

# RAMP-UP AND TRANSFORMATION OF SAS CONTINUE



### FEBRUARY 2022–APRIL 2022

- Revenue: MSEK 7,048 (1,932)
- Income before tax (EBT): MSEK -1,557 (-2,331)
- Income before tax and items affecting comparability: MSEK -1,613 (-2,331)
- Net income for the period: MSEK -1,520 (-2,410)
- Earnings per common share: SEK -0.21 (-0.35)

### SIGNIFICANT EVENTS DURING THE QUARTER

- SAS presented a comprehensive transformation plan: SAS FORWARD. A successful implementation of the plan will secure long-term competitiveness and improved financial strength
- The SEK 3,000 million credit facility secured with the main owners in 2021 was drawn
- Erno Hildén was appointed as Executive Vice President and CFO

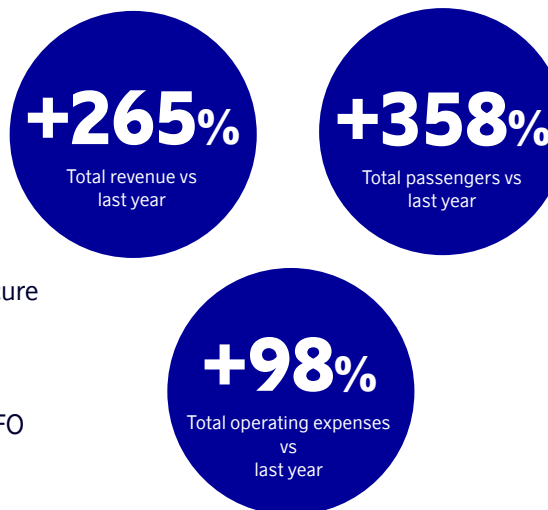
### SIGNIFICANT EVENTS AFTER THE QUARTER

- The aftermath of the COVID-19 pandemic has led to most of the airline industry experiencing difficulty in rebuilding operations. This has led to SAS reducing its summer program by 4,000 of a total of 75,000 flights

### NOVEMBER 2021–APRIL 2022

- Revenue: MSEK 12,593 (4,214)
- Income before tax (EBT): MSEK -4,154 (-4,246)
- Income before tax and items affecting comparability: MSEK -4,234 (-4,258)
- Net income for the period: MSEK -3,962 (-4,443)
- Earnings per common share: SEK -0.55 (-0.63)

### KEY FIGURES – Q2 2022



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

MSEK, unless noted otherwise	Q2	Q2	Q1–Q2	Q1–Q2
	Feb–Apr 2022	Feb–Apr 2021	Nov–Apr 2021–2022	Nov–Apr 2020–2021
Revenue	7,048	1,932	12,593	4,214
Operating income (EBIT)	-763	-2,018	-2,092	-4,168
Operating income (EBIT) margin	-10.8%	-104.5%	-16.6%	-98.9%
Income before tax (EBT)	-1,557	-2,331	-4,154	-4,246
Income before tax and items affecting comparability	-1,613	-2,331	-4,234	-4,258
Net income for the period	-1,520	-2,410	-3,962	-4,443
Cash flow from operating activities	2,459	-1,403	2,345	-6,349

	Apr 30, 2022	Oct 31, 2021	Apr 30, 2021
Return on invested capital	-8%	-13%	-25%
Financial net debt/adjusted EBITDA	20.5x	n/a	n/a
Financial preparedness	54%	60%	38%
Equity/assets ratio	4%	12%	15%
Earnings per common share (SEK)	-0.55	-0.94	-0.63

<sup>1)</sup> The key figures as of April 30, 2021 have been restated due to the new accounting standard "IFRS IC's – Cloud computing arrangement costs". See Note 1.

This information is information that SAS AB is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted by Louise Bergström for publication on May 31, 2022 at 8:00 a.m. CET.

**“We are seeing healthy underlying demand, but uncertainty persists and a successful implementation of SAS FORWARD will secure our long-term competitiveness.”**

Anko Van der Werff, President and CEO

# COMMENTS BY THE CEO

SAS continues the ramp-up and has during the quarter seen the highest number of passengers since the pandemic started. Meanwhile, the work with the necessary transformation plan, SAS FORWARD, continues.

The plan was presented when the Q1 results were released on February 22 and is designed to secure long-term competitiveness. It will allow SAS to effectuate a deleveraging of its balance sheet while substantially improving its liquidity position. In addition to reducing the cost structure and improve efficiencies, SAS is seeking to convert approximately SEK 20 billion of debt and hybrid notes into common 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.

Earnings before tax ended at negative SEK 1.6 billion for the quarter and the cash balance at the end of the quarter was SEK 8.5 billion.

## QUARTERLY RESULTS ARE IMPROVED AS A RESULT OF RAMP-UP

Looking back at the second quarter, we can see that demand improved as travel restrictions were eased. Passengers flying with SAS increased 28% compared to the previous quarter and the flown load factor reached approximately 67%, up 11 percentage points compared with the earlier quarter. Our capacity was increased by 3% compared to the first quarter. The transformation of SAS has to continue to adapt to the new market conditions in order to be able to remain flexible, competitive and financially strong for the long-term future. Earnings before tax ended at negative SEK 1.6 billion, an improvement of SEK 1.0 billion compared with last quarter, or a SEK 0.7 billion improvement year-on-year. Ticket sales continue to increase ahead of

the summer period and SAS is targeting 80% capacity deployment compared to summer 2019.

Cost reductions across all of SAS remain in focus to secure our cost competitiveness. Total operating expenses during the quarter ended at SEK 7.8 billion and total operating revenue landed at SEK 7.0 billion for the quarter. Total revenue increased 27% compared with the first quarter, an improvement of approximately SEK 5.1 billion compared with last year, but still 31% below the second quarter in 2019, which was unaffected by COVID-19.

The cash balance at the end of the quarter was SEK 8.5 billion. At end of the first quarter of FY2022 the cash balance was SEK 3.4 billion. Operational cash



Anko Van der Werff, President and CEO

flow during the quarter amounted to SEK 2.5 billion, compared with SEK -1.4 billion for the same period last year.

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

Despite this positive development, SAS continues to face substantial structural cost challenges while also facing growing competition with substantially lower cost structures than SAS. SAS also incurred substantial additional debt during the pandemic that added to its pre-COVID highly leveraged balance sheet. In addition, recent macroeconomic changes (including fuel and exchange rates) and geopolitical events are limiting operations and create additional costs. Given these factors, the SAS Board has concluded that a substantial restructuring is needed to enable SAS to become profitable by implementing SAS FORWARD.

#### **Key Elements of SAS FORWARD**

- Reducing the annual costs by SEK 7.5 billion
- Redesigned fleet, network and product offerings
- Digital transformation
- Positioning SAS as the leader in sustainable aviation
- Operating platform acceleration
- Strengthening SAS' balance sheet by deleveraging and raising new capital

#### **Debt-to-equity conversion and equity raise**

SAS is seeking to convert approximately SEK 20 billion of existing debt and hybrid notes into common equity, of which a majority is on-balance sheet debt and hybrid instruments (state hybrid notes, commercial hybrid notes, lease liabilities, Swiss bonds and term loans from states and commercial banks) and some relates to maintenance contract obligations and other executory contract obligations. The contemplated conversions are designed to strengthen the balance sheet and significantly reduce the debt-burden being carried in order to

relieve SAS from elevated financial costs that currently weigh on profitability, and to position SAS for future growth.

In addition to debt conversions, SAS is looking for alternatives to raise new equity. SAS will seek to raise not less than SEK 9.5 billion in equity capital. The planned SEK 9.5 billion or more equity raise is expected to provide sufficient liquidity to fund operations through the full implementation of SAS FORWARD and the recovery in passenger demand post COVID-19. It is currently expected that a significant share of such new equity will likely be sought from new investors.

The new equity capital and debt-to-equity conversions contemplated as part of SAS FORWARD will entail substantial dilution to existing shareholders.

#### **Labor discussions**

SAS continues to pursue negotiations with all of its organized labor groups as a means of achieving a consensual outcome with respect to labor's share of the burden sharing program. Notably, the requested labor concessions are an important element of SAS achieving a competitive and sustainable business model, but in aggregate represent less than 20% of the targeted annual cost improvements. An agreement with organized labor groups is a condition of SAS FORWARD and it will not be possible to raise new capital or secure the future of the airline without labor burden sharing.

#### **Update on discussions with stakeholders**

Discussions are currently ongoing regarding stakeholders' participation and acceptance of burden sharing. Given the limited progress made so far, there can be no guarantees that SAS FORWARD will be successfully completed. In the event that the expected burden sharing, debt conversions, and new capital raise are not completed as planned, SAS will not be able 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.

#### **Implementation processes**

SAS FORWARD involves complex multiparty negotiations. As is usual in a restructuring process, it is possible that SAS may seek to utilize one or more court restructuring proceedings designed to assist in the resolution of SAS's financial difficulties and help implement parts of SAS FORWARD.

Finally, it should be noted that the completion of the cost reduction programs, the debt-to-equity conversions, the fleet restructuring and the significant equity capital raise are subject to uncertainty and there can be no guarantee of success in such efforts by SAS. Further, the transactions envisaged are subject to various conditions including EU Commission and other state aid approvals and other regulatory clearances and various stakeholder approvals, which have not yet been obtained.

### **POSITIVE MARKET DEVELOPMENT TOWARD THE SUMMER SEASON**

SAS continues the ramp-up and has during the quarter had the highest number of passengers since the pandemic started. We have recently experienced positive market development and strong ticket sales ahead of the important summer season. SAS and Apollo (a provider of charter travel services to and from the Nordic market) also signed an agreement during the quarter, concerning summer charter flights, within the framework of their three-year collaboration. Flights will depart from around 20 locations in Sweden, Norway and Denmark and fly to around 30 Mediterranean destinations.

The SAS traffic program and capacity are increased according to customer demand, but there are constraints to the growth of traffic, as effects of the pandemic linger on. The whole airline ecosystem has difficulties ramping up, which also has an implication on SAS. We foresee challenges during summer relating to everything from airports and ground staffing to crew training bottlenecks such as availability of training instructors, and we also see continued delayed aircraft deliveries. In order to minimize the risk of disruption and create more stability for the upcoming summer travels, SAS has made adjustments to the traffic program during June to August, after the quarter ended.

SAS aims to be a global leader in sustainable aviation and during the quarter we launched the Travel Pass Biofuel, a punch card for corporate customers who regularly travel to the same destination and want to include biofuel to reduce the climate impact of their trips.

### **LOOKING AHEAD**

We see a pent-up demand for traveling and underlying demand is healthy, both for business and for leisure travel. However, we still remain cautious due to the prevailing uncertainties. Traffic to and from Asia remains affected by remaining COVID-19 restrictions as well as the geopolitical situation.

I am grateful for the hard work my colleagues at SAS are delivering, to ensure that we take care of our customers in the best possible way. Together we are working our way through these challenging times and we welcome our customers on board our aircraft.

Anko van der Werff  
President and CEO  
Stockholm, May 31, 2022

# COMMENTS ON SAS' FINANCIAL STATEMENTS

## INCOME STATEMENT, SUMMARY Q1–Q2 2022

MSEK Income statement	Nov–Apr 21–22	Nov–Apr 20–21	Change vs LY	Currency effects	Change vs LY (Curr. adj)
Revenue	12,593	4,214	8,379	100	8,279
Total operating expenses	-14,685	-8,382	-6,303	-79	-6,224
Operating income (EBIT)	-2,092	-4,168	2,076	21	2,055
Income before tax (EBT)	-4,154	-4,246	92	-1,826	1,918

### Revenue

Revenue totaled MSEK 12,593 (4,214), see Note 2. Currency-adjusted revenue was up MSEK 8,279 year-on-year. The increase in revenue mainly related to increased production and increased demand.

Currency-adjusted passenger revenue rose 296%. 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 3,890. The higher load factor had a positive effect of MSEK 4,826. The lower yield had a negative effect of MSEK 2,503 on passenger revenue due to changed travel patterns.

Currency-adjusted cargo revenue increased MSEK 367 and currency-adjusted charter revenue was up MSEK 344. Other traffic revenue (currency-adjusted) was MSEK 850 higher. The increase in revenue was mainly related to higher traffic volumes.

Other operating revenue (currency-adjusted) was up MSEK 505 year-on-year, mainly as a consequence

of higher revenue from ground handling operations, sales of EuroBonus points and other volume-related revenues.

### Operating expenses

Personnel expenses amounted to MSEK -3,401 (-2,716). After adjustment for currency and items affecting comparability, personnel expenses increased MSEK 652 year-on-year. The increase was mainly due to more employees and to the previous year including support for temporary lay-offs.

Jet fuel costs amounted to MSEK -2,810 (-719). Adjusted for currency, jet-fuel costs increased 282%. Volume effects had a negative impact on costs of MSEK 1,788. Increased jet-fuel prices had a negative impact of MSEK 386 on these costs. Hedge effects had a positive impact of MSEK 97 year-on-year.

Air traffic charges amounted to MSEK -1,191 (-425). Adjusted for currency, air traffic charges increased 175%. The increase pertained mainly to higher traffic volumes.

Other external expenses amounted to MSEK -5,025 (-2,102), see Note 3. Year-on-year, other external expenses (currency-adjusted) increased MSEK 2,903. The increase pertained primarily to higher costs for handling, sales and distribution, and technical maintenance as well as higher wet-lease expenses. Currency-adjusted handling costs, and sales and distribution costs increased MSEK 506 and MSEK 461 respectively,

mainly related to higher volumes. Technical maintenance costs (currency-adjusted) increased MSEK 201 due to increased volumes. Wet-lease expenses increased MSEK 529 (currency-adjusted) primarily due to increased demand. Other external expenses for the previous period included compensation for fixed costs of MSEK 382.

Depreciation, amortization and impairment amounted to MSEK -2,345 (-2,437), a decrease of MSEK 92 year-on-year. See Note 4.

### Financial net

Financial income and expenses amounted to net MSEK -2,062 (-78), representing an increase in net expenses of MSEK 1,984 year-on-year. The increase is mainly related to currency revaluations for lease liabilities of MSEK 1,858, which had a negative impact of MSEK 1,357 this year, compared with a positive impact of MSEK 501 last year. See Note 5.

### Net income for the period

Operating income amounted to MSEK -2,092 (-4,168) and EBT amounted to MSEK -4,154 (-4,246). The year-on-year improvement in operating income pertained mainly to the increased demand.

Net income for the period was MSEK -3,962 (-4,443) and tax for the period amounted to MSEK 192 (-197). Income tax for the period was largely attributable to the effects of currency revaluations of lease liabilities. Year-on-year, the foreign exchange-rate trend had a

positive impact on revenue of MSEK 100 and a negative effect on operating expenses of MSEK 79. Foreign exchange rates thus had a positive impact on operating income of MSEK 21. Net financial items were negatively impacted by currency items amounting to MSEK 1,847. In total, currency effects had a net negative impact of MSEK 1,826 on EBT.

### Items affecting comparability

Total items affecting comparability amounted to MSEK 80 (12) during the period and pertained to capital gains on the sale of three 737-800 aircraft and sale and leaseback transactions for three A320 aircraft and two spare engines. Last year, items affecting comparability mainly comprised a capital gain from the sale of three 737-800 aircraft.

## INCOME STATEMENT, SUMMARY Q2 2022

MSEK Income statement	Feb–Apr 22	Feb–Apr 21	Change vs LY	Currency effects	Change vs LY (Curr. adj)
Revenue	7,048	1,932	5,116	90	5,026
Total operating expenses	-7,811	-3,950	-3,861	-5	-3,856
Operating income (EBIT)	-763	-2,018	1,255	85	1,170
Income before tax (EBT)	-1,557	-2,331	774	-329	1,103

### Revenue

Revenue totaled MSEK 7,048 (1,932), see Note 2. Currency-adjusted revenue was up MSEK 5,026 year-on-year. The increase in revenue mainly related to increased production and increased demand.

Currency-adjusted passenger revenue rose 382%. 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 2,032. The higher load factor had a positive effect of MSEK 2,934. The lower yield had a negative effect of MSEK 1,154 on passenger revenue due to changed travel patterns.

Currency-adjusted cargo revenue increased MSEK 130 and currency-adjusted charter revenue was up MSEK 185. Other traffic revenue (currency-adjusted) was MSEK 566 higher. The increase in revenue was mainly related to higher traffic volumes.

Other operating revenue (currency-adjusted) was up MSEK 333 year-on-year, mainly as a consequence of higher revenue from ground handling operations, sales of EuroBonus points and other volume-related revenues.

### Operating expenses

Personnel expenses amounted to MSEK -1,749 (-1,288). After adjustment for currency and items affecting comparability, personnel expenses increased MSEK 417 year-on-year. The increase was mainly due to more employees and to the previous year including support for temporary lay-offs.

Jet fuel costs amounted to MSEK -1,674 (-291). Adjusted for currency, jet-fuel costs increased 423%. Volume effects had a negative impact on costs of MSEK 1,101. Increased jet-fuel prices had a negative impact of MSEK 221 on these costs. Hedge effects had a positive impact of MSEK 34 year-on-year.

Air traffic charges amounted to MSEK -622 (-203). Adjusted for currency, air traffic charges increased 190%. The increase pertained mainly to higher traffic volumes.

Other external expenses amounted to MSEK -2,663 (-999), see Note 3. Year-on-year, other external expenses (currency-adjusted) increased MSEK 1,746. The increase pertained primarily to higher costs for handling, sales and distribution, and technical maintenance as well as higher wet-lease expenses. Currency-adjusted handling costs, and sales and distribution

costs increased MSEK 279 and MSEK 251 respectively, mainly related to higher volumes. Technical maintenance costs (currency-adjusted) increased MSEK 75 due to increased volumes. Wet-lease expenses increased MSEK 312 (currency-adjusted) primarily due to increased demand.

Depreciation, amortization and impairment amounted to MSEK -1,162 (-1,172), a decrease of MSEK 10 year-on-year. See Note 4.

### Financial net

Financial income and expenses amounted to net MSEK -794 (-313), representing an increase in net expenses of MSEK 481 year-on-year. The increase mainly related to currency revaluations for lease liabilities, which had a negative impact of MSEK 428 this year, compared with a negative impact of MSEK 18 last year. See Note 5.

### Net income for the period

Operating income amounted to MSEK -763 (-2,018) and EBT amounted to MSEK -1,557 (-2,331). The year-on-year improvement in operating income pertained mainly to the increased demand.

Net income for the period was MSEK -1,520 (-2,410) and tax for the period amounted to MSEK 37 (-79). Income tax for the period was largely attributable to the effects of currency revaluations of lease liabilities.

Year-on-year, the foreign exchange-rate trend had a positive impact on revenue of MSEK 90 and a negative effect on operating expenses of MSEK 5. Foreign exchange rates thus had a positive impact on operating income of MSEK 85. Net financial items were negatively impacted by currency items amounting to MSEK 414. In total, currency effects had a net negative impact of MSEK 329 on EBT.

**Items affecting comparability**

Total items affecting comparability amounted to MSEK 56 (0) during the period and pertained to capital gains on the sale of one 737-800 aircraft and sale and leaseback transactions for three A320 aircraft. In 2021, there were no sales and no other items affecting comparability.

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

*Intangible and tangible fixed assets* increased MSEK 1,322 since October 31, 2021. Changes for the period included investments of MSEK 2,273, amortization and depreciation of MSEK -738 and other effects of MSEK -213. The amount for investments included advance payments of MSEK 1,166, as well as delivery payments for three Airbus A320 aircraft. Other aircraft investments comprised capitalized expenditures for engine maintenance and modifications. Other effects included translation differences of about MSEK +1,700 and the sale of three A320 aircraft and three 737-800 aircraft as well as two spare engines of about MSEK -1,900.

*Right-of-use assets* decreased MSEK 12 during the period. New leases amounted to MSEK 1,550, and were mainly related to new leases for three A320 aircraft, one A321LR, one E195 and two spare engines. Changes in indexation and modification in underlying agreements increased the asset by MSEK 36, and depreciation was MSEK -1,607. The currency effect was MSEK 9.

*Financial assets* increased MSEK 149, mainly due to remeasurements for SAS' defined-benefit pension plans.

*Deferred tax assets* increased MSEK 241, where the increase was primarily due to the effects of currency revaluations of lease liabilities. No loss carryforwards were capitalized in the first six months.

*Current receivables* increased MSEK 818. The increase is mainly attributable to increased deposits and higher accounts receivable offset by received state aid related to the preceding fiscal year.

*Cash and cash equivalents* were MSEK 8,478 (4,268) as of April 30, 2022. Unutilized contracted credit facilities amounted to MSEK 0 (2,969). Financial preparedness amounted to 54% (60) of SAS' fixed costs.

**Shareholders' equity and liabilities**

*Shareholders' equity* decreased MSEK 4,244 to MSEK 2,172. The decrease pertained mainly to net income for the period of MSEK -3,962, changes in cash-flow hedges of MSEK -491 and the positive actuarial effect on defined-benefit pension plans of MSEK 100.

*Non-current liabilities* increased MSEK 6,212 and *current liabilities* increased MSEK 4,767. The total increase in liabilities was MSEK 10,979 and was mainly due to currency revaluations, new leases, new borrowing and increased unearned transportation liabilities.

**Interest-bearing liabilities**

On April 30, 2022, interest-bearing liabilities amounted to MSEK 40,547 (32,924), up MSEK 7,623 since October 31, 2021. New loans and amortization for the period were MSEK 4,781 and MSEK 1,514, respectively. New loans and amortization of lease liabilities were MSEK 1,555 and MSEK 1,440 respectively. Currency revaluations increased liabilities by about MSEK 3,900, and accrued interest and other items increased liabilities by about MSEK 340.

**Financial net debt**

As of April 30, 2022, financial net debt amounted to MSEK 29,595 (26,770), an increase of MSEK 2,825 since October 31, 2021. The increase was primarily attributable to the net negative effect of currency revaluations of about MSEK 3,500 and new lease liabilities of MSEK 1,555 offset by the positive cash flow before financing activities of MSEK 2,207.

**Key figures**

As of April 30, 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 54% (60) at the end of the quarter. A higher cash position offset by higher fixed costs was the reason for the change in the key ratio.

The financial net debt/adjusted EBITDA ratio was a multiple of 20 as of April 30, 2022. On October 31, 2021, the multiple was negative.

On April 30, 2022, the equity/assets ratio amounted to 4%, compared with 12% on October 31, 2021. The decrease was primarily attributable to lower shareholders' equity as a result of the period's negative earnings.

**CASH-FLOW STATEMENT**

Cash flow for the period amounted to MSEK 4,208 (-5,812). Cash and cash equivalents amounted to MSEK 8,478, compared with MSEK 4,268 on October 31, 2021.

**Cash flow from operating activities**

Cash flow from operating activities before changes in working capital amounted to MSEK -784 (-2,499) in the fiscal year. 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 3,129 (-3,850). A major reason for the positive change year-on-year was the substantial change in the unearned transportation liability during the period and due to last year being affected by lower forward bookings. The period was also positively impacted by lower payments for, inter alia, technical maintenance and other provisions.

Cash flow from operating activities was strongly positive through the second quarter at MSEK 2,459 and for the first six months of the year amounted to MSEK 2,345 compared with MSEK -6,349 last year, representing a year-on-year improvement of MSEK 8,694.

**Investing activities**

Investments totaled MSEK 2,273 (2,360) of which MSEK 2,273 (2,359) pertained to aircraft. Investments for the period comprised three A320 aircraft, capitalized expenditure for aircraft maintenance, modifications and advance payments to Airbus. Two engines, three 737-800 aircraft and three A320 aircraft were divested during the period, generating inflows of MSEK 2,112 (257).

**Financing activities**

New loans amounted to MSEK 4,781 (4,383), while repayments totaled MSEK 1,514 (987). Amortization of lease liabilities totaled MSEK 1,440 (1,603).

**PARENT COMPANY**

The Parent Company SAS AB conducts extremely limited intra-Group services. Revenue totaled MSEK 25 (22) and operating expenses MSEK -121 (-36). Net financial items totaled MSEK 114 (235) and impairment of shares in subsidiaries amounted to MSEK 0 (-223). Net income for the period was MSEK 18 (-2).

**FINANCIAL TARGETS**

SAS' overall long-term goal is to create value for our shareholders and to deliver sustainable and profitable growth throughout the business cycle.

SAS' three financial targets are:

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

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

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

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

**ENVIRONMENTAL GOALS**

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

Accordingly, we have set comprehensive and ambitious, short and long-term environmental goals to drive our environmental work, which is in line with SAS' strive for global leadership in sustainable aviation.

**Our 2025 target**

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



### EVENTS DURING THE QUARTER

- SAS presented a comprehensive transformation plan: SAS FORWARD The plan will secure long-term competitiveness and improved financial strength
- The SEK 3,000 million credit facility secured with the main owners in 2021 was drawn
- Erno Hildén was appointed as Executive Vice President and CFO.

### EVENTS AFTER APRIL 30, 2022

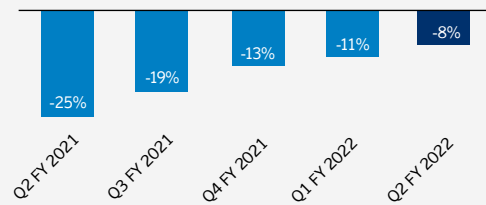
- The aftermath of the COVID-19 pandemic has led to most of the airline industry experiencing difficulty in rebuilding operations This has led to SAS reducing its summer program by 4,000 of a total of 75,000 flights.

### OUTLOOK

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

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

SAS has a target for the return on invested capital (ROIC) to exceed the post-tax Weighted Average Cost of Capital (WACC) over a business cycle.



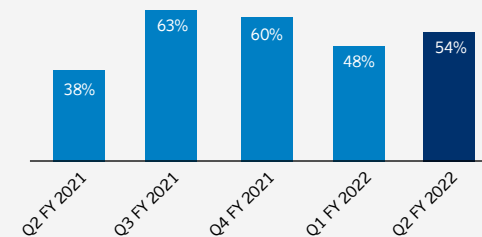
#### FINANCIAL NET DEBT/ADJUSTED EBITDA

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



#### FINANCIAL PREPAREDNESS, %

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



# RISKS AND UNCERTAINTIES

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

## OPERATING ENVIRONMENT

Over the past two years, the COVID-19 pandemic has significantly affected the whole aviation industry, including SAS. And in some parts of the world, residual effects such as travel restrictions still remain in place. Substantially rising demand for travel is having a significant impact and the industry is struggling to recover quickly enough to meet this positive trend. The current geopolitical situation and turbulence in Eastern Europe is also affecting the airline industry and, inter alia, is impacting the recovery of traffic to and from Asia. The effect for SAS has however been limited during the second quarter. Estimation uncertainty has increased due to the current market conditions in the aviation industry for forecasts and scenario analyses related to future demand, primarily in the short term. As described in the Annual Report for Fiscal Year 2021, page 70, critical accounting estimates and key sources of estimation uncertainty include: Estimated useful lives of tangible fixed assets; Impairment of assets; Pensions; Deferred taxes; Undertakings pertaining to right-of-use assets – aircraft; and Litigations.

Currency and jet-fuel hedging is described below and the impact of COVID-19 is described on page 17 in Note 1. SAS closely monitors on an ongoing basis the development of risks and uncertainties.

## CURRENCY AND JET-FUEL HEDGING

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

The policy for jet-fuel hedging states that jet fuel should be hedged at an interval of 40–80% of anticipated volumes for the coming 12 months. The policy also allows hedging of up to 50% of the anticipated volumes for the period, 13–18 months. Under the

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

Market price	Exchange rate SEK/USD				
	9.0	9.5	10.0	10.5	11.0
USD 600/MT	5.9	6.1	6.3	6.5	6.6
USD 700/MT	6.4	6.6	6.8	7.0	7.2
USD 800/MT	6.8	7.1	7.3	7.5	7.7
USD 900/MT	7.3	7.5	7.8	8.0	8.3
USD 1,000/tonne	7.7	8.0	8.3	8.5	8.8

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

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

For the forthcoming 12 months, SAS has 0% of the fuel consumption hedged. Hedging of SAS' future jet-fuel consumption is normally conducted through a mix of swaps and options. Under current plans for flight capacity, the cost of jet fuel during FY 2022 is expected to be in line with the table in the middle, taking into account different fuel prices, USD rates and jet-fuel hedging.

For foreign currency, the policy is to hedge 40–80%. At the end of the quarter, SAS had hedged 40% of its anticipated USD cash flow deficit for the next 12 months. SAS has hedged the USD deficit using forward contracts and currency options. In terms of NOK, which is SAS' largest surplus currency, 40% was hedged for the next 12 months. Based on the currency exposure a weakening of the NOK against the SEK of 1% would generate a negative earnings impact of MSEK 41, excluding hedge effects. A weakening of the

USD against the SEK of 1% would generate a positive earnings impact of MSEK 120, excluding hedge effects, before any potential IFRS 16 effects.

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

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

Based on lease liabilities of approximately MUSD 1,611 and the USD rate as of April 30, 2022, a weakening of the USD against the SEK of 1% would generate a positive earnings impact of approximately MSEK 112 in profit or loss and a positive effect in OCI of approximately MSEK 46.

## LEGAL ISSUES

The European Commission's decision in November 2010 found SAS and many other airlines guilty of alleged participation in a global air cargo cartel in the 1999–2006 period and ordered SAS to pay a fine of MEUR 70.2. SAS appealed the decision in January 2011 and in December 2015, the General Court of the European Court of Justice 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 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 is currently evaluating whether to appeal the judgment to the highest EU Court.

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

# CONSOLIDATED STATEMENT OF INCOME

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

MSEK	Note	Q2		Q1-Q2	
		Feb-Apr 2022	Feb-Apr 2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021
Revenue	2	7,048	1,932	12,593	4,214
Personnel expenses		-1,749	-1,288	-3,401	-2,716
Jet-fuel costs		-1,674	-291	-2,810	-719
Air traffic charges		-622	-203	-1,191	-425
Other external expenses	3	-2,663	-999	-5,025	-2,102
Depreciation, amortization and impairment	4	-1,162	-1,172	-2,345	-2,437
Income from shares in affiliated companies		3	3	7	5
Income from the sale of aircraft and other non-current assets		56	0	80	12
<b>Operating income (EBIT)</b>		<b>-763</b>	<b>-2,018</b>	<b>-2,092</b>	<b>-4,168</b>
Financial income and expenses	5	-794	-313	-2,062	-78
<b>Income before tax (EBT)</b>		<b>-1,557</b>	<b>-2,331</b>	<b>-4,154</b>	<b>-4,246</b>
Tax		37	-79	192	-197
<b>Net income for the period</b>		<b>-1,520</b>	<b>-2,410</b>	<b>-3,962</b>	<b>-4,443</b>
<b>Other comprehensive income</b>					
<i>Items that may later be reversed to net income:</i>					
Exchange-rate differences in translation of foreign operations		11	54	109	59
Cash-flow hedges, net after tax		-153	-71	-491	508
<i>Items that will not be reversed to net income:</i>					
Revaluations of defined-benefit pension plans, net after tax		31	1,436	100	1,922
<b>Total other comprehensive income, net after tax</b>		<b>-111</b>	<b>1,419</b>	<b>-282</b>	<b>2,489</b>
<b>Comprehensive income for the period</b>		<b>-1,631</b>	<b>-991</b>	<b>-4,244</b>	<b>-1,954</b>
<i>Attributable to Parent Company shareholders:</i>					
Net income for the period		-1,520	-2,410	-3,962	-4,443
Comprehensive income for the period		-1,631	-991	-4,244	-1,954
Earnings per common share before and after dilution (SEK) <sup>1)</sup>		-0.21	-0.35	-0.55	-0.63

<sup>1)</sup> Earnings per share are calculated as net income for the period attributable to Parent Company shareholders less hybrid bond expenses in relation to 7,266,039,292 (7,266,039,292) shares outstanding during the period.

## INCOME BEFORE TAX AND ITEMS AFFECTING COMPARABILITY

MSEK	Q2		Q1-Q2	
	Feb-Apr 2022	Feb-Apr 2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021
Income before tax (EBT)	-1,557	-2,331	-4,154	-4,246
Restructuring costs	0	0	0	0
Capital gains/losses <sup>1)</sup>	-56	0	-80	-12
<b>Income before tax and items affecting comparability</b>	<b>-1,613</b>	<b>-2,331</b>	<b>-4,234</b>	<b>-4,258</b>

<sup>1)</sup> Capital gains/losses include aircraft sales amounting to MSEK 80 (14) and facility sales of MSEK 0 (-2) in the November-April period.

# CONSOLIDATED BALANCE SHEET

## CONDENSED BALANCE SHEET

MSEK	Apr 30, 2022	Oct 31, 2021	Apr 30, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	709	709	723
Tangible assets	19,291	17,969	19,336
Right-of-use assets	16,947	16,959	16,533
Financial assets	8,314	8,165	7,333
Deferred tax assets	1,367	1,126	1,092
<b>Total non-current assets</b>	<b>46,628</b>	<b>44,928</b>	<b>45,017</b>
<b>Current assets</b>			
Inventories and expendable spare parts	419	412	596
Current receivables	3,922	3,104	1,850
Cash and cash equivalents	8,478	4,268	4,420
<b>Total current assets</b>	<b>12,819</b>	<b>7,784</b>	<b>6,866</b>
<b>TOTAL ASSETS</b>	<b>59,447</b>	<b>52,712</b>	<b>51,883</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total shareholders' equity</b>	<b>2,172</b>	<b>6,416</b>	<b>7,933</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	17,157	12,989	13,309
Interest-bearing lease liabilities	15,063	13,231	12,590
Other non-current liabilities	4,024	3,812	3,425
<b>Total non-current liabilities</b>	<b>36,244</b>	<b>30,032</b>	<b>29,324</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	5,233	3,871	3,879
Interest-bearing lease liabilities	3,094	2,833	2,544
Other current liabilities	12,704	9,560	8,203
<b>Total current liabilities</b>	<b>21,031</b>	<b>16,264</b>	<b>14,626</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>59,447</b>	<b>52,712</b>	<b>51,883</b>
Interest-bearing assets	17,768	12,746	11,548
Interest-bearing liabilities	40,547	32,924	32,322
Working capital	-12,026	-9,076	-7,913

## SPECIFICATION OF FINANCIAL NET DEBT, APRIL 30, 2022

	According to balance sheet	Of which financial net debt
Financial assets	8,314	757
Current receivables	3,922	1,717
Cash and cash equivalents	8,478	8,478
Non-current liabilities	36,244	32,220
Current liabilities	21,031	8,327
<b>Financial net debt</b>		<b>-29,595</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## CONDENSED CHANGES IN SHAREHOLDERS' EQUITY

Total shareholders' equity attributable to Parent Company shareholders

MSEK	Share capital <sup>1</sup>	Not registered share capital	Other contributed capital	Hedging reserves	Translation reserve	Hybrid bonds	Retained earnings	Total shareholders' equity
<b>Opening shareholders' equity in accordance with approved balance sheet, October 31, 2020</b>	<b>8,645</b>	<b>5</b>	<b>2,899</b>	<b>15</b>	<b>-231</b>	<b>7,615</b>	<b>-8,925</b>	<b>10,023</b>
Share registration	5	-5						-
Hybrid bond interest							-136	-136
Net income for the period							-4,443	-4,443
Other comprehensive income for the period				508	59		1,922	2,489
<b>Closing balance, April 30, 2021</b>	<b>8,650</b>	<b>-</b>	<b>2,899</b>	<b>523</b>	<b>-172</b>	<b>7,615</b>	<b>-11,582</b>	<b>7,933</b>
Hybrid bond interest							-138	-138
Net income for the period							-2,080	-2,080
Other comprehensive income for the period				-12	-20		733	701
<b>Closing balance, October 31, 2021</b>	<b>8,650</b>	<b>-</b>	<b>2,899</b>	<b>511</b>	<b>-192</b>	<b>7,615</b>	<b>-13,067</b>	<b>6,416</b>
Hybrid bond interest <sup>2</sup>							-	-
Net income for the period							-3,962	-3,962
Other comprehensive income for the period				-491	109		100	-282
<b>Closing balance, April 30, 2022</b>	<b>8,650</b>	<b>-</b>	<b>2,899</b>	<b>20</b>	<b>-83</b>	<b>7,615</b>	<b>-16,929</b>	<b>2,172</b>

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

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

# CONSOLIDATED CASH-FLOW STATEMENT

## CONDENSED CASH-FLOW STATEMENT

MSEK	Q2	Q2	Q1-Q2	Q1-Q2
	Feb-Apr 2022	Feb-Apr 2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021
<b>OPERATING ACTIVITIES</b>				
Income before tax (EBT)	-1,557	-2,331	-4,154	-4,246
Depreciation, amortization and impairment	1,162	1,172	2,345	2,437
Income from sale of aircraft and buildings	-56	0	-80	-12
Adjustment for other non-cash items, etc.	343	-74	1,105	-676
Tax paid	0	0	0	-2
<b>Cash flow from operations before change in working capital</b>	<b>-108</b>	<b>-1,233</b>	<b>-784</b>	<b>-2,499</b>
Change in working capital	2,567	-170	3,129	-3,850
<b>Cash flow from operating activities</b>	<b>2,459</b>	<b>-1,403</b>	<b>2,345</b>	<b>-6,349</b>
<b>INVESTING ACTIVITIES</b>				
Investments including advance payments to aircraft manufacturers	-1,416	-1,584	-2,273	-2,359
Acquisition of subsidiaries and affiliated companies	0	-1	0	-1
Sale of fixed assets, etc.	1,556	66	2,135	329
<b>Cash flow from investing activities</b>	<b>140</b>	<b>-1,519</b>	<b>-138</b>	<b>-2,031</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from borrowings	4,692	2,954	4,781	4,383
Repayment of borrowings	-1,376	-328	-1,514	-987
Amortization of lease liabilities	-801	-728	-1,440	-1,603
Other financing activities	-75	711	174	775
<b>Cash flow from financing activities</b>	<b>2,440</b>	<b>2,609</b>	<b>2,001</b>	<b>2,568</b>
<b>Cash flow for the period</b>	<b>5,039</b>	<b>-313</b>	<b>4,208</b>	<b>-5,812</b>
Translation difference in cash and cash equivalents	1	1	2	1
Cash and cash equivalents at beginning of the period	3,438	4,732	4,268	10,231
<b>Cash and cash equivalents at the end of the period</b>	<b>8,478</b>	<b>4,420</b>	<b>8,478</b>	<b>4,420</b>

# PARENT COMPANY SAS AB

The number of shareholders in SAS AB amounted to 238,014 (228,047) on April 30, 2022. The average number of employees amounted to two (two).

## CONDENSED STATEMENT OF INCOME

MSEK	Q1-Q2	
	Nov-Apr 2021-2022	Nov-Apr 2020-2021
Revenue	25	22
Personnel expenses	-14	-15
Other operating expenses	-107	-21
<b>Operating income (EBIT)</b>	<b>-96</b>	<b>-14</b>
Impairment in subsidiaries	0	-223
Net financial items	114	235
<b>Income before tax (EBT)</b>	<b>18</b>	<b>-2</b>
Tax	0	0
<b>Net income for the period</b>	<b>18</b>	<b>-2</b>

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

## CONDENSED BALANCE SHEET

MSEK	Apr 30, 2022	Oct 31, 2021	Apr 30, 2021
Financial non-current assets	24,925	24,939	24,787
Other current assets	82	31	201
Cash and cash equivalents	1	1	0
<b>Total assets</b>	<b>25,008</b>	<b>24,971</b>	<b>24,988</b>
Shareholders' equity	23,370	23,352	23,396
Non-current liabilities	1,613	1,559	1,548
Current liabilities	25	60	44
<b>Total shareholders' equity and liabilities</b>	<b>25,008</b>	<b>24,971</b>	<b>24,988</b>

## CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Restricted equity		Unrestricted equity			Total share- holders' equity
	Share capital <sup>1</sup>	Statutory reserve	Share premium reserve	Hybrid bonds	Retained earnings	
Opening shareholders' equity in accordance with approved balance sheet, October 31, 2021	8,650	447	2,729	7,615	3,911	23,352
Hybrid bond interest <sup>2</sup>					-	-
Net income for the period					18	18
<b>Closing balance, April 30, 2022</b>	<b>8,650</b>	<b>447</b>	<b>2,729</b>	<b>7,615</b>	<b>3,929</b>	<b>23,370</b>

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

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



## NOTE 1 ACCOUNTING POLICIES AND OTHER INFORMATION

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

### NEW AND AMENDED ACCOUNTING POLICIES, ETC.

New and amended IFRSs that entered force in November 2021 or later have not had any material effect on the consolidated financial statements. New or amended IFRSs that enter force in the coming fiscal years have not been applied in advance in the preparation of these financial statements and are not expected to have a significant effect on the Group's or Parent Company's forthcoming financial reports.

SAS continues to apply the IASB amendments to IFRS 16 in regard to rent concessions that simplify how a lessee accounts for rent concessions that are a direct consequence of COVID-19. In applying the practical expedient, changes in lease payments in rent concessions ending on or before June 30, 2022 are not treated as a modification. The practical expedient has not had any effect on SAS' profit or loss in the period.

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

### ESTIMATES AND ASSUMPTIONS

The preparation of the interim report requires SAS to make assessments and estimates, and make assumptions that affect the application of the accounting policies and the carrying amounts of assets and liabilities, and revenue and expenses, this is also described on page 10 of this report. The actual outcome may differ from these estimates and judgments. In addition to what is described below, the critical assessments and sources of uncertainty in estimates are the same as those in the most recent annual report.

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

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

For the second quarter, total capacity (ASK) was up 188.3% and total revenue passenger kilometers (RPK) rose 557.1% year-on-year. The number of passengers increased 358.2% year-on-year. Year-on-year, SAS revenue grew 264.8% for the quarter, but compared with the second quarter of fiscal year 2020, total revenue was down 28.6%. Despite measures taken by SAS to reduce costs, the significant decrease in revenue cannot be fully outweighed by cost reductions, and EBT for the second quarter of fiscal year 2022 amounted to SEK -1.6 billion.

Throughout FY 2021 and even through the first six months of FY 2022, SAS has worked continuously and intensively with various cost reduction measures, limiting non-business-critical investments and utilizing various financing solutions to protect its liquidity. However, market conditions remain uncertain and the pandemic's aftereffects are persisting at the same time as uncertainty regarding future pandemic outbreaks and the geopolitical situation can continue to adversely affect the entire airline industry. SAS' view remains that the ramp-up phase for the airline industry will continue in 2022,

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

The prevailing uncertainty means that further cost reductions and efficiency initiatives as well as access to liquidity are critical factors. The SEK 3.0 billion credit facility secured by SAS in the third quarter of FY 2021 was utilized in the second quarter, which together with the increases ticket sales strengthened SAS' cash and cash equivalents during the quarter, and as of April 30, the cash position amounted to SEK 8.5 billion.

SAS FORWARD, a plan to strengthen and secure SAS' long-term future position, was launched in conjunction with publication of the report for the first quarter of FY 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.

Given the limited progress made so far, there can be no guarantees that SAS FORWARD will be successfully completed. In the event that the expected burden sharing, debt conversions, and new capital raise are not completed as planned, SAS will not be able 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 to continue operations for at least the next 12 months, and therefore continues to apply the going concern principle to the preparation of the financial statements.

### GOVERNMENT GRANTS AND CONTRACTS

Some of the legal entities in the SAS Group received support for temporary reductions in the workforce during the period as a result of COVID-19. In accordance with IAS 20, state grants are reported in the statement of income when there is reasonable assurance that the company will fulfill the conditions associated with the grants and that the grants will be received. Government grants have been reported as a reduction to personnel expenses in the periods for which the grant is intended to compensate for a total of MSEK 3 (253). SAS has also applied for support from the Danish, Swedish and Norwegian states and municipalities regarding compensation for fixed costs, MSEK 37 (382) has been reported as a reduction of other external expenses.

Aside from this, the Norwegian state has purchased capacity from SAS and other carriers in Norway on a commercial basis in order to maintain air services within Norway, which amounts to MSEK 0 (92).

### OPERATING SEGMENTS AND DISAGGREGATION OF REVENUE

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

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

**NOTE 2 REVENUE**

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

**REVENUE BY CATEGORY**

	Q2	Q2	Q1-Q2	Q1-Q2
	Feb-Apr 2022	Feb-Apr 2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021
Passenger revenue	4,809	950	8,315	2,047
Charter revenue	188	3	356	12
Cargo revenue	423	282	887	513
Other traffic revenue	807	229	1,493	629
<b>Total traffic revenue</b>	<b>6,227</b>	<b>1,464</b>	<b>11,051</b>	<b>3,201</b>
Other operating revenue	821	468	1,542	1,013
<b>Total</b>	<b>7,048</b>	<b>1,932</b>	<b>12,593</b>	<b>4,214</b>

**GEOGRAPHICAL BREAKDOWN**

	Domestic		Intra-Scandinavian		Europe		Intercontinental		Total	
	Nov-Apr 2021-2022	Nov-Apr 2020-2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021
Passenger revenue	2,877	1,310	897	122	2,904	431	1,637	184	8,315	2,047
Charter revenue	0	0	0	0	356	12	0	0	356	12
Cargo revenue	2	2	1	1	16	123	868	387	887	513
Other traffic revenue	516	402	161	37	521	133	295	57	1,493	629
<b>Total traffic revenue</b>	<b>3,395</b>	<b>1,714</b>	<b>1,059</b>	<b>160</b>	<b>3,797</b>	<b>699</b>	<b>2,800</b>	<b>628</b>	<b>11,051</b>	<b>3,201</b>

	Denmark		Norway		Sweden		Europe		Other countries		Total	
	Nov-Apr 2021-2022	Nov-Apr 2020-2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021
<b>Other operating revenue</b>	202	111	511	550	281	196	274	105	274	51	1,542	1,013

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

**REVENUE BY COUNTRY**

	Sweden		Norway		Denmark		Other		Total	
	Nov-Apr 2021-2022	Nov-Apr 2020-2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021
<b>Traffic revenue:</b>										
Passenger revenue	2,377	510	2,707	859	1,188	141	2,043	537	8,315	2,047
Charter revenue	106	12	190	0	60	0	0	0	356	12
Cargo revenue	123	80	122	48	174	93	468	292	887	513
Other traffic revenue	429	153	485	262	212	43	367	171	1,493	629
<b>Total traffic revenue</b>	<b>3,035</b>	<b>755</b>	<b>3,504</b>	<b>1,169</b>	<b>1,634</b>	<b>277</b>	<b>2,878</b>	<b>1,000</b>	<b>11,051</b>	<b>3,201</b>
<b>Total other operating revenue</b>	281	196	511	550	202	111	548	156	1,542	1,013
<b>Total</b>	<b>3,316</b>	<b>951</b>	<b>4,015</b>	<b>1,719</b>	<b>1,836</b>	<b>388</b>	<b>3,426</b>	<b>1,156</b>	<b>12,593</b>	<b>4,214</b>

**NOTE 3 OTHER EXTERNAL EXPENSES**

	Q2	Q2	Q1-Q2	Q1-Q2
	Feb-Apr 2022	Feb-Apr 2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021
Sales and distribution costs	-399	-145	-724	-263
Catering costs	-173	-68	-326	-132
Handling costs	-451	-165	-894	-381
Technical aircraft maintenance	-442	-359	-825	-622
Computer and telecommunication costs	-321	-214	-592	-441
Wet-lease expenses	-413	-98	-735	-207
Other	-464	50	-929	-56
<b>Total</b>	<b>-2,663</b>	<b>-999</b>	<b>-5,025</b>	<b>-2,102</b>

**NOTE 4 DEPRECIATION, AMORTIZATION AND IMPAIRMENT**

	Q2	Q2	Q1-Q2	Q1-Q2
	Feb-Apr 2022	Feb-Apr 2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021
Intangible assets, amortization	-10	-7	-20	-14
Tangible assets, depreciation	-346	-368	-718	-778
Right-of-use assets, depreciation	-806	-797	-1,607	-1,645
<b>Total</b>	<b>-1,162</b>	<b>-1,172</b>	<b>-2,345</b>	<b>-2,437</b>

**NOTE 5 FINANCIAL INCOME AND EXPENSES**

	Q2	Q2	Q1-Q2	Q1-Q2
	Feb-Apr 2022	Feb-Apr 2021	Nov-Apr 2021-2022	Nov-Apr 2020-2021
Financial income	17	7	26	13
Interest expense	-184	-137	-351	-254
Other financial expenses	-14	-11	-30	-16
Exchange-rate differences	-7	-3	-2	-13
Interest expenses, IFRS 16	-178	-151	-348	-309
Exchange-rate differences, IFRS 16	-428	-18	-1,357	501
<b>Total</b>	<b>-794</b>	<b>-313</b>	<b>-2,062</b>	<b>-78</b>

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

	Apr 30, 2022		Oct 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>MSEK</b>				
<b>Financial assets</b>				
Financial assets at fair value, hedge-accounted	158	158	11	11
Financial assets at FVTPL	29	29	10	10
Financial assets at amortized cost	13,153	13,153	8,283	8,283
<b>Total</b>	<b>13,340</b>	<b>13,340</b>	<b>8,304</b>	<b>8,304</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value, hedge-accounted	17	17	32	32
Financial liabilities at FVTPL	26	26	3	3
Financial liabilities at amortized cost	25,976	25,546	19,978	20,511
<b>Total</b>	<b>26,019</b>	<b>25,589</b>	<b>20,013</b>	<b>20,546</b>

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

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

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

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

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

**FAIR VALUE HIERARCHY**

	Apr 30, 2022			Oct 31, 2021		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>MSEK</b>						
<b>Financial assets</b>						
Financial assets at fair value, hedge-accounted	–	158	158	–	11	11
Financial assets at FVTPL	–	29	29	–	10	10
<b>Total</b>		<b>187</b>	<b>187</b>	–	<b>21</b>	<b>21</b>
<b>Financial liabilities</b>						
Financial liabilities at fair value, hedge-accounted	–	17	17	–	32	32
Financial liabilities at FVTPL	–	26	26	–	3	3
<b>Total</b>	–	<b>43</b>	<b>43</b>	–	<b>35</b>	<b>35</b>

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

Stockholm, May 31, 2022

**Carsten Dilling**  
Board Chairman

**Lars-Johan Jarnheimer**  
Vice Chairman

**Monica Caneman**  
Board member

**Oscar Stege Unger**  
Board member

**Henriette Hallberg Thygesen**  
Board member

**Nina Bjornstad**  
Board member

**Michael Friisdahl**  
Board member

**Kay Kratky**  
Board member

**Jens Lippestad**  
Board member

**Tommy Nilsson**  
Board member

**Kim John Christiansen**  
Board member

**Anko Van der Werff**  
President and CEO

# AUDITORS' REVIEW REPORT

## SAS AB

CORP. ID: 556606-8499

### INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of SAS AB as of April 30, 2022 and the six-month period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible

for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

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

### EMPHASIS OF MATTER

We draw attention to the information disclosed in the interim report on the update on SAS FORWARD and discussions with stakeholders on pages 3 and 17 which describes the uncertainty as to whether the group will be able to meet obligations in the longer term as they fall due if the expected burden sharing, debt conversions and new capital raise are not completed as planned. Our review opinion is not modified in respect to this matter.

Stockholm, May 31, 2022

KPMG AB

Tomas Gerhardsson  
Authorized Public Accountant

# TRAFFIC DATA INFORMATION

## SCHEDULED PASSENGER TRAFFIC

	Feb–Apr 2022	Feb–Apr 2021	Year-on- year change	Nov–Apr 2021–2022	Nov–Apr 2020–2021	Year-on- year change
Number of passengers (000)	3,831	857	347.0%	6,842	1,855	268.8%
RPK, Revenue Passenger Kilometers (mill)	4,604	739	523.0%	8,316	1,543	439.0%
ASK, Available Seat Kilometers (mill)	6,975	2,521	176.7%	13,720	5,269	160.4%
Load factor	66.0%	29.3%	36.7 <sup>1</sup>	60.6%	29.3%	31.3 <sup>1</sup>
Passenger yield, currency-adjusted	1.05	1.35	-22.2%	1.00	1.36	-26.5%
Passenger yield, nominal	1.05	1.29	-18.6%	1.00	1.33	-24.8%
Unit revenue, PASK, currency-adjusted	0.69	0.40	72.5%	0.61	0.40	52.5%
Unit revenue, PASK, nominal	0.69	0.38	81.6%	0.61	0.39	56.4%
RASK, currency-adjusted	0.85	0.61	39.3%	0.77	0.62	24.2%
RASK, nominal	0.85	0.58	46.6%	0.77	0.60	28.3%

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

## TOTAL TRAFFIC (SCHEDULED AND CHARTER TRAFFIC)

	Feb–Apr 2022	Feb–Apr 2021	Year-on- year change	Nov–Apr 2021–2022	Nov–Apr 2020–2021	Year-on- year change
Number of passengers (000)	3,931	858	358.2%	7,013	1,859	277.2%
RPK, Revenue Passenger Kilometers (mill)	4,889	744	557.1%	8,842	1,556	468.3%
ASK, Available Seat Kilometers (mill)	7,306	2,534	188.3%	14,378	5,303	171.1%
Load factor	66.9%	29.4%	37.5 <sup>1</sup>	61.5%	29.3%	32.2 <sup>1</sup>
Unit cost, CASK, currency-adjusted	-0.98	-1.42	-31.0%	-0.93	-1.43	-35.0%
Unit cost, CASK, nominal incl. items affecting comparability	-0.97	-1.37	-29.2%	-0.92	-1.39	-33.8%
Unit cost, CASK, excl. jet fuel, currency-adjusted	-0.75	-1.30	-42.3%	-0.73	-1.29	-43.4%
Unit cost, CASK, excl. jet fuel, nominal incl. items affecting comparability	-0.74	-1.26	-41.3%	-0.73	-1.26	-42.1%

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

## SCHEDULED TRAFFIC TREND FOR SAS BY ROUTE SECTOR

	Feb–Apr 2021–2022 vs. Feb–Apr 2020–2021		Nov–Apr 2021–2022 vs. Nov–Apr 2020–2021	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	1,628.0%	131.1%	1,254.7%	152.6%
Europe/Intra-Scandinavia	761.7%	420.0%	623.1%	349.0%
Domestic	156.8%	58.3%	129.3%	38.8%

## PRODUCTIVITY AND ENVIRONMENTAL EFFICIENCY

12-month rolling	April 2022	April 2021	Year-on-year change
Aircraft, block hours/day	7.0	4.9	42.9%
Cabin crew, block hours/year	670	432	55.1%
Pilots, block hours/year	520	260	100.0%

Environmental efficiency	Nov–Apr 2021–2022	Nov–Apr 2020–2021	Year-on-year change
Total CO <sub>2</sub> emissions, million metric tons	1,815	803	125.9%
CO <sub>2</sub> emissions per available seat kilometer, grams	52.5	54.9	-4.4%

# AIRCRAFT FLEET

## THE SAS AIRCRAFT FLEET AS OF APRIL 30, 2022

SAS Group Aircraft Fleet	Age	Owned	Leased	Wet lease	Total	SAS Scandinavia	SAS Connect	SAS Link AB	Wet lease	In SAS Group traffic	Firm order purchase	Firm order lease
Airbus A330/A350	6.9	8	6		14	14				14	2	
Airbus A320 family	6.6	19	51		70	58	12			70	32	
Boeing 737NG	16.2	11	1		12	12				12		
Airbus A220-300	4.8			2	2				2	2		
Embraer E195-100	14.5		1		1			1		1		5
Bombardier CRJ	7.7			25	25				25	25		
ATR-72	8.6			6	6				6	6		
<b>Total aircraft in operation</b>	<b>7.9</b>	<b>38</b>	<b>59</b>	<b>33</b>	<b>130</b>	<b>84</b>	<b>12</b>	<b>1</b>	<b>33</b>	<b>130</b>	<b>34</b>	<b>5</b>
Aircraft under phase out												
Airbus A321	19.8		4		4							
<b>Total</b>			<b>4</b>		<b>4</b>							

Aircraft on firm order 2022–2025 as of April 30, 2022	FY22	FY23	FY24	FY25	Total
Airbus A320neo	10	12	6	4	32
Embraer E195-100	5				5
Airbus A350			2		2
<b>Total</b>	<b>15</b>	<b>12</b>	<b>8</b>	<b>4</b>	<b>39</b>



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



# KEY FIGURES AND ALTERNATIVE PERFORMANCE MEASURES

SAS calculates various Alternative Performance Measures (APMs) that complement the metrics defined in the applicable rules for financial reporting. The APMs facilitate comparison between different periods and are used for internal analysis of the business's performance, development and financial position, and are therefore deemed to provide valuable information to external stakeholders, such as investors, analysts, rating agencies and others. The information reported for fiscal year 2020 and fiscal year 2021 has been restated due to the new accounting standard "IFRS IC's – Cloud computing arrangement costs." See Note 1. For definitions, refer to the Definitions section and shareholder information. A list of the APMs deemed of sufficient material importance to specify is available at [www.sasgroup.net](http://www.sasgroup.net) under Investor Relations.

	Apr 30, 2022	Oct 31, 2021	Apr 30, 2021 <sup>1)</sup>
Return on invested capital (ROIC)	-8%	-13%	-25%
Financial net debt/Adjusted EBITDA	20.5x	n/a	n/a
Financial preparedness	54%	60%	38%
Return on shareholders' equity	-114%	-84%	-236%
Equity/assets ratio	4%	12%	15%
Financial net debt, MSEK	29,595	26,770	26,407
Shareholders' equity excluding hybrid bonds per common share	-0.75	-0.16	0.04
Debt/equity ratio	13.6	4.1	3.3
Interest-coverage ratio	-2.4	-4.4	-7.2

<sup>1)</sup> The key figures as of April 30, 2021 have been restated due to the new accounting standard "IFRS IC's – Cloud computing arrangement costs." See Note 1.

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

MSEK	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4
	Nov–Jan 2021–2022	Nov–Jan 2020–2021	Feb–Apr 2022	Feb–Apr 2021	May–Jul 2021	May–Jul 2020	Aug–Oct 2021	Aug–Oct 2020
Revenue	5,545	2,282	7,048	1,932	3,982	2,507	5,762	3,035
Operating income (EBIT)	-1,329	-2,150	-763	-2,018	-852	-2,704	-474	-2,719
Operating income (EBIT) margin	-24.0%	-94.2%	-10.8%	-104.5%	-21.4%	-107.9%	-8.2%	-89.6%
Income before tax (EBT)	-2,597	-1,915	-1,557	-2,331	-1,334	-2,046	-945	-3,252
Net income for the period	-2,442	-2,033	-1,520	-2,410	-1,336	-2,344	-744	-2,566
Income before tax and items affecting comparability	-2,621	-1,927	-1,613	-2,331	-1,213	-758	-911	-3,024
Earnings per common share (SEK)	-0.34	-0.28	-0.21	-0.35	-0.18	-6.12	-0.12	-4.44
Cash flow before financing activities	-392	-5,458	2,599	-2,922	967	-2,016	1,120	-3,228
Average number of employees (FTEs)	6,326	4,983	6,881	4,476	5,190	4,937	6,214	6,981

# DEFINITIONS AND SHAREHOLDER INFORMATION

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

**Adjusted EBITDA** – Operating income (EBIT) before share of income in affiliated companies, income from sale of aircraft and other non-current assets, and amortization, depreciation and impairment.

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

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

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

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

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

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

**Available seat kilometers** – See ASK.

**Available tonne kilometers** – See ATK.

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

**CAGR** – Compound annual growth rate.

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

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

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

**CASK** – See unit cost.

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

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

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

**EBIT** – Operating income.

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

**EBT** – Income before tax.

**EEA** – European Economic Area.

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

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

**Finance leases** – Based on a lease where the risks and rewards of ownership of the asset essentially remain with the lessee. The asset is reported as a fixed asset in the balance sheet because the lessee has an obligation to purchase the asset at the end of the lease. The commitment to pay future leasing charges is entered as a liability. As of November 1, 2019, SAS Group applies the new accounting standard IFRS 16 – Leases. See Right-of-use assets.

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

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

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

**FTE** – Average number of employees, full-time equivalents.

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

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

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

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

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

**LCC** – Low Cost Carrier.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### FINANCIAL CALENDAR

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

August 26, 2022	Q3 Interim Report (May 2022–Jul 2022)
November 30, 2022	Year-end report (Nov 2021–Oct 2022)
January 24, 2023	SAS Annual and Sustainability Report 2021/2022
February 24, 2023	Q1 Interim report (Nov 2022–Jan 2023)
June 1, 2023	Q2 Interim Report (Feb 2023–Apr 2023)

### INVESTOR RELATIONS



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

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

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

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

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

**Unit revenue** – See PASK.

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

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

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

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