

# STRENGTHENED PASSENGER DEMAND AND STEADY PROGRESS WITH OUR TRANSFORMATION PLAN

## KEY FIGURES – Q1 2023

**+42%**

Total revenue vs last year

**+53%**

Total operating expenses vs last year

**+48%**

Total passengers vs last year

## NOVEMBER 2022–JANUARY 2023

- Revenue: MSEK 7,896 (5,545)
- Income before tax (EBT): MSEK -2,449 (-2,597)
- Income before tax and items affecting comparability: MSEK -2,451 (-2,621)
- Net income for the period: MSEK -2,709 (-2,442)
- Earnings per common share: SEK -0.37 (-0.34)

## SIGNIFICANT EVENTS DURING THE QUARTER

- On January 13, SAS concluded its lessor negotiations as part of the chapter 11 process. SAS reached agreements with a total of 15 lessors, representing 59 aircraft.
- SAS continues to work towards meeting certain conditions under the DIP term loan agreement to access the second tranche of the DIP financing as soon as possible during the second quarter of fiscal year 2023 (February–April 2023).
- 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.

## OUTLOOK

- SAS reiterates its projections for FY2023 and is reviewing its longer-term projections for fiscal years 2024–2026. See more on page 9.

## FINANCIAL SUMMARY

MSEK, unless noted otherwise	Q1	
	Nov–Jan 2022–2023	Nov–Jan 2021–2022
Revenue	7,896	5,545
Operating income (EBIT)	-2,634	-1,329
Operating income (EBIT) margin	-33%	-24%
Income before tax (EBT)	-2,449	-2,597
Income before tax and items affecting comparability	-2,451	-2,621
Net income for the period	-2,709	-2,442
Cash flow from operating activities	-1,685	-114

	Jan 31, 2023	Oct 31, 2022	Jan 31, 2022
Return on invested capital	-11%	-8%	-11%
Financial net debt/adjusted EBITDA	N/A	23.3x	148x
Financial preparedness	38%	60%	48%
Equity/assets ratio	-4%	1%	7%
Earnings per common share (SEK)	-0.37	-0.97	-0.34

*This information is information that SAS AB is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was provided for publication on February 24, 2023 at 08:00 a.m. (CET).*

# COMMENTS BY THE CEO

We are pleased that so many passengers are returning to SAS. Passenger demand continued the strong trend during the first quarter. SAS' total number of passengers grew by 48 percent compared to the same period last year. Our flown load factor of 69.3 percent was at pre-pandemic levels of 69.5 percent for the first quarter in FY2020. At the same time, our currency-adjusted passenger yield increased almost 7 percent compared to the first quarter in 2022.

Due to our normal seasonality, the winter season is slower with relatively lower passenger numbers. Economic uncertainties with increasing interest rates and cost inflation are likely to affect the travel industry going forward but the overall underlying demand for travel remains healthy and continues its strong trend. We continue to prepare for a busy summer season in 2023 with an expected increased demand and capacity to match. During the quarter, we announced that we will open 20 new routes for the summer of 2023. This means that we will have a total of more than 5 000 weekly flights to over 100 destinations this summer. We look forward to welcoming our passengers on board.

SAS continues to make steady progress in our chapter 11 process in the U.S and in reaching our overall targets in the SAS FORWARD plan. During the quarter, we concluded our aircraft lessor negotiations having reached agreements with 15 lessors representing 59 aircraft. Through these agreements, we expect to achieve our targeted cost reductions related to annual aircraft lease and financing costs. We are engaging with different stakeholders as part of the next phase of the chapter 11 process, which includes launching an equity solicitation process to obtain the capital necessary to strengthen the balance sheet in line with the SAS FORWARD objectives and working to build consensus for a plan of reorganization.



Anko van der Werff, President and CEO

We are grateful to the stakeholders who are working constructively with us. We look forward to continuing that collaboration to succeed with SAS FORWARD and to becoming a competitive and financially strong airline.

## QUARTERLY RESULTS

SAS noted strong passenger demand during the first quarter. The total number of passengers increased by 48 percent compared to the same period last year. Our RPK increased by 46.3 percent while capacity increased by 18 percent, compared to the same period last year. Our flown load factor of 69.3 percent was at pre-pandemic levels of 69.5 percent for Q1 FY2020.

Income before tax (EBT) ended at negative SEK 2.4 billion, representing a year-on-year improvement of SEK 0.1 billion. Jet-fuel prices continue to bring strong headwinds for our business.

Cost reductions across the business remain in focus to secure our cost competitiveness. Total operating expenses during the quarter ended at SEK 10.5 billion. Total operating revenue landed at SEK 7.9 billion for the quarter, a year-on-year improvement of approximately SEK 2.4 billion, but still 18.6 percent below the first quarter of FY2020, which was unaffected by Covid-19.

The cash balance at the end of the quarter was SEK 5.3 billion. Operational cash flow during the quarter amounted to an outflow of SEK 1.7 billion, compared with an outflow of SEK 0.1 billion for the same period last year.

## UPDATE ON SAS' TRANSFORMATION PLAN

We launched our comprehensive business transformation plan SAS FORWARD in conjunction with the publication of the first quarter report for FY 2022, in the end of February 2022. The aim of the plan is to

secure long-term competitiveness for SAS in the global aviation industry. 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. As part of SAS FORWARD, we also plan to raise at least SEK 9.5 billion in new equity and convert SEK 20 billion of debt into equity. To accelerate the implementation of SAS FORWARD, SAS voluntarily filed for chapter 11 in the U.S. on July 5, 2022. Chapter 11 is a well-established and flexible legal framework for restructuring businesses with operations in multiple jurisdictions. Through this process, SAS aims to reach agreements with key stakeholders, restructure the Company's debt obligations, reconfigure its aircraft fleet, and emerge with a significant capital injection.

During the first quarter, SAS continued to make steady progress in the chapter 11 process and in reaching our overall targets in the SAS FORWARD plan. During the quarter, we concluded the lessor negotiations as part of the chapter 11 process. In total, we reached agreements with 15 lessors, representing 59 aircraft. The amended lease agreements are subject to the plan of reorganization in the chapter 11 process being confirmed and becoming effective. Through the amended lease agreements, we expect to achieve the targeted annual cost savings of at least SEK 1.0 billion in reduced aircraft lease expenses and annual cash flow items relating to aircraft financing, as part of the SAS FORWARD plan.

During the quarter, we received approval from the U.S. court for the 5.5-year collective bargaining agreements with SAS Scandinavia Pilots' unions, which were negotiated in July last year. We also reached a new collective bargaining agreement with the labor unions in Norway, with duration until March 31, 2024, a necessary step to ensure continued progress of the SAS FORWARD plan.

After the quarter ended, SAS reached a multiyear agreement renewal with Amadeus, one of our key travel technology providers. The agreement will deliver efficiency within Distribution & IT, in line with our targets in the SAS FORWARD plan, whilst keeping SAS at the forefront of technology evolutions.

## NEW ROUTES AND DESTINATIONS

As part of SAS' strategy to strengthen our offering for Scandinavian travelers, and to adapt to the relatively increased demand for leisure travel, SAS has announced several new routes during the quarter. In December, we announced that we are opening 20 new routes for the summer of 2023. This means that we will have a total of more than 5 000 weekly flights to over 100 destinations this summer. The new summer program includes more than 200 routes, and the number of flights will continue to rise on major domestic, Scandinavian and international routes. We look forward to a busy summer and to welcoming our passengers on board.

US destinations continue to generate demand for more and frequent departures and we announced two new intercontinental routes from Gothenburg and Aalborg to New York during the quarter. The flights will operate throughout the summer 2023 season and will return for the summer 2024 program. We also launched a new route from Copenhagen airport to John F. Kennedy International Airport in New York during the quarter, with five weekly flights from Copenhagen ramping up with daily flights for the summer schedule. Since December 2022, SAS also offers more frequent departures between Copenhagen Airport and Shanghai Pudong International Airport.

### **STAR ALLIANCE NAMED THE WORLD'S LEADING AIRLINE ALLIANCE – THIRD CONSECUTIVE YEAR**

In November, Star Alliance was named the World's Leading Airline Alliance at the World Travel Awards for the third consecutive year. The annual awards are awarded based on a worldwide poll of qualified executives working within travel and tourism, and the consumer travel buyer. SAS is very proud to be part of the Alliance, and winning the award for the third consecutive year is truly a proof of quality for SAS and for the entire Star Alliance network.

### **THE JOURNEY TOWARDS SUSTAINABLE AVIATION**

SAS strives for global leadership in sustainable aviation and is proud to participate in an EU-funded research project at Copenhagen Airport to investigate sustainable aviation fuel (SAF) flights' impact on local air quality, which started during the first quarter. The air quality from SAS flights with 35% SAF fuel within Scandinavia has been measured several times per day. We hope to see positive results on air quality and work environment, which will reinforce the positive climate effects of SAF use at higher altitudes as well.

Starting this spring, travelers buying Go Smart or Plus Pro, are able to purchase tickets with 50% of Sustainable Aviation Fuel (SAF such as biofuel) - to lower the CO<sub>2</sub> emission of their SAS trip. This is one initiative from SAS, being a driving force in sustainable aviation and working hard to cut emissions. SAS will continue to invest in modern fuel-efficient aircraft, sustainable aviation fuels, emerging technologies, and sustainable products and services.

### **LOOKING AHEAD – FINANCIAL PROJECTIONS**

Economic uncertainties with increasing interest rates and cost inflation are likely to affect the travel industry going forward, but the overall underlying demand for travel remains healthy and continues its strong trend.

We reiterate our financial projections for fiscal year 2023 and expect revenue to reach approximately SEK 40 billion, and income before tax (EBT), excluding gains or losses related to the completion of the chapter 11 process, to amount to a loss of approximately SEK 4-5 billion.

We are currently reviewing our longer-term projections for fiscal years 2024-2026. The preliminary assessment, based on a stronger recovery in demand than expected, is that our revenue for fiscal year 2026 will be higher than our projection in September 2022 of SEK 49 billion. We reiterate our projection that the company will reach positive EBT in fiscal year 2024, but EBT in fiscal year 2026 is expected to be higher than our previous assessment in September 2022 of SEK 3-4 billion. We will inform the market about updated projections for fiscal years 2024-2026 in due course.

We continue to prepare for a busy summer season in 2023. We are preparing for the launch of our 20 new routes during the summer season, including continuing the process of substantial recruitments and rehiring to meet the expected increase in future demand.

We are engaging with different stakeholders as part of the next phase of the chapter 11 process, which includes launching an equity solicitation process to obtain the capital necessary to implement our SAS FORWARD plan and working to build consensus for a plan of reorganization. The equity solicitation process is expected to be commenced during the second quarter. We continue to work towards meeting certain conditions under the DIP term loan agreement to access the second tranche of the DIP financing as soon as possible during the second quarter.

I am grateful for the really hard work my colleagues at SAS are doing to ensure that we take the best possible care of our customers, and to ensure that they get the quality service they expect from us. Thank you for all your efforts!

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

Anko van der Werff  
President and CEO  
Stockholm, February 24, 2023

# COMMENTS ON SAS' FINANCIAL STATEMENTS

## INCOME STATEMENT, SUMMARY Q1 2023

MSEK Income statement	Nov-Jan 22-23	Nov-Jan 21-22	Change vs LY	Cur- rency effects	Change vs LY (Curr. adj)
Revenue	7,896	5,545	+2,351	+298	+2,053
Total operating expenses	-10,530	-6,874	-3,656	-601	-3,055
Operating income (EBIT)	-2,634	-1,329	-1,305	-303	-1,002
Income before tax (EBT)	-2,449	-2,597	+148	+1,511	-1,363

### Revenue

Revenue totaled MSEK 7,896 (5,545), see Note 2. Currency-adjusted revenue was up MSEK 2,053 year-on-year. The increase in revenue mainly related to increased production and increased demand.

Currency-adjusted passenger revenue rose 57%. 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 653. The higher load factor had a positive effect of MSEK 1,099. The higher yield had a positive impact of MSEK 346.

Currency-adjusted cargo revenue decreased MSEK 133 and currency-adjusted charter revenue was up MSEK 63 year-on-year. Other traffic revenue (currency-adjusted) was MSEK 169 lower.

Other operating revenue (currency-adjusted) was up MSEK 194 year-on-year, mainly as a consequence of higher revenue from sales of EuroBonus points and other volume-related revenues.

### Operating expenses

Personnel expenses amounted to MSEK -1,934 (-1,652). After adjustment for currency, personnel expenses increased MSEK 211 year-on-year. The increase was mainly due to more employees.

Jet-fuel costs amounted to MSEK -2,481 (-1,136). Adjusted for currency, jet-fuel costs increased 84%. Volume effects had a negative impact on costs of MSEK 389. Increased jet-fuel prices had a negative impact of MSEK 529 on these costs. The effects of emission rights had a negative impact of MSEK 159 year-on-year.

Air traffic charges amounted to MSEK -725 (-569). Adjusted for currency, air traffic charges increased 19%. The increase pertained mainly to higher traffic volumes.

Other external expenses amounted to MSEK -4,248 (-2,362), see Note 3. Year-on-year, other external expenses (currency-adjusted) increased MSEK 1,605. The increase pertained primarily to higher costs for sales and distribution, technical maintenance and administrative services. Currency-adjusted sales and distribution costs increased MSEK 212, primarily due to higher volumes. Technical maintenance costs (currency-adjusted) increased MSEK 264. Costs for

administrative services increased MSEK 513 (currency-adjusted) and includes advisor fees in the ongoing Chapter 11 process.

Depreciation, amortization and impairment amounted to MSEK -1,148 (-1,183), a decrease of MSEK 35 year-on-year. See Note 4.

### Financial net

Financial income and expenses amounted net to MSEK 185 (-1,268), representing a decrease in net expenses of MSEK 1,453 year-on-year.

The decrease mainly related to currency revaluations for lease liabilities, which had a positive impact of MSEK 885 this year, compared with a negative impact of MSEK 929 last year. Other change of MSEK -361 year-on-year is mainly related to increased cost due to the DIP-financing. See Note 5.

### Net income for the period

Operating income amounted to MSEK -2,634 (-1,329) and EBT amounted to MSEK -2,449 (-2,597).

Net income for the period was MSEK -2,709 (-2,442) and tax for the year amounted to MSEK -260 (155). 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 298 and a negative effect on operating expenses of MSEK 601. Foreign exchange rates thus had a negative impact on operating income of MSEK 303. Net financial items were

positively impacted by currency items amounting to MSEK 1,814. In total, currency effects had a net positive impact of MSEK 1,511 on EBT.

### Items affecting comparability

Total items affecting comparability amounted to MSEK 2 (24) during the period and pertained to sale and leaseback transactions for two A320 aircraft and the rejection of lease contracts under the Chapter 11 process. Last year, the item primarily comprised capital gains on the sale of two 737-800 aircraft and sale and leaseback transactions for two spare engines.

## BALANCE SHEET & FINANCIAL POSITION

### Assets

*Intangible and tangible fixed assets* decreased MSEK 2,466 since October 31, 2022. Changes for the period included investments of MSEK 1,144, amortization and depreciation of MSEK -297, sales of MSEK -1,158 and other effects of MSEK -2,155. The amount for investments included advance payments of MSEK 375 as well as delivery payments for two new Airbus A320 aircraft amounting to MSEK 679. Other aircraft investments totaled MSEK 90 and comprised capitalized expenditures for engine maintenance and modifications. Other effects included rejection of a lease contract regarding one A350 under Chapter 11 of MSEK -1,500 and translation differences of slightly more than MSEK -650.

*Right-of-use assets* increased MSEK 233 during the period. New leases amounted to MSEK 916, and mainly related to new leases for two A320 aircraft and one spare engine. Changes in indexation and modification in underlying agreements increased net assets by MSEK 166, and depreciation was MSEK -851. The currency effect was MSEK 1.

*Financial assets* decreased MSEK 661, mainly due to remeasurements for SAS' defined-benefit pension plans.

*Deferred tax assets* decreased MSEK 122. The decrease was primarily due to the effects of currency revaluations of lease liabilities. No loss carryforwards were capitalized during the quarter.

*Current receivables* increased MSEK 214. This increase was mainly attributable to increased accounts receivable.

*Cash and cash equivalents* amounted to MSEK 5,273 (8,654) on January 31, 2023. Unutilized contracted credit facilities amounted to MSEK 3,645 (3,847). Financial preparedness amounted to 38% (60) of SAS' fixed costs.

### Shareholders' equity and liabilities

*Shareholders' equity* decreased MSEK 3,295 to MSEK -2,533. The decrease pertained mainly to net income for the period of MSEK -2,709, changes in cash-flow hedges of MSEK -51 and the negative actuarial effect on defined-benefit pension plans of MSEK 523.

*Non-current liabilities* decreased MSEK 2,288 and *current liabilities* decreased MSEK 646. The total decrease in liabilities was MSEK 2,934 and was mainly due to amortization, depreciation, currency revaluation, and the rejection of one A350. The total decrease in liabilities was offset by new borrowing and an increase in the unearned transportation liability.

### Interest-bearing liabilities

On January 31, 2023, interest-bearing liabilities amounted to MSEK 42,251 (45,519), a decrease of MSEK 3,268 since October 31, 2022. New loans and amortization for the period were MSEK 825 and MSEK

1,377 respectively. New loans and amortization of lease liabilities amounted to MSEK 1,119 and MSEK 789 respectively. The rejection of lease contracts under the Chapter 11 process has reduced debt with just over MSEK 1,500. Currency revaluations decreased liabilities by about MSEK 1,700, and other items resulted in a net increase in liabilities of about MSEK 220.

### Financial net debt

As of January 31, 2023, financial net debt amounted to MSEK 33,809 (33,657), an increase of MSEK 152 since October 31, 2022. The increase was primarily attributable to new lease liabilities of MSEK 1,119 and negative cash flow before financing activities of MSEK 1,688. The increase was offset by the positive effect of currency revaluations of about MSEK 1,550 as well as the rejection of lease contracts under the Chapter 11 process that reduced debt with just over MSEK 1,500.

### Key figures

As of January 31, 2023, the return on invested capital (ROIC) was -11%, down 3 percentage points since October 31, 2022. The decrease was mainly due to a deterioration in EBIT.

Financial preparedness was 38% (60) at the end of the quarter. A lower cash position together with higher fixed costs were the reasons for the change in the key figure.

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

On January 31, 2023, the equity/assets ratio amounted to -4%, compared with 1% on October 31, 2022. The decline was primarily attributable to lower shareholders' equity as a result of the period's negative earnings.

## CASH-FLOW STATEMENT

Cash flow for the period amounted to MSEK -3,385 (-831). Cash and cash equivalents amounted to MSEK 5,273, compared with MSEK 8,654 on October 31, 2022.

### Cash flow from operating activities

Cash flow from operating activities before changes in working capital amounted to MSEK -2,173 (-676) for the period. The increased cash flow mainly pertained to lower currency-adjusted earnings.

The change in working capital was positive for the period and amounted to MSEK 488 (562). The positive outcome during the period was mainly due to increase in unearned transportation liability due to increased ticket sales but was partly offset by increased accounts receivables and payments related to compensation for cancelled and delayed flights.

Cash flow from operating activities for the period amounted to MSEK -1,685 (-114).

### Investing activities

Investments totaled MSEK 1,201 (857), of which the majority of MSEK 1,144 (857) pertained to aircraft and MSEK 57 (0) pertained to acquired subsidiaries that own three properties with a smaller carrying amount in connection to Kastrup that were previously rented by SAS.

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

During the period, one engine and two A320 aircraft were sold and leased back, generating inflows of MSEK 1,198 (600)

## Financing activities

New loans amounted to MSEK 825 (89), while repayments totaled MSEK 1,377 (138). Amortization of lease liabilities totaled MSEK 789 (639).

## PARENT COMPANY

The Parent Company SAS AB conducts extremely limited intra-Group services. Revenue totaled MSEK 14 (12) and operating expenses MSEK -552 (-44). Net financial items amounted to MSEK 97 (86) and impairment of shares in subsidiaries amounted to MSEK -1.840 (-). Net income for the period totaled MSEK -2.281 (54).

## 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**

- On January 13, SAS concluded its lessor negotiations as part of the chapter 11 process. SAS reached agreements with a total of 15 lessors, representing 59 aircraft.
- SAS continues to work towards meeting certain conditions under the DIP term loan agreement to access the second tranche of the DIP financing as soon as possible during the second quarter of fiscal year 2023 (February–April 2023).
- 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.
- The SAS FORWARD plan is progressing and in December, SAS received approval from the U.S. Court for the 5.5-year collective bargaining agreements with SAS Scandinavia Pilots' unions, which were negotiated in July last year.

**EVENTS AFTER JANUARY 31, 2023**

- There have been no significant events after the end of the quarter.

**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.

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 reiterates its expectations for FY2023. SAS expects revenue to reach approximately SEK 40 billion in fiscal year 2023, and expects income before tax (EBT), excluding gains or losses related to the completion of the chapter 11 process, to amount to a loss of approximately SEK 4-5 billion for the same period.

SAS is currently reviewing its longer-term projections for fiscal years 2024-2026. In September 2022, SAS assessment was that revenue would return to pre-Covid levels in fiscal year 2025. In fiscal year 2026, revenue was expected to reach approximately SEK 49 billion. Due to stronger passenger demand than expected, SAS' preliminary assessment is that the expected revenue for fiscal year 2026 will be higher than SEK 49 billion. For EBT, SAS' assessment in September 2022 was that the company would 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. SAS'

reiterates its projection that the company will reach positive EBT in 2024, but the preliminary assessment is that EBT will be higher than SEK 3-4 billion in fiscal year 2026.

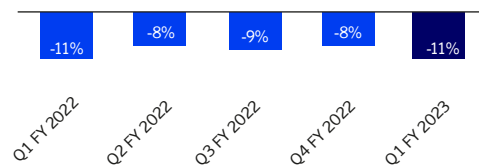
Debt or debt-like items of SEK 20 billion are expected to be converted or reduced through the Chapter 11 process during the second half of 2023. Assuming successful implementation of the SAS FORWARD plan, SAS expects to attain a strong financial position and the company aims to be nearly net debt free 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. SAS will inform the market about updated projections for fiscal years 2024-2026 in due course.

*The financial information set forth above is not a guarantee of future performance. Even though the financial information reflects SAS' current beliefs and expectations, it is subject to material uncertainties and factors, e.g., fuel prices, foreign exchange rates, inflation, demand recovery and supply chain instability, that could cause actual results to differ materially from the financial information above. The financial information is premised upon a successful progression and execution of the SAS FORWARD plan, and a demand recovery in line with expectations as described above. Furthermore, the current assessments of the financial projections are based on the following foreign exchange assumptions: an exchange rate of 10.22 SEK/USD through the end of fiscal year 2023, 9.48 SEK/USD for fiscal year 2024, and 8.75 SEK/USD for fiscal year 2025 and beyond; and the following fuel price assumption: 946 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.*

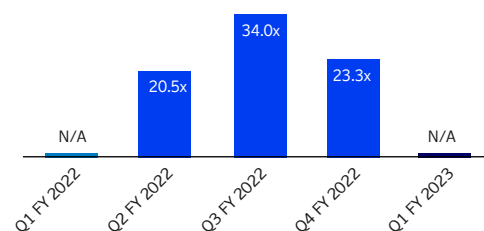
**RETURN ON INVESTED CAPITAL (ROIC), 12-MONTH ROLLING, %**

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.



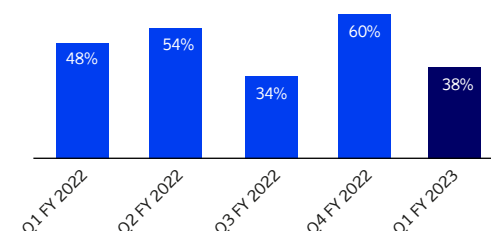
**FINANCIAL NET DEBT/ADJUSTED EBITDA**

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 three years, the COVID-19 pandemic has significantly affected the whole aviation industry, including SAS. And in some parts of the world, residual effects such as travel restrictions still remain in place. Substantially rising demand for travel is having a significant impact and the industry is struggling to recover quickly enough to meet this positive trend. The current geopolitical situation and turbulence in Eastern Europe is also affecting the airline industry and, inter alia, is impacting the recovery of traffic to and from Asia, albeit with limited impact on SAS. Estimation uncertainty has increased due to the current market conditions in the aviation industry for forecasts and scenario analyses related to future demand, primarily in the short term. As described in the Annual Report for Fiscal Year 2022, page 102, critical accounting estimates and key sources of estimation uncertainty include: Impairment of assets; Pensions; Deferred taxes; Assumptions regarding right-of-use assets – aircraft; Hybrid bonds; Litigations; Claims in connection with Chapter 11 and the pilot strike.

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

## CURRENCY AND JET-FUEL HEDGING

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

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

Market price	Exchange rate SEK/USD				
	9.5	10.0	10.5	11.0	11.5
USD 700/MT	8.7	9.0	9.3	9.7	10.0
USD 800/MT	9.4	9.8	10.1	10.5	10.9
USD 900/MT	10.1	10.5	10.9	11.4	11.8
USD 1,000/MT	10.9	11.3	11.8	12.2	12.6
USD 1,100/MT	11.6	12.1	12.6	13.0	13.5

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

The policy for jet-fuel hedging states that jet fuel should be hedged at an interval of 40–80% of anticipated volumes for the coming 12 months. The policy also allows hedging of up to 50% of the anticipated volumes for the period, 13–18 months. Under the current uncertain and volatile market conditions SAS has temporarily adjusted the financial policy with regard to the hedging ratio for jet fuel. The exception applies for FY 2023 and permits hedging between 0 and 80% of the anticipated volumes for the next 12 months.

For the forthcoming 12 months, SAS has 0% of the fuel consumption hedged. Hedging of SAS' future jet-fuel consumption is normally conducted through a mix of swaps and options. Under current plans for flight capacity, the cost of jet fuel during FY 2023 is expected to be in line with the table in the middle, taking into account different fuel prices, USD rates and jet-fuel hedging.

For foreign currency, the policy is to hedge 40–80%. At the end of the quarter, SAS had hedged 40% of its anticipated USD cash flow deficit for the next 12 months. SAS normally hedges the USD deficit using forward contracts and currency options. In terms of NOK, which is SAS' largest surplus currency, 40% was hedged for the next 12 months. Based on the currency exposure a weakening of the NOK against the SEK of 1% would generate a negative earnings impact of MSEK 78, excluding hedge effects. A weakening of the USD against the SEK of 1% would generate a positive earnings impact of MSEK 153, excluding hedge effects, before any potential IFRS 16 effects.

With the introduction of IFRS 16, future lease payments are recognized as an asset (right-of-use asset) and a financial lease liability. Most of the right-of-use assets are denominated in SEK but the corresponding lease liabilities are denominated in foreign currencies, mainly USD. The currency exposure from recalculating USD liabilities into SEK is significant. The currency exposure from recalculating USD liabilities into SEK creates high 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 1,780 and the USD rate as of January 31, 2023, a weakening of the USD against the SEK of 1% would generate a positive earnings impact of approximately MSEK 146 in profit or loss and a positive effect in OCI of approximately MSEK 39.

### **CHAPTER 11 PROCESS**

SAS is taking steps as part of SAS FORWARD, its comprehensive business transformation plan that was launched to enable the company to continue to be a competitive player in the global airline industry. On July 5, 2022, SAS AB, together with some of its subsidiaries, initiated a court-supervised process in the

United States by voluntarily filing for Chapter 11. This process will provide SAS with legal tools to strengthen its financial position and accelerate work with SAS FORWARD, while allowing us to continue operating our airline. The Chapter 11 process is a legal process under the supervision of the U.S. federal court system, which many large international airlines based outside of the U.S. have successfully used over the years to reduce their costs and complete financial restructurings.

SAS' operations are unaffected by the Chapter 11 filing, and SAS will continue to serve its customers as normal. SAS expects to have sufficient liquidity to support its business and meet its obligations going forward. SAS has entered 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. SAS continues to work towards meeting certain conditions under the DIP term loan agreement to access the second tranche of the DIP financing as soon as possible during the second quarter of fiscal year 2023 (February–April 2023).

SAS are engaging with different stakeholders as part of the next phase of the Chapter 11-process, which includes launching an equity solicitation process to obtain the capital necessary to implement our SAS FORWARD plan and working to build consensus for a plan of reorganization. The equity solicitation process is expected to start during the second quarter in fiscal year 2022/2023.

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.

### **LEGAL ISSUES**

The European Commission's decision in November 2010 found SAS and many other airlines guilty of alleged participation in a global air cargo cartel in the 1999–2006 period and ordered SAS to pay a fine of EUR 70.2 million. SAS appealed the decision in January 2011 and in December 2015, the Court of Justice of the European Union (CJEU) annulled the European Commission's decision including the EUR 70.2 million fine. The CJEU's ruling entered into force and the EUR 70.2 million fine was repaid to SAS at the beginning of March 2016. The European Commission took a new decision on the same issue in March 2017 and again imposed fines on SAS and many other airlines for alleged participation in a global air cargo cartel in the 1999–2006 period. The fine of EUR 70.2 million was the same as that imposed under the 2010 decision. SAS appealed the European Commission's decision and a hearing was held in the CJEU in July 2019. Judgement was announced on March 30, 2022. SAS was partly successful with its appeal and the fine paid in under 2017 was slightly reduced. SAS has appealed the judgement.

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

# CONSOLIDATED STATEMENT OF INCOME

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

MSEK	Note	Q1	
		Nov–Jan 2022–2023	Nov–Jan 2021–2022
Revenue	2	7,896	5,545
Personnel expenses		-1,934	-1,652
Jet-fuel costs		-2,481	-1,136
Air traffic charges		-725	-569
Other external expenses	3	-4,248	-2,362
Depreciation, amortization and impairment	4	-1,148	-1,183
Income from shares in affiliated companies		4	4
Income from sale and return of aircraft, and other non-current assets		2	24
<b>Operating income (EBIT)</b>		<b>-2,634</b>	<b>-1,329</b>
Financial income and expenses	5	185	-1,268
<b>Income before tax (EBT)</b>		<b>-2,449</b>	<b>-2,597</b>
Tax		-260	155
<b>Net income for the period</b>		<b>-2,709</b>	<b>-2,442</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		-12	98
Cash-flow hedges, net after tax		-51	-338
<i>Items that will not be reversed to net income:</i>			
Revaluations of defined-benefit pension plans, net after tax		-523	69
<b>Total other comprehensive income, net after tax</b>		<b>-586</b>	<b>-171</b>
<b>Comprehensive income for the period</b>		<b>-3,295</b>	<b>-2,613</b>
<i>Attributable to Parent Company shareholders:</i>			
Net income for the period		-2,709	-2,442
Comprehensive income for the period		-3,295	-2,613
Earnings per common share before and after dilution (SEK) <sup>1</sup>		-0.37	-0.34

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

## INCOME BEFORE TAX AND ITEMS AFFECTING COMPARABILITY

MSEK	Q1	
	Nov–Jan 2022–2023	Nov–Jan 2021–2022
Income before tax (EBT)	-2,449	-2,597
Rejection of lease contracts in Chapter 11	-4	–
Capital gains/losses <sup>1</sup>	2	-24
<b>Income before tax and items affecting comparability</b>	<b>-2,451</b>	<b>-2,621</b>

<sup>1</sup> Capital gains/losses include aircraft and engine sales amounting to MSEK -2 (24), of which sale and leaseback amounted to MSEK -2 (11) in the November–January period.

# CONSOLIDATED BALANCE SHEET

## CONDENSED BALANCE SHEET

MSEK	Jan 31, 2023	Oct 31, 2022	Jan 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	681	692	717
Tangible assets	15,841	18,296	19,157
Right-of-use assets	18,073	17,840	16,460
Financial assets	10,186	10,847	8,375
Deferred tax assets	1,506	1,628	1,297
<b>Total non-current assets</b>	<b>46,287</b>	<b>49,303</b>	<b>46,006</b>
<b>Current assets</b>			
Inventories and expendable spare parts	273	319	436
Current receivables	5,095	4,881	2,772
Cash and cash equivalents	5,273	8,654	3,438
<b>Total current assets</b>	<b>10,641</b>	<b>13,854</b>	<b>6,646</b>
<b>TOTAL ASSETS</b>	<b>56,928</b>	<b>63,157</b>	<b>52,652</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total shareholders' equity</b>	<b>-2,533</b>	<b>762</b>	<b>3,803</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	15,034	16,627	13,507
Interest-bearing lease liabilities	16,981	17,686	13,973
Other non-current liabilities	4,293	4,283	3,751
<b>Total non-current liabilities</b>	<b>36,308</b>	<b>38,596</b>	<b>31,231</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	6,389	7,379	4,838
Interest-bearing lease liabilities	3,847	3,828	3,077
Other current liabilities	12,917	12,592	9,703
<b>Total current liabilities</b>	<b>23,153</b>	<b>23,799</b>	<b>17,618</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>56,928</b>	<b>63,157</b>	<b>52,652</b>
Interest-bearing assets	17,159	21,114	12,324
Interest-bearing liabilities	42,251	45,519	35,395
Working capital	-12,071	-11,692	-9,487

## SPECIFICATION OF FINANCIAL NET DEBT, JANUARY 31, 2023

	According to balance sheet	Of which financial net debt
Financial assets	10,186	659
Current receivables	5,095	2,510
Cash and cash equivalents	5,273	5,273
Non-current liabilities	36,308	32,015
Current liabilities	23,153	10,236
<b>Financial net debt</b>		<b>33,809</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## CONDENSED CHANGES IN SHAREHOLDERS' EQUITY

### Total shareholders' equity attributable to Parent Company shareholders

MSEK	Share capital <sup>1</sup>	Other contributed capital	Hedging reserves	Translation reserve	Hybrid bonds	Retained earnings	Total shareholders' equity
Opening shareholders' equity in accordance with approved balance sheet, October 31, 2021	8,650	2,899	511	-192	7,615	-13,067	6,416
Net income for the period						-2,442	-2,442
Comprehensive income for the period			-338	98		69	-171
Closing balance, January 31, 2022	8,650	2,899	173	-94	7,615	-15,440	3,803
Hybrid bond interest <sup>2</sup>						-	-
Net income for the period						-4,606	-4,606
Comprehensive income for the period			-417	114		1,868	1,565
Closing balance, October 31, 2022	8,650	2,899	-244	20	7,615	-18,178	762
Net income for the period						-2,709	-2,709
Comprehensive income for the period			-51	-12		-523	-586
Closing balance, January 31, 2023	8,650	2,899	-295	8	7,615	-21,410	-2,533

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

<sup>2</sup> Due interest payments of MSEK 366 that have been deferred according to press releases on April 7, 2022 and October 13, 2022.

# CONSOLIDATED CASH-FLOW STATEMENT

## CONDENSED CASH-FLOW STATEMENT

MSEK	Q1	Q1
	Nov-Jan 2022-2023	Nov-Jan 2021-2022
<b>OPERATING ACTIVITIES</b>		
Income before tax (EBT)	-2,449	-2,597
Depreciation, amortization and impairment	1,148	1,183
Income from sale of aircraft and buildings	-2	-24
Adjustment for other non-cash items, etc.	-870	762
Tax paid	0	0
<b>Cash flow from operations before change in working capital</b>	<b>-2,173</b>	<b>-676</b>
Change in working capital	488	562
<b>Cash flow from operating activities</b>	<b>-1,685</b>	<b>-114</b>
<b>INVESTING ACTIVITIES</b>		
Investments including advance payments to aircraft manufacturers	-1,144	-857
Acquisition of subsidiaries and affiliated companies	-57	-
Sale of fixed assets, etc.	1,198	579
<b>Cash flow from investing activities</b>	<b>-3</b>	<b>-278</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	825	89
Repayment of borrowings	-1,377	-138
Amortization of lease liabilities	-789	-639
Fees DIP financing	-12	-
Other financing activities	-344	249
<b>Cash flow from financing activities</b>	<b>-1,697</b>	<b>-439</b>
<b>Cash flow for the period</b>	<b>-3,385</b>	<b>-831</b>
Translation difference in cash and cash equivalents	4	1
Cash and cash equivalents at beginning of the period	8,654	4,268
<b>Cash and cash equivalents at the end of the period</b>	<b>5,273</b>	<b>3,438</b>

# PARENT COMPANY SAS AB

The number of shareholders in SAS AB amounted to 266,361 (230,117) on January 31, 2023. The average number of employees amounted to two (two).

## CONDENSED STATEMENT OF INCOME

MSEK	Q1	
	Nov-Jan 2022-2023	Nov-Jan 2021-2022
Revenue	14	12
Personnel expenses	-8	-7
Other operating expenses	-544	-37
<b>Operating income (EBIT)</b>	<b>-538</b>	<b>-32</b>
Impairment of shares in subsidiaries	-1,840	0
Net financial items	97	86
<b>Income before tax (EBT)</b>	<b>-2,281</b>	<b>54</b>
Tax	-	-
<b>Net income for the period</b>	<b>-2,281</b>	<b>54</b>

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

## CONDENSED BALANCE SHEET

MSEK	Jan 31, 2023	Oct 31, 2022	Jan 31, 2022
Financial non-current assets	20,081	21,920	25,009
Other current assets	193	563	61
Cash and bank balances	1	1	0
<b>TOTAL ASSETS</b>	<b>20,275</b>	<b>22,484</b>	<b>25,070</b>
Shareholders' equity	18,362	20,643	23,406
Non-current liabilities	1,568	1,623	1,598
Current liabilities	345	218	66
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>20,275</b>	<b>22,484</b>	<b>25,070</b>

## CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Restricted equity		Unrestricted equity			Total sharehold- ers' equity
	Share capital <sup>1</sup>	Statutory reserve	Share premium reserve	Hybrid bonds	Retained earnings <sup>2</sup>	
Opening shareholders' equity in accordance with approved balance sheet, October 31, 2022	8,650	447	2,729	7,615	1,202	20,643
Net income for the period					-2,281	-2,281
<b>Closing balance, January 31, 2023</b>	<b>8,650</b>	<b>447</b>	<b>2,729</b>	<b>7,615</b>	<b>-1,079</b>	<b>18,362</b>

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

2) Due interest payments of MSEK 366 that have been deferred according to press releases on April 7, 2022 and October 13, 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

New and amended IFRSs that entered force in November 2022 or later have not had any material effect on the consolidated financial statements. New or amended IFRSs that enter force in the coming fiscal years have not been applied in advance in the preparation of these financial statements and are not expected to have a significant effect on the Group's or Parent Company's forthcoming financial reports.

### ESTIMATES AND ASSUMPTIONS

The preparation of the interim report requires SAS to make assessments and estimates, and make assumptions that affect the application of the accounting policies and the carrying amounts of assets and liabilities, and revenue and expenses, this is also described on page 10–11 of this report. The actual outcome may differ from these estimates and judgments. In addition to what is described below, the critical assessments and sources of uncertainty in estimates are the same as those in the most recent annual report.

As described on page 11, on July 5, 2022, SAS AB, together with some of its subsidiaries, initiated a court-supervised process in the United States by voluntarily filing for Chapter 11. The Chapter 11 process provides an option to negotiate and reject contracts that were in effect at the beginning of the process. During the period August 2022 to January 2023, SAS has chosen to reject lease contracts pertaining to one B737-700, two A350-900 and three A321-200 aircraft as well as a number of engines. All of these contract rejections have been approved by the US court. In conjunction with this approval, SAS made the related assets available for retrieval by the applicable leaseholders or lenders, with the consequent effect that the assets and liabilities associated with the contracts were removed from the balance sheet. As a step in the Chapter 11 process, SAS expects the lenders/leaseholders to seek damages for their economic losses and report this to the US court. Due to the uncertainty in outcome, if any, for claims arising under Chapter 11 since these are dependent on the number of claims and the size of the claims, but are also dependent on the restructuring plan that later in the process is required to be approved by the court, SAS has been unable to reliably estimate a corresponding total provision for claims. These claims may be material. SAS has recognized provisions in its financial statements for claims where adequate and reasonable information was available to estimate the liability.

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

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

For the first quarter, total capacity (ASK) was up 18.1% and total revenue passenger kilometers (RPK) rose 46.3% year-on-year. The number of passengers increased 48.2% year-on-year. SAS' revenue grew 42.4% for the quarter year-on-year. Despite measures taken by SAS to reduce costs, the significant decrease in revenue compared with prior to the pandemic cannot be fully outweighed by cost reductions. Income before tax for the first quarter of fiscal year 2023 amounted to SEK -2.4 billion. SAS has worked continuously and intensively with various cost reduction measures, limiting non-business-critical investments and utilizing various financing solutions to protect its liquidity. 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. SAS' cash and cash equivalents declined during the quarter, and as of January 31 2023, the cash position amounted to SEK 5.3 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. The remaining part of the DIP financing is expected to be received in the second quarter in fiscal year 2022/2023, conditioned by meeting certain criteria, which are defined in the DIP term loan agreement. SAS currently aims to complete its court-supervised process in the US during the second half of 2023.

SAS are engaging with different stakeholders as part of the next phase of the Chapter 11 process, which includes launching an equity solicitation process to obtain the capital necessary to implement our SAS FORWARD plan and working to build consensus for a plan of reorganization. The process is expected to start during the second quarter in fiscal year 2022/2023.

Debt or debt-like items of SEK 20 billion are expected to be converted or reduced through the Chapter 11 process during the second half of 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 wants to highlight that there are no guarantees that SAS FORWARD will successfully be completed through the Chapter 11 process. In the event that the expected burden sharing, debt conversions and new capital raise are not completed as planned, SAS will be unable to support its existing capital structure and current liquidity levels and it cannot be ruled out that SAS could become unable to meet its obligations over the longer term as they fall due.

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

### OPERATING SEGMENTS AND DISAGGREGATION OF REVENUE

The Group's operations are reported as one operating segment, which is consistent with the internal reporting to the Chief Operating Decision Maker (CODM), which is defined as SAS Group Management. Note 2 sets out the destination-based disaggregation of revenue broken down by revenue category and geographical area. Traffic revenue from domestic services in Denmark, Norway and Sweden is allocated to Domestic. Traffic between the three countries is allocated to Intra-Scandinavian. Other traffic revenues are allocated to the geographical area where the destination is located. Other revenues are allocated to a geographical area based on the customer's geographical location relating, for example, to goods exported to a customer in another country or, alternatively, the geographical location where the service is performed. Note 2 breaks down revenue by material source country based on the country of sale.

**NOTE 2 REVENUE**

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

**REVENUE BY CATEGORY**

	Q1	Q1
	Nov-Jan 2022-2023	Nov-Jan 2021-2022
Passenger revenue	5,786	3,506
Charter revenue	238	168
Cargo revenue	369	464
Other traffic revenue	553	686
<b>Total traffic revenue</b>	<b>6,946</b>	<b>4,824</b>
Other operating revenue	950	721
<b>Total</b>	<b>7,896</b>	<b>5,545</b>

**GEOGRAPHICAL BREAKDOWN**

	Domestic		Intra-Scandinavian		Europe		Intercontinental		Total	
	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Nov-Jan 2022-2023	Nov-Jan 2021-2022
Passenger revenue	1,696	1,215	641	368	1,942	1,177	1,507	746	5,786	3,506
Charter revenue	0	0	0	0	238	168	0	0	238	168
Cargo revenue	1	0	1	1	11	8	356	455	369	464
Other traffic revenue	162	237	61	72	185	230	145	147	553	686
<b>Total traffic revenue</b>	<b>1,859</b>	<b>1,452</b>	<b>703</b>	<b>441</b>	<b>2,376</b>	<b>1,583</b>	<b>2,008</b>	<b>1,348</b>	<b>6,946</b>	<b>4,824</b>

	Denmark		Norway		Sweden		Europe		Other countries		Total	
	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Nov-Jan 2022-2023	Nov-Jan 2021-2022
<b>Other operating revenue</b>	117	104	276	253	161	134	170	136	226	94	950	721

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-Jan 2022-2023	Nov-Jan 2021-2022	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Nov-Jan 2022-2023	Nov-Jan 2021-2022
<b>Traffic revenue:</b>										
Passenger revenue	1,459	1,055	1,670	1,096	715	460	1,942	895	5,786	3,506
Charter revenue	57	47	140	91	41	30	0	0	238	168
Cargo revenue	72	62	65	65	72	99	160	238	369	464
Other traffic revenue	139	206	159	215	68	90	187	175	553	686
<b>Total traffic revenue</b>	<b>1,727</b>	<b>1,370</b>	<b>2,034</b>	<b>1,467</b>	<b>896</b>	<b>679</b>	<b>2,289</b>	<b>1,308</b>	<b>6,946</b>	<b>4,824</b>
<b>Total other operating revenue</b>	<b>161</b>	<b>134</b>	<b>276</b>	<b>253</b>	<b>117</b>	<b>104</b>	<b>396</b>	<b>230</b>	<b>950</b>	<b>721</b>
<b>Total</b>	<b>1,888</b>	<b>1,504</b>	<b>2,310</b>	<b>1,720</b>	<b>1,013</b>	<b>783</b>	<b>2,685</b>	<b>1,538</b>	<b>7,896</b>	<b>5,545</b>

**NOTE 3 OTHER EXTERNAL EXPENSES**

	Q1	Q1
	Nov-Jan 2022-2023	Nov-Jan 2021-2022
Sales and distribution costs	-556	-325
Catering costs	-302	-153
Handling costs	-624	-443
Technical aircraft maintenance	-696	-383
Computer and telecommunication costs	-339	-271
Administrative services	-652	-131
Wet-lease expenses	-353	-322
Other	-726	-334
<b>Total</b>	<b>-4,248</b>	<b>-2,362</b>

**NOTE 4 DEPRECIATION, AMORTIZATION AND IMPAIRMENT**

	Q1	Q1
	Nov-Jan 2022-2023	Nov-Jan 2021-2022
Intangible assets, amortization	-1	-10
Tangible assets, depreciation	-296	-372
Right-of-use assets, depreciation	-851	-801
<b>Total</b>	<b>-1,148</b>	<b>-1,183</b>

**NOTE 5 FINANCIAL INCOME AND EXPENSES**

	Q1	Q1
	Nov-Jan 2022-2023	Nov-Jan 2021-2022
Financial income	187	9
Interest expense	-633	-167
Other financial expenses	-28	-16
Exchange-rate differences	5	5
Interest expenses, IFRS 16	-231	-170
Exchange-rate differences, IFRS 16	885	-929
<b>Total</b>	<b>185</b>	<b>-1,268</b>

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

MSEK	Jan 31, 2023		Oct 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Financial assets at fair value, hedge-accounted	41	41	31	31
Financial assets at FVTPL	26	26	27	27
Financial assets at amortized cost	11,271	11,271	14,938	14,938
<b>Total</b>	<b>11,338</b>	<b>11,338</b>	<b>14,996</b>	<b>14,996</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value, hedge-accounted	8	8	44	44
Financial liabilities at FVTPL	23	23	57	57
Financial liabilities at amortized cost	25,740	24,601	28,614	27,585
<b>Total</b>	<b>25,771</b>	<b>24,632</b>	<b>28,715</b>	<b>27,686</b>

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

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

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

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

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

**FAIR VALUE HIERARCHY**

MSEK	Jan 31, 2023			Oct 31, 2022		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial assets</b>						
Financial assets at fair value, hedge-accounted	–	41	41	–	31	31
Financial assets at FVTPL	–	26	26	–	27	27
<b>Total</b>	<b>–</b>	<b>67</b>	<b>67</b>	<b>–</b>	<b>58</b>	<b>58</b>
<b>Financial liabilities</b>						
Financial liabilities at fair value, hedge-accounted	–	8	8	–	44	44
Financial liabilities at FVTPL	–	23	23	–	57	57
<b>Total</b>	<b>–</b>	<b>31</b>	<b>31</b>	<b>–</b>	<b>101</b>	<b>101</b>

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

Stockholm, February 24, 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

This interim report is unaudited.

# TRAFFIC DATA INFORMATION

## SCHEDULED PASSENGER TRAFFIC

	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Year-on-year change
Number of passengers (000)	4,465	3,010	48.3%
RPK, Revenue Passenger Kilometers (mill)	5,450	3,712	46.8%
ASK, Available Seat Kilometers (mill)	7,982	6,745	18.3%
Load factor	68.3%	55.0%	13.3 pp <sup>1</sup>
Passenger yield, currency-adjusted	1.06	0.99	6.8%
Passenger yield, nominal	1.06	0.94	12.4%
Unit revenue, PASK, currency-adjusted	0.72	0.55	32.5%
Unit revenue, PASK, nominal	0.72	0.52	39.5%
RASK, currency-adjusted	0.83	0.72	15.6%
RASK, nominal	0.83	0.68	21.9%

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

## TOTAL TRAFFIC (SCHEDULED AND CHARTER TRAFFIC)

	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Year-on-year change
Number of passengers (000)	4,566	3,082	48.2%
RPK, Revenue Passenger Kilometers (mill)	5,784	3,953	46.3%
ASK, Available Seat Kilometers (mill)	8,351	7,072	18.1%
Load factor	69.3%	55.9%	13.4 pp <sup>1</sup>
Unit cost, CASK, currency-adjusted	-1.13	-0.94	20.8%
Unit cost, CASK, nominal incl. items affecting comparability	-1.15	-0.87	31.3%
Unit cost, CASK, excl. jet fuel, currency-adjusted	-0.84	-0.75	11.9%
Unit cost, CASK, excl. jet fuel, nominal incl. items affecting comparability	-0.85	-0.71	19.2%

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

## SCHEDULED TRAFFIC TREND FOR SAS BY ROUTE SECTOR

	Nov-Jan 2022-2023 vs. Nov-Jan 2021-2022	
	Traffic (RPK)	Capacity (ASK)
Intercontinental	81.7%	36.4%
Europe/Intra-Scandinavia	31.7%	9.8%
Domestic	30.9%	9.5%

## PRODUCTIVITY AND ENVIRONMENTAL EFFICIENCY

12-month rolling	January, 2023	January, 2022	Year-on-year change
Aircraft, block hours/day	7.6	6.4	18.8%
Cabin crew, block hours/year	696	655	6.3%
Pilots, block hours/year	528	473	11.6%

Environmental efficiency	January, 2023	January, 2022	Year-on-year change
Total CO <sub>2</sub> emissions, million metric tons (R12M)	2,512	1,484	69.3%
CO <sub>2</sub> emissions per available seat kilometer, grams (R12M)	53.8	52.1	3.3%

# AIRCRAFT FLEET

## THE SAS AIRCRAFT FLEET ON JANUARY 31, 2023

SAS Group Aircraft Fleet	Age	Owned	Leased	Wet lease	Total	SAS Scandinavia	SAS Connect	SAS Link	Wet lease	In SAS Group traffic	Firm order purchase	Firm order lease
Airbus A330/350	8.4	6	6		12	12				12	2	
Airbus A320 family	6.7	19	59		78	56	22			78	24	
Boeing 737NG	17.3	6			6	6				6		
Embraer E195-100	15.1		5		5			5		5		5 <sup>1)</sup>
Bombardier CRJ	8.1			22	22				22	22		
ATR-72	9.4			6	6				6	6		
<b>Total aircraft in operation</b>	<b>8.0</b>	<b>31</b>	<b>70</b>	<b>28</b>	<b>129</b>	<b>74</b>	<b>22</b>	<b>5</b>	<b>28</b>	<b>129</b>	<b>26</b>	<b>5</b>
<b>Aircraft undergoing phase-out</b>												
<b>737-800</b>	14.4	4			4							
<b>Total</b>	<b>14.4</b>	<b>4</b>			<b>4</b>							

<sup>1)</sup> Letters of intent are signed for three of these aircraft as of January 31, 2023.

Aircraft on firm order FY23–FY25 per January 31 2023	FY23	FY24	FY25	Total
Airbus A320neo	13	7	4	24
Embraer E195-100	5			5
Airbus A350		2		2
<b>Total</b>	<b>18</b>	<b>9</b>	<b>4</b>	<b>31</b>



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

# KEY FIGURES AND ALTERNATIVE PERFORMANCE MEASURES

SAS calculates various Alternative Performance Measures (APMs) that complement the metrics defined in the applicable rules for financial reporting. The APMs facilitate comparison between different periods and are used for internal analysis of the business's performance, development and financial position, and are therefore deemed to provide valuable information to external stakeholders, such as investors, analysts, rating agencies and others. For definitions, refer to the Definitions section and shareholder information. A list of the APMs deemed of sufficient material importance to specify is available at [www.sasgroup.net](http://www.sasgroup.net) under Investor Relations.

	Jan 31, 2023	Oct 31, 2022	Jan 31, 2022
Return on invested capital (ROIC)	-11%	-8%	-11%
Financial net debt/adjusted EBITDA	n/a	23.3x	148x
Financial preparedness	38%	60%	48%
Return on shareholders' equity	-632%	-261%	-105%
Equity/assets ratio	-4%	1%	7%
Financial net debt, MSEK	33,809	33,657	29,812
Shareholders' equity excluding hybrid bonds per common share	-1.4	-0.94	-0.52
Debt/equity ratio	-13.3	44.1	7.8
Interest-coverage ratio	-1.8	-1.7	-3.6

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

MSEK	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4
	Nov-Jan 2022-2023	Nov-Jan 2021-2022	Feb-Apr 2022	Feb-Apr 2021	May-Jul 2022	May-Jul 2021	Aug-Oct 2022	Aug-Oct 2021
Revenue	7,896	5,545	7,048	1,932	8,580	3,982	10,651	5,762
Operating income (EBIT)	-2,634	-1,329	-763	-2,018	-1,148	-852	-92	-474
Operating income (EBIT) margin	-33.4%	-24.0%	-10.8%	-104.5%	-13.4%	-21.4%	-0.9%	-8.2%
Income before tax (EBT)	-2,449	-2,597	-1,557	-2,331	-1,991	-1,334	-1,701	-945
Net income for the period	-2,709	-2,442	-1,520	-2,410	-1,848	-1,336	-1,238	-744
Income before tax and items affecting comparability	-2,451	-2,621	-1,613	-2,331	-2,081	-1,213	-1,626	-911
Earnings per common share (SEK)	-0.37	-0.34	-0.21	-0.35	-0.25	-0.18	-0.17	-0.12
Cash flow before financing activities	-1,688	-392	2,599	-2,922	-472	967	786	1,120
Average number of employees (FTEs)	7,497	6,326	6,881	4,476	7,435	5,190	7,492	6,214



# DEFINITIONS AND SHAREHOLDER INFORMATION

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

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

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

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

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

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

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

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

**Available seat kilometers** – See ASK.

**Available tonne kilometers** – See ATK.

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

**CAGR** – Compound annual growth rate.

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

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

**CASK** – See unit cost.

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

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

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

**EBIT** – Operating income.

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

**EBT** – Income before tax.

**EEA** – European Economic Area.

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

**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.

**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.

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

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

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

analyzing SAS. By reporting earnings excluding nonrecurring items, the underlying results are shown, which facilitates comparability between different periods.

**LCC** – Low Cost Carrier. Low Cost Carrier.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## FINANCIAL CALENDAR

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

March 16, 2023	Annual General Shareholders' Meeting
June 1, 2023	Q2 Interim Report (Feb 2023–Apr 2023)
September 1, 2023	Q3 Interim Report (May 2022–Jul 2023)
November 30, 2023	Year-end report (Nov 2022–Oct 2023)

## INVESTOR RELATIONS

### IR contact

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E-post: [investor.relations@sas.se](mailto:investor.relations@sas.se)

### 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).