

YEAR-END RESULTS BURDENED BY THE PANDEMIC



AUGUST 2021–OCTOBER 2021

- Revenue: MSEK 5,762 (3,035)
- Income before tax (EBT): MSEK -945 (-3,252)
- Income before tax and items affecting comparability: MSEK -911 (-3,024)
- Net income for the period: MSEK -744 (-2,566)
- Earnings per common share: SEK -0.12 (-4.44)

SIGNIFICANT EVENTS DURING THE QUARTER

- During the quarter, the number of passengers increased and more tickets were sold
- Operations were scaled up to meet demand while more destinations opened up
- SAS signed an agreement for the pre-delivery payment financing of about USD 100 million, covering ten A320neo aircraft with deliveries into Q2 FY2023

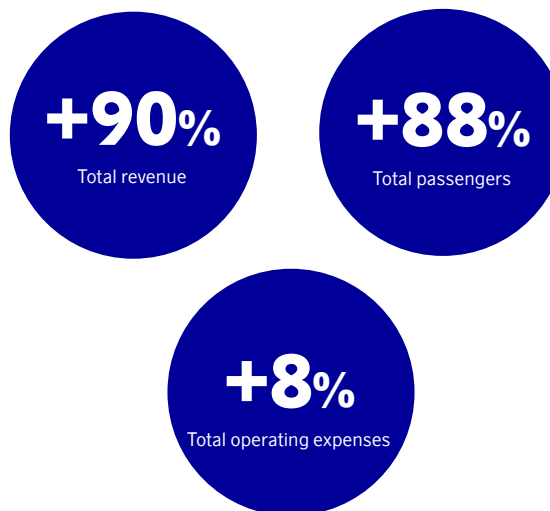
SIGNIFICANT EVENTS AFTER THE QUARTER

- SAS established a partnership with Vattenfall, Shell and LanzaTech to investigate large-scale production of synthetic sustainable aviation fuel

NOVEMBER 2020–OCTOBER 2021

- Revenue: MSEK 13,958 (20,513)
- Income before tax (EBT): MSEK -6,525 (-10,097)
- Income before tax and items affecting comparability: MSEK -6,382 (-8,565)
- Net income for the period: MSEK -6,523 (-9,232)
- Earnings per common share: SEK -0.94 (-21.45)

KEY FIGURES – Q4 2021 VS LAST YEAR



”Demand and ticket sales are increasing, however, uncertainties continue to affect the ramp-up”

Anko van der Werff, President and CEO

FINANCIAL SUMMARY¹⁾

MSEK, unless noted otherwise	Q4	Q4	Q1–Q4	Q1–Q4
	Aug–Oct 2021	Aug–Oct 2020	Nov–Oct 2020–2021	Nov–Oct 2019–2020
Revenue	5,762	3,035	13,958	20,513
Operating income (EBIT)	-474	-2,719	-5,494	-9,495
Operating income (EBIT) margin	-8.2%	-89.6%	-39.4%	-46.3%
Income before tax (EBT)	-945	-3,252	-6,525	-10,097
Income before tax and items affecting comparability	-911	-3,024	-6,382	-8,565
Net income for the period	-744	-2,566	-6,523	-9,232
Cash flow from operating activities	1,054	-2,961	-4,756	-5,176
			Oct 31, 2021	Oct 31, 2020
Return on invested capital			-13%	-28%
Financial net debt/EBITDA			n/a	n/a
Financial preparedness			60%	67%
Equity/assets ratio			12%	18%
Earnings per common share (SEK)			-0.94	-21.45
Shareholders' equity per common share (SEK)			-0.16	0.33

¹⁾ Previously reported financial information has been restated due to new accounting principle "IFRS ICs - Cloud computing arrangement costs." See note 1.

This information is information that SAS AB is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted by Louise Bergström for publication on November 30, 2021 at 8:00 a.m. CET.

COMMENTS BY THE CEO

It is encouraging to note the continued positive trend from the summer, with demand and ticket sales rising. However, 2021 was one of the most challenging years in the history of the aviation industry and the future remains hard to predict, primarily due to challenges connected to the ongoing pandemic.

IMPROVED QUARTERLY RESULTS STILL AFFECTED BY THE ONGOING PANDEMIC

Customer demand continued to increase through the year's last quarter and as a result, our capacity increased 43% compared with the third quarter. Passengers flying with SAS increased 73% compared to the last quarter and the flown load factor reached approximately 60%, an increase of 7 percentage points compared with the earlier quarter. Still, uncertainties remain regarding the development of the COVID-19 pandemic and the transformation of SAS has to continue – to adapt to the new market. Earnings before tax ended at negative SEK 0.9 billion, which is an improvement of SEK 0.5 billion compared with last quarter, or a SEK 2.3 billion improvement year-on-year.

Total revenue increased 45% compared with the third quarter, an improvement of approximately SEK 2.7 billion compared with last year, but still 57% below the fourth quarter in 2019, which was unaffected by COVID-19.

ADAPTING SAS TO A NEW MARKET REALITY

Cost reductions across all of SAS remain in focus to optimize our competitive capability. Total operating expenses during the quarter ended at SEK 6.2 billion and total operating revenue landed at SEK 5.8 billion. Market dynamics have changed substantially during

the pandemic and affect the entire airline industry. This requires SAS to take the next steps in the development of our operating model to ensure SAS is cost efficient and competitive. We are starting operation of SAS Connect out of Copenhagen in early 2022 and are evaluating possibilities to expand SAS Connect and to open bases in Stockholm and Oslo during the year.

We are also evaluating fleet options to handle thinner flows of passengers in our network – to ensure that we can offer competitive advantages, an attractive timetable for customers and lower the total environmental footprint.

We have now had a positive operating cash flow during two consecutive quarters. The work to preserve liquidity continues and at the end of the quarter, the cash position was at SEK 4.3 billion, which is similar to the cash position of SEK 4.4 billion at the end of Q3. During the quarter, SAS signed a predelivery payment financing of approximately USD 100 million that will cover financing of ten A320neo aircraft with deliveries into Q2 2023. The credit line that was established during Q3 with the major shareholders, is still fully undrawn, and provides a solid liquidity buffer during the pandemic recovery phase, should it be needed.



Anko van der Werff, President and CEO

DEVELOPING OUR CUSTOMER OFFERING AND RE-OPENING ROUTES

When restrictions and demand allow, we will open more routes, and this winter we are flying more than 150 routes to 90 destinations. SAS has to remain agile to be able to quickly respond to changes in customer demand, which will be one of the success factors for airlines going forward. As a direct result of the US opening up for travelers, we have increased the number of flights to and from the US. SAS operates new, fuel-efficient A350 Airbus aircraft to the US, which have 30% lower fuel consumption compared to the aircraft they are replacing.

We also continue the development of our customer offering through the determined work with digitalization and personalization. For example, by expanding our SAS Go Light on our total network, where customers can choose competitively priced tickets and then add travel extras such as bags and seat selection.

SAS is a global leader in sustainable aviation. Reducing climate-impacting carbon emissions and striving to increase the supply and use of sustainable aviation fuels (SAF) are important components of that ambition. We are therefore proud to be part of a collaboration with Vattenfall, Shell and Lanzatech, to investigate the production of the world's first synthetic sustainable

aviation fuel. When full production is up and running, it could provide SAS with up to 25% of its requirement for sustainable aviation fuel in the 2030s.

LOOKING AHEAD

We remain cautious due to prevailing uncertainties, but see that underlying demand is healthy once restrictions are lifted, both for business and leisure travel. Short-term effect of recent developments needs yet to be fully analyzed, however we remain optimistic for the peak periods ahead of us. During the pandemic, we see that demand for travel has changed and SAS expects a greater number of leisure travelers and even more intense competition in the future.

I am grateful for all the hard work that all my colleagues at SAS are carrying out during our transformation, to ensure our performance remains at a high level and to always take care of our customers in the best possible way. Together with dedicated colleagues, a strong brand and operational excellence, we are working our way through these challenging times.

We welcome you on board our aircraft in one of Europe's most modern fleets!

Anko van der Werff,
President and CEO
Stockholm, November 30, 2021

COMMENTS ON SAS' FINANCIAL STATEMENTS

INCOME STATEMENT, SUMMARY Q1–Q4 2021

MSEK Income statement	Nov– Oct 20–21	Nov– Oct 19–20	Change vs LY	Cur- rency effects	Change vs LY (Curr. adj)
Revenue	13,958	20,513	-6,555	-642	-5,913
Total operating expenses	-19,452	-30,008	10,556	785	9,771
Operating income (EBIT)	-5,494	-9,495	4,001	143	3,858
Income before tax (EBT)	-6,525	-10,097	3,572	-394	3,966
Income before tax and items affecting comparability	-6,382	-8,565	2,183	-394	2,577

Revenue

Revenue totaled MSEK 13,958 (20,513), see Note 2. Currency-adjusted revenue was down MSEK 5,913 year-on-year. The decrease in revenue mainly related to low volumes as a result of the COVID-19 pandemic.

Currency-adjusted passenger revenue decreased 37.6%. 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 2,852. The lower load factor had a negative effect of MSEK 1,187. The lower yield had a negative effect of MSEK 1,017 on passenger revenue.

Currency-adjusted cargo revenue increased MSEK 323 and currency-adjusted charter revenue was MSEK 162 lower. Other traffic revenue (currency-adjusted) was MSEK 160 lower. The decrease in revenue was mainly attributable to the COVID-19 pandemic.

Other operating revenue (currency-adjusted) was MSEK 862 lower year-on-year, mainly as a consequence of the COVID-19 pandemic.

Operating expenses

Personnel expenses amounted to MSEK -5,504 (-7,969). After adjustment for currency and items affecting comparability, personnel expenses decreased MSEK 1,977 year-on-year. The decrease was mainly attributable to a lower number of employees and the effects of temporary lay-offs.

Fuel expenses amounted to MSEK -2,370 (-5,626). Adjusted for currency, jet-fuel costs decreased 53%. Volume effects had a positive impact on costs of MSEK 1,010. The jet-fuel price had a negative impact of MSEK 230 on these costs. Hedge effects had a positive impact of MSEK 1,815 year-on-year, of which MSEK 1,370 related to hedge relationships that were discontinued in the preceding year.

Air traffic charges amounted to MSEK -1,342 (-1,872). Adjusted for currency, air traffic charges decreased 25%. The decrease pertained mainly to lower traffic volumes and reduced air traffic charges as a result of the COVID-19 pandemic.

Other external expenses amounted to MSEK -5,286 (-7,847), see Note 3. Year-on-year, other external expenses (currency-adjusted) decreased MSEK 2,604. The decrease primarily related to the COVID-19 pandemic. Currency-adjusted handling costs, and

sales and distribution costs decreased MSEK 383 and MSEK 542, respectively. Technical maintenance costs (currency-adjusted) decreased MSEK 272, as a result of the COVID-19 pandemic, returns of leased aircraft and deliveries of new aircraft which require less maintenance. Wet-lease expenses decreased MSEK 277 (currency-adjusted) primarily due to lower production as a result of COVID-19.

Depreciation, amortization and impairment amounted to MSEK -4,817 (-6,703), a decrease of MSEK 1,886 year-on-year. The decrease was mainly due to impairment of aircraft (owned and right-of-use assets) of MSEK 1,210 that was made in the preceding year.

Financial net

Financial income and expenses amounted net to MSEK -1,031 (-602), representing an increase in net expenses of MSEK 429 year-on-year. The increase pertained mainly to IFRS 16, where currency revaluations on lease liabilities had a lower positive impact year-on-year of MSEK 194 (730).

Net income for the period

Operating income amounted to MSEK -5,494 (-9,495) and EBT amounted to MSEK -6,525 (-10,097). The year-on-year increase in EBT pertained mainly to lower amortization, depreciation and impairment, lower personnel expenses, and lower variable production costs, such as fuel expenses.

Net income for the period was MSEK -6,523 (-9,232) and tax amounted to MSEK 2 (865). No deferred tax was recognized for tax loss carryforwards.

Year-on-year, the foreign exchange-rate trend had a negative impact on revenue of MSEK 642 and a positive effect on operating expenses of MSEK 785. Foreign exchange rates thus had a positive impact on operating income of MSEK 143. Net financial items were negatively impacted by currency items amounting to MSEK 537. In total, currency effects had a net negative impact of MSEK 394 on EBT.

Items affecting comparability

Total items affecting comparability amounted to MSEK -143 (-1,532) during the period and mainly pertained to capital losses on the sale of five 737-800 aircraft, and sale and leaseback transactions of one A350 and 20 V2500 engines. Last year, the item mainly comprised a restructuring cost and the impairment of aircraft.

INCOME STATEMENT, SUMMARY Q4 2021

MSEK Income statement	Aug– Oct 2021	Aug– Oct 2020	Change vs LY	Cur- rency effects	Change vs LY (Curr. adj)
Revenue	5,762	3,035	2,727	24	2,703
Total operating expenses	-6,236	-5,754	-482	61	-543
Operating income (EBIT)	-474	-2,719	2,245	85	2,160
Income before tax (EBT)	-945	-3,252	2,307	97	2,210
Income before tax and items affecting comparability	-911	-3,024	2,113	97	2,016

Revenue

Revenue totaled MSEK 5,762 (3,035), see Note 2. Currency-adjusted revenue was up MSEK 2,703 year-on-year. The increase in revenue mainly related to an increase in demand.

Currency-adjusted passenger revenue rose 118.5%. The increase was a result of higher scheduled capacity (ASK) which, based on the preceding year's circumstances, had a positive impact on revenue of MSEK 1,536. The higher load factor had a positive effect of MSEK 1,224. The lower yield had a negative effect of MSEK 593 on passenger revenue.

Currency-adjusted cargo revenue increased MSEK 189 and currency-adjusted charter revenue was MSEK 180 lower. Other traffic revenue (currency-adjusted) was MSEK 127 higher.

Other operating revenue (currency-adjusted) was MSEK 38 higher year-on-year.

Operating expenses

Personnel expenses amounted to MSEK -1,438 (-1,735). After adjustment for currency and items affecting comparability, personnel expenses decreased MSEK 234 year-on-year.

Fuel expenses amounted to MSEK -1,033 (-771). Adjusted for currency, jet-fuel costs increased 35.4%. Volume effects had a negative impact on costs of MSEK 439. Increased jet-fuel prices had a negative impact of MSEK 221 on these costs. Hedge effects had a positive impact of MSEK 380 year-on-year.

Air traffic charges amounted to MSEK -549 (-270). Adjusted for currency, air traffic charges increased 101.6%. The increase pertained mainly to higher traffic volumes.

Other external expenses amounted to MSEK -1,972 (-1,419), see Note 3. Year-on-year, other external expenses (currency-adjusted) increased MSEK 607. The increase pertained primarily to higher costs for handling, sales and distribution, and technical maintenance as well as higher wet-lease expenses. Currency-adjusted handling costs, and sales and distribution costs increased MSEK 147 and MSEK 125 respectively, mainly related to higher volumes. Technical maintenance costs (currency-adjusted) increased MSEK 65 due to increased volumes. Wet-lease expenses increased MSEK 105 (currency-adjusted) primarily due to increased demand.

Depreciation, amortization and impairment amounted to MSEK -1,212 (-1,565), a decrease of MSEK 353 year-on-year. See Note 4. The decrease was mainly due to an impairment of MSEK 170 of right-of-use aircraft that was made in the same period in the preceding year.

Financial net

Financial income and expenses amounted net to MSEK -471 (-533), representing a decrease in net expenses of MSEK 62 year-on-year. The decrease was mainly due to higher financing costs in the preceding year. See Note 5.

Net income for the period

Operating income amounted to MSEK -474 (-2,719) and EBT amounted to MSEK -945 (-3,252). The improvement in EBT pertained mainly to increased revenue and a more optimized use of fixed costs year-on-year.

Net income for the period was MSEK -744 (-2,566) and tax amounted to MSEK 201 (686). Tax for the period was largely attributable to deferred tax related to temporary differences.

Year-on-year, the foreign exchange-rate trend had a positive impact on revenue of MSEK 24 and a positive effect on operating expenses of MSEK 61. Foreign exchange rates thus had a positive impact on operating income of MSEK 85. The change in net financial items was positively impacted by currency items of MSEK 12. In total, currency effects had a net positive impact of MSEK 97 on EBT.

Items affecting comparability

Total items affecting comparability amounted to MSEK -34 (-228) during the period and mainly pertained to capital losses on the sale of two 737-800 aircraft, and sale and leaseback transactions of eight V2500 engines. Last year, items affecting comparability mainly comprised a restructuring cost and the impairment of right-of-use assets on aircraft.

BALANCE SHEET & FINANCIAL POSITION

Assets

Intangible and tangible fixed assets decreased MSEK 862 since October 31, 2020. Changes for the period included investments of MSEK 4,104, amortization and depreciation of MSEK -1,563 and other effects of MSEK -3,403. The amount for investments included advance payments of MSEK 1,679 to Airbus and two new A350 aircraft, one of which was financed through sale and leaseback. Other aircraft investments comprised capitalized expenditures for engine maintenance and modifications. Other effects included translation differences as well as the sale of five 737-800 aircraft and sale and leaseback transactions of one A350 and 20 V2500 engines.

Right-of-use assets decreased MSEK 305 during the period. New leases amounted to MSEK 2,845, and mainly related to new leases for four A320neo aircraft, one A321neo and one A350. Changes in indexation

and modification in underlying agreements together with the item other increased the assets value by MSEK 97, and depreciation was MSEK -3,254. The currency effect was MSEK 7.

Financial assets increased MSEK 2,102, mainly due to the positive change in SAS' defined-benefit pension plans. The year-on-year change also includes repayment of blocked bank funds.

Deferred tax assets decreased MSEK 641, mainly related to temporary differences in SAS' defined-benefit pension plans. No loss carryforwards were capitalized during the year.

Current receivables increased MSEK 1,513. This increase was mainly attributable to increased accounts receivable and increased deposits.

Cash and cash equivalents were MSEK 4,268 (10,231) at October 31, 2021. Unutilized contracted credit facilities amounted to MSEK 2,969 (2,751). Financial preparedness amounted to 60% (67) of SAS' fixed costs.

Shareholders' equity and liabilities

Shareholders' equity decreased MSEK 3,607 to MSEK 6,416. The decrease pertained mainly to net income for the period of MSEK -6,523, positive changes in cash-flow hedges of MSEK 496 and actuarial effects on defined-benefit pension plans of MSEK 2,655. A disbursement of hybrid bond interest resulted in a decrease of MSEK 274 in shareholders' equity.

Non-current liabilities increased MSEK 1,711 and *current liabilities* decreased MSEK 2,358. The total decrease in liabilities was MSEK 647 and was mainly due to lower non-interest-bearing liabilities.

Interest-bearing liabilities

On October 31, 2021, interest-bearing liabilities amounted to MSEK 32,924 (31,596), an increase of MSEK 1,328 since October 31, 2020. New loans and amortization for the period were MSEK 5,319 and MSEK 2,562, respectively. New loans and amortization of lease liabilities were MSEK 2,772 and MSEK 2,788, respectively. The change in gross debt since October 31, 2020 included a positive trend in the fair value of derivatives, which decreased liabilities MSEK 905. Currency revaluations decreased liabilities MSEK 985, while the deferral of personnel-related tax liabilities increased liabilities MSEK 452. Accrued interest and other items increased liabilities MSEK 25.

Financial net debt

At October 31, 2021, financial net debt amounted to MSEK 26,770 (18,899), an increase of MSEK 7,871 since October 31, 2020. The increase was primarily attributable to the negative cash flow before financing activities of MSEK 6,293, new lease liabilities of MSEK 2,772, the positive trend in the fair value of derivatives of MSEK 408 and a positive currency revaluation effect of MSEK 916.

Key figures

At October 31, 2021, the return on invested capital (ROIC) was -13%, up 15 percentage points since October 31, 2020. The increase pertained mainly to a higher average shareholders' equity and an improved average EBIT.

Financial preparedness was 60% (67) at the end of the quarter. A lower cash position effected the key figures negatively compared with October 31, 2020, but a decrease in fixed costs for the period lowered the negative effect to only 7 percentage points.

The financial net debt/EBITDA ratio is presented as n/a because the key ratio is not relevant when EBITDA is negative.

At October 31, 2021, the equity/assets ratio amounted to 12%, compared with 18% at October 31, 2020. The decrease was primarily attributable to lower shareholders' equity.

CASH-FLOW STATEMENT

Cash flow for the November–October period amounted to MSEK -5,964 (1,472). Cash and cash equivalents amounted to MSEK 4,268, compared with MSEK 10,231 at October 31, 2020.

Cash flow from operating activities

Cash flow from operating activities before changes in working capital amounted to MSEK -2,082 (-3,496) in the period. The change in working capital amounted to MSEK -2,674 (-1,680). The cash flow from operating activities was positive in the third and fourth quarters but negative in the first two quarters and amounted to MSEK -4,756 (-5,176), which is a positive change of MSEK 420.

Investing activities

Investments totaled MSEK 4,104 (7,553) of which MSEK 4,025 (7,443) pertained to aircraft. Other investments for the period comprised two new A350 aircraft, capitalized expenditure for aircraft maintenance, modifications and advance payments to Airbus. Sales in the period included five 737-800 aircraft and sale and leaseback transactions of one A350 and 20 V2500 engines.

Financing activities

New loans amounted to MSEK 5,319 (11,210), while repayments totaled MSEK 2,562 (4,520). Amortization of lease liabilities totaled MSEK 2,788 (3,082). Other mainly pertained to repayments of deposits.

PARENT COMPANY

The Parent Company SAS AB provides highly limited intra-Group services. Revenue totaled MSEK 49 (49) and operating expenses MSEK -76 (-73). Net financial items totaled MSEK 461 (-53) and impairment of shares in subsidiaries amounted to MSEK -309 (-1,017). Net income for the period was MSEK 92 (-1,099).

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.

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 a 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 and 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.

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 2020, our target for decreased CO₂ emissions was accelerated to 2025, from 2030. This is in line with SAS' strive for global leadership in sustainable aviation.

Our 2025 target

- Reduce total CO₂ emissions 25% compared with 2005.

SIGNIFICANT EVENTS DURING THE QUARTER

- During the quarter, the number of passengers increased and more tickets were sold
- Operations were scaled up to meet demand while more destinations opened up
- SAS signed an agreement for the pre-delivery payment financing of about USD 100 million, covering ten A320neo aircraft with deliveries into Q2 FY2023

SIGNIFICANT EVENTS AFTER THE QUARTER

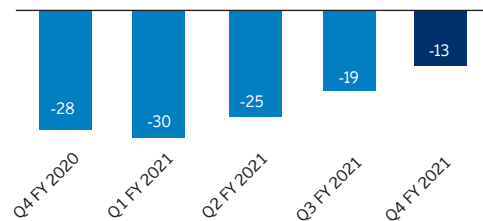
- SAS established a partnership with Vattenfall, Shell and LanzaTech to investigate large-scale production of synthetic sustainable aviation fuel

OUTLOOK

The ongoing COVID-19 pandemic, with its accompanying uncertainties, makes it difficult to provide any guidance on the financial performance for the coming fiscal year.

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.

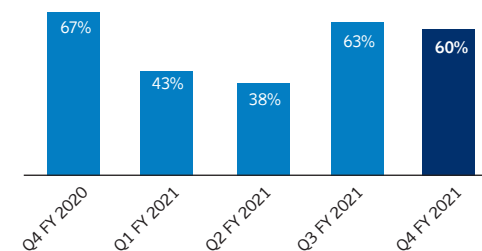


FINANCIAL NET DEBT/EBITDA

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

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 portions 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 COVID-19 pandemic has significantly affected the whole aviation industry, including SAS. Estimation uncertainty has increased due to the current market conditions in the aviation industry for forecasts and scenario analyses related to future demand, primarily in the short term. As described in the Annual Report for Fiscal Year 2020, pages 77–78, 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 right-of-use assets – aircraft; and Litigations. Currency and jet-fuel hedging is described below and the impact of COVID-19 is described on page 16. SAS closely monitors on an ongoing basis the development of risks and uncertainties.

CURRENCY AND JET-FUEL HEDGING

Due to uncertainties resulting from the continued impact of COVID-19, SAS' forecasted financial exposures are more unpredictable than under normal circumstances. Further changes to assumptions regarding future consumption and capacity could have an 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 has temporarily adjusted the financial policy with regard to the hedging ratio for jet fuel. The exception applies for

SENSITIVITY ANALYSIS, JET-FUEL COST NOV 2021–OCT 2022, SEK BILLION

Market price	Exchange rate SEK/USD				
	8.0	8.5	9.0	9.5	10.0
USD 500/MT	3.7	4.0	4.2	4.4	4.7
USD 600/MT	4.4	4.6	4.9	5.2	5.5
USD 700/MT	5.0	5.3	5.6	5.9	6.3
USD 800/MT	5.6	6.0	6.3	6.7	7.1
USD 900/MT	6.3	6.7	7.1	7.5	7.8

The 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.

FY 2022 and permits hedging between 0 and 80% of the anticipated volumes for the next 12 months.

For the forthcoming 12 months, SAS has 0% of the fuel consumption hedged. Hedging of SAS' future jet-fuel consumption is normally conducted through swaps and options.

Under current plans for flight capacity, the cost of jet fuel during FY 2022 is expected to be in line with the table in the middle, 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 40% 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, 50% 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 47, excluding hedge effects. A weakening of the USD against the SEK of 1% would generate a positive earnings impact of MSEK 86, 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 asset) 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. The currency exposure from recalculating USD liabilities into SEK creates higher volatility in profit or loss. To mitigate the risk of having a volatile profit or loss, SAS applies hedge accounting.

Certain projected future USD revenue is hedged using the external USD denominated lease liabilities as hedging instruments. Changes in the USD/SEK spot rate for the designated part of the USD denominated lease liability is recognized in other comprehensive income 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 other comprehensive income to profit or loss. In cases where hedge accounting is not possible, revaluation of USD denominated lease liabilities will impact the financial net in profit or loss.

Based on lease liabilities of approximately MUSD 1,595 and USD rate as of October 31 2021, a weakening of the USD against the SEK of 1% would generate a positive earnings impact of approximately MSEK 90 in profit and loss and a positive effect in OCI of approximately MSEK 46.

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. Judgment is expected to be announced on March 30, 2022.

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.

CONSOLIDATED STATEMENT OF INCOME

CONDENSED STATEMENT OF INCOME INCLUDING STATEMENT OF OTHER COMPREHENSIVE INCOME

MSEK	Note	Q4	Q4	Q1-Q4	Q1-Q4
		Aug-Oct 2021	Aug-Oct 2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020
Revenue	2	5,762	3,035	13,958	20,513
Personnel expenses		-1,438	-1,735	-5,504	-7,969
Fuel expenses		-1,033	-771	-2,370	-5,626
Air traffic charges		-549	-270	-1,342	-1,872
Other external expenses	3	-1,972	-1,419	-5,286	-7,847
Depreciation, amortization and impairment	4	-1,212	-1,565	-4,817	-6,703
Income from shares in affiliated companies		2	3	10	7
Income from the sale of aircraft and other non-current assets		-34	3	-143	2
Operating income (EBIT)		-474	-2,719	-5,494	-9,495
Net financial items	5	-471	-533	-1,031	-602
Income before tax (EBT)		-945	-3,252	-6,525	-10,097
Tax		201	686	2	865
Net income for the period		-744	-2,566	-6,523	-9,232
Other comprehensive income					
<i>Items that may later be reversed to net income:</i>					
Exchange-rate differences in translation of foreign operations		20	11	39	-160
Cash-flow hedges, net after tax		94	85	496	-168
<i>Items that will not be reversed to net income:</i>					
Revaluations of defined-benefit pension plans, net after tax		575	314	2,655	752
Total other comprehensive income, net after tax		689	410	3,190	424
Total comprehensive income for the period		-55	-2,156	-3,333	-8,808
<i>Attributable to Parent Company shareholders:</i>					
Net income for the period		-744	-2,566	-6,523	-9,232
Comprehensive income for the period		-55	-2,156	-3,333	-8,808
Earnings per common share before and after dilution (SEK) ¹		-0.12	-4.44	-0.94	-21.45

¹ Earnings per common share are calculated as net income for the period attributable to Parent Company shareholders less hybrid bond expenses in relation to 7,266,039,292 (439,109,783) shares outstanding during the November–October period and for the period from August–October in relation to 7,266,039,292 (606,848,199) shares outstanding.

INCOME BEFORE TAX AND ITEMS AFFECTING COMPARABILITY

MSEK	Q4	Q4	Q1-Q4	Q1-Q4
	Aug-Oct 2021	Aug-Oct 2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020
Income before tax (EBT)	-945	-3,252	-6,525	-10,097
Impairment ¹	–	170	–	1,210
Restructuring costs ²	–	61	–	324
Capital gains/losses ³	34	-3	143	-2
Income before tax and items affecting comparability	-911	-3,024	-6,382	-8,565

¹ Impairment for the November–October period amounted to MSEK 0 (-1,040) for aircraft and amounted to MSEK 0 (-170) for right-of-use assets.

² Restructuring costs were charged to earnings as personnel expenses of MSEK 0 (-324) in the November–October period.

³ Capital gains/losses include aircraft sales amounting to MSEK -139 (-1) and premises sales of MSEK -4 (3) in the November–October period.

CONSOLIDATED BALANCE SHEET

CONDENSED BALANCE SHEET

MSEK	Oct 31, 2021	Oct 31, 2020
ASSETS		
Non-current assets		
Intangible assets	709	679
Tangible assets	17,969	18,861
Right-of-use assets	16,959	17,264
Financial assets	8,165	6,063
Deferred tax assets	1,126	1,767
Total non-current assets	44,928	44,634
Current assets		
Inventories and expendable spare parts	412	510
Current receivables	3,104	1,591
Cash and cash equivalents	4,268	10,231
Total current assets	7,784	12,332
TOTAL ASSETS	52,712	56,966
EQUITY AND LIABILITIES		
Equity	6,416	10,023
Non-current liabilities		
Interest-bearing liabilities	12,989	11,219
Interest-bearing lease liabilities	13,231	13,499
Other liabilities	3,812	3,603
Total non-current liabilities	30,032	28,321
Current liabilities		
Interest-bearing liabilities	3,871	3,773
Interest-bearing lease liabilities	2,833	3,105
Other liabilities	9,560	11,744
Total current liabilities	16,264	18,622
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	52,712	56,966
Shareholders' equity per common share (SEK) ¹⁾	-0.16	0.33
Interest-bearing assets	12,746	15,869
Interest-bearing liabilities	32,924	31,596
Working capital	-9,181	-11,208

¹⁾ Shareholders' equity attributable to Parent Company shareholders excluding hybrid bonds, in relation to the 7,266,039,292 shares outstanding.

On October 31, 2020, the number of shares totaled 7,260,062,410 with a quotient value of SEK 1.19.

SPECIFICATION OF FINANCIAL NET DEBT, OCTOBER 31, 2021

	According to balance sheet	Of which financial net debt
Financial assets	8,165	913
Current receivables	3,104	973
Cash and cash equivalents	4,268	4,268
Non-current liabilities	30,032	26,220
Current liabilities	16,264	6,704
Financial net debt		26,770

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 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 ¹	Not registered share capital	Other contributed capital	Hedging reserves	Translation reserve	Hybrid bonds	Retained earnings	Total shareholders' equity
Opening shareholders' equity in accordance with approved balance sheet, October 31, 2019	7,690	-	170	183	-71	1,500	-4,100	5,372
Effect of amended accounting policies							-510	-510
Adjusted opening shareholders' equity, November 1, 2019	7,690	-	170	183	-71	1,500	-4,610	4,862
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 bond 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 bonds	410		225			1,615		2,250
Transaction costs			-93				-62	-155
Bond issue as resolved at EGM	3,200						-3,200	0
Net income for the year							-9,232	-9,232
Comprehensive income for the year				-168	-160		752	424
Closing balance, October 31, 2020	8,645	5	2,899	15	-231	7,615	-8,925	10,023
Share registration	5	-5						0
Hybrid bond interest							-274	-274
Net income for the year							-6,523	-6,523
Comprehensive income for the year				496	39		2,655	3,190
Closing balance, October 31, 2021	8,650	-	2,899	511	-192	7,615	-13,067	6,416

¹ Number of shares in SAS AB: 7,266,039,292 (7,260,062,410) shares with a quotient value of SEK 1.19.

CONSOLIDATED CASH-FLOW STATEMENT

CONDENSED CASH-FLOW STATEMENT

MSEK	Q4	Q4	Q1-Q4	Q1-Q4
	Aug-Oct 2021	Aug-Oct 2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020
OPERATING ACTIVITIES				
Income before tax (EBT)	-945	-3,252	-6,525	-10,097
Depreciation, amortization and impairment	1,212	1,565	4,817	6,703
Income from sale of aircraft, buildings and shares	34	-3	143	-2
Adjustment for other non-cash items, etc.	115	111	-515	-82
Tax paid	0	-1	-2	-18
Cash flow from operations before change in working capital	416	-1,580	-2,082	-3,496
Change in working capital	638	-1,381	-2,674	-1,680
Cash flow from operating activities	1,054	-2,961	-4,756	-5,176
INVESTING ACTIVITIES				
Investments including advance payments to aircraft manufacturers	-363	-295	-4,104	-7,553
Acquisition of subsidiaries and affiliated companies	-	-	-1	-4
Sale of fixed assets, etc.	429	28	2,568	370
Cash flow from investing activities	66	-267	-1,537	-7,187
Cash flow before financing activities	1,120	-3,228	-6,293	-12,363
FINANCING ACTIVITIES				
Proceeds from borrowings	719	29	5,319	11,210
Repayment of borrowings	-964	-3,602	-2,562	-4,520
Amortization of lease liabilities	-591	-856	-2,788	-3,082
New hybrid bond issue	-	6,000	-	6,000
New share issue	-	5,910	-	5,910
Hybrid bond interest	-138	-65	-274	-128
Other financing activities	-302	-200	634	-1,555
Cash flow from financing activities	-1,276	7,216	329	13,835
Cash flow for the period	-156	3,988	-5,964	1,472
Translation difference in cash and cash equivalents	0	-1	1	-4
Cash and cash equivalents at beginning of the period	4,424	6,244	10,231	8,763
Cash and cash equivalents at the end of the period	4,268	10,231	4,268	10,231
Cash flow from operating activities per average number of common shares (SEK)	0.15	-4.88	-0.65	-11.79

PARENT COMPANY SAS AB

The number of shareholders in SAS AB amounted to 230,619 (125,897) at October 31, 2021. The average number of employees amounted to two (two).

CONDENSED STATEMENT OF INCOME

MSEK	Q1–Q4	
	Nov–Oct 2020–2021	Nov–Oct 2019–2020
Revenue	49	49
Personnel expenses	-27	-28
Other operating expenses	-49	-45
Operating income (EBIT)	-27	-24
Impairment of shares in subsidiaries	-309	-1,017
Net financial items	461	-53
Income before tax (EBT)	125	-1,094
Group contributions received	-40	0
Tax	7	-5
Net income for the period	92	-1,099

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

CONDENSED BALANCE SHEET

MSEK	Oct 31, 2021	Oct 31, 2020
Financial assets	24,939	23,502
Other current assets	31	151
Cash and cash equivalents	1	1
Total assets	24,971	23,654
Shareholders' equity	23,352	23,534
Non-current liabilities	1,552	7
Current liabilities	67	113
Total shareholders' equity and liabilities	24,971	23,654

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Restricted equity			Unrestricted equity			Total shareholders' equity
	Share capital ¹	Not regis- tered share capital	Statutory reserve	Share premium reserve	Hybrid bonds	Retained earnings	
Opening shareholders' equity in accordance with approved balance sheet, October 31, 2020	8,645	5	447	2,729	7,615	4,093	23,534
Share registration	5	-5					0
Hybrid bond interest						-274	-274
Net income for the year						92	92
Closing balance, October 31, 2021	8,650	-	447	2,729	7,615	3,911	23,352

¹⁾ Number of shares: 7,266,039,292 (7,260,062,410) shares with a quotient value of SEK 1.19.

NOTE 1 ACCOUNTING POLICIES AND OTHER INFORMATION

This condensed interim report for the SAS Group was prepared in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act, Chapter 9, Interim Report. The same accounting policies and calculation criteria have been applied for the Group and the Parent Company as in the latest annual report, with the exception of the following amended accounting policies. Disclosures in accordance with IAS 34.16A are presented in the financial statements and their accompanying notes as well as in other parts of this interim report.

NEW AND AMENDED ACCOUNTING POLICIES, ETC.

New and amended IFRSs that entered force in November 2020 or later have not had any material effect on the consolidated financial statements. New or amended IFRSs that enter force in the coming fiscal years have not been applied in advance in the preparation of these financial statements and are not expected to have a significant effect on the Group's or Parent Company's forthcoming financial reports.

SAS continues to apply the IASB amendments to IFRS 16 in regard 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 June 30, 2022 are not treated as a modification. The practical expedient has not had any effect on SAS' profit or loss in the period.

The IFRS Interpretations Committee (IFRS IC) published an agenda decision in April 2021 on configuration or customization costs in cloud computing arrangements. During the quarter, SAS' has completed the review of the effects on the consolidated financial statements based on IFRS IC's decisions and found that some previously reported intangible assets no longer meet the requirements to be reported as intangible assets. Adjustment has been made retroactively in accordance with the rules for changing accounting principles in IAS 8 and previous periods have been recalculated. The effects are presented below.

**CONSOLIDATED BALANCE SHEET,
TRANSITION EFFECT "IFRS IC'S – CLOUD COMPUTING ARRANGEMENT COSTS"**

MSEK	Reported November 1, 2019		Adjusted, November 1, 2019
		Adjustments	
Intangible assets	1,416	-649	767
Deferred tax	750	139	889
Shareholders' equity	5,372	-510	4,862

**CONSOLIDATED BALANCE SHEET,
"IFRS IC'S – CLOUD COMPUTING ARRANGEMENT COSTS"**

MSEK	Reported October 31, 2020		Adjusted October 31, 2020
		Adjustments	
Intangible assets	1,273	-594	679
Deferred tax	1,640	127	1,767
Shareholders' equity	10,490	-467	10,023

**CONSOLIDATED INCOME STATEMENT,
"IFRS IC'S – CLOUD COMPUTING ARRANGEMENT COSTS"**

MSEK	Reported Q1–Q4		Adjusted Q1–Q4	
	Nov–Oct 2019–2020	Adjustments	Nov–Oct 2019–2020	Reported Q4 Aug–Oct 2019–2020
Revenue	20,513	-	20,513	3,035
Personnel expenses	-7,969	-	-7,969	-1,735
Jet-fuel costs	-5,626	-	-5,626	-771
Air traffic charges	-1,872	-	-1,872	-270
Other external expenses	-7,782	-65	-7,847	-1,406
Depreciation, amortization and impairment	-6,822	119	-6,703	-1,597
Income from shares in affiliated companies	7	-	7	3
Income from the sale of aircraft and other non-current assets	2	-	2	3
Operating income (EBIT)	-9,549	54	-9,495	-2,738
Net financial items	-602	-	-602	-533
Income before tax (EBT)	-10,151	54	-10,097	-3,271
Tax	876	-11	865	692
Net income for the year	-9,275	43	-9,232	-2,579

CONSOLIDATED CASH-FLOW STATEMENT "IFRS IC'S – CLOUD COMPUTING ARRANGEMENT COSTS"

MSEK	Reported Q1–Q4		Adjusted Q1–Q4
	Nov–Oct 2019–2020	Adjustments	
Cash flow from operating activities	-5,111	-65	-5,176
Cash flow from investing activities	-7,252	65	-7,187
Cash flow from financing activities	13,835	-	13,835
Cash flow for the period	1,472	0	1,472

MSEK	Reported Q4		Adjusted Q4
	Aug–Oct 2019–2020	Adjustments	
Cash flow from operating activities	-2,948	-13	-2,961
Cash flow from investing activities	-280	13	-267
Cash flow from financing activities	7,216	-	7,216
Cash flow for the period	3,988	0	3,988

KEY FIGURES

MSEK	Reported	Adjustments	Adjusted
	October 31, 2020		October 31, 2020
Return on invested capital (ROIC)	-27%	-1%	-28%
Financial net debt/EBITDA	n/a	n/a	n/a
Financial preparedness	67%	0%	67%
Equity/assets ratio	18%	0%	18%

ESTIMATES AND ASSUMPTIONS

The preparation of the interim report requires SAS to make assessments and estimates, and make assumptions that affect the application of the accounting policies and the carrying amounts of assets and liabilities, and revenue and expenses, this is also described on page 9 of this report. The actual outcome may differ from these estimates and judgments. In addition to what is described below, the critical assessments and sources of uncertainty in estimates are the same as those in the most recent annual 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 various government measures and travel restrictions, have resulted in significant disruption for the entire airline industry, including SAS' operations, from the start in March 2020 and continuing into fiscal year 2021. For the year, total capacity (ASK) was down 26.2% and total revenue passenger kilometers (RPK) were 41.6% lower year-on-year. The reduction of the network and number of passengers significantly decreased revenue for SAS and total revenue declined 32.0% compared with FY 2020. Despite measures taken by SAS to reduce costs, the significant decrease in revenue cannot be fully outweighed by cost reductions, and EBT for fiscal year 2021 amounted to SEK -6.5 billion.

During FY 2021, SAS has worked continuously and intensively with various cost reduction measures, limiting non-business-critical investments and various financing solutions to protect its liquidity. This included securing the financing with lenders for the majority of aircraft deliveries until spring 2022. The short-time layoff schemes available from the Scandinavian governments have helped SAS retain as many of its employees as possible. The short-time layoffs have also enabled SAS to scale traffic up and down to meet fluctuations in demand. However, market conditions remain uncertain and are directly dependent on the speed at which vaccination is implemented in SAS' key markets thereby enabling travel restrictions to be relaxed further. SAS' view remains that the ramp-up phase for the airline industry will continue in 2022 before demand reaches more normalized levels, with a return to pre COVID-19 levels a few years thereafter. The expected gradual upturn in 2021 has been delayed and uncertainty has increased due to the prevailing market conditions. Increasingly, passengers are choosing to book trips close to their departure dates, which adds further uncertainty to any assessment of future demand, primarily in the short term. These uncertainties continue to make it difficult to estimate ticket sales and therefore revenues for winter 2021 and may result in continued negative cash flows to an extent and for a duration that SAS considers temporary, but the timing of the recovery is currently uncertain. The prevailing uncertainty means that access to liquidity is essential for all airlines. As such, SAS secured a credit facility totaling SEK 3.0 billion in the third quarter. The aim of the credit line facility is to create a liquidity buffer as a complement to other ongoing activities at SAS to reduce costs and strengthen liquidity, but remains fully unutilized.

As a result of the above, SAS is working on several different scenario analyses where the main scenario is that, compared with 2019, demand gradually increases. Based on these assumptions, SAS' assessment is that the liquidity position is sufficient for the next twelve-month period.

GOVERNMENT GRANTS AND CONTRACTS

Some of the legal entities in the SAS Group received support for temporary reductions in the workforce during the period as a result of COVID-19. 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 340 (788). SAS has also applied for support from the Danish, Swedish and Norwegian states regarding compensation for fixed costs, MSEK 880 (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 92 (625).

REPLACEMENT OF EARLIER ISSUED WARRANTS

In order to replace previously issued warrants which have been issued for aviation policy reasons, the board of directors of SAS AB have on 29 November 2021, by virtue of the 2021 Annual General Meeting's authorization, resolved on a directed issue of warrants with a subscription period until the end of 2041. The Warrants are subscribed for by the wholly owned subsidiary Scandinavian Airlines System Aktiebolag and entitles to subscription for in total 3 633 019 647 subordinated shares (equating around 50 per cent of total number of shares and votes in SAS AB).

OPERATING SEGMENTS AND DISAGGREGATION OF REVENUE

The Group's operations are reported as one operating segment, which is consistent with the internal reporting to the Chief Operating Decision Maker (CODM), which is defined as SAS Group Management.

Note 2 sets out the disaggregation of revenue broken down by revenue category and geographical area. Traffic revenue from domestic services in Denmark, Norway and Sweden is allocated to Domestic. Traffic between the three countries is allocated to Intra-Scandinavian. Other traffic revenues are allocated to the geographical area where the destination is located. Other revenues are allocated to a geographical area based on the customer's geographical location relating, for example, to goods exported to a customer in another country or, alternatively, the geographical location where the service is performed.

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.

REVENUE BY CATEGORY

	Q4	Q4	Q1-Q4	Q1-Q4
	Aug-Oct 2021	Aug-Oct 2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020
Passenger revenue	3,997	1,813	8,401	13,943
Charter revenue	267	88	384	564
Cargo revenue	350	163	1,166	877
Other traffic revenue	497	366	1,613	1,818
Total traffic revenue	5,111	2,430	11,564	17,202
Other operating revenue	651	605	2,394	3,311
Total revenue	5,762	3,035	13,958	20,513

TRAFFIC REVENUE BY GEOGRAPHICAL AREA

	Domestic		Intra-Scandinavian		Europe		Intercontinental		Total	
	Nov-Oct 2020-2021	Nov-Oct 2019-2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020
Passenger revenue	3,739	5,316	655	1,543	3,110	4,465	897	2,619	8,401	13,943
Charter revenue	0	0	0	0	384	564	0	0	384	564
Cargo revenue	3	5	2	2	81	29	1,080	841	1,166	877
Other traffic revenue	718	694	126	201	597	582	172	341	1,613	1,818
Total traffic revenue	4,460	6,015	783	1,746	4,172	5,640	2,149	3,801	11,564	17,202

OTHER OPERATING REVENUE BY REGION

	Denmark		Norway		Sweden		Europe		Other countries		Total	
	Nov-Oct 2020-2021	Nov-Oct 2019-2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020
Other operating revenue	150	361	972	1,535	406	567	615	574	251	274	2,394	3,311

NOTE 3 OTHER EXTERNAL EXPENSES

	Q4	Q4	Q1-Q4	Q1-Q4
	Aug-Oct 2021	Aug-Oct 2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020
Sales and distribution costs	-288	-163	-768	-1,352
Catering costs	-143	-87	-373	-572
Handling costs	-359	-212	-963	-1,405
Technical aircraft maintenance	-501	-440	-1,459	-1,865
Computer and telecommunication costs	-296	-224	-976	-1,210
Wet-lease expenses	-248	-147	-581	-912
Other	-137	-146	-166	-531
Total	-1,972	-1,419	-5,286	-7,847

NOTE 4 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	Q4	Q4	Q1-Q4	Q1-Q4
	Aug-Oct 2021	Aug-Oct 2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020
Intangible assets, amortization	-7	-6	-27	-28
Tangible assets, depreciation	-382	-452	-1,536	-1,818
Tangible assets, impairment	-	-	-	-1,040
Right-of-use assets, depreciation	-823	-937	-3,254	-3,647
Right-of-use assets, impairment	-	-170	-	-170
Total	-1,212	-1,565	-4,817	-6,703

NOTE 5 FINANCIAL NET

	Q4	Q4	Q1-Q4	Q1-Q4
	Aug-Oct 2021	Aug-Oct 2020	Nov-Oct 2020-2021	Nov-Oct 2019-2020
Financial income	4	12	20	76
Interest expense	-157	-169	-569	-617
Other financial expenses	-5	-54	-39	-100
Exchange-rate differences	17	4	-1	0
Interest expenses, IFRS 16	-169	-166	-636	-691
Exchange-rate differences, IFRS 16	-161	-160	194	730
Total	-471	-533	-1,031	-602

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

	Oct 31, 2021		Oct 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
MSEK				
Financial assets				
Financial assets at fair value, hedge-accounted	11	11	132	132
Financial assets at FVTPL	10	10	22	22
Financial assets at amortized cost	8,283	8,283	14,236	14,235
Total	8,304	8,304	14,390	14,389
Financial liabilities				
Financial liabilities at fair value, hedge-accounted	32	32	928	928
Financial liabilities at FVTPL	3	3	12	12
Financial liabilities at amortized cost	19,978	20,511	16,867	16,889
Total	20,013	20,546	17,807	17,829

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

	Oct 31, 2021			Oct 31, 2020		
	Level 1	Level 2	Total	Level 1	Level 2	Total
MSEK						
Financial assets						
Financial assets at fair value, hedge-accounted	–	11	11	–	132	132
Financial assets at FVTPL	–	10	10	–	22	22
Total	–	21	21	–	154	154
Financial liabilities						
Financial liabilities at fair value, hedge-accounted	–	32	32	–	928	928
Financial liabilities at FVTPL	–	3	3	–	12	12
Total	–	35	35	–	940	940

The Board of Directors and President hereby certify 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, November 30, 2021

Carsten Dilling
Board Chairman

Oscar Stege Unger
Board member

Monica Caneman
Board member

Lars-Johan Jarnheimer
Board member

Henriette Hallberg Thygesen
Board member

Nina Bjornstad
Board member

Michael Friisdahl
Board member

Kay Kratky
Board member

Jens Lippestad
Board member

Tommy Nilsson
Board member

Kim John Christiansen
Board member

Anko Van der Werff
President and CEO

This year-end report is unaudited.

TRAFFIC DATA INFORMATION

SCHEDULED PASSENGER TRAFFIC

	Aug–Oct 2021	Aug–Oct 2020	Year-on-year change	Nov–Oct 2020–2021	Nov–Oct 2019–2020	Year-on-year change
Number of passengers (000)	3,489	1,887	84.9%	7,380	12,315	-40.1%
RPK, Revenue Passenger Kilometers (mill)	3,792	1,514	150.5%	7,748	13,259	-41.6%
ASK, Available Seat Kilometers (mill)	6,574	3,782	73.8%	16,585	22,357	-25.8%
Load factor	57.7%	40.0%	17.7 pp ¹	46.7%	59.3%	-12.6 pp ¹
Passenger yield, currency-adjusted	1.05	1.21	-12.7%	1.08	1.02	6.8%
Passenger yield, nominal	1.05	1.20	-12.5%	1.08	1.05	2.9%
Unit revenue, PASK, currency-adjusted	0.61	0.48	25.6%	0.51	0.60	-15.8%
Unit revenue, PASK, nominal	0.61	0.48	27.1%	0.51	0.62	-17.7%
RASK, currency-adjusted	0.73	0.62	16.5%	0.67	0.71	-5.8%
RASK, nominal	0.73	0.62	17.7%	0.67	0.74	-9.5%

¹Figures given in percentage points

TOTAL TRAFFIC (SCHEDULED AND CHARTER TRAFFIC)

	Aug–Oct 2021	Aug–Oct 2020	Year-on-year change	Nov–Oct 2020–2021	Nov–Oct 2019–2020	Year-on-year change
Number of passengers (000)	3,629	1,934	87.7%	7,585	12,610	-39.9%
RPK, Revenue Passenger Kilometers (mill)	4,143	1,627	154.7%	8,256	14,127	-41.6%
ASK, Available Seat Kilometers (mill)	7,026	3,923	79.1%	17,253	23,365	-26.2%
Load factor	59.0%	41.5%	17.5 pp ¹	47.9%	60.5%	-12.6 pp ¹
Unit cost, CASK, currency-adjusted	-0.80	-1.25	36.2%	-1.00	-1.06	5.6%
Unit cost, CASK, nominal incl. items affecting comparability	-0.79	-1.31	39.8%	-0.98	-1.14	14.2%
Unit cost, CASK, excl. jet fuel, currency-adjusted	-0.65	-1.05	38.4%	-0.86	-0.85	-2.2%
Unit cost, CASK, excl. jet fuel, nominal incl. items affecting comparability	-0.64	-1.12	42.3%	-0.84	-0.90	6.4%

¹Figures given in percentage points

SCHEDULED TRAFFIC TREND FOR SAS BY ROUTE SECTOR

	Aug–Oct 2021 vs. Aug–Oct 2020		Nov–Oct 2020–2021 vs. Nov–Oct 2019–2020	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	355.9%	127.7%	-73.9%	-31.2%
Europe/Intra-Scandinavia	246.6%	116.9%	-28.0%	-27.3%
Domestic	29.8%	0.3%	-26.2%	-16.8%

PRODUCTIVITY AND ENVIRONMENTAL EFFICIENCY

12-month rolling	Oct 2021	Oct 2020	Year-on-year change
Aircraft, block hours/day	5.7	6.9	-17.3%
Cabin crew, block hours/year	589	530	11.1%
Pilots, block hours/year	397	377	5.3%

Environmental efficiency (Rolling 12 months)	Oct 2021	Oct 2020	Year-on-year change
Total CO ₂ emissions, million metric tons	1,185	1,802	-34.2%
CO ₂ emissions per available seat kilometer, grams	52.1	59.0	-11.7%

AIRCRAFT FLEET

THE SAS AIRCRAFT FLEET AT OCTOBER 31, 2021

SAS Group Aircraft Fleet	Age	Owned	Leased	Wet lease	Total	SAS Scandinavia	SAS Connect	Wet lease	In SAS Group traffic	Firm order purchase	Firm order lease
Airbus A330/A350	6.4	8	6		14	14			14	2	
Airbus A320 family	7.2	19	51		70	61	9		70	35	1
Boeing 737NG	16.1	14	4		18	18			18		
Bombardier CRJ	6.9			21	21			21	21		
ATR-72	8.1			6	6			6	6		
Total aircraft in operation	8.4	41	61	27	129	93	9	27	129	37	1
Aircraft under phase out											
Airbus A330	19.1		1		1						
Boeing 737NG	15.1	1	3		4						
Total		42	65	27	134						

Aircraft on firm order 2021–2025 at October 31, 2021	FY22	FY23	FY24	FY25	Total
Airbus A320neo	13	12	6	4	35
Airbus A321neo LR	1				1
Airbus A350			2		2
Total	14	12	8	4	38



The new fleet lowers fuel consumption and thereby CO₂ emissions.

KEY FIGURES AND ALTERNATIVE PERFORMANCE MEASURES

	Oct 31, 2021	Oct 31, 2020
Return on invested capital (ROIC)	-13%	-28%
Financial net debt/EBITDA	n/a	n/a
Financial preparedness	60%	67%
Return on shareholders' equity	-84%	-538%
Equity/assets ratio	12%	18%
Financial net debt, MSEK	26,770	18,899
Debt/equity ratio	4.1	1.8
Interest-coverage ratio	-4.4	-6.7

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. Previously reported financial information for the financial years 2020 and 2021 has been restated due to new accounting principle "IFRS ICs - Cloud computing arrangement costs." See note 1. For definitions, refer to the Definitions section and shareholder information. A list of the APMs deemed of sufficient material importance to specify is available at 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 2020-2021	Nov-Jan 2019-2020	Feb-Apr 2021	Feb-Apr 2020	May-Jul 2021	May-Jul 2020	Aug-Oct 2021	Aug-Oct 2020
Revenue	2,282	9,707	1,932	5,264	3,982	2,507	5,762	3,035
EBITDAR	-927	639	-848	-1,915	432	-285	773	-1,175
EBITDAR margin	-40.6%	6.6%	-43.9%	-36.4%	10.8%	-11.4%	13.4%	-38.7%
Operating income (EBIT)	-2,150	-761	-2,018	-3,311	-852	-2,704	-474	-2,719
Operating income (EBIT) margin	-94.2%	-7.8%	-104.5%	-62.9%	-21.4%	-107.9%	-8.2%	-89.6%
Income before tax (EBT)	-1,915	-1,081	-2,331	-3,718	-1,334	-2,046	-945	-3,252
Net income for the period	-2,033	-856	-2,410	-3,466	-1,336	-2,344	-744	-2,566
Income before tax and items affecting comparability	-1,927	-1,072	-2,331	-3,710	-1,213	-758	-911	-3,024
Earnings per common share (SEK)	-0.28	-2.32	-0.35	-9.14	-0.18	-6.12	-0.12	-4.44
Cash flow before financing activities	-5,458	-2,059	-2,922	-5,059	967	-2,016	1,120	-3,228
Average number of employees (FTEs)	4,983	10,364	4,476	7,988	5,190	4,937	6,214	6,981

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.

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

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 lease expenses (× 7) – The net annual operating lease costs for aircraft multiplied by seven.

Carbon dioxide (CO₂) – A colorless gas that is formed in the combustion of all fossil fuels. The airline industry's CO₂ 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, income from shares in affiliated companies, depreciation and amortization, and lease expenses 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 lease 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 November 1, 2019, SAS Group applies the new standard IFRS 16 – Leases. See Right-of-use assets.

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

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.

FTE – Average 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 nonrecurring items, the underlying results are shown, which facilitates comparability between different periods.

LCC – Low Cost Carrier. 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 operating lease costs 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 November 1, 2019, SAS Group applies the new standard IFRS 16 – Leases. See Right-of-use assets.

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

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 financial net 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 November 1, 2019, SAS Group applies the new standard IFRS 16 – Leases. IFRS 16 replaced 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.

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 sustainable values, SAS aims to be the global leader in sustainable aviation. We will reduce total carbon emissions with 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, SAS Ground Handling and SAS EuroBonus, 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 www.sasgroup.net under Investor Relations.

January 27, 2022	SAS Annual and Sustainability Report, fiscal year 2021
March 1, 2022	Q1 Interim report (Nov 2021–Jan 2022)
March 17, 2022	Shareholders' meeting
May 31, 2022	Q2 Interim Report (Feb 2022–Apr 2022)
August 26, 2022	Q3 Interim Report (May 2022–Jul 2022)
November 30, 2022	Year-end report (Nov 2021–Oct 2022)

INVESTOR RELATIONS



IR contact

Louise Bergström, Vice President Investor Relations
Tel. +46 70 997 04 93
E-post: investor.relations@sas.se

Shareholders' equity per common share – Shareholders' equity attributable to Parent Company shareholders excluding hybrid bonds 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, lease expenses 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).