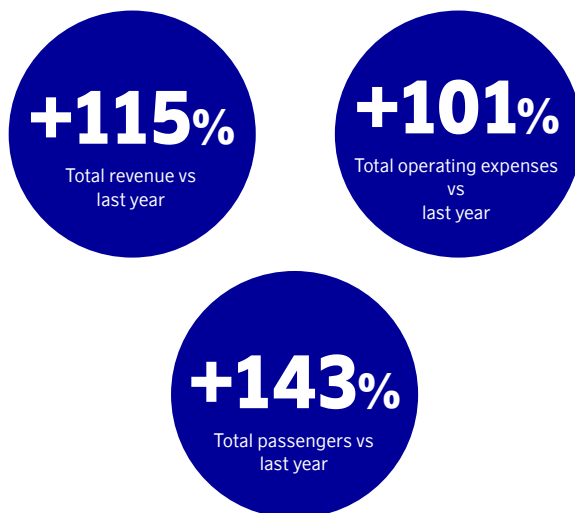




## INCREASED DEMAND AND PROGRESS WITH SAS FORWARD BUT QUARTER IS NEGATIVELY IMPACTED BY OPERATIONAL RAMP-UP CHALLENGES AND PILOT STRIKE

### KEY FIGURES – Q3 2022



### MAY 2022–JULY 2022

- Revenue: MSEK 8,580 (3,982)
- Income before tax (EBT): MSEK -1,991 (-1,334)
- Income before tax and items affecting comparability: MSEK -2,081 (-1,213)
- Net income for the period: MSEK -1,848 (-1,336)
- Earnings per common share SEK -0.25 (-0.18)

### SIGNIFICANT EVENTS DURING THE QUARTER

- The aftermath of the COVID-19 pandemic has led to most of the airline industry experiencing difficulty in rebuilding operations. This has led to SAS reducing its summer program by 4,000 of a total of 75,000 flights
- SAS Scandinavia’s pilot unions went on strike from July 4 to 19, resulting in the cancellation of some 4,000 flights and affecting more than 380,000 passengers
- On July 5, a voluntary chapter 11 process was initiated in the US to accelerate the transformation process in the SAS FORWARD plan is expected to lead to a financially stable and profitable airline

### SIGNIFICANT EVENTS AFTER THE QUARTER

- In the beginning of August, SAS entered into a debtor-in-possession (“DIP”) financing credit agreement for USD 700 million with funds managed by Apollo Global Management. The agreement is subject to approval by the U.S. Court in mid-September

### NOVEMBER 2021–JULY 2022

- Revenue: MSEK 21,173 (8,196)
- Income before tax (EBT): MSEK -6,145 (-5,580)
- Income before tax and items affecting comparability: MSEK -6,315 (-5,471)
- Net income for the period: MSEK -5,810 (-5,779)
- Earnings per common share SEK -0.80 (-0.81)

### FINANCIAL SUMMARY<sup>1)</sup>

MSEK, unless noted otherwise	Q3		Q1–Q3	
	May–Jul 2022	May–Jul 2021	Nov–Jul 2021–2022	Nov–Jul 2020–2021
Revenue	8,580	3,982	21,173	8,196
Operating income (EBIT)	-1,148	-852	-3,240	-5,020
Operating income (EBIT) margin	-13.4%	-21.4%	-15.3%	-61.2%
Income before tax (EBT)	-1,991	-1,334	-6,145	-5,580
Income before tax and items affecting comparability	-2,081	-1,213	-6,315	-5,471
Net income for the period	-1,848	-1,336	-5,810	-5,779
Cash flow from operating activities	-992	539	1,353	-5,810

	Jul 31, 2022	Oct 31, 2021	Jul 31, 2021
Return on invested capital	-9%	-13%	-19%
Financial net debt/adjusted EBITDA	34	n/a	n/a
Financial preparedness	34%	60%	63%
Equity/assets ratio	2%	12%	13%
Earnings per common share (SEK)	-0.80	-0.94	-0.81

<sup>1)</sup> The key figures as of July 31, 2021 have been restated due to the new accounting standard “IFRS IC’s – 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 August 26, 2022 at 8:00 a.m. CEST.

# COMMENTS BY THE CEO

SAS results were severely affected by a 15-day pilot strike between July 4 and July 19, causing traffic disruption and leading to some 4,000 canceled flights affecting more than 380,000 passengers. I sincerely apologize to our customers and partners who were affected by the traffic disruptions.

Overall underlying demand for travel was healthy during the summer quarter and SAS noted an increasing number of passengers eager to travel as restrictions were lifted across the globe. However, the quarter was impacted by major events that influenced the overall result. First and foremost, the 15-day pilot strike in July which had a severe effect on the overall result. In addition, we experienced major operational disruptions during the quarter which affected the whole airline industry. Lastly, on July 5, SAS voluntarily filed for chapter 11, a legal process for financial restructuring in the U.S. The chapter 11 process aims to accelerate the implementation of our transformation plan SAS FORWARD, and ultimately to enable us to become a financially strong, profitable and competitive company for years to come.

After the close of the quarter, SAS secured a debtor-in-possession (DIP) financing commitment for USD 700 million from Apollo Global Management. This substantial financing commitment is an important milestone in our transformation and it gives us a strong financial position to support our operations throughout the chapter 11 process.

## QUARTERLY RESULTS

Looking back at the third quarter, we continued to see increased demand as travel restrictions were eased and this is yet another quarter where we have noted the highest number of passengers since the pandemic started. Compared with the previous quarter passengers flying with SAS increased 30% and the flown load factor reached approximately 78%, up 11 percentage points. Our capacity increased 27% compared with the second quarter. The transformation of SAS has to continue to adapt to the new market conditions in order to be able to remain flexible, competitive and financially

strong for the long term. Earnings before tax ended at negative SEK 2.0 billion, a decline of SEK 0.4 billion compared with last quarter, or a decrease of SEK 0.7 billion year-on-year. This was mainly an effect from the 15-day pilot strike.

Cost reductions across all of SAS remain in focus to secure our cost competitiveness. Total operating expenses during the quarter ended at SEK 9.7 billion and total operating revenue landed at SEK 8.6 billion for the quarter. Total revenue increased 22% compared with the second quarter, an improvement of



Anko Van der Werff, President and CEO

approximately SEK 4.6 billion compared with last year, but still 37% below the third quarter in 2019, which was unaffected by COVID-19.

The cash balance at the end of the quarter was SEK 6.1 billion. Operational cash flow during the quarter amounted to an outflow of SEK 1.0 billion, compared with an inflow of SEK 0.5 billion for the same period last year.

### **PILOT STRIKE ENDED WITH NEW PILOT AGREEMENT PROVIDING STABILITY**

SAS results were severely affected by a 15-day pilot strike between July 4 and July 19, causing traffic disruption and leading to some 4,000 canceled flights affecting more than 380,000 passengers.

As previously announced, the estimated effect of the strike was approximately SEK 100-130 million per day (US\$9.5-\$12.5 million) in lost earnings before tax. To date, the financial impact of the strike is SEK 1.4 billion (US\$135 million). I once again apologize to all of our customers and partners affected by the traffic disruptions during this extraordinary event.

Negotiations resulted in SAS and SAS Scandinavia pilot unions agreeing to new 5.5-year collective bargaining agreements. SAS plan to offer the 450 previously redundant pilots rehire in tandem with the ramp-up of flight operations in the near term. The agreements include increased work force utilization flexibility and productivity as well as cost reductions in line with the targets set out in the SAS FORWARD plan relating to the pilots' employment terms and conditions taking SAS one important step closer to achieving our target of SEK 7.5 billion in annual cost savings.

### **UPDATE ON SAS PROGRESS ON TRANSFORMATION PLAN**

SAS FORWARD is a comprehensive business transformation plan that was launched in conjunction with the publication of the first quarter report FY 2022 at the end of February to secure long-term competitiveness for SAS in the global aviation industry. The plan aims to strengthen our financial position and to achieve a sustainable cost structure with an annual cost reduction of approximately SEK 7.5 billion. As part of SAS FORWARD, we also plan to raise at least SEK 9.5 billion in new equity and to convert more than SEK 20 billion of debt into common equity. The new equity and debt-to-equity conversions contemplated as part of SAS FORWARD will entail very substantial dilution to existing shareholders.

SAS has made progress in these efforts, having identified the vast majority of the SEK 7.5 billion in reduced annual costs and we have continued to invest in our digital capabilities and sustainability efforts. The 5.5-year collective bargaining agreements reached between SAS and the SAS Scandinavia pilots' unions in July are also a key element of SAS FORWARD. During the quarter, SAS also received support for the plan from the Swedish, Danish and Norwegian governments. All three parties have agreed to convert SAS' debt and hybrids into common shares. Denmark has also published that, potentially, it may invest new capital, subject to all stakeholders' participation in SAS FORWARD. However, much remains to be done.

To accelerate the implementation of key elements of the plan, SAS voluntarily filed for chapter 11 in the U.S. on July 5. Chapter 11 is a legal process for financial restructuring conducted under U.S. federal court

supervision. It has previously been used by a number of large international airlines to restructure. Through this process, SAS aims to reach agreements with key stakeholders, restructure our debt obligations, renegotiate our fleet contracts and emerge with a significant capital injection. SAS' operations and flight schedule are unaffected by the chapter 11 filing and we continue to serve our customers as normal.

After the close of the quarter, SAS secured a debtor-in-possession (DIP) financing commitment for USD 700 million, or approximately SEK 7.0 billion, from Apollo Global Management. DIP financing is a specialized type of bridge financing used by businesses that are restructuring through a chapter 11 process. This substantial financing commitment is an important milestone in our transformation and it gives us a strong financial position to support our operations throughout the chapter 11 process, which is expected to take 9-12 months in total. The DIP financing is still subject to court approval.

### **A DEMANDING QUARTER FOR OUR CUSTOMERS**

During the quarter, major operational and infrastructural challenges across numerous customer touch-points were experienced due to the strong recovery this summer season. The whole airline ecosystem was experiencing difficulties ramping up, and challenges relating to everything from airport capacity to ground staffing were experienced during the summer.

SAS acted proactively and implemented measures to safeguard our customers' travel plans for the summer. We consolidated and removed a number of flights as responsibly as possible and made every effort to mitigate disruption for our customers. We have rehired

across the business and expanded our customer service, and we are increasingly developing automated and self-service options for our passengers.

#### **DEVELOPMENT DURING THE SUMMER SEASON**

Ticket sales ahead of the important summer season were strong but leveled off as we approached the potential start of the strike which eventually was initiated in July. The strike impacted on the overall level of tickets sold during the summer. We will now continue to work hard on rebuilding confidence in SAS and to provide our customers with the service they expect.

SAS continues to strengthen our North America network and has established direct summer routes to Toronto from Copenhagen and Stockholm. During the coming winter season, SAS will continue to operate all its pre-pandemic U.S. routes for our travelers.

#### **LOOKING AHEAD**

We are soon entering the winter season, and we remain cautious due to the prevailing uncertainties around the world. Traffic to and from Asia remains affected by COVID-19 restrictions as well as by the geopolitical situation.

Looking ahead to the next summer season we are preparing for substantial recruitments and rehiring that will be initiated in order to meet the expected increased future demand.

The FORWARD plan includes positioning SAS as a leader in sustainable aviation. SAS will continue to invest in modern fuel-efficient aircraft, sustainable aviation fuels, emerging technologies and sustainable products and services. By 2025 we will reduce our CO<sub>2</sub> emissions with at least 25% versus 2005.

I am grateful for the hard work my colleagues at SAS are delivering, to ensure that we take the best possible care of our customers.

As always, we look forward to welcoming our customers on board our aircraft.

Anko van der Werff  
President and CEO  
Stockholm, August 26, 2022

# COMMENTS ON SAS' FINANCIAL STATEMENTS

## INCOME STATEMENT, SUMMARY Q1–Q3 2022

MSEK Income statement	Nov–Jul 21–22	Nov–Jul 20–21	Change vs LY	Currency effects	Change vs LY (Curr. adj)
Revenue	21,173	8,196	12,977	263	12,714
Total operating expenses	-24,413	-13,216	-11,197	-351	-10,846
Operating income (EBIT)	-3,240	-5,020	1,780	-88	1,868
Income before tax (EBT)	-6,145	-5,580	-565	-2,241	1,676

### Revenue

Revenue totaled MSEK 21,173 (8,196), see Note 2. Currency-adjusted revenue was up MSEK 12,714 year-on-year. The increase in revenue mainly related to increased production and increased demand.

Currency-adjusted passenger revenue rose 240%. 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 5,696. The higher load factor had a positive effect of MSEK 7,197. The lower yield had a negative effect of MSEK 1,970 on passenger revenue due to changed travel patterns.

Currency-adjusted cargo revenue increased MSEK 365 and currency-adjusted charter revenue was up MSEK 876. Other traffic revenue (currency-adjusted) was up MSEK 1,050. The increase in revenue was mainly related to higher traffic volumes.

Other operating revenue (currency-adjusted) was MSEK 501 lower year-on-year. In the third quarter of 2022, a negative revenue adjustment was recognized and a SEK 1.1 billion provision was made to cover estimated compensation claims from customers regarding flights cancelled in conjunction with the pilot strike in July. Higher revenue from ground handling operations, sales of EuroBonus points and other volume-related revenues mitigated the impact of the above.

### Operating expenses

*Personnel expenses* amounted to MSEK -5,207 (-4,066). After adjustment for currency and items affecting comparability, personnel expenses increased MSEK 1,073 year-on-year. The increase derived primarily from more employees and that the previous year included support for temporary lay-offs.

*Jet-fuel costs* amounted to MSEK -5,670 (-1,337). Adjusted for currency, jet-fuel costs increased 290%. Volume effects had a negative impact on costs of MSEK 3,189. Increased jet-fuel prices had a negative impact of MSEK 1,078. Hedge effects had a positive impact of MSEK 81 year-on-year.

*Air traffic charges* amounted to MSEK -1,968 (-793). Adjusted for currency, air traffic charges increased 139%. The increase pertained mainly to higher traffic volumes.

*Other external expenses* amounted to MSEK -8,245 (-3,314), see Note 3. Year-on-year, other external

expenses (currency-adjusted) increased MSEK 4,793. The increase pertained primarily to higher costs for handling, sales and distribution, and technical maintenance as well as wet-leases. Currency-adjusted handling costs, and sales and distribution costs increased MSEK 755 and MSEK 745 respectively, mainly related to higher volumes. Technical maintenance costs (currency-adjusted) increased MSEK 341 due to increased volumes. Wet-lease expenses increased MSEK 944 (currency-adjusted) primarily due to increased demand. Other external expenses for the corresponding period last year included compensation for fixed costs of MSEK 586.

*Depreciation, amortization and impairment* amounted to MSEK -3,512 (-3,605), a decrease of MSEK 93 year-on-year. See Note 4.

### Financial net

*Financial income and expenses* amounted net to MSEK -2,905 (-560), representing an increase in net expenses of MSEK 2,345 year-on-year. The increase mainly related to currency revaluations for lease liabilities of MSEK 2,159, which had a negative impact of MSEK 1,805 this year, compared with a positive impact of MSEK 354 last year. See Note 5.

### Net income for the period

*Operating income* amounted to MSEK -3,240 (-5,020) and EBT amounted to MSEK -6,145 (-5,580). The year-on-year improvement in operating income pertained mainly to the increase in demand, which was negated

by the net negative impact of around SEK 1.4 billion attributable to the pilot strike in July 2022.

*Net income for the period* was MSEK -5,810 (-5,779) and tax for the period amounted to MSEK 335 (-199). Income tax for the period was largely attributable to the effects of currency revaluations of lease liabilities.

Year-on-year, the foreign exchange-rate trend had a positive impact on revenue of MSEK 263 and a negative effect on operating expenses of MSEK 351. Foreign exchange rates thus had a negative impact on operating income of MSEK 88. Net financial items were negatively impacted by currency items amounting to MSEK 2,153. In total, currency effects had a net negative impact of MSEK 2,241 on EBT.

#### Items affecting comparability

Total items affecting comparability amounted to MSEK 170 (-109) during the period and pertained to capital gains on the sale of three 737-800 aircraft and sale and leaseback transactions for six A320 aircraft and eight spare engines. Last year, items affecting comparability mainly comprised a capital gain from the sale of three 737-800 aircraft and sale and leaseback transactions for one A350 aircraft and 12 engines.

#### INCOME STATEMENT, SUMMARY Q3 2022

MSEK Income statement	May-Jul 22	May-Jul 21	Change vs LY	Currency effects	Change vs LY (Curr. adj)
Revenue	8,580	3,982	4,598	163	4,435
Total operating expenses	-9,728	-4,834	-4,894	-272	-4,622
Operating income (EBIT)	-1,148	-852	-296	-109	-187
Income before tax (EBT)	-1,991	-1,334	-657	-416	-241

#### Revenue

*Revenue* totaled MSEK 8,580 (3,982), see Note 2. Currency-adjusted revenue was up MSEK 4,435 year-on-year. The increase in revenue mainly related to increased production and increased demand.

Currency-adjusted passenger revenue rose 192%. 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 1,806. The higher load factor had a positive effect of MSEK 2,369. The higher yield had a positive impact of MSEK 533 on passenger revenue due to changed travel patterns.

Currency-adjusted cargo revenue was unchanged and currency-adjusted charter revenue was MSEK 532 higher. Other traffic revenue (currency-adjusted) was MSEK 201 higher. The increase in revenue was mainly related to higher traffic volumes.

Other operating revenue (currency-adjusted) was MSEK -1,005 lower year-on-year, mainly as a consequence of the strike in July 2022. In the third quarter of 2022, a negative revenue adjustment was recognized and a SEK 1.1 billion provision was made to cover estimated compensation claims from customers regarding flights cancelled in conjunction with the pilot strike in July.

#### Operating expenses

*Personnel expenses* amounted to MSEK -1,806 (-1,350). After adjustment for currency and items affecting comparability, personnel expenses increased MSEK 421 year-on-year. The increase was mainly due to more employees and to the previous year including support for temporary lay-offs.

*Jet-fuel costs* amounted to MSEK -2,860 (-618). Adjusted for currency, jet-fuel costs increased 298%. Volume effects had a negative impact on costs of MSEK 1,401. Increased jet-fuel prices had a negative impact of MSEK 692 on these costs. Hedge effects had a positive impact of MSEK 16 year-on-year.

*Air traffic charges* amounted to MSEK -777 (-368). Adjusted for currency, air traffic charges increased 100%. The increase pertained mainly to higher traffic volumes.

*Other external expenses* amounted to MSEK -3220 (-1,212), see Note 3. Year-on-year, other external expenses (currency-adjusted) increased MSEK 1,889. The increase pertained primarily to higher costs for handling, sales and distribution, and technical maintenance as well as wet-leases. Currency-adjusted handling costs, and sales and distribution costs increased MSEK 248 and MSEK 285 respectively, mainly related to higher volumes. Technical maintenance costs (currency-adjusted) increased MSEK 139 due to increased volumes. Wet-lease expenses increased MSEK 414 (currency-adjusted) primarily due to increased demand.

*Depreciation, amortization and impairment* amounted to MSEK -1,167 (-1,168), a decrease of MSEK 1 year-on-year. See Note 4.

#### Financial net

*Financial income and expenses* amounted to net MSEK -843 (-482), representing an increase in net expenses of MSEK 361 year-on-year. The increase mainly related to currency revaluations for lease liabilities, which had a negative impact of MSEK 448 this year, compared with a negative impact of MSEK 147 last year. See Note 5.

**Net income for the period**

Operating income amounted to MSEK -1,148 (-852) and EBT amounted to MSEK -1,991 (-1,334). The year-on-year decline in operating income was largely caused by the net negative impact of around SEK 1.4 billion attributable to the pilot strike in July 2022.

*Net income for the period* was MSEK -1,848 (-1,336) and tax for the period amounted to MSEK 143 (-2). Income tax for the period was largely attributable to the effects of currency revaluations of lease liabilities.

Year-on-year, the foreign exchange-rate trend had a positive impact on revenue of MSEK 163 and a negative effect on operating expenses of MSEK 272. Foreign exchange rates thus had a negative impact on operating income of MSEK 109. Net financial items were negatively impacted by currency items amounting to MSEK 307. In total, currency effects had a net negative impact of MSEK 416 on EBT.

**Items affecting comparability**

Total items affecting comparability amounted to MSEK 90 (-121) during the period and pertained to sale and leaseback transactions for three A320 aircraft and six engines. Last year, items affecting comparability mainly comprised sale and leaseback transactions for one A350 aircraft and 12 engines.

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

*Intangible and tangible fixed assets* increased MSEK 1,203 since October 31, 2021. Changes for the period included investments of MSEK 3,737, amortization and depreciation of MSEK -1,086, sales totaling MSEK -3,928 and other effects of MSEK 2,480. The amount for investments included advance payments of MSEK

1,659 as well as delivery payments for six A320 aircraft. Other aircraft investments comprised capitalized expenditures for engine maintenance and modifications. Other effects included translation differences of about MSEK +2,600.

*Right-of-use assets* increased MSEK 422 during the period. New leases amounted to MSEK 2,812, and were mainly related to new leases for six A320 aircraft, one A321LR, one E195 and eight spare engines. Changes in indexation and modification in underlying agreements increased the assets value by MSEK 26, and depreciation was MSEK -2,426. The currency effect was MSEK 10.

*Financial assets* increased MSEK 1,722, mainly due to remeasurements for SAS' defined-benefit pension plans.

*Deferred tax assets* increased MSEK 180, where the increase was primarily due to the effects of currency revaluations of lease liabilities. No loss carryforwards were capitalized in the first nine months.

*Current receivables* increased MSEK 1,610. This increase was mainly attributable to increased deposits and higher accounts receivable which were offset by state aid received for the previous fiscal year.

*Cash and cash equivalents* were MSEK 6,148 (4,268) as of July 31, 2022. Unutilized contracted credit facilities amounted to MSEK 0 (2,969). Financial preparedness amounted to 34% (60) of SAS' fixed costs.

**Shareholders' equity and liabilities**

*Shareholders' equity* decreased MSEK 5,051 to MSEK 1,365. The decrease pertained mainly to net income

for the period of MSEK -5,810, changes in cash-flow hedges of MSEK -649 and the positive actuarial effect on defined-benefit pension plans of MSEK 1,276.

*Non-current liabilities* increased MSEK 8,239 and *current liabilities* increased MSEK 3,797. The total increase in liabilities was MSEK 12,036 and was mainly due to currency revaluations, new leases, new borrowing and increased unearned transportation liabilities.

**Interest-bearing liabilities**

On July 31, 2022, interest-bearing liabilities amounted to MSEK 40,816 (32,924), an increase of MSEK 7,892 since October 31, 2021. New loans and amortization for the period were MSEK 4,781 and MSEK 2,570 respectively. New loans and amortization of lease liabilities were MSEK 2,882 and MSEK 2,059 respectively. Currency revaluations increased liabilities by about MSEK 5,100, and other items decreased liabilities by about MSEK 240.

**Financial net debt**

As of July 31, 2022, financial net debt amounted to MSEK 31,970 (26,770), an increase of MSEK 5,200 since October 31, 2021. The increase was primarily attributable to the net negative effect of currency revaluations of about MSEK 4,550 and new lease liabilities of MSEK 2,882 offset by the positive cash flow before financing activities of MSEK 1,735.

**Key figures**

On July 31, 2022, the return on invested capital (ROIC) was -9%, up 4 percentage points since October 31, 2021. The increase pertained mainly to an improved operating income (EBIT).

Financial preparedness was 34% (60) at the end of the quarter. Higher fixed costs were the primary reason for the change in the key figure.

The financial net debt/adjusted EBITDA ratio was a multiple of 34 as of July 31, 2022. On October 31, 2021, the multiple was negative.

On July 31, 2022, the equity/assets ratio amounted to 2%, compared with 12% on October 31, 2021. The decline was primarily attributable to lower shareholders' equity as a result of the period's negative earnings.

### **CASH-FLOW STATEMENT**

Cash flow for the period amounted to MSEK 1,878 (-5,808). Cash and cash equivalents amounted to MSEK 6,148, compared with MSEK 4,268 on October 31, 2021.

#### **Cash flow from operating activities**

Cash flow from operating activities before changes in working capital amounted to MSEK -1,069 (-2,498). The increased cash flow mainly pertained to the improvement in currency-adjusted earnings.

The change in working capital was positive for the period and amounted to MSEK 2,422 (-3,312). A major reason for the positive change year-on-year was the substantial rise in the unearned transportation liability during the period and due to last year being affected by lower forward bookings. The period was also positively impacted by lower payments for, inter alia, technical maintenance and other provisions.

Cash flow from operating activities was negative in the third quarter at MSEK -992 and for the first three quarters of the year amounted to MSEK 1,353 compared with MSEK -5,810 last year, representing a year-on-year improvement of MSEK 7,163.

#### **Investing activities**

Investments totaled MSEK 3,737 (3,741) of which MSEK 3,737 (3,741) pertained to aircraft. Investments for the period comprised six A320 aircraft, capitalized expenditure for aircraft maintenance, modifications and advance payments to Airbus. During the period three 737-800 aircraft were sold and eight engines and six A320 aircraft were sold and leased back during the period, generating inflows of MSEK 4,176 (2,112).

#### **Financing activities**

New loans amounted to MSEK 4,781 (4,600), while repayments totaled MSEK 2,570 (1,598). Amortization of lease liabilities totaled MSEK 2,059 (2,197).

### **PARENT COMPANY**

The Parent Company SAS AB conducts extremely limited intra-Group services. Revenue totaled MSEK 37 (33) and operating expenses MSEK -290 (-50). Net financial items totaled MSEK 153 (347) and impairment of shares in subsidiaries amounted to MSEK -1,763 (-309). Net income for the period was MSEK -1,863 (21).

### **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/adjusted 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/adjusted 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, which is in line with SAS' strive for global leadership in sustainable aviation.

#### Our 2025 target

- Reduce total CO<sub>2</sub> emissions 25% compared with 2005.

### EVENTS DURING THE QUARTER

- The aftermath of the COVID-19 pandemic has led to most of the airline industry experiencing difficulty in rebuilding operations. This has led to SAS reducing its summer program by 4,000 of a total of 75,000 flights.
- SAS Scandinavia's pilot unions went on strike from July 4 to 19, resulting in the cancellation of more than 3,700 flights and affecting some 380,000 passengers.
- On July 5, a voluntary chapter 11 process was initiated in the US to accelerate the transformation process in the SAS FORWARD plan is expected to lead to a financially stable and profitable airline.

### EVENTS AFTER JULY 31, 2022

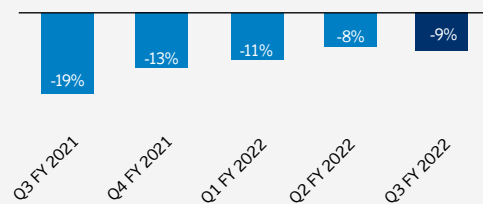
- In the beginning of August, SAS entered into a debtor-in-possession ("DIP") financing credit agreement for USD 700 million with funds managed by Apollo Global Management.

### OUTLOOK

The ongoing geopolitical situation in Eastern Europe and the accompanying uncertainties as well as the lingering effects of the COVID-19 pandemic makes it impossible to provide any guidance on the financial performance for the coming fiscal year.

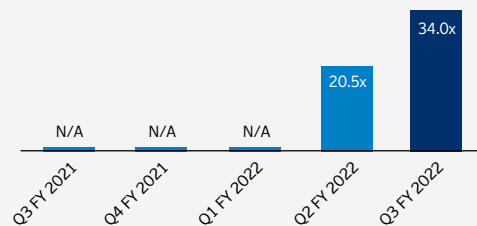
### RETURN ON INVESTED CAPITAL (ROIC), 12-MONTH ROLLING, %

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.



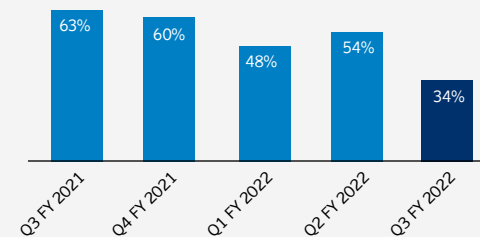
### FINANCIAL NET DEBT/ADJUSTED EBITDA

SAS has a target for the financial net debt/adjusted 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, follow up and improve its risk management. Risk management includes identifying new risks and known risks, such as pandemics, 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.

## OPERATING ENVIRONMENT

Over the past two years, the COVID-19 pandemic has significantly affected the whole aviation industry, including SAS. And in some parts of the world, residual effects such as travel restrictions still remain in place. Substantially rising demand for travel is having a significant impact and the industry is struggling to recover quickly enough to meet this positive trend. The current geopolitical situation and turbulence in Eastern Europe is also affecting the airline industry and, inter alia, is impacting the recovery of traffic to and from Asia, albeit with limited impact on SAS in the third quarter. 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 2021, page 70, 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 17 in Note 1. SAS closely monitors the development of risks and uncertainties on an ongoing basis.

## CURRENCY AND JET-FUEL HEDGING

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

## SENSITIVITY ANALYSIS, JET-FUEL COST JUL 2022–OCT 2022, SEK BILLION

Market price	Exchange rate SEK/USD				
	9.0	9.5	10.0	10.5	11.0
USD 600/MT	4.1	4.2	4.2	4.3	4.7
USD 700/MT	4.3	4.4	4.5	4.6	4.9
USD 800/MT	4.5	4.6	4.7	4.8	5.2
USD 900/MT	4.7	4.8	5.0	5.1	5.5
USD 1,000/tonne	4.9	5.1	5.2	5.3	5.5

*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.*

the hedging ratio for jet fuel. The exception applies for 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 a mix of 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 41% 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, 56% 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 74, excluding hedge effects. A weakening of the USD against the SEK of 1% would generate a positive earnings impact of MSEK 144, 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. Over the lease term, the expenses following the adoption of IFRS 16 are equal to the expenses reported under IAS 17. 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 1,693 and the USD rate as of July 31, 2022, a weakening of the USD against the SEK of 1% would generate a positive earnings impact of approximately MSEK 128 in profit or loss and a positive effect in OCI of approximately MSEK 43.

## CHAPTER 11 PROCESS

SAS is taking steps as part of SAS FORWARD, its comprehensive business transformation plan that was launched to enable the company to continue to be a competitive player in the global airline industry. On July 5, 2022, SAS AB, together with some of its subsidiaries, initiated a court-supervised process in the United States by voluntarily filing for chapter 11. This process will provide SAS with legal tools to strengthen its financial position and accelerate work with SAS FORWARD, while allowing us to continue operating our airline. The chapter 11 process is a legal process under the supervision of the U.S. federal court system, which many large international airlines based outside of the U.S. have successfully used over the years to reduce their costs and complete financial restructurings. (Further information on the chapter 11 process is available at: <https://www.sasgroup.net/investor-relations/accelerating-sas-forward/transformation-plan-en/>)

SAS' operations are unaffected by the chapter 11 filing, and SAS will continue to serve its customers as normal. SAS expects to have sufficient liquidity to support its business and meet its obligations going forward. SAS entered into a debtor-in-possession ("DIP") financing credit agreement for USD 700 million with funds managed by Apollo Global Management, which provides SAS with a strong financial position to maintain operations throughout the chapter 11 process. The DIP financing is subject to court approval in the U.S., and SAS anticipates receiving approval for the DIP financing by mid-September 2022. (Further information on the DIP financing is available at: <https://www.sasgroup.net/newsroom/press-releases/2022/sas-secures-usd-700-million-in-debtor-in-possession-financing/>)

The chapter 11 process in the U.S. is expected to be completed in 9–12 months.

## 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 EUR 70.2 million. 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 EUR 70.2 million fine. The CJEU's ruling entered into force and the EUR 70.2 million 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 EUR 70.2 million was the same as that imposed under the 2010 decision. SAS appealed the European Commission's decision and a hearing was held in the CJEU in July 2019. Judgement was announced on March 30, 2022 SAS was partly successful with its appeal and the fine paid in under 2017 was slightly reduced. SAS has appealed the judgement.

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	Q3		Q1-Q3	
		May-Jul 2022	May-Jul 2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021
Revenue	2	8,580	3,982	21,173	8,196
Personnel expenses		-1,806	-1,350	-5,207	-4,066
Jet-fuel costs		-2,860	-618	-5,670	-1,337
Air traffic charges		-777	-368	-1,968	-793
Other external expenses	3	-3,220	-1,212	-8,245	-3,314
Depreciation, amortization and impairment	4	-1,167	-1,168	-3,512	-3,605
Income from shares in affiliated companies		12	3	19	8
Income from the sale of aircraft and other non-current assets		90	-121	170	-109
<b>Operating income (EBIT)</b>		<b>-1,148</b>	<b>-852</b>	<b>-3,240</b>	<b>-5,020</b>
Financial income and expenses	5	-843	-482	-2,905	-560
<b>Income before tax (EBT)</b>		<b>-1,991</b>	<b>-1,334</b>	<b>-6,145</b>	<b>-5,580</b>
Tax		143	-2	335	-199
<b>Net income for the period</b>		<b>-1,848</b>	<b>-1,336</b>	<b>-5,810</b>	<b>-5,779</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		23	-40	132	19
Cash-flow hedges, net after tax		-158	-106	-649	402
<i>Items that will not be reversed to net income:</i>					
Revaluations of defined-benefit pension plans, net after tax		1,176	158	1,276	2,080
<b>Total other comprehensive income, net after tax</b>		<b>1,041</b>	<b>12</b>	<b>759</b>	<b>2,501</b>
<b>Comprehensive income for the period</b>		<b>-807</b>	<b>-1,324</b>	<b>-5,051</b>	<b>-3,278</b>
<i>Attributable to Parent Company shareholders:</i>					
Net income for the period		-1,848	-1,336	-5,810	-5,779
Comprehensive income for the period		-807	-1,324	-5,051	-3,278
Earnings per common share before and after dilution (SEK) <sup>1</sup>		-0.25	-0.18	-0.80	-0.81

<sup>1</sup> 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 (7,266,039,292) shares outstanding during the respective periods.

## INCOME BEFORE TAX AND ITEMS AFFECTING COMPARABILITY

MSEK	Q3		Q1-Q3	
	May-Jul 2022	May-Jul 2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021
Income before tax (EBT)	-1,991	-1,334	-6,145	-5,580
Restructuring costs			-	-
Capital gains/losses <sup>1</sup>	-90	121	-170	109
<b>Income before tax and items affecting comparability</b>	<b>-2,081</b>	<b>-1,213</b>	<b>-6,315</b>	<b>5,471</b>

<sup>1</sup> Capital gains/losses include aircraft sales amounting to MSEK 170 (-107) and facility sales of MSEK 0 (-2) in the November-July period.

# CONSOLIDATED BALANCE SHEET

## CONDENSED BALANCE SHEET

MSEK	Jul 31, 2022	Oct 31, 2021	Jul 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	704	709	688
Tangible assets	19,177	17,969	18,464
Right-of-use assets	17,381	16,959	17,153
Financial assets	9,887	8,165	7,365
Deferred tax assets	1,306	1,126	1,094
<b>Total non-current assets</b>	<b>48,455</b>	<b>44,928</b>	<b>44,764</b>
<b>Current assets</b>			
Inventories and expendable spare parts	380	412	491
Current receivables	4,714	3,104	2,432
Cash and cash equivalents	6,148	4,268	4,424
<b>Total current assets</b>	<b>11,242</b>	<b>7,784</b>	<b>7,347</b>
<b>TOTAL ASSETS</b>	<b>59,697</b>	<b>52,712</b>	<b>52,111</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total shareholders' equity</b>	<b>1,365</b>	<b>6,416</b>	<b>6,609</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	17,455	12,989	12,617
Interest-bearing lease liabilities	16,069	13,231	13,387
Other non-current liabilities	4,747	3,812	3,403
<b>Total non-current liabilities</b>	<b>38,271</b>	<b>30,032</b>	<b>29,407</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	3,882	3,871	4,442
Interest-bearing lease liabilities	3,410	2,833	2,676
Other current liabilities	12,769	9,560	8,977
<b>Total current liabilities</b>	<b>20,061</b>	<b>16,264</b>	<b>16,095</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>59,697</b>	<b>52,712</b>	<b>52,111</b>
Interest-bearing assets	17,222	12,746	11,843
Interest-bearing liabilities	40,816	32,924	33,122
Working capital	-12,331	-9,076	-8,447

## SPECIFICATION OF FINANCIAL NET DEBT, JULY 31, 2022

	According to balance sheet	Of which financial net debt
Financial assets	9,887	718
Current receivables	4,714	1,980
Cash and cash equivalents	6,148	6,148
Non-current liabilities	38,271	33,524
Current liabilities	20,061	7,292
<b>Financial net debt</b>		<b>31,970</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	Hedging reserves	Translation reserve	Hybrid bonds	Retained earnings	Total shareholders' equity
<b>Opening shareholders' equity in accordance with approved balance sheet, October 31, 2020</b>	<b>8,645</b>	<b>5</b>	<b>2,899</b>	<b>15</b>	<b>-231</b>	<b>7,615</b>	<b>-8,925</b>	<b>10,023</b>
Share registration	5	-5						0
Hybrid bond interest							-136	-136
Net income for the period							-5,779	-5,779
Other comprehensive income for the period				402	19		2,080	2,501
<b>Closing balance, July 31, 2021</b>	<b>8,650</b>	<b>-</b>	<b>2,899</b>	<b>417</b>	<b>-212</b>	<b>7,615</b>	<b>-12,760</b>	<b>6,609</b>
Hybrid bond interest							-138	-138
Net income for the period							-744	-744
Other comprehensive income for the period				94	20		575	689
<b>Closing balance, October 31, 2021</b>	<b>8,650</b>	<b>-</b>	<b>2,899</b>	<b>511</b>	<b>-192</b>	<b>7,615</b>	<b>-13,067</b>	<b>6,416</b>
Hybrid bond interest <sup>2</sup>							-	-
Net income for the period							-5,810	-5,810
Other comprehensive income for the period				-649	132		1,276	759
<b>Closing balance, July 31, 2022</b>	<b>8,650</b>	<b>-</b>	<b>2,899</b>	<b>-138</b>	<b>-60</b>	<b>7,615</b>	<b>-17,601</b>	<b>1,365</b>

<sup>1</sup> Number of shares in SAS AB: 7,266,039,292 (7,266,039,292) shares with a quotient value of SEK 1.19 (1.19).

<sup>2</sup> Due interest payments of MSEK 174 that have been deferred according to press release April 7, 2022.

# CONSOLIDATED CASH-FLOW STATEMENT

## CONDENSED CASH-FLOW STATEMENT

MSEK	Q3	Q3	Q1-Q3	Q1-Q3
	May-Jul 2022	May-Jul 2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021
<b>OPERATING ACTIVITIES</b>				
Income before tax (EBT)	-1,991	-1,334	-6,145	-5,580
Depreciation, amortization and impairment	1,167	1,168	3,512	3,605
Income from sale of aircraft and buildings	-90	121	-170	109
Adjustment for other non-cash items, etc.	629	46	1,734	-630
Tax paid	0	0	0	-2
<b>Cash flow from operations before change in working capital</b>	<b>-285</b>	<b>1</b>	<b>-1,069</b>	<b>-2,498</b>
Change in working capital	-707	538	2,422	-3,312
<b>Cash flow from operating activities</b>	<b>-992</b>	<b>539</b>	<b>1,353</b>	<b>-5,810</b>
<b>INVESTING ACTIVITIES</b>				
Investments including advance payments to aircraft manufacturers	-1,464	-1,382	-3,737	-3,741
Acquisition of subsidiaries and affiliated companies	-	-	-	-1
Sale of fixed assets, etc.	1,984	1,810	4,119	2,139
<b>Cash flow from investing activities</b>	<b>520</b>	<b>428</b>	<b>382</b>	<b>-1,603</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from borrowings	0	217	4,781	4,600
Repayment of borrowings	-1,056	-611	-2,570	-1,598
Amortization of lease liabilities	-619	-594	-2,059	-2,197
Other financing activities	-183	25	-9	800
<b>Cash flow from financing activities</b>	<b>-1,858</b>	<b>-963</b>	<b>143</b>	<b>1,605</b>
<b>Cash flow for the period</b>	<b>-2,330</b>	<b>4</b>	<b>1,878</b>	<b>-5,808</b>
Translation difference in cash and cash equivalents	0	0	2	1
Cash and cash equivalents at beginning of the period	8,478	4,420	4,268	10,231
<b>Cash and cash equivalents at the end of the period</b>	<b>6,148</b>	<b>4,424</b>	<b>6,148</b>	<b>4,424</b>

# PARENT COMPANY SAS AB

The number of shareholders in SAS AB amounted to 273,985 (237,914) on July 31, 2022. The average number of employees amounted to two (two).

## CONDENSED STATEMENT OF INCOME

MSEK	Q1-Q3	
	Nov-Jul 2021-2022	Nov-Jul 2020-2021
Revenue	37	33
Personnel expenses	-23	-19
Other operating expenses	-267	-31
<b>Operating income (EBIT)</b>	<b>-253</b>	<b>-17</b>
Impairment of shares in subsidiaries	-1,763	-309
Net financial items	153	347
<b>Income before tax (EBT)</b>	<b>-1,863</b>	<b>21</b>
Tax	0	0
<b>Net income for the period</b>	<b>-1,863</b>	<b>21</b>

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

## CONDENSED BALANCE SHEET

MSEK	Jul 31, 2022	Oct 31, 2021	Jul 31, 2021
Financial non-current assets	22,867	24,939	24,765
Other current assets	268	31	163
Cash and cash equivalents	1	1	1
<b>TOTAL ASSETS</b>	<b>23,136</b>	<b>24,971</b>	<b>24,929</b>
Shareholders' equity	21,489	23,352	23,419
Non-current liabilities	1,615	1,559	1,471
Current liabilities	32	60	39
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>23,136</b>	<b>24,971</b>	<b>24,929</b>

## CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Restricted equity		Unrestricted equity			Total share- holders' equity
	Share capital <sup>1</sup>	Statutory reserve	Share premium reserve	Hybrid bonds	Retained earnings	
Opening shareholders' equity in accordance with approved balance sheet, October 31, 2021	8,650	447	2,729	7,615	3,911	23,352
Hybrid bond interest <sup>2</sup>					-	-
Net income for the period					-1,863	-1,863
<b>Closing balance, July 31, 2022</b>	<b>8,650</b>	<b>447</b>	<b>2,729</b>	<b>7,615</b>	<b>2,048</b>	<b>21,489</b>

<sup>1</sup> Number of shares: 7,266,039,292 (7,266,039,292) shares with a quotient value of SEK 1.19 (1.19).

<sup>2</sup> Due interest payments of MSEK 174 that have been deferred according to press release April 7, 2022.



## 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 2021 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. In the fourth quarter of 2021, SAS completed the review of the effects on the consolidated financial statements based on the IFRS IC's decisions and found that some previously reported intangible assets no longer met the requirements to be reported as intangible assets. Adjustment was made retroactively in accordance with the rules for changing accounting policies in IAS 8 and previous periods have been adjusted.

### 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 10 of this report. The actual outcome may differ from these estimates and judgments. As a consequence of the pilot strike from July 4 to 19, 2022, a provision of SEK 1.1 billion has been recognized as a negative adjustment of revenue and a provision for estimated customer compensation claims for cancelled flights. 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, THE CHAPTER 11 FILING AND GOING CONCERN ASSUMPTION

Over the past two years, the COVID-19 pandemic has significantly affected the whole aviation industry, including SAS. And in some parts of the world, residual effects such as travel restrictions still remain in place. Substantially rising demand for travel is having a significant impact and the industry is struggling to recover quickly enough to meet this positive trend. Accordingly, total travel volumes remain lower than before the start of the pandemic in March 2020. The current geopolitical situation and turbulence in Eastern Europe is also affecting the airline industry and, inter alia, is impacting the recovery of traffic to and from Asia. Due to the current market conditions in the aviation industry, estimation remains uncertain, which poses difficulty for forecasts and scenario analyses related to future demand, primarily in the short term.

For the third quarter, total capacity (ASK) was up 89.0% and total revenue passenger kilometers (RPK) rose 183.0% year-on-year. The number of passengers increased 143.1% year-on-year. SAS' revenue grew 115.5% for the quarter year-on-year. Despite measures taken by SAS to reduce costs, the significant decrease in revenue compared with prior to the pandemic cannot be fully outweighed by cost reductions. The strike in July had a negative impact on the revenue of SEK 1.4bn. EBT for the third quarter of fiscal year 2022 amounted to SEK -2.0 billion. Throughout FY 2021 and even through the first nine months of FY 2022, SAS has worked continuously and intensively with various cost reduction measures, limiting non-business-critical investments and utilizing various financing solutions to protect its liquidity. However, market conditions remain uncertain and the pandemic's aftereffects are persisting at the same time as uncertainty regarding future pandemic outbreaks and the geopolitical situation can continue to adversely affect the entire airline industry. SAS' view remains that the ramp-up phase for the airline industry will continue in 2022, with a

return to pre-COVID-19 levels a few years thereafter. The expected gradual upturn has been delayed and uncertainty remains in 2022 due to the prevailing market conditions. Most recently, we have noted rising demand for travel, but the airline industry is struggling to recover quickly enough to meet this positive trend. This affects the entire airline industry and SAS has cancelled 4,000 of its 75,000 planned flights in summer 2022. Predicting future demand is difficult for the entire industry, and flexibility will remain a key element moving forward.

The prevailing uncertainty means that further cost reductions and efficiency initiatives as well as access to liquidity are critical factors. SAS' cash and cash equivalents declined during the quarter, and as of July 31, the cash position amounted to SEK 6,1 billion.

SAS FORWARD, a plan to strengthen and secure SAS' long-term future position, was launched at the end of February. Key elements of the plan include: 1. Reducing the annual costs by SEK 7.5 billion, including renegotiations of existing financing arrangements and other long-term credit facilities. 2. Redesigned fleet, network and product offerings. 3. Digital transformation. 4. Positioning SAS as the leader in sustainable aviation. 5. Operating platform acceleration. 6. Strengthening SAS' balance sheet by deleveraging and raising new capital. To accelerate important parts of the SAS FORWARD transformation plan SAS voluntarily filed for chapter 11 in the U.S. on July 5. SAS is expecting the chapter 11 process in the U.S. to be completed in 9–12 months, from the start of the process. The court has approved SAS' filing and SAS can thereby continue its operations and serve its customers as normal. In the beginning of August SAS entered into a debtor-in-possession ("DIP") financing credit agreement for USD 700 million with funds managed by Apollo Global Management., which is expected to be approved by the American court in mid-September.

SAS want to highlight that there are no guarantees that SAS FORWARD will successfully be completed, through the chapter 11 process. In the event that the expected burden sharing, debt conversions and new capital raise are not completed as planned, SAS will be unable to support its existing capital structure and current liquidity levels and it cannot be ruled out that SAS could become unable to meet its obligations over the longer term as they fall due.

Despite the situation described above, the Board's assessment is that the Group has adequate liquidity, including the DIP financing, to continue operations for at least the next 12 months, and therefore continues to apply the going concern principle to the preparation of the financial statements.

### 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 3 (301). SAS has also applied for support from the Danish, Swedish and Norwegian states and municipalities regarding compensation for fixed costs, MSEK 140 (586) 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 0 (92).

### 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 destination-based 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 breaks down revenue by material source country based on the country of sale.

**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 a defined point in time.

**REVENUE BY CATEGORY**

	Q3	Q3	Q1-Q3	Q1-Q3
	May-Jul 2022	May-Jul 2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021
Passenger revenue	7,163	2,357	15,478	4,404
Charter revenue	641	105	997	117
Cargo revenue	323	303	1,210	816
Other traffic revenue	706	487	2,199	1,116
<b>Total traffic revenue</b>	<b>8,833</b>	<b>3,252</b>	<b>19,884</b>	<b>6,453</b>
Other operating revenue <sup>1)</sup>	-253	730	1,289	1,743
<b>Total</b>	<b>8,580</b>	<b>3,982</b>	<b>21,173</b>	<b>8,196</b>

<sup>1)</sup> As a consequence of the pilot strike from July 4 to 19, 2022, a provision of SEK 1.1 billion has been recognized as a negative adjustment of revenue for the third quarter with respect to estimated customer compensation claims for delays and cancelled flights since these items comprise variable considerations in customer contracts. Actual outcomes may differ from the prepared estimates and assumptions.

**GEOGRAPHICAL BREAKDOWN**

	Domestic		Intra-Scandinavian		Europe		Intercontinental		Total	
	Nov-Jul 2021-2022	Nov-Jul 2020-2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021
Passenger revenue	4,638	2,304	1,594	242	6,008	1,383	3,238	475	15,478	4,404
Charter revenue	0	-	0	-	997	117	0	-	997	117
Cargo revenue	2	2	3	2	25	74	1,180	738	1,210	816
Other traffic revenue	659	577	226	61	854	357	460	121	2,199	1,116
<b>Total traffic revenue</b>	<b>5,299</b>	<b>2,883</b>	<b>1,823</b>	<b>305</b>	<b>7,884</b>	<b>1,931</b>	<b>4,878</b>	<b>1,334</b>	<b>19,884</b>	<b>6,453</b>

	Denmark		Norway		Sweden		Europe		Other countries		Total	
	Nov-Jul 2021-2022	Nov-Jul 2020-2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021
<b>Other operating revenue</b>	273	187	490	831	289	322	56	238	181	165	1,289	1,743

Refer to the above table for the Group's revenue broken down by category and to the table below for revenue broken down on a country basis for material sources of sales revenue.

## REVENUE BY COUNTRY

	Sweden		Norway		Denmark		Other		Total	
	Nov-Jul 2021-2022	Nov-Jul 2020-2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021
<b>Traffic revenue:</b>										
Passenger revenue	4,164	1,177	4,647	1,649	2,127	475	4,540	1,103	15,478	4,404
Charter revenue	319	53	502	16	176	48	0	-	997	117
Cargo revenue	172	130	159	80	238	148	641	458	1,210	816
Other traffic revenue	604	291	677	425	305	112	613	288	2,199	1,116
<b>Total traffic revenue</b>	<b>5,259</b>	<b>1,651</b>	<b>5,985</b>	<b>2,170</b>	<b>2,846</b>	<b>783</b>	<b>5,794</b>	<b>1,849</b>	<b>19,884</b>	<b>6,453</b>
<b>Total other operating revenue</b>	<b>289</b>	<b>322</b>	<b>490</b>	<b>831</b>	<b>273</b>	<b>187</b>	<b>237</b>	<b>403</b>	<b>1,289</b>	<b>1,743</b>
<b>Total</b>	<b>5,548</b>	<b>1,973</b>	<b>6,475</b>	<b>3,001</b>	<b>3,119</b>	<b>970</b>	<b>6,031</b>	<b>2,252</b>	<b>21,173</b>	<b>8,196</b>

## NOTE 3 OTHER EXTERNAL EXPENSES

	Q3	Q3	Q1-Q3	Q1-Q3
	May-Jul 2022	May-Jul 2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021
Sales and distribution costs	-508	-217	-1,232	-480
Catering costs	-227	-98	-553	-230
Handling costs	-482	-223	-1,376	-604
Technical aircraft maintenance	-501	-336	-1,326	-958
Computer and telecommunication costs	-348	-239	-940	-680
Wet-lease expenses	-550	-126	-1,285	-333
Other	-604	27	-1,533	-29
<b>Total</b>	<b>-3,220</b>	<b>-1,212</b>	<b>-8,245</b>	<b>-3,314</b>

## NOTE 4 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	Q3	Q3	Q1-Q3	Q1-Q3
	May-Jul 2022	May-Jul 2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021
Intangible assets, amortization	-6	-6	-26	-20
Tangible assets, depreciation	-342	-376	-1,060	-1,154
Right-of-use assets, depreciation	-819	-786	-2,426	-2,431
<b>Total</b>	<b>-1,167</b>	<b>-1,168</b>	<b>-3,512</b>	<b>-3,605</b>

## NOTE 5 FINANCIAL INCOME AND EXPENSES

	Q3	Q3	Q1-Q3	Q1-Q3
	May-Jul 2022	May-Jul 2021	Nov-Jul 2021-2022	Nov-Jul 2020-2021
Financial income	52	3	78	16
Interest expense	-212	-158	-563	-413
Other financial expenses	-21	-17	-51	-33
Exchange-rate differences	-11	-5	-13	-18
Interest expenses, IFRS 16	-203	-158	-551	-466
Exchange-rate differences, IFRS 16	-448	-147	-1,805	354
<b>Total</b>	<b>-843</b>	<b>-482</b>	<b>-2,905</b>	<b>-560</b>

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

	Jul 31, 2022		Oct 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>MSEK</b>				
<b>Financial assets</b>				
Financial assets at fair value, hedge-accounted	2	2	11	11
Financial assets at FVTPL	109	109	10	10
Financial assets at amortized cost	11,693	11,693	8,283	8,283
<b>Total</b>	<b>11,804</b>	<b>11,804</b>	<b>8,304</b>	<b>8,304</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value, hedge-accounted	125	125	32	32
Financial liabilities at FVTPL	39	39	3	3
Financial liabilities at amortized cost	26,300	25,669	19,978	20,511
<b>Total</b>	<b>26,464</b>	<b>25,833</b>	<b>20,013</b>	<b>20,546</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**

	Jul 31, 2022			Oct 31, 2021		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>MSEK</b>						
<b>Financial assets</b>						
Financial assets at fair value, hedge-accounted	–	2	2	–	11	11
Financial assets at FVTPL	–	109	109	–	10	10
<b>Total</b>	<b>–</b>	<b>111</b>	<b>111</b>	<b>–</b>	<b>21</b>	<b>21</b>
<b>Financial liabilities</b>						
Financial liabilities at fair value, hedge-accounted	–	125	125	–	32	32
Financial liabilities at FVTPL	–	39	39	–	3	3
<b>Total</b>	<b>–</b>	<b>164</b>	<b>164</b>	<b>–</b>	<b>35</b>	<b>35</b>

The Board of Directors and President hereby certify that this interim 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, August 26, 2022

**Carsten Dilling**  
Board Chairman

**Lars-Johan Jarnheimer**  
Vice Chairman

**Monica Caneman**  
Board member

**Oscar Stege Unger**  
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 interim report is unaudited

# TRAFFIC DATA INFORMATION

## SCHEDULED PASSENGER TRAFFIC

	May-Jul 2022	May-Jul 2021	Year-on- year change	Nov-Jul 2021-2022	Nov-Jul 2020-2021	Year-on- year change
Number of passengers (000)	4,789	2,036	135.2%	11,631	3,891	198.9%
RPK, Revenue Passenger Kilometers (mill)	6,452	2,413	167.4%	14,767	3,956	273.3%
ASK, Available Seat Kilometers (mill)	8,366	4,743	76.4%	22,086	10,011	120.6%
Load factor	77.1%	50.9%	26.2 <sup>1</sup>	66.9%	39.5%	27.4 <sup>1</sup>
Passenger yield, currency-adjusted	1.110	1.017	9.1%	1.048	1.152	-9.0%
Passenger yield, nominal	1.110	0.977	13.6%	1.048	1.113	-5.8%
Unit revenue, PASK, currency-adjusted	0.856	0.518	65.3%	0.701	0.455	54.1%
Unit revenue, PASK, nominal	0.856	0.497	72.2%	0.701	0.440	59.3%
RASK, currency-adjusted	0.949	0.689	37.7%	0.839	0.652	28.7%
RASK, nominal	0.949	0.660	43.8%	0.839	0.631	33.0%

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

## TOTAL TRAFFIC (SCHEDULED AND CHARTER TRAFFIC)

	May-Jul 2022	May-Jul 2021	Year-on- year change	Nov-Jul 2021-2022	Nov-Jul 2020-2021	Year-on- year change
Number of passengers (000)	5,097	2,097	143.1%	12,110	3,955	206.1%
RPK, Revenue Passenger Kilometers (mill)	7,236	2,557	183.0%	16,077	4,113	290.9%
ASK, Available Seat Kilometers (mill)	9,308	4,924	89.0%	23,687	10,227	131.6%
Load factor	77.7%	51.9%	25.8 <sup>1</sup>	67.9%	40.2%	27.7 <sup>1</sup>
Unit cost, CASK, currency-adjusted	-1.099	-0.890	23.5%	-0.996	-1.169	-14.8%
Unit cost, CASK, nominal incl. items affecting comparability	-1.083	-0.810	33.7%	-0.984	-1.112	-11.5%
Unit cost, CASK, excl. jet fuel, currency-adjusted	-0.791	-0.744	6.3%	-0.756	-1.026	-26.3%
Unit cost, CASK, excl. jet fuel, nominal incl. items affecting comparability	-0.776	-0.684	13.5%	-0.745	-0.981	-24.1%

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

## SCHEDULED TRAFFIC TREND FOR SAS BY ROUTE SECTOR

	May-Jul 2022 vs. May-Jul 2021		Nov-Jul 2021-2022 vs. Nov-Jul 2020-2021	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	495.3%	103.8%	726.8%	128.6%
Europe/Intra-Scandinavia	7.3%	-26.7%	290.1%	192.7%
Domestic	-19.9%	-33.1%	90.2%	31.7%

## PRODUCTIVITY AND ENVIRONMENTAL EFFICIENCY

12-month rolling	July 2022	July 2021	Year-on-year change
Aircraft, block hours/day	7.3	5.1	43.4%
Cabin crew, block hours/year	676	510	32.5%
Pilots, block hours/year	507	317	59.9%

Environmental efficiency (Rolling 12 months)	July 2022	July 2021	Year-on-year change
Total CO <sub>2</sub> emissions, million metric tons	2,135	977	118.4%
CO <sub>2</sub> emissions per available seat kilometer, grams	53.2	52.8	0.8%

# AIRCRAFT FLEET

## THE SAS AIRCRAFT FLEET AT JULY 31, 2022

SAS Group Aircraft Fleet	Age	Owned	Leased	Wet lease	Total	SAS Scandinavia	SAS Connect	SAS Link	Wet lease	In SAS Group traffic	Firm order purchase	Firm order lease
Airbus A330/350	7.1	8	6		14	14				14	2	
Airbus A320 family	6.6	19	54		73	58	15			73	29	
Boeing 737NG	16.1	10	1		11	11				11		
Airbus A220-300	3.2			4	4				4	4		
Embraer E195-100	14.5		2		2			2		2		4
Bombardier CRJ	8			25	25				25	25		
ATR-72	8.9			6	6				6	6		
<b>Total aircraft in operation</b>	<b>7.8</b>	<b>37</b>	<b>63</b>	<b>35</b>	<b>135</b>	<b>83</b>	<b>15</b>	<b>2</b>	<b>35</b>	<b>135</b>	<b>31</b>	<b>4</b>
Aircraft under phase out												
Airbus A321	20		3		3							
<b>Total</b>			<b>3</b>		<b>3</b>							

Aircraft on firm order 2022–2025 at July 31, 2022	FY22	FY23	FY24	FY25	Total
Airbus A320neo	5	13	7	4	29
Embraer E195-100	4				4
Airbus A350			2		2
<b>Total</b>	<b>9</b>	<b>13</b>	<b>9</b>	<b>4</b>	<b>35</b>



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

# KEY FIGURES AND ALTERNATIVE PERFORMANCE MEASURES

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. The information reported for fiscal year 2020 and fiscal year 2021 has been restated due to the new accounting standard "IFRS IC's – 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](http://www.sasgroup.net) under Investor Relations.

	Jul 31, 2022	Oct 31, 2021	Jul 31, 2021 <sup>1)</sup>
Return on invested capital (ROIC)	-9%	-13%	-19%
Financial net debt/adjusted EBITDA	34	n/a	n/a
Financial preparedness	34%	60%	63%
Return on shareholders' equity	-164%	-84%	-146%
Equity/assets ratio	2%	12%	13%
Financial net debt, MSEK	31,970	26,770	27,144
Shareholders' equity excluding hybrid bonds per common share	-0.86	-0.16	-0.14
Debt/equity ratio	23.4	4.1	4.1
Interest-coverage ratio	-2.4	-4.4	-5.9

<sup>1)</sup> The key figures as of July 31, 2021 have been restated due to the new accounting standard "IFRS IC's – Cloud computing arrangement costs". See Note 1.

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

MSEK	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4
	Nov–Jan 2021–2022	Nov–Jan 2020–2021	Feb–Apr 2022	Feb–Apr 2021	May–Jul 2022	May–Jul 2021	Aug–Oct 2021	Aug–Oct 2020
Revenue	5,545	2,282	7,048	1,932	8,580	3,982	5,762	3,035
Operating income (EBIT)	-1,329	-2,150	-763	-2,018	-1,148	-852	-474	-2,719
Operating income (EBIT) margin	-24.0%	-94.2%	-10.8%	-104.5%	-13.4%	-21.4%	-8.2%	-89.6%
Income before tax (EBT)	-2,597	-1,915	-1,557	-2,331	-1,991	-1,334	-945	-3,252
Net income for the period	-2,442	-2,033	-1,520	-2,410	-1,848	-1,336	-744	-2,566
Income before tax and items affecting comparability	-2,621	-1,927	-1,613	-2,331	-2,081	-1,213	-911	-3,024
Earnings per common share (SEK)	-0.34	-0.28	-0.21	-0.35	-0.25	-0.18	-0.12	-4.44
Cash flow before financing activities	-392	-5,458	2,599	-2,922	-472	967	1,120	-3,228
Average number of employees (FTEs)	6,326	4,983	6,881	4,476	7,435	5,190	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 EBITDA** – Operating income (EBIT) before share of income in affiliated companies, income from sale of aircraft and other non-current assets, and amortization, depreciation and impairment.

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

**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 (x 7)** – 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.

**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.

**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 accounting standard IFRS 16 – Leases. See Right-of-use assets.

**Financial net debt** – Interest-bearing liabilities less interest-bearing assets excluding net pension funds. In this ratio, interest-bearing liabilities are defined as the sum of non-current interest-bearing liabilities, non-current interest-bearing lease liabilities, current interest-bearing liabilities and current interest-bearing lease liabilities. Interest-bearing assets are defined as the sum of pension funds, non-current interest-bearing receivables, other current interest-bearing receivables and cash and cash equivalents.

**Financial net debt/Adjusted EBITDA** – Average financial net debt in relation to Adjusted EBITDA. Financial net debt in relation to adjusted EBITDA (Operating income (EBIT) before the share of income in affiliated companies, income from sale of aircraft and other non-current assets, amortization, depreciation and impairment).

**Financial preparedness** – Cash and cash equivalents, plus unutilized credit facilities with a maturity longer than three months, in relation to fixed costs. In this ratio, fixed costs are defined as personnel expenses, other external expenses and financial income and expenses excluding exchange-rate differences on lease liabilities 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 (EBIT) 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 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 November 1, 2019, SAS Group applies the accounting 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 accounting 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.

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

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](http://www.sasgroup.net) under Investor Relations.

November 30, 2022	Year-end report (Nov 2021–Oct 2022)
January 24, 2023	SAS Annual and Sustainability Report fiscal year 2022
February 24, 2023	Q1 Interim report (Nov 2022–Jan 2023)
June 1, 2023	Q2 Interim report (Feb 2023–Apr 2023)
September 1, 2023	Q3 Interim Report (May 2023–Jul 2023)
November 30, 2023	Year-end report (Nov 2022–Oct 2023)

### INVESTOR RELATIONS



#### IR contact

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**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.

**Shareholders' equity excluding hybrid bonds 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.

**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).