

SAS

JOURNEYS THAT *Matter*

**SAS ANNUAL AND SUSTAINABILITY
REPORT FISCAL YEAR 2022**

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SAS ANNUAL AND SUSTAINABILITY REPORT FISCAL YEAR 2022

SAS reports financial and sustainability information in a joint report: SAS Annual and Sustainability Report Fiscal Year 2022 (FY 2022). The SAS statutory annual report includes the report by the Board of Directors on pages 56–90 and the financial statements pages 91–135. The sustainability reporting has been prepared in accordance with the GRI Standards and comprises pages 21–54 and 146–148. The sustainability reporting also includes the statutory sustainability report in accordance with the Swedish Annual Accounts Act. The auditor's opinion on the annual report is included on pages 136–142 and the auditor's limited assurance report on the sustainability report and statement regarding the statutory sustainability report is included on page 55.

SAS, Scandinavia's leading airline, with main hubs in Copenhagen, Oslo and Stockholm, flies to destinations in Europe, USA and Asia. Spurred by a Scandinavian heritage and sustainability values, SAS aims to be the global leader in sustainable aviation. We will reduce total carbon emissions 25 per cent 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.

OPERATIONS

OPERATIONS**SAS in brief**

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SAS FORWARD

SCANDINAVIA'S LEADING AIRLINE

For more than 75 years, we've flown and kept Scandinavia connected to the world and the world to Scandinavia. We have always stayed at the forefront of what's new, and looked towards the next horizon. We've seen the world change, sometimes over decades, and sometimes, all at once. Changes that have made us rethink, adapt and rebuild. We're now heading into a future where change is never-ending, and the need to rethink is constant. A future of conscious thought and sustainable innovation, our way, the Scandinavian way.

AIRLINE OPERATIONS

SAS is Scandinavia's leading airline for smooth flights to, from and within Scandinavia. Airline operations are our primary business and are conducted through SAS Scandinavia, SAS Connect, SAS Link and our production partners.

CARGO SERVICES

SAS Cargo is the leading provider of air freight solutions to, from and within Scandinavia, delivering world class quality and customer care. SAS Cargo's services are based on the cargo capacity of the SAS network, extended by dedicated truck operations.

GROUND HANDLING SERVICES

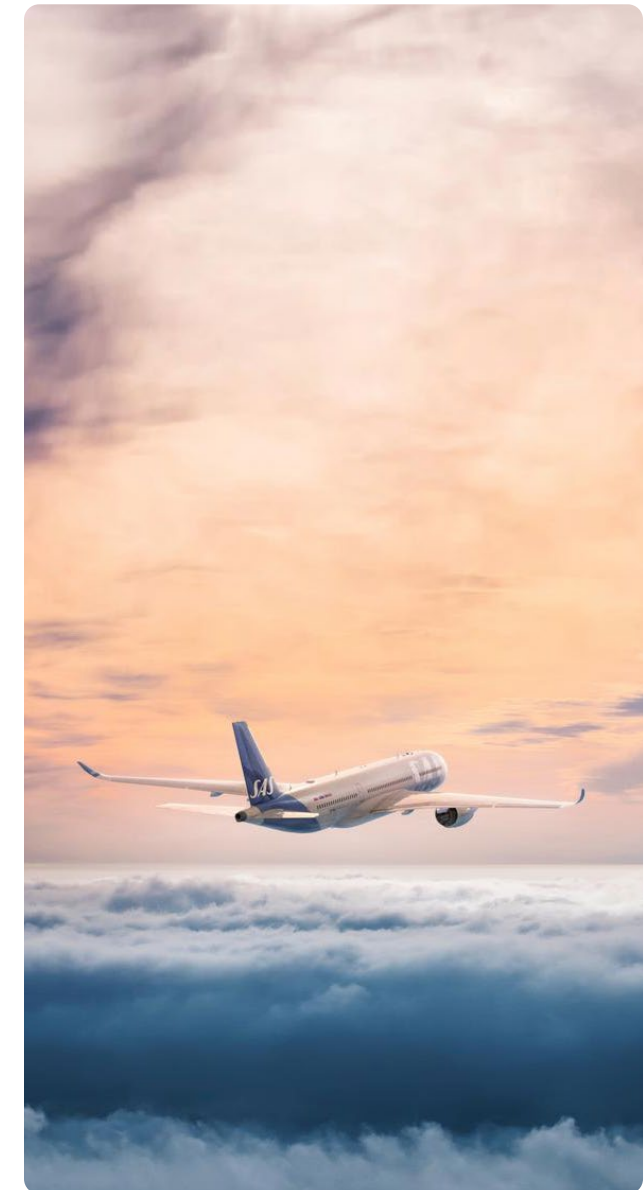
SAS Ground Handling is among the leading ground handling providers at airports in Copenhagen, Oslo and Stockholm. Our operations provide passenger, cargo and ramp services for SAS and other airlines.

TECHNICAL MAINTENANCE

SAS Maintenance Production offers technical maintenance of aircraft and engines at six airports in Scandinavia for SAS and other airlines.

EUROBONUS

EuroBonus is Scandinavia's largest travel-related loyalty program and enables closer relationships with our customers. EuroBonus has over 7 million members and more than 100 partners. The members represent a valuable customer database that sets us apart from the competition.



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SAS IN FIGURES

Overall underlying demand for travel improved during the year and SAS noted an increasing number of passengers eager to travel as restrictions were lifted following the pandemic across the globe. Revenue for fiscal year 2022 ended at SEK 31.8 billion and passenger numbers increased with 135.6% compared with last year. However, the year was impacted by events that influenced the result. We experienced major operational disruptions which affected the whole airline industry. In addition to that, the 15-day pilot strike in July had a severe impact on the overall result which landed at negative SEK 7.9 billion before tax and items affecting comparability.

17.9

Million passengers

31.8

Total revenue, SEK billion

-7.9

Earnings before tax and items affecting comparability, SEK billion

75.3

Punctuality, %

53.7

CO₂ emissions per ASK, grams (rolling 12 months)

+80.7

Change in total operating expenses, %

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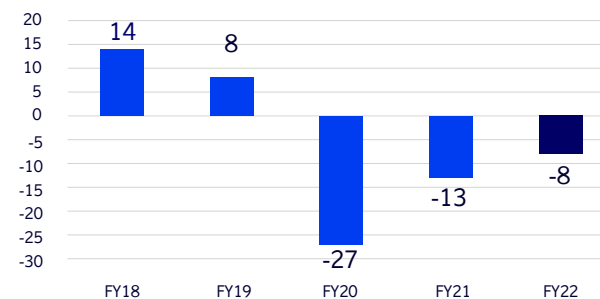
FINANCIAL AND ENVIRONMENTAL TARGETS

Our overall long-term goal is to create value for our shareholders and to deliver sustainable and profitable growth throughout the business cycle – for definitions please see pages 151–152.

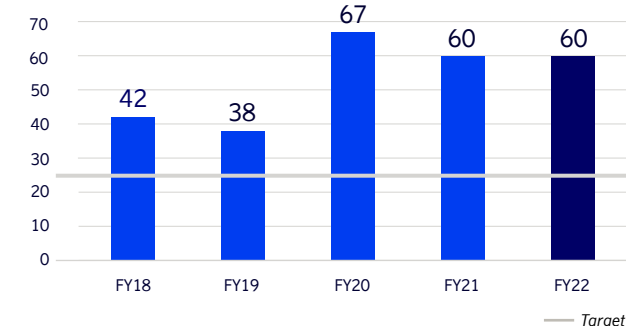
RETURN ON INVESTED CAPITAL (ROIC)*

Our target for ROIC is to exceed the post-tax Weighted Average Cost of Capital (WACC) over a business cycle, and is a prerequisite for us to create shareholder value. The target is also linked to our dividend policy, which stipulates that a dividend can be distributed when value is created through ROIC exceeding WACC, see page 63.

RETURN ON INVESTED CAPITAL, %



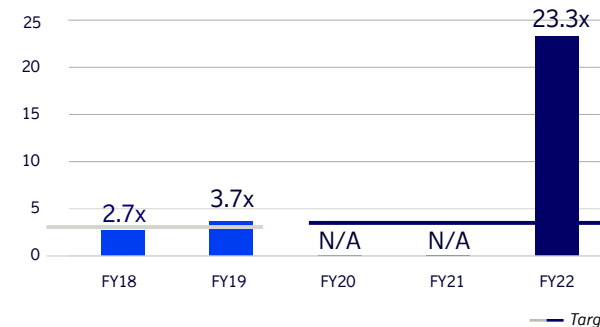
FINANCIAL PREPAREDNESS, %



FINANCIAL NET DEBT/ADJUSTED EBITDA*

The target for financial net debt/adjusted EBITDA is a key ratio used by credit rating agencies and banks for assessing credit-worthiness. The aim with maintaining a ratio with a multiple of less than three and a half (3.5x) is aligned with the SAS ambition to improve its financial position and credit rating, and thereby lower the financing costs.

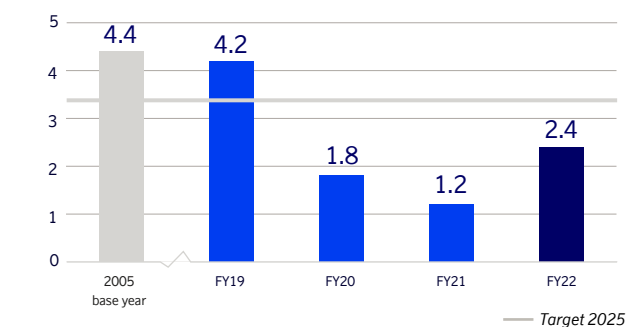
FINANCIAL NET DEBT/ADJUSTED EBITDA



FINANCIAL PREPAREDNESS*

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

TOTAL CO₂ EMISSIONS, M TONNES



TOTAL CO₂ EMISSIONS

SAS has set a target to reduce its total CO₂ emissions 25% by 2025 in comparison with 2005. This is in line with SAS' strive for global leadership in sustainable aviation. This represents absolute CO₂ emissions.

*The outcome during FY18–FY19 is shown under the old definition and target, whereas FY20–FY22 is shown under the new definition and target.

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SIGNIFICANT EVENTS DURING THE YEAR

Overall underlying demand for travel was healthy during the year and SAS noted an increasing number of passengers eager to travel as restrictions were lifted following the pandemic across the globe. We experienced major operational disruptions which affected the whole airline industry throughout the year. For SAS the ability to be flexible and adapt operations efficiently, has remained a focus area during the year. To adapt to the new market circumstances SAS launched a thorough transformational program, SAS FORWARD, leading to the ability to offer our customers attractive travel options as a financially strong and competitive airline.



OPERATIONAL

TRAFFIC DISRUPTIONS

Operational bottlenecks throughout the aviation space was seen as the industry started ramping up once effects from COVID 19 were eased, which meant that traffic program over the summer needed to be reduced. Flexibility to ramp up and down according to changing customer demand remains important.

SAS CONNECT

SAS Connect started operation from crew bases out of Copenhagen and Stockholm. The use of multiple specialized platforms increases efficiency and provides flexibility for SAS to better meet customer demand.

AIRCRAFT

During the year, SAS took delivery of one A321LR and nine A320neo's and four E195. One A330-300, one A350, twelve 737NG's and four A321 were phased out.

At the end of the year SAS was one of the biggest operators in Europe of the new technology A320neo with a total of 54 in the fleet.

SAS LINK

To handle thinner flows of passengers in our regional network, SAS Link was established during the year and is initially operating out of Copenhagen. The platform operates a fleet of Embraer mid-sized jets with lower cost and emissions.

FINANCIAL

SAS FORWARD

In February 2022, SAS announced its comprehensive business transformation plan. SAS aims transforming its business, including its network, fleet, labor agreements, and other cost structures. The plan consists of two primary parts: A new business plan and a restructuring plan. Please find further details on page 11.

DIVESTMENT OF TRUST FORWARDING

During the year, SAS divested 100% of its shares in the freight forwarding company Trust Forwarding in Denmark, Norway and Sweden. Trust Forwarding was subsidiaries of SAS Cargo and divested to Scan Global Logistics A/S.

CHAPTER 11

To accelerate the implementation of key elements of the plan, SAS voluntarily filed for Chapter 11 in the U.S. on July 5. Chapter 11 is a legal process for financial restructuring conducted under U.S. federal court supervision. It has previously been used by a number of large international airlines to restructure. Please find further details on page 13 and 58.

PRODUCT AND OFFERING

EXTENDED PRODUCT OFFERING

SAS has introduced and extended the ability to personalize tickets to meet the needs of our customers. Customers may choose to travel with only an underseat bag (SAS Go-light) and thereby receive a more beneficial price offer than when traveling with bags.

NEW COMMUNICATION CONCEPT

During the autumn a new communication concept called "Journey's that matter" was launched. The new communication concept enhances the importance of travelling both for individuals and society.

ADDITIONAL ROUTES

The traveling programs were increased as demand returned following the pandemic. Some additional new routes were introduced and among others more flights were directed toward the popular southern Europe and we also started flying to Toronto in Canada during the year.

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ORGANIZATION**NEW COLLECTIVE
AGREEMENTS**

In July SAS and SAS Scandinavia pilots' unions reached an agreement on new collective bargaining agreements. The 5.5-year agreements are a key element of SAS' comprehensive business transformation plan SAS FORWARD, as they provide the stability and predictability required by potential investors. The agreements imply increased productivity for the SAS Scandinavia pilots and increased flexibility in seasonal production. The terms and conditions of the agreements also yield a lowered unit cost.

NEW CFO

Erno Hildén was appointed new Executive Vice President & CFO. Member of SAS Group Management as of April, 2022.

PILOT STRIKE

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

REHIRE & HIRING

In line with planned ramp-up of traffic operations SAS will rehire around 450 pilots until 2024. SAS is also planning to increase crew with approximately 800 hirings ahead of summer 2023.

**COMMUNITY SUPPORT****SECURING CRITICAL
INFRASTRUCTURE**

SAS remains Scandinavia's leading airline, maintaining Scandinavian connectivity, especially domestic destinations and securing critical infrastructure for travelers and cargo.

VITAL CARGO

SAS transports vital medicines to hospitals on a regular basis, where air transport is the only viable option due to the time-sensitivity of for instance certain types of cancer medicine.

Furthermore, SAS has continued to transport medical equipment and vaccines to support health care efforts during the lingering pandemic.

In sum, this demonstrates the critical importance of SAS' air cargo operations.

RESCUE FLIGHTS

In a collaboration between the Norwegian Armed Forces and the Ministry of Health and Care Services, SAS helps transport injured people from the war in Ukraine. Using a SAS aircraft that has been converted from a regular scheduled aircraft to an ambulance aircraft, the injured are taken to hospitals in Europe. The MEDEVAC flights are taking place on a near-weekly basis during the fall of 2022.

**SAS EMPLOYEES LEND
A HELPING HAND
– AND AIRCRAFT**

The SAS Julefly (SAS Christmas Flight) is a year-round charity effort run by SAS employees, in collaboration with representatives from other companies and organizations. During 2022 the charity has contributed much-needed equipment, food, and money to centers in Riga and Tallin. The aid is directed at disadvantaged children and families, as well as refugees affected by the war in Ukraine. The SAS Julefly initiative was initiated some 40 years ago and has saved numerous lives and served to help thousands of children and youth throughout these years.

SUSTAINABILITY**CO₂ EMISSIONS**

During the year, CO₂ emissions increased 103% year-on-year. The main reason was the increased traffic after the pandemic, but continuous deliveries of more efficient aircraft, with 15–30% lower fuel consumption than the aircraft they replace, had a positive effect.

**SAF (SUSTAINABLE
AVIATION FUELS)**

SAS consumed 3,083 tonnes of SAF during the year. This covers the biofuel sold to customers, the Norwegian blend-in mandate, the Swedish reduction mandate introduced on July 1, 2021 and the French reduction mandate introduced on 1 Jan, 2022. During the year, SAS used biofuel corresponding to approximately 0.96% of its total fuel consumption.

SAS has continued the work with multiple stakeholders to accelerate the commercialization of sustainable aviation fuels. SAS Corporate Sustainability Program for corporate to buy SAF for all their flights yearly with have generated some interest and SAS have signed deals with five corporate customers. During the year, SAS have had SAF deals with Neste, Shell and AirBP and signed an off take agreement with Gevo regarding future delivery of SAF in the US.

**EMERGING
TECHNOLOGIES**

We continued to work with Airbus on the development of next generation aircraft with low or zero emissions. SAS also worked together with Airbus on an innovative concept where the aerodynamic benefits of formation flying will be evaluated.

In September SAS signed a letter of support with Heart Aerospace to confirm our interest into buy their electric aircrafts and to be part of their advisory group.

FUEL EFFICIENCY

The introduction of 10 new, more efficient aircraft has supported continued fuel efficiency enhancements.

SAS has utilized big data and innovative systems to support its continued work with fuel efficiency.

CARBON OFFSET

On average 44.6% of SAS passenger-related carbon emissions was offset during the year.

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CEO LETTER

The airline industry is constantly exposed to the surrounding world. During the year, we experienced a surge in demand as travel restrictions were gradually lifted. Our customers still want to travel and we strive to fulfill their needs by providing quality and reliable service. SAS needs to transform if we are to succeed in taking on our competition and becoming the company we want to be in the future. We are now well on our way and have started implementing measures aimed at securing our long-term competitiveness. We aim to be Scandinavia's preferred airline. Moreover, through important investments in sustainability and digitalization, we will be well-equipped to offer journeys that matter for generations to come.

HOW WOULD YOU SUMMARIZE 2022 FOR SAS?

It has been another eventful year. Looking back, the past two, almost three years, have been perhaps the most challenging in the history of the aviation industry. SAS is no exception. The pandemic hit us hard with a devastating impact on an already uncompetitive cost structure that had long prevented SAS from reaching its full potential.

Just as the travel industry was preparing to ramp up at the beginning of FY2022, another wave of COVID-19 hit us. While the future remains unclear, we all hope that soon we will have seen the last of COVID-19.

At the end of February, when demand was increasing and Asia was starting to reopen, Russia invaded Ukraine. Suddenly, Russian airspace was closed, impeding us from bringing our travelers to Asia.

As the war continued, the market also experienced extreme fuel price increases and adverse exchange rates, which have had a large negative impact on SAS' overall result.

Underlying demand for travel was healthy during the summer quarter and SAS noted an increasing number of passengers eager to travel as restrictions were lifted across the globe. The summer season looked promising, and even if Asia remained closed, we were able to plan ahead, reinstalling traditional routes and establishing new ones to sought-after southern European destinations. However, SAS' results were severely affected by a 15-day pilot strike in the middle of the summer. And when traffic ramped up faster than expected, SAS and the whole airline industry experienced major operational disruptions throughout the summer. On July 19, an agreement was reached



Anko Van der Werff, President and CEO.

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between SAS and the SAS Scandinavia pilots' unions. The 5.5-year collective bargaining agreements are a key element of SAS' transformation and have resulted in increased flexibility and productivity.

When reviewing the ups and downs in the market, it is clear that SAS has been burdened by an uncompetitive cost structure for many years. In connection with the announcement of the first quarter results at the end of February, SAS launched a comprehensive business transformation plan – SAS FORWARD. The plan aims to strengthen our financial position and achieve a sustainable cost structure with an annual cost reduction of approximately SEK 7.5 billion. Furthermore, we plan to convert approximately SEK 20 billion of debt and hybrid notes into equity and will also seek to raise not less than SEK 9.5 billion in new equity capital. The success of the plan depends upon SAS attracting potential new capital from the capital markets and other sources, and upon SAS fully achieving the targeted SEK 7.5 billion annual cost reduction by fiscal year 2026.

In the middle of the summer, just as the strike broke out, we filed for Chapter 11 in the US with the aim of accelerating our SAS FORWARD transformation, including the process of deleveraging SAS and renegotiating agreements with lessors. (Further details can be found on page 11).

SAS is making steady progress and has reached important milestones in the Chapter 11 process. In August, SAS secured USD 700 million in debtor-in-possession (DIP) financing from Apollo Global Management. This substantial financing commitment gives us a strong financial position to support our operations throughout

the Chapter 11 process. Over the past months, we have also struck agreements with aircraft lessors regarding concessions and various cost-savings initiatives in line with our objectives. We are very grateful to our stakeholders who are working constructively with us throughout this process, and we are doing our utmost to complete the process and deliver on our plan.

We plan on making substantial investments both in sustainability and digitalization in the years to come, to ensure we can provide future generations with an enhanced travel experience for journeys that matter.

HOW IS YOUR WORK TOWARD MORE SUSTAINABLE AVIATION PROGRESSING?

SAS will continue to invest in sustainability as we transform toward more sustainable air travel. Travelling the world will be possible for future generations, but with a lower climate footprint. SAS continues to phase in new, fuel-efficient aircraft and now has one of Europe's most modern fleets. Our new aircraft boast 15–30% lower fuel consumption, compared with the aircraft they replace, and decrease our total CO₂ footprint by approximately 20% per flight. We will continue to work on further fuel saving improvements as well as actively working to refine maintenance and reduce onboard weight. The new, state-of-the-art aircraft will provide our customers a more pleasant, comfortable and sustainable way of traveling.

The next step towards Net Zero is sustainable aircraft fuel (SAF). High prices and a lack of producers are two challenges which make it difficult to meet our mandates in Sweden and Norway this year, even though we have purchased the full amount of SAF available to us. These

two challenges will most likely apply for the next few years. That being said, we believe the lack of SAF volume will most likely be a challenge for the entire airline industry until industrial production of electrofuel (Power2X) can be ramped up. SAS is involved in two electrofuel projects in Scandinavia with large-scale production that are planned for 2027 namely: HySkies in Sweden together with Vattenfall, Shell, and LanzaTech; and the Green Fuels for Denmark partnership consisting of Ørsted, SAS, Copenhagen Airports and A.P. Møller.

Another important future project is our collaboration in Airbus' e-Zero project. Scandinavia is an interesting region for hydrogen – storage (temperature already low) and electricity production is fossil free and lower priced in Scandinavia. Our part in this project is to test the aircraft and hydrogen infrastructure in cold weather conditions.

“Substantial investments in sustainability and digitalization will ensure we can provide future generations with an enhanced travel experience.”

We are also supporting the production of future electric aircraft. During the fourth quarter, SAS was proud to announce that we had signed a letter of support with Heart Aerospace for the option to add their new electric aircraft, the ES-30, to the SAS regional aircraft fleet. This has the potential to be a significant step on SAS' sustainability journey, enabling zero-emission flights on routes within Scandinavia.

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During the year, we launched a corporate sustainability program, whereby our corporate customers compensate for their business travel by buying SAF in order to reduce their Scope 3 emissions from air travel. We are grateful for their contributions in support of more sustainable aviation.

WHAT DO YOU SEE WHEN LOOKING AHEAD?

Scandinavians want to travel and are eager to see the world. Travel patterns and market conditions are changing, which impacts not only SAS but also the entire airline industry. We are preparing ourselves for increased leisure travel and seasonality, but we are also expecting decreased business travel.

We intend to leverage the strong SAS brand with support from a newly launched communication concept. We will also leverage product elements, such as EuroBonus, that enhance the value of traveling with SAS versus the competition. Moreover, new and improved digital tools will enable increased personalization, and our newly launched app is an excellent example of those developments.

We are extremely grateful for the support and understanding we have received from our customers throughout the turbulent times that our hopefully now behind us. We are now doing our utmost to reinstate our standards and be able to deliver on our promise. Feedback is always appreciated. We always try to adapt and improve and are pleased to be launching

exciting new destinations, increasing our frequencies, investing in sustainability and adding new digital tools. Ultimately, it is about ensuring our ability to offer journeys that matter for generations to come.

I want to reach out and thank our important investors and stakeholders who believe in us and who have supported us throughout the year. Last but not least I want to thank my colleagues for their dedication in making every journey you take a great one.

Thank you! We look forward welcoming you onboard again soon!

Anko Van der Werff, President and CEO.



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SAS FORWARD – A PLAN TO SECURE LONG-TERM SUCCESS

In February 2022, SAS announced its comprehensive business transformation plan SAS FORWARD aimed at transforming its business, including its network, fleet, labor agreements, and other cost structures. The plan consists of two primary parts: A new business plan and a restructuring plan.

NEW BUSINESS PLAN

The new business plan includes:

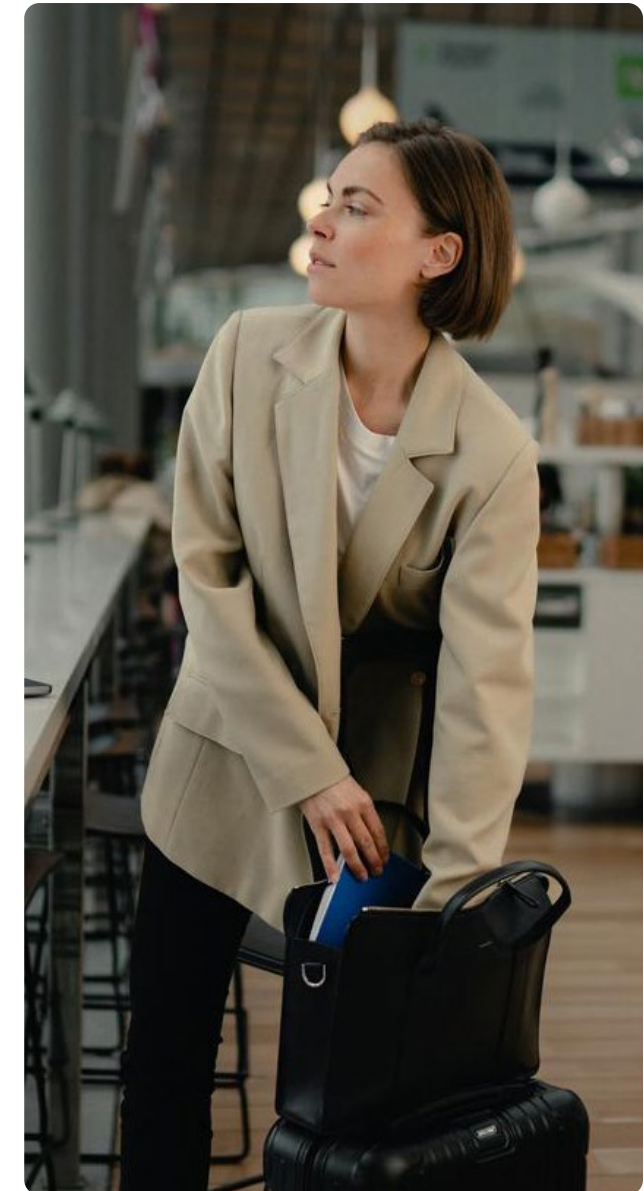
- Reduced annual costs by SEK 7.5 billion – see “Annual Cost Reductions of SEK 7.5 billion” below; Redesigned fleet, network, and product offerings – SAS is adopting new network principles and adjusting its fleet and product offerings to position SAS for the future and to enhance the customer experience. SAS will redesign its short-haul network and fleet to drive significant benefits while maintaining the premium brand in this network, allowing the Company to compete with low-cost carriers. The short-haul route mix will be adapted towards more leisure travel demand and less business. SAS will also increase its focus on southern European destinations, while reducing focus on typical business routes. Joint venture solutions will be explored to provide long-haul business travel in order to increase customer choices;
- Digital transformation – SAS will undergo a major digital transformation, delivering substantial improvement in customers’ experiences and

delivering financial benefits both on the cost side but also in the form of ancillary revenues such as new in-flight services;

- Positioning SAS as the leader in sustainable aviation – SAS will invest in modern fuel-efficient aircraft, sustainable aviation fuels, emerging technologies, and sustainable products and services with incentivized customer behavior change;
- Operating platform acceleration – SAS will improve flexibility and efficiency, and facilitate adapting to changed market demand and competition; and
- Strengthen SAS’ balance sheet by deleveraging and raising new capital – see “Restructuring Plan” below.

ANNUAL COST REDUCTIONS BY SEK 7.5 BILLION

A key challenge to SAS’ competitiveness is its cost structure, with SAS’ CASK excluding fuel costs (“ex-fuel CASK”) being significantly higher than those of typical low-cost carriers. In order to address this and



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achieve an ex-fuel CASK that is competitive in relation to both low-cost carriers and other full-service carriers, SAS needs to pursue significant reductions in annual costs. SAS FORWARD builds on the cost reduction plan presented in 2020, which targeted annual cost reductions of SEK 4 billion, of which approximately SEK 2.1 billion had been achieved prior to commencement of this latest restructuring effort.

SAS FORWARD expands on the 2020 plan to include another SEK 3.5 billion, to a total of SEK 7.5 billion in cost savings between fiscal years 2019 and 2026, as compared to the annual cost base for fiscal year 2019. Once the new business plan is implemented and the cost reductions are achieved, SAS believes that it will be financially and operationally well-positioned to compete with both other full-service carriers as well as with low-cost carriers.

The cost reductions are primarily split into five categories:

- Operational model and planning – expected cost reductions of approximately SEK 2.3 billion. A new operational model with several production platforms intends to improve flexibility and efficiency, whereas planning aims at improving SAS’ execution performance and resource utilization by improving quality in SAS’ planning process.
- Fleet and maintenance – expected cost reductions of at least SEK 1.35 billion. Fleet improvements will be achieved by phasing out older, larger and less fuel-efficient aircraft, by replacing widebodies with narrowbodies on some long-haul routes. Contract improvements and concentration of maintenance aim to reduce maintenance costs. Cost reductions of at least 1.0 billion (in cash terms) are expected to be achieved in aircraft lease and capital costs, with up to further SEK 0.5 billion savings in maintenance operations.
- Airport services – include expected cost reductions of approximately SEK 1.2 billion. Cost reductions driven by increased productivity through improvements in scheduling flexibility, service level agreement adjustments, a new planning system, union negotiations, and digitalization of customer touchpoints. In addition, decreasing spend on charges and supplier contracts, coupled with review of other internal processes, aim to further reduce airport costs.
- Administration, finance, IT and distribution costs – expected cost reductions of approximately SEK 1.7 billion. These costs will be lowered through a combination of changed practices and new technologies. Furthermore, the conversion of debt into equity will eliminate significant annual interest expense.
- Commercial and other costs – expected cost reductions of approximately SEK 0.9 billion. On the commercial side, costs related to external suppliers, lounges, and onboard services will be targeted and the overall efficiency in these areas will be improved. Various facilities operated by the airline reflect pre-Covid needs and will be renegotiated and/or abandoned.

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SAS FORWARD**CHAPTER 11**

To accelerate the implementation of key elements of the plan, SAS voluntarily filed for chapter 11 in the U.S. on July 5. Chapter 11 is a legal process for financial restructuring conducted under U.S. federal court supervision. It has previously been used by a number of large international airlines to restructure. Through this process, SAS aims to reach agreements with key stakeholders, restructure our debt obligations, renegotiate our fleet contracts and emerge with a significant capital injection. SAS' operations and flight schedule are unaffected by the Chapter 11 filing and SAS continues to serve its customers as normal.

On July 19, 2022, SAS announced that the Company and SAS Scandinavia pilots' unions had agreed on new 5.5-year collective bargaining agreements; a key element of the SAS FORWARD plan. The collective bargaining agreements were approved by the U.S. Bankruptcy Court for the Southern District of New York (the "Court") on December 8, 2022.

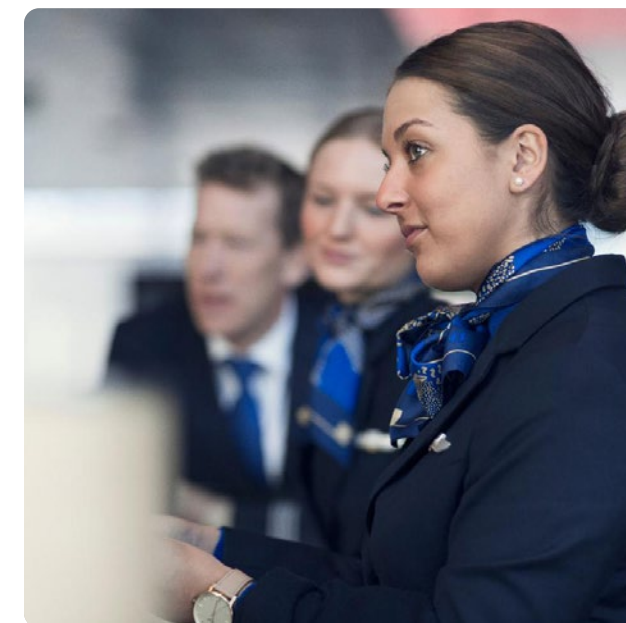
On August 14, 2022, SAS announced that it had entered into a debtor-in-possession ("DIP") financing credit agreement for USD 700 million with funds managed by Apollo Global Management. The DIP financing credit agreement was approved by the Court on September 9, 2022. DIP financing is a specialized type of bridge financing used by businesses that are restructuring through a Chapter 11 process. The DIP financing, along with cash generated from the Company's ongoing operations, enables SAS to continue meeting its obligations throughout the Chapter 11 process.

On October 5, 2022, SAS announced that it had reached agreements with 10 lessors, representing in aggregate 36 aircraft, to amend the terms of existing aircraft and equipment lease agreements. On January 13 2023, lessor negotiations as part of the Chapter 11 process where total agreements have been reached with 15 lessors for 59 aircraft were concluded. The agreements constitute an important step in reconfiguring the fleet and achieving the SEK 7.5 billion in annual cost savings under the SAS FORWARD plan. The amended lease agreements are subject to approval by the U.S. Bankruptcy Court for the Southern District of New York (the "Court"), and to the plan of reorganization in the Chapter 11 process becoming approved and effective.

THE RESTRUCTURING PLAN

The restructuring component of the SAS FORWARD plan encompasses raising at least SEK 9.5 billion in new equity capital as well as reducing or converting more than SEK 20 billion of debt into common equity (of which a majority is on-balance sheet debt), including state hybrid notes, commercial hybrid notes, Swiss bonds, term loans from states, aircraft lease and debt obligations, maintenance contract obligations, and other executory contract obligations.

SAS intends to conduct a competitive capital raising process to secure the best available terms and conditions for new equity capital in the first half of 2023. Given the substantial debt-to-equity conversions anticipated combined with the need for substantial new equity capital, SAS currently expects that the recovery, if any, to unsecured creditors (including holders of



commercial hybrid notes and Swiss bonds) will result in significant impairment and there is no assurance that there will be any recovery for the shareholders of SAS AB.

SAS currently targets to complete its court-supervised process in the U.S. during the second half of 2023, the implementation of which is likely to entail additional legal proceedings in other jurisdictions than the U.S. As a result, there is no assurance that there will be any recovery for the shareholders of SAS AB. SAS expects that its operations will be unaffected by such legal proceedings and that it will continue to serve its customers as normal.

MARKET AND STRATEGY



MARKET AND STRATEGY**The airline operating
environment**

Strategy

THE AIRLINE OPERATING ENVIRONMENT

The Covid-19 pandemic and the imposed travel restrictions have been the largest disruption in the history of the aviation industry. There has been a strong ramp up in travel demand during the year and the market is recovering, but the fiscal year 2022 was impacted by new challenges. A devastating war in Eastern Europe, global cost increases on many levels, and severe capacity constraints for several airlines and airports globally, due to difficulties in rebuilding operations after the pandemic.

THE STATE OF THE AVIATION INDUSTRY

2022 has been another year of recovery for airlines following the Covid-19 pandemic. Rebuilding the industry will take time but is well underway. The degree of recovery has been higher in leisure travel compared with business travel, which remains constrained by reduced corporate travel budgets. Many corporate travel policies today recommend reduced air travel to improve sustainability, replacing in-person meetings with digital meetings to a certain extent.

Although the recovery in global air travel was material during 2022, it was also geographically disparate. People were keen to return to air travel and many could pursue their summer travels as usual following the lifting of restrictions in many markets, but there were challenges in the Asian markets due to remaining travel restrictions.



MARKET AND STRATEGY**The airline operating environment**

Strategy

A long-term consequence of the pandemic and the travel restrictions imposed is the very sharp increase in debt level for airline companies' globally, which needs to be repaid over the coming years. The aviation industry must increase efficiency to cut costs while boosting revenue to be able to repay debt.

UNCERTAINTY DEFINING THE MARKET

The pandemic continues to have a negative impact on the global economy. Together with the remaining travel restrictions from the pandemic and the structural challenges within the global airport infrastructure, there has been a negative impact on the overall demand and therefore on SAS' ability to continue with a traffic ramp up.

The duration of pandemic restrictions and air space closure is not within SAS' control and SAS has continued to adjust our operations accordingly during 2022.

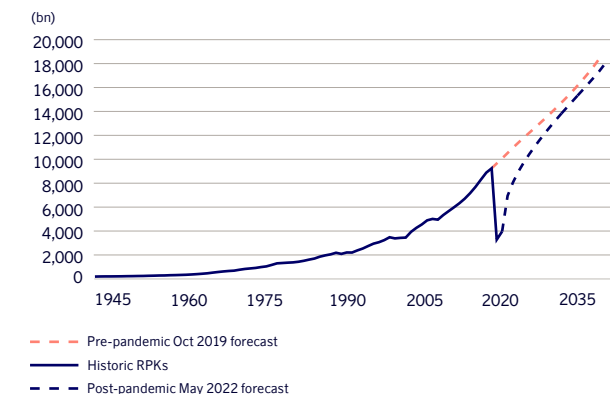
The market's recovery was also adversely affected by Russia's February 2022 invasion of Ukraine and its consequences such as increased prices, adding to the inflationary pressures impacting major economies of the world. Going into 2023, households' lower real incomes could cause a downturn in travel. Labour, training expenses and airport cost inflation will contribute to a difficult situation. As a result, the prevailing market

conditions will affect the aviation industry recovery for years to come and will continue to disrupt travel patterns within Europe and between Europe and Asia-Pacific for a foreseeable future.

LOOKING AHEAD

Flexibility to be able to quickly adjust capacity to the changes in demand will be a success factor in the airline industry going forward, as well as managing increased seasonality and an ability to adapt the commercial models to a new market reality. SAS will focus on restructuring the fleet and optimizing flight operations in order to achieve a competitive cost structure and more sustainable operations.

SAS' air travel demand, in terms of passenger numbers, is currently expected to recover to around 90 percent of pre-Covid levels by the end of the first half of fiscal year 2023. SAS expects that short-haul leisure air travel demand will return to pre-Covid levels in fiscal year 2024, whereas short-haul business air travel demand is expected to flatten out at around 80 percent of pre-Covid levels. Similarly, demand for longer-haul leisure air travel is expected to rebound more rapidly than long-haul business air travel.

GLOBAL AIR PASSENGER TRAFFIC: HISTORIC REVENUE PASSENGER-KILOMETERS AND FORECASTS

Source: IATA Economics/Tourism Economics, June 2022

MARKET AND STRATEGY

The airline operating
environment

Strategy

STRATEGY WILL EVOLVE THROUGH SAS TRANSFORMATION PLAN

In February 2022, SAS comprehensive business plan - SAS FORWARD was launched. SAS aims at transforming its business, including its network, fleet, labor agreements, as well as other cost structures. During the coming year, efforts and focus will be concentrated on progressing through the transformation plan and eventually we will see a new strategy evolve through securing our cost competitiveness, being Scandinavia's preferred airline and through important investments in sustainability which will ensure securing journeys that matter for generations to come.



**SECURE COST
COMPETITIVENESS**



**BE SCANDINAVIA'S
PREFERRED AIRLINE**



**INVEST IN
SUSTAINABILITY**

A woman with short brown hair, wearing a light-colored blazer over a white top, is looking down at a laptop screen. In the background, other office workers are visible, including a man in profile and a woman wearing a headset. The scene is set in a modern office environment with warm lighting.

FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS

Financial instruments and capital markets

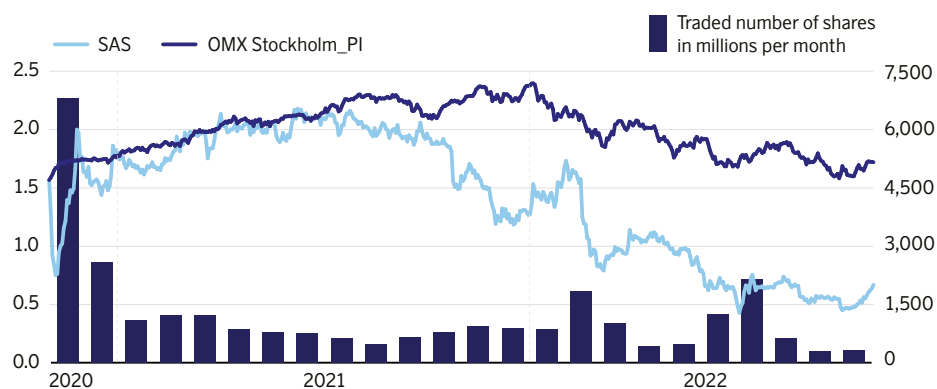
FINANCIAL INSTRUMENTS AND CAPITAL MARKETS

SAS strives to provide transparent and relevant information to the capital market so that efficient trade can be conducted in our financial instruments. These include the common shares listed on Nasdaq Stockholm, mid cap, with secondary listings in Copenhagen and Oslo.

SHARE PRICE PERFORMANCE FY 2022

In total, the price per common share decreased 55.18% to SEK 0.67 during the fiscal year. Over the same period, the Nasdaq Stockholm OMX30 index decreased 14.07%.

THE SAS SHARE

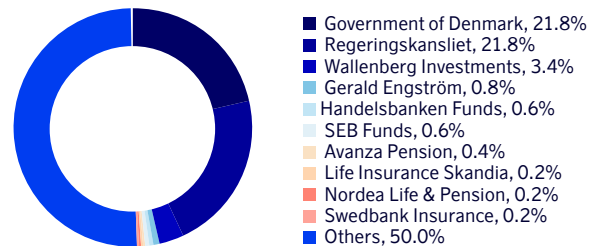


FINANCIAL INSTRUMENTS

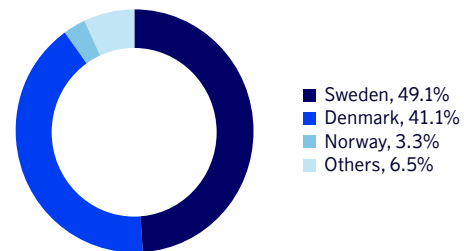
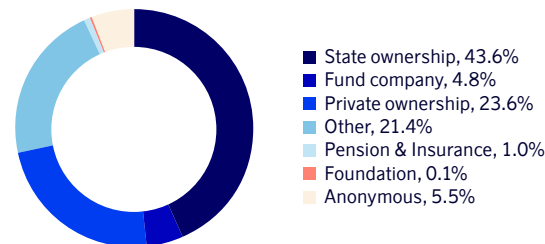
Financial instruments
and capital marketsDISTRIBUTION OF SHAREHOLDERS AND
CHANGES

As of October 31, 2022, SAS had 271,729 holders of common shares. Holdings in listed Scandinavian countries were in total about 93.47%, with Sweden accounting for 49.13%, Denmark 41.07% and Norway 3.27%. Of the remaining holdings outside Scandinavia, totaling 6.53%, 0.19% were registered in Finland, followed by 0.14% in the U.S.

TEN LARGEST SHAREHOLDERS, OCTOBER 31, 2022



VOTING RIGHTS IN SAS, BY COUNTRY, OCTOBER 31, 2022

BREAKDOWN OF THE SAS SHARE CAPITAL, BY VOTES,
OCTOBER 31, 2022

DISTRIBUTION OF COMMON SHARES

Owner distribution by holdings	Number of shares	% of capital	Number of votes	Number of owners	% of all shareholders
1-1,000	42,591,887	0.6%	0.6%	122,499	45.1%
1,001-10,000	426,636,487	5.9%	5.9%	101,863	37.5%
10,001-100,000	1,283,645,362	17.7%	17.7%	42,156	15.5%
100,001-1,000,000	1,088,261,823	15.0%	15.0%	4,883	1.8%
1,000,001-	4,023,581,210	55.4%	55.4%	210	0.1%
Anonymous ownership	401,322,523	5.4%	5.4%	N/A	N/A
Total	7,266,039,292	100.0%	100.0%		

CHANGE IN SHARE CAPITAL¹

	Event	No. of new shares	Total no. of shares	Nominal value/share, SEK	Nominal share capital
May 2001	Company registration	50,000	50,000	10	500,000
July 2001	Non-cash issue	155,272,395	155,322,395	10	1,553,223,950
August 2001	Non-cash issue	6,494,001	161,816,396	10	1,618,163,960
May 2002 ²	New share issue, common shares	2,683,604	164,500,000	10	1,645,000,000
April 2009	New share issue, common shares	2,303,000,000	2,467,500,000	2.5	6,168,750,000
April 2010	New share issue, common shares	7,402,500,000	9,870,000,000	0.67	6,612,900,000
June 2010	Reverse split, common shares	-	329,000,000	20.1	6,612,900,000
February 2014	New issue of preference shares	7,000,000	336,000,000	20.1	6,753,600,000
January 2016	Conversion of convertible bond	1,082,551	337,082,551	20.1	6,775,359,275
November 2017	New share issue, common shares	52,500,000	389,582,551	20.1	7,830,609,275
February 2018	Redemption, preference shares	-4,898,448	384,684,103	20.1	7,732,150,470
November 2018	Redemption, preference shares	-2,101,552	382,582,551	20.1	7,689,909,275
September- November 2020	Reduction of share capital			-19.35	-7,402,972,362
	Bonus issue				+3,200,000,000
	Recapitalization				
	Conversion of bond	+547,413,777		0.75	+410,560,333
	Conversion of hybrid bond	+1,163,793,087		0.75	+872,844,815
	Directed issue	+1,729,170,833		0.75	+1,296,878,125
	Rights issue	+3,437,102,162		0.75	+2,577,826,622
	Shares registered in November	+5,976,882		0.75	+4,482,662
	Total		7,266,039,292	1.19	8,649,529,469

1) Before SAS AB was formed in May 2001, SAS was listed through SAS Danmark A/S, SAS Norge ASA and SAS Sverige AB.
2) Technical change in connection with consolidation to one common share.

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SUSTAINABILITY

SAS' highest strategic priority is to achieve sustainable and profitable business.

Promoting the transition towards more sustainable air travel remains is an existential matter. We want to lead and inspire the journey towards a net-zero carbon society.

Starting out the fiscal year 2022 in the last wave of the COVID-19 pandemic with reduced traffic and less passengers. With the delivery of 10 new aircraft with 15-30% less fuel consumption this is the most important step towards decarbonizing SAS. With 58% of our fleet being the new generation fuel efficient aircraft we have the most modern fleet in Europe.

One of the main activities to support this ambition is to continue modernizing our fleet. In FY2022, SAS received nine A320neo, one A321LR and returned and rejected 18 aircraft, one Airbus 350, one Airbus 330, 12 Boeing 737 and four Airbus 321.

SAS Link plays an important role for the rightsizing of our fleet. During FY2022 SAS has therefore also taken delivery of four E195 to operate routes with lower passenger demands. In the next years to come SAS plans to replace this fleet with the most suitable next generation midsize fleet to further reduce the carbon footprint.

For more than three decades, SAS has determined strived for reduction of its environmental impact

in operations. Since 1996, our progress has been transparently presented in externally validated reports.

Even with a shortage of supply, we have been able to increase our use of SAF (sustainable aviation fuel) this year with the blend-in mandate in Norway and Sweden, and with support from our customers committed to buy SAF to make their flight fossil-free. In September SAS signed a letter of support with Heart Aerospace to confirm our interest into buy their electric aircrafts and to be part of their advisory group.

Due to financial challenges, we went into Chapter 11 on July 5. Even through hardship, our promise to our stakeholders stays: - Sustainability continues to be one of our highest priorities. And we will build back better.

ENVIRONMENTAL, SOCIAL AND FINANCIAL RESPONSIBILITY

For SAS, sustainable development provides benefits within environmental, social and personal health areas both today and tomorrow. We believe a mindset of innovation and collaboration drives the required changes for sustainable future.

By using resources more efficiently and minimizing risks our sustainability work increases our value and competitiveness. For example, aircraft fuel efficiency, optimizing passenger and freight capacity reduces fuel consumption as well as costs. There is also a strong financial incentive to reduce sick leave.



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OUR SUSTAINABILITY FOCUS AREAS

With our determined commitment, documented activities and results, we strive to reduce our impact on the climate and the environment. Taking care of our customers, employees, and society at large is also part of our commitment. This enables us to minimize sustainability-related risks and draw on potential opportunities – to avoid unnecessary costs, realize financial performance and differentiate ourselves from the competition.

The transition to more sustainable air travel is an existential topic for SAS and we believe that sustainable development means continuous improvements in all relevant areas of sustainability. We have a well-defined process for continuously reviewing relevant sustainability topics. The process involves engaging with internal and external stakeholders and is based on international guidelines such as the GRI, the UN Global Compact, the UN Sustainable Development Goals, global trends, the media, stakeholder dialogues, and our own assessments of risks and opportunities.



GOVERNANCE

OUR FOCUS IS THE FIVE AREAS WITHIN SUSTAINABILITY WHERE SAS WILL MAKE PROGRESS. BUT IT ALSO REFLECTS THE PURPOSE OF AVIATION – TO SUPPORT OUR SOCIETY.

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SAS STAKEHOLDERS

SAS has a long tradition of a developed and fruitful cooperation with a wide range of stakeholders and involvement in community-related issues.

For some time, SAS has worked to systematize, strengthen, and further develop relations with external stakeholders. This contributes to creating the premises for the conditions underlying SAS' competitiveness and operational framework.

SAS prioritizes close collaboration with customers, authorities, suppliers and airports in order to create prerequisites to develop solutions and improve the sustainability performance. SAS also engages in dialog with parties that want to learn, drive change or support SAS in different ways, i.e. employees, partners, experts, NGOs, organizations, researchers, etc.



STAKEHOLDER PRIORITIES ARE CONSTANTLY CHANGING, CONTINUALLY EVOLVE TO MEET EXPECTATIONS. CONDUCTING A THOROUGH MATERIALITY ASSESSMENT HELPS US IDENTIFY AND PRIORITIZE THE ISSUES THAT MATTER MOST TO OUR BUSINESS AND STAKEHOLDERS.

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MATERIALITY ASSESSMENT

The materiality assessment aims at engaging stakeholders to identify our most significant impact on the economy, environment and people to find out how important specific environmental, social and governance (ESG) issues are to them.

In order to ensure SAS prioritized materiality issues, an assessment was conducted in FY 2022. The assessment was undertaken by an independent third party to ensure complete confidentiality and impartiality. In the process 11 external stakeholders (customers, suppliers, associations, NGOs and airports) and 19 Internal stakeholders (board members, management, business unit managers, subsidiaries) were interviewed. A survey among employees were also completed.

The results have been compiled and processed by SAS management and SAS key personnel. The board has subsequently confirmed the prioritization of the materiality issues, which has been included in strategy, risk management and associated business processes.

MATERIALITY LIST PRIORITIZING SUSTAINABILITY ISSUES IDENTIFIED BY THE COMPANY AND BY ENGAGEMENTS WITH STAKEHOLDERS

THE MOST MATERIAL ISSUES TO INCLUDE IN STRATEGY, RISK MANAGEMENT AND RELATED BUSINESS PROCESSES	MATERIAL ISSUES TO INCLUDE IN REPORTING	MATERIAL ASPECTS TO MONITOR IN REGARDS TO DEVELOPMENT
<p>ENVIRONMENT</p> <ul style="list-style-type: none"> • Reduce climate impact • Fleet development • Sustainable aviation fuel • Efficient flight operation • Waste management <p>SOCIAL</p> <ul style="list-style-type: none"> • Responsible employer • Employee health & safety • Diversity and equality • Labor relations • Accident and safety management <p>GOVERNANCE & ECONOMIC</p> <ul style="list-style-type: none"> • Financial performance • Market competitiveness • Innovation & digitalization • Business ethics and anti corruption 	<p>ENVIRONMENT</p> <ul style="list-style-type: none"> • Pollution prevention • Climate change adaption • Noise pollution <p>SOCIAL</p> <ul style="list-style-type: none"> • Responsible supply chain • Human rights • Societal engagement <p>GOVERNANCE & ECONOMIC</p> <ul style="list-style-type: none"> • Stakeholder dialogue 	<p>ENVIRONMENT</p> <ul style="list-style-type: none"> • Biodiversity • Water management <p>GOVERNANCE & ECONOMIC</p> <ul style="list-style-type: none"> • Loyalty program

From last Materiality list the following has been changed:

New

- Financial performance
- Innovation & digitalization
- Stakeholder communication
- Responsible employer
- Labor relations

Renamed

- Noise = noise pollution
- Sustainable supply chains = Responsible supply chain
- Emissions = Climate impact
- Work conditions = Accident & safety management

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OUR MOST MATERIAL ISSUES

REDUCE CLIMATE IMPACT

Based on the materiality assessment performed during the year, and besides accident- and safety management, our most important environmental issue is to reduce our climate impact. Emissions from aircraft operations (Scope 1) account for over 99%¹ of our greenhouse gas emissions within scope 1 and 2.

To reduce our climate impact we:

- Continue to modernize our fleet
- Increase SAF (sustainable aviation fuels) volumes
- Efficient flight operations
- Reducing weight onboard

Air traffic control and disruptive technologies are or will be used to reduce carbon dioxide emissions in aviation.

STAKEHOLDER COMMUNICATION

SAS actively communicate on sustainability issues in a transparent manner with our stakeholders, including the publication of our Annual and Sustainability Report. Customer satisfaction (travelers, freight customers etc.) is measured and monitored which is of significant importance for SAS and its stakeholders.

RESPONSIBLE EMPLOYER

SAS work actively with employee well-being (physical and mental health), working conditions, hazard identification, monitoring, auditing and incident reporting processes, company health services, working environment.

To be a responsible employer includes attracting and retaining our people as well as health and well-being among our employees. This includes business culture & leadership, training and programs for developing human resources, performance and development reviews for employees as well as employee engagement survey.

LABOR RELATIONS

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

DIVERSITY & EQUALITY

SAS to advocate and work towards an increased diversity. This includes diversity of governance bodies and employees, ratio of basic salary and equal opportunities for example gender, nationality, and religion.

FINANCIAL PERFORMANCE

Financial performance in both short- and long-term perspective in accordance with set strategy in SAS FORWARD is needed to ensure a solid and competitive market position. This is a new materiality issue for sustainability due to SAS financial challenges after the pandemic. (Read more about our new business plan SAS FORWARD and Chapter 11 process on page 11).

ENVIRONMENTAL	SOCIAL	GOVERNANCE AND ECONOMIC
Reduce climate impact	Responsible employer	Financial performance
- Fleet development	- Employee health & safety	- Market competitiveness
- Sustainable aviation fuel	- Diversity and equality	Innovation & digitalization
- Efficient flight operation	Labour relations management	Business ethics and anti-corruption
Waste management	Accident and safety management	

INNOVATION & DIGITALIZATION

Innovation and digitalization have risen in importance, not only partnerships for new disruptive aircrafts, engines, sustainable aviation fuels, and by developing and implementing smart tools to improve pilot's fuel efficiency performance, data management and IT security.

BUSINESS ETHICS & ANTI-CORRUPTION

SAS work in a structured manner to maintain ethical behavior, internally and externally. This includes Code of Conduct training and operations assessed for risks related to corruption.

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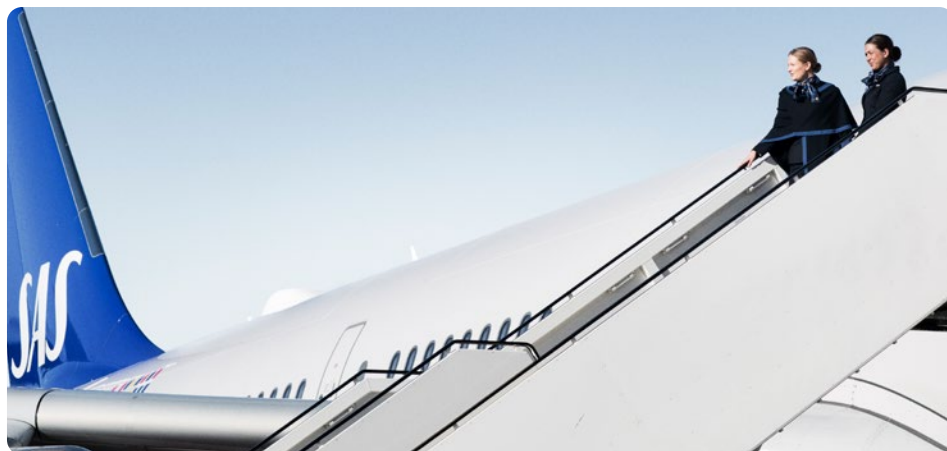
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UN SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs), or Global Goals for Sustainable Development, are a collection of 17 global goals set by the United Nations General Assembly in 2015. They involve meeting a broad range of global development targets by 2030. The goals encourage businesses to consider how they can best contribute to overcoming global challenges related to economic, social and environmental sustainability.

OUR MOST RELEVANT SDGS

As we aim for leadership in sustainable aviation, we focus on reducing our climate impact, promoting resource efficiency, and creating an attractive workplace. SAS has the ability to positively influence eight of the sustainable development goals through the five priorities of our Sustainability framework.



SDG 5 – GENDER EQUALITY

Goal 5 promotes gender equality and the empowerment of all women and girls. SAS contributes toward this goal by encouraging gender equality and diversity through its recruitment policy and annual People Review.



SDG 8 – DECENT WORK AND ECONOMIC GROWTH

Goal 8 promotes sustained, inclusive and sustainable economic growth, productive employment and decent work for all. SAS provides fair working conditions for all its employees, partners, and suppliers.



SDG 9 – INDUSTRY, INNOVATION AND INFRASTRUCTURE

Goal 9 endorses resilient infrastructure, inclusive and sustainable industrialization and fosters innovation. SAS engage in partnerships for innovation in new disruptive technologies as aircrafts, engines and sustainable aviation fuels, smart tools to improve pilot's fuel efficiency performance.



SDG 11 – SUSTAINABLE CITIES AND COMMUNITIES

Goal 11 calls for cities and human settlements to become more inclusive, safe, resilient, and sustainable. SAS create job opportunities and connects citizens in Scandinavia's remote areas to the rest of the world, and the world with Scandinavia.



SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION

Goal 12 promotes sustainable consumption and production patterns. SAS works continuously with its product development and efficiency improvements in order to reduce its climate and environmental impacts.



SDG 13 – CLIMATE ACTION

Goal 13 calls for urgent action to combat climate change. SAS works proactively to reduce its greenhouse gas emissions by focusing on reducing emissions from its aircraft operations.



SDG 16 – PEACE, JUSTICE AND STRONG INSTITUTIONS

Goal 16 promotes peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. SAS ensures that human rights are respected through our code of conduct.



SDG 17 – PARTNERSHIPS FOR THE GOALS

Goal 17 encourages to strengthen the means of implementation and revitalization of the global partnerships for sustainable development. In the aviation industry partnerships enabled the commitment to achieving net-zero carbon emissions from our operations by 2050. Partnerships for aviation technology, carbon offsetting schemes and climate risk assessment are other areas where the industry work together to find sustainable solutions.

1) This figure is based on available statistics included in this report. As of today, it covers our flight operations including regional production partners, and the providers of external services capable of delivering statistics

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ENVIRONMENT

ENVIRONMENTAL SUSTAINABILITY

SAS is determined to reduce its greenhouse gas emissions. To drive our environmental work, we have set comprehensive and ambitious short and long-term environmental goals.

We are aiming to be a driving force in the transition of the aviation industry. This includes supporting innovation and partnerships to find new solutions, making major investments in new, more fuel-efficient aircraft, increasing production and use of sustainable aviation fuels and many other enhancements to our inflight offerings and service.

Environmental sustainability for SAS is focused on decarbonizing our operations, resource efficiency and reducing our impact locally on air, water as well as decreasing noise from our aircrafts at start and landing.



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OUR ENVIRONMENTAL GOALS

To reduce our greenhouse gas emissions and to drive our environmental work, we have set comprehensive and ambitious short- and long-term environmental goals.

2025 GOAL

- 25% lower total CO₂ emissions compared with 2005 (absolute emissions)

2030 GOALS

- Sustainable aviation fuel equivalent to SAS' domestic production (on average 18% the last 5 years)
- 50% noise reduction compared with 2010
- 100% sustainable materials in SAS' customer offering
- 100% recycling where possible

2050 GOAL

- Net zero carbon emissions in line with IATA's updated ambition

During FY2022 it was decided SAS will commit to the Science based targets initiative. The Science-based targets provide companies a clearly-defined path to reduce emissions in line with the Paris Agreement goals. For SAS the commitment means to reduce our average carbon intensity by ~35–40% between 2019–2035.

INDUSTRY EMISSIONS GOALS

SAS intends to be part of a long-term sustainable society and support the International Air Transport Association (IATA) ambition of net zero carbon emissions from commercial flights by 2050.

The IATA and the airline industry have agreed on the following joint targets:

- Improved fuel efficiency by an average of 1.5% annually from 2009 to 2020
- Carbon-neutral growth from 2020
- Net zero carbon emissions by 2050 (updated In October 2021)

Source: www.enviro.aero

The UN aviation organization, the International Civil Aviation Organization (ICAO), decided on a global market-based measure implemented in 2021 – the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). The key elements of a global solution should not distort competition and should incorporate the UN's CBDR principles (common but differentiated responsibility). Carbon-neutral growth is going to be achieved through CORSIA. At present, we are prepared to fulfill reporting obligations for our emissions. Based on the structure of the scheme, we cannot estimate an annual cost yet.

SAS is fully committed to reach the IATA targets and our fuel efficiency has improved by approximately 2% each year since 2010. We will realize these targets through a combination of new technology, sustainable

aviation fuels, new energy sources, more efficient air traffic management and coordinated action to improve the infrastructure as well as the conditions under which air transport operates. See page 31 onwards for more details on how we are actively working to reduce our emissions.



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OUR GREENHOUSE GAS
EMISSIONS

In FY 2022, our absolute CO₂ emissions from aircraft operations increased with 103% compared with the previous year. The increase can be attributed to the return of traffic, after being low for more than two years due to the pandemic.

Our CO₂ emissions per passenger kilometer decreased with 24% to 90 grams (118) as a consequence of the significantly higher cabin factor after the return of traffic and our ongoing fleet renewal.

The carbon emission per available seat kilometer increased slightly with 4% to 54 grams (52) due to an increased load factor after the return of traffic.

During FY 2022, SAS used 3,083 tonnes SAF (sustainable aviation fuel) which is more than double volume compared to last year. The usage is derived from the customer SAF upgrade ancillary service and the Norwegian blend-in obligation and Swedish reduction mandate.

Compared to 2005, the carbon emission decrease in a larger extent (-46%) than the production measured in tonne kilometer (-29%) due to among others, a more efficient fleet.

GREENHOUSE GAS EMISSIONS, SCOPE 1

	Unit	FY 2022	FY 2021	Base year 2010
Flight Operations				
CO ₂ total	1,000 tonnes	2,414	1,189	3,511
as of domestic flights	1,000 tonnes	473	356	
as of flights to/from EU/EEA	1,000 tonnes	1,092	440	
as of flights to/from outside EU/EEA	1,000 tonnes	849	393	
as of biogenic CO ₂ emission ¹	1,000 tonnes	9.7	3.3	-
CO ₂ passenger share	1,000 tonnes	2,225	1,006	3,244
NO _x	1,000 tonnes	9	4.4	14.3
SO ₂	1,000 tonnes	0.8		
CO	1,000 tonnes	2.6		
HC ²	1,000 tonnes	0.11	0.07	-
Passenger kilometers	million	24,855	8,497	29,572
Tonne kilometer	million	2,875	1,155	3,48
Departures	1,000	191	102	279
CO ₂ /passenger kilometer	gram	90	118	109.7
CO ₂ /available seat kilometer	gram	54	52	74
CO ₂ /tonne kilometer	gram	840	1,029	1,009
CO ₂ e total ³ Flight operations	1,000 tonnes	2,437	1,200	3,544
Ground Handling				
CO ₂ Vehicle Petrol ⁴	tonnes	31	25	
CO ₂ Vehicle Diesel ⁴	tonnes	2,227	1,830	
Maintenance Productions				
CO ₂ Vehicle Petrol ⁴	tonnes	31	70	
CO ₂ Vehicle Diesel ⁴	tonnes	95	25	
SAS Cargo Group				
CO ₂ cargo share flown	1,000 tonnes	189	182	230
Cargo tonne kilometer flown	million	390	305	570
CO ₂ /cargo tonne kilometer flown	gram	485	597	403
CO ₂ /cargo tonne kilometer trucked	gram	84	107	
Total CO₂e⁵	1,000 tonnes	2,446		
Aircraft Noise – takeoff	85 db area in km ² per dep.	1.81	1.81	2.40

1) Biogenic CO₂ from 3,083 SAF2) HC in kerosene including CH₄3) Emission factor 3.18 for CO₂e (DEFRA)

4) SAS only report on main bases ARN, CPH and OSL

5) Total CO₂e includes Flight operation, Ground handling and Maintenance production

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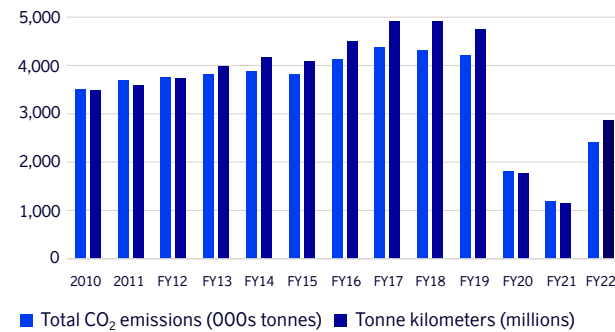
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WHAT ARE OUR RELATIVE AND ABSOLUTE EMISSIONS?

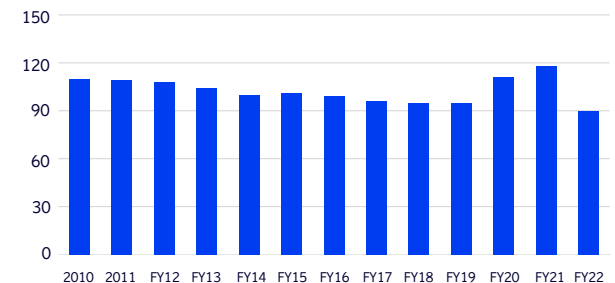
Absolute emissions refer to our total quantity of emissions (often measured in tonnes CO₂).

Relative emissions refer to emissions per production unit (e.g. gram CO₂ per tonne kilometer, gram CO₂ per passenger kilometer, gram CO₂ per cargo tonne kilometer or gram CO₂ per available seat kilometer).

SAS FLIGHT OPERATIONS TOTAL CO₂ EMISSIONS



SAS FLIGHT OPERATIONS CO₂ GRAM/PASSENGER KILOMETER



SHARE OF CO₂ EMISSIONS

The following observations were made in an analysis of our total CO₂ emissions in FY 2022:

- Flights shorter than 500 km were responsible for 13.4% of emissions, flights between 500 and 800 km for 10.6%, flights between 800 and 3,000 km for 37.6%, and flights longer than 3,000 km for 38.5%.
- Domestic flights were responsible for 20% of emissions, and international flights for the remainder.

NON- CO₂ EMISSIONS

In regard to greenhouse gas emissions, SAS has chosen to disclose different emissions separately in this report and the emission calculator is available on our web pages. Most emission calculators used in the market calculate an estimated CO₂ equivalent (CO₂e) based on different multipliers to include non-CO₂ emissions. SAS has chosen not to do so, because consensus is lacking among scientists and experts, on how to calculate NO_x, particles and water vapor emissions to CO₂ e. SAS supports multiple initiatives aiming to reduce the effect of the non- CO₂ emissions in daily operations as well as develop a more advanced calculation methodology. In general, it can be noted that the current fleet renewal, and the technology choices made by SAS, contribute to a greater relative reduction of non- CO₂ emissions than CO₂ emissions.

OUR FOCUS AREAS TO REDUCE EMISSIONS

SAS environmental programs include the following emission-related areas, which are all described in more detail below:

- Increased energy efficiency
- Sustainable aviation fuel (SAF) & emerging technologies
- Sustainable products & services

Due to the COVID-19 pandemic, various administrative functions of SAS, as well as counterparts at external stakeholders, were short-term laid off at different levels. This has affected some ongoing processes but will not affect long-term ambitions and targets.

CO₂ EMISSIONS FOR SCANDINAVIAN AIRLINES AIRCRAFT OPERATIONS FISCAL YEAR 2022

	1,000s tonnes CO ₂	% of total aircraft operation CO ₂
Denmark		
Domestic Flights	17	0.7%
Flights to EU/EES	236	9.8%
Flights to outside EU/EES	304	12.6%
Norway		
Domestic Flights	325	13.4%
Flights to EU/EES	183	7.6%
Flights to outside EU/EES	46	1.9%
Sweden		
Domestic Flights	126	5.2%
Flights to EU/EES	218	9.0%
Flights to outside EU/EES	102	4.2%
Finland		
Domestic Flights		
Flights to EU/EES	9	0.4%
Flights to outside EU/EES		

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CO₂ EMISSIONS FOR SCANDINAVIAN AIRLINES AIRCRAFT OPERATIONS FISCAL YEAR 2022

	1,000s tonnes CO ₂	% of total aircraft operation CO ₂
EU/EEA		
Departing EU/EEA ¹ for Scandinavia and Finland	450	18.6 %
Departing EU/EEA ¹ for outside EU/EEA		0.0 %
Departures within EU/EES ¹	1	0.0 %
Departing EU/EEA ¹ for outside EU/EEA	-	-
Outside EU/EEA		
Departures outside EU/EES ¹ to Scandinavia and Finland	398	16.5 %
Departures outside EU/EES ¹ to outside EU/EES	1	0.0 %
Total	2,414	100.0%

1) Excluding Denmark, Sweden, Norway and Finland, which are reported separately.

INCREASED ENERGY EFFICIENCY**Fleet renewal**

Continuous fleet renewal is a vital part of our efforts to reduce greenhouse gas emissions from our aircraft operations. Our strategy is to ensure long-term profitability through a well-balanced fleet plan. Over the years, we have continuously renewed our fleet by replacing less efficient aircraft with more efficient ones.

The aircraft we use are either owned, leased or wet-leased. Owned and leased aircraft have during FY 2022 been operated by SAS Scandinavia, or SAS Connect and SAS Link. Wet-leased aircraft have during FY 2022 been operated by a number of regional production partners using regional jets and turboprop aircraft.

Through a constructive dialogue with Airbus, we have managed to defer delivery of new aircraft not needed in the short-term. These deferrals are important as they reduce our capital expenditure for 2021–2024 and better align deliveries of new aircraft with the expected return in demand. We are still committed to reducing the fleet operation complexity during 2023. Furthermore, we have made progress on our ambitious sustainability goals by accelerating the phase-out of older and less fuel-efficient aircraft. In the 140–200 seat range, we will operate a single-type aircraft fleet when all A320neo aircraft are delivered. Based on performance data, the A320neo aircraft shows a substantial improvement in fuel consumption and noise emissions. The A320neo has 15–18% lower fuel consumption on a typical short-haul flight compared with the previous generation, the A320Neo.

During the year, we received nine A320neo, one A321LR and four E195 and phased out and rejected 18 aircraft, one Airbus 350, one Airbus 330, 12 Boeing 737 and four Airbus 321. By 31 October 2022, we had received 54 of the 80 A320neo, and six of the eight A350 aircraft ordered in total.

At year end, the SAS fleet consisted of 134 aircraft (16 long-haul aircraft, 87 short-haul aircraft and 31 aircraft flown by regional production partners).

The average age of the entire aircraft fleet was 8.1 years at year end.

RIGHT SIZING

SAS offers an extensive network of destinations and routes for different passenger volumes, which requires an aircraft fleet of different sizes and ranges. With our regional production partners, we can optimize our schedule and aircraft size to optimally meet demand, particularly on regional routes with relatively low demand. This unique capacity to switch aircraft size to meet demand enables us to optimize our fuel use and emissions per seat kilometer. We also draw on our extensive experience to constantly drive efficient aircraft planning.

FUEL EFFICIENCY PROGRAM

We have a comprehensive long-term fuel saving program integrated into our operations. An important aspect of increasing fuel efficiency is to ensure that all employees in SAS airline operations have the prerequisites and knowledge to promote fuel efficiency. Key functions are those responsible for network planning, products, and services as well as those employees involved in aircraft operations.

Ongoing activities include optimizing operating procedures and support systems to promote fuel efficiency. Any change must maintain the highest level of flight safety standards and balance fuel efficiency with other operational costs, such as maintenance costs and air-space charges.

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AIRSPACE AND EUROPEAN NETWORK

Over the past 20+ years, SAS has worked with various stakeholders and made numerous investments to enable and prepare for the introduction of a more efficient European air traffic control system.

The responsibility to implement this important transformation, lies with authorities.

COLLABORATION WITH AIRCRAFT AND ENGINE MANUFACTURERS

Through ongoing environmental work, we engage with various aircraft and engine manufacturers, producers of interiors and other aircraft installations. Environmental performance and criteria are integrated into all decision-making procurement processes for new aircraft and regional production partners.



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SUSTAINABLE AVIATION FUEL (SAF) & EMERGING TECHNOLOGIES

For over a decade, we have worked on various activities to promote the development of alternative and more SAF (sustainable aviation fuels), such as biofuels. It is essential that sustainable aviation fuels are commercialized in order to meet our own and the airline industry's environmental and climate objectives, and to secure alternatives to fossil fuels.

SAS continues to ask for SAF quotes in all jet-fuel tenders in order to indicate that we are prepared to purchase biofuel if the sustainability criteria are in place and the price is competitive. SAS is involved in a number of national and international projects, forums and networks to accelerate the commercialization of SAF production in Scandinavia. These include the IATA/ATAG biofuel network, RISE, SAFUG, NISA, Fossil Free Aviation 2045, Klimapartnerskabet and other Scandinavian interest organizations. There are different production pathways certified and many more on their way to potentially being certified. Our strategy is to support the progress of already certified pathways and to be involved in projects and initiatives working with the most realistic and implementable pathways to potential certification within a realistic time frame.

Our main sustainability criteria for biofuels is that the production is sustainable in the long-term, does not compete with food production or access to potable water, does not harm biodiversity and uses as little land

area as possible. According to the IATA, depending on the production method, SAF can reduce lifecycle CO₂ emissions by up to 80%.

From 2020, Norwegian fuel suppliers are required to blend in 0.5% SAF on all flights fueled in Norway. As of July 1, 2021 a SAF reduction mandate was introduced in Sweden. The emission reduction in the life cycle from using SAF is set to be 0.8% in 2021 and was increased to 1.7% in 2022.

There is a suggestion to introduce an EU-wide mandate within EU Fit for 55, named ReFuel EU Aviation. The suggestion is subject to a parliamentary process and is suggested to regulate a growing share SAF usage from 2025. The starting point is 2% in 2025 and 5% in 2030.

FUTURE LOWER EMISSION AIRCRAFT

There are several development projects ongoing aimed at commercializing future low emission aircraft in a time frame of 5 to 15 years. When developing more efficient aircraft there are several development areas, such as improved aerodynamics, weight reductions, and further improved or new propulsion solutions.

During the year, new propulsion solutions continued to be in focus. There are many different possible solutions, for example next generation jet turbine engines using traditional jet fuel or SAF, jet turbines converted to use hydrogen and electric engines with battery or hydrogen fuel cells as energy storage. Every solution has its opportunities and challenges, and we anticipate many different solutions commercialized over time.



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The ongoing projects among smaller producers are targeting the 10-15 seat market with a one- to two-hour flight range before 2030 and the major aircraft manufacturers are expecting to commercialize 100-150 seat aircraft with a typical short-haul range in the market before 2040.

SAS and Airbus signed a memorandum of understanding in 2019 with the aim of accelerating the development of a 100-seat aircraft with technology enabling full-electric, hybrid or hydrogen propulsion during the 2030s. Within the agreement, SAS and Airbus cover different topics connected to the commercialization of the technology, such as SAS business needs, charging capabilities, operational possibilities, and boundaries, etc. In October 2020, Airbus launched its 'ZEROe'

concept, and our work continued as planned during FY 2022.

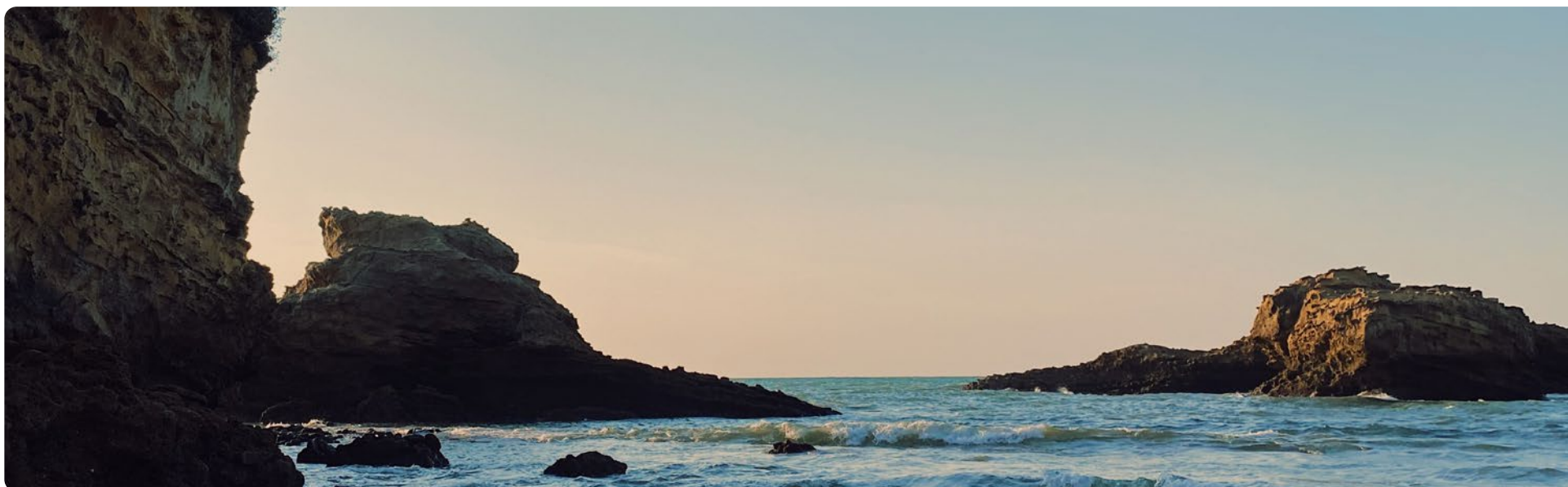
SAS joined forces with Heart Aerospace in 2019 to drive the development of electric aircraft. And in September 2022, we signed a letter of support to add their new electric ES-30 to our regional fleet.

This has the potential of being a significant step on SAS' sustainability journey, enabling zero-emission flights on routes within Scandinavia.

SAS will also be part of Heart Aerospace's new Industry Advisory Board and assist in defining requirements for the ES-30 aircraft.

SAS puts a lot of effort into its engagement with Airbus and strongly supports the development of various initiatives within this area. We strongly believe that we will experience a major technology shift during the 2030s with the commercialization of several full-electric, hybrid or hydrogen aircraft.

SAS also participates in The Nordic Network for Electric Aviation (NEA). A platform where Nordic actors come together to accelerate the introduction of electric aviation in the Nordic countries. The project is a collaboration between twelve partners from six Nordic countries.



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OTHER ENVIRONMENTAL TOPICS

EMISSIONS OF OZONE-DEPLETING SUBSTANCES

Airlines must submit annual reports on their use, consumption, leakage and storage of halon to the authorities. In FY 2022, there were no instances reported where halon was used as a fire safety precaution.

EMISSIONS CALCULATIONS AND CO₂ OFFSETTING

Carbon offsetting options for customers have been available since 2006. In our emissions calculator, which is available on www.sasgroup.net, greenhouse gas emission calculations are provided for SAS' flights. We carbon offset all SAS' tickets for EuroBonus members, Youth travel with SAS and our own staff tickets. For FY 2022, these offsets resulted in 1 million tonne of CO₂, or 44.6% of the passenger-related CO₂ emissions. The offsetting is conducted through the purchase of emission reducing mechanisms connected to third-party renewable energy projects in Asia.

GLYCOL, DIESEL AND PETROL CONSUMPTION

Glycol is used when deicing aircraft. We increased our usage of glycol to 2,011 thousand liters (1,464) in FY 2022.

SAS uses vehicles to provide maintenance and ground-related services at airports and follow airport regulations promoting the switch to vehicles with lower environmental impact. At our main bases, all vehicles are leased, with contracts and fuel consumption continuously followed up. SAS Cargo also monitors CO₂

emissions per cargo tonne kilometer from its sub-contracted ground trucking operations.

Some spillages were reported in conjunction with ground handling during the year. These were properly managed according to procedures.

EMISSIONS FROM ENERGY CONSUMPTION IN BUILDINGS

We continuously work to reduce energy consumption. Our energy consumption decreased due to more effective lighting but also to less building floor space being used. This is mainly due to the substantial reduction of our own operations in recent years.

GREENHOUSE GAS EMISSIONS, SCOPE 2

	Unit	FY 2022	FY 2021	Base year 2010
Energy				
CO ₂ energy	1,000 tonnes	5.6	5.7	24.9
As of CO ₂ electricity	1,000 tonnes	2.4	2.4	12.3
As of CO ₂ heating	1,000 tonnes	3.2	3.3	12.6

OWN BUSINESS TRAVEL

We have control of our own business trips on SAS' flights which generated approximately 4,220 tonnes CO₂ during the year. SAS is looking into and evaluating how to get suppliers to report our scope 3.

NOISE

Aircraft noise is perceived to be the most material impact for local airport stakeholders. There are strict regulations in place along flight paths that are close to residential areas. In FY2022, noise emissions at

take-off have slightly increased (+0.6%) but have decreased with 24.6% compared to 2010. This is due to the introduction of newer and quieter aircraft.

SAS have not received any noise violation reports in FY 2022. The number of breaches has declined in recent years as a result of the procurement of quieter aircraft and improvement initiatives, such as specific flight simulator training scenarios flying to and from airports with strict noise regulations.

WASTE

We work continuously to improve the recycling of onboard waste, although this is challenging as waste must be handled in accordance with different national legislation. The legislation often implies a treatment that does not enable sorting or recycling. We do however recycle aluminum cans at all our Scandinavian base stations. All disposal of waste is taken care of by third-party suppliers. Waste from our offices, ground services and technical maintenance is measured and divided into sorted, unsorted and hazardous waste.

Due to the COVID-19 pandemic, operations were dramatically reduced and in most of the year, all food serving onboard was put on hold and our lounges were closed. During a period this resulted in zero food waste, both from our onboard catering and lounge service. Hazardous waste increased due to emptying of sand traps in Norway, which being emptied every third year.

	Unit	FY2022	FY2021	Base year 2010
Sorted waste	tonnes	1,204	642	-
Unsorted waste	tonnes	113	123	815
Hazardous waste	tonnes	121	61	302

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JET FUEL SPILLS

In FY 2022, a few fuel leaks were reported during refueling of aircraft with SK flight numbers. These were handled according to procedures.

ENVIRONMENTAL REGULATIONS AND COMPLIANCE

Besides improving resource efficiency and environmental performance, our sustainability work ensures that SAS operations comply with all applicable environment-related laws and regulations. No severe incidents breaching any environmental permits were reported in FY 2022.

ENVIRONMENT-RELATED COSTS

In FY 2022, SAS' external environment-related user charges and travel taxes amounted to MSEK 919 (206). These charges and travel taxes comprised environment-related travel taxes and user charges that are sometimes associated with the environmental performance of aircraft and are included in landing fees. Our environmental taxes in Sweden and in Norway amounted to MSEK 415 (105).

The aviation industry pays for its CO₂ emissions within the EU through the European Union Emission Trading Scheme (EU-ETS), which is an established market-based measure. From January 1, 2021, SAS also reports CO₂ emissions to CORSIA. As of January 1, 2021, UK created their own emission trading scheme (UK-ETS). SAS fully complies to UK-ETS.

We believe that market-based measures should not distort competition but should address emission

reduction targets and create incentives for continuous improvement. SAS has supported the development of a global, market-based solution for airline emissions for many years.

SAS fully supports the Polluter Pays Principle and takes responsibility for its emissions. However, we oppose the Swedish and Norwegian taxes that don't address the actual CO₂ emissions and are in addition to EU-ETS or the soon to be introduced CORSIA. The result can be seen as a way of implementing economic measures but lacks incentives to reduce CO₂ emissions. For example, a passenger onboard an A320neo aircraft with 50% SAF pays the same tax as a passenger onboard an aircraft two generations older, despite having approximately 65% lower emissions.

ENVIRONMENT-RELATED LIABILITIES

SAS has no known major environment-related liabilities or contingent liabilities, such as contaminated land.

ENVIRONMENT-RELATED INVESTMENTS

According to SAS' guidelines, our investments are to be both environmentally and economically sound. This contributes to our profitability and helps ensure we can meet future environmental requirements.

The largest sustainability investment made during FY22 is fleet renewal, more information regarding the financing can be read on page 63. Our preferred solution is leasing, rather than own investment in aircraft, vehicles, computers etc.

SUSTAINABLE PRODUCTS & SERVICES

We continuously develop our products and services, to make them as sustainable as possible in terms of resources and materials with a lifecycle perspective.

Due to the pandemic, operations was still reduced the first six month of the fiscal year, but sustainability still remains an important focus in our daily business.

The safety of passengers and employees is always our highest priority and because of the COVID-19 outbreak, additional measures were introduced to ensure safety and well-being onboard. We introduced mandatory facemasks, safety processes and a safety kit for all staff onboard.

In October 2021, we re-started the serving of food onboard, starting with a reduced service on flights over 80 minutes from Denmark. We also opened our lounges with a limited food supply. Our ambitious sustainability goals remain, and we continue to develop more sustainable product and services onboard and in our lounges, to be introduced as traffic slowly increases.

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OUR APPROACH TO EMPLOYEES

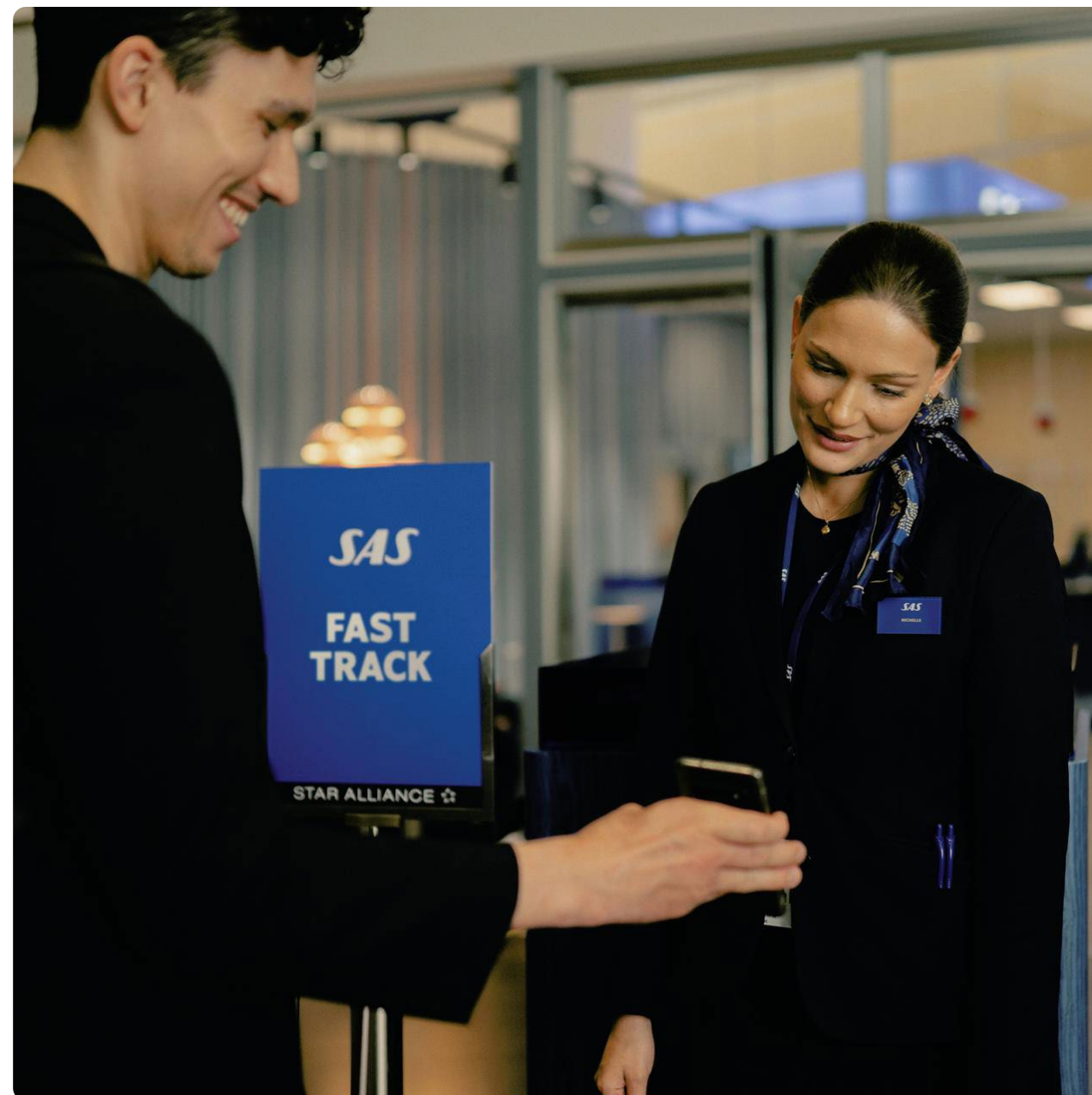
Our responsibility as an employer is to ensure decent working conditions in the work environments within our operations, mainly in the Nordic region. SAS is also responsible for providing personal and professional development opportunities. The SAS Work Environment Policy, Leadership Policy, Personnel Policy and Diversity Policy apply to all employees at SAS. Group Management is ultimately responsible for the policies. The policies are reviewed annually, and activities are followed up on within the management system and reported weekly, monthly, quarterly, or annually according to specific needs.

We have a zero-tolerance policy toward all forms of harassment and work continually to counteract harassment through various activities. This is regulated by our Code of Conduct, and web-based training in the code is mandatory for all employees.



8 SOCIAL AND ECONOMIC GROWTH **REDUNDANCIES AND COOPERATION WITH LABOR UNIONS**

SAS is adapting and reshaping how to plan and navigate short-term as well as taking into account the uncertainties surrounding the overall future of the aviation industry.



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Day-to-day collaboration with labor unions is mainly carried out on a national level with unions that have collective agreements with SAS. Collaborations take place within the framework of national laws and agreements affecting the unit concerned. SAS conducted negotiations and discussions with all unions during FY 2022. Between 4 and 17 July 2022 nearly 1,000 SAS pilots went on strike. After reaching a long-term agreement the relation between SAS and the labor unions found ways forward to continue collaborations in good terms. In SAS, at least 95% of the employees are covered by collective bargain agreements, the rest are senior executives, certain types of civil servants and employees in parts of the world where employment conditions are regulated in a different way.

Employee representatives from the Scandinavian countries sit on the SAS Board of Directors. Employees elect representatives from units in the group's Scandinavian operations. SAS employees are covered by collective bargaining agreements, with the main exception of a few specialists and senior executives at group level.

**DIVERSITY AND EQUAL OPPORTUNITIES**

The SAS Diversity Policy promotes equal treatment of all employees and job applicants. Our work with equal opportunities includes promoting diversity and equality in all its forms. In FY 2022, the legal gender distribution at SAS was 38% women and 62% men.

At SAS, there is a traditional split between female-dominated roles and male-dominated roles. Pilots (5% women), and technicians and aircraft maintenance staff (5% women) are traditionally male-dominated, while cabin crew (75% women), check-in and gate personnel at the airports (67% women) are typically female-dominated.

As of October 31, 2022, SAS Group Management comprised 38% women, the SAS Board of Directors comprised 27% women and SAS Cargo Board of Directors comprised 50% women.

SAS works actively to promote equality in traditional gender dominated roles and in management by encouraging gender equality and diversity through our recruitment policy and annual people reviews. SAS recruitment policy states that the best candidate for a particular position is chosen, with the SAS diversity aims in mind.

Legal gender	Age			Total
	<30	30–50	>50	
Women	624	1,098	1,645	3,367
Men	1,050	1,822	2,706	5,578
Total	1,674	2,920	4,351	8,945

EMPLOYEES BY GENDER AND REGION

	Permanent		Temporary		Total		Total
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	
Region DK (Incl INTL)							
Female	651	546	7	2	658	548	1,206
Male	1,584	354	50	0	1,634	354	1,988
Total	2,235	900	57	2	2,292	902	3,194
Region NO							
Female	667	359	2	16	669	375	1,044
Male	1,362	377	4	40	1,366	417	1,783
Total	2,029	736	6	56	2,035	792	2,827
Region SE							
Female	956	73	83	5	1,039	78	1,117
Male	1,535	152	113	7	1,648	159	1,807
Total	2,491	225	196	12	2,687	237	2,924
Region TOTAL							
Female	2,274	978	92	23	2,366	1,001	3,367
Male	4,481	883	167	47	4,648	930	5,578
Total	6,755	1,861	259	70	7,014	1,931	8,945

There have been no significant fluctuations in the number of employees during the reporting period or between reporting periods.

WORKERS WHO ARE NOT EMPLOYEES

During FY 2022 at least 136 consultants or contractors have being contracted by SAS. Information on types of work and methodologies is inadequate. Steps are being taken to collect information for next year.

TRAINING

In FY 2022, SAS employees attended approximately 339,000 hours of training (excluding in-air training hours), which equates to an average of 38 hours per employee. Flight crews, technical and operational ground staff are covered by a number of license and competency requirements from EU-OPS, and the IATA through the IOSA (IATA Operational Safety Audit).

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COMPANY HEALTH SERVICES

Our health services or health and work environment (HWE) function that support the entire organization, offers services through in-house or outsourced resources including therapists, stress and rehabilitation experts, ergonomic specialists and engineers. The function also offers special services, including aviation medicine, stress management, follow-up on sick leave, health profiles, ergonomics, and advice in handling chemicals. Investments are made throughout the organization into various health-promoting activities both in the workplace and during leisure time. During the COVID-19 pandemic, many employees have been working from home according to recommendations and quarantine restrictions from authorities. SAS was well prepared regarding digital solutions, but as for many other companies in this situation, it resulted in new challenges regarding the work environment.

SICK LEAVE

Sick leave is a significant expense for society that can be caused by physical and mental illness. Our calculation for sick leave costs amounted to approximately MSEK 164 (101) in FY 2022. SAS works actively to prevent short- and long-term sick leave.

A standardized reporting method is implemented for all three Scandinavian countries, and sick leave is reported according to Swedish legislation. Managers, supported by HR, conduct early follow-ups with sick employees, which have reduced long-term absence.

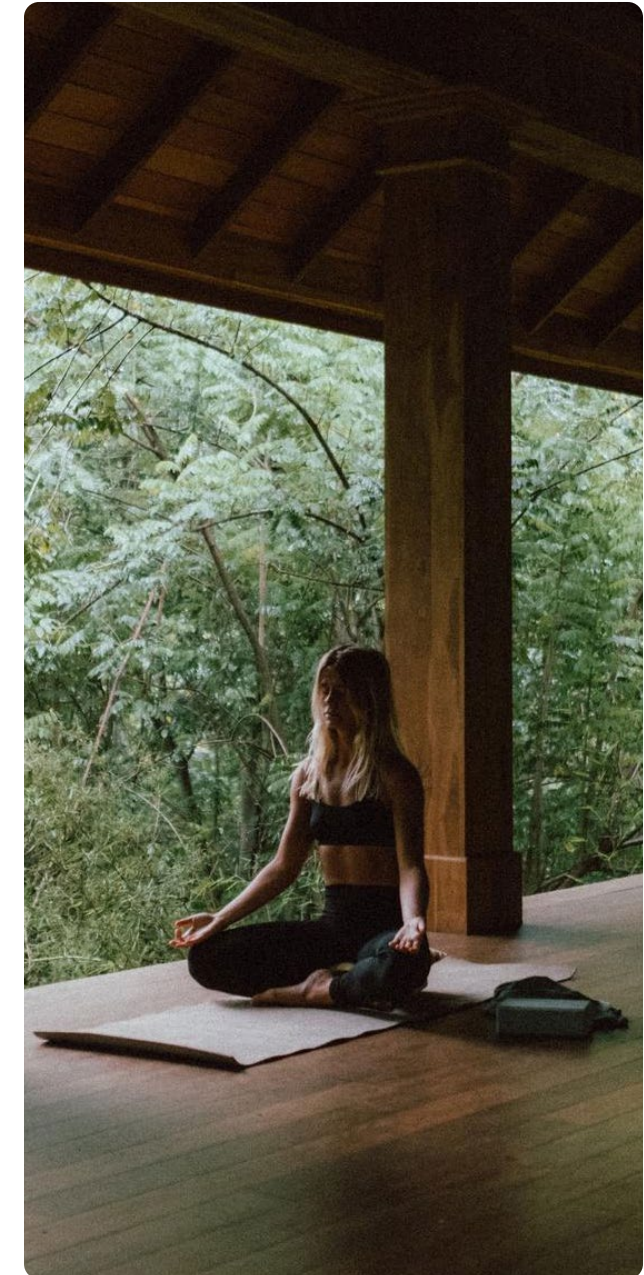
For crew, special sick leave follow-up teams work in close collaboration with external occupational health and aeromedical specialists. Early contact with employees and support for medical health care and rehabilitation programs shorten periods of illness.

When short-term sick leave is reported, employees are offered medical advice from nurses. In cases of frequent short-term sick leave, SAS requires a “first day doctor’s note”. Temporary workplaces and special work schedules are offered for better and faster rehabilitation.

During FY 2022, total sick leave at SAS increased to 6,8% (4.3%). Long-term sick leave, more than 14 days, accounted for 4,5% (2.9%) of the total sick leave at SAS.

OCCUPATIONAL ACCIDENTS

The number of occupational accidents leading to absence at SAS was 6(5) in FY 2022. The increase during FY 2022 was mainly due to the ramp-up and increased number of departing flights. SAS have been working to improve processes for systematic follow-up, education activities and clarification of definition in collaboration with safety representatives, supervisors, HR and labor-management joint safety committees that cover all employees in each country.



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Ground handling has the highest frequency of occupational accidents within SAS. Examples of occupational accidents include crushing, falling and in some cases involving vehicles in connection with baggage handling.

SAS	DK	NO	SE	Total
No. of employees October reporting fiscal year (head count)	3,194	2,827	2,924	8,945
No. of women	1,206	1,044	1,117	3,367
of whom, women, %	38	37	38	38
Total sick leave, %	6.0	8.7	4.5	6.8
Long-term sick leave (more than 14 days), %	3.3	6.1	2.9	4.5
	3	3	0	6
Total number of occupational accidents with one day sick leave or more	0.8	0.6	0.0	0.5

COMMUNITY SUPPORT

SAS supports social initiatives that are mainly related to our airline operations.

RESCUE FLIGHTS

Since the outbreak of the Russian- Ukraine war in February 2022, SAS has operated rescue flights by transporting injured soldiers from Ukraine to hospitals in other countries on a near-weekly basis.

SECURING INFRASTRUCTURE

SAS maintain Scandinavian connectivity, especially on domestic destinations and secure critical infrastructure for travelers and cargo.

AIR BRIDGES FOR MEDICAL SUPPLY

SAS contributed with transport via air freight to bring essential medicine and medical equipment to Scandinavia during the pandemic.

PREPAREDNESS FOR AIR AMBULANCE OPERATIONS

SAS has a commercial agreement with the Swedish government to make two specially equipped Boeing 737s available as air ambulances within the framework of the Swedish National Air Medevac (SNAM) in the event of a national emergency. A similar agreement exists with the Norwegian Armed Forces under which SAS is to make a remodeled ambulance service 737-700 available for medical evacuation within 24 hours, and a second aircraft within 48 hours if necessary.

These aircrafts have operated airports outside Ukraine after the war in in Ukraine breakout in February 2022.

CHRISTMAS FLIGHT

SAS Christmas Flight is a relief campaign carried out by SAS' employees throughout the year, together with volunteers from other companies and organisations. During FY2022, the aid organization has contributed much-needed equipment, food and money to centers in Riga and Tallinn, as well as to refugees affected by the war in Ukraine. We provide an aircraft with full operational support, while pilots and crew volunteer in their free time, and fuel is sponsored by a fuel supplier.

The initiative for SAS Christmas Flight was taken about 40 years ago and has saved many lives and helped thousands of children and young people during these years. Unfortunately, there was no Christmas flight in December 2021 due to covid-19.

SAS – YOU ASSIST

YOU ASSIST is a non-profit initiative launched by SAS' employees in 1979. It is run voluntarily by SAS' employees, and as a section in the internal SAS Club it is supported by SAS. The main focus is to help children in developing countries get a better life through various projects in different countries. Schools are opening up now again after lock down during the pandemic and the support has been re-activated to the existing projects. Also some new projects have been added to the portfolio e.g circulating library and reading program in Kosovo and child care center in Kenya. Approximately 95% of the funds raised by SAS YOU ASSIST goes directly to the projects, leaving only 5% used for administration.

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SAS MANAGEMENT SYSTEM

Sustainability is a vital part of our business and is integrated into the SAS management system. The system includes all activities at SAS and is based on airline operational standards. This includes our own and shared environmental and sustainability policies, the SAS Code of Conduct as well as the UN Global Compact, the UN Sustainability Development Goals, EU taxonomy, Lean and ISO 14001. The system provides guidelines for the ongoing cycle of planning, implementation, and evaluation, as well as the improvement of processes and activities to meet operational and sustainability targets. SAS also has control mechanisms with allocated follow-up systems and resources to ensure compliance with applicable international and national legislation.

Our approach to environmental responsibility involves complying with all relevant legislation and minimizing our absolute as well as relative greenhouse gas emissions and other environmental impacts.

Both the SAS Environmental Policy and the SAS Sustainability Policy are approved by Group Management and apply to all SAS' employees,

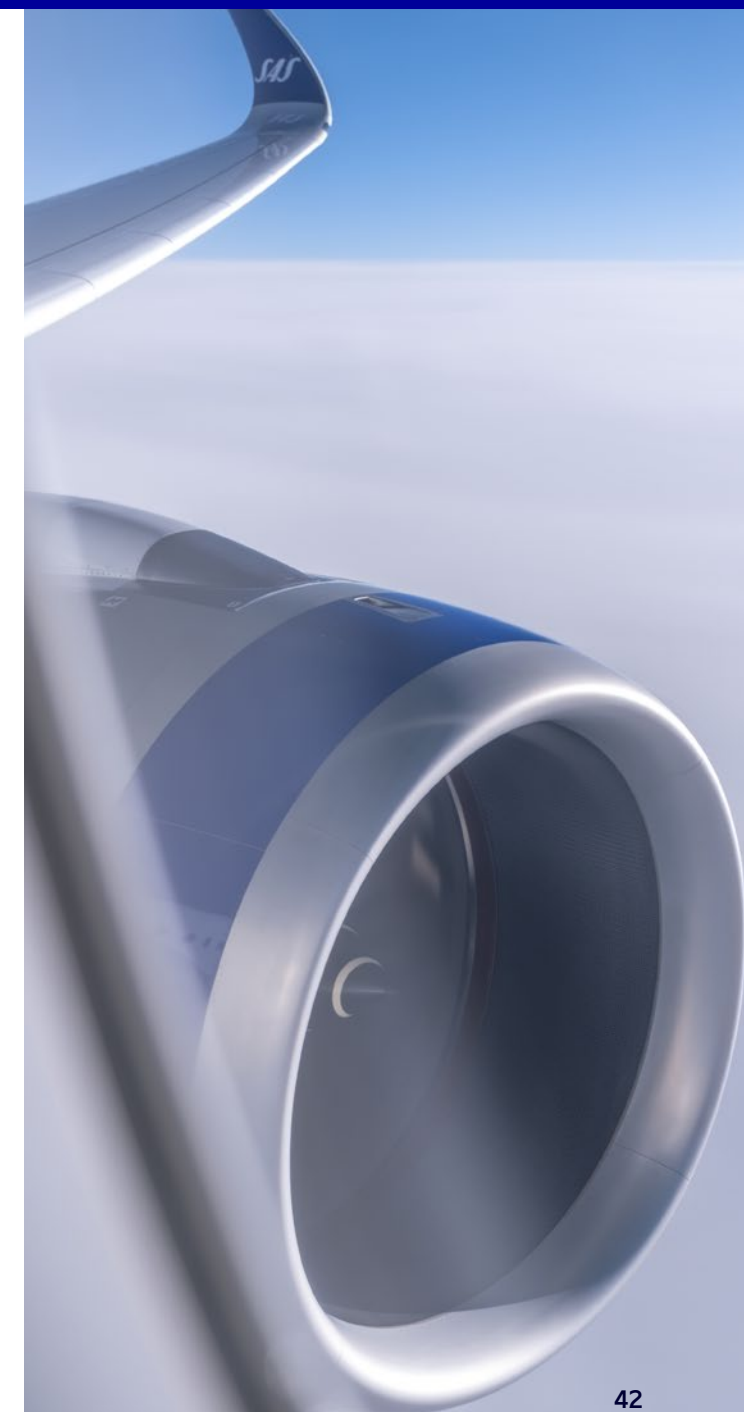
products, and services. The policies, together with goals and strategies, are reviewed annually at the ISO 14001 management review by Group Management. Activities are followed up within the management system and reported weekly, monthly, quarterly, or annually according to specific needs.

The SAS environmental management system has been certified according to ISO 14001 throughout the company since 2010. The ISO standard is a key part of how we work with our environmental goals.

CODE OF CONDUCT

The Board of Directors has issued the SAS Code of Conduct to summarize and clarify SAS' stated priorities, promises, policies and other regulations. The Code applies to all employees regardless of role or type of employment. To highlight the Code's importance, an extensive training program supports the implementation of the Code, and all personnel regularly participate. The Code of Conduct does not specify due diligence or specific human rights.

The SAS Code of Conduct is available at www.sasgroup.net



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PROCESSES TO REMEDIATE NEGATIVE IMPACTS

There are clear rules and structures for reporting and addressing suspected violations through the management system or the SAS whistle-blower function. Critical concerns are communicated to the board on case-by-case basis. The whistle-blower function was used on ten occasions in FY 2022. All cases have been reported to the board and have been closed.

SAS is fully committed to cooperate in the remediation of negative impacts we contribute to. The form of participation takes on different forms, depending on the context and whether the grievance has been raised through judicial or non-judicial processes. Evaluation of grievance mechanisms is part of our ongoing stakeholder dialogue.

RISK MANAGEMENT

SAS has a precautionary risk management approach, and the work is focused on minimizing sustainability-related risks and capturing potential opportunities. The risks and opportunities are assessed and strategically dealt with within the management system and are integrated into our comprehensive risk management. Risk control measures are crucial to managing risks.

SAS monitors all the risks and identifies opportunities with solid business potential. Through the certified environmental management system, the changes in the business environment are quickly identified and the operations are subsequently adopted to mitigate the environmental impact. Read more in the Risk management section on pages 66–73.



SAS annually discloses its risks and opportunities related to climate change to CDP. Risks and opportunities

are related to our possibilities to conduct aircraft operations in a changing climate, transition activities and customer perception regarding SAS as a more sustainable alternative for fast and efficient travel over longer distances. The CDP disclosure and result (B in 2021) is available on www.cdp.net.



EcoVadis helps SAS manage our value chain both upstream and downstream, by sharing performance with stakeholders and in the nearby future monitor the performance of SAS upstream value chain. SAS EcoVadis Business Sustainability rating result for FY2021 (Silver in 2022) is available on www.ecovadis.com



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EU TAXONOMY

As described by the European Commission, the EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. It can play an important role to help the EU scale up sustainable investment and implement the European green deal. The EU Taxonomy provides companies, investors, and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable.

SAS fall under the scope of the Non-Financial Reporting Directive and must disclose to what extent the activities that they carry out meet the criteria set out in the EU Taxonomy. SAS' main economic activities, airline operations, is not included in the taxonomy yet and other economic activities as defined by the taxonomy are limited as disclosed in the table on pages 146–148.

Based on SAS' economic activities and the current taxonomy regulation SAS has also reviewed our investments. This review concludes our share of eligible capital expenditures and also operating expenses as defined by the taxonomy as disclosed on pages 146–148.

SAS anticipate that the taxonomy will include airline operation within the next couple of years and the share of eligible activities and aligned activities will increase.

Please see pages 146–148 for more detailed Taxonomy information.



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**BUSINESS ETHICS AND
ANTI-CORRUPTION**

Our management approach is to take an active stance against all forms of corruption and anti-competitive behavior.

The SAS Code of Conduct, Legal Policy, and SAS Anti-bribery Policy are applicable to everyone who acts on behalf of SAS Group. The SAS Board of Directors has the overall responsibility for implementing the Code of Conduct and monitoring compliance. Compliance is monitored throughout the management system and through internal audits.

Regulations relating to bribery and other improper actions are particularly strict. An example is the ongoing "Competition Law Compliance Program" that covers all entities within SAS. The program addresses the most material risks related to corruption and employees that are exposed to corruption risks in their daily work.



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SUSTAINABILITY IN OUR SUPPLY CHAIN

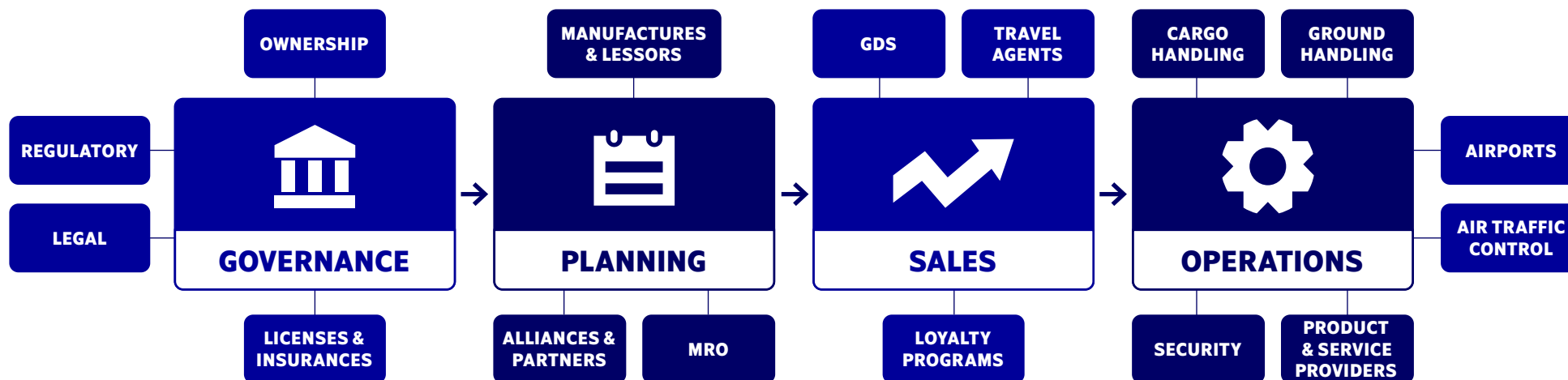
We have close to 3,800 suppliers that provide products and services. The supply chain is centered around aircraft operations and the associated services. It includes:

- aircraft and engine manufacturers
- airport and air navigation service providers
- fuel suppliers
- catering suppliers
- IT suppliers
- technical maintenance suppliers
- regional production partners
- financial services

Suppliers are primarily situated in the geographical areas where SAS' routes are flown. In line with our operational model, we are increasingly outsourcing ground handling, regional production partners, customer services and accounting functions to external suppliers.

SUPPLY CHAIN RESPONSIBILITY

The SAS Supplier Code of Conduct and the SAS Purchasing Policy cover all purchasing activities within SAS. Group Management is responsible for the Purchasing Policy, which is reviewed annually. Activities are followed up within the management system and reported weekly, monthly, quarterly or annually according to specific needs.



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SUPPLY CHAIN GOVERNANCE

Our established governance model clarifies supply chain responsibilities, risks and improvement areas as well as how potential deviations are handled. The responsibility for continuously following up with our critical suppliers is centralized and standardized. All SAS' suppliers are required to meet our high prioritized sustainability and social responsibility requirements, our Purchasing Policy, and the general terms and conditions of the UN Global Compact and other specific sustainability requirements. Sustainability is highlighted as an evaluation criterion in all SAS' sourcing governance.

The criteria depend on the type of product or service and where it is produced, but may include energy efficiency, waste handling, collective agreements, human rights, child labor, etc. Criteria are reviewed and managed in the procurement phase and during the agreement period.

STAKEHOLDER DIALOGUE

We have a long tradition of ongoing dialogue and cooperation with a wide range of stakeholders and involvement in community-related issues.

SAS prioritizes close collaboration with customers, authorities, suppliers and airports to create conditions to develop solutions for improved sustainability performance. SAS also engages in dialogue with parties that want knowledge, drive change or support SAS in different ways, i.e. employees, partners, experts, NGOs, organizations, researchers, etc.

We see stakeholder dialogue as an opportunity to initiate engagement on relevant topics and to gain input to further develop the SAS customer offering and sustainability agenda. As an effort to create a greater understanding of the aviation industry, we also participate in various industry and employee organizations.

A list of our stakeholders can be found at page 24.



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PRODUCT RESPONSIBILITY

We take responsibility for maintaining the highest standards of product responsibility and follow strict policies as well as applicable legislation concerning health and safety, environmental impact, IT security and food safety. We also have a responsibility to deliver products and services that are reliable and are produced under decent conditions. The SAS Quality Policy is applicable to all SAS products and services, it is overseen and annually reviewed by Group Management. Activities are followed up within the management system and reported weekly, monthly, quarterly, or annually according to their specific needs.

Flight Safety is highly regulated, and SAS is regularly audited by external parties. The relevant authorities review working conditions for airline personnel regarding areas such as working hours, which help to promote flight safety.

Punctuality and regularity are crucial aspects to deliver passenger transport on time and as planned. SAS works continuously to monitor and improve punctuality and regularity, which is highly valued by SAS customers. Punctuality is also of high importance for reducing emissions.

IT security and integrity are increasingly important, and SAS has an extensive program to ensure the high level of IT security required. We also comply with the EU General Data Protection Regulation (GDPR) legislation.

**SAS CONTRIBUTES TO
ECONOMIC DEVELOPMENT**

Our operations benefit society by directly and indirectly creating economic value and social welfare in the countries and communities where we operate.

We promote significant direct economic benefits as an employer and a purchaser of goods and services. In FY 2022, SAS paid wages and salaries totaling MSEK 6,822 which included social security expenses of MSEK 941 and pensions of MSEK 611. SAS aims to achieve market pay for all employee groups.

SAS creates economic value by providing the necessary infrastructure to enable smooth passenger journeys and cargo transport to, from and within Scandinavia. Air transport pays the costs for the infrastructure it needs to operate, such as airports, air traffic control and security. In FY 2022, these costs amounted to MSEK 5 320 for Scandinavian Airlines. Of these costs, Scandinavian Airlines paid MSEK 909 in security-related costs.



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ABOUT THIS REPORT

The sustainability reporting in SAS Annual and Sustainability Reports, has been subject to third-party review since 1996. The report describes the company's most essential environmental and societal aspects during fiscal year 2022 from November 1, 2021, to October 31, 2022.

The Annual and Sustainability Report has been prepared in accordance with the GRI Standards. The UN Global Compact, UN Sustainability Development Goals, ISO 14001 and CDP were also taken into consideration in the preparation of this report. The sustainability part of this report has been prepared following the SAS Accounting Policies for Sustainability Reporting.

In accordance with the Swedish Annual Accounts Act, SAS has prepared a statutory Sustainability Report, which has been incorporated into the Annual and Sustainability Report FY 2022, separate from the Report by the Board of Directors, on pages 21-54 and 146-148. The auditor's opinion regarding the statutory sustainability report is included on page 55.

This Annual and Sustainability Report is a key part of our commitment to communicate transparently with stakeholders. The materiality analysis was renewed in 2022 and "sustainability communication" was still identified as an area of great importance to SAS and its stakeholders. The SAS Group is referred to as SAS in this Sustainability Report. Publication date of this report: 24 of January 2023.

EXTERNAL REVIEW: MATERIAL SUSTAINABILITY INFORMATION AND EU-ETS AND UK ETS

All material sustainability information in the Annual and Sustainability Report for FY 2022 has been reviewed by KPMG. The Auditor's assurance report can be found on page 55.

For year 2021 KPMG verified the reporting systems regarding CORSIA and the EU trading scheme for emission allowances for flights under the SK flight number. Verifavia has verified the UK ETS reporting systems regarding UK trading scheme for emission allowances for flights under Connect flight number for year 2021.

EXTERNAL INITIATIVES

SAS has been a member of the UN Global Compact since 2003 and participates in the Nordic Network. One criterion for publishing company information on the Global Compact website is an annual update – the Communication On Progress (COP). The most recent SAS information update was completed in June 2022. The UN Global Compact is a pivotal component of the SAS Code of Conduct and the requirements imposed on the company's suppliers.

We have also chosen to use the UN Sustainable Development Goals (SDGs) as a tool to structure our strategic sustainability agenda. See page 27 for more on our approach to the SDGs.

Examples of organizations related to sustainability issues where SAS is a member:

- Member in the IATA's Sustainability and Environment Advisory Council (SEAC)
- Member in the Star Alliance Sustainability Committee Strategy Team
- Member and founding partner of the Nordic initiative Sustainable Aviation
- Member of Nordic CEOs for a Sustainable Future
- Member of the biofuel cluster Fossilfritt Flyg 2045
- Member of The Nordic Network for Electric Aviation (NEA)
- Active in the Nordic working group for environmental issues in aviation (N-ALM)
- Participation in three national industry organizations: NHO Luftfart in Norway, Svenska Flygbranschen in Sweden and Dansk Industri in Denmark

ACCOUNTING POLICIES FOR SUSTAINABILITY REPORTING FISCAL YEAR 2022

'SAS' or 'The SAS Group' is used throughout the report when referring to our overall operations.

The sustainability reporting covers all the entities within SAS unless otherwise noted.

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For environmental responsibility, SAS strives to distinguish between airline and ground operations. Accordingly, the following distinctions have been made:

- Airline operations with an SK flight number. Scope 1
- Ground handling in SAS Ground Handling (SGH). SGH conducts ground handling for SAS and other customers, such as other airlines. Scope 1
- Technical maintenance in SAS Maintenance Production. SAS Maintenance Production conduct technical maintenance primarily for SAS but also for other customers, such as other airlines. Scope 1
- Freight and mail services within SAS Cargo Group A/S (SCG). Scope 1
- Facilities owned or leased by SAS. Scope 2

The SAS legal structure is presented on page 76.

MONITORING SUSTAINABILITY-RELATED DATA

We monitor relevant sustainability key performance indicators (KPIs) on an ongoing basis. SAS uses various parts of the Lean methodology and follow-ups of these KPIs are conducted within the management system and reported weekly, monthly, quarterly, or annually according to specific needs.

As preparation for external sustainability reporting, there are data collection processes in the management system covering all areas of the SAS sustainability agenda. SAS has not made any restatement in the reporting period.

SCOPE OF THE SUSTAINABILITY WORK

The goal of the Annual and Sustainability report is to disclose all information necessary to provide the reader with a comprehensive overview of our environmental, societal, and financial responsibilities.

The ultimate responsibility for our sustainability aspects, and their integration in operational activities, lies with Group Management. The Annual and Sustainability Report is approved by SAS Board of Directors and SAS Group Management before publication. The SAS Board of Directors submitted the Annual and Sustainability Report FY 2022 in January 2023.

LIMITATIONS

The main principle for sustainability reporting is that all units and companies controlled by SAS are accounted for. This means that sustainability-related data for divested companies owned by SAS during the period is reported wherever possible. The same accounting policies as for financial information in the Annual Report are intended to be used for information in the Sustainability Report.

SAS has a number of production indicators (such as passenger kilometers and tonne kilometers). There are differences between the Annual Report and the Sustainability Report with regards to the disclosure of the number of passenger kilometers. The Annual Report uses revenue passenger kilometers (RPK) where paying passengers are included, while the Sustainability Report uses passenger kilometers

(PK) where all passengers (including non-revenue) are included.

Standard definitions for environmental and societal data have been applied throughout SAS. None of the limitations are considered to have any substantial significance.

CHANGES IN ACCOUNTING POLICIES AND CALCULATING PRINCIPLES

None.

PRINCIPLES FOR REPORTING AND CALCULATING EXTERNAL AND OTHER ENVIRONMENT RELATED COSTS

Where possible, environment-related costs are based on information directly from the accounting system. When this has not been possible, for example, for calculations of certain charges and taxes that are included in landing charges, estimates were used based on the number of passengers to a certain destination and the charge or tax per passenger.

PRINCIPLES FOR REPORTING AND CALCULATING ENVIRONMENTAL DATA

Reported environmental information is based on the following calculations and/or factors:

- Distance, based on WGS84 Great Circle Distance (GCD) calculations between airport reference points as defined in national Aeronautical Information Publication (AIPs).
- Passenger weight for PK calculations uses 100 kg for any person with hand luggage and checked luggage transported. This does not include active crew.

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- Cargo and mail, actual weight is used.
- Fuel density (kg per liter):
 - Jet A/A-1¹: Actual density or 0.8
 - Diesel: 0.84
 - Petrol: 0.73
 - Heating oil: 0.84
- CO₂ factor (per weight unit of fuel):
 - Jet A/A-1¹: 3.15
 - Diesel: 3.17
 - Petrol: 3.12
 - Heating oil: 3.17
 - Electricity: 90 (grams/kWh based on Nordic energy mix)
- Energy conversion of fuels (GWh per 1,000 tonnes):
 - Jet A/A-1: 12.0
 - Diesel: 12.0
 - Petrol: 12.2
 - Heating oil: 12.0
- Nitrogen oxides (NO_x), factors (per weight unit of fuel):
 - Jet A/A-1² Between 0.00694 and 0.01932

1) Fuel density and CO₂ factor for Jet A/A-1 is calculated according to approved MRV plan.
2) Varies per aircraft/engine combination.

CO₂ EMISSIONS PER PASSENGER KILOMETER AND CARGO TONNE KILOMETER – SCOPE 1

SAS has chosen to apply a calculation method to divide the amount of fuel used for passenger and cargo transport before dividing the amount by passenger or cargo tonne-kilometer. The method is based on the IATA Carbon Calculator Tool. The assumption is that fuel usage is proportional to weight. Passenger fuel usage is the ratio of total passenger weight to total weight multiplied by the total fuel used. The remainder is allocated to cargo transport.

Total Passenger Fuel Usage	=	(Total Passenger Weight/Total Weight) × Total Fuel Used
Where, Total Weight	=	Total Passenger Weight + Total Freight/Cargo Weight
Total Passenger Weight (kg)	=	(Number of Seats × 50 kg) + (Number of Passengers × 100 kg)

The calculation method allocates 50 kg per seat as a prerequisite for passenger transport and the same weight per passenger as used in all other calculations applied within the industry.

For cases when flights were conducted without passengers or freight/cargo transport, all CO₂ emissions were allocated as passenger transport. This may include training flights, positioning flights between scheduled flights, and flights to/from maintenance, etc. The reason for this changed calculation method is to achieve more precise CO₂ emissions per production unit calculations. The previous calculation method essentially involved double accounting, with emissions per passenger kilometer including the fuel used for freight/cargo transport and vice versa.

CO₂ EMISSIONS PER AVAILABLE SEAT KILOMETER – SCOPE 1

In order to calculate the CO₂ emissions for each available seat, the assumption is that each seat is occupied by one passenger which corresponds to 100 kg. The metric is calculated by dividing the total CO₂ emissions with the total available tonne kilometer and then multiplied with 0.1 (i.e. 100 kg or 0.1 tonne).

PRINCIPLES FOR REPORTING AND CALCULATING EMPLOYEE DATA

The following principles for calculating and reporting societal data have been used.

OCCUPATIONAL ACCIDENTS (H VALUE)

Frequency of occupational accidents (H value) is calculated using the following formula:

$$\frac{\text{No. of occupational accidents with a minimum of one day absence} \times 1,000,000}{\text{Total number of performed working hours per day}}$$

NUMBER OF EMPLOYEES

In this report, the number of employees is based on the number of persons during the month of October and sick leave statistics calculated for the fiscal year. The statistics include employees with a budgeted or actual schedule and/or who were sick during the period. Employees hired outside Scandinavia are included in the disclosure as Denmark.

SICK LEAVE

Sick leave is reported as the number of days sick in relation to the number of employees multiplied by the number of calendar days. For sick leave, absence due to sick children is excluded. Long-term sick leave (more than 14 days) is reported as a percentage of the total sick leave.

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Statement of use SAS has reported in accordance with the GRI Standards for the period November 1, 2021–October 31, 2022.
GRI 1 used GRI 1: Foundation 2021
Applicable GRI Sector Standard(s) No sector standard is available yet

GRI STANDARDS	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	OMISSION	
				REASON	EXPLANATION
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	The organisation and its reporting practices				
	2-1 Organizational details	76			
	2-2 Entities included in the organization's sustainability reporting	49			
	2-3 Reporting period, frequency and contact point	49, 57, 153			
	2-4 Restatements of information	50			
	2-5 External assurance	49, 55			
	Activities and workers				
	2-6 Activities, value chain and other business relationships	3, 24, 46, 57			
	2-7 Employees	39, 51, 104	2-7-b-iii	Not applicable	No non-guaranteed hours employees.
	2-8 Workers who are not employees	39	Types of work and methodologies	inadequate	Information unavailable
	Governance				
	2-9 Governance structure and composition	76–88			
	2-10 Nomination and selection of the highest governance body	79, 87			
	2-11 Chair of the highest governance body	87			
	2-12 Role of the highest governance body in overseeing the management of impacts	25, 42, 45, 79, 82			
	2-13 Delegation of responsibility for managing impacts	42			
	2-14 Role of the highest governance body in sustainability reporting	25, 50			
	2-15 Conflicts of interest	20, 87			
	2-16 Communication of critical concerns	43			
	2-17 Collective knowledge of the highest governance body	79			
	2-18 Evaluation of the performance of the highest governance body	81			
	2-19 Remuneration policies	80, 83–85			
	2-20 Process to determine remuneration	83, 85			
	2-21 Annual total compensation ratio	Remuneration report on sasgroup.net			
	Strategy, policies and practices				
	2-22 Statement on sustainable development strategy	9–10			
	2-23 Policy commitments	42, 49, 69, 70			
	2-24 Embedding policy commitments	38, 42, 47			
	2-25 Processes to remediate negative impacts	43			
	2-26 Mechanisms for seeking advice and raising concerns	43			
	2-27 Compliance with laws and regulations	37, 65			
	2-28 Membership associations	49			

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					REASON	EXPLANATION
	Stakeholder engagement					
	2-29	Approach to stakeholder engagement	24–26			
	2-30	Collective bargaining agreements	39			
	MATERIAL TOPICS					
GRI 3: Material Topics 2021	3-1	Process to determine material topics	25–26			
	3-2	List of material topics	25–26			
	ECONOMIC PERFORMANCE					
GRI 3: Material Topics 2021	3-3	Management of material topics	57–65			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	74, 92			
	ANTI-CORRUPTION					
GRI 3: Material Topics 2021	3-3	Management of material topics	42, 45, 47, 86			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	86			
	ANTI-COMPETITIVE BEHAVIOR					
GRI 3: Material Topics 2021	3-3	Management of material topics	45, 65			
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	65			
	EMISSIONS					
GRI 3: Material Topics 2021	3-3	Management of material topics	26–36			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	30, 50			
	305-2	Energy indirect (Scope 2) GHG emissions	36, 50			
	305-4	GHG emissions intensity	31			
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	30			
	WASTE					
GRI 3: Material Topics 2021	3-3	Management of material topics	29, 36, 47			
GRI 306: Waste 2020	306-3	Waste generated	36			
	SUPPLIER ENVIRONMENTAL ASSESSMENT					
GRI 3: Material Topics 2021	3-3	Management of material topics	46–47			
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	46			
	RESPONSIBLE EMPLOYER					
GRI 3: Material Topics 2021	3-3	Management of material topics	26, 38–42, 67			
GRI 403: Occupational Health and Safety 2018	403-3	Occupational health services	40			
	403-4	Worker participation, consultation, and communication on occupational health and safety	38–40			
	403-9	Work-related injuries	41, 51			
	405-1					
GRI 405: Diversity and Equal Opportunity 2016		Diversity of governance bodies and employees	39	405-1-a-ii, 405-1-b-ii	Information unavailable/incomplete	Information on age not available per employee category.

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GRI STANDARDS	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	OMISSION		
				REASON	EXPLANATION	
TRAINING AND EDUCATION						
GRI 3: Material Topics 2021	3-3	Management of material topics	26, 38–39			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	39	404-1-a-i & ii	Information unavailable/incomplete	Information not available by gender and employee category.
SUPPLIER SOCIAL ASSESSMENT						
GRI 3: Material Topics 2021	3-3	Management of material topics	46–47			
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	46			
CUSTOMER HEALTH AND SAFETY						
GRI 3: Material Topics 2021	3-3	Management of material topics	37, 48			
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	n/a	416-1	Information unavailable/incomplete	Information not available.
INNOVATION & DIGITALIZATION						
GRI 3: Material Topics 2021	3-3	Management of material topics	26			
	Company specific	Innovation & digitalization	26			

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ASSURANCE REPORT

Auditor's limited assurance report on SAS AB sustainability report and statement regarding the statutory sustainability report

To SAS AB, Corp. Id. 556606-8499

INTRODUCTION

We have been engaged by the Board of Directors and the Chief Executive Officer of SAS AB to undertake a limited assurance engagement of SAS AB Sustainability Report for the financial year 2021-11-01 – 2022-10-31. SAS AB has defined the scope of the Sustainability Report that also is the Statutory Sustainability Report on page 1 in this document.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 49 in the Sustainability Report, and are part of the Sustainability Reporting Standards published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of financial information (revised). A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of SAS AB in accordance with professional

ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Chief Executive Officer as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

CONCLUSIONS

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Chief Executive Officer.

A Statutory Sustainability Report has been prepared.

Stockholm, 23 January 2023

KPMG AB

Tomas Gerhardsson
Authorized Public
Accountant

Torbjörn Westman
Expert Member of FAR

REPORT BY THE BOARD OF DIRECTORS

**REPORT BY THE
BOARD OF DIRECTORS**
**Report by the
Board of Directors**

Dividends, disposition
of earnings and outlook

Corporate Governance
Report

Board of Directors

Group management

REPORT BY THE BOARD OF DIRECTORS

SUMMARY OF FISCAL YEAR 2022

- Revenue for the year: MSEK 31,824 (13,958)
- The total number of passengers increased 135.6% and amounted to 17.9 million.
- Unit revenue (PASK) increased 38.7%¹
- Unit cost (CASK) decreased 19.3%²
- Income before tax was MSEK -7,846 (-6,525)
- Income before tax and items affecting comparability: MSEK -7,941 (-6,382)
- Net income for the year was MSEK -7,048 (-6,523)

1) Currency-adjusted.

2) Currency-adjusted and excluding jet fuel.

The Board of Directors and the President of the Parent Company, SAS AB, hereby submit the annual and sustainability report for SAS AB and the SAS Group for fiscal year 2022 (November 1, 2021–October 31, 2022). SAS AB is registered in Stockholm and the address of its head office is Frösundaviks allé 1, Solna, Stockholm, Sweden, and its corporate registration number is 556606-8499. The company conducts airline operations, including ground handling, technical maintenance and cargo, in a Scandinavian and international network.

MARKET PERFORMANCE FISCAL YEAR 2022

Market capacity increased dramatically during the year as a result of COVID-19 travel restrictions being lifted. The number of passengers who traveled with SAS increased 135.6%, totaling 17.9 million in FY 2022.

SAS scheduled traffic increased 577.8% on inter-continental routes, 155.9% on European and intra-Scandinavia routes traffic, and 64.8% on domestic routes. SAS' charter capacity increased 301.6% and traffic increased 344.7% in the fiscal year.

During the fiscal year, the currency-adjusted yield decreased 6.9% and currency-adjusted unit revenue (PASK) rose 38.7% compared with last year. SAS' currency-adjusted unit cost excluding jet fuel decreased 19.3%.

Punctuality and regularity

In FY 2022, SAS' arrival punctuality (P15) declined to 75.3% (85.9) and regularity dropped to 95.8% (98.6).

TRAFFIC TRENDS FOR SAS

SAS scheduled traffic	FY22	FY21	Change
Number of passengers (000)	17,029	7,380	130.7%
RPK, Revenue Passenger Kilometers (mill)	22,058	7,748	184.7%
ASK, Available Seat Kilometers (mill)	31,688	16,585	91.1%
Load factor	69.6%	46.7%	22.9 ¹
Passenger yield (currency-adjusted), SEK	1.05	1.13	-6.9%
Currency-adjusted unit revenue, PASK, SEK	0.73	0.53	38.7%

	FY22 vs. FY21	
Geographical trends, scheduled traffic	RPK	ASK
Intercontinental	577.8%	120.5%
Europe/Intra-Scandinavia	155.9%	113.5%
Domestic	64.8%	28.1%

SAS charter traffic	FY22	FY21	Change
Number of passengers (000)	839	205	309.3%
RPK, Revenue Passenger Kilometers (mill)	2,259	508	344.7%
ASK, Available Seat Kilometers (mill)	2,683	668	301.6%
Load factor	84.2%	76.2%	8.0 ¹

SAS Total traffic (scheduled and charter traffic)	FY22	FY21	Change
Number of passengers (000)	17,868	7,585	135.6%
RPK, Revenue Passenger Kilometers (mill)	24,317	8,256	194.5%
ASK, Available Seat Kilometers (mill)	34,371	17,253	99.2%
Load factor	70.7%	47.9%	22.8 ¹
Currency-adjusted unit cost, CASK, excl. jet fuel	-0.72	-0.86	-19.3%

1) Figures given in percentage points

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**IMPACT OF THE COVID-19 PANDEMIC AND THE
LAUNCH OF SAS FORWARD**

Over the past two years, the COVID-19 pandemic has significantly affected the whole aviation industry, including SAS. And in some parts of the world, residual effects such as travel restrictions still remain in place. Substantially rising demand for travel is having a significant impact and the industry is struggling to recover quickly enough to meet this positive trend. Accordingly, total travel volumes remain lower than before the start of the pandemic in March 2020. The current geopolitical situation and turbulence in Eastern Europe is also affecting the airline industry and has led 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 airline industry, estimation remains uncertain and the pandemic's aftereffects are persisting at the same time as uncertainty regarding future pandemic outbreaks and the geopolitical situation can continue to adversely affect the entire industry.

SAS' current assessment is that, in terms of passenger numbers, demand for air travel with SAS will have recovered to approximately 90 percent of pre-Covid levels by the end of the first half of fiscal year 2023. SAS expects demand for short-haul leisure travel to return to pre-Covid levels in fiscal year 2024, while demand for short-haul business travel is expected to level off at approximately 80 percent of pre-Covid levels. Similarly, demand for long-haul leisure flights is expected to recover faster than demand for long-haul business flights.

The prevailing uncertainty means that further cost reductions and efficiency initiatives as well as access to liquidity are critical factors.

SAS FORWARD, a plan to strengthen and secure SAS' long-term future position, was launched at the end of February. Key elements of the plan include:

1. Reducing the annual costs by SEK 7.5 billion, including renegotiations of existing financing arrangements and other long-term credit facilities.
2. Redesigned fleet, network and product offerings.
3. Digital transformation.
4. Positioning SAS as the leader in sustainable aviation.
5. Operating platform acceleration.
6. Strengthening SAS' balance sheet by deleveraging and raising new capital.

CHAPTER 11

To accelerate important parts of the SAS FORWARD transformation plan, SAS AB, together with some of its subsidiaries, voluntarily filed for Chapter 11 in the US on July 5, 2022. The court approved SAS' filing and SAS can thereby continue its operations as normal. This process will provide SAS with legal tools to strengthen its financial position and accelerate work with SAS FORWARD, while allowing SAS to continue airline operations. 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. Further information on the Chapter 11 process is available at: <https://www.sasgroup.net/investor-relations/accelerating-sas-forward/transformation-plan-en/> Information on the most recent projection is available at: <https://www.sasgroup.net/newsroom/press-releases/2022/sas-announces-further-details-on-the-sas-forward-plan-including-a-financial-outlook/> SAS' operations are unaffected by

the Chapter 11 filing, and SAS will continue to serve its customers as normal.

Through the Chapter 11 process, SAS has entered an agreement for USD 700 million in Debtor-in-Possession (DIP) financing with funds managed by Apollo Global Management, which provides SAS with a strong financial position to maintain operations throughout the Chapter 11 process. The DIP financing was approved by the US court in mid-September 2022. DIP financing is a specialized type of bridge financing used by businesses that are restructuring through a Chapter 11 process and is structured as a delayed draw term loan (DDTL) – a non-amortized, senior secured super-priority credit with several scheduled disbursements under the loan's tenor – with a nine-month maturity from the closing date. The maturity date can be extended incrementally up to an 18-month term. The first tranche of USD 350 million was utilized in September following the court's approval of the DIP term loan agreement. The remaining USD 350 million will be available upon the satisfaction of certain other conditions under the DIP term loan agreement and is expected to be available for utilization in the first quarter of fiscal year 2023. The DIP term loan agreement is secured in the form of collateral in substantially all SAS' assets that have not previously been utilized as collateral, whether real or personal, tangible or intangible, now existing or hereafter acquired (subject to certain customary exclusions), including certain take-off and landing slots at London Heathrow Airport; all shares in certain companies in the SAS Group, including the Consortium and SAS EuroBonus AB (which owns all rights to the EuroBonus loyalty program); all material registered intellectual property; certain unencumbered aircraft and engines; intercompany receivables; and the products and proceeds of the foregoing.

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The remainder of the DIP financing is expected to be received in the first quarter of FY 2023, provided that certain criteria defined in the Chapter 11 process are met. Further information on the DIP financing is available at: <https://www.sasgroup.net/newsroom/press-releases/2022/sas-secures-usd-700-million-in-debtor-in-possession-financing/>.

SAS is expecting the Chapter 11 process in the US to be completed in the last six months of 2023.

GOING CONCERN ASSUMPTION

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.

INCOME NOVEMBER 2021–OCTOBER 2022

SAS generated an EBIT of MSEK -3,332 (-5,494). Income before tax amounted to MSEK -7,846 (-6,525) and income after tax was MSEK -7,048 (-6,523). During the year, tax amounted to MSEK 798 (2). Year-on-year, the exchange-rate trend had a positive impact on revenue of MSEK 579 and a negative effect on operating expenses of MSEK 878. Foreign exchange rates thus had a negative impact on operating income of MSEK 299. Net financial items were negatively impacted by currency items amounting to MSEK 3,103. In total, currency effects had a net negative impact of MSEK 3,402 on EBT. The net effect was mainly USD-related, where changes resulted in a year-on-year weakening of the SEK.

INCOME STATEMENT, SUMMARY

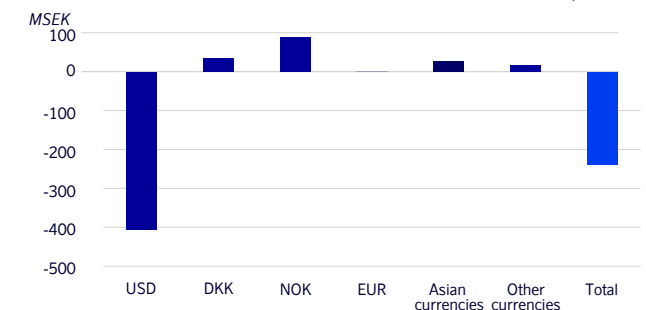
MSEK Income statement	Nov–Oct 21–22	Nov–Oct 20–21	Change vs LY	Currency effects	Change vs LY (Curr. adj)
Revenue	31,824	13,958	+17,866	+579	+17,287
Total operating expenses	-35,156	-19,452	-15,704	-878	-14,826
Operating income (EBIT)	-3,332	-5,494	+2,162	-299	+2,461
Income before tax (EBT)	-7,846	-6,525	-1,321	-3,402	+2,081

CURRENCY EFFECT BETWEEN YEARS

MSEK	FY22 versus FY21	FY21 versus FY20
Revenue	579	-642
Personnel expenses	-125	164
Other expenses	-693	1,062
Translation of working capital	-701	-273
Income from hedging of commercial flows	641	-168
Operating income (EBIT)	-299	143
Net financial items	-3,103	-537
Income before tax (EBT)	-3,402	-394

CURRENCY EFFECTS ON NET INCOME FOR THE YEAR

MSEK	FY22	FY21
Translation of working capital	-284	417
Income from hedging of commercial flows	579	-62
Operating income (EBIT)	295	355
Currency effect on the Group's financial net debt/receivables	-2,911	194
Income before tax (EBT)	-2,616	549

CURRENCY EFFECT ON REVENUE AND OPERATING EXPENSES, NET**Revenue**

Revenue totaled MSEK 31,824 (13,958), see Note 2. Currency-adjusted revenue was up MSEK 17,287 year-on-year. The increase in revenue mainly related to increased production and increased demand.

Currency-adjusted passenger revenue rose 165%. 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 7,661. The higher load factor had a positive effect of MSEK 9,085. The lower yield had a negative effect of MSEK 2,286 on passenger revenue due to changed travel patterns.

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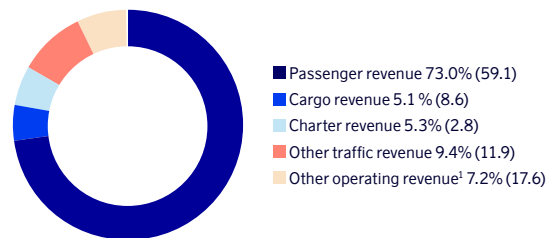
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Currency-adjusted cargo revenue increased MSEK 387 and currency-adjusted charter revenue was up MSEK 1,308. Other traffic revenue (currency-adjusted) was up MSEK 1,310. The increase in revenue was mainly related to higher traffic volumes.

Other operating revenue (currency-adjusted) was MSEK 179 lower year-on-year. In the third quarter of 2022, a negative revenue adjustment was recognized and a SEK 1.1 billion provision was made to cover estimated compensation claims from customers regarding flights cancelled in conjunction with the pilot strike in July. Higher revenue from ground handling operations, sales of EuroBonus points and other volume-related revenues mitigated the impact of the above.

REVENUE BREAKDOWN FISCAL YEAR 2022



¹⁾ Ground handling services, technical maintenance, terminal and forwarding services, sales commissions and charges, in-flight sales and other operating revenue.

Operational and financial expenses

Personnel expenses amounted to MSEK -7,086 (-5,504). After adjustment for currency and items affecting comparability, personnel expenses increased MSEK 1,457 year-on-year. The increase derived primarily from more employees and that the previous year included support for temporary layoffs.

Jet-fuel costs amounted to MSEK -8,511 (-2,370). Adjusted for currency, jet-fuel costs increased 215%. Volume effects had a negative impact on costs of MSEK 4,301. Increased jet-fuel prices had a negative impact of MSEK 1,865. The effects of emission rights together with hedge effects had a positive impact of MSEK 388 year-on-year.

Air traffic charges amounted to MSEK -2,855 (-1,342). Adjusted for currency, air traffic charges increased 103%. The increase pertained mainly to higher traffic volumes.

Other external expenses amounted to MSEK -12,058 (-5,286), see Note 4. Year-on-year, other external expenses (currency-adjusted) increased MSEK 6,416. The increase pertained primarily to higher costs for handling, sales and distribution, and technical maintenance as well as wet leases.

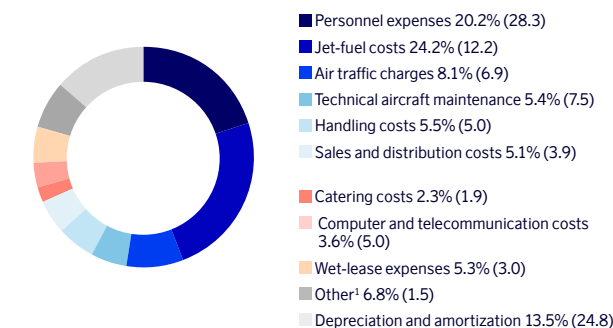
Currency-adjusted handling costs, and sales and distribution costs increased MSEK 944 and MSEK 993 respectively, mainly related to higher volumes. Technical maintenance costs (currency-adjusted) increased MSEK 332 due to increased volumes. Wet-lease expenses increased MSEK 1,239 (currency-adjusted) primarily due to increased demand. Other external expenses for the corresponding period last year included compensation for fixed costs of MSEK 880.

Depreciation, amortization and impairment amounted to MSEK -4,763 (-4,817), a decrease of MSEK 54 year-on-year. See Note 5.

Financial income and expenses amounted to net MSEK -4,514 (-1,031), representing an increase in net expenses of MSEK 3,483 year-on-year. The increase mainly related to currency revaluations for lease liabilities of MSEK 3,100, which had a negative impact of MSEK 2,906 this year, compared with a positive impact of MSEK 194 last year. See Note 8.

Net income for the year was MSEK -7,048 (-6,523) and tax amounted to MSEK 798 (2). Income tax for the period was largely attributable to the effects of currency revaluations of lease liabilities.

COST BREAKDOWN FOR SAS, FY 2022



¹⁾ Property costs, cost of handling passengers on the ground, freight and administration costs, etc.

Items affecting comparability

Total items affecting comparability amounted to MSEK 95 (-143) during the period and pertained to capital gains on the sale of three 737-800 aircraft and sale and leaseback transactions for nine A320 aircraft and eight spare engines. In addition to the above, SAS has rejected a number of lease contracts under the Chapter 11 process with a negative earnings impact

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of MSEK 88. Last year, items affecting comparability mainly comprised a capital gain from the sale of five 737-800 aircraft and sale and leaseback transactions for one A350 aircraft and 20 engines.

Income before tax and items affecting comparability, MSEK	FY22	FY21
Income before tax (EBT)	-7,846	-6,525
Rejection of lease contracts in Chapter 11	88	-
Capital gains/losses ¹	-183	143
Income before tax and items affecting comparability	-7,941	-6,382

¹ Capital gains/losses include aircraft and engines sales amounting to MSEK 170 (-139), sales of subsidiaries of MSEK 13 (0) and facility sales of MSEK 0 (-4).

BALANCE SHEET AND FINANCIAL POSITION**Assets**

Intangible and tangible assets have increased MSEK 310 since October 31, 2021. Changes for the period included investments of MSEK 5,093, amortization, depreciation and impairment of MSEK -1,508, sales of MSEK -4,896 and other effects of MSEK 1,621. The amount for investments included advance payments of MSEK 1,911 as well as delivery payments for new Airbus A320 aircraft amounting to MSEK 1,746. Other aircraft investments comprised capitalized expenditures for engine maintenance and modifications. Other effects included the return of one A350 under Chapter 11 of MSEK -1,567 and translation differences of slightly more than MSEK 3,000.

Right-of-use assets increased MSEK 881 during the period. New leases amounted to MSEK 4,011, and mainly related to new leases for nine A320 aircraft, one A321LR, four E195s and eight spare engines. Changes in indexation and modification of underlying agreements as well as the rejection of lease contracts

as part of the Chapter 11 process increased net assets by MSEK 107, and depreciation and impairment totaled MSEK -3,255. The currency effect was MSEK 18.

Financial assets increased MSEK 2,682, mainly due to remeasurements for SAS' defined-benefit pension plans.

Deferred tax assets increased MSEK 502, where the increase was primarily due to the effects of currency revaluations of lease liabilities. No loss carryforwards were capitalized during the fiscal year.

Current receivables increased MSEK 1,777. This increase was mainly attributable to increased deposits and higher accounts receivable, which were offset by state aid received for the previous fiscal year.

Cash and cash equivalents were MSEK 8,654 (4,268) as of October 31, 2022. Unutilized contracted credit facilities amounted to MSEK 3,847 (2,969). Financial preparedness amounted to 60% (60) of SAS' fixed costs.

Shareholders' equity and liabilities

Shareholders' equity decreased MSEK 5,654 to MSEK 762. The decrease pertained mainly to net income for the period of MSEK -7,048, changes in cash-flow hedges of MSEK -755 and the positive actuarial effect on defined-benefit pension plans of MSEK 1,937.

Non-current liabilities increased MSEK 8,564 and current liabilities increased MSEK 7,535. The total increase in liabilities was MSEK 16,099 and was mainly due to currency revaluations, new leases, new borrowing and increased unearned transportation liabilities.

Interest-bearing liabilities

On October 31, 2022, interest-bearing liabilities amounted to MSEK 45,519 (32,924), an increase of MSEK 12,595 since October 31, 2021. New loans and amortization for the period were MSEK 8,515 and MSEK 3,359, respectively. New loans and amortization of lease liabilities were MSEK 4,226 and MSEK 2,820 respectively. The rejection of lease contracts as part of the Chapter 11 process has reduced debt with just over MSEK 1,600. Currency revaluations increased liabilities by about MSEK 8,000, and other items decreased liabilities by about MSEK 400.

The average fixed-interest period for gross financial debt is governed by SAS' financial policy and has a target tenor of 3 years. The average fixed-interest period including the hybrid bonds was 2.1 years (3.2) as of October 2022.

**BREAKDOWN OF SAS' INTEREST-BEARING LIABILITIES,
OCTOBER 31, 2022**

Liability	Note	MSEK
Subordinated loans	22	1,397
Bonds	22	-
Aircraft financing liabilities	22	9,925
Other loans	22	5,305
Lease liabilities	23	21,513
Current liabilities	27	7,379
Total		45 519

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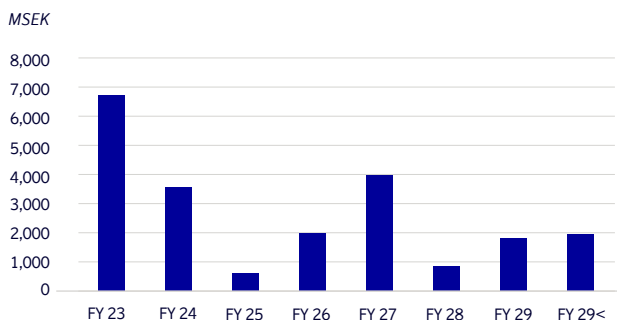
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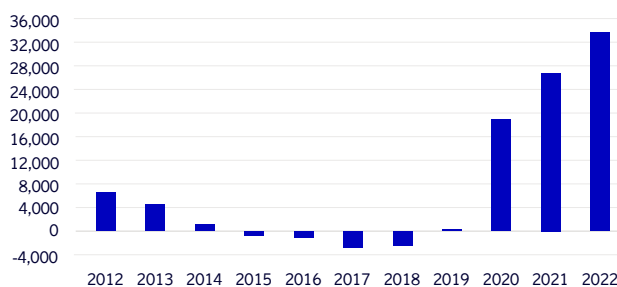
REPAYMENTS OF INTEREST-BEARING LIABILITIES, OCTOBER 31, 2022



Financial net debt/receivables

As of October 31, 2022, financial net debt amounted to MSEK 33,657 (26,770), an increase of MSEK 6,887 since October 31, 2021. The increase was primarily attributable to the net negative effect of currency revaluations of about MSEK 7,000 and new lease liabilities of MSEK 4,226 offset by the positive cash flow before financing activities of MSEK 2,521 as well as the rejection of lease contracts as part of the Chapter 11 process that reduced debt with just over MSEK 1,600.

FINANCIAL NET DEBT
MSEK



Cash flow

Cash flow from operating activities before changes in working capital amounted to MSEK -183 (-2,082) for the period. The increased cash flow mainly pertained to the improvement in currency-adjusted earnings.

The change in working capital was positive for the period and amounted to MSEK 1,955 (-2,674). A major reason for the positive change year-on-year was the substantial rise in the unearned transportation liability during the period and due to last year being affected by lower forward bookings. The fiscal year was also positively impacted by lower payments for, inter alia, technical maintenance and accounts payable.

Investments amounted to MSEK 5,093 (4,104) and pertained to aircraft. Other investments for the period comprised nine A320 aircraft, capitalized expenditure for aircraft maintenance, modifications and advance payments to Airbus. During the period, three 737-800 aircraft were sold and eight engines and nine A320 aircraft were sold and leased back, generating inflows of MSEK 5,708 (2,500).

New loans amounted to MSEK 8,515 (5,319), while repayments totaled MSEK 3,359 (2,562). Amortization of lease liabilities totaled MSEK 2,820 (2,788).

Overall, the SAS Group's cash and cash equivalents increased MSEK 4,375 (-5,964) during the fiscal year, whereupon cash and cash equivalents amounted to MSEK 8,654 (4,268).

Key figures

On October 31, 2022, the return on invested capital (ROIC) was -8%, up 5 percentage points since October 31, 2021. The increase pertained mainly to an improved operating income (EBIT).

Financial preparedness was 60% (60) at the end of the year.

The financial net debt/adjusted EBITDA ratio was a multiple of 23.3 as of October 31, 2022. On October 31, 2021, the multiple was negative.

On October 31, 2022, the equity/assets ratio amounted to 1%, compared with 12% on October 31, 2021. The decline was primarily attributable to lower shareholders' equity as a result of the period's negative earnings.

Credit rating

SAS is rated by three credit-rating agencies: Moody's, Standard and Poor's and the Japanese agency, Rating and Investment Information Inc. (R&I).

SAS CREDIT RATING

	Rating	Outlook
Moody's	Withdrawn	-
Standard & Poor's	D	-
R&I	D	-

As a result of SAS filing for Chapter 11, both of the rating agencies, Moody's and Standard & Poor's, downgraded their respective ratings for SAS to Ca and D respectively. In accordance with its rating methodology, Moody's has since withdrawn all its credit ratings for SAS.

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FINANCIAL TARGETS AND DIVIDEND POLICY

The overriding financial goal for SAS is to create shareholder value. To reach this goal, SAS works with its customer offering, efficiency enhancements and sustainability to provide the basis for long-term sustainable profitability.

SAS operates in a capital-intensive industry that requires optimization of the capital structure. For this reason, SAS has three financial targets:

The SAS 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 shareholders, which stipulates that dividends can first 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 financial preparedness target is to have cash funds in preparedness of at least 25% of annual fixed costs. Normally, this covers SAS' unearned transportation liability and also meets regulatory requirements regarding liquidity.

CALCULATION OF ROIC

MSEK	October 2022
EBIT, 12 months	-3,332
Theoretical tax	716
Total	-2,616
Average shareholders' equity	2,698
Average financial net debt	30,541
Invested capital	33,239
ROIC	-8%

CALCULATION OF FINANCIAL NET DEBT/ADJUSTED EBITDA

MSEK	
Average financial net debt	30,541
Adjusted EBITDA, 12 months	1,313
Financial net debt/Adjusted EBITDA	23.3

CALCULATION OF FINANCIAL PREPAREDNESS

MSEK	
Cash and cash equivalents	8,654
Unutilized credit facilities	3,847
Total	12,501
Total other external expenses	19,145
Net financial items excluding exchange-rate effects on lease liabilities	1,608
Total	20,753
Financial preparedness	60%

Dividend policy

SAS' overriding goal is to create shareholder value. Dividends require a resolution by a shareholders' meeting, and that SAS AB has distributable earnings. Dividends to holders of common shares can only be distributed when value is created through SAS' ROIC exceeding its WACC. The Group's financial position, earnings, expected performance, investment requirements and relevant economic conditions should also be taken into account. The dividend should take into account any restrictions applying to the Group's right to distribute dividends to shareholders. The dividend policy endeavors to achieve long-term sustainable dividends.

Over the fiscal year, SAS has received various forms of COVID-19 pandemic-related state aid, which are conditional on SAS not distributing funds to shareholders. The European Commission's approval of the aid encompassed by SAS' recapitalization plan includes, inter alia, such a prohibition on distributing dividends to shareholders, which ceases to apply once the instruments signed by the states under SAS' recapitalization plan have been fully redeemed or sold.

Parent Company

The Parent Company SAS AB conducts extremely limited intra-Group services. Revenue totaled MSEK 426 (49) and operating expenses MSEK -560 (-76). Net financial items totaled MSEK 213 (461) and impairment of shares in subsidiaries amounted to MSEK -2,788 (-309). Net income for the year was MSEK -2,709 (92). The risks described in the Report by the Board of Directors also encompass the Parent Company.

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FINANCING AND CAPITAL MANAGEMENT**Financing**

SAS can use bank loans, capital market products, export credits and leases as sources of financing. New loans raised during the fiscal year amounted to MSEK 8,515 (5,319) and financing of pre-delivery payments of MSEK 183, a credit facility of MSEK 3,049, DIP financing of MSEK 3,734 and financing of emission rights of MSEK 1,549. In connection with aircraft transactions, the financing method is a very important factor that is taken into account together with residual value risks and financing costs.

Aircraft fleet

The aircraft fleet consists of the Airbus A320 family, Airbus A330/350, Embraer E195-100 and Boeing 737NG aircraft. In addition, SAS wet-leases 31 aircraft through strategic business partners. SAS is developing and planning to have four operational platforms: SAS Scandinavia, SAS Connect, SAS Link and Wet Lease. The aircraft fleet is SAS' largest tangible asset. SAS depreciates directly-owned aircraft over 20 years utilizing a residual value of 10%, excluding aircraft

THE SAS AIRCRAFT FLEET ON OCTOBER 31, 2022

SAS Group's Aircraft Fleet	Age	Owned	Leased	Wet Lease	Total	SAS Scandinavia	SAS Connect	SAS Link	Wet Lease	In service for SAS Group	Firm order purchase	Firm order lease
Airbus A330/A350	7.7	7	6		13	13				13	2	
Airbus A320 family	6.6	19	57		76	56	20			76	26	
Boeing 737NG	15.9	10			10	10				10		
Embraer E195-100	14.9		4		4			4		4		6 ¹⁾
Bombardier CRJ	8.2			25	25				25	25		
ATR-72	9.1			6	6				6	6		
Total	8.1	36	67	31	134	79	20	4	31	134	28	6

Aircraft undergoing phase out

Total		-	-	-	-							
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1) Letters of intent are signed for four of these aircraft as of October 31, 2022

engines. Aircraft engines are depreciated over around eight years. Maintenance of leased aircraft is set off on an ongoing basis related to use, whereas maintenance of owned aircraft is capitalized and depreciated. Passenger aircraft are generally used for 20 to 25 years in commercial passenger traffic but aircraft that are well maintained can operate for substantially longer periods. There are still items of value in an aircraft after it has been taken out of service, for example engines and spare parts.

Financing of aircraft orders

As of October 31, 2022, SAS had aircraft orders for 26 Airbus A320neo and two Airbus A350-900 aircraft for delivery up through 2025. In financing aircraft, SAS uses a combination of leases and secured bank loans and credit facilities. SAS aims to maintain a balance between owned and leased aircraft based on a cost, risk and flexibility perspective. SAS intends to utilize a mix of bank loans, leases and bank facilities to finance owned aircraft. When leasing, which can be conducted via sale and leaseback agreements, aircraft are sold on delivery and leased back over an eight- to 12-year period.

Of the remaining order for 26 Airbus A320neo aircraft, SAS has financed two aircraft through operating leases.

AIRCRAFT ON FIRM ORDER 2022–2025 AS OF OCTOBER 31, 2022

	FY23	FY24	FY25	Total
Airbus A320neo	15	7	4	26
Embraer E195-100	6			6
Airbus A350		2		2
Total	21	9	4	34

As of October 31, 2022, SAS' remaining contracted future purchase commitments for aircraft orders with delivery in the 2023–2025 period totaled MUS\$ 1,161.

CONTRACTED MATURITY OF LEASED AIRCRAFT

	FY23	FY24	FY25	FY26	FY27>
Operating leases, aircraft	2	3	4	-	58
Wet-leased aircraft	14	9	6	2	-
Total	16	12	10	2	58

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Financing of pre-delivery payments for aircraft

Airlines make prepayments before delivery. In addition to payment in conjunction with placing the order, pre-delivery payments (PDPs) normally commence when production of the aircraft starts about two years prior to delivery. SAS continuously evaluates possibilities for the external financing of PDPs. During this fiscal year, SAS has made drawdowns under an existing facility for financing of pre-delivery payments of a total of MSEK 183.

Through a combination of ownership, and operational and wet-leased aircraft, the aim is to have high flexibility regarding the return of aircraft. This is important, as the airline industry is exposed to several macro-economic events that could rapidly have a negative effect on demand.

Seasonal effects and cash-flow optimization

SAS analyzes balance-sheet items and operating trends to optimize cash flow with the aim of attaining the lowest possible funding cost within the framework of SAS' financial policy. As a result of operating liabilities exceeding current assets, working capital amounted to MSEK -11,692 (-9,076) as of October 31, 2022, representing a year-on-year improvement of MSEK 2,616.

Cash flow from operating activities in FY22 amounted to MSEK -1,772 (-4,756), up MSEK 6,528 year-on-year. The negative cash flow in the comparative year was due to the extensive negative effects of COVID-19.

SUSTAINABILITY REPORT

In accordance with the Swedish Annual Accounts Act, SAS has prepared a statutory Sustainability Report, which has been incorporated into the Annual and Sustainability Report Fiscal Year 2022, separate from the Report by the Board of Directors, on pages 21-54 and 146-148. The auditor's opinion regarding the statutory sustainability report is included on page 55.

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.

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RISK MANAGEMENT

	Risk area	Risk	Risk level	Risk control measures fiscal year 2022
1	Market risks	1.1 Macro economic development	●	Continuous monitoring of demand, projected revenue and adaptation of SAS' capacity offering and production.
		1.2 Market and competition	●	Revised strategy encompassing with further efficiency enhancements to meet lower demand and increased competition.
2	Employee risks	2.1 Competence	●	Annual people reviews and successor identification.
		2.2 Motivation	●	Strengthened leadership increased internal communication and transparency.
		2.3 Processes and systems	●	Follow-up of low and high-performing individuals. Documentation of internal processes and maximizing the cross functional collaboration.
		2.4 Labor actions	●	Strengthen dialogue and relationships to increase consensus with the unions.
3	Operating risks	3.1 Incidents and accidents	●	Continuous internal monitoring and reporting to the Board.
		3.2 Suppliers	●	Focus on renegotiating agreements with strategic suppliers as well as follow up quality levels and efficiency. Increased communication with suppliers to handle the effects of Chapter 11 filing.
		3.3 Cost competitiveness and efficiency	●	Transformation office to ensure continuous scrutiny on the progress of the savings initiatives in SAS FORWARD.
4	Sustainability risks	4.1 Environmental requirements	●	Continued efforts with measures to improve climate and environmental performance, and to ensure compliance with applicable laws and regulations. Organizational enhancements to drive ESG improvements.
		4.2 Human rights	●	Requirement of complying with United Nations Global Compact in contracts with suppliers and subcontractors. Continuous monitoring of compliancy.
5	Legal and political risks	5.1 Political and regulatory risks	●	Active dialogues with the political systems and industry organizations (IATA) to obtain early information about regulatory changes and sanctions, and to participate in decision-making. Together with the industry, SAS promotes the importance of the aviation for business and society.
		5.2 Fraud and other crime	●	Continuous improvement of SAS' capabilities for proactive identification and prevention of potential criminal and fraudulent activity.
		5.3 Legal and insurance risks	●	Development of policies and training to stay compliant with laws and regulations. Ongoing self-assessment of compliancy. Legal counseling and participation in contracting processes. Insurance protection for operations and employees.
6	Financial risks	6.1 Liquidity risk and refinancing	●	Ongoing follow-up and projections of financial preparedness.
		6.2 Exchange rates	●	Currency hedging in line with SAS' financial policy and monitoring the currency market.
		6.3 Interest rates	●	Fix rates in line with SAS' financial policy and monitoring the interest rate market.
		6.4 Jet-fuel price and emission rights	●	Jet-fuel hedging in line with SAS' financial policy and monitoring the jet-fuel price trend.
		6.5 Counterparty losses	●	SAS' counterparty risks are managed in line with SAS' financial policy.
7	IT	7.1 Operational reliability and dependability	●	Continual improvement of incident- and problem-handling procedures.
		7.2 Cyber Security	●	Expansion and improvement of processes and tools to prevent negative impacts on operations.
8	Other events	8.1 Extraordinary events	●	Continuous monitoring of extra ordinary events. Discussion in Group Management on their impact on SAS operations and financial situation, and implementation of mitigating activities.
		8.2 Brand and reputation	●	Constant monitoring of SAS presentation in media and implementation of brand strengthening activities.

● Low risk ● Medium risk ● High risk

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The underlying objective of risk management is to create the optimal preconditions for growing value for our stakeholders. SAS, like other organizations, is exposed to many general and more company-specific risks that may impact operations both negatively and positively.

Risk management at SAS is about positioning SAS in relation to, known and unknown, possible events with the aim of minimizing the potential negative effects should an unexpected event occur. Overall risks are monitored and identified centrally and followed-up through policies that aim to control the risks. Flight safety has always the highest priority at SAS.

Value for shareholders and other stakeholders in SAS is maximized, when strategies, goals and strategic priorities are set to ensure an optimal balance between the growth, profitability and their related risks, and the resources are used efficiently and sustainably. Accordingly, risk management and risk assessment are of fundamental importance to ensure SAS' long-term sustainable profitability.

1. MARKET RISKS**1.1 Macroeconomic development**

68% of SAS passenger revenue stems from Scandinavia (October 2022). Norway accounts for 29%, Sweden for 26% and Denmark 13%. Development of demand in Scandinavia is crucial for SAS financial performance. Scandinavian economies are vulnerable as a consequence of Russian invasion of Ukraine and suffer from energy shortages, high inflation and rising interest rates. The households have experienced a sharp increase in the cost of living and decline in their purchasing power. Going forward, other negative factors, such as weaker housing

market and rising mortgage rates, may depress the outlook even further. Estimation uncertainty for forecasts and future demand therefore remains.

1.2 Market and competition

The COVID-19 pandemic has made the last two years the most challenging in the history of the aviation industry. New customer landscape with different travel patterns and higher focus on leisure travelers has been created. Furthermore, intense competition both from legacy airlines as well as from new entrants is noted across our home markets. SAS continuously analyzes the performance and makes proactive adjustments to network, customer offering and pricing to strengthen its' competitiveness.

2. EMPLOYEE RISKS**2.1 Competence**

The airline industry remains in a vulnerable position following the COVID-19 pandemic. Moving forward one challenge is to maintain high engagement internally and also to retain competent employees that are critical to the successful operation of the business.

Given the prevailing conditions for the company and the airline industry, there is a risk that SAS will be unable to retain key personnel or recruit new employees with appropriate skills at a reasonable or competitive cost. Furthermore, the airline industry as a whole and SAS in particular are undergoing major structural changes, which set new requirements and challenges for SAS and its compiled competence. To manage the above, SAS runs regular employee and leadership programs based on its own employee and manager models, and works continuously with the succession order, competence planning and risk evaluation.

2.2 Motivation

SAS operates in a highly competitive market where it is essential to have the right capabilities throughout the business, and every individual at SAS has an important role to play. It is essential that SAS provides opportunities for employees to grow and develop together with SAS.

The Covid-19 pandemic has led to major challenges and strains on SAS employees in terms of redundancies, downsizing and uncertainty regarding the recovery of the aviation industry, which in some individual cases has contributed to fatigue and a feeling of exhaustion. Filing of Chapter 11 and cost saving programs may further amplify the exhaustion. SAS works continuously with follow-up of sickness numbers in close collaboration with occupational health care and in conversations between employees and managers to implement measures and provide support early-on when necessary. SAS has significantly strengthened the internal communication by establishing new channels, like digital Townhalls, where the latest information can be shared, and questions can be addressed directly to the CEO.

SAS continuously measures employee engagement and motivation through various employee surveys. SAS attractiveness as an employer is measured on public Employer Rankings as well as with internal, Employee Net Promoter Score (ENPS). For the first time ever, SAS advanced into the top 100 list of preferred employers of IT professionals in Sweden.

To reinvigorate energy and future belief, SAS has developed a new concept around Purpose and other targeted employee engagement programs. To lift

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employee wellbeing, a new hybrid workplace policy has been established. To further boost SAS' attractiveness as an employer, employee incentive programs and visualization of internal career paths are being developed.

2.3 Processes and systems

SAS uses systems and processes to secure necessary skills and to identify the succession bench. SAS conducts a yearly analysis of internal skills with the aim of leveraging the greatest talents and adjusting where improvements are needed. Further standardization and automation of processes continues through digitalization. A better job architecture is implemented to improve mapping of competences and qualifications to proactively ensure succession planning.

2.4 Labor actions

SAS results were severely affected by a 15-day pilot strike between July 4 and July 19, 2022, causing traffic disruption and leading to some 4,000 canceled flights affected more than 380,000 passengers. To avoid future conflicts, SAS endeavors for long term labor agreements including industry wide agreements wherever possible. SAS will initiate a new labor collaboration model to strengthen transparent and open dialogue with labor organizations throughout the year.

3. OPERATIONAL RISKS**3.1 Incidents and accidents**

Flight safety is the top priority at SAS. SAS' safety culture builds on the foundation comprised by the values, skills and experience of all employees throughout the organization.

The safety culture entails continuously striving to improve safety by encouraging SAS employees

to actively learn, adapt and modify individual and organizational behavior to reduce exposure to risk.

SAS' management is well versed in the safety efforts at SAS and is involved in daily safety activities.

SAS has a safety policy that is documented, communicated, and implemented in its operations.

SAS has a longstanding and well-implemented Safety Management System (SMS), which has received regulatory approval. SAS also meets IATA's safety standard, IOSA – IATA Operational Safety Audit, which certifies that operations meet the most stringent flight safety regulations in the market.

Flight safety continues to be extremely high on a global basis and, statistically, the risk of an accident is very low. However, the aim of flight safety efforts is not to remain at these low percentages; it is to keep the total number of accidents at the same level or even improve the numbers despite an expected doubling in air travel until 2035.

Since start, safety efforts have been based on minimizing the risk of a previous event recurring, by learning from previous incidents and accidents, and through conducting diligent investigations and analyses of incidents and accidents to minimize the risk of recurrence.

In addition to traditional methods of preventing accidents and incidents through reactive measures to prevent recurrence, SAS also has a more modern safety management system (SMS) that is based on analyzing trends, which identifies safety issues before they result in an incident or accident. The identification of potential

incidents and accidents is one method of working proactively with flight safety. The work also entails learning from the risks at other departments, other airlines, etc., and implementing processes and procedures to ensure that serious accidents and incidents do not occur.

The SMS provides SAS with the possibility of acting more proactively with its safety efforts, prioritizing effectively, and ensuring the entire organization promotes passengers', employees' and the company's safety.

All the operating platforms used by SAS are required to be IOSA certified and hold a European traffic license. To ensure corresponding safety levels at the wet-lease companies that together with our own flight operations comprise the operational platforms, SAS has set the following requirements:

- Prior to contract, the operator's safety efforts are analyzed;
- Monthly safety summaries and continuous deviation reports are sent regularly to SAS management;
- Safety follow-up meetings are held quarterly;
- SAS conducts inspection flights and performs observations in simulator training sessions;
- Annual audits are carried out by SAS;

SAS only initiates code-share collaboration with other airlines that have IOSA certification or that have submitted to a comparable audit.

Safety activities and risk levels in fiscal year 2022

In fiscal year 2022, SAS has continuously monitored and measured daily risk levels in flight operations, ground operations, technical maintenance, and aviation security in a hierarchical system of objective safety performance indicators.

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To aid follow-up of flight safety on a departmental basis and for the various operational platforms, SAS uses an operational flight safety tool known as Enpire. This tool has improved the capacity for identifying trends and correlations, which in turn leads to SAS dealing more proactively with safety-related risks.

The trend was stable during FY 2022. However, the substantial year-on-year decrease in flights impacted the statistics and, on a percentage basis, more reports were written compared with the number of completed flights. This appears to be the current industry trend as we are seeing the same tendencies with all the SAS partners.

RISK INDEX FY2022

Operations	Low	Medium	High
Flight Operations, %	3.78	0.004	0
Ground Operations, %	1.99	0.0010	0
Technical Operations, %	0.87	0.0010	0
Security, %	0.59	0	0
Total FY2022 as a % of the No. of flights	7.23	0.006	0

Low: Events that occurred where the remaining safety margin was extremely effective. Normal monitoring is the only action required.

Medium: Events that occurred where the remaining safety margin was limited. Risk evaluation plus appropriate actions were adopted for continued operations.

High: Events that occurred where the safety margins were minimal or ineffective. This group includes more serious events (such as engine failure during takeoff). Such incidents must be investigated immediately to identify whether they are isolated incidents and do not affect continued airline operations.

3.2 Suppliers

Dependence on external suppliers across all operations is increasing in pace with changes in the airline industry and development of the operating model at SAS. This applies equally to operations such as ground handling and production partners, and to administrative functions such as customer service and accounting. SAS conducts

continual reviews of its supplier base, identifying the most operation-critical suppliers. SAS has an established steering model that clarifies responsibilities, risks and areas for improvement, as well as how any deviations should be managed. Responsibility for ongoing follow-up of critical suppliers has been centralized and standardized. All of SAS suppliers must meet requirements for sustainability and social responsibility in line with SAS' Supplier Code of Conduct.

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 is a legal process under the supervision of the U.S. federal court system, which many large international airlines based outside of the U.S. have successfully used over the years to reduce their costs and complete financial restructurings. SAS' operations are unaffected by the Chapter 11 filing, and SAS will continue to serve its customers as normal. The Chapter 11 process in the U.S. is expected to be completed during the second half of 2023. (More information on p. 13 and 58)

3.3 Cost competitiveness and efficiency

For many years, SAS has been burdened by an uncompetitive cost structure that prevents the company from reaching its full potential. Cost reductions across all of SAS remain in focus to optimize our competitive capability. SAS FORWARD is a comprehensive business and transformation plan in purpose to secure SAS long term-competitiveness. (More information can be found on p. 11)

One of the key elements of SAS FORWARD is to effectuate a deleveraging of its balance sheet while substantially improving its liquidity position. A

Transformation Office has been established to closely monitor the progress of the cost saving initiatives.

4. SUSTAINABILITY RISKS

SAS has integrated its sustainability work into its management system, which has structured processes for mitigating and managing all risks and possibilities in the field of sustainability.

4.1 Environmental requirements

It is a firm ambition of SAS to contribute to a better future. Society and our customers will continue demanding more sustainable solution 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' aspiration to invest in sustainable aviation.

Different laws and regulations impose requirements to reduce climate and environmental impact, including restrictions on noise levels and greenhouse gas emissions. All laws and regulations in the field of the environment and the climate are handled by SAS' management system which, as regards the environment, is ISO 14001:2015 certified. SAS conducts annual reporting in EU ETS, CH ETS, UK ETS, and in CORSIA.

To ensure SAS compliance with national and international rules and legislation, sustainability improvements are continuously being made. SAS measures its eco-efficiency by measuring total and relative carbon emissions. The long-term emission reduction is driven by renewal of the aircraft fleet, ongoing efficiency efforts and increased blend-in of sustainable aviation fuels.

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4.2 Human rights

SAS is a major purchaser of products and services from a large number of suppliers and subcontractors. SAS stands firmly behind the UN Global Compact, and therefore requires that all the suppliers and subcontractors share SAS' perception on, for example, human rights through solid market based employment terms and right to organize into unions (freedom of association). SAS Group People Policy explicitly requires compliance to Human Rights as an overall requirement.

5. LEGAL AND POLITICAL RISKS**5.1 Political and regulatory risks**

SAS operates on a global market and is exposed to various types of political and regulatory decisions which may significantly impact SAS' operations and economy either in a positive or negative way. SAS carefully monitors political and regulatory development in the markets it operates. Through active dialogue with political decision-makers, public agencies, and organizations, SAS strives to influence development that may have significant impact on SAS as a company.

SAS is a member of and operates through domestic and international industry bodies that are tasked with monitoring society, influencing public opinion and promoting SAS and the airline industry's positions in relevant areas.

Increasing sustainability regulation and awareness and increasing levels of customer protection legislation may impact SAS financially and operationally. Furthermore, sanctions because of geopolitical tensions will remain as an increasingly important area of risk focus.

5.2 Fraud and other crime

SAS is potentially exposed to crimes that may cause both economic and immaterial impact. A substantial portion of SAS' ticket sales is conducted online using credit cards, which entails a risk of credit card fraud and other cybercrimes.

SAS analyzes these risks on an ongoing basis and ensures that internal controls and procedures are in place to identify and prevent potential crime and fraud.

5.3 Legal and insurance risks

SAS flies and operates in many different countries meaning that SAS must comply with a large number of laws and regulations. The breadth of SAS' operations and many contractual relations mean that SAS is, and potentially will be, involved in legal processes and arbitration procedures either as plaintiff or defendant. As per October 31, 2022, SAS was involved in a number of legal processes, the most important of which are described in more detail on page 65.

SAS' legal division strives for compliance with relevant laws and rules through education and internal policies, processes and rules including the SAS Code of Conduct, which establishes ethical rules and guidelines for all employees in SAS to follow. SAS continuously monitors changes in laws and regulations and their impact on SAS. The procedures and guidelines are consequently updated. Contractual risks in relation to external parties are minimized through legal counseling and participation in contracting processes. SAS applies insurances on its operations and personnel to protect the company financially from unforeseen events and risks.

6. FINANCIAL RISKS

SAS is exposed to various types of financial risks. All risk management is performed centrally pursuant to the financial policy adopted by the Board.

Financial risks pertaining to changes in exchange rates, interest rates and fuel prices, are hedged with derivatives, which aim to counter short-term negative fluctuations and provide scope for adapting operations to longer-term changes in levels. Another aim of SAS' hedging strategy is to enable SAS to act quickly when changes in exchange rates, interest rates and fuel prices are advantageous. More information is available in Note 25.

6.1 Liquidity, refinancing and funding risk

The cash flow from SAS' airline operations follows clear seasonal trends. Since passenger revenue is recognized when SAS or another airline provides the transportation, this means that seasonal variations impact cash flow and earnings differently. SAS also has several different financial instruments issued, as well as 67 aircraft on operating leases and 31 aircraft on wet lease contracts that are continually maturing.

The target is a financial preparedness of at least 25% of fixed costs (measured as % of cash and cash equivalents together with unutilized credit facilities in relation to annual fixed costs). SAS prepares a rolling liquidity forecast that is used as a basis to ensure that financial preparedness is maintained and to identify refinancing needs. SAS typically uses bank loans, bonds, subordinated loans, hybrid bonds and leases as sources of funding.

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SAS is in continual discussion with banks and financiers regarding refinancing of SAS' loan and leasing maturities. Business environment is still affected by the COVID-19 pandemic and the recent Chapter 11 filing which in turn may have a negative impact on liquidity levels. SAS has secured a MUSD 700 DIP-financing and the initial tranche of MUSD 350 was drawn in September. The remaining USD 350 million will be available upon the satisfaction of certain other conditions under the DIP term loan agreement and is expected to be available for utilization in the first quarter of fiscal year 2023. The DIP financing, along with cash generated from ongoing operations, enables SAS to continue operations and to meet its obligations for at least the next 12 months.

Financial market and risk appetite are still affected by COVID-19, which together with the generally uncertain market outlook, is impacting the financing risk negatively. Also, filing of Chapter 11 has impacted SAS ability to refinance and fund itself negatively. Access to certain finance sources impacted by the Chapter 11 filing will continue to remain closed for SAS whereas access to other finance sources is expected to improve as a result of successful emergence from Chapter 11. When sourcing refinancing or funding, SAS will run a dialogue with several providers of financing with the purpose to ensure the most optimal contract terms.

6.2 Exchange rates

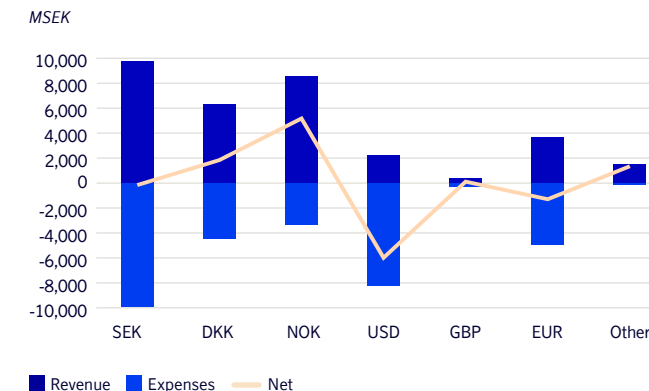
Transaction risk arises from currency rates volatility that impact the size of commercial revenue and costs and thus SAS' operating income. As a consequence of aircraft and jet fuel being priced in USD and of international operations, SAS is considerably exposed to price changes in several currencies. The USD is SAS' largest

deficit currency, and NOK is SAS' largest surplus currency. The introduction of IFRS16 in 2019, has created substantial volatility in both operating income and balance sheet.

Currency exposure is managed through continuously hedging 40–80% of SAS' surplus and deficit currencies based on a 12-month rolling liquidity forecast. At October 31, 2022, SAS had hedged 40% of its anticipated USD cash flow deficit using forward contracts and currency options. 40% of NOK, which is SAS largest surplus currency, was hedged for the next 12 months. Hedging is mainly performed through currency forward contracts to prevent earnings-related revaluation effects pertaining to financial assets and liabilities. SAS' USD denominated loans are hedged against the SEK to reduce currency risk in the loan portfolio. As a consequence of the Chapter 11 filing, SAS is currently limited in its ability to source counterparties for exchange rate hedging.

Year-on-year, the foreign exchange-rate trend had a positive impact on revenue of MSEK 579 and a negative effect on operating expenses of MSEK 878. Foreign exchange rates thus had a negative impact on operating income of MSEK 299. Net financial items were negatively impacted by currency items amounting to MSEK 3,103. In total, currency effects had a net negative impact of MSEK 3,402 on EBT.

CURRENCY BREAKDOWN SAS FISCAL YEAR 2022



NET EARNINGS IMPACT FOR FORECASTED CURRENCY EXPOSURE (EXCL. HEDGING) FY22:

SAS total	MSEK
1% weakening of SEK against USD	~-100
1% weakening of SEK against NOK	~50
1% weakening of SEK against DKK	~5
1% weakening of SEK against EUR	~-5
1% weakening of SEK against GBP	~-5
1% försvagning av SEK mot GBP	

Currency risk for aircraft investments

SAS may use currency forwards to hedge part of the order value for aircraft it has on order to limit the currency risk. Any currency forwards outstanding are terminated on delivery under leases, both operating leases and JOLCO (Japanese leases with purchasing options). SAS has currency hedged a portion (two) of its remaining aircraft order for eight Airbus A350 aircraft.

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6.3 Interest rates

The airline industry is capital-intensive and on the closing date, SAS had MSEK 22,550 (16,860) in interest-bearing liabilities, excluding lease liabilities, which exposes SAS to interest-rate changes.

Despite rising market interest rates following soaring inflation, the impact on SAS financial situation has been limited. A large proportion of SAS liabilities are on fixed interest rates. However, the large DIP-financing is floating rate, increasing SAS exposure to rising interest rates significantly. Also, rising interest rates create additional pressure on ongoing lease negotiations as funding costs for lessors increase.

Financial policy at SAS regulates the proportion between floating and fixed-interest rates with the objective that gross financial debt has a tenor of three years with a permitted interval of 1–5 years. The average fixed-interest period for gross financial debt, including the hybrid bond, was 2.1 years (3.2) as of October 2022.

6.4 Jet-fuel price and emission rights**Jet-fuel price**

Jet-fuel costs comprise the single largest expense item for SAS and in fiscal year 2022 amounted to around 24% (12) of SAS' operating expenses (including leases, depreciation, and amortization). SAS normally hedges jet-fuel costs to counter short-term negative fluctuations.

The policy for jet-fuel hedging states that jet fuel should be hedged at an interval of 40–80% of anticipated volumes for the coming 12 months.

The policy also allows hedging of up to 50% of the anticipated volumes for the period, 13–18 months. Under the current uncertain and volatile market conditions SAS has temporarily adjusted the financial policy with regard to the hedging ratio for jet fuel.

The exception applies until the end of fiscal year 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 swaps and options.

In FY22, market prices for jet fuel on a weighted average basis were 185% higher than the preceding fiscal year. At the start of the fiscal year, jet-fuel prices were around USD 700/MT but increased significantly from February due to the Ukraine conflict and sanctions on Russian oil. The market prices for jet fuel remained high for the remainder of the fiscal year, in average USD 1 200/MT.

The higher jet-fuel price meant that jet-fuel costs, adjusted for currency and volume effects, increased MSEK 1 865 or by 79% of the total jet-fuel costs year-on-year. Hedge effects had a positive impact of MSEK 76 year-on-year.

**VULNERABILITY MATRIX, JET-FUEL COST (NOV2022 – OCT2023),
SEK BILLION¹**

Market price	Exchange rate SEK/USD				
	9.5	10.0	10.5	11.0	11.5
USD 700/MT	7.7	8.1	8.5	8.9	9.3
USD 800/MT	8.6	9.1	9.5	10.0	10.4
USD 900/MT	9.5	10.0	10.5	11.0	11.5
USD 1,000/MT	10.4	11.0	11.5	12.1	12.6
USD 1,100/MT	11.3	11.9	12.5	13.1	13.7

¹) SAS' current hedging contracts for jet fuel at the end of the fiscal year have been taken into account.

The jet-fuel cost in the statement of income does not include USD currency hedging effects. These effects are recognized under "Other" in Other operating expenses, Note 4, since currency hedging is performed separately and is not linked specifically to its jet-fuel purchases.

Emission rights

In fiscal year 2022, SAS' emission rights profit and loss effect in the European EU-ETS emissions trading scheme totaled MSEK +307 (0) as a result of revaluation of reserve.

6.5 Counterparty losses

SAS is exposed to counterparty losses through credits, lease agreements and guarantees to external parties. This exposure is governed by SAS' financial policy. No counterparty loss of any significance had any impact on SAS in the fiscal year. Net impairment of accounts receivable and recovered accounts receivable, as well as the impairment of other current receivables, had an earnings impact of MSEK 10 (10) in fiscal year 2022.

Financial policy at SAS regulates how and in what manner SAS should act to reduce the risk of counterparty losses. SAS invests cash and cash equivalents in instruments with good liquidity or short maturity with credit ratings not lower than A3/P1 according to Moody's, or A-/K1 according to Standard & Poor's.

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7. IT**7.1 Operational reliability and dependability**

SAS is increasingly dependent on its own and its suppliers' IT systems and procedures for efficient and secure operations. These systems are often vulnerable to and can be disrupted or harmed by, for example, internal faults, sabotage, cyber-related fraud, computer viruses, software errors, physical damage or other events outside of SAS' and its suppliers' control. Disruptions could stem from configuration errors during upgrades or maintenance operations, and by the operational disruption of systems following the upgrade of applications.

SAS is also dependent on IT and secure information flows in all parts of its operations, and through transparent processes and continual updates, SAS secures the confidentiality, correctness, accessibility, and traceability of the information. This is governed by a number of policies and safety solutions. The stability is improved with focus on shorter resolution time through modernized infrastructure, improved processes and improved velocity of the development.

7.2 Cyber Security

Like numerous other companies, SAS is exposed to various types of attacks on its IT systems. Cybercrime, such as ransomware attacks and cyber espionage is globally increasing. SAS capabilities to identify and prevent cybercrimes are constantly improving through automated tools and enhanced processes. SAS Security Operation Center (SOC) actively monitors and responds on a 24/7 basis to any identified cybercrime attempts to enter SAS IT systems. Regular training and mandatory courses for all SAS employees improve own behavior in sensitive IT environment and create a broad

front line to recognize any suspicious cyber activities. Investments in IT Risk and Governance Management tooling, improved BOT protection and IT security specialists have been made.

8. OTHER EVENTS**8.1 Extraordinary events**

Airline companies are impacted by extraordinary events around the world, such as natural disasters, terror attacks, conflicts, and epidemics.

Implications from the COVID-19 pandemic have gradually decreased during FY22. Instead, the Russian invasion of Ukraine and the effects of it on the global economy in terms of increasing fuel prices and broad-based inflation have entered the arena. The cost effectiveness will remain in focus to face the uncertainty in outlook.

8.2 Brand and reputation

SAS continuously monitors the confidence trend for SAS and the industry and works strategically to strengthen the SAS brand and reputation. SAS has established media and information policies aimed at ensuring that all information pertaining to SAS is correct and accurate. If inaccurate rumors are spread about SAS or if information is provided incorrectly, SAS endeavors to follow up and correct errors to minimize any negative impact on SAS' general rating and position in the market.

Leaving the years of Covid-19 behind, but still remaining in geopolitical uncertainty and its direct effects on SAS, new communication and branding strategies will be implemented. Both internal and external challenges remain and need cautiously be monitored and acted upon. A new SAS Brand Platform

has been established to secure brand supported endeavors. Trust margins for potential future crisis and negative publicity will be built to secure strong brand growth. An inhouse agency has been established to support strong brand content and to ensure brand consistency within SAS.

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DIVIDENDS, DISPOSITION OF EARNINGS AND OUTLOOK

DIVIDEND

The Board of Directors proposes to the 2023 AGM that no dividends be distributed to holders of SAS AB's common shares for fiscal year 2022.

PROPOSED DISPOSITION OF EARNINGS

The following Parent Company earnings are available for disposition by the AGM:

	SEK
Hybrid bonds	7,615,000,019
Share premium reserve/Retained earnings	6,640,366,004
Net income for the year	-2,708,547,368
Unrestricted equity, October 31, 2022	11,546,818,655

The Board of Directors proposes that the earnings be allocated as follows:

	SEK
To be carried forward ¹	11,546,818,655
Total	11,546,818,655

¹⁾ Of which SEK 7,615,000,019 pertains to hybrid bonds.

SIGNIFICANT EVENTS AFTER OCTOBER 31, 2022

- On January 13 2023, lessor negotiations as part of the Chapter 11 process where total agreements have been reached with 15 lessors for 59 aircraft were concluded.
- SAS currently aims to complete its court-supervised process in the US during the second half of 2023, the implementation of which is likely to entail additional legal proceedings in other jurisdictions than the US. As a result, there is no assurance that there will be any recovery for the shareholders of SAS AB. SAS expects that its operations will be unaffected by such legal proceedings and that SAS will continue to serve its customers as normal.

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.

The current assessment is that, in terms of passenger numbers, demand for air travel with SAS will have recovered to approximately 90 percent of pre-Covid levels by the end of the first half of fiscal year 2023.

SAS expects demand for short-haul leisure travel to return to pre-Covid levels in fiscal year 2024, while demand for short-haul business travel is expected to level off at approximately 80 percent of pre-Covid levels. Similarly, demand for long-haul leisure flights is expected to recover faster than demand for long-haul business flights.

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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

SAS expects revenue to reach approximately SEK 40 billion in fiscal year 2023 and to return to pre-Covid levels in fiscal year 2025. In fiscal year 2026, revenue is expected to reach approximately SEK 49 billion.

Furthermore, SAS expects to post an EBT (earnings before tax, excluding gains or losses related to the completion of the Chapter 11 process) amounting to a loss of approximately SEK 4–5 billion for fiscal year 2023. The company expects to reach positive EBT in fiscal year 2024, thereafter increasing to approximately SEK 3–4 billion in fiscal year 2026 and corresponding to an EBT margin of approximately 6–8 percent, at which time, the SAS FORWARD plan is expected to have been fully implemented.

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. 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 also expects to achieve a liquidity level (cash and cash equivalents divided by revenue (rolling 12 months)) exceeding 15 percent by the end of fiscal year 2023, and increasing to 25–30 percent by the end of fiscal year 2025 and beyond.

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 financial information is based on the following foreign exchange assumptions: an exchange rate of 10.67 SEK/USD through the end of fiscal year 2023, 9.20 SEK/USD for fiscal year 2024, and 8.75 SEK/USD for fiscal year 2025 and beyond; and the following fuel price assumption: 1,140 USD/MT (metric tons) gradually reducing up to the end of fiscal year 2025 in which it is assumed to remain constant at 676 USD/MT for fiscal year 2026 and beyond. All numbers are presented on a consolidated basis for the SAS Group.

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CORPORATE GOVERNANCE REPORT

This Corporate Governance Report for fiscal year 2022 has been prepared pursuant to the Swedish Annual Accounts Act and the Swedish Corporate Governance Code (the Code).

PARENT COMPANY

SAS AB, which is the Parent Company for operations at SAS, is a Swedish public limited company headquartered in Stockholm, Sweden. Since July 2001, SAS AB has been listed on Nasdaq Nordic in Stockholm with secondary listings in Copenhagen and Oslo.

IMPORTANT REGULATIONS ADHERED TO BY SAS

External rules:

- Swedish legislation, EU regulations and laws set by other countries in which SAS operates
- The Swedish Corporate Governance Code (the Code)
- Nasdaq Nordic in Stockholm and Copenhagen and the Oslo Børs's rule book for issuers
- The Market Abuse Regulation
- The recommendations issued by relevant Swedish and international organizations
 - Flight safety regulations and certifications
 - Accounting rules

Internal rules:

- The Articles of Association¹
- The Information Policy
- The Board's work plan
- The Board's instructions to the President
- The Code of Conduct¹
- The Insider Policy

On September 23, 2022, Nasdaq Stockholm's and Nasdaq Copenhagen's disciplinary committees imposed fines on SAS as a result of the company's information handling in connection with the outbreak of SAS' pilot strike on July 4, 2022. SAS published a regulatory press release regarding the strike as soon as it was possible but due to technical reasons, the press release was published a few minutes after the news reached the reporters outside the premises where the mediation took place.

¹) Available for download at www.sasgroup.net

SAS' SHAREHOLDERS AND SHARE

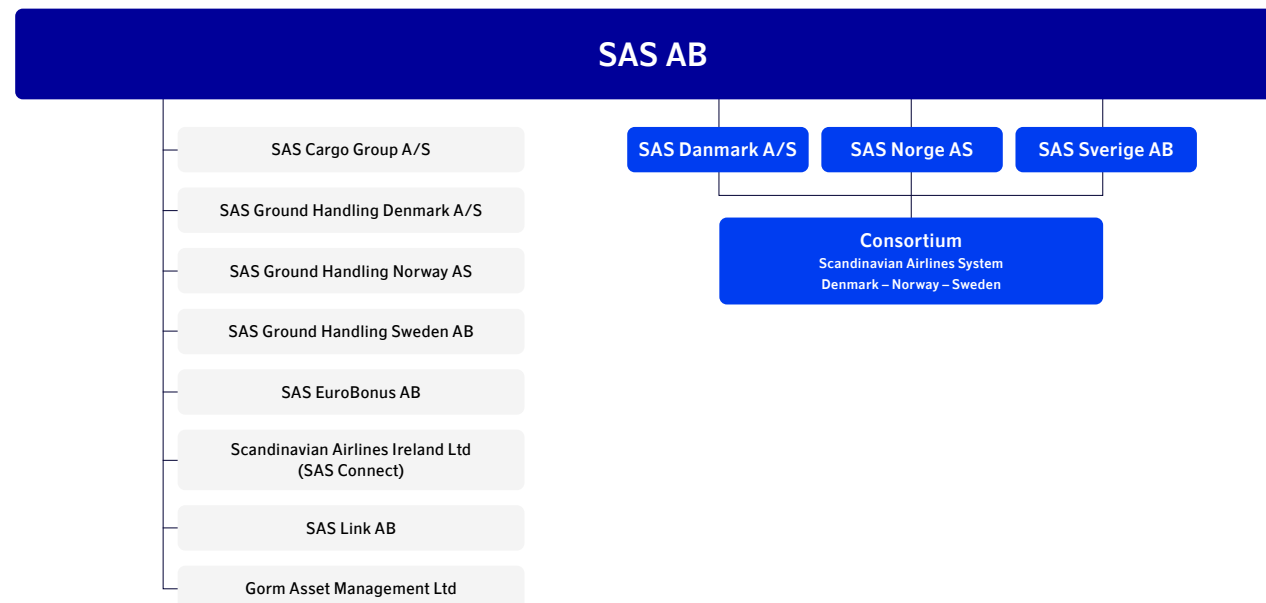
SAS maintains ongoing dialogues with capital markets on questions regarding the SAS Group's performance, strategic position and growth possibilities. No major changes were implemented in the corporate governance principles in FY 2022. Operationally, it has been a challenging year for the aviation industry. Among other things, residual effects from the Covid-19 pandemic and the geopolitical situation in Eastern Europe have had a negative impact on the result. SAS common stock had a negative development and the share declined 55% over the fiscal year.

OWNERSHIP, CONTROL AND SHARE CLASSES

SAS AB has three classes of shares: common shares, subordinated shares and class C shares. Following the implementation of SAS' recapitalization plan 2020, on October 31, 2022, there were 7,266,039,292 million common shares issued with a quotient value of approximately SEK 1.19, representing a registered share capital of MSEK 8,649,529,469.

There are no subordinated shares or class C shares issued or outstanding. Common shares

SAS' LEGAL STRUCTURE, OCTOBER 31, 2022 (COMPANIES WITH OPERATIONS)



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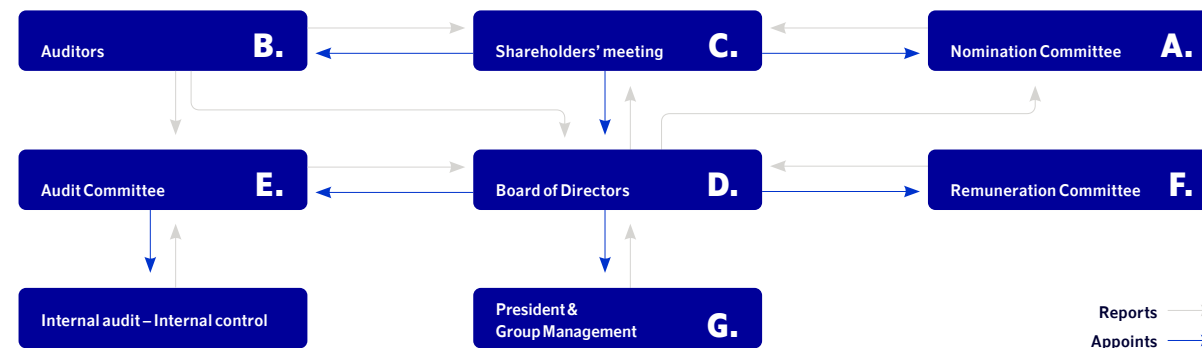
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and subordinated shares entitle the holders to one vote each. Each class C share entitles the holder to one-tenth of a vote.

The maximum number of common shares and subordinated shares that may be issued is limited to a number that corresponds with 100% of the company's share capital. The maximum number of class C shares that may be issued is limited to 5% of the share capital. The common shares provide shareholders the rights set out in the Swedish Companies Act and the Articles of Association.

Subordinated shares provide shareholders the right to participate in and vote at the company's shareholders' meetings. Subordinated shares do not entitle shareholders to dividends or participation in bonus issues. If subordinated shares are redeemed or the company is dissolved and its assets distributed, holders of subordinated shares are treated as holders of common shares and receive an equal share in the company's assets, although not at an amount higher than the quotient value of the subordinated shares index-adjusted from the first date of registration of the subordinated shares until the date of the payment of the redemption amount or the date of the distribution with an interest-rate factor corresponding to STIBOR 90 days plus two percentage points. For more information on subordinated shares, see Note 21. The share price performance of the common share is presented on page 20. On November 29, 2021, the Board, with the authorization granted by the AGM, resolved on an issue of 2021/2041 warrants, with the right to subscribe for a total of 3,633,019,647 subordinated shares (equivalent to approximately 50 percent of the shares outstanding and votes in SAS AB).

SAS' CORPORATE GOVERNANCE STRUCTURE



Class C shares do not entitle the holder to dividends. If the company is dissolved, class C shares entitle the holder to equal parts of the company's assets as the company's common shares, however not for an amount that exceeds the share's quotient value. The company's Board has the right to reduce the share capital by redeeming all class C shares. If such a decision is taken, class C shareholders are obligated to redeem all of their class C shares for an amount corresponding to the quotient value. The redemption amount is to be paid immediately. Class C shares held as treasury shares by the company will, on demand by the Board, be eligible for conversion to common shares. Thereafter, the conversion is to be registered with the Swedish Companies Registration Office without delay and is effective when it has been registered with the Register of Companies and noted in the Central Securities Depository Register.

PROTECTION OF SAS' AIR TRAFFIC RIGHTS IN THE ARTICLES OF ASSOCIATION

For aviation policy reasons, SAS' Articles of Association authorize, in part, the mandatory redemption of common shares by means of a reduction of share capital and, in part, should redemption not be possible or be adjudged inadequate, an option to issue subordinated shares for subscription with the support of the warrants issued.

IF TRAFFIC RIGHTS ARE THREATENED SAS CAN:

- Mandatorily redeem common shares
- Issue subordinated shares

A precondition for these actions is an assessment by the company's Board that a direct threat exists against the air traffic rights of the company or any of its subsidiaries when the company or its subsidiaries infringe or risk infringing provisions on ownership and control in bilateral aviation agreements or in laws or regulations pertaining to permits for air traffic in the EU/EEA. Furthermore, for aviation policy reasons, the Articles of

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Associations contain certain suitability and qualification requirements for Board members to ensure that the Board will at all times have the composition it needs to ensure that the company and its subsidiaries are able to retain their air traffic rights. These requirements include citizenship, domicile and knowledge and experience of the social, business and cultural conditions prevailing in the Scandinavian countries.

Beyond these requirements and the regulations contained in the Articles of Association, there are no restrictions or voting rules pertaining to the appointment or removal of Board members.

Mandatory redemption

If the Board assesses that there is a direct threat to the company's traffic rights, it may decide to mandatorily redeem a sufficient number of common shares not owned by shareholders domiciled in Denmark, Norway or Sweden along with common shares that are controlled, directly or indirectly, by a person or company outside of these three countries, so as to ensure continued Scandinavian ownership and control. Primarily, such mandatory redemption of common shares is performed on shares owned or controlled by a person or company outside the EU/EEA. Prior to redemption, the shareholders are given an opportunity to sell their common shares voluntarily within a prescribed period. Redemptions are made subsequently without refund to the shareholder since the reduction is to be transferred to the company's statutory reserve.

Subordinated shares

Should the Board deem the action of redeeming common shares not possible or inadequate, the issued

warrants may be used to issue subordinated shares equivalent to approximately 50 percent of the shares and votes outstanding in SAS AB so as to safeguard continued Scandinavian ownership and control. However, any such issue of subordinated shares may only take place following a resolution by the general shareholders' meeting approved by at least half of the votes cast at the meeting. Subscription for subordinated shares through the issued warrants may only be performed to the extent necessary, as assessed by the Board, to eliminate the aforementioned threat. As soon as the aforementioned threat ceases to exist, the Board shall ensure that the subordinated shares thus issued are redeemed.

OWNERSHIP AND CONTROL

On October 31, 2022, SAS AB had a total of 271,729 shareholders. The major shareholders are the Swedish and Danish governments, who together represent 43.6% of the votes. More information about the share and the ownership structure is available on pages 19 and 20 in the SAS Annual Report Fiscal Year 2022.

No restrictions exist in the Articles of Association concerning the voting rights of shareholders at shareholders' meetings and, pursuant to the Swedish Companies Act, shareholders may vote for the entire number of shares they own or represent by proxy. Nor are there any special plans, such as employee-benefit plans or the like, through which company or Group employees own shares with restricted voting rights. SAS AB has no knowledge of any agreements between shareholders that would restrict the capacity of shareholders to vote at a shareholders' meeting or their right to freely transfer such shares.

**IMPACT OF THE RECAPITALIZATION PLAN ON
CORPORATE GOVERNANCE**

The SAS recapitalization plan 2020 has been implemented based on the approval of the European Commission pursuant to the applicable rules for state aid. The approval includes the requirements contained in the Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak which include, inter alia, a ban on dividends, restriction of SAS' ability to carry out acquisitions and a requirement for unchanged remuneration to senior executives. These requirements will be eased when the aid has been repaid.¹

Effects of a change of control

SAS is currently party to a number of agreements in which the counterparties are entitled to terminate the agreement, in the event of changes in the majority stake or control of the company.

CHAPTER 11

On July 5 2022, a number of companies within the SAS Group, including SAS AB, filed for a voluntary Chapter 11 in the US. Chapter 11 is a legal process for financial restructuring conducted under U.S. federal court supervision. During the process, the board and the company's management retains their obligations and authority for the business. Decisions and actions outside ordinary course of business must however be brought to the U.S. court for approval.

Further information on the Chapter 11 process and SAS FORWARD, please see pages 11 and 58.

¹⁾ The requirements pursuant to the approval by the European Commission are described in more detail on pages 63–64 of the prospectus published by SAS pertaining to the recapitalization plan on September 30, 2020.

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SUSTAINABILITY

The entire board is committed to the sustainability work within SAS, one result being the prioritized areas in the materiality analysis carried out during the year.

There is specific sustainability expertise for the aviation industry on the board, with a particular focus on aircraft and fossil-free fuel. There is also strategic competence for sustainability within process, structure as well as research and development.

A. NOMINATION COMMITTEE

The Nomination Committee represents shareholders of SAS and is appointed by the AGM and tasked with preparing the meeting's resolutions on nomination and remuneration issues, as well as matters of procedure for the next nomination committee. An instruction for the Nomination Committee was adopted in conjunction with the 2022 AGM.

The Nomination Committee is tasked with making proposals for the election of the Chairman of the AGM, the number of Board members and Directors' fees, broken down among the Chairman, Vice Chairman, other Board members and any remuneration for work on Board committees, election of Board members and Chairman of the Board, election of the company's auditors, auditors' fees and the Nomination Committee ahead of the next AGM.

**NOMINATION COMMITTEE, FIVE MINUTED MEETINGS
(REFERS TO THE PERIOD MARCH 17, 2022 TO JANUARY 31, 2023)**

Member	Representative of Votes, %	Votes, %
		OCTOBER 31 2022
Åsa Mitsell, Chairman	Swedish Ministry of Finance, for the Swedish government	21.80
Adrian Lübbert	Danish Ministry of Finance, for the Danish government	21.80
Jacob Wallenberg	Wallenberg Investments AB	3.42
Gerald Engström	Gerald Engström and Färna Invest AB	0.83
Carsten Dilling	Chairman of the Board	0

Issues discussed in the Nomination Committee

Since the AGM 2022, the Nomination Committee has evaluated the Board's work, qualifications and composition. The Nomination Committee applies Rule 4.1 of the Code as a diversity policy, that is to say that the Board must have a composition that is appropriate for the company's operations, stage of development and circumstances in general, characterized by versatility and breadth regarding the competence, experience and background of the members elected by the AGM, and that an equal gender balance should be pursued. Sustainability competence is included as an evaluation criterion for candidates for new election to the board. Since the 2018 AGM, the Chairman of the Board has participated on the Committee, and the result of the evaluation of the Board is made available to the Committee.

At least one meeting with the Board and the Group CEO must be held before the Committee submits its recommendations to the AGM.

The Committee's recommendations are published in the notice calling the AGM, on the company's website and at the AGM. Committee members received no fees or other remuneration from SAS for their work on the Nomination Committee.

When required for carrying out its assignment, the Committee utilizes recruitment consultants and other outside consultants, with SAS defraying the cost.

B. AUDITORS

The auditors are elected by the AGM and tasked with scrutinizing the company's financial reporting and the administration of the company by the Board and the President. An election was conducted to appoint an auditor at the 2022 AGM, whereby KPMG was elected for the period until the end of the 2023 AGM. The auditor in charge is Tomas Gerhardsson.

On two occasions during fiscal year 2022, the auditor in charge met with the Board, presenting the program for auditing work and reporting observations from the audit.

The auditor also met with the Audit Committee on nine occasions. On one occasion during the fiscal year, the Board met with the company's auditor without the presence of the President or any other representative of the company management.

KPMG submits an auditors' report for SAS AB, the Group and an overwhelming majority of the subsidiaries. Over the past year, in addition to its auditing work, KPMG has performed advisory services for SAS Group companies in auditing-related areas as outlined in the table below. For more information about the auditors' fees in FY 2022, see Note 35.

Auditors' fees	MSEK
Auditing services	7
Other statutory assignments	0
Tax consultancy services	–
Other	3
Total	10

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C. SHAREHOLDERS' MEETING

The shareholders' meeting is the highest decision-making body at SAS. At shareholders' meetings of SAS AB, one common share is equal to one vote with no restrictions on the number of votes any one shareholder is entitled to cast at such a meeting.

The shareholders' meeting may be held in Stockholm, Solna or in Sigtuna. Notice convening the AGM is issued no earlier than six and no later than four weeks prior to the meeting. Notice is published in daily newspapers and in Post- och Inrikes Tidningar in Sweden, and announced in press releases as well as published on the company's website. SAS also e-mails notices to shareholders who have requested this service via the company's website: www.sasgroup.net.

In fiscal year 2022, the Board convened the AGM on March 17, 2022.

The Articles of Association contain no special provisions regarding the election and discharge of Board members or regarding changes to the Articles of Association. As per October 31, 2022, no authority has been provided by the shareholders' meeting to the Board empowering the Board to issue new shares or to buy back the company's own shares. As per October 31, 2021, one of shareholders' meetings authorized the Board to issue warrants with the right to subscribe for subordinated shares, which the Board exercised on November 29, 2021.

RESOLUTIONS BY THE AGM ON MARCH 17, 2022

- Adoption of statement of income and balance sheet as well as consolidated financial statements and balance sheet.
- Discharge from liability for Board members and President.
- Appointment of Board members, Chairman of the Board, auditors and Nomination Committee as well as resolution on the Instruction for the Nomination Committee.
- The AGM resolved that fees for the period until the end of the next AGM would remain unchanged from the previous year. Fees of SEK 630,000 will therefore be paid to the Chairman of the Board and, when applicable, SEK 420,000 to the Board's Vice Chairman and SEK 320,000 to each member elected by the shareholders' meeting and to ordinary employee representatives. Each deputy employee representative is remunerated with a meeting fee of SEK 5,000 for each Board meeting they attend. In addition to this remuneration, a fee of SEK 80,000 is paid to the Chairman of the Remuneration Committee and SEK 27,000 to each of the other committee members, as well as SEK 100,000 to the Chairman of the Audit Committee and SEK 50,000 to each of the other committee members.
- The AGM resolved that no dividends would be distributed to shareholders for the fiscal year November 1, 2020 to October 31, 2021.
- The AGM passed a resolution to approve the Board's report on remuneration to senior executives.
- The AGM resolved to approve the Board's proposed changes to the Articles of Association.
- Resolution authorizing the Board to decide on the issue of warrants with the right to subscribe for subordinated shares
- The AGM resolved to reject the shareholder proposal from Thorwald Arvidsson on the publication of list of so called yellow and blue free passes.
- The AGM also resolved to reject the shareholder proposal from Thorwald Arvidsson on special examination.

D. BOARD OF DIRECTORS

The Board's work is governed by the Swedish Companies Act, the Articles of Association, the Code and the formal work plan adopted by the Board each year. The Board is ultimately responsible for SAS' operations. This also includes risk management, regulatory compliance and internal control at SAS. The Board members are elected by the AGM for the period until the next AGM has been held. The Articles of Association stipulate that the Board of Directors should consist of six to eight members elected by the shareholders' meeting. Following the 2022 AGM, the

Board comprised eight elected members. In addition, the Board consisted of three employee representatives, each with two personal deputies.

The employee representatives are appointed by the SAS employee groups in Denmark, Norway and Sweden in line with governing legislation and special agreements. Deputies attend Board meetings only in the absence of an ordinary member. Except for employee representatives, no Board member is employed by SAS AB or any other company in the SAS Group. The elected Board members are appointed for the period until the end of the next AGM. No regulation exists that limits the period of time a Board member can serve in that capacity. The experience of the Board members and their independence in relation the owners of the company are disclosed on pages 87–88.

The President and other senior executives in the company attended Board meetings to make presentations and the company's General Counsel served as the Board's secretary.

The average age of members is 56 and three of the eight members elected by the 2022 AGM are women. All members elected by the shareholders' meeting are regarded by the Nomination Committee as being independent of the company and company management. Moreover, all Board members are deemed to be independent in relation to major shareholders on October 31, 2022.

To streamline and enhance the work of the Board, there are two committees:

- The Remuneration Committee
- The Audit Committee

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ATTENDANCE AT BOARD MEETINGS, NOVEMBER 2021–OCTOBER 2022

Name	11/29	1/19 ²⁾	1/26	2/14 ²⁾	2/ 21-22	3/3 ²⁾	3/17 ¹⁾	4/1 ²⁾	4/8	4/20 ²⁾	5/16 ²⁾	5/30	6/13	6/26 ²⁾	7/5 ²⁾	7/14 ²⁾	7/16	7/17	8/9 ²⁾	8/25	10/27	
Carsten Dilling, Chairman	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Lars-Johan Jarnheimer, Vice Chairman	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	○	●	●	●	●
Monica Caneman, member	●	●	○	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Kay Kratky, member	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Oscar Stege Unger, member	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Michael Friisdahl, member	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	○	●	●	●
Henriette Hallberg Thygesen, member	●	●	●	●	●	○	●	●	●	●	●	●	●	●	●	●	●	●	○	●	●	●
Nina Bjornstad, member	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Tommy Nilsson, employee representative	●	●	●	●	●	●	●	●	●	●	●	●	●	●	○	●	●	●	●	●	●	●
Jens Lippestad, employee representative	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Kim John Christiansen, employee representative, from January 2022	○	●	●	●	●	●	●	●	○	●	●	●	●	●	○	●	●	○	●	●	●	●

1) Two meetings, of which one was the statutory meeting following the AGM. 2) Extra Board meeting.

The members of these Committees are appointed by the Board. The main duty of the committees is to prepare issues for decision by the Board. These committees do not imply any delegation of the Board's legal responsibilities. Reports to the Board on issues discussed at committee meetings are either in writing or given verbally at the following Board meeting.

The work on each committee follows written instructions and a formal work plan stipulated by the Board. The General Counsel of SAS serves as the secretary to the Audit Committee. Minutes of Committee meetings are provided to all Board members. Remuneration for work on Board committees is determined by the AGM.

THE BOARD'S WORK FISCAL YEAR 2022

The Board's work follows a yearly agenda with regular business items as well as special topics. The formal work plan regulates the division of the Board's work between the Board and its committees and among the Board, its Chairman and the President. Working closely with the President, the Chairman of the Board monitors the company's performance, plans Board meetings, takes responsibility for ensuring that the other members of the Board always receive high-quality information about the Group's finances and performance, and ensures that the Board evaluates its work and that of the President each year.

The formal work plan also contains provisions for meeting the Board's needs for information and financial reporting on an ongoing basis as well as

instructions for the President and the company's Board committees. This process is evaluated each year, including the work of the Board. Evaluation of the Board is carried out by way of an annual survey that is compiled and then discussed by the Board.

The Board appoints from among its own members the members of the Board's two committees: the Remuneration Committee and the Audit Committee. Between November 2021 and October 2022, the Board held 22 minuted Board meetings, including one statutory meeting.

The President and other senior executives in the company attended Board meetings to make presentations and the company's General Counsel served as the Board's secretary.

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MAIN ISSUES ADDRESSED AT BOARD MEETINGS

Q1 November–January	Q2 February–April	Q3 May–July	Q4 August–October
<p>November 29 Year-end report for fiscal year 2022 with the proposed appropriation of earnings, the report from the external auditors and the forecast for fiscal year 2023. Revisions made to SAS Information Policy. Decision taken regarding financing of aircraft engines. Decision taken regarding warrants for subordinated shares.</p> <p>January 19 Review of the financial position. Update to the Board regarding progress on the new transformation plan.</p>	<p>January 26 Adoption of the Annual and Sustainability Report for FY 2021 and the appropriation of earnings. Adoption of the audit plan for FY 2022. Decision taken regarding the report on remuneration to senior executives. Review of the financial status. Review of flight safety and sustainability work, including occupational injuries and sick leave. Decision to issue capital adequacy guarantees to SAS Connect in Ireland. Decision on shareholders' contribution to SAS Eurobonus. Decision on notification of the AGM on March 17 2022.</p> <p>February 14 Decision on a new date for the interim report. Update on the new transformation plan.</p> <p>February 21–22 Adoption of the interim report for the first quarter of FY 2022. Decision on launching SAS FORWARD.</p> <p>March 3 Update on SAS FORWARD. Decision on aircraft lease agreements.</p> <p>March 17 Review of the financial position. Update on SAS FORWARD. Adoption of the Board's work plan and meeting schedule for FY 2023.</p> <p>The Statutory Board meeting was held at the second Board meeting following the AGM.</p> <p>April 1 Update on SAS FORWARD. Review of the financial situation.</p> <p>April 8 Update on SAS FORWARD.</p> <p>April 20 Update on SAS FORWARD.</p>	<p>May 16 Review of the financial position. Update on SAS FORWARD. Decision to divest three subsidiaries: Trust Forwarding AS, SAS Cargo Norway AS, SAS Cargo Sweden AB.</p> <p>May 30 The auditors presented their review and adoption of the interim report for the second quarter of FY 2022. Update on SAS FORWARD.</p> <p>June 13 Review of the financial position. Update on SAS FORWARD. Decision to issue capital adequacy guarantees to Gorm Asset Management.</p> <p>June 26 Review of the financial position. Update on SAS FORWARD.</p> <p>July 5 Decision to initiate a court-supervised process in the United States by filing for Chapter 11. Review of the financial situation.</p> <p>July 14 Update on SAS FORWARD. Update on the pilot strike. Update on Chapter 11. Review of the financial situation.</p> <p>July 16 Update on SAS FORWARD. Update on the pilot strike. Update on Chapter 11. Review of the financial situation.</p> <p>July 17 Update on SAS FORWARD. Update on the pilot strike. Update on Chapter 11. Review of the financial situation.</p>	<p>August 9 Decision on debtor-in-possession (DIP) financing. Review of the financial situation.</p> <p>August 25 Decision regarding the wet lease of aircraft for summer 2023. Adoption of the interim report for the third quarter of FY 2022. Decision to approve SAS' sanction policy.</p> <p>27 October Follow-up of risk management, regulatory compliance, internal control and corporate governance. Decision on financial policy. Decision taken on temporary deviation from the risk policy regarding credit limits. Extension of the temporary deviation from the fuel hedge policy in SAS' financial policy. Review of the Board's formal work plan and instructions to the President. Annual review of the Insider Policy.</p>

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E. AUDIT COMMITTEE**Area of responsibility**

The Audit Committee monitors the company's financial reporting as well as the effectiveness of its internal control, internal audit and risk management. The Committee keeps itself informed about the audit. The Audit Committee is responsible for preparing the Board's quality assurance work regarding financial reporting. The Committee performs quality assurance through the discussion of critical auditing issues and the financial statements that the company submits. Issues discussed by the Committee include internal control, compliance, uncertainty in reported values, events after the closing date, changes in estimates and assessments, financial and legal risks, suspected irregularities, and other matters affecting the company's financial reporting.

The company's external auditors attend all meetings of the Committee. Without otherwise impacting the responsibilities and obligations of the Board, the Committee is tasked with scrutinizing and monitoring the impartiality and independence of the auditor including paying particular attention to any non-audit-related assignments provided to the company by the auditor as well as assisting in the preparation of proposals regarding the election of auditors and auditors' fees for resolution at AGMs.

Appointment of members

The Board appoints members of the Audit Committee. All members of the Audit Committee are independent in relation to SAS, the company management and the shareholders in line with the Code. Besides the Committee Secretary and the external auditor, the SAS Group CFO and one employee representative and, as

required, representatives from SAS' accounting unit attend Committee meetings.

**AUDIT COMMITTEE'S WORK FISCAL YEAR 2022
— NINE MINUTED MEETINGS**

Meeting date	11/29	1/26	2/21	3/17	4/1	5/30	6/13	8/25	10/27
Monica Caneman (Chairman)	●	○	●	●	●	●	●	●	●
Lars-Johan Jarnheimer	●	●	●	●	●	●	●	●	●
Oscar Stege Unger	●	●	●	●	●	●	●	●	●

● Present ○ Absent

F. REMUNERATION COMMITTEE**Area of responsibility**

The Remuneration Committee prepares issues for the Board's decision vis-à-vis remuneration policies, remuneration and other employment terms for senior executives with a view to ensuring the company's access to executives with the requisite skills at a cost appropriate to the company. The Committee prepares proposals for policies for remuneration and other employment terms for resolution at the AGM.

Appointment of members

The Board appoints members of the Remuneration Committee. The Code specifies that members of the Remuneration Committee must be independent of the company and company management. All members of the Remuneration Committee are independent in relation to SAS and the company management.

**REMUNERATION COMMITTEE'S WORK FISCAL YEAR 2022
— TWO MINUTED MEETINGS**

Meeting date	11/29	3/29
Carsten Dilling	●	●
Lars-Johan Jarnheimer	●	●

● Present ○ Absent

**GUIDELINES FOR REMUNERATION TO
SENIOR EXECUTIVES**

The 2021 AGM established updated guidelines for remuneration to senior executives, which are detailed below. No amendments to the guidelines for remuneration to senior executives are proposed for resolution at the 2023 AGM.

The Board of Directors proposes guidelines for remuneration to the President and other members of Group Management. The guidelines also encompass any remuneration to Board members, other than Directors' fees. The guidelines apply to remuneration agreed after the 2023 AGM and amendments to agreed remuneration made thereafter. The guidelines do not apply to remuneration resolved by the general meeting. For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

**How the guidelines advance the company's
business strategy, long-term interests and
sustainability**

Successful implementation of the company's business strategy and safeguarding the company's long-term interests, including its sustainability, require the company to recruit and retain highly qualified employees. In order to do so, SAS must offer competitive total remuneration, which these guidelines enable. Total remuneration should be on market terms and competitive and relate to responsibility and authority.

For information about the company's business strategy, see the SAS website (<https://www.sasgroup.net/en/strategic-priorities/>).

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Types of remuneration, etc.

Remuneration is on market terms and may consist of the following components: fixed salary, any variable remuneration according to separate agreements, pension and other benefits. The general meeting can also, irrespective of these guidelines, resolve on share and share-price based remuneration among other things.

Fixed salary

The fixed salary consists of fixed cash salary. The fixed salary reflects the position's requirements with respect to qualifications, responsibilities, complexity and the manner in which it serves to reach the business objectives. The fixed salary also reflects the performance of the executive and can thus be both individual and differentiated.

Variable salary

In addition to fixed salary, senior executives reporting to the President may, under separate agreements, receive variable salary when fulfilling agreed performance criteria, provided that their fixed salaries are frozen for review for a certain period after payment of the variable salary. Any variable salary consists of an annual variable cash salary and may amount to a maximum of 20% of the fixed annual salary. Criteria fulfillment for awarding variable salary must be measured over a period of one year.

The variable salary is linked to one or several predetermined and measurable criteria, which can be financial, such as EBT, CASK and PASK, or non-financial, such as CO₂ emissions, flight safety, employee engagement and customer satisfaction. Less than 30% of the variable cash remuneration depends on non-financial criteria. By linking the remuneration to senior executives to the company's earnings as well as sustainability, the criteria

contribute to the company's business strategy, long-term interests and competitiveness.

The extent to which the criteria for awarding variable remuneration have been satisfied is determined when the measurement period has ended. For financial targets, the evaluation is based on the latest financial information made public by the company.

The terms for variable remuneration are designed so that the Board of Directors, under exceptional financial conditions, may limit or refuse to pay variable remuneration if such a measure is deemed reasonable.

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 20% of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration is taken by the Board of Directors based on a proposal from the Remuneration Committee.

Pension

For the President, pension benefits, including health insurance, are defined-contribution with premiums not exceeding 40% of the fixed annual salary. For other members of Group Management, pension benefits, including health insurance, are defined-contribution unless the executive is encompassed by a defined-benefit pension under mandatory collective agreement provisions. Premiums for defined-contribution pensions are not to exceed 30% of the fixed annual salary.

Variable remuneration qualifies for pension benefits to the extent required by mandatory collective agreement provisions applicable to the executive (applies to Sweden and defined-contribution pension). In such case, the premiums for defined-contribution pensions may not exceed 36% of the fixed annual salary as a result of pension provisions for variable salary.

Other benefits

Other benefits, which may include, for example, company car, travel benefits and health insurance, are on market terms and only constitute a limited part of the total remuneration. Premiums and other costs associated with such benefits may amount to a maximum of 10% of the fixed annual salary.

Termination of employment

For the President and other members of Group Management, the notice period is six months in the event the senior executive resigns and 12 months in the event the termination of employment is by the company. In case of termination by the company, severance pay is payable in an amount corresponding to a maximum of one year's fixed salary less any remuneration received from new employments or assignments.

Additionally, remuneration is payable for any non-compete undertakings. Such remuneration compensates for loss of income and is only paid in so far as the previously employed executive is not entitled to severance pay. The remuneration is based on the fixed salary at the time of termination of employment and amounts to not more than 60% of the fixed salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and is paid during the time the non-compete undertaking applies, however not for more than 18 months following termination of employment.

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Fees to Board members

SAS Board members elected by the general meeting may, in specific cases and for limited time, be remunerated for services beyond Board work within their respective areas of competence. A fee on market terms for these services (including services rendered by a company wholly owned by a Board member) is paid, provided that such services contribute to the implementation of SAS' business strategy and long-term interests, including its sustainability. Such consultant's fee may, for each Board member, in no case exceed the annual Director's fee.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out therein are reasonable.

Preparation and decision-making process

The Board of Directors has established a Remuneration Committee. The Committee's duties include preparing principles for remuneration to Group Management and the Board of Directors' decisions to propose guidelines for remuneration to senior executives. The Board of Directors prepares proposals for new guidelines at least every fourth year, and submits it to the AGM for resolution. These guidelines apply until new guidelines have been adopted by the general meeting. The Remuneration Committee also monitors and evaluates programs for variable remuneration to Group

Management, the application of the guidelines to senior executives as well as the current remuneration structures and compensation levels in the company. Remuneration to the President is decided by the Board of Directors in line with approved policies following preparation and recommendation by the Remuneration Committee. Remuneration to other senior executives is decided by the President in line with approved policies and after consultation with the Remuneration Committee. The members of the Remuneration Committee are independent in relation to the company and Group Management. The President and other members of Group Management do not participate in the Board of Directors' discussions and decisions on remuneration-related matters that pertain to them.

Derogation from these guidelines

The Board may decide to derogate from these guidelines, in whole or in part, if in a specific case there is special cause and such a derogation is necessary to safeguard the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, the Remuneration Committee's duties include preparing the Board of Directors' decisions on remuneration matters, including decisions to derogate from these guidelines.

**G. PRESIDENT AND
GROUP MANAGEMENT**

The Board appoints the President of SAS AB, who is also Group CEO. The Board has delegated responsibility for the day-to-day administration of SAS to the President. Each year, an instruction defining the division of duties between the Board and the President is determined by the Board who also evaluate the work performed by the President. The Board's instructions to the President contain detailed rules governing the President's authority and obligations.

The President liaises, works closely, and has regular meetings with the Chairman to discuss the operations and performance of SAS, and to plan Board meetings. To enable the Board to monitor the financial position of SAS on an ongoing basis, the President makes monthly reports to the Board.

In FY 2022, Group Management comprised seven members, including the President. From July 2022 onwards it comprised eight. The composition and functions of the Group Management are shown on pages 89–90.

Group Management is not a corporate body in the sense of Swedish limited company law and as a collegial management body has no legal liability vis-à-vis the Board and shareholders. Only the President reports to the Board. Group Management normally holds minuted meetings every week. These meetings are chaired by the President, who reaches decisions after consulting with the other members of Group Management.

The main business areas of SAS that are not themselves a separate legal entity are led by Group Management through representatives for the respective business area.

Group Management's management and control of operations are based on guidelines and policies regarding financial management and follow-up, communication issues, human resources, legal issues, brands, business ethics and environmental matters.

INTERNAL CONTROL – FINANCIAL REPORTING

SAS applies COSO, the internationally recognized framework for internal control, to describe and evaluate the Group's control structure.

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Internal control of financial reporting is a process involving the Board of Directors, company management and employees, and is designed to provide reasonable assurance regarding the reliability of external reporting. The Board is ultimately responsible for internal control. Five areas that jointly form the basis of a sound control structure are described below.

Control environment

The control environment comprises the basis for internal control and includes the culture in which SAS communicates and acts. The Group's ambition is that its values — reliability, openness, care and value-creation — will permeate the organization and the internal control environment.

All actions, internal as well as external, are to reflect these basic values. The SAS Group's Code of Conduct describes the desired approach in various situations, including a structure for reporting deviations from the desired approach. Information concerning governance of the Group is available for all employees on the Group's intranet. These documents describe SAS' control philosophy, control model and entities as well as the companies' roles and responsibilities, owner requirements, overall monitoring, internal business relationships and the allocation of tasks.

Risk assessment

Each year, company management produces a risk assessment that encompasses all operations and is based on the targets of those operations. The risk assessment is presented to the Audit Committee and reviewed continuously throughout the year.

With regard to financial reporting, an assessment of significant risks in relation to major balance sheet and

income items is carried out annually. This assessment grades the risks concerning financial reporting, and critical areas are identified.

Furthermore, SAS' internal audit carries out an annual risk assessment that forms the basis of future years' audit plans. Both the risk assessment and the audit plan are presented to company management and the Audit Committee.

Control activities

Control activities are carried out at different levels within SAS to manage risks and ensure the reliability of financial reporting. These key controls have been compiled and described in relation to each process as part of the SAS internal control framework. The processes covered by the framework include general governance processes, accounting process, revenue process, purchasing process, payroll process, asset management process and controls related to IT. The framework is subject to an annual review based on the updated risk assessment concerning risks related to financial reporting. SAS carried out two internal audits in fiscal year 2022 pertaining to Treasury and cyber security.

Information and communication

SAS aims for information and communication paths pertaining to the internal control of financial reporting to be known and appropriate. All policies and guidelines in the financial areas are on the intranet, under the SAS Group Financial Guide. SAS' accounting policies as well as any changes are always communicated by direct dispatch and at regular meetings with those responsible for financial matters in the entities and subsidiaries.

All entities and subsidiaries submit a monthly report on their activities, including their financial status and

performance. To ensure that the external information is correct and complete, an IR/Information policy has been adopted by the SAS Board. SAS' published external reports are based on reporting from all legal entities in accordance with a standardized reporting procedure.

Regularly reported financial information includes the annual report, interim reports, monthly traffic reports, press releases, presentations and telephone conferences focused on financial analysts and investors, and meetings with the capital markets in Sweden and abroad. The above information is also available on the SAS website www.sasgroup.net.

Monitoring

Internal audits at SAS have been outsourced. The audits carried out by internal audit are based on an annual internal audit plan and are mainly focused on operational risk areas. However, the internal audit plan also covers processes that impact financial reporting and the risk of irregularities, improper favoritism of another party at the company's expense, and the risk of loss or embezzlement. The annual internal audit plan is approved by the Audit Committee and the SAS Board.

Monitoring and continuous evaluation of compliance with policies and guidelines as well as monitoring reported deficiencies are conducted regularly. In connection with monitoring action plans for noted deficiencies in control activities and their control targets, these measures are tested as is their compliance. Recommendations from the external and internal audits and the status of ongoing measures are compiled and presented to Group Management and the Audit Committee. Financial reporting is discussed at each Board meeting and at meetings of the Audit Committee.

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BOARD OF DIRECTORS

The Board is responsible for the organization and administration of SAS, for ensuring proper control of its accounting and other financial circumstances as well as for appointing and removing the President. All Board members elected by the shareholders' meeting are independent of the company and company management. The 2022 AGM adopted the Nomination Committee's recommendation for re-election of Carsten Dilling, Monica Caneman, Lars-Johan Jarnheimer, Oscar Stege Unger, Kay Kratky, Nina Bjornstad, Henriette Hallberg Thygesen and Michael Friisdahl. Carsten Dilling was re-elected Chairman of the Board.

The composition of the Board is based on the fact that SAS operates in a market subject to significant pressure for change and intense competition and, not least, the considerable impact of COVID-19. With its extensive experience of driving change processes, its broad expertise in customer and consumer issues, digitalization and comprehensive experience in strategic development, the Nomination Committee deemed the Board to be particularly suited to provide the company's management the necessary support in the ongoing change process.

The Nomination Committee's opinion was that the Code's requirements for diversity, breadth and an even gender balance were satisfactorily met through the Nomination Committee's proposal.

No share convertibles or options have been issued to the Board of SAS AB.



**CARSTEN DILLING,
BORN 1962**

Chairman of the Board of SAS AB since 2018. Member of the Board of SAS AB since 2014.

Directorships: Chairman of NNIT A/S, Icotera A/S, MT Højgaard Holding A/S, and Terma A/S as well as a member of Maj Invest's Investment Committee and Senior Advisor for Bank of America.

Education: B.Sc. and M.Sc. in Economics and Business Administration, Copenhagen Business School.

Earlier directorships/positions: Chairman of Get AS and Traen A/S, Board member of Gatetrade A/S, Columbus IT Partner A/S, Confederation of Danish Industry (DI) and Industrial Employers in Copenhagen (IAK) and a number of board assignments for the TDC Group. Previously President and CEO of TDC A/S.

Shareholding: 352,220.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



**LARS-JOHAN JARNHEIMER,
BORN 1960**

Vice Chairman of the Board of SAS AB since 2021. Member of the Board of SAS AB since 2013.

Directorships: Chairman of Telia Company AB, Arvid Nordqvist HAB, Elite Hotels, and Ingka Holding B.V (IKEA). Board member of Point Properties AB, and Millicom International Cellular S.A.

Education: B.Sc. in Business Administration and Economics, Lund and Växjö universities.

Earlier directorships/positions: Chairman of Qliro Group, BRIS, Egmont International Holding AS, and Eniro AB. Board member of MTG Modern Times Group AB, Invik and Apoteket AB. President and CEO of Tele2.

Shareholding: 100,000.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



**NINA BJORNSTAD,
BORN 1977**

Member of the Board of SAS AB since 2021.

Directorships: Board member of Telenor ASA, Advisory Board of PwC UK. **Education:** MBA in Business, University of Washington, B.Sc. in Business and Economics, University of Colorado.

Earlier directorships/positions: Starship Board of Directors, Head of Professional Services Google Cloud in N. Europe, Country Manager Google Cloud UK, Microsoft Enterprise Sales and Partnerships Director UK, Amazon US.

Shareholding: 0.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



**MONICA CANEMAN,
BORN 1954**

Member of the Board of SAS AB since 2010.

Directorships: Chairman of the Board of Euroclear Sverige AB and Almi Företagspartner AB. Board member of Qliro Financial Services AB. Chairman of Nasdaq AB Listing Committee. Member of the council of Skandia AB.

Education: MBA, Stockholm School of Economics.

Earlier directorships/positions: Chairman of Allenex AB, Arion Bank hf, Big Ba AB, Bravida Holding AB, EDT AS, the Fourth Swedish Pension Fund, Frösunda LSS AB, Intertervum AB and Viva Media Group AB. Board member of Akademikliniken AB, Citymail Group AB, Comhem AB, EDB Business Partner ASA, Intermail A/S, Lindorff Group AB, My Safety AB, Nets AB, Nordisk Energiförvaltning ASA, Nya Livförsäkrings AB, Nocom AB, Resco AB, Schibsted ASA, SEB Trygg Liv, Svenska Dagbladet AB and XponCard Group AB.

Shareholding: 40,000.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.

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**MICHAEL FRIISDAHL,
BORN 1962**

Member of the Board of SAS AB since 2021.

Directorships: Board member of the Hospital for SickKids Foundation, Toronto, Canada, and Campaign Cabinet Chair for the Scarborough Health Network Foundation \$100M fundraising campaign. President and Chief Executive Officer of Maple Leaf Sports & Entertainment (MLSE).

Education: No formal degree.

Earlier directorships/positions: Board member of Entertainment One (eOne), Air Canada Rouge, Air Canada Vacations, Thomas Cook North America and The Holiday Network. President and Chief Executive Officer of Air Canada Leisure Group and President & CEO of Thomas Cook North America and The Holiday Network.

Shareholding: 521,800.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



**HENRIETTE HALLBERG
THYGESEN,
BORN 1971**

Member of the Board of SAS AB since 2021.

Directorships: Executive Vice President Fleet & Strategic Brands, A.P. Møller Maersk A/S.

Education: Executive MBA, Columbia Business School and London Business School, Ph.D. Applied Mathematics, Copenhagen Business School. M.Sc., Copenhagen Business School.

Earlier directorships/positions: With A.P.Møller-Maersk since 1994. CEO of Svitzer, Regional Manager of Damco Americas, Regional Manager Damco North Asia and other previous leading positions in A.P.Møller Maersk. Board member of Cowi Holding A/S.

Shareholding: 0.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



**KAY KRATKY,
BORN 1958**

Member of the Board of SAS AB since 2019.

Directorships/position: President kk global consult and Chairman of the Advisory Board of Capenia GmbH. Member of the Board Klagenfurt Airport.

Education: Mechanical engineering at Technische Hochschule Darmstadt.

Earlier directorships/positions: Chief Executive Officer of Austrian Airlines, COO Lufthansa German Airlines and CEO of Jade Cargo International, President of the Aviation Initiative for Renewable Energy in Germany e.V.

Shareholding: 50,000.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



**OSCAR STEGE UNGER,
BORN 1975**

Member of the Board of SAS AB since 2018.

Directorships/position: Senior Advisor Wallenberg Foundations AB, Founder and CEO of Canucci AB.

Education: M.Sc. in Business Administration and B.Sc. in Economics at Stockholm University.

Earlier directorships/positions: Head of Investor Relations and Head of Communications at Investor AB and Director of Wallenberg Foundations AB.

Shareholding: 100,000.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.

Auditors: KPMG
Auditor in charge: Tomas Gerhardsson. Authorized Public Accountant. Elected at the 2022 AGM
Board secretary: Anna Almén, General Counsel.



**EMPLOYEE REPRESENTATIVE
KIM JOHN CHRISTIANSEN
BORN 1963**

Employed at SAS Cargo/Scandinavian Airlines in Denmark in 1987. Union leader since 2016 in Spirit Air Cargo/SAS Ground Handling Denmark. Vice Chairman Cooperation Committee in SAS Ground Handling Denmark since 2018. Member of the Board of SAS AB since 2021.

Shareholding: 0.

Shareholding of related parties: 0.

Deputies:

William Nielsen, First Deputy.
Shareholding: 133.
Henrik Thyregod, Second Deputy.
Shareholding: 0.



**EMPLOYEE REPRESENTATIVE
JENS LIPPESTAD
BORN 1960**

Employed at Scandinavian Airlines in Norway. Member of the Board of SAS AB since March 2020.

Shareholding: 101,000.

Shareholding of related parties: 0.

Deputies:

Pål Gisle Andersen, First Deputy.
Shareholding: 0.
Øystein Eliassen, Second Deputy.
Shareholding: 0.

**EMPLOYEE REPRESENTATIVE
TOMMY NILSSON
BORN 1957**

Employed at Scandinavian Airlines in Sweden. Member of the Board of SAS AB since March 2020.

Shareholding: 0.

Shareholding of related parties: 0.

Deputies:

Lisa Kemze, First Deputy.
Shareholding: 0.
Hans Ahlberg, Second Deputy.
Shareholding: 0.

On March 18 2022, Joacim Olsson was replaced as Second Deputy by Hans Ahlberg.

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GROUP MANAGEMENT

Group Management is responsible for the company's business management, financial reporting, acquisitions/divestments, financing and communication, and other corporate matters. The members of the Group Management are appointed by the President in consultation with the Board of Directors. Only the President reports to the Board while the other members of Group Management report to the President. Group Management's responsibilities are divided among its members with regard to managing the company's business affairs, and minuted meetings are normally held every week. During fiscal year 2022, Magnus Örnberg left his role as Executive Vice President and CFO, replaced by Erno Hildén on April 1, 2022. Karl Sandlund also stepped down as CCO and was replaced on June 27, 2022 by Thérèse Lorenius and Erik Westman in the roles of co-acting CCO.



ANKO VAN DER WERFF
BORN 1975

President and CEO. Member of SAS Group Management since July 15, 2021. **Previously:** CEO of Avianca 2019-2021, Executive Vice President & Chief Commercial Officer at Aeromexico 2014-2019, Several leading management positions at Qatar Airways and Air France KLM 2006-2014. **External directorships:** None. **Education:** Law degree Leiden University, Exec degree Harvard Business School. **Shareholding:** 0. **Shareholding of related parties:** 0.

Anko van der Werff and related parties have no significant shareholdings or part ownership in companies with which SAS conducts major business.



ERNO HILDÉN
BORN 1971

Executive Vice President & CFO. Member of SAS Group Management since April 1, 2022. **Previously:** Has held positions both as Chief Financial Officer and Chief Operating Officer at Finnair. Recently he also held a position as Executive Vice President at Saudi Arabian Airlines. **External directorships:** None. **Education:** MSc. in Economics and Business Administration from University of Tampere **Shareholding:** 0. **Shareholding of related parties:** 0.

MAGNUS ÖRNBERG
BORN 1965

On April 1, 2022, Magnus Örnberg, CFO, was replaced by Erno Hildén in the role of CFO



CHARLOTTE SVENSSON
BORN 1967

Executive Vice President and CIO. Member of SAS Group Management since February 1, 2020. **Previously:** Head of Digital & Communication Services and member of Group Executives in PostNord 2017–2020, Business Area Manager for the letter operations in the Nordic region. Before that, CTO within the Bonnier Group. **External directorships:** Board member of ICA Gruppen and Combient Mix AB. **Education:** Executive Program, Strategy at Stanford University, studies in physics and mathematics at Chalmers University of Technology and graduation in systems science from Karlstad University. **Shareholding:** 50,000. **Shareholding of related parties:** 0.



CARINA MALMGREN HEANDER,
BORN 1959

Executive Vice President and Chief of Staff. Member of SAS Group Management since January 1, 2015. **Previously:** Several leading positions in HR and operations at Electrolux, Sandvik and ABB. **External directorships:** Chairman of Svenska Flygbranschen AB. Board member of Projektengagemang AB, Transportföretagen AB and the Confederation of Swedish Enterprise. **Education:** MBA, Linköping University. **Shareholding:** 40,000. **Shareholding of related parties:** 0.

**REPORT BY THE
BOARD OF DIRECTORS**

Report by the
Board of Directors

Dividends, disposition
of earnings and outlook

Corporate Governance
Report

Board of Directors

Group management



**MIKAEL WÅNGDAHL,
BORN 1967**

Acting COO Airline Operations.
Member of SAS Group
Management since January 1,
2023.

Previously: CEO SAS Link, Blue1,
VP External Production in SAS,
started in 2014. COO in Estonian
Air, CEO Skyways Express and
City Airline, CEO Avitrans Nordic,
CEO and various leading senior
management positions in Skyways
group of Companies

External directorships: ERA
(European Regions Airline
Association)

Education: SAS Executive
Program, IFL Management pro-
gram and Senior High school in
Maintenance.

Shareholding: 0.

Shareholding of related parties: 0.

**SIMON PAUCK HANSEN,
BORN 1976**

*On January 1, 2023, Simon Pauck
Hansen, CCO, was replaced by
Mikael Wångdahl in the role of
acting COO.*



**KJETIL HÅBJØRG,
BORN 1972**

Executive Vice President Airline
Services.
Member of SAS Group
Management since October 1,
2019.

Previously: Vice President SAS
Ground Handling and several
previous senior positions at SAS.
Before being recruited to SAS in
2004, worked as a management
consultant.

External directorships:
Board member of Federation of
Norwegian Aviation industries
(NHO Luftfart).

Education: Executive MBA,
Master in Strategic Management,
Norwegian Business School.

Shareholding: 25,000.

Shareholding of related parties: 0.



**THÉRÈSE LORENIUS,
BORN 1975**

Co-acting CCO (responsibility
for Product, Insights & Loyalty,
Customer Communication and
Global Sales). Member of SAS
Group Management since June
27, 2022.

Previously: Vice president
Product, Insights and Loyalty,
and brings experience from other
management positions within
SAS. Worked for Procter & Gamble
before joining SAS in 2014.

External directorships: None.

Education: M. Sc in Business,
University of Lund. Major in
Business Administration, Bachelor
degree in Corporate Finance/
International Finance

Shareholding: 0.

Shareholding of related parties: 0.

KARL SANDLUND, BORN 1977

*On June 27, 2022, Karl Sandlund, CCO, was replaced by Thérèse Lorenius
and Erik Westman in the roles of co-acting CCO.*



**ERIK WESTMAN,
BORN 1981**

Co-acting CCO (responsibility for
Network, Revenue Management
and Commercial Development).
Member of SAS Group
Management since June 27, 2022.

Previously: Vice President
Revenue Management at SAS
2017-22, Vice President Group
Strategy at SAS 2014-17. Worked
at McKinsey before joining SAS
in 2013

External directorships: None.

Education: M. Sc. In Engineering
Physics from KTH, Stockholm.
Exchange studies at Stanford
University.

Shareholding: 0.

Shareholding of related parties: 0.



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CONSOLIDATED STATEMENT OF INCOME INCLUDING
STATEMENT OF OTHER COMPREHENSIVE INCOME

MSEK	Note	FY22	FY21
Revenue	2	31,824	13,958
Personnel expenses	3	-7,086	-5,504
Jet-fuel costs		-8,511	-2,370
Air traffic charges		-2,855	-1,342
Other external expenses	4	-12,058	-5,286
Depreciation, amortization and impairment	5	-4,763	-4,817
Income from shares in affiliated companies	6	22	10
Income from the sale and return of aircraft and other non-current assets	7	95	-143
Operating income (EBIT)		-3,332	-5,494
Financial income	8	219	214
Financial expenses	8	-4,733	-1,245
Income before tax (EBT)		-7,846	-6,525
Tax	9	798	2
Net income for the year		-7,048	-6,523
Other comprehensive income			
<i>Items that may later be reversed to net income:</i>			
Exchange-rate differences in translation of foreign operations		212	39
Cash-flow hedges — hedging reserve, net after tax		-755	496
<i>Items that will not be reversed to net income:</i>			
Revaluations of defined-benefit pension plans, net after tax		1,937	2,655
Total other comprehensive income, net after tax		1,394	3,190
Comprehensive income for the year		-5,654	-3,333
<i>Attributable to Parent Company shareholders:</i>			
Net income for the year		-7,048	-6,523
Comprehensive income for the year		-5,654	-3,333
Earnings per common share (SEK)	39	-0.97	-0.94
Earnings per common share after dilution (SEK)	39	-0.97	-0.94

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CONSOLIDATED BALANCE SHEET

ASSETS, MSEK	Note	Oct 31, 2022	Oct 31, 2021	SHAREHOLDERS' EQUITY AND LIABILITIES, MSEK	Note	Oct 31, 2022	Oct 31, 2021
Non-current assets				Equity	21		
Intangible assets	10	692	709	Share capital		8,650	8,650
Aircraft and spare engines/parts	11	13,733	14,417	Other contributed capital		2,899	2,899
Other tangible assets	11	500	586	Reserves		-224	319
Prepayments for aircraft	12	4,063	2,966	Hybrid bonds		7,615	7,615
Right-of-use assets	13	17,840	16,959	Retained earnings incl. net income for the year		-18,178	-13,067
Participations in affiliated companies	6	22	24	Shareholders' equity attributable to Parent Company shareholders		762	6,416
Other participations	14	9	9	Non-controlling interests		0	0
Pension funds, net	15	9,252	6,593	Total shareholders' equity		762	6,416
Long-term receivables	14	1,564	1,539	Non-current liabilities			
Deferred tax assets	9	1,628	1,126	Interest-bearing liabilities	22	16,627	12,989
Total non-current assets		49,303	44,928	Interest-bearing lease liabilities	23	17,686	13,231
Current assets				Other liabilities	24	1,564	1,715
Inventories and expendable spare parts	16	319	412	Provisions	26	2,151	1,557
Accounts receivable	17	1,299	1,068	Deferred tax liabilities	9	568	540
Receivables from affiliated companies		0	0	Total non-current liabilities		38,596	30,032
Other receivables	18	2,826	1,443	Current liabilities			
Prepaid expenses and accrued income	19	756	593	Interest-bearing liabilities	27	7,379	3,871
Cash and cash equivalents	20	8,654	4,268	Interest-bearing lease liabilities	23	3,827	2,833
Total current assets		13,854	7,784	Accounts payable		2,261	1,222
TOTAL ASSETS		63,157	52,712	Unearned transportation liability	24	5,426	4,702
				Tax liabilities		7	5
				Other liabilities		459	643
				Accrued expenses and prepaid income	28	4,183	2,398
				Provisions	26	257	590
				Total current liabilities		23,799	16,264
				TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		63,157	52,712

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Not registered share capital	Other contributed capital	Hedging reserves	Translation reserve	Hybrid bonds	Retained earnings	Total shareholders' equity attributable to Parent Company shareholders
MSEK								
Opening shareholders' equity in accordance with approved balance sheet, October 31, 2020	8,645	5	2,899	15	-231	7,615	-8,925	10,023
Share registration	5	-5						-
Hybrid bond interest							-274	-274
Net income for the year							-6,523	-6,523
Other comprehensive income for the year				496	39		2,655	3,190
Closing balance, October 31, 2021	8,650	-	2,899	511	-192	7,615	-13,067	6,416
Hybrid bond interest							-	-
Net income for the year							-7,048	-7,048
Other comprehensive income for the year				-755	212		1,937	1,394
Closing balance, October 31, 2022	8,650	-	2,899	-244	20	7,615	-18,178	762

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CONSOLIDATED CASH-FLOW STATEMENT

MSEK	Note	FY22	FY21	MSEK	Note	FY22	FY21
OPERATING ACTIVITIES				FINANCING ACTIVITIES			
Income before tax (EBT)		-7,846	-6,525	Proceeds from borrowings	34	8,515	5,319
Depreciation, amortization and impairment		4,763	4,817	Repayment of borrowings		-3,359	-2,562
Income from sale of aircraft, buildings and shares		-82	143	Amortization of lease liabilities		-2,820	-2,788
Adjustment for other non-cash items, etc.	32	2,982	-515	Payments of deposits and blocked bank funds		-2,156	-944
Tax paid		-	-2	Repayments of deposits and blocked bank funds		853	1,312
Cash flow from operations before change in working capital		-183	-2,082	Defined-benefit pension payments		-149	-83
<i>Change in:</i>				Hybrid bond interest		-	-274
Inventories and expendable spare parts		136	242	Derivatives		702	-274
Operating receivables		-396	-713	Fees DIP financing		-257	-
Operating liabilities		2,215	-2,203	Other financing activities		525	623
Cash flow from change in working capital		1,955	-2,674	Cash flow from financing activities		1,854	329
Cash flow from operating activities		1,772	-4,756	Cash flow for the year		4,375	-5,964
INVESTING ACTIVITIES				Translation difference in cash and cash equivalents		11	1
Aircraft		-3,167	-2,412	Cash and cash equivalents at beginning of the year		4,268	10,231
Buildings, equipment and investment in progress		-14	-10	Cash and cash equivalents at year end	20	8,654	4,268
Shares and participations, intangible assets, etc.		-	-3				
Prepayments for aircraft		-1,912	-1,679				
Acquisition of subsidiaries/affiliated companies	33	-	-1				
Sale of subsidiaries and affiliated companies	33	26	-				
Sale of aircraft, spare engines and buildings		364	11				
Income from sale and leaseback of aircraft		5,344	2,489				
Sale of fixed assets, etc.		108	68				
Cash flow from investing activities		749	-1,537				

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

GENERAL

SAS AB (the "Company") and its subsidiaries (collectively referred to as the "Group") provide transportation services.

The core business of the Group is operating passenger flights on an extensive Nordic and international route network. The Group's three main operational hubs in Copenhagen, Oslo and Stockholm form the backbone of its flight network. In addition to passenger flights, the Group provides air cargo and other aviation services at selected airports in the Group's route network.

SAS AB is a Swedish public limited company registered in Stockholm and the address of its head office is Frösundaviks allé 1, Solna, Stockholm. SAS AB is the Parent Company of the SAS Group.

The consolidated financial statements for SAS AB have been prepared in accordance with the Annual Accounts Act, recommendation RFR 1 — *Supplementary Accounting Rules for Corporate Groups*, and the EU-approved International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that apply for fiscal years starting November 1, 2021. These standards have been consistently applied to all periods presented in the consolidated financial statements. The financial statements have been prepared on a cost basis, except for the remeasurement of certain financial assets and liabilities. The principal accounting policies adopted are set out below.

ACCOUNTING ESTIMATES AND ASSUMPTIONS IN THE
FINANCIAL STATEMENTS

The preparation of financial statements in accordance with IFRS requires management to perform estimates and assumptions that influence the application of the accounting policies and the carrying amounts of assets, liabilities, revenue and expenses. Actual outcomes may differ from these estimates and assumptions.

The estimates and assumptions are regularly reviewed. Changes in estimates are recognized in the period in which the change is made if the change affects only that period, or in the period in which the change is made and future periods if the change affects both current and future periods. For more information, see "Critical accounting estimates and key sources of estimation uncertainty" in this note.

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

Over the past two years, the COVID-19 pandemic has significantly affected the whole aviation industry, including SAS. And in some parts of the world, residual effects such as travel restrictions still remain in place. Substantially rising demand for travel is having a significant impact and the industry is struggling to recover quickly enough to meet this positive trend. Accordingly,

total travel volumes remain lower than before the start of the pandemic in March 2020. The current geopolitical situation and turbulence in Eastern Europe is also affecting the airline industry and has led to the closure of Russia's airspace. This also impacts the recovery of traffic to and from Asia among other things.

For the year, total capacity (ASK) increased 99.2% and total revenue passenger kilometers (RPK) increased 194.5% year-on-year. SAS' revenue grew 128% compared with last year. However, market conditions remain uncertain and the pandemic's aftereffects are persisting at the same time as uncertainty regarding future pandemic outbreaks and the geopolitical situation can continue to adversely affect the entire airline industry. SAS' current assessment is that, in terms of passenger numbers, demand for air travel with SAS will have recovered to approximately 90 percent of pre-Covid levels by the end of the first half of fiscal year 2023. SAS expects demand for short-haul leisure travel to return to pre-Covid levels in fiscal year 2024, while demand for short-haul business travel is expected to level off at approximately 80 percent of pre-Covid levels. Similarly, demand for long-haul leisure flights is expected to recover faster than demand for long-haul business flights.

The prevailing uncertainty means that further cost reductions and efficiency initiatives as well as access to liquidity are critical factors. During FY 2021 and FY 2022, SAS has worked continuously and intensively with various cost reduction measures, limiting non-business-critical investments and utilizing various financing solutions to protect its liquidity. SAS' cash and cash equivalents increased during the year, and as of October 31, the cash position amounted to SEK 8.7 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 important parts of the SAS FORWARD transformation plan, SAS voluntarily filed for Chapter 11 in the US on July 5, 2022. SAS is expecting the Chapter 11 process in the US to be completed in the last six months of 2023. 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 and, in conjunction therewith, pledged certain assets such as the EuroBonus program and airport slots. The remaining part of the DIP financing is expected to be received in the second quarter of FY 2023, conditioned by meeting certain criteria, which are defined in the Chapter 11 process. 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.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS
APPLICABLE FOR FISCAL YEAR 2022

No material amendments occurred in IFRS in FY 2022 that affected the Group.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS
THAT HAVE NOT ENTERED FORCE AND HAVE NOT BEEN ADOPTED EARLY BY THE GROUP

No material new and amended standards, agenda decisions and interpretations have been issued for the accounting of the Group for fiscal years beginning on or after November 1, 2022.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Parent Company and the entities over which controlling influence is exercised by the Group. The Group controls a company when it is exposed to, or has rights to, variable returns from its participation in the company and is able to affect those returns through its influence over the company. Entities in which the Group has an ownership interest of at least 20% and no more than 50%, or where the Group has significant influence by other means but cannot exercise controlling influence, are affiliated companies. Affiliated companies are accounted for using the equity method.

The earnings of subsidiaries acquired during the year are included in the Group's earnings from the effective date of control. The separate net assets, both tangible and intangible, of newly acquired subsidiaries are consolidated into the financial statements on the basis of the fair value to the Group as of the effective date of control. The earnings of subsidiaries disposed of during the fiscal year are included in the Group's earnings up to the effective date of disposal.

Non-controlling interests in the net assets of consolidated subsidiaries are recognized in the consolidated balance sheet as a separate component of equity. The Group's earnings and components in other comprehensive income are attributable to the Parent Company's owners and to the non-controlling interests. All intra-Group transactions, balance-sheet items, revenue and expenses are eliminated on consolidation.

Note 1 continued

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BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the acquisition date when controlling influence is achieved) of the assets transferred, liabilities incurred or assumed, and equity shares issued by the Group in exchange for control of the acquiree. Acquisition-related expenses are recognized in profit or loss when they are incurred. The cost also includes fair value at the acquisition date for the assets or liabilities that arise from any agreement governing a contingent consideration. Contingent considerations are classified either as equity or financial liabilities. Amounts classified as financial liabilities are remeasured each period at fair value, and any remeasurement gains or losses are recognized in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that qualify for recognition under IFRS 3 – *Business Combinations* are recognized at fair value on the acquisition date.

In business combinations where the sum of the cost, any non-controlling interests and fair value at the acquisition date for previously held equity exceeds fair value at the acquisition date for identifiable acquired net assets, the difference is recognized as goodwill in the balance sheet. Following a review of the difference, any negative difference is recognized directly in profit or loss as a gain from a bargain purchase.

Non-controlling interests

Changes in the Parent Company's share in a subsidiary that do not lead to a loss of controlling influence are recognized as equity transactions (in other words, as transactions with the Group's owner). Any difference between the sum by which the non-controlling interests has been adjusted and the fair value of the consideration paid or received is recognized directly in equity and distributed to the Parent Company's owners.

Loss of controlling influence

When the Parent Company loses controlling influence of a subsidiary, the divestment gain or loss is calculated as the difference between:

- the sum of the fair value for the consideration received and the fair value of any remaining holdings; and
- the previously recognized values of the subsidiary's assets (including goodwill) and liabilities as well as any non-controlling interest.

INVESTMENTS IN AFFILIATED COMPANIES

Affiliated companies comprise all companies where the Group exercises significant but not controlling influence, which generally applies for share-holdings representing 20–50% of the votes. Affiliated companies are accounted for using the equity method.

The earnings of affiliated companies are accounted for based upon the Group's proportional ownership of the earnings of these affiliates. Any losses arising from affiliated companies are recorded in the consolidated financial statements until the investment in such affiliated companies is impaired to zero. Thereafter, losses are only accounted for to the extent that the Group is committed to providing financial support to such affiliated companies.

The carrying amount of investments in affiliated companies represents the cost of each investment, including goodwill, the share of retained earnings following acquisition and any other changes in equity. The carrying amount of investments in affiliated companies is reviewed on a regular basis and if any decline in value has occurred, it is impaired in the period in which this occurred.

Profits and losses from transactions with affiliated companies are eliminated in proportion to the Group's interest in these affiliated companies.

SEGMENT REPORTING

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.

Geographic information about revenue from external customers and assets

The Group's operational monitoring of traffic revenue is destination based. 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. Sales generating other operating revenue are allocated geographically by source country. In addition to the above, the Group's total revenue broken down by country of sales is presented in Note 2.

Assets broken down by geographic area do not include the Group's aircraft or prepayments for tangible assets. Since aircraft are utilized in a flexible manner across the route network, there is no justifiable basis for allocating aircraft.

FOREIGN CURRENCY TRANSLATION

The individual financial statements of the entities in the Group are measured in the functional currency of the entities, i.e., the currency of the primary economic environment in which they operate.

Transactions in currencies other than the entity's functional currency (foreign currencies) are remeasured at the exchange rates prevailing on the transaction dates. At each closing date, monetary assets and liabilities denominated in foreign currencies are retranslated at the closing-date exchange rates. Non-monetary items carried at fair value denominated in foreign currencies are translated at the rates prevailing at the date fair value was determined. Non-monetary items that are measured in terms of cost in a foreign currency are not translated.

Exchange differences arising from translation are recognized as a gain or loss in the period in which they arise, except for exchange differences on transactions entered into to hedge net investments in foreign subsidiaries and exchange differences relating to monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur and, which form part of the net investment in a foreign operation. These differences are recognized in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at the

closing-date exchange rates. Revenue and expense items are translated at the average exchange rates for the period, provided that exchange rates do not fluctuate substantially in the period. In the latter case, the exchange rate on the transaction date is applied. Any translation differences are recognized in other comprehensive income.

The exchange rates applied in the translation of the financial statements for consolidation purposes are as follows:

EXCHANGE RATES

			Closing rate		Average rate	
			Oct 31, 2022	Oct 31, 2021	FY22	FY21
Denmark	DKK	100	146.99	133.69	140.45	136.69
Norway	NOK	100	105.77	101.96	104.44	98.28
U.S.	USD		10.99	8.52	9.71	8.51
U.K.	GBP		12.71	11.75	12.31	11.65
Switzerland	CHF	100	1,098.10	935.43	1,041.66	931.53
Japan	JPY	100	7.42	7.50	7.75	7.81
EMU countries	EUR		10.90	9.94	10.45	10.17

FINANCIAL INSTRUMENTS, ACCOUNTING POLICIES

Financial assets

Financial assets are recognized in the consolidated balance sheet when the Group becomes a party under the contractual terms of the instrument. At the time of initial recognition, financial assets are measured at fair value and subsequently classified at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTPL). The classification of financial assets depends on the characteristics of the asset and the business model in which it is held.

The fair value of a financial asset is generally determined by reference to 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.

Amortized cost is calculated using the effective-interest method, where any premiums or discounts and directly attributable expenses and revenue are capitalized over the contract period using the effective interest rate. The effective interest rate is the rate that yields the instrument's cost when calculating the present value of future cash flows.

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Other financial assets at amortized cost

Financial assets are classified as recognized at amortized cost if the contractual terms give rise to payments that are solely payments of principal and of interest on the principal amount outstanding, and the financial asset is held in a business model aimed at holding financial assets to collect contractual cash flows. With the exception of derivatives, all of the Group's financial assets are recognized at amortized cost through application of the effective-interest method. For subsequent periods, the assets are measured at amortized cost reduced with impairment provisions.

Impairment of financial assets

The Group's financial assets measured at amortized cost are assessed for impairment based on expected credit losses (ECLs). Provisions for accounts receivable are always based on lifetime ECLs. If there is no expectation of collection, the full asset value is written off. Losses and write offs are recognized as expenses in the income statement.

Derivatives and hedge accounting

The Group uses derivatives to manage exposures related to fluctuations in interest rates, exchange rates and fuel prices. The derivatives used are mainly recognized pursuant to the rules for hedge accounting in IFRS 9. The Group's hedge instruments are designated as fair-value hedges and cash-flow hedges. Derivatives that do not meet the hedge accounting requirements are remeasured on an ongoing basis at FVTPL. Derivatives with positive values are recognized as current assets in the consolidated balance sheet, and derivatives with negative values are recognized as current liabilities.

For fair-value hedges, the effective and ineffective portions of the change in fair value of the derivative is recognized in net income for the year, together with the gain or loss on the hedged item attributable to the hedged risk.

When hedging projected cash flows, the effective portion of the change in fair value of the derivative outstanding is recognized in other comprehensive income until the underlying transaction is reflected in net income for the year, whereupon any deferred hedging gains or losses are restored in net income for the year. The ineffective portion of the change in fair value of a derivative used to hedge cash flow is recognized in net income for the year. Should hedged future transactions result in non-financial assets or liabilities, the gains and losses are included in the cost of the assets or liabilities upon initial recognition.

For measurement of effectiveness, an overall assessment is conducted of whether or not the hedging relationship is effective. The initial time value is treated as a cost for the hedging strategy and changes in the time value are recognized in other comprehensive income.

Financial liabilities

Financial liabilities, excluding derivatives, are initially measured at fair value and subsequently at amortized cost using the effective-interest method.

Accounts payable

Accounts payable are expected to have short terms and are therefore categorized as short-term liabilities where the interest effect is negligible. The liabilities are carried at nominal amounts with no discounts.

Borrowings

Long-term borrowings, i.e., liabilities with a tenor longer than one year, consist of interest-bearing liabilities to banks and credit institutions as well as bond issues. Short-term borrowings comprise the current portion of interest-bearing long-term borrowings, i.e., the portion of the loans that is to be amortized in the coming fiscal years, as well as other current interest-bearing liabilities with a remaining tenor of less than one year.

Borrowings are initially recognized at fair value less transaction costs, and thereafter at amortized cost using the effective-interest method.

HYBRID BONDS

New hybrid bonds were issued in October 2020 to the governments of Denmark and Sweden for a total amount of MSEK 6,000. In October 2020, MSEK 2,250 of bond debt was converted into hybrid bonds with a par value of MSEK 1,615 and the remaining amount was exchanged for shares.

As all of the hybrid bonds are perpetual and since SAS controls the payment of interest and principal in the instruments, the bonds are classified as equity instruments in their entirety according to IAS 32. Transaction costs and interest attributable to the hybrid bonds are also recognized directly in shareholders' equity.

TANGIBLE ASSETS

Tangible assets are recognized at cost less accumulated depreciation and any impairment. These assets are depreciated to their estimated residual values on a straight-line basis over their estimated useful lives. As aircraft components have varying useful lives, the Group has separated the components for depreciation purposes. Costs for routine aircraft maintenance as well as repair costs are expensed as incurred. Extensive modifications such as the obligatory major overhauls of engines and improvements to assets are capitalized and depreciated together with the asset to which the work is related over its remaining useful life. Investments in leased premises are depreciated over their estimated useful lives, but not over a period exceeding the remaining lease period for leased premises.

Income from the sale or disposal of a tangible fixed asset is calculated as the difference between the net realizable value and the carrying amount. The gain or loss that arises is recognized in profit or loss.

Depreciation is based on the following estimated periods of useful life:

Asset class	Depreciation
Aircraft	20 years ¹
Spare equipment and spare parts	20 years ¹
Engine components (average)	8 years ²
Workshop and aircraft servicing equipment	5–10 years
Other equipment and vehicles	3–5 years
Buildings	5–50 years

1) Estimated residual value after a useful life of 20 years is 10%.

2) Depreciation is based on the engines' use.

LEASES

SAS applies the accounting standard IFRS 16 – Leases, whereby the lessee recognizes an asset (a right-of-use asset) and a financial liability in the balance sheet. An expense for depreciation of the right-of-use asset is recognized in profit or loss together with an interest expense for the financial liability.

SAS applies IFRS 16 for all leases. IFRS 16 permits exceptions for short-term leases and where the underlying asset is of low value (<TUSD 5). Short-term leases are leases that at the commencement date have a lease term of 12 months or less and do not include a purchase option. Lease payments relating to short-term leases or low value leases will be recognized in the income statement over the lease term, primarily on a straight-line basis and recognized in EBIT as lease expenses.

Aircraft

Lease term

Normally, the lease term used for aircraft lease agreements is the non-cancellable period stated in the lease agreement. Some lease agreements contain extension options or options to purchase the asset, and options are taken into consideration in the lease term if the Group is reasonably certain to exercise these options. The Group does not generally include options in the lease term, since there is a significant uncertainty as to whether they will be exercised. Closer to the end of the lease term and the relevant option, the Group has a better understanding of whether it is beneficial to start negotiations to keep the aircraft for an extended period. If the Group decides to use an extension option, or an option to purchase the asset, the lease liability will be remeasured. Other facts indicating that an option could be used are major modifications of the aircraft, such as a cabin facelift.

Discount rate

For new leases, the Group has chosen to apply the interest rate implicit in the lease. Aircraft lease agreements do not clearly define the implicit interest rate as defined by IFRS 16. Since the fair values of the aircraft are provided by third parties, SAS has decided to calculate the interest rate to be used for discounting the lease liabilities based on fair values available for the aircraft. The rate is calculated per contract. The rate implicit in the lease is defined as

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the rate that causes the sum of the present value of lease payments and the present value of the residual value of the underlying asset at the end of the lease to equal the fair value of the underlying asset.

Sale & Leaseback

Sometimes SAS sells an aircraft to a lessor and leases back that asset from the lessor. In each transaction the Group determines if the transfer to the lessor qualifies as a sale according to IFRS 15. If the lease agreement between SAS and the lessor includes an option to buy back the aircraft, the initial transfer of the asset to SAS does not generally qualify as a sale. In that situation, the Group continues to report the aircraft as owned in the balance sheet with the corresponding financial liability applying IFRS 9. If the transfer qualifies as a sale, SAS applies the sale and leaseback rules in IFRS 16, whereby the right-of-use asset arising from the leaseback is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by SAS. This means that only part of any gain/loss that relates to the transfer of the aircraft is recognized in profit or loss.

Costs for restoring the asset

SAS has an obligation to return the leased aircraft and their engines according to redelivery conditions specified in the lease agreement. If the condition of the aircraft and its engines, at the time of redelivery, differs from the agreed redelivery condition, the Group needs to settle the difference in cash to the lessor or maintain the aircraft and its engines so that it meets the agreed conditions.

Under IFRS 16, SAS has divided the maintenance costs into two main groups: costs incurred independent of the usage of the aircraft and costs incurred dependent on the usage of the aircraft.

Costs incurred independent of the usage of the aircraft are included in the right-of-use asset and provisions at the commencement date. These costs include the final check and painting required on return of the aircraft.

For costs incurred dependent on the usage of leased aircraft, SAS makes ongoing provisions related to the use. Please see detailed information in the section "Critical Accounting Estimates and Key Sources of Estimation Uncertainty" in Note 1. Maintenance costs for owned aircraft are capitalized and depreciated together with the asset to which the work is related. See more information in the section "Tangible assets" in Note 1.

Wet Lease

SAS wet leases aircraft capacity from external operators. The Group accounts for each lease component separately from non-lease components. The consideration in the contract that has been allocated to the aircraft has been done based on the relative stand-alone price of the aircraft and the aggregate stand-alone price of the wet-lease services.

The lease term used for wet leased aircraft is the non-cancellable period stated in the lease agreements. Some contracts contain options, but they have not been included since there is a significant uncertainty to whether they will be exercised.

There is no material return obligation relating to the wet leased aircraft.

Properties

Lease term

The lease term used for property lease contracts is the non-cancellable period stated in the lease agreements. Options to extend the lease term are not included, since there is a significant uncertainty as to whether they will be exercised.

Costs for restoring the asset

There is no material return obligation relating to the leased properties.

Ground handling equipment

Lease term

The lease term used for ground handling equipment lease contracts is normally the non-cancellable period stated in the lease agreements. Some lease agreements contain extension options, and they have been included if the Group's assessment is that the options will be exercised.

Other assets

Lease contracts that individually, or by asset class, are not material to the Group have been excluded from the right-of-use asset and lease liability. These contracts include leases for vehicles, smaller IT equipment and office equipment.

Temporary simplification rule for rent concessions

SAS applies the IASB amendments to IFRS 16 in regards to rent concessions that simplify how a lessee accounts for rent concessions that are a direct consequence of COVID-19. In applying the practical expedient, changes in lease payments in rent concessions ending on or before June 30, 2022 are not treated as a modification. The practical expedient has not had any effect on SAS' profit or loss in the period.

The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

INTANGIBLE ASSETS

Intangible assets comprise goodwill and capitalized expenses for systems development. The Group is not engaged in any research and development (R&D) activity.

Intangible assets are recognized in the balance sheet when:

- an identifiable, non-monetary asset exists;
- it is probable that the future financial advantages that can be attributed to the asset will accrue to the company;
- the cost of the asset can be calculated in a reliable manner; and
- SAS has control of the asset.

Goodwill is recognized in the balance sheet as an intangible asset at cost less accumulated impairment losses. Goodwill represents the excess value over

the fair value of the Group's share of identifiable acquired net assets at the acquisition date, of the cost of an acquisition, any non-controlling interests and fair value at the acquisition date or earlier shareholdings.

Gains or losses on the disposal of an entity include the remaining carrying amount of goodwill relating to the entity sold.

Goodwill is assessed as having an indefinite useful life. Goodwill is allocated to the smallest possible cash-generating unit (CGU) and the carrying amount is tested at least once a year for any impairment. However, testing for impairment takes place more frequently if there are indications that a loss in value has occurred. A discounted cash-flow analysis is carried out based on the cash flows of the CGU and compares the carrying value of assets of the CGU with their recoverable amount. These cash flows are discounted at rates that the Group estimates to be the risk-affected weighted average cost of capital (WACC) for the particular businesses. Any impairment is recognized immediately in profit or loss.

Development costs that do not meet the criteria specified above, regarding when intangible assets are recognized in the balance sheet, are expensed in the period they arise. Costs for systems development are recognized as an asset provided that they meet the criteria specified above. Capitalized development costs are amortized on a straight-line basis over the expected useful life of the asset, which amounts to between one and four years. Amortization of capitalized IT system costs is included in the depreciation/amortization item in the statement of income.

EMISSION RIGHTS

Any emission rights received without the need for payment of any consideration from the respective countries' government agencies are recognized at their nominal amounts, which in practice means that the intangible asset and the prepaid income are valued at zero. Any emission rights purchased for own uses are recognized as intangible assets under current assets at cost after impairment. A provision is recognized in the balance sheet commensurate to the extent that emission rights used correspond to emission rights held. This provision is measured at the cost of the emission rights held. The provision is measured at the current market price with a corresponding cost in the statement of income commensurate to the extent emission rights used exceed the amount of emission rights held.

IMPAIRMENT OF TANGIBLE, INTANGIBLE AND RIGHT-OF-USE ASSETS WITH DETERMINABLE USEFUL LIVES

The Group continuously evaluates whether any indications exist of a need for impairment of any tangible, intangible and right-of-use assets with determinable useful lives to identify any potential need for impairment. If any such indication is identified, the recoverable amount of the asset is calculated (or as part of the CGU to which it belongs) to determine the extent of any impairment loss. The recoverable amount is defined as the higher of an asset's fair value less selling costs and the value in use (VIU). If the estimated recoverable amount of the asset (or the CGU) is lower than its carrying amount, the carrying amount of the asset (or the CGU) is impaired. The recoverable amount is determined based on the type of asset.

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At each balance-sheet date, a review is conducted to assess for indications that any earlier impairment losses no longer exist or have improved. When such indications exist, the recoverable amount is recalculated and the carrying amount is increased to the lower of the recoverable amount and the carrying amount that the asset would have had if the previous impairment had not taken place.

INVENTORIES AND EXPENDABLE SPARE PARTS

Inventories and expendable spare parts are carried at the lower of cost or net realizable value. Cost is calculated using the weighted average cost. Net realizable values are calculated in part through verification with external parties and in part through internal estimates at SAS based on similar or previous sales of similar goods.

PROVISIONS AND CONTINGENT LIABILITIES

Provisions are reported when the Group identifies legal or informal commitments as a result of historic events, where the outcome is probable, and where the financial resources required to settle these commitments can be estimated with reasonable certainty.

A restructuring obligation is considered to have arisen and a provision for the obligation is recognized when the Group has adopted a detailed and formal restructuring plan. The plan must have been communicated to affected parties and have been commenced or publicly announced.

REMUNERATION OF EMPLOYEES

Pensions

The Group has various pension plans for its employees. These vary considerably due to different legislation and agreements on occupational pension systems in the individual countries.

For pension plans where the employer has accepted responsibility for a defined contribution, the obligation to employees ceases when the contractual premiums have been paid. Where defined-benefit pensions have been agreed, the commitments do not cease until the contractual pensions have been paid. The liability or asset recognized in the balance sheet for defined-benefit pension plans is the current value of the defined-benefit obligation at the end of the reporting period after deduction of the fair value of plan assets. The defined-benefit plan obligation is calculated each year by independent actuaries using the projected unit credit method. Pension costs for the year for defined-benefit pension plans comprise the present value of the current service cost plus net interest, which is calculated using the discount rate on the defined-benefit pension liability or pension assets, and recognized as a personnel expense in EBIT. All deviations in estimates are immediately recognized in other comprehensive income.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes severance pay when such an obligation exists according to employment contracts or for termination as a result of an offer made to encourage voluntary redundancy.

REVENUE RECOGNITION

The recognition of contractual revenue from customers follows a five-step model that requires revenue to be recognized when control over goods and services are transferred to the customer. All of the Group's customer contracts have been analyzed using the five-step model. The performance obligations identified are fulfilled at a defined point in time.

Passenger revenue

When SAS or another airline provides the transportation, in other words the flight, the Group meets its performance obligation toward the customer and the passenger revenue is recognized in profit or loss. During the period from the sale of an airline ticket until the completion of the flight, airline tickets sold are recognized as a short-term unearned transportation liability in the consolidated balance sheet. The Group assesses the estimated unearned transportation liability on an ongoing basis. More information is available under "Other traffic revenue."

Rebooking fees, that is fees for changing the time or destination of a booked airline ticket, are recognized as revenue in conjunction with the actual flight taking place.

Charter revenue

SAS has charter flight agreements with certain customers. As with passenger revenue, the Group discharges its performance obligation to the customer when transportation has been provided. Accordingly, charter revenue is recognized in profit or loss when the transportation has been provided.

Mail and freight revenue

The Group provides cargo services both on passenger planes and on commercial cargo flights. The performance obligation to the customer is discharged in conjunction with the provision of transportation. Accordingly, mail and freight revenue is recognized in profit or loss when the transportation has been provided.

Other traffic revenue

Other traffic revenue mainly includes pre seating, excess baggage, unused tickets and revenue adjustments. Pre seating and excess baggage are examples of ancillary revenue that are closely linked to air travel. These are recognized as revenue in conjunction with the actual flight.

The Group prepares monthly assessments of unutilized airline tickets. Unutilized and expired tickets are recognized as other traffic revenue based on historic usage data for unutilized tickets for the last 24 months. Any differences between previous months' assessments and actual outcomes are recognized in profit or loss.

The Group periodically evaluates the estimated short-term unearned transportation liability and records any resulting adjustments in other traffic revenue in the period in which the assessments are completed. These adjustments relate primarily to refunds, exchanges, transactions with other airlines and other items for which final settlement occurs in periods subsequent to the sale of the related tickets at amounts other than the original sales price.

Other operating revenue

Other operating revenue mainly includes revenue from in-flight sales, ground handling services, technical maintenance and sales of EuroBonus points.

In-flight sales are recognized as revenue in conjunction with the actual sale. Revenue from the performance of ground handling services and technical maintenance is recognized when the services are performed.

Sales of EuroBonus points to credit card partners are recognized as revenue in the same period that EuroBonus members use their credit cards and a EuroBonus liability arises in the consolidated balance sheet. Further information on the EuroBonus liability follows.

Loyalty program – EuroBonus

Membership in the Group's EuroBonus loyalty program enables customers to earn bonus points by flying with SAS and/or other Star Alliance companies as well as from purchases made from other business partners, such as car rental and credit card companies. The allocation of loyalty points is viewed as a separate identifiable transaction when purchasing airline tickets. As customers earn points, the EuroBonus liability increases in the consolidated balance sheet together with a corresponding decrease in revenue. The portion of the ticket price allocated to loyalty points is measured at the relative stand-alone price for the points and is not recognized as revenue until the period in which the obligation is met.

Contract assets and liabilities

IFRS 15 has introduced the terms "contract assets" and "contract liabilities." The Group presents contracts in the balance sheet as contract liabilities or contract assets depending on the relationship between the Group's performance and the customers' payments at the reporting date. Accrued income is included under contract assets, since the Group meets the performance requirement prior to receiving payment from customers. The unearned transportation liability and the loyalty program are recognized as contract liabilities since payments are received from customers before the performance obligation is discharged by the Group. Information about the discharge of performance obligations can be found earlier in this section under the headings "Passenger revenue" and "Loyalty program – EuroBonus."

As before, the unearned transportation liability is presented on a separate line in the consolidated balance sheet, while the loyalty program is presented under other liabilities (long-term). Refer to Note 24 for disclosures by the Group pertaining to contract assets and contract liabilities.

GOVERNMENT GRANTS AND CONTRACTS

Some of the legal entities in the SAS Group received support for temporary reductions in the workforce during the period as a result of the COVID-19 pandemic. In accordance with IAS 20, state grants are reported in the statement of income when there is reasonable assurance that the company will fulfill the conditions associated with the grants and that the grants will be received.

Government grants have been reported as a reduction to personnel expenses in the periods for which the grant is intended to compensate for a total of MSEK 16 (340). SAS has also applied for support from the Danish, Swedish and Norwegian states and municipalities regarding compensation for fixed

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costs, MSEK 140 (880) has been reported as a reduction of other external expenses.

Aside from this, the Norwegian state has purchased capacity from SAS and other carriers in Norway on a commercial basis in order to maintain air services within Norway, which amounts to MSEK 0 (92).

BORROWING EXPENSES

Borrowing expenses that arise in operations are expensed in the period in which they are incurred. Borrowing expenses on aircraft pre-delivery payments (PDPs) are capitalized as part of the process of obtaining qualified production resources. If a decision is made to sell and lease back an asset, capitalization of interest expense ceases. Amortization of capitalized borrowing expenses commences when aircraft are put into service, as per the main principle for aircraft.

TAXES

Current tax for the period is based on net income for the period, adjusted for non-tax-deductible costs and non-taxable income. The current tax is calculated on the basis of tax rates applying on the closing date.

Deferred tax is recognized according to the balance sheet method whereby temporary differences, differences between the recognized and fiscal value of assets or liabilities, result in a deferred tax asset or deferred tax liability. Deferred tax liabilities are recognized for all temporary differences liable to tax, while deferred tax assets are recognized to the extent it is probable that a taxable surplus will be created against which the deductible temporary difference can be utilized or before the right to utilize the loss carryforward is lost.

Deferred tax liabilities are recognized for all taxable temporary differences attributable to investments in subsidiaries and affiliated companies except in cases where the Group can control the timing of reversal of the temporary differences, and it is probable that such reversal will not take place in the foreseeable future.

Deferred tax is estimated on the basis of the tax rates and fiscal regulations that have been decided or announced as of the closing date. Deferred tax is expensed, except when it relates to items charged or credited in other comprehensive income or directly in equity, in which case the deferred tax is also dealt with in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are recognized net if the items pertain to the same tax authority.

CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements and application of accounting policies are often based on management's assessments, or on estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are recognized in the period in which the change is made if the change affects only that period, or in the period in which the

change is made and future periods if the change affects both current and future periods.

Below is an overall description of the accounting policies affected by such estimates or assumptions that are expected to have the most substantial impact on the Group's reported earnings and financial position. For information about the carrying amount on the closing date, see the balance sheet with accompanying notes.

Impairment of assets

The Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets are impaired. In making the impairment assessment, assets that do not generate independent cash flows are allocated to an appropriate CGU.

Management is required to make certain assumptions in estimating the value of the assets, including the timing and value of cash flows to be generated from the assets. The cash-flow projections are based on reasonable assumptions that represent management's best estimate of the set of economic conditions that will exist over the remaining useful life of the asset and are based on the most recent financial plan that management has approved. Due to its subjective nature, these estimates will likely differ from future actual results of operations and cash flows, and any such difference may result in impairment in future periods.

Pensions

Pension assumptions are an important element in the actuarial methods used to measure pension commitments and value assets, and can significantly affect the recognized pension obligation, pension assets and the annual pension cost. The most critical assumptions are the discount rate, inflation and expected salary adjustments.

The measurement to be applied under IAS 19 when measuring defined-benefit plans is known as the projected unit credit method. This method requires several assumptions (actuarial parameters) for calculating the present value of the defined-benefit obligation. Actuarial assumptions comprise both demographic and financial assumptions. Since assumptions must be neutral and mutually compatible, they should be neither imprudent nor overly conservative. They should reflect the economic relationships between factors such as inflation, rates of salary increase, the return on plan assets and discount rates. This means that they should be realistic, based on known financial relations and reflect SAS' best assessment of the factors that will determine the ultimate cost of providing post-employment benefits, that is pension costs.

In calculating pension obligations, the current service cost and the return on plan assets, locally set parameters are applied in the respective countries on the basis of the local market situation and expected future trends. This means that the parameters are based on market expectations at the end of the reporting period regarding the time period in which the obligation will be settled.

The discount rate has been determined on the basis of market yields on high-quality corporate bonds (preferably mortgage bonds with a minimum AA rating). The tenor of the bonds reflects the estimated timing and size of pension payments (duration) as well as the currencies these payments are expected to be made in.

Other financial assumptions are based on anticipated developments during the term of the obligation. The assessment of future salary adjustments corresponds to the assumed rate of inflation in the respective countries and life expectancies are set under DUS21 for Sweden and K2013 for Norway, refer to Note 15 for additional information.

The net interest expense on the obligation and the expected return on plan assets are reported as "net interest," which is calculated using the discount rate. SAS classifies this net interest as a personnel expense and recognizes the net interest expense in profit or loss.

Deviations can arise if the discount rate changes (a lower discount rate increases the present value of the pension liability and the annual pension cost), or if actual inflation levels, salary adjustments and life expectancies deviate from the Group's assumptions. Any change in these assumptions could potentially result in a significant change to the pension assets, obligations and pension costs in future periods.

During the year, the discount rate was raised for all countries. The discount rate for Sweden was raised by 2.5 percentage points to 4.3%. During the fiscal year, the inflation assumption for the Swedish pension plans was raised from 1.9% to 2.15%. The total impact, primarily from changed discount rates and inflation, entailed a positive impact on other comprehensive income of SEK 4.1 billion. The return on plan assets was below the discount rate, which entailed a negative impact on other comprehensive income of SEK 2.1 billion.

Sensitivity to changes in individual parameters can be estimated as follows: A one percentage point change in the discount rate of interest has approximately a SEK 1.6 billion impact on the obligation and a one percentage point change in the inflation assumption has an impact of about SEK 1.5 billion.

Deferred tax

The Group recognizes deferred tax assets at each balance sheet date to the extent that it is probable that they will be utilized in future periods. This determination is based on estimates of future profitability. A change in these estimates could result in a decrease in deferred tax assets in future periods for assets that are currently recognized in the consolidated balance sheet. In estimating levels of future profitability, historical results of operations in recent years are considered and, if necessary, the implementation of prudent and feasible tax planning strategies to generate future profitability are considered. If future profitability is less than the amount calculated in determining the deferred tax asset, then a decrease in deferred tax assets will be required, with a corresponding charge in profit or loss, except in cases where it is related to items recognized directly in equity. If future profitability exceeds the level that has been assumed in calculating deferred tax assets, an additional deferred tax asset can be recognized, with a corresponding credit in profit or loss, except to the extent that the deferred tax arises from a business combination.

A change in these estimates could also result in the impairment of deferred tax assets in future periods for assets that are currently recognized in the balance sheet.

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Assumption regarding right-of-use assets – aircraft

SAS makes ongoing provisions related to use for undertakings arising in connection with aircraft leasing. The undertakings primarily pertain to engines, but also include landing gear, air frames and APUs. The financial impact is complex to assess as it depends on a large number of factors. Since provisions are made on an ongoing basis for larger mandatory overhauls of engines, landing gear, air frames and APUs, the risk of a return having a material impact on the Group's earnings is reduced.

Hybrid bonds

As all of the hybrid bonds are perpetual and since SAS controls the payment of interest and principal in the instruments, the bonds are classified as equity instruments in their entirety according to IAS 32.

Litigations

The Group is involved in litigations and other claims in the ordinary course of its business activities. Management judgment is required in determining the likelihood of the outcome. The actual effects of the outcome could differ from the management's estimate, which would impact the Group's earnings (see also, the Report by the Board of Directors: Legal issues).

Claims in connection with Chapter 11 and the pilot strike

As a consequence of the pilot strike from July 4 to 19, 2022, a provision of SEK 1.1 billion was recognized in the third quarter as a negative adjustment of revenue and for the liability for estimated customer compensation claims for cancelled flights.

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 to October, SAS chose to reject lease contracts pertaining to one B737-700, one A350-900, three A321-200 aircraft and a number of engines. All of these contract rejections have been approved by the US court. In conjunction with this approval, SAS relinquished control of the related assets to the lenders/lessors, with the consequent effect that the assets and liabilities associated with the contracts were removed from the balance sheet. The net cost for derecognizing the assets and liabilities totaled MSEK 88. 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. The outcomes, if any, for claims arising under Chapter 11 are subject to uncertainty due to being dependent on the number and size of the claims as well as on the restructuring plan, which will require court approval later in the process, and accordingly, SAS has been unable to reliably estimate a corresponding total provision for claims. These claims may be material. SAS has recognized provisions for claims where adequate and reasonable information was available to estimate the liability. More information on the Chapter 11 process is provided in Note 1 page 97 and in the Report by the Board of Directors on page 58.

PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company has prepared its financial statements according to the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 *Accounting for Legal Entities* as well as applicable statements from the Swedish Financial Reporting Board. Under RFR 2, the Parent Company, in preparing the annual financial statements for the legal entity, applies all EU-approved IFRSs and statements insofar as this is possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act and with respect to the connection between accounting and taxation. The recommendations specify which exceptions and additions are to be made from and to IFRS.

THE DIFFERENCES BETWEEN THE GROUP'S AND THE PARENT COMPANY'S ACCOUNTING POLICIES ARE LISTED BELOW:

Pensions: Current pension premiums are recognized as an expense.

Shares in subsidiaries and affiliated companies: Recognized at cost.

Acquisition-related expenses for subsidiaries, which are expensed in the consolidated financial statements, are included as part of the cost for holdings in subsidiaries.

Other shares and participations: Recognized at cost.

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NOTE 2 REVENUE

REVENUE BY CATEGORY

	FY22	FY21
Traffic revenue:		
Passenger revenue	23,225	8,401
Charter revenue	1,703	384
Cargo revenue	1,611	1,166
Other traffic revenue	2,982	1,613
Total traffic revenue	29,521	11,564
Other operating revenue:		
In-flight sales	367	59
Ground handling services	721	455
Technical maintenance	147	108
Terminal and forwarding services	322	283
Sales commissions and charges	357	153
Other operating revenue	389	1,336
Total other operating revenue	2,303	2,394
Total	31,824	13,958

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.

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

Traffic revenue FY22	Sweden	Norway	Denmark	Other	Total
Passenger revenue	6,005	6,675	3,138	7,407	23,225
Charter revenue	541	862	301	0	1,704
Cargo revenue	242	216	320	833	1,611
Other traffic revenue	790	881	407	903	2,981
Total traffic revenue	7,578	8,634	4,166	9,143	29,521
Total other operating revenue	485	755	419	644	2,303
Total	8,063	9,389	4,585	9,787	31,824

Traffic revenue FY21	Sweden	Norway	Denmark	Other	Total
Passenger revenue	2,295	2,950	1,054	2,102	8,401
Charter revenue	178	64	142	0	384
Cargo revenue	186	122	210	648	1,166
Other traffic revenue	441	566	202	404	1,613
Total traffic revenue	3,100	3,702	1,608	3,154	11,564
Total other operating revenue	406	972	150	866	2,394
Total	3,506	4,674	1,758	4,020	13,958

NOTE 3 PAYROLL EXPENSES

AVERAGE NUMBER OF EMPLOYEES

In fiscal year 2022, the average number of employees in the SAS Group was 7,033 (5,216). A breakdown of the average number of employees by country is provided in the table below.

The average number of employees totaled 2,400 (1,630) in Denmark, 2,087 (1,653) in Norway, and 2,380 (1,814) in Sweden.

	FY22		FY21	
	Men	Women	Men	Women
Denmark	1,579	821	1,157	473
Norway	1,332	755	1,049	604
Sweden	1,447	933	1,093	721
Other countries	80	86	58	61
Total	4,438	2,595	3,357	1,859
Total men and women	7,033		5,216¹	

1) In FY21, the average number of FTEs was heavily impacted by temporary lay-offs implemented by SAS.

GENDER BREAKDOWN OF SENIOR EXECUTIVES IN THE
GROUP

	Oct 31, 2022		Oct 31, 2021	
	Closing- date total	of which, men	Closing- date total	of which, men
Board members	60	68%	35	60%
President and other senior executives	30	67%	32	72%

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SALARIES, REMUNERATION AND SOCIAL SECURITY EXPENSES

The SAS Group's total payroll expenses amounted to MSEK 6,822 (5,631), of which social security expenses comprised MSEK 941 (848) and pensions MSEK 611 (631).

Salaries, remuneration and social security expenses include restructuring costs of MSEK 0 (0).

	FY22		FY21	
	Salaries & other remuneration	Soc. sec. exp. (of which pension cost) ²	Salaries & other remuneration ¹	Soc. sec. exp. (of which pension cost) ²
SAS AB	19	13 (5)	15	13 (5)
SAS Consortium	3,285	1,146 (469)	2,889	1,178 (522)
Other subsidiaries	1,966	393 (137)	1,248	287 (104)
SAS Group, total	5,270	1,552 (611)	4,152	1,478 (631)

¹ Includes salary reductions as a result of lay-off support effective in 2020 and 2021. State support of MSEK 0 (340), received mainly for temporary lay-offs in Sweden, has not been deducted.

² The pension cost for all CEOs and other senior executives of SAS Group companies amounted to MSEK 15 (14).

A breakdown of the salaries and other remuneration of Board members, CEOs, other senior executives and other employees is provided in the table below.

	FY22		FY21	
	Board, CEO & senior executives (of which variable salary)	Other employees	Board, CEO & senior executives (of which variable salary)	Other employees
SAS AB	18 (-)	1	15 (-)	0
SAS Consortium	25 (2)	3,260	23 (-)	2,866
Ground handling operations	12 (-)	1,650	11 (-)	1,139
SAS Cargo	10 (-)	74	11 (-)	67
Other subsidiaries	14 (-)	206	6 (-)	13
SAS Group, total	79 (2)	5,191	66 (-)	4,085
Pension costs			FY22	FY21
Defined-benefit pension plans			-63	34
Defined-contribution pension plans			674	597
Total			611	631

REMUNERATION AND BENEFITS PAID TO THE BOARD, PRESIDENT AND OTHER SENIOR EXECUTIVES

The fees and other remuneration paid to Board members of SAS AB are determined by the Annual General Shareholders' Meeting (AGM), which also approves the policies applied for the remuneration of senior executives.

BOARD OF DIRECTORS

At the AGM of SAS AB on March 17, 2022, fees were set for the remuneration of Board members and for work on Board committees as follows:

Board Chairman	TSEK 630
Board First Vice Chairman	TSEK 420
Other Board members (9)	TSEK 320 per member
Deputy employee representatives (6)	TSEK 5 fee/Board meeting on participation
Chairman of Audit Committee	TSEK 100
Other members of Audit Committee (2)	TSEK 50
Chairman of Remuneration Committee	TSEK 80
Other members of Remuneration Committee (1)	TSEK 27

With the exception of the employee representatives and their deputies, no Board member was employed by the SAS Group in fiscal year 2022. No Board member not employed by the SAS Group received any remuneration or benefit from any SAS Group companies beyond customary airline-industry travel benefits and the fees received for board and committee duties.

POLICIES

The following remuneration policies adopted by the 2022 AGM have been applied in fiscal year 2022 in regard to senior executives in the SAS Group. In this connection, senior executives refers to the President and the other members of the SAS Group Management.

Total remuneration should be market-based and competitive and relate to responsibility and authority. Remuneration consists of fixed salary, variable remuneration by separate agreement, and other benefits and pension. The guidelines apply for employment contracts agreed after the 2022 AGM and amendments to existing employment contracts made thereafter.

Remuneration of senior executives is to consist of a fixed annual cash salary, which reflects the position's requirements with respect to qualifications, responsibilities, complexity and the manner in which it serves to reach the business objectives. The fixed salary also reflects the performance of the executive and can thus be both individual and differentiated. In addition to fixed salary, senior executives reporting to the President may, under separate agreements, receive variable salary (annual incentive systems) when fulfilling agreed performance criteria, provided that their fixed salaries are frozen for review for a defined period after payment of the variable salary. Any variable salary consists of an annual variable cash salary and may amount to a maximum of 20% of the fixed annual salary. Criteria fulfillment for awarding variable salary must be measured over a period of one year.

Other benefits, including company car, travel benefits and health insurance, are market-based and only constitute a limited part of the total remuneration. Premiums and other costs associated with such benefits may amount to a maximum of 10% of the fixed annual salary.

For the President, pension benefits, including health insurance, are defined-contribution with premiums not exceeding 40% of the fixed annual salary. For other members of Group Management, pension benefits, including health insurance, are defined-contribution unless the executive is encompassed by a defined-benefit pension under mandatory collective agreement provisions. Premiums for defined-contribution pensions are not to exceed 30% of the fixed annual salary. Variable remuneration qualifies for pension benefits to the extent required by mandatory collective agreement provisions applicable to the executive (applies to Sweden and defined-contribution pension). In such case, the premiums for defined-contribution pensions are not to exceed 36% of the fixed annual salary as a result of pension provisions for variable salary.

For the President and other members of Group Management, the notice period is six months in case of termination by the executive. In case of termination by the company the maximum notice period is 12 months. In case of termination by the company, severance pay is payable in an amount corresponding to a maximum of one year's fixed salary less any remuneration received by the executive from new employments or assignments.

The Board can depart from the guidelines if, in an individual case, particular reasons exist for so doing.

LIMITATIONS TO THE APPLICATION OF REMUNERATION POLICIES RESULTING FROM THE RECAPITALIZATION

Pursuant to the European Commission decision dated 14 August 2020, and until such time as 75% of the government-subscribed instruments as part of the recapitalization completed in October 2020 have been redeemed or sold, the senior executives are not entitled to increased salaries. Moreover, no variable compensation will be paid to senior executives.

In the event of any outcome from future annual incentive systems (AIS) to senior executives pursuant to the company's remuneration policies, the AIS remuneration will be reserved and not distributed until such time as 75% of the government-subscribed instruments as part of the recapitalization completed in October 2020 have been redeemed or sold.

PRESIDENT AND CEO

President and CEO Anko van der Werff has the following remuneration components in his employment contract:

- An annual salary, which is normally subject to an annual salary review. The annual salary was not revised during fiscal year 2022 and as such, amounts to TSEK 12,468.
- A defined-contribution pension plan where an amount corresponding to 40% of the fixed salary is paid as cash remuneration on a cost-neutral basis for SAS. The Board has decided on an exception from the remuneration guidelines and, with regard to the CEO Anko van der Werff, has approved

Note 3 continued

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the exchange of pension premiums for the corresponding cash salary payments with the preconditions that this is cost-neutral for SAS and that EU rules on remuneration of senior executives are complied with, taking into account the importance of offering market-based and competitive total remuneration to meet SAS' long-term interests, including its sustainability.

- Other benefits included company car, travel benefits, health insurance and group life insurance.
- The notice period is six months in the event the President resigns and ten months if the termination of employment is by SAS AB. Severance pay for the President in the event employment is terminated by SAS AB for reasons other than material breach of contract, gross neglect of his duties as President or criminal acts against the SAS Group is payable in an amount equivalent to four months' salary in accordance with a stair model where severance pay increases in line with time of employment and can be up to 12 months after five years' employment. Should new employment be obtained within 12 months of employment ending, the severance pay awarded is reduced by an amount corresponding to the remuneration received from the new position.

OTHER SENIOR EXECUTIVES

The remaining current members of Group Management have defined-contribution pension plans where a pension provision of up to 30% of fixed base salary is made, either in the form of premiums or as cash remuneration. The retirement age is 65 for all of the current members of the Group Management. The Board has decided on an exception from the remuneration guidelines and, with regard to the CFO Erno Hildén, has approved the exchange of pension premiums at 30% of fixed salary for the corresponding cash salary payments with the preconditions that this is cost-neutral for SAS and that EU rules on remuneration of senior executives are complied with, taking into account the importance of offering market-based and competitive total remuneration to meet SAS' long-term interests, including its sustainability.

The notice period is six months in the event that the senior executive resigns and 12 months if employment is terminated by SAS AB. Severance pay is payable to the senior executives in the event employment is terminated by SAS AB for reasons other than material breach of contract, gross neglect of the senior executive's duties or criminal acts against the SAS Group in an amount equivalent to up to maximum 12 months' salary, with offsetting against income from any other appointment or engagement. Severance pay is also payable on the resignation of a senior executive when the responsibilities or authorities of the senior executive are materially changed through organizational changes. However, severance pay in the above case is not payable if the senior executive is offered another relevant position in the SAS Group. An additional fixed allowance is paid to acting members of the Group Management over and above the pension, insurance and notice period conditions under their existing employment contracts.

OTHER

For other standard managerial contracts at the SAS Group, total remuneration must be market-based and competitive and must be in relation to responsibility and authority.

In fiscal year 2022, total remuneration comprised fixed salary, other benefits and pension. Some 30 managers have participated in an annual incentive system for 2022.

Moreover, a variable remuneration model was introduced for management and employees in the sales organization in 2013. The variable salary component is based on outcomes in relation to predetermined individual sales targets that are set in a target contract and is capped at two months' salary.

DISCUSSION AND DECISION-MAKING PROCESS

The issue of the Directors' fees is discussed by the Nomination Committee, which consists of representatives elected at the AGM. The Nomination Committee presents its proposal concerning Directors' fees to the shareholders' meeting for resolution.

The Board of Directors has established a Remuneration Committee. The Committee's duties include preparing principles for remuneration to Group Management and the Board of Directors' decisions to propose guidelines for remuneration to senior executives. The Board of Directors prepares proposals for new guidelines at least every fourth year, and submits it to the AGM for resolution. These guidelines apply until new guidelines have been adopted by the general meeting. The Remuneration Committee also monitors and evaluates programs for variable remuneration to Group Management, the application of the guidelines to senior executives as well as the current remuneration structures and compensation levels in the company. Remuneration to the President is decided by the Board of Directors in line with approved policies following preparation and recommendation by the Remuneration Committee. Remuneration to other senior executives is decided by the President in line with approved policies and after consultation with the Remuneration Committee. The members of the Remuneration Committee are independent in relation to the company and Group Management. The President and other members of Group Management do not participate in the Board of Directors' discussions and decisions on remuneration-related matters that pertain to them.

The Remuneration Committee held two minuted meetings in fiscal year 2022.

DIRECTORS' FEES IN FISCAL YEAR 2022 (NOV-OCT), TSEK

Name	Board of Directors	Audit Committee	Remuneration Committee	Total FY22	Total FY21
Carsten Dilling	630		80	710	658
Dag Mejdell				-	131
Monica Caneman	320	100		420	389
Lars-Johan Jarnheimer	420	50	27	497	423
Sanna Suvanto-Harsaae				-	94
Liv Fiksdahl				-	94
Oscar Stege Unger	320	50		370	343
Kay Kratky	320			320	297
Michael Friisdahl	320			320	203
Henriette Hallberg Thygesen	320			320	203
Nina Bjornstad	320			320	203
Tommy Nilsson	320			320	296
Jens Lippestad	320			320	296
Kim John Christiansen	320			320	-
Christa Cerè				-	296
Total	3,930	200	107	4,237	3,926

Fees to deputy employee representatives amounted to TSEK 0 (24).

Note 3 continued

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**REMUNERATION AND BENEFITS TO THE
PRESIDENT AND OTHER SENIOR EXECUTIVES
IN FISCAL YEAR 2022, TSEK**

Name	Fixed salary ¹	Variable remuneration ²	Other benefits ³	Pension ⁴
Anko Van der Werff	12,675	–	284	4,715
Other ⁵	23,213	2,303	516	6,044
Total	35,888	2,303	800	10,759
Other ⁶	13,861	–	387	2,494
Total	49,749	2,303	1,187	13,253

1) Includes holiday compensation.

2) Pertains to AIS provisions for future payments in accordance with remuneration policies and the limitations resulting from the recapitalization and payment of variable compensation. For more information, see the section "Limitations to the application of remuneration policies resulting from the recapitalization."

3) Other benefits include company car, travel benefits, health insurance and group life insurance.

4) Includes health insurance.

5) Pertains to: four members for the full fiscal year; Karl Sandlund from November 1, 2021 to June 30, 2022; Magnus Örnberg from November 1, 2021 to March 31, 2022; Erno Hildén from April 1, 2022 to October 31, 2022; Erik Westman from July 1, 2022 to October 31, 2022; and Therese Lorenius from July 1, 2022 to October 31, 2022.

6) Pertains to salary, pension and benefits during the 12-month notice period and the potential outcome for severance pay. Severance pay is capped at fixed salary for 12 months after the end of the notice period and is only payable if no new employment has been secured. In the case of new employment, any difference between the former fixed monthly salary and the new fixed monthly salary will be paid.

**REMUNERATION AND BENEFITS TO THE
PRESIDENT AND OTHER SENIOR EXECUTIVES
IN FISCAL YEAR 2021, TSEK**

Name	Fixed salary ¹	Variable remuneration ²	Other benefits ³	Pension ⁴
Anko van der Werff ⁵	3,759	–	145	1,398
Karl Sandlund ⁶	1,681	–	1	554
Rickard Gustafson ⁷	6,655	–	89	2,712
Other ⁸	23,730	292	713	6,524
Total	35,825	292	948	11,188

1) Includes holiday compensation.

2) Pertains to AIS provisions for future payments in accordance with remuneration policies and the limitations resulting from the recapitalization and payment of variable compensation. For more information, see the section "Limitations to the application of remuneration policies resulting from the recapitalization."

3) Other benefits include company car, travel benefits, health insurance and group life insurance.

4) Includes health insurance.

5) Refers to the period July 15 to October 31, 2021

6) Refers to the period May 1 to July 14, 2021

7) Refers to the period November 1, 2020 to April 30, 2021

8) Pertains to: five members for the full fiscal year; Karl Sandlund from November 1, 2020 to April 30, 2021 and July 15 to October 31; and to Rickard Gustafson from May 1, 2021 to May 31, 2021.

NOTE 4 OTHER EXTERNAL EXPENSES

	FY22	FY21
Sales and distribution costs	1,785	768
Catering costs	819	373
Handling costs	1,949	963
Technical aircraft maintenance	1,910	1,459
Computer and telecommunication costs	1,249	976
Wet-lease expenses	1,846	581
Other	2,500	166
Total	12,058	5,286

**NOTE 5 DEPRECIATION, AMORTIZATION AND
IMPAIRMENT**

	FY22	FY21
Amortization and depreciation		
Intangible assets	30	27
Right-of-use assets	3,255	3,254
Buildings and fittings	60	66
Aircraft	1,259	1,383
Spare engines and spare parts	53	35
Workshop and aircraft servicing equipment	22	27
Other equipment and vehicles	20	25
Impairment		
Spare engines and spare parts	64	–
Total	4,763	4,817

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NOTE 6 SHARE OF INCOME AND EQUITY IN AFFILIATED COMPANIES

Income from shares in affiliated companies:	FY22	FY21
Malmö Flygfraktterminal AB	12	10
Other	10	0
Total	22	10
Total revenue of affiliated companies	357	328
Income after tax in affiliated companies	67	24

Malmö Flygfraktterminal AB operates air cargo services in Malmö, Sweden. The affiliated company is closely linked to flight operations and shares in income are recognized in profit or loss.

Equity in affiliated companies	Oct 31, 2022	Oct 31, 2021
Opening cost	24	19
Contributions	–	1
Income from shares in affiliated companies	22	10
Dividends	-24	-6
Exchange-rate differences	0	0
Closing accumulated cost	22	24

Equity in affiliated companies:	Corporate registration number	Domicile	Share of equity %	Share of equity	
				Oct 31, 2022	Oct 31, 2021
Malmö Flygfraktterminal AB	556061-7051	Malmö, Sweden	40.0	19	15
Other				3	9
Total				22	24
Total assets in affiliated companies				357	348
Total liabilities in affiliated companies				-269	-281
Shareholders' equity in affiliated companies				88	67

**NOTE 7 INCOME FROM THE SALE AND RETURN OF
AIRCRAFT AND OTHER NON-CURRENT
ASSETS**

	FY22	FY21
Airbus A320 (sale and leaseback)	-3	–
Airbus A350 (sale and leaseback)	–	-34
Boeing 737	73	-24
Engines (sale and leaseback)	100	-81
Rejection of lease contracts in Chapter 11	-88	–
Buildings	–	-4
Sale of subsidiaries	13	–
Total	95	-143

NOTE 8 NET FINANCIAL ITEMS

Financial income	FY22	FY21
Interest income on financial assets not measured at fair value	28	5
Interest income on financial assets measured at fair value	191	15
Other financial income	–	–
Exchange-rate differences lease liabilities, net	–	194
Total	219	214

Financial expenses	FY22	FY21
Interest expense on interest-bearing liabilities not measured at fair value	-802	-539
Interest expense on interest-bearing liabilities measured at fair value	-179	-30
Interest expense lease liabilities	-774	-636
Other financial expenses	-67	-39
Exchange-rate differences lease liabilities, net	-2,906	–
Exchange-rate differences interest-bearing liabilities, net	-5	-1
Total	-4,733	-1,245
Total net financial items	-4,514	-1,031

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NOTE 9 TAX

The following components are included in the Group's tax.

	FY22	FY21
Current tax	-7	-1
Deferred tax	805	3
Total tax recognized in net income for the year	798	2
Tax recognized in other comprehensive income	-308	-793
Total tax recognized in other comprehensive income	-308	-793

Current tax is calculated based on the tax rate in each country. Deferred tax is calculated at the tax rate expected to apply when the tax is realized.

Tax for the fiscal year can be reconciled against income before tax as follows:

	FY22	FY22 (%)	FY21	FY21 (%)
Income before tax (EBT)	-7,846		-6,525	
Tax according to weighted average tax rate	1,679	21.4	1,396	21.4
Tax effect of non-tax-deductible costs	-35	-0.4	0	0
Tax effect of non-taxable income	155	2.0	0	0
Tax effect of different tax rates	0	0	12	0.2
Tax effect of non-capitalized loss carryforwards	-1,038	-13.2	-1,571	-24.1
Other	37	0.5	165	2.5
Tax and effective tax rate for the fiscal year	798	10.2	2	0

The tables below show the Group's deferred tax liabilities and tax assets according to category and how these liabilities and assets changed.

	Oct 31, 2022	Oct 31, 2021
Deferred tax liability in the balance sheet:		
Non-current assets	1,366	1,414
Pensions	1,304	921
Other temporary differences	447	403
Cash-flow hedges	-9	-12
Netting of deferred tax assets/liabilities	-2,540	-2,186
Total	568	540

	Oct 31, 2022	Oct 31, 2021
Deferred tax assets in the balance sheet:		
Pensions	-49	95
Other temporary differences	1,983	1,073
Tax loss carryforwards	2,234	2,144
Netting of deferred tax assets/liabilities	-2,540	-2,186
Total	1,628	1,126

	Oct 31, 2022	Oct 31, 2021
Reconciliation of deferred tax, net:		
Opening balance	585	1,485
Change according to statement of income	805	3
Change in cash-flow hedging according to OCI	204	-137
Change in defined-benefit pension plans according to OCI	-512	-656
Exchange-rate differences, etc.	-22	-110
Deferred tax, net, on October 31	1,060	585

On the closing date, the Group had unutilized loss carryforwards of slightly more than MSEK 29,000 (23,400). Based on these loss carryforwards, the Group recognized a deferred tax asset of MSEK 2,234 (2,144). Deferred tax assets are recognized to the extent that there are factors indicating that taxable profits will be created. The assessment of the respective Group companies' future profit performance is based on earnings reported in recent years as well as improved profitability prospects. Of recognized loss carryforwards totaling MSEK 2,234, MSEK 686 pertains to operations in Denmark, MSEK 293 to Norway, MSEK 1,075 to Sweden and MSEK 180 to Ireland. For loss carryforwards amounting to MSEK 3,854 (2,816), no deferred tax asset is recognized due to uncertainty as regards future profit earnings. There are no expiration dates for the loss carryforwards.

Deferred tax liabilities mainly pertain to fixed assets, where fiscal values are lower than accounting values. In the future, a temporary difference pertaining to a fixed asset will change when the carrying amount and fiscal value matches or, alternatively, when the fixed asset is divested and a higher taxable gain arises. Pensions also give rise to deferred tax liabilities, since accounting and fiscal values are treated differently. SAS has chosen to recognize deferred tax net in the balance sheet as there is a legal right to offset at the same time as there is a strong legal connection between the deferred tax assets and deferred tax liabilities.

No provision has been made for deferred tax on temporary differences relating to non-distributed profits in subsidiaries and affiliated companies since these profits will not be distributed within the foreseeable future, or alternatively a distribution can be made without the profits being subject to tax.

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NOTE 10 INTANGIBLE ASSETS

	Goodwill		IT system		Total intangible assets	
	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021
Opening cost	721	660	643	641	1,364	1,301
Investments	–	–	–	2	–	2
Sales/disposals	–	–	-11	–	-11	–
Exchange-rate differences	27	61	–	–	27	61
Closing accumulated cost	748	721	632	643	1,380	1,364
Opening amortization	-72	-66	-583	-556	-655	-622
Amortization and impairment for the year	–	–	-30	-27	-30	-27
Exchange-rate differences	-3	-6	–	–	-3	-6
Closing accumulated amortization	-75	-72	-613	-583	-688	-655
Opening impairment	–	–	–	–	–	–
Closing impairment	–	–	–	–	–	–
Carrying amount	673	649	19	60	692	709

The SAS Group is not engaged in activities relating to research and development (R&D).

	Oct 31, 2022	Oct 31, 2021
Goodwill:		
SAS Scandinavian Airlines Norway	673	649
Total goodwill	673	649

TESTING FOR IMPAIRMENT OF INTANGIBLE ASSETS

The value of the Group's intangible assets has been estimated through comparison with the recoverable amount, which is based on the Group's cash-generating value in use based on five-years' cash flow in the Group's business plan. A growth rate of +1.0% (+1.0) has been adopted for the period beyond the plan period.

The projected cash flows are based on assumptions regarding volume trends, unit revenue, operating margins and discount rates, which have been established by the management based on historical experience and market data. The discount rate has been estimated based on a weighted capital cost of 8.2% (7.6) before tax, and of 6.9% (6.3) after tax. To support the impairment tests performed on goodwill in the Group, a comprehensive analysis was performed of the sensitivity in the variables used in the model. A weakening of any of the significant assumptions included in the business plans or a weakening of the annual growth rate in revenue and operating margins beyond the plan period, or an increase in the discount rate that, individually, is reasonably probable, shows that a margin still exists between the recoverable amount and carrying amount. Management therefore determined that there was no need for impairment of goodwill and other intangible assets at the close of October 2022.

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NOTE 11 TANGIBLE ASSETS

	Aircraft ^{1,2}		Engines & spare parts		Total aircraft and engines/spare parts	
	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021
Opening cost	23,529	29,696	1,993	162	25,522	29,858
Investments	3,103	2,346	19	66	3,122	2,412
Sales/disposals	-6,893	-4,956	-889	-	-7,782	-4,956
Reclassifications	137	-3,069	676	1,782	813	-1,287
Exchange-rate differences	2,989	-488	143	-17	3,132	-505
Closing accumulated cost	22,865	23,529	1,942	1,993	24,807	25,522
Opening depreciation	-10,661	-14,150	-444	-78	-11,105	-14,228
Depreciation and impairment for the year ³	-1,259	-1,383	-117	-35	-1,376	-1,418
Sales/disposals	1,047	2,109	59	-	1,106	2,109
Reclassifications	836	2,718	-91	-331	745	2,387
Exchange-rate differences	-444	45	0	0	-444	45
Closing accumulated depreciation	-10,481	-10,661	-593	-444	-11,074	-11,105
Carrying amount	12,384	12,868	1,349	1,549	13,733	14,417

	Buildings and land		Other equipment & vehicles		Investment in progress		Workshop & servicing equipment, aircraft		Total other tangible fixed assets	
	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021
Opening cost	1,255	1,317	387	447	3	7	428	460	2,073	2,231
Investments	5	-	-	1	5	3	10	5	20	9
Sales/disposals	-	-70	-24	-54	-5	-4	-4	-12	-33	-140
Reclassifications	-15	4	-	-4	-	-3	-	-24	-15	-27
Exchange-rate differences	27	4	7	-3	-	-	1	-1	35	0
Closing accumulated cost	1,272	1,255	370	387	3	3	435	428	2,080	2,073
Opening depreciation	-831	-817	-332	-366	-	-	-324	-312	-1,487	-1,495
Depreciation and impairment for the year	-60	-66	-19	-25	-	-	-22	-27	-101	-118
Sales/disposals	-	44	21	53	-	-	3	11	24	108
Reclassifications	15	-	-	3	-	-	-	4	15	7
Exchange-rate differences	-24	8	-6	3	-	-	-1	-	-31	11
Closing accumulated depreciation	-900	-831	-336	-332	-	-	-344	-324	-1,580	-1,487
Carrying amount	372	424	34	55	3	3	91	104	500	586

1) The insured value of aircraft as of October 31, 2022 amounted to MSEK 60,150. This includes the insured value of leased aircraft in the amount of MSEK 36,951.

2) Modifications of leased aircraft are included in planned residual value in the amount of MSEK 70 (130).

3) As of October 31, 2022, Engines & spare parts depreciation and impairment amounted to MSEK -117 (-35) and included impairment of MSEK 64 (0) pertaining to one engine. See also Note 5.

SAS recognizes aircraft in the balance sheet as tangible assets or as right-of-use assets. Leases defined in accordance with IFRS 16 are entered in the balance sheet as right-of-use assets (see Note 13). In cases where SAS acquires aircraft to thereafter sell and lease back, and where it is (essentially) certain that the asset will be bought back at the end of the period, the related liability that arises is treated as a financial liability pursuant to IFRS 9 and the asset is treated as a tangible asset pursuant to IAS 16.

CONTRACTUAL PURCHASE COMMITMENTS

The Group had the following commitments relating to future acquisition of tangible assets. On October 31, 2022, contracted orders amounted to 26 Airbus A320neo and two Airbus A350-900 aircraft with delivery between 2023 and 2025 amounting to a total future purchase commitment, including spares, of MUSD 1,161. At the closing date, other purchase commitments totaled MSEK 0 (18). SAS has also entered into contracts for two Embraer E195 aircraft that will be leased.

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NOTE 12 PREPAYMENTS FOR AIRCRAFT

	Prepayment	
	Oct 31, 2022	Oct 31, 2021
Opening cost	2,966	2,495
Investments	1,911	1,679
Capitalized interest	188	95
Sales/disposals	–	–
Reclassifications	-1,624	-1,246
Exchange-rate differences	622	-57
Closing accumulated cost	4,063	2,966

MSEK 3,762 (2,817) pertains to prepayments for Airbus and MSEK 301 (149) prepayments for Other.

NOTE 13 RIGHT-OF-USE ASSETS

Right-of-use assets	Aircraft	Properties	Ground handling equipment	Total	
				Total FY22	Total FY21
Carrying amount	14,443	2,181	335	16,959	17,264
New contracts	3,972	13	26	4,011	2,845
Contract modifications and index or interest rate changes to agreements	31	73	4	108	67
Reclassifications	–	–	–	–	30
Currency revaluations	–	1	16	17	7
Depreciation over the fiscal year	-2,774	-384	-97	-3,255	-3,254
Impairment over the fiscal year	–	–	–	–	–
Closing balance	15,672	1,884	284	17,840	16,959

New contracts during the year with terms longer than 12 months are recognized under the line item *New contracts* and mainly comprised leases for nine new A320neo, one A321LR and four E195 aircraft as well as eight spare engines.

For information on SAS' lease liabilities, see notes 23 and 31.

NOTE 14 FINANCIAL NON-CURRENT ASSETS

	Other holdings of securities		Other long-term receivables ¹		Total financial non-current assets	
	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021
Opening cost	79	79	1,539	2,863	1,618	2,942
Contributions	–	–	200	220	200	220
Amortization	–	–	-513	-1,447	-513	-1,447
Reclassifications	–	–	17	–	17	–
Exchange-rate differences	–	–	321	-97	321	-97
Closing accumulated cost	79	79	1,564	1,539	1,643	1,618
Opening impairment	-70	-70	–	–	-70	-70
Impairment	–	–	–	–	–	–
Closing accumulated impairment	-70	-70	–	–	-70	-70
Carrying amount	9	9	1,564	1,539	1,573	1,548

1) The carrying amount includes blocked bank funds of MSEK 652 (847).

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NOTE 15 POST-EMPLOYMENT BENEFITS

The table below outlines where the Group's post-employment benefits are included in the financial statements.

	Oct 31, 2022	Oct 31, 2021
Pension funds in the balance sheet		
Present value of funded obligations	-12,090	-16,508
Fair value of plan assets ¹	21,552	23,408
Surplus in funded plans	9,462	6,900
Present value of unfunded obligations	-210	-307
Surplus in defined-benefit pension plans (net pension funds)	9,252	6,593

¹ Includes Swedish payroll tax of MSEK 1,826 (1,320).

Recognized in profit or loss pertaining to ¹	FY22	FY21
Defined-benefit pension plans	63	-34
Defined-contribution pension plans	-674	-597
	-611	-631
Remeasurements of defined-benefit pension plans ²	1,937	2,655

¹ Expenses recognized in profit or loss include the current service cost, past service cost, net interest expense and gains and losses on settlements.

² Recognized under other comprehensive income, net after tax.

DEFINED-BENEFIT PENSION PLANS

Most personnel pension plans in Scandinavia are now defined-contribution based. Defined-contribution pension plans are in place for the majority of personnel in Denmark and Norway, and in Sweden for aircraft crew, younger salaried employees and personnel covered by the SAF-LO collective agreement. The majority of the remaining defined-benefit pension plans are secured through insurance companies in the respective countries. In Sweden, pension plans are mainly placed with Alecta and SPP, in Denmark with Danica and in Norway with DNB. Premiums for defined-benefit retirement pensions are individual and depend, inter alia, on the insured party's age, salary and previously vested pension rights. Expected fees in the next fiscal year (FY 2023) for defined-benefit pension plans under the Alecta plan are expected to amount to about MSEK 29. The collective consolidation level comprises the market value of Alecta's assets as a percentage of insurance undertakings estimated pursuant to Alecta's actuarial assumptions, which do not comply with IAS 19. Collective consolidation, in the form of a collective consolidation level, is normally permitted to range between 125% and 175%. If Alecta's collective consolidation level falls below 125% or exceeds 175%, actions must be taken to create conditions enabling the consolidation level to revert to the

normal interval. Alecta's surplus can be allocated to the policy holders or the insured parties if the collective consolidation level exceeds 175%. However, Alecta applies reductions in premiums to avoid an excessive surplus arising. At the end of the fiscal year, Alecta's surplus in the form of the consolidated collective consolidation level was 189% (169). According to a statement by the Swedish Financial Reporting Board, UFR 10, this constitutes a multi-employer defined-benefit plan and enterprises covered by a multi-employer pension plan classified as defined-benefit must account for their proportional share of the plan's obligations, plan assets and costs in the same way as for any other defined-benefit plan. SAS is provided with information that enables SAS to report its proportional allocated share of the Alecta plan's commitments, plan assets and costs in accordance with IAS 19 rules regarding defined-benefit pension plans. SAS therefore reports net defined-benefit assets since the future economic benefits are available to SAS in the form of future reductions in premiums, cover for future pension indexing or a cash refund.

IAS 19 – *Employee Benefits* entails that all deviations in estimates are to be immediately recognized in other comprehensive income. Furthermore, the discount rate on the defined-benefit plan obligation or pension asset is calculated net, and this net interest expense is recognized by SAS as a personnel expense in profit or loss. SAS reports special payroll tax in line with the rules in IAS 19, which means that those actuarial assumptions made in the calculation of defined-benefit pension plans must also include taxes payable on pension benefits.

As per October 31, 2022, the remaining pension plans in Sweden reported a surplus of just over SEK 7.5 billion and, accordingly, special payroll tax was recognized for the surplus. On October 31, 2022, special payroll tax totaled about SEK 1.8 billion (1.3).

Defined-benefit pension plans	FY22	FY21
Current service cost	-50	-66
Past service cost and gains and losses on settlements	-3	1
Interest expense on pension obligations	-298	-213
Interest income on plan assets	393	242
Payroll tax	21	2
Total impact recognized in profit and loss for defined-benefit pension plans	63	-34

The above earnings effect is recognized in its entirety as personnel expenses.

Changes in the present value of defined-benefit plan obligations	Oct 31, 2022	Oct 31, 2021
Opening balance, pension obligations	16,815	18,596
Current service cost	50	66
Settlements	-8	-348
Interest expense	298	213
Reclassification	-	-
Pensions paid out	-818	-771
Exchange-rate differences	73	45
	16,410	17,801
Remeasurements		
– Gain/loss (-/+) from change in demographic assumptions	-121	19
– Gain/loss (-/+) from change in financial assumptions	-4,121	-645
– Experience gains/losses (-/+)	132	-360
Closing balance, pension obligations, October 31	12,300	16,815

Change in fair value of plan assets	Oct 31, 2022	Oct 31, 2021
Opening balance, plan assets	23,408	21,768
Settlements	-6	-344
Interest income	393	242
Contributions/premiums paid	39	42
Other expenses/revenue	16	-1
Reclassification	-	-
Pensions paid out	-712	-710
Exchange-rate differences	76	26
	23,214	21,023
Remeasurements		
– Special payroll tax	485	639
– Return on plan assets (excluding amounts included in interest income)	-2,147	1,746
Closing balance, plan assets, October 31	21,552	23,408

Change in pension funds (net)	Oct 31, 2022	Oct 31, 2021
Opening balance, pension funds (net)	6,593	3,172
Total recognized in net income for the year	63	-34
Reclassification	-	-
Remeasurements	2,448	3,371
Contributions/premiums paid	145	103
Exchange-rate differences	3	-19
Closing balance, pension funds (net), October 31	9,252	6,593

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Breakdown of the defined-benefit plan obligations and plan assets by country	Oct 31, 2022					Oct 31, 2021				
	Sweden	Norway	Denmark	Other	Total	Sweden	Norway	Denmark	Other	Total
Present value of obligation	-11,246	-171	-18	-865	-12,300	-15,297	-248	-24	-1,246	-16,815
Fair value of plan assets	20,556	–	31	965	21,552	21,998	–	32	1,378	23,408
Pension funds (net)	9,310	-171	13	100	9,252	6,701	-248	8	132	6,593

Remeasurements — analysis of amounts recognized under other comprehensive income	FY22	FY21
– Gain/loss (+/-) from change in demographic assumptions	121	-19
– Gain/loss (+/-) from change in financial assumptions	4,121	645
– Experience gains/losses (+/-)	-132	360
– Special payroll tax	485	639
– Return on plan assets (excluding amounts included in interest income)	-2,147	1,746
Total remeasurements	2,448	3,371

During the year, the discount rate was raised for all countries. The discount rate for Sweden was raised by 2.5 percentage points to 4.3%. During the fiscal year, the inflation assumption for the Swedish pension plans was raised from 1.9% to 2.15%. The total impact, primarily from changed discount rates and inflation, entailed a positive impact on other comprehensive income of SEK 4.1 billion. The return on plan assets was below the discount rate, which entailed a negative impact on other comprehensive income of SEK 2.1 billion.

ACTUARIAL ASSUMPTIONS

The measurement to be applied under IAS 19 when measuring defined-benefit plans is known as the projected unit credit method. This method requires several assumptions (actuarial parameters) for calculating the present value of the defined-benefit obligation. Actuarial assumptions comprise both demographic and financial assumptions. Since assumptions must be neutral and mutually compatible, they should be neither imprudent nor overly conservative. They should reflect the economic relationships between factors such as inflation, rates of salary increase, the return on plan assets and discount rates. This means that they should be realistic, based on known financial relations and reflect SAS' best assessment of the factors that will determine the ultimate cost of providing post-employment benefits, that is pension costs.

In calculating pension obligations, the current service cost and the return on plan assets, locally set parameters are applied in the respective countries on the basis of the local market situation and expected future trends. This

means that the parameters are based on market expectations at the end of the reporting period regarding the time period in which the obligation will be settled.

The discount rate has been determined on the basis of market yields on high-quality corporate bonds (preferably mortgage bonds with a minimum AA rating). The tenor of the bonds reflects the estimated timing and size of pension payments (duration) as well as the currencies these payments are expected to be made in.

Other financial assumptions are based on anticipated developments during the term of the obligation. The assessment of future salary adjustments corresponds to the assumed rate of inflation in the respective countries and life expectancies are set under DUS21 (DUS14) for Sweden and K2013 (K2013) for Norway.

Key actuarial assumptions	Oct 31, 2022					Oct 31, 2021				
	Sweden	Norway	Denmark	Other	Total	Sweden	Norway	Denmark	Other	Total
Discount rate	4.30%	4.25%	1.60%	5.0%	4.34%	1.80%	2.10%	0.00%	1.95%	1.82%
Inflation	2.15%	0–1.75%	1.75%	3.70% ¹⁾	2.15%	1.90%	0–1.75%	1.75%	3.90% ¹⁾	1.90%
Salary growth rate	2.0%	–	1.75%	–	2.0%	2.00%	–	1.75%	–	2.00%
Pension growth rate	2.15%	0–1.75%	1.75%	3.60%	2.25%	1.90%	0–1.75%	1.75%	3.70%	2.04%

1) Pertains solely to UK plans.

The average duration of defined-benefit pension plans was as follows:	Sweden	Norway	Denmark	Other
Fiscal year 2022	11.0	9.2	1.7	14.0
Fiscal year 2021	13.7	9.4	5.8	17.0

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	Oct 31, 2022		Oct 31, 2021	
	Total	%	Total	%
Plan assets are comprised as follows¹:				
Alecta (Sweden):				
Equities, of which 37% (43) is invested in Swedish equities	3,322	34	3,731	36
Interest-bearing securities	4,397	45	5,286	51
Properties	2,052	21	1,348	13
	9,771	100	10,365	100
SPP (Sweden):				
Equities, of which 25% (30) is invested in Swedish equities	2,151	24	2,476	24
Interest-bearing securities	5,467	61	6,705	65
Properties	1,165	13	–	–
Other	179	2	1,135	11
	8,962	100	10,316	100
Danica (Denmark):				
Equities	6	20	5	16
Interest-bearing securities	22	70	24	75
Properties	3	10	3	9
	31	100	32	100
Other countries:				
Equities	–	–	165	12
Interest-bearing securities	829	86	325	24
Other	135	14	888	64
	964	100	1,378	100

¹⁾ The plan assets in the Swedish pension plans exclude special payroll tax, which is not included in the plan assets managed by Alecta and SPP. Only an insignificant share of the plan assets is invested in SAS shares.

Membership statistics on October 31, 2022	Active employees	Taken early retirement	Deferred pensioners	Pensioners
The Alecta plan	1,243	123	3,216	4,043
SPP	22	–	345	1,099
Other plans in Sweden (unfunded)	–	–	–	24
DnB	–	–	–	612
Danica	2	–	–	3
Other	–	–	349	319
Total	1,267	123	3,910	6,100

The effect on/sensitivity of the defined-benefit pension obligation to changes in the key assumptions, MSEK:	Sweden	Norway	Denmark	Other	Total
Discount rate, -1%	1,417	11	0	127	1,555
Inflation, +1% ¹	1,478	2	0	31	1,511
Salary, +1%	45	0	0	0	45

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions constant.

¹⁾ Corresponds with sensitivity in terms of pension increases.

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**NOTE 16 INVENTORIES AND EXPENDABLE SPARE
PARTS**

	Oct 31, 2022	Oct 31, 2021
Expendable spare parts, flight equipment	220	342
Expendable spare parts, other	76	43
Inventories	23	27
Total	319	412
Measured at cost	203	239
Measured at net realizable value	116	173
Total	319	412

NOTE 17 ACCOUNTS RECEIVABLE

Net impairment of accounts receivable and recovered accounts receivable, as well as the impairment of other current receivables, had an earnings impact of MSEK 10 (10).

	Oct 31, 2022	Oct 31, 2021
Age analysis of accounts receivable		
Accounts receivable not yet due	932	935
Due <31 days	221	99
Due 31–90 days	114	-10
Due 91–180 days	16	-16
Due >180 days	16	60
Total	1,299	1,068

	Oct 31, 2022	Oct 31, 2021
Provision for expected credit losses on accounts receivable		
Opening provision	50	54
Provision for expected losses	2	–
Reversed provisions	-6	-4
Closing provision	46	50

NOTE 18 OTHER RECEIVABLES

	Oct 31, 2022	Oct 31, 2021
Derivatives	59	21
Other receivables	2,767	1,422
Total	2,826	1,443

**NOTE 19 PREPAID EXPENSES AND ACCRUED
INCOME**

	Oct 31, 2022	Oct 31, 2021
Prepaid expenses	304	211
Accrued income	452	382
Total	756	593

Accrued income is categorized as contract assets. Further information is provided in Note 24.

NOTE 20 CASH AND CASH EQUIVALENTS

	Oct 31, 2022	Oct 31, 2021
Cash and bank balances	8,381	4,182
Deposits	172	–
Tax deduction account in Norway	101	86
Total	8,654	4,268

The carrying amount of short-term investments corresponds with the fair value. Fair value is the amount that should have been received for short-term investments outstanding if sold on the closing date. Short-term investments are categorized as financial assets at amortized cost.

All investments have a term of no more than three months.

Disclosure of interest paid

During the year, interest received amounted to MSEK 204 (22), of which MSEK 180 (17) pertained to forward premiums for currency derivatives. During the year, interest paid amounted to MSEK 1,103 (602), of which MSEK 168 (15) pertained to forward premiums for currency derivatives.

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NOTE 21 SHAREHOLDERS' EQUITY**SHARE CAPITAL**

SAS AB has three classes of shares: common shares, subordinated shares and class C shares.

As of October 31, 2022, there were 7,266,039,292 common shares issued with a quotient value of about SEK 1.19, representing a registered share capital of SEK 8,649,529,469.

There are no subordinated shares or class C shares issued or outstanding. Common shares and subordinated shares entitle the holders to one vote each. Each class C share entitles the holder to one-tenth of a vote.

The maximum number of common shares and subordinated shares that may be issued is limited to a number that corresponds with 100% of the company's share capital. The maximum number of class C shares that may be issued is limited to 5% of the share capital. The common shares provide shareholders the rights set out in the Swedish Companies Act and the Articles of Association. Subordinated shares provide shareholders the right to participate in and vote at the company's shareholders' meetings. Subordinated shares do not entitle shareholders to dividends or participation in bonus issues. If subordinated shares are redeemed or the company is dissolved and its assets distributed, holders of subordinated shares are treated as holders of common shares and receive an equal share in the company's assets, although not at an amount higher than the quotient value of the subordinated shares index-adjusted from the first date of registration of the subordinated shares until the date of the payment of the redemption amount or the date of the distribution with an interest-rate factor corresponding to STIBOR 90 days plus two percentage points.

Class C shares do not entitle the holder to dividends. If the company is dissolved, class C shares entitle the holder to equal parts of the company's assets as the company's common shares, however not for an amount that exceeds the share's quotient value. The company's Board has the right to reduce the share capital by redeeming all class C shares. If such a decision is taken, class C shareholders are obligated to redeem all of their class C shares for an amount corresponding to the quotient value. The redemption amount is to be paid immediately. Class C shares held as treasury shares by the company will, on demand by the Board, be eligible for conversion to common shares. Thereafter, the conversion is to be registered with the Swedish Companies Registration Office without delay and is effective when it has been registered with the Register of Companies and noted in the Central Securities Depository Register.

To ensure that the ownership circumstances of the company comply with the requirements stipulated in bilateral air traffic agreements or in laws or regulations pertaining to the state of air traffic in the EEA, the Board is entitled, pursuant to the Articles of Association, to make a decision on mandatory redemption of shares held by shareholders outside of Scandinavia without refund to affected shareholders. Where such a redemption is not possible or where the Board finds it inadequate and following approval by a shareholders' meeting supported by not less than half of the votes cast, the

issued warrants may be used to issue subordinated shares to Scandinavian shareholders to dilute the non-Scandinavian shareholdings to the requisite level to ensure compliance with the aforementioned regulations.

OTHER CONTRIBUTED CAPITAL

Comprises equity contributed by the owners. Includes share premiums paid in conjunction with issues.

RESERVES

Translation reserve	2022	2021
Opening translation reserve	-192	-231
Translation differences for the year	212	39
Closing translation reserve, October 31	20	-192
Hedging reserve		
Opening hedging reserve	511	15
Cash-flow hedges:		
– Recognized directly in other comprehensive income	-254	465
– Change in statement of income	-706	166
– Tax attributed to year's change in hedging reserve	205	-135
Closing hedging reserve, October 31	-244	511
Total reserves		
Opening reserves	319	-216
Change in reserves for the year:		
– Translation reserve	212	39
– Hedging reserve	-755	496
Closing reserves, October 31	-224	319

Translation reserve

The translation reserve includes all exchange-rate differences arising in conjunction with the translation of financial statements from foreign operations that have prepared their financial statements in a currency other than Swedish kronor.

Hedging reserve

The hedging reserve includes the effective part of the cumulative net change in fair value on a cash-flow instrument attributable to hedging transactions that have not yet transpired.

HYBRID BONDS

In conjunction with the recapitalization in October 2020, new hybrid bonds were issued to the governments of Denmark and Sweden for a total amount of MSEK 6,000. At the same time, MSEK 2,250 of bond debt was converted into hybrid bonds with a par value of MSEK 1,615 and the remaining amount

was exchanged for shares. The hybrid bonds issued to the governments of Denmark and Sweden (MSEK 2,500 each) and to the Danish government (MSEK 1,000) carry a floating coupon of 6M STIBOR plus a margin of 440 bps and 540 bps respectively. The current margin applies from October 26, 2021 until October 26, 2023. Thereafter, the margin increases every two years until the eighth year. No further increase in the margin applies after the eighth year. The state hybrid bonds are subordinated and only senior to the share capital.

The hybrid bond of MSEK 1,615 carries a floating coupon of 6M STIBOR plus a margin of 440 bps. The current margin applies from October 23, 2021 until October 23, 2023. Thereafter, the margin increases every two years until the eleventh year. No further increase in the margin applies thereafter and all of the hybrid bonds are perpetual and SAS controls the payment of interest and principal in the instruments. In accordance with the terms and conditions of the respective hybrid bonds, interest payments of MSEK 366 were deferred in fiscal year 2022.

MSEK	
Hybrid bonds, state	6,000
Hybrid bond	1,615
Total	7,615

RETAINED EARNINGS

Encompass net income for the year and profits earned in the Parent Company and its Group companies. Retained earnings also includes revaluations related to post-employment benefits.

DIVIDEND POLICY

As of October 31, 2022, SAS AB had one share class listed. SAS' overriding goal is to create shareholder value. Dividends require a resolution by a shareholders' meeting, and that SAS AB has distributable earnings. Dividends to holders of common shares can only be paid when value is created through SAS' ROIC exceeding its WACC. The Group's financial position, earnings, expected performance, investment requirements and relevant economic conditions should also be taken into account. The dividend should take into account any restrictions applying to the Group's right to distribute dividends to shareholders¹⁾. The dividend policy endeavors to achieve long-term sustainable dividends.

¹⁾ SAS has received various forms of COVID-19 pandemic-related state aid, which are conditional on SAS not distributing funds to shareholders. Moreover, the European Commission's approval of the aid encompassed by SAS' recapitalization plan includes, *inter alia*, such a prohibition on distributing dividends to shareholders, which ceases to apply once the instruments signed by the states under SAS' recapitalization plan have been fully redeemed or sold.

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NOTE 22 INTEREST-BEARING LIABILITIES

Maturity profile for interest-bearing liabilities

	FY23	FY24	FY25	FY26	FY27	FY28>	Oct 31, 2022	Oct 31, 2021
Subordinated loans	-	-	-	-	-	1,397	1,397	1,190
Bonds	-	-	-	-	-	-	-	99
Other loans	7,379	3,693	937	2,085	3,960	4,555	22,609	15,571
Total	7,379	3,693	937	2,085	3,960	5,952	24,006	16,860
Less amortization FY23 and FY22							-7,379	-3,871
Total							16,627	12,989

SUBORDINATED LOANS

A subordinated loan of MCHF 200 was issued during fiscal year 1986. There is no set maturity date for this loan. The interest rate is fixed for ten-year periods and amounts to 0.625% from January 2016. SAS has an exclusive right to cancel this loan every fifth year. When the loan is canceled in connection with an interest-rate reset, SAS is entitled to repay the loan at 100% of its nominal value. If it is canceled five years after an interest-rate reset, the loan must be repaid at 102.5% of the nominal value.

In previous years, SAS repurchased MCHF 73 of the bonds, after which the balance of the loan is MCHF 127 (127), with a countervalue of MSEK 1,397 (1,190).

The bond is listed on the Basel Stock Exchange, Geneva Stock Exchange and Swiss Exchange. On the closing date, its total market value (including credit risk) amounted to MCHF 15 (21), with a countervalue of MSEK 159 (247). Fair value has been established entirely by the use of official price quotes.

BONDS

In May 2001, a MEUR 1,000 European Medium-Term Note program was established. The EMTN program makes it possible for the Group to issue bonds with fixed or floating interest rates in any currency. On the closing date, the SAS Group's issued bonds amounted to MSEK 0 (99). A specification of individual bonds issued is provided below:

Original amount issued	Coupon rate	Term	Debt outstanding, currency	Oct 31, 2022		Oct 31, 2021	
				Carrying amount	Fair value	Carrying amount	Fair value
MEUR 30.0	4.0% ¹⁾	2017/22	MEUR 5	-	-	99	100
Total				-	-	99	100
Less amortization FY23 and FY22				-	-	-99	-100
Total				0	0	0	0

¹⁾ Coupon rate on closing date. The loan has a floating interest rate.

The debt outstanding in currency and the carrying amount in MSEK correspond with the amortized cost. The fair value has been established in part by the use of official price quotes, and partly by discounting cash flows at quoted interest rates.

OTHER LOANS

In fiscal year 2022, SAS entered an agreement for USD 700 million in Debtor-in-Possession financing ("DIP financing") with funds managed by Apollo Global Management ("Apollo"), which provides SAS with a strong financial position to maintain operations throughout the ongoing Chapter 11 process in the US. DIP financing is a specialized type of bridge financing used by businesses that are restructuring through a Chapter 11 process and is structured as a non-amortized, senior secured super-priority credit with several scheduled disbursements under the loan's tenor. The credit has an initial maturity of nine months from September 2022 but can be extended incrementally up to an 18-month term. The first tranche of USD 350 million was utilized in September 2022.

SAS intends to conduct a competitive capital raise process in the first half of 2023. Should, within the framework of the capital raise process, SAS determine that it would be in the best interests of SAS and its creditors to allow Apollo to subscribe for shares, the DIP term loan agreement provides for the possibility for Apollo, subject to certain financial conditions and with the approval of the relevant parties, to subscribe for shares in the company and to utilize the funds lent under the DIP term loan agreement in payment for said shares.

	Oct 31, 2022		Oct 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Aircraft financing liabilities	11,915	12,054	12,275	13,400
Government-underwritten loan	4,683	4,925	1,519	1,546
Other long-term loans	686	886	561	574
DIP financing	3,847	3,728	-	-
Other short-term loans	1,024	1,024	1,016	1,022
Accrued interest	353	353	165	165
Derivatives	101	101	35	35
Total before amortization	22,609	23,071	15,571	16,742
Less amortization FY23 and FY22	-7,379	-7,406	-3,772	-3,977
Total other loans	15,230	15,665	11,799	12,765

Maturity profile of other loans	FY23	FY24	FY25	FY26	FY27	FY28>	Total
Aircraft financing liabilities	1,990	1,962	586	1,973	849	4,555	11,915
Government-underwritten loan	-	1,576	-2	-2	3,111	-	4,683
Other long-term loans	64	155	356	114	-	-	686
DIP financing	3,847	-	-	-	-	-	3,847
Other current liabilities	1,478	-	-	-	-	-	1,478
Total	7,379	3,693	937	2,085	3,960	4,555	22,609

Other loans are recognized at amortized cost.

Aircraft financing liabilities denominated in USD amounted to MSEK 15,762, other loans are mainly denominated in NOK, EUR and DKK. Aircraft financing liabilities include some liabilities linked to assets subject to title reservation agreements. The average interest rate on the closing date amounted to 6.7% for aircraft financing liabilities, 4.2% for other loans. The interest rate for the DIP financing amounted to 12.7%, excluding periodized transaction costs of approximately 6%.

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NOTE 23 INTEREST-BEARING LEASE LIABILITIES

	Oct 31, 2022	Oct 31, 2021
Non-current lease liabilities	17,686	13,231
Current lease liabilities	3,827	2,833
Total	21,513	16,064

Lease liabilities	FY23	FY24	FY25	FY26	FY27	FY28>	Oct 31, 2022	Oct 31, 2021
Aircraft	4,108	3,487	3,368	2,886	2,708	5,845	22,402	15,591
Properties	431	339	338	294	220	656	2,278	2,527
Ground handling equipment	135	62	44	29	16	23	309	371
Total	4,674	3,888	3,750	3,209	2,944	6,524	24,989	18,489
Discounting effect	-847	-711	-573	-447	-331	-567	-3,476	-2,425
Total	3,827	3,177	3,177	2,762	2,613	5,957	21,513	16,064

The Group leases aircraft, properties and ground handling equipment for which the present values of contractual lease commitments have been reported as interest-bearing liabilities. The terms of the above contracts extend for 1–12 years and are subject to various conditions, such as linking to different indices as well as interest rates. Lease liabilities are denominated in the following currencies: USD (MSEK 19,234), SEK (MSEK 903), NOK (MSEK 864), DKK (MSEK 506) and other currencies (MSEK 7). For more information about assets leased by the Group (right-of-use assets), see Note 13.

Amortization of lease liabilities amounted to MSEK 2,820 (2,788) for the year and the interest expense on lease liabilities was MSEK 774 (636) for the year. Remeasurement of currencies in lease liabilities had an impact on earnings of MSEK -2,906 (+194) for the year. During the year, the Group had rental costs linked to short-term contracts and variable fees as well as for low value assets amounting to MSEK 177 (142).

NOTE 24 CONTRACT ASSETS AND LIABILITIES

The Group has identified contract assets, which are recognized as accrued income, refer to Note 19. The identified contract assets pertain mainly to cargo revenue and EuroBonus points sold that have yet to be invoiced to customers.

The Group has identified the following contract liabilities:

	Oct 31, 2022	Oct 31, 2021
Unearned transportation liability	5,426	4,702
Loyalty program	1,564	1,715

The unearned transportation liability and the loyalty program are recognized as contract liabilities since payments are received from customers before the performance obligation is discharged by the Group. Information about the discharge of performance obligations can be found in Note 1 under the headings "Passenger revenue" and "EuroBonus."

The unearned transportation liability was MSEK 5,426 (4,702) on October 31. Future, unmet, performance obligations are expected to be essentially discharged in the 12 months following October 31, 2022. During the year, MSEK 3,241 (1,577) of the year's opening liability was recognized in revenue.

The liability pertaining to the EuroBonus loyalty program was MSEK 1,564 (1,715) on October 31. EuroBonus points earned are valid for five years. Since uncertainty exists in terms of when the EuroBonus points will be used, the whole liability is recognized as long-term. The Group's assessment is that one quarter of the EuroBonus points will be used and recognized as revenue within 12 months from October 31, 2022 and the remainder at a declining rate over future years. During the year, MSEK 584 (423) of the year's opening liability was recognized in revenue.

NOTE 25 FINANCIAL RISK MANAGEMENT AND FINANCIAL DERIVATIVES

The SAS Group is exposed to various types of financial risks. All risk management is handled centrally and in accordance with the policies set by the Board. The SAS Group uses derivative instruments as part of its financial risk management to limit its fuel, currency and interest-rate exposure.

FUEL PRICE RISK

The SAS Group is exposed to changes in jet-fuel prices. Exposure is handled by continuously hedging 40–80% of the forecast fuel consumption for the coming 12 months. Under the current uncertain and volatile market conditions SAS has temporarily adjusted the financial policy with regard to the hedging ratio for jet fuel. The exception applies for FY 2023 and permits hedging between 0 and 80% of the anticipated volumes for the next 12 months.

The main financial derivatives used for hedging jet fuel are options and swaps. As of October 31, 2022, the Group had signed derivative agreements covering approximately 0% of the Group's forecast jet-fuel requirement for November 2022–October 2023. In November 2021–October 2022, jet-fuel-related costs accounted for 24% of the Group's operating expenses (including leases, amortization and depreciation), compared with 12% in November 2020–October 2021.

CURRENCY RISK

The SAS Group has currency exposure both to transaction risk and to translation risk.

Transaction risk arises when flows in foreign currencies are exposed to currency fluctuations. To manage the transaction risk to which the SAS Group is exposed, the projected commercial currency flows are hedged using currency derivatives. According to the financial policy, the hedge level must be 40–80% of a 12-month rolling liquidity forecast. Future contracted aircraft purchases denominated in USD can be hedged by up to 80% of the contracted amount. Additionally, future aircraft sales can be hedged with currency derivatives and loans in USD in an amount up to 80% of the carrying amounts of the aircraft fleet. As of October 31, 2022, the Group had signed agreements for derivatives covering approximately 40% of the Group's forecast commercial currency exposure for November 2022–October 2023.

Translation risk arises during conversion of balance-sheet items in foreign currencies due to currency fluctuations. To limit translation risk, the policy is to keep the financial net debt mainly in the presentation currency of the respective subsidiary. With the introduction of IFRS 16, future lease payments are recognized as an asset (right-of-use asset) and a financial lease liability. Most of the right-of-use assets are denominated in SEK but the corresponding lease liabilities are denominated in foreign currencies, mainly USD. The currency exposure from recalculating USD lease liabilities into SEK is significant. Forecast future USD revenue is hedged using the external USD denominated lease liabilities as hedging instruments to manage a specific portion of this risk.

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INTEREST-RATE RISK

The SAS Group is exposed to interest-rate risk when the market value of the financial net debt (interest-bearing assets and liabilities) is affected by movements in the yield curve (market interest rates at different maturities). Group borrowing includes loans at both fixed and floating interest rates. To manage the interest-rate risk, interest-rate derivatives are used to change the fixed-interest term of the underlying gross financial debt. The target of current policy is for the average fixed-interest term of the gross financial debt to correspond to 3 years, with a permitted interval of 1–5 years. In addition, the development of the gross financial debt for the forthcoming 12 months and contracted future aircraft purchases is taken into consideration. As of October 31, 2022, the average fixed-interest term, including the hybrid bonds, was 2.1 years (3.2).

SENSITIVITY ANALYSIS, REVALUATION EFFECT ON CLOSING DATE

The sensitivity analysis concerning fuel price shows the immediate revaluation effect of a 10% parallel shift in the price curve for fuel derivatives.

The sensitivity analysis concerning currency shows the immediate revaluation effect on the closing date for cash-flow hedges, accounts receivable and accounts payable of a 10% strengthening or weakening of the Swedish krona against all currencies the SAS Group is exposed to. In addition to the revaluation effect, a 1% weakening of the USD against the SEK would have a positive impact of about MSEK 148 on the SAS Group's net financial items based on lease liabilities of around MUSD 1,750. A 1% strengthening of the USD against the SEK would have the corresponding negative effect on net financial items.

The sensitivity analysis for market interest rates shows the immediate revaluation effect on the closing date for interest-rate derivatives and short-term investments with a 1-percentage-point parallel shift in the yield curve. Beyond the revaluation effect, the SAS Group's net interest for the November 2022–October 2023 period is affected by around MSEK 73 (32) if short-term market rates rise by 1 percentage point. However, if short-term market rates fall by 1 percentage point the corresponding negative effect on net interest is MSEK -73 (-14).

SENSITIVITY ANALYSIS, REVALUATION EFFECT ON CLOSING DATE

			Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021
Market risk	Change	Currency	Earnings impact	Earnings impact	Equity impact	Equity impact
Fuel price	+/-10%		-/-	-/-	-/-	-/-
Currency risk, SEK	+/-10%	CHF	1/-1	-/-	14/-14	15/-15
Currency risk, SEK	+/-10%	DKK	10/-10	25/-25	33/-33	-/-
Currency risk, SEK	+/-10%	EUR	24/-24	40/-40	29/-29	-/-
Currency risk, SEK	+/-10%	GBP	3/-3	8/-8	33/-33	14/-14
Currency risk, SEK	+/-10%	NOK	14/-14	211/-211	268/-268	-/-
Currency risk, SEK	+/-10%	USD	-4/4	-189/189	-170/170	301/-301
Currency risk, SEK	+/-10%	OTHER	-7/7	10/-10	-/-	7/-7
Market interest rates	+/-1%		-/-	-/-	-/-	-/-

FINANCIAL DERIVATIVES

Different types of currency derivatives, such as currency forward contracts, currency swap contracts and currency options, are used to manage currency exposure. Furthermore, interest-rate exposure is managed by different types of interest-rate derivatives such as forward rate agreements (FRAs), futures, interest-rate swap contracts and currency interest-rate swap contracts. The Group holds interest-rate derivatives that are exposed to LIBOR. These will not be affected by the ongoing IBOR reform, since these interest-rate swap contracts will expire prior to the reform entering force. As of October 31, 2022, the fair value of the SAS Group's derivative instruments outstanding totaled MSEK -42 (-14), broken down according to the table below.

	Oct 31, 2022 Fair value				Oct 31, 2021	
	Volume outstanding	Assets	Liabilities	Net	Volume outstanding	Fair value, net
Currency derivatives	40,435	59	-101	-42	11,434	-14
Interest-rate derivatives	0	-	-	-	0	-
Fuel derivatives	0	-	-	-	0	-
Total	40,435	59	-101	-42	11,434	-14

As of the balance-sheet date, fair value is consistent with carrying amounts.

The fair value is the amount received or paid if outstanding financial instruments are sold on the closing date. Derivatives not subject to hedge accounting are classified as financial instruments at FVTPL. Volume outstanding means the nominal amount of derivative contracts expressed in absolute terms.

The total carrying amount for the Group's derivative financial instruments is presented in the balance-sheet items in the table below.

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OFFSETTING OF FINANCIAL DERIVATIVES

To reduce credit risks for bank receivables related to derivatives, SAS has entered into netting agreements, under ISDA agreements, signed with all of its counterparties.

The information in the following table includes financial assets and liabilities that are subject to enforceable master netting arrangements and similar agreements that cover financial instruments.

	Oct 31, 2022	Oct 31, 2021
Other receivables	59	21
Total derivative assets	59	21
Current liabilities	-101	-35
Total derivative liabilities	-101	-35
<i>Derivative assets/liabilities net at end of the period</i>	<i>-42</i>	<i>-14</i>
Allocation of derivatives according to the following:		
Cash-flow hedges	-13	-21
Derivatives not designated as hedges for accounting purposes	-29	7
Derivative assets/liabilities net at end of the period	-42	-14

	Oct 31, 2022			Oct 31, 2021		
	Financial assets	Financial liabilities	Total	Financial assets	Financial liabilities	Total
Gross amount	59	-101	-42	21	-35	-14
Amount offset	-	-	-	-	-	-
Recognized in the balance sheet	59	-101	-42	21	-35	-14
Amounts covered by netting agreements	-59	60	1	-19	19	0
Net amount after netting agreements	0	-41	-41	2	-16	-14

HEDGE-ACCOUNTED DERIVATIVES, CASH-FLOW HEDGE**Hedging of aircraft**

The hedging of future contracted aircraft purchases/sales represents hedging transactions since it is the payment flow in foreign currency during a future purchase/sale that is hedged according to the cash-flow method. The loans and the currency forward contracts included in hedging relationships are translated at the relevant closing rate and the change that is calculated as effective is recognized in other comprehensive income. As of October 31, 2022, the accumulated currency effect on cash-flow-hedged loans and derivatives relating to future aircraft purchases and sales was recognized after tax in the hedging reserve in equity in the amount of MSEK 433 (498).

Commercial flows

Currency derivatives are used to manage the transaction risk relating to projected commercial flows. These currency derivatives represent hedging transactions according to the cash-flow method and their accounting policies are matched with those of the underlying liquidity projection. Provided that the effectiveness of the hedges can be demonstrated, the accumulated change in market value of each hedging transaction is recognized in equity until it is recycled to the statement of income as a cost/revenue. As of October 31, 2022, the accumulated currency effect of these cash-flow-hedged currency derivatives was recognized after tax in the hedging reserve in equity in the amount of MSEK 150 (-8).

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 are recognized in other comprehensive income and reported as a separate component (cash-flow hedge reserve) in equity. When the hedged expected cash flows impact profit or loss as revenue, the corresponding part of the cash-flow hedge reserve is reclassified from other comprehensive income to profit or loss. As of October 31, 2022, the accumulated currency effect of these cash-flow-hedged derivatives was recognized after tax in the hedging reserve in equity in the amount of MSEK -368 (546).

Interest-rate derivatives

When the SAS Group borrows at floating interest rates and changes its interest-rate exposure by entering into interest-rate swap contracts whereby floating interest is received and fixed interest is paid, the hedging relationship is classified as a cash-flow hedge. When hedge accounting is applied, the effective portion of the change in value of the hedge instrument is recognized in other comprehensive income. The terms of the interest-rate derivatives used for hedging transactions are matched with those of the individual loans. On the closing date October 31, 2022, the accumulated effect on these cash-flow-hedged interest-rate derivatives was recognized after tax in the hedging reserve in equity in the amount of MSEK -465 (-531).

Fuel derivatives

Fuel derivatives are used to manage the price risk relating to jet fuel. These derivatives represent hedging transactions according to the cash-flow method and their accounting policies are matched with those of the underlying forecast jet-fuel requirement. As of October 31, 2022, the accumulated effect on these cash-flow-hedged fuel derivatives was recognized after tax in the hedging reserve in equity in the amount of MSEK 0 (0).

Altogether, MSEK -319 (642) was recognized before tax in the hedging reserve in equity on October 31, 2022, and is expected to affect the statement of income in the following years as per the following table:

	FY22	FY23	FY24	FY25	FY26	FY27>	Total
Aircraft	83	92	95	95	70	115	550
Commercial flows, revenue	-268	-199	-1	-	-	-	-468
Commercial flows, other	191	-	-	-	-	-	191
Interest-rate derivatives	-84	-84	-84	-81	-79	-180	-592
Fuel derivatives	-	-	-	-	-	-	-
Deferred tax	17	41	-2	-3	2	14	69
Effect on equity	-61	-150	8	11	-7	-51	-250

DERIVATIVES NOT SUBJECT TO HEDGE ACCOUNTING

Other derivatives not subject to hedge accounting are remeasured on an ongoing basis and recognized at fair value through profit or loss. Nor are interest-rate derivatives that cannot be linked to specific borrowing subject to hedge accounting and are remeasured on an ongoing basis at their fair value through profit or loss.

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CREDIT RISK

The Group's financial transactions give rise to exposure to credit risk vis-à-vis the financial counterparties. Credit risk or counterparty risk pertains to the risk of loss if a counterparty does not fulfill its contractual obligations. The financial policy prescribes that transactions may only be entered into with counterparties with high credit ratings, defined as category A3/P-1 or better according to Moody's or alternatively A-/A-1 according to Standard & Poor's.

Limits are set for each counterparty and are continuously revised. To further reduce counterparty risks, ISDA agreements (netting agreements) are signed with most counterparties. 53% of the credit-related exposure is geographically concentrated in the Nordic countries. The breakdown of the remaining credit exposure is 2% in the rest of Europe and 45% in the rest of the world. The maximum credit exposure for derivative instruments is matched by carrying amounts/fair values, see the above table under the heading Financial derivatives. For cash and cash equivalents, the size of the credit risk is the carrying amount and is distributed as follows:

Rating (Moody's)	Carrying amount	
	Oct 31, 2022	Oct 31, 2021
Aaa/P-1	-	-
Aa1/P-1	-	-
Aa2/P-1	2	-
Aa3/P-1	78	2,589
A1/P-1	7,855	730
A2/P-1	51	36
A3/P-1	668	913
Total	8,654	4,268

Under other long-term receivables, credit risk is allocated between financial institutions, external aircraft lessors, external aircraft operators and various property companies. The same regulations as those defined above for financial counterparties apply for financial institutions. With regard to external aircraft lessors, the majority of claims consist of pledged collateral for leasing fees as well as costs for return requirements. Since the cost of meeting the return requirements largely relates to those costs incurred dependent on the usage of the aircraft, the credit-related exposure is substantially neutralized. The payments structure in agreements with external aircraft operators is

designed so that SAS Group's receivables in the form of pledged collateral are often or always lower than the current liabilities/expenses of the SAS Group to these external operators.

In relation to the SAS Group's accounts receivable, the credit risk is spread over a large number of customers including private individuals and companies in various industries. Credit information is required for credit sales with the aim of minimizing the risk of bad debt losses and is based on intra-Group information on payment history supplemented with credit and business information from external sources.

The maximum credit risk for the SAS Group accords with the carrying amounts of financial assets according to the categorization table.

LIQUIDITY AND BORROWING RISK

Liquidity and borrowing risks refer to the risk that sufficient liquidity is not available when required, and that refinancing of matured loans will be costly or problematic.

The target is for financial preparedness to amount to a minimum of 25% of the SAS Group's fixed costs. The financial preparedness equals cash and cash equivalents plus total unutilized credit facilities. As of October 31, 2022, financial preparedness amounted to MSEK 12,501 (7,237), with cash and cash equivalents amounting to MSEK 8,654 (4,268) and unutilized credit facilities with maturities longer than three months totaling MSEK 3,847 (2,969) or 60% (60) of the Group's fixed costs. The SAS Group's cash and cash equivalents are held in instruments with good liquidity or short maturity with a credit rating of no lower than A3/P-1 according to Moody's or A-/A-1 according to Standard & Poor's.

The following tables show remaining contractual terms for SAS' financial liabilities. The figures shown are contractual undiscounted cash flows. The tables show the contracted date when SAS is liable to pay or receive, and includes both interest and nominal amounts. Future interest flows at variable rates are estimated using the current interest rate on the closing date, which means the amounts may differ.

As of October 31, 2022, the Group's interest-bearing liabilities amounted to MSEK 45,519 (32,924); 8% (0) of the interest-bearing liabilities have financial key ratio covenants for cash flow and liquidity. The term of the interest-bearing gross debt amounted to approximately 3.1 years (4.6) at year end, excluding the subordinated loan of MCHF 127 and hybrid bonds of MSEK 7,615 which run without stipulated maturity.

FINANCIAL NET DEBT

MSEK	Net financial debt
Long-term receivables	712
Other receivables	2,496
Short-term investments	273
Cash and bank balances	8,381
Subordinated loans	-1,397
Bonds	-
Other loans	-15,230
Lease liabilities	-17,686
Current portion of long-term loans	-1,826
Current portion of lease liabilities	-3,827
Short-term loans	-5,553
Net financial debt	-33,657

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LIQUIDITY RISK

The following table illustrates the SAS Group's outflows and inflows of financial liabilities and financial derivatives as of October 31, 2022 and as of October 31, 2021. The amounts are contracted, undiscounted cash flows including interest.

Oct 31, 2022	FY23	FY24	FY25	FY26	FY27	FY29>	Oct 31, 2021	FY22	FY23	FY24	FY25	FY26	FY27>
Financial liabilities							Financial liabilities						
Subordinated loans	-9	-9	-9	-9	-9	-1,397	Subordinated loans	-7	-7	-7	-7	-7	-1,190
DIP-financing	-4,313	-	-	-	-	-	Bonds	-100	-	-	-	-	-
Aircraft financing liabilities ¹	-1,728	-2,267	-815	-2,128	-962	-5,012	Aircraft financing liabilities ¹	-1,891	-1,574	-1,859	-745	-1,768	-5,571
Other loans	-372	-2,106	-481	-269	-3,138	-33	Other loans	-132	-549	-1,538	-1	-	-
Short-term loans	-1,036	-	-	-	-	-	Short-term loans	-1,043	-	-	-	-	-
Lease liabilities	-3,827	-3,177	-3,177	-2,762	-2,613	-5,957	Lease liabilities	-2,833	-2,689	-2,195	-1,888	-1,829	-4,630
Accounts payable and other liabilities	-5,748	-	-	-	-	-	Accounts payable and other liabilities	-3,460	-	-	-	-	-
Derivatives (financial assets)							Derivatives (financial assets)						
Fuel derivatives	-	-	-	-	-	-	Fuel derivatives	-	-	-	-	-	-
Currency derivatives	59	-	-	-	-	-	Currency derivatives	21	-	-	-	-	-
Interest-rate derivatives	-	-	-	-	-	-	Interest-rate derivatives	-	-	-	-	-	-
Derivatives (financial liabilities)							Derivatives (financial liabilities)						
Fuel derivatives	-	-	-	-	-	-	Fuel derivatives	-	-	-	-	-	-
Currency derivatives	-101	-	-	-	-	-	Currency derivatives	-35	-	-	-	-	-
Interest-rate derivatives	-	-	-	-	-	-	Interest-rate derivatives	-	-	-	-	-	-
Total	-17,075	-7,559	-4,482	-5,168	-6,722	-12,399	Total	-9,480	-4,819	-5,599	-2,641	-3,604	-11,391

1) The company's aircraft financing liabilities include MSEK 673 (842) pertaining to financing for aircraft prepayments with pre-contracted sales on delivery. Accordingly, as no liquidity risk exists with regard to the above amount, it has been excluded from the above table.

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CONTRACTED CREDIT FACILITIES

The Group has entered into various credit facilities in order to provide additional funding if needed. The remainder of the USD 700 million credit facility will be available upon the satisfaction of certain other conditions under the DIP term loan agreement and is expected to be available for utilization in the second quarter of fiscal year 2023. The schedule below provides details of the credit facilities on October 31, 2022.

Facility	Maturity	Total facility	Utilized facility	Unutilized facility	Unutilized facility
				Oct 31, 2022	Oct 31, 2021
Credit facility, MUSD 700	2023	7,694	3,847	3,847	–
Credit facility, MNOK 1,498	2024	1,584	1,584	–	–
Credit facility, MSEK 1,500	2026	1,500	1,500	–	1 500
Credit facility, MDKK 1,099	2026	1,616	1,616	–	1 469
Total		12,394	8,547	3,847	2 969

MEASUREMENT AT FAIR VALUE

Under IFRS 7, disclosures pertaining to financial instruments measured at fair value in the balance sheet are to be provided if the method for establishing fair value utilizes a fair value hierarchy consisting of three levels. The levels reflect the extent to which fair value is based on observable market data or own assumptions. Below is a description of the different levels for determining fair value.

Level 1

Financial instruments for which fair value is based on observable (unadjusted) quoted prices in active markets for identical assets and liabilities. A market is considered active if quoted prices from an exchange, bank, pricing service (such as Thomson Reuters) or supervisory body are readily and regularly available and those prices represent actual and regularly occurring arm's length market transactions.

This category includes mainly standardized derivatives where the quoted price is used in the valuation.

Level 2

Financial instruments for which fair value is based on models that utilize 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).

Examples of observable data in level 2 is data that can serve as a basis for assessing prices, such as market interest rates and yield curves.

This category includes mainly certificates and non-standard derivative instruments (interest-rate, currency and fuel swaps as well as currency and fuel options) not traded in an active market and the fair value is determined using valuation techniques based essentially on observable market data.

Level 3

Financial instruments for which fair value is based on valuation models, whereby significant input is based on unobservable data.

The SAS Group currently has no financial assets and liabilities where the valuation is essentially based on unobservable data.

DETERMINATION OF FAIR VALUE – VALUATION TECHNIQUES

Other holdings of securities

The balance-sheet item "Other participations" MSEK 9 (9) comprises shareholdings that are not affiliated companies or subsidiaries.

The entire balance-sheet item is measured at cost because its fair value cannot be reliably measured as a justifiable expense. For this reason, the balance-sheet item "Other security holdings" is not included in the adjacent table "Financial assets and liabilities measured at fair value."

Interest-rate derivatives

Interest-rate swaps: The fair value of interest-rate swaps is determined by discounting estimated future cash flows. Discounting takes place on the basis of yield curves based in turn on market rates prevailing at the closing date.

Futures: Standardized futures contracts with daily settlement. Fair value is thus determined by daily "mark-to-market" valuation.

Forward Rate Agreement, (FRA): The fair value of OTC FRAs is determined by discounting estimated future cash flows. Discounting takes place on the basis of yield curves based in turn on market rates prevailing at the closing date. Standardized FRAs with cash settlement are measured at fair value using quoted bid and ask rates at year end for an FRA with a corresponding term to maturity.

Currency derivatives

Currency swaps: The fair value of currency swaps is determined by discounting estimated future cash flows in each currency and interest rate. Discounting is based on yield curves on the closing date. Translation of the currency component is based on exchange rates prevailing at the closing date.

Currency options: The fair value of options is determined by application of the Black and Scholes valuation model, a recognized and accepted valuation model in financial markets. The model is based primarily on observable data such as spot price, exercise price, term to maturity, interest rate, volatility, etc.

Fuel derivatives

Fuel options: The fair value of fuel options is determined by application of the Black and Scholes valuation model. The model is based primarily on observable data such as the fuel swap curve, exercise price, term to maturity, interest rate, volatility, etc.

Fuel swaps: The fair value of fuel swaps is determined according to the fuel swap curve at the closing date.

Short-term investments

Short-term investments classified as held for trading comprise treasury bills, mortgage bonds and commercial paper with a maximum remaining term to maturity of three months. Fair value is determined by discounting on the basis of yield curves on the closing date.

Cash and bank balances

Cash and bank balances comprise cash on hand and demand deposits at banks and corresponding financial institutions. Carrying amounts correspond to fair value.

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CATEGORIZATION OF FINANCIAL ASSETS AND LIABILITIES

	Derivatives at FVTPL	Financial assets at amortized cost	Financial liabilities at amortized cost	Derivatives at fair value, hedge-accounted	Total carrying amount	Total fair value ¹
Oct 31, 2022						
ASSETS						
Other long-term receivables	–	1,464	–	–	1,464	1,464
Accounts receivable	–	1,299	–	–	1,299	1,299
Other receivables	–	2,767	–	–	2,767	2,767
Fuel derivatives	–	–	–	–	0	0
Currency derivatives	27	–	–	31	59	59
Accrued income	–	452	–	–	452	452
Cash and cash equivalents	–	8,654	–	–	8,654	8,654
Total	27	14,636	0	31	14,695	14,695
LIABILITIES						
Subordinated loans	–	–	1,397	–	1,397	159
Bonds ²	–	–	–	–	0	0
Other loans	–	–	15,485	–	15,485	16,224
Current portion of long-term loans	–	–	1,826	–	1,826	1,994
Short-term loans	–	–	5,451	–	5,451	4,753
Fuel derivatives	–	–	–	–	0	0
Currency derivatives	57	–	–	44	101	101
Interest-rate derivatives	–	–	–	–	–	–
Accounts payable	–	–	2,261	–	2,261	2,261
Other liabilities	–	–	453	–	453	453
Accrued expenses	–	–	3,034	–	3,034	3,034
Total	57	–	29,907	44	30,008	28,979

1) The fair values of subordinated loans have been set entirely by the use of official price quotes. The fair values of other financial assets and liabilities have been set in part by the use of official price quotes, such as discounting of future cash flows at quoted interest rates. The fair value of derivatives has been established pursuant to Level 2.

2) The remaining debt is included in the current portion of long-term loans

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	Derivatives at FVTPL	Financial assets at amortized cost	Financial liabilities at amortized cost	Derivatives at fair value, hedge-accounted	Total carrying amount	Total fair value ¹
Oct 31, 2021						
ASSETS						
Other long-term receivables	–	1,537	–	–	1,537	1,537
Accounts receivable	–	1,068	–	–	1,068	1,068
Other receivables	–	1,236	–	–	1,236	1,236
Fuel derivatives	–	–	–	–	0	0
Currency derivatives	10	–	–	11	21	21
Accrued income	–	382	–	–	382	382
Cash and cash equivalents	–	4,268	–	–	4,268	4,268
Total	10	8,491	0	11	8,512	8,512
LIABILITIES						
Subordinated loans	–	–	1,190	–	1,190	247
Bonds ²	–	–	–	–	0	0
Other loans	–	–	11,922	–	11,922	12,765
Current portion of long-term loans	–	–	2,655	–	2,655	2,855
Short-term loans	–	–	1,181	–	1,181	1,187
Fuel derivatives	–	–	–	–	0	0
Currency derivatives	3	–	–	32	35	35
Interest-rate derivatives	–	–	–	–	0	0
Accounts payable	–	–	1,222	–	1,222	1,222
Other liabilities	–	–	483	–	483	483
Accrued expenses	–	–	1,295	–	1,295	1,295
Total	3	0	19,948	32	19,983	20,089

1) The fair values of subordinated loans have been set entirely by the use of official price quotes. The fair values of other financial assets and liabilities have been set in part by the use of official price quotes, such as discounting of future cash flows at quoted interest rates. The fair value of derivatives has been established pursuant to Level 2.

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NOT 26 PROVISIONS

	Undertakings pertaining to aircraft under operating leases							
	Restructuring		Other provisions		Total			
	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021
Opening provisions	196	586	1,938	2,995	14	14	2,147	3,594
Reclassifications	–	–	–	–	–	–	–	–
New provisions	4	5	1,163	673	–	1	1,167	678
Utilized provisions	-103	-348	-1,060	-1,570	-1	-1	-1,164	-1,919
Dissolved provisions	-2	-44	–	–	-14	–	-16	-44
Currency effects	-2	-2	272	-160	3	–	274	-162
Closing provisions	93	196	2,313	1,938	2	14	2,408	2,147
Breakdown in balance sheet:	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021
Non-current liabilities	36	113	2,113	1,434	2	11	2,151	1,557
Current liabilities	57	83	200	504	0	3	257	590
	93	196	2,313	1,938	2	14	2,408	2,147

RESTRUCTURING

The restructuring provisions are attributable to the cost cutting and efficiency measures initiated in the last few years. These measures entail radical changes and simplification of operations, and will generate a reduction in unit cost.

In addition to restructuring provisions for personnel, the reserve also comprises provisions for property costs.

The long-term portion of the restructuring reserve will be fully utilized within five years.

The provision for restructuring costs includes no reversed unutilized amounts.

UNDERTAKINGS PERTAINING TO AIRCRAFT UNDER OPERATING LEASES

SAS makes ongoing provisions for undertakings related to aircraft leasing. The undertakings primarily pertain to engines, but also include landing gear, air frames and APUs. The long-term portion pertains primarily to a large number of undertakings with an average duration of around four years. The longest undertaking extends for just less than ten years.

NOTE 27 CURRENT INTEREST-BEARING LIABILITIES

	Oct 31, 2022	Oct 31, 2021
Current portion of non-current liabilities	1,826	2,655
Accrued interest	353	165
Derivatives	101	35
DIP-financing	3,847	–
Other short-term loans	1,252	1,016
Total	7,379	3,871

NOTE 28 ACCRUED EXPENSES AND PREPAID INCOME

	Oct 31, 2022	Oct 31, 2021
Vacation pay liability	678	646
Other accrued personnel expenses	471	457
Selling costs	54	26
Jet-fuel costs	449	78
Air traffic charges	257	135
Technical aircraft maintenance	90	270
Handling costs	239	148
Computer and telecommunication costs	105	91
Other accrued expenses	1,840	547
Total	4,183	2,398

NOTE 29 PLEDGED ASSETS

	Oct 31, 2022	Oct 31, 2021
<i>Related to liabilities:</i>		
Aircraft, carrying amount	–	248
Prepayments, carrying amount	673	1,509
<i>Related to deposits:</i>		
Deposits and blocked bank funds	3,602	2,223
Total	4,275	3,980

As of October 31, 2022, the liability outstanding related to aircraft mortgages was MSEK 0 (78). The liability outstanding for aircraft prepayments was MSEK 673 (1,509). In addition to the above, the carrying amount for aircraft-related assets subject to title reservation agreements totaled MSEK 11,076 (10,940) with liabilities outstanding of MSEK 11,230 (10,794).

In addition to the above, in August 2022, SAS entered into a debtor-in-possession (“DIP”) financing credit agreement for USD 700 million with funds managed by Apollo Global Management. DIP financing is a specialized type of bridge financing used by businesses that are restructuring through a Chapter 11 process and is structured as a delayed draw term loan (DDTL) – a non-amortized, senior secured super-priority credit. As of October 31, 2022, MUS\$ 350 of this financing had been drawn. The DIP term loan agreement is secured in the form of collateral in substantially all SAS’ assets that have not previously been utilized as collateral, whether real or personal, tangible or intangible, now existing or hereafter acquired (subject to certain customary exclusions), including certain take-off and landing slots at London Heathrow Airport; all shares in certain companies in the SAS Group, including the SAS Consortium and SAS EuroBonus AB (which owns all rights to the EuroBonus

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loyalty program); all material registered intellectual property; certain unencumbered aircraft and engines; intercompany receivables; and the products and proceeds of the foregoing. The carrying amount for the aircraft and engines pledged as collateral under the DIP financing agreement totals MSEK 1,914.

NOTE 30 CONTINGENT LIABILITIES

	Oct 31, 2022	Oct 31, 2021
<i>Guarantees related to:</i>		
Other	17	13
Total	17	13

The Group is involved in various claims and legal proceedings arising in the ordinary course of business. These claims relate to, but are not limited to, the Group's business practices, employment matters, and tax matters. Provisions have been recognized for such matters in accordance with probable and quantifiable loss risks. On the basis of information currently available, those issues not requiring any provisions will not have any material adverse effect on the Group's earnings, nor will they be recognized as contingent liabilities. However, litigation is inherently unpredictable and, even though the provisions were assessed as adequate and/or that the Group has valid defenses in these matters, unfavorable results could occur. This could have a material adverse effect on the Group's earnings in future accounting periods. For more information see the Report by the Board of Directors on page 65. The Chapter 11 process provides an option to negotiate and reject contracts that were in effect at the beginning of the process and, during the fiscal year, SAS has chosen to reject a number of lease contracts. 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. The outcomes, if any, for claims arising under Chapter 11 are subject to uncertainty due to being dependent on the number and size of the claims as well as on the restructuring plan, which will require court approval later in the process, and accordingly, SAS has been unable to reliably estimate a corresponding total provision for claims. These claims may be material. SAS has recognized provisions for claims where adequate and reasonable information was available to estimate the liability. Currently, no litigation is outstanding in connection with the Chapter 11 cases, but there is a risk that there may be litigation in Sweden, New York or other jurisdictions prior to the emergence out of Chapter 11.

NOTE 31 LEASE COMMITMENTS**October 31, 2022**

In addition to the leasing commitments included in the recognized lease liabilities, the SAS Group has entered into the following contracts, with specification of the total annual rent for:

	FY23	FY24	FY25	FY26	FY27	FY28>	Total
Aircraft	157	191	191	191	191	964	1,885
Total	157	191	191	191	191	964	1,885

Rental contracts with an annual rental cost in excess of MSEK 0.5 and which are not encompassed by lease liabilities have been included in the above table. The contracts pertain to contracted aircraft leases starting after October 31, 2022. For information on the Group's lease liabilities, see Note 23.

October 31, 2021

In addition to the leasing commitments included in the recognized lease liabilities, the SAS Group has entered into the following contracts, with specification of the total annual rent for:

	FY22	FY23	FY24	FY25	FY26	FY27>	Total
Aircraft	150	251	251	250	250	1,353	2,505
Total	150	251	251	250	250	1,353	2,505

Rental contracts with an annual rental cost in excess of MSEK 0.5 and which are not encompassed by lease liabilities have been included in the above table. The contracts pertain to contracted aircraft leases starting after October 31, 2021.

**NOTE 32 ADJUSTMENT FOR OTHER NON-CASH
ITEMS, ETC.**

	FY22	FY21
Income from shares in affiliated companies	-22	-10
Dividends from affiliated companies	23	6
Capitalized interest on aircraft prepayments	-187	-95
Revaluation of lease liabilities IFRS 16	4,061	-525
Earnings impact from measuring financial instruments	-972	72
Revaluations of pension commitments	-61	34
Accrued interest, DIP financing fees	109	-
Reversed provisions	-18	-33
Other	49	36
Total	2,982	-515

**NOTE 33 ACQUISITION AND DIVESTMENT
OF SUBSIDIARIES AND AFFILIATED
COMPANIES**

	FY22	FY21
Non-current assets	2	-
Current assets	26	-
Cash and cash equivalents	41	-
Non-current liabilities	-1	-
Current liabilities	-20	-
Total	48	0
Capital gain/loss	13	-
Total	61	0
Selling costs	6	-
Cash and cash equivalents in divested companies	-41	-
Impact on the Group's cash and cash equivalents	26	0

During FY22 no acquisitions of subsidiaries or associated companies were made. During FY21, a shareholder contribution of MSEK 1 was given to one associated company. This year's divestment includes three subsidiaries within SAS Cargo that were divested on 31 October 2022.

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NOTE 34 LIABILITIES IN FINANCING ACTIVITIES

	Interest-bearing liabilities, non-current		Interest-bearing lease liabilities, non-current		Interest-bearing liabilities, current		Interest-bearing lease liabilities, current		Total	
	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021
Opening balance	12,989	11,219	13,231	13,499	3,871	3,773	2,833	3,105	32,924	31,596
Proceeds from borrowings	3,232	5,071	4,226	2,772	5,283	686	-	-	12,741	8,529
Reclassification debt ¹	-1,432	-	-	-	-934	-	-54	-	-2,420	-
Repayment of borrowings	-	-205	-	-	-3,359	-2,358	-2,820	-2,788	-6,179	-5,351
Exchange-rate differences	3,341	-534	4,057	-207	648	25	40	-317	8,086	-1,033
Accrued interest/fees	75	55	-	-	226	29	-	-	301	84
Derivatives	-	39	-	-	66	-944	-	-	66	-905
Reclassification to short-term	-1,578	-2,656	-3,828	-2,833	1,578	2,660	3,828	2,833	0	4
Debt outstanding	16,627	12,989	17,686	13,231	7,379	3,871	3,827	2,833	45,519	32,924

1) Of which SEK 1,6 billion refers to return of lease contracts.

NOTE 35 AUDITORS' FEES

The following remuneration was paid to auditing firms for auditing services.

	FY22	FY21
Auditing services		
KPMG	8	7
Other statutory assignments		
KPMG	0	0
Tax consultancy services		
KPMG	-	-
Other		
KPMG	1	3
Total	9	10

KPMG Sweden: Fees totaled MSEK 4.7 (4.2) for auditing services, MSEK 0 (0) for other statutory assignments, MSEK 0 (0) for tax and MSEK 1.5 (1.8) for other.

NOTE 36 TRANSACTIONS WITH AFFILIATED COMPANIESRevenue from sales to affiliated companies amounted to MSEK 0 (0).
Cost of purchases from affiliated companies was MSEK 54 (46).

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NOTE 37 SEGMENT REPORTING

The Group's airline operations and other appurtenant operations are reported as one operating segment.

The following geographical breakdown of traffic revenue is based on the destination flown. Sales generating other operating revenue are allocated geographically by source country as follows. Refer to Note 2 for the Group's material source countries of sales revenue.

GEOGRAPHICAL BREAKDOWN

	Domestic		Intra-Scandinavian		Europe		Intercontinental		Total	
	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21
Passenger revenue	6,516	3,739	2,324	655	9,101	3,110	5,284	897	23,225	8,401
Cargo revenue	3	3	3	2	34	81	1,571	1,080	1,611	1,166
Charter revenue	–	–	–	–	1,703	384	–	–	1,703	384
Other traffic revenue	836	718	298	126	1,168	597	680	172	2,982	1,613
Total traffic revenue	7,355	4,460	2,625	783	12,006	4,172	7,535	2,149	29,521	11,564

	Denmark		Norway		Sweden		Europe		Other countries		Total	
	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21
Other operating revenue	419	150	755	972	485	406	294	615	350	251	2,303	2,394

In fiscal year 2022 and fiscal year 2021, there was no single customer who accounted for more than 10% of the Group's revenue.

The Group's assets and liabilities are mainly located in Scandinavia. Total non-current assets, including prepayments for tangible assets, which do not comprise financial instruments, deferred tax assets or assets pertaining to post-employment benefits are allocated geographically as follows. The group, Not allocated, includes prepayments to Airbus and others for future aircraft deliveries amounting to MSEK 4,063 (2,966), refer to Note 12. Aircraft are utilized in a flexible manner across the route network, and are not allocated.

	Denmark		Norway		Sweden		Other countries		Not allocated		Total	
	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021	Oct 31, 2022	Oct 31, 2021
Non-current assets	828	966	1,076	1,185	4,733	6,131	3,691	2,058	28,095	27,360	38,423	37,700

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NOTE 38 SUBSIDIARIES IN THE SAS GROUP

					Oct 31, 2022	Oct 31, 2021
	Domicile	Corp. Reg. No.	Total owned shares	Holding	Carrying amount	Carrying amount
<i>Owned by SAS AB:</i>						
SAS Sverige AB	Sigtuna	556042-5414	70,500,000	100	1,009	3,523
SAS Norge AS	Bærum	811176702	47,000,000	100	3,028	3,028
SAS Danmark A/S	Copenhagen	56994912	47,000,000	100	3,728	3,970
SAS Crew Services AB	Stockholm	556063-8255	610,000	100	595	595
Linjeflyg AB	Sigtuna	556062-8454	2,000,000	100	237	237
SAS Cargo Group A/S	Tårnby	25736443	200,500	100	0	0
SAS Ground Handling Denmark A/S	Tårnby	32339026	55,000	100	45	45
SAS Ground Handling Norway AS	Oslo	912056228	5,000	100	0	8
SAS Ground Handling Sweden AB	Stockholm	556934-7924	445,000	100	35	35
SAS EuroBonus AB	Stockholm	559224-9782	50,000	100	200	200
Scandinavian Airlines Ireland Ltd	Dublin	601918	2,000,000	100	80	0
SAS Link AB	Stockholm	559150-1910	50,000	100	55	0
Gorm Asset Management Ltd	Dublin	592913	1	100	0	0
Other					1	1
					9,013	11,642
<i>Owned by SAS Consortium:</i>						
SAS Oil Sweden AB	Sigtuna	902001-7720 556269-6459	2,000	100	5	5
Other					1	0
					6	5
<i>Owned by SAS Crew Services AB:</i>						
SAS Link Crew Services A/S	Copenhagen	24202941	500	100	1	1
SAS Connect Crew Services A/S	Copenhagen	40995269	400	100	0	0
SAS Crew Services Denmark A/S	Copenhagen	43211781	400,000	100	1	–
Other					0	0
					2	1
<i>Owned by SAS Cargo Group A/S:</i>						
SAS Cargo Sverige AB	Stockholm	556891-0490	50,000	100	2	–
<i>Owned by Gorm Asset Management Ltd:</i>						
Gorm Dark Blue Ltd	Dublin	593238	1	100	0	0
Gorm Deep Blue Ltd	Dublin	593239	1	100	0	0
Gorm Sky Blue Ltd	Dublin	593240	1	100	0	0
Gorm Light Blue Ltd	Dublin	617208	1	100	0	0
Gorm Warm Red Ltd	Dublin	627405	1	100	0	0
Gorm Ocean Blue Ltd	Dublin	627406	1	100	0	0
Gorm Engine Management Ltd	Dublin	656777	1	100	0	0

NOTE 39 EARNINGS PER SHARE

Earnings per common share are calculated as net income for the period attributable to Parent Company shareholders and hybrid bond expenses in relation to 7,266,039,292 (7,266,039,292) common shares outstanding. The calculation of earnings per share before and after dilution is based on the following earnings and number of common shares. In October 2020, the number of common shares increased 6,877,479,859 through a new share issue. In November 2020, a further 5,976,822 shares were registered from the new share issue. The total number of shares after new issues in 2020 amounted to 7,266,039,292, refer to Note 21. There are no potential common shares outstanding and, accordingly, no dilution can arise.

	FY22	FY21
Net income for the year, attributable to Parent Company shareholders	-7,048	-6,523
Hybrid bond interest paid	–	-274
Net income for the year, attributable to Parent Company shareholders, before and after dilution	-7,048	-6,797
Weighted average number of common shares during the year, before and after dilution	7,266,039,292	7,266,039,292
Earnings per common share before dilution (SEK)	-0.97	-0.94
Earnings per common share after dilution (SEK)	-0.97	-0.94

NOTE 40 RELATED-PARTY TRANSACTIONS

The recapitalization plan was completed in October 2020, when a total of 1,729,170,833 common shares were issued to the governments of Denmark and Sweden through the directed share issue, in addition to the major shareholders' participation in the rights issue. In total, the recapitalization plan resulted in the governments of Denmark and Sweden each holding 1,584,296,144 common shares, corresponding to a holding of approximately 21.8% for each government. The governments of Denmark and Sweden also subscribed for MSEK 6,000 in new hybrid bonds. Interest payments of MSEK 291 were deferred in fiscal year 2022. In fiscal year 2021, the interest was paid on the hybrid bonds.

In July 2021, a credit facility totaling SEK 3 billion was entered into with the governments of Denmark and Sweden as lenders. The credit facility was utilized in fiscal year 2022.

IT consulting services were purchased for MSEK 2.3 from a company controlled by one of the Board members during fiscal year 2022.

Aside from the above, no significant related-party transactions took place in fiscal year 2022 or in fiscal year 2021 except those between Group companies, where transactions are conducted subject to market terms and conditions. No significant transactions occurred with related parties aside from the above and the information in Note 3 regarding the remuneration of senior executives.

NOTE 41 SIGNIFICANT EVENTS AFTER THE CLOSING DATE

- On January 13 2023, lessor negotiations as part of the chapter-11 process where total agreements have been reached with 15 lessors for 59 aircraft were concluded.
- SAS currently aims to complete its court-supervised process in the US during the second half of 2023, the implementation of which is likely to entail additional legal proceedings in other jurisdictions than the US. As a result, there is no assurance that there will be any recovery for the shareholders of SAS AB. SAS expects that its operations will be unaffected by such legal proceedings and that SAS will continue to serve its customers as normal.

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STATEMENT OF INCOME

MSEK	Note	FY22	FY21
Revenue		426	49
Personnel expenses	1	-29	-27
Other operating expenses		-531	-49
Operating income (EBIT)		-134	-27
Impairment of shares in subsidiaries		-2,788	-309
Interest income and similar income items		340	505
Interest expenses and similar income items		-127	-44
Income before tax (EBT)		-2,709	125
Group contributions received		0	-40
Tax	2	0	7
Net income for the year		-2,709	92

The Parent Company recognized no items in other comprehensive income for fiscal year 2022 and fiscal year 2021, respectively. Accordingly, net income for the year for the Parent Company corresponds to comprehensive income.

BALANCE SHEET

ASSETS, MSEK	Note	Oct 31, 2022	Oct 31, 2021
Non-current assets			
<i>Financial non-current assets</i>			
Participations in subsidiaries	3	9,013	11,642
Other holdings of securities	4	2	2
Deferred tax assets	2	719	719
Receivables from Group companies		12,171	12,548
Other long-term receivables		15	28
Total non-current assets		21,920	24,939
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		519	18
Prepaid expenses and accrued income		44	13
		563	31
Cash and bank balances		1	1
Total current assets		564	32
TOTAL ASSETS		22,484	24,971

SHAREHOLDERS' EQUITY AND LIABILITIES, MSEK	Note	Oct 31, 2022	Oct 31, 2021
Equity			
Restricted equity			
Share capital		8,650	8,650
Statutory reserve		447	447
Unrestricted equity			
Share premium reserve		2,729	2,729
Hybrid bonds		7,615	7,615
Retained earnings		3,911	3,819
Net income for the year		-2,709	92
Total shareholders' equity		20,643	23,352
Non-current liabilities			
Non-current liabilities		1,623	1,552
Other provisions		0	7
Total non-current liabilities		1,623	1,559
Current liabilities			
Liabilities to Group companies		46	41
Accounts payable		8	4
Other liabilities		47	6
Accrued expenses and prepaid income		117	8
Provisions		0	1
Total current liabilities		218	60
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		22,484	24,971

Information regarding the Parent Company's contingent liabilities is available in Note 6.

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CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Restricted equity			Unrestricted equity			Total shareholders' equity
	Share capital	Not registered share capital	Statutory reserve	Share premium reserve	Hybrid bonds	Retained earnings	
Opening shareholders' equity in accordance with approved balance sheet, October 31, 2020	8,645	5	447	2,729	7,615	4,093	23,534
Share registration	5	-5					0
Hybrid bond interest						-274	-274
Net income for the year						92	92
Closing balance, October 31, 2021	8,650	0	447	2,729	7,615	3,911	23,352
Hybrid bond interest						-	-
Net income for the year						-2,709	-2,709
Closing balance, October 31, 2022	8,650	0	447	2,729	7,615	1,202	20,643

CASH-FLOW STATEMENT

MSEK	FY22	FY21
OPERATING ACTIVITIES		
Income before appropriations and tax	-2,709	125
Impairment of subsidiaries	2,788	309
Adjustment for other non-cash items, etc	92	-
Cash flow from operations before change in working capital	171	434
<i>Change in:</i>		
Operating receivables	-441	-7
Operating liabilities	118	-55
Cash flow from change in working capital	-323	-62
Cash flow from operating activities	-152	372
INVESTING ACTIVITIES		
Investment in subsidiaries	-159	-547
Cash flow from investing activities	-159	-547
FINANCING ACTIVITIES		
Hybrid bond interest	-	-274
Repayment from subsidiaries	427	-
Lending to subsidiaries	-130	-1,600
Changes in blocked funds	-	522
Disbursement of deposits	-15	-
Proceeds from borrowings	-	1,510
Other change in interest-bearing liabilities	28	17
Cash flow from financing activities	310	175
Cash flow for the year	-1	0
Cash and cash equivalents at beginning of the year	1	1
Cash and cash equivalents at year end	0	1

Disclosure of interest paid:

During the year, interest received amounted to MSEK 203 (595). During the year, interest paid amounted to MSEK 27 (44).

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**NOTE 1 NO. OF EMPLOYEES, SALARIES,
OTHER REMUNERATION AND
SOCIAL SECURITY EXPENSES**

The average number of employees amounted to 2 (2), all of whom were employed in Sweden.

	FY22		FY21	
	Men	Women	Men	Women
Sweden	1	1	1	1
Total men and women	2		2	

For salaries, remuneration and social security expenses as well as remuneration and benefits paid to Board members, the President and other senior executives of SAS AB, see SAS Group Note 3.

NOTE 2 TAX

	FY22	FY21
Current tax	–	–
Deferred tax	0	7
Total tax	0	7
Reconciliation of deferred tax, net		
Opening balance	719	713
Tax effect on items in equity	0	-1
Change according to statement of income	0	7
Deferred tax, net, on October 31	719	719

NOTE 3 PARTICIPATIONS IN SUBSIDIARIES

	FY22	FY21
Opening balance	11,642	11,404
Contributions	159	547
Impairment	-2,788	-309
Closing balance	9,013	11,642

See also SAS Group Note 38 — Subsidiaries in the SAS Group.

NOTE 4 OTHER HOLDINGS OF SECURITIES

	Oct 31, 2022	Oct 31, 2021
Incorporate Cell Company	2	2
Total	2	2

NOTE 5 PLEDGED ASSETS

In August 2022, SAS entered into a debtor-in-possession (“DIP”) financing credit agreement for USD 700 million with funds managed by Apollo Global Management. DIP financing is a specialized type of bridge financing used by businesses that are restructuring through a Chapter 11 process and is structured as a delayed draw term loan (DDTL) – a non-amortized, senior secured super-priority credit. As of October 31, 2022, MUSD 350 of this financing had been utilized by the SAS Consortium. The DIP term loan agreement is secured in the form of collateral in substantially all SAS' assets that have not previously been utilized as collateral, whether real or personal, tangible or intangible, now existing or hereafter acquired (subject to certain customary exclusions), including certain take-off and landing slots at London Heathrow Airport; all shares in certain companies in the SAS Group, including the SAS Consortium and SAS EuroBonus AB (which owns all rights to the EuroBonus loyalty program); all material registered intellectual property; certain unencumbered aircraft and engines; intercompany receivables; and the products and proceeds of the foregoing. The carrying amount in SAS AB for the shares pledged as collateral under the DIP financing agreement totals MSEK 9,013.

NOTE 6 CONTINGENT LIABILITIES

SAS AB has provided an irrevocable undertaking to assume liability, as for its own debt, for the SAS Consortium's contractual interest-bearing obligations, leasing commitments and other financial obligations with some reservations in terms of subordinations and with the proviso that the obligations were entered into from the date the irrevocable undertaking entered force until it terminated on September 30, 2020.

Furthermore, SAS AB provides downstream guarantees for subsidiaries on a case-by-case basis. These guarantees may cover, wholly or in part, a subsidiary's general obligations or be for a fixed sum or a specific purpose. The downstream guarantees mainly include undertakings pursuant to purchase contracts, aircraft financing, and leasing of aircraft and other equipment.

Moreover, SAS AB has also issued time-limited capital adequacy guarantees for certain subsidiaries. In addition to the above, SAS AB has given guarantees, as for its own debt, for the DIP financing.

Currently, no litigation is outstanding in connection with the Chapter 11 cases, but there is a risk that there may be litigation in Sweden, New York or other jurisdictions prior to the emergence out of Chapter 11.

NOTE 7 AUDITORS' FEES

	FY22	FY21
Auditing services		
KPMG	7	7
Other statutory assignments		
KPMG	0	0
Tax consultancy services		
KPMG	–	–
Other		
KPMG	1	3
Total	8	10

Auditors' fees are invoiced to the Parent Company which, in turn, invoices the Group subsidiaries for their respective costs.

KPMG Sweden: Fees totaled MSEK 4.7 (4.2) for auditing services, MSEK 0 (0) for other statutory assignments, MSEK 0 (0) for tax and MSEK 1.5 (1.8) for other.

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SIGNATURES

The Board of Directors and the President hereby give their assurance that this Annual Report has been prepared pursuant to the Swedish Annual Accounts Act and RFR 2, *Accounting for Legal Entities*, and provides a true and fair view of the company's financial position and earnings, and that the Report by the Board of Directors provides a true and fair overview of the company's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the company is exposed.

The Board of Directors and President hereby give their assurance that the consolidated financial statements have been prepared pursuant to the International Financial Reporting Standards (IFRS) as adopted by the EU, and provide a true and fair view of the Group's financial position and earnings, and that the Report by the Board of Directors for the Group provides a true and fair overview of the performance of the Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the companies in the Group are exposed.

Stockholm, January 23, 2023

Carsten Dilling
Board Chairman

Lars-Johan Jarnheimer
Vice Chairman

Monica Caneman
Board member

Oscar Stege Unger
Board member

Henriette Hallberg Thygesen
Board member

Nina Bjornstad
Board member

Michael Friisdahl
Board member

Kay Kratky
Board member

Jens Lippestad
Board member

Tommy Nilsson
Board member

Kim John Christiansen
Board member

Anko Van der Werff
President and CEO

Our auditors' report was submitted on January 23, 2023

KPMG AB

Tomas Gerhardsson
Authorized Public Accountant

As stated above, the annual accounts and the consolidated accounts were approved for issuance by the Board of Directors on January 23, 2023. The consolidated statement of income and balance sheet and the Parent Company's statement of income and balance sheet will be subject to adoption by the Annual General Shareholders' Meeting on March 16, 2023.

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AUDITORS' REPORT

To the general meeting of the shareholders of SAS AB, corp. id 556606-8499

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of SAS AB for the financial year 2021-11-01—2022-10-31, except for the corporate governance statement on pages 76-90. The annual accounts and consolidated accounts of the company are included on pages 56-135 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 October 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 October 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 76-90. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group. Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

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Auditors' report***SAS FORWARD business transformation plan and Chapter 11 process***

See pages 58-59 of the Report by the Board of Directors and note 1 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

During the year, SAS launched a business transformation plan, SAS FORWARD, to strengthen and secure the Group's long-term future position of which some key elements include reducing the annual costs by SEK 7.5 billion, including renegotiations of existing financing arrangements and other long-term credit facilities and strengthening SAS' balance sheet by deleveraging and raising new capital. To accelerate important parts of the SAS FORWARD plan, SAS AB and certain of its subsidiaries voluntarily filed for Chapter 11 in the U.S. on July 5, 2022. In August, SAS secured USD 700 million in Debtor-in-Possession (DIP) financing, which, along with cash generated from ongoing operations, enables SAS to continue meeting its obligations throughout the Chapter 11 process.

As disclosed on page 59 of the Report by the Board of Directors and in note 1, SAS highlight that there are no guarantees that SAS FORWARD will successfully be completed through the Chapter 11 process. It is also disclosed that 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.

Response in the audit

In our audit, we have read and evaluated the supporting documentation related to the transformation plan and the Chapter 11 process including status and accounting effects of renegotiation of leasing contracts agreed to date and subject to final approval of the U.S. court. Furthermore, we have reviewed the documentation and accounting related to the DIP financing as well as the Group's liquidity forecast.

We have also reviewed the disclosures relating to the SAS business transformation plan and Chapter 11 process included in the annual accounts and the consolidated accounts.

Valuation of non-current assets and parent company participations in subsidiaries

See note 10-13 and accounting principles on page 100 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The Group's intangible and tangible non-current assets and right-of-use assets totalled SEK 36,828 million at October 31, 2022. The carrying value has been subject to an impairment test, which is complex in nature and is based on significant elements of judgment. An impairment test has been prepared for the respective cash generating unit, or group of units, which for the Group consists of one unit.

The impairment test requires that the Group make projections using assumptions about internal and external conditions and plans for the operations. Examples of such judgments include future cash flows, which in turn require assumptions to be made of future development and market conditions. Another important assumption is which discount rate to be used in order to reflect the time value of money as well as the specific risks the operations face. Changes in these assumptions and assessments may have a significant impact on the Group's results and financial position.

In the parent company, the carrying value of participations in subsidiaries at October 31, 2022 amounted to SEK 9,013 million. An impairment test of this carrying value is also performed, using the same technique and judgments, as described above for intangible and tangible non-current assets and right-of-use assets.

Response in the audit

In our audit, we have assessed whether the impairment tests have been prepared in accordance with the prescribed method.

Moreover, we have considered the reasonableness of the assumptions of projected future cash flows as well as the discount rate used through review and evaluation of the Group's written documentation and forecasts. An integral part of our work has also been to examine the group's sensitivity analysis to evaluate how reasonable changes in the assumptions may impact the valuation. We have involved our valuation specialists in the audit, mainly with regard to assumptions for discount rate linked to external markets.

We have also reviewed the disclosures relating to the impairment test included in the annual accounts and the consolidated accounts.

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Accounting of passenger revenue including contract liabilities for tickets sold but not yet recognized as revenue and the customer loyalty program

See notes 2 and 24 and accounting principles on page 101 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The Group accounts for passenger revenue of MSEK 23,225 for the financial year 2021/22, and liabilities for unearned transportation revenue of MSEK 5,426 and for the customer loyalty program of MSEK 1,564 as at October 31, 2022.

Passenger revenue is accounted for as a liability from the point of sale until commencement of the air transport for the passenger. Upon departure of the air transport, revenue is recognized in the income statement. Additionally, tickets that subsequent to the scheduled flight date, have been assessed to expire before utilization by a passenger are recorded as revenue. Based on historical outcomes and seasonality, a regular assessment is performed to estimate the value of tickets, for which the scheduled flight date has passed, that will expire before utilization. The recognition of revenue relating to the estimate for expired tickets results in a corresponding reduction of the unearned transportation revenue liability.

Furthermore, the Group has a customer loyalty program, EuroBonus. Points earned by program members are recorded as a liability on the balance sheet until they are redeemed or have expired. The value of the liability is derived by the number of points held by members and the estimated fair value per point adjusted for the estimated future expiration rates. Points that are estimated to expire prior to redemption are recognized as revenue, with a corresponding reduction to the customer loyalty program liability.

The recognition of revenue and movements in contract liabilities associated with expired tickets and the customer loyalty program is based on a number of inherently complex assumptions. Volatility or inaccuracies in determining these assumptions may have significant impact on the Group's results and financial position.

Carrying values of aircraft and provisions for major maintenance costs of leased aircraft

See notes 11 and 26 and accounting principles on pages 99 and 102 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The carrying value of aircraft in the Group amounted to MSEK 12,384 as at October 31, 2022, and the provision for major maintenance costs of leased aircraft and engines amounted to MSEK 2,313. The Group's aircraft are divided into various components and with an estimated end of life residual value. Engines are depreciated based on utilization and major maintenance costs for the various components are capitalized and depreciated until the next scheduled mandatory major maintenance occasion. For major maintenance costs of leased aircraft and engines, provisions are made on a continuous basis which are utilized when the major maintenance is carried out or the aircraft is returned.

The Group's estimations of useful lives, residual values and major maintenance costs for engines and other aircraft components are complex in nature. Changes in the basis for these assumptions and estimates may have a significant impact on the Group's results and financial position.

Response in the audit

In our audit, we have assessed the risks of the processes relating to the accounting for passenger revenue, unearned transportation revenue, and the customer loyalty program. We have evaluated the design and implementation of internal controls relating to the relevant estimates and the interfacing of systems to derive the data used in these estimates.

We have assessed the reasonableness of the models utilized by the Group to develop these estimates and their impact on the associated accounts. This assessment includes the validation of the data utilized as a basis for each estimate and the accuracy of the underlying calculations.

For the estimate of the fair value of customer loyalty program points before consideration of the estimated expiry, we examined the key inputs used to calculate the value by comparing historical usage patterns and observable market values such as comparable airfares. For assumptions regarding future ticket expiration and customer loyalty program point expiration, we assessed the Group's accuracy in forecasting by comparing previous estimates to actual outcomes. We evaluated these assumptions against historical trends, and future expectations. We have also agreed the final estimates to the corresponding income statement and balance sheet accounts.

We have also assessed the disclosures for passenger revenue and related contract liabilities included in the annual accounts and the consolidated accounts.

Response in the audit

In our audit, we have evaluated the design and implementation of internal controls associated with the determination and calculation of component depreciation and maintenance provisions. This includes the development and monitoring of flight hours and flight cycles for engine components. We have assessed the reasonableness of assumptions made for useful lives, components and residual values regarding aircraft and reconciled these assumptions against carrying values of aircraft components and associated depreciation recorded in the income statement.

To assess the completeness and accuracy of provisions for major maintenance for leased aircraft, we have evaluated the Group's calculations and related accounting on a sample basis through inspection of lease agreements, market values, flight cycles and flight hours.

We have also assessed the disclosures for aircraft and provisions for major maintenance costs of leased aircraft included in the annual accounts and the consolidated accounts.

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Auditors' report**Other Information than the annual accounts and consolidated accounts**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-55 and 143-154. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated

accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.
- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty

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exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant

ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

**REPORT ON OTHER LEGAL AND
REGULATORY REQUIREMENTS****Auditor's audit of the administration and the
proposed appropriations of profit or loss****Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of SAS AB for the financial year 2021-11-01—2022-10-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

**Responsibilities of the Board of Directors and the
Chief Executive Officer**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

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The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

**The auditor's examination of the ESEF report
Opinion**

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Chief Executive Officer have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for SAS AB for the financial year 2021-11-01—2022-10-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of SAS AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of the Board of Directors and the
Chief Executive Officer**

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the ESEF report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Chief Executive Officer determine is necessary to prepare the ESEF report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the ESEF report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

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RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are

appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the ESEF report by the Board of Directors and the Chief Executive Officer, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Chief Executive Officer.

The procedures mainly include a technical validation of the ESEF report, i.e. if the file containing the ESEF report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the ESEF report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the ESEF report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

**The auditor's examination of the
corporate governance statement**

The Board of Directors is responsible for that the corporate governance statement on pages 76-90 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, P.O Box 382, 101 27, Stockholm, was appointed auditor of SAS AB by the general meeting of the shareholders on March 17, 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019.

Stockholm, January 23, 2023

KPMG AB

Tomas Gerhardsson
Authorized Public Accountant



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OPERATIONAL KEY FIGURES

	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	Jan–Oct, 2013	2012
Passenger traffic-related key figures											
Number of destinations served, scheduled	124	108	121	127	125	123	118	119	125	150	136
Number of flights, scheduled	183,504	99,821	149,608	287,969	291,908	298,100	297,481	293,898	294,679	402,460	338,870
Number of passengers, total, (000) ¹	17,868	7,585	12,610	29,761	30,082	30,065	29,449	28,884	29,408	30,436	25,916
Number of passengers, scheduled (000)	17,029	7,380	12,315	28,451	28,794	28,625	27,738	26,941	27,061	28,057	23,979
Available seat km, total (million) ²	34,371	17,253	23,365	52,371	52,781	52,217	48,620	44,289	45,158	44,629	36,126
Available seat km, scheduled (million)	31,688	16,585	22,357	48,471	49,023	48,303	44,956	40,877	40,971	40,583	32,813
Revenue passenger km, total (million) ¹	24,317	8,256	14,127	39,375	39,946	40,078	36,940	33,781	34,714	33,451	27,702
Revenue passenger km, scheduled (million)	22,058	7,748	13,259	35,825	36,496	36,360	33,508	30,561	30,686	29,650	24,746
Load factor, total (%) ¹	70.7	47.9	60.5	75.2	75.7	76.8	76.0	76.3	76.9	75.0	76.7
Weight-related key figures											
Available tonne km, ATK, total (mill. tonne km)	4,495	2,275	3,052	6,797	6,859	6,746	6,179	5,553	5,617	5,527	4,475
Available tonne km, scheduled (mill. tonne km)	4,126	1,314	2,436	6,302	6,372	6,251	5,741	5,132	5,119	5,042	4,098
Available tonne km, other (mill. tonne km)	369	112	150	495	487	495	437	421	498	485	377
Revenue tonne km, RTK, total (mill. tonne km)	2,766	1,091	1,649	4,645	4,808	4,819	4,404	3,989	4,067	3,930	3,201
Passengers and excess baggage (mill. tonne km)	2,420	820	1,401	3,907	3,964	3,976	3,666	3,354	3,446	3,308	2,733
Total load factor, total (%)	61.5	47.9	54.0	68.4	70.1	71.4	71.3	71.8	72.4	71.1	71.5
Traffic revenue/revenue tonne km (SEK)	10.67	10.60	10.43	8.68	8.40	7.99	8.11	8.92	8.34	9.53	9.94
Key figures for costs and efficiency											
Unit cost	0.96	1.00	1.15	0.78	0.72	0.69	0.70	0.79	0.75	0.80	0.81
Jet-fuel price paid incl. hedging, average (USD/tonne)	1,166	728	1,017	750	675	566	583	757	978	1,093	1,116
Revenue-related key figures											
Passenger revenue/revenue passenger km, scheduled, yield (SEK)	1.05	1.08	1.05	0.97	0.93	0.90	0.91	1.00	0.94	1.07	1.09
Passenger revenue/available seat km, scheduled, (SEK)	0.73	0.51	0.62	0.73	0.70	0.68	0.68	0.75	0.70	0.78	0.82

1) Total production includes scheduled traffic, charter, ad hoc flights and EuroBonus flights, etc. This means that the figures deviate from the published traffic statistics.

Definitions & concepts, see page 151.

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	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	Jan–Oct, 2013	2012
Environmental key figures											
CO ₂ , gram/passenger km ¹	90	118	111	95	95	96	99	101	100	104	118
CO ₂ , gram/available seat km, total	54	52	59	62	63	65	67	69	70	70	69
Key figures for Scandinavian Airlines											
Market share, to, from and within Scandinavia, (%)	25	30	36	32	32	31	31	32	33	32	33
Yield, currency-adjusted change, (%)	-6.9	6.8	8.6	3.2	1.6	-2.9	-7.7	4.0	-7.4	-0.4	-1.0
PASK, currency-adjusted change, (%) ²	38.7	-15.8	-12.8	2.5	0.5	-1.9	-8.0	3.8	-5.8	-3.2	1.1
Total unit cost, change, (%)	-19.3	14.2	46.4	7.7	2.2	-3.5	-11.1	-3.8	-2.2	-6.0	-0.1
No. of daily departures, scheduled, annual average	503	273	405	789	800	817	813	805	807	791	773
Number of aircraft in operation ³	134	129	135	158	157	158	156	151	156	151	156
Aircraft, block hours/day	7.5	5.7	6.9	9.3	9.6	9.6	9.3	8.8	9.0	8.7	8.2
Pilots, FTEs	805 ⁵	779	989	1,285	1,273	1,345	1,300	1,228	1,396	1,413	1,328
Pilots, block hours/year	542 ⁵	397	377	637	687	686	681	688	685	665	659
Pilots, personnel expense, MSEK ⁴	1,855 ⁵	1,732	2,301	2,536	2,580	2,435	2,489	2,370	2,459	2,584	2,979
Cabin crew, FTEs	1,475 ⁵	1,294	1,183	2,516	2,522	2,635	2,574	2,325	2,564	2,607	2,613
Cabin crew, block hours	704 ⁵	589	530	734	771	777	759	762	762	721	674
Cabin crew, personnel expense, MSEK ⁴	1,164 ⁵	756	1,185	1,738	1,767	1,613	1,647	1,546	1,587	1,769	2,087
Regularity, %	95.8	98.6	98.8	97.5	98.0	98.9	98.4	98.7	99.0	98.8	99.0
Punctuality (%) within 15 min.	75.3	85.9	87.9	80.3	77.7	83.6	83.9	87.9	88.4	86.2	89.4
Customer satisfaction, CSI	68	70	73 ⁶	72	70	72	73	74	72	71	72

1) Carbon dioxide emissions per passenger kilometer comprising all passengers on board all flights (scheduled, charter, etc.). The method has been adjusted from fiscal year 2013 onward.

2) Refers to RASK prior to fiscal year 2014.

3) Including wet leases.

4) Excluding restructuring costs.

5) Number representing the SK platform

6) Measured from November 2019 to February 2020.

Definitions & concepts, see page 151.

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PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING FY 2022

Economic activities (1)	Code(s) (2)	Absolute turnover (3) MSEK	Proportion of turnover (4) %	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of turnover, FY 2022 (18) Percent	Taxonomy-aligned proportion of turnover, FY 2021 (19) Percent	Category (enabling activity or) (20) E	Category '(transitional activity)' (21) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N					

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
7.7 Acquisition and ownership of buildings		50	0.2%																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		50	0.2%																
Total (A.1+A.2)		50	0.2%																

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities (B)		31,774	99.8%
Total (A+B)		31,824	100%

Calculations for the share of revenues that pertain to Taxonomy-eligible economic activities have been based on revenue from leases and comprise revenue from subletting, etc. This is reported under 7.7 Acquisition and ownership of buildings and assessed as Taxonomy-eligible but not Taxonomy-aligned. Total revenue has been defined as the Group's revenue. For more information, see Note 2.

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PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING FY 2022

Economic activities (1)	Code(s) (2)	Absolute CapEx (3) MSEK	Proportion of CapEx (4) %	Substantial contribution criteria							DNSH criteria ('Does Not Significantly Harm')					Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of CapEx, FY 2022 (18) Percent	Taxonomy-aligned proportion of CapEx, FY 2021 (19) Percent	Category (enabling activity or) (20) E	Category '(transitional activity)' (21) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N					

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																	
Total (A.1+A.2)		0	0%																	

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non-eligible activities (B)		4,133	100%
Total (A+B)		4,133	100%

With regard to capital expenditure, SAS' assessment is that no Taxonomy-eligible capital expenditure was carried out during the fiscal year. For more information about investments made, refer to notes 11 and 13, and page 95.

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PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING FY 2022

Economic activities (1)	Code(s) (2)	Absolute OpEx (3) MSEK	Proportion of OpEx (4) %	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of OpEx, FY 2022 (18) Percent	Taxonomy-aligned proportion of OpEx, FY 2021 (19) Percent	Category (enabling activity or) (20) E	Category '(transitional activity)' (21) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N					

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																
Total (A.1+A.2)		0	0%																

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

OpEx of Taxonomy-non-eligible activities (B)		1,910	100%
Total (A+B)		1,910	100%

With regard to operating expenditure, SAS' assessment is that no Taxonomy-eligible capital expenditure was carried out during the fiscal year. For more information operating expenditure, see Note 4.

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TEN-YEAR FINANCIAL OVERVIEW

	2022	2021 ⁵	2020 ^{3,5}	2019	2018	2017	2016	2015	2014	2013	2012 ¹
Statements of income, MSEK											
Revenue	31,824	13,958	20,513	46,736	44,718	42,654	39,459	39,650	38,006	42,182	35,986
Operating income before amortization and depreciation	1,345	-570	-2,736	2,988	3,783	2,844	2,962	2,877	1,576	3,647	955
Depreciation, amortization and impairment	-4,763	-4,817	-6,703	-1,924	-1,763	-1,635	-1,367	-1,446	-1,443	-1,658	-1,426
Income from shares in affiliated companies	22	10	7	-10	35	4	39	37	30	25	32
Income from the sale of shares in subsidiaries and affiliated companies	13	-	-	0	-4	-21	-7	-	6	700	400
Income from the sale and return of aircraft and other non-current assets	82	-143	2	112	479	995	265	777	-16	-118	-247
Financial income	219	214	806	172	129	148	91	124	102	50	96
Financial expenses	-4,733	-1,245	-1,408	-544	-609	-611	-553	-632	-1,130	-999	-1,055
Income before tax, EBT	-7,846	-6,525	-10,097	794	2,050	1,725	1,431	1,417	-918	1,648	-1,245
Income before tax and items affecting comparability	-7,941	-6,382	-8,565	786	2,136	1,951	939	1,174	-697	919	23
Balance sheets, MSEK											
Non-current assets	49,303	44,928	44,634	22,281	21,127	20,252	19,319	18,512	18,291	18,600	29,692
Current assets, excluding cash and cash equivalents	5,200	3,516	2,101	2,968	3,316	3,467	4,065	3,556	3,617	3,462	4,273
Cash and cash equivalents	8,654	4,268	10,231	8,763	9,756	8,836	8,370	8,198	7,417	4,751	2,789
Shareholders' equity	762	6,416	10,023	5,372	7,268	8,058	6,026	6,339	4,907	3,226	11,156
Non-current liabilities	38,596	30,032	28,321	13,525	12,011	9,363	9,822	10,275	10,384	10,173	12,111
Current liabilities	23,799	16,264	18,622	15,115	14,920	15,134	15,906	13,652	14,034	13,414	13,487
Total assets	63,157	52,712	56,966	34,012	34,199	32,555	31,754	30,266	29,325	26,813	36,754
Cash-flow statements, MSEK											
Cash flow from operating activities	1,772	-4,756	-5,176	3,318	4,559	2,443	3,663	3,036	1,096	1,028	2,562
Investments	-5,093	-4,105	-7,557	-6,207	-6,840	-7,315	-5,960	-4,306	-2,113	-1,877	-2,595
Sale of fixed assets, etc.	5,842	2,568	370	1,627	4,161	7,228	3,345	3,193	1,632	1,644	1,976
Cash flow before financing activities	2,521	-6,293	-12,363	-1,262	1,880	2,356	1,048	1,923	615	795	1,943
New hybrid bond issue	-	-	6,000	1,474	-	-	-	-	-	-	-
New share issue	-	-	5,910	-	1,223	-	-	-	3,500	-	-
Proceeds from borrowings	8,515	5,319	11,210	2,292	-	-	-	-	-	-	-
Amortization	-6,179	-5,350	-7,602	-2,362	-	-	-	-	-	-	-

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	2022	2021 ⁵	2020 ^{3,5}	2019	2018	2017	2016	2015	2014	2013	2012 ¹
Redemption of preference shares	–	–	–	-1,112	-2,579	–	–	–	–	–	–
Dividends	–	–	–	-26	-228	-350	-350	-350	-175	–	–
External financing, net	-482	360	-1,683	3	621	-1,537	-530	-787	-1,275	1,171	-2,961
Cash flow for the year	4,375	-5,964	1,472	-993	917	469	168	786	2,665	1,966	-1,018
Key and alternative performance measures^{2,3}											
EBIT margin, %	-10.5	-39.4	-46.3	2.5	5.7	5.1	4.8	5.6	0.4	6.2	-0.8
Return on shareholders' equity, %	-261	-84	-538	14	22	18	24	18	-15	457	-25
Return on invested capital, % ⁴	-8	-13	-28	8	14	13	12	14	4	18	-1
Financial net debt/Adjusted EBITDA ⁴	23.3x	n/a	n/a	3.7x	2.7x	3.1x	3.2x	3.0x	4.2x	3.2x	6.5x
Financial preparedness, % ⁴	60	60	67	38	42	37	41	40	37	26	31
Equity/assets ratio, %	1	12	18	16	21	25	19	21	17	12	30
Adjusted equity/assets ratio, %	n/a	n/a	n/a	9	13	15	12	13	11	8	24
Financial net debt, MSEK	33,657	26,770	18,899	328	-2,432	-2,799	-1,166	-726	1,102	4,567	6,549
Shareholders' equity excluding hybrid bonds per common share	-0.94	-0.16	0.33	10.12	16.11	13.28	7.12	8.10	3.66	33.70	33.91
Debt/equity ratio	44.1	4.1	1.8	0.06	-0.33	-0.35	-0.19	-0.11	0.22	1.42	0.59
Adjusted debt/equity ratio	n/a	n/a	n/a	4.70	2.70	2.28	3.08	2.65	3.14	5.13	1.54
Interest expense/average gross debt, %	2.3	1.8	1.8	4.3	6.4	6.6	5.4	5.6	7.4	7.6	8.1
Interest-coverage ratio	-1.7	-4.4	-6.7	2.5	4.4	3.8	3.6	3.2	0.2	2.6	-1.6

1) As a consequence of the Group's fiscal year changing to November 1–October 31, fiscal year 2012 was shortened to the period January 1–October 31. Yield-based key figures are calculated based on income items for a 12-month period.

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

3) The key ratios from 2020 are inclusive of IFRS 16. The key ratios from 2019 and earlier are based on financial statements excluding IFRS 16 that have not been restated.

4) Key ratios calculated according to another definition from October 31, 2020 due to the introduction of IFRS 16. Previous years' key figures have not been restated.

5) The 2020 and 2021 fiscal years have been restated pursuant to the IFRS IC's agenda decision pertaining to cloud computing arrangement costs. Key figures for previous years have not been restated.

The APMs are calculated using averages of the qualifying periods' balance-sheet items. Until 2019, the return on invested capital, adjusted equity/assets ratio and adjusted debt/equity ratio were calculated using capitalized leasing costs, net, whereby operational leasing commitments for aircraft were taken into consideration.

Definitions & concepts, see page 151–152.

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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. A list of the APMs deemed of sufficient material importance to specify is available at www.sasgroup.net under Investor Relations.

Adjusted EBITDA – Operating income before tax, net financial items, income from the sale of aircraft and other non-current assets, share of income in affiliated companies, and depreciation and amortization.

Adjusted EBITDA margin – Adjusted EBITDA divided by revenue.

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

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

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

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

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

Available seat kilometers – See ASK.

Available tonne kilometers – See ATK.

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

CAGR – Compound annual growth rate.

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

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

Carbon dioxide (CO₂) – A colorless gas that is formed in the combustion of all fossil fuels. The airline industry's CO₂ emissions are being reduced based on a changeover to more fuel-efficient aircraft.

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.

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

Financial net debt/Adjusted EBITDA – Average financial net debt in relation to adjusted EBITDA.

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

FTE – Average number of employees, full-time equivalents.

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

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

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

Interline revenue – Ticket settlement between airlines.

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

LCC – Low Cost Carrier. Low Cost Carrier.

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

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

NPV – Net present value. Used to calculate capitalized future 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 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 IFRS 16 – 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.

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 personnel 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 and equity. 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).

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Average number of employees – is defined as the average number of employees expressed in full-time equivalents, excluding leave of absence, parental leave and long-term sick leave. This definition is also used in financial reporting. Sometimes the term FTE (Full-Time Equivalent) is used.

Biofuels – are solid or liquid fuels of biological origin. Liquid fuels for vehicle/ship/aircraft engines. They are considered carbon neutral to various degrees. The EU renewables directive (2009/28/EC) and biofuels directive (2003/30/EC) define the EU's mandates on biofuels and degree of carbon neutrality.

Carbon dioxide (CO₂) – is a colorless gas that is formed in the combustion of all fossil fuels.

Cargo tonne kilometer – includes all freight and mail (in metric tonnes) multiplied by the great circle distance flown for all flights performed.

CDP – is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Read more at <http://www.cdp.net>.

CFCs – are a group of chlorofluorocarbons that may also contain hydrogen and/or bromide. A class of stable chemical compounds mostly known under the trade names Freon or Halon. Their manufacture is prohibited by the Montreal Protocol because of their depletion of the ozone layer. Aviation has an exception for use under a critical use clause due to the lack of approved alternatives. Research for alternatives is ongoing.

Charges for infrastructure – imposed by the operators of the infrastructure and which are intended to cover operating and capital costs for airlines and air traffic management.

CO₂ – Carbon dioxide (see definition).

CO₂ passenger or cargo share – is the amount of CO₂ emissions from passenger or cargo transport.

Code of Conduct – is the ethics rules and guidelines of a particular business.

CSR – Corporate Social Responsibility.

dB – Decibel, a logarithmic unit of measurement that expresses the magnitude of a physical quantity relative to a specified or implied reference level.

Environmental related charges – are charges imposed by the airport operators to motivate aircraft operators to operate aircraft with high eco-efficiency with respect to noise and other emissions such as NO_x, as well as surcharges imposed by airport operators to motivate aircraft operators to avoid take-offs and landings at night.

Environmentally related taxes – Taxes that, in contrast to other corporate taxation, are motivated by environmental grounds. Examples are the environmentally motivated passenger charge in the UK and the environmentally related fiscal CO₂ charges in Sweden and Norway.

External environmental related costs – are the sum of environmental charges and environmentally related charges and taxes.

Fossil fuels – are fuels consisting of organic carbon and hydrogen compounds in sediment or underground deposits – especially coal, oil and natural gas.

Global Compact – is a challenge from the former UN Secretary General Kofi Annan to business and industry to live up to ten principles of human rights, employee rights, the environment and anti-corruption, as formulated by the UN. www.unglobalcompact.org

Greenhouse effect – Carbon dioxide and other gases trap and reradiate incoming solar radiation that would otherwise be reflected back into space. Most scientists agree that human use of fossil fuels is causing global warming. Other gases that contribute to the greenhouse effect are CFCs (see definition), methane and nitrous oxide.

GRI – Global Reporting Initiative is an organization that provides companies and organizations with a global sustainability reporting framework and thereby allows comparisons between companies from a social, environmental and economic perspective. www.globalreporting.org

Halons – See CFCs.

ISO 14000 – is a series of international environmental standards developed by the International Organization for Standardization. The general guiding principles for ISO 14000 are identical to those in the quality standard ISO 9000.

Jet A-1 – is the common jet fuel specification outside North America. Jet A and Jet A-1 are very similar and throughout this Sustainability Report the term 'jet fuel' is used to describe fuel used by the aviation industry.

MRV – Monitoring, Reporting and Verification of CO₂ emissions and production in tonne-kilometers in the EU Emissions Trading Scheme.

Nitrogen oxides – (NO_x) Formed during combustion in jet engines. The high temperature and pressure in aircraft engines cause the atmospheric nitrogen and oxygen to react with each other. This mainly occurs during take-off and ascent when the engine temperature is at a maximum.

Noise – includes environmentally detrimental, undesirable sounds. The environmental impact of air traffic in the form of noise is primarily a local issue. Noise is normally described and measured in dB(A), an A-weighted sound level.

NO_x – Nitrogen oxides (see definition).

Occupational accident – is the number of injuries employees incur by accident due to a sudden, unforeseen and external incident, resulting in at least one day of absence.

PK – (used in the sustainability-related reporting) – Passenger Kilometers, includes all passengers (100 kg per passenger including luggage) excluding active crew multiplied by the great circle distance flown for all flights performed.

SAF – Sustainable Aviation Fuel is a term for fuel made for aviation, that is produced in a sustainable way and with sustainable raw material, aimed to reduce the greenhouse gas emissions. It includes biofuel, but is not limited to biofuel.

SAFUG – Sustainable Aviation Fuel Users Group. Aviation industry organization focused on accelerating the development and commercialization of sustainable aviation fuels.

Tonne kilometers – are the number of transported metric tonnes of passengers and cargo multiplied by the distance flown.

Weighted noise contour – is calculated based on the number of takeoffs per day at a given airport, with regard to the aircraft types the airline uses at that airport. The weighted noise contour defines the area in km² that is subjected to a noise footprint of 85 dB(A) or more in connection with take-off.

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INVESTOR RELATIONS

SAS Investor Relations is responsible for providing relevant information to and being available for dialogue with shareholders, analysts and the media. Over the year, SAS has completed a number of international roadshows and participated in several capital market activities. The company also holds regular analyst meetings.

Analysts who monitor SAS

DNB	Ole Martin Westgaard
HSBC	Achal Kumar
Nordea	Hans-Erik Jacobsen
Sparebank 1 Markets	Lars-Daniel Westby
Sydbank	Jacob Pedersen

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Email: investor.relations@sas.se**ANNUAL GENERAL SHAREHOLDERS' MEETING 2023****ATTENDING THE AGM**

The AGM of SAS will be held on March 16, 2023.

Parties who wish to participate in the AGM must provide notification to the company through advance submission of their postal ballot. Details of the registration procedure are published in the notice convening the AGM.

SENDING OF THE NOTICE AND NOTIFICATION OF ATTENDANCE

The notice is scheduled to be published on February 6, 2023.

FINANCIAL CALENDAR

Monthly traffic data is generally issued on the fifth working day of every month. The detailed financial calendar is available at www.sasgroup.net under Investor Relations.

February 24, 2023	Q1 Interim report (Nov 2022–Jan 2023)
March 16, 2023	Annual General Shareholders' Meeting
June 1, 2023	Q2 Interim Report (Feb 2023–Apr 2023)
September 1, 2023	Q3 Interim Report (May 2023–Jul 2023)
November 30, 2023	Year-end report (Nov 2023–Oct 2023)
January/February 2024	SAS Annual and Sustainability Report, fiscal year 2023

For more information, please refer to www.sasgroup.net.

ANNUAL REPORT

SAS' annual reports and other financial information are available in English and Swedish and can be downloaded at www.sasgroup.net.

Production: SAS and Narva. Design: Narva. Photography: Louise Whitehouse, Oscar Ekholm Grahn, Bildinstituet, Philip Gundersen, Mads Guldager, Studio Dreyer + Hensley, Patrick Strattner, Carl Hjelte, Yoko Correia Nishimiya, Jasper Spanning, Artūras Kokorevas, Erik Wahlström, Maja Johansson, Marina Gr, Agnes Maltesdotter, Omer Karakus, Reshma Mallecha, Magnus Länje.

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