



SAAB Nordic Defence Industries A/S

Stenholm 11
9400 Nørresundby
CVR No. 18032430

Annual report 2022

The Annual General Meeting adopted the
annual report on 14.03.2023

Niclas Kolmodin
Conductor

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Entity details

Entity

SAAB Nordic Defence Industries A/S

Stenholm 11

9400 Nørresundby

Business Registration No.: 18032430

Registered office: Aalborg

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Heino Lundgren

Nils Christian Wang

Niclas Christer Kolmodin

Executive Board

Henrik Nøjgaard, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of SAAB Nordic Defence Industries A/S for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aalborg, 14.03.2023

Executive Board

Henrik Nøjgaard
CEO

Board of Directors

Heino Lundgren

Nils Christian Wang

Niclas Christer Kolmodin

Independent auditor's extended review report

To the shareholders of SAAB Nordic Defence Industries A/S

Conclusion

We have performed an extended review of the financial statements of SAAB Nordic Defence Industries A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other 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 conclusion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aalborg, 14.03.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Birner Sørensen

State Authorised Public Accountant
Identification No (MNE) mne11671

Management commentary

Primary activities

The company activities include production, product development, maintenance, marketing and sales, primarily of underwater mine and unexploded ordnance disposal charges.

Description of material changes in activities and finances

Activities:

Insourcing production in order to minimise sub-supplier dependencies remains a priority and continues successfully. Comprehensive efforts have been made in preparing for manufacturing of a new product, which will be introduced within 2023. Some raw materials, particularly specific high explosives, are currently in extremely short supply due to the war in Ukraine. It has there for not been possible to resolve the warranty case which arose in January, but the efforts continue with undiminished strength both within and outside of Europe.

Finances:

Until such time that a provider of the required high explosives and a competent filler for rectifying the above warranty case have been identified, the income from the specific order has been reversed and the unused parts shelved. Hence, the annual result for 2022 amounts to -5.962.890 DKK, which is unsatisfactory.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		(3,962,603)	5,712,748
Staff costs	1	(3,589,725)	(3,504,275)
Depreciation, amortisation and impairment losses		(88,000)	(109,444)
Operating profit/loss		(7,640,328)	2,099,029
Other financial income		814	0
Other financial expenses		(4,997)	(5)
Profit/loss before tax		(7,644,511)	2,099,024
Tax on profit/loss for the year	2	1,681,621	(461,867)
Profit/loss for the year		(5,962,890)	1,637,157
Proposed distribution of profit and loss			
Retained earnings		(5,962,890)	1,637,157
Proposed distribution of profit and loss		(5,962,890)	1,637,157

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Other fixtures and fittings, tools and equipment		157,749	245,749
Leasehold improvements		0	0
Property, plant and equipment	3	157,749	245,749
Fixed assets		157,749	245,749
Raw materials and consumables		6,833,369	3,006,901
Inventories		6,833,369	3,006,901
Trade receivables		1,342,295	10,719,342
Receivables from group enterprises		0	829,517
Deferred tax		1,678,907	0
Other receivables		0	37,895
Prepayments		282,210	271,365
Receivables		3,303,412	11,858,119
Cash		832,542	1,626,493
Current assets		10,969,323	16,491,513
Assets		11,127,072	16,737,262

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		1,000,000	1,000,000
Retained earnings		5,916,773	11,879,663
Equity		6,916,773	12,879,663
Deferred tax		0	2,714
Other provisions		0	1,000,000
Provisions		0	1,002,714
Bank loans		1,772,657	0
Trade payables		1,277,449	132,367
Payables to group enterprises		0	2,005,983
Joint taxation contribution payable		361,752	361,752
Other payables		798,441	354,783
Current liabilities other than provisions		4,210,299	2,854,885
Liabilities other than provisions		4,210,299	2,854,885
Equity and liabilities		11,127,072	16,737,262
Unrecognised rental and lease commitments	4		
Contingent liabilities	5		
Group relations	6		

Statement of changes in equity for 2022

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,000,000	11,879,663	12,879,663
Profit/loss for the year	0	(5,962,890)	(5,962,890)
Equity end of year	1,000,000	5,916,773	6,916,773

Notes

1 Staff costs

	2022 DKK	2021 DKK
Wages and salaries	3,124,054	3,067,274
Pension costs	383,840	360,257
Other social security costs	58,852	58,318
Other staff costs	22,979	18,426
	3,589,725	3,504,275
Average number of full-time employees	6	6

2 Tax on profit/loss for the year

	2022 DKK	2021 DKK
Current tax	0	361,752
Change in deferred tax	(1,681,621)	100,115
	(1,681,621)	461,867

3 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	1,582,580	568,027
Cost end of year	1,582,580	568,027
Depreciation and impairment losses beginning of year	(1,336,831)	(568,027)
Depreciation for the year	(88,000)	0
Depreciation and impairment losses end of year	(1,424,831)	(568,027)
Carrying amount end of year	157,749	0

4 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Liabilities under rental or lease agreements until maturity in total	820,369	1,050,333

5 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where SAAB Danmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

6 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
SAAB AB, P.O. Box 12062, SE-102 22 Stockholm, Sweden

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year.

Other financial income

Other financial income comprises interest income.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies,.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Property, plant and equipment**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	7 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and

costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.