gdansk (Poland)

Fighter Core Capabilities

Modular, multifunctional, distributed and connected systems for fighter aircraft and other airborne platforms, with over 20 customer countries.

Offering
- Electronic Warfare (EW) systems
- Radar systems
- Avionics

Main sites
Sweden, South Africa, Germany

Digital Battle-space Solutions

Design and integration of innovative, world-class communication and command and control solutions for modernisation of defence in and across all domains.

Offering
- Enabling multi-domain operations capability
- Autonomy and advanced decision support including communication solutions
- Coordinates Saab's offer within cyber defence and space

Main sites
Järfälla, Arboga, Linköping and Göteborg (Sweden), Bedford (U.K.)

Safety and Security Solutions

Software-driven solutions that enhance safety, efficiency and security in air and marine traffic management and public safety and security.

Offering
- Air Traffic Management
- Public safety solutions
- Security solutions
- Maritime

Main sites
U.S., Sweden, Netherlands, Australia, U.K.

*GBAD = Ground-Based Air Defence, C-RAM = Counter-Rocket Artillery Mortars, C-UAS = Counter-Unmanned Aerial Systems, WLR = Weapon Location Radar, ESM = Electronic Support Measures, ELINT = Electronic Intelligence, COMINT= Communication Intelligence

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Business Area Kockums

Core area
Underwater Systems

Business units
Docksta, Submarines, Surface Ships.

Key highlights 2023

Delivery of the new Signal Intelligence (SIGINT) ship HMS Artemis to Sweden.

Delivery of basic design for Singapore's new class of multi-role combat vessels.

Contract received for studies of future underwater capabilities for Sweden, including new technologies for submarines.

Key figures 2023

1,700
Employees

13.2
Order backlog, SEK bn

4.9
Sales, SEK bn

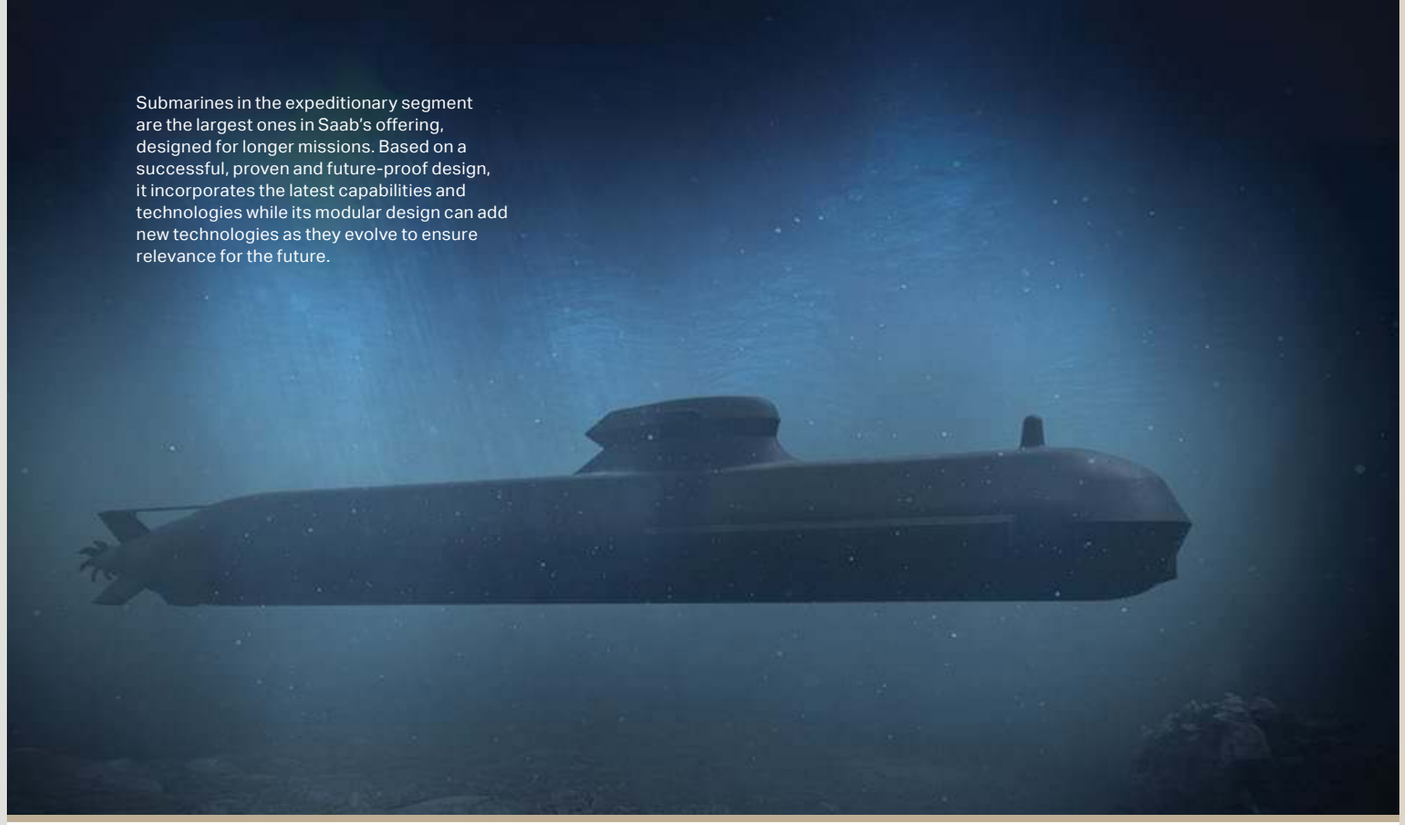
35%
Sales growth

12.0%
EBIT margin

Sales by market	
Sweden	80%
Rest of world	20%

Sales by domain	
Naval	100%

Sales by significant source	
Long-term contracts	61%
Services	23%
Products	16%



Submarines in the expeditionary segment are the largest ones in Saab's offering, designed for longer missions. Based on a successful, proven and future-proof design, it incorporates the latest capabilities and technologies while its modular design can add new technologies as they evolve to ensure relevance for the future.

Kockums

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

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

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

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Kockums business units

Submarines

Conventional submarines and submarine-related technologies with capabilities for a large spectrum of missions including long-range operations. Building on more than 100 years' experience, seven submarine classes have been delivered across three continents.

Offering
- Oceanic submarines
- Expeditionary submarines
- Submarine rescue systems
- Air-independent propulsion (AIP) stirling engines and other underwater technologies
- Maintenance, support and upgrades

Main sites
Karlskrona, Malmö, Helsingborg (Sweden)

Customers (examples)
Sweden, Singapore, Australia

Surface Ships

Solutions providing capabilities to navies for surface combat, mine countermeasure and patrol, as well as design and material technology such as superstructures, and through-life support.

Offering
- Design and construction of surface vessels and systems
- Vessels and systems for mine countermeasures
- Saab Lightweight Integrated Mast and composite technology
- Maintenance, support and upgrades

Main sites
Karlskrona, Malmö, Helsingborg, Muskö (Sweden)

Customers (examples)
Sweden, Poland, Singapore, Finland

Docksta

Advanced, highspeed combat and patrol boats for military and non-military applications with 300+ units delivered over three continents.

Offering
- Combat boats
- Patrol boats
- Pilot boats
- Maintenance, support and upgrades

Main sites
Docksta, Muskö (Sweden)

Customers (examples)
Sweden, Germany, Peru

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Combitech – an independent Saab company

Key highlights 2023

A SEK 1.2 billion ten-year agreement signed with the Swedish Defence Materiel Administration, including services and technical assistance for the Swedish Army's digital infrastructure for command support.

Framework agreement with the Swedish Civil Contingencies Agency (MSB) in the field of exercises.

All-time high recruiting pace was achieved with a net increase of 180 new colleagues in 2023.

Key figures 2023

2,200
Employees

1.6
Order backlog, SEK bn

3.9
Sales, SEK bn

15%
Sales growth

8.7%
EBIT margin

Sales by market	
Sweden	94%
Rest of world	6%

Sales by customer	
Military	45%
Civil	55%

Sales by significant source	
Long-term contracts	0%
Services	93%
Products	7%

For Combitech, its people are key in shaping a smart and resilient society. It is the people who leverage technology to make the real impact, and the power of collective intelligence and experience emerges when individuals with diverse skills and perspectives come together.

Combitech

Combitech is a tech consultant and solutions partner with 2,200 employees in the Nordic countries, wholly-owned by Saab. Combitech has solid expertise in core capabilities for shaping a smart and resilient society, spanning areas such as total defence, cyber security, digitalisation, systems engineering and integration, engineering development, secure communication, autonomy and technical information.

With more than 40 years of experience in civil and military defence and a strong track record, Combitech utilises its knowledge and competence across sectors to deliver advanced solutions to complex challenges for its customers.

Geopolitical insecurity is driving demand for capabilities in support of total defence and national society preparedness. Combitech has a strong position in these areas and is expanding its core through steady acceleration within military and civil defence, the defence industry, the telecom industry including critical communications, and the mining sector. Combitech is also breaking new grounds within its core by focusing on NATO compatibility, applications, artificial intelligence and site automation. As development within these areas is accelerating, and with technologies becoming more capable and available, agility and adaptability will be crucial to stay competitive.

Going forward, Combitech is well positioned to further deepen the relationships with strategically important customers and at the same time continue to initiate new partnerships and collaborations to strengthen societal resilience. By accelerating the work to build even more team deliveries and integrated solutions, Combitech works to further refine operational excellence.

For Combitech, being an attractive employer is key. Therefore, it is crucial to meet today's expectations of potential and current employees. That includes having a focus on sustainability with environmentally and socially responsible solutions, and offering secure and safe employment as an inclusive employer that fosters growth, mentorship, innovation and well-being.

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Combitech's core expertise

Smart and Secure Industry

With the rapid advances in technology, the transformation to a fully secure and digital industry accelerates. By shortening time from data to realised value, time and resources are freed up and equipment is utilised more efficiently. That is what "smart and secure" industry is all about.

Offering
- Technical development
- System integration
- Safety-critical systems
- Autonomy
- Connectivity
- Cyber security
- Artifical intelligence
- Documentation

Customers (examples)
Epiroc, LKAB, Boliden, BAE Systems Hägglunds, Ericsson, other Saab units

Smart and Sustainable Community

By working with technology, development and people in collaboration, Combitech accelerates its contribution to society. We use this cross-sectoral knowledge to secure critical assets and communication flows, but also to develop solutions to strengthen societies and organisations in their daily operations.

Offering
- Digitalisation
- Safety-critical systems
- Cyber security
- Artifical intelligence

Customers (examples)
Banks, municipalities, the Swedish Forest Agency, Göteborgs Energi, Ericsson

Smart and Resilient Total Defence

The complex geopolitical situation continues to dominate the agenda, and the need to rebuild a strong total defence is evident. Combitech has a long legacy of working with both civil and military defence, together with authorities, the industry, defence and the private sector. Our employees use their domain knowledge to build resilience by developing robust solutions and processes to strengthen society and businesses.

Offering
- System integration
- Safety-critical systems
- Robust communications
- Cyber security
- Emergency preparedness
- Artificial intelligence

Customers (examples)
Swedish Armed Forces, Finnish Defence Forces, the Swedish Defence Materiel Administration (FMV), the Swedish Civil Contingencies Agency (MSB), municipalities, regions

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Risk management

All business activities involve risks and risk management is therefore a continuous process. Proactive and effective risk management is essential to the delivery of strategic goals and the creation of sustainable shareholder value.

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

Saab is affected by geopolitical, worldwide financial and sustainability factors, as well as industry and business-related events that can give rise to risks and uncertainties. By understanding risks and their impact, the aim is to better support decision-making and balance risk-taking within the established framework.

Enterprise risk management

The purpose of Enterprise Risk Management (ERM) is to provide a Group-wide overview of the consolidated risks Saab is exposed to and to support value creation, ensure risk awareness and balance risk versus return. The ERM risks are weighed against the company's risk tolerance, and decisions are made on the appropriate measures to avoid, reduce, spread or accept risks. Risk owners manage the risks and when needed, action plans are defined and implemented to minimise the probability and impact of identified risks. The ERM process is illustrated to the right.

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

The external auditors perform testing of Saab's internal processes and key controls and report to Group Management and the Audit Committee

How we manage risk

Each business area, strategic market and group function is responsible within its respective organisation for identifying and managing risks in accordance with the Group's common risk processes and current policies, guidelines and instructions. Combined with overarching risks, a top-down and bottom-up view is consolidated.

There is also a quarterly assessment of the top risks to monitor changes and ensure that mitigation actions are in place and delivering the expected result. The assessment is presented to the Group Management.

Strategy development & execution
ERM is part of the strategic work with focus on overarching risks.

Group Management review
Group Management reviews the consolidated assessment yearly.

Audit Committee and Board of Directors
The consolidated risk assessment is reported to the Audit Committee and the Board of Directors.

Annual report
A high level overview is presented externally in the annual report.

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once a year. Saab's Internal Audit function is independently responsible for performing audits on financial and business matters. The audits are reported and followed up by Group Management and the Audit Committee.

Insurance and loss prevention

Saab Group's global insurance programme contains all the common types of business insurance, including product liability. However, Saab is not fully insured against the effects from flooding, earthquakes and other natural disasters. The management of insurance policies is centralised and the insurances are procured globally as well as on a country-by-country basis. Insurance policies comply with local laws where applicable.

A Group-wide loss prevention programme sets the requirements for physical protection, preventive work and action plans if incidents occur. To ensure that the requirements are met and to support the business operations in the preventive work, risk inspections are conducted on an annual basis and the results reported to Group Management.

Risks related to armed conflicts

Saab's crisis management organisation continues to focus on security, embargo and sanction practices. Saab is operating in 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 heightened security measures at Saab. This may lead to increased costs for security to protect Saab's sites, personnel, IT and cyber security.

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.

Furthermore, Saab could be impacted by supply chain risks related to the conflict in the Middle East. Saab is monitoring the situation and has mitigating actions in place and is in close dialogue with its suppliers. Saab has no defence-related sales exposure to Israel.

Sustainability risks

Sustainability is integrated in Saab's business and in the risk management framework. It cuts across all our risk areas as there are strategic, operational, financial, market and political, and compliance sustainability risks to consider. The risks cover areas such as climate impact, human rights, anticorruption, export regulation and diversity and inclusion, among others. Legal requirements in these areas are constantly changing or becoming more stringent.

Climate change and natural disasters can, for example, disrupt operations and/or affect the supply chain and customers, and rules and requirements for industrial processes are continuously strengthened. Saab works to mitigate such risks on the business, for example when planning new facilities. Saab is taking measures to mitigate the occurrence of risks like extreme weather or higher energy costs, and takes into account the environmental considerations regarding building requirements, whilst striving to provide the best conditions for employees in accordance with Saab's policies.

A series of initiatives for a regulatory framework for sustainable finance, based on sustainability criteria has been launched in recent years. The main strategic objective of these initiatives is to mobilise private sector investments to drive sustainable development with, for example, the green and low-carbon transition. In parallel, there is an ongoing debate on the social dimension of sustainability, including attempts to define which activities are socially responsible. There is a risk that financial market operators will continue to develop their own interpretation of the social aspects of sustainability that may affect financing and investors' support of defence activities.

The most critical sustainability risk for Saab is that we do not deliver on all our commitments in Saab's sustainability strategy. This requires a high level of monitoring, risk assessment and actions together with internal and external communication of progress. For more information, see Saab's Sustainability Report.

Risks related to a pandemic outbreak

Risks related to a pandemic outbreak cannot be ruled out and can impact Saab's operations through limited access to customers and employees, disruptions in supply chains, delayed customer procurement decisions, increased protectionism, lock-downs in society and deteriorating market conditions in the civil aviation market. To mitigate these risks, Saab has a crisis management organisation and business continuity management in place. Saab continues to monitor the long-term effects following the COVID-19 pandemic.

2023 main risks

The risks highlighted on the following pages are the main ones identified within each risk category during the 2023 ERM process. Saab's approach to managing them is also described. These risks can, separately or in combination, have a material adverse effect on Saab's business, strategy, financial performance, cash flow, shareholder value or reputation.

For information about financial risks such as currency, interest, liquidity, funding and credit risks, as well as the risk management of them, see note 35, for post-employment benefit risks, see note 31, and for legal proceedings, see note 32, subheading Other provisions.

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Risk and uncertainty factors

Risk	Description	Examples of mitigation
Strategic risks	The strategy to grow globally by strengthening its presence in selected markets, developing innovative solutions and acquiring companies in priority areas exposes Saab to various risks that can affect its ability to create value and reach its goals.	Strategic risks are managed through strategies and plans established by the Board of Directors, Group Management and the management teams of the business areas and group functions. The Board is closely following the investments in R&D, innovation and acquisitions.
Development of new high-tech systems and technology shift risks	Saab's success is dependent on its ability to develop and manufacture innovative products and launch them on the market at the right time and at competitive prices. Due to long development cycles, market changes can mean that demand has changed when products are ready to bring to market. The risk is that the products do not generate the previously expected return. A large share of Saab's product renewal has been achieved collaboratively with the Swedish Armed Forces and the Swedish Defence Materiel Administration (FMV) as well as with other nations. There are also risks for technology shifts, present competitors or new smaller companies developing new products or disruptive technologies that can make Saab's products appear obsolete.	• Saab is continuously investing in product development to strengthen its competitiveness in the five core areas and drive innovation in future capabilities areas such as autonomy, distributed sensor systems and cyber defence and space. • To reduce the development risk inherent in major systems, multinational partnerships are imperative, and for internally developed products it is important to identify a launch customer early. • Saab expects Sweden to account for the largest share of its development expenditures in the fighter aircraft, missile and underwater areas. • Product development through modularisation, which enables new models to be developed continuously, cost-effectively and faster. • Investing in product innovation that leads to reduced climate impact from the use of our products as well as efficiency measures in our processes and facilities.
Workforce	Competition is high in the labour market and to ensure future competitiveness and growth, Saab is dependent on its ability to attract, develop and retain employees and leaders globally with the right skills in e.g. multiple technologies, production, IT security, digitalisation, business development and project management.	• Strategic workforce planning to ensure access to employees with the right skills at the right time. • Purpose, culture, employee engagement, leadership, competence and ways of working are all key elements in this area. • Salaries and other conditions are adapted to the market and linked to business priorities. • Long-term work to position Saab as an attractive employer as well as promote education and an interest in technology in order to broaden the future recruiting base.

Risk	Description	Examples of mitigation
Cyber and information security risks	Cyber and information security risk is an increasingly material risk that continuously evolves. Saab manages information that is vital to its customers and in many cases to their national security. The information security risk for Saab is that information will fall into the wrong hands if handled incorrectly. Non-compliance to requirements from customers and governments to adhere to information security standards such as ISO and NIST, leading to business interruptions and financial impacts. Cyber threats is a risk that has also increased for Saab's products, which contain a large amount of information, as it has become more common for these products to be linked to civil networks.	• Cyber security is regularly discussed, addressed and invested in. Adherence to increasing requirements from customers and governments regarding information security standards. • Strategic initiatives to further ramp-up secure digitalisation. • Continuous and systematic information and IT security work and periodic audits of IT security. • Clearly defined rules, processes, routines and technical solutions for information, IT and communication security. • Standardised processes for implementation of new systems, upgrades and how we conduct daily operations. • All employees receive training in information management and security. • Different levels of physical and digital security classifications to reduce the risk of information leaks. • Work with solutions to increase cyber security in Saab's products.

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Risk	Description	Examples of mitigation
Market and political risks	About 90 per cent of Saab's sales consists of defence materiel, which is regulated by national laws and regulations as well as international conventions, and more than half of total sales is international.	Saab works proactively to manage market and political risks and uncertainties, through strategic impact assessments and alternative strategies. It is impossible, however, to completely avoid losing business opportunities or incurring damage if political or other market risks are realised.
Political, geopolitical and macroeconomic risks	Demand for defence materiel is dependent on the political mandate and willingness of national governments, as well as fiscal flexibility. The defence industry is therefore affected by a number of macroeconomic factors, e.g. global economic growth, trade barriers and changes in exchange rates. It is also exposed to geopolitical risks and the world security situation. A changing market landscape with Sweden preparing for NATO membership and both the EU and NATO pledging for increased cooperation and integration between the member states in matters relating to defence. The EU takes a more active role in forming the business conditions for the defence industry, moving towards more joint procurement and strives to consolidate the EU defence industry towards strong champions in each segment to avoid dilution of R&D funding. A Swedish NATO membership means both opportunities and risks for Saab.	• Strategic, geopolitical and market analysis of new regions and countries. • Dialogue with authorities and the political establishment. • Proactive measures to assess and manage risks and opportunities. • Major investments are mainly in focus countries and strategic markets. • Building long-term international relationships and partnerships with key stakeholders. • Terms & conditions, export guarantees, insurance solutions and other instruments. • Increase local operations and collaboration in the strategic markets. • Create position in the new landscape (EU & NATO) by emphasising Saab's key capabilities and establishing our role also in other areas. • Saab is part of the European defence industry and has operations and collaborations in several European countries.
Change of export control regulations	A large share of Saab's exports is from Sweden, where the Swedish Inspectorate of Strategic Products (ISP) determines which defence products Saab may manufacture, market, sell and export to which countries. ISP makes an overall assessment that considers several factors. Saab may also be dependent on export control laws in other countries where it has operations or suppliers. Some of Saab's civil products are governed by export controls on dual-use products. The risk for Saab arises from changes to laws, regulations and permits.	• Continuously monitor laws, regulations and standards to adapt the business as needed. • A central function with responsibility for compliance to business requirements and both central and local export control functions. • Terms and conditions in contracts to adhere to regulations.

Risk	Description	Examples of mitigation
Operational risks	Operational risks can affect Saab's ability to deliver on its commitments and are important to day-to-day operations. The risks include risks relating to order bookings, contract management, project execution, suppliers, product liability, the environment, and occupational health and safety.	Operational risks are managed in tactical and operational decisions as well as at an operating level throughout the organisation. Information about Saab's work with environmental and occupational health and safety risks can be found in the Sustainability Report.
Risks related to the execution of long-term customer projects	Saab's operations involve complex, long-term development projects on the leading edge of technology that in some cases also include industrial cooperation in the customer country. When a contract is signed, the product may not be fully developed in some instances. Contracts also often include a fixed-price component, which can entail a risk of incorrect pricing if the costs cannot be adequately estimated. The risk in long-term customer projects is that Saab does not succeed in delivering cost-efficient, high-tech solutions as per the terms of the contract or in implementing the required industrial cooperation. Consequently, the commitment may not be fulfilled and the costs may run significantly higher with a negative impact on financial position. The Group applies the percentage of completion method to recognise revenue from the majority of long-term customer projects. An estimation of total cost, including assessments of technical and commercial risks, is critical to revenue recognition and provisions for project losses as well as inventory valuations. Revised estimates of total project costs have a retroactive impact on results.	• An established quality assurance process – the Win Business process – includes a comprehensive analysis of risks and what is required to manage them. • During project execution – the Execute Business process – various types of reviews with clear tollgates are conducted continuously to identify and assess these risks and the measures taken to mitigate them. • Effective management of both the product delivery and the industrial cooperations. • Measuring and follow-up of productivity and efficiency. • Leverage technologies and products across Saab. • High demands are placed on project planning and control as well as monitoring to ensure, at any given time, that assumptions and assessments provide a satisfactory basis for reporting revenue and results. • Saab's largest projects are regularly monitored by Group Management and reported to the Board of Directors. • Other projects with high impact are regularly monitored by each business area management and reported to Group Management. • Saab's internal audit independently reviews the process adherence of a number of projects each year.

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Risk	Description	Examples of mitigation
Dependence on new contracts and increased competition	A large share of Saab's revenue comes from a limited number of customers and relatively few contracts. Saab is therefore dependent on winning new contracts in a market with limited access, since there are only a certain number of governments and defence contractors to sell to. Competition in the military market as well as the commercial aircraft and security market is high. U.S. and European companies are especially strong players, with competition also increasing from companies in other parts of the world. Many competitors are also strong in their home markets.	• The marketing organisation is organised to focus marketing and sales on key markets with the potential for new business. • Saab has, in addition to Sweden, identified four strategic markets: Australia, Germany, the U.K. and the U.S., where the local presence has been and will be further strengthened. Saab has also increased the local presence in other countries, for example Brazil, Finland and Poland, with its own operations and collaborations. • Product portfolio optimisation. • Focus on quality, innovation, security, development times, delivery precision and price. • Reference customers, partnerships and industrial collaborations.
Supply chain risks	The uncertainty in the global supply chain and a higher inflationary environment entails risk, primarily related to the availability of certain raw materials and components, longer lead times as well as higher general inflation. There is also a risk of shortages and increased costs for transportation. Saab is dependent on deliveries from subcontractors of e.g. sub-systems, components and equipment. For certain sub-systems, Saab is dependent on deliveries from one or a few suppliers. The suppliers must also share the same values as expressed in Saab's Supplier Code of Conduct and have sustainable production to avoid negatively impacting Saab. There is a risk that suppliers avoid doing business with defence companies so as to not be defined as unsustainable. Also, as we increase our own requirements within sustainability, there is a risk that fewer compliant suppliers are available.	• Ensure a robust supply chain by supplier commitments to Saab's growth plan. • Select, evaluate and document suppliers and business partners based on objective criteria such as quality, the environment, delivery, price and reliability. • Active work with supply chain alternatives, such as second sourcing, in- and outsourcing to secure supply. • Close cooperation with suppliers for high quality. • Systematic measures to ensure that suppliers take ethical, social and environmental responsibility and work proactively to prevent damages. • Saab's Supplier Code of Conduct and compliance monitoring. • Risks related to uncertainty in the global supply chain are, for example, managed through contract management, re-planning, placing orders earlier and intensified dialogue and negotiations with suppliers. • Stakeholder dialogue on the impact of Saab throughout the value chain and actively participate in branch organisations work regarding the sustainability of the defence industry.

Risk	Description	Examples of mitigation
Compliance risks	In its operations, Saab is obligated to follow laws and regulations, be compliant with agreed customer regulations and make conscious decisions about which global standards Saab will live up to.	Compliance issues are integrated in the business strategy and affect Saab's strategic priorities. This work is guided by Saab's Code of Conduct, which is adopted by the Board of Directors.
	Saab does business around the world and has relationships with customers and other stakeholders on every continent. Ethical values, transparent relationships and compliance are critical for Saab. The trust of the public and the political system, together with employee pride, is critical to Saab's long-term profitability and future. Saab is aware that conducting business in certain parts of the world constitutes higher risks for potential human rights violations not only in its own organisation, but also through business relationships and in the supply chain. Saab's operations are also affected by approvals, licenses, patents and other intellectual property.	• Policy of zero tolerance for bribes and corruption and committed to respect human rights in line with applicable legislation throughout the world and relevant global frameworks. • Strict scrutiny of marketing consultants and business partners. • Saab is ISO 9001,14001 and 45001 certified. • Participation in the UN's Global Compact and committed to the UN's Race to Zero initiative. • Central functions for business ethics, export control and data privacy compliance. • Internal Control and Internal Audit.

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Sustainability at Saab

Our contribution to sustainable development
Saab is committed to contributing to the UN Sustainable Development Goals (SDGs). Based on a materiality assessment, Saab has mapped out where the company has the greatest impact on sustainable development and where efforts should be focused to contribute the most to the SDGs. This is the basis for Saab's sustainability strategy.

Peace, security, and stability are fundamental for a sustainable future and the UN SDGs. In a world where threats against our societies are growing increasingly diverse, Saab delivers defence and security capabilities to nations with the purpose of protecting their people and society. At the same time, being a producer of defence equipment comes with great responsibility. Guided by our Code of Conduct for ethical business, complying with strict laws and regulations and applying our sustainability due diligence processes, Saab manages risks related to our products based on the UN Global Compact and the UN Guiding Principles for Business and Human Rights.

Saab strives to increase and retain a positive impact and realise opportunities within the areas of security, sustainable innovation, industrial cooperation, partnership, anti-corruption and diversity and inclusion. Simultaneously, Saab aims to decrease any negative impact and manage risks in the areas of occupational health and safety, climate impact, human rights, resource use and substances of concern.

There is an urgent global need for climate action, which is why Saab has committed to Race to Zero and set science-based targets. Current trends indicate a continued increase of customer and legal sustainability requirements and stakeholder expectations within climate, human rights and circular economy, including increased reporting requirements on products. Innovation is key to meeting current and future customer requirements based on alignment to the Paris Agreement and the Race to Zero Campaign. Saab believes that being at the forefront of sustainable innovation builds the capacity for customer demands.

About Saab's sustainability report
Saab's sustainability report contains information on the company's material sustainability topics. The report describes Saab's sustainability impacts and how these are managed through policies and targets along with the progress made. The sustainability report is prepared in accordance with the Annual Accounts Act and

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represents all the Group's operations for the financial year 2023, unless otherwise indicated. Saab reports sustainability information in accordance with the Global Reporting Initiative (GRI). The sustainability report, including the statutory report, comprises pages 42-78. The GRI Content Index can be found at the end of the sustainability report.

In accordance with the development of the EU taxonomy legislation, Saab reports eligibility and alignment to the taxonomy's climate targets and eligibility only against the targets introduced in 2023, on water and marine resources, circular economy, pollution prevention and biodiversity. Due to the taxonomy's focus on sectors outside of security and defence, Saab's core business activities are not yet covered by the taxonomy, which results in low taxonomy eligibility and alignment percentages.

PwC has conducted a limited assurance on the sustainability report as a whole, and a reasonable assurance on Saab's scope 1 and 2 greenhouse gas emissions. The auditor's combined assurance report on Saab's sustainability report can be found on page 175.

Saab reports climate and water related aspects to CDP, a not-for-profit organisation for disclosure of environmental impact. For more information on CDP and Saab's complete reports, see www.cdp.net.

The sustainability year 2023

In 2023, we set out with the ambition to further strengthen our sustainability commitment. As a part of this, we have updated our sustainability strategy with a clear ambition to be a leader in sustainability within the defence sector. In line with this ambition, we have added new and revised sustainability targets to the strategy. The world is evolving rapidly and our sustainability strategy must keep pace. As part of the process of updating the sustainability strategy we have completed an extensive review of our past performance, taking into account new legal requirements, insights from stakeholder dialogues and expectations, and benchmarks against peers. We have engaged

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Highlights 2023:

- Sustainability strategy updated with revised targets in line with the ambition to be a leader in sustainability within the defence sector.
- Responsible sales due diligence conducted on more than 40 business opportunities.
- Long-term 2050 climate targets defined in line with our net-zero commitment and submitted to the Science Based Targets initiative (SBTi).
- New Code of Conduct launched, which modernises and strengthens Saab's corporate guidelines and better supports the business and our employees.
- Saab was recognised for leadership in transparency and performance on climate change, by securing a place on CDP's 'A list' for 2023 and was rated A+ in Position Green's ranking of transparency in sustainability reporting.

all group functions' and business areas' representatives within the Sustainability Council in the process and the result is more detailed material topics including value analysis, impact, financial risk and opportunities together with more ambitious targets, clear KPIs and actions to reach the targets. Saab's Board of Directors decided on the updated sustainability strategy in December 2023.

In the third quarter 2023, Saab submitted long-term 2050 climate targets to the Science Based Targets initiative (SBTi). We developed these targets in line with our net-zero commitment and as a continuation of our science-based targets to 2030, previously approved by SBTi. As a contribution to the climate transition, Saab launched a "Climate Innovation Call" during the year to drive new innovative ideas for carbon emission reductions from our employees. Innovation ideas within the areas of product development and efficiency, simulation capabilities and energy efficiency improvements were granted funding for further studies and development.

During 2023, we fully implemented our framework based on our Responsible Sales Policy and conducted more than 40 risk assessments on flagged business opportunities. The framework strengthens Saab's due diligence processes and human rights risk management regarding the sales of Saab's products.

Saab also launched a new Code of Conduct during the year. The Code sets out the standards and principles to which we hold ourselves accountable. It is our guide to ensure that we always conduct ourselves responsibly and ethically in carrying out our mission.

Going forward, the focus is to execute on our updated sustainability strategy, through e.g. continued actions to achieve the science-based targets, accelerate product innovation that contributes to our Race to Zero ambition and further develop human rights due diligence practices in our supply chain.

Governance of sustainability work

Saab's Board of Directors was informed about the company's material sustainability topics and related impacts, risks and opportunities, as part of the process for our double materiality assessment and approval of the sustainability strategy in December 2023. Progress is planned to be shared with the Board of Directors quarterly starting in 2024.

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

Saab's Group-wide Sustainability Council consists of representatives from each business area and group functions within human resources, environment, ethics and compliance, procurement, finance and global business development etc., and is also chaired by the Chief Sustainability Officer. The Sustainability Council implements strategies and provides the Sustainability Board with analyses and recommendations for decisions.

Saab emphasises that every employee can contribute to and impact sustainable development. Saab's mandatory sustainability training, as well as the integration of sustainability aspects into relevant processes in our global management system, supports our employees in acting in line with our sustainability strategy and targets.

For governance of specific material topics, see pages 50-65.

Policies and certifications

Saab governs sustainability topics through established policy documents. Several of these policies stipulate the application of a precautionary principle through risk management. If negative impact still would occur, Saab has processes in place for mitigation and remediation actions. The CEO

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authorises and signs policies and the Board of Directors adopts the Code of Conduct. Group policies are available to all employees in Saab's global management system and communicated for example through onboarding processes and recurrent training. Policies and the Code of Conduct are also publicly available on www.saab.com.

This report refers to relevant policies under each material sustainability topic section, on pages 50-65.

Saab has certificates of conformance to ISO 9001, ISO 14001 and ISO 45001. A number of units are also certified according to ISO 27001. The certificates and specifications on the units covered are available on www.saab.com.

Stakeholder engagement and materiality assessment

Saab's sustainability strategy is based on a materiality assessment, which supports the company in focusing its sustainability efforts to where it contributes the most to sustainable development.

In 2023, Saab conducted a double materiality assessment, based on interpretations of and guidance on the European Sustainability Reporting Standards (ESRS), and in line with GRI. This work involved many parts of the organisation including experts within areas such as environment, ethics and compliance, human resources, human rights, finance, procurement, enterprise risk management and strategy.

The assessment had a value-chain perspective where impacts, risks and opportunities were assessed from short-, medium- and long-term perspectives. Saab rated its actual positive and negative impacts using pre-determined gradations for scale, scope and possibilities to remediate negative impacts. For potential impact, likelihood was also considered. Magnitude and likelihood for financial risks and opportunities were assessed based on the method in Saab's Enterprise Risk Management process. Saab's comprehensive stakeholder dialogue with our key stakeholders such as shareholders, financial institutions, employees, customers, suppliers and civil society actors in late 2021, and information from ongoing stakeholder dialogues during 2022 and 2023, influenced the assessment. Impacts, risks and opportunities that reached above a certain threshold based on the ratings constitute Saab's material sustainability topics.

Saab's Board of Directors was informed of the result of the assessment in December 2023 as part of the Board's approval of Saab's updated sustainability strategy, including actions, metrics and targets. The sustainability strategy has taken effect from January 2024, and will constitute the basis for the sustainability report from 2024 and onward.

Saab's materiality assessment during 2023 confirmed that the material topics reported on in the previous Annual and Sustainability Report are still valid. In addition, a couple of topics were determined as material from an ESRS-perspective. These will be included in future reports in line with EU's Corporate Sustainability Reporting Directive and ESRS.

Collaboration initiatives and memberships

Since 2011, Saab has participated in the UN Global Compact and has pledged to follow its ten principles on human rights, labour, environment and anti-corruption.

Saab collaborates actively within several forums so that Saab as a company, together with the aerospace and defence sector as a whole, can accelerate and contribute to efficient sustainability efforts and ambitions. This includes, for example, shifting towards circular business models, reducing substances of concern and transitioning to more sustainable fuels and other energy sources.

Examples of sustainability initiatives, networks and organisations that Saab has chosen to participate in:

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

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Saab's value chain

Saab has or may have an impact on people, economy and environment in various phases of the value chain, either directly or indirectly. The illustration below gives a basic overview of Saab's value chain and where these impacts, positive or negative, occur or could occur. Saab manages sustainability impacts through its sustainability strategy and the associated policies, actions, targets and processes, including risk management.

Keeping people and society safe	Impact		Upstream		Own operations	Downstream		
	Focus areas	Material topics	Indirect suppliers	Direct suppliers	Saab	Sales, marketing and industrial cooperation	End-user	Service, support and end-of-life
	Resilient and safe societies	Business and Human Rights	●	●	●		●	
		Anti-Corruption	●	●		●		
		Information Security		●	●	●	●	●
		Export Compliance		●	●	●	●	●
	Green and social transition	Climate Impact	●	●	●	●	●	●
		Substances of Concern	●	●	●		●	●
		Circular Economy	●	●	●		●	●
		Occupational Health and Safety	●	●	●			●
	Innovation and partnerships	Diversity and Inclusion			●	●		
		Innovation		●	●	●	●	●
		Industrial Cooperation and Partnership	●	●	●	●	●	●
Geographical scope			Global footprint	Approx. 80% of direct suppliers based in Europe, U.S. and Canada	Largest operations in Sweden + four strategic countries (U.K., U.S., Germany and Australia)	Sales offices in 30 countries	Approx. 100 customer countries, with a majority of sales to Sweden, Europe and U.S.	
Simplified industry sustainability context			• Extensive supply chain	• Procurement of e.g. advanced sub-systems, components and equipment	• Development and production of military equipment is subject to government approval • Product design of advanced products • Manufacturing and assembly, system of systems' integrator • Long lead times	• Large contracts • Customers are governments • Export of defence equipment is subject to export control legislation • Large variations in number of products delivered from year to year, small quantities	• Energy and fuel-consuming products • Sale of military equipment is subject to end-use agreements and export controls • Long-term service and support commitment	

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Our sustainability strategy

Focus areas and material topics 2023

The materiality assessments, insights from stakeholder dialogues and the company's desired position have formed Saab's sustainability strategy. The following pages contain information on each of the material topics within the strategy and related targets valid in 2023.

Additional sustainability data as well as more detailed data is available on pages 66-68.

Keeping people and society safe

Resilient and safe societies

- Business and Human Rights
- Anti-Corruption
- Information Security
- Export Compliance

Green and social transition

- Climate Impact
- Substances of Concern
- Circular Economy
- Occupational Health and Safety

Innovation and partnerships

- Diversity and Inclusion
- Innovation
- Industrial Cooperation and Partnership

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Targets and progress

Resilient and safe societies

Area	Targets valid 2023	Progress 2023
Business and Human Rights	At least 70% of strategic suppliers assessed, or have committed to be assessed, based on social and environmental criteria in 2023	78%
	Responsible Sales due diligence conducted on 100% of business opportunities flagged in Saab's Customer Relations Management system	Responsible sales due diligence has been conducted on 100% of flagged business opportunities 2023
Anti-Corruption	Zero tolerance for corruption	See pages 52-55
Information Security	Data privacy integrated in all central processes (100%)	67%
Export Compliance	Saab will maintain its excellence in export control through robust rules, processes and training	See page 56

Green and social transition

Area	Targets valid 2023	Progress 2023
Climate Impact	Scope 1 and 2: Reduce emissions by 42% by 2030 (base year 2020) Scope 3: Reduce emissions by 25%, from use of sold products by 2030 (base year 2020) Scope 3: Reduce emissions by 25%, from travel and transport by 2030 (base year 2020) Scope 3: Engage 50% of our suppliers, based on spend, to set science-based targets by 2027	25.5% reduction since base year 19% reduction since base year 44% increase since base year 17% engaged
Substances of Concern	Phase out chromates, cadmium and other prioritised hazardous substances	See pages 58-59
Circular Economy	Reduce water withdrawal by 20% until 2030 (base year 2022)	21% increase since base year
Occupational Health and Safety	Yearly reduction in Total Recordable Injuries Frequency Rate (TRIFR)	TRIFR 2023: 3.17 (TRIFR 2022: 2.61)

Innovation and partnerships

Area	Targets valid 2023	Progress 2023
Diversity and Inclusion	At least 25% of employees and 30% of managers will be women by 2025	25% employees and 27% managers globally
Innovation	Saab will annually have at least 30 PhD candidates	36 PhD candidiates (30 PhD in 2022)

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Resilient and safe societies

A commitment to society has been at Saab's core since its founding. Saab contributes to resilience and security for individuals and society as a whole, which are prerequisites for sustainable development. We focus on the security challenges our customers and partners encounter every day.

Business and Human Rights

The development, production and sales of civil security and military equipment come with great responsibility when managing human rights risks. Saab is committed to respecting human rights throughout its value chain, in line with the UN Global Compact, the UN Guiding Principles for Business and Human Rights, OECD Guidelines for Multinational Enterprises and internationally recognised labour standards.

Resilient and safe societies

- Business and Human Rights
- Anti-Corruption
- Information Security
- Export Compliance

Impact within human rights
As a manufacturer of advanced equipment and systems to a global customer base, Saab has an extensive value chain. Through its value chain, Saab has an impact on the human rights of several stakeholder groups. These include employees, workers in the supply chain, local communities and individuals. Saab manages human rights risks that occur both upstream and downstream in its value chain. Saab's salient human rights risks relate to health and safety risks in Saab's supply chain and to the potential misuse of Saab's products and technology by end-users.

Sales of security and military equipment can entail risks for violations of human rights, if the equipment is misused by end-users. This can include risks relating to misuse of government authority and privacy rights, harmful testing of products and violations of International Humanitarian Law during international conflicts.

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

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

Governance of responsible sales
Saab's global Responsible Sales Policy clarifies and strengthens the commitment to human rights due diligence, relating to the end-use of Saab's products. The responsible sales framework includes a process for screening, risk identification, risk mitigation and informed decision-making. A business and human rights-function at Group Sustainability is responsible for the implementation of the Responsible Sales Policy and supporting the sales process with expertise. This includes producing responsible sales risk assessments for flagged business opportunities. Due diligence activities relating to responsible sales have been reported to the Sustainability Board during 2023 and will be reported to the Board of Directors from 2024. The Responsible Sales Policy complements existing national export control and serves to strengthen Saab's global sustainability commitment. See page 56 for information about Saab's work with export compliance.

Responsible sales – targets and progress during 2023
Saab ensures compliance with the Responsible Sales Policy in the sales process through implementation in the Customer Relationship Management (CRM) tool. A responsible sales screening is carried out for all new business opportunities in an early stage of the sales process, when business opportunities are identified. Business opportunities that are considered high-risk according to Saab's screening model are flagged and must go through an extended due diligence process, where potential adverse human rights impacts of the business opportunities are identified. It is also evaluated if the risks can be mitigated or avoided. Based on the due diligence process, an informed decision is taken by the business area. It is also possible to escalate decisions to the Ethics and Compliance Board at corporate level. Saab annually reports the number of responsible sales risk assessments that have been carried out for flagged opportunities during the year, which enables stakeholders to evaluate the extent of Saab's work with human rights risk management.

Saab has not received any response requests from the Business and Human Rights Resource Centre during the year.

Saab's Responsible Sales process is illustrated on the next page.

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Saab's Responsible Sales Policy

The development, production and sale of security and military equipment comes with great responsibility, in many dimensions. To address risks associated with the potential misuse of Saab's products, Saab has adopted a Responsible Sales Policy. The global policy clarifies Saab's responsibility regarding due diligence and management of risks. The policy complements existing national export control and serves to bridge the gap between different international legislations applicable to Saab. Through responsible sales, Saab ensures our commitment to both international sustainability frameworks and national security interests.

Saab's Responsible Sales risk assessment process

Responsible Sales: screening

Saab Responsible Sales Index

If opportunity is not flagged, regular sales process continues

Process for flagged opportunities

Responsible Sales: risk assessment

Identification of risks

Input to risk assessment:

- Country risk
- Product risk

Recommendations risk management

Output of risk assessment:

- Responsible sales risk report

Input to sales process

Informed decision by business area

Continued sales process and risk management

Escalation for decision and guidance:

- Ethics and Compliance Board

A responsible sales screening is required for all new sales opportunities during 2023, and any high-risk opportunities are flagged and must undergo an additional due diligence process. An opportunity is flagged when:

- Customer has a Saab Responsible Sales Index score below certain threshold, and
- Product is classified as military equipment, and
- Not a follow-on delivery (for example spare parts)

During 2023, 43 flagged leads have been assessed according to Saab's Responsible Sales Policy.

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Governance of responsible sourcing
Saab's view is that actively addressing sustainability in the supply chain is not only positive for people and the environment, it also promotes quality and profitability. Saab manages risks and opportunities in the supply chain through Saab's common procurement processes. Saab has a decentralised model for procurement, however all Saab entities follow a common process and applicable national legislation. Procurement practices are developed through the Group Procurement Council, and reported to Group Management through Saab's Operational Excellence Board and Sustainability Board.

Saab uses a questionnaire as part of the qualification process for new suppliers, which includes assessment on sustainability performance. A responsible sourcing team, composed of representatives from each business area and led by Group Procurement, supports the procurement process with expertise regarding sustainability, to ensure sustainability risks are managed in accordance with Saab's processes. Saab expects suppliers to follow Saab's Supplier Code of Conduct and to implement the sustainability requirements on their own suppliers. Suppliers who do not meet Saab's expectations relating to sustainability will be encouraged to improve their sustainability performance.

To ensure that strategic suppliers are evaluated in the same way throughout all entities, Saab works with the third-party supplier Ecovadis. Ecovadis is a widely used tool that evaluates suppliers based on sustainability performance including how suppliers flow sustainability requirements to the next tier in the supply chain. The tool enables Saab to evaluate suppliers' sustainability performance, both through a sustainability screening tool and through a desktop sustainability auditing tool. Topics included in the evaluation are environmental management, human rights, business ethics and sustainable procurement practices. The Ecovadis assessments contribute to the overall assessment of the supplier and has an impact on the downselect of suppliers. Based on the sustainability assessment, selected suppliers are encouraged to continuously develop their sustainability performance in order to meet Saab's requirements.

The industry organisation International Aerospace Environmental Group, of which Saab is a part, has selected Ecovadis as the industry-leading solution provider for supplier sustainability assessment. This will ensure that a large share of the international aerospace industry will use the same methodology to evaluate suppliers' sustainability performance.

Responsible sourcing - targets and progress during 2023
In 2023, Saab reached and exceeded the target that at least 70% of Saab's strategic suppliers should be assessed through a desktop audit, or be committed to be assessed, by Ecovadis. During the year, Saab also increased the engagement with suppliers concerning sustainability performance. Suppliers with a sustainability result below a certain threshold are contacted by Saab in order to initiate a supplier dialogue, and draw attention to the need of increased sustainability performance.

Saab has a goal to conduct supplier dialogues about science-based targets with those of our large suppliers who are not already connected to the Science Based Targets initiative. In 2023 Saab engaged with 17% of the suppliers. Saab will continue to work together with our suppliers to ensure that at least 50% (based on spend) by the end of 2027 adhere to the Science Based Targets initiative or decide to work in accordance with the targets.

Saab has continuously monitored legislative development and is preparing for future legislation concerning sustainability due diligence. Saab is currently developing and updating ways of working to be able to improve management of sustainability risks throughout the value chain, including further integration of sustainability due diligence practices. During the year, a decision was made to create a team with special responsibility to provide support for Saab's purchasing organisations to manage and evaluate suppliers' risk profiles. The team will be formed in 2024. Risks that will be highlighted and managed are initially sanctions control and sustainability.

Anti-Corruption

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

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

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

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

Governance of topic
The Board of Directors adopts the Code of Conduct. The Audit Committee monitors the development of the Code of Conduct and evaluates the design of Saab's Anti-Bribery and Corruption (ABC) programme including the company's ABC Policy. Group Ethics and Compliance manages and develops the ABC programme, conducts business partner due diligence investigations and operates the business intermediary onboarding process. The work is performed under the supervision

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of the Ethics and Compliance Board, which is chaired by the General Counsel and convenes at least eight times per year. Local Ethics and Compliance Officers work with the implementation of the ABC programme in business areas and provide first-line guidance and advice.

Corruption risk assessment
Saab seeks to identify and assess corruption risks and programme improvements in multiple ways. The business corruption risk module of the enterprise risk management (ERM) process serves to rate the corruption risk in Saab's business dealings. This is done using a method that measures the corruption risk in all business prospects above 50 MSEK against a set of weighted risk indicators and a country risk multiplier. All of Saab's four business areas performed the business corruption risk assessment in 2023.

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

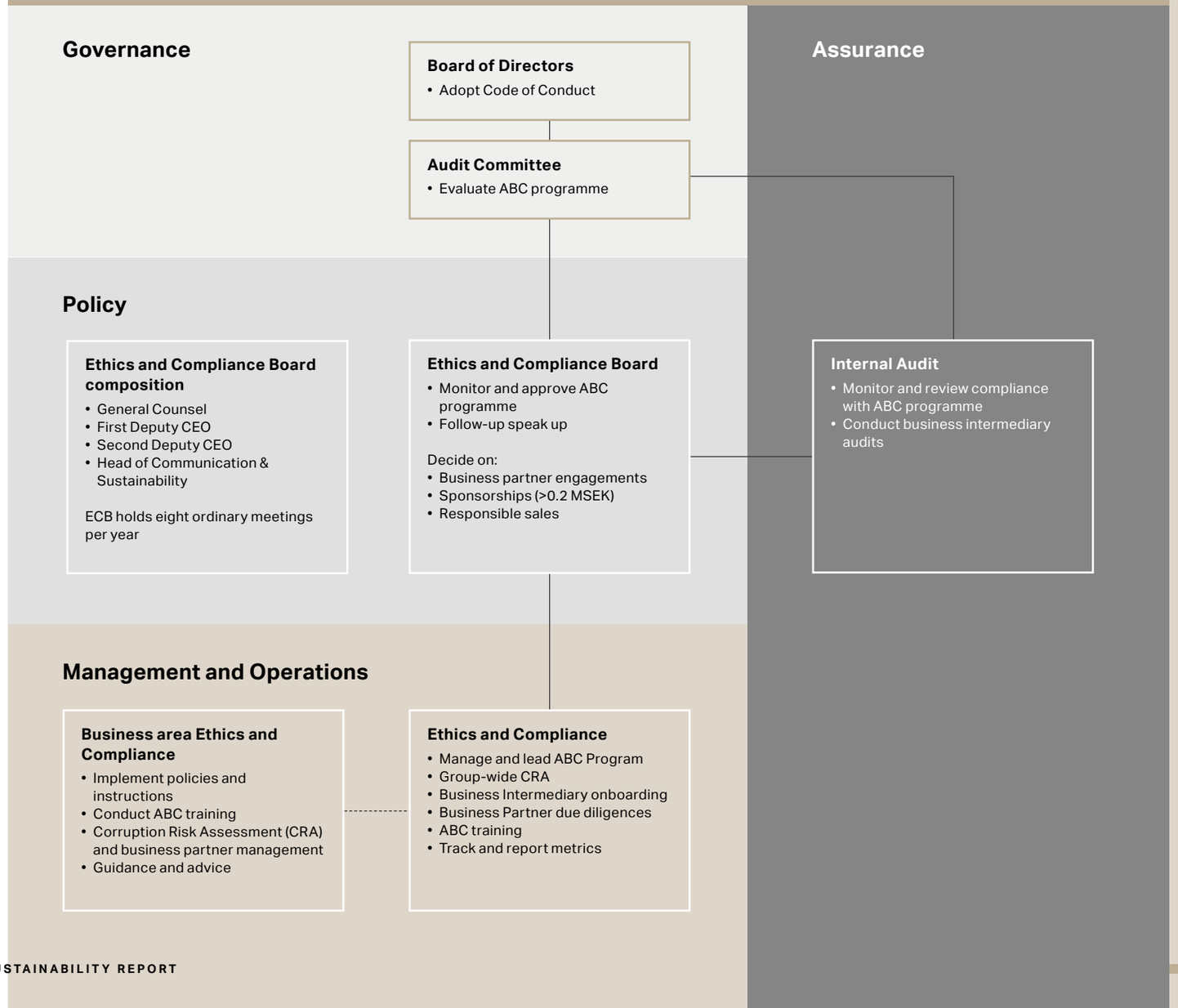
- The engagement and monitoring of business intermediaries.
- The management and governance of joint ventures.
- Customer requirements to deliver offset.
- Need to clarify the strategic countries (U.S., U.K., Germany and Australia) responsibilities under the ABC programme.

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

Scrutiny of business partners
Business partners may pose a legal and reputational risk as part of the corruption risk if not managed correctly. This is particularly true

Ethics and Compliance

Organisation, reporting and governance structure



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Business intermediary engagement

Justification	Due diligence	Assessment	Contracting	Monitoring

Marketing & Sales (M&S) → **Market Network Management** → **M&S/Internal Audit**

- Business justification
- Red flag check

- Due diligence questionnaire
- Database screening
- External investigation

- On-site visit
- Face-to-face interview
- Anti-Bribery and Corruption training (ABC)
- Case assessment & approval

- Fixed-term contract
- ABC clauses
- Reporting requirements
- Audit rights
- Remuneration model
- Specific signing rules
- Referrals to Ethics and Compliance Board

- Agreement monitor
- Reporting requirements
- Payment approval process
- Audit programme
- Ongoing screening

Number of business intermediaries as of December 2023 and their distribution based on Transparency International's Corruption Perception Index

		Transparency International's Corruption Perception Index (CPI)				
Type of business intermediary	**Total**	**0-30**	**31-40**	**41-60**	**61-80**	**81-100**
Market consultants	99	1	22	21	42	13
Resellers	54	1	10	18	22	3

Training and assessment of business intermediaries

Number and % of business intermediaries that have undergone ABC training	Number of business intermediaries that failed due diligence or were terminated due to ethical concerns in 2023	Number of business intermediaries that have been audited by Saab in 2023	Number of business intermediaries audits resulting in material remarks in 2023	Number and % of business intermediaries that have taken recurring ABC e-learning in 2023
153 (100%) at on-boarding	7	5	4	134 (92%)

Training of employees

Number and % of employees that have taken the ABC e-learning for functions at risk	Number of ABC classroom sessions held in 2023
1,468 (71%) [1]	53

1) Saab's operations in the U.S. to roll out training during the first half of 2024

for business partners that are engaged in promoting or assisting Saab's marketing and sales efforts, business development or strategic planning ("business intermediaries") and the company has dedicated resources and processes in place to manage and mitigate business partner risk in general, and business intermediary risk specifically.

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

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

Gifts and hospitality
Saab's rules on gifts and hospitality provide clear guidance and set requirements of approval depending on the value of the benefit. A tool is in place to document and identify red flags. Sponsorships and donations are also subject to a structured decision-making process and requirements regarding documentation and recording in accordance with our Sponsorship and Donation Policy.

Training
Digital Code of Conduct training is mandated for all employees. Senior executives, business leaders and those in high-risk functions

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including marketing and sales, business development, project management and sourcing also receive customised anti-corruption training through e-learnings and classroom sessions. The Board of Directors and the Group Management receive more extensive anti-corruption training every three years with the latest training taking place in 2023.

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

Targets and progress during 2023
In 2023, Saab:
- Launched a new Code of Conduct and developed an accompanying e-learning.
- Merged the two groups Ethics and Compliance and Market Network Management to strengthen and become more efficient in the ABC work.
- Expanded the whistleblowing channel to include an additional five countries according to the EU directive.
- Updated the training strategy for the ABC area and launched the first in-depth training module.
- Improved the digital system support for the onboarding of business intermediaries.

Information Security

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

Impact within information security and data privacy
The mishandling of information can have serious security policy implications for Saab's customers, which is something that can have severely negative impacts on national, regional and global security, as well as for individuals. Saab also manages the personal data of employees and business partners. Incorrect handling of personal data can jeopardise the right to privacy and lead to negative consequences for the individuals affected by an incident.

Governance of topic
Saab has a global security organisation, which works in accordance with Saab's Security Policy and Saab's management system for security. The management system, based on ISO 27001, ensures continuous improvement of the security governance and security management within the company. Information security is an important part of Saab's security strategy, which is reviewed biannually. Security issues, including cyber security, is managed by the Operational Excellence Board and prepared by the Security Council. The Chief Security Officer is responsible for security issues and any security risks are reported according to the company process for ERM to the Group Management team.

Employees regularly undergo training and Saab has processes in place for risk and incident management, security audits and vulnerability management. The security function carries out a large security exercise annually, called DEFENDO. In these exercises, Saab's security systems and routines are tested, including continuity matters relating to, for example, power outage and redundancy management.

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

Cases of whistleblowing (including corrective actions)

Issue types	Number of reports to the whistleblowing hotline in 2023	Number of reports resulting in disciplinary action
Bribery and corruption	1	
Competition law and anti-trust		
Conflict of interest	3	
Discrimination and harassment	15	1
Environment		
Finance and accounting		
Information management – personal data and business critical information		
Misuse of company assets	1	1
Personal health and safety		
Security - IT, personal and physical	2	
Trade regulations		
Inquiry	8	
Other suspected misconduct or breach of law		
Total	**30**	**2**

The number of reported incidents has increased compared to previous year. The increase is likely a positive result of the promotion of the Whistleblowing hotline in our newly released Code of Conduct and related communication, rather than an increase in occurrences.

Targets and progress Information Security – Data Privacy

	2020	2021	2022	2023	Target
Data privacy integrated in all central processes	40%	40%	67%	67%	100%

During 2023 Saab has focused the review on central processes that handle sensitive personal data or large amounts of personal data. Going forward in 2024, the review will continue and include the remaining central processes. Currently the KPI is on the same level as last year due to the ongoing review.

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privacy risks, and works closely across group functions to manage any potential personal data breaches.

Targets and progress during 2023
During 2023, a new Chief Information Security Officer (CISO) was appointed and the information security department was reinforced with additional resources, partly due to the increasing volume and threat level against Saab. This is in part related to Russia's invasion of Ukraine and the complexity of security threats facing Saab, its customers and suppliers. Saab continuously manages security risks across its global organisation. Saab has an implemented management system for security and continuously improves the security management.

In 2023, new and more effective processes have been developed to mitigate the risk in external cloud services and several actions have been taken to strengthen our protection and resilience. Due to the nature of Saab's operations, Saab cannot disclose specific information about risks and risk management. Saab has, however, annually reported on the ongoing integration of information security in the company's central processes. To go from demand-driven security to process-integrated security, Saab established a target in 2019 to introduce information security controls in all central processes. Saab has now reached a point when security is established in all central processes deemed relevant, hence we will not report on the KPI for 2023. From 2024, Saab will report on new KPIs as part of Saab's sustainability report.

Target and progress related to data privacy is available on the previous page.

Export Compliance

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

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

Export permission from Sweden can be granted if there are security and defence policy reasons for the export and if it is compatible with Swedish foreign policy interests. Export should also not conflict with any of Sweden's international commitments or obligations. Decisions on export authorisations are decided on a case-by-case basis by the national export control authority, which considers a number of criteria in its overall assessment, including the situation regarding democracy, respect for human rights and international humanitarian law in the intended recipient country. National export control authorities also considers the type of product the decision applies to.

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

Governance of topic
Saab has processes, policies and tools to facilitate compliance with export control regulations that apply to its products, technologies and operations. The Head of Export Compliance is responsible for the company's overarching policy, directives, and governing documents as well as for providing advice to the businesses on operational issues and monitoring compliance within the company.

In addition, each business area, as well as all strategic countries within Saab, has its own export control organisation to manage the work at an operational level. To facilitate collaboration and prioritise needs, Saab also has an Export Control Council with representatives from group functions and business areas.

Saab's Responsible Sales Policy complements the Export Control Policy and Saab's work with export compliance, see pages 50-51.

Targets and progress during 2023
Saab's overall target within the area is to maintain its excellence in export control through robust rules, processes and training.

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

Saab also conducts ongoing internal audits of its business areas including legal entities outside Sweden. Saab also has a close ongoing dialogue with relevant authorities to ensure compliance and build knowledge together with stakeholders. The Swedish government annually produces an extensive report to the Swedish parliament on export control of military equipment and dual-use products. The annual report and additional information can be found on the Inspectorate of Strategic Products' website.

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Green and social transition

Saab is committed to reducing its climate impact throughout its value chain and ensuring a healthy and safe workplace for all its employees. Saab also works systematically to phase out and avoid substances of concern in systems, products and production processes.

Climate Impact

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

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

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

The process of establishing science-based targets has provided Saab with a clear direction on how we can reduce our direct emissions, known as Scope 1 emissions, and purchased energy, known as Scope 2 emissions, while enabling our organisation to work with the upstream and downstream Scope 3 emissions that are material to our business. The latter scope represents the absolute majority of Saab's carbon footprint and includes e.g. purchased goods and services and products in use. Setting science-based targets has been instrumental in further refining Saab's global carbon reduction strategy, which we will continue to work towards in the years to come. Saab tracks energy consumption, business travel and energy efficiency measures quarterly.

During the year, Saab expanded the dedicated science-based targets project and continued to perform work that has been identified as crucial to reaching our targets. To do so efficiently and in an organised manner, and involving multiple functions within the organisation, we have established 'Climate Task Forces' in the areas identified as the most carbon-intensive. These Climate Task Forces have contributed to several positive developments throughout the year, including decisions that will have a long-term impact on reduced emissions from the use of sold products, and from our supply chain by involving them in the journey towards net zero emissions. Our Climate Task Forces will continue their work in 2024.

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

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

Targets and progress during 2023
Saab, with its approved science-based targets, commits to reduce absolute Scope 1 and 2 greenhouse gas emissions by 42 per cent by 2030 from base year 2020. Scope 1 and 2 emissions include the combustion of fuels such as from our flight testing, oil furnaces and procured energy. The Scope 3 targets are:

a) 25 per cent reduction of emissions from the use of sold products, business travel and transportation of goods by 2030 compared to 2020.
b) to influence at least 50 per cent of Saab's suppliers to reduce their own climate impact through setting science-based emission reduction targets in line with SBTi by 2027.

During 2023, our emissions from Scope 1 and 2 decreased by 1.5 per cent compared to the previous year, which amounts to a 25.5 per cent reduction compared to base year (2020). The reduction during 2023 was achieved while our sales and production output increased compared to previous years. This reduction was due to continued work with energy efficiency measures across our business and especially at some of our more energy intense sites. The reduction in emissions was also due to a reduced share of emission intense energy sources in the fuel mix from our suppliers of district heating, as well as the purchase of renewable energy certificates for the electricity consumed at a majority of our sites in and outside of Sweden.

Emission from jet fighter testing and other flight services increased due to increased deliveries and new test phases. Aviation in general is known to be a hard to abate sector, while military aviation applications and tests have their own unique challenges. In the coming years, increased use of Sustainable Aviation Fuel (SAF) will be a high priority in order to meet our year-on-year reduction targets. For more detail, see the related charts on next page and data in the Additional sustainability data section on page 66.

Our Scope 3 target for Use of Sold Products (category 11) means that we have committed to enable reduced emissions during our customers' use phase of our products. To develop product innovations, e.g. by providing for the use of sustainable fuels, is a vital action for us within this target. As some of our more emitting products have irregular deliveries, the progress is expected to fluctuate from year to year. This is a challenge and we are working on more refined reporting method to be used in the coming years. The emissions are calculated according to GHG protocol guidance for Scope 3, category 11.

Emissions from our Scope 3 Purchased Goods and Services and Capital Goods (cat 1 and cat 2) increased during 2023, although not as much as the increase in procurement spend. Our target in this category is currently not an absolute target, though is expected to transition to one once our Supplier Engagement target is fulfilled.

Saab has been recognised for leadership in corporate transparency and performance on climate change by the global environmental non-profit organisation CDP as Saab was included on the prestigious A list in the climate change category of CDP 2023.

Green and social transition

- Climate Impact
- Substances of Concern
- Circular Economy
- Occupational Health and Safety

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Some examples of actions taken in 2023 to reduce greenhouse gas emissions are:

- Energy efficiency measures at Saab's sites, resulting in estimated energy savings of 2,005 MWh annually.
- Purchased Guarantees of Origin (also known as Renewable Energy Certificates, REC) for electricity that was consumed at our sites in Australia, U.S., United Arab Emirates, Czech Republic, Brazil, Germany, United Kingdom and South Africa. The activity has reduced our market-based carbon emissions from purchased electricity by 96% compared to previous years.
- Saab's Climate Fund has contributed to eight innovations and process improvements through a selection from this year's Innovation Call: "Race to Zero" as well as the collaboration with a start-up. For further details, see the section "Innovation" on page 63.
- Saab's sites engaged in an electricity savings campaign, "Turn it off," during the winter period of 2022-2023.
- Since mid-2023, Saab only allows zero-emission/electric options for new orders of company cars in Sweden. Considering average lease and delivery lead times, we expect that all of Saab vehicles in this category will be zero-emission by 2026. The increased share of zero emission vehicles resulted in a 25% reduction in this category during 2023.
- To support our transition to zero emission vehicles, Saab increased the number of charging points for electric vehicles at Saab sites by 55% during 2023.
- Thorough evaluations have been made regarding the possibilities to access and use biofuels (SAF) for our ordinary flight operations, including aerial fire fighters and test flights.

Substances of Concern

Phasing out and avoiding substances of concern is a strategic focus area for Saab. Substances of concern are substances that may have serious and often irreversible effects on human health and the environment.

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

Impact within Substances of Concern
As chemical substances may pose risks to health and the environment, several substances are currently subject to legislative changes and restrictions. Knowledge about chemical substances continues to increase, and a growing number of substances will become subject to restrictions, causing risk for disturbances in production and delivery.

Some substances of concern are only used in the manufacturing process, while others are incorporated into the final products. Through proactive management of substances of concern in our products and manufacturing processes, we are reducing regulatory risks and protecting our employees, customers and the environment, and increasing the recyclability of scrapped products. There are numerous ongoing projects at Saab which will result in positive impacts within this area.

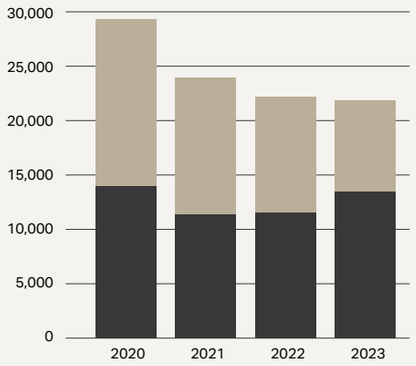
Governance of topic
Saab is targeting improvements in the management of substances of concern, related to internal use and our products, in line with customer and legal requirements. The compliance complexities and challenges Saab faces are not unique to us. Therefore, we go beyond close dialogue with, and requirements on, suppliers and seek out collaborations with other businesses facing similar challenges through established industry forums.

Saab has employed digital solutions to manage the vast amount of data related to substances of concern such as safety data sheets, material

Scope 1 & 2 emissions, tonnes CO_2 equivalents

Scope 1
Scope 2 market-based

Saab has undergone a reasonable assurance audit of emissions of greenhouse gases. The audit assurance statement is found on page 175.



Pathway to Net Zero Emissions 2050

	Own operations	Supply chain	Products in use	Travel and transport
	• -42% by 2030 • Net zero by 2050	• 50% supplier engagement by 2027 based on spend • Net zero by 2050	• -25% by 2030 • Net zero by 2050	• -25% by 2030 • Net zero by 2050
Progress since 2020	-26% emissions	17% suppliers engaged	-19% emissions	+44% emissions
Percentage of Saab's emissions* *relative to base year (2020) emissions	~5% Scope 1&2, market based	~60% Scope 3, cat 1 and 2: Purchased Goods and Services and Capital Goods	~30% Scope 3, cat 11: Use of Sold Products	~5% Scope 3, cat 4 and 6: Upstream Transportation and Distribution and Business Travel

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standards and declarations of materials, articles and chemical products, generated both internally and from our suppliers. Our digital tools also support the risk assessment process prior to the sourcing of new chemical products.

Several substances cannot be substituted at this time, not only due to the long lead times in qualifying new products and processes, but also due to the lack of available technical alternatives to meet product performance requirements and durability expectations of our customers.

Targets and progress during 2023
Each of Saab's business areas has established roadmaps and defined targets to prioritise the phase-out of substances of concern according to upcoming restrictions, and in regards to substances with unacceptable risks. The purpose is to ensure that Saab can meet future requirements whilst securing continued technical performance/capability and on-time delivery to our customers. Each business area has a unique product and service offering so their roadmaps differ accordingly.

Saab has, as an example, successfully managed to reduce the use of cadmium and hexavalent chromates by establishing new surface treatment lines and implementing qualified alternatives in our product portfolio.

Saab works actively to avoid substances of very high concern through the approval process of new chemical products, both within our own designs and when performing maintenance for our customers. Several applications for new chemical products have been rejected and alternatives with less hazardous effects on heath and/or the environment has been selected instead.

During 2023, we have continued to revise, update and implement environmentally conscious design principles in Saab's system engineering management processes.

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

Saab continued its active engagement and participation in the International Aerospace Environmental Group's (IAEG) work group on Replacement Technologies, with the aim of collaborating with other aerospace and defence companies in technical exchange and research and development projects to find alternatives to substances of concern. A particular focus has been on platings and primers and the outcome from the projects have been implemented during 2023 or will be utilised by Saab going forward.

Circular Economy

Saab realises that circularity and resource efficiency are key to meeting global challenges such as climate change, scarcity of materials and resources, waste production and management, and that it is vital for long-term profitability.

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

The long lifecycles of Saab's product offerings and the already relatively common approach within the defence industry to upgrade and extend longevity of existing equipment means that the end-of-life for products occurs decades after production. In this way, material and resources are used efficiently. At the same time, this places high demands on Saab to communicate closely with customers on how to safely repair, dismantle or dispose of products.

Resource efficiency through smart design

A vital part in minimising resource use and waste is to enhance the longevity of products. Saab's design and product development process includes activities to promote longevity and reduce the environmental impact of our products. Architectural solutions are evaluated against criteria on modularity, content of substances of concern and fuel consumption as well as adaptability to projected future needs, development opportunities and aspects related to maintenance, support and logistics. This process enables an evolution towards a circular customer offering as we constantly improve and find new solutions to challenges.

One example of this approach

With one of the world's most modern shipyards, Kockums is a world leader in the development, construction, mid-life upgrades and in-service support of submarines, surface vessels and naval systems. Through evolutionary and modular design, the vessels offer a flexible configuration, meeting the various needs of navies around the world. A part of that flexibility is in relation to ensuring upgrades and modifications, making them future-proof. This approach, which has a long heritage, results in lower costs for our customers and ensures a long life-cycle of our products which lessens the environmental footprint of the vessels.

Each vessel has a life cycle of at least 30 years. A mid-life upgrade is normally performed about 15-20 years from delivery. Thereafter a life time extension is possible to prolong the total life cycle beyond 30 years, upwards to about 45 years of life, depending on the need. A mid-life upgrade may focus on refitting of sensors, command systems, navigation or communications systems for example. At the same time, other maintenance can be performed such as re-coating of the hull, which further prolongs the life of the vessel. All of which ensure a safe and modern vessel capability for years to come.

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Saab has not identified water as an immediate risk. The absolute majority of water withdrawal is in Sweden, where the availability of fresh water is good and stable. While only a few processes are dependent upon access to fresh water, Saab considers clean water to be a finite resource, requiring responsible water usage. As a result, Saab discloses water risks and withdrawal to CDP Water Security and improved the score for the latest annual reporting period to an A-.

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

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

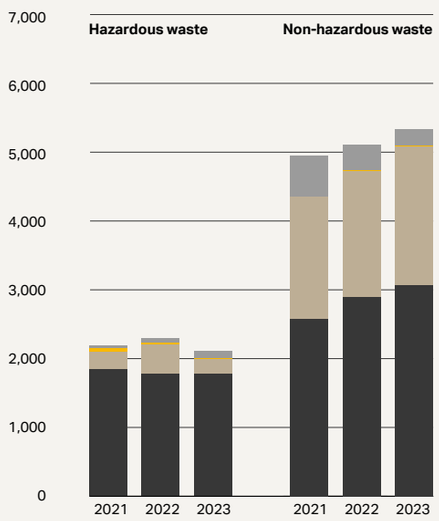
Saab has put several actions in place to increase circularity, such as phasing out substances of concern and reducing waste sent to landfill. In relation to water consumption, Saab has concluded studies to better understand where we have the greatest consumption in relation to water availability, coupled with the feasibility to significantly reduce consumption. The study has formed the foundation of Saab's water reduction target and work with risk mitigation.

Since 2021, Saab has, together with FMV and other Swedish defence companies, participated in the project "A Circular and Climate Neutral Transition of the Defence Industry" funded by Vinnova. The purpose of the project, which was finalised in 2023, was to facilitate and accelerate the defence industry's transition to circularity and sustainability through identifying minimum requirements that both industry and customers support and that are feasible to achieve. A similar project, also funded by Vinnova, which will further develop the circularity transition within the Swedish defence sector, was approved during 2023. The project will focus on the development of sustainable ammunition sourcing practices, minimising waste, cost and climate impact within this area. Saab is pleased to join forces with several other Swedish defence companies, under the leadership of SOFF (Defence Innovation Sweden) in this important project. Another such project collaboration is with the European Defence Agency aimed at finding opportunities to increase circularity within the aerospace and defence industry.

Targets and progress during 2023
Waste generation and recycling data, and water consumption is monitored and regularly reported from all of Saab's major sites.

At the end of 2022, Saab updated its water target in terms of scope, as the previous target was successfully achieved. The updated target covers all of Saab's main production and service sites with measurable water withdrawal data, and stipulates a 20 per cent reduction of water withdrawal until 2030 from base year 2022. In 2023 the water withdrawal increased by 21 per cent compared to 2022. A deeper analysis of causes, beyond production increases, and possible measures, will be carried out in 2024.

Saab continues to develop and implement Additive Manufacturing (AM, also known as 3D printing) technologies, with numerous advantages and opportunities as a result. Not only does Saab use less raw materials and produce less waste with AM parts production compared to traditional production, but the technology allows for flexibility in production which contributes to shorter lead times and other efficiencies. Another advantage is that AM produces parts with 30-75 per cent less weight meaning that, depending upon the final product, the application of AM has the potential to significantly contribute to lowered fuel consumption for our customers. One such example is the Airborne Cooling System which weighs half of the original cooling system, is more efficient and has shown to have higher quality due to the redundancy of the brazing stage.



Waste directed to disposal, tonnes

- Recycling
- Incineration with energy recovery
- Incineration without energy recovery
- Landfill

Waste management

Onsite generated waste disposal forms

Operational waste from Saab is only generated at Saab locations. It consists of multiple waste fractions and is handled according to the waste hierarchy. Hazardous waste is stored in enclosed spaces to prevent leakage. Waste is collected by approved waste management companies, which in turn report actual waste data. Saab collects the waste data centrally into relevant categories per reporting operational unit. Saab works actively to ensure waste segregation and responsible waste management, for example through verifications of data and waste contractor permits. Environmental impacts of waste handling may consist of emissions to air during incineration and the formation of leachate at landfills. Saab's units generated a total of 7,457 tonnes of waste in 2023.

The total reported waste generated from our own production sites and offices includes the following fractions:

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

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Saab has started an analysis of operational waste streams to identify opportunities to prevent waste, as a basis for setting new targets. Related to our products, Saab started a Life-Cycle Assessment (LCA) working group to assess which methodologies and tools to implement for the purpose of simulation and mitigation of product environmental impact in various life cycle stages.

Occupational Health and Safety

A healthy work environment is a prerequisite for high performance. A safe and healthy workplace from a physical as well as a psychosocial perspective enables a sustainable work life.

Impact within Occupational Health and Safety
Saab has identified its primary occupational health and safety risks, or potential negative effects. The main risks are that employees may not be provided with conditions for a good balance between work and personal life, and that safe and healthy working conditions may not be achieved. The main types of accidents, including severe incidents, involve falls, cuts and crush injuries.

Governance of topic
Saab's global Occupational Health and Safety Policy and people strategy constitute a framework for goals and activities. Saab holds a global certificate according to the occupational health and safety standard ISO 45001. The certificate is available on saab.com and specifies the operations covered. Line managers are responsible for the health and safety of their employees. Local support functions assist the organisation through a specifically appointed Occupational Health and Safety Coordinator or a specialist in occupational health and safety. Group Function Human Resources has the responsibility to establish and implement processes and guidelines for the occupational health and safety work and monitoring compliance.

The occupational health and safety process is integrated into the company's global management system and contains instructions for identifying and evaluating legal requirements, risk and opportunity assessment, reporting and investigating occupational health and safety incidents and risk observations, as well as safety inspections. The process includes both own employees and external parties (people working in Saab's premises under Saab's control). Through this systematic way of working, a large number of the potential negative impacts are avoided, prevented and mitigated. Mandatory training increases employees' knowledge to prevent accidents and ill-health.

The management of chemicals is one of the identified physical occupational health and safety risks. To ensure compliance with Saab's chemical process, Saab regularly monitors that risk assessments are conducted. We observe an increased demand for the use of the system support Saab Chem internally, and have allocated resources to support the operations in the handling of chemicals.

To maintain a safe and healthy work environment for employees, mandatory training is conducted during onboarding of new employees and ongoingly for all employees at Saab. The purpose of these training sessions is to enhance employees' knowledge on how to prevent accidents and promote well-being.

Targets and results 2023
One way to identify health and safety risks at an early state is to report hazard identification and close calls and proactively address them. An increased number of hazard identifications and close calls has been reported in 2023 compared to 2022. This indicates that efforts to educate and inform employees about the importance of reporting incidents, along with improved system support, gives results. This is an ongoing effort that will continue towards the 2030 goal.

Saab has experienced an increasing number of reported workplace accidents in recent years. The reasons for this include a growing number of employees, increased awareness of incident classification and improved system support. The goal for 2024 is to break the upward trend, meaning that the number of accidents by the end of 2024 should not exceed the number of accidents in 2023.

To understand how employees experience the balance between work and time for recovery, the question "I am satisfied with the balance between my private and work life" is included in the annual employee survey. In the measurement conducted in 2023, the outcome for this question has improved, with a score of 7.5 (compared to 7.3 in 2022). To increase awareness of how stress works and emphasise the importance of recovery, the mandatory Employee Training "Recovery - For a Sustainable Working Life" was launched in Q2 2023. At the end of 2023, 73% of employees (on leave not included) and 98% of consultants have completed the course.

To support managers in the implementation of occupational health and safety activities, a digital support system has recently been implemented in Sweden. The system support will be implemented globally in 2024, enabling us to work consistently across the entire Group. This proactive effort aims to contribute to safer and healthier workplaces, thereby reducing the number of accidents. A follow-up on the activities will be conducted every half year.

Performance indicators are available on the next page.

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Performance indicators – Occupational Health and Safety

Total Recordable Injury (TRI) is a key indicator of safety and health at the workplace. An incident is considered a TRI when any of the following has occurred:

- work-related deaths
- work-related injuries resulting in a loss of working days (LTI)
- work-related injuries and/or illnesses that result in treatment by a medical professional
- work-related injuries or illnesses that result in the employee being unable to perform one or more of the normal duties on the next working day, or after the day of the injury, on the advice of a doctor

All workers (own employees and consultants)

	a. Own employees	b. Consultants*	a+b. Own employees + consultants***			
	2023	2023	2023	2022	2021	2020
Number of reported near misses and hazard identifications per workplace injury (a higher propensity to report incidents reduces the risk of workplace injuries)	5.0 Not separately reported		5.0	4.4	5.1	4.5
Lost Time Injury Frequency Rate (LTIFR)	1.33 Not separately reported		1.33	0.84	0.59	Not reported
The number and rate** of total recordable work related injuries (Total Recordable Injury Frequency Rate)	110 (TRIFR 3.17) Not separately reported		110 (TRIFR 3.17)	62 (TRIFR 2.61)	Not reported	Not reported
The number (and rate**) of fatalities as a result of work-related injuries	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
The number (and rate**) of high-consequence work-related injuries (excl. fatalities)	0 (0)	3 (0.49)	3 (0.10)	10 (0.31)	8 (0.26)	6 (0.20)
The main type of work-related injury	Slip and fall accident, same level, and cuts	Slip and fall accident, same level, and cuts	Slip and fall accident, same level, and cuts	Minor cut/ crush injuries	Minor cut/ crush injuries	Minor cut/ crush injuries
Health index (percentage of employees who have taken 40 hours or less of sick leave in a year) (Sweden)			67.9%	62.6%	75.4%	67.7%
Sick leave (Sweden)			3.6%	3.2%	2.8%	3.6%

* Work controlled by Saab
** Hours worked in 2023: 34,694,068 (calculations for rates based on number of events, divided by number of hours worked, times 1,000,000)
*** Both own employees and workers who are not employees, but whose work and/or workplace is controlled by the organisation, are included in the 2020-2023 reporting.
Data is collected in tools specific for each country and compiled manually for Saab Group.

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Innovation and partnerships

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

Diversity and Inclusion

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

Impact within diversity and inclusion
A workplace characterised by diversity amongst our employees increases creativity and boosts innovation. An inclusive culture results in higher engagement, well-being and increased performance. We are convinced that diversity and inclusion promote innovation, make us reach our targets and become an even more successful business. Failing to promote diversity and inclusiveness has a potential negative impact on health and might lead to loss of talent and competence, limited perspectives, less innovations and in the end not reaching our business goals.

Innovation and partnerships

- Diversity and Inclusion
- Innovation
- Industrial Cooperation and Partnership

Governance of topic
Saab has a Diversity and Inclusion Policy and a framework that governs and guides the diversity and inclusion work. The policy emphasises the importance of all employees seeing the value of diversity, that everyone treats each other with respect and consideration, and that all forms of discrimination should be prevented actively. It also highlights leadership as an important part of the diversity and inclusion work. Saab's work with diversity and inclusion is an incorporated part of the general engagement work within Saab, both on a corporate level and in business areas.

Saab works to ensure that all employees see the importance of diversity and appreciate the unique contribution to the company by each individual. One way to achieve this is to increase visibility of diversity and inclusion in internal communication and increase knowledge amongst our leaders and employees. During 2023, Saab has among other things increased the communication through articles, chronicles, live castings, etc. and knowledge has been built through trainings, seminars, event days and inspiring lectures. Various activities have been carried out to create togetherness and build cross-cultural cooperation.

Targets and progress 2023
An important aspect of increased diversity and inclusion is gender equality, which is something Saab has focused on systematically for many years. Our global goal is set at 30 per cent female managers and 25 per cent female employees, no later than 2025. During 2023, we have continued our structured work by e.g. promoting interest in technology and engineering towards females, participating in events, hosting students and taking part in discussions. To create curiosity about leadership, we have actively made our female leaders visible in our internal communication, creating role models. Including diversity in all aspects of our recruitment work from job advertisements to interviews has moved us closer to the goal.

At the end of 2023 the share of women managers remains at 27 per cent while the share of women employees increased to 25 per cent from year-end 2022 (24%).

Innovation

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

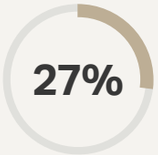
Impact within innovation
Innovation and research are strong drivers for economic growth and key for a sustainable future. Saab's operations play an important role in driving innovation and technological development in society.

Innovation is fundamental in Saab's work to reduce climate impact in our value chain and in creating sustainable solutions that fulfil customers' future needs. Innovation is also important when it comes to increasing the resilience of our value chain.

Governance of topic
Saab's Innovation and Technology Council (I&TC) coordinates research, technology and innovation strategy for the Saab Group and directs business areas and group functions in their work. The I&TC is chaired by Saab's Chief

Focus on gender equality

Globally 2023



Share of women managers

Share of women employees

Sweden 2023

Share of women managers

Share of women employees

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Technology Officer and consists of CTO's from all business areas, as well as a representative from the corporate function Learning and Development. The I&TC is engaged in Saab's science-based targets and Race to Zero project and there by involved in innovation calls and projects contributing to Saab's climate targets.

The research and technology strategy outlines the direction in which Saab focuses competence and technology development. Key Saab personnel are active in various national and international forums, boards and other organisations that have an impact on research and technology programmes in Sweden and Europe. Saab's key technology and competence areas in our strategic plan are:

- Software, cyber and information technology
- Artificial intelligence (AI), machine learning (ML) and autonomous systems
- Systems engineering and Model-Based Systems engineering including mission analysis
- Smart manufacturing, including additive manufacturing
- Design of efficient vehicle platforms
- Cloud and connectivity

All of which are essential for sustainable and competitive products.

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

Saab promotes an innovation-friendly culture and encourages new ideas. Employees with innovative ideas can apply for innovation funding through I&TC.

To continuously increase and improve its environmentally sustainable offering, Saab has established the Saab Climate Fund which supports climate innovations within the company. The funding is made up from internal fees on business travel by air. One example of a project that received funding during the year is the early stages of a product adaptation that would, through innovative technology, reduce the energy required during the product's use phase and making it biodegradable.

Targets and progress 2023
Saab has a target to have at least 30 PhD candidates annually. In 2023, Saab had 36 candidates.

During 2023, Saab has worked actively to develop further sustainable innovations with the focus of reducing climate and environmental impacts. One example is a company-wide Innovation Call focusing on climate and reduced carbon emissions. During the six months that the Call was ongoing, a large number of proposals on product- and process improvements were submitted from across the organisation. Saab's Innovation and Technology Council evaluated and analysed the proposals and granted funding for continued development and validation of eight of the proposals. In 2024, these initial projects will be concluded and further implementation could become a reality. The selected innovations and their continued validation process have been financed in part by Saab's Climate Fund, These types of Calls will continue in coming years. They are considered an effective way of directing attention towards sustainability and especially to engage and encourage creativity among Saab's employees.

Industrial Cooperation and Partnership

When a state is making a major domestic investment, such as acquiring infrastructure or defence equipment, the seller is often requested to create jobs, transfer technology or strengthen the local market's domestic skill base. Such requirements are especially common in the defence industry. In some national legislations there are also explicit regulations regarding offset obligations placed on suppliers in large defence contracts.

Saab sees this as an opportunity to increase our partner and innovation base and use the new markets as an integrated part of our technology and innovation strategy. These partnerships contain different forms of industrial cooperation

Community engagement

Saab strives to contribute to social development in the markets where we operate, with a focus on promoting education and an interest in technology. Saab has several ongoing community engagement cooperation projects:

Pratham Sweden - Swedish industry for quality education in India
A unique sustainability partnership within the area of education between Swedish companies, the non-governmental organisation Pratham and the Stockholm School of Economics. Saab has supported the project since 2017.

Project Playground
Project Playground is a non-governmental organisation aiming to improve opportunities for children and youth in vulnerability and exclusion, with operations primarily in South Africa.

Handslag för Bergsjön
Bergsjön is a socially vulnerable area of Gothenburg. Saab has together with local partners in Gothenburg and AB Balder initiated a project with the purpose of contributing to economic and social development in Bergsjön.

Start-up collaborations for future innovation

During 2023, Saab was part of a start-up event, arranged by Saab's partner Ignite Sweden. The core of the event was to meet and interact with numerous small-scale Swedish companies from different development stages. The purpose was to leverage on experiences and innovative concepts that could contribute to Saab's future business.

One such company, CelluXtreme, specialised in the development of cellulose-based composites, was selected by Saab for future collaboration. Besides reduced carbon impact, this type of composite, compared to traditional plastic and glass fibre-based composites, has the potential to provide functional improvements in several areas. This innovation was partly financed by Saab's Climate Fund. The collaboration with CelluXtreme will continue and be evaluated in 2024 and forward.

Saab's collaboration with start-ups is an efficient way to expand the creativity of smaller businesses, meanwhile providing the start-up with the possibility to work alongside, learn and find synergies with larger corporations.

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between the business sector, academia and government actors, with the purpose that all parties should benefit from the cooperation.

Impact within industrial cooperation
Through customised offerings, Saab has contributed, together with partners, to several successful projects that has driven industrial development and economic growth in the customer countries. The impact relating to industrial cooperation typically consists of long-term engagement of local suppliers to large contracts, engagement of universities and the research sector, and the establishment of local Saab operations and technology-sharing.

Governance of topic
Saab has dedicated teams working with industrial cooperation, in order to tailor solutions based on customer requirements and needs. A dedicated industrial cooperation function within Group Business Development (formerly Group Marketing and Sales) supports campaigns globally with expertise relating to the establishment of industrial cooperation programmes. There are also dedicated personnel within each business area specialised in the area.

Saab has a Global Innovation team, which also support campaigns globally. The team takes a multi-dimensional approach to fostering innovation in markets where Saab is present. This includes establishing innovations arenas and coordinating events to support innovation-related business. The Global Innovation team also coordinates research mobility projects, to ensure next generation innovations through scholarship programs and international university collaborations.

Target and progress 2023
In 2023, Saab's focus has been on improving the early-stage integration of industrial collaboration initiatives within our business process. This effort aims to enhance our ability to steer these initiatives effectively. We have also started clarifying methods and implementing system support to better measure and evaluate our actions. By streamlining our processes and introducing these measures, we are working towards more targeted and sustainable industrial collaborations. Our ongoing commitment is to continually refine our approach, ensuring that our collaborations align with our sustainability goals.

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

Licensed operations in the parent company
Production of aircraft and aircraft components by the Parent Company, Saab AB, in Tannefors industrial zone in the municipality of Linköping is subject to licensing pursuant to the Swedish Environment Code due to aeronautics operations, surface treatment processes, manufacturing of composite materials, handling of chemical substances, the firing of large caliber weapons and the size of the manufacturing facilities. In Järfälla, Saab AB has operations involving the manufacture of advanced command and control systems and electronic warfare systems, among other things, which are also subject to licensing under the Environment Code.

Licensed operations in subsidiaries
Saab Airport AB's operations are subject to licensing under the Environment Code and are covered by the permit issued by the Land and Environmental Court that gained legal force early 2019 for Saab's collective operations in Tannefors industrial zone in the municipality of Linköping. This permit also covers the operations of Saab Dynamics AB in the area, despite the fact that they are not subject to licensing and notification requirements under the Environment Code. Saab Dynamics AB and Saab Bofors Test Center AB run operations in Karlskoga that are subject to licensing under the Environment Code and Saab Barracuda AB runs licensed operations in Gamleby. In 2019, Saab Dynamics AB in Karlskoga was granted a new environmental permit by the county administrative board in Örebro. The new permit gained legal force in early 2020.

Permit processes are in progress regarding new environmental permits for both the operations within Saab Bofors Test Center AB and the operations within Saab Dynamics AB in Karlskoga. Saab Bofors Test Center AB also runs operation subject to licensing in the municipality of Härjedalen. Saab Dynamics AB runs operations subject to licensing in the municipality of Linköping (Malmslätt). In addition, Saab Kockums AB runs operations subject to licensing in Karlskrona and on Muskö island, south of Stockholm.

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

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Energy	2020	2021	2022	2023	Comment
Total fuel consumption within the organisation from non-renewable sources (MWh)	50,200	42,422	42,633	49,256	The rationale for the base year of our comparison is our science-based targets which have 2020 as a base year. The analysis is based on the international standard, the Greenhouse Gas Protocol Initiative (GHG protocol), developed by World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). The GHG protocol founds its carbon inventory and reporting on three main scopes of direct and indirect emissions. The reporting considers the following greenhouse gases, all converted into CO_2 equivalents: CO_2, CH4 (methane), N2O (nitrous oxide), SF6, HFCs and PFCs. Source: DEFRA, IEA, Energiföretagen etc. The energy values for 2022 were adjusted (15 MWh decrease) during the year as part of our annual back-tracking and data quality assurance process.
Total fuel consumption within the organisation from renewable sources (MWh)	1,448	2,402	3,591	3,304	
Electricity consumption (MWh)	175,370	179,196	173,540	176,782	
Heating consumption (MWh)	83,512	99,093	88,026	95,931	
Cooling consumption (MWh)	17,349	16,780	16,020	17,255	
Steam consumption (MWh)	17,067	20,419	20,664	22,707	
Total energy consumption within the organisation in MWh	344,946	360,312	344,474	365,237	
Total energy consumption within the organisation in GJ	1,241,806	1,297,121	1,240,105	1,314,851	
Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives. Includes fuel, electricity, heating, cooling and steam (MWh)	3,969	2,770	3,576	2,005	

Greenhouse gases	2020	2021	2022	2023	Comment
Greenhouse gas emission, Scope 1 (tonne)	14,064	11,446	11,559	13,505	Our science-based targets have 2020 as a base year, in line with SBTi's guidance. Data is calculated based on the Greenhouse Gas Protocol. The reporting considers the following greenhouse gases, all converted into CO_2 equivalents: CO_2, CH4 (methane), N2O (nitrous oxide), SF6, HFCs and NF2. The majority of emission factors are from the following annually updated sources: IEA (www.IEA.org), DEFRA (www.gov.uk) and Lokala miljövärden (www.energiföretagen.se). Saab is using operational control approach regarding GHG emissions. The values for GHG emissions in 2021 and 2022 were adjusted during the year as part of our annual back-tracking and data quality assurance process. This resulted in an increase of GHG emission for previously reported years, mostly due to a revised consolidation approach that led to a reallocation of emissions from our company cars from Scope 3 to Scope 1. Scope 3: Purchased Goods and Services & Capital Goods (Cat 1&2): No calculations made for 2021.
Greenhouse gas emission, Scope 2 market based (tonne)	15,379	12,574	10,702	8,428	
Greenhouse gas emission, Scope 2 location based (tonne)	17,324	18,372	15,940	16,597	
Greenhouse gas emission, Scope 3 (includes business travel and upstream transport and distribution) (tonne)	14,132	11,564	18,905	20,406	
Biogenic CO_2 emission, Scope 1 (tonne)	436	338	1,094	1,058	
Scope 3: Use of Sold Products (Cat 11)	237,600	147,500	251,600	191,500	
Scope 3: Purchased Goods and Services & Capital Goods (Cat 1&2)	364,989	-	386,187	433,998	

Waste	2020	2021	2022	2023	Comment
Total non-hazardous waste generated (tonne)	**6,109**	**4,964**	**5,113**	**5 342**	Total weight of waste directed to disposal in metric tons. The waste data for 2022 were adjusted during the year due to our annual backtracking and data quality assurance.
Recycling	3,072	2,579	2,901	3,071	
Incineration with energy recovery	2,070	1,775	1,822	2,016	
Incineration without energy recovery	28	13	20	22	
Landfill	939	597	370	233	
Other disposal methods	0	0	0	0	
Total hazardous waste generated (tonne)	**1,911**	**2,198**	**2,308**	**2,115**	
Recycling	1,501	1,855	1,788	1,788	
Incineration with energy recovery	345	248	422	201	
Incineration without energy recovery	30	45	22	23	
Landfill	35	50	76	103	
Other disposal methods	0	0	0	0	

Water	2020	2021	2022	2023	Comment
Water withdrawal (megalitres)	-	-	357	433	New water target set in late 2022, with larger scope, due to fulfillment of previous target. Base year for new target is 2022. Water withdrawal data have been compiled for all sites, with measured data, within the scope 2022 and 2023. Estimates have though been made for sites with no available water withdrawal data for 2023 and are based on the reported withdrawal the previous year.

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Headcounts

	Full-time employees			Part-time employees			Permanent employees		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Sweden	4,401	12,588	**16,989**	151	217	**368**	4,552	12,805	**17,357**
Rest of Europe	218	1,246	**1,464**	42	77	**119**	260	1,323	**1,583**
North America	206	665	**871**	1	0	**1**	207	665	**872**
Latin America	39	104	**143**	2	0	**2**	41	104	**145**
Asia	58	178	**236**	1	0	**1**	59	178	**237**
Africa	106	267	**373**	0	0	**0**	106	267	**373**
Australia, etc.	162	695	**857**	41	14	**55**	203	709	**912**
Total	5,190	15,743	20,934	238	308	545	5,428	16,051	21,479

Comment

The number of employees represents headcount at the end of the reporting period, 2023-12-31.

Employee data is collected from HR Systems and is consolidated into the Finance system. Finance generates a report, with employee data broken down by gender and country. For number of employees per country (FTE), see page 178.

Number of employees per age group is calculated based on information on age from our major HR system. The distribution on age groups from that system has been applied to the total number of employees.

Employees	Female	Male	Total	Comment
All employees #				The number of employees represents headcount at the end of the reporting period, 2023-12-31.
Under 30 years	904	2,317	**3,222**	
30 to 50	2,746	7,227	**9,974**	
Over 50 years	1,777	6,506	**8,284**	
Total	**5,428**	**16,051**	**21,479**	
All employees %				
Under 30 years	17%	14%	**15%**	
30 to 50	51%	45%	**46%**	
Over 50 years	33%	41%	**39%**	
Total	**25%**	**75%**	**100%**	
Group Management %				
Under 30 years	0%	0%	**0%**	
30 to 50	0%	18%	**14%**	
Over 50 years	100%	82%	**86%**	
Total	**21%**	**79%**	**100%**	
Board of Directors %				Including all Board members elected by the shareholders' meeting
Under 30 years	0%	0%	**0%**	
30 to 50	0%	9%	**7%**	
Over 50 years	100%	91%	**93%**	
Total	**36%**	**64%**	**100%**	
Percentage of total employees covered by collective bargaining agreements			**84%**	In countries where Saab's employees are not covered by Collective Bargaining Agreements (CBA), working conditions and terms of employments are not based on CBAs covering employees in other countries.

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Workers who are not employees

		Comment
Total no. of workers not employees, total heads	**3,482**	Data collected from HR Systems and consolidated into finance system. Finance generates report with total (sum of FTE). Data represents the status at the end of the reporting period.
Change from previous (2022-12-31), heads	39% increase	
Total no of workers not employees, total hrs	Approx. 6,160,000 hrs	
Most common types of workers who are not employees	External consultants, engineers working in our offices in development projects. Other common types of workers are IT consultants and blue collars in manufacturing. The workers have a Saab line manager and are included in Saab's organisational structure. Saab hires consultants through consultancy firms with which Saab has a standard contract where eg. the Code of Conduct is part.	The number of consultants has increased during 2023 and compared with previous years. This is due to increased sales, production and investments

Compensation

	2023	Comment
Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	23.93	Salary data information collected from our most common HR-system and covers 93% of our employees (9 countries).
Ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	0.90	In "annual total compensation" the monthly base salary has been taken into consideration. The salary has been calculated as full time equivalent.
Ratio of basic salary and remuneration of women to men	0.91	Salary data information collected from our most common HR-system and covers 93% of our employees (9 countries). Median annual basic salary women divided by median annual basic salary men.

Occupational health and safety (OH&S) management system

	Employees	Consultants (workers who are not employees)	Total	Comment
Workers covered by an occupational health and safety management system	21,479 (100%)	3,482 (100%)	24,961 (100%)	Saab's process in the Global management system "Manage occupational health and safety" is a part of minimum level of Saab procedures and internally audited. For workers covered by OH&S management system, audited by a third party, we have mapped the number of employees and workers who are not employees to the sites where Saab is certified to ISO 45001. The numbers include both own employees and workers who are not employees. Temporary employees and non-guaranteed hours employees are excluded because of limited information available for these employee types.
Workers covered by an occupational health and safety management system that has been internally audited	21,479 (100%)	3,482 (100%)	24,961 (100%	
Workers covered by an occupational health and safety management system that has been audited and certified by an external party	15,268 (71%)	3,071 (88%)	18,339 (73%)	

Compliance with laws and regulations

	Comment
Saab has had no significant instances or has not paid any significant monetary value of fines for instances of non compliance with laws and regulations during the reporting period.	This disclosure is based on information from the areas of Anti-Corruption, Environment, Occupational Health and Safety, Data Integrity, Export Control, Tax and Human Rights.

Incidents of corruption and actions taken

	2023
Total number and nature of confirmed incidents of corruption	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.	0
Public legal cases regarding corruption brought against the organization or its employees during the report-ing period and the outcomes of such cases.	0

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EU Taxonomy

The EU taxonomy (EU 2020/852) establishes a list of environmentally sustainable economic activities within six environmental objectives. In the reporting period Saab has conducted a group wide screening to identify taxonomy eligible economic activities. The screening process was conducted for all six environmental objectives in the EU taxonomy regulation of which financial activities in four new environmental objectives were introduced for the first time in 2023 by the adoption of Taxonomy Environmental Delegated Act (June 2023).

Assessment of Eligibility

As expressed by the EU Commission, economic activities that are not included in the EU Taxonomy are not necessarily unsustainable. Nor all activities that can make a substantial contribution to the environmental objectives are yet part of the EU Taxonomy, as activities will be added over time. Saab is committed to contribute to sustainable development but Saab's core business within the defence sector is not yet fully covered by the EU Taxonomy, which affects the percentages of eligibility and alignment.

For example, a new financial activity, "Manufacturing of Aircraft" within the environmental objective Climate Change Mitigation was added for screening of eligibility in 2023. The criteria for Substantial Contribution and Do No Significant Harm are clearly developed with intended purpose for civil aircraft manufacturing. Saab has therefore considered this financial activity not being applicable to military aircraft manufacturing. However, sales revenues, capital expenditures and operating expenses related to Saab's manufactured components for civil aircraft segment has been assessed for eligibility in financial year 2023.

All financial activities added to the legislation in 2023, within the six environmental objectives, have been evaluated for eligibility only during 2023. From financial year 2024, these new activities will also be assessed for alignment. Facility related eligible financial activities is part of Saab Group's energy savings program.

Based on Saab's screening of eligible activities, we have identified the following financial activities to be relevant for the reporting period;

Eligible financial activities related to Turnover within objective "Climate Change Mitigation":

- 3.6 "Manufacture of other low carbon technologies": (i) Maritime communication system AIS/VDES - R6 Supreme/R 60 base station – supporting efficient, optimised routing and planning at sea or in harbour reducing CO_2 emissions. (ii) Saab is selling various underwater vehicles for different purposes enabling no or low CO_2-emissions for its customers. (iii) C-Leanship provides hull- and propeller cleanings for large vessels, reducing the biofouling, which in turn increase the vessels performance saving CO_2 emissions through using less fuel. (iv) Saab Seaeye, electric autonomous robotics, supporting various tasks in complex underwater environments with no CO_2 emissions. (v) Saab's AUV62-family which are autonomous, electrical underwater vehicles which can be configured for many types of missions, for example anti-submarine warfare training, supporting low CO_2 emissions and eco-friendly technology requirements. (vi) The autonomous electrical underwater vehicle Sabertooth with capability to perform various operations to depth up to 3,000 meters without any CO_2 emissions.
- 3.21 "Manufacturing of Aircraft": Block structure components and spare parts for supplying civil aircraft manufacturing industry and spare parts for Saab 340/Saab 2000.
- 8.2 "Data-driven solutions for GHG emissions reductions": Aerobahn CDM Suite is a solution that improves efficiency in traffic flows, enabling lower fuel consumption at airports and Maritime Traffic Management System reduces environmental impact through the management of traffic flows at sea ports. Maritime Traffic Management was divested last year with formally closing of financials by the end of Q1 2023.

Eligible financial activities related to Turnover within objective "Climate Change Adaption":

- 14.1 "Emergency Services": Contracted service for airborne firefighting and fire prevention for Swedish Civil Contingencies Agency.

Eligible financial activities related to Turnover within objective "Transition to a Circular Economy":

- 2.6 "Depollution and dismantling of end-of-life products": Activity relates to metal recycling of Saab products for example aluminum and iron.

Eligible financial activities related to Capital Expenditures "Capex" within objective "Climate Change Mitigation":

- 3.6 "Manufacture of other low carbon technologies": Investments in maritime communication system AIS/VDES - R6 Supreme/R 60 base station – supporting efficient, optimised routing and planning at sea or in harbour and C-Leanship provides hull- and propeller cleanings for large vessels reducing CO_2 emissions.
- 3.21 "Manufacturing of Aircraft": Investments in block structure components and spare parts for supplying civil aircraft manufacturing industry.
- 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles": Investments in company vehicles. Saab policy stipulates only electric vehicles for all new purchases.
- 6.18 "Lease of Aircraft": Investments in lease of aircraft used by Saab.
- 7.1 "Construction of new buildings": Ongoing construction projects with primarily focus on energy efficient constructions and designs.
- 7.2 "Renovation of existing buildings": Improved insulation of roof, walls, windows and doors in facilities.
- 7.3 "Installation, maintenance and repair of energy efficiency equipment": Investments in installation and replacement of energy efficient light sources and installation of new and more energy efficient heating/cooling systems.
- 7.4 "Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)": Investments in installation of charging stations at Saab facilities for supporting electric vehicles.
- 7.5 "Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings": Replacement of facility control system at facility Risinge in order to monitor, control and optimise energy usage.
- 8.2 "Data-driven solutions for GHG emissions reductions": Investments in Aerobahn CDM Suite (efficient traffic flows at airports) and Maritime Traffic Management (efficient traffic flows at sea/harbour).

Eligible financial activities related to Capital Expenditures "Capex" within objective "Transition to a Circular Economy":

- 3.1 "Construction of new buildings": Two investments in site Tannefors and site Östersund supporting circularity by reuse of material, waste handling and design/

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construction. Activity 3.1 (Circular Economy) have been reported included in activity 7.1 (Climate Change Mitigation).
- 3.2 "Renovation of existing buildings": Improvements in facilities supporting circularity by reuse of material, waste handling and design/construction. Activity 3.2 (Circular Economy) have been reported included in activity 7.2 (Climate Change Mitigation).
- 3.4 "Maintenance of roads and motorways": Investments in maintenance of road infrastructure at Saab site Karlskrona.

Eligible financial activities related to Operating Expenses "Opex" within objective "Climate Change Mitigation":
- 3.6 "Manufacture of other low carbon technologies": Expenses related to Maritime communication system AIS/VDES - R6 Supreme/R 60 base station – supporting efficient, optimised routing and planning at sea or in harbour reducing CO_2 emissions.
- 3.21 "Manufacturing of Aircraft": Expenses related to production of parts for civil aircraft manufacturing industry.
- 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles": Expenses related to company vehicles.
- 8.2 "Data-driven solutions for GHG emissions reductions": Expenses related to Aerobahn CDM Suite (efficient traffic flows at airports) and Maritime Traffic Management (efficient traffic flows at sea/harbour).
- 9.1 "Close to market research, development and innovation": R&D project where Technology Readiness Level "TRL" has reached level 6. These expenses are related to development of technology for autonomous underwater vehicles.

Eligible financial activities related to Operating Expenses "Opex" within objective "Transition to a Circular Economy":
- 3.4 "Maintenance of roads and motorways": Expenses related to maintenance in aerodrome runways within Saab.

Assessment of Alignment

Saab has assessed financial eligible activities against the technical screening criteria in the Commission Delegated Regulation (EU) 2021/2139 and have identified four activities that are considered to be taxonomy aligned.

- 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles" related to low- and zero-emission light-duty vehicles (Capex and Opex).
- 7.4 "Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)" which enables lower GHG emissions (Capex).
- 7.5 "Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings" (Capex).
- 8.2 "Data-driven solutions for GHG emissions reductions" related to Aerobahn CDM Suite enabling lower fuel consumption and thereby lower GHG emissions (Turnover, Capex and Opex).

For remaining financial activities, where alignment assessment in 2023 is applicable, Saab does not have enough information per year-end 2023 to ensure alignment or is not able to fulfil Substantial Contribution and DNSH criteria. We will continue the process of assessing alignment in the time ahead.

Saab's lease of company cars has been assessed against the technical screening criteria in activity 6.5. 658 of 693 new company car leases in 2023 fulfil the criteria of CO_2 emissions lower than 50 g/km. 77% of all company cars in Saab fulfil the criteria of CO_2 emissions lower than 50 g/km. Each company car has been assessed against alignment criteria. Regarding DNSH criteria, Saab has assumed that tires are not replaced to any other dimension than approved dimension to comply with noise requirements.

Saab's investments in installation of charging stations for electric vehicles at Saab facilities fulfill the criteria for environmental objective "Climate change mitigation" in activity 7.4, which is Installation, maintenance or repair of charging stations for electric vehicles. The only DNHS criteria in activity 7.4 "Climate Change adaptation" regarding physical climate risks and vulnerability assessments (Appendix A) has been evaluated and fulfilled.

Investments in installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings fulfill the objective "Climate Change mitigation" through the conducting of activity 7.5. That activity also fulfils the only DNSH criteria in 7.5, "Climate Change adaptation". The conclusion regarding compliance with the Climate Change adaptation criteria is based on Saab's company-wide climate change scenario analysis, where activities' risks relate to own facilities.

We have assessed Aerobahn CDM Suite against the technical screening criteria in activity 8.2 in Commission Delegated Regulation (EU) 2021/2139 and found the activity to contribute to environmental objectives (1) "climate change mitigation". Aerobahn is a traffic flow management tool used by airport operators, air navigation service providers, and airlines in order to reduce departure taxi times and maximise runway throughput. The taxi time reductions enabled by the Aerobahn directly correlate with a reduction in fuel burn and thereby carbon emissions. The activity fulfills the Substantial contribution to climate change mitigation criteria in activity 8.2, being an Information and Communication Technology "ICT" solution that enables substantial greenhouse gas emission reductions through the provision of data and analytics. Activity 8.2 contains criteria for Do Not Significantly Harm (DNSH) for the environmental targets Climate change adaptation and Circular economy. Aerobahn does not significantly harm climate change adaptation, based on Saab's TCFD analysis. Since the core of Aerobahn CDM Suite is a software tool it does not significantly harm transition to a circular economy. In cases where hardware is part of the delivery of Aerobahn CDM Suite, it could be decommissioned and recycled as electronic waste.

Minimum Safeguards

We have taken support from the Platform on Sustainable Finance's Final report on Minimum Safeguards to assess compliance with the minimum safeguards laid down in Article 18 in Regulation (EU) 2020/852. We have policies and processes in place to secure minimum safeguards relating to anti-corruption, fair competition and taxation as well as following the OECD's 6 steps for due diligence of human rights. Please read more on pages 50-55. We have not had any court convictions in any of these areas.

Key elements of change during reporting period

Turnover:
Total turnover in 2023 increased due to organic sales growth within all Saab's business areas i.e. sales contracts with customers. Turnover related to aligned activities follows the same trend resulting in the same proportion of sales as 2022.

Capital Expenditures (Capex):
Total capital expenditures increased in 2023 primarily driven by capacity investments. The higher proportion of capex allocated to aligned activities are entirely linked to the fulfilment of all DNSH criteria in 2023 related to lease of company cars (in 2022 only eligibility reported).

Operating Expenses (OpEx):
Total operating expenses increased in 2023 related to increased costs for R&D. The higher proportion of aligned OpEx is related to the alignment of leased company cars (fulfilment of DNSH between years) and aligned expenses connected to Aerobahn CDM Suite.

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Accounting Principles EU Taxonomy

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

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

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

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

Key Performance Indicator "Operating Expenditure":
Principles regarding disclosed figures for denominator has changed between reporting periods which means that proportion of taxonomy aligned or eligible operating expenditures in financial year 2022 have been adjusted accordingly for a more correct comparison between financial years. In financial year 2022, the denominator (total Operating expenditures) included depreciation for capitalized R&D with 554 MSEK. Total Operating Expenditure has therefore been adjusted from 2,110 MSEK to 1,556 MSEK in 2022 compared to 1,939 MSEK for 2023.

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

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

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Turnover

Financial year 2023	Year 2023			Substantial contribution criteria						DNSH criteria ("Does No Significantly Harm")									
Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover. year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover. year 2022(18)	Category enabling activity (19)	Category (transitional activity) (20)
		MSEK	%	Y; N; N/EL						Y/N						Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A1. Environmentally sustainable activities (Taxonomy-aligned)																			
Data-driven solutions for GHG emissions reductions	8.2	205.9	0.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	Y	-	Y	0.4%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**205.9**	**0.4%**	**0.4%**													**0.4%**		
Of which enabling		205.9	0.4%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	-	Y	-	-	Y	-	Y	0.4%	E	
Of which transitional		0	0.0%	0.0%						-	-	-	-	-	-	Y	0.0%		T
A2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL															
Depollution and dismantling of end-of-life products	2.6	1.5	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Manufacture of other low carbon technologies	3.6	790.5	1.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Manufacturing of Aircraft	3.21	897.2	1.7%	EL	N/EL	N/EL	N/EL	EL	N/EL										
Data-driven solutions for GHG emissions reductions	8.2	61.3	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.6%		
Emergency Services	14.1	50.2	0.1%	N/EL	EL	N/EL	N/EL	N/EL	N/EL										
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,800.6**	**3.5%**														**0.8%**		
A. Turnover of Taxonomy-eligible activities (A1.+A.2)		**2,006.5**	**3.9%**														**1.2%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**49,602.5**	**96.1%**																
TOTAL (A+B)		**51,609.0**	**100.0%**																

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CAPEX

Financial year 2023	Year 2023			Substantial contribution criteria						DNSH criteria ("Does No Significantly Harm")									
Economic activities (1)	Code (2)	Capex (3)	Proportion of Capex, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) Capex, year 2022(18)	Category enabling activity (19	Category (transi-tional activity) (20)
		MSEK	%	Y; N; N/EL						Y/N						Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	109.4	2.9%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	Y	Y	-	Y			T
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	6.0	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	-	-	Y	0.1%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	0.1	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	-	-	Y		E	
Data-driven solutions for GHG emissions reductions	8.2	0.2	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	Y	-	Y		E	
CapEx of environmentally sust. activities (Taxonomy-aligned) (A.1)		**115.7**	**3.0%**	**3.0%**													**0.1%**		
Of which enabling		6.3	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	-	Y	-	-	Y	-	Y	0.1%	E	
Of which transitional		109.4	2.8%	2.8%						-	Y	-	Y	Y	-	Y	0.0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL															
Maintenance of roads and motorways	3.4	0.1	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Manufacture of other low carbon technologies	3.6	13.5	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Manufacturing of Aircraft	3.21	0.1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	5.0	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.1%		
Leasing of Aircraft	6.18	64.7	1.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Construction of new buildings	7.1, 3.1	70.1	1.8%	EL	N/EL	N/EL	N/EL	EL	N/EL										
Renovation of existing buildings	7.2, 3.2	147.2	3.9%	EL	N/EL	N/EL	N/EL	EL	N/EL								0.9%		
Installation, maintenance and repair of energy efficiency equipment	7.3	4.7	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Acquisition and ownership of buildings	7.7	-	-														2.6%		
Data-driven solutions for GHG emissions reductions	8.2	9.8	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.8%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**315.2**	**8.3%**														**7.0%**		
A. CapEx of Taxonomy-eligible activities (A1.+A.2)		**430.9**	**11.3%.**														**7.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**3,372.1**	**88.7%**																
TOTAL (A+B)		**3,803.0**	**100.0%**																

OPEX

Financial year 2023	Year 2023			Substantial contribution criteria						DNSH criteria ("Does No Significantly Harm")									
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2022(18)	Category enabling activity (19)	Category (transitional activity) (20)
		MSEK	%	Y; N; N/EL						Y/N						Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	36.5	1.9%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	Y	Y	-	Y			T
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	-	-							-	Y	-	-	-	-	Y	0.1%	E	
Data-driven solutions for GHG emissions reductions	8.2	13.6	0.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	Y	-	Y	0.7%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**50.1**	**2.6%**	**2.6%**													**0.8%**		
Of which enabling		13.6	0.7%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	-	Y	-	-	Y	-	Y	0.8%	E	
Of which transitional		36.5	1.9%	1.9%						-	Y	-	Y	Y	-	Y	0.0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL															
Manufacturing of Aircraft	3.21	0.1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Maintenance of roads and motorways	3.4	0.3	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Manufacture of other low carbon technologies	3.6	10.3	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	20.3	1.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Data-driven solutions for GHG emissions reductions	8.2	0.1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Close to market research, development and innovation	9.1	6.3	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**37.4**	**1.9%**														**0.5%**		
A. OpEx of Taxonomy-eligible activities (A1.+A.2)		**87.5**	**4.5%**														**1.3%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OPEX of Taxonomy-non-eligible activities		**1,851.4**	**95.5%**																
TOTAL (A+B)		**1,938.8**	**100%**																

Taxonomy additional information

In the Taxonomy summary tables below, data clarifies turnover and capital expenditures within economic activities that may contribute to several environmental objectives. Data in this table could therefore, when applicable to more than one environmental objective, be double counted.

Activities within Nuclear and Gas related activities are not applicable to Saab during financial year 2023. Table for aligned capex compares capex between years split on economic activity and type of spend.

	Proportion of Turnover / Total Turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.4%	3.8 %
CCA		0.1%
WTR		
CE		1.7%
PPC		
BIO		

Disclosure Nuclear and fossil gas related activities

Nuclear and fossil gas related activities		
Row	Nuclear energy related activities	YES/NO
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

CapEx summary

	Proportion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	3.0 %	11.3 %
CCA		
WTR		
CE		5.7 %
PPC		
BIO		

Taxonomy aligned CapEx between periods

		Tangible Fixed Assets		Intangible Fixed Assets		Right-of-Use Assets	
Code	Description of activity	2023	2022	2023	2022	2023	2022
6.5	Transport by motorbikes, passenger cars and light commercial vehicles	-	-	-	-	109.4	-
7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	6.0	1.4	-	-	-	-
7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	0.1	-	-	-	-	-
8.2	Data-driven solutions for GHG emissions reductions	-	-	0.2	-	-	-
	Taxonomy Aligned Capex (MSEK):	**6.1**	**1.4**	**0.2**	**0.0**	**109.4**	**0.0**

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Statement of use	**Saab AB has reported in accordance with the GRI Standards for the period Jan 1st 2023 to Dec 31st 2023. The report was published 1 March 2024.**
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None applicable

			Omission		
GRI standard/other source	**Disclosure**	**Location**	**Requirement(s) omitted**	**Reason**	**Explanation**
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organisational details	p. 166, 178			
	2-2 Entities included in the organisation's sustainability reporting	p. 43-44, p. 112-113, p. 161-162			
	2-3 Reporting period, frequency and contact point	p. 3, 43-44, 76			
	2-4 Restatements of information	p. 57, 66			
	2-5 External assurance	p. 43-44, 80-81, 175			
	2-6 Activities, value chain and other business relationships	p. 6, 13, 15-16, 25-35, 47, 50, 53-54			
	2-7 Employees	p. 67, 178	Breakdown per employement type	Information unavailable/ incomplete	Number of employees not reported for the categories temporary employees and non-guaranteed employees
	2-8 Workers who are not employees	p. 68			
	2-9 Governance structure and composition	p. 81-82, 86-87			
	2-10 Nomination and selection of the highest governance body	p. 82-83			
	2-11 Chair of the highest governance body	p. 83			
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 45-46			
	2-13 Delegation of responsibility for managing impacts	p. 45			
	2-14 Role of the highest governance body in sustainability reporting	p. 45, 48, 83			
	2-15 Conflicts of interest	p. 83			
	2-16 Communication of critical concerns	p. 51-55, 83			
	2-17 Collective knowledge of the highest governance body	p. 43-45			
	2-18 Evaluation of the performance of the highest governance body	p. 82, 84			
	2-19 Remuneration policies	p. 84, 91-92, 121			
	2-20 Process to determine remuneration	p. 91			
	2-21 Annual total compensation ratio	p. 68			
	2-22 Statement on sustainable development strategy	p. 9-10			
	2-23 Policy commitments	p. 45-46, 50-65			
	2-24 Embedding policy commitments	p. 45-46, 50-53			
	2-25 Processes to remediate negative impacts	p. 45-46, 50, 60-61, 63			
	2-26 Mechanisms for seeking advice and raising concerns	p. 45-46, 55			
	2-27 Compliance with laws and regulations	p. 68			
	2-28 Membership associations	p. 46			
	2-29 Approach to stakeholder engagement	p. 46			
	2-30 Collective bargaining agreements	p. 67			

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GRI standard/other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 46			
	3-2 List of material topics	p. 48			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 45-46, 52-54			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 52-54			
	205-2 Communication and training about anti-corruption policies and procedures	p. 54-55			
	205-3 Confirmed incidents of corruption and actions taken	p. 55, 68			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 46, 57-58			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 66			
	302-4 Reduction of energy consumption	p. 66			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 46, 57-58			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 66			
	305-2 Energy indirect (Scope 2) GHG emissions	p. 66			
	305-3 Other indirect (Scope 3) GHG emissions	p. 66			
	305-5 Reduction of GHG emissions	p. 57-58, 66			
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 60			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	p. 59-61			
	306-2 Management of significant waste-related impacts	p. 60			
	306-3 Waste generated	p. 60, 66			
	306-4 Waste diverted from disposal	p. 60, 66			
	306-5 Waste directed to disposal	p. 60, 66			

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GRI standard/other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 46, 61-62			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	p. 68, https://www.saab.com/sustainability/green-and-social-transition/health-and-safety			
	403-2 Hazard identification, risk assessment, and incident investigation	p. 61-62, https://www.saab.com/sustainability/green-and-social-transition/health-and-safety			
	403-3 Occupational health services	p. 61			
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 61			
	403-5 Worker training on occupational health and safety	p. 61-62			
	403-6 Promotion of worker health	https://www.saab.com/sustainability/green-and-social-transition/health-and-safety			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 61			
	403-8 Workers covered by an occupational health and safety management system	p. 68			
	403-9 Work-related injuries	p. 61-62	Work-related hazards that pose a risk of high-consequence injury	Information unavailable	Information not available on a Group- wide level
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 46, 63			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p. 63, 67			
	405-2 Ratio of basic salary and remuneration of women to men	p. 68	Breakdown for each employee category and by significant locations of operation	Information unavailable	Information not available per employee category and location
Business and Human Rights					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 46, 50-52			
Own Disclosure	Share of sales leads flagged in screening assessed for human rights risks	p. 49, 51			
Own Disclosure	Strategic suppliers assessed based on social and environmental criteria	p. 49			
Innovation, Industrial Cooperation and Partnership					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 63-64			
Own Disclosure	Number of PhD candidates	p. 49			
Information security					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 46, 55			
Own Disclosure	Information security in central processes	p. 55			
Own Disclosure	Data privacy in central processes	p. 55			

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Corporate governance report

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

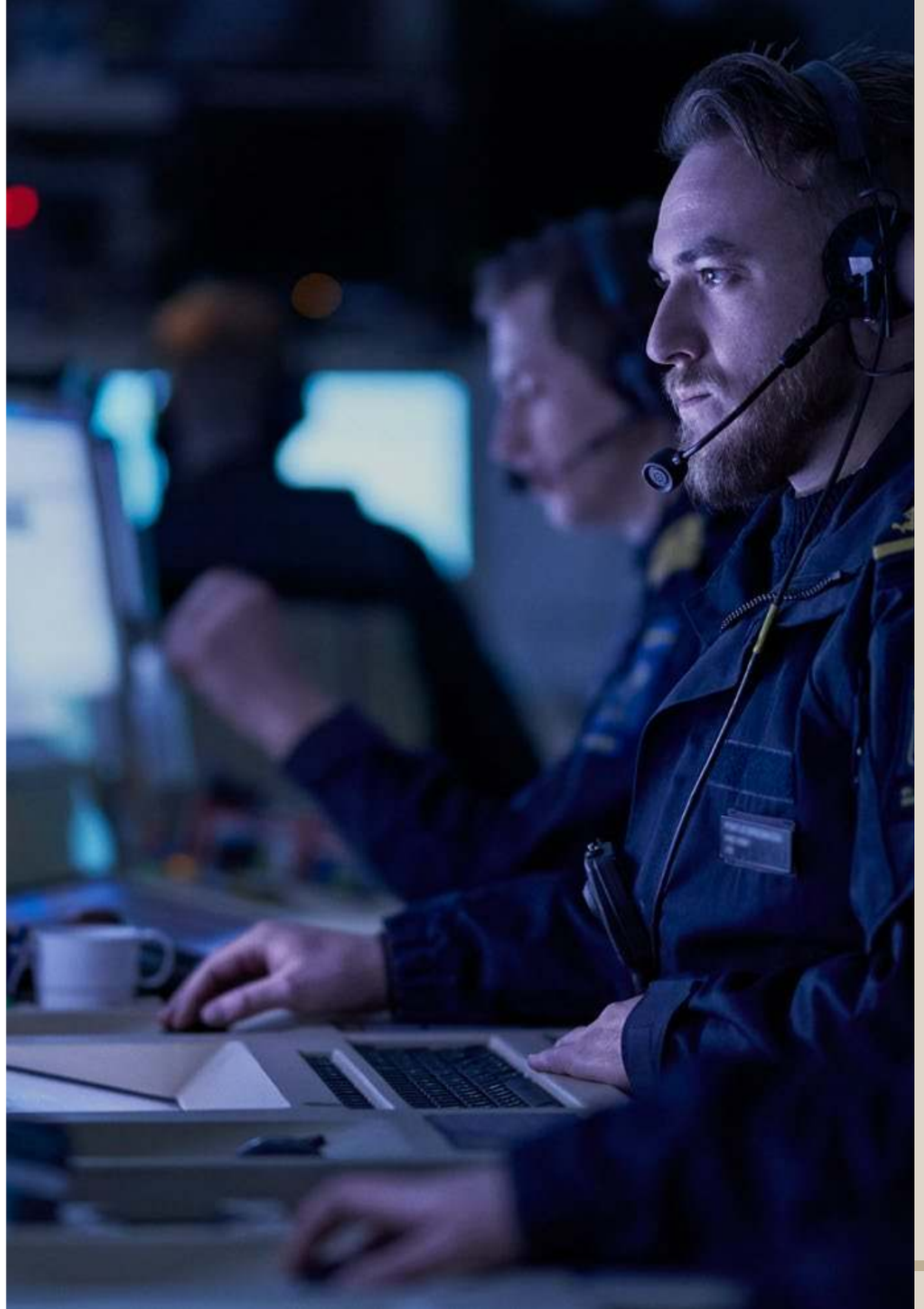
Swedish Code of Corporate Governance
Since Saab's shares are traded on Nasdaq Stockholm and must follow good practices in the securities market, Saab is also obligated to comply with the Swedish Code of Corporate Governance (the Code). The Code is available at www.bolagsstyrning.se.

The Corporate Governance Report is prepared in accordance with the Annual Accounts Act and the Code, and describes how Saab applied the Code in the financial year 2023. Saab's website, www.saab.com, has a dedicated section on corporate governance, which is updated continuously in accordance with the Code. The Corporate Governance Report includes the Board of Directors' report on internal control over financial reporting. This Corporate Governance Report has been reviewed by the company's auditor. Saab did not deviate from the provisions of the Code in 2023.

1. Shareholders' meeting and ownership structure

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

The Annual General Meeting (AGM) shall be held within six months after the end of each financial year. At the Annual General Meeting shareholders vote, for example, on resolutions relating to the annual report, dividend, Board election, Board fees, auditor's fees, remuneration report, adoption of remuneration guidelines for senior executives and, when applicable, election of the external auditor and other matters stipulated in the Companies Act. Preparations for and the execution of the AGM 2023 were carried out in accordance with the Code, and the AGM 2024 will also comply with the provisions of the Code. The Annual General Meeting of Saab was held on 5 April 2023 in Stockholm, Sweden. The shareholders could also exercise their



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voting rights by postal voting in advance. 575 shareholders were represented at the Meeting, corresponding to about 71 per cent of the total number of votes in the company.

This year the Annual General Meeting will be held on 11 April 2024 in Linköping, Sweden, for more information see page 179. On 31 December 2023, Saab's share capital amounted to SEK 2,173,533,552 and consisted of 2,383,903 series A shares and 133,461,944 series B shares. Series A shares have ten votes each while series B shares have one vote each. A series A share may, on demand of the owner, be converted to a series B share. The Saab shares are registered with Euroclear Sweden AB. The quota value per share is SEK 16. The series B shares are listed on Nasdaq Stockholm's Large Cap list. All A shares are unlisted and owned by Investor AB.

The Board of Directors has an authorisation from the shareholders' meeting to repurchase own shares; see page 93. As of 31 December 2023, Saab held 2,598,532 of its own series B shares, corresponding to 1.9 per cent of the share capital. For more information on the ownership structure, see page 99.

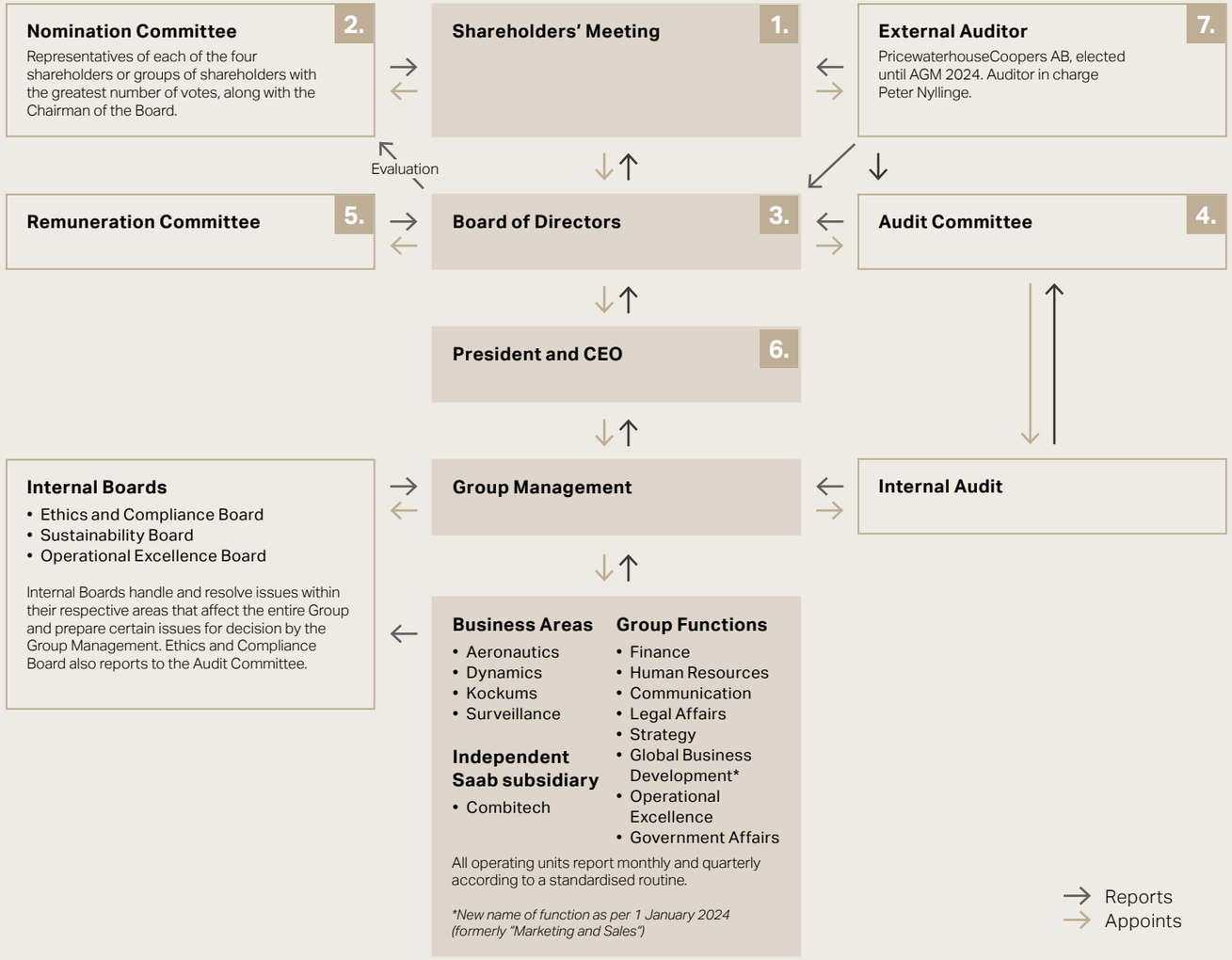
Largest shareholders, 31 December 2023

	% of capital	% of votes[1)]
Investor AB	30.2	40.4
Wallenberg Investments	8.7	7.7
Swedbank Robur Funds	5.1	4.5
Vanguard	2.5	2.2
BlackRock	2.4	2.1
Schroders	1.6	1.4
Norges Bank	1.5	1.3
AFA Insurance	1.0	0.9
First Swedish National Pension Fund	1.0	0.9
Avanza Pension	0.9	0.8

[1)] % of votes is calculated based on the number of shares excluding treasury shares at 31 December, 2023.

Source: Monitor by Modular Finance AB.

Corporate Governance



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2. Nomination Committee

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

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

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

Prior to the Annual General Meeting on 5 April 2023, the Nomination Committee issued a proposal for resolution on the Chairman of the shareholders' meeting, the Board of Directors, Auditors, Board fees and auditor fee. The Nomination Committee has applied rule 4.1 of the Code as a diversity policy with respect to the Board. The goal of the policy is that the Nomination Committee's proposal shall lead to that Saab has a board with an appropriate composition and with satisfactory diversity and breadth in terms of gender, competence, age, experience and background.

Prior to the Annual General Meeting on 11 April 2024, it was announced in a press release on 22 September 2023 that in addition to Chairman of the Board Marcus Wallenberg, the following shareholder representatives had been appointed to the Nomination Committee (shareholder's name in parentheses): Petra Hedengran (Investor AB), Peter Wallenberg Jr (Wallenberg Investments AB), Jan Andersson (Swedbank Robur Fonder) and Anders Jonsson (Livförsäkringsbolaget Skandia, ömsesidigt). Petra Hedengran is Chairman of the Nomination Committee.

The Nomination Committee members represent approximately 52 per cent of the votes in Saab based on the ownership structure as of 31 August 2023. The proposals of the Nomination Committee for resolution at the Annual General Meeting 2024 will be announced in the notice of the Annual General Meeting 2024. The Nomination Committee's statement regarding proposal for the Board of Directors will be published on www.saab.com/agm.

Members of the Nomination Committee for Annual General Meeting 2024

Member	Representing	% of votes, 31 Aug 2023	% of capital, 31 Aug 2023
Petra Hedengran	Investor AB	39.7	30.2
Peter Wallenberg Jr	Wallenberg Investments AB	7.5	8.7
Jan Andersson	Swedbank Robur Fonder	4.2	4.8
Anders Jonsson	Livförsäkringsbolaget Skandia, ömsesidigt	0.9	1.0
Marcus Wallenberg	Chairman of the Board of Saab AB		

3. Board of Directors

Composition of the Board

According to Saab's Articles of Association, the Board of Directors shall, in addition to the employee representatives, consist of at least six and not more than twelve members. Board members are elected annually by the shareholders' meeting. According to the resolution of the Annual General Meeting on 5 April 2023, Saab's Board of Directors shall consist of eleven members elected by the shareholders' meeting with no deputies. In addition, employee organisations appoint three Board members with an equal number of deputies.

At the Annual General Meeting on 5 April 2023, Lena Erixon, Henrik Henriksson, Danica Kragic Jensfelt, Sara Mazur, Johan Menckel, Bert Nordberg, Erika Söderberg Johnsson, Marcus Wallenberg, Joakim Westh and Micael Johansson were re-elected. Sebastian Tham was elected as a new Board member. Daniel Nodhäll had declined re-election. Marcus Wallenberg was elected Chairman of the Board.

The current composition of the Board is the result of the Nomination Committee's work prior to the Annual General Meeting 2023 applying the diversity policy. The members of the Board of Directors of Saab represent a diversity and breadth in terms of gender, competence, age, experience and background. In aggregate, the Board has the competence and experience that are important to Saab's operations and that the Nomination Committee deems are needed to meet Saab's future challenges and needs. Of the Board members elected by the shareholders' meeting, and not employed by the company, 40 per cent are women.

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

Information on remuneration to the members of the Board as resolved by the AGM 2023 is included in note 8.

Members of the Board elected by the shareholders' meeting

Marcus Wallenberg
Bert Nordberg
Micael Johansson
Lena Erixon
Henrik Henriksson
Danica Kragic Jensfelt
Sara Mazur
Johan Menckel
Erika Söderberg Johnsson
Sebastian Tham
Joakim Westh

Employee representatives

Regulars	Deputies
Stefan Andersson	Tina Mikkelsen
Göran Andersson	Lars Svensson
Magnus Gustafsson	Patrik Myrén (until October 2023)
	Robert Hellgren (from November 2023)

The Board members' other significant commitments, professional experience, shareholdings etc. can be found in the presentation of the Board of Directors on pages 86-88.

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The Board's work in 2023

- In 2023, as during 2022, the Board especially focused on topics relating to Sweden's NATO application and the effects of the war in Ukraine, for example preparations for meeting the increased demand by continued investments in increased capacity and recruiting the right competences, and also specific strategic matters.
- The Board has also worked with a strategic investment in the German company Helsing, and acquisitions of the British company BlueBear and CrowdAI in the U.S.
- During 2023, the Board has also worked with major projects related to Gripen, A26, GlobalEye, missiles, combat management systems and the T-7A jet trainer as well as other significant export and marketing topics.
- The Board adopted a new Code of Conduct.
- The Board approved the updated sustainability strategy.
- The company arranged Board training within anti-corruption and business ethics in a global context.
- The company also arranged one special information session for the Board members, where they received detailed information on the new rules on sustainability reporting and the company's work with digitalisation.

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

Composition and independence of the Board in 2023

Member	Elected	Independent of company/ management	Independent of major shareholders
Marcus Wallenberg	1992	Yes	No[1]
Bert Nordberg	2016	Yes	Yes
Micael Johansson	2020	No[2]	Yes
Lena Erixon	2022	Yes	Yes
Henrik Henriksson	2021	Yes	Yes
Danica Kragic Jensfelt	2017	Yes	Yes
Sara Mazur	2013	Yes	No[3]
Johan Menckel	2019	Yes	Yes
Erika Söderberg Johnsson	2017	Yes	Yes
Sebastian Tham	2023	Yes	No[4]
Joakim Westh	2010	Yes	Yes

[1] Board member of Investor AB
[2] President and CEO of Saab AB
[3] Board member of Wallenberg Investments AB
[4] Employed by Investor AB

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

Work of the Board
According to the Board's rules of procedure, seven ordinary meetings shall normally be held each year in addition to the statutory meeting. The Board can also meet when circumstances demand. In 2023, the Board held one statutory meeting, seven ordinary meetings and four extra meetings, a total of twelve meetings. The Board meetings in 2023 were held in Stockholm, Sweden except for one meeting in Linköping, Sweden in June when the Board also visited the local operations within Aeronautics and Surveillance.

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

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

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

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

The Board of Directors' meetings follow an agenda. Prior to each meeting, Board members receive documentation and supporting material for the issues on the agenda. At each Board meeting the CEO presents a Market and Operations Report. A financial report is also presented at each Board meeting and is addressed in detail prior to the publication of the interim reports and the year-end report. The Board regularly considers investments, research and development, organisational issues, management of significant risk areas, and acquisitions and divestments of companies. The company's heads of business areas are regularly invited to the Board to present their respective business area. The Board's annual work includes deciding on the company's business plan and strategy, which in 2023 were addressed in December. The Board meeting in December also considers the company's budget for the coming year as well as Enterprise Risk Management. In December, the Board also addressed the performance targets in the company's two performance-related share plans.

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

4. Board of Directors' committee work

Audit Committee
In accordance with the principles set out in the Swedish Companies Act and the Code, the Board of Directors has appointed an Audit Committee consisting of three members. The work of the Audit Committee is mainly of a preparatory nature, i.e. preparing matters for resolution by the Board. The Audit Committee has certain limited decision-making power. For example, it has established guidelines for services other than auditing that the company may procure from the auditor. The Audit Committee's members following the Annual General Meeting 2023 are Joakim Westh (Chairman of the Committee), Erika Söderberg Johnsson and Sebastian Tham, whereof both Joakim Westh and Erika Söderberg Johnsson are independent of the company and its management as well as of the major shareholders. Moreover, all members of the Committee have accounting or auditing competence. The General Counsel, Annika Bäremo, was secretary to the Audit Committee in 2023.

The Audit Committee's assignment is set forth in the Board's rules of procedure. The Audit Committee shall, among other things, monitor the company's financial reporting and submit proposals to ensure the integrity of the financial reporting, monitor the efficiency of the company's internal control, internal audit and risk management in respect of the financial reporting, keep itself informed of the audit of the annual report and consolidated accounts, inform the Board of the results of the audit,

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review and monitor the auditor's impartiality and independence, assist the Nomination Committee in preparing the proposal for the shareholders' meeting's election of the auditor and in certain cases procure auditing services, in addition to establishing guidelines for services other than auditing that may be provided by the company's auditor. Moreover, the Audit Committee shall annually monitor and evaluate the efficiency and adequacy of the company's anti-bribery and corruption programme including the Code of Conduct, and keep itself informed of material deviations or non-compliance with the company's anti-bribery and corruption programme, including whistle-blower reports, through regular reporting from the Ethics and Compliance Board. The company's external auditor normally participates in the meetings of the Audit Committee. In 2023, the Audit Committee focused especially on current issues relating to the company's financial position, the financial reporting, introduction of medium-term targets, execution of major projects, procurement, budget, risk management, internal control, new rules on sustainability reporting, the company's business ethical rules as well as assisted the Nomination Committee with proposal for election of auditor.

The Audit Committee keeps minutes of its meetings, which are distributed upon request to the other members of the Board. In 2023, the Committee held six meetings.

5. Remuneration Committee

In accordance with principles set out in the Code, the Board of Directors has appointed a Remuneration Committee consisting of three members. The Remuneration Committee's members following the Annual General Meeting 2023 are Johan Menckel, Marcus Wallenberg and Bert Nordberg. Johan Menckel is the Chairman of the Committee. All are independent of the company and its management. The General Counsel, Annika Bäremo, was secretary to the Remuneration Committee in 2023.

The Remuneration Committee's assignments are to prepare the Board's resolutions on remuneration principles, remuneration and other terms of employment for the Group Management, monitor and evaluate variable remuneration programmes for the Group Management, both ongoing and those ended during the year, and monitor and evaluate the application of the remuneration guidelines for senior executives adopted by the Annual General Meeting as well as the current remuneration structures and levels in the company. The Remuneration Committee also proposes remuneration guidelines for senior executives which, following resolution by the Board of Directors, are submitted to the Annual General Meeting. Matters concerning the employment terms, remuneration and other benefits for the CEO are prepared by the Remuneration Committee for resolution by the Board. The Remuneration Committee is responsible for interpretation and application of the remuneration guidelines for senior executives and to, on behalf of the Board, prepare a report regarding remuneration in accordance with the guidelines. The Remuneration Committee has no decision-making power of its own. In 2023, the Remuneration Committee focused especially on issues relating to the company's long-term incentive programmes, including the proposed performance targets in the company's two performance-related share plans, the Key Employee Plan with synthetic shares for 1,500 key employees (excluding the Board, CEO and Group Management) and the preparation of a remuneration report.

The Remuneration Committee keeps minutes of its meetings, which are distributed upon request to the other members of the Board. In 2023, the Committee held three meetings.

Evaluation

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

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

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

6. Chief Executive Officer

The President and CEO of Saab is Micael Johansson and he is also a member of the Board of Directors. His significant professional

Attendance and board remuneration in 2023

Name	Audit Committee	Remuneration Committee	Board meetings attended[1]	Committee meetings attended[2]	Board remuneration KSEK[3]	Audit Committee remuneration KSEK	Remuneration Committee remuneration KSEK	Total remuneration KSEK
Marcus Wallenberg		x	12	3	2,140		100	2,240
Bert Nordberg		x	12	3	780		100	880
Micael Johansson			12					
Lena Erixon			12		700			700
Henrik Henriksson			11		700			700
Danica Kragic Jensfelt			12		700			700
Sara Mazur			11		700			700
Johan Menckel		x	11	3	700		165	865
Daniel Nodhäll[4]			3					
Erika Söderberg Johnsson	x		12	6	700	190		890
Sebastian Tham[5]	x		8	6	700	190		890
Joakim Westh	x		12	6	700	295		995

1) Of a total of 12 meetings in 2023.
2) Of a total of 6 meetings of the Audit Committee in 2023 and 3 meetings of the Remuneration Committee in 2023.
3) Refers to the remuneration resolved by the AGM 2023 for the period until the AGM 2024. CEO Micael Johansson does not receive remuneration.
4) Left the Board at the Annual General Meeting 2023. Received fee for the period January-March 2023 of KSEK 215 and participated in 3 Board meetings prior the Annual General Meeting 2023.
5) Elected by the AGM in April 2023, thereafter participated in 8 Board meetings of a total of 9 Board meetings.

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commitments outside the company, earlier positions and shareholding in the company are set forth in the presentation of the Board of Directors, see page 86. Micael Johansson does not have shareholdings or partnerships in any company with which Saab has important business relations.

Guidelines for remuneration and other benefits for senior executives
The guidelines for remuneration and other benefits for senior executives are found on pages 91-93.

7. The company's auditor

On behalf of the shareholders and in accordance with current laws and regulations, the external auditor examines the financial statements, consolidated accounts, annual report, and administration and management of the company by the Board of Directors and the CEO, and carries out the statutory audit of the corporate governance report and sustainability report. A limited assurance on Saab AB's sustainability report has been conducted. The company's Q3 interim report has also been reviewed by the auditor. The auditor presents an auditors' report to the Annual General Meeting. On behalf of the Board, the company's auditor has also reviewed whether the performance targets for the Special Projects Incentive 2023 were met.

The shareholders' meeting elects the auditor. PricewaterhouseCoopers AB was re-elected as auditor for the period 2023-2024 by the Annual General Meeting 2023.

PricewaterhouseCoopers (PwC)
Peter Nyllinge, Authorised Public Accountant, is auditor in charge since April 2020. Other major audit assignments: Sandvik AB, Getinge AB and AB Electrolux.

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

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

Audit fees 2022–2023
Saab's auditor receives a fee according to approved invoices as resolved by the Annual General Meeting.

PwC performed limited services on behalf of the company in 2023 in addition to its audit assignments by consulting on accounting and tax issues.

Auditor's fees for the Group 2022–2023

MSEK	2023	2022
Audit assignments:		
PwC	23	22
Other	4	5
Other assignments:		
PwC	2	2

The Board's report on internal control over financial reporting

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

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

After each Audit Committee meeting, a report is submitted to the Board. The auditor, elected by the Annual General Meeting, participated in six of six meetings of the Audit Committee in 2023.

The Board of Directors has met with the auditor to discuss their review of the company for the financial year 2023. The Board has also met the auditor while not in the presence of the CEO or other members of Group Management.

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

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

Risk assessment
Saab's operations are characterised by the development, production and supply of technologically advanced hardware and software for military and civil customers around the world. To a great extent, the business consists of large projects that stretch over long periods of time, often several years. Saab identifies and assesses risks with an impact on the financial reporting within a number of processes such as the annual accounts, investments, project implementation and procurement. In addition to the risk of inaccurate financial reporting, internal processes are also assessed on the basis of the risk of exposure to improprieties. Group Finance continuously coordinates an overall risk assessment of the financial reporting. The current risk assessment is reviewed by Internal Audit and taken into account in the preparation of the annual internal audit plan, which is established by the Audit Committee.

Control activities
Key controls are defined within Saab's internal processes and functions to monitor the internal control. There are also general IT key controls and in 2023 the first sustainability key controls were implemented. Key controls are performed according to a predefined schedule in a web-based tool that clearly shows the results of performed controls. Input for improvements is obtained from performed key controls. The control activities are both manual and automated and include e.g. authorisation routines, account reconciliations, process compliance and access to IT systems.

Information and communication
Policies, group directives and instructions are continuously updated, clearly communicated and available through Saab's enterprise management system. The results of performed controls are an integral part of Saab's financial closing process and are reported quarterly to the Group Management and yearly to the Audit Committee.

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

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Board of Directors

Marcus Wallenberg

Chair of the Board
Member of Saab's Remuneration Committee
Elected to the Board: 1992, deputy Chair of the Board 1993-2006, Chair of the Board since 2006.
Education: B.Sc. of Foreign Service at Georgetown University.
Current board commitments: Chair of SEB, FAM, Wallenberg Investments, Patricia Industries and the Royal Swedish Academy of Engineering Sciences (IVA). Vice Chair of Investor, EQT, and Knut and Alice Wallenberg Foundation. Board member of AstraZeneca.
Professional experience: Chair of Electrolux, LKAB and International Chamber of Commerce (ICC) Sweden. President and CEO of Investor. Board member of, i.a., Stora Enso, EQT Holdings and Temasek Holdings.
Born: 1956
Own and related parties' shareholding: 125,000

Bert Nordberg

Deputy Chair of the Board
Member of Saab's Remuneration Committee
Elected to the Board: 2016, deputy Chair of the Board since 2021.
Education: Degree in Electronic Engineering.
Current board commitments: Chair of Sigma Connectivity and Axis. Board member of Essity.
Professional experience: Board member of Electrolux, SCA, Sigma Connectivity, Axis and SkiStar. Chair of TDC Group, Imagination Technologies, Sony Mobile Communications and Vestas Wind Systems. President and CEO of Sony Ericsson Mobile Communications. Various senior positions within Ericsson, Data General Corporation and Digital Equipment Corporation.
Born: 1956
Own and related parties' shareholding: 10,625

Micael Johansson

Member of the Board
Elected to the Board: 2020
Current position: President and CEO of Saab.
Education: B.Sc.+ in Mathematics and Computer Science at Uppsala University.
Current board commitments: Vice Chair of the Board at the Aerospace and Defence Industries Association of Europe (ASD). Board member of the European Business Leaders' Convention.
Professional experience: Deputy CEO of Saab. Senior Vice President and Head of Business Area Surveillance, Saab. President of Saab Avitronics and various other senior positions within Saab.
Born: 1960
Own and related parties' shareholding: 55,134

Lena Erixon

Member of the Board
Elected to the Board: 2022
Education: Degree in Public Administration at Stockholm University.
Current board commitments: Chair of the National Government Employee Pensions Board (SPV), Akademiska Hus and Swedish Payments Agency. Board member of Hector Rail AB.
Professional experience: Director General of the Swedish Transport Administration (TrV), the Swedish Defence Materiel Administration (FMV) and the Swedish Road Administration (VV). Chair of Swedish Public Employment Service and European Defence Agency. Various senior positions within TrV and VV.
Born: 1960
Own and related parties' shareholding: 80

Henrik Henriksson

Member of the Board
Elected to the Board: 2021
Current position: CEO of H2 Green Steel.
Education: B.Sc. in Business Administration at Lund University.
Current board commitments: Board member of Electrolux and Creades.
Professional experience: Various senior positions within Scania, including President and CEO from 2016-2021.
Born: 1970
Own and related parties' shareholding: 0

Danica Kragic Jensfelt

Member of the Board
Elected to the Board: 2017
Current position: Professor at School of Electrical Engineering and Computer Science, Royal Institute of Technology (KTH).
Education: Ph.D. Computer Science at KTH and M.Sc. Mechanical Engineering at Technical University of Rijeka, Croatia.
Current board commitments: Board member of FAM, H&M and CROSEIR AB. Member of the Royal Swedish Academy of Engineering Sciences (IVA) and Royal Swedish Academy of Sciences (KVA).
Professional experience: Board member of Institute for Future Studies and founding member of the Young Academy of Sweden. Deputy Director at School of Computer Science and Communications, KTH.
Born: 1971
Own and related parties' shareholding: 2,000

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Sara Mazur

Member of the Board
Elected to the Board: 2013
Current position: Executive Director, Knut and Alice Wallenberg Foundation.
Education: Ph.D. Fusion Plasma Physics, M.Sc. Electrical Engineering and Associate Professor Fusion Plasma Physics at Royal Institute of Technology (KTH). Honorary Doctorate at Luleå University of Technology.
Current board commitments: Board member of Wallenberg Investments.
Professional experience: Various senior positions within Ericsson including Vice President and Head of Ericsson Research. Board member of Investor, Nobel Prize Outreach, Combient, Chalmers University of Technology, RISE Research Institutes of Sweden and RISE SICS North Swedish ICT AB.
Born: 1966
Own and related parties' shareholding: 4,500

Johan Menckel

Member of the Board
Chair of Saab's Remuneration Committee
Elected to the Board: 2019
Current position: Executive Vice President and Chief Investment Officer, Latour.
Education: M.Sc. in Engineering at Royal Institute of Technology (KTH).
Current board commitments: Chair of Nord-Lock Group, Bemsiq, Swegon and Nederman Holding. Board member of Securitas, CTEK and World Materials Forum France.
Professional experience: President and CEO of Gränges. CEO of Sapa Heat Transfer. Various senior positions within the Sapa Group. Management consultant at Accenture and founder of addnature.com.
Born: 1971
Own and related parties' shareholding: 8,000

Erika Söderberg Johnsson

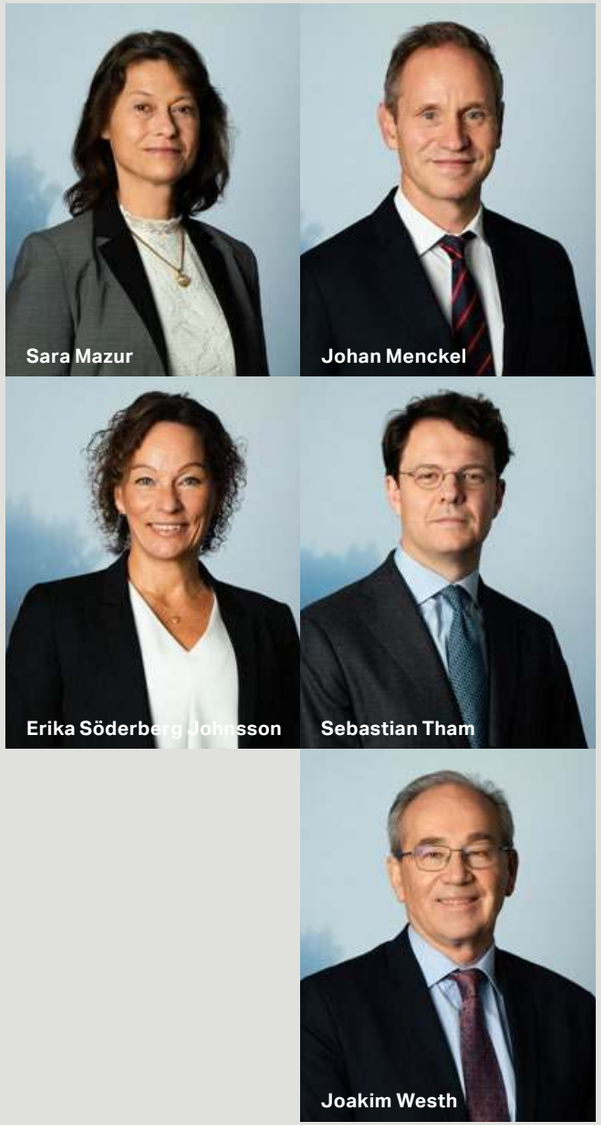
Member of the Board
Member of Saab's Audit Committee
Elected to the Board: 2017
Current position: Chief Financial Officer, Novo Nordisk Foundation.
Education: M.Sc. in Economics and Business at Stockholm School of Economics.
Current board commitments: Board member of Camurus, Mabtech Holding, Marley Spoon and Novo Nordisk Foundation Cellerator. Member and deputy Chair of the Supervisory Board of Marley Spoon SE. Chair of Camurus' and Mabtech Holding's Audit Committees, and in Marley Spoon's Audit and Risk Committee.
Professional experience: Senior Advisor of Kinnevik, Chief Financial Officer of Kinnevik, Biotage, Karo Bio, Affibody and Global Genomics. Investment Banking Advisor at SEB Enskilda. Board member of Sectra, Qliro Group, Lunar Group, Mabtech Holding and MedCap.
Born: 1970
Own and related parties' shareholding: 1,800

Sebastian Tham

Member of the Board
Member of Saab's Audit Committee
Elected to the Board: 2023
Current position: Managing Director, Listed Companies at Investor.
Education: M.Sc. in Finance at Stockholm School of Economics and B.Sc. in Political Science at Stockholm University.
Current board commitments: -
Professional experience: Analyst and Investment Manager at Investor.
Born: 1984
Own and related parties' shareholding: 1,690

Joakim Westh

Member of the Board
Chair of Saab's Audit Committee
Elected to the Board: 2010
Current position: -
Education: M.Sc. in Aeronautics at Royal Institute of Technology (KTH) and M.Sc. in Aerospace Engineering at Massachusetts Institute of Technology (MIT).
Current board commitments: Chair of Amexci. Board member of Absolent Air Care Group.
Professional experience: Chair of EMA Technology and Absolent Air Care Group. Board member of Swedish Match, Arcam, Intrum, Rörvik Timber, Telelogic, VKR Holding and CGI Group. Deputy board member of Sony Ericsson Mobile Communications. Senior Vice President of Group Function Strategy and Operational Excellence and member of Group Management at LM Ericsson. Group Vice President and member of the Executive Management Group at Assa Abloy. Partner at McKinsey & Co.
Born: 1961
Own and related parties' shareholding: 10,000



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Stefan Andersson

Göran Andersson

Magnus Gustafsson

Robert Hellgren

Tina Mikkelsen

Lars Svensson

Employee representatives

Stefan Andersson

Member of the Board
Elected to the Board: 2008
Current position: President of the Local Salaried Employees' union Unionen at Saab Dynamics AB, Linköping.
Education: B.Sc. Mechanical Engineering at Dalarna University.
Born: 1974
Own and related parties' shareholding: 2,344

Göran Andersson

Member of the Board
Elected to the Board: 2020
Current position: Treasurer of the local trade union IF Metall at Saab AB, Linköping.
Education: -
Born: 1972
Own and related parties' shareholding: 162

Magnus Gustafsson

Member of the Board
Elected to the Board: 2021, deputy Member of the Board 2016-2021.
Current position: President of the Local Swedish Association of Graduate Engineers at Saab AB, Linköping.
Education: M.Sc. in Applied Physics and Electrical Engineering at Linköping Institute of Technology.
Born: 1965
Own and related parties' shareholding: 1,111

Deputies

Robert Hellgren

Deputy Member of the Board
Deputy of the Board since: 2023
Current position: President of the local trade union IF Metall at Saab Surveillance, Järfälla.
Education: High school education, electric and energy programme with a focus on automation.
Born: 1983
Own and related parties' shareholding: 32

Tina Mikkelsen

Deputy Member of the Board
Deputy of the Board since: 2016
Current position: President of the Local Salaried Employees' union Unionen Stockholm at Saab AB, Järfälla.
Education: Electrical Engineering, Stockholms Tekniska Institut (STI).
Born: 1973
Own and related parties' shareholding: 2,188

Lars Svensson

Deputy Member of the Board
Deputy of the Board since: 2021
Current position: Chair of the Local Swedish Association of Graduate Engineers at Saab AB, Gothenburg.
Education: M.Sc. in Electrical Engineering at Chalmers University of Technology.
Born: 1972
Own and related parties' shareholding: 110

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Micael Johansson

Christian Luiga

Anders Carp

Charlotta Björklund

Annika Bäremo

Lena Eliasson

Micael Johansson

President and CEO
Current position since: 2019
Group Management since: 2010
Saab employee since: 1985
Education: B.Sc.+ in Mathematics and Computer Science at Uppsala University.
Professional experience, in selection: Deputy CEO of Saab. Senior Vice President and Head of Business Area Surveillance. Other senior positions within Saab including President of Saab Avitronics.
Born: 1960
Own and related parties' shareholding: 55,134

Christian Luiga

Deputy CEO and Chief Financial Officer
Current position since: 2020
Group Management since: 2020
Saab employee since: 2020
Education: Economics studies at Stockholm University.
Professional experience, in selection: Executive Vice President, CFO and Head of Corporate Control at Telia Company, CFO of Teleca and Framfab.
Born: 1968
Own and related parties' shareholding: 19,741

Anders Carp

Deputy CEO
Current position since: 2020
Group Management since: 2017
Saab employee since: 2001
Education: Military officer education and executive programme studies.
Professional experience, in selection: Senior Vice President and Head of Business Area Surveillance. Various other senior positions within Saab. Positions within the Swedish Armed Forces and Framfab.
Born: 1971
Own and related parties' shareholding: 16,069

Charlotta Björklund

Senior Vice President and Head of Operational Excellence
Current position since: 2021
Group Management since: 2021
Saab employee since: 2018
Education: M.SC. in Engineering at Royal Institute of Technology (KTH).
Professional experience, in selection: Head of Sourcing and Production at Saab Järfälla. Various senior positions within Ericsson including Vice President of Product Development and Head of Product Lines.
Born: 1965
Own and related parties' shareholding: 2,225

Annika Bäremo

Senior Vice President and Head of Group Legal Affairs, General Counsel, Secretary of the Board of Directors
Current position since: 2012
Group Management since: 2012
Saab employee since: 2012
Education: Master of Laws (LL.M.) at Uppsala University.
Professional experience, in selection: Chair of the Board, Engcon AB. Chair of Teknikföretagens Juridikstyrelse. Board member of Saab Dynamics AB. Senior Legal Advisor at Sandvik Materials Technology.
Born: 1964
Own and related parties' shareholding: 18,309

Lena Eliasson

Senior Vice President and Head of Group Human Resources
Current position since: 2012
Group Management since: 2012
Saab employee since: 2012
Education: M.Sc. in Engineering at Chalmers University of Technology.
Professional experience, in selection: Various senior positions within ABB including Senior Vice President Human Resources North Europe and Senior Vice President Human Resources Sweden.
Born: 1967
Own and related parties' shareholding: 21,643

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Christian Hedelin

Senior Vice President and Chief Strategy Officer
Current position since: 2018
Group Management since: 2018
Saab employee since: 2018
Education: M.Sc. in Electronic Engineering at Chalmers University of Technology.
Professional experience, in selection: Various senior positions within Ericsson, including Head of Strategy for the Network division.
Born: 1969
Own and related parties' shareholding: 8,062

Jonas Hjelm

Senior Vice President and Head of Government Affairs
Current position since: 2023
Group Management since: 2007-2012, 2015-currently
Saab employee since: 2006
Education: Senior management course at the Swedish Defence University, and executive programme studies at Stockholm School of Economics.
Professional experience, in selection: Various senior positions within Saab including Senior Vice President and Head of Business Area Aeronautics. State Secretary at the Swedish Ministry of Defence and political advisor at the Swedish Prime Minister's Office.
Born: 1971
Own and related parties' shareholding: 10,418

Viktor Wallström

Senior Vice President and Head of Group Communication and Sustainability
Current position since: 2022
Group Management since: 2022
Saab employee since: 2022
Education: M.Sc. in Political Science at Uppsala University.
Professional experience, in selection: EVP Communications & Sustainability at Tele2, Press Secretary at the Swedish National Grid and Senior Communications Consultant at Diplomat Communications.
Born: 1985
Own and related parties' shareholding: 2,832

Carl-Johan Bergholm

Senior Vice President and Head of Business Area Surveillance
Current position since: 2021
Group Management since: 2021
Saab employee since: 1992
Education: M.Sc. in Applied Physics at Uppsala University.
Professional experience, in selection: Chief Operating Officer and deputy Head of Business Area Surveillance. Various other senior positions within Saab including Head of Business Unit Electronic Warfare Systems and Head of Marketing and Sales at Business Area Electronic Defence Systems.
Born: 1967
Own and related parties' shareholding: 4,334

Görgen Johansson

Senior Vice President and Head of Business Area Dynamics
Current position since: 2013
Group Management since: 2013
Saab employee since: 2004
Education: MBA degree
Professional experience, in selection: Various senior positions within Saab including acting CFO.
Born: 1964
Own and related parties' shareholding: 17,960

Lars Tossman

Senior Vice President and Head of Business Area Aeronautics
Current position since: 2023
Group Management since: 2020
Saab employee since: 1986
Professional experience, in selection: Various senior positions within Saab including Head of Business Area Kockums, Head of Business Unit Radar Solutions, Deputy CMO Saab, Managing Director Saab Underwater Systems.
Born: 1962
Own and related parties' shareholding: 25,545

Mats Wicksell

Senior Vice President and Head of Business Area Kockums
Current position since: 2023
Group Management since: 2023
Saab employee since: 1998
Professional experience, in selection: Head of Business Unit Combat Systems. Other senior positions within Saab including Head of GlobalEye product and programmes.
Born: 1973
Own and related parties' shareholding: 3,072

Changes in Group Management

On 29 September 2023, Saab announced that Dean Rosenfield leaves the role as Chief Marketing Officer and his role in Saab's Group Management. The role as Chief Marketing Officer in Group Management will not be replaced and the department Global Business Development (formerly Group Marketing and Sales) instead reports to deputy CEO Anders Carp. These changes took effect on 1 January 2024.

Note: Shareholdings as per 15 February 2024 and Group Management as per 1 January 2024.

Christian Hedelin

Jonas Hjelm

Viktor Wallström

Carl-Johan Bergholm

Görgen Johansson

Lars Tossman

Mats Wicksell

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Remuneration and long-term incentive programmes

Guidelines on remuneration and other terms of employment for senior executives 2023
Pursuant to the Swedish Companies Act, the Board of Directors shall, at least every fourth year, present a proposal for remuneration guidelines for the company's senior executives to be adopted by the Annual General Meeting. The Annual General Meeting 2021 adopted the Board's proposed guidelines for senior executives which is described below.

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

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

These guidelines apply from the Annual General Meeting 2021 and are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting.

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

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

Variable remuneration
Saab's operations are mainly characterised by the development of technically advanced products and systems. The products are marketed, further developed, produced and maintained during long periods of time, in some cases three to four decades, which generally entails substantial investments and long-term customer relations all over the world. Consequently, it is important that senior executives have a long-term view and a long-term commitment to the company's operations and profits. Therefore, a long-term incentive is especially well suited for Saab and its shareholders. Hence, Saab does not normally offer any short-term variable cash remuneration to the President or other members of the Group Management. Instead, the variable remuneration consists of long-term share-based incentive programmes which are adopted by the shareholders' meeting and therefore not subject to these guidelines. The President and other members of the Group Management are entitled to participate in these programmes. The Board of Directors proposes that the Annual General Meeting 2024 resolves on a long-term incentive programme (LTI 2025). The Board's intention is to propose such long-term incentive programmes also to future Annual General Meetings. The terms and estimated costs for the company's long-term incentive programmes are presented in the Board's complete proposal to each Annual General Meeting.

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

Variable cash remuneration shall not be paid in other cases.

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

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

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

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

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

Adjustments to local regulations
For employment governed by rules other than Swedish, remuneration may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

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

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

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

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

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

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

The decision-making process to determine, review and implement the guidelines
The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing a proposal for guidelines for executive remuneration on behalf of the Board, which after a decision by the Board of Directors is submitted to the Annual General Meeting. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting for adoption. The guidelines shall be in force until new guidelines are adopted by the shareholders' meeting. The Remuneration Committee shall also prepare the Board's decisions in regard to remuneration principles, remuneration and other terms of employment for senior executives, monitor and evaluate programmes for variable remuneration for the Group Management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The President and other members of the Group Management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

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

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

Incentive programme proposed to the Annual General Meeting 2023
The Board of Directors proposed that the Annual General Meeting 2023 resolves to adopt long-term incentive programme 2024 (LTI 2024), consisting of Share Matching Plan 2024, Performance Share Plan 2024 and Special Projects Incentive 2024, with some changes to the number of participant groups and the relative apportionment of performance targets in the Performance Share Plan 2024 and product areas in the Special Project Incentive 2024. The Annual General Meeting resolved in accordance with the Board's proposal.

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

Share Matching Plan
Since 2007, Saab offers permanent employees the opportunity to participate in the Share Matching Plan. Employees can withhold up to 5 per cent of their gross base salary to purchase series B shares on Nasdaq Stockholm during a twelve-month period. Provided that a participant retains the purchased shares for three years after the investment date and is still employed by the Saab Group, the participant will be allotted a corresponding number of series B shares free of charge. Currently, Share Matching Plans 2020–2024 are ongoing.

According to the resolution of the Annual General Meeting 2023, the Share Matching Plan comprises a maximum of 850,000 shares.

Performance Share Plan
Since 2008, Saab has a Performance Share Plan for senior executives and key employees. The Performance Share Plan is directed at a

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limited number of key employees, including the President. Participants can save up to 7.5 per cent of their base salary to purchase series B shares during a twelve-month period, provided that they also participate in the Share Matching Plan with a maximum of 5 per cent of base salary. Until 2023, depending on which category they belong to, participants are entitled to 2–7 performance shares for each purchased share. From 2024, depending on which category they belong to, participants are entitled to 4–7 performance shares for each purchased share.

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

The number of performance shares is linked to the performance targets established by the Board of Directors. The terms for the performance matching are until 2022 based on three independent targets for a one-year performance period: organic sales growth, EBIT margin and free cash flow. The relative apportionment between the targets is until 2022 as follows: 30 per cent of the allotment is attributable to organic sales growth, 30 per cent to EBIT margin and 40 per cent to free cash flow. The terms for the performance matching are 2023 based on four independent targets for a one-year performance period: organic sales growth, EBIT margin, free cash flow and CO_2 reduction. The relative apportionment between the targets is for 2023 as follows: 30 per cent of the allotment is attributable to organic sales growth, 30 per cent to EBIT margin, 30 per cent to free cash flow and 10 per cent CO_2 reduction. The terms for the performance matching are from 2024 based on four independent targets for a one-year performance period: organic sales growth, EBIT margin, free cash flow and CO_2 reduction. The relative apportionment between the financial performance targets is for 2024 to be determined within the range of up to 20 to 40 per cent and 10 per cent CO_2 reduction. Prior to the start of the performance period, the Board of Directors will decide on the exact relative apportionment between the financial performance targets within the range of up to 20 to 40 per cent. The financial performance targets are established by the Board of Directors with a minimum and maximum level for each target. The Board of Directors decides on the performance matching after the end of the one-year performance period.

Targets and weights for performance matching	2024	2023	2020-2022
Organic sales growth	20-40%*	30%	30%
EBIT margin	20-40%*	30%	30%
Free cash flow	20-40%*	30%	40%
CO_2 reduction	10%	10%	-

*to be decided by the Board of Directors prior to the start of performance period

If the performance outcome falls short of the maximum level but exceeds the minimum level, a linear proportionate performance matching will occur. No performance matching will occur if the performance outcome is equal to or below the minimum level. Before the performance matching is ultimately determined, the Board of Directors will assess whether it is reasonable in relation to the company's financial results and position, conditions in the stock market and other circumstances. If it determines that this is not the case, the Board of Directors will reduce the number of performance shares that will be matched to the lower number of shares it considers appropriate. Performance shares are allotted three years after the investment. Currently, Performance Share Plans 2020-2024 are ongoing.

According to the resolution of the Annual General Meeting 2023, the Performance Share Plan comprises a maximum of 300,000 shares.

Special Projects Incentive

Since 2017, Saab also has a Special Projects Incentive programme (SPI), as a complement to the Performance Share Plan. The Special Projects Incentive is directed at a limited number of key employees, including the President. Participation in SPI presupposes participation in the Performance Share Plan or the Share Matching Plan. The programme entitles the employee to an allotment of performance shares corresponding to 15-52.5 per cent of the cash base salary for the current financial year depending on group affiliation, provided that the employment remains for three years and that performance targets are reached. For the President and other members of Group Management, the total allotment of shares in SPI and the Performance Share Plan together amounts to a maximum of 75 per cent of the cash base salary for the President and 60 per cent of the cash base salary for the other members of Group Management.

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

According to the resolution of the Annual General Meeting 2023, the Special Projects Incentive comprises a maximum of 150,000 shares.

Share repurchases and equity swap agreement

The Annual General Meeting 2023 decided that Saab may enter into an equity swap agreement with a third party on terms and conditions in accordance with market practice, in order to hedge the expected financial exposure of Saab's long-term incentive programmes 2024, whereby the third party in its own name may acquire and transfer series B shares in Saab to employees who participate in Saab's long-term incentive programmes 2024.

The Annual General Meeting 2023 decided to authorise the Board, before the next Annual General Meeting, to decide on the acquisition of series B shares up to a maximum of 10 per cent of the total number of shares in the company. The purpose of the authorisation is to be able to adjust the company's capital structure and thereby contribute to increased shareholder value as well as to enable continued use of repurchased shares in connection with potential acquisitions of companies and for the company's previous share-related incentive programmes.

The Board of Directors did not decide to exercise the repurchase mandate during 2023. The repurchase mandate applies until the Annual General Meeting 2024.

Incentive programme proposed to the Annual General Meeting 2024

The Board of Directors proposes that the Annual General Meeting resolves to adopt long-term incentive programme 2025 (LTI 2025), which consists of three parts: Share Matching Plan 2025, Performance Share Plan 2025 and Special Projects Incentive 2025. The terms and conditions and costs of the above-mentioned programmes will be presented in the Board's complete proposal to the Annual General Meeting.

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Financial review 2023

Order development
In 2023, Saab added significant order bookings of SEK 77,811 million (63,116) to its order backlog, an increase of 23% for the full year. The order backlog at the end of 2023 amounted to SEK 153,409 million (127,676) and corresponded to an increase of 20% compared to the beginning of the year. In total, 64% of the backlog was attributable to international markets.

Sales and organic growth
Sales for the full year amounted to SEK 51,609 million (42,006) and corresponded to a sales growth of 22.9%, of which organic growth was 22.6%. All business areas and Combitech reported sales growth for the full year. Sales from international markets amounted to SEK 29,995 million (24,451) and corresponded to 58% (58) of total sales, with sales growth in all regions except for in Latin America and Asia.

Gross income
Gross income increased 27% to SEK 11,260 million (8,886) and the gross margin improved to 21.8% (21.2), driven by the increased sales volumes.

Operating income
Operating income (EBIT) increased 30% and amounted to SEK 4,272 million (3,274), with a margin of 8.3 per cent (7.8). The improvement was mainly driven by higher gross income, partly offset by results from the minority portfolio. Items affecting comparability during the year had a net negative impact of SEK -22 million. This was a result of write-downs in the minority portfolio, partly offset by a capital gain related to the sale of the Maritime Traffic Management (MTM) operations, divestment of property and negative goodwill from acquisition.

Financial net
Financial net totaled SEK 146 million (-455) of which SEK 110 million (-70) related to net interest items, SEK 156 million (9) related to currency gains/losses and SEK -139 million (-106) related to lease liability interest. Financial net related to pensions amounted to SEK -35 million (-72) and other financial items amounted to SEK 54 million (-216) and consist of realised and unrealised results from short-term investments and derivatives as well as other currency effects. The positive other financial items in 2023 reflected favourable movements in market interest rates.

Tax
The effective tax rate for the year was 22% (19) with current and deferred taxes amounting to SEK -975 million (-536). The tax rate in 2023 was negatively affected by non-deductible write-downs in Saab's minority portfolio, partly offset by capital gains related to the sale of Saab's MTM operations and property.

Net income
Net income for the year increased 51% to SEK 3,443 million (2,283), corresponding to SEK 25.16 (16.41) in earnings per share after dilution.

Financial position
At the end of December 2023, Saab had a net liquidity of SEK 2,343 million compared to SEK 2,432 million at year-end 2022. Net debt/EBITDA was -0.36 (-0.45) at the end of the period. The equity/assets ratio was 39.1% (41.3).

Cash flow
Operational cash flow was higher than last year and amounted to SEK 3,157 million (2,593) following lower increase in working capital, partly offset by higher investments. The change in working capital was mainly due to higher customer payments compared to 2022.

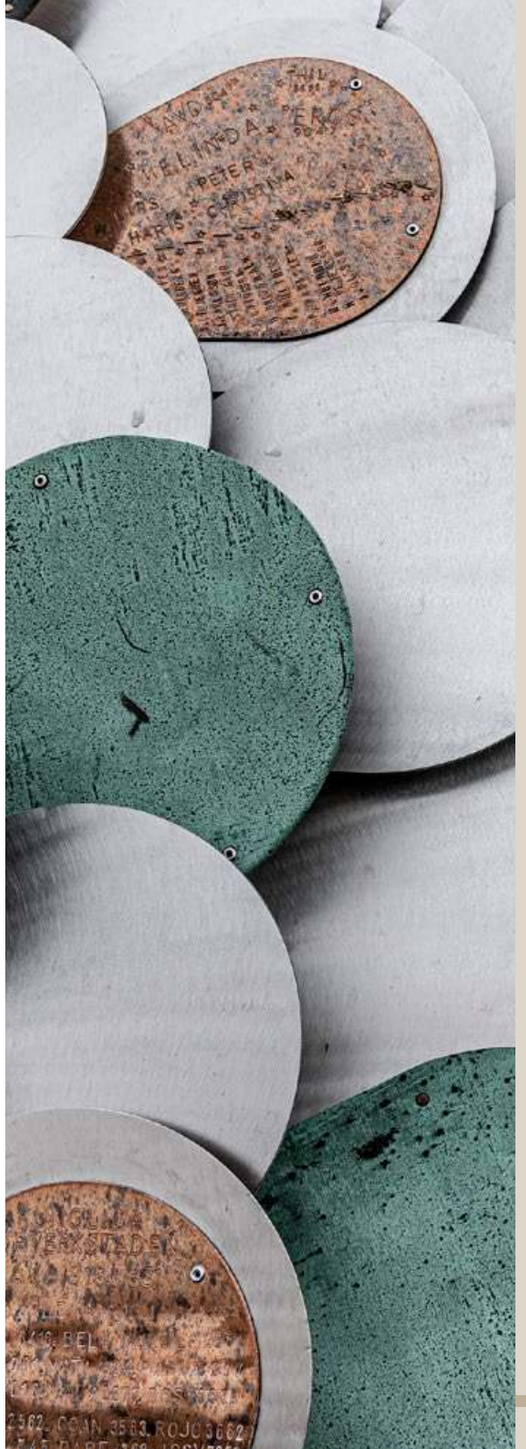
Outlook 2024
Saab's outlook for the full year consists of a guidance for organic sales growth, growth in operating income (EBIT) and operational cash flow which are provided in connection with the year-end report. Outlook for 2024:

- An organic sales growth between 12-16%.
- Operating income growth to be higher than the organic sales growth.
- Operational cash flow to be positive.

Medium-term targets
Saab's medium-term targets comprise a compounded annual organic sales growth target (CAGR), an operating income growth target and a cash conversion target for 2023-2027:

- Organic sales growth of around 15% (CAGR)*.
- Operating income growth to be higher than the organic sales growth.
- Cash flow conversion** of minimum 70%, cumulative for the 5-year period.

*CAGR base year 2022
**Defined as operational cash flow divided by operating income



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Business area Aeronautics

Financial summary 2023
In 2023, Aeronautics' order intake increased by 38 per cent and amounted to SEK 18.1 billion, mainly driven by a contract for additional functionality for Gripen E to Sweden as well as a production order for T-7A fuselage systems to Boeing. Sales increased by 6% for the full year and amounted to SEK 13.8 billion as a result of high activity level in the Gripen programmes and Aviation Services. The operating income was in line with last year while the margin declined somewhat compared to 2022 due to negative impact from production ramp-up and underutilisation in the T-7A project. Full-year cash flow was negative as a result of timing of milestone payments.

MSEK	2023	2022
Order bookings	18,111	13,119
Order backlog	46,995	42,645
Sales	13,754	12,942
EBITDA	916	858
EBITDA margin, %	6.7	6.6
Operating income (EBIT)	710	694
Operating margin, %	5.2	5.4
Operational cash flow	-370	107

Business area Dynamics

Financial summary 2023
Dynamics continued to secure significant orders in 2023 with order bookings amounting to a record-high SEK 28.9 billion. Orders included defence equipment to a Western country, several Ground Combat orders within the NATO framework contract, Carl-Gustaf ammunition to Sweden as well as several orders from new customers. Sales increased 37% driven by high activity levels and deliveries across business units during the year. The operating income increased but the operating margin declined to 12.7% (17.0) compared to last year which included an exceptionally favourable mix. The operational cash flow for the full year improved and amounted to SEK 2.8 billion (1.3).

MSEK	2023	2022
Order bookings	28,903	17,811
Order backlog	46,971	30,821
Sales	12,577	9,168
EBITDA	1,707	1,658
EBITDA margin, %	13.6	18.1
Operating income (EBIT)	1,600	1,562
Operating margin, %	12.7	17.0
Operational cash flow	2,784	1,251

Business area Surveillance

Financial summary 2023
Surveillance had good order momentum in 2023, driven by orders from Poland for two Saab 340 AEW aircraft, orders for sight- and fire control for CV90 to BAE Systems, support for Arthur systems to South Korea as well as a share of the defence equipment order to a Western country. Sales growth was 27% for the full year, driven by high activity in several large projects. Operating income increased by 73% to SEK 2.0 billion (1.2), and corresponded to an operating margin of 11.0% (8.0). This was a result of the higher sales volumes and strong performance in several business units. The operational cash flow for the full year was at a similar level as last year and was driven by customer payments.

MSEK	2023	2022
Order bookings	23,887	22,966
Order backlog	45,780	41,301
Sales	18,559	14,616
EBITDA	2,933	1,983
EBITDA margin, %	15.8	13.6
Operating income (EBIT)	2,034	1,176
Operating margin, %	11.0	8.0
Operational cash flow	1,153	1,314

Business area Kockums

Financial summary 2023
Order bookings in Kockums decreased compared to last year which included a large contract for Signal Intelligence ships to Poland. Orders received in 2023 included a contract for studies of future underwater capabilities for Sweden. Sales increased 35% as a result of high activity pace in projects, including a high level of material purchases during the year. Operating income and the operating margin continued to improve and was mainly driven by favourable mix and a high share of aftermarket business. Operational cash flow for Kockums also improved and amounted to SEK 198 million (-288), reflecting higher customer payments in 2023 vs 2022.

MSEK	2023	2022
Order bookings	5,294	7,267
Order backlog	13,178	12,772
Sales	4,892	3,614
EBITDA	618	329
EBITDA margin, %	12.6	9.1
Operating income (EBIT)	589	300
Operating margin, %	12.0	8.3
Operational cash flow	198	-288

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Significant events 2023

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 Group Management as Head of Government Affairs.

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.

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.

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.

25 May.
Saab received an order for sight- and fire control capability from BAE Systems Hägglunds for the CV90 combat vehicles ordered by the Slovak Republic. The order value is approx. SEK 900 million and deliveries are scheduled 2023-2029.

29 May.
Saab received an order from the Swedish Defence Materiel Administration (FMV) for Carl-Gustaf ammunition. The order value is approx. SEK 3 billion and deliveries will take place during 2026-2030.

16 June.
Saab announced its Arexis sensor suite has been selected by Germany's defence procurement office (BAAINBw) as the preferred solution for the German Eurofighter Electronic Warfare (EW) variant.

31 August.
Saab acquired all shares in the U.K.-based company BlueBear, a world-leading provider of AI-enabled autonomous swarm systems for complex defence and security applications.

7 September.
Saab announced the strategic acquisition of CrowdAI in the U.S., accelerating the development and implementation of Artificial Intelligence (AI)/Machine Learning (ML) capabilities into Saab's portfolio.

12 September.
Saab received an order for additional functionality and adjusted delivery schedules for Gripen E and Gripen C/D from the Swedish Defence Materiel Administration. The order value is approx. SEK 5.8 billion.

14 September.
Saab announced it had entered into a strategic partnership with Helsing, a defence company specialising in AI-based software technologies. The partnership includes an investment by Saab of EUR 75 million in cash for a 5 per cent stake in Helsing GmbH.

18 September.
Saab announced that the U.S. Department of Defense (DoD) had expanded a current framework agreement for AT4 systems and Carl-Gustaf ammunition. A new order was also signed valued at USD 104.9 million (approx. SEK 1 billion) with deliveries during 2024-2026.

29 September.
Saab announced that Dean Rosenfield will leave the role as Chief Marketing Officer and his role in Saab's Group Management. Dean will remain in his position until 29 February 2024.

11 October.
Saab received an order from BAE Systems Hägglunds for sight-and fire control for CV90 vehicles to the Czech Republic. The order value is approx. SEK 970 million and the contract period is 2023-2029.

17 November.
Saab received an order from a government of a Western country for defence systems and equipment with an order value of approximately SEK 4.3 billion and deliveries planned 2025-2027.

22 November.
Saab announced it had received an order for the Carl-Gustaf system with an order value of approximately SEK 1.3 billion and deliveries scheduled 2024-2025.

29 November.
Saab announced it had signed a support contract with South Korea for its Arthur weapon locating systems. The order value is approximately SEK 795 million and the contract period is 2023-2028.

Events after conclusion of the period

22 January.
Saab signed a three-year contract for GlobalEye support to UAE with an order value of approximately USD 190 million.

23 January.
Saab announced an order for production of T-7A aft fuselage systems to Boeing with an order value of USD 101.7 million (approx. SEK 1 billion). The order was booked in Q4 2023.

9 February.
Saab presented its full-year results for 2023, hosted a Strategy Execution Update event and upgraded the medium-term target on organic sales growth to now be around 15% (CAGR), from previously around 10%, for the period 2023-2027.

15 February.
Saab received an order from Canada for the short-range air defence system RBS 70 NG. The order value is approx. CAD 227 million (SEK 1.8 billion) with deliveries starting during 2024.

23 February.
Saab signed a contract with the Swedish Defence Materiel Administration and received an order for four additional Gripen C fighter aircraft for Hungary.

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The Saab share

Share price development
The Saab B share is listed on Nasdaq Stockholm. In 2023, the Saab B share increased by 48% compared to OMXS30 that increased by 17%.

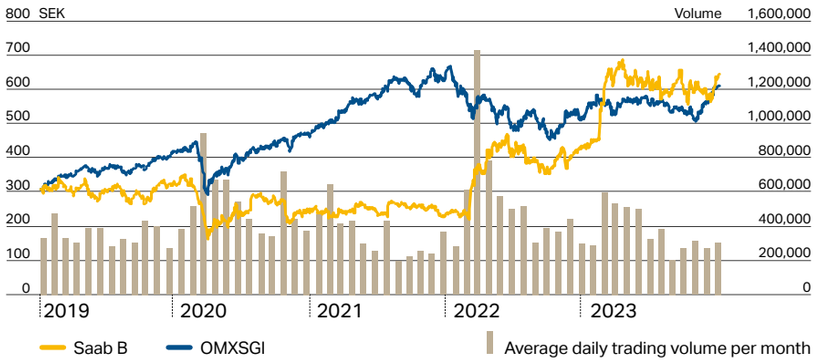
The Saab B share traded at year high on Nasdaq Stockholm of SEK 666.6 on 12 April and a low of SEK 400.1 on 4 January.

Trading in the Saab share
In 2023, the total number of Saab's series B shares traded on Nasdaq amounted to 93,598,067 (137,500,975). The free float in the share at year-end was 56.91% (56.12).

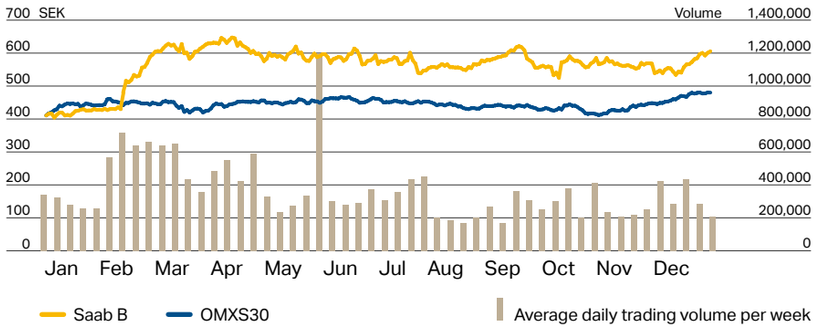
Share capital and number of shares
The share capital in Saab amounted to SEK 2,173,533,552 on 31 December 2023, comprised of 2,383,903 unlisted series A shares and 133,461,944 listed series B shares. The series A shares have ten votes each, while series B shares have one vote each. The quota value per share is SEK 16. All series A shares are owned by Investor AB.

Ownership structure
The amount of shareholders in Saab increased by approximately 24% in 2023, from 84,493 at 31 December 2022 to 104,951 at 31 December 2023.

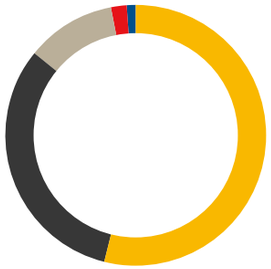
Saab B, Total shareholder return in the last five years



Saab B, Share price performance in 2023

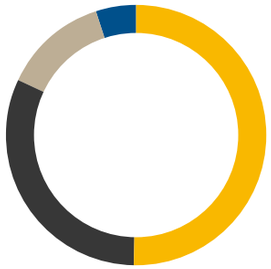


Trading per marketplace



- Cboe Global Markets **54%**
- Nasdaq **32%**
- London Stock Exchange Group **11%**
- Acquis **2%**
- Other **1%**

Ownership distribution



- Swedish institutional owners **51%**
- Foreign owners **32%**
- Swedish private individuals **13%**
- Other **4%**

Shares and votes, 31 December 2023

Share class	Number of shares	% of shares	Number of votes[1)]	% of votes
Series A	2,383,903	1.8	23,839,030	15.4
Series B	133,461,944	98.2	130,863,412	84.6
Total	**135,845,847**	**100.0**	**154,702,442**	**100.0**

1) Number of votes excludes 2,598,532 series B shares repurchased to secure the Group's Share Matching Plan and Performance Share Plan. The repurchased shares are held as treasury shares.

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

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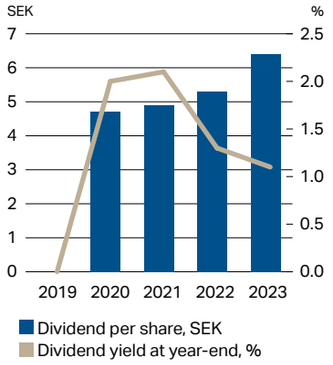
Authorisation for repurchase

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 Saab's long-term incentive programmes 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 per cent of the total number of shares in the company.

Dividend and dividend policy

Saab's long-term policy is to pay a dividend corresponding to 20-40 per cent of net income over a business cycle. For the financial year 2023, the Board of Directors is proposing a dividend of SEK 6.40 per share (5.30). The proposed dividend corresponds to 25 per cent (32) of net income and is in line with the long-term dividend policy. In order to facilitate a more efficient cash management, the dividend is proposed to be paid out in two equal instalments. The proposed record dates to be entitled to receive the dividend are 15 April 2024 and 8 October 2024. The dividend is expected to be paid out on 18 April 2024 and 11 October 2024.

Dividend



Saab's largest shareholders, 31 December 2023

Owner	Number of shares	% of capital	% of votes[1)]
Investor AB	40,972,622	30.2	40.4
Wallenberg Investments	11,835,875	8.7	7.7
Swedbank Robur Funds	6,941,003	5.1	4.5
Vanguard	3,429,688	2.5	2.2
BlackRock	3,208,810	2.4	2.1
Schroders	2,144,158	1.6	1.4
Norges Bank	1,980,407	1.5	1.3
AFA Insurance	1,425,188	1.0	0.9
First Swedish National Pension Fund	1,423,130	1.0	0.9
Avanza Pension	1,216,456	0.9	0.8
10 largest shareholders	**74,577,337**	**54.9**	**62.1**
Other shareholders	58,669,978	43.2	37.9
Repurchased shares	2,598,532	1.9	
Total	**135,845,847**	**100.0**	**100.0**

1) % of votes is calculated based on the number of shares excluding treasury shares at 31 December 2023.

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

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Consolidated income statement

MSEK	Note	2023	2022
Sales	4	51,609	42,006
Cost of goods sold	5	-40,349	-33,120
Gross income		**11,260**	**8,886**
Other operating income	6,43	591	231
Marketing expenses	5	-2,738	-2,333
Administrative expenses	5	-1,980	-1,543
Research and development costs	5	-2,117	-1,817
Other operating expenses	6	-59	-53
Share of income in associated companies and joint ventures	19,43	-685	-97
Operating income		**4,272**	**3,274**
Financial income		782	194
Financial expenses		-636	-649
Net financial items	11	**146**	**-455**
Income before taxes		**4,418**	**2,819**
Taxes	13	-975	-536
Net income for the year		**3,443**	**2,283**
Attributable to:			
Parent Company's shareholders		3,381	2,195
Non-controlling interest		62	88
Earnings per share before dilution (SEK)	14	25.44	16.61
Earnings per share after dilution (SEK)	14	25.16	16.41

Orders

Order bookings for the full year increased 23 per cent compared to 2022 and amounted to SEK 77,811 million (63,116), driven by growth in all order sizes and strong order intake in Dynamics. Medium-sized orders increased 37 per cent and amounted to SEK 30,553 million (22,341) while small orders increased 23 per cent and amounted to SEK 16,385 million (13,302). Large orders also increased and amounted to SEK 30,873 million (27,473).

The order backlog at the end of the period amounted to SEK 153,409 million, compared to SEK 127,676 million at the beginning of the year, corresponding to an increase of 20 per cent. In total, 64 per cent of the backlog is attributable to international markets, compared to 62 per cent at the end of last year.

Order backlog duration:
2024: SEK 48.5 billion
2025: SEK 45.0 billion
2026: SEK 27.7 billion
2027: SEK 14.9 billion
After 2027: SEK 17.3 billion

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Sales per region

MSEK	2023	2022
Sweden	21,614	17,555
Rest of Europe	11,913	7,838
North America	5,607	4,466
Latin America	3,690	3,901
Asia	4,759	5,910
Africa	109	88
Australia, etc.	3,425	2,248
Undisclosed country	492	-
Total	**51,609**	**42,006**

Sales per market segment

MSEK	2023	2022
Air	20,014	17,800
Land	14,035	10,903
Naval	12,894	8,897
Civil Security	2,516	2,586
Commercial Aeronautics	1,103	816
Other	1,047	1,004
Total	**51,609**	**42,006**

Sales growth

MSEK	2023	2022
Organic sales growth	23	5
Acquisitions and divestments	-1	-
Currency effects regarding revaluation of foreign subsidiaries	1	2
Total sales growth	**23**	**7**

Sales

Sales for the full year amounted to SEK 51,609 million (42,006) corresponding to sales growth of 22.9 per cent, of which organic growth was 22.6 per cent. All business areas and Combitech reported sales growth for the full year.

Sales from international markets amounted to SEK 29,995 million (24,451) and corresponded to 58 per cent (58) of total sales. Saab reported sales growth in most regions during the year while sales in Latin America and Asia declined compared to the full year 2022. 90 per cent (89) of sales were related to the defence business.

Income, margin and profitability

Gross income increased 27 per cent to SEK 11,260 million (8,886) and the gross margin improved to 21.8 per cent (21.2), driven by the increased sales volumes in all business areas and Combitech.

Total depreciation, amortisation and write-downs amounted to SEK 2,286 million (2,127). Depreciation of tangible fixed assets and right-of-use assets amounted to SEK 1,507 million (1,415).

Total R&D expenditures amounted to SEK 8,899 million (7,637), corresponding to 17 per cent (18) of sales. Expenditures for internally funded investments in R&D amounted to SEK 2,049 million (1,763), of which SEK 547 million (500) 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 779 million (712), of which amortisation and write-downs of capitalised development expenditures amounted to SEK 615 million (554). R&D amortisation is mainly related to GlobalEye, amounting to SEK 374 million (374) during 2023.

The share of income in associated companies and joint ventures amounted to SEK -685 million (-97), including write-downs in the minority portfolio of SEK -494 million classified as items affecting comparability, see note 43.

EBITDA grew 21 per cent to SEK 6,558 million (5,401) with a corresponding margin of 12.7 per cent (12.9). For the full year, operating income (EBIT) increased 30 per cent and amounted to SEK 4,272 million (3,274), with a margin of 8.3 per cent (7.8). The improvement was mainly driven by the higher gross income, partly offset by results from the minority portfolio. Items affecting comparability had a net negative impact of SEK -22 million on the results. This was a result of write-downs in the minority portfolio, partly offset by the capital gain related to the sale of the Maritime Traffic Management operations, divestment of property, and negative goodwill from a preliminary PPA. See note 43 for further information.

Current and deferred taxes amounted to SEK -975 million (-536) for the full year, corresponding to an effective tax rate of 22 (19) per cent. The effective tax rate was affected by unfavourable effects from non-deductible write-downs in the minority portfolio, partly offset by non-taxable income from the capital gains related to the sale of the MTM operations and property as well as recognition of previously unrecognised temporary differences. The effective tax rate in 2022 was affected by high utilisation of previously non-capitalised deductible temporary differences and loss carry forwards.

The return on capital employed was 11.9 per cent (8.8) and the return on equity was 11.1 per cent (8.6).

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Consolidated statement of comprehensive income

MSEK	2023	2022
Net income for the year	**3,443**	**2,283**
Other comprehensive income/loss:		
Items that will not be reversed in the income statement:		
Revaluation of net pension obligations	-682	4,719
Tax attributable to revaluation of net pension obligations	140	-975
Equity instruments classified as measured at fair value through other comprehensive income	-39	-1
Tax attributable to equity instruments classified as measured at fair value through other comprehensive income	8	0
Total	**-573**	**3,743**
Items that may be reversed in the income statement:		
Translation differences	-422	816
Net gain/loss on cash flow hedges:		
Change in value	841	187
Reversed through profit or loss	-34	75
Tax attributable to net gain/loss on cash flow hedges	-170	-52
Total	**215**	**1,026**
Other comprehensive income/loss for the year	**-358**	**4,769**
Net comprehensive income/loss for the year	**3,085**	**7,052**
of which Parent Company's shareholders' interest	3,038	6,936
of which non-controlling interest	47	116

Financial net

MSEK	2023	2022
Financial net related to pensions	-35	-72
Net interest items	110	-70
Currency gains/losses	156	9
Lease liability interest	-139	-106
Other net financial items	54	-216
Total	**146**	**-455**

Other comprehensive income/loss

Revaluation of net pension obligations had a pre-tax effect of MSEK -682 (4,719) on net comprehensive income for the year, see note 31 for more information. Pre-tax gain/loss on cash flow hedges amounted to MSEK 807 (262), see note 35 for more information.

Financial net

The financial net related to pensions is the financial cost for net pension obligations recognised in the balance sheet. See note 31 for more information regarding defined-benefit pension plans.

Net interest items refer to interest on liquid assets, short-term investments and interest expenses on short- and long-term interest-bearing liabilities and interest on interest-rate swaps. The favourable effect compared to last year was primarily driven by higher interest in the short-term investment portfolio. 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. In 2023, SEK appreciation had a favourable impact on the tender portfolio. 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 2023 reflecting favourable movements in market interest rates and credit spreads compared to last year.

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Consolidated statement of financial position

MSEK	Note	2023	2022
ASSETS			
Fixed assets:			
Intangible fixed assets	15	12,941	12,248
Tangible fixed assets	16	9,501	7,965
Biological assets	18	414	408
Right-of-use assets	17	2,554	2,682
Shares in associated companies and joint ventures	19	253	343
Financial investments	35	1,102	118
Long-term receivables	23	515	695
Deferred tax assets	13	482	403
Total fixed assets		**27,762**	**24,862**
Current assets:			
Inventories	24	16,786	14,195
Derivatives	35	1,656	1,835
Tax receivables		51	36
Accounts receivable	25	7,244	6,045
Contract assets	4,25	12,316	9,911
Other receivables	23	2,192	1,232
Prepaid expenses and accrued income	26	1,283	1,101
Short-term investments	35	11,340	9,988
Liquid assets	27	2,129	2,869
Assets held for sale	41	-	291
Total current assets		**54,997**	**47,503**
TOTAL ASSETS		**82,759**	**72,365**

MSEK	Note	2023	2022
EQUITY AND LIABILITIES			
Equity	28		
Capital stock		2,174	2,174
Other capital contributions		6,099	6,099
Other reserves		1,598	1,368
Retained earnings		22,164	19,845
Equity attributable to Parent Company's shareholders		**32,035**	**29,486**
Non-controlling interest		**327**	**390**
Total equity		**32,362**	**29,876**
Liabilities			
Long-term liabilities:			
Long-term lease liabilities	17	2,078	2,240
Other long-term interest-bearing liabilities	29	6,915	6,749
Other liabilities	33	210	90
Provisions for pensions	31	1,872	1,304
Other provisions	32	2,888	2,566
Deferred tax liabilities	13	1,432	1,140
Total long-term liabilities		**15,395**	**14,089**
Current liabilities:			
Short-term lease liabilities	17	597	554
Other short-term interest-bearing liabilities	29	453	445
Contract liabilities	4	16,553	11,189
Accounts payable		6,080	4,870
Derivatives	35	1,111	1,664
Tax liabilities		235	198
Other liabilities	33	1,083	1,097
Accrued expenses and deferred income	34	8,015	7,216
Provisions	32	875	1,035
Liabilities related to assets held for sale	41	-	132
Total current liabilities		**35,002**	**28,400**
Total liabilities		**50,397**	**42,489**
TOTAL EQUITY AND LIABILITIES		**82,759**	**72,365**

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

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Consolidated statement of financial position, cont.

MSEK	Note	31-12-2023	31-12-2022
NET LIQUIDITY/DEBT			
Assets			
Liquid assets	27	2,129	2,869
Short-term investments	35	11,340	9,988
Total liquid investments		**13,469**	**12,857**
Short-term interest-bearing receivables	23	73	67
Long-term interest-bearing receivables	23	333	564
Long-term receivables attributable to pensions	23	59	19
Total interest-bearing assets		**13,934**	**13,507**
Liabilities			
Lease liabilities	17	2,675	2,794
Bonds and other debt instruments	30	7,270	7,101
Liabilities to associated companies and joint ventures	29	49	48
Other interest-bearing liabilities	29	48	45
Provisions for pensions[1)]	31	1,549	1,087
Total interest-bearing liabilities and provisions for pensions		**11,591**	**11,075**
Net liquidity (+) / debt (–)		**2,343**	**2,432**

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

The average net liquidity/debt during 2023 amounted to MSEK 3,151 (336). Net liquidity/debt excluding interest-bearing receivables, net pension obligations and lease liabilities amounted to MSEK 6,102 (5,663) on 31 December 2023.

Statement of financial position

At the end of December 2023, Saab had a net liquidity of SEK 2,343 million, a decrease of SEK 89 million compared to SEK 2,432 million at year-end 2022. Net debt/EBITDA was -0.36 (-0.45) at the end of the period.

Cash flow from operating activities amounted to SEK 6,462 million (4,654).

Contract assets increased by SEK 2,405 million and contract liabilities increased by SEK 5,364 million compared to year-end 2022. Inventories increased by SEK 2,591 million during 2023 with increases across business areas.

Net provisions for pensions, excluding special employer's contribution, amounted to SEK 1,490 million as of 31 December 2023, compared to SEK 1,068 million at year-end 2022. The effect on net debt of SEK 422 million was mainly related to changes in actuarial assumptions regarding discount rate and other actuarial adjustments. For further information on Saab's benefit pension plans, see note 31.

Tangible fixed assets amounted to SEK 9,501 million at year-end 2023 compared to 7,965 at the end of 2022. Biological assets amounted to SEK 414 million (408).

Right-of-use assets recognised in the balance sheet amounted to SEK 2,554 million compared to 2,682 million at the end of 2022.

Financial investments increased with SEK 984 million in 2023 to SEK 1,102 million (118). The increase was mainly related to the investment in Helsing GmbH.

Net investments during the year amounted to SEK 3,534 million (2,193). Investments in tangible fixed assets amounted to SEK 2,507 million (1,624).

Investments in intangible fixed assets amounted to SEK 1,031 million (686), of which SEK 547 million (500) 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 484 million (186) was related to other intangible fixed assets.

As of 31 December 2023, short-term investments and liquid assets amounted to SEK 13,469 million, an increase of SEK 612 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 3,003 million during the year to SEK 43,954 million. The return on capital employed was 11.9 per cent (8.8) and the return on equity was 11.1 per cent (8.6). During the year a dividend of MSEK 703 (647) was paid to the parent company's shareholders.

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Consolidated statement of changes in equity

MSEK	Capital stock	Other capital contributions	Other reserves: Net result of cash flow hedges	Other reserves: Translation reserve	Retained earings	Total parent company's shareholders' interest	Non-controlling interest	Total shareholder's 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 year			210	788	5,938	**6,936**	116	**7,052**
Transactions with shareholders:								
Share matching plan					202	**202**		**202**
Dividend					-647	**-647**	-30	**-677**
Acquisition and sale of non-controlling interest					19	**19**	31	**50**
Closing balance, 31 December 2022	**2,174**	**6,099**	**176**	**1,192**	**19,845**	**29,486**	**390**	**29,876**
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 year			637	-407	2,808	**3,038**	47	**3,085**
Transactions with shareholders:								
Share matching plan					214	**214**		**214**
Dividend					-703	**-703**	-120	**-823**
Acquisition and sale of non-controlling interest							10	**10**
Closing balance, 31 December 2023	**2,174**	**6,099**	**813**	**785**	**22,164**	**32,035**	**327**	**32,362**

For a definition of other reserves, see note 28.

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Consolidated statement of cash flows

MSEK	Note	2023	2022
Operating activities:			
Income after financial items		4,418	2,819
Adjustments for items not affecting cash flow	40	2,950	3,319
Dividend from associated companies and joint ventures		36	44
Income tax paid		-856	-596
Cash flow from operating activities before changes in working capital		**6,548**	**5,586**
Cash flow from changes in working capital:			
Contract assets and liabilities		2,915	-153
Inventories		-2,691	-2,550
Other current receivables		-1,922	-241
Other current liabilities		2,020	2,552
Provisions		-408	-540
Cash flow from operating activities		**6,462**	**4,654**
Investing activities:			
Capitalised development costs		-547	-500
Investments in intangible fixed assets		-484	-186
Investments in tangible fixed assets		-2,507	-1,624
Sales and disposals of tangible fixed assets		4	117
Investments in and sale of short-term investments		-1,233	-49
Investments in financial assets, associated companies and joint ventures		-1,268	-240
Sale of financial assets, associated companies and joint ventures		-	2
Investments in operations	41	-262	-
Sale of subsidiaries and other operations	40, 41	382	42
Cash flow from investing activities		**-5,915**	**-2,438**
Financing activities:			
Repayment of loans		-1,075	-1,386
Amortisation of lease liabilities		-586	-524
Raising of loans		1,250	1,394
Dividend paid to Parent Company's shareholders		-703	-647
Dividend paid to non-controlling interests		-126	-62
Transactions with non-controlling interests		10	47
Cash flow from financing activities		**-1,230**	**-1,178**
CASH FLOW FOR THE YEAR	40	**-683**	**1,038**
Liquid assets at beginning of year		2,869	1,701
Exchange rate difference in liquid assets		-57	130
Liquid assets at year-end	40	**2,129**	**2,869**

Capital expenditures

The cash flow effect of capital expenditures in tangible fixed assets amounted to MSEK 2,507 (1,624).

Investments in intangible fixed assets amounted to MSEK 1,031 (686), of which MSEK 547 (500) was related to capitalised development costs and MSEK 484 (186) to other intangible fixed assets.

Cash flow

Cash flow from operating activities, excluding taxes and other financial items, amounted to MSEK 6,691 (4,786), see note 40.

Operational cash flow amounted to MSEK 3,157 (2,593) following lower increase in working capital, partly offset by higher investments. The change in working capital was mainly due to higher customer payments compared to the full year 2022.

Operational cash flow is defined as cash flow from operating activities and acquisitions and divestments of intangible and tangible fixed assets. Cash flow from operating activities excludes taxes and other financial items but includes amortisation of lease liabilities.

Free cash flow amounted to MSEK 1,566 (1,871) and included positive effects of SEK 307 million from the divestment of the MTM business and SEK 75 million from divestment of property. Free cash flow also had an effect of SEK -223 million from the acquisition of BlueBear and SEK -865 million from the investment in Helsing GmbH. For more detailed information on cash flow, see note 40.

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Parent company income statement

MSEK	Note	2023	2022
Sales	4	29,204	24,075
Cost of goods sold		-23,993	-20,288
Gross income		**5,211**	**3,787**
Marketing expenses		-1,519	-1,364
Administrative expenses		-986	-805
Research and development costs		-1,402	-1,232
Other operating income	6	30	58
Other operating expenses	6	-32	-22
Operating income		**1,302**	**422**
Result from financial items:	11		
Result from shares in Group companies		2,800	1,940
Result from shares in associated companies and joint ventures		-930	-
Result from other securities and receivables held as fixed assets		292	-43
Other interest income and similar items		511	218
Interest expenses and similar items		-635	-372
Income after financial items		**3,340**	**2,165**
Appropriations	12	-617	-623
Income before taxes		**2,723**	**1,542**
Taxes	13	-616	-206
Net income for the year		**2,107**	**1,336**

Sales and income

The Parent Company includes units within the business areas Aeronautics, Surveillance, Dynamics as well as one unit within Combitech. Group staff and Group support are also included.

Parent company comprehensive income

MSEK	2023	2022
Net income for the year	**2,107**	**1,336**
Other comprehensive income/loss:		
Items that may be reversed in the income statement:		
Translation differences	-	-
Other comprehensive income/loss for the year	**-**	**-**
Net comprehensive income/loss for the year	**2,107**	**1,336**

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Parent company balance sheet

MSEK	Note	31-12-2023	31-12-2022
ASSETS			
Fixed assets:			
Intangible fixed assets	15	1,174	918
Tangible fixed assets	16	5,376	4,802
Financial fixed assets:			
Shares in Group companies	38	6,497	6,590
Receivables from Group companies	21	90	91
Shares in associated companies and joint ventures	20	74	368
Receivables from associated companies and joint ventures	21	238	539
Other long-term securities holdings	22	1,142	116
Other long-term receivables	23	59	16
Deferred tax assets	13	455	576
Total financial fixed assets		**8,555**	**8,296**
Total fixed assets		**15,105**	**14,016**
Current assets:			
Inventories	24	10,651	8,704
Current receivables:			
Accounts receivable	25	3,300	2,291
Receivables from Group companies		5,274	4,878
Receivables from associated companies and joint ventures		-	53
Contract assets		8,814	6,624
Other receivables	23	785	782
Prepaid expenses and accrued income	26	2,853	2,833
Total current receivables		**21,026**	**17,461**
Short-term investments		11,283	9,985
Cash and bank balances		753	1,603
Total current assets		**43,713**	**37,753**
TOTAL ASSETS		**58,818**	**51,769**

MSEK	Note	31-12-2023	31-12-2022
EQUITY AND LIABILITIES			
Equity	28		
Restricted equity:			
Capital stock		2,174	2,174
Revaluation reserve		637	644
Statutory reserve		543	543
Unrestricted equity:			
Share premium reserve		5,557	5,557
Retained earnings		6,092	5,238
Net income for the year		2,107	1,336
Total equity		**17,110**	**15,492**
Untaxed reserves	39	**3,926**	**3,309**
Provisions			
Provisions for pensions and similar commitments	31	208	209
Other provisions	32	2,469	2,495
Total provisions		**2,677**	**2,704**
Liabilities			
Bonds and other debt instruments	30	7,270	7,101
Liabilities to Group companies		7,241	7,115
Contract liabilities	4	8,108	5,095
Accounts payable		3,893	3,175
Liabilities to associated companies and joint ventures		49	49
Tax liabilities		114	74
Other liabilities	33	1,306	1,233
Accrued expenses and deferred income	34	7,124	6,422
Total liabilities		**35,105**	**30,264**
TOTAL EQUITY AND LIABILITIES		**58,818**	**51,769**

Liquidity, financing, capital expenditures and number of employees

The Parent Company's net liquidity amounted to MSEK 2,635 as of 31 December 2023 compared to a net liquidity of MSEK 2,647 as of 31 December 2022.

Investments in tangible fixed assets amounted to MSEK 1,142 (994). Investments in intangible assets amounted to MSEK 413 (171). At the end of the period, the Parent Company had 10,970 employees compared to 10,055 at the beginning of the year.

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

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Statement of changes in equity for the parent company

	Restricted equity			Unrestricted equity			
MSEK	**Capital stock**	**Revaluation reserve**	**Statutory reserve**	**Share premium reserve**	**Retained earings**	**Net comprehensive income for the year**	**Total equity**
Opening balance, 1 January 2022	2,174	650	543	5,557	5,677	-	**14,601**
Items reported directly in equity:							
Change in revaluation reserve		-6			6		**-**
Net comprehensive income/loss for the year						1,336	**1,336**
Transactions with shareholders:							
Dividend					-647		**-647**
Share matching plan					202		**202**
Closing balance, 31 December 2022	**2,174**	**644**	**543**	**5,557**	**5,238**	**1,336**	**15,492**
Opening balance, 1 January 2023	2,174	644	543	5,557	6,574		**15,492**
Items reported directly in equity:							
Change in revaluation reserve		-7			7		**-**
Net comprehensive income/loss for the year						2,107	**2,107**
Transactions with shareholders:							
Dividend					-703		**-703**
Share matching plan					214		**214**
Closing balance, 31 December 2023	**2,174**	**637**	**543**	**5,557**	**6,092**	**2,107**	**17,110**

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Parent company statement of cash flows

MSEK	Note	2023	2022
Operating activities:			
Income after financial items		3,340	2,165
Adjustments for items not affecting cash flow	40	-663	-336
Income tax paid		-455	-376
Cash flow from operating activities before changes in working capital		**2,222**	**1,453**
Cash flow from changes in working capital:			
Contract assets and -liabilities		750	-803
Inventories		-1,589	-1,022
Other current receivables		-1,591	248
Other current liabilities		1,370	1,710
Provisions		-240	-471
Cash flow from operating activities		**922**	**1,115**
Investing activities:			
Shareholders' contributions paid/repaid		-381	-1
Investments in intangible fixed assets		-413	-171
Investments in tangible fixed assets		-1,142	-994
Sale of tangible fixed assets		-	30
Sale of and investments in short-term investments		-1,236	-49
Investments in financial assets, associated companies and joint ventures		-1,235	-204
Investments in operations		-24	-58
Sale of subsidiaries		442	29
Sale of operations		-	42
Cash flow from investing activities		**-3,989**	**-1,376**
Financing activities:			
Change in receivables to/liabilities from Group companies		1,014	-46
Raising of loans		1,250	1,387
Repayment of loans		-1,081	-1,378
Dividend paid to shareholders		-703	-647
Group contributions and dividends received		1,737	1,743
Cash flow from financing activities		**2,217**	**1,059**
CASH FLOW FOR THE YEAR		**-850**	**798**
Liquid assets at beginning of year		1,603	805
Liquid assets at year-end		**753**	**1,603**

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Note 1. Accounting principles

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

On 29 February 2024, the Board of Directors and the President and CEO approved this annual report and consolidated accounts for publication, and it will be presented to the Annual General Meeting on 11 April 2024 for adoption.

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

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

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

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

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

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

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

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

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

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

Risks related to a pandemic outbreak cannot be ruled out and can impact Saab's operations through limited access to customers and employees, disruptions in supply chains, delayed customer procurement decisions, increased protectionism, lock-downs in society and deteriorating market conditions in the civil aviation market. To mitigate these risks, Saab has a crisis management organisation and business continuity management in place. Saab continues to monitor the long-term effects following the COVID-19 pandemic.

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's crisis management organisation continues to focus on security, embargo and sanction practices. Saab is operating in 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 heightened security measures at Saab. This may lead to increased costs for security to protect Saab's sites, personnel, IT and cyber security Furthermore, Saab could be impacted by supply chain risks related to the conflict in the Middle East. Saab is monitoring the situation and has mitigating actions in place and is in close dialogue with its suppliers. Saab has no defence-related sales exposure to Israel.

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

Application of new and revised accounting rules
A number of changes to existing accounting standards have entered into force during the year. None of these has had any material effect on the Group. The amendments to IAS 1 and IFRS Practice Statement 2 regarding disclosures of accounting policies have resulted in a review of accounting policies disclosed. This review has led to omissions of descriptions of accounting policies that are not company specific and/or material to understand other information in this annual report.

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

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

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

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

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

Significant differences between the Group's and the Parent Company's accounting principles
The Parent Company follows the same accounting principles as the Group with the following exceptions.

Business combinations
Transaction costs are included in the cost of business combinations.

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

Intangible fixed assets
All development costs are recognised in profit or loss.

Tangible fixed assets
Tangible fixed assets are recognised including revaluation, if necessary.

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

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

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

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

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

Group contributions and shareholders' contributions
Group contributions received are recognised through profit and loss in financial income and expenses. Group contributions paid are capitalized in the shares and participating interests of the parent. Shareholders' contributions are recognised directly in the equity of the recipient and capitalised in the shares and participating interests of the contributor, to the extent write-down is not required.

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Note 2. Assumptions in the application of the accounting principles

The Board of Directors and Group Management together have identified the following areas where estimates and assumptions in the application of the accounting principles may have a significant impact on the accounting of the Group's results of operations and financial position and may result in significant adjustments in subsequent financial reports. Developments in these areas are monitored continuously by Group Management and the Board of Directors' Audit Committee.

Uncertainties in estimates and assumptions

Long-term customer contracts

A majority of all long-term customer contracts contain significant development aspects, which are associated with risks. Before a contract is signed with a customer for delivery of a product or service, a thorough analysis is always made of the prerequisites and risks of the delivery through a project management process established within Saab. In the execution stage, continuous reviews are made of the work in the project according to the same process.

An important aspect is to identify risks and assess them and the measures that are taken to mitigate the risks with the help of a risk assessment method.

The Group recognise revenue over time for long-term contracts. An estimation of total costs including an estimate of technical and commercial risks is critical in revenue recognition. Changed estimates of the projects' total costs cause retroactive effects that affect sales and revenue recognition. Saab has during recent years conducted several large customer projects in the development phase, which means greater uncertainties in risks to take into consideration in revenue recognition and estimation of total costs. Ongoing assessments of risks in projects and total costs of projects are part of Saab's operations. These ongoing assessments also result in changes to project estimates, both positive and negative. The accounting of long-term customer contracts also affects balance sheet items such as contract assets and contract liabilities, accounts receivables, inventories and project loss provisions. Delivering according to project plan and milestones are important for the cash flow since payments are made upon achievement of milestones or deliveries in projects. See note 4 for more information regarding long-term customer contracts.

Recovery of value of development costs

The Group has invested considerable amounts in research and development. The reported amounts in the statement of financial position are primarily due to development projects relating to the airborne early warning and control system, GlobalEye, and the new version of Gripen. Capitalised development costs amount to MSEK 6,106 (5,958). The recognition of development expenditures as an asset in the statement of financial position requires an assumption that the product is expected to be technically and commercially usable in the future and that future economic benefits are likely. Amortisation of capitalised development costs is made on a straight-line basis over the period of use, up to a maximum of 10 years. The carrying amount of capitalised development costs is tested on each closing day for any indication of impairment. If an indication exists, the asset's recoverable amount is calculated. For assets not yet ready for use, the recoverable amount is calculated annually, irrespective of whether there is any indication of impairment or not. See note 15 for further information.

Impairment testing of goodwill

In the calculation of cash-generating units' recovery value to determine whether there is a need for impairment of goodwill, assumptions have been made with regards to the calculation of value in use, based on discounted cash flow projections. A significant deviation in the conditions could necessitate impairment of goodwill. The carrying amount of goodwill amounts to MSEK 5,424 (5,384). See note 15 for further information.

Saab has analysed different scenarios and performed stress tests of the calculations of value in use through negative adjustments of key judgments such as growth rate and profitability level during the forecast period and in the terminal value. These stress test have not led to any identified need of impairment.

Pensions

Saab has two types of pension plans: defined-benefit and defined-contribution. In defined-benefit plans, post-employment compensation is based on a percentage of the recipient's salary. The present value of defined-benefit obligations amounts to MSEK 10,749 (9,742). The value of the pension obligation is determined through a number of actuarial assumptions, because of which the obligation can significantly increase or decrease if the actuarial assumptions change. During 2023, changes in actuarial assumptions regarding discount rate, inflation and experience impacted the defined benefit obligation where changes to discount rate and inflation were due to the macroeconomic development. In 2022, changes due to the macroeconomic environment had a significant impact on the defined benefit obligation. Changes in actuarial gains and losses directly affect the pension obligation and hence the Group's financial position. See note 31 for further information.

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Note 3. Segment reporting

Operating segments
Saab is a leading high-technology company, with its main operations in defence, aviation and civil security. Operations are primarily focused on well-defined areas in defence electronics, advanced weapons system and command and control systems, naval systems as well as military and commercial aviation. Saab is also active in technical services and maintenance. Saab has a strong position in Sweden and the main part of sales is generated in Europe. In addition, Saab has a local presence in Australia, Brazil, South Africa, the US and other selected countries globally.

Segment information is presented based on management's view, and operating segments are identified based on internal reporting to the company's chief operating decision maker. Saab has identified the Chief Executive Officer as its chief operating decision maker and the internal reports used by the CEO to oversee operations and make decisions on allocating resources serve as the basis of the information presented. The segments are monitored at the operating income level. In the segments' reporting, all leasing agreements are recognised as a cost on straight line basis over the leasing period. Except IFRS 16, the accounting principles for reportable segments conform to the principles applied by the Group as a whole. Sales of goods and services between segments are made on market terms.

Saab's operating and management structure is divided into four business areas, which are also operating segments: Aeronautics, Dynamics, Surveillance and Kockums. In addition, Combitech is reported as an operating segment outside the business area structure within Saab Group.

The operating segments are described below. Complementing the five operating segments is Corporate, which comprises Group staffs and departments as well as other non-core operations.

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

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

Surveillance
Surveillance provides efficient solutions for safety and security, for surveillance and decision support, and for threat detection, location, and protection.

The portfolio covers airborne, ground-based and naval radar, electronic warfare, combat systems and C4I solutions.

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

Combitech
Combitech is an independent subsidiary of Saab and reported as an operating segment outside the business area structure within Saab Group.

Combitech is one of Sweden's largest technology consulting firms, combining technology with cutting-edge expertise to create solutions for our customers' specific needs. Combitech is active in aviation, defence, telecom and other industries as well as the public sector. Combitech offers services in systems development, systems integration, information security, systems security, communications, mechanics, technical product information and logistics.

Information on large customers
During 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 19,209 million (15,298) corresponding to 37 per cent (36) of the Group's total sales.

Information on geographical areas
External sales are distributed to the market where the customer is domiciled, while fixed assets are distributed to the market where the asset is geographically located.

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Group	Aeronautics		Dynamics		Surveillance		Kockums		Combitech		Corporate[2]		Eliminations		Group	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
External order bookings	18,049	13,068	28,537	17,622	22,821	22,635	5,193	7,234	2,981	2,372	230	185	-	-	77,811	63,116
Internal order bookings	62	51	366	189	1,066	331	101	33	1,310	1,097	-	-	-2,905	-1,701	-	-
Total	**18,111**	**13,119**	**28,903**	**17,811**	**23,887**	**22,966**	**5,294**	**7,267**	**4,291**	**3,469**	**230**	**185**	**-2,905**	**-1,701**	**77,811**	**63,116**
External order backlog	49,915	42,538	46,718	30,672	44,637	40,482	12,967	12,584	1,296	943	876	457	-	-	153,409	127,676
Internal order backlog	80	107	253	149	1,143	819	211	188	299	284	-	-	-1,986	-1,547	-	-
Total	**46,995**	**42,645**	**46,971**	**30,821**	**45,780**	**41,301**	**13,178**	**12,772**	**1,595**	**1,227**	**876**	**457**	**-1,986**	**-1,547**	**153,409**	**127,676**
External sales	13,664	12,869	12,317	8,973	17,897	14,029	4,814	3,580	2,627	2,358	290	197	-	-	51,609	42,006
Internal sales	90	73	260	195	662	587	78	34	1,295	1,041	-	-	-2,385	-1,930	-	-
Total sales	**13,754**	**12,942**	**12,577**	**9,168**	**18,559**	**14,616**	**4,892**	**3,614**	**3,922**	**3,399**	**290**	**197**	**-2,385**	**-1,930**	**51,609**	**42,006**
Operating income before share of income in associated companies and joint ventures	710	696	1,586	1,539	2,034	1,176	589	300	340	267	-302	-607	-	-	4,957	3,371
Share of income in associated companies and joint ventures	0	-2	14	23	-	-	-	-	-	-	-699	-118	-	-	-685	-97
Operating income	**710**	**694**	**1,600**	**1,562**	**2,034**	**1,176**	**589**	**300**	**340**	**267**	**-1,001**	**-725**	**-**	**-**	**4,272**	**3,274**
Financial income	7	6	21	10	62	26	98	-	23	6	1,087	352	-516	-206	782	194
Financial expenses	-257	-79	-41	-58	-63	-38	-6	-9	-8	-14	-777	-657	516	206	-636	-649
Income before taxes	**460**	**621**	**1,580**	**1,514**	**2,033**	**1,164**	**681**	**291**	**355**	**259**	**-691**	**-1,030**	**-**	**-**	**4,418**	**2,819**
Taxes[1]	-122	-107	-73	-20	-112	70	39	-4	-34	-38	-673	-437	-	-	-975	-536
Net income for the year	**338**	**514**	**1,507**	**1,494**	**1,921**	**1,234**	**720**	**287**	**321**	**221**	**-1,364**	**-1,467**	**-**	**-**	**3,443**	**2,283**
Assets	17,296	17,389	15,858	13,309	24,173	22,809	5,854	4,768	2,117	1,917	44,280	38,227	-26,819	-26,054	82,759	72,365
Of which shares in associated companies and joint ventures	0	55	168	197	4	4	-	-	-	-	81	87	-	-	253	343
Liabilities	12,981	13,206	12,804	10,573	13,601	11,803	4,828	3,576	1,264	1,138	24,107	20,617	-19,188	-18,424	50,397	42,489
Operational cash flow	-370	107	2,784	1,251	1,153	1,314	198	-288	387	177	-995	32	-	-	3,157	2,593
Capital employed	10,403	9,547	4,811	5,616	11,676	11,970	1,937	1,515	1,101	979	14,026	11,324	-	-	43,954	40,951
Investments	706	653	655	265	813	414	48	6	9	6	1,307	966	-	-	3,538	2,310
Depreciation	206	164	107	96	878	807	29	29	10	8	1,035	1,023	-	-	2,265	2,127
Write-down	-	-	-	-	21	-	-	-	-	-	-	-	-	-	21	-

1) Current taxes in the Parent Company are reported in Corporate
2) Of which attributable to IFRS 16 adjustments, MSEK: Operating income 114 (76), Financial income 10 (-), Financial expense -131 (-141), Assets 3,029 (3,153), Liabilities 3,175 (3,294)

Geographical areas

Group	Sweden		Rest of Europe		North America		Latin America		Asia		Africa		Australia, etc.		Undisclosed country		Total	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
External sales	21,614	17,555	11,913	7,838	5,607	4,466	3,690	3,901	4,759	5,910	109	88	3,425	2,248	492	-	**51,609**	**42,006**
as % of sales	42	42	23	19	11[1]	11[1]	7[2]	9[2]	9	14	0	0	7	5	1	-	**100**	**100**
Fixed assets	22,989	20,066	1,175	1,438	2,252	2,048	152	193	251	284	341	426	602	407	-	-	**27,762**	**24,862**

1) Which of US represents 10 per cent (10) of the Group's total sales.
2) Which of Brasil represents 7 per cent (9) of the Group's total sales.

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Sales by operating segment

MSEK	Parent Company 2023	Parent Company 2022
Aeronautics	13,612	12,801
Dynamics	2,655	2,056
Surveillance	12,768	9,045
Combitech	101	158
Corporate	68	15
Total	**29,204**	**24,075**

Sales by geographical market

MSEK	Parent Company 2023	Parent Company 2022
Sweden	13,749	11,199
Rest of Europe	7,007	4,684
North America	1,775	1,214
Latin America	3,568	3,765
Asia	2,774	3,049
Africa	91	44
Australia, etc.	110	120
Undisclosed country	130	-
Total	**29,204**	**24,075**

Note 4. Sales

Accounting principles

Sales

In the Saab group, Sales arise from primarily three types of categories; Long-term customer contracts, Products and Service assignments.

Long-term customer contracts

A large part of the Group's operations involves long-term customer contracts for the development and manufacture of complex systems that stretch over several reporting periods. The analysis of these contracts has mainly meant determining the number of performance obligations and when they are fulfilled, i.e. over time or at a given point in time.

Since Saab's long-term customer contracts involve considerable customisation and integration of goods and services, it usually means that a single performance obligation has been identified. A performance obligation is satisfied at a given point in time or over time.

Since Saab's long-term customer contracts involve considerable customisation and integration of goods and services and because the cost to adapt the asset and sell it to a new customer would not be insignificant, the conclusion is most often that the asset is not deemed to have an alternative use. Since the contracts also contain clauses that include the right to payment plus a reasonable profit for costs incurred in case of termination for reasons other than nonperformance by Saab, it means that the criteria for recognising revenues from long-term customer contracts over time are satisfied. Revenue and costs are therefore recognised in the income statement in relation to the contract's stage of completion.

The stage of completion is based on a determination of the relationship between expenditures incurred as of the closing day and estimated total expenditures to satisfy the contract. Of the total revenue, the portion corresponding to the stage of completion is recognised in each period. The stage of completion can also be determined in certain cases based on milestones or number of units delivered. An expected loss is recognised in the income statement as soon as it is identified. In some long-term customer contracts Saab receives advance payments or build-up material contract assets. If there is a significant financing component, the time value effect is recognised only for contracts where the advance payment still remain after twelve months. Occasionally, the content of the contractual relationship between Saab and the customer is changed through i.a. an additional order. Saab evaluates whether additional orders and other changes to contracts should be recognised as a part of the original contract or as a new contract. The evaluation is based on whether additional goods or services are added, that are distinct from the original contract, and whether the price of such goods or services correspond to a stand-alone selling price. If both these prerequisites are met the additional order is treated as a new contract.

Products

A share of Saab's revenue is attributable to products where development, customisation and integration are relatively minor and relates for the most part only to the manufacture of products, as well as the resale of spare parts, for example. Revenue from these contracts is recognised at a given point in time, i.e. normally when control of the good has transferred to the customer in accordance with the terms of the contract.

Service assignments

For Saab's service assignments, which include the sale of consulting hours and support services, at a fixed price or on current account, the customer normally obtains the benefits when the obligation is satisfied. Revenue is mainly recognised over time as the assignment is performed according to the contract.

Saab is active in the military defence market as well as the commercial aircraft and security market. In 2023, sales of defence materiel accounted for 90 per cent (89) of Saab's sales. Saab's international sales represent more than half of its total operations and as a rule entail considerable sums that stretch over long periods of time. In 2023, 58 per cent (58) of Saab's sales was to markets outside Sweden.

A large share of Saab's sales comes from a limited number of customers and relatively few contracts. The European market including Sweden is Saab's most important market. The Swedish Defence Materiel Administration (FMV) is Saab's most important customer, accounting for 37 per cent (36) of Saab's sales in 2023.

Saab's operations are distinguished by complex, multi-year development assignments on the cutting edge of technology. In its long-term customer projects, Saab implements and delivers cost-efficient high-tech solutions in accordance with the customer contract. The contract model for major development projects according to which Saab is often engaged in development work is complex and entails risks. Contracts are often signed where the customer orders a product with specifications on its features and which problems it will solve. Saab then commits to deliver in accordance with the specifications and produces the required product or system. Consequently, when contracts are signed, the product in some cases has not been developed and will normally be delivered several years later. Most of the contracts are signed with a fixed-price component. In 2023 Long-term customer contracts accounted for 64 per cent (61) of total sales.

The majority of Saab's sales relate to projects where revenue is recognised over time. This places high demands on project planning and control as well as monitoring to ensure that at any given time the commitments and estimates of project costs and revenue provide a satisfactory basis for recognition of sales and income. Saab continuously updates cost estimates for long-term customer contracts, which has a retroactive effect, both positive and negative, on sales. The impact from regular revisions of projects estimates were insignificant in relation to sales during both 2023 and 2022. Approximately 80 percent of sales is recognised over time in pace with project completion.

Accounting for long-term customer contracts affects balance sheet items such as contract assets and contract liabilities as well as accounts receivable, for which customary payment terms are applied. Many of Saab's large contracts with customers are based on a payment model according to which the majority of the payment is not made until or after the product or system has been delivered or partially delivered. Saab has

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during 2023 and during recent years conducted several large customer projects in the development phase. During 2023, many of the Group's large projects reached far in the project execution phase which has led to that the Group has reached material milestones. Opening contract liabilities as of 1 January 2023 were practically all recognised in revenue in the financial year.

Provisions for guarantees in connection with products or services sold are normally recognised if a reliable calculation of the provision can be made; see note 32 for further information. The Group has no significant commitments or obligations relating to product returns. Saab has not identified any customer contracts where a significant financing component exists.

Future revenue from contracts with customers

The order backlog is expected to be realised and recognised as revenue according to the following table:

Order backlog duration:

MSEK	2023	2022
Within 1 year	48,460	40,602
Within 2 years	45,050	33,168
Within 3 years	27,729	25,441
Within 4 years	14,907	13,140
4 years and forward	17,263	15,325
Total	**153,409**	**127,676**

	Aeronautics		Dynamics		Surveillance		Kockums		Combitech		Corporate/ elimination		Group	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Sales per customer:														
Military customers	12,745	12,150	11,579	8,539	15,992	11,905	4,814	3,580	1,185	993	119	68	46,434	37,235
Civilian customers	919	719	738	434	1,905	2,124	-	-	1,442	1,365	171	129	5,175	4,771
Total external sales	**13,664**	**12,869**	**12,317**	**8,973**	**17,897**	**14,029**	**4,814**	**3,580**	**2,627**	**2,358**	**290**	**197**	**51,609**	**42,006**
Sales by significant source:														
Long-term customer contracts	12,075	10,420	4,526	2,181	13,377	10,294	2,916	2,439	-	25	126	64	33,020	25,423
Services	1,261	2,286	1,446	1,238	3,115	2,738	1,106	749	2,450	2,217	137	114	9,515	9,342
Products	328	163	6,345	5,554	1,405	997	792	392	177	116	27	19	9,074	7,241
Total external sales	**13,664**	**12,869**	**12,317**	**8,973**	**17,897**	**14,029**	**4,814**	**3,580**	**2,627**	**2,358**	**290**	**197**	**51,609**	**42,006**
Sales by domain:														
Air	12,400	11,914	305	271	7,226	5,551	-	-	34	38	49	26	20,014	17,800
Land	124	107	9,864	7,048	2,833	2,726	-	-	1,192	1,016	22	6	14,035	10,903
Naval	12	6	2,097	1,619	5,820	3,575	4,814	3,580	6	7	145	110	12,894	8,897
Civil Security	57	49	32	24	1,990	2,156	-	-	382	324	55	33	2,516	2,586
Commercial Aeronautics	1,071	793	-	-	9	1	-	-	8	2	15	20	1,103	816
Other	-	-	19	11	19	20	-	-	1,005	971	4	2	1,047	1,004
Total external sales	**13,664**	**12,869**	**12,317**	**8,973**	**17,897**	**14,029**	**4,814**	**3,580**	**2,627**	**2,358**	**290**	**197**	**51,609**	**42,006**
Sales recognition method:														
Over time	12,064	11,772	5,827	3,194	13,515	11,471	4,782	3,350	2,626	2,323	157	86	38,971	32,196
Point in time	1,600	1,097	6,490	5,779	4,382	2,558	32	230	1	35	133	111	12,638	9,810
Total external sales	**13,664**	**12,869**	**12,317**	**8,973**	**17,897**	**14,029**	**4,814**	**3,580**	**2,627**	**2,358**	**290**	**197**	**51,609**	**42,006**

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Sales by customer

MSEK	Parent Company 2023	Parent Company 2022
Military customers	27,641	22,809
Civilian customers	1,563	1,266
Total	**29,204**	**24,075**

Sales by significant source

MSEK	Parent Company 2023	Parent Company 2022
Long-term customer contracts	23,130	17,729
Services	3,999	4,761
Products	2,075	1,585
Total	**29,204**	**24,075**

Sales by domain

MSEK	Parent Company 2023	Parent Company 2022
Air	19,074	16,866
Land	4,655	3,690
Naval	3,688	2,100
Civil Security	697	607
Commercial Aeronautics	1,081	795
Other	9	17
Total	**29,204**	**24,075**

Sales recognition method

MSEK	Parent Company 2023	Parent Company 2022
Over time	23,273	19,924
Point in time	5,931	4,151
Total	**29,204**	**24,075**

Note 5. Operating expenses

The income statement is classified according to function as follows:

Cost of goods sold comprises costs for material handling and manufacturing costs, including salary and material costs, purchased services, premises, and the depreciation/amortisation and write-down of intangible and tangible fixed assets other than self-financed capitalised development cost (see below).

Customer-financed research and development is recognised in cost of goods sold.

Administrative expenses relate to expenses for the Board of Directors, Group Management and staff functions as well as expenses attributable to business area and business unit managements.

Marketing expenses comprise expenses for the in-house marketing and sales organisation as well as external marketing and selling expenses.

Research and development costs are recognised separately and comprise the cost of self-financed new and continued product development as well as amortisation of capitalised development costs.

Operating expenses classified by the type of cost, excluding other operating income and expenses, are distributed as follows:

MSEK	Group 2023	Group 2022
Materials and components	12,213	10,269
Purchased services	8,587	5,054
Personnel costs	18,433	16,109
Depreciation/amortisation and write-downs	2,241	2,196
Other external costs	5,710	5,185
Total	**47,184**	**38,813**

Depreciation/amortisation and write-downs include write-downs and reversal of write-downs on inventory.

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Note 6. Other operating income and expenses

Accounting principles

Other operating income and expenses

Other operating income and expenses relate to operating activities that fall outside of core operations, costs not directly attributable to functions in the income statement, exchange rate differences on items of an operating nature, government grants, changes in the value of derivatives of an operating nature and capital gains/losses on the sale of tangible fixed assets. Also included at the Group level are capital gains/losses on the sale of subsidiaries, operations, associated companies and joint ventures.

Other operating income

	Group		Parent Company	
MSEK	**2023**	**2022**	**2023**	**2022**
Gain on sale of Group companies[1)]	328	-	-	-
Negative goodwill from preliminary purchase price allocation[1)]	144	-	-	-
Government grants	37	62	26	40
Gain from other operating activities	11	8	-	-
Change in fair value of biological assets	6	60	-	-
Insurance compensation	6	8	-	6
Gain on sale of associated companies/joint ventures	5	1	-	-
Gain on sale of tangible fixed assets	1	44	0	9
Exchange rate gains on operating receivables/liabilities and change in value of derivatives	-	17	-	-
Other	53	31	4	3
Total	**591**	**231**	**30**	**58**

1) See note 41 and note 43.

Other operating expenses

	Group		Parent Company	
MSEK	**2023**	**2022**	**2023**	**2022**
Exchange rate gains on operating receivables/liabilities and change in value of derivatives	-48	-26	-30	-17
Impairment of receivables from associated companies	-3	-3	-	-
Loss from other operating activities	-3	0	-	-
Loss on sale and disposal of tangible fixed assets	-2	-10	-2	-5
Other	-3	-14	-	-
Total	**-59**	**-53**	**-32**	**-22**

Note 7. Government grants

Accounting principles

Saab receives government grants, mainly various grants from the EU related to research and development projects. These are recognised when there is a reasonable certainty that the grant will be received and that the Group will meet the conditions associated with the grant. Project-related government grants are systematically recognised in the income statement primely as cost deduction over the same periods as the expenses for which the grants are intended to compensate.

During 2023, MSEK 278 (179) was received in project-related support.

MSEK 169 (132) has been recognised through profit or loss mainly by deducting research and development expenditures and cost of goods sold or as other operating income. In the statement of financial position at year-end, MSEK 246 (137) is recognised as prepaid income.

No contingent liabilities or contingent assets are reported.

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Note 8. Employees and staff costs

The average number of employees in 2023 amounted to 20,479 (18,555), of whom 76 per cent (77) were men. For information about number of employees per locality and by country see page 178.

Average number of employees[1)]

	2023	of whom men	2022	of whom men
Parent company				
Sweden	10,370	75%	9,665	76%
Rest of Europe	18	87%	8	78%
North America	-	-	1	-
Latin America	33	87%	28	89%
Asia	27	95%	42	82%
Parent company, total	**10,448**	**75%**	**9,744**	**76%**
Group companies				
Sweden	6,106	74%	5,379	75%
Rest of Europe	1,456	84%	1,274	85%
North America	825	77%	753	77%
Latin America	121	69%	106	67%
Asia	251	76%	241	80%
Africa	397	71%	367	72%
Australia, etc	875	79%	691	80%
Group companies, total	**10,031**	**76%**	**8,811**	**77%**
Group, total	**20,479**	**76%**	**18,555**	**77%**

1) The average number of employees has been calculated as an average of the number of Full Time Equivalents (FTE). The term Full-Time Equivalents excludes long-term absentees and consultants. Fixed term employees and probationers are however included in the calculation.

Gender distribution of corporate management

	Parent company	
Share of women, per cent	**2023**	**2022**
Board of Directors [1)]	40	40
Other senior executives	21	23

1) Of the Board members elected by the shareholders' meeting, and not employed by the company.

Salaries, other remuneration and social security expenses

	2023		2022	
MSEK	**Salaries and other remuneration**	**Social security expenses**	**Salaries and other remuneration**	**Social security expenses**
Parent company	6,609	3,156	5,905	2,900
of which pension costs[1)]		1,098		1,065
Group companies	6,739	1,929	5,574	1,730
of which pension costs[2)]		671		694
Group, total	**13,348**	**5,085**	**11,479**	**4,630**
of which pension costs[3)]		1,769		1,759

1) Of the Parent Company's pension costs, MSEK 12 (11) referred to the Parent Company's Board and President, including deputies and Executive Vice President. The company's outstanding pension obligations for these individuals, amounted to MSEK 10 (9), of which MSEK 8 (7) referred to former Board members and President, including deputies and Executive Vice Presidents.
2) Adjusted according to different accounting principles regarding defined-benefit plans between Parent Company and Group. See notes 1 and 31 for more information.
3) Of the Group's pension costs, MSEK 25 (26) referred to the Group's and Group companies' Boards and Presidents. The Group's outstanding pension obligations for these individuals amounted to MSEK 11 (10), of which MSEK 8 (7) referred to former board members and Presidents

Salaries and other remuneration distributed between Board members, President and Executive Vice Presidents and other employees

	2023		2022	
MSEK	**Board, President and Executive Vice Presidents**	**Other employees**	**Board, President and Executive Vice Presidents**	**Other employees**
Parent company	38	6,571	37	5,868
Group companies	102	6,637	103	5,471
Group, total	**140**	**13,208**	**140**	**11,339**

Of the salaries and remuneration paid to other employees in the Group, MSEK 45 (36) referred to senior executives other than Board members, the President and Executive Vice Presidents. Salaries and other remuneration to the President, Executive Vice Presidents and other senior executives according to the information above does not include share-based payments. Page 123 includes information about share-based payments.

For information on post-employment benefits, see note 31.

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Senior executives' benefits

Remuneration to Board members

In accordance with the resolution of the Annual General Meeting, the fees paid to members of the Board, for the term April 2023 – April 2024, amount to SEK 8,520,000 (8,220,000), consisting of SEK 2,140,000 (2,065,000) to the Chairman, SEK 780,000 (755,000) to the Deputy Chairman and SEK 700,000 (675,000) to each of the other members elected by the Annual General Meeting, with the exception of the President.

For audit committee work during the term April 2023 – April 2024, committee chairman Joakim Westh also received a fee of SEK 295,000 (285,000) and committee members Erika Söderberg Johnson and Sebastian Tham each received a fee of SEK 190,000 (185,000).

For remuneration committee work, during the term April 2023 – April 2024, committee chairman Johan Menckel also received a fee of SEK 165,000 (160,000) and committee members Marcus Wallenberg and Bert Nordberg each received a fee of SEK 100,000 (100,000).

Remuneration to Board members and committee members recognised as cost for fiscal year 2023 is shown in the table on page 123.

Remuneration to the President

The cash remuneration paid to the President and CEO consists of a fixed salary. No short-term variable remuneration is paid. The preparation process for compensation issues regarding the President is handled by the Board's Remuneration Committee according to the principles laid down by the Annual General Meeting and then voted on by the Board.

In the period 1 January through 31 December 2023, the cost for salary and other benefits to President and CEO Micael Johansson amounted in total to SEK 23,907,921 (21,670,065), of which other benefits, including share related plans, amounted to SEK 9,734,358 (8,299,169). Micael Johansson has participated in ongoing Share Matching plan 2020-2023, in Performance Share Plan 2020-2023 and in Special Projects Incentive 2020-2023. For more detailed information regarding Saab's long-term incentive programmes, see pages 124-126.

Pension terms

The retirement age for the President is 65 years. The President has a defined contribution pension plan and may decide himself on the payment term, though within the provisions of Swedish income tax law. The pension cost for Saab consists of pension premiums amounting to 35 per cent of the fixed salary. Pension premiums are paid as long as the President remains an employee of the company, but not beyond the age of 65. To this is added the cost of pension premiums according to the ITP plan. The pension commitment is vested.

For 2023 the cost of President Micael Johansson's pension including ITP, was SEK 5,316,124 (5,104,541).

Severance terms

If terminated by the company, the President will receive a salary and pension benefits for a period of six months (period of notice). Thereafter he will receive severance pay equivalent to one year of salary, based on his current fixed salary. If the President does not obtain new employment, he will receive an additional six months of severance pay. The severance will be deducted from income received from other employment during the same period. If the President resigns voluntarily, there is a six-month period of notice with salary and pension benefits, but no severance pay. The President's agreement includes a non-compete clause.

Remuneration to other senior executives

The group of other senior executives included 13 (12) individuals at 31 December 2023: the Executive Vice President, the Heads of the Business Areas and the Heads of Group staffs. At 31 December 2023 Group Management was comprised of Micael Johansson (President), Christian Luiga, Görgen Johansson, Anders Carp, Jonas Hjelm, Lars Tossman, Christian Hedelin, Dean Rosenfield, Charlotta Björklund, Annika Bäremo, Carl-Johan Bergholm, Mats Wicksell, Viktor Wallström and Lena Eliasson. The remuneration paid to other senior executives consists of a fixed salary. No short-term variable remuneration is paid. Compensation issues regarding the other senior executives are prepared by the Head of Group Human Resources and presented to the President, who makes a decision that is presented to the Compensation Committee and the Board.

All eligible executives have participated in ongoing Performance Share Plan 2020-2023, Share Matching Plan 2020-2023 and Special Projects Incentive 2020-2023.

In 2023, the cost for salaries and other benefits to other senior executives totalled SEK 89,623,366 (73,840,469), of which other benefits, including share related plans, amounted to SEK 30,402,027 (23,380,562). For more detailed information regarding Saab's long-term incentive programmes, see pages 124-126.

Pension terms

The retirement age for other senior executives is at least 62 years. However, two (two) persons have a pension age according to existing law and collective agreement.

In addition to ITP, 6 (7) members of the group are affiliated with the Saab plan and 5 (2) members of the group are affiliated with the New Saab plan, both plans are defined-contribution and vested. The Saab plan provides pension benefits in addition to ITP or its equivalent on salary levels between 20 and 30 basic amounts as well as on salary segments over 30 basic amounts. Moreover, an insurance policy finances the period between the agreed pension age, 62 years, and 65 years.

The pension cost for the Saab plan consists of pension premiums, which are based on a percentage of qualifying salaries. The percentage rate is determined by each executive's time remaning until agreed pension age, 62 years, when joining the plan. The aggregate insurance balance should cover a targeted pension from 65 years of approximately 32.5 per cent of salary levels between 20 and 30 basic amounts and approximately 50 per cent of segments over 30 basic amounts of qualifying salaries. The pension age in the New Saab plan shall be 65 years.

According to the New Saab plan, contributions are made for old age pension benefits from the age of 65 on salary levels exceeding 30 income base amounts per year. The New Saab plan entails contributions of 30 per cent on the part of the annual salary that is not insured by the ITP plan.

The individuals themselves can decide on the payment term, though within the provisions of Swedish income tax law. Premium payments continue as long as the individuals remain in their positions or as employees of the company.

Pension obligations are vested. In 2023, pension costs for other senior executives, including ITP and its equivalent, amounted to SEK 17,999,531 (16,427,751). Other senior executives are entitled, or obliged if the company so requests, to retire on pension as of the agreed retirement age.

Severance terms and severance pay

Upon termination by the company, the group of other senior executives normally receives salary and pension benefits for six months (period of notice). Thereafter 11 (10) senior executives receive severance pay, according to agreement, equivalent to a maximum of 18 months of salary, based on their fixed salary. Severance is paid monthly with the first payment in the month after the employment has ended. Severance is not paid for the period falling after the contractual pension age. Together, the term of notice and severance may not exceed 24 months.

The severance will be deducted from income received from other employment during the same period. Upon termination by themselves, there is a six-month period of notice with salary and pension benefits, but no severance pay.

Other benefits

All senior executives have medical insurance and are entitled to a company car. Several senior executives also have benefits in the form of overnight housing and travel.

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Summary of compensation and other benefits during 2023

SEK	Base salary/ Board and committee fee	Variable compensation remuneration	Share related plans[2]	Other benefits[1]	Pension cost	Total
Chairman of the Board						
Marcus Wallenberg	2,221,250					2,221,250
Deputy Chairman						
Bert Nordberg	873,750					873,750
Other Board members						
Sara Mazur	693,750					693,750
Lena Erixon	693,750					693,750
Joakim Westh	986,250					986,250
Danica Kragic Jensfelt	693,750					693,750
Daniel Nodhäll	215,000					215,000
Erika Söderberg Johnson	882,500					882,500
Johan Menckel	857,500					857,500
Henrik Henriksson	693,750					693,750
Sebastian Tham	667,500					667,500
President and CEO Micael Johansson	14,173,563		9,374,453	359,905	5,316,124	29,224,045
Other senior executives	59,221,339		26,264,797	4,137,230	17,999,531	107,622,897
Total	**82,873,652**	**-**	**35,639,250**	**4,497,135**	**23,315,655**	**146,325,692**

Guidelines for remuneration and other benefits for senior executives are described in the administration report.

Summary of compensation and other benefits during 2022

SEK	Base salary/ Board and committee fee	Variable compensation remuneration	Share related plans[2]	Other benefits[1]	Pension cost	Total
Chairman of the Board						
Marcus Wallenberg	2,141,250					2,141,250
Deputy Chairman						
Bert Nordberg	846,250					846,250
Other Board members						
Sara Mazur	667,500					667,500
Cecilia Stegö Chilò	161,250					161,250
Lena Erixon	506,250					506,250
Joakim Westh	950,000					950,000
Danica Kragic Jensfelt	667,500					667,500
Daniel Nodhäll	850,000					850,000
Erika Söderberg Johnson	850,000					850,000
Johan Menckel	826,250					826,250
Henrik Henriksson	667,500					667,500
President and CEO Micael Johansson	13,370,896		7,926,444	372,725	5,104,541	26,774,606
Other senior executives	50,459,907		20,054,997	3,325,565	16,427,751	90,268,220
Total	**72,964,553**	**-**	**27,981,441**	**3,698,290**	**21,532,292**	**126,176,576**

1) Including compensation for the additional costs incurred due to the benefits.
2) Share related plans relate to Share Matching Plans, Performance Share Plans and Special Projects Incentive.

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Share-based compensation

Accounting principles

Share-based compensation refers solely to remuneration to employees, including senior executives.

Share-based compensation settled with the company's shares or other equity instruments is comprised of the difference between the fair value at the time these plans were issued and the consideration received. This remuneration is recognised as staff costs during the vesting period. To the extent the vesting conditions in the plan are tied to market factors (such as the price of the company's shares), they are taken into consideration in determining the fair value of the plan. Other conditions (such as performance targets) affect staff costs during the vesting period by changing the number of shares or share-related instruments that are expected to be paid.

Saab has a Share Matching Plan where all permanent employees are entitled to participate. The payroll expenses for matching shares in the plan are recognised during the vesting period based on the fair value of the shares. The employees pay a price for the share that corresponds to the share price on the investment date. Three years after the investment date, employees are allotted as many shares as they purchased three years earlier, provided that they are still employees of the Saab Group and that the shares have not been sold. In certain countries, social security expenses are paid on the value of the employee's benefit when matching takes place. During the vesting period, provisions are allocated for these estimated social security expenses. Share repurchases to fulfil the commitments of Saab's Share Matching Plans are recognised in equity. In addition, there is a Performance Share Plan for senior executives and other key employees that entitles them to performance shares, depending on the employee category to which they belong, as well as a Special Projects Incentive, as a complement to the Performance Share Plan. The plans entitle the employee to performance shares depending on group affiliation, provided that they are still employed after three years and that the performance targets were met.

Share-based compensation settled with cash is comprised of the value of synthetic shares at the end of every period. This remuneration is recognised as staff costs during the three-year period from the time of grant to the time of payment. The accrued expense is valued at fair value based on the price of the company's shares each period. Any difference between the payout and the accrued expense is recognised in the income statement in the period of final payout.

Saab has a Key Employee Plan in which employees are selected as participants annually through a nomination process that identifies individuals according to critical skills, performance of potential. The participants are granted synthetic shares that will be paid out in cash after two and three years of vesting respectively, provided that the participant is still an employee of the Saab Group. The staff costs for the synthetic shares in the plan are recognised during the period between the time of grant to the time of payout based on the fair value of the shares. In certain countries, social security expenses are paid on the value of the payout.

Share-settled programs

Long-term incentive programme

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

The Board of Directors proposed that the Annual General Meeting 2023 resolve to adopt long-term incentive programme 2024 (LTI 2024), consisting of Share Matching Plan 2024, Performance Share Plan 2024 and Special Projects Incentive 2024, with some changes to the performance targets as regards the Performance Share Plan 2024. The Annual General Meeting resolved in accordance with the Board's proposal. Until LTI 2021, the maximum number of shares consisted both of shares that can be transferred to the participants free of consideration and shares that are intended to be transferred on Nasdaq Stockholm in order to cover social security costs. The number of shares that can be transferred to the participants free of consideration has decreased from 1,730,000 in LTI 2023 to 1,300,000 in LTI 2024.

Ongoing incentive programmes	Maximum number of shares	Maximum number of participants[1)]
Share Matching Plan 2020	993,000	
Share Matching Plan 2021	993,000	
Share Matching Plan 2022	1,005,000	
Share Matching Plan 2023	1,200,000	
Share Matching Plan 2024	850,000	
Performance Share Plan 2020	310,000	175
Performance Share Plan 2021	258,000	200
Performance Share Plan 2022	200,000	200
Performance Share Plan 2023	300,000	200
Performance Share Plan 2024	300,000	200
Special Projects Incentive 2020	162,000	45
Special Projects Incentive 2021	214,000	100
Special Projects Incentive 2022	165,000	100
Special Projects Incentive 2023	230,000	100
Special Projects Incentive 2024	150,000	100

1) Permanent employees working in a country where the Share Matching Plan is introduced are offered to participate in the Share Matching Plan, thus there is no maximum numbers of participants.

Share Matching Plan

Since 2007, Saab offers permanent employees the opportunity to participate in the Share Matching Plan. Employees can withhold up to 5 per cent of their gross base salary to purchase Series B shares on Nasdaq Stockholm during a twelve-month period. Provided that a participant retains the purchased shares for three years after the investment date and is still employed by the Saab Group, the participant will be allotted a corresponding number of Series B shares free of charge. Currently, Share Matching Plans 2020–2024 are ongoing.

In the Share Matching Plan 2020, shares have been matched three times in 2023 and once in February 2024. In Share Matching Plan 2021, shares will be matched three times in 2024 and once in February 2025.

Performance Share Plan

Since 2008, Saab also has a Performance Share Plan for senior executives and key employees. The Performance Share Plan is directed at a limited number of key employees, see the table above, including the President. Participants can save up to 7.5 per cent of their base salary to purchase Series B shares during a twelvemonth period, while participating in the Share Matching Plan as well, but only up to a maximum of 5 per cent of base salary. Depending on which category they belong to, participants are entitled to 2–7 performance shares for each purchased share. Participants are entitled to matching of performance shares, free of consideration, provided that the performance targets are achieved and the participants have retained the purchased shares for three years after the investment date and remain employed by the Saab Group.

The number of performance shares is linked to the performance targets established by the Board of Directors. The terms for the performance matching are based on three independent targets for a one-year performance period: organic sales growth [1)], EBIT margin [2)] and free cash flow [3)]. Performance Share Plan 2023 and 2024 have one additional target, CO2 reduction [4)]. The Board of Directors decides on the performance matching after the end of the one-year performance period. If the performance outcome falls short of the maximum level but exceeds the minimum level, a linear proportionate performance matching will occur. No performance matching will occur if the performance outcome is equal to or below the minimum level. Before the performance matching is ultimately determined, the Board of Directors will assess whether it is reasonable in relation to the company's financial results and position, conditions in the stock market and

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other circumstances. If it determines that this is not the case, the Board of Directors will reduce the number of performance shares that will be matched to the lower number of shares it considers appropriate.

Performance shares are allotted three years after the investment. Currently, Performance Share Plans 2020-2024 are ongoing. In Performance Share Plan 2020, performance matching has occured three times in 2023 and once in February 2024. In Performance Share Plan 2021, performance matching will take place three times in 2024 and once in February 2025.

After the end of the one-year performance period for the Performance Share Plan 2023, on 31 December 2023, it was determined that the targets had been achieved and the Board of Directors approved performance matching as follows. Performance matching will take place three times in 2026 and once in February 2027.

1) Adjusted for acquisitions and divestments as well as exchange rate differences.
2) Adjusted for acquisitions and divestments as well as non-recurring items.
3) Adjusted for acquisitions and divestments as well as non-recurring items.
4) Adjusted for acquisitions and divestments as well as any other extraordinary or non-recurring items.

Performance Share Plan

2023	Reported outcome	Outcome performance targets, %	Weighted, %	Allotment, %
Organic sales growth	23%	100	30	30
EBIT margin	8.3%	80	30	24
Free cash flow	MSEK 2,311	100	30	30
CO2 reduction	-1.5%	0	10	0
Total allotment				**84**

2022	Reported outcome	Outcome performance targets, %	Weighted, %	Allotment, %
Organic sales growth	5%	65	30	20
EBIT margin	7.8%	70	30	21
Free cash flow	MSEK 1,871	100	40	40
Total allotment				**81**

Special Projects Incentive

Since 2017, Saab has also a Special Projects Incentive programme (SPI), as a complement to the Performance Share Plan.

The Special Projects Incentive is directed at a limited number of key employees, see the table above, including the President. Participation in SPI presupposes participation in the Performance Share Plan or the Share Matching Plan. The programme entitles the employee to allotment of performance shares corresponding to 15-52.5 per cent of the cash base salary for the current financial year depending on group affiliation, provided that the employment remains for three years and that performance targets are reached. For the President and other members of the Group Management, the total allotment of shares in SPI and the Performance Share Plan together amounts to a maximum of 75 per cent of the cash base salary for the President and 60 per cent of the cash base salary for the other members of the Group Management. Performance shares are allotted after three years based on the achievement during the current financial year of eight equally weighted performance targets in SPI 2020 and SPI 2021. As of SPI 2022 the programme is based on 10 equally weighted performance targets.

After the end of the one-year performance period for the SPI 2023, on 31 December 2023, it was determined that eight of the ten performance targets had been met. The ten performance targets in SPI 2023 were operating targets and milestones in special projects within Saab's product areas Gripen, airborne radar systems (AEW&C), submarines, advanced weapon systems, combat management systems and advanced pilot training systems. The performance targets may be related to e.g. product design review, customer design review, partial deliveries or system implementation. Each performance target represents 10 per cent of the total performance targets. The performance targets in previous SPI programmes have been of a similar nature as in SPI 2023. Due to the nature of the defence industry, further information on the individual performance targets cannot be provided. Performances have been reviewed by Saab's internal audit and the external auditor, PwC.

The performance shares in SPI 2023 will be allotted in February 2026. In 2023, a total of 75,104 shares have been allotted in SPI 2020.

Number of Series B shares purchased and number of participants, Share Matching Plans, 2020–2023

Year	Number of shares	Number of participants
2020	771,063	7,891
2021	763,864	8,062
2022	473,737	8,112
2023	300,730	8,857

Number of Series B shares purchased and number of participants, Performance Share Plans, 2020–2023

Year	Number of shares	Number of participants
2020	64,349	162
2021	69,492	162
2022	46,270	194
2023	31,664	199

Share Matching Plan

Thousands	2020	2021	2022	2023	Total
Number of matching shares eligible at beginning of the year	650	682	399	-	1,731
Allotted during the year (purchased shares)	-	-	62	301	363
Early share matching	-	-16	-10	-1	-27
Ordinary share matching	-494	-	-	-	-494
Forfeited	-18	-28	-21	-6	-73
Number of matching shares eligible at year-end	**138**	**638**	**430**	**294**	**1,500**
Average remaining maturity, years	-	0.8	1.8	2.8	

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Performance Share Plan

Thousands	2020	2021	2022	2023	Total
Number of matching shares eligible at beginning of the year	60	67	40	-	167
Allotted during the year (purchased shares)	-	-	6	32	38
Early share matching	-	-2	-	-	-2
Ordinary share matching	-26	-	-	-	-26
Number of matching shares eligible at year-end	**34**	**65**	**46**	**32**	**177**
Average remaining maturity, years	-	0.8	1.8	2.8	

Total number of shares eligible at year-end

Thousands	2020	2021	2022	2023	Total
Share Matching Plan	138	638	430	294	1,500
Performance Share Plan	34	65	46	32	177
Less: Shares included in both plans	-34	-65	-46	-32	-177
Total	**138**	**638**	**430**	**294**	**1,500**

Cash-settled programs

Key Employee Plan
In 2023, Saab's Board of Directors decided on a new long term incentive program, Key Employee Plan. The Key Employee Plan is a cash-settled retention plan. Employees, except the Board, the CEO, members of the Group Management or other Senior Managers are selected as participants to Key Employee Plan annually through a nomination process that identifies individuals according to critical skills, performance or potential. The participants are granted an award of a potential amount corresponding 15 per cent of the participant's annual salary. The amount will be converted into a number of synthetic shares based on the share price for the Saab share of series B on Nasdaq Stockholm at the time of grant. The total amount payable may not exceed 30 per cent of the participant's annual salary. In order to receive full payment, the participant needs to remain employed within the Saab Group during the entire three-year period. Cash payment takes place on two occasions; after approximately two and three years respectively from the start of the plan with 50 percent of the award on each occasion. The amount which the participants may receive is driven by the share price development of the Saab share during the three-year period. At the respective time of payment, the synthetic shares are converted into an amount based on the share price at the time of payment.

Number of synthetic shares and number of participants, Key Employee Plan, 2023

Year	Number of synthetic shares	Number of participants
2023	117,167	788

Recognised expense for above-mentioned plans, including social security expenses

MSEK	2023	2022
Share-settled programs		
Share Matching Plan 2019	-	72
Share Matching Plan 2020	115	82
Share Matching Plan 2021	100	85
Share Matching Plan 2022	83	26
Share Matching Plan 2023	29	-
Performance Share Plan 2019	-	14
Performance Share Plan 2020	9	7
Performance Share Plan 2021	28	24
Performance Share Plan 2022	20	7
Performance Share Plan 2023	7	-
Special Projects Incentive 2020	-	12
Special Projects Incentive 2021	15	10
Special Projects Incentive 2022	12	11
Special Projects Incentive 2023	15	-
Total share-settled programs	**433**	**350**
Cash-settled programs		
Key Employee Plan 2023	24	-
Total cash-settled programs	**24**	**-**
Total recognised expense	**457**	**350**

The expense for the share-settled programs is included in operating income and is recognised in the balance sheet as equity and accrued expenses (social security expenses). The expense for the cash-settled programs is included in operating income and is recognised in the balance sheet as accrued expenses (personnel liabilities and social security expenses). As of December 31, 2023 the accrued expense for cash-settled programs was MSEK 24 (-). Administrative expenses for the share-based compensation programs amounted to MSEK 6 (6) in 2023.

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Note 9. Auditors' fees and compensation

MSEK	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
PwC				
Audit assignments	23	22	13	12
where of PwC Sweden	*17*	*16*		
Audit work in excess of the audit assignment	1	1	1	1
where of PwC Sweden	*1*	*1*		
Tax advice	0	0	0	0
Other services	1	1	1	1
where of PwC Sweden	*1*	*1*		
Other audit firms				
Audit assignments	4	5	-	-
Total	**29**	**29**	**14**	**13**
where of PwC Sweden	*19*	*18*		

Audit assignments refer to expenses for the statutory audit, i.e. the work that was necessary to issue the audit report as well as advice in connection with the audit assignment.

Audit work in excess of the audit assignment relates to expenses for opinions and other assignments associated to a fairly high degree with audits and which are normally performed by the external auditor, including consultations on advisory and reporting requirements, internal control and the review of interim reports. For 2023, the external auditors' assignment as mandated by law amounted to a negligible sum.

Other services relate to expenses that are not classified as audit assignments, audit work in excess of the audit assignment and tax advice.

Note 10. Depreciation/amortisation and write-downs

MSEK	Group 2023	Group 2022
Depreciation/amortisation		
Capitalised development costs	-594	-554
Other intangible fixed assets	-164	-158
Operating properties	-104	-127
Plant and machinery	-350	-338
Equipment, tools and installations	-458	-424
Right-of-use assets	-595	-526
Total	**-2,265**	**-2,127**
Write-downs		
Capitalised development costs	-21	-
Total	**-21**	**-**

MSEK	Parent Company 2023	Parent Company 2022
Depreciation/amortisation		
Goodwill	-40	-40
Other intangible fixed assets	-123	-131
Buildings	-52	-75
Plant and machinery	-205	-209
Equipment, tools and installations	-310	-308
Total	**-730**	**-763**

No write-downs were recognised in the Parent Company during 2023 or 2022.

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Note 11. Financial income and expenses

MSEK	Group 2023	Group 2022
Interest income on short-term investments and other loans receivable	497	131
Financial income from revaluation and disposal of financial assets and liabilities measured at fair value through profit or loss	241	49
Other financial income	44	14
Financial income	**782**	**194**
Interest expenses on bonds and other financial liabilities	-387	-201
Interest expenses on lease liabilities	-139	-106
Financial expenses from revaluation and disposal of financial assets and liabilities measured at fair value through profit or loss	-16	-228
Financial expenses related to pensions	-35	-72
Other financial expenses	-59	-42
Financial expenses	**-636**	**-649**
Net financial income and expenses	**146**	**-455**

	Parent Company			
	Result from shares in Group companies		Result from shares in associated companies/ joint ventures	
MSEK	2023	2022	2023	2022
Dividends	679	602	-	-
Group contributions received	2,041	1,337	-	-
Capital gain on sale of shares	234	-	43	-
Write-downs	-153	-	-973	-
Other	-1	1	-	-
Total	**2,800**	**1,940**	**-930**	**-**

	Parent Company			
	Result from other securities and receivables held as fixed assets		Other interest income and similar profit/loss items	
MSEK	2023	2022	2023	2022
Interest income, Group companies	-	-	85	103
Other interest income	-	-	426	115
Capital gain on sale of shares	-	0	-	-
Exchange rate differences	42	24	-	-
Net change in value from revaluation and disposal of financial assets/liabilities	301	-37	-	-
Write-downs of financial assets	-30	-8	-	-
Other	-21	-22	-	-
Total	**292**	**-43**	**511**	**218**

	Parent Company	
	Interest expenses and similar profit/loss items	
MSEK	2023	2022
Interest expenses, Group companies	-172	-23
Other interest expenses	-463	-349
Total	**-635**	**-372**

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Note 12. Appropriations

MSEK	Parent Company 2023	2022
Plant and machinery as well as equipment, tools and installations	-156	-111
Buildings and land	-	-2
Total difference between tax depreciation and depreciation according to plan	**-156**	**-113**
Net change in tax allocation reserves	-461	-510
Total	**-617**	**-623**

Note 13. Taxes

Accounting principles

Income taxes are recognised in the income statement and consist of current tax and deferred tax. When the underlying transaction is recognised in other comprehensive income, for example the revaluation of the net pension obligations, the related tax effect is also recognised in other comprehensive income.

Current tax is the tax to be paid or received for the current year, applying the tax rates that have been set as of the closing day. Adjustments are made for current taxes attributable to previous periods.

Deferred tax is calculated according to the balance sheet method based on temporary differences. Temporary differences constitute the difference between the carrying amount of assets and liabilities and their value for tax purposes.

Deferred tax assets from deductible temporary differences and tax loss carry forwards are only recognised to the extent it is likely that they will be utilised. The value of deferred tax assets is reduced when it is no longer considered likely that they can be utilised.

Tax recognised in the income statement

Taxes comprise current tax and deferred tax. Current tax is calculated based on applicable tax laws in the countries in which the parent company and subsidiaries operate and generate taxable income.

MSEK	Group 2023	2022
Current tax expense (–)/tax income (+)		
Taxes for the year	-866	-612
Adjustment for taxes related to previous years	-2	9
Total	**-868**	**-603**
Deferred tax expense (–)/tax income (+)		
Deferred tax related to temporary differences	-140	92
Deferred tax related to value of tax loss carry forwards capitalised during the year	73	27
Deferred tax expense due to utilisation of previously capitalised tax value in tax loss carry forwards	-36	-45
Deferred tax related to previous years	-4	-7
Deferred tax related to changed tax rates	0	0
Total	**-107**	**67**
Total recognised tax in the Group	**-975**	**-536**

The Group's total deferred tax amounted to MSEK -107 (67) and current tax expense for the year amounted to MSEK -868 (-603), leading to a total recognised tax of MSEK -975 (-536) in the consolidated income statement. The table "Change in deferred tax in temporary differences and tax loss carry forwards" for the Group, on the following page, specifies how deferred tax affected income.

MSEK	Parent Company 2023	2022
Current tax expense (–)/tax income (+)		
Taxes for the year	-494	-345
Adjustment for taxes related to previous years	-1	1
Total	**-495**	**-344**
Deferred tax expense (–)/tax income (+)		
Deferred tax related to temporary differences	-121	139
Deferred tax related to previous years	0	-1
Total	**-121**	**138**
Total recognised tax in the Parent Company	**-616**	**-206**

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Reconciliation of effective tax

MSEK	Group 2023 (%)	2023	2022 (%)	2022
Income before taxes		4,418		2,819
Tax according to current tax rate for the Parent Company	-20.6	-910	-20.6	-581
Effect of other tax rates for foreign operations	-0.2	-9	-0.5	-15
Non-deductible expenses	-1.3	-57	-1.0	-27
Tax-exempt income	2.9	126	0.2	6
Tax on additional non-capitalised tax loss carry forwards	-1.7	-76	-0.2	-7
Revaluation of previously non-capitalised deferred tax loss carryforwards	1.2	52	1.7	49
Utilisation of previously non-capitalised deductible temporary differences	1.2	54	1.9	54
Tax related to previous years	-0.2	-6	0.1	2
Effect on tax from associated companies	-3.2	-141	-0.7	-20
Other	-0.2	-8	0.1	3
Reported effective tax	**-22.1**	**-975**	**-19.0**	**-536**

Current and deferred taxes amounted to MSEK -975 (-536), equivalent to an effective tax rate of 22.1 per cent (19.0). The increase in the effective tax rate was mainly a result of the effect on tax from associated companies in 2023 and higher utilisation of previously non-capitalised loss carry forwards in 2022.

MSEK	Parent Company 2023 (%)	2023	2022 (%)	2022
Income before taxes		2,723		1,542
Tax according to current tax rate for the Parent Company	-20.6	-561	-20.6	-318
Tax allocated to foreign operations	0.9	24	0.9	19
Non-deductible expenses	-10.2	-276	-2.0	-30
Tax-exempt income	7.3	198	8.3	128
Tax related to previous years	0	-1	-0.0	-0
Reported effective tax	**-22.6**	**-616**	**-13.4**	**-206**

Tax items recognised directly against other comprehensive income

MSEK	Group 2023	2022
Provisions for pensions	140	-975
Cash flow hedges	-170	-52
Equity instruments classified as measured at fair value through other comprehensive income	8	0
Total	**-22**	**-1,027**

Expiration of recognised and unrecognised tax loss carry forwards in the Group

MSEK	Recognised tax loss carry forwards	Unrecognised tax loss carry forwards
Expiration		
Unlimited expiration	702	449
2024	8	
2027	1	
2028	7	
2030	0	
Total tax loss carry forwards	**718**	**449**
Recognised deferred tax asset	**178**	

At the close of 2023, the Saab Group's unrecognised tax loss carryforwards amounted to MSEK 449 (303).

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Change in deferred tax in temporary differences and tax loss carry forwards

	Group												
SEK	Intangible fixed assets	Tangible fixed assets	Right-of-use assets	Inventories	Lease liabilities	Provisions for pensions	Other provi-sions	Tax allocation reserves	Tax loss carry forwards	Other	Total	Tax set-off	Deferred tax assets/ liabilities, net
Opening balance 1 Jan 2022	**-1,249**	**-497**	**-493**	**301**	**515**	**1,321**	**420**	**-399**	**166**	**83**	**168**		**168**
Recognised in the income statement	11	-3	-46	146	51	17	37	-105	-18	-23	67		67
Recognised in other comprehensive income	-	-	-	-	-	-975	-	-	-	-52	-1,027		-1,027
Translation differences	-1	-16	2	16	8	0	8	-	16	22	55		55
Closing balance 31 Dec 2022	**-1,239**	**-516**	**-537**	**463**	**574**	**363**	**465**	**-504**	**164**	**30**	**-737**		**-737**
Of which, deferred tax assets	0	41	-	463	574	363	465	-	164	315	2,385	-1,982	403
Of which, deferred tax liabilities	-1,239	-557	-537	-	-	-	-	-504	-	-285	-3,122	1,982	-1,140
Opening balance 1 Jan 2023	**-1,239**	**-516**	**-537**	**463**	**574**	**363**	**465**	**-504**	**164**	**30**	**-737**		**-737**
Recognised in the income statement	14	-75	22	-9	-21	-7	99	-93	37	-74	-107		-107
Recognised in other comprehensive income	-	-	-	-	-	140	-	-	-	-162	-22		-22
Acquired/divested operations	-56	-	-	-	-	-	-	-	-14	7	-63		-63
Translation differences	3	5	2	-7	-2	-	-11	-	-9	-2	-21		-21
Closing balance 31 Dec 2023	**-1,278**	**-586**	**-513**	**447**	**551**	**496**	**553**	**-597**	**178**	**-201**	**-950**		**-950**
Of which, deferred tax assets	-	24	-	447	551	496	553	-	178	265	2,514	-2,032	482
Of which, deferred tax liabilities	-1,278	-610	-513	-	-	-	-	-597	-	-466	-3,464	2,032	-1,432

The Group's total deferred tax expense/income in the 2023 income statement amounted to MSEK -107 (67). The Group's total deferred tax expense in the statement of comprehensive income amounted to MSEK -22 (-1,027). The net closing balance on 31 December 2023, MSEK -950 (-737), consisted of deferred tax assets of MSEK 482 (403) and deferred tax liabilities of MSEK -1,432 (-1,140).

The net change in the year's tax loss carry forwards, excluding acquisition/divestment of operations and translation differences, amounted to MSEK 37 (-18) , which is the amount of deferred tax on capitalised tax value in tax loss carry forwards, MSEK 73 (27), and deferred tax expense due to utilisation of previously capitalised tax value in tax loss carry forwards, MSEK -36 (-45). Other amounts in the "Recognised in the income statement" row in the table above amounted to MSEK -144 (85), which is the total of deferred tax related to temporary differences and deferred tax attributable to previous years.

Deferred tax assets and liabilities related to leases are offset in the statement of financial position but presented gross above. They were disclosed net in the category Tangible fixed assets above in 2022.

Acquired/divested operations mainly relate to the divestment of the MTM operations and the acquisition of BlueBear, see note 41.

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MSEK	Parent Company Deferred tax assets 31-12-2023	Deferred tax liabilities 31-12-2023	Net
Tangible fixed assets	-	-193	-193
Inventories	178	-	178
Accounts receivable	11	-	11
Provisions for pensions	121	-	121
Other provisions	186	-	186
Long-term liabilities	4	-	4
Accrued expenses and deferred income	65	-	65
Other	83	-	83
Tax assets/liabilities, total	**648**	**-193**	**455**
Set-off	-193	193	-
Tax assets/liabilities, net	**455**	**-**	**455**

MSEK	Parent Company Deferred tax assets 31-12-2022	Deferred tax liabilities 31-12-2022	Net
Tangible fixed assets	0	-195	-195
Inventories	202	-	202
Accounts receivable	12	-	12
Provisions for pensions	117	-	117
Other provisions	242	-	242
Long-term liabilities	23	-	23
Accrued expenses and deferred income	51	-	51
Other	124	-	124
Tax assets/liabilities, total	**771**	**-195**	**576**
Set-off	-195	195	-
Tax assets/liabilities, net	**576**	**-**	**576**

The change in deferred tax assets and liabilities in the Parent Company, Saab AB, has been recognised in the income statement.

Estimated utilisation dates of recognised deferred tax assets

MSEK	Group	Parent Company
Deferred tax assets expected to be recovered within one year	258	10
Deferred tax assets expected to be recovered after one year	2,256	638

Estimated utilisation dates of recognised deferred tax liabilities

MSEK	Group	Parent Company
Deferred tax liabilities due for payment within one year	-420	-11
Deferred tax liabilities due for payment after one year	-3,044	-182

OECD Pillar II Model Rules

Saab is within the scope of the OECD Pillar II model rules. For the Saab group, with a Swedish parent company, the rules came into effect on January 1, 2024. Under the new legislation, Saab is liable to pay a top-up tax for the difference between the effective tax rate calculated in accordance with the Pillar II rules per jurisdiction and the minimum rate in the Pillar II rules, 15 per cent. As the Pillar II legislation was not effective at the reporting date, the group has no related current tax exposure. Furthermore, the group applies the exception as provided in the amendments to IAS 12 issued in May 2023, to recognising and disclosing information about deferred tax assets and liabilities related to Pillar II income taxes.

All jurisdictions within the group have an effective tax rate, calculated in accordance with paragraph 86 of IAS 12, above 15 per cent, except for 11 jurisdictions containing 20 subsidiaries. Although lower than 15 per cent in 2023, it is Saab's assesment that the majority of the jurisdictions, and all jurisdictions with material taxable profits, will not retain an effective tax rate below 15 per cent over time. This as the low rate in 2023 was due to non-recurring impacts in 2023. The total pre-tax income of jurisdictions with an effective tax rate below 15 per cent, not affected by non-recurring impacts, nor CFC taxation, was SEK 3 million. The final impact of these jurisdictions under Pillar II is yet to be determined but is expected to be limited.

Saab has since 2022 run a project with assistance of external tax specialists to prepare for the upcoming regulation. Due to the complexities in applying the legislation and calculating the Pillar II effective tax rate, the quantitative impact of the legislation is not yet reasonably estimable. Although there may be Pillar II tax implications, it is Saab's assessment that these won't be material due to the characteristics of the jurisdictions where Saab operate and are taxed. That is, jurisdictions with a local corporate income tax rate well above the Pillar II minimum rate of 15 per cent. However, as the model rules, and interpretations thereof, are still in development, the future impact cannot yet be reasonably estimable.

Note 14. Earnings per share

MSEK	2023	2022
Net income for the year attributable to Parent Company's shareholders (MSEK)	3,381	2,195
Weighted average number of common shares outstanding:		
before dilution (thousands)	132,884	132,158
after dilution (thousands)	134,378	133,724
Earnings per share, before dilution (SEK)	25.44	16.61
Earnings per share, after dilution (SEK)	25.16	16.41

The weighted average number of shares outstanding before dilution refers to the total number of shares in issue less the average number of repurchased treasury shares. The weighted average number of shares outstanding after dilution is based on the effects of all potential shares (long-term incentive programmes) that give rise to a dilution effect.

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Note 15. Intangible fixed assets

Accounting principles

Goodwill

Goodwill is distributed among cash-generating units and tested annually for impairment in the fourth quarter. Goodwill arising from the acquisition of associated companies and joint ventures is included in the carrying amount of the shares in the associated company and joint venture.

In acquisitions where the cost is less than, on the one hand, the net of the cost of the Group company's shares, the value of non-controlling interests in the acquired company and the fair value of the previously owned interest and, on the other, the carrying amount of the acquired assets and assumed liabilities in the acquisition analysis, the difference is recognised directly through profit or loss.

Research and development

Expenditures for research undertaken in an effort to gain new scientific or technological knowledge are expensed when incurred.

Expenditures for development, where the research results or other knowledge is applied to new or improved products or processes, are recognised as an asset in the statement of financial position. Other expenditures for development are recognised in profit or loss as an expense when they arise. Development expenditures are recognised in the statement of financial position at cost less accumulated amortisation and any impairment losses. Customer-financed research and development is recognised in cost of goods sold rather than capitalised.

Other intangible fixed assets

Other intangible fixed assets, which include licenses for operating systems, design and implementation of new operating systems, as well as acquired assets such as trademarks and customer relations, are recognised at cost less accumulated amortisation and any impairment losses.

Amortisation

Intangible fixed assets, excluding goodwill, are amortised from the day they are available for use. Estimated periods of use and amortisation methods are as follows:

- Patents, trademarks, customer relations and other technical rights: 5–10 years on a straight line basis.
- Other intangible assets: licenses for operating systems etc. are amortised on a straight line basis, 2-5 years.
- Capitalised development costs: Self-financed capitalised development costs are amortised on a straight line basis over a maximum period of 10 years. Acquired development costs are amortised on a straight line basis over a maximum of 10 years.
- Goodwill: In the Parent Company, goodwill is amortised over a maximum period of 20 years. Goodwill is not amortised in the Group.

Periods of use are tested annually and unfinished development work is tested for impairment at least once a year regardless of any indications of diminished value.

Impairment of goodwill, capitalised development costs and other intangible assets

For goodwill and intangible fixed assets not yet ready for use, recoverable values are calculated annually in the fourth quarter.

The recoverable amount of an asset is the higher of its fair value less selling expenses and value in use. Value in use is measured by discounting future cash flows using a discounting factor that takes into account the risk-free rate of interest adjusted for the risk associated with the specific asset.

If essentially independent cash flows cannot be isolated for individual assets, the assets are grouped at the lowest levels where essentially independent cash flows can be identified (cash-generating units). An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable value. Impairment losses are charged against the income statement.

Impairment losses attributable to a cash-generating unit (or pool of units) are mainly allocated to goodwill, after which they are divided proportionately among other assets in the unit (the pool of units). Impairment of goodwill is not reversed. Impairment losses from other assets are reversed if a change has occurred in the assumptions that served as the basis for determining recoverable value. Impairment is reversed only to the extent the carrying amount of the assets following the reversal does not exceed the carrying amount that the asset would have had if the impairment had not been recognised, taking into account the amortisation that would have been recognised.

	Group		Parent Company	
MSEK	**31-12-2023**	**31-12-2022**	**31-12-2023**	**31-12-2022**
Goodwill	5,424	5,384	93	133
Capitalised development costs	6,106	5,958	-	-
Other intangible assets	1,411	906	1,081	785
Total	**12,941**	**12,248**	**1,174**	**918**

Goodwill

	Group		Parent Company	
MSEK	**2023**	**2022**	**2023**	**2022**
Acquisition value				
Opening balance, 1 January	6,081	5,950	784	784
Business combinations	112	-	-	-
Reclassifications[1]	-	-80	-	-
Translation differences	-72	211	-	-
Closing balance, 31 December	**6,121**	**6,081**	**784**	**784**
Amortisation and write-downs				
Opening balance, 1 January	-697	-697	-651	-611
Amortisation for the year	-	-	-40	-40
Closing balance, 31 December	**-697**	**-697**	**-691**	**-651**
Carrying amount, 31 December	**5,424**	**5,384**	**93**	**133**

1) Reclassifications in 2022 constitutes goodwill reclassified to Assets held for sale.

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Capitalised development costs

MSEK	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Acquisition value				
Opening balance, 1 January	13,246	12,736	2,000	2,000
Internally developed assets	547	500	-	-
Business combinations	252	-	-	-
Disposals and reclassifications	-17	-31	-	-
Translation differences	-11	41	-	-
Closing balance, 31 December	**14,017**	**13,246**	**2,000**	**2,000**
Amortisation and write-downs				
Opening balance, 1 January	-7,288	-6,696	-2,000	-2,000
Amortisation for the year	-594	-554	-	-
Write-downs for the year	-21	-	-	-
Business combinations	-26	-	-	-
Disposals and reclassifications	7	-	-	-
Translation differences	11	-38	-	-
Closing balance, 31 December	**-7,911**	**-7,288**	**-2,000**	**-2,000**
Carrying amount, 31 December	**6,106**	**5,958**	**-**	**-**

Other intangible assets

MSEK	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Acquisition value				
Opening balance, 1 January	3,300	3,059	2,552	2,385
Investments	484	186	413	168
Business combinations	184	-	-	-
Disposals and reclassifications	-1	-5	10	-1
Translation differences	-21	60	-	-
Closing balance, 31 December	**3,946**	**3,300**	**2,975**	**2,552**
Amortisation and write-downs				
Opening balance, 1 January	-2,394	-2,190	-1,767	-1,638
Amortisation for the year	-164	-158	-123	-131
Disposals and reclassifications	7	5	-4	2
Translation differences	16	-51	-	-
Closing balance, 31 December	**-2,535**	**-2,394**	**-1,894**	**-1,767**
Carrying amount, 31 December	**1,411**	**906**	**1,081**	**785**

Amortisation is included in the following lines in the income statement

MSEK	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Cost of goods sold	164	158	163	171
Research and development costs	615	554	-	-

Development expenditures
The total capitalisation largely relates to development projects for the Gripen E/F.

Development expenditures are capitalised only in the consolidated accounts. In legal entities, all development expenditures are expensed. Capitalisation of development expenditures in the Parent Company relates to acquired development expenditures.

Impairment tests for goodwill
In connection with business combinations, goodwill is allocated to the cash-generating units, or groups thereof, that are expected to obtain future economic benefits in the form of, for example, synergies from the acquisition. Acquired operations normally have access to knowledge, technology and solutions that will benefit large parts of the Group, and the acquired operations are usually integrated with other operations shortly after acquisition. Consequently, goodwill is allocated to and tested for impairment at the business area level, which also corresponds to the lowest level at which goodwill is monitored in the internal governance.

Goodwill in the Parent Company relates to goodwill arising from the purchase of the net assets of Saab Microwave Systems.

Goodwill is distributed by segment as follows:

MSEK	31-12-2023	31-12-2022
Aeronautics	119	119
Dynamics	724	723
Surveillance	3,928	3,884
Kockums	264	264
Combitech	353	358
Corporate	36	36
Total goodwill	**5,424**	**5,384**

Impairment testing of cash-generating units is based on the calculation of value in use. This value is based on discounted cash flow forecasts according to the units' business plans. Saab's assessment is that this does not cause any impairment. Saab has analysed different scenarios and performed stress tests of the calculations of value in use through negative adjustments of key judgments such as growth rate and profitability level during the forecast period and in the terminal value. In 2023, stress tests were performed with negative adjustment on volume/growth with 5 per cent, operating margin with 1 per cent and with a discount rate (WACC) between 10 and 14 per cent. These stress test have not led to any identified need of impairment.

Variables used to calculate value in use

Volume/growth
Growth in the cash-generating units' business plans is based on Saab's expectations with regard to development in each market area and previous experience. It is also based on estimates of cash flows that are distributed over the long projects and are dependent on the timing and size of advances and milestone payments. The first five years are based on the five-year business plan formulated by Group Management

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and approved by the Board. For cash flows after five years, the annual growth rate has been assumed to be 2 (0) per cent.

Operating margin
The operating margin is based on the units' operating income after depreciation and amortisation. Each unit's operating margin is calculated against the backdrop of historical results and Saab's expectations with regard to the future development of markets where the units are active. All business areas have a substantial order backlog of projects that stretch over a number of years. The risks and opportunities affecting the operating margin are managed through continuous cost forecasts for all significant projects. The operating margin is based on current projections of final costs.

Capitalised development costs
In the five-year business plans, consideration is given to additional investments in development considered necessary for certain units to reach the growth targets in their respective markets.

Discount rate
Discount rates are based on the weighted average cost of capital (WACC). The WACC rate that is used is based on a risk-free rate of interest in ten years adjusted for, among other things, market risks. The discount rate is in line with the external requirements placed on Saab and similar companies in the market.
All units have sales of defence materiel, unique systems, products and support solutions in the international market as their primary activity, and their business risk in this respect is considered equivalent.
Recent years' order bookings have increased the share of projects across business areas and changed the composition of the order backlog for certain units, which complicates a differentiation of discount rates between business areas. As a result, Saab has decided to apply a uniform discount rate in the impairment tests. The discount rate (WACC) used in 2023 was 10 per cent (10) pre-tax.

Sensitivity analysis
Group Management considers that reasonable possible changes in the above variables would not have such a large impact that any one variable individually would reduce the recoverable amount to less than the carrying amount.

Note 16. Tangible fixed assets

Accounting principles
Tangible fixed assets are recognised at cost after deducting accumulated depreciation and any write-down.

Depreciation
Depreciation is recognised on a straight-line basis based on the asset's cost less estimated residual value at the end of the period of use, over the asset's estimated period of use. Land is not depreciated. Component depreciation is applied, which means that fixed assets consisting of various components, or where significant parts have different periods of use, are depreciated as separate assets based on their periods of use.

Estimated periods of use:
- Operating properties/buildings: 20–90 years.
- Plant and machinery: 5–10 years.
- Equipment, tools, installations and computers: 3–10 years.

Each asset's residual value and period of use are estimated annually.

Impairment of tangible assets
The carrying amount of fixed assets, with the exception of assets measured at fair value, is tested on each closing day for indications of impairment. If an indication exists, the asset's recoverable amount is calculated.

	Group		Parent Company	
MSEK	**31-12-2023**	**31-12-2022**	**31-12-2023**	**31-12-2022**
Operating properties/ buildings and land[1)]	3,093	2,896	1,671	1,513
Plant and machinery	2,315	2,100	1,291	1,304
Equipment, tools and installations	1,656	1,411	1,019	912
Construction in progress	2,437	1,558	1,395	1,073
Total	**9,501**	**7,965**	**5,376**	**4,802**

1) In the Group, the reported amount refers to operating properties. In the Parent Company, the reported amount refers to buildings and land.

Operating properties/buildings and land[1)]

	Group		Parent Company	
MSEK	**2023**	**2022**	**2023**	**2022**
Acquisition value				
Opening balance, 1 January	6,127	5,793	2,483	2,485
Investments	321	118	225	56
Divestments, disposals and reclassifications	3	161	-19	-58
Translation differences	-38	55	-	-
Closing balance, 31 December	**6,413**	**6,127**	**2,689**	**2,483**
Depreciation and write-downs				
Opening balance, 1 January	-3,231	-3,084	-1,867	-1,798
Depreciation for the year	-104	-127	-52	-75
Divestments, disposals and reclassifications	5	5	4	6
Translation differences	10	-25	-	-
Closing balance, 31 December	**-3,320**	**-3,231**	**-1,915**	**-1,867**
Revaluations				
Opening balance, 1 January	-	-	897	897
Closing balance, 31 December	**-**	**-**	**897**	**897**
Carrying amount, 31 December	**3,093**	**2,896**	**1,671**	**1,513**

1) In the Group, the reported amount refers to operating properties. In the Parent Company, the reported amount refers to buildings and land.

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Plant and machinery

MSEK	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Acquisition value				
Opening balance, 1 January	6,543	5,952	3,827	3,648
Investments	507	476	177	237
Business combinations	79	-	-	-
Reclassifications	48	79	13	57
Divestments and disposals	-508	-153	-16	-115
Translation differences	-61	189	-	-
Closing balance, 31 December	**6,608**	**6,543**	**4,001**	**3,827**
Depreciation and write-downs				
Opening balance, 1 January	-4,443	-4,106	-2,523	-2,430
Depreciation for the year	-350	-338	-205	-209
Business combinations	-39	-	-	-
Reclassifications	-3	19	2	11
Divestments and disposals	508	124	16	105
Translation differences	34	-142	-	-
Closing balance, 31 December	**-4,293**	**-4,443**	**-2,710**	**-2,523**
Carrying amount, 31 December	**2,315**	**2,100**	**1,291**	**1,304**

Equipment, tools and installations

MSEK	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Acquisition value				
Opening balance, 1 January	4,278	3,734	2,838	2,471
Investments	666	621	418	455
Business combinations	12	-	-	-
Reclassifications	34	-46	-10	-12
Divestments and disposals	-172	-102	-137	-76
Translation differences	-26	71	-	-
Closing balance, 31 December	**4,792**	**4,278**	**3,109**	**2,838**
Depreciation and write-downs				
Opening balance, 1 January	-2,867	-2,527	-1,926	-1,695
Depreciation for the year	-458	-424	-310	-308
Business combinations	-7	-	-	-
Reclassifications	14	28	10	5
Divestments and disposals	166	98	136	72
Translation differences	16	-42	-	-
Closing balance, 31 December	**-3,136**	**-2,867**	**-2,090**	**-1,926**
Carrying amount, 31 December	**1,656**	**1,411**	**1,019**	**912**

Construction in progress

MSEK	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Acquisition value				
Opening balance, 1 January	1,558	1,385	1,073	849
Investments	1,013	409	322	246
Reclassifications	-121	-274	0	-22
Translation differences	-13	38	-	-
Carrying amount, 31 December	**2,437**	**1,558**	**1,395**	**1,073**

Investments in construction in progress refer to a net of new investments and reclassifications to other asset classes.

Collateral
On 31 December 2023 property with a carrying amount of MSEK 0 (0) was pledged as collateral for bank loans.

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Note 17. Leasing

The Group's and the Parent Company's obligations as a lessee mainly involve premises and buildings for production and/or administration. The Group's other leases mainly relate to aircraft and vehicles. Leases are normally signed for fixed periods over several years, but may include an option to extend, as described in more detail below. The Group or the Parent Company has no material obligations as a lessor.

The terms are negotiated separately for each lease and contain a large number of contractual terms. The leases do not contain any special terms or restrictions whereby the contracts could be terminated if the terms are not met, but the leased assets may not be used as collateral for loans.

Accounting principles

Leases are recognised as right-of-use assets and a corresponding liability on the date the leased asset is available for use by the Group. Each lease payment is divided between amortisation of the liability and financial cost. The financial cost is allocated over the lease term so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognised in that period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's period of use and the term of the lease.

The lease payments are discounted by the implicit interest rate if that rate can easily be determined, or otherwise by the incremental borrowing rate.Saab sets the incremental borrowing rate for different maturities by constructing a rate curve based on the interbank interest rate swap curve adjusted with Saab's credit risk. The credit risk of a liability with the underlying asset type as collateral is added. The rate is recalculated if the lessee within the Saab Group has a functional currency other than SEK. The rate is also adjusted for differences in credit risk between the Group company in question and the Saab Group. Saab uses market data in the form of swap rates, for example, to calculate the incremental borrowing rate. If a quote is not available for a variable for a specific maturity, interpolation or extrapolation is applied. The key judgments made in determining the incremental borrowing rate mainly comprise assumptions about the mark-up for lessee-specific credit risk and collateral-specific credit risk. The mark-up for the credit risk is based on listed bonds with similar underlying credit risk.

Lease payments for short-term leases and leases of low-value assets are expensed on a straight-line basis in the income statement. Short-term leases are leases of 12 months or less.

Options to extend and terminate are included in a number of the Group's leases on premises and buildings. The terms are used to maximise the flexibility in managing the contracts. When determining the term of the lease, available information is taken into account if it provides an economic incentive to exercise an extension option, or to not exercise an option to terminate a lease. Possibilities to extend a lease are included in the term of the lease only if it is reasonably certain that the lease will be extended (or not terminated). The key judgments made when determining the lease term have been based on Saab's judgments when dividing leases into groups based on whether they are of a strategic nature or not. Strategic nature refers to premises that contain production equipment which is difficult to move or for which Saab for some other reason has an economic incentive to exercise an option. The lease term for these contracts is regularly assessed, whereupon extension options are more likely to be included the shorter the remaining term is. For leases that are not of a strategic nature, Saab has determined that there are no economic incentives to exercise options that affect the lease term. It happens, however, that options to extend which have not been taken into account in the calculation of the lease liability are exercised even though the initial judgment was that there was no significant economic incentive to exercise the extension option.

Interest costs on lease liabilities are presented as financial costs in the income statement.

Cash flows from leases are classified and presented as follows:

- The lease liability's amortisation is included in financing activities.
- Interest payments are included in cash flows from operating activities.
- Payments for short-term leases and payments for leases for which the underlying asset has a low value and is not included in the valuation of the lease liability are presented in operating activities.

The following tables provide information on leases.

Right-of-use assets

MSEK	Properties	Other	Group
Opening balance, 1 January 2022	2,034	438	2,472
New leases	205	84	289
Depreciation	-397	-129	-526
Revaluation [1]	398	2	400
Translation differences	41	6	47
Closing balance, 31 December 2022	**2,281**	**401**	**2,682**
Opening balance, 1 January 2023	2,281	401	2,682
New leases	98	167	265
Depreciation	-446	-149	-595
Revaluation [1]	208	4	212
Translation differences	-9	-1	-10
Closing balance, 31 December 2023	**2,132**	**422**	**2,554**

1) Revaluation primarily refers to extensions of existing contracts but also indexation and early termination of contracts.

Lease liabilities

	Group	
MSEK	2023	2022
Opening balance lease liabilities, 1 January	2,794	2,543
of which long-term leases	*2,240*	*2,061*
of which short-term leases	*554*	*482*
New leases	270	270
Expensed interest	139	106
Lease fees paid	-725	-630
Revaluation [1]	215	414
Translation differences	-18	91
Closing balance, 31 December	**2,675**	**2,794**
of which long-term leases	*2,078*	*2,240*
of which short-term leases	*597*	*554*

1) Revaluation primarily refers to extensions of existing contracts but also indexation and early termination of contracts.

Of the lease liabilities, undiscounted lease fees due within one year from the closing day amount to MSEK 863 (610), MSEK 1,163 (1,364) in the range from one to three years and MSEK 859 (980) are due later than three years from the closing day. Lease fees during periods in scope of an extension option which have not been included in the calculation of the lease liability amount to MSEK 1,556 (1,423). The amount has been calculated on the basis of one extension period per contract.

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In addition to the leases reported as of the closing day, the Group has signed two leases on properties with estimated access during the fourth quarter 2025. The rental terms are five and 20 years respectively and generates a total rental commitment of approximately SEK 1.8 billion.

Result from leases that are not recognised as right-of-use assets and lease liabilities

	Group	
MSEK	**2023**	**2022**
Costs for short-term leases	23	34
Costs for leases for assets of low-value	8	8
Total	**31**	**42**

Lease fees paid for leases that are not recognised as right-of-use assets and lease liabilities amounted to MSEK 31 (42) whereby the Group paid total lease fees of MSEK 756 (672). Contractual obligations for short-term leases amounted to MSEK 12 (10) as of 31 December 2023.

The following table provide the result of lease contracts for the Parent Company.

	2023		2022	
MSEK	**Buildings and land**	**Plant and machinery**	**Buildings and land**	**Plant and machinery**
Expensed lease fees	364	146	352	126
of which variable lease fees	-	-	-	-
Contracted lease fees				
Within 1 year	378	320	355	105
1 to 3 years	836	81	840	269
Later than three years	775	1	870	0
Total contracted	**1,989**	**402**	**2,065**	**374**

Note 18. Biological assets

Accounting principles
Biological assets comprise forest property that is recognised at fair value less deduction for estimated selling expenses. Changes in fair value is recognised in the income statement. The fair value is based on a valuation of an independent appraiser.

	Group	
MSEK	**2023**	**2022**
Living forest		
Carrying amount, 1 January	408	385
Investments	-	-
Divestments	-	-37
Change in fair value	23	70
Less fair value logging	-17	-10
Carrying amount, 31 December	**414**	**408**
Of which fixed assets	414	408

On 31 December 2023, biological assets consisted of approximately 375,000 m³sk of spruce, 784,000 m³sk of pine and 89,000 m³sk of hardwood. Forest growth is estimated at 37,000 m³sk per year. During the year, approximately 36,000 m³sk of timber was felled, which had a fair value in the Group, after deduction of selling expenses, of MSEK 17 on the felling date.

The valuation of forests has been done by independent appraisers. The forestry property has been valued according to the market comparison method. In the valuation according to the market comparison method, the environmental impact from a firing range within the property has not been taken into account. An adjustment for the environmental impact has therefore been made by reducing fair value by an amount corresponding to the market value of the size of the firing range (4,457 hectares) less the value of the timber.

The divestment in 2022 was attributable to a subsidiary of Saab AB that sold forest property at a market price of MSEK 54 to Kopparfors Skogar, a subsidiary owned by Wallenberg Investments AB.

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Note 19. Shares in associated companies and joint ventures

Accounting Principles
Associated companies are companies over which the Group has a significant, but not decisive, influence over operating and financial controls, usually through a shareholding of between 20 and 50 per cent of the votes. Joint ventures are companies in which the Group, through a cooperative agreement with one or more parties, shares a decisive influence over operating and financial controls. As of the date that significant influence in an associated company and shared decisive influence in a joint venture arises, the shares in the associated company or joint venture are recognised according to the equity method in the consolidated accounts. The equity method is applied until the date when significant or shared decisive influence ceases.

Associated companies and joint ventures

	Group	
MSEK	**2023**	**2022**
Carrying amount, 1 January	343	404
Acquisition of associated companies and joint ventures	-	4
Sales of associated companies and joint ventures	-6	-
Share of income in associated companies and joint ventures [1]	-685	-97
New share issues/infusion of capital	55	25
Adjustment against receivable	584	36
Translation differences	-2	15
Dividends	-36	-44
Carrying amount, 31 December	**253**	**343**

1) Share of associated companies' and joint ventures' net income and non-controlling interests.

The Group's associated companies and joint ventures are held for operating purposes, i.e. they are related to operations of the business areas or in the venture portfolio and are therefore recognised in operating income.

Aggregate net income for Saab's associated companies amounted to MSEK -1,284 (-186) and other comprehensive income/loss to MSEK -2 (31), producing net comprehensive income/loss of MSEK -1,286 (-155).

For Saab's joint ventures, net income amounted to MSEK 0 (-10) and other comprehensive income to MSEK 0 (0), producing net comprehensive income of MSEK 0 (-10).

Saab's share of income in associated companies and joint ventures amounts to MSEK -685 (-97).

Shares in associated companies and joint ventures as of 31 December 2023 include goodwill of MSEK 20 (48).

The Group's share of sales, income, assets, liabilities, equity, and the carrying amount of shares in associated companies and joint ventures is as follows.

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2023, MSEK	Country	Sales	Income	Assets	Liabilities	Equity	Ownership interest, %[1]	Share of income in associated companies and joint ventures	Carrying amount, shares in associated companies and joint ventures
Associated companies									
FFV Services Private Limited	India	45	18	91	16	75	49.0%	9	37
Taurus Systems GmbH	Germany	317	1	174	141	33	33.0%	0	11
UMS Skeldar AG	Switzerland	144	-1,264	128	128	0	49.8%	-630[2]	0
Wah Nobel (Pvt) Ltd	Pakistan	350	4	457	94	363	27.0%	1	98
Other associated companies, mainly in the ventures portfolio		1,071	-43	802	535	267		-7	92
Total associated companies		**1,927**	**-1,284**	**1,652**	**914**	**738**		**-627**	**238**
Divested during 2023									
Akaer Participacões S.A.	Brazil						-	-58[3]	-
Joint ventures									
Järfälla-Veddesta Holdings AB	Sweden	0	0	711	667	44	35.0%	0	15
Total joint ventures		**0**	**0**	**711**	**667**	**44**		**0**	**15**
Total		**1,927**	**-1,284**	**2,363**	**1,581**	**782**		**-685**	**253**

1) The ownership interest of each holding represents both ownership and voting rights.
2) Includes write-down of Saab's share with MSEK 436. See note 43 Items affecting comparability.
3) Includes write-down of Saab's share with MSEK 58. See note 43 Items affecting comparability.

2022, MSEK	Country	Sales	Income	Assets	Liabilities	Equity	Ownership interest, %[1]	Share of income in associated companies and joint ventures	Carrying amount, shares in associated companies and joint ventures
Associated companies									
Akaer Participacões S.A.	Brazil	237	-5	420	290	130	42.2%	-2	55
FFV Services Private Limited	India	43	15	141	11	130	49.0%	7	64
S.N. Technologies SA	Switzerland	0	2	23	2	21	50.0%	1	10
Taurus Systems GmbH	Germany	279	6	222	190	32	33.0%	2	11
UMS Skeldar AG	Switzerland	96	-239	448	448	0	47.0%	-113	0
Wah Nobel (Pvt) Ltd	Pakistan	344	27	440	93	347	27.0%	7	94
Other associated companies, mainly in the ventures portfolio		1,063	8	725	450	275		4	94
Total associated companies		**2,062**	**-186**	**2,419**	**1,484**	**935**		**-94**	**328**
Joint ventures									
Järfälla-Veddesta Holdings AB	Sweden	0	-10	720	677	43	35.0%	-3	15
Total joint ventures		**0**	**-10**	**720**	**677**	**43**		**-3**	**15**
Total		**2,062**	**-196**	**3,139**	**2,161**	**978**		**-97**	**343**

1) The ownership interest of each holding represents both ownership and voting rights.

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Note 20. Parent company's shares in associated companies and joint ventures

MSEK	Parent Company 2023	Parent Company 2022
Accumulated acquisition value		
Opening balance, 1 January	368	349
Acquisitions	-	19
Divestments	-	-
Write-downs	-294[1)]	-
Closing balance, 31 December	**74**	**368**
Carrying amount, 31 December	**74**	**368**

1) Refers to UMS Skeldar AG and Akaer Participacões S.A.

Specification of Parent Company's (co-owner's) directly owned holdings of shares in associated companies and joint ventures

MSEK	2023 % of votes and capital	2023 Carrying amount
Associated companies		
Kedtech Holding AB, 556945-3748, Stockholm	23.0	0
Skill Scandinavia AB, 556060-5478, Linköping	33.0	2
AVIA SATCOM Co Ltd, Thailand	25.1	0
UMS Skeldar AG, CHE-113.226.140, Switzerland	49.8	0
Combient AB, 556985-1560, Järfälla	24.9	35
Joint ventures		
Järfälla-Veddesta Holdings AB, 559025-4024, Linköping	35.0	37
Total		**74**

Industrigruppen JAS AB was liquidated during 2023.

MSEK	2022 % of votes and capital	2022 Carrying amount
Associated companies		
Akaer Participacões S.A., Brazil	42.2	36
Kedtech Holding AB, 556945-3748, Stockholm	23.0	0
Skill Scandinavia AB, 556060-5478, Linköping	33.0	2
AVIA SATCOM Co Ltd, Thailand	25.1	0
UMS Skeldar AG, CHE-113.226.140, Switzerland	47.0	258
Combient AB, 556985-1560, Järfälla	24.9	35
Joint ventures		
Järfälla-Veddesta Holdings AB, 559025-4024, Linköping	35.0	37
Industrigruppen JAS AB, 556147-5921, Stockholm	80.0	0
Total		**368**

Note 21. Receivables from group companies

MSEK	Parent Company: Long-term receivables from Group companies 2023	Long-term receivables from Group companies 2022	Long-term receivables from associated companies and joint ventures 2023	Long-term receivables from associated companies and joint ventures 2022
Accumulated acquisition value				
Opening balance, 1 January	91	91	539	397
Change in reserve for excepted credit losses	-	-	24	-7
Realised loss on receivables	-	-	-630	-
Settled receivables	-1	-	-27	-10
Additional receivables	-	-	317	133
Translation differences	-	-	15	26
Closing balance, 31 December	**90**	**91**	**238**	**539**

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Note 22. Other long-term securities holdings

MSEK	Parent Company 2023	2022
Accumulated acquisition value		
Opening balance, 1 January	133	52
Acquisitions	1,026	81
Closing balance, 31 December	**1,159**	**133**
Accumulated write-downs		
Opening balance, 1 January	-17	-17
Closing balance, 31 December	**-17**	**-17**
Carrying amount, 31 December	**1,142**	**116**

Acquisitions in 2023 refers to AMEXCI AB, Helsing GmbH, and Aegir Bidco B.V.

Note 23. Long-term receivables and other receivables

MSEK	Group 31-12-2023	31-12-2022
Long-term receivables held as fixed assets		
Receivables from associated companies, interest-bearing	117	380
Receivables from joint ventures, interest-bearing	174	184
Other interest-bearing receivables	42	-
Receivables attributable to pensions, interest-bearing	59	19
Other non interest-bearing receivables	123	112
Total	**515**	**695**

MSEK	Group 31-12-2023	31-12-2022
Other receivables held as current assets		
Receivables from associated companies, interest- bearing	2	7
Receivables from associated companies, non interest- bearing	2	63
Receivables from joint ventures, non interest-bearing	18	19
Advance payments to suppliers	1,136	374
Other interest-bearing receivables	71	60
Other non interest-bearing receivables	963	709
Total	**2,192**	**1,232**

MSEK	Parent Company 31-12-2023	31-12-2022
Other long-term receivables		
Interest-bearing receivables	42	-
Non interest-bearing receivables	17	16
Total	**59**	**16**

MSEK	Parent Company 31-12-2023	31-12-2022
Other receivables held as current assets		
Positive market value related to FX forwards	349	384
Other non interest-bearing receivables	436	398
Total	**785**	**782**

MSEK	Parent Company 31-12-2023	31-12-2022
Long-term receivables		
Accumulated acquisition value		
Opening balance, 1 January	16	18
Additional receivables	78	-
Settled receivables	-	-2
Write-downs	-35	-
Closing balance, 31 December	**59**	**16**

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Note 24. Inventories

Accounting principles
Inventories are valued at the lower of cost and net realisable value. The net realisable value is the estimated selling price in continuing operations after deducting estimated expenses for completion and expenses incurred in selling.

Cost is calculated by applying the first-in first-out method (FIFO) or the weighted average method and includes expenses to acquire inventory assets and bring them to their present location and condition. For finished and semifinished goods, cost consists of direct manufacturing expenses and a reasonable share of indirect manufacturing expenses as well as expenses to customise products for individual customers. Calculations take into account normal capacity utilisation.

	Group	
MSEK	**31-12-2023**	**31-12-2022**
Raw materials and consumables	9,626	7,277
Work in progress	6,130	5,512
Finished goods and goods for resale	1,030	1,406
Total	**16,786**	**14,195**

The Group's cost of goods sold includes inventory write-downs of MSEK 170 (116). The reversal of previous write-downs amounted to MSEK 215 (47).

	Parent Company	
MSEK	**31-12-2023**	**31-12-2022**
Raw materials and consumables	5,196	3,699
Work in progress	3,946	3,490
Finished goods and goods for resale	848	1,213
Advance payments to suppliers	661	302
Total	**10,651**	**8,704**

Cost of goods sold for the Parent company includes inventory write-downs of MSEK 128 (88) and reversals of previous write-downs of MSEK 199 (42).

Note 25. Accounts receivable

Accounting principles
Accounts receivable are initially recognised at fair value and subsequently at amortised cost at the amount expected to be received based on an individual evaluation. Accounts receivable have a short expected maturity, accordingly, they are normally recognised at their nominal amount without discounting.

Impairment losses on accounts receivable and contract assets from defence-related operations are evaluated based on expected credit losses due to defaults within the coming twelve months. These tests are done individually by counterparty. The evaluation is primarily based on counterparty credit risk after consideration of collateral received. Data primarily include official credit rating grades for counterparties.

Impairment losses on accounts receivable from commercial operations are tested based on a probability-weighted outcome for expected credit losses. The calculation is based on an individual assessment of the solvency of the customer and on incurred customer losses in the last ten financial years, from which a worse-case scenario, default scenario and better-case scenario is calculated. The default scenario has been calculated using the average of actual customer losses during these ten years. The other two scenarios have been calculated based on historical information as well as forward-looking information such as future outlooks and economic forecasts. Each scenario has been assigned a probability, where the default scenario is weighted 70 (70) per cent in the calculation and the other two scenarios 15 (15) per cent each. Finally, an evaluation is performed, both for defence-related and civil operations, in order to identify whether adjutsments to the caluclated provision is needed to capture credit risk that is not captured by the calculation models. This evaluation has resulted in an adjustment to the loss provision related to the civil operations of MSEK 0 (10).

Contract assets recognised in the balance sheet for work to be billed essentially have the same risk characteristics as work already billed for the same type of contract. The Group therefore applies the same assessment for expected credit losses in contract assets as for account receivables.

Impairment of accounts receivable is recognised as operating expenses.

Accounts receivable are written off when the counterparty is no longer expected to be able to pay its debt which can be indicated by final settlement from liquidation of the counterparty or other information that cause Saab to deem that no reimbursement is likely.

As of 31 December 2023 the Group's outstanding accounts receivable amounted to MSEK 7,244 (6,045) of which MSEK 6,319 (5,263) were attributable to defense-related operations. Contract assets amounted to MSEK 12,316 (9,911) of which 11,549 (9,069) were attributable to defence-related operations.

Defence-related sales accounted for 90 per cent (89) of total sales, accordingly counterparties in the major part of accounts receivables are nations with high creditworthiness. The Group's receivables are mainly within the EU, which accounted for 61 per cent (65) of the total. Where counterparties' creditworthiness is deemed unsatisfactory, bank or insurance guarantees or guarantees from EKN are secured.

Write-downs of accounts receivable and contract assets amounted to MSEK 64 (80) as of 31 December 2023, corresponding to 0.9 per cent (1.3) of total accounts receivable. Write-downs are entirely attributable to accounts receivable. MSEK 44 (51) of the write-down is attributable to defence-related operations and MSEK 20 (29) to civil operations.

Accounts receivable in the Parent Company amounted to MSEK 3,300 (2,291). During the year, receivables were written down with MSEK 1 (6). Reversals of previous write-downs amounted to MSEK 6 (1).

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Write-downs of accounts receivable, Group

MSEK	2023 Defence related operations	2023 Civil operations	2023 Total
Write-downs, 1 January	-51	-29	-80
Write-downs for calculated losses	-2	-1	-3
Reversal of previous write-downs	7	11	18
Actual credit losses	0	0	0
Translation differences	2	-1	1
Write-downs, 31 December	**-44**	**-20**	**-64**

MSEK	2022 Defence related operations	2022 Civil operations	2022 Total
Write-downs, 1 January	-49	-28	-77
Write-downs for calculated losses	-8	-1	-9
Reversal of previous write-downs	7	0	7
Actual credit losses	0	0	0
Translation differences	-1	0	-1
Write-downs, 31 December	**-51**	**-29**	**-80**

Age analysis of the Group's overdue receivables

MSEK	2023 Defence related operations	2023 Civil operations	2023 Total
<30 days	720	84	804
30 to 90 days	219	31	250
91 to 180 days	63	34	97
>181 days	255	35	290
Accounts receivable overdue	**1,257**	**184**	**1,441**
Accounts receivable not overdue	5,062	741	5,803
Total accounts receivable	**6,319**	**925**	**7,244**

MSEK	2022 Defence related operations	2022 Civil operations	2022 Total
<30 days	595	71	666
30 to 90 days	311	49	360
91 to 180 days	83	7	90
>181 days	237	11	248
Accounts receivable overdue	**1,226**	**138**	**1,364**
Accounts receivable not overdue	4,037	644	4,681
Total accounts receivable	**5,263**	**782**	**6,045**

Note 26. Prepaid expenses and accrued income

MSEK	Group 31-12-2023	Group 31-12-2022	Parent Company 31-12-2023	Parent Company 31-12-2022
Prepaid expenses	762	641	721	612
Deferred realised losses from cash flow hedges	-	-	1,830	1,869
Accured service income	194	136	46	15
Other accrued income	327	324	256	337
Total	**1,283**	**1,101**	**2,853**	**2,833**

Prepaid expenses primarily relate to pension premiums, rents, licenses and insurance.

Note 27. Liquid assets

Accounting principles
Liquid assets consist of cash and cash equivalents, immediately accessible balances with banks and similar institutions, and short-term liquid investments with a maturity from acquisition date of less than three months, which are exposed to no more than an insignificant risk of fluctuation in value.

MSEK	Group 31-12-2023	Group 31-12-2022
Cash and bank balances	1,629	1,619
Bank deposits	500	1,250
Total according to statement of financial position	**2,129**	**2,869**
Total according to statement of cash flows	**2,129**	**2,869**

Bank deposits relate to short-term investments, with a maturity of less than three months. The Group's unutilised account overdraft facility amounted to msek 88 (66) at year-end. With regard to the Group's other loan facilities, refer to notes 30 and 35.

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Note 28. Shareholders' equity

The shares in the Parent Company are divided into two series, A and B. Both classes of shares carry equal rights, with the exception that each Series A share is entitled to ten votes and each Series B share one vote. The shares have a quota value of SEK 16.

Outstanding shares

31 December 2023	Number of shares	Number of shares, %	Number of votes, %
Series A shares	2,383,903	1.8%	15.4%
Series B shares	130,863,412	98.2%	84.6%
Total	**133,247,315**	**100.0%**	**100.0%**

31 December 2022	Number of shares	Number of shares, %	Number of votes, %
Series A shares	2,383,903	1.8%	15.5%
Series B shares	130,104,981	98.2%	84.5%
Total	**132,488,884**	**100.0%**	**100.0%**

Change in number of outstanding shares

2023	Series A	Series B	Total
Number of outstanding shares at 1 January	2,383,903	130,104,981	132,488,884
Matching and allotment in long-term incentive programmes		758,431	758,431
Number of outstanding shares at 31 December	**2,383,903**	**130,863,412**	**133,247,315**

In 2023, 758,431 shares were matched or alloted in Saab's long-term incentive programmes. Transferred shares correspond to 0.6 per cent of the share capital. No shares were repurchased during the year. A total of 2,598,532 shares are held in treasury after this year's matching. The dividend to shareholders during the year amounted to MSEK 703 (647), or SEK 5.30 (4.90) per share.

Proposed disposition of earnings 2023

The Board of Directors and the President and CEO propose that the unappropriated earnings in the Parent Company at disposal of the Annual General Meeting, amounting to:

SEK	
Retained earnings	6,092,321,033
Share premium reserve	5,557,130,127
Net income for the year	2,107,441,182
Total	**13,756,892,342**

be disposed as follows:	
To the shareholders, a dividend of SEK 6.40 per share	852,782,816
To share premium reserve	5,557,130,127
Funds to be carried forward	7,346,979,399
Total	**13,756,892,342**

Management of the Group's capital
The Group's capital under management consists of equity. The Group's capital management goal is to facilitate continued operating growth and to remain prepared to capitalise on business opportunities. Saab's equity/asset target is to exceed at least 30 per cent.

Net result of cash flow hedges
The net result of cash flow hedges comprise the effective share of the cumulative net change in fair value of a cash flow hedging instrument attributable to hedge transactions that have not yet occured.

Translation reserve
The translation reserve comprise exchange rate differences that arise from the translation of financial reports from operations that have prepared their reports in a currency other than the currency of the Group's financial reports. The Parent Company and the Group present their financial reports in SEK. The translation reserve at year-end amounts to MSEK 785 (1,192). During 2023 MSEK 61 (0) were reclassified from the translation reserve to the income statement.

Parent company

Restricted reserves
Restricted reserves may not be reduced through profit distributions.

Revaluation reserve
When a tangible or financial fixed asset is revaluated, the revaluation amount is allocated to a revaluation reserve.
Statutory reserve
Provisions to the statutory reserve have previously amounted to at least 10 per cent of net income for the year, until the statutory reserve corresponded to at least 20 per cent of the Parent Company's capital stock. As of 2006 provisions are voluntary and the Parent Company makes no provisions to the statutory reserve.

Unrestricted equity
Share premium reserve
Amounts exceeding the quota value per share received in connection with rights issues. The amount is available for distribution to the shareholders.

Retained earnings
Retained earnings consist of previous year's unrestricted equity after any profit distribution. Retained earnings together with net income for the year comprise unrestricted equity, available for distribution to the shareholders.

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Note 29. Interest-bearing liabilities

MSEK	Group 31-12-2023	Group 31-12-2022
Long-term liabilities		
Bonds and other debt instruments	6,870	6,704
Other interest-bearing liabilities	45	45
Total	**6,915**	**6,749**
Current liabilities		
Bonds and other debt instruments	400	397
Liabilities to associated companies and joint ventures	49	48
Other interest-bearing liabilities	4	-
Total	**453**	**445**
Total interest-bearing liabilities	**7,368**	**7,194**

Terms and repayment schedules

Collateral for loans amounts to MSEK 0 (0). Of the long-term liabilities, MSEK 3,549 (2,794) falls due between one and five years of the closing day and MSEK 3,366 (3,955) later than five years of the closing day. The undiscounted cashflows in the interval between one and three years from the closing day are MSEK 1,508 (1,271), MSEK 2,652 (1,834) between three and five years and MSEK 4,399 (5,885) later than five years from the closing day. The interest rate curve as of the closing day has been used to calculate future cashflows from floating rate liabilities.

Bonds and other debt instruments consist of Medium Term Notes (MTN). The comparative period also included Schuldschein loans. For more information on financial risk management, see note 35.

The fair value of MTNs is MSEK 203 (148) lower than the book value. Except for MTNs and Schuldschein loans, there is no significant difference between book and fair value.

Note 30. Bonds and other debt instruments

MSEK	Parent company 31-12-2023	Parent company 31-12-2022
Current liabilities		
Overdraft facilities: Available credit/limit	88	66
Short-term portion of bank loans: Unutilised portion	-88	-66
Utilised credit amount	**-**	**-**
Credit facility: Medium Term Notes (MTN)	400	230
Credit facility: Schuldschein (SSD)	-	167
Total	**400**	**397**
Long-term liabilities		
Credit facilities: Available credit/limit (revolving credit facility)	6,000	6,000
Unutilised portion of revolving credit facility	-6,000	-6,000
Utilised credit amount	**-**	**-**
Credit facility: Medium Term Notes (MTN)	6,870	6,704
Credit facility: Schuldschein (SSD)	-	-
Total	**6,870**	**6,704**
Total bonds and other debt instruments	**7,270**	**7,101**

Since 2009, Saab has a Medium Term Note programme (MTN) to enable the issuance of long-term loans on the capital market. In 2018, the MTN programme was increased to MSEK 10,000. During the year new bonds with tenors to 2028 were issued at a total amount of MSEK 1,250. Bonds were repurchased to an amount of MSEK 686 and matured to an amount of MSEK 230. As a result, outstanding loans under the MTN programme totaled MSEK 7,269 (6,935) with a corresponding carrying value of MSEK 7,270 (6,934). In addition to the MTN programme, Saab also has a commercial paper program with a limit of MSEK 5,000 (5,000). Issues of commercial papers amounted to MSEK 0 (0).

In December 2015, Saab signed Schuldschein loans amounting to MEUR 100, the final outstanding loan of MEUR 15 matured during the year.

In September 2021 Saab signed two revolving credit facilities of MSEK 4,000 maturing 2026 and MSEK 2,000 maturing 2023 with one plus one year extension option. The last option was utilised during the year extending maturity to 2025. No credit facility has been utilised during the year.

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Note 31. Post-employment benefits

The Saab Group's post-employment benefits refer to pensions. These pensions comprise both defined-contribution and defined-benefit plans. A defined-contribution plan is a pension plan according to which the Group pays fixed fees to a separate legal entity that assumes the obligations to employees. Other pension plans are defined-benefit and refer to pension obligations that are retained by the Group, secured through its own pension funds or through insurance.

Accounting principles group

Defined-contribution plans

Obligations for fees to defined-contribution plans are expensed through the income statement.

Defined-benefit plans

Saab has around ten different types of defined-benefit plans. Defined-benefit plans mainly relate to the Swedish operations, where the ITP2 plan accounts for 94 per cent (93) of the total obligation.

The Group's net obligation for defined-benefit plans is calculated separately for each plan by estimating the future compensation that employees have earned through employment in present and previous periods. This compensation is discounted to present value. Most of the liability is met through provisions to a pension fund. The net obligation on the closing day is estimated as the net of the fair value of the fund assets and the present value of the pension liability.

The discount rate to estimate the obligation at present value is based on the interest rate on the closing day for first-class corporate bonds, if available, with a maturity corresponding to the pension obligation. The discount rate for Sweden is based on Swedish covered mortgage bonds (AAA) taking into account the duration of all cash flows. The calculation is made by qualified actuaries using the Projected Unit Credit Method.

When the compensation terms in a plan are improved, the portion of the increased compensation attributable to the employees' service in previous periods is expensed through the income statement.

If the obligation calculated on the closing day deviates from the estimated obligation, actuarial gains or losses arise and are recognised directly in other comprehensive income. The same interest rate is used to calculate financial income on assets under management as to discount pension liabilities.

If pension obligations are lower than assets under management, this amount is recognised as an asset.

When there is a difference between how the pension cost is determined for a legal entity and for the Group, a liability or receivable is recognised for the special employer's contribution based on this difference.

The following tables provide information on defined-benefit pension plans.

Sweden

The predominant plan in Sweden is the ITP plan under collective agreements between the Confederation of Swedish Enterprise and the Negotiation Cartel for Salaried Employees in the Private Business Sector (PTK). The ITP2 plan, which is based on an employee's final salary, covers individuals born 1978 and before and is a defined-benefit plan, while the ITP1 plan is a defined-contribution plan and covers individuals born 1979 and after.

Saab's defined-benefit pension plans in Sweden are secured either through transfers to the Group's own pension fund, as liabilities in the balance sheet or are funded through insurance mainly with Alecta. The Saab Pension Fund, which secures part of the ITP2 plan, had assets of MSEK 8,802 (8,120) as of 31 December 2023, compared to an obligation of MSEK 10,152 (9,015), calculated according to IAS 19, which means that the solvency margin amounted to 87 per cent (90).

The following applies to the portion of the defined-benefit pension obligation for retirement and family pensions secured through insurance with Alecta. According to a pronouncement by the Swedish Corporate Reporting Board, this is a defined-benefit plan for multiple employers. Alecta is unable to provide the information that would allow Saab to report these obligations as a defined-benefit plan, owing to which they are reported as a defined-contribution plan. All newly earned pensions are secured through the pension fund solution. As a result, no additional premiums are paid to Alecta. The collective funding ratio is calculated as the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial methods and assumptions, which differ from IAS 19.

The collective funding ratio is normally permitted to range between 125 and 175 per cent.

USA

In the US, the defined-benefit plan for certain employees has been terminated in 2023. Benefits paid from the plan was MSEK 200 related to the termination of the plan. The remaining pension obligation is related to a supplementary plan for individuals in executive positions.

Switzerland

Switzerland has a defined-benefit plan that includes all employees and where minimum benefits are prescribed by law. The company is affiliated with a collective foundation for the purpose of insuring its employees' retirement and survivor's pension, and payments are made annually. Provisions for pensions are made by both employer and employees. The employee may elect to receive the full pension as a lump sum at retirement.

Other countries

The pension plans in other countries are of insignificant amounts and are therefore reported together with Sweden below.

Disclosures regarding defined-benefit plans

	Group			
31-12-2023, MSEK	**Sweden**	**USA**	**Switzerland**	**Total**
Wholly or partially funded obligations				
Present value of defined-benefit obligations	10,361	26	362	10,749
Fair value of assets under management	-8,819	-19	-448	-9,286
Total net obligation	**1,542**	**7**	**-86**	**1,463**
Impact of asset ceiling	-	-	27	27
Recognised value net obligation	**1,542**	**7**	**-59**	**1,490**
Share funded	85%	73%	116%	
Average duration of pension obligation	17	0	14	
The net amount and the special employer's contribution is reported in the following items in the statement of financial position				
Provisions for pensions (excluding special employer's contribution)	1,542	7	-	1,549
Provisions for pensions (related to special employer's contribution)	323	-	-	323
Long-term receivables	-	-	59	59

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31-12-2022, MSEK	Group Sweden	USA	Switzerland	Total
Wholly or partially funded obligations				
Present value of defined-benefit obligations	9,243	200	299	9,742
Fair value of assets under management	-8,156	-219	-372	-8,747
Total net obligation	**1,087**	**-19**	**-73**	**995**
Impact of asset ceiling	-	-	73	73
Recognised value net obligation	**1,087**	**-19**	**-**	**1,068**
Share funded	88%	110%	100%	89%
Average duration of pension obligation	16	17	13	
The net amount and the special employer's contribution is reported in the following items in the statement of financial position				
Provisions for pensions (excluding special employer's contribution)	1,087	-	-	1,087
Provisions for pensions (related to special employer's contribution)	217	-	-	217
Long-term receivables	-	19	-	19

Cost reported in the income statement

2023, MSEK	Group Sweden	USA	Switzerland	Total
Current service costs	149	-	8	157
Settlements	7	19	-	26
Net interest expense	36	-1	0	35
Cost of defined-benefit plans in the income statement	**192**	**18**	**8**	**218**
Cost of defined-contribution plans				1,253
Special employer's contribution				298
Total cost of post-employment benefits				**1,769**

2022, MSEK	Group Sweden	USA	Switzerland	Total
Current service costs	335	6	10	351
Net interest expense	72	-	-	72
Cost of defined-benefit plans in the income statement	**407**	**6**	**10**	**423**
Cost of defined-contribution plans				989
Special employer's contribution				347
Total cost of post-employment benefits				**1,759**

Items included in the statement of cash flow

2023, MSEK	Group Sweden	USA	Switzerland	Total
Deposits to pension fund and other funding	-	3	-16	-13
Payments	-329	-203	9	-523
Withdrawals	-	205	-2	203
Total impact on cash flow	**-329**	**5**	**-9**	**-333**

2022, MSEK	Group Sweden	USA	Switzerland	Total
Deposits to pension fund and other funding	-1	-	-8	-9
Payments	-309	-49	-16	-374
Withdrawals	-	39	16	55
Total impact on cash flow	**-310**	**-10**	**-8**	**-328**

Estimated payments during 2024 amount to approximately MSEK 387.

Actuarial gains and losses are reported in other comprehensive income. Actuarial losses related to pensions amounted to MSEK 682 net in 2023 primarily due to the following:

The net of revised assumptions related to discount rate and inflation amounted to a loss of MSEK 382. The loss mainly relate to the Swedish pension plans for which the assumed discount rate has decreased by 50 basis points, from 3.75% to 3.25% and the inflation assumption has decreased by 25 basis points, from 1.75% to 1.50% compared to the beginning of the year.

Negative experience adjustment, has resulted in an actuarial loss of MSEK 516 and changed demographic assumptions led to an actuarial loss of MSEK 99.

Actuarial loss related to special employer's contribution amounted to MSEK 140. The return on assets under management produced an actuarial gain of MSEK 404. The impact of asset ceiling led to an actuarial gain of MSEK 51.

Changes in net obligation for defined-benefit plans reported in the statement of financial position

MSEK	Group 2023	2022
Net obligation for defined-benefit plans, 1 January	1,068	4,774
Compensation paid	-523	-374
Deposits to pension fund and other funding	-13	-9
Cost reported in the income statement	218	423
Income (-) /cost (+) reported in other comprehensive income	542	-3,802
Withdrawals from pension funds	203	55
Settlement/translation differences	-5	1
Net obligation for defined-benefit plans, 31 December	**1,490**	**1,068**

Change in pension obligation

MSEK	Group 2023	2022
Fair value, 1 January	9,742	13,729
Benefits vested during the year	157	351
Interest expense	358	204
Pension disbursements	-523	-374
Reductions	-22	-
Settlement	26	0
Actuarial gain (-)/loss (+)	997	-4,252
Translation differences	14	84
Fair value, 31 December	**10,749**	**9,742**

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Change in assets under management

MSEK	Group 2023	Group 2022
Fair value, 1 January	8,674	8,955
Financial income	323	132
Withdrawals	-203	-55
Settlement	-21	0
Contributions	13	9
Actuarial gain (+)/loss (-)	404	-382
Actuarial gain (+)/loss (-) related to asset ceiling	51	-68
Translation differences	18	83
Fair value, 31 December	**9,259**	**8,674**

Interest expense on the pension obligation less financial income on assets under management is classified as financial expense. Other pension costs are divided by function in the income statement in relation to how payroll expenses are charged to the various functions.

Sensitivity analysis (excluding special employer's contribution)

MSEK	Group Change	Group Change in obligation
Discount rate	+0.25%	-405
	-0.25%	429
Inflation	+0.25%	439
	-0.25%	-411
Salaries	+0.25%	81
	-0.25%	-67
Life span	1 year	371

Return on assets under management

MSEK	Group 2023	Group 2022
Actual return on assets under management	727	-250
Financial income on assets under management	-323	-132
Actuarial result from assets under management during the year	**404**	**-382**

Governance

The pension fund is governed by the Pension Board, which resumes 4–5 times per year and has the following responsibilities:

- Appoint the members of the Investment Committee
- Appoint the Fund Manger
- Annually establish the Investment Policy
- Decide on strategic (long-term) and tactical (short-term) asset allocation and allow deviations in accordance with the terms of the strategic and tactical mandate
- Annually approve the benchmark indices to track the fund's performance
- Annually approve the stop loss limit

Investment strategy and risk management

The pension fund manages the allocation and investment of assets with an aim to increase the consolidation level over time. Certain risks are accepted in order to achieve the desired return. The investment horizon is long-term and the allocation ensures that the investment portfolio is well diversified.

The Fund's investments are subject to a number of restrictions and limitations, the purpose of which is to limit investment losses. Treasury Operations continuously monitors the Fund's management and reports its findings to the Chairman of the Board and the Investment Committee.

Assets under management divided by asset class

Per cent	Group 2023	Group 2023 of which listed on an active market	Group 2022	Group 2022 of which listed on an active market
Interest-bearing assets	24	100	25	100
Share-related assets	26	100	26	100
Alternative investments	17	-	17	-
Property	31	-	30	-
Liquid assets	2	-	2	-
Total assets	**100**	**50**	**100**	**51**

Assumptions for defined-benefit obligations

Per cent	Group 2023	Group 2022	Group 2021	Group 2020	Group 2019
Significant actuarial assumptions as of closing day (expressed as weighted averages)[1]					
Discount rate, 31 December	3.25	3.75	1.50	1.00	1.50
Future salary increase	2.50	2.75	3.25	2.50	2.75
Future increase in pensions	1.50	1.75	2.25	1.50	1.75
Employee turnover	3.00	3.00	3.00	3.00	3.00

1) Refers to Sweden since essentially all defined-benefit plans are in Sweden.

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The following assumptions serve as the basis of the valuation of Saab's pension liability:

Discount rate: The valuation has been based on Swedish covered mortgage bonds (AAA), taking into account the duration of all cash flows. A nominal government bond whose duration corresponds to the average duration of the pension obligation is used as a basis. A premium is then added equal to the difference between the interest rate on a mortgage bond and a nominal government bond with similar maturities. The same discount rate has been used for all future disbursements.

Long-term salary increase assumption: The long-term salary increase assumption corresponds to a real salary increase of 1 per cent plus an inflation assumption of 1.50 per cent, rendering a future salary increase of 2.50 per cent.

Long-term inflation assumption: The long-term inflation assumption is based on market pricing of inflation on maturities corresponding to the pension liability's duration. For 2023, the assumption is 1.50 per cent.

Mortality: The mortality assumption is based on tables from the industry organisation Insurance Sweden, the so called DUS23. It was updated during the year.

Employee turnover: The employee turnover is assumed to be 3 per cent per year.

Accounting principles parent company

The parent company's accounting principles differ from IAS 19 in the following ways:

- The calculation does not take into account future salary increases
- The discount rate is determined by PRI
- Changes in the discount rate and other actuarial assumptions are recognised directly in the income statement and balance sheet
- Surplus in the pension plan cannot be recognised as an asset while the deficit should either be expensed or recovered through contributions to the pension fund

Parent Company's pension obligations

Funds allocated for pensions according to the balance sheet correspond to the net present value of existing pension obligations less funds that are secured by Saab's pension fund.

MSEK	31-12-2023	31-12-2022
Pension obligations ITP 2	6,529	5,867
Less funds secured in pension fund	-6,529	-5,867
Total ITP 2 and the book reserve method	**-**	**-**
Other pensions	85	93
Other provisions for pensions	123	116
Total	**208**	**209**
Of which credit guarantees in PRI Pensionsgaranti	56	43

MSEK	2023	2022
Amount related to pension obligations ITP 2 expected to be settled within 12 months	267	247

Note 32. Provisions

Accounting principles

Provisions for incremental costs for industrial cooperations

Some of Saab's contracts with customers contain requirements on technology and knowledge transfers as well as various forms of industrial cooperation. The related costs are included in the project's expenditures and expensed in relation to the stage of completion. The expenditures are then set against the provision, which can also occur after the delivery of goods and services under the contract.

Onerous contracts

A provision for an onerous contract is recognised when anticipated benefits are less than the unavoidable costs to fulfill the obligations as set out in the contract.

Guarantees

A provision for a guarantee is normally recognised when the underlying product or services are sold if a reliable calculation of the provision can be made. The provision is based on historical data on guarantees for the products or similar products and an overall appraisal of possible outcomes in relation to the likelihood associated with these outcomes.

Restructuring

A provision for restructuring is recognised when a detailed, formal restructuring plan has been established and the restructuring has either begun or been publicly announced. No provision is made for future operating losses.

A provision is recognised in connection with termination of personnel only if the company is obligated to terminate an employment before the customary time, e.g., when compensation is paid in connection with a voluntary termination offer. In cases where the company terminates personnel, a detailed plan is drafted containing at the minimum the workplaces, positions and approximate number of individuals affected as well as compensation for each personnel category or position and a schedule for the plan's implementation.

Soil remediation

In accordance with the Group's publicly announced environmental policy and applicable legal requirements, periodic estimates are made of Saab's obligations to restore contaminated soil. Anticipated future payments are discounted to present value and recognised as an operating expense and a provision. Provision for environmental commitments is included in other provisions below.

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MSEK	Group 31-12-2023	Group 31-12-2022
Provisions that are long-term liabilities		
Incremental costs for industrial cooperations	1,383	1,310
Onerous contracts	327	310
Guarantees	71	51
Expenditures for restructuring measures	2	1
Other	1,105	894
Total	**2,888**	**2,566**
Provisions that are current liabilities		
Incremental costs for industrial cooperations	1	10
Onerous contracts	424	556
Guarantees	242	229
Expenditures for restructuring measures	16	33
Other	192	207
Total	**875**	**1,035**

MSEK	Parent Company 31-12-2023	Parent Company 31-12-2022
Incremental costs for industrial cooperations	1,448	1,387
Onerous contracts	312	430
Guarantees	199	172
Expenditures for restructuring measures	14	31
Other	496	475
Total	**2,469**	**2,495**

Incremental costs for industrial cooperations

MSEK	Group	Parent Company
Opening balance, 1 January 2023	1,320	1,387
Provisions allocated during the year	248	248
Amount utilised during the year	-178	-187
Reversal of unutilised amount	-6	-
Closing balance, 31 December 2023	**1,384**	**1,448**

Onerous contracts

MSEK	Group	Parent Company
Opening balance, 1 January 2023	866	430
Provisions allocated during the year	377	68
Amount utilised during the year	-423	-102
Reversal of unutilised amount	-9	-
Reclassification	-56	-84
Translation differences and other	-4	-
Closing balance, 31 December 2023	**751**	**312**

Guarantees

MSEK	Group	Parent Company
Opening balance, 1 January 2023	280	172
Provisions allocated during the year	140	94
Amount utilised during the year	-94	-66
Reversal of unutilised amount	-8	-1
Reclassification	-1	-
Translation differences and other	-4	-
Closing balance, 31 December 2023	**313**	**199**

Expenditures for restructuring measures

MSEK	Group	Parent Company
Opening balance, 1 January 2023	34	31
Provisions allocated during the year	22	19
Amount utilised during the year	-39	-37
Reversal of unutilised amount	-	-
Reclassification	1	1
Closing balance, 31 December 2023	**18**	**14**

Other provisions

MSEK	Group	Parent Company
Opening balance, 1 January 2023	1,101	475
Provisions allocated during the year	133	105
Amount utilised during the year	-206	-173
Reversal of unutilised amount	-43	-39
Reclassification	317	128
Translation differences and other	-5	-
Closing balance, 31 December 2023	**1,297**	**496**

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Total provisions

MSEK	Group	Parent Company
Opening balance, 1 January 2023	3,601	2,495
Provisions allocated during the year	920	534
Amount utilised during the year	-940	-565
Reversal of unutilised amount	-66	-40
Reclassification	261	45
Translation differences and other	-13	-
Closing balance, 31 December 2023	**3,763**	**2,469**

Incremental costs for industrial cooperations
Provision for incremental costs for industrial cooperations relates to costs to meet future obligations for industrial cooperations in accordance with these contracts. The expenditure is expected to occur during the term of the projects but also after the delivery of goods and services under the contracts in accordance with the contract and the regulation for industrial cooperation.

Restructuring
Structural costs primarily relate to costs to adapt resources and transformation costs.

Onerous contracts
Provisions for onerous contracts on the closing day relate to certain military projects as well as projects within commercial aeronautics. The provisions are utilised in pace with the projects' completion.

Other provisions
Other provisions primarily relate to provisions for remaining costs in projects, environmental commitments, disputes and legal proceedings, provisions related to leasing as well as for royalty.

By year end 2023 the provision related to disputes and legal proceedings amounted to SEK 178 million. The disputes are mainly attributable to deliveries in both ongoing and completed projects. Due to the state of negotiations in the legal proceedings, all information in accordance with the disclosure requirements in IAS37 Provisions, Contingent Liabilities and Contingent Assets cannot be provided.

No provision has been made for liability risks associated with the production of civil aircraft or the production of sub-components for civil aircraft.

Note 33. Other liabilities

	Group	
MSEK	31-12-2023	31-12-2022
Other long-term liabilities		
Liabilities related to employees	40	41
Other	170	49
Total	**210**	**90**
Of which liabilities due for payment more than five years after closing day	42	40
Other current liabilities		
Value-added tax	334	529
Employee withholding taxes	382	286
Liabilities to minority owners	-	-
Liabilities to associated companies and joint ventures	11	3
Other	356	279
Total	**1,083**	**1,097**

	Parent Company	
MSEK	31-12-2023	31-12-2022
Value-added tax	233	160
Employee withholding taxes	240	166
Negative market value related to financial instruments	20	139
Negative market value of FX forwards	766	601
Other	47	167
Total	**1,306**	**1,233**
Of which liabilities due for payment more than five years after closing day	8	7

Saab considers that there is no significant difference between book and fair value.

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Note 34. Accrued expenses and deferred income

MSEK	Group 31-12-2023	Group 31-12-2022	Parent Company 31-12-2023	Parent Company 31-12-2022
Accrued expenses				
Accrued project costs	2,850	2,725	2,289	2,349
Vacation pay liability	1,604	1,451	985	889
Social security expenses	1,213	968	919	754
Expected invoices	702	745	454	450
Personnel liabilities	522	455	243	206
Other	214	216	81	109
Total accrued expenses	**7,105**	**6,560**	**4,971**	**4,757**
Deferred income				
Deferred realised gains from cash flow hedges	-	-	1,717	1,441
Government grants	246	137	209	125
Other	664	519	227	99
Total deferred income	**910**	**656**	**2,153**	**1,665**
Total	**8,015**	**7,216**	**7,124**	**6,422**

Saab considers that there is no significant difference between book and fair value.

Note 35. Financial risk management and financial instruments

Saab's financial assets, liabilities, and contractual obligations give rise to financial risks. Group Treasury is responsible for identifying and managing the financial risks with various financial instruments in order to reduce the impact on the Group's result, competitive strength, and financial flexibility. The Board of Directors of Saab has established a Group Treasury Policy, which provides an overall description of the management of the financial risks and Treasury operations.

The financial risks are defined as follows:
- Currency risk
- Liquidity risk
- Funding and liquidity risk
- Interest rate risk
- Commodity price risk
- Credit risk

To handle financial risks, Group Treasury has been assigned risk mandates that are reported daily according to defined risk measures.

Accounting principles

Recognition and valuation of financial assets and liabilities
Financial instruments are initially recognised at cost, corresponding to the instrument's fair value plus transaction expenses. This applies to all financial instruments with the exception of financial assets and liabilities categorised as and measured at fair value through profit or loss or equity instruments recognised at fair value through other comprehensive income, where the fair value excluding transaction costs equals the acquisition cost. The instruments are subsequently recognised at fair value or amortised cost, depending on how they have been classified as described below. The fair value of listed financial assets and liabilities is determined using market prices. Saab also applies various valuation methods to determine the fair value of financial assets and liabilities traded on an inactive market or that are unlisted holdings. These valuation methods are based on the valuation of similar instruments, discounted cash flows or well-recognised valuation models such as Garman-Kohlhagen's. Amortised cost is determined based on the effective interest rate calculated on acquisition date.

Classification of financial assets and liabilities
The Group's financial assets and liabilities are classified according to the following categories, which determine how each item is valued.

Financial assets and liabilities at amortised cost:
Financial assets in this category are assets that are held to collect contractual cash flows that consist of principal and interest, such as liquid assets, accounts receivable, loans receivable, other receivables, and contract assets.

Interest income is recognised as financial interest income by applying the effective interest rate method. Gains and losses that arise upon derecognition from the balance sheet are recognised directly in profit or loss together with FX effects.

Financial liabilities in this category comprise interest-bearing liabilities, accounts payable and other liabilities that are initially recognised at fair value, which corresponds to the amount received less deducting transaction costs. After acquisition, the liabilities are measured at amortised cost according to the effective interest rate method.

Financial assets at fair value through other comprehensive income:
Financial assets that are debt instruments in this category are assets that result in payments related only to principal and interest on the outstanding principal and where the financial asset is held under a business model whose purpose is achieved both by holding financial assets to collect contractual cash

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flows and selling financial assets. These assets are subsequently measured at fair value with changes in fair value recognised in other comprehensive income (OCI), except effective interest, impairments and their reversals as well as exchange rate gains and losses, which are presented in profit or loss. When the asset is derecognised from the balance sheet, accumulated gains and losses in OCI are reclassified to profit or loss. In addition to debt instruments, equity instruments that are not held for trading can be classified and measured as fair value through other comprehensive income upon such an election. Realised and unrealised gains and losses, including gain or loss upon disposal but excluding any dividend is recogniosed in OCI for such instruments. Currently, the Group has no assets mandatorily classified in this category, however, two equity invesments are elected to be classified in the category and derivatives that are designated as hedging instruments in a cash flow hedge relationship are recognised at fair value through other comprehensive income.

Financial assets and liabilities at fair value through profit or loss:
Assets that do not satisfy the requirements to be recognised at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains or losses on assets and liabilities at fair value through profit or loss that are not included in a hedging relationship are offset in profit or loss in the period the gain or loss arises. Derivatives included in a hedging relationship are recognised in other comprehensive income for the portion determined to be an effective hedge. Equity instruments such as shares and participations are continuously measured at fair value with changes in value recognised in profit or loss except for those that are elected to be classified as and measured at fair value through other comprehensive income. Contingent consideration payables are measured at fair value through profit or loss.

Impairment of financial assets:
Financial assets that are not recognised at fair value through profit or loss or equity instruments recognised at fair value through other comprehensive income are tested for impairment on each closing date using a model based on expected credit losses. Impairment losses are recognised in profit or loss. Derecognition from the balance sheet occurs when there is no longer a reasonable expectation of collecting payment. See also note 25 and 23.

Hedge accounting
To cover the Group's risks associated with changes in exchange rates and exposure to interest rates, derivatives, consisting of FX forwards, options and swaps, are utilised. These instruments are valued at fair value on initial recognition and subsequently at each reporting date.

Changes in fair value of derivatives that do not meet the requirements for hedge accounting are recognised directly in profit or loss. If the underlying hedged items relate to operations-related receivables or liabilities, the effect on earnings is recognised in operating income, while the corresponding effect on earnings related to financial receivables and liabilities are recognised in the financial net.

The Group applies hedge accounting to cash flow hedges as described below.

Cash flow hedges
FX forwards (hedge instruments) entered into mainly to hedge future receipts and disbursements against currency risks and classified as cash flow hedges (primarily related to contracted sales volumes) are recognised in the statement of financial position at fair value. Changes in value are recognised in other comprehensive income and separately recognised in the hedge reserve in equity until the hedged cash flow affects the income statement, at which point the cumulative changes in value of the hedging instrument are transferred to profit or loss to offset the effects on earnings of the hedged transaction.

When the hedged future cash flow refers to a transaction that will be capitalised in the statement of financial position, the hedge reserve is dissolved when the hedged item is recognised in the statement of financial position. If the hedged item is a non-financial asset or liability, the gain or loss from the hedging instrument is included in the acquisition cost of the asset or liability. If the hedged item is a financial asset or liability, the hedge reserve is dissolved gradually through profit or loss at the same rate that the hedged item affects earnings.

When a hedging instrument expires, is sold, terminated or exercised, or the group otherwise revokes the designation as a hedging relationship before the hedged transaction occurs and the projected transaction is still expected to occur, the cumulative gain or loss remains in the hedge reserve in equity and is recognised in the same way as above when the hedged transaction occurs.

If the hedged transaction is no longer expected to occur, the hedging instrument's cumulative gains and losses are immediately recognised in profit or loss in accordance with the principles described above for derivatives.

The Group is potentially exposed to the Interest Rate Benchmark reform through issued bonds, derivatives and interest-bearing securities with STIBOR as benchmark interest rate. The Group has no material exposure towards other benchmark interest rates. The nominal amount of interest rate swaps, that are designated as hedging instruments in a cash flow hedge, total MSEK 3,900 and MTN bonds with STIBOR as base rate, MSEK 6,219. STIBOR linked interest-bearing securities in the investment portfolio amounted to MSEK 3,758 at year-end. Fallback provisions are not yet in place for these financial instruments. Saab closely monitors the development of creating fallback language from working groups and industry participants and will take due procedures when possible.

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Financial instruments

Financial assets within the Group mainly consist of liquid assets, accounts receivable, shares, loans receivable, bonds receivable, derivatives with positive market values, certain accrued income and other receivables. The liability side includes accounts payable, loans payable, derivatives with negative market values, certain accrued expenses and other liabilities.

The following table shows classification and categorisation of financial assets and liabilities.

Classification and categorisation of financial assets and liabilities [2]

	Carrying amount	
MSEK	**31-12-2023**	**31-12-2022**
Financial assets		
Valued at amortised cost[4]:		
Accounts receivable, contract assets and other receivables	21,144	17,295
Liquid assets	2,129	2,869
Long-term receivables	456	676
Valued at fair value through profit and loss[3]:		
Short-term investments	11,340	9,988
Derivatives for trading	81	75
Financial investments	223	66
Valued at fair value through other comprehensive income[3]:		
Derivatives identified as hedges	1,575	1,760
Equity investments elected to be classified as fair value through other comprehensive income	879	52
Total financial assets	**37,827**	**32,781**
Financial liabilities		
Valued at amortised cost:		
Interest-bearing liabilities[1]	10,043	9,988
Other liabilities[4]	12,426	10,740
Valued at fair value through profit and loss[3]:		
Contingent consideration payable	123	-
Derivatives for trading	8	21
Valued at fair value through other comprehensive income[3]:		
Derivatives identified as hedges	1,103	1,643
Total financial liabilities	**23,703**	**22,392**
1) Fair value	9,840	9,840

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 964 (917).
3) The impact of credit risk on these instruments is considered low given the limits in the current investment policy.
4) Carrying amount, in Saab's assessment, essentially corresponds to fair value.

Valuation of financial instruments at fair value are divided into the following three valuation levels:

Level 1
According to listed (unadjusted) prices on an active market on closing date:
- Bonds and interest-bearing securities
- Electricity derivatives
- Interest rate forwards

Level 2
According to accepted valuation models based on observable market data from Refinitiv Datascope:
- *Currency forwards:* Future payment flows in each currency are discounted by current market rates to the valuation day and valued in SEK at period-end exchange rates.
- *Currency options:* The Garman-Kohlhagens option-pricing model is used in the market valuation of all options.
- *Interest rate swaps and cross currency basis swaps:* Future variable interest rates are calculated with the help of current forward rates. These implicit interest payments are discounted to the valuation date using current market rates. The market value of interest rate swaps is obtained by contrasting the discounted variable interest payments with the discounted present value of fixed interest payments.

Level 3
According to accepted principles, e.g. for venture capital firms:
- *Unlisted shares and participations*

As of 31 December 2023, the Group had the following financial assets and liabilities at fair value:

Assets at fair value

MSEK	2023	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	11,340	11,340	-	-
FX forwards	1,374	-	1,374	-
Currency options	41	-	41	-
Interest rate swaps	240	-	240	-
Electricity derivatives	1	1	-	-
Shares, participations and long-term receivables	1,102	-	-	1,102
Total	**14,098**	**11,341**	**1,655**	**1,102**

Liabilities at fair value

MSEK	2023	Level 1	Level 2	Level 3
FX forwards	1,080	-	1,080	-
Interest rate swaps	19	-	19	-
Electricity derivatives	12	12	-	-
Contingent consideration payable	123	-	-	123
Total	**1,234**	**12**	**1,099**	**123**

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Movements in the group's Level 3 financial instruments were as follows:

MSEK	Unlisted shares and participations	Contingent consideration payable
Opening balance, 1 January	118	-
Acquisitions	1,026	133
Unrealised gains/losser recognised in the income statement	-3	-
Unrealised gains/losses recognised in other complehensive income	-39	-
Foreign currency translation	-	-10
Closing balance, 31 December	**1,102**	**123**

Financial risk management

Currency risk

Currency risk refers to the risk that fluctuations in exchange rates will negatively affect income or the value of net assets.

In 2023, countries outside Sweden accounted for 58 per cent (58) of Saab's sales. Since a large share of production takes place in Sweden with expenses denominated in SEK, Saab has a large net exposure in foreign currencies. The predominant currency risk in the order backlog are in the currencies USD, EUR and GBP.

Transaction exposure

Transaction exposure within the order backlog is hedged with currency derivatives ,(mainly currency swaps and forwards), which means that changes in exchange rates do not affect the Group's future results with respect to the order backlog. Hedges are normally arranged for each specific contract and the average forward rate is used as the contract's rate for revenue recognition.

Transaction exposure from commercial contracts with option clauses and framework agreements that according to forecasts are highly probable transactions, are hedged to a certain level according to separate hedging instructions. Impairment testing of unprofitable contracts in foreign currency that are not hedged is done by valuating future cash flows at the spot rate . These contracts mainly refer to anticipated future orders as part of long-term commercial aircraft programs in USD. Framework agreements can contain both transaction and economic exposure.

Hedge accounting is applied to derivatives that hedge transaction exposure. The hedge is effective when the hedging relationship is entered and periodically evaluated to ensure that the criteria for effectiveness are still met. The factors that are examined to ensure the effectiveness are currency, timing of payment flows and amount. If the flow generated by the hedging instrument matches the flow from the hedged item in currency, timing and amount, the hedging relationship is considered effective. Until maturity, value changes from effective hedges are recognised in other comprehensive income and recognised separately in the hedge reserve in equity. Value changes in ineffective hedges are recognised in profit or loss. Ineffectiveness can arise if the timing and/or amount of cash flow changes. Since parts of the portfolio extend over long periods, effects from forward points could also be a source of ineffectiveness. Hedging relationships are arranged such that adjustments are made continuously to avoid this effect.

The net market value of existing hedges of the order backlog and highly, probable transactions according to forecasts amounted to MSEK 262 (-415). Currency sensitivity, i.e. the effect of a change in exchange rates of +/- 10 per cent, would affect the market value of derivatives as of 31 December 2023 by +/- MSEK 1,740 (510). The ineffectiveness in cash flow hedges that affected net income for the year amounted to MSEK 0 (-9).

The following table shows the cash flows for derivatives recognised as cash flow hedges, expressed in millions in local currency.

	EUR			GBP			USD		
Million	**Outflow**	**Inflow**	**Net**	**Outflow**	**Inflow**	**Net**	**Outflow**	**Inflow**	**Net**
2024	-273	438	**165**	-176	82	**-94**	-763	1,576	**813**
2025	-146	190	**44**	-67	20	**-47**	-176	794	**618**
2026	-80	115	**35**	-17	7	**-10**	-33	240	**207**
2027	-32	124	**92**	-	2	**2**	-5	4	**-1**
2028	-1	6	**5**	-	1	**1**	-	-	**-**
2029 and forward	-	-	**-**	-	-	**-**	-	-	**-**
Total flows 2023	**-532**	**873**	**341**	**-260**	**112**	**-148**	**-977**	**2,614**	**1,637**
Total flows 2022	**-340**	**521**	**181**	**-280**	**89**	**-191**	**-1,065**	**1,648**	**583**

Pre-transaction exposure arises when fixed-price tenders are issued in foreign currency. This risk is usually managed separately in the tender portfolio, using both currency options and forwards. The following table shows outstanding nominal net hedges for the most predominant currencies as of year-end.

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Net hedges

	Forward contracts[1]		Options[2]		Total hedge	
Million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
USD	-162	-83	-75	-55	-237	-138
EUR	-39	-27	-10	-	-49	-27
GBP	-27	-1	-10	-	-37	-1

1) Also including sold call- and put options.
2) Net of bought call- and put options.

To measure VaR the external hedges are compared with a benchmark, that is to say the external hedge that would optimally be done to eliminate the currency risk a tender gives rise to in relation to the likelihood that a business contract is received. If the two correspond, the tender portfolio is defined as risk-neutral – i.e. its VaR measure will be zero.

In 2023 a VaR limit of MSEK 35 was allocated to the tender portfolio, and at year-end VaR amounted to MSEK 5.3 (16.5). Hedge accounting is not applied to the portfolios hedges, due to which the Group's result is affected by the extent of tenders and the exchange rate for the underlying currency pair. The portfolio's effect on the Group's result in 2023 was MSEK 156 (9).

Translation exposure
Comprehensive income is affected when the results and net assets of foreign subsidiaries are translated to SEK. The value of net assets exposed to translation exposure amounted to MSEK 7,345 (7,977) at year-end; see the following table.

Net assets translated to SEK

MSEK	31-12-2023	31-12-2022
USD	2,807	3,405
EUR	1,196	1,065
AUD	1,087	1,089
ZAR	611	686
GBP	493	341
DKK	296	282
BRL	212	243
Other currencies	643	866
Total	**7,345**	**7,977**

The effect on net assets as of 31 December 2023 of a change in exchange rates of +/– 10 per cent would be a change in value of MSEK 735 (798).

Foreign currency risk due to translation effects on the net assets of foreign subsidiaries is not hedged.

Currency exposure
The Group's total outstanding currency derivatives related to all currency risks are shown in the following table.

The Group's outstanding derivatives

Currency derivatives			Fair value 2023			2022	
Million	**Currency**	**Local currency**	**Asset SEK**	**Liability SEK**	**Net**	**Local currency**	**Net**
Maturity up to 1 year	EUR	-126	130	101	29	9	-25
	GBP	69	152	29	123	77	10
	USD	-1,176	507	633	-126	-246	39
	Other		72	38	34		7
Subtotal			**861**	**801**	**60**		**31**
Maturity 1 to 3 years	EUR	-115	73	105	-32	-136	-61
	GBP	61	37	6	31	127	97
	USD	-826	355	144	211	-414	-490
	Other		49	9	40		35
Subtotal			**514**	**264**	**250**		**-419**
Maturity 3 to 5 years	EUR	-61	30	6	24	-27	-6
	GBP	-1	0	0	0	-3	0
	USD	1	3	5	-2	6	13
	Other		7	4	3		0
Subtotal			**40**	**15**	**25**		**7**
Maturity over 5 years	EUR		-	-	-		-
	GBP		-	-	-		-
	USD		-	-	-		-
Subtotal			**-**	**-**	**-**		**-**
Currency derivatives, total[1]			**1,415**	**1,080**	**335**		**-381**

1) Of which derivatives used as cash flow hedge MSEK 701 (-196).

The Parent Company's outstanding derivatives

Currency derivatives			Fair value 2023			2022	
Million	**Currency**	**Local currency**	**Asset SEK**	**Liability SEK**	**Net**	**Local currency**	**Net**
	EUR	-57	453	314	139	47	59
	GBP	24	210	80	130	127	89
	USD	-831	944	1,216	-272	-468	-316
	Other		139	81	58		19
Currency derivatives, Parent Company total			**1,746**	**1,691**	**55**		**-149**

Funding and liquidity risk
To minimize the risk of not being able to meet payment obligations due to insufficient liquidity the company consistently maintains liquid assets and short term investments, adjusted for loans maturing within 12 months, to a value higher than MSEK 5,000. If any of the risk-weighted amount of bank guarantees covered by Saab or 10 per cent of annual total sales exceeds MSEK 5,000, then shall the adjusted value of liquid assets and short term investments exceed the highest there of.

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Saab is diversifying funding sources and maturities to reduce impact from the risk of not being able to find favorable market conditions for raising new debt or re-financing. To meet funding needs related to long dated projects the average maturity of the loan portfolio shall not be below 24 months. As of 31 December 2023 the average maturity was 61 months (65). For maturity analysis of the Group's financial liabilities, see tables for each class of derivatives in this note as well as information on interest-bearing liabilities in note 29.

Saab has two revolving credit facilities of MSEK 2,000 maturing 2025 and MSEK 4,000 maturing 2026, with nine participating banks. Saab also has a commercial paper program with a limit of MSEK 5,000 (5,000) and a Medium Term Note (MTN) program with a limit of MSEK 10,000 (10,000). As of 31 December 2023, MSEK 0 (0) commercial paper and MSEK 7,269 (6,935) MTN were issued. None of the existing credit facilities or capital market programmes are restricted by financial covenants.

Saab Funding facilities

MSEK	Facility	Utilised	Unutilised
Revolving credit facility (Maturity 2025)	2,000	-	2,000
Revolving credit facility (Maturity 2026)	4,000		4,000
Overdraft facility (Maturity 2024)	88	-	88
Total committed credit facilities	**6,088**	**-**	**6,088**
Commercial paper	5,000	-	5,000
Medium Term Notes (MTN)	10,000	7,269	2,731
Total capital market programs	**15,000**	**7,269**	**7,731**

Interest rate risk

Interest rate risk refers to the risk that Saab will be negatively affected by changes in interest rates.

Funding portfolio

A portfolio of loans issued in the Capital Market. Interest rate derivatives are used to manage the interest rate risk and the average duration shall be in the range of 12-48 months (12-48). As of year-end, the loan portfolio's duration was 41 months (38).

Cash flow hedging is applied in the financial statements. The effectiveness of a hedge is evaluated when the hedging relationship is included and periodically evaluated to ensure that the relationship meets the requirement. The factors that are evaluated to ensure effectiveness are the timing of payment flows and amount of interest payments as well as the nominal amount of the hedging instrument and the hedged item. If the nominal amount of the hedging instrument does not exceed the nominal amount of the hedged item and the flows generated by the hedging instrument do not exceed the flows from the hedged item in timing and amount, the hedging relationship is considered effective. Until maturity, value changes in effective hedges are recognised as other comprehensive income and recognised separately, in the hedge reserve in equity. The value change is obtained in the financial upon transfer to profit or loss. Value changes in ineffective hedges are recognised in profit or loss. Ineffectiveness affecting net income for the year amounted to MSEK 2 (1). The interest rate benchmark reform could potentially affect hedge effectiveness in the future. An increase or decrease in market interest rates of +/- 1.00 per cent would affect financial income by +/- 0 MSEK (0.1) and other comprehensive income by +/- 190 MSEK (190) based on the loan portfolio as of 31 December 2023.

Financing (refers to utilised credit facilities)

MSEK (Nom) Maturities	Fixed interest	Of which effect from derivative agreements entered	Tied-up capital
1 year	1,933	-4,286	400
2 years	886	886	114
3 years	600	600	1,250
4 years	100	100	300
5 years and forward	3,750	2,700	5,205
Total	**7,269**	**-**	**7,269**

Investment portfolio

The portfolio invests in interest-bearing securities. Interest rate derivatives are used to manage the interest rate risk and the average duration shall be in the range of 3–24 months (3–24). As of year-end, the duration was 4 months (7).

Changes in interest rates affect Saab's net financial items. An increase in market interest rates of 1.00 per cent units would affect financial income negatively by 50 MSEK (70). A corresponding decrease in market interest rates of 1.00 per cent units would positively affect financial income by 50 MSEK (70) based on the investment portfolio as of 31 December 2023.

Investments in interest-bearing securities and bank deposits

MSEK (Nom) Maturities	Fixed interest [1]	Tied-up capital
1 year	11,139	9,667
2 years	945	1,665
3 years	100	400
4 years	-	292
5 years and forward	-	160
Total	**12,184**	**12,184**

1) Effects of derivative agreements entered are included in the fixed interest.

FX forwards

FX forwards used to hedge commercial currency flows contain an interest component. In certain cases, Saab may decide to shift the hedge to an earlier date than when the cash flow is expected. This primarily refers to very long-term customer contracts, which then generate an interest rate risk. The underlying cash flows that are exposed to extensions through FX forwards amounted to MPLN 0 (183) and MEUR 36 (36) at year-end.

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Interest rate derivatives

The next table shows the Group's outstanding interest rate derivatives.

Interest rate derivatives			Fair value 2023			2022	
Million	**Currency**	**Local currency**	**Asset SEK**	**Liability SEK**	**Net**	**Local currency**	**Net**
Maturity up to 1 year	SEK	0	8	1	7	100	-
	EUR [2]	-	-	-	-	15	27
Subtotal			**8**	**1**	**7**		**27**
Maturity 1 to 3 years	SEK	1,100	56	7	49	500	34
Subtotal			**56**	**7**	**49**		**34**
Maturity 3 to 5 years	SEK	550	45	-	45	700	56
Subtotal			**45**	**-**	**45**		**56**
Maturity over 5 years	SEK	2,050	131	11	120	2,500	311
Subtotal			**131**	**11**	**120**		**311**
Interest derivatives, total [1][3]			**240**	**19**	**221**		**428**

1) Market value includes accrued interest of MSEK 3 (-12).
2) Refers to cross currency basis swaps (CCY).
3) Of which derivatives used for cash flow hedges MSEK 216 (418).

Commodity price risk

Commodity price risk refers to the risk that Saab will be negatively affected by changes in commodity prices. Purchasing costs for raw materials are managed primarily through contract clauses with customers and suppliers. Electricity costs are managed through hedging instruments. Electricity derivatives are managed through a discretionary management mandate. The market value of electricity derivatives at year-end was MSEK -11 (124). Hedge accounting is applied to electricity derivatives. Projected electricity consumption is hedged using a model where 90 per cent of the coming year's consumption is hedged; the hedge ratio then drops on a straight-line basis to 0 per cent in quarter 13. The effectiveness of the hedge is periodically evaluated to ensure that the relationship meets the requirement. To ensure that the hedge is effective, an evaluation is made to determine that the hedged volume per quarter does not exceed the projected volume. Value changes in derivatives that exceed the projected volume in a quarter are recognised in profit or loss. Ineffectiveness affecting net income for the year amounted to MSEK 0 (0).

The Group's outstanding electricity derivatives

Electricity derivatives		Fair value 2023			2022	
	Mega-watt	**Asset MSEK**	**Liability MSEK**	**Net**	**Mega-watt**	**Net**
Maturity up to 1 year	15	1	3	-2	15	98
Subtotal		**1**	**3**	**-2**		**98**
Maturity 1 to 3 years	10	0	9	-9	11	26
Subtotal		**0**	**9**	**-9**		**26**
Electricity derivatives, total[1]		**1**	**12**	**-11**		**124**

1) Of which derivatives used for cash flow hedges MSEK -11 (124).

Credit risks

Credit risk is the risk that the counterparty in a transaction will not be able to fulfil the financial obligations of a contract. In the course of its day-to-day operations, Saab is exposed to credit risks as a result of transactions with counterparties in the form of customers, suppliers and financial players. The Group's aggregate credit risks consist of commercial credit risks and financial credit risks.

Commercial credit risks

Commercial credit risks consist of accounts receivable outstanding, contract assets and advances paid to suppliers. This type of credit risk is identified and managed on a case-by-case basis. Credit risks that arise in customer contracts are managed by utilising available banking or insurance products. In some cases, export credit institutions may be used as well. Commercial credit risks that arise through advances paid to suppliers are managed by maintaining bank-guaranteed collateral. At 31 December 2023, the Group had paid advances to suppliers of MSEK 1,136 (374).

Accounts receivable and contract assets represent a commercial credit risk. Where counterparties' creditworthiness is deemed unsatisfactory, bank or insur- ance guarantees or guarantees from EKN are secured to ensure that payment will be received. Since accounts receivable are generally secured through bank or insurance guarantees or are attributable to states, the commercial credit risk is low. For more information on the Group's accounts receivable including expected credit losses, see note 25.

Financial credit risks

The risk that counterparties within financial contracts, such as deposits, asset investments and positive market value of outstanding derivatives, will not be able to fulfill their payment obligations are denoted as credit risk.

The governing rule for Saab is that counterparties shall have a long-term credit rating of no lower than BBB from Standard and Poor's or Baa2 from Moody's or BBB from Fitch. Consequently, the risk of credit losses is considered low and there was no need for credit reserves at year-end.

The concentration risk is managed by a credit limit assigned to each financial counterparty based on its long-term credit rating.

Saab has entered into ISDA master agreements with financial counterparties to handle legal and credit risks in OTC transactions. Furthermore, the agreements net the positive and negative market values of outstanding derivatives, see the tables below.

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Market value of financial assets and liabilities subject to netting arrangements

2023 MSEK	Gross amount	Set-off	Net amount in balance sheet	Master netting arrangements	Collateral received/assets pledged	Net amount
Currency derivatives	1,415	-	1,415	-944	-	471
Interest rate derivatives	240	-	240	-19	-	221
Electricity derivatives	1	-	1	-1	-	-
Assets	**1,656**	**-**	**1,656**	**-964**	**-**	**692**
Currency derivatives	1,080	-	1,080	-944	-	136
Interest rate derivatives	19	-	19	-19	-	-
Electricity derivatives	12	-	12	-1	-	11
Liabilities	**1,111**	**-**	**1,111**	**-964**	**-**	**147**

2022 MSEK	Gross amount	Set-off	Net amount in balance sheet	Master netting arrangements	Collateral received/assets pledged	Net amount
Currency derivatives	1,261	-	1,261	-895	-	366
Interest rate derivatives	423	-	423	-22	-	401
CCY[1]	27	-	27	-	-	27
Electricity derivatives	124	-	124	-	-	124
Assets	**1,835**	**-**	**1,835**	**-917**	**-**	**918**
Currency derivatives	1,642	-	1,624	-895	-	747
Interest rate derivatives	22	-	22	-22	-	-
Electricity derivatives	-	-	-	-	-	-
Liabilities	**1,664**	**-**	**1,664**	**-917**	**-**	**747**

1) Cross currency basis swaps.

The exposure towards banks, mortgage institutions, corporates and the Swedish state as of 31 December 2023 amounted to MSEK 12,946 (13,422). The exposure is calculated using the market value of assets with each counterparty.

Hedge reserve

The hedge reserve before tax amounted to MSEK 1,025 (218), of which the unrealised value of derivatives was MSEK 906 (347) and the realised effects arising from rollovers of derivatives was MSEK 119 (-129). For information on the amount recognised in other comprehensive income, see consolidated other comprehensive income. The ineffectiveness in cash flow hedges that affected net income for the year amounted to MSEK 2 (-8).

Change in the hedge reserve per derivative

2023 (2022) MSEK	Currency derivatives	Interest rate derivatives	Electricity derivatives	Total
Reversed through profit or loss	65 (136)	-1 (5)	-98 (-66)	-34 (75)
Change in value of existing derivatives	299 (-615)	-201 (341)	-31 (56)	67 (-218)
Change in value of new derivatives	376 (95)	0 (61)	-6 (61)	370 (217)
Change due to rollover	404 (188)	- (-)	- (-)	404 (188)
Total	**1,144 (-196)**	**-202 (407)**	**-135 (51)**	**807 (262)**

Effects in the hedge reserve per derivative

2023, MSEK	Currency derivatives	Interest rate derivatives	Electricity derivatives
Recognised amount in hedge reserve	701	216	-11
Nominal amount	18,597	3,900	25[1]
Maturity date	2024-2028	2024-2032	2024-2026
Hedge ratio	1:1	1:1	1:1
Change in value of derivatives outstansding since 1 January	897	-201	-135
Change in value of hedged item to determine effectiveness	-897	199	135

1) Megawatt

Pension obligation

The Saab Pension Fund was established in 2006 to secure the main part of the Group's pension obligation. The fund has a long-term real yield requirement that corresponds annual financial cost of pension liability to PRI Pensionsgaranti. Investment guidelines indicate the following asset allocation, 0-30 per cent equities, 0-20 per cent alternative assets, 21-100 per cent interest-bearing products and 0-29 per cent real assets. Investments are made in interest-bearing securities from issuers with a credit rating of no lower than BBB according to Standard & Poor's and Baa according to Moody's.

Of the fund's capital at year-end 29 per cent (23) was invested in interest-bearing assets, 26 per cent (30) real assets investments, 27 per cent (27) in equity and 18 per cent (20) in alternative investments. The market value of the fund's assets as of 31 December 2023 was MSEK 8,802 (8,120) and the annual return was +8 per cent (-2). In 2023, the fund was capitalised by MSEK 190 (0) and MSEK -190 (0) in refunds was paid.

The table below shows the solvency margin for the pension fund.

MSEK	31-12-2023	31-12-2022	31-12-2021	31-12-2020
Fair value of assets under management	8,802	8,120	8,307	7,096
Present value of defined-benefit obligations[1]	10,128	8,995	12,832	11,900
Solvency margin	87%	90%	65%	60%
Pension obligation according to PRI	8,581	7,681	6,404	6,239
Solvency margin	103%	106%	130%	114%

1) Refers to the pension obligation that the assets under management are designed to cover.

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Note 36. Assets Pledged and Contingent Liabilities

MSEK	Group 31-12-2023	Group 31-12-2022	Parent Company 31-12-2023	Parent Company 31-12-2022
Contingent liabilities				
Guarantees to insurance company, PRI Pensionsgaranti	172	154	172	154
Guarantees for Group companies' commitments to customers	-	-	8,875	7,921
Sureties for joint ventures	12	12	-	-
Sureties for associated companies	20	20	9	9
Total	**204**	**186**	**9,056**	**8,084**

In the ordinary course of business, Saab is occasionally involved in disputes and legal proceedings arising as a result of the Group's operations worldwide. For some of these legal proceedings and disputes Saab has recognised a provision, see note 32. Other disputes and legal proceedings are not expected, either individually or collectively, to have any significant negative impact on Saab's financial position or results.

The table below shows the total sum of guarantees that do not represent contingent liabilities and a distribution by category.

MSEK	31-12-2023	Per cent of total	31-12-2022	Per cent of total
Bank Guarantees:				
On demand	20,231	100	20,264	98
Award	39	0	348	2
Bank Guarantees total	**20,270**	**100**	**20,612**	**100**
Type of Bank Guarantee:				
Advance Payment	11,299	56	10,744	52
Performance	8,718	43	8,961	44
Others	253	1	907	4
Bank Guarantees total	**20,270**	**100**	**20,612**	**100**

In the ordinary course of business, Saab AB issue Parent Company guarantees to subsidiaries and joint ventures on a case by case basis. These guarantees may cover all or part of the relevant subsidiary's or joint venture's general obligations, or be a defined amount for a specific purpose.

With regard to the Group's so-called fulfilment guarantees for commitments to customers, the likelihood of an outflow of resources is extremely small and, as a result, no value is recognised in the table of contingent liabilities.

Note 37. Transactions with Related Parties

The Group's financial agreements conform to market principles. Saab has not had any significant transactions with Investor, Board members or members of Group Management during the year. For information on remuneration, see note 8.

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. The sale of property was completed in the second quarter 2023, see notes 41 and 43. In the fourth quarter 2023, Saab acquired two subsidiaries in Sweden from its associated company UMS Skeldar AG for a minor consideration. See note 41 for further information. In addition, Saab entered into an agreement to acquire the remaining shares in UMS Skeldar AG. The transaction is subject to Foreign Direct Investment approval from German authorities, in respect of Hirth Engines GmbH, a wholly owned subsidiary to UMS Skeldar AG. Closing is expected in the first quarter 2024.

Of the Parent Company's sales, 8 (8) per cent referred to sales to Group companies, while 26 (24) per cent of the Parent Company's purchases were from Group companies. Sales to and purchases from the Group's associated companies and joint ventures amounted to approximately MSEK 88 (74) and MSEK 206 (202), respectively. For information on receivables from and liabilities to associated companies and joint ventures, see notes 23 and 33.

Note 38. Group Companies

Significant Group company holdings

Group company	Group company's registered office, country	Ownership share, per cent 2023	Ownership share, per cent 2022
Combitech AB	Växjö, Sweden	100	100
Saab Australia Pty Ltd	Australia	100	100
Saab Barracuda AB	Västervik, Sweden	100	100
Saab Canada, Inc.	Canada	100	100
Saab Danmark A/S	Denmark	100	100
Saab Deutschland GmbH	Germany	100	100
Saab Digital Air Traffic Solutions AB	Timrå, Sweden	100	100
Saab Dynamics AB	Karlskoga, Sweden	100	100
Saab Grintek Defence (Pty) Ltd	South Africa	100	100
Saab, Inc.	USA	100	100
Saab Kockums AB	Malmö, Sweden	100	100
Saab Seaeye Ltd	UK	100	100
Saab UK Ltd	UK	100	100

Total ownership of non-controlling interests amounted to MSEK 327 (390). No non-controlling interests are considered material.

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MSEK	Parent Company 2023	2022
Accumulated acquisition value		
Opening balance, 1 January	19,338	19,388
New issues/shareholders' contributions	379	1
Acquisitions	24	-
Sales and liquidations	-343	-51
Closing balance, 31 December	**19,398**	**19,338**
Accumulated write-downs		
Opening balance, 1 January	-12,748	-12,748
Write-downs for the year	-153	-
Closing balance, 31 December	**-12,901**	**-12,748**
Carrying amount, 31 December	**6,497**	**6,590**

Specification of Parent Company's holdings of shares in Group companies

31-12-2023	No. of shares	Share, per cent	Carrying amount, MSEK
Group company/Corp. ID no./Registered office			
Celsius AB, 556194-4652, Linköping, Sweden	5,000	100.0%	144
Celsius Invest AB, 556164-6588, Stockholm, Sweden	1,720,000	100.0%	158
Combitech AB, 556218-6790, Växjö, Sweden	100,000	100.0%	1,064
EMC Services Elmiljöteknik AB, 556315-6636, Mölndal, Sweden	2,000	100.0%	4
Fastighets AB Linköping Malmen 27, 556354-6349, Linköping, Sweden	20,000	100.0%	4
Fastighets AB Stensholm-Huskvarna, 556030-2746, Jönköping, Sweden	150,000	100.0%	42
FFV Ordnance AB, 556414-8194, Karlskoga, Sweden	100,000	100.0%	10
Muskövarvet AB, 556675-3496, Haninge, Sweden	1,002	100.0%	61
N. Sundin Dockstavarvet AB, 556193-6138, Kramfors, Sweden	5,100	100.0%	85
Saab Airport AB, 556366-8333, Linköping, Sweden	5,000	100.0%	3
Saab Asia Pacific Co. Ltd, Thailand	1,000	100.0%	12
Saab Barracuda AB, 556045-7391, Västervik, Sweden	200,000	100.0%	107
Saab Canada, Inc., Canada	25,765	100.0%	1
Saab Czech s.r.o, Czech Republic	-	100.0%	25
Saab Danmark A/S, Denmark	-	100.0%	103
Saab Deutschland GmbH, Germany	-	100.0%	311
Saab Digital Air Traffic Solutions AB, 559060-0747, Timrå, Sweden	500	100.0%	124
Saab Dynamics AB, 556264-6074, Karlskoga, Sweden	500,000	100.0%	357
Saab Emerging Technologies Norrmalm AB, 559334-2180, Stockholm, Sweden	1,000	100.0%	12
Saab France S.A.S, France	-	100.0%	0
Saab India Technologies Private Limited, India	100,000	100.0%	0
Saab International AB, 556267-8994, Stockholm, Sweden	50,000	100.0%	14

31-12-2023	No. of shares	Share, per cent	Carrying amount, MSEK
Saab Kenya Ltd, Kenya	2,000	100.0%	0
Saab Kockums AB, 556205-5623, Malmö, Sweden	500,000	100.0%	340
SAAB LTD, United Arab Emirates	100	100.0%	0
Saab Microwave Systems AB, 556028-1627, Mölndal, Sweden	300,000	100.0%	49
Saab Nederland B.V., The Netherlands	102	100.0%	57
Saab Nordic Defence Industries A/S, Denmark	1,000	100.0%	60
Saab North America, Inc., USA	-	100.0%	2,419
Saab South Africa (Pty) Ltd, South Africa	-	100.0%	443
Saab Tactical Electronics AB, 559238-1627, Linköping, Sweden	1,000	100.0%	51
Saab Technologies Norway AS, Norway	1,000	100.0%	3
Saab Technologies s.r.o., Czech Republic	-	100.0%	0
Saab TransponderTech AB, 556535-9790, Linköping, Sweden	1,000	100.0%	0
Saab UK LTD, UK	100,000	100.0%	229
Saab Ventures AB, 556757-5211, Linköping, Sweden	1,000	100.0%	0
UMS Skeldar Sweden AB, 559006-2245, Linköping, Sweden	500	100.0%	112
UMS Skeldar AB, 556829-2949, Linköping, Sweden	500	100.0%	12
Dormant companies etc.	-	-	81
Carrying amount at year-end			**6,497**

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Note 39. Untaxed Reserves

MSEK	Parent Company 2023	2022
Tax allocation reserve:		
Opening balance, 1 January	2,336	1,826
Allocation for the year	770	600
Dissolution for the year	-309	-90
Closing balance, 31 December	**2,797**	**2,336**
Accumulated accelerated/under depreciation		
Buildings and land:		
Opening balance, 1 January	-	-2
Accelerated/under depreciation for the year	-	2
Closing balance, 31 December	**-**	**-**
Machinery and equipment:		
Opening balance, 1 January	973	862
Accelerated depreciation for the year	156	111
Closing balance, 31 December	**1,129**	**973**
Total untaxed reserves, 31 December	**3,926**	**3,309**

Note 40. Statement of Cash Flows, Supplemental Information

The Group's free cash flow, and a reconciliation between free cash flow and cash flow for the year from the statement of cash flows, are stated below.

Free cash flow

MSEK	Group 2023	2022
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items[1)]	**6,777**	**5,718**
Cash flow from changes in working capital:		
Contract assets and liabilities	2,915	-153
Inventories	-2,691	-2,550
Other current receivables	-1,922	-241
Other current liabilities	2,020	2,552
Provisions	-408	-540
Change in working capital	**-86**	**-932**
Cash flow from operating activities, excluding taxes and other financial items	**6,691**	**4,786**
Investing activities:		
Investments in intangible fixed assets	-1,031	-686
Investments in tangible fixed assets	-2,507	-1,624
Sales and disposals of tangible fixed assets	4	117
Cash flow from investing activities[2)]	**-3,534**	**-2,193**
Operational cash flow	**3,157**	**2,593**
Taxes and other financial items	-815	-656
Sale of and investments in financial assets	-896	-108
Investments in operations	-262	-
Sale of subsidiaries and other operations	382	42
Free cash flow	**1,566**	**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, investments in operations and sale of subsidiaries. If investments in and sale of financial fixed assets are considered to be of operating nature, the item is included in investing activities.

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Free cash flow versus cash flow for the year in statement of cash flows

MSEK	2023	2022
Free cash flow	1,566	1,871
Investing activities – interest-bearing:		
Short-term investments	-1,233	-49
Other financial investments and receivables	-372	-130
Financing activities:		
Repayment of loans	-1,075	-1,386
Raising of loans	1,250	1,394
Repurchase of shares	-	-
Dividend paid to the Parent Company's shareholders	-703	-647
Dividend paid to non-controlling interest	-126	-62
Transactions with non-controlling interest	10	47
Cash flow for the year	**-683**	**1,038**

Supplemental information on statement of cash flows
Liquid assets

	Group	
MSEK	31-12-2023	31-12-2022
The following components are included in liquid assets:		
Cash and bank balances	1,629	1,619
Bank deposits	500	1,250
Total according to the statement of financial position	**2,129**	**2,869**
Total according to statement of cash flows	**2,129**	**2,869**

	Parent Company	
MSEK	31-12-2023	31-12-2022
The following components are included in liquid assets:		
Cash and bank balances	253	353
Bank deposits	500	1,250
Total according to balance sheet	**753**	**1,603**
Total according to statement of cash flows	**753**	**1,603**

Interest and dividend

	Group		Parent Company	
MSEK	2023	2022	2023	2022
Dividends received	36	44	383	678
Interest received	340	140	389	241
Interest paid	-437	-294	-466	-209
Total	**-61**	**-110**	**306**	**710**

Adjustments for items not affecting cash flow

	Group		Parent Company	
MSEK	2023	2022	2023	2022
Depreciation and amortisation	2,265	2,127	730	763
Capital gains/losses from sales of Group companies, associated companies and joint ventures	-328	-	-234	-
Provisions	399	705	291	437
Write-downs	21	-	153	-
Share of income in associated companies and joint ventures	685	97	930	-
Unrealized change in fair value biological assets	-6	-60	-	-
Negative goodwill from a preliminary purchase price allocation	-144	-	-	-
Dividends and Group contributions from/to Group companies	-	-	-2,720	-1,939
Other	58	450	187	403
Total	**2,950**	**3,319**	**-663**	**-336**

Reconciliation of cash flows arising from liabilities in financing activities

			Non-cash changes		
Group, MSEK	31-12-2022	Cash flows[1)]	Foreign exchange movement	New contracts/ Revaluation	31-12-2023
Interest-bearing liabilities					
Bonds and other debt instruments	7,101	165	4		7,270
Liabilities to associated companies and joint ventures	48		1		49
Lease liabilities	2,794	-586	-18	485	2,675
Other interest-bearing liabilities	45	10	-7		48
Total interest-bearing liabilities	**9,988**	**-411**	**-20**	**485**	**10,042**

			Non-cash changes		
Group, MSEK	31-12-2021	Cash flows[1)]	Foreign exchange movement	New contracts/ Revaluation	31-12-2022
Interest-bearing liabilities					
Bonds and other debt instruments	7,085	2	14		7,101
Liabilities to associated companies and joint ventures	43	6	-1		48
Lease liabilities	2,543	-524	91	684	2,794
Other interest-bearing liabilities	44		1		45
Total interest-bearing liabilities	**9,715**	**-516**	**105**	**684**	**9,988**

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Parent company, MSEK	31-12-2022	Cash flows[1]	Non-cash changes: Foreign exchange movement	Non-cash changes: New contracts/ Revaluation	31-12-2023
Interest-bearing liabilities, external					
Bonds and other debt instruments	7,101	165	4		7,270
Liabilities to associated companies and joint ventures	48	4	-3		49
Total interest-bearing liabilities, external	**7,149**	**169**	**1**	**-**	**7,319**

Parent company, MSEK	31-12-2021	Cash flows[1]	Non-cash changes: Foreign exchange movement	Non-cash changes: New contracts/ Revaluation	31-12-2022
Interest-bearing liabilities, external					
Bonds and other debt instruments	7,085	2	14		7,101
Liabilities to associated companies and joint ventures	43	6	-1		48
Total interest-bearing liabilities, external	**7,128**	**8**	**13**	**-**	**7,149**

1) These amounts refer to cash flows arising from liabilities in Financing activities in the Consolidated statement of cash flows for the Group and cash flows arising from group external liabilities in Financing activities for the Parent company.

Sale of subsidiaries and operations

MSEK	Group 2023	Group 2022
Divested assets and liabilities		
Intangible fixed assets	41	-
Tangible fixed assets	28	3
Deferred tax assets	13	-
Current receivables	178	65
Liquid assets	77	-
Total assets	**337**	**68**
Deferred tax liabilities	17	-
Current liabilities	105	27
Total liabilities	**122**	**27**
Sales price	592	42
Purchase price received	**459**	**42**
Less: Liquid assets in divested operations	-77	-
Effect on the Group's liquid assets	**382**	**42**

During 2022, operations linked to the laser rangefinder business were divested. The cash flow effect was MSEK 42. During 2023, the MTM business and a property were divested. The cash flow effects were 382 MSEK in total.

Note 41. Business combinations

On 31 August 2023, Saab announced the acquisition of 100 per cent of the shares in BlueBear Systems Group Ltd (BlueBear) for approximately SEK 383 million. BlueBear is a provider of AI-enabled autonomous swarm systems for complex defence and security applications. At the time of acquisition, BlueBear had 65 employees based in Bedford, United Kingdom. In 2022, the company had a turnover of GBP 8 million.
The total consideration of approximately SEK 383 million includes an estimated contingent consideration at fair value of SEK 133 million. The contingent consideration is based on fulfilment of targets regarding financial performance and strategic objectives defined by Saab up until September 2025 and September 2027. The combination of Saab's products, services and solutions, and BlueBear's experience as an agile integrator of AI-enabled autonomous swarm systems will be a driver of Saab's future capabilities. BlueBear will contribute to Saab's existing activities worldwide and Saab will benefit from BlueBear's expertise in autonomy and swarming, as well as command and control systems. Details of the purchase price analysis, net assets acquired and goodwill are as follows:

Preliminary purchase price analysis for BlueBear

	MSEK
Purchase price	
Purchase price paid August 30, 2023	250
Contingent consideration	133
Total consideration	**383**
Effect on liquid assets	
Purchase price paid August 30, 2023	250
Less: Liquid assets in the acquired company	-27
Effect on liquid assets (positive (-) / negative (+))	**223**

Fair value of identifiable assets and liabilities at the date of the acquisition was:

	MSEK
Intangible fixed assets	279
Tangible fixed assets	1
Current assets	53
Liquid assets	27
Total assets	**360**
Total liabilities	**93**
Total identifiable net assets at fair value	267
Goodwill	116
Purchase consideration	**383**

The goodwill of SEK 116 million comprises the value of expected synergies through the consolidation of the operations of Saab and BlueBear arising from the acquisition. None of the acquired goodwill is expected to be deductible for income tax purposes. The fair value of intangible fixed assets amounted to SEK 279 million and is related to previously non-capitalised development costs and customer relations. From the date of the acquisition, BlueBear has contributed to the consolidated accounts of the group with SEK 47 million to sales and SEK 11 million to income before taxes. If the acquisition had taken place at the beginning of the year, sales would have increased by SEK 74 million and income before taxes would have increased by approximately SEK 6 million. Transaction costs of SEK 14 million have been expensed and are included in administrative expenses (included in cash flows from operating activities).

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On 7 September, Saab announced the strategic acquisition of CrowdAI in the U.S. for a minor consideration.

In the fourth quarter 2023, Saab acquired two subsidiaries in Sweden from its associated company UMS Skeldar AG for a minor consideration. The companies had net assets of SEK 168 million. The transaction resulted in a preliminary negative goodwill of SEK 144 million recognised in Other operating income in the fourth quarter 2023 and an effect on free cash flow of SEK -21 million. In connection with the transaction, Saab recorded write-downs in the minority portfolio related to UMS Skeldar AG of SEK -210 million. These items were classified as items affecting comparability, see note 43.

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 43. 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.

During the second quarter 2023, Saab divested property in accordance with the resolution from the Annual General Meeting for the Share Purchase Agreement and a Lease Agreement with Vectura. The divestment resulted in a capital gain of SEK 58 million, classified as an item affecting comparability, and had a positive effect on free cash flow of SEK 75 million. See note 43.

In the comparative period, assets held for sale amounted to MSEK 291 of which MSEK 112 was attributable to intangible fixed assets, MSEK 12 to tangible fixed assets and MSEK 167 to current assets. Liabilities related to assets held for sale of MSEK 132 comprised short-term liabilities.

Note 42. Information on Parent Company

Saab AB (publ), corporate identity no. 556036-0793, is a limited company registered in Sweden, with its registered office in Linköping. The Parent Company's B shares are registered on Nasdaq Stockholm. The address of the head office is Saab AB, Olof Palmes gata 17, 5th floor, SE-111 22 Stockholm, Sweden.

The consolidated accounts for 2023 comprise the Parent Company and its Group companies, together referred to as the Group. The Group also includes the holdings in associated companies and joint ventures.

Saab AB also operates a small business in a South Korean branch.

Note 43. Items affecting comparability

Item affecting comparability	Business Area	Line item	2023	2022
Write-down of associated companies	Corporate	Share of income in associated companies and joint ventures	-494	-
Capital gain from the divestment of MTM operations	Surveillance	Other operating income	270	-
Capital gain from divestment of property	Corporate	Other operating income	58	-
Negative goodwill from a preliminary purchase price allocation	Corporate	Other operating income	144	-
Total			**-22**	-

The items affecting comparability are included in the operating income of the group. Operating income adjusted for items affecting comparability is not reported in 2023.

Note 44. Exchange Rates used in Financial Statements

			Year-end rate		Average rate	
Country			**2023**	**2022**	**2023**	**2022**
Australia	AUD	1	6.82	7.09	7.04	7.01
Brazil	BRL	1	2.06	1.98	2.13	1.96
Denmark	DKK	100	148.23	150.02	153.98	142.88
Euro	EUR	1	11.05	11.16	11.47	10.63
India	INR	100	12.01	12.64	12.85	12.87
Canada	CAD	1	7.55	7.72	7.86	7.77
Norway	NOK	100	97.94	105.84	100.46	105.25
Switzerland	CHF	1	11.83	11.33	11.81	10.59
UK	GBP	1	12.72	12.61	13.19	12.47
South Africa	ZAR	100	53.86	61.66	57.53	61.87
Czech Republic	CZK	100	44.73	46.12	47.84	43.30
USA	USD	1	9.99	10.46	10.61	10.12

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Note 45. Definitions of Key Ratios in Financial Statements

Below are definitions of financial key ratios that are used in the report. For more information and explanations regarding the usage of these key ratios, see saabgroup.com, investor, financial data, key ratios.

Capital employed Total assets less non-interest-bearing liabilities.
Capital turnover Sales divided by average capital employed.
Cash conversion Operational cash flow divided by operating income (EBIT).
Earnings per share Net income for the year attributable to the Parent Company's shareholders, divided by the average number of shares before and after full dilution. There is no dilution impact if the result is negative.
EBITDA Operating income before depreciation/amortisation and write-downs
EBITDA adjusted for items affecting comparability Operating income before depreciation/amortisation and write-downs adjusted for items classified as affecting comparability.
EBITDA margin Operating income before depreciation/amortisation and write-downs as a percentage of sales.
EBITDA margin adjusted for items affecting comparability Operating income before depreciation/amortisation and write-downs adjusted for items classified as affecting comparability as a percentage of adjusted sales.
Effective tax rate Current and deferred taxes as a percentage of income before tax.
Equity/assets ratio Equity in relation to total assets.
Equity per share Equity attributable to the Parent Company's shareholders divided by the number of shares, excluding treasury shares, at the end of the year.
Free cash flow Cash flow from operating activities, including amortisation of lease liabilities, and cash flow from investing activities, excluding acquisitions and divestments of short-term investments and other interest-bearing financial assets.
Free cash flow per share Free cash flow divided by the average number of shares after dilution.
Full Time Equivalent, FTE Refers to the number of full-time equivalent employees. Excludes long-term absentees and consultants but includes fixed term employees and part-time employees.
Gross income adjusted for items affecting comparability Gross income adjusted for items classified as affecting comparability.
Gross margin Gross income as a percentage of sales.
Gross margin adjusted for items affecting comparability Gross income adjusted for items affecting comparability as a percentage of adjusted sales.
Interest coverage ratio Operating income plus financial income divided by financial expenses.
Items affecting comparability Items affecting comparability comprise the financial effects from events or transactions with material impact that are relevant to understand the result when comparing periods. Such events or transactions can relate to restructuring programs, costs related to disputes and legal proceedings, macroeconomic developments, impairment charges and gains and losses from divestments of group companies, joint ventures or associated companies.
Net investments Investments, sales and disposals of intangible and tangible fixed assets.
Net liquidity/net debt Liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for pensions attributable to special employers' contribution.
Net liquidity/net debt to EBITDA End of period Net liquidity/net debt divided by 12-month rolling reported EBITDA
Number of employees Headcount of all employed by the company, excluding fixed term employees and consultants
Operating income Income before financial items and tax.
Operating income adjusted for items affecting comparability Operating income (EBIT) adjusted for items classified as affecting comparability.
Operating margin Operating income (EBIT) as a percentage of sales.
Operating margin adjusted for items affecting comparability Operating income adjusted for items affecting comparability as a percentage of adjusted sales.
Operational cash flow Cash flow from operating activities, excluding taxes and other financial items, amortisation of lease liabilities and investments, sales and disposals of intangible and tangible fixed assets.
Order backlog Total value of orders at the end of the year.
Order bookings Total value of orders received during the year.
Organic sales growth Change in sales in percentage adjusted for effects from exchange rate due to the translation of foreign subsidiaries, and structural changes such as acquisitions and divestments of subsidiaries.
Profit margin Operating income plus financial income as a percentage of sales.
Research and development, R&D Research and development costs are recognised separately in the income statement and comprise the cost of self-financed new and continued product development as well as amortisation and any write-down of capitalised development costs. Research and development expenses comprise both expenses incurred as costs excluding amortization and write-downs, and expenses capitalised as development costs in the statement of financial position. Total R&D expenses also include the part of Saab's R&D that is conducted in cooperation with customers, which is reported as cost of goods sold.
Return on capital employed Operating income plus financial income as a percentage of average capital employed.
Return on equity Net income for the year as a percentage of average equity.
Sales adjusted for items affecting comparability Sales adjusted for items classified as affecting comparability.

Note 46. Significant events after the conclusion of the period in the Financial Statements

- On 22 January, Saab signed a three-year contract for GlobalEye support to UAE with an order value of approximately USD 190 million.
- On 23 January, Saab announced an order for production of T-7A aft fuselage systems to Boeing with an order value of USD 101.7 million (approx. SEK 1 billion). The order was booked in the fourth quarter 2023.
- On 15 February, Saab received an order from the Government of Canada for the short-range air defence system RBS 70 NG. The order value is approximately CAD 227 million (SEK 1.8 billion) with deliveries starting during 2024.
- On 23 February, Saab signed a contract with the Swedish Defence Materiel Administration (FMV) and received an order for four additional Gripen C fighter aircraft for Hungary.

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Dividend motivation

The Board of Directors' statement according to chapter 18, § 4 of the Companies Act with regard to the proposed dividend – Saab AB.

Saab is one of the world's leading high-technology companies, with operations that are characterised by complex development assignments on the cutting edge of technology. Over the years, Saab has conducted significant development projects and managed the associated risks with great success. See also risks and uncertainties in the annual report.

The Board of Directors is proposing a total dividend of MSEK 853 (703), an increase of 21 per cent, corresponding to SEK 6.40 (5.30) per share.

Saab AB's unrestricted equity amounts to MSEK 13,756 and profit carried forward in the Group before the dividend is paid amounts to MSEK 22,164.

Net income for the year attributable to the Parent Company's shareholders amounted to MSEK 3,381 for the Group and MSEK 2,107 for the Parent Company.

After paying the dividend to the shareholders, the Group's equity/assets ratio amounts to 38.5 per cent, compared to the target of 30 per cent. Since the IPO in 1998, the equity/assets ratio has risen from 22 per cent to 39.1 per cent in 2023.

Saab's gross capital expenditure in 2023 amounted to MSEK 2,507. Investments are also made in research and development, which in 2023 amounted to MSEK 2,049, of which MSEK 547 was capitalised in the balance sheet.

At year-end, Saab had a net liquidity, which includes liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities, including provisions for lease liabilities and pensions, amounting to MSEK 2,343.

The proposed dividend is not expected to affect Saab's ability to carry out its commitments on a short- or long-term basis.

The proposed dividend is considered justifiable with regard to what is stated in chapter 17, § 3, paragraphs two and three of the Companies Act (2005:551):

1. the demands that the company's nature, scope and risks place on the size of its equity, and
2. the company's consolidation needs, liquidity or financial position in other respects.

The Board of Directors of Saab AB

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Proposed disposition of earnings 2023

The Board of Directors and the President and CEO propose that the unappropriated earnings in the Parent Company at disposal of the Annual General Meeting, amounting to:

SEK	
Retained earnings	6,092,321,033
Share premium reserve	5,557,130,127
Net comprehensive income for the year	2,107,441,182
Total	**13,756,892,342**

be disposed as follows:	
To the shareholders, a dividend of SEK 6.40 per share	852,782,816
To share premium reserve	5,557,130,127
Funds to be carried forward	7,346,979,399
Total	**13,756,892,342**

After the proposed disposition, equity in the Parent Company will be as follows:

SEK	
Capital stock	2,173,533,552
Statutory reserve	542,471,135
Revaluation reserve	637,551,830
Share premium reserve	5,557,130,127
Retained earnings	7,346,979,399
Total	**16,257,666,043**

The company's policy is to issue a dividend of 20–40 per cent of net income over a business cycle. The Board of Directors and the President propose that MSEK 853 (703), or SEK 6.40 (5.30) per share be issued as a dividend. This has been calculated based on the amount of outstanding shares on 31 December 2023, of 133,247,315 (132,488,884). Saab's equity/assets ratio is currently 39.1 per cent (41.3) and after the proposed disposition of earnings will be 38.5 per cent (40.7).

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The undersigned certify that the consolidated accounts and the annual report have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union, and generally accepted accounting principles, and give a true and fair view of the financial positions and results of the Group and the Parent Company, and that the management report gives a fair review of the development of the operations, financial positions and results of the Group and the Parent Company and describes substantial risks and uncertainties that the Group companies faces.

Linköping 29 February 2024

Marcus Wallenberg
Chairman

Bert Nordberg
Deputy Chairman

Lena Erixon
Board member

Henrik Henriksson
Board member

Danica Kragic Jensfelt
Board member

Sara Mazur
Board member

Johan Menckel
Board member

Erika Söderberg Johnsson
Board member

Sebastian Tham
Board member

Joakim Westh
Board member

Stefan Andersson
Board member

Göran Andersson
Board member

Magnus Gustafsson
Board member

Micael Johansson
President and Chief Executive Officer (CEO)
and board member

Our audit report was submitted on 29 February 2024
PricewaterhouseCoopers AB

Peter Nyllinge
Authorised Public Accountant
Auditor in charge

Fredrik Göransson
Authorised Public Accountant

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To the general meeting of the shareholders of Saab AB (publ), corporate identity number 556036-0793

Report on the annual accounts and consolidated accounts

Opinions
We have audited the annual accounts and consolidated accounts of Saab AB for the year 2023 except for the statutory sustainability report and the corporate governance statement on pages 42 to 78 and 79 to 90 respectively. The annual accounts and consolidated accounts of the company are included on pages 36 to 170 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. Our opinions do not include the statutory sustainability report and the corporate governance statement on pages 42 to 78 and 79 to 90 respectively.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit approach and scope
We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls and the specific circumstances in larger customer projects.

In order to design an appropriate audit, we have updated our understanding of how the operations within Saab are organised, of important systems and processes as well as the internal controls implemented to give the Board of Directors and management confidence that the financial reporting is of high precision. For this purpose we have performed interviews with senior management at various levels in the group and leaders of group functions, as well as reviewed reports, policies, instructions and planning and steering documents. We have also had a regular dialogue with the internal audit and internal controls functions to share relevant information and to coordinate activities when and if deemed relevant.

A significant part of Saab's revenue and result is derived from long term customer contracts including substantial development and customization for specific customers, which are associated with technical and commercial risks. Revenue and income are in many projects recognised using percentage of completion, which as such are based on management's estimates and measurement of percentage of completion, estimated profit margin as well as total costs and risks. This requires a high level of project control and monitoring to be able to, at any given time confirm the assumptions and estimates for project cost and revenue to give a satisfying base for recognizing revenue and income. In many cases the customer contracts have a significant element of integration with the customer and sub-contractors why the financial outcome is not only dependent on Saab's own activities but other parties as well.

In our audit we have focused on the operations in the parent company Saab AB and the subsidiaries Saab Dynamics AB, Saab Kockums AB and Combitech AB. In addition, entities in Australia and the USA have been subject to review procedures.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters
Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. In the audit of Saab we have identified one key audit matter. The matter below were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on this matter.

Key audit matter

Long term customer contracts

Revenue and income are in many projects recognised over time using percentage of completion, which as such are based on management's estimates and measurement of percentage of completion, estimated profit margin as well as total costs and risks. If a project is expected to be in a loss position, the loss is recognised as soon as it can be determined.

Percentage of completion and the income recognised can be based on cost incurred, milestones reached, or units delivered.

The financial reporting risk in the financial reporting is that revenue and income recognised, not correctly reflect Saab's fulfilment of performance obligations in the long term customer contracts and that the risks in the contracts deviate from actual outcome, which can result in revenue being recognised at wrong margin. This in turn might lead to cut off errors in revenue and cost over the project's lifecycle.

Accounting for long term customer contracts also, besides revenue and cost of goods sold, affect balance sheet items such as receivables from customers, inventory and provision for loss contracts.

In the annual report risks related to long term contracts are described on page 40 and in the notes to the financial statements (note 2 and 4) the accounting principles are described in more detail.

How our audit addressed the Key audit matter

Saab has implemented processes, methods and controls to account for and monitor the long term customer contracts from tender, through execution and completion. These processes include among other project organisation, documentation, financial reviews and reporting as well as guidance on application of the accounting principles. This is further described in the annual report on page 40.

In our audit we have evaluated the design of these processes, methods and controls and tested on a sample basis that they work as designed. In this testing we have focused on the following:

- Test of monitoring controls on business area, business unit of where applicable on product level.
- Test of transaction controls for accounting for cost incurred related to long term customer contracts for procurement to projects.
- Test that project reviews and documentation has been approved according to methods applied within Saab.

We have further selected a sample of long term customer contracts for substantive testing. Our sample is based on quantitative and qualitative factors where we have selected long term contracts that are material from contract value, revenue recognised or risk in residual cost to complete. Contracts for Gripen E to Sweden, Gripen NG to Brazil and Airborne surveillance to United Arab Emirates and Sweden, respectively, A26 submarines to Sweden, combat system for the program Squadron 2020 to Finland and upgrade of the German navy's F123 frigates have been most significant in our audit.

For the selected contracts we have in detail obtained an understanding for the project though, among other procedures, review of contract clauses, project plans, analysis of stage of completion and contract forecasts. Each quarter we review the projects together with the project leader, the project controller or similar. In these reviews we perform the following procedures focusing on whether significant risks are reasonably accounted for:

- We inspect management's assessment of the project execution and how this affects the financial reporting. This includes total contract value, level of completion, method for recognising stage of completion, cost incurred and estimated remaining cost.
- We reconcile management's assessment to underlying documentation and compare this with previous quarters.
- We reconcile financial information between reports and systems and recalculate calculations.

In these reviews we use our knowledge about Saab and how similar long term contracts have been treated to discuss and ask questions and challenge management's estimates and judgements. We also assess consistent application of accounting principles between contracts with similar circumstances.

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Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1 to 35 and 176 to 180 as well as the statutory sustainability report on page 42 to 78. The other information also consists of the remuneration report, which we have had access to prior to the date of this audit report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so. The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Saab AB for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

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The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Saab AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Saab AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the ESEF report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the ESEF report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the ESEF report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the ESEF report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the ESEF report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the ESEF regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for the corporate governance statement on pages 79 to 90 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

PricewaterhouseCoopers AB, Stockholm, was appointed auditor of Saab AB (publ)'s by the general meeting of the shareholders on the 5 April 2023 and has been the company's auditor since the 7 April 2011.

Stockholm 29 February 2024
PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant
Partner in charge

Fredrik Göransson
Authorized Public Accountant

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Auditor's Combined Assurance Report

on the Sustainability Report and Statement on the Statutory Sustainability Report

This is a translation of the original report in Swedish
To the annual general meeting of Saab AB, org.nr 556036-0793

Introduction
We have been engaged by the Group Management of Saab AB to undertake an examination of Saab's Sustainability Report for 2023. The company has defined the scope of the Sustainability Report and the Statutory Sustainability Report on page 44. The engagement includes a limited assurance engagement on the complete Sustainability Report and reasonable assurance of specific CO2 emissions (scope 1 and scope 2) as specified below.

Responsibilities of the Board and Management for sustainability report
The Board of Directors and the Group Management of Saab are responsible for the preparation of the sustainability report, including the statutory sustainability report, in accordance with applicable criteria and the Annual Accounts Act. The reporting criteria are described on page 76 in this report and consists of the Global Reporting Initiative (GRI) Sustainability Reporting Standards which are applicable to the Saab's sustainability report, and the Greenhouse Gas Protocol for CO2 emissions scope 1 and 2, as well as the accounting and calculation principles that Saab AB has developed. This responsibility also includes the internal control which is relevant to the preparation of the sustainability report that is free from material misstatement, whether due to fraud or error.

Responsibilities of the auditor
Our responsibility is to express a conclusion on the sustainability report based on the procedures we have performed, and to provide a statement on the statutory sustainability report. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted the assurance engagement in accordance with ISAE3000 (revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", to provide limited assurance on the sustainability report as a whole, and in accordance with ISAE3410, "Assurance Engagements on Greenhouse Gas Statements", to provide reasonable assurance on scope 1 and 2 CO2 emissions as specified below. We have conducted our review regarding the statutory sustainability report in accordance with FAR's recommendation RevR 12, the Auditor's Opinion on the Statutory Sustainability Report.

The audit firm applies ISQM 1 (International Standard on Quality Management) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Saab AB according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The objective of an audit is to obtain reasonable assurance that the information is free of material misstatements. A reasonable assurance engagement includes examining, on a test basis, evidence supporting the selected information in the sustainability report. We have evaluated the effectiveness of internal controls and the processes for collecting and consolidating CO2 emissions data, and performed testing on a sample basis to evaluate whether the CO2 emissions are reported according to the reporting criteria.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the sustainability report and applying analytical and other limited assurance procedures. A limited assurance engagement and an examination according to RevR 12 have a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a limited assurance engagement and an examination according to RevR 12 do not allow us to obtain such assurance that we become aware of all significant matters that could have been identified if an audit was performed. The stated conclusion based on a limited assurance and an examination in accordance with RevR 12, therefore, does not have the security that the conclusion of our reasonable assurance procedures.

Since this assurance engagement is combined, our conclusions regarding the reasonable assurance, the limited assurance and the review according to RevR12 will be presented in separate sections.

Our reasonable assurance engagement includes 2023 data related to CO2 emissions in scope 1 and scope 2 (as disclosed in the sustainability report on page 58).

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria as suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusions
Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the sustainability report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Group Management.

In our opinion, Saab's direct and indirect (scopes 1+2) fossil CO2 emissions which have been subject to our reasonable assurance procedures have, in all material respects, been prepared in accordance with the criteria defined by the Board of Directors and the Group Management.

A statutory sustainability report has been prepared.

Stockholm 29 February 2024
PricewaterhouseCoopers

Peter Nyllinge
Authorized Public Accountant
Partner in charge

Fredrik Göransson
Authorized Public Accountant

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Multi-year overview

MSEK. unless otherwise indicated	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Order bookings	77,811	63,116	43,569	42,328	27,216	27,975	30,841	21,828	81,175	22,602
Order backlog 31 December	153,409	127,676	105,177	99,816	93,293	102,184	107,233	107,606	113,834	60,128
Sales	**51,609**	**42,006**	**39,154**	**35,431**	**35,433**	**33,156**	**31,666**	**28,631**	**27,186**	**23,527**
Foreign market sales, %	58	58	62	64	63	59	58	57	58	55
Defence sales, %	90	89	90	88	85	85	84	83	82	79
Operating income before depreciation/amortisation and write-downs (EBITDA)	6,558	5,401	4,826	2,833	4,305	3,182	3,089	2,743	2,859	2,523
EBITDA margin, %	12.7	12.9	12.3	8.0	12.1	9.6	9.8	9.6	10.5	10.7
Operating income (EBIT)	**4,272**	**3,274**	**2,888**	**1,315**	**2,937**	**2,266**	**2,250**	**1,797**	**1,900**	**1,659**
Operating margin, %	8.3	7.8	7.4	3.7	8.3	6.8	7.1	6.3	7.0	7.1
Financial income	782	194	124	230	190	193	121	90	169	103
Financial expenses	-636	-649	-435	-433	-520	-663	-272	-276	-338	-239
Income after financial items	4,418	2,819	2,577	1,112	2,607	1,796	2,099	1,611	1,731	1,523
Net income for the year	**3,443**	**2,283**	**2,025**	**1,092**	**2,025**	**1,366**	**1,508**	**1,175**	**1,402**	**1,168**
Net income attributable to Parent Company's shareholders	3,381	2,195	1,926	1,073	1,983	1,313	1,477	1,133	1,362	1,153
Total assets	82,759	72,365	65,039	60,568	59,858	56,128	44,998	41,211	35,088	29,556
– of which total equity	32,362	29,876	23,249	21,644	20,809	19,633	14,285	13,301	12,912	11,373
– of which equity attributable to Parent Company's shareholders	32,035	29,486	22,976	21,466	20,535	19,412	14,097	13,156	12,851	11,291
Equity per share, SEK[1]	240.42	222.55	174.31	162.32	154.48	145.43	121.86	114.17	111.99	98.83
Net liquidity/debt excluding lease liabilities, interest-bearing receivables and net provisions for pensions	6,102	5,663	4,669	2,918	-354	2,190	344	28	-1,880	185
Net liquidity/debt[6]	2,343	2,432	-2,125	-4,273	-7,069	-1,460	-1,834	-1,836	-3,217	-2,113
Cash flow from operating activities	6,462	4,654	5,713	5,800	1,194	-490	3,164	4,154	358	-713
Free cash flow[6]	**1,566**	**1,871**	**2,737**	**3,753**	**-2,036**	**-3,195**	**852**	**2,359**	**-726**	**-1,094**
Free cash flow per share after dilution, SEK[3]	11.65	13.99	20.53	28.03	-15.20	-27.27	7.33	20.38	-6.30	-9.45
Average capital employed	42,453	39,364	37,243	36,338	34,485	28,151	22,495	21,135	18,454	15,897
Average equity	31,119	26,563	22,447	21,227	20,221	16,959	13,793	13,107	12,143	11,800
Return on capital employed, %	11.9	8.8	8.1	4.3	9.1	8.7	10.5	8.9	11.2	11.1
Return on equity, %	11.1	8.6	9.0	5.1	10.0	8.1	10.9	9.0	11.5	9.9
Profit margin, %	9.79	8.26	7.69	4.36	8.83	7.42	7.49	6.59	7.61	7.49
Capital turnover rate, multiple	1.22	1.07	1.05	0.98	1.03	1.18	1.41	1.35	1.47	1.48
Equity/assets ratio, %	39.1	41.3	35.7	35.7	34.8	35.0	31.7	32.3	36.8	38.5
Interest coverage ratio, multiple	7.95	5.34	6.92	3.57	6.01	3.71	8.72	6.84	6.12	7.37
Earnings per share before dilution, SEK[2] [5]	25.44	16.61	14.57	8.07	14.88	11.27	12.79	9.85	11.90	10.03
Earnings per share after dilution, SEK[3] [5]	25.16	16.41	14.45	8.01	14.81	11.21	12.70	9.79	11.81	9.96
Dividend, SEK	**6.40[4]**	**5.30**	**4.90**	**4.70**	**0.00**	**4.50**	**5.50**	**5.25**	**5.00**	**4.75**
Gross capital expenditures for tangible fixed assets	2,507	1,624	1,223	1,269	1,213	1,481	1,093	807	799	732
Research and development costs	8,899	7,637	6,897	7,440	7,643	7,562	7,348	7,421	6,841	5,970
Number of employees at year-end	**21,479**	**19,002**	**18,153**	**18,073**	**17,420**	**17,096**	**16,427**	**15,465**	**14,685**	**14,716**

1) Number of shares, excluding treasury shares, as of 31 December 2023: 133,247,315; 2022: 132,488,884; 2021: 131,810,178; 2020: 132,247,073; 2019: 132,926,363; 2018: 133,482,880; 2017: 115,685,451; 2016: 115,232,495; 2015: 114,746,834; 2014: 114,251,832
2) Average number of shares before dilution 2023: 132,883,908; 2022: 132,157,586; 2021: 132,164,599; 2020: 133,009,986; 2019: 133,245,360; 2018: 116,467,822; 2017: 115,444,915; 2016: 114,971,098; 2015: 114,484,478; 2014: 114,929,422
3) Average number of shares after dilution 2023: 134,377,832; 2022: 133,724,223; 2021: 133,293,340; 2020; 133,877,141; 2019:133,929,292; 2018:117,144,915; 2017: 116,310,466; 2016: 115,775,275; 2015: 115,280,946; 2014: 115,785,595
4) Board of Directors' proposal.
5) Net income less non-controlling interest divided by average number of shares.
6) For more information and explanations regarding the usage of these key ratios, please see saab.com, investor, financial data, key ratios.

Financials for 2017 are restated according to the changed accounting principles for revenue from contracts with customers (IFRS 15).

The average number of outstanding shares for the years 2017-2014 have been adjusted in accordance with IAS 33 "Earnings per share", in accordance with the terms of the rights issue 2018.

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Number of employees

By location	31 Dec 2023
Linköping, Sweden	6,887
Göteborg, Sweden	2,103
Järfälla, Sweden	1,705
Karlskoga, Sweden	1,471
Karlskrona, Sweden	988
Huskvarna, Sweden	755
Adelaide, Australia	713
Malmö, Sweden	692
Arboga, Sweden	537
Stockholm, Sweden	477
Växjö, Sweden	376
Centurion, South Africa	370
Syracuse, U.S.	362
Fareham, U.K.	210
Sonderborg, Denmark	195
Gardelegen, Germany	192
Trollhättan, Sweden	167
Other	3,410
Total	**21,610**

By country	31 Dec 2023
Sweden	17,402
Australia	930
U.S.	836
United Kingdom	452
South Africa	402
Germany	341
Finland	230
Denmark	196
United Arab Emirates	146
Brazil	143
Switzerland	101
Czech Republic	88
Norway	73
Netherlands	58
Singapore	37
Poland	35
South Korea	24
Other	116
Total	**21,610**

Note: Employees defined as Full-Time Equivalents, see definition on page 167.

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Annual General Meeting

11 April 2024

Q1 report

26 April 2024

Q2 report

19 July 2024

Q3 report

22 October 2024

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Annual General Meeting 2024
The Annual General Meeting will be held on Thursday, 11 April 2024 at 15:00 CET in Saab's hangar, Åkerbogatan 10, Linköping, Sweden.

The shareholders may, besides physical attendance, also exercise their voting rights at the Annual General Meeting by postal voting prior to the meeting.

Information on the right to participate and notification of participation, on how shareholders will be able to exercise their voting rights, and on proxies and assistants can be found in the notice of the Annual General Meeting.

Information can also be found at the company's website www.saab.com/agm.

Dividend
The Board of Directors proposes that shareholders receive a dividend of SEK 6.40 per share. In order to facilitate a more efficient cash management, the dividend is proposed to be paid out in two equal instalments. The proposed record dates to be entitled to receive the dividend are 15 April 2024 and 8 October 2024. The dividend is expected to be paid out on 18 April 2024 and 11 October 2024.

Distribution of the annual report
The annual report is available on Saab's website, www.saab.com. A printed version of the annual report can be ordered by email to annual.report@saabgroup.com.

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taken in co-operation between Lili Studios AB and Saab.