



# FULL-YEAR FINANCIALS SIGNIFICANTLY IMPACTED BY THE ONGOING PANDEMIC

## AUGUST 2020–OCTOBER 2020

- Revenue: MSEK 3,035 (13,435)
- Income before tax (EBT): MSEK -3,271 (1,096)
- Income before tax and items affecting comparability: MSEK -3,043 (1,226)
- Net income for the period: MSEK -2,579 (861)
- Earnings per common share: SEK -4.46 (2.19)

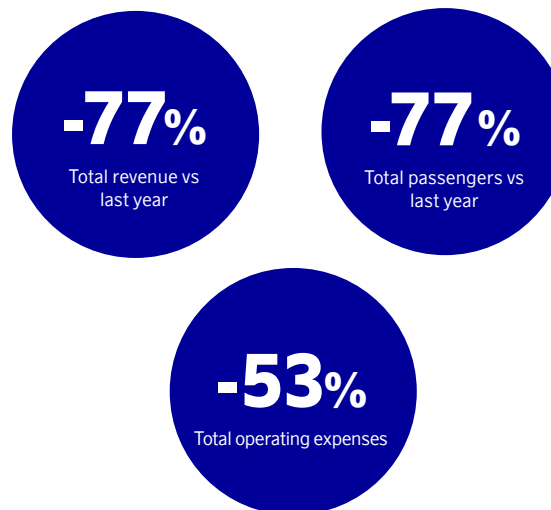
## SIGNIFICANT EVENTS DURING THE QUARTER

- SAS completed a successful recapitalization adding SEK 12 billion in liquidity and SEK 14.25 billion in strengthened equity
- SAS repays a SEK 3.3 billion revolving credit facility agreement in accordance with its terms

## NOVEMBER 2019–OCTOBER 2020

- Revenue: MSEK 20,513 (46,112)
- Income before tax (EBT): MSEK -10,151 (794)
- Income before tax and items affecting comparability: MSEK -8,619 (786)
- Net income for the period: MSEK -9,275 (621)
- Earnings per common share: SEK -21.55 (1.54)

## KEY FIGURES – Q4 2020



**“Renewed restrictions have slowed demand recovery, but the finalized recapitalization makes SAS better prepared for a challenging 2021”**

Rickard Gustafson, President and CEO

## FINANCIAL SUMMARY

MSEK, unless noted otherwise	Q4	Q4	Q1–Q4	Q1–Q4
	Aug–Oct 2020	Aug–Oct 2019	Nov–Oct 2019–2020	Nov–Oct 2018–2019
Revenue	3,035	13,435	20,513	46,112
Operating income (EBIT)	-2,738	1,187	-9,549	1,166
Operating income (EBIT) margin	-90.2%	8.8%	-46.6%	2.5%
Income before tax (EBT)	-3,271	1,096	-10,151	794
Income before tax and items affecting comparability	-3,043	1,226	-8,619	786
Net income for the period	-2,579	861	-9,275	621
Cash flow from operating activities	-2,948	1,199	-5,111	3,318

	31 Oct 2020	31 Oct 2019
Return on invested capital <sup>1</sup>	-27%	8% <sup>2</sup>
Financial net debt/EBITDA <sup>1</sup>	n/a	3.7x <sup>2</sup>
Financial preparedness <sup>1</sup>	67%	38% <sup>2</sup>
Equity/assets ratio <sup>1</sup>	18%	16%
Earnings per common share (SEK) <sup>1</sup>	-21.55	1.54
Shareholders' equity per common share, SEK <sup>1</sup>	0.40	10.12

<sup>1</sup> Key ratio for 2020 including IFRS 16. Key ratio from last year is based on financial statements excluding IFRS 16. See further details in Note 1.

<sup>2</sup> Key ratio calculated according to another definition last year than in Q4 2020 and is not restated. Previous definition is found in APM Q4 2019.

This information is information that SAS AB is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted by Michel Fischier for publication on 3 December 2020 at 8:00 a.m. CET.

# COMMENTS BY THE CEO

Since the beginning of 2020, the coronavirus has changed the fundamentals for the aviation industry through globally imposed travel restrictions and general travel concerns among the broader population. Naturally, SAS is no exception, and our quarterly and fiscal year earnings were severely impacted by the ongoing pandemic. After seeing demand slowly improve during the summer, an accelerated number of COVID-19 cases in September and October unfortunately led to reinforced restrictions across Europe with reduced demand as a direct consequence.

## SEVERE NEGATIVE IMPACT FROM THE PANDEMIC

The ongoing COVID-19 pandemic has led to a decrease in total revenue of over 77% compared to same quarter last year. To mitigate the revenue shortfall, we continued to deliver on our cost reduction initiatives and total operating expenses were reduced by 53% year-on-year to SEK 5.8 billion. However, the current limited demand for travel precludes positive earnings, which ended at negative SEK 3 billion, down SEK 4.3 billion on last year.

Following a successful recapitalization process, our cash position remains strong at SEK 10.2 billion at the end of the quarter. Cash flow from operating activities ended at negative SEK 2.9 billion. This was within the previously communicated range taking the increased pace of refunds to our customers into account.

The full fiscal year 2020 was of course also heavily impacted by the pandemic. Since March, most of our traffic has been temporarily paused, and demand hasn't yet returned to anywhere near the previous year's levels. This led to a decline in revenue of 55% to SEK 20.5 billion, in part mitigated by a 37% reduction in costs due to a lower variable cost and an exhaustive cost reduction program. Still, full-year earnings declined SEK 9.4 billion to negative SEK 8.6 billion.

## RENEWED RESTRICTIONS SLOWED DEMAND RECOVERY

There were signs of a demand recovery during the summer season, but as the number of observed COVID-19 cases in Europe and North America accelerated in September and October, renewed travel restrictions reversed a positive trajectory. At the beginning of the fourth quarter, some 40% of SAS' pre-COVID markets were under travel restrictions, growing to over 65% by the end of the quarter.

To adapt to the recent developments, SAS had to gradually reduce offered seat capacity to well below 40% by the end of October. However, SAS is maintaining the backbone of the aviation infrastructure in Scandinavia, with a significantly broader offering to, from and within Scandinavia than any other carrier.

## ACCELERATED PACE OF CUSTOMER REFUNDS

At the end of the quarter, we launched a set of initiatives to improve the refund lead time, including automated self-service options for travel agents and consumers, robots to tackle the backlog and hiring additional resources to handle more complex cases. We're pleased to see that our efforts have significantly improved an otherwise unsatisfactory situation.



Rickard Gustafson, President and CEO.

During the quarter, SEK 1 billion was repaid for canceled flights, which is an increase of more than 50% compared to the previous quarter. However, we will not rest until all rightful claims have been settled, amounting to approximately SEK 0.9 billion as of 1 December. I would like to take this opportunity to apologize to all customers who have experienced unsatisfactory lead times, caused by an unprecedented situation for the whole airline industry.

### SECURING COST-EFFECTIVE OPERATIONS

Capability and flexibility to scale capacity up or down to mirror the current volatile demand is of utmost importance to preserve liquidity and avoid unnecessary cost. Available furlough (temporary layoff) schemes across Scandinavia are therefore of significant importance as they provide a foundation for more disciplined capacity management to offset volatility in demand. We welcome the fact that the existing schemes have been extended in all three Scandinavian countries, as it enables us to maintain flexibility in capacity planning and in our operating procedures.

Even though we constantly monitor demand and adapt our capacity accordingly, travel restrictions are imposed instantly while capacity adjustments require some operational lead time. Consequently, we noted a ten-percentage-point reduction in the cabin factor and somewhat higher operational costs in the fourth quarter compared to the previous quarter.

However, we negotiated new and more flexible terms with our regional production partners during the quarter, shifting more costs from fixed to variable, and thereby allowing for better alignment between offered capacity and available demand.

### “SAS is maintaining the backbone of the aviation infrastructure in Scandinavia, with a significantly broader offering to, from and within Scandinavia than any other carrier.”

Furthermore, we have initiated the process to phase out 21 of our older and less fuel-efficient aircraft at an earlier stage than originally planned, including 15 Boeing 737NG, five Airbus A340 and one Airbus A330 aircraft. The accelerated phase-out will support liquidity through the sales of aircraft and engines, as well as reduce spend on maintenance and leasing. Together with the agreement with Airbus on deferred deliveries of new aircraft, it will also better align our fleet with current and expected demand. The accelerated phase-out will also contribute to lower emissions. Over the last 12 months, our total CO<sub>2</sub> emissions have decreased 57.2%, where the majority is related to reduced capacity as a consequence of the pandemic, but usage of more efficient aircraft connected to our ongoing fleet renewal has also contributed with 2.3 percentage points, in line with our ambitious target to reduce total CO<sub>2</sub> emissions 25% by 2025.

In addition, the initiatives implemented since the second quarter, including renegotiated contracts with our major suppliers and halting all non-necessary spend on e.g., marketing, product and IT development, have also further reduced cash burn and overall spend.

We have also remained resilient in our endeavor to secure long-term efficiency gains. The 5,000 redundancies, which were announced in the second quarter, have now been finalized, and as of 1 November, a new organization reflecting the reduced number of positions was fully operational.

We have also advanced the dialogue with our unions to secure additional long-term productivity improvements. In the fourth quarter, a number of changes to local agreements have been implemented and two new agreements securing the required productivity uplift were reached, one with our SAS Ireland crew and one with employees at the technical department in Copenhagen.

### SUCCESSFUL RECAPITALIZATION FINALIZED

By the end of the quarter, our recapitalization initiative was finalized, raising SEK 12 billion in new liquidity and 14.25 billion in equity.

According to the terms of the utilized SEK 3.3 billion state guaranteed revolving credit facility, it was repaid in full by the end of the quarter. Following the completed rights issue, we aim to apply for the Norwegian state guaranteed term loan and to explore additional options to preserve a strong liquidity, such as aircraft financing.

To illustrate the value of Scandinavia's largest loyalty program, EuroBonus, we transferred it to a separate entity in which we will continue to further strengthen the relationship with our customers.

The finalized recapitalization, followed by additional initiatives to manage liquidity, makes SAS prepared for a tough winter season and a challenging fiscal year 2021, that most likely will be loss making. I am grateful for the support that our largest owners, the governments of Denmark and Sweden, and the Knut and Alice Wallenberg Foundation, have demonstrated throughout this recapitalization process. I am also thankful for the support and trust demonstrated by individual and institutional investors by participating in the rights issue, despite the challenging times that the aviation industry is currently undergoing.

## LOOKING AHEAD

Until demand returns and the world recovers from the COVID-19 pandemic, we will continue to persistently execute on our business plan and thereby return to a sustainable position both financially and environmentally.

Even though we're encouraged by the recent progress related to the development and distribution of COVID-19 vaccines, demand remains uncertain and makes it impossible to provide any guidance on the financial performance for the coming fiscal year. However, we expect weak operating cashflow in the first quarter of 2021 due to low demand during the winter season combined with accelerated refunds. Our view continues

to be that the ramp-up phase for the airline industry will last until 2022 before demand can reach more normalized levels, with a return to pre COVID-19 levels a few years thereafter.

I would like to express my sincere appreciation to all colleagues at SAS for their fighting spirit and dedication during this turbulent year and I know that all of us are looking forward to once again welcoming our travelers onboard!

Rickard Gustafson,  
*President and CEO*  
*Stockholm, 3 December 2020*

# COMMENTS ON SAS' FINANCIAL STATEMENTS

## INCOME STATEMENT, SUMMARY, Q1-Q4 2019/2020

MSEK Income statement	Nov-Oct 19-20	Nov-Oct 18-19	Change vs LY	Currency effects	Change vs LY (Curr. adj)
Revenue	20,513	46,112	-25,599	-1,008	-24,591
Total operating expenses	-30,062	-44,946	14,884	935	13,949
EBIT	-9,549	1,166	-10,715	-73	-10,642
EBT	-10,151	794	-10,945	664	-11,609

## ESTIMATED COVID-19 EFFECTS, Q1-Q4 2019/2020

MSEK	
Revenue	-25,913
Personnel expenses	2,047
Fuel expenses - volume	4,968
Fuel expenses - discontinued hedges	-1,370
Air traffic charges	2,244
Other external expenses	6,864
Depreciation	73
<b>EBIT</b>	<b>-11,087</b>

### Revenue

Revenue totaled MSEK 20,513 (46,112), see Note 2. After adjustment for currency effects, revenue was down MSEK 24,591 year-on-year. The decrease in revenue is mainly related to lower overall demand following the spread of the COVID-19 pandemic and introduced travel restrictions.

Currency-adjusted passenger revenue decreased 59.8%. The decrease was a result of lower scheduled capacity (ASK) which, based on the preceding year's circumstances, had a negative impact on revenue of MSEK 18,410. The lower load factor had a negative effect of MSEK 3,433. The higher yield had a positive impact of MSEK 1,107 on passenger revenue.

Currency-adjusted cargo revenue decreased MSEK 625 and currency-adjusted charter revenue was MSEK 1,463 lower. Other traffic revenue (currency-adjusted) was MSEK 1,077 lower. The decrease in revenue mainly related to lower traffic volumes.

Other operating revenue (currency-adjusted) was MSEK 689 lower year-on-year, mainly as a consequence of lower revenue from ground handling operations, sale of EuroBonus points, ticket fees and other volume-related revenue.

### Operating expenses

*Personnel expenses* amounted to MSEK -7,969 (-9,934). After adjustment for currency and items affecting comparability, personnel expenses decreased MSEK 1,937 year-on-year. The decrease mainly related to COVID-19 effects of MSEK 2,047, which included MSEK 788 of support received mainly from the governments of Denmark and Sweden for temporary layoffs. The decrease was also an effect of direct salary compensation to laid-off employees in Norway by the Norwegian government as well as lower personnel expenses due to lower production volume

*Fuel expenses* amounted to MSEK -5,626 (-9,672). Adjusted for currency, jet fuel costs decreased 41.6%. Volume effects had a positive impact on costs of MSEK 4,814. Lower jet fuel prices had a positive impact of MSEK 686. Hedge effects had a negative impact of MSEK 1,456 year-on-year, of which MSEK 1,370 related to hedge relationships that have been discontinued as they have ceased to meet the qualification criteria. The effect on accruals was MSEK 2.

*Air traffic charges* amounted to MSEK -1,872 (-4,194). Adjusted for currency, air traffic charges decreased 54.6%. The decrease pertained mainly to lower traffic volumes and reduced traffic charges during the COVID-19 pandemic.

*Other external expenses* amounted to MSEK -7,782 (-19,324), see Note 3. As a result of IFRS 16 being implemented on 1 November 2019, leasing costs for aircraft are included in other external expenses. Fuel expenses and air traffic charges are no longer included and are instead presented as separate line items in the income statement. The comparative year has also been reclassified. For detailed information on the changes, see Note 1.

Year-on-year, other external expenses (currency-adjusted) decreased MSEK 10,914. The decrease pertained mainly to leasing costs for aircraft, properties and ground handling equipment that, following the adoption of IFRS 16, are no longer recognized as other external expenses, with the exception of short-term leases. Other year-on-year changes pertained mainly to a decrease in costs for handling, selling and distribution, and technical maintenance. Currency-adjusted handling costs and selling and distribution costs decreased MSEK 1,376 and MSEK 1,378 respectively, mainly relating to lower volumes. Technical maintenance costs (currency-adjusted) decreased MSEK 1,037, relating to the COVID-19 pandemic and the introduction and delivery of new aircraft which require less maintenance. Wet-lease expenses decreased MSEK 568 (currency-adjusted) primarily due to lower demand due to COVID-19.

*Depreciation, amortization and impairment* amounted to MSEK -6,822 (-1,924), an increase of MSEK 4,898 year-on-year. The increase mainly related to impairment of aircraft (owned and RoU) of MSEK 1,210 and the adoption of IFRS 16, where depreciation of right-of-use assets had a negative impact of MSEK 3,647 see notes 1 and 4.

**Financial net**

*Financial income and expenses* amounted to net MSEK -602 (-372), representing an increase in net expenses of MSEK 230 year-on-year. The increase pertained mainly to the higher interest net. The impact of the adoption of IFRS 16 was net MSEK 39, where currency revaluations on lease liabilities had a positive impact of MSEK 730. Interest expenses on lease liabilities had a negative impact of MSEK 691, see note 5.

**Impact from IFRS 16**

The adoption of IFRS 16 had a positive impact of MSEK 261 on Income before tax (EBT) in the fiscal year. The expenses impacted in the income statement were operating expenses, depreciation and financial net.

Operating expenses were positively impacted by an amount of MSEK 4,039, since lease expenses for aircraft, properties and ground handling equipment are no longer recognized in the income statement. Depreciation and impairment of right-of-use assets had a negative impact of MSEK 3,817 and the financial net was positively impacted by an amount of MSEK 39, relating to positive currency revaluations of MSEK 730 and interest expenses of MSEK 691. For more information on the impact of IFRS 16, see Note 1.

**Net income for the period**

*Operating income* amounted to MSEK -9,549 (1,166) and EBT amounted to MSEK -10,151 (794). The year-on-year decrease in EBT pertained mainly to the revenue loss due to the COVID-19 pandemic.

*Net income for the period* was MSEK -9,275 (621) and the tax income was MSEK 876 (-173). The increase in tax income was related to temporary differences in fixed assets and tax losses incurred primarily in the first quarter.

Year-on-year, foreign exchange rates had a negative impact on revenue of MSEK 1,008 and a positive effect on operating expenses of MSEK 935. Foreign exchange rates thus had a negative impact on operating income of MSEK 73. Net financial items were positively impacted by currency items amounting to MSEK 737. In total, currency effects had a net positive impact of MSEK 664 on EBT.

**Items affecting comparability**

Total items affecting comparability amounted to MSEK -1,532 (8) during the period. Of total items affecting comparability MSEK -1,040 (-93) pertained to impairment of certain aircraft, A330/A340/A319 and 737NG and MSEK -170 (0) pertained to impairment of Right-of-use aircraft. MSEK -324 (-230) pertained to restructuring costs for personnel and MSEK 2 (112) pertained to a capital loss/gain from aircraft MSEK -1 (112) and facility sales MSEK 3 (0). The other items affecting comparability last year related to a contractual settlement, a release of a fiscal-related provision for indirect taxes and a release of a provision to our employees as a one-time award.

**INCOME STATEMENT, SUMMARY – Q4 2020**

MSEK Income statement	Aug-Oct 19-20	Aug-Oct 18-19	Change vs LY	Currency effects	Change vs LY (Curr. adj)
Revenue	3,035	13,435	-10,400	-722	-9,678
Total operating expenses	-5,773	-12,248	6,475	693	5,782
EBIT	-2,738	1,187	-3,925	-29	-3,896
EBT	-3,271	1,096	-4,367	-186	-4,181

**ESTIMATED COVID-19 EFFECTS, Q4 2020**

MSEK	
Revenue	-9,691
Personnel expenses	552
Fuel expenses-volume	1,653
Fuel expenses - discontinued hedges	-130
Air traffic charges	818
Other external expenses	2,453
Depreciation	-116
<b>EBIT</b>	<b>-4,461</b>

**Revenue**

*Revenue* totaled MSEK 3,035 (13,435), see Note 2. After adjustment for currency effects, revenue was down MSEK 9,678 year-on-year. The decrease in revenue is mainly related to low volumes following the spread of the COVID-19 pandemic.

Currency-adjusted passenger revenue decreased 81.4%. The decrease was a result of lower scheduled capacity (ASK) which had a negative impact on revenue of MSEK 6,621. The lower load factor had a negative effect of MSEK 1,666. The higher yield had a positive impact of MSEK 372 on passenger revenue.

Currency-adjusted cargo revenue decreased MSEK 178 and currency-adjusted charter revenue was MSEK 631 lower. Other traffic revenue (currency-adjusted) was MSEK 415 lower. The decrease in revenue pertained mainly to lower volumes following the spread of the COVID-19 pandemic.

Other operating revenue (currency-adjusted) was MSEK 540 lower year-on-year, mainly as a consequence of lower revenue from ground handling operations, sale of EuroBonus points, ticket fees and other volume-related revenue.

**Operating expenses**

*Personnel expenses* amounted to MSEK -1,735 (-2,609). After adjustment for currency and items affecting comparability, personnel expenses decreased MSEK 692 year-on-year. The decrease mainly related to COVID-19 effects of MSEK 552, which included MSEK 113 of support received mainly from the governments of Denmark and Sweden for temporary lay-offs. The decrease was also an effect of direct salary compensation to laid-off employees in Norway by the Norwegian government as well as lower personnel expenses due to lower production volume.

*Fuel expenses* amounted to MSEK -771 (-2,780). Adjusted for currency, jet fuel costs decreased 69.4%. Volume effects had a positive impact on costs of MSEK 1,653. Lower jet fuel prices had a positive impact of MSEK 222. Hedge effects had a negative impact of MSEK 138 year-on-year of which MSEK 130 related to hedge relationships that have been discontinued as they have ceased to meet the qualification criteria.

*Air traffic charges* amounted to MSEK -270 (-1,179). Adjusted for currency, air traffic charges decreased 75.6%. The decrease pertained mainly to lower traffic volumes following the COVID-19 pandemic.

*Other external expenses* amounted to MSEK -1,406 (-5,179), see Note 3. As a result of IFRS 16 being implemented on 1 November 2019, leasing costs for aircraft are included in other external expenses. Fuel expenses and air traffic charges are no longer included and are instead presented as separate line items in the income statement. The comparative year has also been reclassified. For detailed information on the changes, see Note 1.

Year-on-year, other external expenses (currency-adjusted) decreased MSEK 3,528. The decrease mainly related to leasing costs for aircraft, properties and ground

handling equipment that, following the adoption of IFRS 16, are no longer recognized as other external expenses, with the exception of short-term leases. Other changes year-on-year mainly related to costs for handling, selling and distribution and technical maintenance.

Currency-adjusted handling costs, and selling and distribution costs decreased MSEK 494 and MSEK 549 respectively, mainly related to lower volumes. Technical maintenance costs decreased MSEK 283 mainly related to the spread of the COVID-19 pandemic and the introduction and delivery of new aircraft which require less maintenance. Wet-lease expenses decreased MSEK 212 (currency-adjusted) primarily due to lower demand as a result of COVID-19.

*Depreciation, amortization and impairment* amounted to MSEK -1,597 (-502), an increase of MSEK 1,095 year-on-year. The increase mainly related to the adoption of IFRS 16, where depreciation of right-of-use assets had a negative impact of MSEK 937 and impairment of right-of-use aircraft MSEK 170.

**Financial net**

*Financial income and expenses* amounted to net MSEK -533 (-91), representing an increase in net expenses of MSEK 442 year-on-year. The increase pertained mainly to the adoption of IFRS 16, where currency revaluations on lease liabilities had a negative effect of MSEK 160. Interest expenses on lease liabilities had a negative impact of MSEK 166, see Note 5.

**Impact from IFRS 16**

The adoption of IFRS 16 had a negative impact of MSEK 313 on Income before tax (EBT) in the fourth quarter. The expenses impacted in the income statement are operating expenses, depreciation and financial net.

Operating expenses were positively impacted by an amount of MSEK 1,120, since lease expenses for aircraft, properties and ground handling equipment are no longer recognized in the income statement. Depreciation and impairment of right-of-use assets had a negative impact of MSEK 1,107 and the financial net was negatively impacted by an amount of MSEK 326, relating to negative currency revaluations of MSEK 160 and interest expenses of MSEK 166. For more information on the impact of IFRS 16, see Note 1.

**Net income for the period**

*Operating income* amounted to MSEK -2,738 (1,187) and EBT amounted to MSEK -3,271 (1,096). The year-on-year decrease in EBT pertained to the sharp decline in revenue due to the COVID-19 pandemic.

*Net income for the period* was MSEK -2,579 (861) and income taxes amounted to MSEK 692 (-235). The increase in tax income was related to temporary differences in fixed assets.

Year-on-year, foreign exchange rates had a negative impact on revenue of MSEK 722 and a positive effect on operating expenses of MSEK 693. Foreign exchange rates thus had a negative impact on operating income of MSEK 29. Net financial items were negatively impacted by currency items amounting to MSEK 157. In total, currency effects had a net negative impact of MSEK 186 on EBT.

**Items affecting comparability**

Total items affecting comparability amounted to MSEK -228 (-130) during the period. Of total items affecting comparability MSEK -170 (0) related to impairment of right-of-use aircraft. MSEK -61 (-201) related to restructuring costs for personnel and MSEK 3 (0) to a capital gain/loss from facility sales. Last year was affected positively by a release of a provision to our employees as a one-time award of MSEK 71.

**BALANCE SHEET & FINANCIAL POSITION****Assets**

*Intangible and tangible assets* increased MSEK 3,149 since 31 October 2019. Changes for the period included investments of MSEK 7,618, amortization, depreciation and impairment of MSEK -3,005 and other effects of MSEK -1,464. The amount for investments included three new Airbus A320neos and four new Airbus A350. Other aircraft investments comprised capitalized expenditures for engine maintenance, modifications and advance payments to Airbus. Other effects included capitalized interest on prepayments and translation differences.

*Right-of-use assets* increased MSEK 546 during the period. The transition impact on 1 November 2019 was MSEK 16,718. The increase of MSEK 546 did not include the transition impact. Investments amounted to MSEK 3,742, mainly related to new aircraft lease agreements. Changes in indexation and modification in underlying agreements increased the asset by MSEK 649, and depreciation and impairment amounted to MSEK -3,817. The currency impact was MSEK -28. For more information, see Note 1.

*Financial assets* increased MSEK 1,517, mainly due to an increase in restricted accounts and a net increase in SAS' defined-benefit pension plans.

*Deferred tax assets* increased MSEK 890 related to temporary differences in fixed assets and tax losses incurred primarily in the first quarter.

*Current receivables* decreased MSEK 1,031. This decrease was mainly attributable to lower accounts receivable.

*Cash and cash equivalents* were MSEK 10,231 (8,763) at 31 October 2020. Unutilized contracted credit facilities amounted to MSEK 2,751 (2,899). Financial preparedness amounted to 67% (38) of SAS' fixed costs.

**Shareholders' equity and liabilities**

*Shareholders' equity* increased MSEK 5,118 to MSEK 10,490. The increase pertained mainly to the recapitalization of MSEK 14,250, net income of MSEK -9,275, changes in cash-flow hedges of MSEK -168 and the positive actuarial effect on defined-benefit pension plans of MSEK 752.

**CHANGE IN SHAREHOLDER EQUITY AND NUMBER OF SHARES**

	Number of shares	Share capital
31 October 2019	382,582,551	7,689,909,275
Reduction of share capital as resolved at EGM		-7,402,972,362
Bonus issue as resolved at EGM		3,200,000,000
Conversion of bond	547,413,777	410,560,333
Conversion of hybrid bond	1,163,793,087	872,844,815
Directed issue	1,729,170,833	1,296,878,125
Rights issue	3,437,102,162	2,577,826,622
<b>31 October 2020</b>	<b>7,260,062,410</b>	<b>8,645,046,808</b>
Shares registered in November 2020	5,976,882	4,482,662
<b>Total number of shares</b>	<b>7,266,039,292</b>	<b>8,649,529,469</b>

New hybrid bonds were issued in October 2020 to the Governments of Denmark and Sweden for a total amount of MSEK 6,000. Through the recapitalization plan, SAS converted MSEK 1,500 of hybrid bond to shares and MSEK 2,250 of debt to equity, of which MSEK 1,615 was converted to New Commercial Hybrid Bonds and the remainder to shares.

MSEK	
New State Hybrid Bonds	6,000
New Commercial Hybrid Bonds	1,615
<b>Total</b>	<b>7,615</b>

*Non-current liabilities* increased MSEK 14,795 and *current liabilities* increased MSEK 3,508 including the impact of IFRS 16. The total increase in liabilities excluding the transition effect of IFRS 16 was MSEK 1,623 and was mainly due to higher interest-bearing loans. Non-interest-bearing loans decreased MSEK 2,010 mainly due to lower unearned transportation revenue.

For more information regarding the impact of IFRS 16, see Note 1.

**Interest-bearing liabilities**

On 31 October 2020, interest-bearing liabilities amounted to MSEK 31,596, up MSEK 20,313 since 31 October 2019, of which the transition effect of IFRS 16 was MSEK 16,503. New loans and amortization for the period were MSEK 11,210 and MSEK 4,520 respectively. New loans and amortization of lease liabilities were MSEK 4,385 and MSEK 3,082 respectively. The change in gross debt since 31 October 2019 included the bond conversion of MSEK 2,250 and a negative change in the fair value of derivatives, which increased liabilities MSEK 33. Currency revaluations decreased liabilities MSEK 2,207, and accrued interest and other items increased liabilities MSEK 241.

**Financial net debt**

At 31 October 2020, the financial net debt amounted to MSEK 18,899, an increase of MSEK 18,571 since 31 October 2019. Excluding the MSEK 16,503 transition effect of IFRS 16, the increase was MSEK 2,068. The recapitalization of MSEK 14,250 in October 2020 reduced the negative effects of the negative cash flow before financing activities of MSEK -12,363, new lease liabilities of MSEK 4,385, negative value of financial derivatives of MSEK 193 which were offset by a positive currency revaluation of MSEK 2,056.



**Key ratios**

IFRS 16 has a significant impact on the income statement and balance sheet. Following SAS' transition approach, financial reporting published during FY 2020 SAS have not included restated comparative information for FY2019.

At 31 October 2020, the return on invested capital (ROIC) was -27%, down 35 percentage points since 31 October 2019. The decrease was mainly due to a lower EBIT.

Financial preparedness was 67% at the end of this quarter. A high cash position and lower fixed costs were the underlying factors behind the increased key ratio.

The financial net debt/EBITDA ratio changed to a multiple of -9.2. At 31 October 2019, the multiple was 3.7. The change related both to increased average financial net debt and lower EBITDA.

At 31 October 2020, the equity/assets ratio was 18%, up from 16% at 31 October 2019. The increase in Equity and the adoption of IFRS 16 had a significant impact on the equity/assets ratio.

**CASH-FLOW STATEMENT**

Cash flow for the twelve months amounted to MSEK 1,472 (-993). Cash and cash equivalents amounted to MSEK 10,231, compared with MSEK 8,763 at 31 October 2019.

**Cash flow from operating activities**

Cash flow from operating activities before changes in working capital amounted to MSEK -3,431 (2,305) in the fiscal year. On 1 November, SAS adopted IFRS 16, which means that amortization of lease liabilities pertaining to operationally leased assets, primarily aircraft, as of the current financial year are reported in cash flow

from financing activities. Last year, leasing costs were included in cash flow from operating activities (see also Note 1). Furthermore, income before tax was significantly lower than last year due to the COVID-19 situation.

Changes in working capital tended to be positive but were negative this year and amounted to MSEK -1,680 (1,013). A major reason for the negative change was the decline in the unearned transportation liability driven by lower forward bookings.

**Investing activities**

Investments totaled MSEK 7,618 (6,191), of which MSEK 7,443 (5,979) pertained to aircraft. These included delivery payments for three new Airbus A320neos and four Airbus A350s. Other aircraft investments comprised capitalized expenditure for aircraft maintenance, modifications and advance payments to Airbus.

One of the delivered Airbus A320neos was divested on the basis of a sale and leaseback agreement in Q3.

**Financing activities**

New loans amounted to MSEK 11,210 (2,292), while repayments totaled MSEK 4,520 (2,362). The new loans were related to aircraft financing. Amortization of lease liabilities (IFRS 16) were MSEK 3,082. Furthermore, cash flow from financing activities was negatively impacted by payments of derivatives and defined-benefit pension payments as well as payments of deposits and collateral.

**PARENT COMPANY**

The Parent Company SAS AB has limited intra-Group services. Revenue totaled MSEK 49 (58) and operating expenses MSEK -73 (-80). Net financial items amounted to MSEK -1,070 (-55) and the net income for the period was MSEK -1,099 (-56). Net financial items comprised a write down of shares in subsidiaries of MSEK 1,017.

**SEASONAL VARIATIONS**

In the absence of COVID-19, demand in SAS' markets measured as revenue passenger kilometers (RPK), is seasonally low from November to April and at its peak from May to October. However, the share of advance bookings is greatest from January to May, which has a positive effect on working capital.

Seasonal fluctuations in demand impact cash flow and earnings differently. Passenger revenue is recognized when customers actually travel, while cash flow is positively impacted during months in which bookings increase. This means increased revenue in the high-traffic months from May to October. Since a substantial share of an airline's costs is fixed, earnings are impacted by fluctuations in revenue levels. As traffic is lower in the November to April period, the first and second quarters are seasonally the weakest quarters in terms of earnings in SAS' fiscal year. However, cash flow from operating activities is seasonally weak in the first and third quarters.

**FINANCIAL TARGETS**

SAS overall long-term goal is to create value for our shareholders and to deliver sustainable and profitable growth throughout the business cycle. During the year, the targets were adjusted in accordance with the revised business plan and the IFRS 16 accounting standard – for definitions please see pages 28-29. The revised financial targets are implemented as from this quarter.

SAS' three financial targets are:

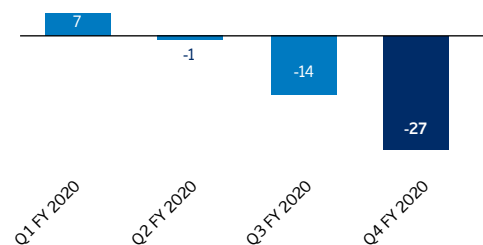
- Return on invested capital (ROIC) to exceed the post-tax Weighted Average Cost of Capital (WACC) over a business cycle
- Financial net debt/EBITDA to be multiple of less than three and a half (3.5x).
- Financial preparedness: cash and cash equivalents and available credit facilities to exceed 25% of SAS' annual fixed costs.

The ROIC target corresponds with the capital markets' and SAS' internal assessment of SAS' weighted average cost of capital (WACC). This is also linked to SAS' dividend policy for holders of common shares, which stipulates that dividends can be paid when value is created through SAS' ROIC exceeding its WACC.

Leverage target – Financial net debt/EBITDA is a key ratio used by credit rating agencies and banks for assessing creditworthiness and includes the value of leased aircraft. The aim of maintaining a ratio with a multiple of less than three and a half (3.5x) is aligned with SAS' ambition of improving the financial position and credit rating, and thereby lowering financing costs.

The target for financial preparedness is for cash, cash equivalents and available credit facilities to exceed 25% of annual fixed costs. The target is set to ensure a sound level of cash and cash equivalents to mitigate risks related to internal and external events and to fulfill regulatory requirements.

**RETURN ON INVESTED CAPITAL (ROIC), 12-MONTH ROLLING, %**  
SAS has a target for the return on invested capital (ROIC) to exceed the post tax Weighted Average Cost of Capital (WACC) over a business cycle.



### ENVIRONMENTAL GOALS

Society and our customers are increasingly demanding more sustainable solutions. This trend is expected to continue in the airline industry, with a focus on reducing emissions and more efficient use of resources.

Accordingly, we have set comprehensive and ambitious, short and long-term environmental goals to drive our environmental work. During the year, our CO<sub>2</sub> emission target was accelerated to 2025, from 2030. This is in line with SAS' strive for global leadership in sustainable aviation.

### Our 2025 target (updated from 2030)

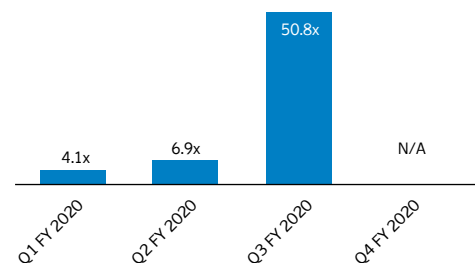
- Reduction of total CO<sub>2</sub> emissions by 25% compared with 2005.

### EVENTS DURING THE QUARTER

- SAS completed a successful recapitalization adding SEK 12 billion in liquidity and SEK 14.25 billion in strengthened equity
- SAS repays a SEK 3.3 billion revolving credit facility agreement in accordance with its terms

### FINANCIAL NET DEBT/EBITDA

SAS has a target for the financial net debt/EBITDA ratio to be a multiple of less than three and a half.



### SIGNIFICANT EVENTS AFTER QUARTER END

- No significant events took place

### OUTLOOK

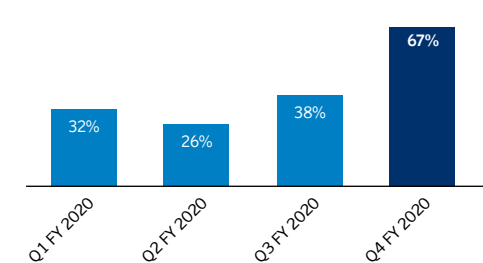
The ongoing COVID-19 pandemic and associated uncertainties make it impossible to provide any guidance on the financial performance for the coming fiscal year.

### LARGEST SHAREHOLDERS 10 NOV 2020

Name	Number of shares	Capital and votes
Government Offices of Sweden	1,584,296,144	21.80%
Government of Denmark	1,584,296,144	21.80%
Knut and Alice Wallenberg Foundation	248,559,600	3.42%
Norges Bank	134,525,497	1.85%
Gerald Engström	106,950,000	1.47%
Evli Fonder	102,586,204	1.41%
Avanza Pension	52,906,369	0.73%
Nordea Liv & Pension	52,853,352	0.73%
SEB Funds	41,136,566	0.57%
Spiltan Fonder	37,977,701	0.52%
<b>Total 10</b>	<b>3,946,087,577</b>	<b>54.31%</b>
<b>Others</b>	<b>3,319,951,715</b>	<b>45.69%</b>
Total number of shares	7,266,039,292	

### FINANCIAL PREPAREDNESS, %

SAS has a target for financial preparedness, which is to exceed 25% of annual fixed costs.



# RISKS AND UNCERTAINTIES

SAS works strategically to refine and improve its risk management. Risk management includes identifying new risks and known risks, such as COVID-19, changes in jet-fuel prices or exchange rates. SAS monitors general risks centrally, while parts of risk management are conducted in the operations and include identification, action plans and policies. For further information about risk management at SAS, refer to the most recently published annual report.

## COVID-19

The current COVID-19 situation has significantly affected the whole aviation industry, including SAS. The primary areas where estimation of uncertainty has increased due to the current market conditions in the aviation industry include forecasts related to estimates on future demand. Additionally, described in the annual report 2018/19, pages 89–90, critical accounting estimates and key sources of estimation uncertainty include: Estimated useful lives of tangible fixed assets; Impairment of assets; Pensions; Deferred taxes; Undertakings pertaining to aircraft under operating leases and Litigations. Currency and jet-fuel hedging is described below and the impact of COVID-19 is described on page 18. SAS closely monitors the development of risks and uncertainties on an ongoing basis.

## CURRENCY AND JET-FUEL HEDGING

Due to flight cancellations and the expected reduction in business operations as a result of the impact of COVID-19, SAS' forecasted financial exposures are more uncertain than under normal circumstances. Further changes to assumptions regarding future consumption and capacity could have a significant effect on the hedge levels.

Financial risks pertaining to changes in exchange rates and fuel prices are hedged with derivatives, which aim to counter short-term negative fluctuations and provide scope for adapting operations to long-term changes in levels.

The policy for jet-fuel hedging states that jet fuel should be hedged at an interval of 40–80% of anticipated volumes for the coming 12 months. The policy also allows hedging of up to 50% of the anticipated volumes for the period, 13–18 months. Under the current uncertain and volatile market conditions SAS may come to deviate from the policy.

## SENSITIVITY ANALYSIS, JET FUEL COST NOV 2020-OCT 2021, SEK BILLION<sup>1</sup>

Market price	Exchange rate SEK/USD				
	8.0	8.5	9.0	9.5	10.0
USD 300/tonne	2.7	2.8	3.0	3.2	3.3
USD 400/tonne	2.9	3.1	3.3	3.5	3.7
USD 500/tonne	3.2	3.4	3.6	3.8	4.0
USD 600/tonne	3.5	3.8	4.0	4.2	4.4

<sup>1</sup> SAS' current hedging contracts for jet fuel at end of quarter have been taken into account. Jet-fuel cost in the statement of income does not include USD currency hedging effects. These effects are recognized under "Other operating expenses," since currency hedging is performed separately and is not linked specifically to its jet-fuel purchases.

For the forthcoming 12 months, SAS has 48% of the fuel consumption hedged at an average maximum price of USD 546/Mt. If the fuel price goes below USD 536/MT for the forthcoming 12 months, 48% of SAS' fuel consumption would be hedged at an average price of USD 528/MT. Hedging of SAS' future jet-fuel consumption is conducted through a combination of swaps and options.

Under current plans for flight capacity, the cost of jet fuel during the fiscal year 2021 is expected to be in line with the table in the center column, taking into account different fuel prices, USD rates and jet-fuel hedging. For foreign currency, the policy is to hedge 40–80%. At the end of the quarter, SAS had hedged 43% of its anticipated USD cash-flow deficit for the next 12 months. SAS has hedged the USD deficit using forward contracts and currency options.

In terms of NOK, which is SAS' largest surplus currency, 45% was hedged for the next 12 months. Based on the currency exposure a weakening of the NOK against the SEK of 1% would generate a negative earnings impact of MSEK 34, excluding hedge effects. A weakening of the USD against the SEK of 1% would generate a positive earnings impact of MSEK 92, excluding hedge effects, before any potential IFRS 16 effects.

With the introduction of IFRS 16, future lease payments are recognized as an asset (Right-of-use) and a financial lease liability. Most of the right-of-use assets are denominated in SEK but the corresponding lease liabilities are denominated in foreign currencies, mainly USD. The currency exposure from recalculating USD liabilities into SEK is significant. Over the lease term the expenses following the adoption of IFRS 16 are equal to the expenses reported under IAS 17, but the impact from recalculating USD liabilities to SEK creates a higher volatility in the profit & loss. To mitigate the risk of having a volatile profit & loss, SAS applies hedge accounting.

Certain forecasted future USD revenue are hedged using the external USD denominated lease liabilities as hedging instrument. Changes in USD/SEK spot rate for the designated part of the USD denominated lease liability is recognized in other comprehensive income and reported as a separate component (cash-flow hedge reserve) in equity. When the hedged expected cash flows impact profit or loss as revenue, the corresponding part of the cash-flow hedge reserve is reclassified from OCI to profit or loss. In cases where hedge accounting is not possible, revaluation of USD denominated lease liabilities will impact the financial net in the profit & loss.

Based on lease liabilities of approximately MUSD 1,600 and USD rate as of October 31, a weakening of the USD against the SEK of 1% would generate a positive earnings impact of approximately MSEK 100 in profit and loss and a positive effect in OCI of approximately MSEK 45.

## LEGAL ISSUES

The European Commission's decision in November 2010 found SAS and many other airlines guilty of alleged participation in a global air cargo cartel in the 1999–2006 period and ordered SAS to pay a fine of MEUR 70.2. SAS appealed the decision in January 2011 and in December 2015, the Court of Justice of the European Union (CJEU) annulled the European Commission's decision including the MEUR 70.2 fine. The CJEU's ruling entered into force and the MEUR 70.2 fine was repaid to SAS at the beginning of March 2016. The European Commission took a new decision on the same issue in March 2017 and again imposed fines on SAS and many other airlines for

alleged participation in a global air cargo cartel in the 1999–2006 period. The fine of MEUR 70.2 was the same as that imposed under the 2010 decision. SAS has appealed the European Commission's decision and a hearing was held in CJEU in July 2019. Judgement is expected in 2020 or 2021.

As a consequence of the European Commission's decision in the cargo investigation in November 2010 and the renewal of that decision in March 2017, SAS and other airlines fined by the Commission are involved in various civil lawsuits initiated by cargo customers in countries including the Netherlands and Norway. SAS contests its responsibility in all these legal processes. Unfavorable outcomes in these disputes could have a significantly negative financial impact on SAS. Further lawsuits by cargo customers cannot be ruled out. No provisions have been made.

A large number of former cabin crew of SAS in Denmark are pursuing a class action against SAS at a Danish court, demanding additional payments from SAS to the Pension Improvements Fund for Cabin Crew (the CAU fund) citing that the CAU fund is a defined-benefit supplementary plan. The City Court of Copenhagen, in a judgment in December 2016, rejected the cabin crew's demand for further payments into the CAU fund by SAS. The cabin crew appealed the judgment in January 2017 and court proceedings took place in early November 2020.

Following the SAS pilot strike in April/May 2019, affected passengers turned to SAS for standardized compensation under the Flight Compensation Regulation (EU 261/2004). SAS disputed its liability

to compensate the passengers with reference to the strike being an extraordinary circumstance. In August 2019, the Swedish National Board for Consumer Disputes (Allmänna reklamationsnämnden) ruled in favor of SAS. The same assessment was made by the Norwegian Travel Complaint Handling Body (Transportklagenemnda) in October 2019. This notwithstanding, a number of passengers and claim firms have brought claims against SAS in national courts in several EU member states. In August 2019, a claim firm representing a large number of affected passengers initiated court proceedings in Denmark and Sweden against SAS, asking the courts to request a preliminary ruling from the CJEU on whether the strike was an extraordinary circumstance. The district court in Sweden referred the question to the CJEU in January 2020. Hearing in the CJEU will take place in December 2020. The proceedings in the CJEU could take several years and if the CJEU rules against SAS, SAS could be liable to pay compensation to passengers affected by the strike.

# CONSOLIDATED STATEMENT OF INCOME

## CONDENSED STATEMENT OF INCOME INCLUDING STATEMENT OF OTHER COMPREHENSIVE INCOME

MSEK	Note	Q4	Q4	Q1-Q4	Q1-Q4
		Aug-Oct 2020	Aug-Oct 2019	Nov-Oct 2019-2020	Nov-Oct 2018-2019
Revenue	2	3,035	13,435	20,513	46,112
Personnel expenses		-1,735	-2,609	-7,969	-9,934
Fuel expenses		-771	-2,780	-5,626	-9,672
Air traffic charges		-270	-1,179	-1,872	-4,194
Other external expenses	3	-1,406	-5,179	-7,782	-19,324
Depreciation, amortization and impairment	4	-1,597	-502	-6,822	-1,924
Income from shares in associated companies		3	1	7	-10
Income from sale of aircraft and other non-current assets		3	0	2	112
<b>Operating income (EBIT)</b>		<b>-2,738</b>	<b>1,187</b>	<b>-9,549</b>	<b>1,166</b>
Financial net	5	-533	-91	-602	-372
<b>Income before tax (EBT)</b>		<b>-3,271</b>	<b>1,096</b>	<b>-10,151</b>	<b>794</b>
Income taxes		692	-235	876	-173
<b>Net income for the period</b>		<b>-2,579</b>	<b>861</b>	<b>-9,275</b>	<b>621</b>
<b>Other comprehensive income</b>					
<i>Items that may later be reversed to net income:</i>					
Exchange-rate differences in translation of foreign operations		11	-44	-160	-20
Cash-flow hedges, net after tax		85	-162	-168	-1,109
<i>Items that will not be reversed to net income:</i>					
Revaluations of defined-benefit pension plans, net after tax		314	168	752	-1,752
<b>Total other comprehensive income, net after tax</b>		<b>410</b>	<b>-38</b>	<b>424</b>	<b>-2,881</b>
<b>Total comprehensive income for the period</b>		<b>-2,169</b>	<b>823</b>	<b>-8,851</b>	<b>-2,260</b>
<i>Net income for the period attributable to:</i>					
Parent Company shareholders		-2,579	861	-9,275	621
Earnings per common share (SEK) <sup>1</sup>		-4.46	2.19	-21.55	1.54
Earnings per common share after dilution (SEK) <sup>1</sup>		-4.46	2.19	-21.55	1.48

<sup>1</sup> Earnings per common share are calculated as net income for the period attributable to Parent Company shareholders less preference-share dividends and hybrid bond expenses in relation to 606,848,199 (382,582,551) common shares outstanding during the August-October period and 439,109,783 (382,582,551) during the November-October period.

## INCOME BEFORE TAX AND ITEMS AFFECTING COMPARABILITY

MSEK	Q4	Q4	Q1-Q4	Q1-Q4
	Aug-Oct 2020	Aug-Oct 2019	Nov-Oct 2019-2020	Nov-Oct 2018-2019
Income before tax (EBT)	-3,271	1,096	-10,151	794
Impairment <sup>1</sup>	170	0	1,210	93
Restructuring costs <sup>2</sup>	61	201	324	230
Capital gains/losses <sup>3</sup>	-3	0	-2	-112
Other items affecting comparability <sup>4</sup>	0	-71	0	-219
<b>Income before tax and items affecting comparability</b>	<b>-3,043</b>	<b>1,226</b>	<b>-8,619</b>	<b>786</b>

<sup>1</sup> Impairment for the period November-October of MSEK -1,040 (-93) pertains to aircraft and MSEK -170 (0) to RoU assets.

<sup>2</sup> Restructuring costs were charged to earnings as personnel expenses of MSEK -324 (-230) in the November-October period.

<sup>3</sup> Capital gains/losses include aircraft sales amounting to MSEK -1 (112) and facility sales MSEK 3 (0) in the November-October period.

<sup>4</sup> Other items affecting comparability comprise a contractual settlement and a release of a fiscal-related provision for indirect taxes of MSEK 0 (148) and a release of a provision to our employees as a one-time award of MSEK 0 (71) in the November-October period.

# CONSOLIDATED BALANCE SHEET

## CONDENSED BALANCE SHEET

MSEK	31 Oct 2020	31 Oct 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	1,273	1,416
Tangible assets	18,861	15,569
Right-of-use assets	17,264	-
Financial assets	6,063	4,546
Deferred tax assets	1,640	750
<b>Total non-current assets</b>	<b>45,101</b>	<b>22,281</b>
<b>Current assets</b>		
Inventories and expendable spare parts	510	346
Current receivables	1,591	2,622
Cash and cash equivalents <sup>1</sup>	10,231	8,763
<b>Total current assets</b>	<b>12,332</b>	<b>11,731</b>
<b>TOTAL ASSETS</b>	<b>57,433</b>	<b>34,012</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>10,490</b>	<b>5,372</b>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	11,219	9,450
Interest-bearing lease liabilities	13,499	-
Other liabilities	3,603	4,076
<b>Total non-current liabilities</b>	<b>28,321</b>	<b>13,526</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	3,773	1,833
Interest-bearing lease liabilities	3,105	-
Other liabilities	11,744	13,281
<b>Total current liabilities</b>	<b>18,622</b>	<b>15,114</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>57,433</b>	<b>34,012</b>
Shareholders' equity per common share, (SEK) <sup>2</sup>	0.40	10.12
Interest-bearing assets	15,869	12,960
Interest-bearing liabilities	31,596	11,283
Working capital	-11,208	-13,313

<sup>1</sup>At 31 October 2020, including receivables from other financial institutions, MSEK 0 (290)

<sup>2</sup>Shareholders' equity attributable to Parent Company shareholders excluding hybrid bond, in relation to the 7,260,062,410 (382,582,551) common shares outstanding.

## SPECIFICATION OF FINANCIAL NET DEBT, 31 OCTOBER 2020

	According to balance sheet	Of which financial net debt
Financial assets	6,063	2,293
Current receivables	1,591	173
Cash and cash equivalents	10,231	10,231
Non-current liabilities	28,321	24,718
Current liabilities	18,622	6,878
<b>Financial net debt</b>		<b>18,899</b>

Information relating to financial net debt in the comparative periods is available in the Financial Key Figures section. For a specification of financial net debt for the respective periods, please refer to [www.sasgroup.net](http://www.sasgroup.net) where each interim report is published.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## CONDENSED CHANGES IN SHAREHOLDERS' EQUITY

Total shareholders' equity attributable to Parent company shareholders

MSEK	Share capital <sup>1</sup>	Not registered share capital	Other contributed capital <sup>2</sup>	Hedging reserves	Translation reserve	Hybrid bonds	Retained earnings <sup>3</sup>	Total shareholders' equity
<b>Opening shareholders' equity in accordance with approved balance sheet, 31 October 2018</b>	<b>7,732</b>	-	<b>327</b>	<b>1,292</b>	<b>-51</b>	-	<b>-2,032</b>	<b>7,268</b>
Effect of new accounting policies, IFRS 9 and IFRS 15							-27	-27
<b>Adjusted opening shareholders' equity, 1 November 2018</b>	<b>7,732</b>	-	<b>327</b>	<b>1,292</b>	<b>-51</b>	-	<b>-2,059</b>	<b>7,241</b>
Redemption of preference shares	-42						-1,044	-1,086
Equity share of convertible loans			-157				157	0
Hybrid bond						1,500		1,500
Hybrid bond interest and expenses							-23	-23
Net income							621	621
Other comprehensive income				-1,109	-20		-1,752	-2,881
<b>Closing balance, 31 October 2019</b>	<b>7,690</b>	-	<b>170</b>	<b>183</b>	<b>-71</b>	<b>1,500</b>	<b>-4,100</b>	<b>5,372</b>
Hybrid bond interest							-126	-126
Reduction of share capital as resolved at EGM	-7,403						7,403	0
New share issue	3,875	5	2,120					6,000
New hybrid bonds issue						6,000		6,000
Conversion of existing hybrid bond to shares	873		477			-1,500	150	0
Conversion of existing bond to shares and new hybrid bond	410		225			1,615		2,250
Transaction costs			-93				-62	-155
Bonus issue as resolved at EGM	3,200						-3,200	0
Net income							-9,275	-9,275
Other comprehensive income				-168	-160		752	424
<b>Closing balance, 31 October 2020</b>	<b>8,645</b>	<b>5</b>	<b>2,899</b>	<b>15</b>	<b>-231</b>	<b>7,615</b>	<b>-8,458</b>	<b>10,490</b>

<sup>1</sup> Number of shares in SAS AB: 7,260,062,410 (382,582,551) common shares with a quotient value of SEK 1.19 (20.10).

<sup>2</sup> The amount comprises share premium reserves and the equity share of convertible loans.

<sup>3</sup> No dividends were paid on common shares for 2017/2018 and 2018/2019.

# CONSOLIDATED CASH-FLOW STATEMENT

## CONDENSED CASH-FLOW STATEMENT

MSEK	Q4	Q4	Q1-Q4	Q1-Q4
	Aug-Oct 2020	Aug-Oct 2019	Nov-Oct 2019-2020	Nov-Oct 2018-2019
<b>OPERATING ACTIVITIES</b>				
Income before tax (EBT)	-3,271	1,096	-10,151	794
Depreciation, amortization and impairment	1,597	502	6,822	1,924
Income from sale of aircraft, buildings and shares	-3	0	-2	-112
Adjustment for other non-cash items, etc.	111	102	-82	-248
Tax paid	-1	0	-18	-53
<b>Cash flow from operations before change in working capital</b>	<b>-1,567</b>	<b>1,700</b>	<b>-3,431</b>	<b>2,305</b>
Change in working capital	-1,381	-501	-1,680	1,013
<b>Cash flow from operating activities</b>	<b>-2,948</b>	<b>1,199</b>	<b>-5,111</b>	<b>3,318</b>
<b>INVESTING ACTIVITIES</b>				
Investments including advance payments to aircraft manufacturers	-308	-1,456	-7,618	-6,191
Acquisition of subsidiaries and affiliated companies	-	-	-4	-16
Sale of subsidiaries and affiliated companies	-	-	-	394
Sale of fixed assets, etc.	28	-52	370	1,233
<b>Cash flow from investing activities</b>	<b>-280</b>	<b>-1,508</b>	<b>-7,252</b>	<b>-4,580</b>
<b>Cash flow before financing activities</b>	<b>-3,228</b>	<b>-309</b>	<b>-12,363</b>	<b>-1,262</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from borrowings	29	471	11,210	2,292
Repayment of borrowings	-3,602	-231	-4,520	-2,362
Amortization of lease liabilities	-856	-	-3,082	-
New hybrid bonds issue	6,000	1,474	6,000	1,474
New share issue	5,910	-	5,910	-
Interest on hybrid bond	-65	-	-128	-
Dividend on preference shares	-	-	-	-26
Redemption of preference shares	-	-	-	-1,112
Other financing activities	-200	11	-1,555	3
<b>Cash flow from financing activities</b>	<b>7,216</b>	<b>1,725</b>	<b>13,835</b>	<b>269</b>
<b>Cash flow for the period</b>	<b>3,988</b>	<b>1,416</b>	<b>1,472</b>	<b>-993</b>
Translation difference in cash and cash equivalents	-1	-1	-4	0
Cash and cash equivalents at beginning of the period	6,244	7,348	8,763	9,756
<b>Cash and cash equivalents at the end of the period</b>	<b>10,231</b>	<b>8,763</b>	<b>10,231</b>	<b>8,763</b>
Cash flow from operating activities per common share (SEK)	-4.86	3.13	-11.64	8.67



# PARENT COMPANY SAS AB

The number of common shareholders in SAS AB, following the recapitalization, amounted to 125,897 at 10 November 2020. The average number of employees amounted to two (four). Net financial items comprised a write down of shares in subsidiaries of MSEK 1,017.

## CONDENSED STATEMENT OF INCOME

MSEK	Q1–Q4	Q1–Q4
	Nov–Oct 2019–2020	Nov–Oct 2018–2019
Revenue	49	58
Personnel expenses	-28	-48
Other operating expenses	-45	-32
<b>Operating income (EBIT)</b>	<b>-24</b>	<b>-22</b>
Net financial items	-1,070	-55
<b>Income before tax (EBT)</b>	<b>-1,094</b>	<b>-77</b>
Tax	-5	21
<b>Net income for the period</b>	<b>-1,099</b>	<b>-56</b>

Net income for the period also corresponds with total comprehensive income.

## CONDENSED BALANCE SHEET

MSEK	31 Oct	31 Oct
	2020	2019
Financial fixed assets	24,074	14,703
Other current assets	152	137
Cash and cash equivalents	1	1
<b>Total assets</b>	<b>24,227</b>	<b>14,841</b>
Shareholders' equity	23,534	10,664
Long-term liabilities	1	2,258
Current liabilities	692	1,919
<b>Total shareholders' equity and liabilities</b>	<b>24,227</b>	<b>14,841</b>

## CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Restricted equity			Unrestricted equity			Total shareholders' equity
	Share capital <sup>1</sup>	Not registered share capital	Statutory reserve	Share premium reserve	Hybrid bonds	Retained earnings	
Opening shareholders' equity in accordance with approved balance sheet, 31 October 2019	7,690	-	447	-	1,500	1,027	10,664
Hybrid bond interest						-126	-126
Reduction of share capital as resolved at EGM	-7,403					7,403	0
New share issue	3,875	5		2,120			6,000
New hybrid bonds issue					6,000		6,000
Conversion of existing hybrid bond to shares	873			477	-1,500	150	0
Conversion of existing bond to shares and new hybrid bond	410			225	1,615		2,250
Transaction costs				-93		-62	-155
Bonus issue as resolved at EGM	3,200					-3,200	0
Net income						-1,099	-1,099
<b>Closing balance, 31 October 2020</b>	<b>8,645</b>	<b>5</b>	<b>447</b>	<b>2,729</b>	<b>7,615</b>	<b>4,093</b>	<b>23,534</b>

<sup>1)</sup> Number of shares: 7,260,062,410 (382,582,551) common shares with a quotient value of SEK 1.19 (20.10).

**NOTE 1 ACCOUNTING POLICIES AND FINANCIAL STATEMENTS**

This interim report for the SAS Group was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and RFR 2. Disclosures in accordance with IAS 34.16A are presented both in the financial statements and in other parts of this interim report.

**IMPACT OF THE COVID-19 PANDEMIC AND GOING CONCERN ASSUMPTION**

The COVID-19 pandemic and the actions taken in response to its spread, including government measures and travel restrictions, have resulted in significant disruption to SAS' operations. In the fourth quarter of fiscal year 2020, capacity (ASK) was 71.6% lower and revenue passenger kilometers (RPK) was 85.2% lower, compared with same period last year. The reduction of the network and number of passengers have significantly reduced SAS' revenue. For the fourth quarter of 2020, total revenue decreased 77.4% compared with same period last year and for the full fiscal year total revenue decreased 55.5%. The estimated negative revenue impact from the COVID-19-pandemic was MSEK -9,691 in the fourth quarter and MSEK -25,913 for the full fiscal year.

Despite measures taken by SAS to reduce costs, the significant decrease in revenue cannot be outweighed by cost reductions. Therefore, the company concluded a recapitalization plan during the fourth quarter aimed at counteracting the effects from COVID-19 and to remedy the liquidity shortage and the negative effects on equity caused by the pandemic.

In total, liquidity was strengthened by SEK 12 billion and equity improved with SEK 14.25 billion.

The demand and the financial performance for the coming year will continue to be uncertain, affecting revenue, and lowering ticket sales and cash flows to an extent and for a duration that are currently unknown. Following the concluded recapitalization, SAS's assessment is that the liquidity position is sufficient for at least the next twelve-month period.

**STANDARDS AND INTERPRETATIONS APPLICABLE FOR Q1–Q4, FISCAL YEAR 2020**

The accounting policies follow those described in the Annual Report for Fiscal Year 2019. From 1 November 2019, SAS Group has adopted the new standard IFRS 16 - Leases, and the IFRIC agenda decision relating to Compensations for Delays or Cancellations (IFRS 15). IFRS 16 is applied using the modified retrospective approach, meaning that the opening balance at 1 November 2019 is adjusted to reflect the impact of IFRS 16, but the previous periods have not been restated. The IFRIC agenda decision is applied starting 1 November 2019, with restatement of the comparative year. More information on the adoption of IFRS 16 and the agenda decision from IFRIC is provided in this note.

**GOVERNMENT GRANTS AND CONTRACTS**

Some of the legal units in the SAS Group received support for temporary reductions in the workforce as a result of COVID-19 from the governments of Denmark, Norway and Sweden during the fiscal year. In accordance with IAS 20, state grants are reported in the statement of income when there is reasonable assurance that the company will fulfill the conditions associated with the grants and that the grants will be received. Government grants have been reported as a reduction to personnel expenses in the periods for which the grant is intended to compensate for a total of MSEK 788. Support has also been applied for from the Danish, Swedish and Norwegian states regarding compensation for fixed costs, MSEK 589 has been reported as a reduction of other external expenses. Aside from this, the Norwegian State has purchased capacity from SAS and other carriers in Norway on a commercial basis in order to maintain air services within Norway, which amounts to MSEK 625.

**LONG-TERM INCENTIVE PLAN**

At 12 March 2020 the Annual General Meeting of SAS resolved in line with the Board's proposal to implement a long-term incentive plan for all full-time and part-time SAS employees (with the exception of Group Management). In terms of hedging arrangements, the AGM approved the Board's hedge proposal of entering into an equity swap agreement with a third party. SAS has not entered into any hedge agreement, and the incentive plan has no financial effect.

**IFRS 16 — LEASES**

From 1 November 2019, SAS applies the new standard IFRS 16 Leases. IFRS 16 replaces the previous standard, IAS 17 Leases. The previous classification of each lease as either an operating lease or a finance lease is replaced by a model whereby the lessee recognizes an asset (a right-of-use asset) and a financial liability in the balance sheet. IFRS 16 has a significant impact on the financial statements of SAS Group, see further details below.

SAS applies the IASB amendments to IFRS 16 in regards to rent concessions that simplify how a lessee accounts for rent concessions that are a direct consequence of COVID-19. In applying the practical expedient, changes in lease payments in rent concessions ending on or before 30 June 2021 are not treated as a modification. The practical expedient has not had any effect on SAS' profit or loss in the period.

**Impact on consolidated balance sheet**

SAS applies the new standard IFRS 16 Leases using the modified retrospective approach. The lease liability is recognized at an amount corresponding to the present value of future lease payments for the leased assets. As a result of SAS' transition approach, all right-of-use assets were measured on transition at an amount equal to the lease liability. Adjustments to the right-of-use assets were made for prepaid lease expenses recognized at 31 October 2019 and the initial estimate of restoration costs for the leased assets. The initial adoption of IFRS 16 had no impact on equity. The table below shows the transition impact on 1 November 2019 on the consolidated balance sheet.

**CONSOLIDATED BALANCE SHEET, 1 NOV 2019 - TRANSITION IMPACT IFRS 16**

	Reported	Adjustments	Adjusted balance
	31 Oct 2019		1 Nov 2019
<b>MSEK</b>			
Right-of-use assets	0	16,718	16,718
Prepaid expenses	446	-38	408
Equity	5,372	-	5,372
Provisions	1,966	177	2,143
Non-current interest-bearing lease liabilities	-	13,623	13,623
Current interest-bearing lease liabilities	-	2,880	2,880

The main types of assets leased by SAS are aircraft, properties and ground handling equipment. On the transition date, SEK 13.4 billion of the right-of-use assets related to aircraft including engines, SEK 2.8 billion related to properties and SEK 0.5 billion related to ground handling equipment.

A major impact from applying IFRS 16 is that SAS is exposed to exchange-rate fluctuations. Most of the right-of-use assets are denominated in SEK, but the corresponding lease liabilities are denominated in foreign currencies. Lease liabilities relating to aircraft are denominated in USD, while properties and ground handling equipment are mainly denominated in SEK, NOK and DKK. As aircraft represent approximately 80% of the lease liabilities on the date of transition, the currency exposure from recalculating USD liabilities into SEK is significant. From 1 November 2019, SAS has adjusted the hedging policy to better manage this risk.

**Impact on consolidated statement of income**

SAS' income statement is highly impacted by IFRS 16. The lease expenses previously recognized in the income statement are replaced by a depreciation expense on the right-of-use asset and an interest expense for the lease liability. The right-of-use asset is depreciated on a straight-line basis. Interest expenses relating to the lease liabilities are at their highest at the beginning of the lease term and decrease as the lease liabilities are paid down. When applying IAS 17 in previous years, operating lease expenses for aircraft, properties and ground handling equipment were expensed over the lease term, primarily on a straight-line basis, and recognized in EBIT as lease expenses for aircraft and other operating expenses. Given this change in pattern of expenses where more expenses, due to the interest component, are recognized earlier in the lease term, IFRS 16 (excluding currency revaluations) had a negative impact on SAS' results in the in the full-year FY2020. However due to the effect of currency revaluations, the net impact on income before tax (EBT) was MSEK 261. Over the lease term, the expenses following the adoption of IFRS 16 are equal to the expenses reported under IAS 17. The following two tables shows the impact from IFRS 16 on the consolidated statement of income for Q4 and Q1-Q4.

**CONSOLIDATED STATEMENT OF INCOME, Q4 - IMPACT IFRS 16**

	Reported Q4	Adjustments	Adjusted Q4*
	Aug–Oct 2020		Aug–Oct 2020
<b>MSEK</b>			
Revenue	3,035		3,035
Personnel expenses	-1,735		-1,735
Fuel expenses	-771		-771
Air traffic charges	-270		-270
Other external expenses	-1,406	-1,120	-2,526
Depreciation, amortization and impairment	-1,597	1,107	-490
Income from shares in associated companies	3		3
Income from sale of aircraft and other non-current assets	3		3
<b>Operating income (EBIT)</b>	<b>-2,738</b>	<b>-13</b>	<b>-2,751</b>
Financial net	-533	326	-207
<b>Income before tax (EBT)</b>	<b>-3,271</b>	<b>313</b>	<b>-2,958</b>

\* Consolidated statement of income as if IAS 17 was still applied, without the adoption of IFRS 16.

**CONSOLIDATED STATEMENT OF INCOME, Q1–Q4 - IMPACT IFRS 16**

	Reported Q1–Q4	Adjustments	Adjusted Q1–Q4*
	Nov–Oct 2019-2020		Nov–Oct 2019-2020
<b>MSEK</b>			
Revenue	20,513		20,513
Personnel expenses	-7,969		-7,969
Fuel expenses	-5,626		-5,626
Air traffic charges	-1,872		-1,872
Other external expenses	-7,782	-4,039	-11,821
Depreciation, amortization and impairment	-6,822	3,817	-3,005
Income from shares in associated companies	7		7
Income from sale of aircraft and other non-current assets	2		2
<b>Operating income (EBIT)</b>	<b>-9,549</b>	<b>-222</b>	<b>-9,771</b>
Financial net	-602	-39	-641
<b>Income before tax (EBT)</b>	<b>-10,151</b>	<b>-261</b>	<b>-10,412</b>

\* Consolidated statement of income as if IAS 17 was still applied, without the adoption of IFRS 16.

**Impact on consolidated cash-flow statement**

The classification in SAS' cash-flow statement has changed with the introduction of IFRS 16. Previously, all lease payments were presented in operating activities. Following the adoption of IFRS 16, principal repayments on lease liabilities are presented in financing activities. Payments for the interest portion of lease liabilities are presented within operating activities. Thus cash flow from operating activities is positively impacted by IFRS 16, with the corresponding decrease in cash flow from financing activities. Since IFRS 16 does not impact the cash payments between SAS and the lessors, the net effect on cash flow is zero.

**CONSOLIDATED CASH FLOW STATEMENT, Q4 - IMPACT IFRS 16**

	Reported Q4	Adjustments	Adjusted Q4*
	Aug–Oct 2020		Aug–Oct 2020
<b>MSEK</b>			
Cash flow from operating activities	-2,948	-856	-3,804
Cash flow from investing activities	-280	-	-280
Cash flow from financing activities	7,216	856	8,072
<b>Cash flow for the period</b>	<b>3,988</b>	<b>-</b>	<b>3,988</b>

\* Consolidated cash-flow statement as if IAS 17 was still applied, without the adoption of IFRS 16.

**CONSOLIDATED CASH-FLOW STATEMENT, Q1–Q4 - IMPACT IFRS 16**

	Reported Q1–Q4	Adjustments	Adjusted Q1–Q4*
	Nov–Oct 2019-2020		Nov–Oct 2019-2020
<b>MSEK</b>			
Cash flow from operating activities	-5,111	-3,082	-8,193
Cash flow from investing activities	-7,252	-	-7,252
Cash flow from financing activities	13,835	3,082	16,917
<b>Cash flow for the period</b>	<b>1,472</b>	<b>-</b>	<b>1,472</b>

\* Consolidated cash-flow statement as if IAS 17 was still applied, without the adoption of IFRS 16.

**Impact on key figures**

As IFRS 16 has a significant impact on the income statement and balance sheet, SAS has reviewed the key figures to ensure their continued relevance. Following SAS' transition approach, financial reporting published by SAS during FY 2020 will not include restated comparative information for FY 2019. The table below shows the impact from IFRS 16 on the key figures that have been calculated on closing balances.

See page 25 for operational key figures and page 27 for key figures and alternative performance measures.

**KEY FIGURES, Q4 - IMPACT IFRS 16**

	Reported Q4	Adjustments	Adjusted Q4*
	Aug–Oct 2020		Aug–Oct 2020
<b>MSEK</b>			
Unit cost, CASK, excluding jet fuel, currency-adjusted	1.06	+0.05	1.11
Shareholders' equity per common share (SEK)	0.4	-0.09	0.31
Equity/assets ratio	18%	+6	24%
Financial net debt, MSEK	18,899	-16,604	2,295
Debt/equity ratio	1.8	-1.57	0.23

\* Key figures as if IAS 17 was still applied, without the adoption of IFRS 16.

**CHANGE IN PRESENTATION - CONSOLIDATED STATEMENT OF INCOME**

With the adoption of IFRS 16, the Group has made some changes to improve the presentation of the consolidated statement of income. Previously, Leasing costs for Aircraft was presented on the face of the income statement. Following IFRS 16, this expense is no longer material to the Group, so starting 1 November 2019, Leasing costs for Aircraft is presented as Other external expenses and specified in Note 3 in this report. Fuel expenses and Air traffic charges were previously presented as Other external expenses, but starting 1 November 2019, these expenses are presented as separate line items in the income statement. Since these expenses continue to be reported within operating income (EBIT), the change in presentation has a net zero effect on operating income (EBIT). The amounts for the comparative year, fiscal year 2019, have been reclassified. See more details in table below.

**COMPENSATION FOR DELAYS OR CANCELLATIONS**

The IFRS Interpretation Committee (IFRS IC or IC) published an agenda decision in September 2019 regarding Compensation for Delays or Cancellations (IFRS 15). The IC concluded in its decision that customer compensation for delays or cancellations is a variable consideration in the contract. Therefore, it should be recognized as an adjustment to revenue. SAS has previously accounted for customer compensation in other operating expenses. In accordance with the IC decision, SAS has reclassified customer compensation for delays and cancellations from operating expenses to revenue. The amount reclassified for the fiscal year 2019 was MSEK 624. See more details in table below.

**CHANGES IN COMPARATIVE YEAR, Q4 FY19 - CONSOLIDATED STATEMENT OF INCOME**

	Reported Q4	Adjustments	Adjusted Q4
MSEK	Aug–Oct 2019		Aug–Oct 2019
Revenue	13,463	-28	13,435
Leasing costs for aircraft	-943	943	-
Other external expenses	-8,223	3,044	-5,179
Fuel expenses	-	-2,780	-2,780
Air traffic charges	-	-1,179	-1,179

The above table shows the impact on Q4, FY19, following the changes described under headings "Change in presentation - Consolidated statement of income" and "Compensation for delays or cancellations" above. The changes did not impact Operating income (EBIT).

\* MSEK 28 of the change in Other external expenses relates to the IC decision. The remaining change relates to reclassifications of fuel expenses (MSEK 2,780), Air traffic charges (MSEK 1,179) and Leasing costs for aircraft (MSEK -943).

**CHANGES IN COMPARATIVE YEAR, Q1-Q4 FY19 - CONSOLIDATED STATEMENT OF INCOME**

	Reported Q1–Q4	Adjustments	Adjusted Q1-Q4
MSEK	Nov–Oct 2018–2019		Nov–Oc 2018–2019
Revenue	46,736	-624	46,112
Leasing costs for aircraft	-3,561	3,561	-
Other external expenses	-30,253	10,929	-19,324
Fuel expenses	-	-9,672	-9,672
Air traffic charges	-	-4,194	-4,194

The above table shows the impact on Q1-Q4 FY19, following the changes described under headings "Change in presentation - Consolidated statement of income" and "Compensation for delays or cancellations" above. The changes did not impact Operating income (EBIT).

\* MSEK 624 of the change in Other external expenses relates to the IC decision. The remaining change relates to reclassifications of fuel expenses (MSEK 9,672), Air traffic charges (MSEK 4,194) and Leasing costs for aircraft (MSEK -3,561).

**NOTE 2 REVENUE**

SAS recognizes passenger and charter revenue when the transportation has been performed, cargo revenue when the transportation has been completed and other revenue when the goods have been delivered or the service performed. The performance obligations identified are fulfilled at one point in time.

	Q4	Q4	Q1–Q4	Q1–Q4
	Aug–Oct 2020	Aug–Oct 2019	Nov–Oct 2019–2020	Nov–Oct 2018–2019
Passenger revenue	1,813	10,300	13,943	35,479
Charter revenue	88	760	564	2,117
Cargo revenue	163	362	877	1,506
Other traffic revenue	366	813	1,818	2,936
<b>Total traffic revenue</b>	<b>2,430</b>	<b>12,235</b>	<b>17,202</b>	<b>42,038</b>
Other operating revenue	605	1,200	3,311	4,074
<b>Total revenue</b>	<b>3,035</b>	<b>13,435</b>	<b>20,513</b>	<b>46,112</b>

**TRAFFIC REVENUE BY GEOGRAPHICAL AREA**

	Domestic		Intra-Scandinavian		Europe		Intercontinental		Total	
	Nov–Oct 2019–2020	Nov–Oct 2018–2019	Nov–Oct 2019–2020	Nov–Oct 2018–2019	Nov–Oct 2019–2020	Nov–Oct 2018–2019	Nov–Oct 2019–2020	Nov–Oct 2018–2019	Nov–Oct 2019–2020	Nov–Oct 2018–2019
Passenger revenue	5,316	9,473	1,543	3,737	4,465	13,252	2,619	9,017	13,943	35,479
Charter revenue	0	0	0	0	564	2,117	0	0	564	2,117
Cargo revenue	5	6	2	6	29	64	841	1,430	877	1,506
Other traffic revenue	694	784	201	309	582	1,096	341	747	1,818	2,936
<b>Total traffic revenue</b>	<b>6,015</b>	<b>10,263</b>	<b>1,746</b>	<b>4,052</b>	<b>5,640</b>	<b>16,529</b>	<b>3,801</b>	<b>11,194</b>	<b>17,202</b>	<b>42,038</b>

**OTHER OPERATING REVENUE BY REGION**

	Denmark		Norway		Sweden		Europe		Other countries		Total	
	Nov–Oct 2019–2020	Nov–Oct 2018–2019	Nov–Oct 2019–2020	Nov–Oct 2018–2019	Nov–Oct 2019–2020	Nov–Oct 2018–2019	Nov–Oct 2019–2020	Nov–Oct 2018–2019	Nov–Oct 2019–2020	Nov–Oct 2018–2019	Nov–Oct 2019–2020	Nov–Oct 2018–2019
<b>Other operating revenue</b>	<b>361</b>	<b>630</b>	<b>1,535</b>	<b>1,135</b>	<b>567</b>	<b>696</b>	<b>574</b>	<b>976</b>	<b>274</b>	<b>637</b>	<b>3,311</b>	<b>4,074</b>

**NOTE 3 OTHER EXTERNAL EXPENSES**

	Q4	Q4	Q1-Q4	Q1-Q4
	Aug-Oct 2020	Aug-Oct 2019	Nov-Oct 2019-2020	Nov-Oct 2018-2019
Sales and distribution costs	-163	-745	-1,352	-2,743
Leasing costs for aircraft	15	-943	-65	-3,561
Catering costs	-87	-346	-572	-1,249
Handling costs	-212	-752	-1,405	-2,832
Technical aircraft maintenance	-440	-788	-1,865	-2,893
Computer and telecommunication costs	-211	-457	-1,145	-1,637
Wet-lease costs	-147	-385	-912	-1,472
Other	-161	-763	-466	-2,937
<b>Total</b>	<b>-1,406</b>	<b>-5,179</b>	<b>-7,782</b>	<b>-19,324</b>

**NOTE 4 DEPRECIATION, AMORTIZATION AND IMPAIRMENT**

	Q4	Q4	Q1-Q4	Q1-Q4
	Aug-Oct 2020	Aug-Oct 2019	Nov-Oct 2019-2020	Nov-Oct 2018-2019
Intangible assets	-38	-36	-147	-147
Tangible assets depreciation	-452	-466	-1,818	-1,684
Tangible assets impairment	0	0	-1,040	-93
Right-of-use assets depreciation	-937	-	-3,647	-
Right-of-use assets impairment	-170	-	-170	-
<b>Total</b>	<b>-1,597</b>	<b>-502</b>	<b>-6,822</b>	<b>-1,924</b>

**NOTE 5 FINANCIAL NET**

	Q4	Q4	Q1-Q4	Q1-Q4
	Aug-Oct 2020	Aug-Oct 2019	Nov-Oct 2019-2020	Nov-Oct 2018-2019
Financial income	12	41	76	173
Interest expense	-169	-116	-617	-485
Other financial expenses	-54	-15	-100	-54
Exchange-rate differences	4	-1	0	-6
Interest expenses, IFRS 16	-166	-	-691	-
Exchange-rate differences, IFRS 16	-160	-	730	-
<b>Total</b>	<b>-533</b>	<b>-91</b>	<b>-602</b>	<b>-372</b>

**NOTE 6 FINANCIAL ASSETS AND LIABILITIES****FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES**

	31 Oct 2020		31 Oct 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>MSEK</b>				
<b>Financial assets</b>				
Financial assets at fair value, hedge-accounted	132	132	225	225
Financial assets FVTPL	22	22	23	23
Financial assets at amortized cost	3,983	3,982	12,648	12,648
<b>Total</b>	<b>4,137</b>	<b>4,136</b>	<b>12,896</b>	<b>12,896</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value, hedge-accounted	928	928	891	891
Financial liabilities FVTPL	12	12	17	17
Financial liabilities at amortized cost	16,867	16,889	12,075	11,540
<b>Total</b>	<b>17,807</b>	<b>17,829</b>	<b>12,983</b>	<b>12,448</b>

Fair value is generally determined by using official market quotes. When market quotes are not available, the fair value is determined using generally accepted valuation methods such as discounted future cash flows based on observable market inputs.

The Group's financial assets and liabilities are measured at fair value as stated below:

*Level 1:* Financial instruments for which fair value is based on observable (unadjusted) quoted prices in active markets for identical assets and liabilities. This category includes mainly treasury bills and standardized derivatives, where the quoted price is used in the valuation.

*Level 2:* Financial instruments for which fair value is based on valuation models that utilize other observable data for the asset or liability other than the quoted prices included within level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

*Level 3:* Financial instruments for which fair value is based on valuation models, whereby significant input is based on unobservable data. At present, SAS has no financial assets or liabilities where the valuation is essentially based on unobservable data.

**FAIR VALUE HIERARCHY**

MSEK	31 Oct 2020			31 Oct 2019		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial assets</b>						
Financial assets at fair value, hedge-accounted	-	132	132	-	225	225
Financial assets FVTPL	-	22	22	-	23	23
<b>Total</b>	<b>-</b>	<b>155</b>	<b>155</b>	<b>-</b>	<b>248</b>	<b>248</b>
<b>Financial liabilities</b>						
Financial liabilities at fair value, hedge-accounted	-	928	928	-	891	891
Financial liabilities FVTPL	-	12	12	-	17	17
<b>Total</b>	<b>-</b>	<b>940</b>	<b>940</b>	<b>-</b>	<b>908</b>	<b>908</b>

The Board of Directors and President hereby assure that this year-end report provides a true and fair overview of the Parent Company's and the Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the Parent Company and the companies included in the Group are exposed.

Stockholm, 3 December 2020

Carsten Dilling  
Chairman of the Board

Dag Mejdell  
Vice Chairman

Monica Caneman  
Board member

Lars-Johan Jarnheimer  
Board member

Oscar Stege Unger  
Board member

Liv Fiksdahl  
Board member

Sanna Suvanto-Harsaae  
Board member

Kay Kratky  
Board member

Jens Lippestad  
Board member

Tommy Nilsson  
Board member

Christa Cerè  
Board member

Rickard Gustafson  
President and CEO

This year-end report is unaudited



# TRAFFIC DATA INFORMATION

## SCHEDULED PASSENGER TRAFFIC

	Aug–Oct 2020	Aug–Oct 2019	Year-on-year change	Nov–Oct 2019-2020	Nov–Oct 2018-2019	Year-on-year change
Number of passengers (000)	1,887	8,083	-76.7%	12,315	28,451	-56.7%
RPK, Revenue Passenger Kilometers (mill)	1,514	10,213	-85.2%	13,259	35,825	-63.0%
ASK, Available Seat Kilometers (mill)	3,782	13,299	-71.6%	22,357	48,471	-53.9%
Load factor	40.0%	76.8%	-36.8%	59.3%	73.9%	14.6%
Passenger yield, currency-adjusted	1.20	0.95	+25.8%	1.05	0.97	+8.6%
Passenger yield, nominal	1.20	1.01	+18.8%	1.05	0.99	+6.2%
Unit revenue, PASK, currency-adjusted	0.48	0.73	-34.5%	0.62	0.72	-12.8%
Unit revenue, PASK, nominal	0.48	0.77	-38.1%	0.62	0.73	-14.8%
RASK, currency-adjusted	0.62	0.79	-21.8%	0.74	0.79	-6.2%
RASK, nominal	0.62	0.84	-26.1%	0.74	0.80	-8.3%

<sup>1)</sup> Figures given in percentage points

## TOTAL TRAFFIC (SCHEDULED AND CHARTER TRAFFIC)

	Aug–Oct 2020	Aug–Oct 2019	Year-on-year change	Nov–Oct 2019-2020	Nov–Oct 2018-2019	Year-on-year change
Number of passengers (000)	1,934	8,540	-77.4%	12,610	29,761	-57.6%
RPK, Revenue Passenger Kilometers (mill)	1,627	11,410	-85.7%	14,127	39,375	-64.1%
ASK, Available Seat Kilometers (mill)	3,923	14,610	-73.1%	23,365	52,371	-55.4%
Load factor	41.5%	78.1%	-36.6%	60.5%	75.2%	-14.7%
Unit cost, CASK, currency-adjusted	-1.26	-0.70	+78.9%	-1.11	-0.78	+42.9%
Unit cost, CASK, nominal incl. items affecting comparability	-1.32	-0.76	+74.4%	-1.15	-0.78	+46.4%
Unit cost, CASK, excl. jet fuel, currency-adjusted	-1.06	-0.53	+100.0%	-0.87	-0.60	+46.6%
Unit cost, CASK, excl. jet fuel, nominal incl. items affecting comparability	-1.12	-0.57	+98.3%	-0.90	-0.60	+51.3%

<sup>1)</sup> Figures given in percentage points

## SCHEDULED TRAFFIC TREND FOR SAS BY ROUTE SECTOR

	Aug–Oct 2020 vs. Aug–Oct 2019		Nov–Oct 2019–2020 vs. Nov–Oct 2018–2019	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	-97.0%	-84.5%	-69.6%	-59.8%
Europe/Intra-Scandinavia	-86.0%	-75.1%	-64.8%	-57.6%
Domestic	-54.3%	-35.9%	-42.3%	-31.4%

## PRODUCTIVITY AND ENVIRONMENTAL EFFICIENCY

12-month rolling	October, 2020	October, 2019	Year-on-year change
Aircraft, block hours/day	6.9	9.3	-25.3%
Cabin crew, block hours/year	530	734	-27.8%
Pilots, block hours/year	377	637	-40.8%

Environmental efficiency	October, 2020	October, 2019	Year-on-year change
Total CO <sub>2</sub> emissions, million tonnes	1,802	4,206	-57.2%
CO <sub>2</sub> emissions per available seat kilometer, grams	59.0	62.3	-5.3%

# AIRCRAFT FLEET

## THE SAS AIRCRAFT FLEET AT 31 OCTOBER 2020

SAS Group Aircraft Fleet	Age	Owned	Leased	Wet Lease	Total	SAS Scandinavia	SAS Ireland	Wet Lease	In SAS Group Traffic	Firm Order Purchase	Firm Order Lease
Airbus A330/340/350	4.6	7	5		12	12			12	4	
Airbus A320 family	6.8	19	46		65	59	6		65	35	6
Boeing 737NG	15.4	20	10		30	30			30		
Bombardier CRJ	4.4			21	21			21	21		
ATR-72	7.1			7	7			7	7		
<b>Total aircraft in operation</b>	<b>9.0</b>	<b>46</b>	<b>61</b>	<b>28</b>	<b>135</b>	<b>101</b>	<b>6</b>	<b>28</b>	<b>135</b>	<b>39</b>	<b>6</b>
<b>Aircraft undergoing phase out</b>											
Airbus A330/A340	18.7	5	1		6						
Boeing 737NG	14.7	5	10		15						
Bombardier Q400	12.8	1			1						
<b>Total</b>		<b>57</b>	<b>72</b>	<b>28</b>	<b>157</b>						

Aircraft on firm order 2021–2025 at 31 October 2020	FY21	FY22	FY23	FY24	FY25	Total
Airbus A320neo	4	13	12	6	4	39
Airbus A321neo LR	2					2
Airbus A350	2	1	1			4
<b>Total</b>	<b>8</b>	<b>14</b>	<b>13</b>	<b>6</b>	<b>4</b>	<b>45</b>



The new fleet lowers fuel consumption and thereby CO<sub>2</sub> emissions.

# KEY FIGURES AND ALTERNATIVE PERFORMANCE MEASURES

	31 Oct 2020	31 Oct 2019
Return on invested capital (ROIC) <sup>1</sup>	-27%	8% <sup>2</sup>
Financial net debt/EBITDA <sup>1</sup>	-9.2x	3.7x <sup>2</sup>
Financial preparedness <sup>1</sup>	67%	38% <sup>2</sup>
Return on shareholders' equity <sup>1</sup>	-427%	14%
Equity/assets ratio <sup>1</sup>	18%	16%
Financial net debt, MSEK <sup>1</sup>	18,899	328
Debt/equity ratio <sup>1</sup>	1.8	0.06
Interest-coverage ratio <sup>1</sup>	-6.7	2.5

<sup>1</sup> Key figure for 2020 including IFRS 16. Key ratio last year is based on financial statements excluding IFRS 16. See further details in Note 1.

<sup>2</sup> Key ratio calculated according to another definition last year than in Q4 2020 and is not restated. Previous definition is found in APM Q4 2019.

SAS calculates various Alternative Performance Measures (APMs) that complement the metrics defined in the applicable rules for financial reporting. The APMs facilitate comparison between different periods and are used for internal analysis of the business's performance, development and financial position, and are therefore deemed to provide valuable information to external stakeholders, such as investors, analysts, rating agencies and others. For definitions, refer to the Definitions & concepts section. A list of the APMs deemed of sufficient material importance to specify is available at [www.sasgroup.net](http://www.sasgroup.net) under Investor Relations.

## EARNINGS-RELATED KEY FIGURES AND AVERAGE NUMBER OF EMPLOYEES

MSEK	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4
	Nov–Jan 2019–2020	Nov–Jan 2018–2019	Feb–Apr 2020	Feb–Apr 2019	May–Jul 2020	May–Jul 2019	Aug–Oct 2020	Aug–Oct 2019
Revenue	9,707	9,405	5,264	9,871	2,507	13,401	3,035	13,435
EBITDAR	662	746	-1,890	174	-281	2,998	-1,162	2,631
EBITDAR margin	6.8%	7.9%	-35.9%	1.8%	-11.2%	22.4%	-38.3%	19.6%
Operating income (EBIT)	-767	-461	-3,315	-1,130	-2,729	1,570	-2,738	1,187
Operating income (EBIT) margin	-7.9%	-4.9%	-63.0%	-11.4%	-108.9%	11.7%	-90.2%	8.8%
Income before tax (EBT)	-1,087	-576	-3,722	-1,216	-2,071	1,490	-3,271	1,096
Net income for the period	-861	-469	-3,470	-933	-2,365	1,162	-2,579	861
Income before tax and items affecting comparability	-1,078	-724	-3,714	-1,211	-784	1,495	-3,043	1,226
Earnings per common share (SEK)	-2.33	-1.25	-9.15	-2.44	-6.18	3.04	-4.46	2.19
Cash flow before financing activities	-2,060	-2,566	-5,059	1,473	-2,016	140	-3,228	-309
Average number of employees (FTE)	10,364	10,292	7,988	10,260	4,937	10,639	6,981	10,587

# DEFINITIONS AND SHAREHOLDER INFORMATION

SAS uses various key figures, including alternative performance measures (APMs), for internal analysis purposes and for external communication of the operations' results, performance and financial position. The aim of these APMs is to illustrate the performance measures tailored to operations that, in addition to the other key figures, enable various stakeholders to more accurately assess and value SAS' historical, current and future performance and position.

**AEA** – The Association of European Airlines. An association of the major European airlines.

**Affiliated company** – Company where the SAS Group's holding amounts to at least 20% and at the most 50%.

**AOC (Air Operator Certificate)** – Permits for flight operations.

**ASK, Available Seat Kilometers** – The total number of seats available for passengers multiplied by the number of kilometers which they are flown.

**ATK, Available tonne kilometers** – The total number of tonnes of capacity available for the transportation of passengers, freight and mail multiplied by the number of kilometers which this capacity is flown.

**Available seat kilometers** – See ASK.

**Available tonne kilometers** – See ATK.

**Block hours** – Refers to the time from when the aircraft leaves the departure gate until it arrives at the destination gate.

**CAGR** – Compound annual growth rate.

**Capital employed** – Total capital according to the balance sheet less non-interest-bearing liabilities.

**Capitalized leasing costs (x7)** – The net annual operating lease costs for aircraft multiplied by seven.

**Carbon dioxide (CO<sub>2</sub>)** – A colorless gas that is formed in the combustion of all fossil fuels. The airline industry's CO<sub>2</sub> emissions are being reduced based on a changeover to more fuel-efficient aircraft.

**Cash flow from operating activities per common share** – Cash flow from operating activities in relation to the average number of common shares outstanding.

**CASK** – See unit cost.

**Code share** – When one or more airlines' flight number is stated in the timetable for a flight, while only one of the airlines operates the flight.

**Debt/equity ratio** – Financial net debt in relation to equity.

**Earnings per common share (EPS)** – Net income for the period attributable to Parent Company shareholders less preference-share dividends and hybrid bond expenses in relation to the average number of common shares outstanding.

**EBIT** – Operating income.

**EBIT margin** – EBIT divided by revenue.

**EBITDA** – Operating income before tax, net financial items, income from the sale of fixed assets, share of income in affiliated companies, and depreciation and amortization.

**EBITDA margin** – EBITDA divided by revenue.

**EBITDAR** – Operating income before tax, net financial items, income from the sale of fixed assets, share of income in affiliated companies, depreciation and amortization, and leasing costs for aircraft.

**EBITDAR margin** – EBITDAR divided by revenue.

**EBT** – Income before tax.

**EEA** – European Economic Area.

**Equity method** – Shares in affiliated companies are taken up at the SAS Group's share of equity, taking acquired surplus and deficit values into account.

**Equity/assets ratio** – Equity in relation to total assets.

**Finance leases** – Based on a leasing contract where the risks and rewards of ownership of the asset essentially remain with the lessee. The asset is reported as a fixed asset in the balance sheet because the lessee has an obligation to purchase the asset at the end of the

lease. The commitment to pay future leasing charges is entered as a liability. As of 1 November 2019, SAS Group applies the new standard IFRS 16 - Leases. See Right-of-use assets.

**Financial preparedness** – Cash and cash equivalents, plus unutilized credit facilities with a maturity longer than three months, in relation to fixed costs and financial net excluding exchange rate differences on lease liabilities. In this ratio, fixed costs are defined as personnel and other external expenses over the last 12 months.

**Financial net debt** – Interest-bearing liabilities less interest-bearing assets excluding net pension funds.

**Financial net debt/EBITDA** – The sum of average net financial debt in relation to EBITDA.

**FTE** – Number of employees, full-time equivalents.

**IATA** – International Air Transport Association. A global association of almost 300 airlines.

**ICAO** – International Civil Aviation Organization. The United Nations' specialized agency for international civil aviation.

**Interest-coverage ratio** – Operating income plus financial income in relation to financial expenses.

**Interline revenue** – Ticket settlement between airlines.

**Items affecting comparability** – Items affecting comparability are identified to facilitate comparison of SAS' underlying results in different periods. These items consist of impairment, restructuring costs, capital gains/losses, and other items affecting comparability. They arise as a consequence of specific events, and are items that both management and external assessors take note of when analyzing SAS. By reporting earnings excluding items affecting comparability, the underlying results are shown, which facilitates comparability between different periods.

**LCC** – Low Cost Carrier.

**Load factor** – RPK divided by ASK. Describes the capacity utilization of available seats.

**Market capitalization** – Share price multiplied by the number of shares outstanding.

**NPV** – Net present value. Used to calculate capitalized future costs of operating leases for aircraft, for example.

**Operating leases** – Based on a leasing contract in which the risks and rewards of ownership remain with the lessor and is equivalent to renting. The leasing charges are expensed on a current basis in the statement of income. As of 1 November 2019, SAS Group applies the new standard IFRS 16 - Leases. See Right-of-use assets.

**PASK (unit revenue)** – Passenger revenue divided by ASK (scheduled).

**Preference share capital** – Preference share capital, corresponding to the redemption price for 2,101,552 preference shares at 105% of the subscription price of SEK 500, amounting to MSEK 1,103. Redemption of all preference shares was carried out in December 2018.

**RASK** – Total traffic revenue divided by Total ASK (scheduled + charter).

**Regularity** – The percentage of flights completed in relation to flights scheduled.

**Return on Invested Capital (ROIC)** – EBIT adjusted with theoretical taxes in relation to average shareholders' equity and net financial debt.

**Return on shareholders' equity** – Net income for the period attributable to shareholders in the Parent Company in relation to average equity excluding non-controlling interests.

**Revenue passenger kilometers (RPK)** – See RPK.

**Revenue tonne kilometers (RTK)** – See RTK.

**Right-of-use assets (RoU)** – As of 1 November 2019, SAS Group applies the new standard IFRS 16 - Leases. IFRS 16 replaces former standard IAS 17 Leases. The previous classification of each lease as either an operating lease or a finance lease is replaced by a model whereby the lessee recognizes an asset (a right-of-use asset) and a financial liability in the balance sheet. See more information in note 1.

**RPK, Revenue passenger kilometers** – Number of paying passengers multiplied by flown distance (km).

**RTK, Revenue tonne kilometers** – The number of tonnes of paid traffic (passengers, freight and mail) multiplied by the distance this traffic is flown in kilometers.

**Sale and leaseback** – Sale of an asset (aircraft, building, etc.) that is then leased back.

SAS, Scandinavia's leading airline, with main hubs in Copenhagen, Oslo and Stockholm, flies to destinations in Europe, USA and Asia. Spurred by a Scandinavian heritage and sustainability values, SAS aims to be the global leader in sustainable aviation. We will reduce total carbon emissions by 25 percent by 2025, by using more sustainable aviation fuel and our modern fleet with fuel-efficient aircraft. In addition to flight operations, SAS offers ground handling services, technical maintenance and air cargo services. SAS is a founding member of the Star Alliance™, and together with its partner airlines offers a wide network worldwide.

SAS AB is the Parent Company of SAS and is listed on the stock exchanges in Stockholm (primary listing), Copenhagen and Oslo. The majority of the operations and assets are included in the SAS Consortium, with the exception of SAS Cargo and SAS Ground Handling, which are directly owned by SAS AB.

#### FINANCIAL CALENDAR

*Monthly traffic data is generally issued on the fifth working day of every month. The detailed financial calendar is available at [sasgroup.net](http://sasgroup.net) under Investor Relations.*

2 February 2021	SAS Annual and Sustainability Report, fiscal year 2020
25 February 2021	Q1 Interim Report (Nov-20–Jan-21)
27 May 2021	Q2 Interim Report (Feb-21–Apr-21)
1 September 2021	Q3 Interim Report (May-21–Jul-21)
30 November 2021	Year-end report (Nov-20–Oct-21)
January/February 2022	SAS Annual and Sustainability Report, fiscal year 2021

#### INVESTOR RELATIONS



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**Shareholders' equity per common share** – Shareholders' equity attributable to Parent Company shareholders excluding preference share capital and hybrid bond in relation to the total number of common shares outstanding.

**Total load factor** – RTK divided by ATK.

**Unit cost, CASK** – Total payroll expenses, other operating expenses, leasing costs for aircraft and depreciation adjusted for currency and items affecting comparability, less other operating revenue per ASK (scheduled and charter).

**Unit revenue** – See PASK.

**WACC** – Weighted average cost of capital includes the average cost of liabilities, equity and operating leases for aircraft. The sources of funds are calculated and weighted in accordance with the current market value of equity and liabilities and the capitalized present value of operating lease costs for aircraft.

**Wet lease agreement** – Leasing in of aircraft including crew.

**Working capital** – The total of non-interest-bearing current assets and non-interest-bearing financial fixed assets excluding equity in affiliated companies and other securities holdings less non-interest-bearing liabilities.

**Yield** – Passenger revenue divided by RPK (scheduled).