

# CONTINUED POSITIVE TREND FOR PASSENGER DEMAND – EQUITY SOLICITATION PROCESS INITIATED

## KEY FIGURES – Q2 2023

**+27%**

Total revenue vs last year

**+27%**

Total operating expenses vs last year

**+36%**

Total passengers vs last year

### FEBRUARY 2023–APRIL 2023

- Revenue: MSEK 8,955 (7,048)
- Income before tax (EBT): MSEK -1,414 (-1,557)
- Income before tax and items affecting comparability: MSEK -1,561 (-1,613)
- Net income for the period: MSEK -1,525 (-1,520)
- Earnings per common share: SEK -0.21 (-0.21)

### NOVEMBER 2022–APRIL 2023

- Revenue: MSEK 16,851 (12,593)
- Income before tax (EBT): MSEK -3,863 (-4,154)
- Income before tax and items affecting comparability: MSEK -4,012 (-4,234)
- Net income for the period: MSEK -4,234 (-3,962)
- Earnings per common share: SEK -0.58 (-0.55)

## SIGNIFICANT EVENTS DURING THE QUARTER

- SAS entered into new sale and leaseback agreements with Aviation Capital Group, securing long-term financing for 10 new Airbus A320neo aircraft.
- SAS took the next step in its transformation plan SAS FORWARD by initiating a process to solicit equity investment in the reorganized company.
- SAS currently aims to complete its court-supervised process in the US during the latter part of the second half of 2023. SAS currently expects that there will be only modest recovery for general unsecured creditors and little or no recovery for subordinated unsecured creditors upon emergence from the Chapter 11 process, and that there will be no or very little value for existing shareholders in SAS AB at the end of the company's restructuring proceedings.

## SIGNIFICANT EVENTS AFTER THE QUARTER

- On May 15, SAS received court approval for the company's equity solicitation procedures.
- On May 10, ruling by the General Court, EUCJ, regarding the states' participation in the recapitalization of SAS in 2020.

## OUTLOOK

- SAS updated its financial projections during the second quarter, read more on page 10.

## FINANCIAL SUMMARY

MSEK, unless noted otherwise	Q2		Q1-Q2	
	Feb-Apr 2023	Feb-Apr 2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022
Revenue	8,955	7,048	16,851	12,593
Operating income (EBIT)	-986	-763	-3,620	-2,092
Operating income (EBIT) margin	-11.0%	-10.8%	-21.5%	-16.6%
Income before tax (EBT)	-1,414	-1,557	-3,863	-4,154
Income before tax and items affecting comparability	-1,561	-1,613	-4,012	-4,234
Net income for the period	-1,525	-1,520	-4,234	-3,962
Cash flow from operating activities	2,489	2,459	804	2,345
	<b>Apr 30, 2023</b>	<b>Oct 31, 2022</b>	<b>Apr 30, 2022</b>	
Return on invested capital	-12%	-8%	-8%	
Financial net debt/adjusted EBITDA	n/a	23.3x	20.5x	
Financial preparedness	37%	60%	54%	
Equity/assets ratio	-9%	1%	4%	
Earnings per common share (SEK)	-0.58	-0.97	-0.55	

*This information is information that SAS AB is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was provided for publication on June 1, 2023 at 8:00 a.m. (CEST).*

# COMMENTS BY THE CEO

The summer season is approaching and we noted a continued positive evolution for passenger demand through the second quarter. 5.4 million passengers flew with SAS during the quarter, which represents an increase of 36 percent compared with the same period last year. We are pleased to see that the overall underlying demand for travel was healthy during the quarter, despite the economic uncertainties in society as a whole. We are looking forward to a busy summer season and to flying our passengers to their holiday destinations.

During the quarter, we continued to increase our capacity for the summer and autumn adding new destinations and higher frequencies to popular destinations. We have added another 10 routes for the upcoming summer and autumn, in addition to the 20 new routes announced in the first quarter. We have inaugurated three new direct intercontinental routes, from Aalborg to New York, from Gothenburg to New York, and from Copenhagen to New York. We are also resuming traffic to Tokyo in June, and as announced after the quarter ended, we are bringing back a direct route from Copenhagen to Bangkok, Thailand as well as adding weekly flights to Agadir, Morocco, starting this autumn.

We are making progress in our Chapter 11 process in the US and in reaching our overall targets in the SAS FORWARD plan. During the quarter, we took the next key step in SAS FORWARD – initiating the equity solicitation process. We are running a competitive and broad solicitation process to secure capital that will help drive our airline forward and facilitate our emergence from the Chapter 11 process in the US.



Anko van der Werff, President & CEO

## QUARTERLY RESULTS

SAS noted a continued positive trend for passenger demand through the second quarter. The total number of passengers increased 36.2 percent year-on-year. Our RPK increased 39.0 percent while capacity increased 25.2 percent, compared with the same period last year. Our flown load factor of 74.3 percent was up 7.4 percentage points on the same period last year.

Earnings before tax ended at negative SEK 1.4 billion, representing a year-on-year improvement of SEK 143 million. Jet-fuel prices and currency exchange rates continue to bring strong headwinds for our business.

Cost reductions across the business remain in focus to secure our cost competitiveness. Total operating expenses for the quarter ended at SEK 9.9 billion. Total operating revenue landed at SEK 9.0 billion for the quarter, a year-on-year improvement of approximately SEK 1.9 billion.

The cash balance at the end of the quarter was SEK 5.6 billion. Operational cash flow during the quarter amounted to an inflow of SEK 2.5 billion, up slightly year-on-year.

## UPDATE ON SAS' TRANSFORMATION PLAN

We launched our comprehensive business transformation plan SAS FORWARD in conjunction with the publication of the first quarter report for FY2022, in the end of February 2022. The aim of the plan is to secure long-term competitiveness for SAS in the global aviation industry. On July 5, 2022, to accelerate the implementation of SAS FORWARD, we announced that we had voluntarily filed for Chapter 11 in the US, a well-established and flexible legal framework for restructuring businesses with operations in multiple jurisdictions.

Through this process, we aim to reach agreements with key stakeholders, restructure the company's debt obligations, reconfigure our aircraft fleet and emerge with a significant capital injection.

In the second quarter, we took the next key step in the SAS FORWARD plan by starting the equity solicitation process. The procedures governing the equity solicitation process were approved by the US court on May 15 and we are now running a competitive and broad solicitation process to secure capital that will help drive our airline forward and facilitate our emergence from the Chapter 11 process. Simultaneously, we continue to engage with our different stakeholders and work toward building consensus for a reorganization plan. We target to complete the Chapter 11 process in the US in the latter part of the second half of 2023.

During the quarter, we also entered into new sale and leaseback agreements for ten new Airbus A320neo aircraft with Aviation Capital Group, thereby securing competitive financing for our renewed fleet of modern and fuel-efficient aircraft.

## STEPS TOWARDS FOSSIL-FREE AVIATION

SAS aims to decarbonize aviation and progress on this ambitious plan can only be achieved through collaboration. By involving our customers and teaming up with them, we can reduce CO<sub>2</sub> emissions and enable more large-scale production of sustainable aviation fuels. In February, the Danish company DSV joined SAS' Corporate Sustainability Program, meaning that DSV will buy sustainable aviation fuel for all its corporate travel with SAS for 2023. Moreover, in late April, we signed an agreement with Sundsvall Municipality through which Sundsvall becomes the first municipality in Sweden to only purchase biofuel tickets for all business travel flights for its employees. We hope that our new partnerships

will inspire other companies and municipalities to reduce their air travel emissions while contributing to driving the transition toward sustainable aviation.

In the beginning of April, we also launched two ticket types that include biofuel, available on all domestic, Scandinavian and European flights. This means that travelers buying Go Smart or Plus Pro can purchase tickets with 50 percent Sustainable Aviation Fuel (SAF such as biofuel) – to lower the CO<sub>2</sub> emissions of their SAS trip. SAS aims to use fossil-free aviation fuel equivalent to all our domestic flights by 2030, a journey we are making together with our passengers. We are, therefore, making it even easier for our travelers to be part of the journey toward more sustainable air travel by launching tickets that include the maximum allowed amount of biofuel.

During the quarter, SAS was yet again voted the most sustainable company in the aviation industry in Sweden, according to the extensive brand survey Sustainable Brand Index. SAS is a driving force in sustainable aviation, and we are working hard to cut emissions. This award is proof that we are on the right track, and SAS will continue to invest in modern fuel-efficient aircraft, sustainable aviation fuels, emerging technologies, and sustainable products and services.

## SAS WON WEBBY AWARD FOR REDESIGNED APP

In April, SAS' redesigned app won a prestigious Webby Award, a leading international award honoring excellence on the Internet. SAS' award-winning app contains a range of new features, such as a simplified booking process, travel recommendations, real-time flight updates, and easy access to boarding passes and travel documents. The award serves as a validation of our dedication to provide exceptional digital solutions for our customers.

## NEW ROUTES AND DESTINATIONS

As part of SAS' strategy to strengthen our offering for Scandinavian travelers, we have increased our capacity with another 10 routes for the upcoming summer and autumn as well as adding frequencies to popular destinations. The new routes are an addition to the 20 new routes announced in the first quarter this year. As of June, we are also resuming traffic to Haneda, Tokyo three times a week.

US destinations continue to generate demand for additional and more frequent departures, and during the quarter, we inaugurated three new routes to New York. The new route from Copenhagen airport to John F. Kennedy International Airport was inaugurated in February and the intercontinental routes from Gothenburg and Aalborg to New York were inaugurated in April.

We are bringing back a direct route from Copenhagen to Bangkok, starting this autumn, which we announced after the quarter ended. Thailand and the Scandinavian countries have a long history of friendship and cooperation and I know that many of our customers have been asking for this. As announced on May 10, SAS is also returning to Africa for the first time in decades, through weekly flights to Agadir, Morocco, starting in November. SAS will fly to Agadir both from Copenhagen and from Stockholm during the winter season until the end of March 2024, offering a convenient timetable with daytime departure and arrival.

## SAS' AIRCRAFT FOR MEDICAL EVACUATION OF WAR VICTIMS FROM UKRAINE

As part of the EU Civil Protection Mechanism, SAS has provided aircraft for the evacuation of wounded and critically ill patients from Ukraine since the invasion started in 2022. Through a long-standing agreement with the Norwegian Armed Forces and Directorate of Health, SAS has converted a regular Boeing 737 aircraft into a hospital evacuation aircraft, which takes war victims from an evacuation center in Poland to hospitals across Europe. Through this collaboration, we have evacuated well over 1,000 war victims using the SAS aircraft on a near-weekly basis. We are immensely proud to be part of this mission and we believe that it truly demonstrates the importance of aviation in a crisis.

## LOOKING AHEAD

We are entering the busy summer season with added capacity through a large number of new routes and frequencies, and we look forward to welcoming our passengers on board and flying them to their holiday destinations.

We continue to make steady progress with SAS FORWARD and our Chapter 11 process in the US. We expect to complete the equity solicitation process after the summer, and we are engaging with our different stakeholders to build consensus for a plan of reorganization. We currently target to emerge from the Chapter 11 process in the latter part of the second half of 2023.

We have a busy period ahead of us as we are entering the summer season. My colleagues at SAS are working hard to ensure that we take the best possible care of our customers and I am hugely grateful for all their efforts.

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

Anko van der Werff  
President & CEO  
Stockholm, June 1, 2023

# COMMENTS ON SAS' FINANCIAL STATEMENTS

## INCOME STATEMENT, SUMMARY Q1–Q2 2023

MSEK Income statement	Nov–Apr 22–23	Nov– Apr 21–22	Change vs LY	Cur- rency effects	Change vs LY (Curr. adj)
Revenue	16,851	12,593	4,258	382	3,876
Total operating expenses	-20,471	-14,685	-5,786	-976	-4,810
Operating income (EBIT)	-3,620	-2,092	-1,528	-594	-934
Income before tax (EBT)	-3,863	-4,154	291	1,873	-1,582

### Revenue

Revenue totaled MSEK 16,851 (12,593), see Note 2. Currency-adjusted revenue was up MSEK 3,876 year-on-year. The increase in revenue mainly related to increased production and increased demand.

Currency-adjusted passenger revenue rose 48%. 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 1,954. The higher load factor had a positive effect of MSEK 1,816. The higher yield had a positive impact of MSEK 297 on passenger revenue.

Currency-adjusted cargo revenue decreased MSEK 296 and currency-adjusted charter revenue was up MSEK 97 year-on-year. Other traffic revenue (currency-adjusted) was MSEK 313 lower.

Other operating revenue (currency-adjusted) was up MSEK 324 year-on-year, mainly as a consequence of

higher revenue from sales of EuroBonus points and other volume-related revenues.

### Operating expenses

Personnel expenses amounted to MSEK -3,863 (-3,401). After adjustment for currency, personnel expenses increased MSEK 374 year-on-year. The increase was mainly due to more employees.

Jet-fuel costs amounted to MSEK -4,901 (-2,810). Adjusted for currency, jet-fuel costs increased 54%. Volume effects had a negative impact on costs of MSEK 901. An increase in the jet-fuel price and currency effects had negative impacts on costs of MSEK 323 and MSEK 416, respectively. The cost of emission rights increased by MSEK 304 year-on-year.

Air traffic charges amounted to MSEK -1,580 (-1,191). Adjusted for currency, air traffic charges increased 27%. The increase pertained mainly to higher traffic volumes.

Other external expenses amounted to MSEK -8,041 (-5,025), see Note 3. Year-on-year, other external expenses (currency-adjusted) increased MSEK 2,552. The increase pertained primarily to higher costs for sales and distribution, technical maintenance and administrative services. Currency-adjusted sales and distribution costs increased MSEK 419, primarily due to higher volumes. Technical maintenance costs (currency-adjusted) increased MSEK 539. Costs for administrative services increased MSEK 554 (currency-adjusted) and include advisory fees for the ongoing Chapter 11 process.

Depreciation, amortization and impairment amounted to MSEK -2,247 (-2,345), a decrease of MSEK 98 year-on-year. See Note 4.

### Financial net

Financial income and expenses amounted net to MSEK -243 (-2,062), representing a decrease in net expenses of MSEK 1,819 year-on-year. The decrease mainly related to currency revaluations for lease liabilities, which had a positive impact of MSEK 1,107 this year, compared with a negative impact of MSEK 1,357 last year. Other year-on-year changes of MSEK -645 were mainly the result of increased costs as the result of DIP financing. See Note 5.

### Net income for the period

Operating income amounted to MSEK -3,620 (-2,092) and EBT amounted to MSEK -3,863 (-4,154).

Net income for the period was MSEK -4,234 (-3,962) and tax for the period amounted to MSEK -371 (192). 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 382 and a negative effect on operating expenses of MSEK 976. Foreign exchange rates thus had a negative impact on operating income of MSEK 594. Net financial items were positively impacted by currency items amounting to MSEK 2,467. In total, currency effects had a net positive impact of MSEK 1,873 on income before tax.

### Items affecting comparability

Total items affecting comparability amounted to MSEK 149 (80) during the period and pertained to sale and leaseback transactions for six A320 and one engine, and the rejection of lease contracts under the Chapter 11 process. Last year, the item primarily comprised capital gains on the sale of three 737-800 aircraft and sale and leaseback transactions for three A320 aircraft and two spare engines.

### INCOME STATEMENT, SUMMARY Q2 2023

MSEK Income statement	Feb–Apr 22–23	Feb–Apr 21–22	Change vs LY	Cur- rency effects	Change vs LY (Curr. adj)
Revenue	8,955	7,048	1,907	85	1,822
Total operating expenses	-9,941	-7,811	-2,130	-375	-1,755
Operating income (EBIT)	-986	-763	-223	-290	67
Income before tax (EBT)	-1,414	-1,557	143	363	-220

### Revenue

Revenue totaled MSEK 8,955 (7,048), see Note 2. Currency-adjusted revenue was up MSEK 1,822 year-on-year. The increase in revenue mainly related to increased production and increased demand.

Currency-adjusted passenger revenue rose 41%. 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 1,301. The higher load factor had a positive effect of MSEK 717. The lower yield had a negative effect of MSEK 49 on passenger revenue.

Currency-adjusted cargo revenue decreased MSEK 162 and currency-adjusted charter revenue was up

MSEK 32 year-on-year. Other traffic revenue (currency-adjusted) was MSEK 145 lower.

Other operating revenue (currency-adjusted) was up MSEK 129 year-on-year, mainly as a consequence of higher revenue from sales of EuroBonus points and other volume-related revenues.

### Operating expenses

Personnel expenses amounted to MSEK -1,929 (-1,749). After adjustment for currency, personnel expenses increased MSEK 163 year-on-year. The increase was mainly due to more employees.

Jet-fuel costs amounted to MSEK -2,420 (-1,674). Adjusted for currency, jet-fuel costs increased 32%. Volume effects had a negative impact on costs of MSEK 511. Lower jet-fuel prices had a positive impact of MSEK 206. Negative currency effects increased expenses by MSEK 179. The cost of emission rights increased by MSEK 106 year-on-year.

Air traffic charges amounted to MSEK -855 (-622). Adjusted for currency, air traffic charges increased 34%. The increase pertained mainly to higher traffic volumes.

Other external expenses amounted to MSEK -3,793 (-2,663), see Note 3. Year-on-year, other external expenses (currency-adjusted) increased MSEK 947. The increase pertained primarily to higher costs for sales and distribution, technical maintenance and handling costs. Currency-adjusted sales and distribution costs increased MSEK 208, primarily due to higher volumes. Technical maintenance costs (currency-adjusted) increased MSEK 275. Currency-adjusted handling costs increased MSEK 198.

Depreciation, amortization and impairment amounted to MSEK -1,099 (-1,162), a decrease of MSEK 63 year-on-year. See Note 4.

### Financial net

Financial income and expenses amounted net to MSEK -428 (-794), representing a year-on-year decrease in net expenses of MSEK 366. The decline mainly related to currency revaluations for lease liabilities, which had a positive impact of MSEK 222 this year, compared with a negative impact of MSEK 428 last year. Other year-on-year changes of MSEK -284 were mainly the result of increased costs as the result of DIP financing. See Note 5.

### Net income for the period

Operating income amounted to MSEK -986 (-763) and EBT amounted to MSEK -1,414 (-1,557).

Net income for the period was MSEK -1,525 (-1,520) and tax for the period amounted to MSEK -111 (37). 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 85 and a negative effect on operating expenses of MSEK 375. Foreign exchange rates thus had a negative impact on operating income of MSEK 290. Net financial items were positively impacted by currency items amounting to MSEK 653. In total, currency effects had a net positive impact of MSEK 363 on EBT.

### Items affecting comparability

Total items affecting comparability amounted to MSEK 147 (56) during the period and pertained to sale and leaseback transactions for four A320 aircraft and the rejection of lease contracts under the Chapter 11

process. Last year, the item primarily comprised capital gains on the sale of one 737-800 aircraft and sale and leaseback transactions for three A320 aircraft.

## **BALANCE SHEET & FINANCIAL POSITION**

### **Assets**

*Intangible and tangible fixed assets* have decreased MSEK 4,630 since October 31, 2022. Changes for the period included investments of MSEK 2,850, amortization and depreciation of MSEK -565, sales of MSEK -3,288 and other effects of MSEK -3,626. The amount for investments included advance payments of MSEK 657 as well as delivery payments for six Airbus A320 aircraft of MSEK 2,016 which were sold and leased back. Other investments totaled MSEK 177 and comprised capitalized expenditures for engine maintenance and modifications. Other effects included rejection of lease contracts regarding two A350 aircraft under Chapter 11 of about MSEK -3,000 and translation differences of slightly more than MSEK -620.

*Right-of-use assets* increased MSEK 202 during the period. New leases amounted to MSEK 2,319, and were mainly related to new leases for six A320 aircraft, three E195 aircraft and one spare engine. Changes in indexation and modification as well as the rejection of lease contracts decreased net assets by MSEK -425, and depreciation totaled MSEK -1,682. Currency effects amounted to MSEK -10.

*Financial assets* decreased MSEK 1,943, mainly due to remeasurements for SAS' defined-benefit pension plans.

*Deferred tax assets* decreased by MSEK 59. The decrease was primarily due to the effects of currency revaluations of lease liabilities. No loss carryforwards were capitalized in the quarter.

*Current receivables* increased MSEK 1,920. This increase was mainly attributable to increased accounts receivable and blocked bank funds.

*Cash and cash equivalents* were MSEK 5,563 (8,654) as of April 30, 2023. Unutilized contracted credit facilities amounted to MSEK 3,601 (3,849). Financial preparedness amounted to 37% (60) of SAS' fixed costs.

### **Shareholders' equity and liabilities**

*Shareholders' equity* decreased MSEK 5,824 to MSEK -5,062. The decrease pertained mainly to net income for the period of MSEK -4,234, changes in cash-flow hedges of MSEK +63 and the negative actuarial effect on defined-benefit pension plans of MSEK 1,573.

*Non-current liabilities* decreased MSEK 5,129 and *current liabilities* increased MSEK 3,321. The total decrease in liabilities was MSEK 1,808 and was mainly due to amortization, depreciation, currency revaluation and the rejection of two A350 aircraft under Chapter 11. The decrease in liabilities was offset by new borrowing, accrued interest and an increase in the unearned transportation liability.

### **Interest-bearing liabilities**

On April 30, 2023, interest-bearing liabilities amounted to MSEK 40,130 (45,520), a decrease of MSEK 5,390 since October 31, 2022. New loans and amortization for the period were MSEK 1,585 and MSEK 2,771, respectively. New loans and amortization of lease liabilities were MSEK 2,482 and MSEK 1,398, respectively. The rejection of lease contracts as part of the Chapter 11 process has reduced debt with just over MSEK 3,600. Currency revaluations decreased liabilities by about MSEK 2,200, and other items, primarily accrued interest, resulted in a net increase in liabilities of about MSEK 600.

### **Financial net debt**

On April 30, 2023, financial net debt amounted to MSEK 30,382 (33,657), a decrease of MSEK 3,275 since October 31, 2022. The decrease was primarily attributable to the positive cash flow before financing activities of MSEK 1,075, currency revaluations of about MSEK 2,000 and the rejection of lease contracts as part of the Chapter 11 process that reduced debt with just over MSEK 3,600. The decrease was offset by a negative effect of new lease liabilities of MSEK 2,482.

### **Key figures**

As of April 30, 2023, the return on invested capital (ROIC) was -12%, down 4 percentage points since October 31, 2022. The decrease was mainly due to a deterioration in EBIT.

Financial preparedness was 37% (60) at the end of the period. A lower cash position together with higher fixed costs were the reasons for the change in the key figure.

The financial net debt/adjusted EBITDA ratio was negative as of April 30, 2023. On October 31, 2022, the multiple was 23.3.

On April 30, 2023, the equity/assets ratio amounted to -9%, compared with 1% on October 31, 2022. 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 -3,094 (4,208). Cash and cash equivalents amounted to MSEK 5,563, compared with MSEK 8,654 on October 31, 2022.

### Cash flow from operating activities

Cash flow from operating activities before changes in working capital amounted to MSEK -2,432 (-784) for the period. The decreased cash flow mainly pertained to lower currency-adjusted earnings.

The change in working capital was positive for the period and amounted to MSEK 3,236 (3,129). The positive outcome for the period was mainly the result of an increased unearned transportation liability as the result of increased ticket sales, but was partially offset by increased accounts receivable and compensation payments for canceled and delayed flights.

Cash flow from operating activities for the period amounted to MSEK 804 (2,345).

### Investing activities

Investments totaled MSEK 2,907 (2,273), of which the majority MSEK 2,850 (2,273) pertained to aircraft and MSEK 57 (0) pertained to acquired subsidiaries that own three properties with smaller carrying amounts by Kastrup, which were previously leased by SAS.

Other investments for the period comprised six A320 aircraft, capitalized expenditure for aircraft maintenance, modifications and advance payments to Airbus.

During the period, one engine and six A320 aircraft were sold and leased back, generating inflows of MSEK 3,178 (2,135).

### Financing activities

New loans amounted to MSEK 1,585 (4,781), while repayments totaled MSEK 2,771 (1,514). Amortization of lease liabilities totaled MSEK 1,398 (1,440).

### PARENT COMPANY

The Parent Company SAS AB conducts extremely limited intra-Group services. Revenue totaled MSEK 632 (25) and operating expenses MSEK -706 (-121). Net financial items totaled MSEK 226 (114) and impairment of shares in subsidiaries amounted to MSEK -1,840 (-). Net income for the period was MSEK -1,688 (18).

### 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 must 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

- SAS entered into new sale and leaseback agreements with Aviation Capital Group, securing long-term financing for 10 new Airbus A320neo aircraft.
- On April 6, 2023, SAS took the next step in its transformation plan SAS FORWARD by initiating a process to solicit equity investment in the reorganized company. SAS is conducting a competitive and broad solicitation process to secure the best available terms and conditions for new equity capital. In conjunction with the initiation of the solicitation process, SAS announced updated financial projections, read more on page 10.
- SAS announced that the company will not utilize the second tranche of its debtor-in-possession ("DIP") term loan during the second quarter of fiscal year



2023. Following a stronger than expected development of SAS' liquidity position during the winter, SAS has no near-term need for additional liquidity through the second tranche of the DIP term loan.

- SAS currently aims to complete its court-supervised process in the US during the latter part of the second half of 2023. Given the substantial debt reductions or conversions anticipated, combined with the need for substantial new equity capital, SAS currently expects that there will be only modest recovery for general unsecured creditors and little or no recovery for subordinated unsecured creditors upon emergence from the Chapter 11 process, and that there will be no or very little value for existing shareholders in SAS AB at the end of the company's restructuring proceedings.

**EVENTS AFTER APRIL 30, 2023**

- On May 10, 2023, the General Court of the Court of Justice of the European Union, announced its ruling regarding the Swedish and Danish states' participation in the recapitalization of SAS in connection with the COVID-19 pandemic in 2020. The General Court states in its ruling that the decision by the European Commission to approve the states' participation in the recapitalization of SAS did not comply with EU state aid rules. The ruling has no immediate consequences for SAS and has no effect on SAS' flight schedule or bookings. The ruling does not change SAS' expectations of obtaining final approval for the various measures taken since 2020, including the states' participation in the ongoing Chapter 11 process. Together with the states, SAS is analyzing the ruling as well as possible ways to proceed.
- On May 15, 2023, SAS received court approval for the company's equity solicitation procedures.

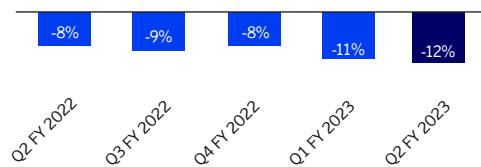
**DEMAND RECOVERY AND MARKET COMPETITION**

The outbreak of the COVID-19 pandemic has entailed the greatest challenge ever for the aviation industry. Demand for air travel contracted drastically and the recovery following the pandemic's outbreak has progressed slower than expected. Moreover, the recovery has been negatively affected by Russia's invasion of Ukraine in February 2022 and the resultant consequences.

SAS' assessment in September 2022 was that demand for short-haul leisure travel, in terms of passenger numbers, would return to pre-Covid levels in fiscal year 2024, that demand for short-haul business travel was expected to level off at approximately 80% of pre-Covid levels, and that demand for long-haul leisure travel would recover faster than for long-haul business travel. SAS has since improved its long-term expectations for passenger demand, and also expects a faster capacity rebound, which underpins the updated financial projections published on April 6, 2023 and which are presented below.

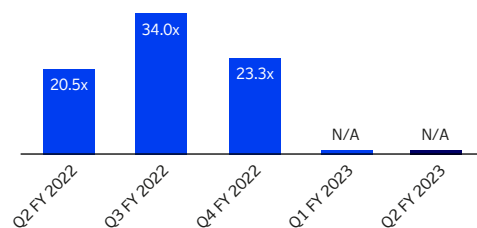
**RETURN ON INVESTED CAPITAL (ROIC), 12-MONTH ROLLING, %**

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.



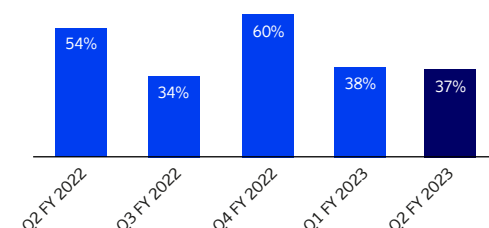
**FINANCIAL NET DEBT/ADJUSTED EBITDA**

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.



The Scandinavian air travel market has three customer segments:

1. customers whose primary focus is the price of the offering;
2. customers who want a high quality offering but who remain price sensitive; and
3. customers who value the quality of the offering highly.

Based on this segmentation, SAS has primarily operated in the third segment historically, namely the premium segment. In the last few years, the premium segment's share of the total market has declined and, in coming years, SAS expects this trend to continue. However, the other two segments, that is the low-cost segments, have posted a more positive trend driven by the expansion of several low-cost carriers in the Scandinavian market. This trend started prior to the COVID-19 pandemic and is expected to continue. This has resulted in increased competition in the Scandinavian market and SAS needing to reduce its unit cost per available seat kilometer ("CASK"), after adjustment for changes in fuel prices, to remain competitive.

## FINANCIAL PROJECTIONS

In accordance with the financial projections announced on April 6, 2023, SAS expects revenue to exceed SEK 40 billion in fiscal year 2023 and to return to pre-Covid levels in fiscal year 2024. In fiscal year 2026, revenue is expected to reach approximately SEK 58 billion.

Further, SAS expects an adjusted negative EBT<sup>1</sup> of approximately SEK 4–5 billion in fiscal year 2023, given that many of the cost-efficiencies of the SAS FORWARD plan are either ramping up over fiscal year 2023, or have been implemented but cannot be recognized in the company's financial results until post emergence from the Chapter 11 process, including cost savings resulting from the fleet restructuring. SAS expects to reach positive EBT in fiscal year 2024, increasing to approximately SEK 5–6 billion in fiscal year 2026, corresponding to an EBT margin of approximately 9–10%, when the SAS FORWARD plan is expected to have been fully implemented.

In 2023, debt or debt-like items of SEK 20 billion are expected to have been converted into equity of the reorganized SAS or otherwise substantially reduced in value to such creditors through the Chapter 11 process. After emergence, SAS expects its net debt to be at approximately SEK 17 billion (the majority of debt comprised of aircraft debt and lease liabilities). Assuming successful completion of the SAS FORWARD plan, SAS expects to attain a strong financial position and to be close to net debt free by the end of fiscal year 2026. Assuming a raise of SEK 9.5 billion, as modified by actual liquidity results of the company and its liquidity demands upon exit, SAS expects its liquidity level to significantly exceed the estimated 15%, which was stated in the financial projections published in September 2022. This is a result of stronger cash

generation over this past winter due to a continued strong sales and revenue performance. That liquidity is expected to remain at such higher levels throughout the entire period of the financial projections (subject to factors such as the company's financial performance, actual size of equity capital raise, any changes in future fleet plan or other material capital expenditures).

*The financial information set forth above is not a guarantee of future performance. Even though the financial information reflects SAS' current beliefs and expectations, it is subject to material uncertainties and factors, e.g., fuel prices, foreign exchange rates, inflation, demand recovery and supply chain instability, that could cause actual results to differ materially from the financial information above. The financial information is premised upon a successful progression and execution of the SAS FORWARD plan, and a demand recovery in line with expectations as described above. Furthermore, the current assessment of the financial projections is based on the following foreign exchange rate assumptions: An exchange rate of 10.22 SEK/USD through the end of fiscal year 2023, 9.48 SEK/USD for fiscal year 2024 and 8.75 SEK/USD for fiscal year 2025 and beyond; and the following fuel price assumption: an average of USD 914/MT (previously USD 946/MT) for the remaining months of the fiscal year 2023, which will gradually fall before the end of the fiscal year 2025 before expected to remain at a constant USD 676/MT for fiscal year 2026 and beyond. All numbers are presented on a consolidated basis for the SAS Group.*

<sup>1</sup>Earnings before tax, excluding capital gains or losses, or other gains or losses related to the completion of the Chapter 11 process.

# 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 three years, the COVID-19 pandemic has significantly affected the whole aviation industry, including SAS. 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. 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 2022, page 102, critical accounting estimates and key sources of estimation uncertainty include: Impairment of assets; Pensions; Deferred taxes; Assumptions regarding right-of-use assets – aircraft; Hybrid bonds; Litigations; Claims in connection with Chapter 11 and the pilot strike.

Currency and jet-fuel hedging is described below and the impact of the COVID-19 pandemic is described on page 19 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

## SENSITIVITY ANALYSIS, JET-FUEL COST NOV 2022–OCT 2023, SEK BILLION

Market price	Exchange rate SEK/USD				
	9.5	10.0	10.5	11.0	11.5
USD 700/MT	9.4	9.6	9.9	10.1	10.4
USD 800/MT	9.9	10.2	10.5	10.7	11.0
USD 900/MT	10.5	10.8	11.0	11.3	11.6
USD 1,000/MT	11.0	11.3	11.6	11.9	12.3
USD 1,100/MT	11.5	11.9	12.2	12.6	12.9

*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.*

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 FY 2023 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 2023 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 45% of its anticipated USD cash flow deficit for the next 12 months. SAS normally hedges the USD deficit using forward contracts and currency options. In terms of NOK, which is SAS' largest surplus currency, 40% 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 77, excluding hedge effects. A weakening of the USD against the SEK of 1% would generate a positive earnings impact of MSEK 151, excluding hedge effects, before any potential IFRS 16 effects.

With the adoption 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 correspond 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 1,791 and the USD rate as of April 30, 2023, a weakening of the USD against the SEK of 1% would generate a positive earnings impact of approximately MSEK 153 in profit or loss and a positive effect in OCI of approximately MSEK 31.

### **CHAPTER 11 PROCESS**

SAS is making steady progress with 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 the airline is able to continue airline operations as normal. The Chapter 11 process is a legal process under the supervision of the US federal court system, which many large international airlines based outside of the US have successfully used over the years to reduce their costs and complete financial restructurings. 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 has entered a Debtor-in-Possession (DIP) term loan agreement for USD 700 million (corresponding to approximately SEK 7.0 billion) with funds managed by Apollo Global Management, which provides SAS with a strong financial position to maintain operations throughout the Chapter 11 process. DIP financing is a specialized type of bridge financing used by businesses that are restructuring through a Chapter 11 process. The DIP term loan agreement, which was approved by the US court in mid-September 2022, is divided into two equally large tranches, of which the first was utilized by SAS in September 2022. Following a stronger than expected development of SAS' liquidity position during the winter of fiscal year 2023, SAS has no near-term need for additional liquidity and accordingly, did not utilize the second tranche of the DIP term loan in the second quarter of fiscal year 2023. SAS may, depending on the continued development of SAS' liquidity position, continue discussions with Apollo Global Management regarding access to the second tranche of the DIP term loan at a later stage of the Chapter 11 process. In the meantime, the company will continue to pursue other normal course financing

initiatives that if closed, will supplement the company's liquidity at a lower all-in cost than a near-term utilization of the second tranche of the DIP term loan.

During the quarter, SAS took the next step in SAS FORWARD and the Chapter 11 process by initiating a process to solicit equity investment in the reorganized company. The procedures governing the equity solicitation process were approved the US Bankruptcy Court for the Southern District of New York after the end of the quarter, on May 15, 2023. Through these procedures, SAS will run a competitive and broad solicitation process to secure the best available terms and conditions for new equity capital. Potential investors can place bids to take a lead position or be paired with other investors in acquiring equity interests of the reorganized SAS. The company has previously stated that it aims to raise at least SEK 9.5 billion of equity financing. However, the final amount of equity financing raised will depend upon the competitive equity solicitation process along with the company's ongoing ability to generate additional liquidity.

SAS currently aims to complete its court-supervised process in the US during the latter part of the second half of 2023. Given the substantial debt reductions or conversions (concerning receivables of approximately SEK 20 billion) anticipated, combined with the need for substantial new equity capital, SAS currently expects that there will be only modest recovery for general unsecured creditors and little or no recovery for subordinated unsecured creditors upon emergence from the Chapter 11 process, and that there will be no or very little value for existing shareholders in SAS AB at the end of the company's restructuring proceedings.

**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 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	Q2		Q1-Q2	
		Feb-Apr 2023	Feb-Apr 2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022
Revenue	2	8,955	7,048	16,851	12,593
Personnel expenses		-1,929	-1,749	-3,863	-3,401
Jet-fuel costs		-2,420	-1,674	-4,901	-2,810
Air traffic charges		-855	-622	-1,580	-1,191
Other external expenses	3	-3,793	-2,663	-8,041	-5,025
Depreciation, amortization and impairment	4	-1,099	-1,162	-2,247	-2,345
Income from shares in affiliated companies		8	3	12	7
Income from sale and return of aircraft, and other non-current assets		147	56	149	80
<b>Operating income (EBIT)</b>		<b>-986</b>	<b>-763</b>	<b>-3,620</b>	<b>-2,092</b>
Financial income and expenses	5	-428	-794	-243	-2,062
<b>Income before tax (EBT)</b>		<b>-1,414</b>	<b>-1,557</b>	<b>-3,863</b>	<b>-4,154</b>
Tax		-111	37	-371	192
<b>Net income for the period</b>		<b>-1,525</b>	<b>-1,520</b>	<b>-4,234</b>	<b>-3,962</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		-68	11	-80	109
Cash-flow hedges, net after tax		114	-153	63	-491
<i>Items that will not be reversed to net income:</i>					
Revaluations of defined-benefit pension plans, net after tax		-1,050	31	-1,573	100
<b>Total other comprehensive income, net after tax</b>		<b>-1,004</b>	<b>-111</b>	<b>-1,590</b>	<b>-282</b>
<b>Comprehensive income for the period</b>		<b>-2,529</b>	<b>-1,631</b>	<b>-5,824</b>	<b>-4,244</b>
<i>Attributable to Parent Company shareholders:</i>					
Net income for the period		-1,525	-1,520	-4,234	-3,962
Comprehensive income for the period		-2,529	-1,631	-5,824	-4,244
Earnings per common share before and after dilution (SEK) <sup>1</sup>		-0.21	-0.21	-0.58	-0.55

<sup>1</sup> Earnings per common share are calculated as net income for the period attributable to Parent Company shareholders as well as 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	Q2		Q1-Q2	
	Feb-Apr 2023	Feb-Apr 2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022
Income before tax (EBT)	-1,414	-1,557	-3,863	-4,154
Rejection of lease contracts in Chapter 11	-155	-	-160	-
Capital gains/losses <sup>1</sup>	8	-56	11	-80
<b>Income before tax and items affecting comparability</b>	<b>-1,561</b>	<b>-1,613</b>	<b>-4,012</b>	<b>-4,234</b>

<sup>1</sup> Capital gains/losses include aircraft and engine sales amounting to MSEK -11 (80), of which sale and leaseback amounted to MSEK -11 (-7) in the November-April period.

# CONSOLIDATED BALANCE SHEET

## CONDENSED BALANCE SHEET

MSEK	Apr 30, 2023	Oct 31, 2022	Apr 30, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	632	692	709
Tangible assets	13,726	18,296	19,291
Right-of-use assets	18,042	17,840	16,947
Financial assets	8,904	10,847	8,314
Deferred tax assets	1,569	1,628	1,367
<b>Total non-current assets</b>	<b>42,873</b>	<b>49,303</b>	<b>46,628</b>
<b>Current assets</b>			
Inventories and expendable spare parts	288	319	419
Current receivables	6,801	4,881	3,922
Cash and cash equivalents	5,563	8,654	8,478
<b>Total current assets</b>	<b>12,652</b>	<b>13,854</b>	<b>12,819</b>
<b>TOTAL ASSETS</b>	<b>55,525</b>	<b>63,157</b>	<b>59,447</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total shareholders' equity</b>	<b>-5,062</b>	<b>762</b>	<b>2,172</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	12,368	16,627	17,157
Interest-bearing lease liabilities	16,727	17,686	15,063
Other non-current liabilities	4,372	4,283	4,024
<b>Total non-current liabilities</b>	<b>33,467</b>	<b>38,596</b>	<b>36,244</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	7,157	7,379	5,233
Interest-bearing lease liabilities	3,878	3,828	3,094
Other current liabilities	16,085	12,592	12,704
<b>Total current liabilities</b>	<b>27,120</b>	<b>23,799</b>	<b>21,031</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>55,525</b>	<b>63,157</b>	<b>59,447</b>
Interest-bearing assets	17,249	21,114	17,768
Interest-bearing liabilities	40,129	45,519	40,547
Working capital	-14,607	-11,692	-12,026

## SPECIFICATION OF FINANCIAL NET DEBT, APRIL 30, 2023

	According to balance sheet	Of which financial net debt
Financial assets	8,904	590
Current receivables	6,801	3,594
Cash and cash equivalents	5,563	5,563
Non-current liabilities	33,467	29,095
Current liabilities	27,120	11,034
<b>Financial net debt</b>		<b>30,382</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>	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, 2021	8,650	2,899	511	-192	7,615	-13,067	6,416
Net income for the period						-3,962	-3,962
Comprehensive income for the period			-491	109		100	-282
Closing balance, April 30, 2022	8,650	2,899	20	-83	7,615	-16,929	2,172
Hybrid bond interest <sup>2</sup>						-	-
Net income for the period						-3,086	-3,086
Comprehensive income for the period			-264	103		1,837	1,676
Closing balance, October 31, 2022	8,650	2,899	-244	20	7,615	-18,178	762
Hybrid bond interest <sup>3</sup>						-	-
Net income for the period						-4,234	-4,234
Comprehensive income for the period			63	-80		-1,573	-1,590
Closing balance, April 30, 2023	8,650	2,899	-181	-60	7,615	-23,985	-5,062

<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 366 that have been deferred according to press releases on April 7, 2022 and October 13, 2022.

<sup>3</sup> Due interest payments of MSEK 273 that have been deferred according to press release April 13, 2023.



# CONSOLIDATED CASH-FLOW STATEMENT

## CONDENSED CASH-FLOW STATEMENT

MSEK	Q2	Q2	Q1-Q2	Q1-Q2
	Feb-Apr 2023	Feb-Apr 2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022
<b>OPERATING ACTIVITIES</b>				
Income before tax (EBT)	-1,414	-1,557	-3,863	-4,154
Depreciation, amortization and impairment	1,099	1,162	2,247	2,345
Income from sale of aircraft and buildings	-147	-56	-149	-80
Adjustment for other non-cash items, etc.	203	343	-667	1,105
Tax paid	0	0	0	0
<b>Cash flow from operations before change in working capital</b>	<b>-259</b>	<b>-108</b>	<b>-2,432</b>	<b>-784</b>
Change in working capital	2,748	2,567	3,236	3,129
<b>Cash flow from operating activities</b>	<b>2,489</b>	<b>2,459</b>	<b>804</b>	<b>2,345</b>
<b>INVESTING ACTIVITIES</b>				
Investments including advance payments to aircraft manufacturers	-1,706	-1,416	-2,850	-2,273
Acquisition of subsidiaries and affiliated companies	0	0	-57	0
Sale of fixed assets, etc.	1,980	1,556	3,178	2,135
<b>Cash flow from investing activities</b>	<b>274</b>	<b>140</b>	<b>271</b>	<b>-138</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from borrowings	760	4,692	1,585	4,781
Repayment of borrowings	-1,394	-1,376	-2,771	-1,514
Amortization of lease liabilities	-609	-801	-1,398	-1,440
Fees DIP financing	-15	0	-27	0
Other financing activities	-1,214	-75	-1,558	174
<b>Cash flow from financing activities</b>	<b>-2,472</b>	<b>2,440</b>	<b>-4,169</b>	<b>2,001</b>
<b>Cash flow for the period</b>	<b>291</b>	<b>5,039</b>	<b>-3,094</b>	<b>4,208</b>
Translation difference in cash and cash equivalents	-1	1	3	2
Cash and cash equivalents at beginning of the period	5,273	3,438	8,654	4,268
<b>Cash and cash equivalents at the end of the period</b>	<b>5,563</b>	<b>8,478</b>	<b>5,563</b>	<b>8,478</b>

# PARENT COMPANY SAS AB

The number of shareholders in SAS AB amounted to 259,579 (238,014) on April 30, 2023. The average number of employees amounted to two (two).

## CONDENSED STATEMENT OF INCOME

MSEK	Q1-Q2	
	Nov-Apr 2022-2023	Nov-Apr 2021-2022
Revenue	632	25
Personnel expenses	-18	-14
Other operating expenses	-688	-107
<b>Operating income (EBIT)</b>	<b>-74</b>	<b>-96</b>
Impairment of shares in subsidiaries	-1,840	0
Net financial items	226	114
<b>Income before tax (EBT)</b>	<b>-1,688</b>	<b>18</b>
Tax	0	0
<b>Net income for the period</b>	<b>-1,688</b>	<b>18</b>

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

## CONDENSED BALANCE SHEET

MSEK	Apr 30, 2023	Oct 31, 2022	Apr 30, 2022
Financial non-current assets	19,961	21,920	24,925
Other current assets	841	563	82
Cash and bank balances	1	1	1
<b>TOTAL ASSETS</b>	<b>20,803</b>	<b>22,484</b>	<b>25,008</b>
Shareholders' equity	18,955	20,643	23,370
Non-current liabilities	14	1,623	1,613
Current liabilities	1,834	218	25
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>20,803</b>	<b>22,484</b>	<b>25,008</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 <sup>2</sup>	
Opening shareholders' equity in accordance with approved balance sheet, October 31, 2022	8,650	447	2,729	7,615	1,202	20,643
Net income for the period					-1,688	-1,688
<b>Closing balance, April 30, 2023</b>	<b>8,650</b>	<b>447</b>	<b>2,729</b>	<b>7,615</b>	<b>-486</b>	<b>18,955</b>

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

2) Due interest payments of MSEK 366 pertaining to the 2022 fiscal year that have been deferred according to press releases on April 7, 2022 and October 13, 2022. Additional due interest payments of MSEK 273 that have been deferred according to the April 13, 2023 press release.

## 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

New and amended IFRSs that entered force in November 2022 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.

### 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 pages 10–11 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.

As described on page 12, 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. The Chapter 11 process provides an option to negotiate and reject contracts that were in effect at the beginning of the process. During the period August 2022 to April 2023, SAS has chosen to reject lease contracts pertaining to one B737-700, three A350-900, three A321-200, one A320-200neo and one A330-300 aircraft as well as a number of engines. All of these contract rejections have been approved by the US court. In conjunction with this approval, SAS made the related assets available for retrieval by the applicable leaseholders or lenders, with the consequent effect that the assets and liabilities associated with the contracts were removed from the balance sheet. As a step in the Chapter 11 process, SAS expects the lenders/leaseholders to seek damages for their economic losses and report this to the US court. Due to the uncertainty in outcome, if any, for claims arising under Chapter 11 since these are dependent on the number of claims and the size of the claims, but are also dependent on the restructuring plan that later in the process is required to be approved by the court, SAS has been unable to reliably estimate a corresponding total provision for claims. These claims may be material. SAS has recognized provisions in its financial statements for claims where adequate and reasonable information was available to estimate the liability.

On May 10, 2023, the General Court of the Court of Justice of the European Union, announced its ruling regarding the Swedish and Danish states' participation in the recapitalization of SAS in connection with the COVID-19 pandemic in 2020. The General Court states in its ruling that the decision by the European Commission to approve the states' participation in the recapitalization of SAS did not comply with EU state aid rules. The ruling has no immediate consequences for SAS and has no effect on SAS' flight schedule or bookings. The ruling does not change SAS' expectations of obtaining final approval for the various measures taken since 2020, including the states' participation in the ongoing Chapter 11 process. Together with the states, SAS is analyzing the ruling as well as possible ways to proceed.

### IMPACT OF THE COVID-19 PANDEMIC, THE CHAPTER 11 FILING AND GOING CONCERN ASSUMPTION

Over the past three years, the COVID-19 pandemic has significantly affected the whole aviation industry, including SAS. 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 has led, inter alia, to the closure of Russia's airspace. This also impacts the recovery of traffic to and from Asia among other things. Due to the current market conditions in the aviation industry, estimation remains uncertain.

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, and EBT for the second quarter of fiscal year 2023 amounted to

SEK -1.4 billion. 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. SAS' assessment in September 2022 was that, in terms of passenger numbers, demand for short-haul leisure travel would return to pre-Covid levels in fiscal year 2024, while demand for short-haul business travel was expected to level off at approximately 80 percent of pre-Covid levels, and that demand for long-haul leisure travel would recover faster than for long-haul business travel. SAS has since raised its long-term expectations for passenger demand, and also expects a faster capacity rebound, which underpins the updated financial projections published on April 6, 2023.

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 increased during the quarter, and as of April 30, 2023, the cash position amounted to SEK 5.6 billion.

SAS FORWARD, a plan to strengthen and secure SAS' long-term future position, was launched at the end of February 2022. 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. Redesigning 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 key parts of the SAS FORWARD transformation plan, SAS voluntarily filed for Chapter 11 in the US on July 5, 2022. The court has approved SAS' filing and SAS can thereby continue its operations 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. In September, SAS drew USD 350 million in the first tranche of the DIP financing. Following a stronger than expected development of SAS' liquidity position during the winter of fiscal year 2023, SAS has no near-term need for additional liquidity and accordingly, did not draw the second tranche of the DIP term loan in the second quarter of fiscal year 2023. SAS may, depending on the continued development of its liquidity position, continue discussions with Apollo Global Management regarding access to the second tranche of the DIP term loan at a later stage of the Chapter 11 process. SAS expects the Chapter 11 process in the US to be completed toward the latter part of the second half of 2023.

As part of the next phase in the Chapter 11 process, SAS is engaging with various stakeholders, which includes working to build consensus for a plan of reorganization. On April 6, 2023, SAS initiated an equity solicitation process in the reorganized SAS, which received court approval in the US on May 15. SAS is conducting a competitive and broad solicitation process to secure the best available terms and conditions for new equity capital.

Debt or debt-like items of SEK 20 billion are expected to be converted or reduced through the Chapter 11 process during fiscal year 2023, which is why the current negative consolidated equity position is deemed to be transient. Assuming successful implementation of the SAS FORWARD plan, SAS expects to attain a strong financial position and the company aims to be nearly net debt free by the end of fiscal year 2026.

SAS wants 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.

### 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**

	Q2	Q2	Q1-Q2	Q1-Q2
	Feb-Apr 2023	Feb-Apr 2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022
Passenger revenue	6,820	4,809	12,607	8,315
Charter revenue	218	188	455	356
Cargo revenue	282	423	651	887
Other traffic revenue	671	807	1,224	1,493
<b>Total traffic revenue</b>	<b>7,991</b>	<b>6,227</b>	<b>14,937</b>	<b>11,051</b>
Other operating revenue	964	821	1,914	1,542
<b>Total</b>	<b>8,955</b>	<b>7,048</b>	<b>16,851</b>	<b>12,593</b>

**GEOGRAPHICAL BREAKDOWN**

	Domestic		Intra-Scandinavian		Europe		Intercontinental		Total	
	Nov-Apr 2022-2023	Nov-Apr 2021-2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022
Passenger revenue	3,649	2,877	1,367	897	4,567	2,904	3,024	1,637	12,607	8,315
Charter revenue	0	0	0	0	455	356	0	0	455	356
Cargo revenue	2	2	2	1	21	16	626	868	651	887
Other traffic revenue	354	516	133	161	443	521	294	295	1,224	1,493
<b>Total traffic revenue</b>	<b>4,005</b>	<b>3,395</b>	<b>1,502</b>	<b>1,059</b>	<b>5,486</b>	<b>3,797</b>	<b>3,944</b>	<b>2,800</b>	<b>14,937</b>	<b>11,051</b>

	Denmark		Norway		Sweden		Europe		Other countries		Total	
	Nov-Apr 2022-2023	Nov-Apr 2021-2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022
<b>Other operating revenue</b>	239	202	494	511	354	281	380	274	447	274	1,914	1,542

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-Apr 2022-2023	Nov-Apr 2021-2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022
<b>Traffic revenue:</b>										
Passenger revenue	3,204	2,377	3,681	2,707	1,641	1,188	4,081	2,043	12,607	8,315
Charter revenue	119	106	257	190	79	60	0	0	455	356
Cargo revenue	132	123	99	122	130	174	290	468	651	887
Other traffic revenue	311	429	356	485	160	212	397	367	1,224	1,493
<b>Total traffic revenue</b>	<b>3,766</b>	<b>3,035</b>	<b>4,393</b>	<b>3,504</b>	<b>2,010</b>	<b>1,634</b>	<b>4,768</b>	<b>2,878</b>	<b>14,937</b>	<b>11,051</b>
<b>Total other operating revenue</b>	<b>354</b>	<b>281</b>	<b>494</b>	<b>511</b>	<b>239</b>	<b>202</b>	<b>827</b>	<b>548</b>	<b>1,914</b>	<b>1,542</b>
<b>Total</b>	<b>4,120</b>	<b>3,316</b>	<b>4,887</b>	<b>4,015</b>	<b>2,249</b>	<b>1,836</b>	<b>5,595</b>	<b>3,426</b>	<b>16,851</b>	<b>12,593</b>

**NOTE 3 OTHER EXTERNAL EXPENSES**

	Q2	Q2	Q1-Q2	Q1-Q2
	Feb-Apr 2023	Feb-Apr 2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022
Sales and distribution costs	-621	-399	-1,177	-724
Catering costs	-299	-173	-601	-326
Handling costs	-657	-451	-1,281	-894
Technical aircraft maintenance	-747	-442	-1,443	-825
Computer and telecommunication costs	-359	-321	-698	-592
Administrative services	-235	-187	-887	-318
Wet-lease expenses	-462	-413	-815	-735
Other	-413	-277	-1,139	-611
<b>Total</b>	<b>-3,793</b>	<b>-2,663</b>	<b>-8,041</b>	<b>-5,025</b>

**NOTE 4 DEPRECIATION, AMORTIZATION AND IMPAIRMENT**

	Q2	Q2	Q1-Q2	Q1-Q2
	Feb-Apr 2023	Feb-Apr 2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022
Intangible assets, amortization	-1	-10	-2	-20
Tangible assets, depreciation	-267	-346	-563	-718
Right-of-use assets, depreciation	-831	-806	-1,682	-1,607
<b>Total</b>	<b>-1,099</b>	<b>-1,162</b>	<b>-2,247</b>	<b>-2,345</b>

**NOTE 5 FINANCIAL INCOME AND EXPENSES**

	Q2	Q2	Q1-Q2	Q1-Q2
	Feb-Apr 2023	Feb-Apr 2022	Nov-Apr 2022-2023	Nov-Apr 2021-2022
Financial income	225	17	412	26
Interest expense	-642	-184	-1,275	-351
Other financial expenses	-15	-14	-43	-30
Exchange-rate differences	-4	-7	1	-2
Interest expenses, IFRS 16	-214	-178	-445	-348
Exchange-rate differences, IFRS 16	222	-428	1,107	-1,357
<b>Total</b>	<b>-428</b>	<b>-794</b>	<b>-243</b>	<b>-2,062</b>

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

	Apr 30, 2023		Oct 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>MSEK</b>				
<b>Financial assets</b>				
Financial assets at fair value, hedge-accounted	13	13	31	31
Financial assets at FVTPL	9	9	27	27
Financial assets at amortized cost	13,235	13,235	14,938	14,938
<b>Total</b>	<b>13,257</b>	<b>13,257</b>	<b>14,996</b>	<b>14,996</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value, hedge-accounted	17	17	44	44
Financial liabilities at FVTPL	10	10	57	57
Financial liabilities at amortized cost	24,006	22,520	28,614	27,585
<b>Total</b>	<b>24,033</b>	<b>22,547</b>	<b>28,715</b>	<b>27,686</b>

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

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

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

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

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

**FAIR VALUE HIERARCHY**

MSEK	Apr 30, 2023			Oct 31, 2022		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial assets</b>						
Financial assets at fair value, hedge-accounted	–	13	13	–	31	31
Financial assets at FVTPL	–	9	9	–	27	27
<b>Total</b>	<b>–</b>	<b>22</b>	<b>22</b>	<b>–</b>	<b>58</b>	<b>58</b>
<b>Financial liabilities</b>						
Financial liabilities at fair value, hedge-accounted	–	17	17	–	44	44
Financial liabilities at FVTPL	–	10	10	–	57	57
<b>Total</b>	<b>–</b>	<b>27</b>	<b>27</b>	<b>–</b>	<b>101</b>	<b>101</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, June 1, 2023

**Carsten Dilling**  
Board Chairman

**Lars-Johan Jarnheimer**  
Vice Chairman

**Nina Bjornstad**  
Board member

**Michael Friisdahl**  
Board member

**Henriette Hallberg Thygesen**  
Board member

**Kay Kratky**  
Board member

**Oscar Stege Unger**  
Board member

**Kim John Christiansen**  
Board member

**Jens Lippestad**  
Board member

**Tommy Nilsson**  
Board member

**Anko van der Werff**  
President and CEO

# AUDITORS' REVIEW REPORT

**SAS AB**  
**CORP. ID 556606-8499**

## **INTRODUCTION**

We have reviewed the condensed interim financial information (interim report) of SAS AB as of April 30, 2023 and the six-month period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## **SCOPE OF REVIEW**

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards

on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **CONCLUSION**

Based on our review, no circumstances have come to our attention that cause us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

## **EMPHASIS OF MATTER**

We draw attention to the information disclosed in the interim report on page 19 in the section on estimates and assumptions, as well as the following section regarding the development of SAS FORWARD and the Chapter 11 process which describes the uncertainty as

to whether the group will be able to meet its obligations in the longer term as they fall due if the expected burden sharing, debt conversions and new capital raise are not completed as planned. Our review opinion is not modified in respect to this matter.

Stockholm, June 1, 2023

KPMG AB

Tomas Gerhardsson  
Authorized Public Accountant



# TRAFFIC DATA INFORMATION

## SCHEDULED PASSENGER TRAFFIC

	Feb–Apr 2023	Feb–Apr 2022	Year-on- year change	Nov–Apr 2022–2023	Nov–Apr 2021–2022	Year-on- year change
Number of passengers (000)	5,255	3,831	37.2%	9,720	6,842	42.1%
RPK, Revenue Passenger Kilometers (mill)	6,521	4,604	41.6%	11,971	8,316	44.0%
ASK, Available Seat Kilometers (mill)	8,843	6,975	26.8%	16,825	13,720	22.6%
Load factor	73.7%	66.0%	7.7 <sup>1)</sup>	71.1%	60.6%	10.5 <sup>1)</sup>
Passenger yield, currency-adjusted	1.05	1.05	-0.76%	1.05	1.03	2.5%
Passenger yield, nominal	1.05	1.05	0.1%	1.05	1.00	5.3%
Unit revenue, PASK, currency-adjusted	0.77	0.70	10.9%	0.75	0.62	20.3%
Unit revenue, PASK, nominal	0.77	0.69	11.9%	0.75	0.61	23.6%
RASK, currency-adjusted	0.87	0.86	1.4%	0.85	0.79	7.8%
RASK, nominal	0.87	0.85	2.5%	0.85	0.77	11.1%

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

## TOTAL TRAFFIC (SCHEDULED AND CHARTER TRAFFIC)

	Feb–Apr 2023	Feb–Apr 2022	Year-on- year change	Nov–Apr 2022–2023	Nov–Apr 2021–2022	Year-on- year change
Number of passengers (000)	5,354	3,931	36.2%	9,921	7,013	41.5%
RPK, Revenue Passenger Kilometers (mill)	6,798	4,889	39.0%	12,583	8,842	42.3%
ASK, Available Seat Kilometers (mill)	9,144	7,306	25.2%	17,495	14,378	21.7%
Load factor	74.3%	66.9%	7.4 <sup>1)</sup>	71.9%	61.5%	10.4 <sup>1)</sup>
Unit cost, CASK, currency-adjusted	-1.01	-1.01	0.1%	-1.07	-0.98	8.7%
Unit cost, CASK, nominal incl. items affecting comparability	-1.00	-0.97	3.5%	-1.07	-0.92	16.3%
Unit cost, CASK, excl. jet fuel, currency-adjusted	-0.74	-0.76	-1.7%	-0.79	-0.76	3.5%
Unit cost, CASK, excl. jet fuel, nominal incl. items affecting comparability	-0.73	-0.74	-0.2%	-0.79	-0.73	9.0%

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

## SCHEDULED TRAFFIC TREND FOR SAS BY ROUTE SECTOR

	Feb–Apr 2022–2023 vs. Feb–Apr 2021–2022		Nov–Apr 2022–2023 vs. Nov–Apr 2021–2022	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	72.1%	31.7%	76.6%	34.0%
Europe/ Intra-Scandinavia	33.9%	28.3%	33.0%	19.3%
Domestic	20.8%	16.0%	25.3%	12.8%

## PRODUCTIVITY AND ENVIRONMENTAL EFFICIENCY

12-month rolling	April 2023	April 2022	Year-on-year change
Aircraft, block hours/day	7.83	7.0	11.9%
Cabin crew, block hours/year	709	670	5.8%
Pilots, block hours/year	546	520	5.0%

Environmental efficiency	April 2023	April 2022	Year-on-year change
Total CO <sub>2</sub> emissions, million metric tons (R12M)	2,664	1,815	46.7%
CO <sub>2</sub> emissions per available seat kilometer, grams (R12M)	54.3	52.5	3.4%

# AIRCRAFT FLEET

## THE SAS AIRCRAFT FLEET AS OF APRIL 30, 2023

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	8.7	5	6		11	11				11	2	
Airbus A320 family	6.4	18	62		80	54	26			80	20	
Boeing 737NG	17.5	6			6	6				6		
Embraer E195-100	14.9		7		7			7		7		3 <sup>1</sup>
Bombardier CRJ	8.3			22	22				22	22		
ATR-72	9.6			6	6				6	6		
<b>Total aircraft in operation</b>	<b>8.0</b>	<b>29</b>	<b>75</b>	<b>28</b>	<b>132</b>	<b>71</b>	<b>26</b>	<b>7</b>	<b>28</b>	<b>132</b>	<b>22</b>	<b>3</b>
<b>Aircraft undergoing phase-out</b>												
Airbus A321-200	20.9	1			1							
<b>Total</b>		<b>1</b>			<b>1</b>							

<sup>1</sup> Letters of intent are signed for three of these aircraft as of April 30, 2023

Aircraft on firm order FY23–FY25 as of April 30, 2023	FY23	FY24	FY25	Total
Airbus A320neo	3	11	6	20
Embraer E195-100	3			3
Airbus A350			2	2
<b>Total</b>	<b>6</b>	<b>11</b>	<b>8</b>	<b>25</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. 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.

	Apr 30, 2023	Oct 31, 2022	Apr 30, 2022
Return on invested capital (ROIC)	-12%	-8%	-8%
Financial net debt/adjusted EBITDA	n/a	23.3x	20.5x
Financial preparedness	37%	60%	54%
Return on shareholders' equity	n/a	-261%	-114%
Equity/assets ratio	-9%	1%	4%
Financial net debt, MSEK	30,382	33,657	29,595
Shareholders' equity excluding hybrid bonds per common share	-1.74	-0.94	-0.75
Debt/equity ratio	-6.0	44.1	13.6
Interest-coverage ratio	-1.5	-1.7	-2.4

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

MSEK	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4
	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Feb-Apr 2023	Feb-Apr 2022	May-Jul 2022	May-Jul 2021	Aug-Oct 2022	Aug-Oct 2021
Revenue	7,896	5,545	8,955	7,048	8,580	3,982	10,651	5,762
Operating income (EBIT)	-2,634	-1,329	-986	-763	-1,148	-852	-92	-474
Operating income (EBIT) margin	-33.4%	-24.0%	-11.0%	-10.8%	-13.4%	-21.4%	-0.9%	-8.2%
Income before tax (EBT)	-2,449	-2,597	-1,414	-1,557	-1,991	-1,334	-1,701	-945
Net income for the period	-2,709	-2,442	-1,525	-1,520	-1,848	-1,336	-1,238	-744
Income before tax and items affecting comparability	-2,451	-2,621	-1,561	-1,613	-2,081	-1,213	-1,626	-911
Earnings per common share (SEK)	-0.37	-0.34	-0.21	-0.21	-0.25	-0.18	-0.17	-0.12
Cash flow before financing activities	-1,688	-392	2,763	2,599	-472	967	786	1,120
Average number of employees (FTEs)	7,497	6,326	7,928	6,881	7,435	5,190	7,492	6,214

# 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.

**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.

**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).

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

September 1, 2023	Q3 Interim Report (May 2023–Jul 2023)
November 30, 2023	Year-end report (Nov 2022–Oct 2023)

## INVESTOR RELATIONS

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### 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).