SAS

ANNUAL AND SUSTAINABILITY REPORT
Fiscal year 2023

A STAR ALLIANCE MEMBER

CONTENTS

SAS Annual and Sustainability Report Fiscal Year 2023

SAS reports financial and sustainability information in a joint report: SAS Annual and Sustainability Report Fiscal Year 2023 (FY 2023). The SAS statutory annual report includes the report by the Board of Directors on pages 57–92 and the financial statements pages 93–138. The sustainability reporting has been prepared in accordance with the GRI Standards and comprises pages 20–55 and 149–151. The sustainability reporting also includes the statutory sustainability report in accordance with the Swedish Annual Accounts Act. The auditor's opinion on the annual report is included on pages 139–145 and the auditor's limited assurance report on the sustainability report and statement regarding the statutory sustainability report is included on page 56.

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 driving force in sustainable aviation and in the transition toward net zero emissions. We are continuously reducing our carbon emissions through using more sustainable aviation fuel, investing in new fuel-efficient aircraft and technology innovation together with partners – thereby contributing towards the industry target of net zero CO_2 emissions by 2050. In addition to flight operations, SAS offers ground handling services, technical maintenance and air cargo services.

Operations

SCANDINAVIA'S LEADING AIRLINE

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

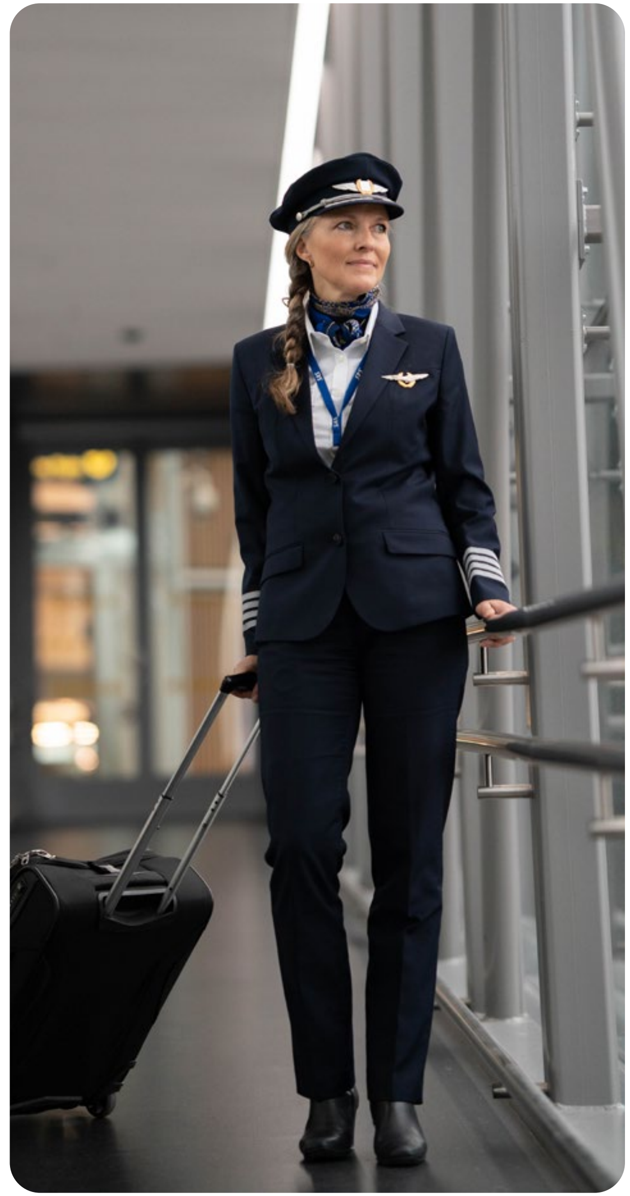
Airline operations
SAS is Scandinavia's leading airline for flights to, from and within Scandinavia. Airline operations are our primary business and are conducted through SAS Scandinavia, SAS Connect, SAS Link and our production partners.

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

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

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

EuroBonus
EuroBonus is Scandinavia's largest travel-related loyalty program and enables closer relationships with our customers. EuroBonus has over 7 million members and more than 100 partners. The members also contribute to valuable customer insights for SAS, which sets us apart from our competitors.



SAS IN FIGURES

SAS' passenger demand followed a positive trend throughout the year, indicating an improved underlying demand for travel despite an increasingly uncertain economic outlook in society as a whole. Revenue for fiscal year 2023 ended at SEK 42 billion, with passenger numbers of 23.7 million, an increase by 33 percent compared with last year. SAS' result landed at negative SEK 5.7 billion before tax and items affecting comparability. Cost reductions across the business remain in focus, aiming to secure competitiveness. However, certain major cost-savings achieved as part of the Chapter 11 process in the US will not be reflected in SAS' financial results until SAS emerges from the restructuring proceedings. During the summer, SAS experienced significant operational disruptions due to air traffic control capacity issues at Copenhagen airport, causing challenges for SAS' passengers as well as SAS' operational and financial performance during the year.

23.7
Million passengers

42.0
Total revenue, SEK billion

-5.7
Earnings before tax and items affecting comparability, SEK billion

71.4
Punctuality, %

54.5
CO_2 emissions per ASK, grams (rolling 12 months)

+27.3
Change in total operating expenses, %

FINANCIAL AND ENVIRONMENTAL TARGETS

SAS' overall long-term goal is to create value for our shareholders and to deliver sustainable and profitable growth throughout the business cycle. For definitions, please see pages 154-155.

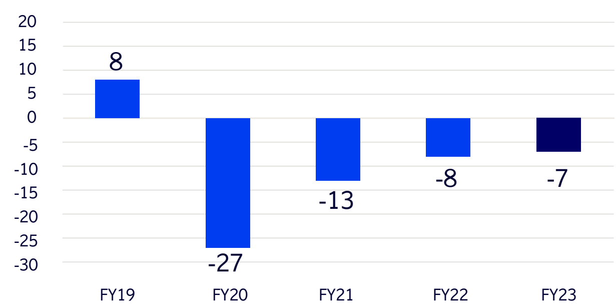
Return on invested capital (ROIC)*

Our target for ROIC is to exceed the post-tax Weighted Average Cost of Capital (WACC) over a business cycle. The 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, see page 64.

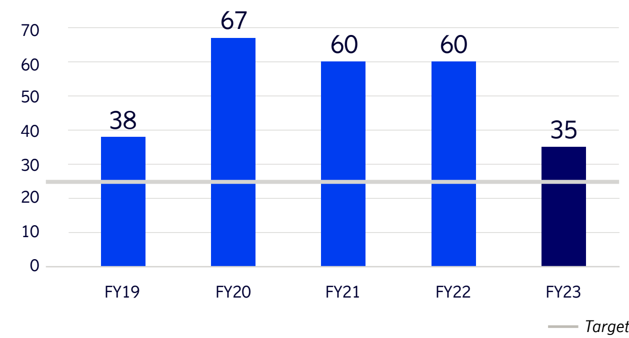
Financial net debt/adjusted EBITDA*

The target for financial net debt/adjusted EBITDA is a key ratio used by credit rating agencies and banks for assessing 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.

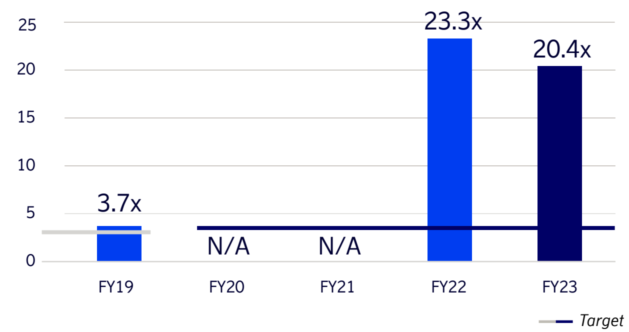
RETURN ON INVESTED CAPITAL, %



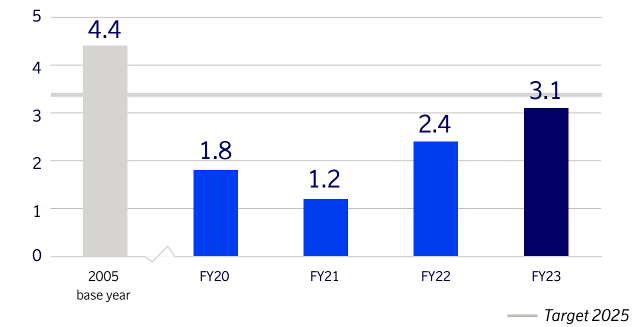
FINANCIAL PREPAREDNESS, %



FINANCIAL NET DEBT/ADJUSTED EBITDA



TOTAL CO_2 EMISSIONS, M TONNES



Financial preparedness*

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.

Total CO_2 emissions

SAS has set a target to reduce its total CO_2 emissions by 25% by 2025 in comparison with 2005.

SIGNIFICANT EVENTS DURING THE YEAR

Overall underlying demand for travel was healthy during the year, despite an increasingly uncertain economic outlook in society as a whole. Passenger demand followed a positive trend and almost 24 million passengers traveled with SAS during the year. For the first time since 2019, SAS posted a quarterly profit in the third quarter, signaling progress in SAS' efforts to become cost competitive. The year also saw steady progress in SAS' Chapter 11 process in the US.

Following a broad and competitive equity solicitation process, SAS reached a major milestone in securing an exit financing investment of approximately SEK 13 billion, from investors Castlelake, Air France-KLM, Lind Invest and the Danish State. As part of the transaction, SAS intends to eventually join the SkyTeam Alliance, of which Air France-KLM is a founding member, and to exit the Star Alliance.

OPERATIONAL

Traffic disruptions

During the summer, air traffic control capacity issues caused considerable problems for airlines, airports and not least, for our passengers. Many passengers traveling through Copenhagen Airport during the summer were impacted, and the issues caused operational disruptions for approximately 25 percent of SAS' flights in June.

Aircraft

During the year, SAS took delivery of eight A320neo and five E195. Two A350, one 737NG and four A321 were phased out. At the end of the year SAS was one of the largest operators of new technology aircraft in Europe of with a total of 61 A320neo in the fleet.

FINANCIAL

SAS FORWARD and Chapter 11

SAS made significant progress with its transformation plan SAS FORWARD and its Chapter 11 process in the US. SAS concluded its lessor negotiations, having reached agreements with 15 lessors representing 59 aircraft, and thereby expects to achieve the targeted annual cost savings exceeding SEK 1.0 billion. SAS also reached a multiyear agreement renewal with a key travel technology provider, Amadeus.

Following a broad and competitive equity solicitation process, SAS reached a major milestone by securing an exit financing investment of approximately SEK 13 billion from investors Castlelake, Air France-KLM, Lind Invest and the Danish State. Please find further details on page 13 and 59-60.

PRODUCT AND OFFERING

Additional routes

SAS continued its ramp-up following the pandemic and added 30 new routes for the summer and autumn traffic program 2023 as well as several new intercontinental routes. These include direct flights from Copenhagen to Bangkok, and weekly flights to Agadir from Stockholm and Copenhagen. SAS has also resumed traffic to Tokyo three times a week.

Launch of biofuel tickets

SAS launched two new ticket types including biofuel during the year. Travelers buying Go Smart or Plus Pro tickets are able to purchase tickets with approximately 50 percent of biofuel included to lower the CO_2 emission of their SAS flight. The tickets are available on all SAS domestic, Scandinavian and European flights, and include the maximum amount of biofuel allowed.

Redesigned award-winning app

SAS enhanced its app with a focus on improving the customer experience. The app has been developed together with SAS' customers, and the re-designed app offers new features such as a simplified booking process, travel recommendations and real-time flight updates. During the year, SAS won a Webby Award and a Red Dot Award for the app.

ORGANIZATION

Hiring and talent acquisition

SAS has implemented a new in-house talent acquisition function to secure the ramp-up and knowledge transfer of upcoming retirements to secure the right capabilities to deliver on our business plan as the industry recovers.

In line with the on-going ramp-up of traffic operations, SAS expects to rehire an additional 280 pilots for summer 2024.

Employer value proposition

SAS has prepared the launch of its new Employee Value Proposition *Together We Move Scandinavia,* which is expected to launch in the first quarter of FY2024. Its purpose is to re-invigorate the SAS brand in the employer market and to address the behavioral aspects of SAS' transformation journey through a new culture-change program.

New senior appointments

During the year, SAS appointed Jason Mahoney as Executive Vice President & Chief Operating Officer. SAS also appointed Paul Verhagen as Executive Vice President & Chief Commercial Officer, and Ginger Hughes as Chief Transformation Officer. Erik Westman, Executive Vice President & Chief Revenue Officer, was appointed as permanent member of Group Management during the year.

COMMUNITY SUPPORT

Securing critical infrastructure

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

Rescue flights

In a collaboration between the Norwegian Armed Forces and the Ministry of Health and Care Services, and as a part of the EU Civil Protection Mechanism, SAS has provided aircraft for the evacuation of more than 2,000 war victims from Ukraine since the invasion started in 2022. SAS has converted a regular Boeing 737 aircraft into a hospital evacuation aircraft, which takes war victims to hospitals across Europe. The so-called MEDEVAC flights are taking place on a near-weekly basis.

SAS employees lend a helping hand – and aircraft

The SAS Julefly (SAS Christmas Flight) is a year-round charity effort run by SAS employees, in collaboration with representatives from other companies and organizations. During 2023 the charity has contributed much-needed equipment, food, and money to centers in Riga and Tallin. The aid is directed at disadvantaged children and families, as well as refugees from the war in Ukraine. The SAS Julefly initiative was initiated some 40 years ago and has saved numerous lives and served to help thousands of children and youth throughout these years.

SUSTAINABILITY

CO_2 emissions

During the year, CO_2 emissions increased 27 percent year-on-year. The main cause of this was SAS' ramp-up of new destinations and routes. Continuous deliveries of more efficient aircraft, with 15–30% lower fuel consumption than the aircraft they replace, had a positive effect on CO_2 emissions.

SAF (sustainable aviation fuels)

SAS consumed 6,049 tonnes of SAF during the year, almost double the volume compared to the previous year (3,083). This includes the biofuel sold to customers, the Norwegian blend-in mandate, the Swedish reduction mandate introduced on July 1, 2021 and the French reduction mandate introduced on 1 Jan, 2022.

SAS has proudly been participating in an EU-funded research project at Copenhagen Airport to investigate the impact on local air quality from SAF flights. The air quality resulting from SAS flights with 35% SAF fuel within Scandinavia has been measured several times per day.

Corporate sustainability program

DSV and Skellefteå Municipality joined the SAS Corporate Sustainability Program. Skellefteå Municipality became the first Swedish municipality to join the program, partnering with SAS to purchase sustainable aviation fuel for all business travel in 2023 and 2024. SAS also signed an agreement with Sundsvall Municipality, making Sundsvall the first municipality in Sweden to purchase biofuel tickets exclusively for all business travel flights for its employees.

Emerging technologies

SAS opened seat reservations for its first-ever commercial electric flights in Sweden, Norway, and Denmark, expected to take place in 2028. By adopting and supporting innovative and emerging technologies in the sector, SAS continues to lead the way into the future of sustainable air travel.

Fuel efficiency

SAS continued to work with Airbus on the development of next generation aircraft with low or zero emissions.

Carbon offset

On average 38 percent of SAS passenger-related carbon emissions was offset during the year.

Anko van der Werff
President & CEO

CEO LETTER

"We have secured financing for the future, and SAS is in a great position to remain at the forefront of the airline industry for years to come"

It has been an eventful year for SAS in many ways. Demand for travel continued to grow throughout the year on the back of lifted pandemic-induced travel restrictions. The whole industry has been focused on quickly ramping up to meet increasing passenger demand, which has not been without challenges. Issues with air traffic control capacity and strikes around Europe caused considerable problems for airlines, airports and, not least, passengers during the year. The market also continued to suffer from the effects of Russia's February 2022 invasion of Ukraine, which is disrupting travel patterns within Europe and between Europe and Asia-Pacific. That said however, when summarizing the year, I am pleased to conclude that, thanks to fantastic efforts by our employees, SAS' ramp-up has been successful in many ways. Almost 24 million passengers flew with us during the year, up 33 percent from last year.

Progress has been made in our endeavor to be a driving force in sustainable aviation. During the year, we launched two ticket types enabling travelers buying Go Smart or Plus Pro to purchase tickets with 50 percent sustainable aviation fuel, to thereby lower the $C0_2$ emissions of their SAS trip. This marks an important step contributing towards the industry target of net zero CO_2 emissions by 2050.

SAS reached several milestones in our SAS FORWARD plan and our Chapter 11 process in the US during the year. We reached agreements with lessors and with labor unions, and we secured financing for the future by entering into an investment agreement with the winning bidder consortium in our equity solicitation process. We have also added many new routes and developed our offerings. I am pleased to conclude a busy year, a year during which our hard work has put SAS in a great position to remain at the forefront of the airline industry for years to come.

How would you summarize 2023 for SAS?

2023 was in many ways a year of recovery and consolidation. Throughout the year we have focused on our ramp-up to meet increasing demand from passengers. We have added several new routes and destinations for all seasons and preferences by expanding and deepening our offering to Asia, the Mediterranean and Africa. We added a total of 30 new routes for the summer program this year, with capacity to the Mediterranean exceeding pre-pandemic levels. SAS also inaugurated several new direct intercontinental routes. We resumed traffic to Tokyo this summer and SAS started flying to Africa again for the first time in decades with weekly flights to Agadir commencing in November. A new route to Bangkok from Copenhagen was also inaugurated in October. The Bangkok route is operated with Airbus A350 aircraft, which have much lower fuel consumption and up to 30 percent lower CO_2 emissions than previous comparable aircraft.

In July, 2.4 million passengers traveled with SAS, the highest monthly passenger figure since before the pandemic. Throughout the fiscal year, 23.7 million passengers traveled with SAS, which represents a 33 percent increase compared with FY2022. This is a clear confirmation that passengers continue to return to SAS, and that our ramp-up has been successful.

Perhaps the most far-reaching development during the year has been the significant progress made in our Chapter 11 process in the US and in reaching our overall targets in the SAS FORWARD plan. Early in the fiscal year, SAS received approval from the US Court for the new collective agreements concluded with the Swedish pilots' union as well as with our Norwegian union partners.

In January, SAS finalized negotiations with lessors under the Chapter 11 process, entering into agreements with a total of 15 lessors, representing 59 aircraft. Through the amended lease agreements, we expect to achieve the set targets for cost savings of at least SEK 1.0 billion in reduced aircraft lease expenses and annual cash flow impacting items related to aircraft financing. This constitutes an important step in achieving the SEK 7.5 billion in annual cost savings by fiscal year 2026 in the SAS FORWARD plan.

Finally, we successfully concluded our exit financing solicitation process, thereby securing financing for the future. Castlelake, Air France-KLM and Lind Invest, together with the Danish state, were selected as the winning bidder consortium in SAS' exit financing solicitation process. We entered an investment agreement with the bidding consortium shortly after the end of the fiscal year. The agreement includes a total investment in the reorganized SAS corresponding to approximately SEK 13.2 billion, including approximately SEK 5.2 billion in new unlisted equity and approximately SEK 8 billion in secured convertible debt. As part of the transaction, we have also secured new Debtor-in-Possession ("DIP") financing of SEK 5.5 billion from Castlelake. The funds from the new DIP financing agreement are being used for, inter alia, refinancing SAS' original DIP term loan, increasing liquidity and supporting SAS' path to exit from its voluntary restructuring proceedings. Securing financing for the future is truly a key milestone in our SAS FORWARD plan, and it confirms that our new investors believe in SAS and our potential to remain at the forefront of the airline industry for years to come.

2023 was also an award-winning year, during which SAS received recognition within several areas. SAS was yet again voted the most sustainable company in the aviation industry in Sweden, according to the extensive brand survey Sustainable Brand Index. This award is proof that we are on the right track, and SAS will continue to invest in modern fuel-efficient aircraft, sustainable aviation fuels, emerging technologies, and sustainable products and services. In April, our redesigned app with its many new features won a prestigious Webby Award, a leading international award honoring excellence on the Internet. We also received a Red Dot Award for the redesigned mobile app in the autumn, which is one of the most prestigious and internationally recognized design competitions. In September, SAS was thrilled to earn a five-star rating in the prestigious global APEX customer ranking at the 2023 APEX Awards. The ranking is based on neutral, third-party passenger feedback and insights gathered through APEX's partnership with the world's highest-rated travel-organizing app. These recognitions are testament to the tireless dedication of the SAS team in ensuring everything from safe journeys with the highest standard of service, to the team's continuous strive to create innovative solutions that deliver exceptional experiences for our customers.

How is your work towards more sustainable aviation progressing?
Throughout the year, we've continued to make progress in our aim to decarbonize aviation. This ambitious plan can only be achieved through collaboration. By involving our customers and teaming up with them, we can reduce CO_2 emissions and enable increased large-scale production of sustainable aviation fuels.

We participated in a large-scale international study to investigate sustainable aviation fuel (SAF) flights' impact on local air quality, at Copenhagen airport. The findings of this unique experiment at Copenhagen Airport showcase that using SAF not only reduces CO_2 emissions, but also enhances local air quality. This is a great example of how our collective efforts can enable further discoveries of sustainable solutions for the aviation industry.

During the year, we had the pleasure of welcoming the Danish company DSV and the Swedish municipality of Skellefteå to the SAS Corporate Sustainability Program. Skellefteå thus became the first municipality in Sweden to join the program, while in April, Sundsvall municipality became the first municipality to sign an agreement committing to only purchase biofuel tickets for all business travel flights for its employees. We hope that our new partnerships will inspire other companies and municipalities to reduce their air travel emissions while contributing to driving the transition toward sustainable aviation.

This summer, we also invited travelers to join in writing the next chapter in aviation history, opening 30 seats for reservation on our first ever commercial electric flight in Sweden, Norway, and Denmark.

On a final note, I would like to highlight the launch of the EuroBonus Conscious Traveler program in January. The new program enables EuroBonus members to make conscious choices when traveling with SAS – while getting rewarded for it. At the heart of Conscious Traveler lies a single goal; the involvement

of our customers in the journey toward net zero emission. The launch of EuroBonus Conscious Traveler is a contribution toward the industry target of net zero CO_2 emissions by 2050 – perhaps our most important journey yet. We look forward to following the impact of the program throughout the year.

What do you see looking ahead?
Our work toward completing our Chapter 11 process in the US, and toward reaching the objectives in the SAS FORWARD plan continues unabated. We have secured financing for the future, which is a key milestone. As a part of the transaction, SAS also intends to eventually exit Star Alliance and join SkyTeam Alliance, of which Air France-KLM is a founding member. This change lies ahead, and it is something that we look forward to as SAS' membership in SkyTeam Alliance will enable us to further enhance our offerings for the benefit of our colleagues, customers and communities.

SAS aims to receive approval of the Chapter 11 plan from the US court of in the first quarter of 2024. The effectiveness of the Chapter 11 plan remains subject to various conditions precedent, including approvals from various regulatory authorities and the completion of a Swedish company reorganization at the SAS AB level. As a result of that process, SAS expects that there will be only a modest recovery for general unsecured creditors, no recovery for subordinated creditors and no value for SAS AB's existing shareholders, and that all of SAS AB's common shares and listed commercial hybrid bonds will be cancelled, redeemed and delisted, in connection with emergence from the chapter 11 process. SAS currently expects to emerge from the chapter 11 process around the end of the first half of 2024.

While the work is far from over, I am pleased to see the substantial progress we are making to becoming a competitive and financially strong company.

I would like to thank our new investors and stakeholders for their support and for enabling us to continue on our journey forward. Last but not least, I want to thank all my colleagues at SAS for their hard work with SAS FORWARD throughout the year, and for everything they are doing to ensure that we take the best possible care of our customers on a daily basis.

Thank you, and we look forward to welcoming you onboard again soon!

Anko van der Werff,
President & CEO

SAS FORWARD – A PLAN TO SECURE LONG-TERM SUCCESS

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

New Business Plan

The new business plan includes:

- **Reduced annual costs of SEK 7.5 billion** – A key challenge to SAS' competitiveness is its cost structure. SAS FORWARD targets annual cost reductions totalling SEK 7.5 billion in savings between the fiscal years 2019 and 2026.
- **Development of the fleet, network and product offerings** – SAS is developing its fleet, network and product offerings to increase utilization, strengthen connectivity, and create profitable traffic growth.
- **Digital transformation** – SAS will undergo a major digital transformation, delivering major improvement in customers' experiences, driving financial benefits.
- **Positioning SAS as the driving force in sustainable aviation and in the transition toward net zero emissions** – SAS will invest in modern, fuel-efficient aircraft, sustainable aviation fuels, emerging technologies, and sustainable products and services. SAS will also work to incentivize changes in customer behavior through its offerings.
- **Operating platform acceleration** – SAS will improve flexibility, efficiency, and facilitate adaptation to changing market demand and competition.
- **Strengthen SAS' balance sheet by deleveraging and raising new capital** – see "Restructuring Plan" below.

The restructuring plan

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

Chapter 11

In order to accelerate the implementation of key elements of the SAS FORWARD plan, SAS voluntarily filed for Chapter 11 in the U.S. on July 5, 2022. Chapter 11 is a legal process for financial restructuring conducted under U.S. federal court supervision. It has previously been used by a number of large international airlines to restructure. Through this process, SAS aims to reach agreements with key stakeholders, restructure our debt obligations, renegotiate our fleet contracts, and emerge with a significant injection of capital. SAS' operations and flight schedule are unaffected by the Chapter 11 filing and SAS continues to serve its customers as normal.

Progress on SAS FORWARD

SAS made significant progress in its Chapter 11 process and with the SAS FORWARD plan generally during the year. SAS concluded negotiations with its aircraft lessors, having reached agreements with 15 lessors representing 59 aircraft, including seven wide bodies and 52 narrow bodies. Through the amended lease agreements, SAS expects 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. SAS also reached a multiyear agreement renewal with a key travel technology provider, Amadeus. The agreement with Amadeus will deliver efficiency within Distribution & IT, in line with the targets in the SAS FORWARD plan, while keeping SAS at the forefront of technical developments.

As part of the Chapter 11 process in the US, SAS engaged in a competitive equity solicitation process, aiming to secure the best available terms and conditions for its exit financing. On October 3, 2023, SAS announced that it had selected Castlelake, Air France-KLM and Lind Invest, together with the Danish state, as the winning bidder consortium in its exit financing solicitation process. Shortly after the fiscal year ended, SAS entered into an investment agreement with the winning bidder consortium. The agreed transaction structure includes a total investment in reorganized SAS corresponding to approximately SEK 13.2 billion, which includes approximately SEK 5.225 billion in new unlisted equity and approximately SEK 7.975 billion in secured convertible debt, as well as approximately SEK 5.5 billion of refinancing by Castlelake of SAS' current Debtor-in-Possession term loan. As part of the transaction, SAS intends to eventually exit the Star Alliance and join the SkyTeam Alliance, of which Air France-KLM is a founding member. The transaction will need to be approved as part of SAS' Chapter 11 plan.

SAS currently aims to receive approval for the Chapter 11 plan from the US Court in the first quarter of 2024, to be followed by obtaining regulatory approvals and an expected implementation of a Swedish reorganization at the SAS AB level. As a result of that process, SAS expects that there will be only a modest recovery for general unsecured creditors, no recovery for subordinated creditors and no value for SAS AB's existing shareholders, and that all of SAS AB's common shares and listed commercial hybrid bonds will be cancelled, redeemed and delisted, in connection with emergence from the Chapter 11 process. SAS expects that its operations will be unaffected by such legal proceedings and that it will continue to serve its customers as normal. SAS currently expects to emerge from the Chapter 11 process around the end of the first half of 2024.

Market and Strategy

THE AIRLINE OPERATING ENVIRONMENT

Over the past three years, the COVID-19 pandemic significantly affected the entire aviation industry, including SAS. Subsequent rising demand for travel has had a significant impact and the industry has struggled to recover quickly enough to meet this positive trend. Geopolitical tensions combined with Russia's ongoing war on Ukraine has, among other things, also affected the airline industry and had an impact on the recovery of traffic to and from Asia.

The state of the aviation industry

Continued ramp-up to meet the increase in passenger demand after the COVID-19 pandemic dominated the airline industry during the year. Substantially rising demand for travel had a significant impact, and the industry has struggled to ramp-up quickly enough to meet this positive trend. Air traffic control capacity issues and strikes around Europe also caused considerable problems for airlines, airports and not least, passengers.

The market continued to suffer from the effects of Russia's February 2022 invasion of Ukraine, disrupting travel patterns within Europe and between Europe and the Asia-Pacific, as well as other consequences such as adding to the inflationary pressures impacting major economies of the world. Despite economic uncertainties in society as a whole during the year, passenger demand was healthy and growing.

Market competition

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 remain price sensitive; and
3. customers who are more sensitive to quality than price.

Based on this categorization, SAS has historically been primarily active in the third, premium segment. Over the last few years, the premium segment's share of the total market has declined, and SAS expects this trend to continue in the coming years. However, the other two segments have exhibited 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, and it means that competition has increased in the Scandinavian market. Accordingly, SAS needs to reduce its unit cost per available seat kilometer, after adjustment for changes in fuel prices, in order to remain competitive.

Market and Strategy

The airline operating environment

> Strategy

STRATEGY WILL EVOLVE THROUGH SAS TRANSFORMATION PLAN

SAS aims to be the airline of choice for all Scandinavian travellers, with the strongest network both within Scandinavia and from Scandinavia to the rest of the world. Thanks to its relatively high GDP per capita and travel inclined population, Scandinavia has long been one of the most stable and attractive markets for air travel in Europe. SAS is a leader in this market with positive brand affiliation and capacity strength. Through an improving cost structure and a more flexible fleet structure, the company has opportunities to maintain its market position while also driving revenue growth and profitability.

SAS' strategy is to meet the needs of the Scandinavian business and leisure market with a combination of efficient service, competitive offerings, and being a driving force in sustainable aviation. SAS aims to strengthen its market position in the segment for customers who want a high-quality offering with a competitive value proposition, while retaining its leadership in the premium segment. A restructured network is expected to result in profitable increases in capacity over time.

Secure cost competitiveness

Be Scandinavia's preferred airline

Invest in sustainability

Financial instruments

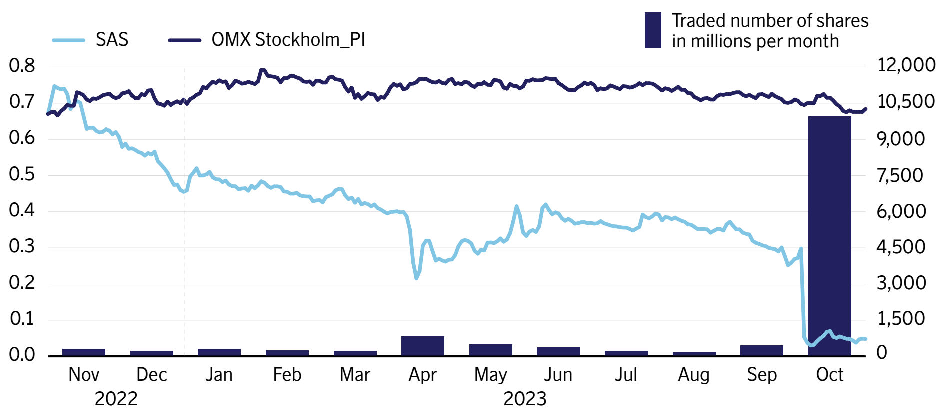
FINANCIAL INSTRUMENTS AND CAPITAL MARKETS

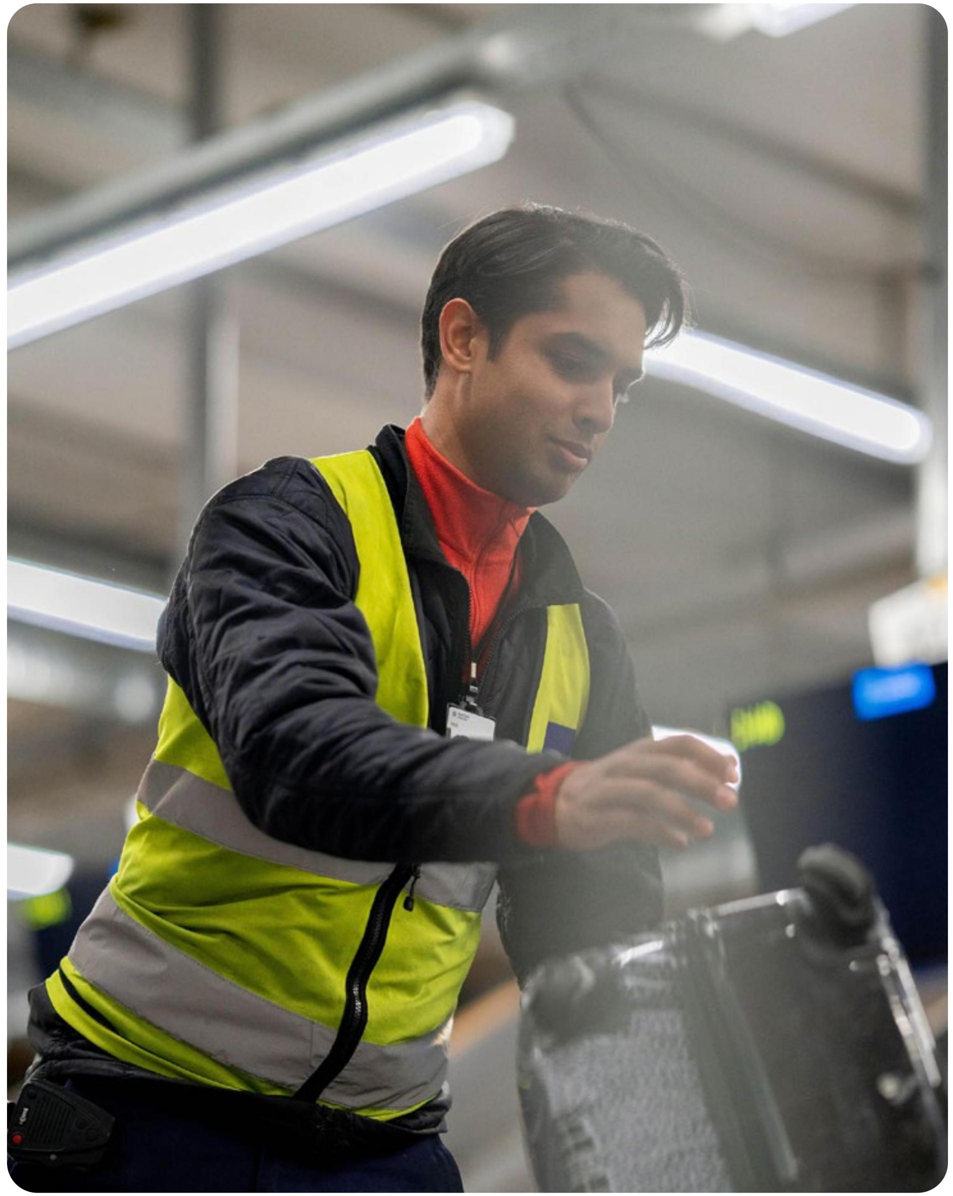
SAS strives to provide capital markets with transparent and relevant information to ensure that trade in our financial instruments can be conducted efficiently. These include the common shares listed on Nasdaq Stockholm, small cap, with secondary listings in Copenhagen and Oslo.

Share price performance FY 2023

In total, the price per common share decreased by 93.2% to SEK 0.048 during the fiscal year. Over the same period, the Nasdaq Stockholm OMXS30 index increased by 5.10%.

THE SAS SHARE



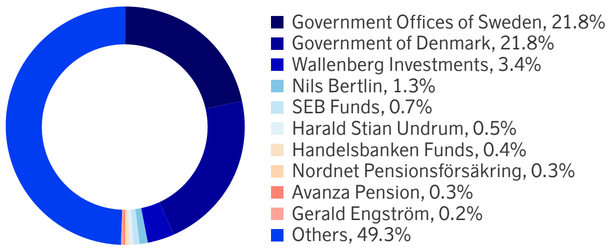


Financial Instruments
> Financial instruments and capital markets

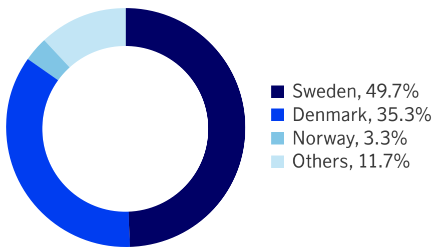
Distribution of shareholders and changes

As of October 31, 2023, SAS had 218,817 holders of common shares. Holdings in listed Scandinavian countries made up 88.2% of outstanding shares, with Sweden accounting for 49.68%, Denmark 35.27% and Norway 3.25%. Of the remaining 11.7% of holdings, outside Scandinavia, the two largest proportions were 0.30%, registered in Finland, followed by 0.13% in China.

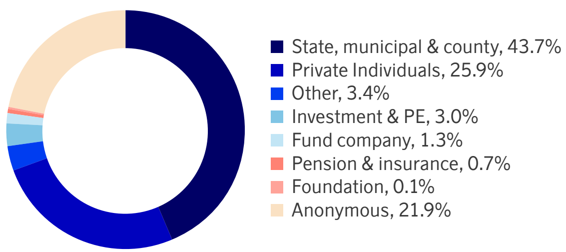
TEN LARGEST SHAREHOLDERS, OCTOBER 31, 2023



VOTING RIGHTS IN SAS, BY COUNTRY, OCTOBER 31, 2023



BREAKDOWN OF THE SAS SHARE CAPITAL, BY VOTES, OCTOBER 31, 2023



DISTRIBUTION OF COMMON SHARES

Owner distribution by holdings	Number of shares	% of capital	Number of votes	Number of owners	% of all shareholders
1–1,000	35,223,260	0.5%	0.5%	104,375	47.7%
1,001–10,000	325,960,708	4.5%	4.5%	79,213	36.2%
10,001–100,000	943,258,700	13.0%	13.0%	30,850	14.1%
100,001–1,000,000	964,557,406	13.3%	13.3%	4,150	1.9%
1,000,001–	4,206,074,127	57.9%	57.9%	230	0.1%
Anonymous ownership	790,965,091	10.9%	10.9%	N/A	N/A
Total	**7,266,039,292**	**100.0%**	**100.0%**		

CHANGE IN SHARE CAPITAL[1]

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

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

Sustainability

SUSTAINABILITY

SAS' primary strategic focus is to attain a sustainable and profitable business. Facilitating the shift toward more sustainable air travel remains an existential matter. Our aim is to lead and inspire the journey towards a carbon-neutral society.

The delivery of eight new aircraft, boasting 15-30% lower fuel consumption, marks a milestone in SAS's journey toward decarbonization. At the end of the year, our fleet included a total of 61 A320neo aircraft. SAS is one of the leading operators of next-generation aviation technology in Europe, operating 51% of these state-of-the-art and fuel-efficient aircraft. Still, there are 18 additional A320neo on order to be delivered.

In FY 2023, SAS welcomed eight A320neo, while phased out and rejected twelve aircraft, including two Airbus 350, one A320neo, five Boeing 737, and four Airbus 321.

SAS Link's role is pivotal in right-sizing our fleet. During FY2023, we introduced five E195 aircraft to service routes with lower passenger demand.

For over three decades, SAS has diligently worked to reduce its environmental footprint in operations. Since 1996, we have consistently provided transparent and externally validated reports to showcase our progress. Despite supply challenges, we have successfully nearly doubled our utilization of SAF (sustainable aviation fuel) this year, primarily through the blend-in mandate in Norway and Sweden, and with the support of our customers who are dedicated to purchasing SAF to make their flight fossil-free.

Scope

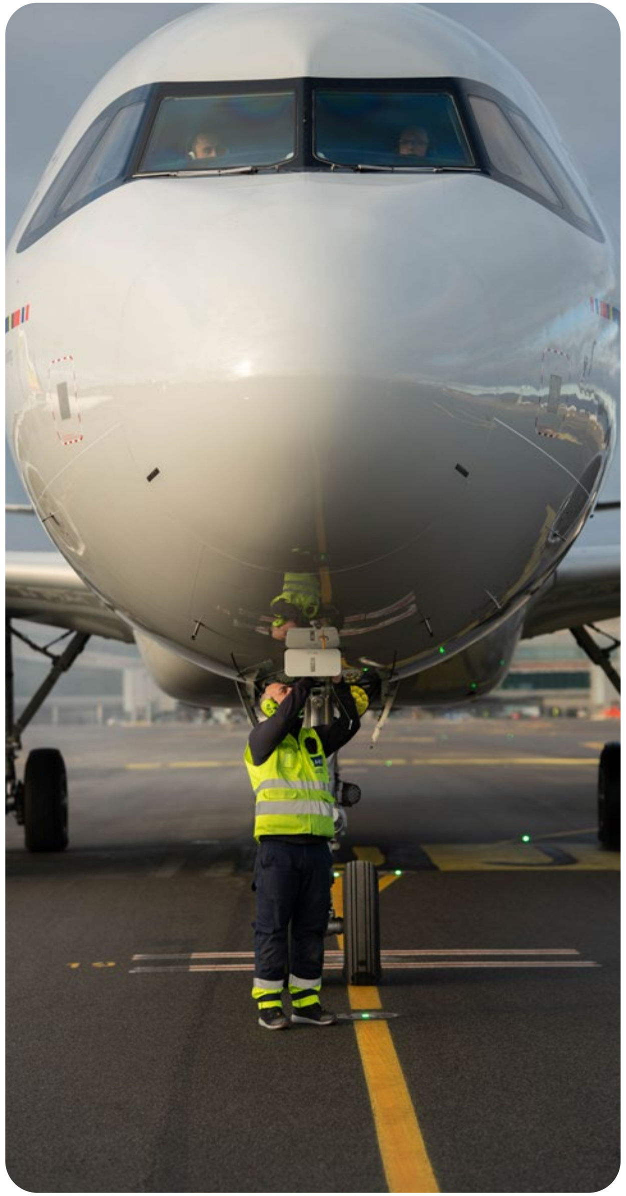
SAS is committed to sustainable development with a holistic approach that encompasses environmental, social, and financial responsibility. Our sustainability initiatives are driven by the belief that sustainable practices are vital for the betterment of today and tomorrow. We recognize that innovation and collaboration are at the core of achieving the necessary changes for a sustainable future.

Environmental responsibility

SAS acknowledges its responsibility in minimizing its environmental footprint. We focus on reducing our impact on the climate and the environment through various initiatives. Our primary areas of environmental concern include aircraft fuel efficiency, resource utilization, and waste reduction. Our aim is to decrease our carbon emissions, optimize resource use, and promote conservation of biodiversity.

Social responsibility

Our commitment to sustainability extends to our customers, employees, and society as a whole. We strive to ensure the well-being and satisfaction of our customers, provide a safe and inclusive work environment for our employees, and engage with communities to address social issues. Our focus on social responsibility is based on fostering positive relationships with stakeholders, promoting employee health and safety, and contributing to the well-being of society.



Financial responsibility

Sustainability, from SAS's perspective, involves not just environmental and social responsibility but also includes financial accountability. We recognize that by using resources more efficiently, reducing risks, and optimizing our operations, we can enhance our value and competitiveness. For example, improving aircraft fuel efficiency and optimizing passenger and cargo capacity not only reduces fuel consumption but also operational costs. There is also a strong financial incentive to reduce sick leave and enhance employee well-being.

Boundaries

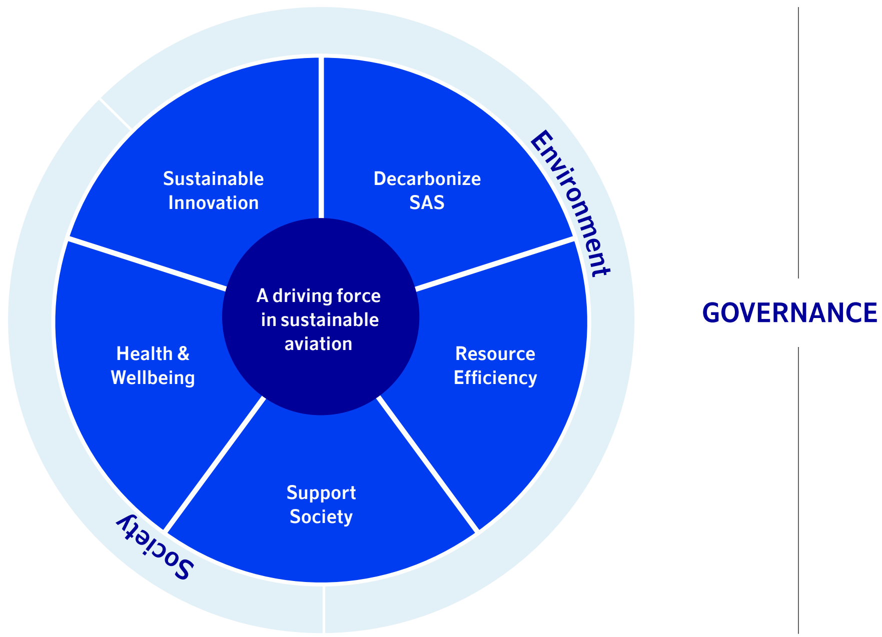
SAS is committed to achieving sustainability through a comprehensive approach that is firmly embedded within our core business. Our sustainability efforts extend to all aspects of our operations, including our flights, ground services, and corporate functions. We understand that the transition to more sustainable air travel is a fundamental challenge for SAS, and our efforts are geared towards continuous improvements in all relevant areas of sustainability.

Our sustainability efforts includes all SAS operations, covering but not limited to flight services, ground operations, and corporate functions. We actively engage with internal and external stakeholders to define and prioritize our sustainability efforts.

SAS sustainability strategy

With our firm commitment, documented activities, and results, we actively work towards mitigating our environmental impact. Our commitment extends to the well-being of our customers, employees, and society. By doing so, we not only reduce sustainability-related risks but also seize potential opportunities, avoiding unnecessary costs, achieving strong financial performance, and distinguishing ourselves in a competitive market.

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



Our focus is the five areas within sustainability where SAS will make progress. But it also reflects the purpose of aviation – to support our society.

STAKEHOLDER ENGAGEMENT

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

SAS stakeholders includes a broad spectrum of individuals and organizations with whom we engage, collaborate, and share interests. This helps to set the foundation for the conditions that support SAS' competitiveness and operational framework.

SAS actively collaborates with customers, authorities, suppliers, airports, and other stakeholders to drive sustainability and innovation. We engage in dialogues with employees, partners, experts, NGOs, organizations, and researchers who share our commitment to learning, driving positive change, and supporting our sustainability initiatives.

Stakeholder priorities are constantly changing, continually evolve to meet expectations. Conducting a thorough materiality assessment helps us identify and prioritize the issues that matter most to our business and stakeholders.

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MATERIALITY ASSESSMENT

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

Identification of material aspects

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

Prioritization of material aspects

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

The most material issues to include in strategy, risk management and related business processes

ENVIRONMENT
- Reduce climate impact
- Fleet development
- Sustainable aviation fuel
- Efficient flight operation
- Waste management

SOCIAL
- Responsible employer
- Employee health & safety
- Diversity and equality
- Labor relations
- Accident and safety management

GOVERNANCE & ECONOMIC
- Financial performance
- Market competitiveness
- Innovation & digitalization
- Business ethics

Material issues to include in reporting

ENVIRONMENT
- Pollution prevention
- Climate change adaption
- Noise pollution

SOCIAL
- Responsible supply chain
- Human rights
- Societal engagement

GOVERNANCE & ECONOMIC
- Stakeholder dialogue

Material aspects to monitor in regards to development

ENVIRONMENT
- Biodiversity
- Water management

GOVERNANCE & ECONOMIC
- Loyalty program

Materiality list prioritizing sustainability issues identified by the company and by engagements with stakeholders

OUR MOST MATERIAL ISSUES

Reduce climate impact

Based on the materiality assessment conducted in FY 2022, and excluding matters related to accident and safety management, our foremost environmental priority is to reduce our climate impact. Emissions stemming from aircraft operations (Scope 1) account for over 99% of our greenhouse gas emissions within scope 1 and 2.

To reduce our climate impact, we:
- Continue fleet modernization
- Expanding the use of SAF (sustainable aviation fuels)
- Enhancing flight efficiency
- Minimizing onboard weight
- Work together with Air traffic control
- Find disruptive technologies that are or will be used to reduce CO_2 emissions in aviation.

Stakeholder communication

SAS is dedicated to transparently communicating sustainability matters with our stakeholders, including the publication of our Annual and Sustainability Report. Customer satisfaction, encompassing travelers, freight customers, and more, is consistently measured and monitored, a critical aspect for both SAS and its stakeholders.

Responsible employer

SAS actively prioritizes employee well-being, encompassing physical and mental health, working conditions, hazard identification, monitoring, auditing, incident reporting processes, and company health services. We are committed to fostering a safe and healthy working environment.

Being a responsible employer involves not only attracting and retaining our talented workforce but also ensuring the health and well-being of our employees. This includes aspects like promoting a positive business culture and strong leadership, offering training and human resource development programs, conducting performance and development reviews for our employees as well as employee engagement surveys.

Labor relations

SAS maintains constructive and collaborative labor relations that prioritize the well-being and fair treatment of our workforce. We are committed to fostering a positive and mutually beneficial working environment. Our approach is to have a respectful engagement and open dialogue, recognizing the importance of a harmonious and productive relationship with our employees.

Diversity & equality

SAS is actively advocating for and working toward greater diversity, encompassing both governance bodies and employees. This includes diversity in areas such as governance representation, basic salary ratios, and ensuring equal opportunities, regardless of factors like gender, nationality, or religion.

Financial performance

Financial performance in both short- and long-term perspective in accordance with set strategy in SAS FORWARD is needed to ensure a solid and competitive market position.

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

Innovation & digitalization

Innovation and digitalization have risen in importance. This involves creating partnerships for new disruptive aircrafts, engines and sustainable aviation fuels, and as well as the development and integration of intelligent tools aimed at enhancing pilot fuel efficiency, data management, and IT security.

Business ethics & anti-corruption

SAS maintains a structured approach to uphold ethical conduct both within the organization and in external interactions. This includes providing training on our Code of Conduct, performing risk assessments related to corruption within our operations, and ensuring adherence to business ethics and anti-corruption principles in our supply chain, in compliance with the Norwegian Transparency Act.

UN SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs), also known as the Global Goals for Sustainable Development, comprise 17 global objectives established by the United Nations General Assembly in 2015. These goals encompass a wide spectrum of global development targets to be achieved by 2030. They encourage businesses to consider their most effective ways of aiding in addressing global challenges associated with economic, social, and environmental sustainability.

Our most relevant SDGs

As we aim for leadership in sustainable aviation, our core focus is on mitigating our climate impact, enhancing resource efficiency, and creating an attractive workplace. Through the five key priorities within our Sustainability strategy, SAS has the capacity to make a positive impact on eight of the sustainable development goals.

SDG 5 – GENDER EQUALITY

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

SDG 8 – DECENT WORK AND ECONOMIC GROWTH

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

SDG 9 – INDUSTRY, INNOVATION AND INFRASTRUCTURE

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

SDG 11 – SUSTAINABLE CITIES AND COMMUNITIES

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

SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION

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

SDG 13 – CLIMATE ACTION

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

SDG 16 – PEACE, JUSTICE AND STRONG INSTITUTIONS

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

SDG 17 – PARTNERSHIPS FOR THE GOALS

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

ENVIRONMENTAL PERFORMANCE

SAS is committed to reducing its greenhouse gas emissions. To advance our environmental initiatives, we have established comprehensive and ambitious short- and long-term goals.

Our objective is to be a driving force in the transition to sustainable aviation. This commitment involves promoting innovation and forging partnerships to develop new solutions, making investments in advanced, more fuel-efficient aircraft, expanding the production and utilization of sustainable aviation fuels, and implementing numerous enhancements to our in-flight offerings and services.

Sustainability, from an environmental perspective, at SAS is focused on these key pillars: decarbonizing our operations, enhancing resource efficiency, and minimizing our local impact on air and water quality, as well as reducing aircraft noise during take-off and landing.

ENVIRONMENTAL GOALS AND PERFORMANCE INDICATORS

To reduce our greenhouse gas emissions and to advance our environmental efforts, we have established comprehensive and ambitious short- and long-term environmental goals.

2025
- 25% lower total CO_2 emissions compared with 2005 (absolute emissions)

2030
- Sustainable aviation fuel equivalent to SAS' domestic production (on average 18% the last 5 years)
- 50% noise reduction compared with 2010
- 100% sustainable materials in SAS' customer offering
- 100% recycling where possible

2050
- Net zero carbon emissions in line with IATA's updated ambition

Science-based target initiative
In FY2022, SAS made a commitment to align with the Science-Based Targets initiative, offering a clearly defined pathway for emissions reduction in line with the goals of the Paris Agreement. For SAS, this commitment translates into a target of reducing our average carbon intensity by approximately 35–40% between 2019 and 2035.

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

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

- Carbon-neutral growth from 2020
- Net zero carbon emissions by 2050

In 2021, the International Civil Aviation Organization (ICAO), a UN aviation organization, introduced a global market-based measure known as the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). This initiative is designed to ensure that the pursuit of a carbon-neutral growth trajectory does not create unfair competition and adheres to the UN's principles of CBDR (common but differentiated responsibility). CORSIA plays a central role in achieving this carbon-neutral growth. Currently, we are fully prepared to meet our emissions reporting requirements.

SAS is dedicated to achieving the IATA targets, and we have consistently improved our fuel efficiency by around 2% annually since 2010. We intend to meet these targets by leveraging a mix of new technologies, sustainable aviation fuels, alternative energy sources, enhanced air traffic management, and collaborative efforts to enhance infrastructure and the operational conditions of air transport. For a deeper dive into our emissions reduction initiatives, please refer to page 30 and beyond.

CLIMATE CHANGE MITIGATION

In FY 2023, our absolute CO_2 emissions from aircraft operations increased by 27% compared to the previous year. This increase can be attributed to the return of traffic, which had been significantly reduced for almost three years due to the pandemic.

Conversely, our CO_2 emissions per passenger kilometer decreased by 3% to 87.4 grams (from 90), driven by a higher cabin factor following the return of traffic and our ongoing fleet renewal.

The carbon emissions per available seat kilometer experienced a slight increase of 0.9% to 54.5 grams (from 54) due to an increased load factor following the return of traffic.

Throughout FY 2023, SAS utilized 6049 tonnes of sustainable aviation fuel (SAF), almost double the volume compared to the previous year (3083 tonnes). This usage is attributed to the customer SAF upgrade ancillary service, along with the Norwegian blend-in obligation and Swedish reduction mandate.

When compared to 2005, the reduction in carbon emissions is more significant (-31%) than the decrease in production measured in tonne-kilometers (-8%), primarily due to the efficiency improvements in our fleet, among other factors.

GREENHOUSE GAS EMISSIONS, SCOPE 1

	Unit	FY 2023	FY 2022	Base year 2010
Flight Operations				
CO_2 total	1,000 tonnes	3,071	2,414	3,511
as of domestic flights	1,000 tonnes	534	473	
as of flights to/from EU/EEA	1,000 tonnes	1,197	1,092	
as of flights to/from outside EU/EEA	1,000 tonnes	1,340	849	
as of biogenic CO_2 emission[1)]	1,000 tonnes	19.1	9.7	-
CO_2 passenger share	1,000 tonnes	2,883	2,225	3,244
NOx	1,000 tonnes	11.8	9	14.3
SO_2	1,000 tonnes	1.0	0.8	
CO	1,000 tonnes	3.3	2.6	
HC[2)]	1,000 tonnes	0.14	0.11	-
Passenger kilometers	million	33,528	24,855	29,572
Tonne kilometer	million	3,729	2,875	3,48
Departures	1,000	226	191	279
CO_2/passenger kilometer	gram	87.4	90	109.7
CO_2/available seat kilometer	gram	54.5	54	74
CO_2 /tonne kilometer	gram	818	840	1,009
CO_2e total[3)] Flight operations	1,000 tonnes	3,091	2,437	3,544
Ground Handling				
CO_2 Vehicle Petrol[4)]	tonnes	39	31	
CO_2 Vehicle Diesel[4)]	tonnes	2,034	2,227	
HVO	tonnes	47		
Maintenance Productions				
CO_2 Vehicle Petrol[4)]	tonnes	25	31	
CO_2 Vehicle Diesel[4)]	tonnes	90	95	
HVO	tonnes	3		
SAS Cargo Group				
CO_2 cargo share flown[5)]	1,000 tonnes	178	193	230
Cargo tonne kilometer flown	million	378	390	570
CO_2 /cargo tonne kilometer flown	gram	473	485	403
CO_2 /cargo tonne kilometer trucked[5)]	gram	91	88	
Total CO_2e[6)]	**1,000 tonnes**	**3,093**	**2,446**	
Aircraft Noise – takeoff	**85 db area in km2 per dep**	1.77	1,81	2,40

1) Biogenic CO_2 from 6049 tonnes SAF
2) HC in kerosene including CH4
3) Emission factor 3.18 for CO2e (DEFRA)
4) SAS only report on main bases ARN, CPH and OSL
5) FY 2022 figure altered retroactively
6) Total CO_2e includes Flight operation, Ground handling and Maintenance production

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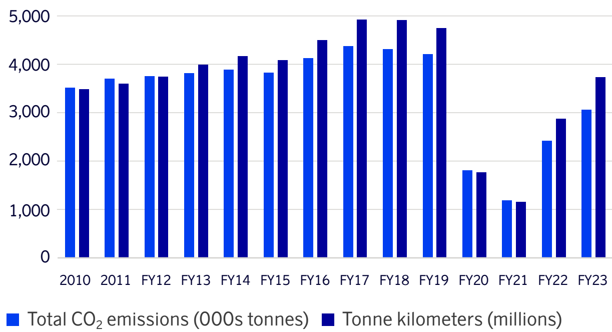
What are our relative and absolute emissions?

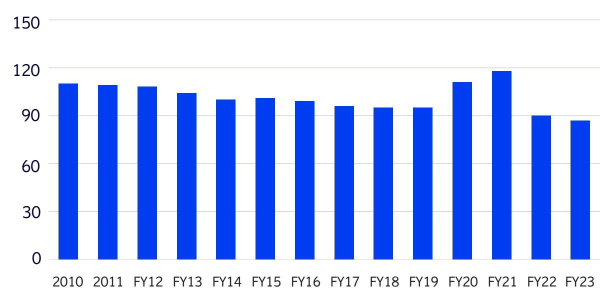
Absolute emissions pertain to the total quantity of emissions, typically measured in tonnes of CO_2.

Relative emissions, on the other hand, denote emissions per production unit, such as grams of CO_2 per tonne-kilometer, grams of CO_2 per passenger-kilometer, grams of CO_2 per cargo tonne-kilometer, or grams of CO_2 per available seat-kilometer.

SAS FLIGHT OPERATIONS TOTAL CO_2 EMISSIONS



SAS FLIGHT OPERATIONS CO_2 GRAM/PASSENGER KILOMETER



Share of CO_2 emissions

In our analysis of total CO_2 emissions for FY 2023, we made the following observations: Flights under 500 km accounted for 12.5% of emissions, flights spanning 500 to 800 km for 10.8%, those between 800 and 3,000 km for 37.0%, and flights exceeding 3,000 km for 39.7%. Domestic flights contributed to 17.5% of emissions, while international flights were responsible for the remainder.

Non-CO_2 emissions

Concerning greenhouse gas emissions, SAS has opted to report different emissions separately in this report, with our emission calculator available on our website. Unlike most emission calculators that estimate CO_2 equivalents (CO_2e) using various multipliers to account for non-CO_2 emissions, SAS refrains from such calculations due to a lack of consensus among scientists and experts on how to convert NO_X, particles, and water vapor emissions into CO_2e. We actively support various initiatives to reduce the impact of non-CO_2 emissions in our daily operations and develop a more advanced calculation methodology. Notably, our current fleet renewal and technology choices contribute to a greater relative reduction of non-CO_2 emissions compared to CO_2 emissions.

Contrails, which reflect radiation, exhibit dual effects on the climate – cooling during the day but potentially warming it at night.

In FY 2023, IATA established a task force to address non-carbon dioxide (CO_2) emissions, with a specific focus on the environmental impact of contrails generated by aircraft, highlighting the imperative for a proactive approach.

In response to the challenges posed by contrails, some companies utilize digital modeling technologies to track moist air patches, offering alternative routes to avoid the formation of contrails.

New EU rules set for enforcement by 2025 will mandate airlines to track and report their non-CO_2 emissions. However, the precise methodology for implementing this reporting requirement is still under consideration, marking an ongoing area of development within the industry.

Our focus areas to reduce emissions

SAS's environmental programs centre around several emission-related areas, each described in more detail below:

- Enhanced energy efficiency
- Sustainable aviation fuel (SAF) and emerging technologies
- Sustainable products and services

CO_2 EMISSIONS FOR SCANDINAVIAN AIRLINES AIRCRAFT OPERATIONS FISCAL YEAR 2023

	1,000s tonnes CO_2	% of total aircraft operation CO_2
Denmark		
Domestic Flights	21	0.7%
Flights to EU/EES	277	9.0%
Flights to outside EU/EES	445	14.5%
Norway		
Domestic Flights	356	11.6%
Flights to EU/EES	208	6.8%
Flights to outside EU/EES	91	3.0%

CO_2 EMISSIONS FOR SCANDINAVIAN AIRLINES AIRCRAFT OPERATIONS FISCAL YEAR 2023

	1,000s tonnes CO_2	% of total aircraft operation CO_2
Sweden		
Domestic Flights	157	5.1%
Flights to EU/EES	234	7.6%
Flights to outside EU/EES	168	5.5%
Finland		
Domestic Flights		
Flights to EU/EES	16	0.5%
Flights to outside EU/EES		
EU/EEA		
Departing EU/EEA[1] for Scandinavia and Finland	462	15.1%
Departing EU/EEA1 for outside EU/EEA		
Departures within EU/EES[1]	0	0.0%
Outside EU/EEA		
Departures outside EU/EES[1] to Scandinavia and Finland	636	20.7%
Departures outside EU/EES[1] to outside EU/EES	1	0.0%
Total	**3,071**	**100.0%**

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

FLEET RENEWAL

Continuous fleet renewal remains a crucial aspect of our strategy to reduce greenhouse gas emissions stemming from our aircraft operations. Our strategy focuses on sustaining long-term profitability through a well-balanced fleet plan. Over the years, we've consistently replaced less efficient aircraft with more advanced and sustainable alternatives.

Our aircraft, whether owned, leased, or wet-leased, were operated by SAS Scandinavia, SAS Connect, SAS Link, or several regional production partners utilizing regional jets and turboprop aircraft during FY 2023.

Engaging in productive discussions with Airbus, we successfully deferred the delivery of new aircraft not immediately required. These deferrals are significant as they contribute to the reduction of our capital expenditure for 2021–2024 and align the introduction of new aircraft with anticipated demand. We remain committed to reducing the fleet operation complexity during 2024. Furthermore, we've made strides in our ambitious sustainability goals by accelerating the retirement of older and less fuel-efficient aircraft. In the 140–200 seat category, we're moving towards operating a uniform fleet once all A320neo aircraft are delivered. According to performance data, the A320neo aircraft exhibits a substantial improvement in fuel efficiency and noise reduction, boasting 15–18% lower fuel consumption on typical short-haul flights compared to the previous generation A320.

Throughout the year, we welcomed eight A320neo, and five E195 aircraft, while phased out and rejected twelve older aircraft, including two Airbus 350, one A320neo, five Boeing 737, and four Airbus 321. As of October 31, 2023, we had taken delivery of 62 out of the 80 A320neo aircraft ordered and six out of eight A350 aircraft ordered in total.

At year-end, the SAS fleet comprised 134 aircraft (15 long-haul aircraft, 88 short-haul aircraft, and 31 aircraft operated by regional production partners). The average age of our entire aircraft fleet stood at 8.6 years at year-end.

FUEL EFFICIENCY

Fuel efficiency program

Our comprehensive long-term fuel-saving program is an integral part of our operations. We prioritize equipping all SAS airline employees with the necessary knowledge and skills to promote fuel efficiency. This includes key functions responsible for network planning, products, services, and aircraft operations.

We continuously work to optimize operating procedures and support systems to enhance fuel efficiency. It's important to note that any changes made in this regard are always aligned with the highest flight safety standards, while also striking a balance between fuel efficiency and other operational costs, such as maintenance and airspace charges.

Right sizing

SAS provides an extensive network of destinations and routes catering to varying passenger volumes, necessitating an aircraft fleet of different sizes and ranges. Thanks to our regional production partners, we can flexibly adjust our schedule and aircraft sizes to match demand, particularly on routes with lower passenger numbers. This adaptability allows us to optimize our fuel consumption and emissions per seat-kilometre. Leveraging our extensive experience, we continually strive for efficient aircraft planning.

Airspace and European network

Over the last two decades, SAS has collaborated with various stakeholders and invested significantly in preparing for a more efficient European air traffic control system. The responsibility for implementing this vital transformation lies with the relevant authorities.

Collaboration with aircraft and engine manufacturers

In our ongoing environmental efforts, we actively engage with aircraft and engine manufacturers, as well as producers of interiors and other aircraft installations. Environmental performance and criteria are key considerations integrated into our decision-making processes for procuring new aircraft and regional production partners.

SUSTAINABLE AVIATION FUEL (SAF) & EMERGING TECHNOLOGIES

For over a decade, we have diligently pursued various activities to foster the development of sustainable aviation fuels (SAF), including biofuels. The commercialization of sustainable aviation fuels is pivotal to achieving our environmental and climate objectives, as well as providing an alternative to fossil fuels, not only for SAS but for the entire airline industry.

SAS consistently requests SAF quotes in all jet-fuel tenders to demonstrate our willingness to purchase biofuel when it meets sustainability criteria and price competitiveness. We actively engage in numerous national and international projects, forums, and networks to accelerate the commercialization of SAF production in Scandinavia. These collaborations include the IATA/ATAG biofuel network, SAFUG, NISA, RISE,

Fossil Free Aviation 2045, Klimapartnerskabet, and other Scandinavian interest organizations.

Certification of various production pathways is underway, and we focus on supporting already certified pathways and realistic, implementable initiatives within a practical timeframe.

Our primary sustainability criteria for biofuels are long-term sustainability, no competition with food production or access to potable water, minimal impact on biodiversity, and efficient land utilization. According to IATA, depending on the production method, SAF can reduce lifecycle CO_2 emissions by up to 80%. An enhanced quality of SAF delivered to SAS during FY 2023 resulted in an average CO_2 reduction of 92%.

Since 2020, Norwegian fuel suppliers are required to blend 0.5% SAF into all flights fueled in Norway. As of July 1, 2021, Sweden introduced a SAF reduction mandate, with emission reductions of 0.8% in 2021, increasing to 2.6% in 2023.

An EU-wide mandate, part of the EU Fit for 55 initiative and integrated into the new law ReFuel EU Aviation, was adopted by the Council in October 2023 with the objective to decarbonize the aviation sector. This mandate sets regulations for the increasing use of SAF from 2025, commencing at 2% and escalating to 6% by 2030.

The ALIGHT project

In collaboration with Copenhagen Airport and DLR, we participate in the ALIGHT project. During FY 2023 one of our A320neo aircraft was flown four times a day for two consecutive weeks, utilizing a 30% blend of SAF to measure local air quality. The results surpassed expectations, demonstrating that the use of SAF reduces particles, improving local air quality. There is reason to believe that reducing particles will also lead to fewer contrails at high altitudes.

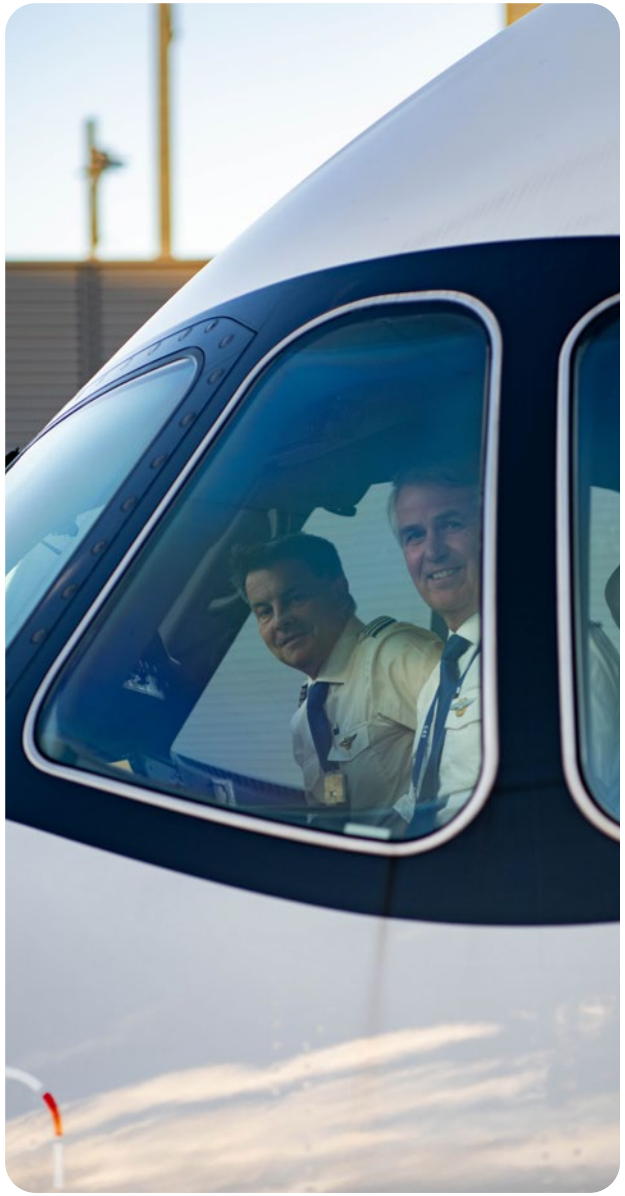
Future lower emission aircraft

Numerous ongoing development projects target the commercialization of future low-emission aircraft within a 5 to 15-year timeframe. Key areas of development include improved aerodynamics, weight reduction, and advanced or new propulsion solutions.

Recent emphasis has been on exploring new propulsion solutions, which encompass a range of possibilities, such as next-generation jet turbine engines using traditional jet fuel or SAF, jet turbines adapted for hydrogen use, and electric engines powered by batteries or hydrogen fuel cells. Each solution presents its own opportunities and challenges, and we anticipate the commercialization of diverse solutions over time.

Smaller producers focus on developing aircraft for the 10-15 seat market with a one- to two-hour flight range before 2030. Major aircraft manufacturers are working toward commercializing 100-150 seat aircraft with short-haul capabilities by 2040.

SAS and Airbus entered into a memorandum of understanding in 2019 to expedite the development of a 100-seat aircraft with technology enabling full-electric, hybrid, or hydrogen propulsion in the 2030s. The collaboration covers various aspects related to technology commercialization, including SAS business needs, charging capabilities, operational possibilities, and other pertinent considerations. In October 2020,



Airbus unveiled its 'ZEROe' concept, and our collaborative efforts continued as planned in FY 2023.

In 2019, SAS partnered with Heart Aerospace to advance the development of electric aircraft. In September 2022, we signed a letter of support to include their new electric ES-30 in our regional fleet. This milestone holds the potential to be a significant step in SAS' sustainability journey, offering the possibility of zero-emission flights on Scandinavian routes. SAS contributed to Heart Aerospace's Industry Advisory Board, aiding in defining requirements for the ES-30 aircraft during FY 2023.

SAS is committed to engaging with Airbus and strongly supports the development of various initiatives in this field. We believe that a substantial technology shift will occur in the 2030s, leading to the commercialization of several full-electric, hybrid, or hydrogen-powered aircraft.

SAS is an active participant in The Nordic Network for Electric Aviation (NEA), a platform that unites Nordic actors in accelerating the introduction of electric aviation in the Nordic countries. The project is a collaboration between twelve partners from six Nordic countries.

ELISE

SAS is a member of the ELISE project, which aims to build expertise and drive rapid technological innovation in aviation. The project unites industry and technology stakeholders to advance electric aviation in Sweden. The project's objectives include creating and demonstrating a fully functional electric aviation system. It will involve testing taxiing and charging procedures and functionalities.

Emissions of ozone-depleting substances

Airlines are required to submit reports annually on the use, consumption, leakage, and storage of halon to the authorities. In FY 2023, one instance of halon use for fire safety precautions were reported.

Emissions calculations and CO_2 offsetting

Carbon offsetting options for customers have been available since 2006. Our emissions calculator, accessible at www.sasgroup.net, provides greenhouse gas emission calculations for SAS' flights. We offset all SAS tickets for EuroBonus members, Youth travel with SAS, and our staff tickets. In FY 2023, these offsets accounted for 1.097 million tonnes of CO_2 (365 of total fuel), equivalent to 38% of passenger-related CO_2 emissions. Offsetting is achieved through the purchase of emission-reducing mechanisms linked to third-party renewable energy projects in Asia.

Glycol, diesel, and petrol consumption

Glycol is employed for aircraft de-icing, with our usage increasing to 2,729 thousand liters in FY 2023. SAS employs vehicles for maintenance and ground-related services at airports, adhering to regulations promoting the adoption of lower environmental impact vehicles. At our main bases, all vehicles are leased,

with contracts and fuel consumption continuously monitored. SAS Cargo also tracks CO_2 emissions per cargo tonne-kilometer from its subcontracted ground trucking operations. Any spillages during ground handling are managed in accordance with established procedures.

ENERGY AND EMISSIONS

We continuously work to reduce energy consumption. The decrease in energy consumption is attributed to the implementation of more efficient lighting and the reduced utilization of building floor space.

GREENHOUSE GAS EMISSIONS, SCOPE 2

	Unit	FY 2023	FY 2022	Base year 2010
Energy				
CO_2 energy	1,000 tonnes	5.1	5.6	24.9
As of CO_2 electricity	1,000 tonnes	2.3	2.4	12.3
As of CO_2 heating	1,000 tonnes	2.9	3.2	12.6

Own business travel

We have direct control over our business trips on SAS flights, resulting in an emission of approximately 10.338 tonnes of CO_2 during the year. SAS is currently exploring and assessing strategies to encourage our suppliers to report on our scope 3 emissions.

NOISE

Aircraft noise represents the most significant impact on local airport stakeholders. Strict regulations are enforced along flight paths near residential areas. In FY2023, there was a decrease in noise emissions during take-off (-2.2%) and a substantial decrease of 26.3% compared to 2010. This improvement is primarily due to the introduction of quieter and more modern aircraft.

During FY 2023, SAS did not receive any noise violation reports. The reduction in the number of breaches over recent years can be attributed to the procurement of quieter aircraft and various improvement initiatives, including specific flight simulator training scenarios designed for flights to and from airports with stringent noise regulations.

WASTE MANAGEMENT

We work continuously to enhance the recycling of onboard waste, despite the challenges posed by varying national regulations governing waste management. These regulations often require methods that hinder sorting or recycling efforts. Nevertheless, we do manage to recycle aluminium cans at all our Scandinavian base stations. The disposal of waste, across offices, ground services, and technical maintenance, is rigorously monitored and categorized into sorted, unsorted, and hazardous waste.

	Unit	FY2023	FY2022	Base year 2010
Sorted waste	tonnes	1,146	1,204	-
Unsorted waste	tonnes	176	113	815
Hazardous waste	tonnes	71	121	302

Jet fuel spills

In FY 2023, there were some reports of fuel leaks during refueling of aircraft with SK or SAS Link flight numbers. These incidents were promptly addressed in accordance with established procedures.

CIRCULARITY

SAS continues to explore innovative ways to minimize waste and optimize resources on ground and onboard of our aircraft where products and materials are kept in circulation and stay in use for as long as possible.

Two key areas where we're making strides in circularity are furniture recycling and de-icing glycol management.

Furniture recycling

In FY2022, SAS initiated a comprehensive furniture recycling program to repurpose and recycle furniture across our facilities. This initiative seeks to extend the lifespan of furniture and minimize waste, in alignment with circular economy principles. By recycling and refurbishing our furniture, we reduce the need for new resource-intensive production and lower the environmental footprint of our workspace operations.

De-icing glycol management

A noteworthy aspect of our sustainability efforts involves responsible management of de-icing glycol; a critical component in ensuring safe flight operations during winter. De-icing prevents build-up or removes snow and ice on the wings and tail of an aircraft, ensuring the safety of flights.

We recognize the importance of mitigating the environmental impact of de-icing glycol runoff. To this end, SAS has implemented advanced glycol capture and treatment systems, which allow us to recover and recycle de-icing glycol and reducing the release of harmful substances into the environment.

These sustainable practices enable us to close the loop on de-icing glycol usage, minimizing environmental contamination and promoting the responsible use of this critical aviation resource. Through these efforts, we're proud to contribute to a more sustainable and circular future for the aviation industry.

BIODIVERSITY AND WILDLIFE PROTECTION

In our commitment to sustainability, SAS places great emphasis on biodiversity and wildlife protection, recognizing the vital role it plays in maintaining the delicate ecological balance of our planet. We are aware of the risks posed to wildlife, including smuggling, hunting of trophies, and the transportation of live animals.

SAS is dedicated to promoting the preservation of biodiversity. We actively engage in initiatives that aim to safeguard vulnerable species and their natural habitats. Our ongoing efforts in this area are underpinned by stringent policies and practices to combat illegal wildlife trade, discourage trophy hunting, and ensure the humane treatment of live animals in transit.

The transportation industry has a critical responsibility to prevent the illegal trafficking of wildlife and to support global conservation efforts. SAS is committed to playing its part in combating these threats to biodiversity, not only within our own operations but by also collaborating with relevant authorities, organizations, and partners who share our commitment to wildlife protection.

Our goal is not just to offer efficient and sustainable air travel but to be a responsible steward of the environment and to contribute to global efforts in conserving the world's diverse and precious wildlife.

OTHER ENVIRONMENTAL TOPICS

Sustainable products & services

At SAS, our commitment to sustainability drives our ongoing efforts to evolve our products and services, ensuring they align with our core environmental values and principles. Our approach considers the entire life-cycle of resources and materials.

We remain in our pursuit of ambitious sustainability objectives. We are actively engaged in further refining our onboard and lounge offerings, exploring innovative ways to introduce increasingly sustainable products and services.

SAS bio tickets

In April FY2023, we proudly introduced two new ticket types: Go Smart Bio and Plus Pro Bio, designed to include a substantial amount of biofuel on all our domestic, Scandinavian, and European flights. We understand the importance of involving our passengers in this transformative journey, and these new ticket options make it even easier for our conscious customers to contribute to more sustainable air travel.

Travelers opting for Go Smart Bio or Plus Pro Bio tickets will have the opportunity to purchase tickets with approximately 50% biofuel content, effectively lowering the CO_2 emissions associated with their SAS flight. By increasing the use of biofuel, we are bridging the gap to zero-emission flights. We recognize the significance of our customers, both leisure and corporate, actively participating in these efforts, and SAS Bio is our response to meet this demand.

ENVIRONMENTAL REGULATIONS AND COMPLIANCE

In addition to enhancing resource efficiency and environmental performance, our sustainability efforts ensure that SAS operations remain in full compliance with all relevant environmental laws and regulations. We are pleased to report that no significant incidents resulting in breaches of environmental permits were recorded in FY 2023.

Environment-related costs

In FY 2023, SAS external environment-related user charges and travel taxes amounted to MSEK 2,097 (919). These charges and travel taxes comprised environment-related travel taxes and user charges that are sometimes associated with the environmental performance of aircraft and are included in landing fees. Our environmental taxes in Sweden and Norway amounted to MSEK 961 (415).

In accordance with the established European Union Emission Trading Scheme (EU-ETS), the aviation industry addresses its CO_2 emissions within the EU through a market-based approach. From January 1, 2021, SAS has also been reporting CO_2 emissions to CORSIA. Furthermore, the United Kingdom introduced its own emission trading scheme (UK-ETS) as of the same date, which SAS fully adheres to.

We advocate for market-based measures that prioritize emission reduction targets and encourage continuous improvement without distorting competition. For many years, SAS has actively supported the development of a global, market-based solution for airline emissions.

While SAS fully embraces the Polluter Pays Principle and takes responsibility for its emissions, we raise concerns about the additional Swedish and Norwegian taxes, which do not directly correlate with actual CO_2 emissions and are in addition to EU-ETS and the soon-to-be-introduced CORSIA. This approach may be viewed as an economic measure but lacks incentives for reducing CO_2 emissions. For instance, a passenger on an A320neo aircraft powered by 50% SAF incurs the same tax as a passenger on an aircraft two generations older, despite the significantly lower emissions of the former.

Environment-related liabilities

SAS does not have any significant environmental liabilities or contingent liabilities related to issues like contaminated land.

Environment-related investments

Following SAS guidelines, our investments are directed towards solutions that are both environmentally and economically prudent. This approach not only contributes to our profitability but also positions us to meet future environmental requirements.

The most substantial sustainability investment made in FY23 was directed towards fleet renewal, and additional details on the financing can be found on page 65. We prefer leasing over direct investments in assets such as aircraft, vehicles, and computers.

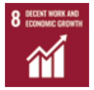
SOCIAL PERFORMANCE

EMPLOYMENT AND LABOR PRACTICES

Our employee commitment

As an employer we are dedicated to ensuring favorable working conditions within our operations, primarily in the Nordic region. SAS also actively fosters personal and professional growth opportunities. Our commitment is reinforced through the application of the SAS Work Environment Policy, Leadership Policy, Personnel Policy, and Diversity Policy, which are applicable to all SAS employees. Group Management holds the ultimate responsibility for these policies. They undergo annual reviews, and their execution is systematically monitored and reported on a weekly, monthly, quarterly, or annual basis, as needed.

We maintain a strict zero-tolerance approach to all forms of harassment and consistently work to prevent harassment through a variety of initiatives. Our Code of Conduct regulates this commitment, with mandatory web-based training for all employees.



In response to employee feedback and in alignment with SDG 8 (Decent Work and Economic Growth), SAS is delighted to introduce a new Employer Value Proposition (EVP). This initiative, now a vital part in both internal and external conversations, aims to move SAS culture forward and highlight the benefits of being part of the SAS team. Through active engagement with employees, we are committed to fostering a more cohesive and empowered workforce.

Redundancies and cooperation with labor unions

SAS is adapting and reshaping its approach to short-term planning while considering the uncertainties surrounding the aviation industry's overall future.

Collaboration with labor unions occurs primarily at the national level, involving unions with collective agreements with SAS. These collaborations operate within the framework of national laws and agreements relevant to the specific workforce. Over 95% of SAS employees are covered by collective bargaining agreements. The remaining personnel includes senior executives, certain types of civil servants, and employees in regions where employment conditions are regulated differently.

SAS employees elect representatives from units within the group's Scandinavian operations to sit on the SAS Board of Directors. These employees are also covered by collective bargaining agreements, except for a few specialists and senior executives at the group level.

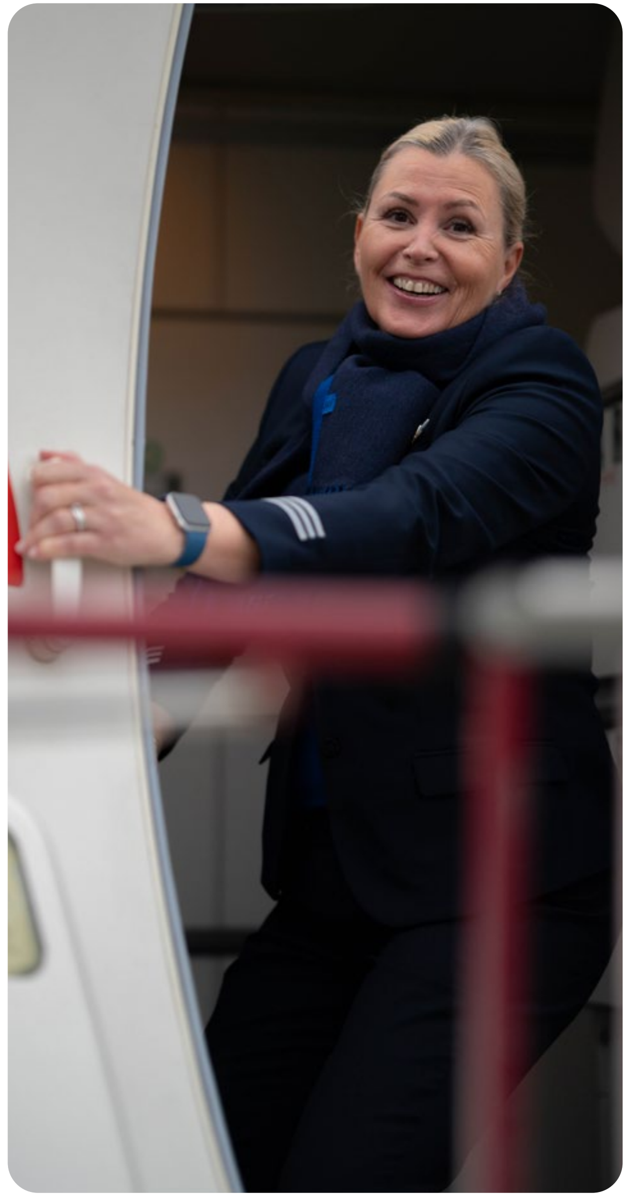
Diversity and equal opportunities

The SAS Diversity Policy is dedicated to ensuring equal treatment for all employees and job applicants. Our commitment to equal opportunities extends to the promotion of diversity and equality in all its facets. In FY 2023, SAS maintained a gender distribution of 38% women and 62% men among its employees.

SAS exhibits a conventional gender divide in roles, with certain positions being traditionally male-dominated and others female-dominated. For instance, pilots (5% women) and technicians in aircraft maintenance (5% women) tend to be male-dominated, while cabin crew (74% women) and check-in and gate personnel at airports (66% women) are typically female-dominated.

As of October 31, 2023, the composition of SAS Group Management comprised 33% women, the SAS Board of Directors comprised 29% women, and the SAS Cargo Board of Directors comprised 17% women.

SAS actively promotes gender equality in both traditionally gender-dominated positions and in management, recognizing the importance of fostering an inclusive work environment. This is achieved by prioritizing gender equality and diversity through our recruitment policy and annual personnel reviews. The SAS recruitment policy places a strong emphasis on selecting the most qualified candidate for each role while concurrently prioritizing and aligning with the broader SAS diversity and inclusion objectives. Creating an inclusive workplace is not only a commitment to gender equality but also an integral part of cultivating a diverse and thriving organizational culture.



Legal gender	Age <30	31–50	>50	Total
Women	865	1,073	1,620	3,558
Men	1,373	1,918	2,606	5,897
Total	2,238	2,991	4,226	9,455

EMPLOYEES BY GENDER AND REGION

	Permanent Full-time	Permanent Part-time	Temporary Full-time	Temporary Part-time	Total Full-time	Total Part-time	Total
Region DK (Incl INTL)							
Female	640	562	8	1	648	563	**1,211**
Male	1,652	407	50	2	1,702	409	**2,111**
Total	**2,292**	**969**	**58**	**3**	**2,350**	**972**	**3,322**
Region NO							
Female	750	318	1	24	751	342	**1,093**
Male	1,404	352	4	86	1,408	438	**1,846**
Total	**2,154**	**670**	**5**	**110**	**2,159**	**780**	**2,939**
Region SE							
Female	1,087	64	101	2	1,188	66	**1,254**
Male	1,667	155	115	3	1,782	158	**1,940**
Total	**2,754**	**219**	**216**	**5**	**2,970**	**224**	**3,194**
Region TOTAL							
Female	2,477	944	110	27	2,587	971	**3,558**
Male	4,723	914	169	91	4,892	1,005	**5,897**
Total	**7,200**	**1,858**	**279**	**118**	**7,479**	**1,976**	**9,455**

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

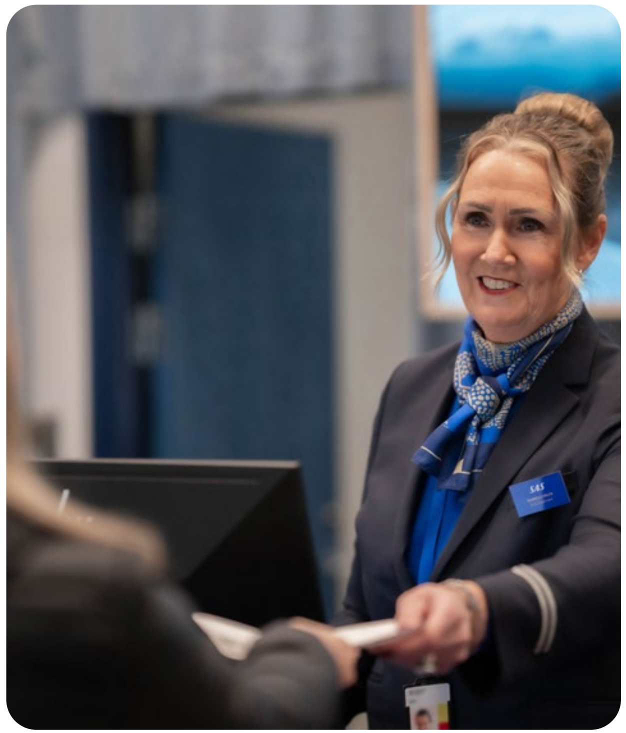
Workers who are not employees

In FY 2023, SAS engaged the services of at least 37 consultants or contractors. Information pertaining to the nature of their work and methodologies employed is currently insufficient. Efforts are underway to gather more comprehensive data for the upcoming year.

Training

In FY 2023, SAS employees collectively devoted approximately 374,737 hours to training (excluding in-air training hours), averaging about 40 hours per employee. Flight crews, technical personnel, and operational ground staff are subject to various licensing and competency requirements stipulated by EU-OPS and IATA through the IOSA (IATA Operational Safety Audit).

4,837.5 hours of e-learning training was undertaken by employees at SAS Head Office during FY2023.



HEALTH AND SAFETY

Company health services

Our company health services, which cater to the well-being of our entire organization, provide a range of services through in-house and outsourced resources. These resources include therapists, stress and rehabilitation experts, ergonomic specialists, and engineers. Additionally, the function offers specialized services, such as aviation medicine, stress management, sick leave follow-up, health assessments, ergonomic guidance, and chemical handling advice. We continue to invest in a variety of health-promoting initiatives throughout the organization, both in the workplace and during employees' leisure time.

Sick leave

Sick leave represents a significant societal cost, resulting from both physical and mental illnesses. In FY 2023, our calculation of sick leave costs amounted to approximately MSEK 133 (164). SAS is actively engaged in the prevention of both short- and long-term sick leave.

We've implemented a standardized reporting method for all three Scandinavian countries, adhering to the reporting requirements of Swedish legislation. Managers, with the support of our HR team, conduct early follow-ups with employees on sick leave, resulting in a reduction in long-term absences.

For our crew members, specialized sick leave follow-up teams collaborate closely with external occupational health and aeromedical specialists. This early engagement with employees, along with support for medical healthcare and rehabilitation programs, has proven effective in shortening periods of illness.

In cases of short-term sick leave, employees are provided with medical advice from nurses. For situations involving frequent short-term sick leave, SAS requires a "first-day doctor's note." We also offer temporary workplaces and special work schedules to facilitate quicker and improved rehabilitation.

In FY 2023, total sick leave at SAS decreased to 5.87% (from 6.8%). Long-term sick leave, exceeding 14 days, accounted for 3.74% (compared to 4.5%) of the total sick leave at SAS.

Occupational accidents

In FY 2023, the number of occupational accidents leading to absence at SAS decreased to 1 (from 6). SAS has been actively working to enhance processes for systematic follow-up, educational activities, and the clarification of definitions in collaboration with safety representatives, supervisors, HR, and labor-management joint safety committees encompassing all employees in each country.

Ground handling remains the department with the highest frequency of occupational accidents within SAS. These accidents include incidents such as crushing, falling, and, in some cases, those involving vehicles in connection with baggage handling.

SAS	DK	NO	SE	Total
No. of employees October reporting fiscal year (head count)	3,120	2,936	3,194	9,456
No. of women	1,117	1,093	1,254	3,558
of whom, women, %	36	37	39	38
Total sick leave, %	4.6	8.5	4.5	avg 5.9
Long-term sick leave, % (more than 14 days)	2.6	5.8	2.8	avg 3.7
Total number of occupational accidents with one day sick leave or more	1	0	0	1

HUMAN RIGHTS

SAS is deeply committed to upholding human rights and ensuring decent working conditions in its operations, collaborating actively with the United Nations Global Compact (UNGC) to adhere to its principles. As a participant in UNGC, SAS strives to implement the ten principles covering human rights, labor standards, environmental stewardship, and anti-corruption.

The Norwegian transparency act

In alignment with the Norwegian Transparency Act (Åpenhetsloven) which became effective from July 1, 2022, SAS is committed to promote respect for fundamental human rights and decent working conditions in connection with our operations and services and to ensure the general public access to information regarding how SAS address adverse impacts on fundamental human rights and decent working conditions.

Efforts have been taken to ensure compliance with the new legal requirements and improve the implementation of human rights due diligence, as endorsed by the Board.

HUMANITARIAN SUPPORT

SAS humanitarian support and social initiatives are mainly related to our airline operations.

Rescue flights

One of SAS aircraft is used to evacuate wounded and critically ill patients from Ukraine. We see it as an important social mission to assist in connection with the war in Ukraine, where the medical evacuation (medevac) flights take war victims to hospitals across Europe from the evacuation center in Poland.

The operation is part of the EU Civil Protection Mechanism, and through a long-standing agreement with the Norwegian Armed Forces and Directorate of Health. A regular Boeing 737 commercial aircraft has been converted into a flying hospital, with medical equipment and hospital beds. SAS personnel on these flights are dedicated and trained for demanding assignments, and often have nursing background and expertise in trauma treatment, etc.

The cooperation is unique and together we have flown near-weekly flights since mid-2022 and evacuated more than 2,000 war victims from Ukraine using the SAS aircraft. Medevac operations in general have been going on for over 25 years, with missions like the tsunami in Thailand, terror attack in In Amenas, Algeria, and evacuation missions from Afghanistan and Moira refugee camps.

SAS operated two flights in collaboration with the Danish Ministry of Foreign Affairs in respond to the outbreak of the Israel–Hamas war. Military personnel evacuated people from Tel Aviv to Cyprus, from where SAS carried passengers on specially chartered flights home to Denmark.

SAS has a rich history of providing support to Scandinavian citizens in critical situations worldwide. Our close collaboration with national authorities in Scandinavia has allowed for well-coordinated rescue efforts, encompassing scenarios from conflicts to natural disasters in countries such as Ukraine, Afghanistan, Thailand, and Peru.

Securing infrastructure

SAS plays a crucial role in maintaining Scandinavian connectivity, particularly on domestic routes, and ensuring the integrity of essential infrastructure for both travelers and cargo.

Air bridges for medical supply

SAS played a vital role in the transportation of essential medicine and medical equipment to Scandinavia via air freight during the pandemic.

Christmas flight

SAS Christmas Flight represents a relief campaign conducted by SAS employees and volunteers from various companies and organizations throughout the year. In FY2023, this charitable endeavor made substantial contributions in the form of equipment, food, and financial aid to centers in Riga and Tallinn, as well as to refugees affected by the conflict in Ukraine. SAS provides an aircraft with full operational support, and our pilots and crew volunteer their time, while fuel is generously sponsored by a fuel supplier.

This initiative, which began nearly four decades ago, has had a profound impact by saving lives and assisting thousands of children and young people over the years.

SAS – YOU ASSIST

SAS – YOU ASSIST is a non-profit initiative launched by SAS' employees in 1979. It is run voluntarily by current and former SAS' employees. The main focus is to help children in developing countries get a better life through various projects in different countries.

SAS YOU ASSIST only support projects where there is a trusted individual on site who can support with reports on the projects. The donations support development projects such as building schools, playground, student dorms, water tanks or well drilling. Approximately 95% of the funds raised by SAS YOU ASSIST goes directly to the projects, leaving only 5% used for administration.

GOVERNANCE & ECONOMICS

SAS MANAGEMENT SYSTEM

Sustainability is a vital part of our business and is seamlessly integrated into the SAS management system. This system encompasses all SAS activities and is built upon airline operational standards. It encompasses our internal and shared environmental and sustainability policies, the SAS Code of Conduct, the UN Global Compact, the UN Sustainability Development Goals, EU taxonomy, Lean, and ISO 14001. The system serves as a blueprint for continuous planning, implementation, evaluation, and the enhancement of processes and activities to meet operational and sustainability objectives. SAS has established control mechanisms with dedicated follow-up systems and resources to ensure adherence to international and national legislation.

Our approach to environmental responsibility revolves around not only complying with pertinent legislation but also minimizing our absolute and relative greenhouse gas emissions and other environmental impacts.

Both the SAS Environmental Policy and the SAS Sustainability Policy have received approval from Group Management and are applicable to all SAS employees, products, and services. These policies, along with our objectives and strategies, undergo annual review as part of the ISO 14001 management review conducted by Group Management. Activities are monitored within the management system and reported on a weekly, monthly, quarterly, or annual basis as per specific requirements.

SAS has held ISO 14001 certification for its environmental management system across the organization since 2010. This ISO standard plays a pivotal role in how we pursue our environmental targets.

CODE OF CONDUCT

The SAS Code of Conduct, issued by the Board of Directors, serves to consolidate, and clarify SAS' outlined priorities, commitments, policies, and other guidelines. This Code is applicable to all employees, irrespective of their role or employment type. To underscore its significance, we have established a comprehensive training program that actively fosters Code implementation, and all personnel regularly participate. The Code of Conduct does not provide detailed due diligence procedures or specific human rights provisions.

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

Sustainability
Sustainability
Environment
Social
> Governance & economics
About this report
GRI Content Index
Assurance report

PROCESSES TO REMEDIATE NEGATIVE IMPACTS

We have clear rules and established structures for reporting and addressing suspected violations within our management system and through the SAS whistle-blower function. Critical concerns are communicated to the board on a case-by-case basis. In FY 2023, the whistle-blower function was utilized on eight occasions. All cases have been closed.

SAS is fully committed to collaborate in the remediation of negative impacts we may have caused. The nature of this collaboration varies depending on the context and whether the grievance has been raised through legal or non-legal channels. The assessment of grievance mechanisms remains an integral part of our ongoing stakeholder engagement.

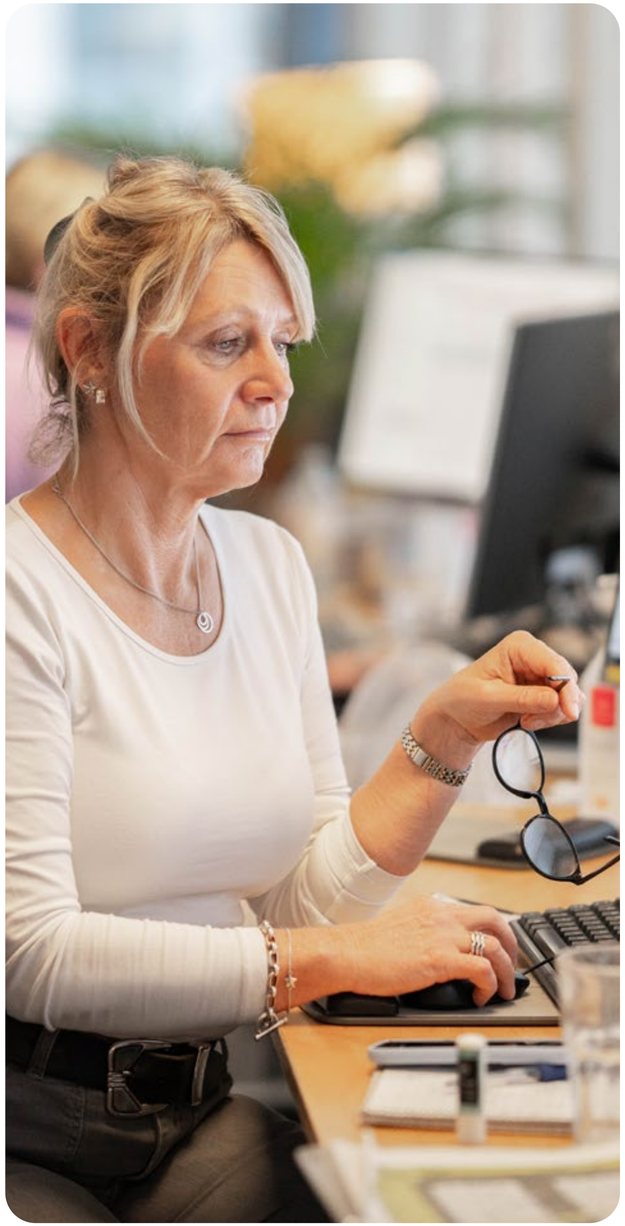
RISK MANAGEMENT

SAS adopts a precautionary risk management approach with a clear focus on minimizing sustainability-related risks and harnessing potential opportunities. These risks and opportunities are thoroughly assessed and strategically managed within our management system, seamlessly integrated into our comprehensive risk management framework. The implementation of risk control measures is essential in effectively managing these risks.

SAS monitors all risks and identifies opportunities that hold strong business potential. Through our certified environmental management system, we quickly identify changes in the business environment and swiftly adapt our operations to mitigate their environmental impact. For more information, please refer to the Risk Management section on pages 67-74.

SAS annually discloses its change-related risks and opportunities to CDP. These factors apply to our ability to carry out aircraft operations in a shifting climate, transition initiatives, and how customers perceive SAS as a more sustainable choice for fast and efficient long-distance travel. You can find our CDP disclosure and results, including a B- rating in 2023, on www.cdp.net.

EcoVadis assists SAS in overseeing our entire value chain, from suppliers to customers, by transparently sharing our performance with stakeholders. In the near future, we plan to extend this monitoring to include the performance of SAS's upstream value chain. Our EcoVadis Business Sustainability rating result for FY2023 accessible on www.ecovadis.com.



EU TAXONOMY

The EU Taxonomy, a system classifying environmentally sustainable economic activities, can play an important role in advancing sustainable investment and implementing the European Green Deal. It provides clear definitions for companies, investors, and policymakers, enabling them to identify economic activities that align with environmental sustainability principles.

SAS fall under the scope of the Non-Financial Reporting Directive and is a large PIE with more than 500 employees, SAS is required to disclose to what extent the activities that they carry out meet the criteria set out in the EU Taxonomy.

As this is the first year of disclosure of the additional activities, only the proportion of Taxonomy-eligible and Taxonomy non-eligible are disclosed. An economic activity can be eligible to more than one environmental goal and we assess that the Group only contributes to one environmental goal per economic activity. Due to the fact that we structure cost reporting as separate costs per activity, we are reducing the risk of double accounting of key data.

During 2023, the EU Commission has decided that it is only required to report eligibility on the new activities. SAS will initiate processes to address the alignment criteria for all applicable economic activities, to move towards Taxonomy alignment. Table for nuclear energy and fossil gas-related operations is not reported as SAS does not finance or is exposed to this type of operations.

Turnover

Most of SAS' revenue now aligns with EU Taxonomy economic activities, 3.21 comes from note 2 and is part of technical maintenance. Revenue for 6.19 from note 2 and refers to Passenger and freight air transport and 6.20. Ground handling operations revenue refers to ground handling under note 2. SAS is working on improving the process of breaking out revenue for Ground handling.

7.7 Leasing and rental revenue, as was also reported in last year's report. SAS has not initiated processes to assess alignment of this activity as it is not part of our core business.

CAPEX

CAPEX includes capital expenditure related to SAS' core business and non-sales activities. 6.19 refers to new RoU during the year (note 13). 6.20 also refers to RoU for Ground Handling during the year (note 13). In 2024, SAS will initiate alignment initiatives, and the outcomes will be detailed in the 2025 Annual and Sustainability Report.

OPEX

OPEX comprises non-capitalized operating expenditure, as defined by economic activities falling under the EU Taxonomy umbrella. The OPEX category is closely related to maintenance and repair costs and includes maintenance material, employee costs that are maintenance specific. 6.20 is extracted from technical aircraft maintenance under note 4, 3.21 is the remaining costs during technical aircraft maintenance under note 4, including the cost of employees repairing. 6.19 concerns short-term leasing falling under note 23, 7.7. refers to short-term leasing of properties also falling under note 23. Initiatives focused on maintenance will be detailed in alignment initiatives starting in 2024.

BUSINESS ETHICS AND ANTI-CORRUPTION

Our management approach is to proactively combat all forms of corruption and anti-competitive behavior.

The SAS Code of Conduct, Legal Policy, and SAS Anti-bribery Policy apply to all individuals representing SAS Group. The SAS Board of Directors holds the overall responsibility for enforcing the Code of Conduct and overseeing compliance, which is continuously assessed within our management system and through internal audits.

Regulations pertaining to bribery and other improper activities are notably stringent. For instance, the ”Competition Law Compliance Program” currently in progress encompasses all SAS entities. This program targets the most significant corruption-related risks and focuses on employees facing corruption risks in their daily responsibilities.

SUSTAINABILITY IN OUR SUPPLY CHAIN

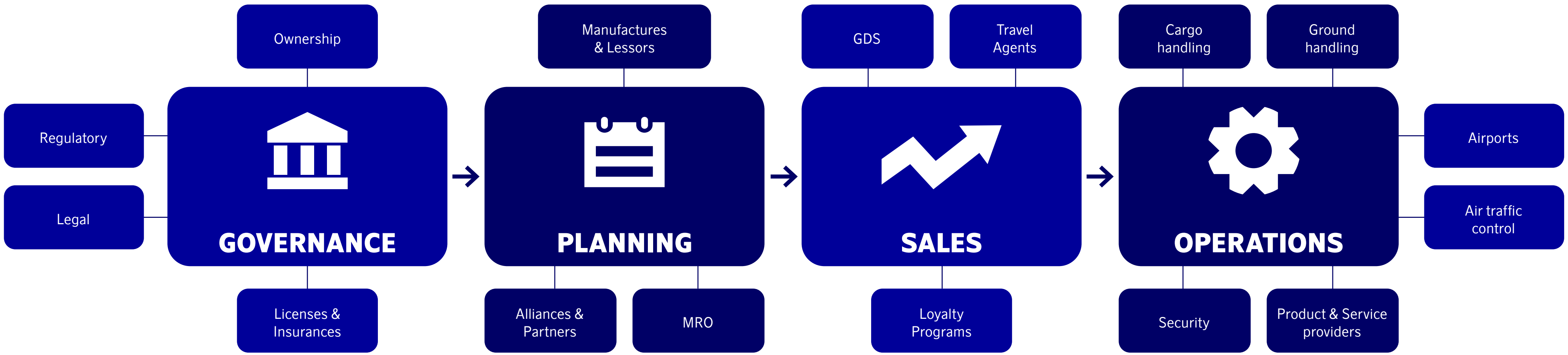
At SAS, we prioritize sustainability across our supply chain, which is closely linked to our core aircraft operations. We collaborate with 3,979 suppliers in the following categories:

- Aircraft and Engine Manufacturers
- Airport and Air Navigation Providers
- Fuel Suppliers
- Catering Suppliers
- IT Suppliers
- Technical Maintenance Suppliers
- Regional Production Partners
- Financial Services

Most of our suppliers are strategically located in the geographical areas where SAS operates its routes. In alignment with our operational model, we are outsourcing ground handling, regional production partners, customer services, and accounting functions to external suppliers. Our collaborative efforts with these partners are dedicated to advancing the cause of a more sustainable aviation industry.

Supply chain responsibility

The SAS Supplier Code of Conduct and the SAS Purchasing Policy govern all purchasing activities. These policies are overseen by our Group Management and are reviewed annually. We track and report activities as needed, whether weekly, monthly, quarterly, or annually, to ensure our commitment to responsible sourcing is upheld.



Supply chain governance

Our established governance model provides clarity on supply chain responsibilities, risks, and areas for improvement, along with procedures for addressing any potential deviations. Responsibility for consistent monitoring of our critical suppliers is centralized and standardized. We mandate that all SAS suppliers meet our high-priority sustainability and social responsibility standards, adhere to our Purchasing Policy, and comply with the general terms and conditions of the UN Global Compact, as well as other specific sustainability requirements. Sustainability is an integral evaluation criterion within SAS' sourcing governance.

These criteria vary based on the product or service type and its production location. They may encompass factors like energy efficiency, waste management, adherence to collective agreements, human rights, and child labor, among others. These criteria are assessed and managed during both the procurement phase and the agreement period.

Stakeholder dialogue

We maintain a longstanding tradition of continuous dialogue and collaboration with a diverse array of stakeholders and actively engage in community-related matters.

SAS places a strong emphasis on fostering close partnerships with customers, authorities, suppliers, and airports to foster conditions conducive to devising solutions for enhanced sustainability performance. We also conduct dialogues with individuals and entities seeking knowledge, advocating for change, or supporting SAS in various capacities, including employees, partners, experts, NGOs, organizations, researchers, and more.

Our approach to stakeholder dialogue serves as an opportunity to initiate meaningful discussions on pertinent topics and gather input to further refine the SAS customer offerings and sustainability agenda. As part of our endeavor to enhance understanding of the aviation industry, we participate in various industry and employee organizations.

For a comprehensive list of our stakeholders, please refer to page 23.

PRODUCT RESPONSIBILITY

We take responsibility for maintaining the highest standards of product responsibility and follow strict policies and relevant legislation governing health, safety, environmental impact, IT security, and food safety. Additionally, we take responsibility for delivering dependable products and services produced under ethical conditions. The SAS Quality Policy applies universally to all SAS products and services, subject to ongoing oversight and annual review by Group Management. Activities are diligently tracked within the management system and reported as needed, whether on a weekly, monthly, quarterly, or annual basis.

Flight Safety remains under stringent regulation, with SAS undergoing regular audits by external parties. The relevant authorities scrutinize airline personnel working conditions, including aspects such as working hours, in the pursuit of promoting flight safety.

Maintaining punctuality and regularity is imperative in delivering passenger transport as planned. SAS continuously monitors and enhances punctuality and regularity, attributes highly prized by our customers. Furthermore, punctuality plays a vital role in emissions reduction.

The realm of IT security and integrity is of increasing significance, prompting SAS to maintain a comprehensive program that ensures the requisite high level of IT security. Moreover, we uphold compliance with the European Union's General Data Protection Regulation (GDPR) legislation.

SAS CONTRIBUTES TO ECONOMIC DEVELOPMENT

Our operations contribute to society by generating economic value and social well-being, both directly and indirectly, in the countries and communities where we are active.

We play a significant role in fostering direct economic benefits as an employer and through our procurement of goods and services. In FY 2023, SAS disbursed wages and salaries totaling MSEK 7,587 which included MSEK 1 100 for social security expenses and MSEK 428 for pensions. It is our objective to provide competitive compensation for all employee groups.

SAS adds economic value by providing the essential infrastructure required for seamless passenger and cargo transportation to, from, and within Scandinavia. Air transport bears the costs associated with the necessary infrastructure, such as airports, air traffic control, and security. In FY 2023 these expenses amounted to MSEK 7,376 for Scandinavian Airlines, with Scandinavian Airlines contributing MSEK 1,246 toward security-related costs.

ABOUT THIS REPORT

The sustainability reporting in SAS Annual and Sustainability Reports, has been subject to third-party review since 1996. The report describes the company's most essential environmental and societal aspects during fiscal year 2023 from November 1, 2022, to October 31, 2023.

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

In accordance with the Swedish Annual Accounts Act, SAS has prepared a statutory Sustainability Report, which has been incorporated into the Annual and Sustainability Report FY 2023, separate from the Report by the Board of Directors, on pages 20–55 and 149–151. The auditor's opinion regarding the statutory sustainability report is included on page 56.

This Annual and Sustainability Report is a key part of our commitment to communicate transparently with stakeholders. The materiality analysis was renewed in 2022 and "sustainability communication" was still identified as an area of great importance to SAS and its stakeholders. The SAS Group is referred to as SAS in this Sustainability Report. Publication date of this report: February 7, 2024.

External review: material sustainability information and EU-ETS and UK ets

All material sustainability information in the Annual and Sustainability Report for FY 2023 has been reviewed by KPMG. The Auditor's assurance report can be found on page 56.

For year 2022 KPMG verified the reporting systems regarding CORSIA and the EU trading scheme for emission allowances for flights under the SK flight number. Verifavia has verified the UK ETS reporting systems regarding UK trading scheme for emission allowances for flights under Connect flight number for year 2021.

External initiatives

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

We have also chosen to use the UN Sustainable Development Goals (SDGs) as a tool to structure our strategic sustainability agenda. See page 26 for more on our approach to the SDGs.

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

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

Accounting policies for sustainability reporting fiscal year 2023

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

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

For environmental responsibility, SAS strives to distinguish between airline and ground operations.

Accordingly, the following distinctions have been made:

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

The SAS legal structure is presented on page 77.

Monitoring sustainability-related data

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

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

SCOPE OF THE SUSTAINABILITY WORK

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

The ultimate responsibility for our sustainability aspects, and their integration in operational activities, lies with Group Management. The Annual and Sustainability Report is approved by SAS Board of Directors and SAS Group Management before publication. The SAS Board of Directors submitted the Annual and Sustainability Report FY 2023 in February 2024.

Limitations

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

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

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

Changes in accounting policies and calculating principles

None.

Principles for reporting and calculating external and other environment related costs

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

Principles for reporting and calculating environmental data

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

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

- Fuel density (kg per liter):
  – Jet A/A-1[1]: Actual density or 0.8
  – Diesel: 0.84
  – Petrol: 0.73
  – Heating oil: 0.84
- CO_2 factor (per weight unit of fuel):
  – Jet A/A-1[1]: 3.15
  – Diesel: 3.17
  – Petrol: 3.12
  – Heating oil: 3.17
  – Electricity: 90 (grams/kWh based on Nordic energy mix)
- CO_2e factor (per weight unit of fuel):
  –Jet A/A-1[2]: 3.18
- Energy conversion of fuels (GWh per 1,000 tonnes):
  – Jet A/A-1: 12.0
  – Diesel: 12.0
  – Petrol: 12.2
  – Heating oil: 12.0
- Nitrogen oxides (NO_X), factors (per weight unit of fuel):
  – Jet A/A-1[3] Between 0.00694 and 0.01932

1) Fuel density and CO_2 factor for Jet A/A-1 is calculated according to approved MRV plan.
2) Emission factor 3.18 for CO_2e from DEFRA.
3) Varies per aircraft/engine combination.

CO_2 emissions per passenger kilometer and cargo tonne kilometer – Scope 1

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

$$\text{Total Passenger Fuel Usage} = \frac{(\text{Total Passenger Weight/Total Weight}) \times}{\text{Total Fuel Used}}$$

$$\text{Where, Total Weight} = \frac{\text{Total Passenger Weight} +}{\text{Total Freight/Cargo Weight}}$$

$$\text{Total Passenger Weight (kg)} = \frac{(\text{Number of Seats} \times 50\text{ kg}) +}{(\text{Number of Passengers} \times 100\text{ kg})}$$

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

For cases when flights were conducted without passengers or freight/cargo transport, all CO_2 emissions were allocated as passenger transport. This may include training flights, positioning flights between scheduled flights, and flights to/from maintenance, etc. The reason for this changed calculation method is to achieve more precise CO_2 emissions per production unit calculations. The previous calculation method essentially involved double accounting, with emissions per passenger kilometer including the fuel used for freight/cargo transport and vice versa.

Co_2 emissions per available seat kilometer – scope 1

In order to calculate the CO_2 emissions for each available seat, the assumption is that each seat is occupied by one passenger which corresponds to 100 kg. The metric is calculated by dividing the total CO_2 emissions with the total available tonne kilometer and then multiplied with 0.1 (i.e. 100 kg or 0.1 tonne).

Principles for reporting and calculating employee data

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

Number of employees

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

Sick leave

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

GRI CONTENT INDEX

Statement of use	SAS has reported in accordance with the GRI Standards for the period November 1, 2022–October 31, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No sector standard is available yet

					OMISSION	
GRI STANDARDS	**DISCLOSURE**		**LOCATION**	**REQUIREMENT(S) OMITTED**	**REASON**	**EXPLANATION**
GENERAL DISCLOSURES						
GRI 2: General Disclosures 2021	**The organization and its reporting practices**					
	2-1	Organizational details	77			
	2-2	Entities included in the organization's sustainability reporting	50			
	2-3	Reporting period, frequency and contact point	50, 58, 155			
	2-4	Restatements of information	51			
	2-5	External assurance	50, 56			
	Activities and workers					
	2-6	Activities, value chain and other business relationships	3, 47–48, 58–61			
	2-7	Employees	40, 52, 106	2-7-b-iii	Not applicable	No non-guaranteed hours employees.
	2-8	Workers who are not employees	40	Types of work and methodologies	inadequate	Information unavailable
	Governance					
	2-9	Governance structure and composition	78–90			
	2-10	Nomination and selection of the highest governance body	80–81			
	2-11	Chair of the highest governance body	89			
	2-12	Role of the highest governance body in overseeing the management of impacts	24, 41, 43–44, 51, 80, 82			
	2-13	Delegation of responsibility for managing impacts	43, 51, 86			
	2-14	Role of the highest governance body in sustainability reporting	24, 51			
	2-15	Conflicts of interest	81, 89			
	2-16	Communication of critical concerns	44			
	2-17	Collective knowledge of the highest governance body	80			
	2-18	Evaluation of the performance of the highest governance body	80			
	2-19	Remuneration policies	84–86			
	2-20	Process to determine remuneration	84–86			
	2-21	Annual total compensation ratio	Remuneration report on sasgroup.net			
	Strategy, policies and practices					
	2-22	Statement on sustainable development strategy	9–11			
	2-23	Policy commitments	41, 43, 46–48, 70–71			
	2-24	Embedding policy commitments	25, 38, 43, 46–48, 71			
	2-25	Processes to remediate negative impacts	44			
	2-26	Mechanisms for seeking advice and raising concerns	44			
	2-27	Compliance with laws and regulations	37, 66			
	2-28	Membership associations	50			

GRI STANDARDS	DISCLOSURE		LOCATION	OMISSION REQUIREMENT(S) OMITTED	OMISSION REASON	OMISSION EXPLANATION
	Stakeholder engagement					
	2-29	Approach to stakeholder engagement	22–25, 48			
	2-30	Collective bargaining agreements	39, 69			
MATERIAL TOPICS						
GRI 3: Material Topics 2021	3-1	Process to determine material topics	24–25			
	3-2	List of material topics	24			
ECONOMIC PERFORMANCE						
GRI 3: Material Topics 2021	3-3	Management of material topics	58–66			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	75, 94			
ANTI-CORRUPTION						
GRI 3: Material Topics 2021	3-3	Management of material topics	25, 41, 46			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	67-74			
ANTI-COMPETITIVE BEHAVIOR						
GRI 3: Material Topics 2021	3-3	Management of material topics	37, 46, 66			
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	66			
EMISSIONS						
GRI 3: Material Topics 2021	3-3	Management of material topics	21, 25, 27–35, 37, 43, 50-51			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	25, 29, 30, 52			
	305-2	Energy indirect (Scope 2) GHG emissions	25, 51–52			
	305-4	GHG emissions intensity	30			
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	29, 30, 52			
WASTE						
GRI 3: Material Topics 2021	3-3	Management of material topics	24, 35, 48			
GRI 306: Waste 2020	306-3	Waste generated	35			
SUPPLIER ENVIRONMENTAL ASSESSMENT						
GRI 3: Material Topics 2021	3-3	Management of material topics	35, 44, 47–48, 50, 70			
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	47			
RESPONSIBLE EMPLOYER						
GRI 3: Material Topics 2021	3-3	Management of material topics	21–22, 24–25, 40–41			
GRI 403: Occupational Health and Safety 2018	403-3	Occupational health services	40, 49			
	403-4	Worker participation, consultation, and communication on occupational health and safety	38–40			
	403-9	Work-related injuries	41, 52, 70			

				OMISSION		
GRI STANDARDS	**DISCLOSURE**		**LOCATION**	**REQUIREMENT(S) OMITTED**	**REASON**	**EXPLANATION**
DIVERSITY AND EQUAL OPPORTUNITY						
GRI 3: Material Topics 2021	3-3	Management of material topics	24–25, 38–39			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	39, 80	405-1-a-ii, 405-1-b-ii	Information unavailable/ incomplete	Information on age not available per employee category.
TRAINING AND EDUCATION						
GRI 3: Material Topics 2021	3-3	Management of material topics	25, 40			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	40	404-1-a-i & ii	Information unavailable/ incomplete	Information not available by gender and employee category.
SUPPLIER SOCIAL ASSESSMENT						
GRI 3: Material Topics 2021	3-3	Management of material topics	47–48, 71			
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	47			
CUSTOMER HEALTH AND SAFETY						
GRI 3: Material Topics 2021	3-3	Management of material topics	49, 69–70			
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	n/a	416-1	Information unavailable/ incomplete	Information not available.
INNOVATION & DIGITALIZATION						
GRI 3: Material Topics 2021	3-3	Management of material topics	25			
	Company specific	Innovation & digitalization	25			

ASSURANCE REPORT

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

To SAS AB, Corp. Id. 556606-8499

Introduction

We have been engaged by the Board of Directors and the Chief Executive Officer of SAS AB to undertake a limited assurance engagement of SAS AB Sustainability Report for the financial year 2022-11-01 – 2023-10-31. SAS AB has defined the scope of the Sustainability Report that also is the Statutory Sustainability Report on page 1 in this document.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 50 in the Sustainability Report, and are part of the Sustainability Reporting Standards published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

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

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

The firm applies ISQM 1 (International Standard on Quality Management) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of SAS AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

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

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

Conclusions

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

A Statutory Sustainability Report has been prepared.
Stockholm, 6 February 2024

KPMG AB

Tomas Gerhardsson	Torbjörn Westman
Authorized Public Accountant	Expert Member of FAR

Report by the Board of Directors

REPORT BY THE BOARD OF DIRECTORS

Summary of fiscal year 2023

- Revenue for the year: MSEK 42,043 (31,824)
- The total number of passengers increased 32.5% and amounted to 23.7 million.
- Unit revenue (PASK) increased 8.1%[1]
- Unit cost (CASK) decreased 4.5%[2]
- Income before tax was MSEK -5,516 (-7,846)
- Income before tax and items affecting comparability: MSEK -5,661 (-7,941)
- Net income for the year was MSEK -5,701 (-7,048)

1) Currency-adjusted.

2) Currency-adjusted and excluding jet fuel.

SAS made significant progress with its transformation plan SAS FORWARD and the Chapter 11 process in the US. SAS has, among other things, concluded lessor negotiations, which is expected to achieve annual cost savings of at least SEK 1 billion, and secured capital for its exit financing of a total of approximately SEK 13.2 billion.

The Board of Directors and the President of the Parent Company, SAS AB, hereby submit the annual and sustainability report for SAS AB and the SAS Group for fiscal year 2023 (November 1, 2022–October 31, 2023). SAS AB is registered in Stockholm and the address of its head office is Frösundaviks allé 1, Solna, Stockholm, Sweden, and its corporate registration number is 556606-8499. The company conducts airline operations, including ground handling, technical maintenance and cargo, in a Scandinavian and international network.

Market performance fiscal year 2023

The number of passengers who traveled with SAS increased by 32.5%, totaling 23.7 million in FY 2023.

SAS scheduled traffic increased by 48.1% on intercontinental routes, 32.6% on European and intra-Scandinavia routes, and 22.9% on domestic routes.

SAS' charter capacity increased by 5.5% and charter passenger volumes increased by 13.8%, amounting to 955,000. RPK for charter traffic increased by 14,6% and load factor increased with 7.3 percentage points and amounted to 91.5%.

During the fiscal year, the currency-adjusted yield decreased by 0.2% and currency-adjusted unit revenue (PASK) rose 8.1% compared with last year. SAS' currency-adjusted unit cost excluding jet fuel decreased by 4.5%.

Punctuality and regularity

In FY 2023, SAS' arrival punctuality (P15) declined to 71.4% (75.3) and regularity increased to 98.3% (95.8).

TRAFFIC TRENDS FOR SAS

SAS scheduled traffic	FY23	FY22	Change
Number of passengers (000)	22,726	17,029	33.5%
RPK, Revenue Passenger Kilometers (mill)	29,964	22,058	35.8%
ASK, Available Seat Kilometers (mill)	39,736	31,688	25.4%
Load factor	75.4%	69.6%	5.8 [1]
Passenger yield (currency-adjusted), SEK	1.08	1.08	-0.2%
Currency-adjusted unit revenue, PASK, SEK	0.81	0.75	8.1%

	FY23 vs. FY22	
Geographical trends, scheduled traffic	**RPK**	**ASK**
Intercontinental	48.1%	33.6%
Europe/Intra-Scandinavia	32.6%	24.9%
Domestic	22.9%	13.0%

SAS charter traffic	FY23	FY22	Change
Number of passengers (000)	955	839	13.8%
RPK, Revenue Passenger Kilometers (mill)	2,589	2,259	14.6%
ASK, Available Seat Kilometers (mill)	2,830	2,683	5.5%
Load factor	91.5%	84.2%	7.3 [1]

SAS Total traffic (scheduled and charter traffic)	FY23	FY22	Change
Number of passengers (000)	23,681	17,868	32.5%
RPK, Revenue Passenger Kilometers (mill)	32,553	24,317	33.9%
ASK, Available Seat Kilometers (mill)	42,566	34,371	23.8%
Load factor	76.5%	70.7%	5.7 [1]
Currency-adjusted unit cost, CASK, excl. jet fuel	-0.71	-0.74	-4.5%

1) Figures given in percentage points

Progress with SAS FORWARD and Chapter 11

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 provides SAS with legal tools to strengthen its financial position and accelerate work with SAS FORWARD, while the airline is able to continue airline operations as normal.

The Chapter 11 process is a legal process under the supervision of the 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 also secured Debtor-in-Possession (DIP) financing, which provides SAS with a strong financial position to maintain operations throughout the Chapter 11 process. DIP financing is a specialized type of bridge financing used by businesses that are restructuring through a Chapter 11 process. During the year, SAS announced an agreement with Castlelake for a new DIP loan of USD 500 million (~SEK 5.5 billion) to, inter alia, refinance SAS' existing DIP loan from Apollo Global Management, increase liquidity and support SAS' path to exit from its voluntary restructuring proceedings. Consequently, after the end of the fiscal year, SAS and Castlelake contracted a new DIP term loan agreement, which received final US Court approval on November 21, and repaid its original DIP loan that had been provided by Apollo Global Management.

During the year, SAS completed negotiations with lessors under the framework of the Chapter 11 process. SAS has signed agreements with a total of 15 lessors, which account for 59 aircraft, seven of which are widebody and 52 are narrow-body aircraft. Through the amended lease agreements, SAS is expected to reach the cost-saving target of no less than SEK 1.0 billion in reduced aircraft lease expenses and annual cash flow items pertaining to aircraft leases. This comprises a key element in the achievement of annual cost-savings of SEK 7.5 billion by fiscal year 2026 as part of the SAS FORWARD plan. The amended lease agreements require the Chapter 11 plan to be approved and enter force.

In the first six months, SAS also renewed a multi-year agreement with Amadeus, a key travel technology provider for the company. The agreement will deliver efficiency within Distribution & IT, in line with the targets set forth in the SAS FORWARD plan, while concurrently keeping SAS at the forefront of technology evolutions.

SAS reached an important milestone in the Chapter 11 process in the fourth quarter of the fiscal year. On October 3, SAS announced that the investors Castlelake, Air France-KLM and Lind Invest, together with the Danish state had been designated as the winning bidder consortium in SAS' exit financing solicitation process. After the end of the fiscal year, on November 4, 2023, SAS announced that it had entered an investment agreement with the winning bidder consortium. The investment agreement entails a total investment in the reorganized SAS corresponding to USD 1,200 million (~SEK 13.2 billion), comprised of USD 475 million (~SEK 5.225 billion) in new unlisted equity and USD 725 million (~SEK 7.975 billion) in secured convertible debt. The agreed investment structure will result in a shareholder structure post-reorganization (based on total equity, but pre-conversion of the convertible debt) where:

(i) Castlelake holds approximately 32.0% of the equity and 55.2% of the convertible debt;

(ii) the Danish State holds approximately 25.8% of the equity and 30.0% of the convertible debt;

(iii) Air France-KLM holds approximately 19.9% of the equity and 4.8% of the convertible debt;

(iv) Lind Invest holds approximately 8.6% of the equity and 10.0% of the convertible debt; and

(v) the remaining approximately 13.6% of the equity will be distributed among and held by certain creditors who may receive recovery in equity.

The investment agreement includes the final terms of the investors' equity investment, as well as the key terms for the secured convertible debt and SAS' Chapter 11 reorganization plan. On November 21, the investment agreement was approved by the US court.

The agreed exit transaction remains subject to approval in connection with the confirmation of SAS' Chapter 11 plan.

On January 23, 2024, SAS filed an amended Chapter 11 plan of reorganization and related disclosure statement with the US Court, including financial projections for the reorganized SAS. SAS currently aims to receive approval by the US Court for the Chapter 11 plan in the first quarter of 2024, followed by regulatory approval and a likely Swedish company reorganization at the SAS AB level. As a result of that process, SAS expects that there will be only a modest recovery for general unsecured creditors, no recovery for subordinated creditors and no value for SAS AB's existing shareholders, and that all of SAS AB's common shares and listed commercial hybrid bonds will be cancelled, redeemed and delisted, in connection with emergence from the Chapter 11 process. Any payment of recoveries to creditors will be made only after the completion of the transaction and the fulfilment of any conditions for payment to creditors. SAS currently expects to emerge from the Chapter 11 process around the end of the first half of 2024.

Going concern assumption

SAS wants to highlight that there are no guarantees that SAS FORWARD will successfully be completed through the Chapter 11 process. In the event that the expected burden sharing, debt conversions and new capital raising are not completed as planned, SAS will be unable to support its existing capital structure and current liquidity levels and it cannot be ruled out that SAS could become unable to meet its obligations over the longer term as they fall due. Despite the situation described above, the Board's assessment is that the Group has adequate liquidity, including the DIP financing, to continue operations for at least the next 12 months, and therefore continues to apply the going concern principle to the preparation of the financial statements.

Income November 2022–October 2023

SAS generated an EBIT of MSEK -2,705 (-3,332). Income before tax amounted to MSEK -5,516 (-7,846) and income after tax was MSEK -5,701 (-7,048). During the year, tax amounted to MSEK -185 (798). Year-on-year, the exchange-rate trend had a positive impact on revenue of MSEK 802 and a negative effect on operating expenses of MSEK 1,912. Foreign exchange rates thus had a negative impact on operating income of MSEK 1,110. Net financial items were positively impacted by currency items amounting to MSEK 2,809. The items mainly related to currency revaluations for lease liabilities, which amounted to a cost of MSEK 154, compared with a cost of MSEK 2,906 last year. In total, currency effects had a net positive impact of MSEK 1,699 on EBT.

INCOME STATEMENT, SUMMARY

MSEK Statement of income	Nov–Oct 22–23	Nov–Oct 21–22	Change vs LY	Currency effects	Change vs LY (Curr. adj)
Revenue	42,043	31 824	10,219	802	9 417
Total operating expenses	-44,748	-35 156	-9,592	-1 912	-7 680
Operating income (EBIT)	-2,705	-3 332	627	-1 110	1 737
Income before tax (EBT)	-5,516	-7 846	2,330	1 699	631

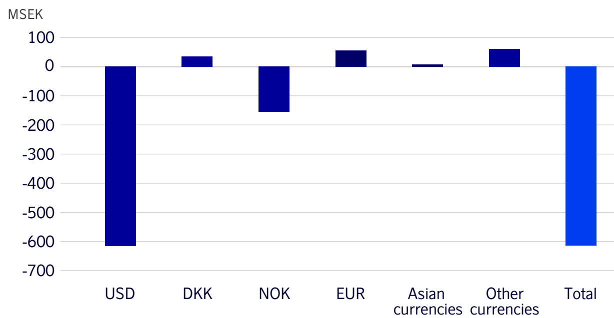
CURRENCY EFFECT BETWEEN YEARS

MSEK	FY23 versus FY22	FY22 versus FY21
Revenue	802	579
Personnel expenses	-176	-125
Other expenses	-1,240	-693
Translation of working capital	76	-701
Income from hedging of commercial flows	-572	641
Operating income (EBIT)	**-1,110**	**-299**
Net financial items	2,809	-3,103
Income before tax (EBT)	**1,699**	**-3,402**

CURRENCY EFFECTS ON NET INCOME FOR THE YEAR

MSEK	FY23	FY22
Translation of working capital	-212	-284
Income from hedging of commercial flows	11	579
Operating income (EBIT)	**-201**	**295**
Currency effect on the Group's financial net debt/receivables	-102	-2,911
Income before tax (EBT)	**-303**	**-2,616**

CURRENCY EFFECT ON REVENUE AND OPERATING EXPENSES, NET



Revenue

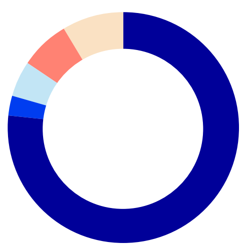
Revenue totaled MSEK 42,043 (31,824), see Note 2. Currency-adjusted revenue was up MSEK 9,417 year-on-year. The increase in revenue mainly related to increased production and increased demand.

Currency-adjusted passenger revenue rose 36%. 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 6,194. The higher load factor had a positive effect of MSEK 2,327. The lower yield had a negative effect of MSEK -69 on passenger revenue.

Currency-adjusted cargo revenue decreased MSEK 518 and currency-adjusted charter revenue was up MSEK 391 year-on-year. Other traffic revenue (currency-adjusted) was MSEK 68 lower.

Year-on-year, other operating revenue (currency-adjusted) was up MSEK 1,160, primarily due to a negative revenue adjustment and a SEK 1.1 billion provision made in the preceding year's fiscal year to cover estimated compensation claims from customers regarding flights canceled in conjunction with the pilot strike in July 2022. Revenue also increased as a consequence of higher revenue from sales of EuroBonus points and other volume-related revenue.

REVENUE BREAKDOWN FISCAL YEAR 2023



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

Operational and financial expenses

Personnel expenses amounted to MSEK -8,072 (-7,086). After adjustment for currency, personnel expenses increased MSEK 809 year-on-year. The increase was mainly due to an increase in the number of employees.

Jet-fuel costs amounted to MSEK -10,940 (-8,511). Adjusted for currency, jet-fuel costs increased 21%. Volume effects had a negative impact on costs of MSEK 2,471. Lower jet-fuel prices had a positive impact on costs of MSEK 1,602. The cost of emission rights increased MSEK 720 year-on-year.

Air traffic charges amounted to MSEK -3,800 (-2,855). Adjusted for currency, air traffic charges increased 28%. The increase pertained mainly to higher traffic volumes.

Other external expenses amounted to MSEK -17,659 (-12,058), see Note 4. Year-on-year, other external expenses (currency-adjusted) increased MSEK 4,521. The increase pertained primarily to higher costs for sales and distribution, wet-lease expenses and technical maintenance. Currency-adjusted sales and distribution costs increased MSEK 640, primarily due to higher volumes. Wet-lease expenses increased MSEK 629 (currency-adjusted). Technical maintenance costs (currency-adjusted) increased MSEK 1,088 due to larger volumes and higher prices.

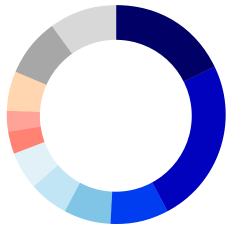
Depreciation, amortization and impairment amounted to MSEK -4,440 (-4,763), a decrease of MSEK 323 year-on-year. See Note 5.

Financial income and expenses amounted net to MSEK -2,811 (-4,514), representing a decrease in net expenses of MSEK 1,703 year-on-year. The decline mainly related to currency revaluations for lease liabilities, which had a cost of MSEK 154 this year, compared with a cost of MSEK 2,906 last year. Interest income amounted to MSEK 1,016, compared with MSEK 219 last year. Interest expense amounted to MSEK 3,641, compared with MSEK 1,686 last year. The increase was mainly the result of increased costs as the result of DIP financing. Other changes of MSEK 109 mainly comprised other currency revaluations. See Note 8. Operating income amounted to MSEK -2,705 (-3,332) and EBT amounted to MSEK -5,516 (-7,846).

Net income for the year was MSEK -5,701 (-7,048) and tax amounted to MSEK -185 (798). Income tax for the year was largely attributable to the effects of currency revaluations of lease liabilities and the change of temporary differences.

Year-on-year, the foreign exchange-rate trend had a positive impact on revenue of MSEK 802 and a negative effect on operating expenses of MSEK 1,912. Foreign exchange rates thus had a negative impact on operating income of MSEK 1,110. Net financial items were positively impacted by currency items amounting to MSEK 2,809. The items mainly related to currency revaluations for lease liabilities, which amounted to a cost of MSEK 154, compared with a cost of MSEK 2,906 last year. In total, currency effects had a net positive impact of MSEK 1,699 on EBT.

COST BREAKDOWN FOR SAS, FY 2023



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

Items affecting comparability

Total items affecting comparability amounted to MSEK 145 (95) during the year and pertained to sale and leaseback transactions for eight A320 aircraft and one engine as well as the rejection of lease contracts under the Chapter 11 process. Last year, the item primarily comprised capital gains on the sale of three 737-800 aircraft and sale and leaseback transactions for nine A320 aircraft and eight spare engines and the rejection of lease contracts as part of the Chapter 11 process.

Income before tax and items affecting comparability, MSEK	**FY23**	**FY22**
Income before tax (EBT)	-5,516	-7,846
Rejection of lease contracts in Chapter 11	-160	88
Capital gains/losses[1]	15	-183
Income before tax and items affecting comparability	**-5,661**	**-7,941**

1) Capital gains/losses include aircraft and engine sales amounting to MSEK -15 (170), of which sale and leaseback amounted to MSEK -14 (97). Capital gains/losses also include sales of subsidiaries of MSEK 0 (13) during the year.

BALANCE SHEET AND FINANCIAL POSITION

Assets

Intangible and tangible assets have decreased MSEK 4,123 since October 31, 2022. Changes for the year included investments of MSEK 4,012, amortization and depreciation of MSEK -1,118, sales of MSEK -4,341 and other effects of MSEK -2,676. The amount for investments included advance payments of MSEK 1,023 as well as MSEK 2,701 in the form of delivery payments for eight A320 aircraft, which have been sold and leased back. Other investments totaled MSEK 288 and mainly comprised capitalized expenditure for engine maintenance and modifications. Other effects included rejection of lease contacts regarding two A350 aircraft under Chapter 11 of about MSEK -3,000 and translation differences of slightly more than MSEK 270.

Right-of-use assets decreased MSEK 676. New leases amounted to MSEK 3,024, and mainly pertained to new leases for eight A320 aircraft, three E195 aircraft and one spare engine. Changes in indexation and modification as well as the rejection of lease contracts decreased net assets by MSEK 372, and depreciation and impairment totaled MSEK -3,322. The currency revaluations had an impact of MSEK -6.

Financial assets decreased MSEK 1,421, mainly due to remeasurements of SAS' defined-benefit pension plans.

Deferred tax assets increased MSEK 225. The increase was primarily due to the effects of currency revaluations of lease liabilities and the change of temporary differences. No loss carryforwards were capitalized during the year.

Current receivables increased MSEK 1,052. This increase was mainly attributable to blocked bank funds.

Cash and cash equivalents were MSEK 6,160 (8,654) as of October 31, 2023. Unutilized contracted credit facilities amounted to MSEK 3,892 (3,847). Financial preparedness amounted to 35% (60) of SAS' fixed costs.

Shareholders' equity and liabilities

Shareholders' equity decreased MSEK 6,872 to MSEK -6,110. The decrease pertained mainly to net income for the year of MSEK -5,701 and the negative actuarial effect on defined-benefit pension plans of MSEK 1,359. Changes in cash-flow hedging positively impacted equity by MSEK 135.

Non-current liabilities decreased MSEK 5,008 and current liabilities increased MSEK 4,567. The total decrease in liabilities was MSEK 441 and was mainly due to amortization, currency revaluation and the rejection of two A350 aircraft under Chapter 11. The decrease in liabilities was offset by new borrowing, accrued interest and an increase in the unearned transportation liability.

Interest-bearing liabilities

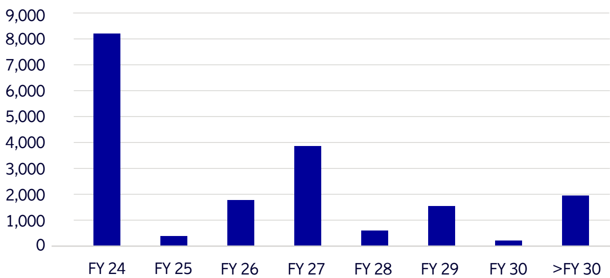
On October 31, 2023, interest-bearing liabilities amounted to MSEK 42,492 (45,519), a decrease of MSEK 3,027 since October 31, 2022. New loans and amortization for the period were MSEK 1,585 and MSEK 3,179, respectively. New leases and amortization of lease liabilities amounted to MSEK 3,289 and MSEK 2,796 respectively. The rejection of lease contracts as part of the Chapter 11 process has reduced debt with just over MSEK 3,600. Currency revaluations increased liabilities by about MSEK 500, and other items, primarily accrued interest, resulted in a net increase in liabilities of about MSEK 1,300.

BREAKDOWN OF SAS' INTEREST-BEARING LIABILITIES, OCTOBER 31, 2023

Liability	Note	MSEK
Subordinated loans	22	1 569
Aircraft financing liabilities	22	7 480
Government guaranteed loans	22	5 045
DIP-financing	22	4 813
Other loans	22	824
Lease liabilities	23	21 427
Current liabilities	22	1 333
Total		**42 491**

REPAYMENTS OF INTEREST-BEARING LIABILITIES, OCTOBER 31, 2023

MSEK

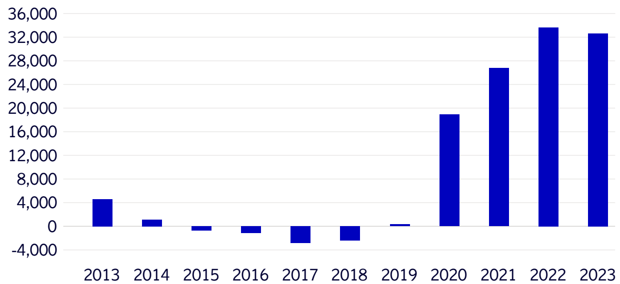


Financial net debt

On October 31, 2023, financial net debt amounted to MSEK 32,634 (33,657), a decrease of MSEK 1,023 since October 31, 2022. The decrease was primarily attributable to the positive cash flow before financing activities of MSEK 2,531 and the rejection of lease contracts as part of the Chapter 11 process that reduced debt by just over MSEK 3,600. The decrease was offset by a negative effect from new lease liabilities of MSEK 3,289, accrued interest of about MSEK 1,500 and negative currency revaluations of about MSEK 400.

FINANCIAL NET DEBT

MSEK



Cash-flow statement

Cash flow for the year amounted to MSEK -2,504 (4,375). Cash and cash equivalents amounted to MSEK 6,160, 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 242 (-183) for the year.

The change in working capital was positive and amounted to MSEK 2,185 (1,955). The positive outcome for the year was mainly the result of an increased unearned transportation liability as the result of increased ticket sales.

Cash flow from operating activities amounted to MSEK 2,427 (1,772).

Investing activities

Investments totaled MSEK 4,069 (5,093), of which the majority of MSEK 4,012 (5,093) pertained to aircraft and MSEK 57 (0) pertained to acquired subsidiaries that own three properties with smaller carrying amounts close to Kastrup, which were previously leased by SAS. Aircraft investments comprised eight A320 aircraft, capitalized expenditure for aircraft maintenance and modifications, and advance payments to Airbus.

During the year, one engine and eight A320 aircraft were sold and leased back, generating inflows of MSEK 4,173 (5,842).

Financing activities

New loans amounted to MSEK 1,585 (8,515), while repayments totaled MSEK 3,179 (3,359). Amortization of lease liabilities totaled MSEK 2,796 (2,820).

Key figures

On October 31, 2023, the return on invested capital (ROIC) was -7%, up 1 percentage point since October 31, 2022. The increase pertained mainly to an improved operating income (EBIT).

Financial preparedness was 35% (60) at the end of the period. After SAS received a new DIP loan from Castlelake in November 2023 and secured exit financing, the contracted credit facility that was part of the financial preparedness on October 31, 2023 (MUSD 350 in DIP loan with Apollo) has been returned. 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 a multiple of 20.4 as of October 31, 2023. On October 31, 2022, the multiple was 23.3.

As of October 31, 2023, the equity/assets ratio amounted to -11%, compared with 1% on October 31, 2022. The decline was primarily attributable to lower shareholders' equity as a result of the year's negative earnings.

Credit rating

SAS has a credit rating of D from the Japanese credit-rating agency, Rating and Investment Information Inc. (R&I). The previous credit ratings from Moody's and Standard and Poor's have been withdrawn.

Financial targets and dividend policy

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

SAS operates in a capital-intensive industry that requires an optimized capital structure. For this reason, SAS has three financial targets. These are:

SAS financial targets:

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

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

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

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

CALCULATION OF ROIC

MSEK	October 2023
EBIT, 12 months	-2,705
Theoretical tax	579
Total	**-2,126**
Average shareholders' equity	-3,557
Average financial net debt	32,131
Invested capital	**28,574**
ROIC	**-7%**

CALCULATION OF FINANCIAL NET DEBT/ADJUSTED EBITDA

MSEK	
Average financial net debt	32,131
Adjusted EBITDA, 12 months	1,572
Financial net debt/Adjusted EBITDA	**20.4**

CALCULATION OF FINANCIAL PREPAREDNESS

MSEK	
Cash and cash equivalents	6,160
Unutilized credit facilities	3,892
Total	**10,052**
Total other external expenses	-25,729
Net financial items excluding exchange-rate effects on lease liabilities	-2,664
Total	**-28,393**
Financial preparedness	**35%**

Dividend policy

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

In previous fiscal years, SAS has received various forms of Covid-19 pandemic-related state aid, which are conditional on SAS not distributing funds to shareholders. The European Commission's approval of the aid encompassed by SAS' recapitalization plan from 2020 includes, inter alia, such a prohibition on distributing dividends to shareholders. This ceases to apply once the instruments signed by the states under SAS' recapitalization plan have been fully redeemed or sold.

Parent Company

The Parent Company SAS AB conducts limited intra-Group services. Revenue totaled MSEK 872 (426) and operating expenses MSEK -1,068 (-560). Net financial items totaled MSEK 479 (213) and impairment of shares in subsidiaries amounted to MSEK -1,840 (-2,788). Net income for the year was MSEK -1,557 (-2,709).

FINANCING AND CAPITAL MANAGEMENT

Financing

SAS can use bank loans, capital market products, export credits and leases as sources of financing. In connection with aircraft transactions, the financing method is a very important factor that is taken into account together with residual value risks and financing costs. New loans raised during the fiscal year amounted to MSEK 1,585 (8,515) and pertained to financing with owned emissions rights as collateral.

Aircraft fleet

The aircraft fleet consists of the Airbus A320 family, Airbus A330/350, Embraer E195-100 and Boeing 737NG aircraft. In addition, SAS wet-leases 31 aircraft through strategic business partners. SAS is developing and planning to have four operational platforms: SAS Scandinavia, SAS Connect, SAS Link and Wet Lease. The aircraft fleet is SAS' largest tangible asset. SAS depreciates directly-owned aircraft over 20 years utilizing a residual value of 10%, excluding aircraft engines. Aircraft engines are depreciated over around eight years. Maintenance of leased aircraft is set off on an ongoing basis related to use, whereas maintenance of owned aircraft is capitalized and depreciated. Passenger aircraft are generally used for 20 to 25 years in commercial passenger traffic but aircraft that are well maintained can operate for longer periods.

There are still items of value in an aircraft after it has been taken out of service, for example engines and spare parts.

Financing of aircraft orders

As of October 31, 2023, SAS had aircraft orders for 18 Airbus A320neo, two Airbus A350 and one Embraer E195-100 aircraft for delivery up through 2025. In financing aircraft, SAS uses a combination of leases and secured bank loans and credit facilities. SAS aims to maintain a balance between owned and leased aircraft based on a cost, risk and flexibility perspective. SAS intends to utilize a mix of bank loans, leases and bank facilities to finance owned aircraft. When leasing, which can be conducted via sale and leaseback agreements, aircraft are sold on delivery and leased back over an eight- to 12-year period.

THE SAS AIRCRAFT FLEET ON OCTOBER 31, 2023

SAS Group's Aircraft Fleet	Age	Owned	Leased	Wet Lease	Total	SAS Scandinavia	SAS Connect	SAS Link	Wet Lease	In service for SAS Group	Firm order purchase	Firm order lease
Airbus A330/A350	9.7	5	6		11	11				11	2	
Airbus A320 family	7.1	15	64	8	87	52	27		8	87	18	
Boeing 737NG	18.3	4			4	4				4		
Embraer E195-100	14.8		9		9			9		9		1
Bombardier CRJ	9.3			17	17				17	17		
ATR-72	10.1			6	6				6	6		
Total aircraft in operation	**8.6**	**24**	**79**	**31**	**134**	**67**	**27**	**9**	**31**	**134**	**20**	**1**
Aircraft undergoing phase-out/leased out												
Airbus A321-200	21.5	4			4							
Boeing 737NG[1]	15.2	6			6							
Airbus A350-900	3.7		1		1							
Total	**16.9**	**10**	**1**		**11**							

1) Of which five had been leased out as of October 31, 2023

Of the remaining order for 18 Airbus A320neo aircraft, SAS has financed eight aircraft through operating leases.

AIRCRAFT ON FIRM ORDER 2023–2025 AS OF OCTOBER 31, 2023

	FY24	FY25	Total
Airbus A320neo	12	6	18
Embraer E195-100	1		1
Airbus A350		2	2
Total	**13**	**8**	**21**

As of October 31, 2023, SAS' remaining contracted future purchase commitments for aircraft orders with delivery in the 2023–2025 period totaled MUSD 975.

CONTRACTED MATURITY OF LEASED AIRCRAFT

	FY24	FY25	FY26	FY27	FY28>
Operating leases, aircraft	4	6	0	7	63
Wet-leased aircraft	15	4	2	0	10
Total	**19**	**10**	**2**	**7**	**73**

Financing of pre-delivery payments for aircraft

Airlines make prepayments before delivery. In addition to payment in conjunction with placing the order, pre-delivery payments (PDPs) normally commence when production of the aircraft starts about two years prior to delivery. SAS continuously evaluates possibilities for the external financing of PDPs and, during this fiscal year, SAS has repaid in full an existing facility for financing of pre-delivery payments with total repayments amounting to MSEK 767.

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

Seasonal effects and cash-flow optimization

SAS analyzes balance-sheet items and operating trends to optimize cash flow with the aim of attaining the lowest possible funding cost within the framework of SAS' financial policy. As a result of operating liabilities exceeding current assets, working capital amounted to MSEK -13,529 (-11,692) at October 31, 2023, representing a year-on-year decline of MSEK 1,837.

Cash flow from operating activities in FY23 amounted to MSEK 2,427 (1,772), up MSEK 655 year-on-year. The positive outcome for the period was mainly the result of an increased unearned transportation liability as the result of increased ticket sales.

Sustainability report

In accordance with the Swedish Annual Accounts Act, SAS has prepared a statutory Sustainability Report, which has been incorporated into the Annual and Sustainability Report Fiscal Year 2023, separate from the Report by the Board of Directors, on pages 21–55 and 148-150. The auditor's opinion regarding the statutory sustainability report is included on page 56.

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

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

RISK MANAGEMENT

	Risk area	Risk	Risk level	Risk control measures fiscal year 2023
1	Market risks	1.1 Macro economic development	Medium risk	Continuous monitoring of demand, projected revenue and adaptation of SAS' capacity offering and production.
		1.2 Market and competition	Medium risk	Revised strategy encompassing with further efficiency enhancements to meet lower demand and increased competition.
2	Employee risks	2.1 Competence	Medium risk	Annual people reviews and successor identification.
		2.2 Motivation	Medium risk	Strengthened leadership increased internal communication and transparency.
		2.3 Processes and systems	Medium risk	Follow-up of low and high-performing individuals. Documentation of internal processes and maximizing the cross functional collaboration.
		2.4 Labor actions	Medium risk	Strengthen dialogue and relationships to increase consensus with the unions.
3	Operational risks	3.1 Incidents and accidents	Low risk	Continuous internal monitoring and reporting to the Board.
		3.2 Suppliers	High risk	Focus on renegotiating agreements with strategic suppliers as well as follow up quality levels and efficiency. Increased communication with suppliers to handle the effects of Chapter 11 process.
		3.3 Cost competitiveness and efficiency	High risk	Transformation office to ensure continuous scrutiny on the progress of the savings initiatives in SAS FORWARD.
4	Sustainability risks	4.1 Environmental requirements	Medium risk	Continued efforts with measures to improve climate and environmental performance, and to ensure compliance with applicable laws and regulations. Organizational enhancements to drive ESG improvements.
		4.2 Human rights	Low risk	Requirement of complying with United Nations Global Compact in contracts with suppliers and subcontractors. Continuous monitoring of compliancy.
5	Legal and political risks	5.1 Political and regulatory risks	High risk	Active dialogues with the political systems and industry organizations (IATA) to obtain early information about regulatory changes and sanctions, and to participate in decision-making. Together with the industry, SAS promotes the importance of the aviation for business and society.
		5.2 Fraud and other crime	Medium risk	Continuous improvement of SAS' capabilities for proactive identification and prevention of potential criminal and fraudulent activity.
		5.3 Legal and insurance risks	Medium risk	Development of policies and training to stay compliant with laws and regulations. Ongoing self-assessment of compliancy. Legal counseling and participation in contracting processes. Insurance protection for operations and employees.
6	Financial risks	6.1 Liquidity, refinancing and funding risk	Medium risk	Ongoing follow-up and projections of financial preparedness.
		6.2 Exchange rates	High risk	Currency hedging in line with SAS' financial policy and monitoring the currency market.
		6.3 Interest rates	Medium risk	Interest rate risk in line with SAS´ financial policy. Relative large portion of liabilities are fixed rate.
		6.4 Jet-fuel price and emission rights	High risk	Jet-fuel hedging in line with SAS' financial policy and monitoring the jet-fuel price trend.
		6.5 Counterparty losses	Low risk	SAS' counterparty risks are managed in line with SAS' financial policy.
7	IT	7.1 Operational reliability and dependability	Medium risk	Continual improvement of monitoring, incident- and problem-handling procedures.
		7.2 Cyber Security	High risk	Expansion and improvement of processes and tools to prevent negative impacts on operations.
8	Other events	8.1 Extraordinary events	High risk	Continuous monitoring of extra ordinary events. Discussion in Group Management on their impact on SAS operations and financial situation, and implementation of mitigating activities.
		8.2 Brand and reputation	Medium risk	Constant monitoring of SAS presentation in media, and implementation of brand strengthening activities.

Low risk Medium risk High risk

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

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

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

1. MARKET RISKS

1.1 Macroeconomic development

63% of SAS passenger revenue stems from Scandinavia (Ticket revenue, FY23). Norway accounts for 27%, Sweden for 24% and Denmark 13%. Development of demand in Scandinavia is crucial for SAS financial performance.

Scandinavian economies have experienced energy shortages, high inflation and rising interest rates. Geopolitical instability and the wars in Ukraine and the Middle East contribute to uncertainty around the macro economic development. Households have experienced a sharp increase in the cost of living and a decline in purchasing power. Going forward, other factors such as falling housing prices, further mortgage rate increases and higher rents may depress the outlook even further. Estimation uncertainty for forecasts and future demand therefore remains.

1.2 Market and competition

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

2. EMPLOYEE RISKS

2.1 Competence

SAS remains in a vulnerable position following the Chapter 11 filing and industry changes to customer mix and travel patterns in the aftermath of COVID-19. Moving forward one challenge is to maintain high engagement internally and also to retain competence critical to the successful operation of the business. SAS is, due to skewed demographics, particularly exposed to retirements the coming years putting pressure on knowledge transfer and long term learning initiatives.

To manage the above, SAS runs regular employee and leadership programs based on its own employee and manager models, and works continuously with the succession order, competence planning and risk evaluation.

SAS has also boosted its Talent Acquisition capability, building a fully centralized recruitment and branding function to secure the long-term hiring needs across all parts of the company.

2.2 Motivation

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

SAS also works continuously with the follow-up of sickness numbers in close collaboration with occupational health care and in conversations between employees and managers to implement measures and provide support early-on when necessary to secure a healthy workplace and the wellbeing of employees.

SAS has continued to strengthen the internal communication by establishing new channels, like digital Townhalls, leader briefs, and improved newsletters and intranet where the latest information can be shared, and questions can be addressed directly to the CEO to keep employees updated on the progress of SAS FORWARD and Chapter 11, and be assured on the continuous improvements SAS are doing.

SAS continuously measures employee engagement and motivation through various employee surveys. SAS' attractiveness as an employer is measured on public Employer Rankings as well as with internal, Employee Net Promoter Score (ENPS).

To reinvigorate energy and future belief, SAS has developed a new Employee Value Proposition "Together we Move Scandinavia" to better position SAS' brand in the market. In addition, SAS is in the middle of implementing a cultural transformation program, in 26 employee driven initiatives by 2026 "26by26", to align SAS' employee experience with our value proposition to build a strong identity built on SAS purpose.

To lift employee wellbeing, SAS applies a hybrid workplace policy and is currently reviewing plans for the future workplace including activity based office layouts to foster collaboration and inclusion. To further boost SAS' attractiveness as an employer, employee incentive programs and visualization of internal career paths are being developed.

2.3 Processes and systems

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

2.4 Labor actions

To avoid future conflicts, SAS strives for long term labor agreements including industry wide agreements wherever possible. SAS works with collaboration models to strengthen transparent and open dialogue with labor organizations throughout the year.

3. OPERATIONAL RISKS

3.1 Incidents and accidents

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

The safety culture entails continuously striving to improve safety by encouraging SAS employees to actively learn, adapt and modify individual and organizational behavior to reduce exposure to risk.

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

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

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

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

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

In addition to traditional methods of preventing accidents and incidents through reactive measures to prevent recurrence, SAS also has a more mature safety management system (SMS) that is based on analyzing data and trends, which identifies safety issues before they result in an incident or accident. The identification of potential incidents and accidents is one method of working proactively with flight safety. The work also entails learning from the risks at other departments, other airlines, etc., and implementing processes and procedures to ensure that serious accidents and incidents do not occur.

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

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

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

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

Safety activities and risk levels in fiscal year 2023

In fiscal year 2023, SAS has continuously monitored and measured daily risk levels in flight operations, ground operations, technical maintenance, and aviation security in a hierarchical system of objective safety performance indicators.

To aid follow-up of flight safety on a departmental basis and for the various operational platforms, SAS uses operational flight safety tools, systems and processes with the capacity for identifying trends and correlations. This in turn leads to SAS acting more proactively with safety related risks.

Compared to FY2022 we saw a drop in FY2023 in number of safety related occurrences per one thousand flights. The increase in number of flights have had an impact on the statistics compared to FY2022 where the entire industry was ramping up after the Covid pandemic. A slight increase of medium risk reports can be seen. However, this is more due to change of method of assessing the reports than an actual increase in number of medium risk events.

RISK INDEX FY2023

Operations	Low	Medium	High
Flight Operations, %	2.89	0.02	0
Ground Operations, %	1.41	0.01	0
Technical Operations, %	0.53	0.01	0
Security, %	0.46	0.002	0
Total FY2023 as a % of the No. of flights	**5.29**	0.042	**0**

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

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

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

3.2 Suppliers

Dependence on external suppliers across all operations is increasing in pace with changes in the airline industry and development of the operating model at SAS. This applies equally to operations such as ground handling and production partners, and to administrative functions such as customer service and accounting. SAS conducts continual reviews of its supplier base, identifying the most operation-critical suppliers. SAS has an established steering model that clarifies responsibilities, risks and areas for improvement, as well as how any deviations should be managed. Responsibility for ongoing follow-up of critical suppliers has been centralized and standardized. All of SAS suppliers must meet requirements for sustainability and social responsibility in line with SAS' Supplier Code of Conduct.

3.3 Cost competitiveness and efficiency

For many years, SAS has been burdened by an uncompetitive cost structure that prevents the company from reaching its full potential. Cost reductions across all of SAS remain in focus to optimize our competitive capability. SAS FORWARD is a comprehensive business and transformation plan with the purpose of securing SAS long term-competitiveness. (More information can be found on p.12).

Another key element of SAS FORWARD is to effectuate a deleveraging of the balance sheet while substantially improving the liquidity position. A Transformation Office has been established to closely monitor the progress of the cost saving initiatives.

4. SUSTAINABILITY RISKS

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

4.1 Environmental requirements

It is a firm ambition of SAS to contribute to a better future. Society and our customers will continue demanding more sustainable solutions with a focus on reducing emissions and more efficient use of resources. Accordingly, we have set comprehensive and ambitious, short- and long-term environmental goals to drive our environmental work, which is in line with SAS' aspiration to invest in sustainable aviation.

Different laws and regulations impose requirements to reduce climate and environmental impact, including restrictions on noise levels and greenhouse gas emissions. All laws and regulations in the field of the environment and the climate are handled by SAS' management system which, as regards the environment, is ISO 14001:2015 certified. SAS conducts annual reporting in EU ETS, CH ETS, UK ETS, and in CORSIA. To ensure SAS' compliance with national and international rules and legislation, sustainability improvements are continuously being made. SAS measures its' eco-efficiency by measuring total and relative carbon emissions. The long-term emission reduction is driven by renewal of the aircraft fleet, ongoing efficiency efforts and increased blend-in of sustainable aviation fuels.

4.2 Human rights

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

5. LEGAL AND POLITICAL RISKS

5.1 Political and regulatory risks

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

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

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

5.2 Fraud and other crime

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

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

5.3 Legal and insurance risks

SAS flies and operates in many different countries meaning that SAS must comply with a large number of laws and regulations. The breadth of SAS' operations and many contractual relations mean that SAS is, and potentially will be, involved in legal processes and arbitration procedures either as plaintiff or defendant. As of October 31, 2023, SAS was involved in a number of legal processes, the most important of which are described in more detail on page 66.

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

6. FINANCIAL RISKS

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

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

6.1 Liquidity, refinancing and funding risk

The cash flow from SAS' airline operations follows clear seasonal trends. As passenger revenue is recognized when SAS or another airline provides the transportation, this means that seasonal variations impact cash flow and earnings differently. SAS also has several different financial instruments issued, as well as 79 aircraft on operating leases and 31 aircraft on wet lease contracts that are continually maturing.

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

SAS is in continual discussion with banks and financiers regarding refinancing of SAS' loan and leasing maturities. The business environment continues to recover from the COVID-19 pandemic and is affected by the ongoing Chapter 11 process which in turn may have a negative impact on liquidity levels. In November 2023, SAS entered into a new debtor-in-possession ("DIP") financing credit agreement for USD 500 million with Castlelake to, among other things, refinance SAS' existing DIP term loan, increase liquidity, and support SAS' path to exit from its Chapter 11 proceedings. The DIP financing, along with cash generated from ongoing operations, enables SAS to continue operations and to meet its obligations for at least the next 12 months. Financial market and risk appetite are still affected by COVID-19, which together with the generally uncertain market outlook, is impacting the financing risk negatively. Also, the ongoing Chapter 11 process has impacted SAS' ability to refinance and fund itself negatively. Access to certain finance sources impacted by the Chapter 11 filing will continue to remain closed for SAS whereas access to other finance sources is expected to improve as a result of successful emergence from Chapter 11. In refinancing or funding processes, SAS runs a dialogue with several providers of financing with the purpose to ensure the most optimal contract terms.

6.2 Exchange rates

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

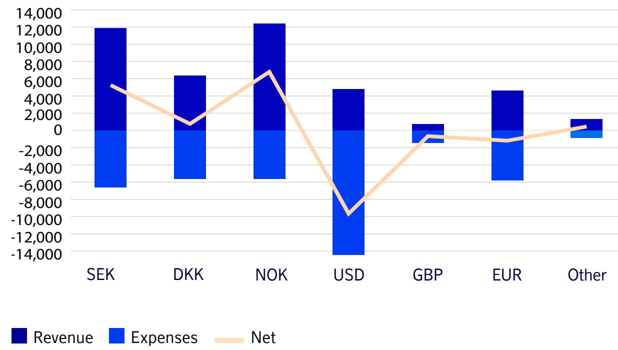
The USD is SAS' largest deficit currency, and NOK is SAS' largest surplus currency. Introduction of IFRS16 in 2019, has created substantial volatility in both operating income and balance sheet.

Currency exposure is managed through continuously hedging 40–80% of SAS' surplus and deficit currencies based on a 12-month rolling liquidity forecast. At October 31, 2023, SAS had hedged 41% of its anticipated USD cash flow deficit using forward contracts and currency options. 42% of NOK, which is SAS largest surplus currency, was hedged for the next 12 months. Hedging is mainly performed through currency forward contracts to prevent earnings-related revaluation effects pertaining to financial assets and liabilities. SAS' USD denominated loans are hedged against the SEK to reduce currency risk in the loan portfolio.

Year-on-year, the foreign exchange-rate trend had a positive impact on revenue of MSEK 802 and a negative effect on operating expenses of MSEK 1,912. Foreign exchange rates thus had a negative impact on operating income of MSEK 1,110. Net financial items were positively impacted by currency items amounting to MSEK 2,809 which mainly related to currency revaluations for lease liabilities, which had a cost of MSEK 154 this year, compared with a cost of MSEK 2,906 last year. In total, currency effects had a net positive impact of MSEK 1,699 on EBT.

CURRENCY BREAKDOWN SAS FISCAL YEAR 2023

MSEK



NET EARNINGS IMPACT FOR THE NEXT 12 MONTHS FORECASTED CURRENCY EXPOSURE (EXCL. HEDGING AND IFRS 16):

SAS total	MSEK
1% weakening of SEK against USD	-130
1% weakening of SEK against NOK	78
1% weakening of SEK against DKK	13
1% weakening of SEK against EUR	5
1% weakening of SEK against GBP	9

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

6.3 Interest rates
The airline industry is capital-intensive and on the closing date, SAS had MSEK 21,065 (24,006) in interest-bearing liabilities, excluding lease liabilities, which exposes SAS to interest-rate changes.

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

Financial policy at SAS regulates the proportion between floating and fixed-interest rates with the objective that gross financial debt has a tenor of three years with a permitted interval of 1–5 years. The average fixed-interest period for gross financial debt, including the hybrid bond, was 1.3 years (2.1) as of October 2023.

6.4 Jet-fuel price and emission rights
Jet-fuel price
Jet-fuel costs comprise the single largest expense item for SAS and in fiscal year 2023 amounted to around 24% (24) of SAS' operating expenses (including leases, depreciation, and amortization). SAS normally hedges jet-fuel costs to counter short-term negative fluctuations.

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

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

The exception applies until the end of fiscal year 2024 and permits hedging between 0 and 80% of the anticipated volumes for the next 12 months.
For the forthcoming 12 months, SAS has 0% of the fuel consumption hedged. Hedging of SAS' future jet-fuel consumption is normally conducted through swaps and options.

In FY23, market prices for jet fuel on a weighted average basis were 15% lower than the preceding fiscal year. At the start of the fiscal year, jet-fuel prices were trading around USD 1000/MT. However, during the summer season, the prices fell and traded around the USD 750/Mt-level as key central banks increased interest rates. In the autumn the prices increased and climbed back to the USD 1000/MT-level as the OPEC cartel cut their oil production.

The lower jet-fuel price meant that jet-fuel costs, adjusted for currency and volume effects, decreased MSEK 1 602 or by 19% of the total jet-fuel costs year-on-year.

VULNERABILITY MATRIX, JET-FUEL COST (NOV2023 – OCT2024), SEK BILLION

Market price	10.0	10.5	11.0	11.5	12.0
USD 700/MT	8.9	9.4	9.8	10.2	10.7
USD 800/MT	9.9	10.4	10.9	11.4	11.9
USD 900/MT	10.9	11.4	12.0	12.5	13.1
USD 1,000/MT	11.9	12.5	13.1	13.7	14.3
USD 1,100/MT	12.9	13.5	14.2	14.8	15.5

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

Emission rights
In fiscal year 2023, SAS' emission rights profit and loss effect in the European EU-ETS emissions trading scheme totaled MSEK -412 (+307). Last year, the effect was due to a result of revaluation of reserve.

6.5 Counterparty losses
SAS is exposed to counterparty losses through credits, lease agreements and guarantees to external parties. This exposure is governed by SAS' financial policy. No counterparty loss of any significance had any impact on SAS in the fiscal year. Net impairment of accounts receivable and recovered accounts receivable, as well as the impairment of other current receivables, had an earnings impact of MSEK 64 (10) in fiscal year 2023.

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

7. IT

7.1 Operational reliability and dependability

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

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

7.2 Cyber Security

Like numerous other companies, SAS is exposed to various types of attacks on its IT systems. Cybercrime, such as ransomware attacks and cyber espionage is increasing globally. SAS' capabilities to identify and prevent cybercrimes are constantly improving through automated tools and enhanced processes. SAS' Security Operation Center (SOC) actively monitors and actively manages threats and any identified cybercrime attempts to enter SAS' IT systems on a 24/7 basis.

Regular training and mandatory courses for all SAS employees are held to improve own behavior in sensitive IT environments and create a broad front line to recognize any suspicious cyber activities. Investments in IT Risk and Governance Management tooling and processes, improved DDoS protection and IT security specialists have been made.

8. OTHER EVENTS

8.1 Extraordinary events

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

Implications from the COVID-19 pandemic have not had a major impact during FY2023. Instead, the Russian invasion of Ukraine, international protests against Sweden and Denmark and the recent escalated situation in Israel and Gaza have entered the arena and require continuous risk assessments to assure safe operations.

8.2 Brand and reputation

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

The SAS Brand Platform is used to secure brand supported endeavors. Trust margins for potential future crisis and negative publicity are built in to secure strong brand growth. An inhouse agency has been established to support strong brand content and to ensure brand consistency within SAS. SAS brand perception and preference is steadily improving since Summer 2022. Challenges remain both internally and externally that will be cautiously monitored and acted upon.

DIVIDENDS, DISPOSITION OF EARNINGS AND OUTLOOK

Dividend

The Board of Directors proposes to the 2024 AGM that no dividend be distributed to holders of SAS AB's common shares for fiscal year 2023.

Proposed disposition of earnings

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

	SEK
Hybrid bonds	7,615,000,019
Share premium reserve/Retained earnings	3,931,818,635
Net income for the year	-1,556,631,860
Unrestricted equity, October 31, 2023	**9,990,186,794**

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

	SEK
To be carried forward[1]	9,990,186,794
Total	**9,990,186,794**

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

Significant events after October 31, 2023

- On November 4, 2023, SAS announced that it had entered into an investment agreement with the winning bidder consortium in its exit financing solicitation process, consisting of Castlelake, Air France-KLM and Lind Invest, together with the Danish state. As part of the agreed transaction structure, SAS has also entered into a new debtor-in-possession ("DIP") financing credit agreement for MUSD 500 with Castlelake to, inter alia, refinance SAS' existing DIP term loan, increase liquidity, and support SAS' path to exit from its voluntary restructuring proceedings.
- On November 15, SAS repaid its original DIP term loan that was provided by Apollo Global Management.
- On November 21, the investment agreement and DIP term loan agreement was approved by the US court.
- On November 29, the European Commission announced that the recapitalization of SAS in 2020 complied with state aid rules and was thereby approved, subject to the introduction of a step-up mechanism for the states' 2020 share investments.
- On January 10, 2024, an extraordinary general meeting approved the commitments for the step-up mechanism and these were entered into by the company on January 11, 2024.
- On January 23, 2024, SAS filed an amended Chapter 11 Plan of reorganization and related disclosure statement with the US Court, including financial projections for the reorganized SAS. The Chapter 11 plan and the disclosure statement remain subject to further amendments and court approval.

Demand recovery and market competition

The outbreak of the Covid-19 pandemic has entailed the greatest challenge ever for the aviation industry. Following the pandemic, the airline industry has struggled to recover and increase capacity sufficiently quickly to meet the rapidly increasing demand from passengers. Geopolitical tensions in combination with Russia's ongoing war in Ukraine have negatively impacted the recovery of air traffic to and from Asia. Operational challenges, including capacity problems in terms of air traffic control and strikes across Europe, also impacted the airline industry during the year.

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 (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 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

On January 23, 2024, SAS filed an amended Chapter 11 plan of reorganization and related disclosure statement with the US Court. In connection with the filing of the updated disclosure statement, SAS announced financial projections for the reorganized SAS, including for the fiscal year 2024. During FY 2024, SAS expects revenue to exceed SEK 48 billion, with an adjusted EBT[1] of approximately SEK 0.0 to –1.0 billion. SAS further expects that during FY 2024, its net debt will range from SEK 36–39 billion prior to emergence from the chapter 11 process, and from SEK 22–24 billion following emergence from the Chapter 11 process, with liquidity at or above SEK 4 billion or approximately 8% of LTM[2] revenues in the period prior to emergence from the Chapter 11 process, and SEK 11 billion or approximately 25% of LTM revenues in the period following emergence from the Chapter 11 process. Assuming successful implementation of the Chapter 11 plan, SAS expects improved financial performance following FY 2024 in an unlisted environment.

1) Earnings before tax, excluding capital gains or losses, or other gains or losses related to the completion of the Chapter 11 process.
2) Last twelve months.

The financial information set forth above is indicative and 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, including but not limited to market demand levels, foreign exchange rates, fuel prices, and a successful implementation of the Chapter 11 plan.

Furthermore, the financial projections are based on, among other things, the following assumptions: a foreign exchange rate of 10.49 SEK per USD and an average base jet fuel price of USD 830 per metric ton. All numbers are presented on a consolidated basis for the SAS Group.

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report for fiscal year 2023 has been prepared pursuant to the Swedish Annual Accounts Act and the Swedish Corporate Governance Code (the Code).

Parent Company

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

IMPORTANT REGULATIONS ADHERED TO BY SAS

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

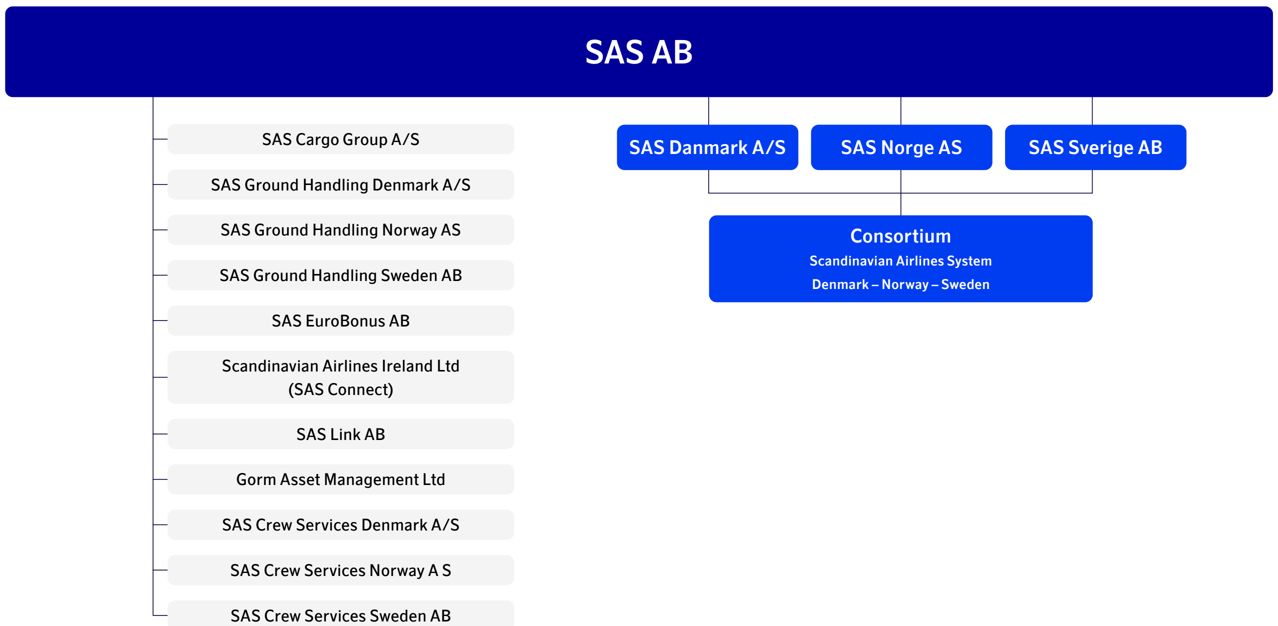
Internal rules:
- The Articles of Association[1]
- The Information Policy
- The Board's work plan
- The Board's instructions to the President
- The Code of Conduct[1]
- The Insider Policy

1) Available for download at www.sasgroup.net

SAS' shareholders and share

SAS maintains ongoing dialogues with capital markets on questions regarding the SAS Group's performance, strategic position and growth possibilities. No major changes were implemented in the corporate governance principles in FY 2023. Operationally, it has been a challenging year for the aviation industry. Russian airspace has remained closed because of Russia's on-going war on Ukraine, which has had negative impact on traffic to and from Asia. Air traffic control capacity issues and strikes around Europe have also caused operational disruptions and had negative impact on the result. SAS' common share had a negative development and the share price declined 93 percent over the fiscal year. As part of SAS' Chapter 11 process, SAS AB (but none of the subsidiaries) will likely initiate a Swedish company reorganization in 2024 with the aim of implementing elements of the Chapter 11 plan in Sweden. As a result of the company reorganization, SAS' existing shareholders are not expected to have any remaining value and the share is expected to be delisted.

SAS' LEGAL STRUCTURE, OCTOBER 31, 2023 (COMPANIES WITH OPERATIONS)



Ownership, control and share classes

SAS AB has three classes of shares: common shares, subordinated shares and class C shares. Following the implementation of SAS' recapitalization plan 2020, on October 31, 2023, there were 7,266,039,292 million common shares issued with a quotient value of approximately SEK 1.19, representing a registered share capital of SEK 8,649,529,469.

There are no subordinated shares or class C shares issued or outstanding. Common shares and subordinated shares entitle the holders to one vote each. Each class C share entitles the holder to one-tenth of a vote.

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

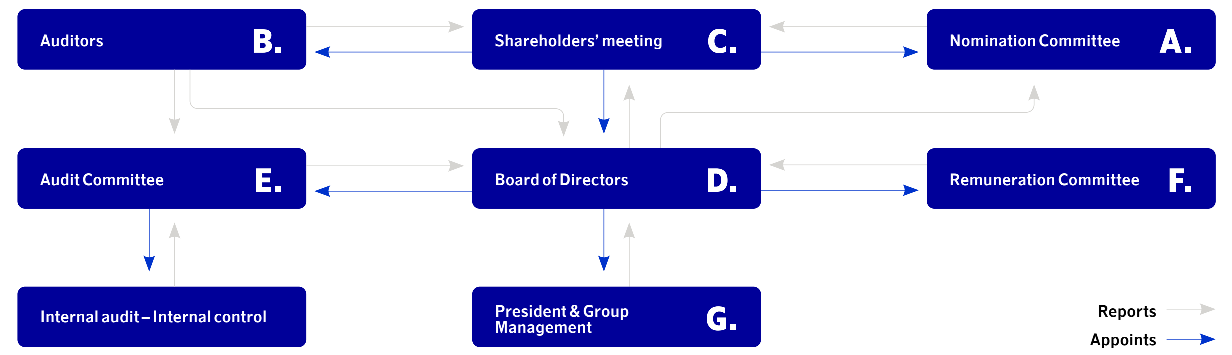
Subordinated shares provide shareholders the right to participate in and vote at the company's shareholders' meetings. Subordinated shares do not entitle shareholders to dividends or participation in bonus issues. If subordinated shares are redeemed or the company is dissolved and its assets distributed, holders of subordinated shares are treated as holders of common shares and receive an equal share in the company's assets, although not at an amount higher than the quotient value of the subordinated shares index-adjusted from the first date of registration of the subordinated shares until the date of the payment of the redemption amount or the date of the distribution with an interest-rate factor corresponding to STIBOR 90 days plus two percentage points. For more information on subordinated shares, see Note 21. The share price performance of the common share is presented on page 18. On November 29, 2021, the Board, with the authorization granted by the AGM, resolved on an issue of 2021/2041 warrants, with the right to subscribe for a total of 3,633,019,647 subordinated shares (equivalent to approximately 50 percent of the shares outstanding and votes in SAS AB).

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

Protection of SAS' air traffic rights in the Articles of Association

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

SAS' CORPORATE GOVERNANCE STRUCTURE



IF TRAFFIC RIGHTS ARE THREATENED SAS CAN:
• Mandatorily redeem common shares • Issue subordinated shares

A precondition for these actions is an assessment by the company's Board that a direct threat exists against the air traffic rights of the company or any of its subsidiaries when the company or its subsidiaries infringe or risk infringing provisions on ownership and control in bilateral aviation agreements or in laws or regulations pertaining to permits for air traffic in the EU/EEA. Furthermore, for aviation policy reasons, the Articles of Association contain certain suitability and qualification requirements for Board members to ensure that the Board will at all times have the composition it needs to ensure that the company and its subsidiaries are able to retain their air traffic rights. These requirements include citizenship, domicile and knowledge and experience of the social, business and cultural conditions prevailing in the Scandinavian countries.

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

Mandatory redemption

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

Subordinated shares

Should the Board deem the action of redeeming common shares not possible or inadequate, the issued warrants may be used to issue subordinated shares equivalent to approximately 50 percent of the shares and votes outstanding in SAS AB so as to safeguard continued Scandinavian ownership and control. However, any such issue of subordinated shares may only take place following a resolution by the general shareholders' meeting approved by at least half of the votes cast at the meeting. Subscription for subordinated shares through the issued warrants may only be performed to the extent necessary, as assessed by the Board, to eliminate the aforementioned threat. As soon as the aforementioned threat ceases to exist, the Board shall ensure that the subordinated shares thus issued are redeemed.

Ownership and control

On October 31, 2023, SAS AB had a total of 218,817 shareholders. The major shareholders are the Swedish and Danish governments, who together represent 43.6% of the votes. More information about the share and the ownership structure is available on pages 18 and 19 in the SAS Annual Report Fiscal Year 2023.

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

Impact of the recapitalization plan on corporate governance

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

Effects of a change in majority ownership or control of the company

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

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

SAS FORWARD and restructuring process

On July 5, 2022, SAS AB, together with some of its subsidiaries, initiated a voluntary Chapter 11 procedure in the US with the aim of completing key elements of the company's transformation plan SAS FORWARD. The Chapter 11 process is a legal process for financial restructuring under the supervision of the US federal court system. During the process, the board and the company's management retain their obligations and authority for the business. Decisions and actions outside ordinary course of business must however be brought to the US court (or the administrator) for approval.

For additional information about the restructuring process and SAS FORWARD, see pages 12 and 59-60.

Sustainability

The entire Board is committed to the sustainability efforts within SAS, which has resulted in adopting an updated sustainability strategy during the year. During the year, the Board has completed training in sustainable aviation fuel (SAF) and the future development of aircraft technology.

The Board has specific sustainability expertise in the aviation industry with a particular focus on aircraft and sustainable aviation fuel (SAF). Strategic sustainability expertise can also be found in processes, structure, and research and development.

A. NOMINATION COMMITTEE

The Nomination Committee represents shareholders of SAS and is appointed by the AGM and tasked with preparing the meeting's resolutions on nomination and remuneration issues, as well as matters of procedure for the next nomination committee. An instruction for the Nomination Committee was adopted in conjunction with the 2023 AGM.

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

NOMINATION COMMITTEE, FIVE MINUTED MEETINGS (REFERS TO THE PERIOD MARCH 16, 2023 TO JANUARY 31, 2024)

Member	Representative of Votes, %	Votes, % October 31, 2023
Åsa Mitsell, Chairman	Swedish Ministry of Finance, for the Swedish government	21.80
Adrian Lübbert	Danish Ministry of Finance, for the Danish government	21.80
Jacob Wallenberg	Wallenberg Investments AB	3.42
Gerald Engström	Gerald Engström and Färna Invest AB	0.21
Carsten Dilling	Chairman of the Board	0

Issues discussed in the Nomination Committee

Since the 2023 AGM, the Nomination Committee has evaluated the Board's work, qualifications and composition. The Nomination Committee applies Rule 4.1 of the Code as a diversity policy, that is to say that the Board must have a composition that is appropriate for the company's operations, stage of development and circumstances in general, characterized by versatility and breadth regarding the competence, experience and background of the members elected by the AGM, and that an equal gender balance should be pursued. Sustainability competence is included as an evaluation criterion for candidates for new election to the Board. Since the 2018 AGM, the Chairman of the Board has participated on the Committee, and the result of the evaluation of the Board is made available to the Committee.

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

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

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

B. AUDITORS

The auditors are elected by the AGM and tasked with scrutinizing the company's financial reporting and the administration of the company by the Board and the President. An election was conducted to appoint an auditor at the 2023 AGM, whereby KPMG was elected for the period until the end of the 2024 AGM. The auditor in charge is Tomas Gerhardsson.

On two occasions during fiscal year 2023, the auditor in charge met with the Board, presenting the program for auditing work and reporting observations from the audit.

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

KPMG submits an auditors' report for SAS AB, the Group and an overwhelming majority of the subsidiaries. Over the past year, in addition to its auditing work, KPMG has performed advisory services for SAS Group companies in auditing-related areas as outlined in the table below. For more information about the auditors' fees in FY 2023, see Note 35.

Auditors' fees	MSEK
Auditing services	9
Other statutory assignments	0
Tax consultancy services	–
Other	1
Total	**10**

C. SHAREHOLDERS' MEETING

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

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

In fiscal year 2023, the Board convened the AGM on March 16, 2023.

The Articles of Association contain no special provisions regarding the election and discharge of Board members or regarding changes to the Articles of Association. As per October 31, 2023, no authority has been provided by the shareholders' meeting to the Board empowering the Board to issue new shares or to buy back the company's own shares. As per October 31, 2021, one of shareholders' meetings authorized the Board to issue warrants with the right to subscribe for subordinated shares, which the Board exercised on November 29, 2021.

RESOLUTIONS BY THE AGM ON MARCH 16, 2023

- Adoption of statement of income and balance sheet as well as consolidated financial statements and balance sheet.
- Discharge from liability for Board members and President.
- Appointment of Board members, Chairman of the Board, auditors and Nomination Committee as well as resolution on the Instruction for the Nomination Committee.
- Directors' fees would remain unchanged from the previous year.
- The AGM resolved that no dividends would be distributed to shareholders for the fiscal year November 1, 2022 to October 31, 2023.
- The AGM passed a resolution to approve the Board's report on remuneration to senior executives.
- The shareholder proposal from Thorwald Tilman (formerly Arvidsson) for a special examination did not receive sufficient support.

D. BOARD OF DIRECTORS

The Board's work is governed by the Swedish Companies Act, the Articles of Association, the Code and the formal work plan adopted by the Board each year. The Board is ultimately responsible for SAS' operations. This also includes risk management, regulatory compliance and internal control at SAS. The Board members are elected by the AGM for the period until the next AGM has been held. The Articles of Association stipulate that the Board of Directors should consist of six to eight members elected by the shareholders' meeting. Following the 2023 AGM, the Board comprised seven elected members. In addition, the Board consisted of three employee representatives, each with two personal deputies.

The employee representatives are appointed by the SAS employee groups in Denmark, Norway and Sweden in line with governing legislation and special agreements. Deputies attend Board meetings only in the absence of an ordinary member. Except for employee representatives, no Board member is employed by SAS AB or any other company in the SAS Group. The elected Board members are appointed for the period until the end of the next AGM. No regulation exists that limits the period of time a Board member can serve in that capacity. The experience of the Board members and their independence in relation the owners of the company are disclosed on pages 89-90.

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

ATTENDANCE AT BOARD MEETINGS, NOVEMBER 2022–OCTOBER 2023

Name	29/11	23/1	23/2	16/3[1]	2/4[2]	20/4[2]	15/5[2]	31/5	12/6	20/7[2]	31/8	29/9[2]	2/10[2]	3/10[2]	19/10[2]	26/10
Carsten Dilling, Chairman	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Lars-Johan Jarnheimer, Vice Chairman	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Monica Caneman, member[3]	●	○	●	●												
Kay Kratky, member	●	●	●	●	●	●	○	●	●	●	●	●	●	●	○	●
Oscar Stege Unger, member	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Michael Friisdahl	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Henriette Hallberg Thygesen, member	●	○	●	●	●	●	●	○	●	●	●	●	●	●	●	●
Nina Bjornstad, member	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Tommy Nilsson, employee representative	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Jens Lippestad, employee representative	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Kim John Christiansen, employee representative.	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

● Present ○ Absent

1) Two meetings, of which one was the statutory meeting following the AGM. 2) Extra Board meeting. 3) Monica Caneman left the Board of Directors following the AGM on March 16, 2023.

The average age of members is 56 and two of the seven members elected by the 2023 AGM are women. All members elected by the shareholders' meeting are regarded by the Nomination Committee as being independent of the company and company management. Moreover, all Board members are deemed to be independent in relation to major shareholders on October 31, 2023.

To streamline and enhance the work of the Board, there are three committees:
• The Remuneration Committee
• The Audit Committee
• SAS FORWARD Sub-Committee to the Board

The members of these Committees are appointed by the Board. The main duty of the committees is to prepare issues for decision by the Board. These committees do not imply any delegation of the Board's legal responsibilities. Reports to the Board on issues discussed at committee meetings are either in writing or given verbally at the following Board meeting. The work on each committee follows written instructions and a formal work plan stipulated by the Board. The General Counsel of SAS serves as the secretary to the Audit Committee. Minutes of Committee meetings are provided to all Board members. Remuneration for work on Board committees is determined by the AGM.

The Board's work fiscal year 2023

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

The formal work plan also contains provisions for meeting the Board's needs for information and financial reporting on an ongoing basis as well as instructions for the President and the company's Board committees. This process is evaluated each year, including the work of the Board. Evaluation of the Board is carried out by way of an annual survey that is compiled and then discussed by the Board.

The Board appoints from among its own members the members of the Board's three committees: the Remuneration Committee, the Audit Committee and the SAS FORWARD Sub-Committee to the Board. Between November 2022 and October 2023, the Board held 17 minuted Board meetings, including one statutory meeting.

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

MAIN ISSUES ADDRESSED AT BOARD MEETINGS

Q1 November–January	Q2 February–April	Q3 May–July	Q4 August–October
November 29 Year-end report for fiscal year 2023 with the proposed appropriation of earnings, the report from the external auditors and the forecast for fiscal year 2024. Revisions made to SAS Information Policy. Update on SAS FORWARD. **January 23** Review of aviation, corporate and cyber safety efforts.	**February 23** Adoption of the interim report for the first quarter of FY 2023. **March 16** Adoption of the Board's work plan and meeting schedule for FY 2024. Update on SAS FORWARD. The Statutory Board meeting was held at the second Board meeting following the AGM. **April 2** Financial projections summary **April 20** Update on SAS FORWARD	**May 15** Update following the general court's verdict on state support. **May 31** Review and adoption of the interim report for the second quarter of FY 2023. **June 12** Customer and EuroBonus update. Sustainability decisions on changes of standards and targets. Update on SAS FORWARD. **July 20** Review of the financial position. Update on SAS FORWARD.	**August 31** Adoption of the interim report for the third quarter of FY 2022. Update on SAS FORWARD. **September 29** Update on the Equity process. **October 2** Update on the Equity process. **October 3** Update on the Equity process. **October 19** Update on the Equity process. Decisions on investment agreements and the DIP mandate. **October 26** Budget FY24. Update on SAS FORWARD. Follow-up of risk management, regulatory compliance, internal control and corporate governance. Annual review of the Insider Policy.

E. AUDIT COMMITTEE

Area of responsibility

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

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

Appointment of members

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

AUDIT COMMITTEE'S WORK FISCAL YEAR 2023 — EIGHT MINUTED MEETINGS

Meeting date	25/11	29/11	23/1	23/2	31/5	11/6	13/6	30/8
Kay Kratky (Chairman)[1]					●	●	●	●
Lars-Johan Jarnheimer	●	●	●	●	●	●	●	●
Oscar Stege Unger	●	●	●	●	●	●	●	●

● Present ○ Absent

1) Kay Kratky was appointed Chairman of the Audit Committee following the AGM on March 16, 2023.

F. REMUNERATION COMMITTEE

Area of responsibility

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

Appointment of members

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

REMUNERATION COMMITTEE'S WORK FISCAL YEAR 2023 – FIVE MINUTED MEETINGS

Meeting date	2/12	1/2	26/2	1/5	6/6
Carsten Dilling	●	●	●	●	●
Lars-Johan Jarnheimer	●	●	●	●	●

● Present ○ Absent

G. SAS FORWARD SUB-COMMITTEE TO THE BOARD

Area of responsibility

The SAS FORWARD's Sub-Committee to the Board prepares the Board's decisions regarding the SAS FORWARD plan, including the considerations in Chapter 11.

Appointment of members

The Board appoints members of the Committee. The Board reassesses the need for Board committees annually.

Guidelines for remuneration to senior executives

The 2020 AGM established updated guidelines for remuneration to senior executives, which are detailed below.

The guidelines concern remuneration to the President and other members of Group Management. The guidelines also encompass any remuneration to Board members, other than Directors' fees. The guidelines apply to remuneration agreed after the 2020 AGM and amendments to agreed remuneration made thereafter. The guidelines do not apply to remuneration resolved by the general meeting. For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

The Board intends to propose no amendments to the guidelines for remuneration to senior executives for resolution at the 2024 AGM.

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

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

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

Types of remuneration, etc.

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

Fixed salary

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

Variable salary

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

The variable salary is linked to one or several predetermined and measurable criteria, which can be financial, such as EBT, CASK and PASK, or non-financial, such as CO_2 emissions, flight safety, employee engagement and customer satisfaction. Less than 30% of the variable cash remuneration depends on non-financial criteria. By linking the remuneration to senior executives to the company's earnings as well as sustainability, the criteria contribute to the company's business strategy, long-term interests and competitiveness.

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

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

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

Pension

For the President, pension benefits, including health insurance, are defined-contribution with premiums not exceeding 40% of the fixed annual salary. For other members of Group Management, pension benefits, including health insurance, are defined-contribution unless the executive is encompassed by a defined-benefit pension under mandatory collective agreement provisions. Premiums for defined-contribution pensions are not to exceed 30% of the fixed annual salary. Variable remuneration qualifies for pension benefits to the extent required by mandatory collective agreement provisions applicable to the executive (applies to Sweden and defined-contribution pension). In such case, the premiums for defined-contribution pensions may not exceed 36% of the fixed annual salary as a result of pension provisions for variable salary.

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

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

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

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

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

Preparation and decision-making process
The Board of Directors has established a Remuneration Committee. The Committee's duties include preparing principles for remuneration to Group Management and the Board of Directors' decisions to propose guidelines for remuneration to senior executives. The Board of Directors prepares proposals for new guidelines at least every fourth year, and submits it to the AGM for resolution. These guidelines apply until new guidelines have been adopted by the general meeting. The Remuneration Committee also monitors and evaluates programs for variable remuneration to Group Management, the application of the guidelines to senior executives as well as the current remuneration structures and compensation levels in the company. Remuneration to the President is decided by the Board of Directors in line with approved policies following preparation and recommendation by the Remuneration Committee. Remuneration to other senior executives is decided by the President in line with approved policies and after consultation with the Remuneration Committee. The members of the Remuneration Committee are independent in relation to the company and Group Management. The President and other members of Group Management do not participate in the Board of Directors' discussions and decisions on remuneration-related matters that pertain to them.

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

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

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

In FY 2023, Group Management comprised eight members, including the President. The composition and functions of the Group Management are shown on pages 91–92.

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

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

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

INTERNAL AUDIT – Internal control

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

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

Control environment

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

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

Risk assessment

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

With regard to financial reporting, an assessment of significant risks in relation to major balance sheet and income items is carried out annually. This assessment grades the risks concerning financial reporting, and critical areas are identified.

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

Control activities

Control activities are carried out at different levels within SAS to manage risks and ensure the reliability of financial reporting. These key controls have been compiled and described in relation to each process as part of the SAS internal control framework. The processes covered by the framework include general governance processes, accounting process, revenue process, purchasing process, payroll process, asset management process and controls related to IT. The framework is subject to an annual review based on the updated risk assessment concerning risks related to financial reporting. SAS carried out three internal audits in fiscal year 2023 pertaining to Sustainability SAF, Human Resources and Procurement/Spend Management.

Information and communication

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

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

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

Monitoring

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

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

BOARD OF DIRECTORS

The Board is responsible for the organization and administration of SAS, for ensuring proper control of its accounting and other financial circumstances as well as for appointing and removing the President. All Board members elected by the shareholders' meeting are independent of the company and company management. The 2023 AGM adopted the Nomination Committee's recommendation for re-election of Carsten Dilling, Lars-Johan Jarnheimer, Oscar Stege Unger, Kay Kratky, Nina Bjornstad, Henriette Hallberg Thygesen and Michael Friisdahl. Carsten Dilling was re-elected Chairman of the Board.

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

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

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

CARSTEN DILLING, BORN 1962

Chairman of the Board of SAS AB since 2018. Member of the Board of SAS AB since 2014.
Directorships/positions: Chairman of NNIT A/S, MT Højgaard Holding A/S and Terma A/S as well as a member of Maj Invest.
Education: B.Sc. and M.Sc. in Economics and Business Administration, Copenhagen Business School.
Earlier directorships/positions: Chairman of Get AS and Traen A/S, Board member of Gatetrade A/S, Columbus IT Partner A/S, Confederation of Danish Industry (DI) and Industrial Employers in Copenhagen (IAK) and a number of board assignments for the TDC Group. Previously President and CEO of TDC A/S.
Shareholding: 352,220.
Shareholding of related parties: 0.

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

LARS-JOHAN JARNHEIMER, BORN 1960

Vice Chairman of the Board of SAS AB since 2021. Member of the Board of SAS AB since 2013.
Directorships/positions: Chairman of Telia Company AB, Arvid Nordqvist HAB, Elite Hotels and Ingka Holding B.V (IKEA).
Education: B.Sc. in Business Administration and Economics, Lund and Växjö universities.
Earlier directorships/positions: Chairman of Egmont International Holding AS, Qliro Group, BRIS and Eniro AB. Board member of MTG Modern Times Group AB, Invik and Apoteket AB. President and CEO of Tele2.
Shareholding: 100,000.
Shareholding of related parties: 0.

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

NINA BJORNSTAD, BORN 1977

Member of the Board of SAS AB since 2021.
Directorships/positions: Board Member of Telenor Group ASA and Utopi Ltd. Pwc UK Advisory Board and Mace Group Advisory Board.
Education: MBA in Business, University of Washington, B.Sc. in Finance and Economics, University of Colorado.
Earlier directorships/positions: Board member of Starship, Head of Professional Services Google Cloud Northern Europe, Country Manager Google Cloud UK, Microsoft Enterprise Sales and Partnerships Director UK, Amazon US.
Shareholding: 0.
Shareholding of related parties: 0.

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

MICHAEL FRIISDAHL, BORN 1962

Member of the Board of SAS AB since 2021.
Directorships/positions: Board member of the Hospital for SickKids Foundation, Toronto, Canada, and Campaign Cabinet Chair for the Scarborough Health Network Foundation $100M fundraising campaign. President and Chief Executive Officer of Maple Leaf Sports & Entertainment (MLSE).
Education: No formal degree.
Earlier directorships/positions: Board member of Entertainment One (eOne), Air Canada Rouge, Air Canada Vacations, Thomas Cook North America and The Holiday Network. President and Chief Executive Officer of Air Canada Leisure Group and President & CEO of Thomas Cook North America and The Holiday Network.
Shareholding: 521,800.
Shareholding of related parties: 0.

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

HENRIETTE HALLBERG THYGESEN,
BORN 1971

Member of the Board of SAS AB since 2021.
Directorships/positions: EVP Chief Delivery Officer, A.P. Møller Maersk A/S.
Education: Executive MBA, Columbia Business School and London Business School, Ph.D. Applied Mathematics, Copenhagen Business School. M.Sc., Copenhagen Business School.
Earlier directorships/positions: Board member of Cowl Holding A/S. With A.P.Møller-Maersk since 1994. CEO of Svitzer, Regional Manager of Damco Americas, Regional Manager Damco North Asia and other previous leading positions in A.P. Møller Maersk.
Shareholding: 0.
Shareholding of related parties: 0.

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

KAY KRATKY,
BORN 1958

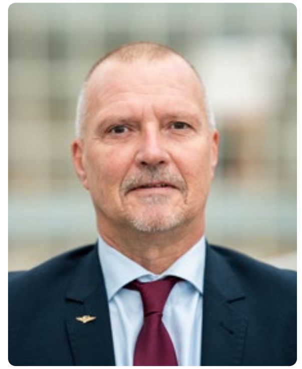
Member of the Board of SAS AB since 2019.
Directorships/positions: President of KK Global Consult and Chairman of the Advisory Board of Caphenia GmbH.
Education: Mechanical engineering at Technische Hochschule Darmstadt.
Earlier directorships/positions: President of the Aviation Initiative for Renewable Energy in Germany e.V., Chief Executive Officer of Austrian Airlines, COO Lufthansa German Airlines and CEO of Jade Cargo International.
Shareholding: 50,000.
Shareholding of related parties: 0.

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

OSCAR STEGE UNGER,
BORN 1975

Member of the Board of SAS AB since 2018.
Directorships/positions: Senior Advisor Wallenberg Foundations AB, Founder and CEO of Canucci AB.
Education: M.Sc. in Business Administration and B.Sc. in Economics at Stockholm University.
Earlier directorships/positions: Head of Investor Relations and Head of Communications at Investor AB and Director of Wallenberg Foundations AB.
Shareholding: 100,000.
Shareholding of related parties: 0.

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



EMPLOYEE REPRESENTATIVE
KIM JOHN CHRISTIANSEN
BORN 1963

Employed at SAS Cargo in Denmark. Member of the Board of SAS AB since 2021.
Shareholding: 0.
Shareholding of related parties: 0.

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

EMPLOYEE REPRESENTATIVE
JENS LIPPESTAD
BORN 1960

Employed at Scandinavian Airlines in Norway. Member of the Board of SAS AB since 2020.
Shareholding: 1,000.
Shareholding of related parties: 0.

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

EMPLOYEE REPRESENTATIVE
TOMMY NILSSON
BORN 1957

Employed at Scandinavian Airlines in Sweden. Member of the Board of SAS AB since 2020.
Shareholding: 0.
Shareholding of related parties: 0.

Deputies:
Lennart Selggren, First Deputy.
Shareholding: 0.
Hans Ahlberg, Second Deputy.
Shareholding: 0.

Auditors: KPMG
Auditor in charge: Tomas Gerhardsson. Authorized Public Accountant. Elected at the 2023 AGM
Board secretary: Anna Almén, General Counsel.

GROUP MANAGEMENT

Group Management is responsible for the company's business management, financial reporting, acquisitions/divestments, financing and communication, and other corporate matters. The members of the Group Management are appointed by the President in consultation with the Board of Directors. Only the President reports to the Board while the other members of Group Management report to the President. Group Management's responsibilities are divided among its members with regard to managing the company's business affairs, and minuted meetings are normally held every week. During fiscal year 2023, Simon Pauck Hansen left his role as COO on January 1, 2023 and was replaced by Mikael Wångdahl in the role as acting COO. On May 1, 2023, Mikael Wångdahl was replaced by Jason Mahoney as COO. Erik Westman assumed the role of EVP & Chief Revenue Officer on February 1, 2023. Thérèse Lorenius, co-acting COO, was also replaced by Paul Verhagen on August 14, 2023. On January 1, 2024, Pernille Ormholt Vang assumed her position as new Chief People Officer as Carina Herngren left her position on February 1, 2024. Further, Anna Almén, VP General Counsel, joined SAS Group Management from January 1, 2024.

ANKO VAN DER WERFF, BORN 1975

President & CEO.
Member of SAS Group Management since July 15, 2021.
Previously: CEO of Avianca 2019–2021, Executive Vice President & Chief Commercial Officer at Aeromexico 2014–2019, and several leading management positions at Qatar Airways and Air France-KLM 2006–2014.
External directorships: Member of IATA Board of Governors.
Education: Law degree Leiden University, Exec degree Harvard Business School.
Shareholding: 0.
Shareholding of related parties: 0.

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

ERNO HILDÉN, BORN 1971

Executive Vice President & CFO.
Member of SAS Group Management since April 1, 2022.
Previously: Executive Vice President of Saudia Airlines and CFO, COO and previous senior positions at Finnair.
External directorships: None.
Education: M.Sc. in Economics and Business Administration from Tampere University.
Shareholding: 0.
Shareholding of related parties: 0.

CHARLOTTE SVENSSON, BORN 1967

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

ANNA ALMÉN, BORN 1970

Executive Vice President & Chief Legal Officer.
Member of SAS Group Management since January 1, 2024.
Previously: Vice President General Counsel 2022-2023, Head of Legal Department Sweden 2019-2022. Before that, various positions within SAS legal department since 2001.
External directorships: None.
Education: Juris kandidat degree, University of Stockholm, Sweden. Master in International Commercial Law, University of Nottingham, England.
Shareholding: 0.
Shareholding of related parties: 550.

JASON MAHONEY, BORN 1971

Executive Vice President & COO. Member of SAS Group Management since May 1, 2023.
Previously: Chief Operating Officer, Chief Technical Officer at British Airways, Director of Engineering and Maintenance at TUI.
External directorships: Non Executive Director of Dublin Aerospace Limited.
Education: Applied Management, University of Warwick. Management, leadership and engagement, IMD.
Shareholding: 0.
Shareholding of related parties: 0.

KJETIL HÅBJØRG, BORN 1972

Executive Vice President Airline Services. Member of SAS Group Management since October 1, 2019.
Previously: Vice President SAS Ground Handling and several previous senior positions at SAS. Before being recruited to SAS in 2004, worked as a management consultant.
External directorships: Board member of Federation of Norwegian Aviation industries (NHO Luftfart).
Education: Executive MBA, Master in Strategic Management, Norwegian Business School.
Shareholding: 25,000.
Shareholding of related parties: 0.

PAUL VERHAGEN, BORN 1971

Executive Vice President & Chief Commercial Officer (CCO). Member of SAS Group Management since August 14, 2023.
Previously: Deputy Chief Executive Officer of Iberojet Airlines 2020–2023, Senior Vice President International Sales and Commercial Strategy of Aeromexico 2016–2020, several leading positions at Air Berlin and Air France-KLM 2000–2016.
External directorships: None.
Education: International MBA IE University, executive programs at Nijenrode University, HEC Paris, Cornell University.
Shareholding: 0.
Shareholding of related parties: 0.

ERIK WESTMAN, BORN 1981

Executive Vice President & Chief Revenue officer. Member of SAS Group Management since June 27, 2022.
Previously: Vice President Revenue Management at SAS 2017–22, Vice President Group Strategy at SAS 2014–17. Worked at McKinsey before joining SAS in 2013.
External directorships: None.
Education: M.Sc. In Engineering Physics from KTH, Stockholm. Exchange studies at Stanford University.
Shareholding: 0.
Shareholding of related parties: 0.

PERNILLE VANG, BORN 1977

Executive Vice President & Chief People Officer. Member of SAS Group Management since January 1, 2024.
Previously: Regional HR Head Asia Pacific & West Central Area, Maersk; Head of HQ, HR & HR leagal, A.P. Moller-Maersk; Senior Global Talent Partner, Maersk Line and various other leading positions in HR.
External directorships: None.
Education: Master in Psychology & Business Studies, Roskilde University.
Shareholding: 0.
Shareholding of related parties: 0.

MIKAEL WÅNGDAHL, BORN 1967

On May 1, 2023, Mikael Wångdahl, Acting COO, was replaced by Jason Mahoney in the role as EVP & COO.

THÉRÈSE LORENIUS, BORN 1975

On August 14, 2023, Thérèse Lorenius was replaced by Paul Verhagen in the role of CCO.

CARINA MALMGREN HEANDER, BORN 1959

On February 1, 2024, Carina left her role as Executive Vice President & Chief of Staff, but will remain at SAS as senior advisor to the CEO until summer 2024. In light of Carina leaving her role, SAS did an internal reorganization and appointed Pernille Ormvolt Vang as Chief People Officer.

Financial Statements

CONSOLIDATED STATEMENT OF INCOME INCLUDING STATEMENT OF OTHER COMPREHENSIVE INCOME

MSEK	Note	FY23	FY22
Revenue	2	42,043	31,824
Personnel expenses	3	-8,072	-7,086
Jet-fuel costs		-10,940	-8,511
Air traffic charges		-3,800	-2,855
Other external expenses	4	-17,659	-12,058
Depreciation, amortization and impairment	5	-4,440	-4,763
Income from shares in affiliated companies	6	18	22
Income from the sale and return of aircraft, and other non-current assets	7	145	95
Operating income (EBIT)		**-2,705**	**-3,332**
Financial income	8	1,068	219
Financial expenses	8	-3,879	-4,733
Income before tax (EBT)		**-5,516**	**-7,846**
Tax	9	-185	798
Net income for the year		**-5,701**	**-7,048**
Other comprehensive income			
Items that may later be reversed to net income:			
Exchange-rate differences in translation of foreign operations		53	212
Cash-flow hedges — hedging reserve, net after tax		135	-755
Items that will not be reversed to net income:			
Revaluations of defined-benefit pension plans, net after tax		-1,359	1,937
Total other comprehensive income, net after tax		**-1,171**	**1,394**
Comprehensive income for the year		**-6,872**	**-5,654**
Attributable to Parent Company shareholders:			
Net income for the year		-5,701	-7,048
Comprehensive income for the year		-6,872	-5,654
Earnings per common share (SEK)	39	-0.78	-0.97
Earnings per common share after dilution (SEK)	39	-0.78	-0.97

CONSOLIDATED BALANCE SHEET

ASSETS, MSEK	Note	Oct 31, 2023	Oct 31, 2022
Non-current assets			
Intangible assets	10	663	692
Aircraft and spare engines/parts	11	10,225	13,733
Other tangible assets	11	464	500
Prepayments for aircraft	12	3,513	4,063
Right-of-use assets	13	17,164	17,840
Participations in affiliated companies	6	20	22
Other participations	14	3	9
Pension funds, net	15	8,001	9,252
Long-term receivables	14	1,402	1,564
Deferred tax assets	9	1,853	1,628
Total non-current assets		**43,308**	**49,303**
Current assets			
Inventories and expendable spare parts	16	443	319
Accounts receivable	17	1,255	1,299
Receivables from affiliated companies		0	0
Other receivables	18	3,781	2,826
Prepaid expenses and accrued income	19	897	756
Cash and cash equivalents	20	6,160	8,654
Total current assets		**12,536**	**13,854**
TOTAL ASSETS		**55,844**	**63,157**

SHAREHOLDERS' EQUITY AND LIABILITIES, MSEK	Note	Oct 31, 2023	Oct 31, 2022
Equity	21		
Share capital		8,650	8,650
Other contributed capital		2,899	2,899
Reserves		-36	-224
Hybrid bonds		7,615	7,615
Retained earnings incl. net income for the year		-25,238	-18,178
Shareholders' equity attributable to Parent Company shareholders		**-6,110**	**762**
Non-controlling interests		0	0
Total shareholders' equity		**-6,110**	**762**
Non-current liabilities			
Interest-bearing liabilities	22	11,091	16,627
Interest-bearing lease liabilities	23	17,034	17,686
Other liabilities	24	1,529	1,564
Provisions	26	3,388	2,151
Deferred tax liabilities	9	546	568
Total non-current liabilities		**33,588**	**38,596**
Current liabilities			
Interest-bearing liabilities	27	9,974	7,379
Interest-bearing lease liabilities	23	4,393	3,827
Accounts payable		2,202	2,261
Unearned transportation liability	24	6,676	5,426
Tax liabilities		31	7
Other liabilities		562	459
Accrued expenses and prepaid income	28	4,165	4,183
Provisions	26	363	257
Total current liabilities		**28,366**	**23,799**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**55,844**	**63,157**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Share capital	Other contributed capital	Hedging reserve	Translation reserve	Hybrid bonds	Retained earnings	Total shareholders' equity attributable to Parent Company shareholders
Opening shareholders' equity in accordance with approved balance sheet, October 31, 2021	**8,650**	**2,899**	**511**	**-192**	**7,615**	**-13,067**	**6,416**
Hybrid bond interest						–	–
Net income for the year						-7,048	-7,048
Other comprehensive income for the year			-755	212		1,937	1,394
Closing balance, October 31, 2022	**8,650**	**2,899**	**-244**	**20**	**7,615**	**-18,178**	**762**
Hybrid bond interest						–	–
Net income for the year						-5,701	-5,701
Other comprehensive income for the year			135	53		-1,359	-1,171
Closing balance, October 31, 2023	**8,650**	**2,899**	**-109**	**73**	**7,615**	**-25,238**	**-6,110**

CONSOLIDATED CASH-FLOW STATEMENT

MSEK	Note	FY23	FY22
OPERATING ACTIVITIES			
Income before tax (EBT)		-5,516	-7,846
Depreciation, amortization and impairment		4,440	4,763
Income from sale of aircraft, buildings and shares		-145	-82
Adjustment for other non-cash items, etc.	32	1,463	2,982
Tax paid		–	–
Cash flow from operations before change in working capital		**242**	**-183**
Change in:			
Inventories and expendable spare parts		-124	136
Operating receivables		5	-396
Operating liabilities		2,304	2,215
Cash flow from change in working capital		**2,185**	**1,955**
Cash flow from operating activities		**2,427**	**1,772**
INVESTING ACTIVITIES			
Aircraft		-2,923	-3,167
Buildings, equipment and investment in progress		-61	-14
Shares and participations, intangible assets, etc.		-5	–
Prepayments for aircraft		-1,023	-1,912
Acquisition of subsidiaries/affiliated companies	33	-57	–
Sale of subsidiaries and affiliated companies	33	-	26
Sale of aircraft, spare engines and buildings		148	364
Income from sale and leaseback of aircraft		4,013	5,344
Sale of fixed assets, etc.		12	108
Cash flow from investing activities		**104**	**749**

MSEK	Note	FY23	FY22
FINANCING ACTIVITIES	34		
Proceeds from borrowings		1,585	8,515
Repayment of borrowings		-3,179	-3,359
Amortization of lease liabilities		-2,796	-2,820
Payments of deposits and blocked bank funds		-1 888	-2,156
Repayments of deposits and blocked bank funds		1 388	853
Defined-benefit pension payments		-113	-149
Derivatives		151	702
Fees DIP financing		-381	-257
Other financing activities		198	525
Cash flow from financing activities		**-5,035**	**1,854**
Cash flow for the year		-2,504	4,375
Translation difference in cash and cash equivalents		10	11
Cash and cash equivalents at beginning of the year		8,654	4,268
Cash and cash equivalents at year end	20	**6,160**	**8,654**

EXPLANATION OF NOTES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

GENERAL

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

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

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

The consolidated financial statements for SAS AB have been prepared in accordance with the Annual Accounts Act, recommendation RFR 1 — *Supplementary Accounting Rules for Corporate Groups*, and the EU-approved International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that apply for fiscal years starting November 1, 2022. These standards have been consistently applied to all periods presented in the consolidated financial statements. The financial statements have been prepared on a cost basis, except for the remeasurement of certain financial assets and liabilities. The principal accounting policies adopted are set out below.

ACCOUNTING ESTIMATES AND ASSUMPTIONS IN THE FINANCIAL STATEMENTS

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

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

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

Over the past three years, the Covid-19 pandemic has significantly affected the whole aviation industry, including SAS. Substantially rising demand for travel is having a significant impact and the industry is struggling to recover quickly enough to meet this positive trend. The current geopolitical situation and Russia's invasion of Ukraine 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.

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. After the fiscal year ended, SAS published updated financial projections for the reorganized SAS, see more on page 76.

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. Redesigned fleet, network and product offerings. 3. Digital transformation. 4. Positioning SAS as the leader in sustainable aviation. 5. Operating platform acceleration. 6. Strengthening SAS' balance sheet by deleveraging and raising new capital.

To accelerate important parts of the SAS FORWARD transformation plan, SAS voluntarily filed for Chapter 11 in the US on July 5, 2022. The court has approved SAS' filing and SAS can thereby continue its operations as normal. On October 3, SAS announced that the investors Castlelake, Air France-KLM and Lind Invest, together with the Danish state had been designated as the winning bidder consortium in SAS' exit financing solicitation process. After the end of the year, on November 4, SAS announced that it had entered an investment agreement with the winning bidder consortium. The investment agreement entails a total investment in the reorganized SAS corresponding to USD 1,200 million (~SEK 13.2 billion), comprised of USD 475 million (~SEK 5.225 billion) in new unlisted equity and USD 725 million (~SEK 7.975 billion) in secured convertible debt. As detailed on page 13, SAS has also entered a DIP term loan agreement with Castlelake. On November 15, SAS repaid its original DIP term loan that was provided by Apollo Global Management.

Debt or debt-like items of SEK 20 billion are expected to be converted or reduced through the Chapter 11 process during fiscal year 2024, which is why the current negative equity position in the Group is deemed to be transient. Assuming successful implementation of the SAS FORWARD plan, SAS expects to attain a strong financial position.
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, reduction or conversion of debt, and the new capital raise are not completed as planned, SAS will be unable to support its existing capital structure and current liquidity levels and it cannot be ruled out that SAS could become unable to meet its obligations over the longer term as they fall due.

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

NEW AND AMENDED STANDARDS AND INTERPRETATIONS APPLICABLE FOR FISCAL YEAR 2023

No material amendments occurred in IFRS in FY 2023 that affected the Group.

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

No material new and amended standards, agenda decisions and interpretations have been issued for the accounting of the Group for fiscal years beginning on or after November 1, 2023.

PRINCIPLES OF CONSOLIDATION

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

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

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

BUSINESS COMBINATIONS

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

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

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

Non-controlling interests

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

Loss of controlling influence

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

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

INVESTMENTS IN AFFILIATED COMPANIES

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

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

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

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

SEGMENT REPORTING

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

Geographic information about revenue from external customers and assets

The Group's operational monitoring of traffic revenue is destination based. Traffic revenue from domestic services in Denmark, Norway and Sweden is allocated to Domestic. Traffic between the three countries is allocated to Intra-Scandinavian. Other traffic revenues are allocated to the geographical area where the destination is located. Sales generating other operating revenue are allocated geographically by source country.

In addition to the above, the Group's total revenue broken down by country of sales is presented in Note 2.

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

FOREIGN CURRENCY TRANSLATION

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

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

Exchange differences arising from translation are recognized as a gain or loss in the period in which they arise, except for exchange differences on transactions entered into to hedge net investments in foreign subsidiaries and exchange differences relating to monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur and, which form part of the net investment in a foreign operation. These differences are recognized in other comprehensive income.
For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at the closing-date exchange rates. Revenue and expense items are translated at the average exchange rates for the period, provided that exchange rates do not fluctuate substantially in the period. In the latter case, the exchange rate on the transaction date is applied. Any translation differences are recognized in other comprehensive income.

The exchange rates applied in the translation of the financial statements for consolidation purposes are as follows:

EXCHANGE RATES

			Closing rate		Average rate	
			Oct 31, 2023	Oct 31, 2022	FY23	FY22
Denmark	DKK	100	158.40	146.99	149.66	140.45
Norway	NOK	100	99.74	105.77	103.53	104.44
U.S.	USD		11.12	10.99	10.62	9.71
U.K.	GBP		13.53	12.71	12.80	12.31
Switzerland	CHF	100	1,233.74	1,098.10	1,076.66	1,041.66
Japan	JPY	100	7.40	7.42	7.61	7.75
EMU countries	EUR		11.82	10.90	11.13	10.45

FINANCIAL INSTRUMENTS, ACCOUNTING POLICIES

Financial assets

Financial assets are recognized in the consolidated balance sheet when the Group becomes a party under the contractual terms of the instrument. At the time of initial recognition, financial assets are measured at fair value and subsequently classified at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTPL). The classification of financial assets depends on the characteristics of the asset and the business model in which it is held.

The fair value of a financial asset is generally determined by reference to official market quotes. When market quotes are not available, the fair value is determined using generally accepted valuation methods, such as discounted future cash flows based on observable market inputs.

Amortized cost is calculated using the effective-interest method, where any premiums or discounts and directly attributable expenses and revenue are capitalized over the contract period using the effective interest rate.
The effective interest rate is the rate that yields the instrument's cost when calculating the present value of future cash flows.

Other financial assets at amortized cost

Financial assets are classified as recognized at amortized cost if the contractual terms give rise to payments that are solely payments of principal and of interest on the principal amount outstanding, and the financial asset is held in a business model aimed at holding financial assets to collect contractual cash flows. With the exception of derivatives, all of the Group's financial assets are recognized at amortized cost through application of the effective-interest method. For subsequent periods, the assets are measured at amortized cost reduced with impairment provisions.

Impairment of financial assets

The Group's financial assets measured at amortized cost are assessed for impairment based on expected credit losses (ECLs). Provisions for accounts

Note 1 continued

receivable are always based on lifetime ECLs. If there is no expectation of collection, the full asset value is written off. Losses and write offs are recognized as expenses in the income statement.

Derivatives and hedge accounting

The Group uses derivatives to manage exposures related to fluctuations in interest rates, exchange rates and fuel prices. The derivatives used are mainly recognized pursuant to the rules for hedge accounting in IFRS 9. The Group's hedge instruments are designated as fair-value hedges and cash-flow hedges. Derivatives that do not meet the hedge accounting requirements are remeasured on an ongoing basis at FVTPL. Derivatives with positive values are recognized as current assets in the consolidated balance sheet, and derivatives with negative values are recognized as current liabilities.

For fair-value hedges, the effective and ineffective portions of the change in fair value of the derivative is recognized in net income for the year, together with the gain or loss on the hedged item attributable to the hedged risk.

When hedging projected cash flows, the effective portion of the change in fair value of the derivative outstanding is recognized in other comprehensive income until the underlying transaction is reflected in net income for the year, whereupon any deferred hedging gains or losses are restored in net income for the year. The ineffective portion of the change in fair value of a derivative used to hedge cash flow is recognized in net income for the year. Should hedged future transactions result in non-financial assets or liabilities, the gains and losses are included in the cost of the assets or liabilities upon initial recognition.

For measurement of effectiveness, an overall assessment is conducted of whether or not the hedging relationship is effective. The initial time value is treated as a cost for the hedging strategy and changes in the time value are recognized in other comprehensive income.

Financial liabilities

Financial liabilities, excluding derivatives, are initially measured at fair value and subsequently at amortized cost using the effective-interest method.

Accounts payable

Accounts payable are expected to have short terms and are therefore categorized as short-term liabilities where the interest effect is negligible. The liabilities are carried at nominal amounts with no discounts.

Borrowings

Long-term borrowings, i.e., liabilities with a tenor longer than one year, consist of interest-bearing liabilities to banks and credit institutions as well as bond issues. Short-term borrowings comprise the current portion of interest-bearing long-term borrowings, i.e., the portion of the loans that is to be amortized in the coming fiscal years, as well as other current interest-bearing liabilities with a remaining tenor of less than one year.

Borrowings are initially recognized at fair value less transaction costs, and thereafter at amortized cost using the effective-interest method.

HYBRID BONDS

New hybrid bonds were issued in October 2020 to the governments of Denmark and Sweden for a total amount of MSEK 6,000. In October 2020, MSEK 2,250 of bond debt was converted into hybrid bonds with a par value of MSEK 1,615 and the remaining amount was exchanged for shares.

As all of the hybrid bonds are perpetual and since SAS controls the payment of interest and principal in the instruments, the bonds are classified as equity instruments in their entirety according to IAS 32. Transaction costs and interest attributable to the hybrid bonds are also recognized directly in shareholders' equity.

TANGIBLE ASSETS

Tangible assets are recognized at cost less accumulated depreciation and any impairment. These assets are depreciated to their estimated residual values on a straight-line basis over their estimated useful lives. As aircraft components have varying useful lives, the Group has separated the components for depreciation purposes. Costs for routine aircraft maintenance as well as repair costs are expensed as incurred. Extensive modifications such as the obligatory major overhauls of engines and improvements to fixed assets are capitalized and depreciated together with the asset to which the work is related over its remaining useful life. Investments in leased premises are depreciated over their estimated useful lives, but not over a period exceeding the remaining lease period for leased premises.

Net income from the sale or disposal of a tangible fixed asset is calculated as the difference between the net realizable value and the carrying amount. The gain or loss that arises is recognized in profit or loss. Depreciation is based on the following estimated periods of useful life:

Asset class	Depreciation
Aircraft	20 years[1]
Spare equipment and spare parts	20 years[1]
Engine components (average)	8 years[2]
Workshop and aircraft servicing equipment	5–10 years
Other equipment and vehicles	3–5 years
Buildings	5–50 years

1) Estimated residual value after a useful life of 20 years is 10%.
2) Depreciation is based on the engines' use.

LEASES

SAS applies the accounting standard IFRS 16 – Leases, whereby the lessee recognizes an asset (a right-of-use asset) and a financial liability in the balance sheet. An expense for depreciation of the right-of-use asset is recognized in profit or loss together with an interest expense for the financial liability.

SAS applies IFRS 16 for all leases. IFRS 16 permits exceptions for short-term leases and where the underlying asset is of low value (<USD 5,000). Short-term leases are leases that at the commencement date have a lease term of 12 months or less and do not include a purchase option. Lease payments relating to short-term leases or low value leases will be recognized in the income statement over the lease term, primarily on a straight-line basis and recognized in EBIT as lease expenses.

AIRCRAFT

Lease term

Normally, the lease term used for aircraft lease agreements is the non-cancellable period stated in the lease agreement. Some lease agreements contain extension options or options to purchase the asset, and options are taken into consideration in the lease term if the Group is reasonably certain to exercise these options. The Group does not generally include options in the lease term, since there is a significant uncertainty as to whether they will be exercised. Closer to the end of the lease term and the relevant option, the Group has a better understanding of whether it is beneficial to start negotiations to keep the aircraft for an extended period. If the Group decides to use an extension option, or an option to purchase the asset, the lease liability will be remeasured. Other facts indicating that an option could be used are major modifications of the aircraft, such as a cabin facelift.

Discount rate

For new leases, the Group has chosen to apply the interest rate implicit in the lease. Aircraft lease agreements do not clearly define the implicit interest rate as defined by IFRS 16. Since the fair values of the aircraft are provided by third parties, SAS has decided to calculate the interest rate to be used for discounting the lease liabilities based on fair values available for the aircraft. The rate is calculated per contract. The rate implicit in the lease is defined as the rate that causes the sum of the present value of lease payments and the present value of the residual value of the underlying asset at the end of the lease to equal the fair value of the underlying asset.

Sale & Leaseback

Sometimes SAS sells an aircraft to a lessor and leases back that asset from the lessor. In each transaction the Group determines if the transfer to the lessor qualifies as a sale according to IFRS 15. If the lease agreement between SAS and the lessor includes an option to buy back the aircraft, the initial transfer of the asset to SAS does not generally qualify as a sale. In that situation, the Group continues to report the aircraft as owned in the balance sheet with the corresponding financial liability applying IFRS 9. If the transfer qualifies as a sale, SAS applies the sale and leaseback rules in IFRS 16, whereby the right-of-use asset arising from the leaseback is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by SAS. This means that only part of any gain/loss that relates to the transfer of the aircraft is recognized in profit or loss.

Costs for restoring the asset

SAS has an obligation to return the leased aircraft and their engines according to redelivery conditions specified in the lease agreement. If the condition of the aircraft and its engines, at the time of redelivery, differs from

Note 1 continued

the agreed redelivery condition, the Group needs to settle the difference in cash to the lessor or maintain the aircraft and its engines so that it meets the agreed conditions.

Under IFRS 16, SAS has divided the maintenance costs into two main groups: costs incurred independent of the usage of the aircraft and costs incurred dependent on the usage of the aircraft.

Costs incurred independent of the usage of the aircraft are included in the right-of-use asset and provisions at the commencement date. These costs include the final check and painting required on return of the aircraft.

For costs incurred dependent on the usage of leased aircraft, SAS makes ongoing provisions related to the use. Please see detailed information in the section "Critical Accounting Estimates and Key Sources of Estimation Uncertainty" in Note 1. Maintenance costs for owned aircraft are capitalized and depreciated together with the asset to which the work is related. See more information in the section "Tangible assets" in Note 1.

Wet Lease

SAS wet leases aircraft capacity from external operators. The Group accounts for each lease component separately from non-lease components. The consideration in the contract that has been allocated to the aircraft has been done based on the relative stand-alone price of the aircraft and the aggregate stand-alone price of the wet-lease services.

The lease term used for wet leased aircraft is the non-cancellable period stated in the lease agreements. Some contracts contain options, but they have not been included since there is a significant uncertainty to whether they will be exercised.

There is no material return obligation relating to the wet leased aircraft.

PROPERTIES

Lease term

The lease term used for property lease contracts is the non-cancellable period stated in the lease agreements. Options to extend the lease term are not included, since there is a significant uncertainty as to whether they will be exercised.

Costs for restoring the asset

There is no material return obligation relating to the leased properties.

GROUND HANDLING EQUIPMENT

Lease term

The lease term used for ground handling equipment lease contracts is normally the non-cancellable period stated in the lease agreements. Some lease agreements contain extension options, and they have been included if the Group's assessment is that the options will be exercised.

OTHER ASSETS

Lease contracts that individually, or by asset class, are not material to the Group have been excluded from the right-of-use asset and lease liability. These contracts include leases for vehicles, smaller IT equipment and office equipment.

The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

INTANGIBLE ASSETS

Intangible assets comprise goodwill and capitalized expenditure for systems development. The Group is not engaged in any research and development (R&D) activity.

Intangible assets are recognized in the balance sheet when:

- an identifiable, non-monetary asset exists;
- it is probable that the future financial advantages that can be attributed to the asset will accrue to the company;
- the cost of the asset can be calculated in a reliable manner; and
- SAS has control of the asset.

Goodwill is recognized in the balance sheet as an intangible asset at cost less accumulated impairment losses. Goodwill represents the excess value over the fair value of the Group's share of identifiable acquired net assets at the acquisition date, of the cost of an acquisition, any non-controlling interests and fair value at the acquisition date or earlier shareholdings.

Gains or losses on the disposal of an entity include the remaining carrying amount of goodwill relating to the entity sold.

Goodwill is assessed as having an indefinite useful life. Goodwill is allocated to the smallest possible cash-generating unit (CGU) and the carrying amount is tested at least once a year for any impairment. However, testing for impairment takes place more frequently if there are indications that a loss in value has occurred. A discounted cash-flow analysis is carried out based on the cash flows of the CGU and compares the carrying value of assets of the CGU with their recoverable amount. These cash flows are discounted at rates that the Group estimates to be the risk-affected weighted average cost of capital (WACC) for the particular businesses. Any impairment is recognized immediately in profit or loss.

Development costs that do not meet the criteria specified above, regarding when intangible assets are recognized in the balance sheet, are expensed in the period they arise. Costs for systems development are recognized as an asset provided that they meet the criteria specified above. Capitalized development costs are amortized on a straight-line basis over the expected useful life of the asset, which amounts to between one and four years. Amortization of capitalized IT system costs is included in the depreciation/amortization item in the statement of income.

EMISSION RIGHTS

Any emission rights received from the respective countries' government agencies, without the need for payment of any consideration, are recognized at their nominal amounts, which in practice means that the intangible asset and the prepaid income are valued at zero. Any emission rights purchased for own uses are recognized as intangible assets under current assets at cost after impairment. A provision is recognized in the balance sheet commensurate to the extent that emission rights used correspond to emission rights held. This provision is measured at the cost of the emission rights held. The provision is measured at the current market price with a corresponding cost in the statement of income commensurate to the extent emission rights used exceed the amount of emission rights held.

IMPAIRMENT OF TANGIBLE, INTANGIBLE AND RIGHT-OF-USE ASSETS WITH DETERMINABLE USEFUL LIVES

The Group continuously evaluates whether any indications exist of a need for impairment of any tangible, intangible and right-of-use assets with determinable useful lives to identify any potential need for impairment. If any such indication is identified, the recoverable amount of the asset is calculated (or as part of the CGU to which it belongs) to determine the extent of any impairment loss. The recoverable amount is defined as the higher of an asset's fair value less selling costs and the value in use (VIU). If the estimated recoverable amount of the asset (or the CGU) is lower than its carrying amount, the carrying amount of the asset (or the CGU) is impaired. The recoverable amount is determined based on the type of asset.

At each balance-sheet date, a review is conducted to assess for indications that any earlier impairment losses no longer exist or have improved. When such indications exist, the recoverable amount is recalculated and the carrying amount is increased to the lower of the recoverable amount and the carrying amount that the asset would have had if the previous impairment had not taken place.

INVENTORIES AND EXPENDABLE SPARE PARTS

Inventories and expendable spare parts are carried at the lower of cost or net realizable value. Cost is calculated using the weighted average cost. Net realizable values are calculated in part through verification with external parties and in part through internal estimates at SAS based on similar or previous sales of similar goods.

PROVISIONS AND CONTINGENT LIABILITIES

Provisions are reported when the Group identifies legal or informal commitments as a result of historic events, where the outcome is probable, and where the financial resources required to settle these commitments can be estimated with reasonable certainty.

A restructuring obligation is considered to have arisen and a provision for the obligation is recognized when the Group has adopted a detailed and formal restructuring plan. The plan must have been communicated to affected parties and have been commenced or publicly announced.

REMUNERATION OF EMPLOYEES

Pensions

The Group has various pension plans for its employees. These vary considerably due to different legislation and agreements on occupational pension systems in the individual countries.

For pension plans where the employer has accepted responsibility for a defined contribution, the obligation to employees ceases when the contractual premiums have been paid. Where defined-benefit pensions have been agreed, the commitments do not cease until the contractual pensions have been paid. The liability or asset recognized in the balance sheet for defined-benefit pension plans is the current value of the defined-benefit obligation at the end of the reporting period after deduction of the fair value of plan assets. The defined-benefit plan obligation is calculated each year by independent actuaries using the projected unit credit method. Pension costs for the year for defined-benefit pension plans comprise the present value of the current service cost plus net interest, which is calculated using the discount rate on the defined-benefit pension liability or pension assets, and recognized as a personnel expense in EBIT. All deviations in estimates are immediately recognized in other comprehensive income.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes severance pay when such an obligation exists according to employment contracts or for termination as a result of an offer made to encourage voluntary redundancy.

REVENUE RECOGNITION

The recognition of contractual revenue from customers follows a five-step model that requires revenue to be recognized when control over goods and services are transferred to the customer. All of the Group's customer contracts have been analyzed using the five-step model. The performance obligations identified are fulfilled at a defined point in time.

Passenger revenue

When SAS or another airline provides the transportation, in other words the flight, the Group meets its performance obligation toward the customer and the passenger revenue is recognized in profit or loss. During the period from the sale of an airline ticket until the completion of the flight, airline tickets sold are recognized as a short-term unearned transportation liability in the consolidated balance sheet. The Group assesses the estimated unearned transportation liability on an ongoing basis. More information is available under "Other traffic revenue."

Rebooking fees, that is fees for changing the time or destination of a booked airline ticket, are recognized as revenue in conjunction with the actual flight taking place.

Charter revenue

SAS has charter flight agreements with certain customers. As with passenger revenue, the Group discharges its performance obligation to the customer when transportation has been provided. Accordingly, charter revenue is recognized in profit or loss when the transportation has been provided.

Mail and freight revenue

The Group provides cargo services both on passenger planes and on commercial cargo flights. The performance obligation to the customer is discharged in conjunction with the provision of transportation. Accordingly, mail and freight revenue is recognized in profit or loss when the transportation has been provided.

Other traffic revenue

Other traffic revenue mainly includes preseating, excess baggage, unused tickets and revenue adjustments. Preseating and excess baggage are examples of ancillary revenue that are closely linked to air travel. These are recognized as revenue in conjunction with the actual flight.

The Group prepares monthly assessments of unutilized airline tickets. Unutilized and expired tickets are recognized as other traffic revenue based on historic usage data for unutilized tickets for the last 24 months. Any differences between previous months' assessments and actual outcomes are recognized in profit or loss.

The Group periodically evaluates the estimated short-term unearned transportation liability and records any resulting adjustments in other traffic revenue in the period in which the assessments are completed. These adjustments relate primarily to refunds, exchanges, transactions with other airlines and other items for which final settlement occurs in periods subsequent to the sale of the related tickets at amounts other than the original sales price.

Other operating revenue

Other operating revenue mainly includes revenue from in-flight sales, ground handling services, technical maintenance and sales of EuroBonus points.

In-flight sales are recognized as revenue in conjunction with the actual sale. Revenue from the performance of ground handling services and technical maintenance is recognized when the services are performed.
Sales of EuroBonus points to credit card partners are recognized as revenue in the same period that EuroBonus members use their credit cards and a EuroBonus liability arises in the consolidated balance sheet. Further information on the EuroBonus liability follows.

Loyalty program – EuroBonus

Membership in the Group's EuroBonus loyalty program enables customers to earn bonus points by flying with SAS and/or other Star Alliance companies as well as from purchases made from other business partners, such as car rental and credit card companies. The allocation of loyalty points is viewed as a separate identifiable transaction when purchasing airline tickets. As customers earn points, the EuroBonus liability increases in the consolidated balance sheet together with a corresponding decrease in revenue. The portion of the ticket price allocated to loyalty points is measured at the relative stand-alone price for the points and is not recognized as revenue until the period in which the obligation is met.

Contract assets and liabilities

IFRS 15 has introduced the terms "contract assets" and "contract liabilities." The Group presents contracts in the balance sheet as contract liabilities or contract assets depending on the relationship between the Group's performance and the customers' payments at the reporting date. Accrued income is included under contract assets, since the Group meets the performance requirement prior to receiving payment from customers. The unearned transportation liability and the loyalty program are recognized as contract liabilities since payments are received from customers before the performance obligation is discharged by the Group. Information about the discharge of performance obligations can be found earlier in this section under the headings "Passenger revenue" and "Loyalty program – EuroBonus."

As before, the unearned transportation liability is presented on a separate line in the consolidated balance sheet, while the loyalty program is presented under other liabilities (long-term). Refer to Note 24 for disclosures by the Group pertaining to contract assets and contract liabilities.

BORROWING EXPENSES

Borrowing expenses that arise in operations are expensed in the period in which they are incurred. Borrowing expenses on aircraft pre-delivery payments (PDPs) are capitalized as part of the process of obtaining qualified production resources. If a decision is made to sell and lease back an asset, capitalization of interest expense ceases. Amortization of capitalized borrowing expenses commences when aircraft are put into service, as per the main principle for aircraft.

TAXES

Current tax for the period is based on net income for the period, adjusted for non-tax-deductible costs and non-taxable income. The current tax is calculated on the basis of tax rates applying on the closing date.

Deferred tax is recognized according to the balance sheet method whereby temporary differences, differences between the recognized and fiscal value of assets or liabilities, result in a deferred tax asset or deferred tax liability. Deferred tax liabilities are recognized for all temporary differences liable to tax, while deferred tax assets are recognized to the extent it is probable that a taxable surplus will be created against which the deductible temporary difference can be utilized or before the right to utilize the loss carryforward is lost.

Deferred tax liabilities are recognized for all taxable temporary differences attributable to investments in subsidiaries and affiliated companies except in cases where the Group can control the timing of reversal of the temporary differences, and it is probable that such reversal will not take place in the foreseeable future.

Deferred tax is estimated on the basis of the tax rates and fiscal regulations that have been decided or announced as of the closing date. Deferred tax is expensed, except when it relates to items charged or credited in other comprehensive income or directly in equity, in which case the deferred tax is also dealt with in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are recognized net if the items pertain to the same tax authority.

CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements and application of accounting policies are often based on management's assessments, or on estimates

Note 1 continued

and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are recognized in the period in which the change is made if the change affects only that period, or in the period in which the change is made and future periods if the change affects both current and future periods.

Below is an overall description of the accounting policies affected by such estimates or assumptions that are expected to have the most substantial impact on the Group's reported earnings and financial position. For information about the carrying amount on the closing date, see the balance sheet with accompanying notes.

Impairment of assets

The Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets are impaired. In making the impairment assessment, assets that do not generate independent cash flows are allocated to an appropriate CGU.

Management is required to make certain assumptions in estimating the value of the assets, including the timing and value of cash flows to be generated from the assets. The cash-flow projections are based on reasonable assumptions that represent management's best estimate of the set of economic conditions that will exist over the remaining useful life of the asset and are based on the most recent financial plan that management has approved. Due to its subjective nature, these estimates will likely differ from future actual results of operations and cash flows, and any such difference may result in impairment in future periods.

Pensions

Pension assumptions are an important element in the actuarial methods used to measure pension commitments and value assets, and can significantly affect the recognized pension obligation, pension assets and the annual pension cost. The most critical assumptions are the discount rate, inflation and expected salary adjustments.

The measurement to be applied under IAS 19 when measuring defined-benefit plans is known as the projected unit credit method. This method requires several assumptions (actuarial parameters) for calculating the present value of the defined-benefit obligation. Actuarial assumptions comprise both demographic and financial assumptions. Since assumptions must be neutral and mutually compatible, they should be neither imprudent nor overly conservative. They should reflect the economic relationships between factors such as inflation, rates of salary increase, the return on plan assets and discount rates. This means that they should be realistic, based on known financial relations and reflect SAS' best assessment of the factors that will determine the ultimate cost of providing post-employment benefits, that is pension costs.

In calculating pension obligations, the current service cost and the return on plan assets, locally set parameters are applied in the respective countries on the basis of the local market situation and expected future trends. This means that the parameters are based on market expectations at the end of the reporting period regarding the time period in which the obligation will be settled.

The discount rate has been determined on the basis of market yields on high-quality corporate bonds (preferably mortgage bonds with a minimum AA rating). The tenor of the bonds reflects the estimated timing and size of pension payments (duration) as well as the currencies these payments are expected to be made in.

Other financial assumptions are based on anticipated developments during the term of the obligation. The assessment of future salary adjustments corresponds to the assumed rate of inflation in the respective countries and life expectancies are set under DUS21 for Sweden and K2013 for Norway, refer to Note 15 for additional information.

The interest expense on the obligation and the expected return on plan assets are reported as "net interest," which is calculated using the discount rate. SAS classifies this net interest as a personnel expense and recognizes the net interest expense in profit or loss.

Deviations can arise if the discount rate changes (a lower discount rate increases the present value of the pension liability and the annual pension cost), or if actual inflation levels, salary adjustments and life expectancies deviate from the Group's assumptions. Any change in these assumptions could potentially result in a significant change to the pension assets, obligations and pension costs in future periods.
During the year, the discount rate was raised for all countries. The discount rate for Sweden was raised by 2.5 percentage points to 4.3%. During the fiscal year, the inflation assumption for the Swedish pension plans was raised from 1.9% to 2.15%. The total impact, primarily from changed discount rates and inflation, entailed a positive impact on other comprehensive income of SEK 4.1 billion. The return on plan assets was below the discount rate, which entailed a negative impact on other comprehensive income of SEK 2.1 billion.

Sensitivity to changes in individual parameters can be estimated as follows: A one percentage point change in the discount rate of interest has approximately a SEK 1.6 billion impact on the obligation and a one percentage point change in the inflation assumption has an impact of about SEK 1.5 billion.

Deferred tax

The Group recognizes deferred tax assets at each balance sheet date to the extent that it is probable that they will be utilized in future periods. This determination is based on estimates of future profitability. A change in these estimates could result in a decrease in deferred tax assets in future periods for assets that are currently recognized in the consolidated balance sheet. In estimating levels of future profitability, historical results of operations in recent years are considered and, if necessary, the implementation of prudent and feasible tax planning strategies to generate future profitability are considered. If future profitability is less than the amount calculated in determining the deferred tax asset, then a decrease in deferred tax assets will be required, with a corresponding charge in profit or loss, except in cases where it is related to items recognized directly in equity. If future profitability exceeds the level that has been assumed in calculating deferred tax assets, an additional deferred tax asset can be recognized, with a corresponding credit in profit or loss, except to the extent that the deferred tax arises from a business combination.

A change in these estimates could also result in the impairment of deferred tax assets in future periods for assets that are currently recognized in the balance sheet.

Assumption regarding right-of-use assets – aircraft

SAS makes ongoing provisions related to use for undertakings arising in connection with aircraft leasing. The undertakings primarily pertain to engines, but also include landing gear, air frames and APUs. The financial impact is complex to assess as it depends on a large number of factors. Since provisions are made on an ongoing basis for larger mandatory overhauls of engines, landing gear, air frames and APUs, the risk of a return having a material impact on the Group's earnings is reduced.

Hybrid bonds

As all of the hybrid bonds are perpetual and since SAS controls the payment of interest and principal in the instruments, the bonds are classified as equity instruments in their entirety according to IAS 32.

Litigations

The Group is involved in litigations and other claims in the ordinary course of its business activities. Management judgment is required in determining the likelihood of the outcome. The actual effects of the outcome could differ from the management's estimate, which would impact the Group's earnings (see also, the Report by the Board of Directors: Legal issues).

Claims in connection with Chapter 11

The Chapter 11 process provides an option to negotiate and reject contracts that were in effect at the beginning of the process. During the period August to October, SAS chose to reject lease contracts pertaining to one B737-700, one A350-900, three A321-200 aircraft and a number of engines. All of these contract rejections have been approved by the US court. In conjunction with this approval, SAS 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. The net cost for derecognizing the assets and liabilities totaled MSEK 88. As a step in the Chapter 11 process, SAS expects the lenders/leaseholders to seek damages for their economic losses and report this to the US court. The outcomes, if any, for claims arising under Chapter 11 are subject to uncertainty due to being dependent on the number and size of the claims as well as on the restructuring plan, which will require court approval later in the process, and accordingly, SAS has been unable to reliably estimate a corresponding total provision for claims. These claims may be material. SAS has recognized provisions in its financial statements for claims where adequate and reasonable information was available to estimate the liability. More information on the Chapter 11 process is provided in Note 1 page 99 and in the Report by the Board of Directors on page 58.

PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company has prepared its financial statements according to the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 *Accounting for Legal Entities* as well as applicable statements from the Swedish Financial Reporting Board. Under RFR 2, the Parent Company, in preparing the annual financial statements for the legal entity, applies all EU-approved IFRSs and statements insofar as this is possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act and with respect to the connection between accounting and taxation. The recommendations specify which exceptions and additions are to be made from and to IFRS.

THE DIFFERENCES BETWEEN THE GROUP'S AND THE PARENT COMPANY'S ACCOUNTING POLICIES ARE LISTED BELOW:

Pensions: Current pension premiums are recognized as an expense.
Shares in subsidiaries and affiliated companies: Recognized at cost. Acquisition-related expenses for subsidiaries, which are expensed in the consolidated financial statements, are included as part of the cost for holdings in subsidiaries.
Other shares and participations: Recognized at cost.

NOTE 2 REVENUE

REVENUE BY CATEGORY

	FY23	FY22
Traffic revenue:		
Passenger revenue	32,236	23,225
Charter revenue	2,096	1,703
Cargo revenue	1,183	1,611
Other traffic revenue	2,992	2,982
Total traffic revenue	**38,507**	**29,521**
Other operating revenue:		
In-flight sales	219	367
Ground handling services	377	721
Technical maintenance	207	147
Terminal and forwarding services	135	322
Sales commissions and charges	781	357
Other operating revenue	1,817	389
Total other operating revenue	**3,536**	**2,303**
Total	**42,043**	**31,824**

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

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

REVENUE BY COUNTRY

Traffic revenue FY23	Sweden	Norway	Denmark	Other	Total
Passenger revenue	7,709	8,545	4,125	11,857	**32,236**
Charter revenue	618	1,052	426	–	**2,096**
Cargo revenue	238	171	281	493	**1,183**
Other traffic revenue	717	795	383	1,097	**2,992**
Total traffic revenue	**9,282**	**10,563**	**5,215**	**13,447**	**38,507**
Total other operating revenue	467	875	527	1,667	**3,536**
Total	**9,749**	**11,438**	**5,742**	**15,114**	**42,043**

Traffic revenue FY22	Sweden	Norway	Denmark	Other	Total
Passenger revenue	6,005	6,675	3,138	7,407	23,225
Charter revenue	541	862	301	0	1,704
Cargo revenue	242	216	320	833	1,611
Other traffic revenue	790	881	407	903	2,981
Total traffic revenue	**7,578**	**8,634**	**4,166**	**9,143**	**29,521**
Total other operating revenue	**485**	**755**	**419**	**644**	**2,303**
Total	**8,063**	**9,389**	**4,585**	**9,787**	**31,824**

NOTE 3 PERSONNEL EXPENSES

AVERAGE NUMBER OF EMPLOYEES

In fiscal year 2023, the average number of employees in the SAS Group was 7,959 (7,033). A breakdown of the average number of employees by country is provided in the table below.

The average number of employees totaled 2,746 (2,400) in Denmark, 2,306 (2,087) in Norway, and 2,729 (2,380) in Sweden.

	FY23		FY22	
	Men	Women	Men	Women
Denmark	1,780	966	1,579	821
Norway	1,431	874	1,332	755
Sweden	1,654	1,075	1,447	933
Other countries	91	88	80	86
Total	**4,956**	**3,003**	**4,438**	**2,595**
Total men and women	**7,959**		**7,033**	

GENDER BREAKDOWN OF SENIOR EXECUTIVES IN THE GROUP

	Oct 31, 2023		Oct 31, 2022	
	Closing-date total	of which, men	Closing-date total	of which, men
Board members	54	67%	60	68%
President and other senior executives	49	67%	30	67%

SALARIES, REMUNERATION AND SOCIAL SECURITY EXPENSES

The SAS Group's total payroll expenses amounted to MSEK 7,587 (6,882), of which social security expenses comprised MSEK 1,100 (941) and pensions MSEK 428 (611).

Salaries, remuneration and social security expenses include restructuring costs of MSEK 0 (0).

	FY23		FY22	
	Salaries & other remun-eration	Soc. sec. exp. (of which pension cost)[2]	Salaries & other remun-eration	Soc. sec. exp. (of which pension cost)[1]
SAS AB	17	12 (5)	19	13 (5)
SAS Consortium	3,491	974 (205)	3,285	1,146 (469)
Other subsidiaries	2,551	541 (218)	1,966	393 (137)
SAS Group, total	**6,059**	**1,527 (428)**	**5,270**	**1,552 (611)**

1) The pension cost for all CEOs and other senior executives of SAS Group companies amounted to MSEK 16 (15).

A breakdown of the salaries and other remuneration of Board members, CEOs, other senior executives and other employees is provided in the table below.

	FY23		FY22	
	Board, CEO & senior executives (of which variable salary)	Other employees	Board, CEO & senior executives (of which variable salary)	Other employees
SAS AB	16 (–)	1	18 (–)	1
SAS Consortium	31 (–)	3,460	25 (2)	3,260
Ground handling operations	16 (0)	1,877	12 (–)	1,650
SAS Cargo	7 (–)	60	10 (–)	74
Other subsidiaries	19 (0)	571	14 (–)	206
SAS Group, total	**89 (0)**	**5,969**	**79 (2)**	**5,191**

Pension costs	**FY23**	**FY22**
Defined-benefit pension plans	-349	-63
Defined-contribution pension plans	777	674
Total	**428**	**611**

REMUNERATION AND BENEFITS PAID TO THE BOARD, PRESIDENT AND OTHER SENIOR EXECUTIVES

The fees and other remuneration paid to Board members of SAS AB are determined by the Annual General Shareholders' Meeting (AGM), which also approves the policies applied for the remuneration of senior executives.

BOARD OF DIRECTORS

At the AGM of SAS AB on March 16, 2023, fees were set for the remuneration of Board members and for work on Board committees as follows:

Board Chairman	TSEK 630
Board First Vice Chairman	TSEK 420
Other Board members (8)	TSEK 320 per member
Deputy employee representatives (6)	TSEK 5 fee/Board meeting on participation
Chairman of Audit Committee	TSEK 100
Other members of Audit Committee (2)	TSEK 50
Chairman of Remuneration Committee	TSEK 80
Other members of Remuneration Committee (1)	TSEK 27

With the exception of the employee representatives and their deputies, no Board member was employed by the SAS Group in fiscal year 2023. No Board member not employed by the SAS Group received any remuneration or benefit from any SAS Group companies beyond customary airline-industry travel benefits and the fees received for board and committee duties.

POLICIES

The following remuneration policies adopted by the 2023 AGM have been applied in fiscal year 2023 in regard to senior executives in the SAS Group. In this connection, senior executives refers to the President and the other members of the SAS Group Management.

Total remuneration should be market-based and competitive and relate to responsibility and authority. Remuneration consists of fixed salary, variable remuneration by separate agreement, and other benefits and pension. The guidelines apply for employment contracts agreed after the 2023 AGM and amendments to existing employment contracts made thereafter.

Remuneration of senior executives is to consist of a fixed annual cash salary, which reflects the position's requirements with respect to qualifications, responsibilities, complexity and the manner in which it serves to reach the business objectives. The fixed salary also reflects the performance of the executive and can thus be both individual and differentiated. In addition to fixed salary, senior executives reporting to the President may, under separate agreements, receive variable salary (annual incentive systems) when fulfilling agreed performance criteria, provided that their fixed salaries are frozen for review for a defined period after payment of the variable salary. Any variable salary consists of an annual variable cash salary and may amount to a maximum of 20% of the fixed annual salary. Criteria fulfillment for awarding variable salary must be measured over a period of one year.

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

For the President, pension benefits, including health insurance, are defined-contribution with premiums not exceeding 40% of the fixed annual salary. For other members of Group Management, pension benefits, including health insurance, are defined-contribution unless the executive is encompassed by a defined-benefit pension under mandatory collective agreement provisions. Premiums for defined-contribution pensions are not to exceed 30% of the fixed annual salary. Variable remuneration qualifies for pension benefits to the extent required by mandatory collective agreement provisions applicable to the executive (applies to Sweden and defined-contribution pension). In such case, the premiums for defined-contribution pensions are not to exceed 30% of the fixed annual salary as a result of pension provisions for variable salary.

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

The Board can depart from the guidelines if, in an individual case, particular reasons exist for so doing.

LIMITATIONS TO THE APPLICATION OF REMUNERATION POLICIES RESULTING FROM THE RECAPITALIZATION AND CHAPTER 11

Pursuant to the European Commission decision dated August 14, 2020, and until such time as 75% of the government-subscribed instruments as part of the recapitalization completed in October 2020 have been redeemed or sold, the senior executives are not entitled to increased salaries. Moreover, no variable compensation will be paid to senior executives.

In the event of any outcome from future annual incentive systems (AIS) to senior executives pursuant to the company's remuneration policies, the AIS remuneration will be reserved and not distributed until such time as 75% of the government-subscribed instruments as part of the recapitalization completed in October 2020 have been redeemed or sold. For FY23 no AIS accrual or payment has been made to senior executives.

PRESIDENT AND CEO

President and CEO Anko van der Werff has the following remuneration components in his employment contract:

- An annual salary, which is normally subject to an annual salary review. The annual salary was not revised during fiscal year 2023 and as such, amounts to TSEK 12,468.

Note 3 continued

- A defined-contribution pension plan where an amount corresponding to 40% of the fixed salary is paid as cash remuneration on a cost-neutral basis for SAS. The Board has decided on an exception from the remuneration guidelines and, with regard to the CEO Anko van der Werff, has approved the exchange of pension premiums for the corresponding cash salary payments with the preconditions that this is cost-neutral for SAS and that EU rules on remuneration of senior executives are complied with, taking into account the importance of offering market-based and competitive total remuneration to meet SAS' long-term interests, including its sustainability.
- Other benefits included company car, travel benefits, health insurance and group life insurance.
- The notice period is six months in the event the President resigns and ten months if the termination of employment is by SAS AB. Severance pay for the President in the event employment is terminated by SAS AB for reasons other than material breach of contract, gross neglect of his duties as President or criminal acts against the SAS Group is payable in an amount equivalent to four months' salary in accordance with a stair model where severance pay increases in line with time of employment and can be up to 12 months after five years' employment. Should new employment be obtained within 12 months of employment ending, the severance pay awarded is reduced by an amount corresponding to the remuneration received from the new position.

OTHER SENIOR EXECUTIVES

The remaining current members of Group Management have defined-contribution pension plans where a pension provision of up to 30% of fixed base salary is made, either in the form of premiums or as cash remuneration. The retirement age is 65 for all of the current members of the Group Management. The Board has decided on an exception from the remuneration guidelines and, with regard to the CFO Erno Hildén, CCO Paul Verhagen and COO Jason Mahoney, has approved the exchange of pension premiums at 30% of fixed salary for the corresponding cash salary payments with the preconditions that this is cost-neutral for SAS and that EU rules on remuneration of senior executives are complied with, taking into account the importance of offering market-based and competitive total remuneration to meet SAS' long-term interests, including its sustainability.

The notice period is six months in the event that the senior executive resigns and 12 months if employment is terminated by SAS AB. Severance pay is payable to the senior executives in the event employment is terminated by SAS AB for reasons other than material breach of contract, gross neglect of the senior executive's duties or criminal acts against the SAS Group in an amount equivalent to not more than 12 months' salary, with offsetting against income from any other appointment or engagement. Severance pay is also payable on the resignation of a senior executive when the responsibilities or authorities of the senior executive are materially changed through organizational changes. However, severance pay in the above case is not payable if the senior executive is offered another relevant position in the SAS Group. An additional fixed allowance is paid to acting members of the Group Management over and above the pension, insurance and notice period conditions under their existing employment contracts.

OTHER

For other standard managerial contracts at the SAS Group, total remuneration must be market-based and competitive and must be in relation to responsibility and authority.

In fiscal year 2023, total remuneration comprised fixed salary, other benefits and pension. Some 30 managers have participated in an annual incentive system for 2023.

Moreover, a variable remuneration model was introduced for management and employees in the sales organization in 2013. The variable salary component is based on outcomes in relation to predetermined individual sales targets that are set in a target contract and is capped at two months' salary.

DISCUSSION AND DECISION-MAKING PROCESS

The issue of the Directors' fees is discussed by the Nomination Committee, which consists of representatives elected at the AGM. The Nomination Committee presents its proposal concerning Directors' fees to the shareholders' meeting for resolution.

The Board of Directors has established a Remuneration Committee. The Committee's duties include preparing principles for remuneration to Group Management and the Board of Directors' decisions to propose guidelines for remuneration to senior executives. The Board of Directors prepares proposals for new guidelines at least every fourth year, and submits it to the AGM for resolution. These guidelines apply until new guidelines have been adopted by the general meeting. The Remuneration Committee also monitors and evaluates programs for variable remuneration to Group Management, the application of the guidelines to senior executives as well as the current remuneration structures and compensation levels in the company. Remuneration to the President is decided by the Board of Directors in line with approved policies following preparation and recommendation by the Remuneration Committee. Remuneration to other senior executives is decided by the President in line with approved policies and after consultation with the Remuneration Committee. The members of the Remuneration Committee are independent in relation to the company and Group Management. The President and other members of Group Management do not participate in the Board of Directors' discussions and decisions on remuneration-related matters that pertain to them.

The Remuneration Committee held five minuted meetings in fiscal year 2023.

DIRECTORS' FEES IN FISCAL YEAR 2023 (NOV–OCT), TSEK

Name	Board of Directors	Audit Committee	Remuneration Committee	Total FY23	Total FY22
Carsten Dilling	630		80	710	710
Monica Caneman				–	420
Lars-Johan Jarnheimer	420	50	27	497	497
Oscar Stege Unger	320	50		370	370
Kay Kratky	320	100		420	320
Michael Friisdahl	320			320	320
Henriette Hallberg Thygesen	320			320	320
Nina Bjornstad	320			320	320
Tommy Nilsson	320			320	320
Jens Lippestad	320			320	320
Kim John Christiansen	320			320	320
Total	**3,610**	**200**	**107**	**3,917**	**4,237**

Note 3 continued

REMUNERATION AND BENEFITS TO THE PRESIDENT AND OTHER SENIOR EXECUTIVES IN FISCAL YEAR 2023, TSEK

Name	Fixed salary[1]	Variable remuneration[2]	Other benefits[3]	Pension[4]
Anko Van der Werff	12,675	–	286	4,715
Other[5]	23,381	–	1,141	5,525
Total	**36,056**	**–**	**1,427**	**10,240**
Other[6]	6,405	-	163	852
Total	**42,461**	**-**	**1,590**	**11,092**

1) Includes holiday compensation
2) Pertains to AIS provisions for future payments in accordance with remuneration policies and the limitations resulting from the recapitalization and payment of variable compensation. For more information, see the section "Limitations to the application of remuneration policies resulting from the recapitalization."
3) Other benefits include company car, travel benefits, health insurance and group life insurance.
4) Includes health insurance.
5) Pertains to: five members for the full fiscal year; Simon Pauck Hansen from November 1, 2022 to January 15, 2023; Michael Wångdahl from January 16, 2023 to April 30, 2023; Jason Mahoney from May 1, 2023 to October 31, 2023; Therese Lorenius from November 1, 2022 to August 13, 2023 and Paul Verhagen from August 13, 2023 to October 31, 2023,
6) Pertains to salary, pension and benefits during the 12-month notice period and the potential outcome for severance pay. Severance pay is capped at fixed salary for 12 months after the end of the notice period and is only payable if no new employment has been secured. In the case of new employment, any difference between the former fixed monthly salary and the new fixed monthly salary will be paid.

REMUNERATION AND BENEFITS TO THE PRESIDENT AND OTHER SENIOR EXECUTIVES IN FISCAL YEAR 2022, TSEK

Name	Fixed salary[1]	Variable remuneration[2]	Other benefits[3]	Pension[4]
Anko Van der Werff	12,675	–	284	4,715
Other[5]	23,213	2,303	516	6,044
Total	**35,888**	**2,303**	**800**	**10,759**
Other[6]	13,861	–	96	2,494
Total	**49,749**	**2,303**	**896**	**13,253**

1) Includes holiday compensation
2) Pertains to AIS provisions for future payments in accordance with remuneration policies and the limitations resulting from the recapitalization and payment of variable compensation. For more information, see the section "Limitations to the application of remuneration policies resulting from the recapitalization."
3) Other benefits include company car, travel benefits, health insurance and group life insurance.
4) Includes health insurance.
5) Pertains to: four members for the full fiscal year; Karl Sandlund from November 1, 2021 to June 30, 2022; Magnus Örnberg from November 1, 2021 to March 31, 2022; Erno Hildén from April 1, 2022 to October 31, 2022; Erik Westman from July 1, 2022 to October 31, 2022; and Therese Lorenius from July 1, 2022 to October 31, 2022.
6) Pertains to salary, pension and benefits during the 12-month notice period and the potential outcome for severance pay. Severance pay is capped at fixed salary for 12 months after the end of the notice period and is only payable if no new employment has been secured. In the case of new employment, any difference between the former fixed monthly salary and the new fixed monthly salary will be paid.

NOTE 4 OTHER EXTERNAL EXPENSES

	FY23	FY22
Sales and distribution costs	2,492	1,785
Catering costs	1,399	819
Handling costs	2,641	1,949
Technical aircraft maintenance	3,118	1,910
Computer and telecommunication costs	1,494	1,249
Wet-lease expenses	2,617	1,846
Administrative services	1,544	985
Other	2,354	1,515
Total	**17,659**	**12,058**

NOTE 5 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	FY23	FY22
Amortization and depreciation		
Intangible assets	0	30
Right-of-use assets	3,322	3,255
Buildings and fittings	49	60
Aircraft	982	1,259
Spare engines and spare parts	54	53
Workshop and aircraft servicing equipment	20	22
Other equipment and vehicles	13	20
Impairment		
Spare engines and spare parts	-	64
Total	**4,440**	**4,763**

NOTE 6 SHARE OF INCOME AND EQUITY IN AFFILIATED COMPANIES

Income from shares in affiliated companies:	FY23	FY22
Malmö Flygfraktterminal AB	10	12
Other	8	10
Total	**18**	**22**
Total revenue of affiliated companies	399	357
Income after tax in affiliated companies	55	67

Malmö Flygfraktterminal AB operates air cargo services in Malmö, Sweden. The affiliated company is closely linked to flight operations and shares in income are recognized in profit or loss.

Equity in affiliated companies	Oct 31, 2023	Oct 31, 2022
Opening cost	22	24
Contributions	–	–
Income from shares in affiliated companies	18	22
Dividends	-20	-24
Exchange-rate differences	0	0
Closing accumulated cost	**20**	**22**

				Share of equity	
Equity in affiliated companies:	**Corporate registration number**	**Domicile**	**Share of equity %**	**Oct 31, 2023**	**Oct 31, 2022**
Malmö Flygfraktterminal AB	556061-7051	Malmö, Sweden	40.0	18	19
Other				2	3
Total				**20**	**22**
Total assets in affiliated companies				310	357
Total liabilities in affiliated companies				-238	-269
Shareholders' equity in affiliated companies				**72**	**88**

NOTE 7 INCOME FROM THE SALE AND RETURN OF AIRCRAFT, AND OTHER NON-CURRENT ASSETS

	FY23	FY22
Airbus A320 (sale and leaseback)	-20	-3
Boeing 737	–	73
Engines (sale and leaseback)	5	100
Rejection of lease contracts in Chapter 11	160	-88
Sale of subsidiaries	–	13
Total	**145**	**95**

NOTE 8 NET FINANCIAL ITEMS

Financial income	FY23	FY22
Interest income on financial assets not measured at fair value	161	28
Interest income on financial assets measured at fair value	855	191
Other financial income	-	–
Exchange-rate differences lease liabilities, net	52	–
Total	**1,068**	**219**

Financial expenses	FY23	FY22
Interest expense on interest-bearing liabilities not measured at fair value	-1,967	-802
Interest expense on interest-bearing liabilities measured at fair value	-780	-179
Interest expense lease liabilities	-894	-774
Other financial expenses	-84	-67
Exchange-rate differences lease liabilities, net	-154	-2,906
Exchange-rate differences interest-bearing liabilities, net	0	-5
Total	**-3,879**	**-4,733**
Total net financial items	**-2,811**	**-4,514**

NOTE 9 TAX

The following components are included in the Group's tax.

	FY23	FY22
Current tax	-5	-7
Deferred tax	-180	805
Total tax recognized in net income for the year	**-185**	**798**
Tax recognized in other comprehensive income	346	-308
Total tax recognized in other comprehensive income	**346**	**-308**

Current tax is calculated based on the tax rate in each country. Deferred tax is calculated at the tax rate expected to apply when the tax is realized.

Tax for the fiscal year can be reconciled against income before tax as follows:

	FY23	FY23 (%)	FY22	FY22 (%)
Income before tax (EBT)	-5,516		-7,846	
Tax according to weighted average tax rate	1,180	21.4	1,679	21.4
Tax effect of non-tax-deductible costs	-96	1.7	-35	-0.4
Tax effect of non-taxable income	59	-1.1	155	2.0
Tax effect of different tax rates	0	0	0	0
Tax effect of non-capitalized loss carryforwards	-1,117	20.3	-1,038	-13.2
Other	-211	3.8	37	0.5
Tax and effective tax rate for the fiscal year	**-185**	**-3.3**	**798**	**10.2**

The tables below show the Group's deferred tax liabilities and tax assets according to category and how these liabilities and assets changed.

Deferred tax liability in the balance sheet:	**Oct 31, 2023**	**Oct 31, 2022**
Non-current assets	1,362	1,366
Pensions	1,121	1,304
Other temporary differences	297	447
Cash-flow hedges	-1	-9
Netting of deferred tax assets/liabilities	-2,233	-2,540
Total	**546**	**568**

Deferred tax assets in the balance sheet:	**Oct 31, 2023**	**Oct 31, 2022**
Pensions	78	-49
Other temporary differences	1,810	1,983
Tax loss carryforwards	2,198	2,234
Netting of deferred tax assets/liabilities	-2,233	-2,540
Total	**1,853**	**1,628**

Reconciliation of deferred tax, net:	**Oct 31, 2023**	**Oct 31, 2022**
Opening balance	1,060	585
Change according to statement of income	-185	805
Change in cash-flow hedging according to OCI	-35	204
Change in defined-benefit pension plans according to OCI	373	-512
Exchange-rate differences, etc.	90	-22
Deferred tax, net, on October 31	**1,308**	**1,060**

On the closing date, the Group had unutilized loss carryforwards of slightly more than MSEK 34,000 (29,000). Based on these loss carryforwards, the Group recognized a deferred tax asset of MSEK 2,198 (2,234). Deferred tax assets are recognized to the extent that there are factors indicating that taxable profits will be created. The assessment of the respective Group companies' future profit performance is based on earnings reported in recent years as well as improved profitability prospects. Of recognized loss carryforwards totaling MSEK 2,198, MSEK 737 pertains to operations in Denmark, MSEK 273 to Norway, MSEK 1,083 to Sweden and MSEK 105 to Ireland. For loss carryforwards amounting to MSEK 4,971 (3,854), no deferred tax asset is recognized due to uncertainty as regards future profit earnings. There are no expiration dates for the loss carryforwards.

Deferred tax liabilities mainly pertain to fixed assets, where fiscal values are lower than accounting values. In the future, a temporary difference pertaining to a fixed asset will change when the carrying amount and fiscal value matches or, alternatively, when the fixed asset is divested and a higher taxable gain arises. Pensions also give rise to deferred tax liabilities, since accounting and fiscal values are treated differently. SAS has chosen to recognize deferred tax net in the balance sheet as there is a legal right to offset at the same time as there is a strong legal connection between the deferred tax assets and deferred tax liabilities.

No provision has been made for deferred tax on temporary differences relating to non-distributed profits in subsidiaries and affiliated companies since these profits will not be distributed within the foreseeable future, or alternatively a distribution can be made without the profits being subject to tax.

The OECD/G20 Inclusive Framework (IF) has published model rules as part of its efforts to address the challenges that the digitalization of the global economy poses to taxation. It is difficult to assess whether the global minimum tax rules (Pillar 2) give rise to additional temporary differences, whether deferred tax assets and liabilities need to be remeasured, and which tax rate should be applied when calculating deferred tax. In response to these uncertainties, on May 23, 2023, the International Accounting Standards Board (IASB) issued an amendment to IAS 12 Income Taxes. The amendment provides a mandatory exception from the requirements to recognize and disclose deferred tax assets and liabilities related to the proposed global minimum tax rules. The SAS Group applies the mandatory exception which applies until further notice.

In several of the countries in which the Group operates, legislation on global minimum taxation has been enacted, or in practice enacted, and it is assessed as likely that the Group will be subject to such legislation from fiscal year 2025. As of October 31, 2023, it is not yet possible to reliably estimate the potential tax exposure under Pillar 2. Investigation of the potential exposure is ongoing and is expected to be completed during the second quarter of fiscal year 2024.

NOTE 10 INTANGIBLE ASSETS

	Goodwill		IT system		Total intangible assets	
	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022
Opening cost	748	721	632	643	1,380	1,364
Investments	–	–	6	–	6	–
Sales/disposals	–	–	–	-11	–	-11
Exchange-rate differences	-43	27	–	–	-43	27
Closing accumulated cost	**705**	**748**	**638**	**632**	**1,343**	**1,380**
Opening amortization	-75	-72	-613	-583	-688	-655
Amortization and impairment for the year	–	–	–	-30	–	-30
Exchange-rate differences	4	-3	4	–	8	-3
Closing accumulated amortization	**-71**	**-75**	**-609**	**-613**	**-680**	**-688**
Opening impairment	–	–	–	–		–
Closing impairment	**–**	**–**	**–**	**–**		**–**
Carrying amount	**634**	**673**	**29**	**19**	**663**	**692**

The SAS Group is not engaged in activities relating to research and development (R&D).

Goodwill:	Oct 31, 2023	Oct 31, 2022
SAS Scandinavian Airlines Norway	634	673
Total goodwill	**634**	**673**

TESTING FOR IMPAIRMENT OF INTANGIBLE ASSETS

The value of the Group's intangible assets has been estimated through comparison with the recoverable amount, which is based on the Group's cash-generating value in use based on five-years' cash flow in the Group's business plan. A growth rate of +1.0% (+1.0) has been adopted for the period beyond the plan period.

The projected cash flows are based on assumptions regarding volume trends, unit revenue, operating margins and discount rates, which have been established by the management based on historical experience and market data. The discount rate has been estimated based on a weighted capital cost of 8.2% (8.2) before tax, and of 6.9% (6.9) after tax. To support the impairment tests performed on goodwill in the Group, a comprehensive analysis was performed of the sensitivity in the variables used in the model. A weakening of any of the significant assumptions included in the business plans or a weakening of the annual growth rate in revenue and operating margins beyond the plan period, or an increase in the discount rate that, individually, is reasonably probable, shows that a margin still exists between the recoverable amount and carrying amount. Management therefore determined that there was no need for impairment of goodwill and other intangible assets at the close of October 2023.

NOTE 11 TANGIBLE ASSETS

	Aircraft[1,2]		Engines & spare parts		Total aircraft and engines/spare parts	
	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022
Opening cost	22,865	23,529	1,942	1,993	24,807	25,522
Investments	2,922	3,103	1	19	2,923	3,122
Sales/disposals	-7,733	-6,893	-179	-889	-7,912	-7,782
Reclassifications	788	137	278	676	1,066	813
Exchange-rate differences	268	2,989	7	143	275	3,132
Closing accumulated cost	**19,110**	**22,865**	**2,049**	**1,942**	**21,159**	**24,807**
Opening depreciation	-10,481	-10,661	-593	-444	-11,074	-11,105
Depreciation and impairment for the year[3]	-982	-1,259	-55	-117	-1,037	-1,376
Sales/disposals	512	1,047	73	59	585	1,106
Reclassifications	713	836	-98	-91	615	745
Exchange-rate differences	-23	-444	0	0	-23	-444
Closing accumulated depreciation	**-10,261**	**-10,481**	**-673**	**-593**	**-10,934**	**-11,074**
Carrying amount	**8,849**	**12,384**	**1,376**	**1,349**	**10,225**	**13,733**

	Buildings and land		Other equipment & vehicles		Investment in progress		Workshop & servicing equipment; aircraft		Total other tangible fixed assets	
	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022
Opening cost	1,272	1,255	370	387	3	3	435	428	2,080	2,073
Investments	–	5	–	–	5	5	55	10	60	20
Sales/disposals	-6	–	-3	-24	–	-5	-135	-4	-144	-33
Reclassifications	2	-15	1	–	-2	–	–	–	1	-15
Exchange-rate differences	9	27	6	7	–	–	1	1	16	35
Closing accumulated cost	**1,277**	**1,272**	**374**	**370**	**6**	**3**	**356**	**435**	**2,013**	**2,080**
Opening depreciation	-900	-831	-336	-332	–	–	-344	-324	-1,580	-1,487
Depreciation and impairment for the year	-52	-60	-13	-19	–	–	-20	-22	-85	-101
Sales/disposals	6	–	3	21	–	–	129	3	138	24
Reclassifications	–	15	–	–	–	–	–	–	–	15
Exchange-rate differences	-13	-24	-8	-6	–	–	-1	-1	-22	-31
Closing accumulated depreciation	**-959**	**-900**	**-354**	**-336**	**–**	**–**	**-236**	**-344**	**-1,549**	**-1,580**
Carrying amount	**318**	**372**	**20**	**34**	**6**	**3**	**120**	**91**	**464**	**500**

1) The insured value of aircraft as of October 31, 2023 amounted to MSEK 54,288. This includes the insured value of leased aircraft in the amount of MSEK 44,543.
2) Modifications of leased aircraft are included in planned residual value in the amount of MSEK 123 (70).
3) As of October 31, 2023, aircraft depreciation and impairment amounted to MSEK -55 (-117) and included impairment of MSEK 0 (64) pertaining to aircraft under phase-out. See also Note 5.

SAS recognizes aircraft in the balance sheet as tangible assets or as right-of-use assets. Leases defined in accordance with IFRS 16 are entered in the balance sheet as right-of-use assets (see Note 13). In cases where SAS acquires aircraft to thereafter sell and lease back, and where it is (essentially) certain that the asset will be bought back at the end of the period, the related liability that arises is treated as a financial liability pursuant to IFRS 9 and the asset is treated as a tangible asset pursuant to IAS 16.

CONTRACTUAL PURCHASE COMMITMENTS

The Group had the following commitments relating to future acquisition of tangible assets. On October 31, 2023, contracted orders amounted to 18 Airbus A320neo and two Airbus A350 aircraft with delivery through to 2025 amounting to a total future purchase commitment, including spares, of MUSD 975. SAS has also entered into contracts for one Embraer E195 aircraft that will be leased.

NOTE 12 PREPAYMENTS FOR AIRCRAFT

	Prepayment	
	Oct 31, 2023	Oct 31, 2022
Opening cost	4,063	2,966
Investments	1,023	1,911
Capitalized interest	169	188
Reclassifications	-1,807	-1,624
Exchange-rate differences	65	622
Closing accumulated cost	**3,513**	**4,063**

MSEK 3,265 (3,762) pertains to prepayments for Airbus and MSEK 248 (301) prepayments for Other.

NOTE 13 RIGHT-OF-USE ASSETS

Right-of-use assets	Aircraft	Properties	Ground handling equipment	Total FY23	Total FY22
Carrying amount	15,672	1,884	284	17,840	16,959
New contracts	2,930	63	31	3,024	4,011
Contract modifications and index or interest rate changes to agreements	-651	283	-5	-373	108
Reclassifications	–	–	–	–	–
Currency revaluations	–	–	-5	-5	17
Depreciation over the fiscal year	-2,831	-401	-90	-3,322	-3,255
Impairment over the fiscal year	–	–	–	–	–
Carrying amount	**15,120**	**1,829**	**215**	**17,164**	**17,840**

New contracts during the year with terms longer than 12 months are recognized under the line item *New contracts* and mainly comprised leases for eight new A320neo, three E195 aircraft as well as eight spare engines.
For information on SAS' lease liabilities, see notes 23 and 31.

NOTE 14 NON-CURRENT FINANCIAL ASSETS

	Other holdings of securities		Other long-term receivables[1]		Total non-current financial assets	
	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022
Opening cost	79	79	1,564	1,539	1,643	1,618
Contributions	–	–	144	200	144	200
Sale	-6	-	-	-	-6	-
Amortization	–	–	-311	-513	-311	-513
Reclassifications	–	–	0	17	–	17
Exchange-rate differences	–	–	5	321	5	321
Closing accumulated cost	**73**	**79**	**1,402**	**1,564**	**1,475**	**1,643**
Opening impairment	-70	-70	–	–	-70	-70
Impairment	–	–	–	–	–	–
Closing accumulated impairment	**-70**	**-70**	**–**	**–**	**-70**	**-70**
Carrying amount	**3**	**9**	**1,402**	**1,564**	**1,411**	**1,573**

1) The carrying amount includes blocked bank funds of MSEK 517 (652).

NOTE 15 POST-EMPLOYMENT BENEFITS

The table below outlines where the Group's post-employment benefits are included in the financial statements.

Pension funds in the balance sheet	Oct 31, 2023	Oct 31, 2022
Present value of funded obligations	-12,421	-12,090
Fair value of plan assets[1]	20,628	21,552
Surplus in funded plans	**8,207**	**9,462**
Present value of unfunded obligations	-206	-210
Surplus in defined-benefit pension plans (net pension funds)	**8,001**	**9,252**

1) Includes Swedish payroll tax of MSEK 1,586 (1,826).

Recognized in profit or loss pertaining to[1]	FY23	FY22
Defined-benefit pension plans	349	63
Defined-contribution pension plans	-777	-674
	-428	**-611**
Remeasurements of defined-benefit pension plans[2]	-1,359	1,937

1) Expenses recognized in profit or loss include the current service cost, past service cost, net interest expense and gains and losses on settlements.
2) Recognized under other comprehensive income, net after tax.

DEFINED-BENEFIT PENSION PLANS

Most personnel pension plans in Scandinavia are now defined-contribution based. Defined-contribution pension plans are in place for the majority of personnel in Denmark and Norway, and in Sweden for aircraft crew, younger salaried employees and personnel covered by the SAF-LO collective agreement. The majority of the remaining defined-benefit pension plans are secured through insurance companies in the respective countries. In Sweden, pension plans are mainly placed with Alecta and SPP, in Denmark with Danica and in Norway with DNB. Premiums for defined-benefit retirement pensions are individual and depend, inter alia, on the insured party's age, salary and previously vested pension rights. Expected fees in the next fiscal year (FY 2024) for defined-benefit pension plans under the Alecta plan are expected to amount to about MSEK 33. The collective consolidation level comprises the market value of Alecta's assets as a percentage of insurance undertakings estimated pursuant to Alecta's actuarial assumptions, which do not comply with IAS 19. Collective consolidation, in the form of a collective consolidation level, is normally permitted to range between 125% and 175%. If Alecta's collective consolidation level falls below 125% or exceeds 175%, actions must be taken to create conditions enabling the consolidation level to revert to the normal interval. Alecta's surplus can be allocated to the policy holders or the insured parties if the collective consolidation level exceeds 175%. However, Alecta applies reductions in premiums to avoid an excessive surplus arising. At the end of the fiscal year, Alecta's surplus in the form of the consolidated collective consolidation level was 178% (189). According to a statement by the Swedish Financial Reporting Board, UFR 10, this constitutes a multi-employer defined-benefit plan and enterprises covered by a multi-employer pension plan classified as defined-benefit must account for their proportional share of the plan's obligations, plan assets and costs in the same way as for any other defined-benefit plan. SAS is provided with information that enables SAS to report its proportional allocated share of the Alecta plan's commitments, plan assets and costs in accordance with IAS 19 rules regarding defined-benefit pension plans. SAS therefore reports net defined-benefit assets since the future economic benefits are available to SAS in the form of future reductions in premiums, cover for future pension indexing or a cash refund.

IAS 19 – *Employee Benefits* entails that all deviations in estimates are to be immediately recognized in other comprehensive income. Furthermore, the discount rate on the defined-benefit plan obligation or pension asset is calculated net, and this net interest expense is recognized by SAS as a personnel expense in profit or loss. SAS reports special payroll tax in line with the rules in IAS 19, which means that those actuarial assumptions made in the calculation of defined-benefit pension plans must also include taxes payable on pension benefits.

As per October 31, 2023, the remaining pension plans in Sweden reported a surplus of about SEK 6.4 billion and, accordingly, special payroll tax was recognized for the surplus. On October 31, 2023, special payroll tax totaled about SEK 1.6 billion (1.8).

Defined-benefit pension plans	FY23	FY22
Current service cost	-29	-50
Past service cost and gains and losses on settlements	-20	-3
Interest expense on pension obligations	-517	-298
Interest income on plan assets	838	393
Payroll tax	77	21
Total impact recognized in profit and loss for defined-benefit pension plans	**349**	**63**

The above earnings effect is recognized in its entirety as personnel expenses.

Changes in the present value of defined-benefit plan obligations	Oct 31, 2023	Oct 31, 2022
Opening balance, pension obligations	12,300	16,815
Current service cost	29	50
Settlements	-3	-8
Interest expense	517	298
Reclassification	–	–
Pensions paid out	-882	-818
Exchange-rate differences	37	73
	11,998	**16,410**
Remeasurements:		
– Gain/loss (-/+) from change in demographic assumptions	12	-121
– Gain/loss (-/+) from change in financial assumptions	-485	-4,121
– Experience gains/losses (-/+)	1,102	132
Closing balance, pension obligations, October 31	**12,627**	**12,300**

Change in fair value of plan assets	Oct 31, 2023	Oct 31, 2022
Opening balance, plan assets	21,552	23,408
Settlements	-16	-6
Interest income	838	393
Contributions/premiums paid	22	39
Other expenses/revenue	72	16
Reclassification	–	–
Pensions paid out	-790	-712
Exchange-rate differences	53	76
	21,731	**23,214**
Remeasurements:		
– Special payroll tax	-316	485
– Return on plan assets (excluding amounts included in interest income)	-787	-2,147
Closing balance, plan assets, October 31	**20,628**	**21,552**

Change in pension funds (net)	Oct 31, 2023	Oct 31, 2022
Opening balance, pension funds (net)	**9,252**	**6,593**
Total recognized in net income for the year	349	63
Reclassification	–	–
Remeasurements	-1,733	2,448
Contributions/premiums paid	112	145
Exchange-rate differences	21	3
Closing balance, pension funds (net), October 31	**8,001**	**9,252**

Note 15 continued

Breakdown of the defined-benefit plan obligations and plan assets by country	Oct 31, 2023					Oct 31, 2022				
	Sweden	Norway	Denmark	Other	Total	Sweden	Norway	Denmark	Other	Total
Present value of obligation	-11,655	-179	–	-793	-12,627	-11,246	-171	-18	-865	-12,300
Fair value of plan assets	19,754	0	–	874	20,628	20,556	–	31	965	21,552
Pension funds, net	**8,099**	**-179**	**–**	**81**	**8,001**	**9,310**	**-171**	**13**	**100**	**9,252**

Remeasurements — analysis of amounts recognized under other comprehensive income	FY23	FY22
– Gain/loss (+/-) from change in demographic assumptions	-12	121
– Gain/loss (+/-) from change in financial assumptions	485	4,121
– Experience gains/losses (+/-)	-1,102	-132
– Special payroll tax	-316	485
– Return on plan assets (excluding amounts included in interest income)	-787	-2,147
Total remeasurements	**-1,732**	**2,448**

During the year, the discount rate was raised for all countries. The discount rate for Sweden was raised by 0.15 percentage points to 4.45%. During the fiscal year, the inflation assumption was lowered for the Swedish pension plans from 2.15% to 2.0%. The total impact, primarily from changed discount rates and inflation, entailed a positive impact on other comprehensive income of SEK 0.485 billion. The return on plan assets was below the discount rate, which entailed a negative impact on other comprehensive income of SEK 0.787 billion.

ACTUARIAL ASSUMPTIONS

The measurement to be applied under IAS 19 when measuring defined-benefit plans is known as the projected unit credit method. This method requires several assumptions (actuarial parameters) for calculating the present value of the defined-benefit obligation. Actuarial assumptions comprise both demographic and financial assumptions. Since assumptions must be neutral and mutually compatible, they should be neither imprudent nor overly conservative. They should reflect the economic relationships between factors such as inflation, rates of salary increase, the return on plan assets and discount rates. This means that they should be realistic, based on known financial relations and reflect SAS' best assessment of the factors that will determine the ultimate cost of providing post-employment benefits, that is pension costs.

In calculating pension obligations, the current service cost and the return on plan assets, locally set parameters are applied in the respective countries on the basis of the local market situation and expected future trends. This means that the parameters are based on market expectations at the end of the reporting period regarding the time period in which the obligation will be settled.

The discount rate has been determined on the basis of market yields on high-quality corporate bonds (preferably mortgage bonds with a minimum AA rating). The tenor of the bonds reflects the estimated timing and size of pension payments (duration) as well as the currencies these payments are expected to be made in.

Other financial assumptions are based on anticipated developments during the term of the obligation. The assessment of future salary adjustments corresponds to the assumed rate of inflation in the respective countries and life expectancies are set under DUS23 (DUS21) for Sweden and K2013 (K2013) for Norway.

	Oct 31, 2023					Oct 31, 2022				
Key actuarial assumptions	**Sweden**	**Norway**	**Denmark**	**Other**	**Total**	**Sweden**	**Norway**	**Denmark**	**Other**	**Total**
Discount rate	4.45%	4.70%	3.70%	5.75%	4.54%	4.30%	4.25%	1.60%	5.0%	4.34%
Inflation	2.0%	0–1.75%	1.75%	3.50%[1]	2.0%	2.15%	0–1.75%	1.75%	3.70%[1]	2.15%
Salary growth rate	2.0%	0%	0%	0%	2.0%	2.0%	–	1.75%	–	2.0%
Pension growth rate	2.0%	0–1.75%	1.75%	3.30%	2.08%	2.15%	0–1.75%	1.75%	3.60%	2.25%

1) Pertains solely to UK plans.

The average duration of defined-benefit pension plans was as follows:	Sweden	Norway	Denmark	Other
Fiscal year 2023	10.49	5.9	–	13
Fiscal year 2022	11.0	9.2	1.7	14.0

Note 15 continued

	Oct 31, 2023		Oct 31, 2022	
Plan assets are comprised as follows[1]:	**Total**	**%**	**Total**	**%**
Alecta (Sweden):				
Equities, of which 38% (37%) is invested in Swedish equities	3,064	32	3,322	34
Interest-bearing securities	4,441	47	4,397	45
Properties	1,983	21	2,052	21
	9,488	**100**	**9,771**	**100**
SPP (Sweden):				
Equities, of which 20% (25%) is invested in Swedish equities	1,475	17	2,151	24
Interest-bearing securities	4,600	53	5,467	61
Properties	1,128	13	1,165	13
Other	1,475	17	179	2
	8,678	**100**	**8,962**	**100**
Danica (Denmark):				
Equities	–	–	6	20
Interest-bearing securities	–	–	22	70
Properties	–	–	3	10
	–	**–**	**31**	**100**
Other countries:				
Equities	–	–	–	–
Interest-bearing securities	735	84	829	86
Other	139	16	135	14
	874	**100**	**964**	**100**

1) The plan assets in the Swedish pension plans exclude special payroll tax, which is not included in the plan assets managed by Alecta and SPP. Only an insignificant share of the plan assets is invested in SAS shares.

Membership statistics on October 31, 2023	**Active employees**	**Taken early retirement**	**Deferred pensioners**	**Pensioners**
The Alecta plan	1,194	116	3,040	4,168
SPP	17	–	274	1,152
Other plans in Sweden (unfunded)	–	–	–	17
DnB	–	–	–	691
Danica	–	–	–	–
Other	–	–	334	339
Total	**1,211**	**116**	**3,648**	**6,367**

The effect on/sensitivity of the defined-benefit pension obligation to changes in the key assumptions, MSEK:	**Sweden**	**Norway**	**Denmark**	**Other**	**Total**
Discount rate, -1%	1,389	11	0	102	1,502
Inflation, +1%[1]	1,438	0	0	19	1,457
Salary, +1%	29	0	0	0	29

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions constant.

1) Corresponds with sensitivity in terms of pension increases.

NOTE 16 INVENTORIES AND EXPENDABLE SPARE PARTS

	Oct 31, 2023	Oct 31, 2022
Expendable spare parts, flight equipment	341	220
Expendable spare parts, other	58	76
Inventories	44	23
Total	**443**	**319**
Measured at cost	385	203
Measured at net realizable value	58	116
Total	**443**	**319**

NOTE 17 ACCOUNTS RECEIVABLE

Net impairment of accounts receivable and recovered accounts receivable, as well as the impairment of other current receivables, had an earnings impact of MSEK 64 (10).

Age analysis of accounts receivable	Oct 31, 2023	Oct 31, 2022
Accounts receivable not yet due	1,005	932
Due <31 days	208	221
Due 31–90 days	42	114
Due 91–180 days	6	16
Due >180 days	-6	16
Total	**1,255**	**1,299**

Provision for expected credit losses on accounts receivable	Oct 31, 2023	Oct 31, 2022
Opening provision	46	50
Provision for expected losses	64	2
Reversed provisions	-	-6
Closing provision	**110**	**46**

NOTE 18 OTHER RECEIVABLES

	Oct 31, 2023	Oct 31, 2022
Derivatives	67	59
Other receivables	3,714	2,767
Total	**3,781**	**2,826**

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

	Oct 31, 2023	Oct 31, 2022
Prepaid expenses	474	304
Accrued income	423	452
Total	**897**	**756**

Accrued income is categorized as contract assets. Further information is provided in Note 24.

NOTE 20 CASH AND CASH EQUIVALENTS

	Oct 31, 2023	Oct 31, 2022
Cash and bank balances	5,891	8,381
Deposits	174	172
Tax deduction account in Norway	95	101
Total	**6,160**	**8,654**

The carrying amount of short-term investments corresponds with the fair value. Fair value is the amount that should have been received for short-term investments outstanding if sold on the closing date. Short-term investments are categorized as financial assets at amortized cost.

All investments have a term of no more than three months.

Disclosure of interest paid

During the year, interest received amounted to MSEK 988 (204), of which MSEK 861 (180) pertained to forward premiums for currency derivatives. During the year, interest paid amounted to MSEK 1,506 (1,103), of which MSEK 789 (168) pertained to forward premiums for currency derivatives.

NOTE 21 SHAREHOLDERS' EQUITY

SHARE CAPITAL

SAS AB has three classes of shares: common shares, subordinated shares and class C shares.

As of October 31, 2023, there were 7,266,039,292 common shares issued with a quotient value of about SEK 1.19, representing a registered share capital of SEK 8,649,529,469.

There are no subordinated shares or class C shares issued or outstanding. Common shares and subordinated shares entitle the holders to one vote each. Each class C share entitles the holder to one-tenth of a vote.

The maximum number of common shares and subordinated shares that may be issued is limited to a number that corresponds with 100% of the company's share capital. The maximum number of class C shares that may be issued is limited to 5% of the share capital. The common shares provide shareholders the rights set out in the Swedish Companies Act and the Articles of Association. Subordinated shares provide shareholders the right to participate in and vote at the company's shareholders' meetings. Subordinated shares do not entitle shareholders to dividends or participation in bonus issues. If subordinated shares are redeemed or the company is dissolved and its assets distributed, holders of subordinated shares are treated as holders of common shares and receive an equal share in the company's assets, although not at an amount higher than the quotient value of the subordinated shares index-adjusted from the first date of registration of the subordinated shares until the date of the payment of the redemption amount or the date of the distribution with an interest-rate factor corresponding to STIBOR 90 days plus two percentage points.

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

To ensure that the ownership circumstances of the company comply with the requirements stipulated in bilateral air traffic agreements or in laws or regulations pertaining to the state of air traffic in the EEA, the Board is entitled, pursuant to the Articles of Association, to make a decision on mandatory redemption of shares held by shareholders outside of Scandinavia without refund to affected shareholders. Where such a redemption is not possible or where the Board finds it inadequate and following approval by a shareholders' meeting supported by not less than half of the votes cast, the issued warrants may be used to issue subordinated shares to Scandinavian shareholders to dilute the non-Scandinavian shareholdings to the requisite level to ensure compliance with the aforementioned regulations.

OTHER CONTRIBUTED CAPITAL

Comprises equity contributed by the owners. Includes share premiums paid in conjunction with issues.

RESERVES

Translation reserve	2023	2022
Opening translation reserve	20	-192
Translation differences for the year	52	212
Closing translation reserve, October 31	**72**	**20**
Hedging reserve		
Opening hedging reserve	-244	511
Cash-flow hedges:		
– Recognized directly in other comprehensive income	145	-254
– Change in statement of income	25	-706
– Tax attributed to year's change in hedging reserve	-35	205
Closing hedging reserve, October 31	**-109**	**-244**
Total reserves		
Opening reserves	-224	319
Change in reserves for the year:		
– Translation reserve	53	212
– Hedging reserve	135	-755
Closing reserves, October 31	**-36**	**-224**

Translation reserve

The translation reserve includes all exchange-rate differences arising in conjunction with the translation of financial statements from foreign operations that have prepared their financial statements in a currency other than Swedish kronor.

Hedging reserve

The hedging reserve includes the effective part of the cumulative net change in fair value on a cash-flow instrument attributable to hedging transactions that have not yet transpired.

HYBRID BONDS

In conjunction with the recapitalization in October 2020, new hybrid bonds were issued to the governments of Denmark and Sweden for a total amount of MSEK 6,000. At the same time, MSEK 2,250 of bond debt was converted into hybrid bonds with a par value of MSEK 1,615 and the remaining amount was exchanged for shares. The hybrid bonds issued to the governments of Denmark and Sweden (MSEK 2,500 each) and to the Danish government (MSEK 1,000) carry a floating coupon of 6M STIBOR plus a margin of 590 bps and 690 bps respectively. The current margin applies from October 26, 2023 until October 26, 2025. Thereafter, the margin increases every two years until the eighth year. No further increase in the margin applies after the eighth year. The state hybrid bonds are subordinated and only senior to the share capital.

The hybrid bond of MSEK 1,615 carries a floating coupon of 6M STIBOR plus a margin of 590 bps. The current margin applies from October 23, 2023 until October 23, 2025. Thereafter, the margin increases every two years until the eleventh year. No further increase in the margin applies thereafter and all of the hybrid bonds are perpetual and SAS controls the payment of interest and principal in the instruments. In accordance with the terms and conditions of the respective hybrid bonds, interest payments of MSEK 366 and MSEK 599 have been deferred in fiscal year 2022 and fiscal year 2023.

MSEK	
Hybrid bonds, state	6,000
Hybrid bond	1,615
Total	**7,615**

RETAINED EARNINGS

Encompass net income for the year and profits earned in the Parent Company and its Group companies. Retained earnings also includes revaluations related to post-employment benefits.

DIVIDEND POLICY

As of October 31, 2023, SAS AB had one share class listed. SAS' overriding goal is to create shareholder value. Dividends require a resolution by a shareholders' meeting, and that SAS AB has distributable earnings. Dividends to holders of common shares can only be paid when value is created through SAS' ROIC exceeding its WACC. The Group's financial position, earnings, expected performance, investment requirements and relevant economic conditions should also be taken into account. The dividend should take into account any restrictions applying to the Group's right to distribute dividends to shareholders[1]. The dividend policy endeavors to achieve long-term sustainable dividends.

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

Financial Statements

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NOTE 22 INTEREST-BEARING LIABILITIES

Maturity profile for interest-bearing liabilities

	FY24	FY25	FY26	FY27	FY28	FY29>	Oct 31, 2023	Oct 31, 2022
Subordinated loans	0	0	0	0	0	1,569	1,569	1,397
Bonds	-	-	-	-	-	-	-	–
Other loans	9,974	728	2,017	3,969	677	2,131	19,496	22,609
Total	**9,974**	**728**	**2,017**	**3,969**	**677**	**3,700**	**21,065**	**24,006**
Less amortization FY24 and FY23							-9,974	-7,379
Total							**11,091**	**16,627**

SUBORDINATED LOANS

A subordinated loan of MCHF 200 was issued during fiscal year 1986. There is no set maturity date for this loan. The interest rate is fixed for ten-year periods and amounts to 0.625% from January 2016. SAS has an exclusive right to cancel this loan every fifth year. When the loan is canceled in connection with an interest-rate reset, SAS is entitled to repay the loan at 100% of its nominal value. If it is canceled five years after an interest-rate reset, the loan must be repaid at 102.5% of the nominal value.

In previous years, SAS repurchased MCHF 73 of the bonds, after which the balance of the loan is MCHF 127 (127), with a countervalue of MSEK 1,569 (1,397).

The bond is listed on the Basel Stock Exchange, Geneva Stock Exchange and Swiss Exchange. On the closing date, its total market value (including credit risk) amounted to MCHF 6 (15), with a countervalue of MSEK 74 (159). Fair value has been established entirely by the use of official price quotes.

BONDS

In May 2001, a MEUR 1,000 European Medium-Term Note program was established. The EMTN program makes it possible for the Group to issue bonds with fixed or floating interest rates in any currency. On the closing date, the SAS Group's issued bonds amounted to MSEK 0 (0). A specification of individual bonds issued is provided below:

OTHER LOANS

In fiscal year 2022, SAS entered an agreement for USD 700 million in Debtor-in-Possession financing ("DIP financing") with funds managed by Apollo Global Management ("Apollo"), which aimed to provide SAS with a strong financial position to maintain operations throughout the ongoing Chapter 11 process in the US. The first tranche of USD 350 million was utilized in September 2022, which corresponded to the amount outstanding as of October 31, 2023. DIP financing is a specialized type of bridge financing used by businesses that are restructuring through a Chapter 11 process and is structured as a non-amortized, senior secured super-priority credit. During the year SAS announced an agreement with Castlelake for a new DIP loan of USD 500 million to, inter alia, refinance SAS' existing DIP loan from Apollo, increase liquidity and support SAS' path to exit from its voluntary restructuring proceedings. Consequently, after the end of the year, SAS and Castlelake contracted a new DIP term loan agreement, which received final US Court approval on November 21, 2023, and repaid its original DIP loan that had been provided by Apollo. The loan from Castlelake has an initial maturity of nine months from November 2023 but can be extended incrementally up to a 6-month term.

SAS also reached an important milestone in the Chapter 11 process during the year. In October, SAS announced that the investors Castlelake, Air France-KLM and Lind Invest, together with the Danish state, had been designated as the winning bidder consortium in SAS' exit financing solicitation process. After the end of the year, in November 2023, SAS announced that it had entered an investment agreement with the winning bidder consortium. The investment agreement, which also received US Court approval on November 21, 2023, entails a total investment in the reorganized SAS corresponding to USD 1,200 million, comprised of USD 475 million in new unlisted equity and USD 725 million in secured convertible debt. The agreed exit transaction remains subject to approval in connection with the confirmation of SAS' Chapter 11 plan.

	Oct 31, 2023		Oct 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Aircraft financing liabilities	7,480	7,179	11,915	12,054
Government-underwritten loan	5,045	5,173	4,683	4,925
Other long-term loans	824	799	686	886
DIP financing	4,813	4,833	3,847	3,728
Other short-term loans	1,127	1,131	1,024	1,024
Accrued interest	172	172	353	353
Derivatives	34	34	101	101
Total before amortization	**19,495**	**19,321**	**22,609**	**23,071**
Less amortization FY23 and FY22	-9,974	-10,128	-7,379	-7,406
Total other loans	**9,521**	**9,193**	**15,230**	**15,665**

Maturity profile of other loans	FY24	FY25	FY26	FY27	FY28	FY29>	Total
Aircraft financing liabilities	2,004	367	1,766	619	593	2,131	7,480
Government-underwritten loan	1,819	-2	-2	3,230	0	0	5,045
Other long-term loans	5	362	253	120	84	0	824
DIP financing	4,813	-	-	-	-	-	4,813
Other current liabilities	1,333	-	-	-	-	-	1,333
Total	**9,974**	**727**	**2,017**	**3,969**	**677**	**2,131**	**19,495**

Other loans are recognized at amortized cost.

Aircraft financing liabilities and DIP financing denominated in USD amounted to MSEK 12,293, other loans are mainly denominated in NOK, EUR and DKK. Aircraft financing liabilities include some liabilities linked to assets subject to title reservation agreements. The average interest rate on the closing date amounted to 4.6% for aircraft financing liabilities and 5.1% for other loans. The interest rate for the DIP financing amounted to 14.5%, excluding periodized transaction costs of approximately 6%.

NOTE 23 INTEREST-BEARING LEASE LIABILITIES

	Oct 31, 2023	Oct 31, 2022
Non-current lease liabilities	17,034	17,686
Current lease liabilities	4,393	3,827
Total	**21,427**	**21,513**

Lease liabilities	FY24	FY25	FY26	FY27	FY28>	Oct 31, 2023	Oct 31, 2022
Aircraft	4,731	3,613	3,156	2,989	7,792	22,281	22,402
Properties	423	415	359	275	728	2,200	2,278
Ground handling equipment	76	57	42	29	35	239	309
Total	**5,230**	**4,085**	**3,557**	**3,293**	**8,555**	**24,720**	**24,989**
Discounting effect	-837	-688	-550	-420	-798	-3,293	-3,476
Total	**4,393**	**3,397**	**3,007**	**2,873**	**7,757**	**21,427**	**21,513**

The Group leases aircraft, properties and ground handling equipment for which the present values of contractual lease commitments have been reported as interest-bearing liabilities. The terms of the above contracts extend for 1–12 years and are subject to various conditions, such as linking to different indices as well as interest rates. Lease liabilities are denominated in the following currencies: USD (MSEK 19,307), SEK (MSEK 872), NOK (MSEK 835), DKK (MSEK 407) and other currencies (MSEK 6). For more information about assets leased by the Group (right-of-use assets), see Note 13.

Amortization of lease liabilities amounted to MSEK 2,796 (2,820) for the year and the interest expense on lease liabilities was MSEK 894 (774) for the year. Remeasurement of currencies in lease liabilities had an impact on earnings of MSEK -154 (-2,906) for the year. During the year, the Group had rental costs linked to short-term contracts and variable fees as well as for low value assets amounting to MSEK 335 (177).

NOTE 24 CONTRACT ASSETS AND LIABILITIES

The Group has identified contract assets, which are recognized as accrued income, refer to Note 19. The identified contract assets pertain mainly to cargo revenue and EuroBonus points sold that have yet to be invoiced to customers.

The Group has identified the following contract liabilities:

	Oct 31, 2023	Oct 31, 2022
Unearned transportation liability	6,676	5,426
Loyalty program	1,529	1,564

The unearned transportation liability and the loyalty program are recognized as contract liabilities since payments are received from customers before the performance obligation is discharged by the Group. Information about the discharge of performance obligations can be found in Note 1 under the headings "Passenger revenue" and "EuroBonus."

The unearned transportation liability was MSEK 6,676 (5,426) on October 31. Future, unmet, performance obligations are expected to be essentially discharged in the 12 months following October 31, 2023. During the year, MSEK 3,531 (3,241) of the year's opening liability was recognized in revenue.

The liability pertaining to the EuroBonus loyalty program was MSEK 1,529 (1,564) on October 31. EuroBonus points earned are valid for five years. Since uncertainty exists in terms of when the EuroBonus points will be used, the whole liability is recognized as long-term. The Group's assessment is that one quarter of the EuroBonus points will be used and recognized as revenue within 12 months from October 31, 2023 and the remainder at a declining rate over future years. During the year, MSEK 841 (584) of the year's opening liability was recognized in revenue.

NOTE 25 FINANCIAL RISK MANAGEMENT AND FINANCIAL DERIVATIVES

The SAS Group is exposed to various types of financial risks. All risk management is handled centrally and in accordance with the policies set by the Board. The SAS Group uses derivative instruments as part of its financial risk management to limit its fuel, currency and interest-rate exposure.

FUEL PRICE RISK

The SAS Group is exposed to changes in jet-fuel prices. Exposure is handled by continuously hedging 40–80% of the forecast fuel consumption for the coming 12 months. Under the current uncertain and volatile market conditions SAS has temporarily adjusted the financial policy with regard to the hedging ratio for jet fuel. The exception applies for FY 2024 and permits hedging between 0 and 80% of the anticipated volumes for the next 12 months. The main financial derivatives used for hedging jet fuel are options and swaps. As of October 31, 2023, the Group had signed derivative agreements covering approximately 0% of the Group's forecast jet-fuel requirement for November 2023–October 2024. In November 2022–October 2023, jet-fuel-related costs accounted for 24% of the Group's operating expenses (including leases, amortization and depreciation), compared with 24% in November 2021–October 2022.

CURRENCY RISK

The SAS Group has currency exposure both to transaction risk and to translation risk.

Transaction risk arises when flows in foreign currencies are exposed to currency fluctuations. To manage the transaction risk to which the SAS Group is exposed, the projected commercial currency flows are hedged using currency derivatives. According to the financial policy, the hedge level must be 40–80% of a 12-month rolling liquidity forecast. Future contracted aircraft purchases denominated in USD can be hedged by up to 80% of the contracted amount. Additionally, future aircraft sales can be hedged with currency derivatives and loans in USD in an amount up to 80% of the carrying amounts of the aircraft fleet. As of October 31, 2023, the Group had signed agreements for derivatives covering approximately 41% of the Group's forecast commercial currency exposure for November 2023–October 2024.

Translation risk arises during conversion of balance-sheet items in foreign currencies due to currency fluctuations. To limit translation risk, the policy is to keep the financial net debt mainly in the presentation currency of the respective subsidiary. With the introduction of IFRS 16, future lease payments are recognized as an asset (right-of-use asset) and a financial lease liability. Most of the right-of-use assets are denominated in SEK but the corresponding lease liabilities are denominated in foreign currencies, mainly USD. The currency exposure from recalculating USD lease liabilities into SEK is significant. Forecast future USD revenue is hedged using the external USD denominated lease liabilities as hedging instruments to manage a specific portion of this risk.

Note 25 continued

INTEREST-RATE RISK

The SAS Group is exposed to interest-rate risk when the market value of the financial net debt (interest-bearing assets and liabilities) is affected by movements in the yield curve (market interest rates at different maturities). Group borrowing includes loans at both fixed and floating interest rates. To manage the interest-rate risk, interest-rate derivatives are used to change the fixed-interest term of the underlying gross financial debt. The target of current policy is for the average fixed-interest term of the gross financial debt to correspond to 3 years, with a permitted interval of 1–5 years. In addition, the development of the gross financial debt for the forthcoming 12 months and contracted future aircraft purchases is taken into consideration. As of October 31, 2023, the average fixed-interest term, including the hybrid bonds, was 1.3 years (2.1).

SENSITIVITY ANALYSIS, REVALUATION EFFECT ON CLOSING DATE

The sensitivity analysis concerning fuel price shows the immediate revaluation effect of a 10% parallel shift in the price curve for fuel derivatives.

The sensitivity analysis concerning currency shows the immediate revaluation effect on the closing date for cash-flow hedges, accounts receivable and accounts payable of a 10% strengthening or weakening of the Swedish krona against all currencies the SAS Group is exposed to. In addition to the revaluation effect, a 1% weakening of the USD against the SEK would have a positive impact of about MSEK 193 on the SAS Group's net financial items based on lease liabilities of around MUSD 1,736 A 1% strengthening of the USD against the SEK would have the corresponding negative effect on net financial items.

The sensitivity analysis for market interest rates shows the immediate revaluation effect on the closing date for interest-rate derivatives and short-term investments with a 1-percentage-point parallel shift in the yield curve. Beyond the revaluation effect, the SAS Group's net interest for the November 2022–October 2023 period is affected by around MSEK 69 (73) if short-term market rates rise by 1 percentage point. However, if short-term market rates fall by 1 percentage point the corresponding negative effect on net interest is MSEK -69 (-73).

SENSITIVITY ANALYSIS, REVALUATION EFFECT ON CLOSING DATE

			Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022
Market risk	**Change**	**Currency**	**Earnings impact**	**Earnings impact**	**Equity impact**	**Equity impact**
Fuel price	+/-10%		–/–	–/–	–/–	–/–
Currency risk, SEK	+/-10%	CHF	1/-1	1/-1	12/-12	14/-14
Currency risk, SEK	+/-10%	DKK	16/-16	10/-10	49/-49	33/-33
Currency risk, SEK	+/-10%	EUR	20/-20	24/-24	21/-21	29/-29
Currency risk, SEK	+/-10%	GBP	8/-8	3/-3	29/-29	33/-33
Currency risk, SEK	+/-10%	NOK	19/-19	14/-14	284/-284	268/-268
Currency risk, SEK	+/-10%	USD	27/-27	-4/4	-214/214	-170/170
Currency risk, SEK	+/-10%	OTHER	2/-2	-7/7	-/-	–/–
Market interest rates	+/-1%		–/–	–/–	–/–	–/–

FINANCIAL DERIVATIVES

Different types of currency derivatives, such as currency forward contracts, currency swap contracts and currency options, are used to manage currency exposure. Furthermore, interest-rate exposure is managed by different types of interest-rate derivatives such as forward rate agreements (FRAs), futures, interest-rate swap contracts and currency interest-rate swap contracts. The Group holds interest-rate derivatives that are exposed to LIBOR. These will not be affected by the ongoing IBOR reform, since these interest-rate swap contracts will expire prior to the reform entering force. As of October 31, 2023, the fair value of the SAS Group's derivative instruments outstanding totaled MSEK 33 (-42), broken down according to the table below.

	Oct 31, 2023	Oct 31, 2023 Fair value			Oct 31, 2022	
	Volume outstanding	**Assets**	**Liabilities**	**Net**	**Volume outstanding**	**Fair value, net**
Currency derivatives	31,510	67	-34	33	40,435	-42
Interest-rate derivatives	0	0	0	0	0	–
Fuel derivatives	0	0	0	0	0	–
Total	**31,510**	**67**	**-34**	**33**	**40,435**	**-42**

As of the balance-sheet date, fair value is consistent with carrying amounts.

The fair value is the amount received or paid if outstanding financial instruments are sold on the closing date. Derivatives not subject to hedge accounting are classified as financial instruments at FVTPL. Volume outstanding means the nominal amount of derivative contracts expressed in absolute terms.

The total carrying amount for the Group's derivative financial instruments is presented in the balance-sheet items in the table below.

OFFSETTING OF FINANCIAL DERIVATIVES

To reduce credit risks for bank receivables related to derivatives, SAS has entered into netting agreements, under ISDA agreements, signed with all of its counterparties.

The information in the following table includes financial assets and liabilities that are subject to enforceable master netting arrangements and similar agreements that cover financial instruments.

	Oct 31, 2023	Oct 31, 2022
Other receivables	67	59
Total derivative assets	**67**	**59**
Current liabilities	-34	-101
Total derivative liabilities	**-34**	**-101**
Derivative assets/liabilities net at end of the period	**33**	**-42**
Allocation of derivatives according to the following:		
Cash-flow hedges	40	-13
Derivatives not designated as hedges for accounting purposes	-7	-29
Derivative assets/liabilities *net at end of the period*	**33**	**-42**

	Oct 31, 2023			Oct 31, 2022		
	Financial assets	Financial liabilities	Total	Financial assets	Financial liabilities	Total
Gross amount	67	-34	33	59	-101	-42
Amount offset	0	0	0	–	–	–
Recognized in the balance sheet	**67**	**-34**	**33**	**59**	**-101**	**-42**
Amounts covered by netting agreements	-34	34	0	-59	60	1
Net amount after netting agreements	**33**	**0**	**33**	**0**	**-41**	**-41**

HEDGE-ACCOUNTED DERIVATIVES, CASH-FLOW HEDGE

Hedging of aircraft

The hedging of future contracted aircraft purchases/sales represents hedging transactions since it is the payment flow in foreign currency during a future purchase/sale that is hedged according to the cash-flow method. The loans and the currency forward contracts included in hedging relationships are translated at the relevant closing rate and the change that is calculated as effective is recognized in other comprehensive income. As of October 31, 2023, the accumulated currency effect on cash-flow-hedged loans and derivatives relating to future aircraft purchases and sales was recognized after tax in the hedging reserve in equity in the amount of MSEK 369 (433).

Commercial flows

Currency derivatives are used to manage the transaction risk relating to projected commercial flows. These currency derivatives represent hedging transactions according to the cash-flow method and their accounting policies are matched with those of the underlying liquidity projection. Provided that the effectiveness of the hedges can be demonstrated, the accumulated change in market value of each hedging transaction is recognized in equity until it is recycled to the statement of income as a cost/revenue. As of October 31, 2023, the accumulated currency effect of these cash-flow-hedged currency derivatives was recognized after tax in the hedging reserve in equity in the amount of MSEK 213 (150).

Certain projected future USD revenue is hedged using the external USD denominated lease liabilities as hedging instruments. Changes in the USD/SEK spot rate for the designated part of the USD denominated lease liability are recognized in other comprehensive income and reported as a separate component (cash-flow hedge reserve) in equity. When the hedged expected cash flows impact profit or loss as revenue, the corresponding part of the cash-flow hedge reserve is reclassified from other comprehensive income to profit or loss. As of October 31, 2023, the accumulated currency effect of these cash-flow-hedged derivatives was recognized after tax in the hedging reserve in equity in the amount of MSEK -299 (-368).

Interest-rate derivatives

When the SAS Group borrows at floating interest rates and changes its interest-rate exposure by entering into interest-rate swap contracts whereby floating interest is received and fixed interest is paid, the hedging relationship is classified as a cash-flow hedge. When hedge accounting is applied, the effective portion of the change in value of the hedge instrument is recognized in other comprehensive income. The terms of the interest-rate derivatives used for hedging transactions are matched with those of the individual loans. On the closing date October 31, 2023, the accumulated effect on these cash-flow-hedged interest-rate derivatives was recognized after tax in the hedging reserve in equity in the amount of MSEK -399 (-465).

Fuel derivatives

Fuel derivatives are used to manage the price risk relating to jet fuel. These derivatives represent hedging transactions according to the cash-flow method and their accounting policies are matched with those of the underlying forecast jet-fuel requirement. As of October 31, 2023, the accumulated effect on these cash-flow-hedged fuel derivatives was recognized after tax in the hedging reserve in equity in the amount of MSEK 0 (0).

Altogether, MSEK -116 (-250) was recognized after tax in the hedging reserve in equity on October 31, 2023, and is expected to affect the statement of income in the following years as per the following table:

	FY24	FY25	FY26	FY27	FY28	FY29>	Total
Aircraft	92	94	94	69	30	91	470
Commercial flows, revenue	-147	-128	-59	-46	-	-	-380
Commercial flows, other	270	-	-	-	-	-	270
Interest-rate derivatives	-84	-84	-81	-79	-74	-106	-508
Fuel derivatives	-	-	-	-	-	-	-
Deferred tax	-28	26	10	12	9	3	32
Effect on equity	**103**	**-92**	**-36**	**-44**	**-35**	**-12**	**-116**

DERIVATIVES NOT SUBJECT TO HEDGE ACCOUNTING

Other derivatives not subject to hedge accounting are remeasured on an ongoing basis and recognized at fair value through profit or loss. Nor are interest-rate derivatives that cannot be linked to specific borrowing subject to hedge accounting and are remeasured on an ongoing basis at their fair value through profit or loss.

Note 25 continued

CREDIT RISK

The Group's financial transactions give rise to exposure to credit risk vis-à-vis the financial counterparties. Credit risk or counterparty risk pertains to the risk of loss if a counterparty does not fulfill its contractual obligations. The financial policy prescribes that transactions may only be entered into with counterparties with high credit ratings, defined as category A3/P-1 or better according to Moody's or alternatively A-/A-1 according to Standard & Poor's.

Limits are set for each counterparty and are continuously revised. To further reduce counterparty risks, ISDA agreements (netting agreements) are signed with most counterparties. 63% of the credit-related exposure is geographically concentrated in the Nordic countries. The breakdown of the remaining credit exposure is 2% in the rest of Europe and 35% in the rest of the world. The maximum credit exposure for derivative instruments is matched by carrying amounts/fair values, see the above table under the heading Financial derivatives. For cash and cash equivalents, the size of the credit risk is the carrying amount and is distributed as follows:

	Carrying amount	
Rating (Moody's)	**Oct 31, 2023**	**Oct 31, 2022**
Aaa/P-1	–	–
Aa1/P-1	–	–
Aa2/P-1	1	2
Aa3/P-1	96	78
A1/P-1	5,936	7,855
A2/P-1	24	51
A3/P-1	103	668
Total	**6,160**	**8,654**

Under other long-term receivables, credit risk is allocated between financial institutions, external aircraft lessors, external aircraft operators and various property companies. The same regulations as those defined above for financial counterparties apply for financial institutions. With regard to external aircraft lessors, the majority of claims consist of pledged collateral for leasing fees as well as costs for return requirements. Since the cost of meeting the return requirements largely relates to those costs incurred dependent on the usage of the aircraft, the credit-related exposure is substantially neutralized. The payments structure in agreements with external aircraft operators is designed so that SAS Group's receivables in the form of pledged collateral are often or always lower than the current liabilities/expenses of the SAS Group to these external operators.

In relation to the SAS Group's accounts receivable, the credit risk is spread over a large number of customers including private individuals and companies in various industries. Credit information is required for credit sales with the aim of minimizing the risk of bad debt losses and is based on intra-Group information on payment history supplemented with credit and business information from external sources.

The maximum credit risk for the SAS Group accords with the carrying amounts of financial assets according to the categorization table.

LIQUIDITY AND BORROWING RISK

Liquidity and borrowing risks refer to the risk that sufficient liquidity is not available when required, and that refinancing of matured loans will be costly or problematic.

The target is for financial preparedness to amount to a minimum of 25% of the SAS Group's fixed costs. The financial preparedness equals cash and cash equivalents plus total unutilized credit facilities. As of October 31, 2023, financial preparedness amounted to MSEK 10,052 (12,501), with cash and cash equivalents amounting to MSEK 6,160 (8,654) and unutilized credit facilities with maturities longer than three months totaling MSEK 3,892 (3,847) or 60% (60) of the Group's fixed costs. The SAS Group's cash and cash equivalents are held in instruments with good liquidity or short maturity with a credit rating of no lower than A3/P-1 according to Moody's or A-/A-1 according to Standard & Poor's.

The following tables show remaining contractual terms for SAS' financial liabilities. The figures shown are contractual undiscounted cash flows. The tables show the contracted date when SAS is liable to pay or receive, and includes both interest and nominal amounts. Future interest flows at variable rates are estimated using the current interest rate on the closing date, which means the amounts may differ.

As of October 31, 2023, the Group's interest-bearing liabilities amounted to MSEK 42,492 (45,519); 12% (8) of the interest-bearing liabilities have financial key ratio covenants for cash flow and liquidity. The term of the interest-bearing gross debt amounted to approximately 2.0 years (3.1) at year end, excluding the subordinated loan of MCHF 127 and hybrid bonds of MSEK 7,615 which run without stipulated maturity.

FINANCIAL NET DEBT

MSEK	**Net financial debt**
Long-term receivables	572
Other receivables	3,126
Short-term investments	269
Cash and bank balances	5,891
Subordinated loans	-1,569
Bonds	0
Other loans	-8,705
Lease liabilities	-17,034
Other long-term	-817
Current portion of long-term loans	-3,272
Current portion of lease liabilities	-4,393
Short-term loans	-6,702
Net financial debt	**-32,634**

Note 25 continued

LIQUIDITY RISK

The following table illustrates the SAS Group's outflows and inflows of financial liabilities and financial derivatives as of October 31, 2023 and as of October 31, 2022. The amounts are contracted, undiscounted cash flows including interest.

Oct 31, 2023	FY24	FY25	FY26	FY27	FY28	FY29>
Financial liabilities						
Subordinated loans	-10	-10	-10	-10	-10	-1 579
DIP financing	-4 898	-	-	-	-	-
Aircraft financing liabilities[1]	-2 269	-567	-1 891	-712	-666	- 2 379
Other loans	-4	-388	-288	-145	-107	-
Government-underwritten loan	-1 957	-157	-143	-3 249	-	-
Short-term loans	-1 172	-	-	-	-	-
Lease liabilities	-4 393	-3 397	-3 007	-2 873	-1 881	-5 875
Accounts payable and other liabilities	-5 748	-	-	-	-	
Derivatives (financial assets)						
Fuel derivatives	-	-	-	-	-	-
Currency derivatives	67	-	-	-	-	-
Interest-rate derivatives	-	-	-	-	-	-
Derivatives (financial liabilities)						
Fuel derivatives	-	-	-	-	-	-
Currency derivatives	-34	-	-	-	-	-
Interest-rate derivatives	-	-	-	-	-	-
Total	**-20 418**	**-4 521**	**-5 339**	**-6 991**	**-2 664**	**-9 834**

Oct 31, 2022	FY23	FY24	FY25	FY26	FY27	FY28>
Financial liabilities						
Subordinated loans	-9	-9	-9	-9	-9	-1,397
Bonds	-4,313	–	–	–	–	–
Aircraft financing liabilities[1]	-1,728	-2,267	-815	-2,128	-962	-5,012
Other loans	-372	-2,106	-481	-269	-3,138	-33
Short-term loans	-1,036	–	–	–	–	–
Lease liabilities	-3,827	-3,177	-3,177	-2,762	-2,613	-5,957
Accounts payable and other liabilities	-5,748	–	–	–	–	–
Derivatives (financial assets)						
Fuel derivatives	–	–	–	–	–	–
Currency derivatives	59	–	–	–	–	–
Interest-rate derivatives	–	–	–	–	–	–
Derivatives (financial liabilities)						
Fuel derivatives	–	–	–	–	–	–
Currency derivatives	-101	–	–	–	–	–
Interest-rate derivatives	–	–	–	–	–	–
Total	**-17,075**	**-7,559**	**-4,482**	**-5,168**	**-6,722**	**-12,399**

1) The company's aircraft financing liabilities include MSEK 0 (673) pertaining to financing for aircraft prepayments with pre-contracted sales on delivery. Accordingly, as no liquidity risk exists with regard to the above amount, it has been excluded from the above table.

Note 25 continued

CONTRACTED CREDIT FACILITIES

The Group normally enters into agreements on various credit facilities to secure additional funding if needed. In the ongoing work with Chapter 11, in November 2023, SAS received a new DIP loan from Castlelake and secured exit financing, and the contracted credit facility that was part of the financial preparedness as of 2023-10-31 (MUSD 350 in DIP loan with Apollo) has been returned. The schedule below provides details of the credit facilities on October 31, 2023. In addition to these, the exit financing comprises a total of MUSD 1,200 in new capital divided into MUSD 475 in new unlisted shares and MUSD 725 in secured convertible debt.

Facility	Maturity	Total facility	Utilized facility	Oct 31, 2023 Unutilized facility	Oct 31, 2022 Unutilized facility
Credit facility, MUSD 700	2023	7,785	3,892	3,892	3,847
Credit facility, MNOK 1,498	2024	1,494	1,494	-	–
Credit facility, MSEK 1,500	2026	1,500	1,500	-	–
Credit facility, MDKK 1,092	2026	1,730	1,730	-	–
Total		**12,509**	**8,616**	**3,892**	**3,847**

MEASUREMENT AT FAIR VALUE

Under IFRS 7, disclosures pertaining to financial instruments measured at fair value in the balance sheet are to be provided if the method for establishing fair value utilizes a fair value hierarchy consisting of three levels. The levels reflect the extent to which fair value is based on observable market data or own assumptions. Below is a description of the different levels for determining fair value.

Level 1

Financial instruments for which fair value is based on observable (unadjusted) quoted prices in active markets for identical assets and liabilities. A market is considered active if quoted prices from an exchange, bank, pricing service (such as Thomson Reuters) or supervisory body are readily and regularly available and those prices represent actual and regularly occurring arm's length market transactions.

This category includes mainly standardized derivatives where the quoted price is used in the valuation.

Level 2

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

Examples of observable data in level 2 is data that can serve as a basis for assessing prices, such as market interest rates and yield curves.

This category includes mainly certificates and non-standard derivative instruments (interest-rate, currency and fuel swaps as well as currency and fuel options) not traded in an active market and the fair value is determined using valuation techniques based essentially on observable market data.

Level 3

Financial instruments for which fair value is based on valuation models, whereby significant input is based on unobservable data.

The SAS Group currently has no financial assets and liabilities where the valuation is essentially based on unobservable data.

DETERMINATION OF FAIR VALUE — VALUATION TECHNIQUES

Other holdings of securities

The balance-sheet item "Other participations" MSEK 3 (9) comprises shareholdings that are not affiliated companies or subsidiaries.

The entire balance-sheet item is measured at cost because its fair value cannot be reliably measured as a justifiable expense. For this reason, the balance-sheet item "Other security holdings" is not included in the adjacent table "Financial assets and liabilities measured at fair value."

Interest-rate derivatives

Interest-rate swaps: The fair value of interest-rate swaps is determined by discounting estimated future cash flows. Discounting takes place on the basis of yield curves based in turn on market rates prevailing at the closing date.

Futures: Standardized futures contracts with daily settlement. Fair value is thus determined by daily "mark-to-market" valuation.

Forward Rate Agreement, (FRA): The fair value of OTC FRAs is determined by discounting estimated future cash flows. Discounting takes place on the basis of yield curves based in turn on market rates prevailing at the closing date. Standardized FRAs with cash settlement are measured at fair value using quoted bid and ask rates at year end for an FRA with a corresponding term to maturity.

Currency derivatives

Currency swaps: The fair value of currency swaps is determined by discounting estimated future cash flows in each currency and interest rate. Discounting is based on yield curves on the closing date. Translation of the currency component is based on exchange rates prevailing at the closing date.

Currency options: The fair value of options is determined by application of the Black and Scholes valuation model, a recognized and accepted valuation model in financial markets. The model is based primarily on observable data such as spot price, exercise price, term to maturity, interest rate, volatility, etc.

Fuel derivatives

Fuel options: The fair value of fuel options is determined by application of the Black and Scholes valuation model. The model is based primarily on observable data such as the fuel swap curve, exercise price, term to maturity, interest rate, volatility, etc.

Fuel swaps: The fair value of fuel swaps is determined according to the fuel swap curve at the closing date.

Short-term investments

Short-term investments classified as held for trading comprise treasury bills, mortgage bonds and commercial paper with a maximum remaining term to maturity of three months. Fair value is determined by discounting on the basis of yield curves on the closing date.

Cash and bank balances

Cash and bank balances comprise cash on hand and demand deposits at banks and corresponding financial institutions. Carrying amounts correspond to fair value.

Note 25 continued

CATEGORIZATION OF FINANCIAL ASSETS AND LIABILITIES

	Derivatives at FVTPL	Financial assets at amortized cost	Financial liabilities at amortized cost	Derivatives at fair value, hedge-accounted	Total carrying amount	Total fair value[1]
Oct 31, 2023						
ASSETS						
Other long-term receivables	-	1,364	-	-	1,364	1,364
Accounts receivable	-	1,255	-	-	1,255	1,255
Other receivables	-	3,714	-	-	3,714	3,714
Fuel derivatives	-	-	-	-	-	-
Currency derivatives	17	-	-	50	67	67
Accrued income	-	425	-	-	425	425
Cash and cash equivalents	-	6,160	-	-	6,160	6,160
Total	**17**	**12,918**	**-**	**50**	**12,985**	**12,985**
LIABILITIES						
Subordinated loans	-	-	1,569	-	1,569	74
Bonds[2]	-	-	0	-	0	0
Other loans	-	-	8,730	-	8,730	9,129
Other long-term loans	-	-	817	-	817	817
Current portion of long-term loans	-	-	3,276	-	3,276	3,402
Short-term loans	-	-	6,668	-	6,668	5,965
Fuel derivatives	-	-	-	-	-	-
Currency derivatives	24	-	-	10	34	34
Interest-rate derivatives	-	-	-	-	-	-
Accounts payable	-	-	2,202	-	2,202	2,202
Other liabilities	-	-	562	-	562	562
Accrued expenses	-	-	2,982	-	2,982	2,982
Total	**24**	**-**	**26,806**	**10**	**26,840**	**25,167**

1) The fair values of subordinated loans have been set entirely by the use of official price quotes. The fair values of other financial assets and liabilities have been set in part by the use of official price quotes, such as discounting of future cash flows at quoted interest rates. The fair value of derivatives has been established pursuant to Level 2.
2) The remaining debt is included in the current portion of long-term loans

Note 25 continued

	Derivatives at FVTPL	Financial assets at amortized cost	Financial liabilities at amortized cost	Derivatives at fair value, hedge-accounted	Total carrying amount	Total fair value[1]
Oct 31, 2022						
ASSETS						
Other long-term receivables	–	1,464	–	–	1,464	1,464
Accounts receivable	–	1,299	–	–	1,299	1,299
Other receivables	–	2,767	–	–	2,767	2,767
Fuel derivatives	–	–	–	–	0	0
Currency derivatives	27	–	–	31	59	59
Accrued income	–	452	–	–	452	454
Cash and cash equivalents	–	8,654	–	–	8,654	8,654
Total	**27**	**14,636**	**0**	**31**	**14,695**	**14,695**
LIABILITIES						
Subordinated loans	–	–	1,397	–	1,397	159
Bonds[2]	–	–	–	–	0	0
Other loans	–	–	15,485	–	15,485	16,224
Current portion of long-term loans	–	–	1,826	–	1,826	1,994
Short-term loans	–	–	5,451	–	5,451	4,753
Fuel derivatives	–	–	–	–	0	0
Currency derivatives	57	–	–	44	101	101
Interest-rate derivatives	–	–	–	–	–	–
Accounts payable	–	–	2,261	–	2,261	2,261
Other liabilities	–	–	453	–	453	453
Accrued expenses	–	–	3,034	–	3,034	3,034
Total	**57**	**–**	**29,907**	**44**	**30,008**	**28,979**

1) The fair values of subordinated loans have been set entirely by the use of official price quotes. The fair values of other financial assets and liabilities have been set in part by the use of official price quotes, such as discounting of future cash flows at quoted interest rates. The fair value of derivatives has been established pursuant to Level 2.

NOT 26 PROVISIONS

	Restructuring		Undertakings pertaining to aircraft under operating leases		Other provisions		Total	
	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022
Opening provisions	93	196	2,313	1,938	2	14	2,408	2,147
Reclassifications	–	–	–	–	–	–	–	–
New provisions	9	4	1,612	1,163	–	–	1,621	1,167
Utilized provisions	-54	-103	-256	-1,060	–	-1	-310	-1,164
Dissolved provisions	–	-2	–	–	–	-14	–	-16
Currency effects	2	-2	30	272	–	3	32	274
Closing provisions	**50**	**93**	**3,699**	**2,313**	**2**	**2**	**3,751**	**2,408**

Breakdown in balance sheet:	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022
Non-current liabilities	0	36	3,388	2,113	0	2	3,388	2,151
Current liabilities	50	57	311	200	2	0	363	257
	50	**93**	**3,699**	**2,313**	**2**	**2**	**3,751**	**2,408**

RESTRUCTURING

The restructuring provisions are attributable to the cost cutting and efficiency measures initiated in the last few years. These measures entail radical changes and simplification of operations, and will generate a reduction in unit cost.

In addition to restructuring provisions for personnel, the reserve also comprises provisions for property costs.

The long-term portion of the restructuring reserve will be fully utilized within five years.

The provision for restructuring costs includes no reversed unutilized amounts.

UNDERTAKINGS PERTAINING TO AIRCRAFT UNDER OPERATING LEASES

SAS makes ongoing provisions for undertakings related to aircraft leasing. The undertakings primarily pertain to engines, but also include landing gear, air frames and APUs. The long-term portion pertains primarily to a large number of undertakings with an average duration of around four years. The longest undertaking extends for just less than ten years.

NOTE 27 CURRENT INTEREST-BEARING LIABILITIES

	Oct 31, 2023	Oct 31, 2022
Current portion of non-current liabilities	3,272	1,826
Accrued interest	500	353
Derivatives	34	101
DIP financing	4,813	3,847
Other short-term loans	1,355	1,252
Total	**9,974**	**7,379**

NOTE 28 ACCRUED EXPENSES AND PREPAID INCOME

	Oct 31, 2023	Oct 31, 2022
Vacation pay liability	708	678
Other accrued personnel expenses	475	471
Selling costs	93	54
Jet-fuel costs	945	449
Air traffic charges	232	257
Technical aircraft maintenance	25	90
Handling costs	259	239
Computer and telecommunication costs	123	105
Other accrued expenses	1,305	1,840
Total	**4,165**	**4,183**

NOTE 29 PLEDGED ASSETS

	Oct 31, 2023	Oct 31, 2022
Related to liabilities:		
Aircraft, carrying amount	-	–
Prepayments, carrying amount	-	673
Related to deposits:		
Deposits and blocked bank funds	3,375	3,602
Total	**3,375**	**4,275**

As of October 31, 2023, the liability outstanding related to aircraft mortgages was MSEK 0 (0). The liability outstanding for aircraft prepayments was MSEK 0 (673). In addition to the above, the carrying amount for aircraft-related assets subject to title reservation agreements totaled MSEK 7,167 (11,076) with liabilities outstanding of MSEK 7,277 (11,230).

In addition to the above, in August 2022, SAS entered into a debt-or-in-possession ("DIP") financing credit agreement for USD 700 million with funds managed by Apollo Global Management. DIP financing is a specialized type of bridge financing used by businesses that are restructuring through a Chapter 11 process and is structured as a delayed draw term loan (DDTL) – a non-amortized, senior secured super-priority credit. As of October 31, 2023, MUSD 350 of this financing had been drawn. The DIP term loan agreement is secured in the form of collateral in substantially all SAS' assets that have not previously been utilized as collateral, whether real or personal, tangible or intangible, now existing or hereafter acquired (subject to certain customary exclusions), including certain take-off and landing slots at London Heathrow Airport; all shares in certain companies in the SAS Group, including the SAS Consortium and SAS EuroBonus AB (which owns all rights to the EuroBonus

Note 29 continued

loyalty program); all material registered intellectual property; certain unencumbered aircraft and engines; intercompany receivables; and the products and proceeds of the foregoing. The carrying amount for the aircraft and engines pledged as collateral under the DIP financing agreement totals MSEK 2,432 (1,914).

NOTE 30 CONTINGENT LIABILITIES

	Oct 31, 2023	Oct 31, 2022
Guarantees related to:		
Other	23	17
Total	**23**	**17**

The Group is involved in various claims and legal proceedings arising in the ordinary course of business. These claims relate to, but are not limited to, the Group's business practices, employment matters, and tax matters. Provisions have been recognized for such matters in accordance with probable and quantifiable loss risks. On the basis of information currently available, those issues not requiring any provisions will not have any material adverse effect on the Group's earnings, nor will they be recognized as contingent liabilities. However, litigation is inherently unpredictable and, even though the provisions were assessed as adequate and/or that the Group has valid defenses in these matters, unfavorable results could occur. This could have a material adverse effect on the Group's earnings in future accounting periods. For more information see the Report by the Board of Directors on page 66. The Chapter 11 process provides an option to negotiate and reject contracts that were in effect at the beginning of the process and, during the fiscal year, SAS has chosen to reject a number of lease contracts. As a step in the Chapter 11 process, SAS expects the lenders/leaseholders to seek damages for their economic losses and report this to the US court. The outcomes, if any, for claims arising under Chapter 11 are subject to uncertainty due to being dependent on the number and size of the claims as well as on the restructuring plan, which will require court approval later in the process, and accordingly, SAS has been unable to reliably estimate a corresponding total provision for claims. These claims may be material. SAS has recognized provisions in its financial statements for claims where adequate and reasonable information was available to estimate the liability.

Currently, no litigation is outstanding in connection with the Chapter 11 cases, but there is a risk that there may be litigation in Sweden, New York or other jurisdictions prior to the emergence out of Chapter 11.

NOTE 31 LEASE COMMITMENTS

October 31, 2023

In addition to the leasing commitments included in the recognized lease liabilities, the SAS Group has entered into the following contracts, with specification of the total annual rent for:

	FY24	FY25	FY26	FY27	FY28	FY29>	Total
Aircraft	297	354	354	354	354	1,766	**3,479**
Total	**297**	**354**	**354**	**354**	**354**	**1,766**	**3,479**

Rental contracts with an annual rental cost in excess of MSEK 0.5 and which are not encompassed by lease liabilities have been included in the above table. The contracts pertain to contracted aircraft leases starting after October 31, 2023. For information on the Group's lease liabilities, see Note 23.

October 31, 2022

In addition to the leasing commitments included in the recognized lease liabilities, the SAS Group has entered into the following contracts, with specification of the total annual rent for:

	FY23	FY24	FY25	FY26	FY27	FY28>	Total
Aircraft	157	191	191	191	191	964	1,885
Total	**157**	**191**	**191**	**191**	**191**	**964**	**1,885**

Rental contracts with an annual rental cost in excess of MSEK 0.5 and which are not encompassed by lease liabilities have been included in the above table. The contracts pertain to contracted aircraft leases starting after October 31, 2023.

NOTE 32 ADJUSTMENT FOR OTHER NON-CASH ITEMS, ETC.

	FY23	FY22
Income from shares in affiliated companies	-18	-22
Dividends from affiliated companies	20	23
Capitalized interest on aircraft prepayments	-169	-187
Revaluation of lease liabilities IFRS 16	181	4,061
Earnings impact from measuring financial instruments	124	-972
Revaluations of pension commitments	-349	-61
Accrued interest, DIP financing fees	1,651	109
Reversed provisions	0	-18
Other	23	49
Total	**1,463**	**2,982**

NOTE 33 ACQUISITION AND DIVESTMENT OF SUBSIDIARIES AND AFFILIATED COMPANIES

	FY23	FY22
Non-current assets	33	2
Deferred tax	23	
Current assets	1	26
Cash and cash equivalents	47	41
Non-current liabilities	-	-1
Current liabilities	0	-20
Total	**104**	**48**
Capital gain/loss	N/A	13
Purchase price (Sum)	**-104**	**61**
Selling costs	N/A	6
Cash and cash equivalents in divested companies	47	-41
Impact on the Group's cash and cash equivalents	**-57**	**26**

One acquisition was completed in the fiscal year and comprised the acquisition of one subsidiary for MSEK 57 (0). Last year, three subsidiaries of SAS Cargo were divested.

NOTE 34 LIABILITIES IN FINANCING ACTIVITIES

	Interest-bearing liabilities, non-current		Interest-bearing lease liabilities, non-current		Interest-bearing liabilities, current		Interest-bearing lease liabilities, current		Total	
	Oct 31, 2023	**Oct 31, 2022**	**Oct 31, 2023**	**Oct 31, 2022**	**Oct 31, 2023**	**Oct 31, 2022**	**Oct 31, 2023**	**Oct 31, 2022**	**Oct 31, 2023**	**Oct 31, 2022**
Opening balance	16,627	12,989	17,686	13,231	7,379	3,871	3,827	2,833	45,519	32,924
Proceeds from borrowings	250	3,232	3 289	4,226	1 585	5,283	-	–	5 124	12,741
Reclassification debt[1]	-2 628	-1,432	-	–	-319	-934	-759	-54	-3 706	-2,420
Repayment of borrowings	-	–	-	–	-3 364	-3,359	-2 796	-2,820	-6 160	-6,179
Exchange-rate differences	226	3,341	160	4,057	27	648	18	40	431	8,086
Accrued interest/fees	-	75	-	–	1 350	226	-	–	1 350	301
Derivatives	-	–	-	–	-67	66	-	–	-67	66
Reclassification to short-term	-3 383	-1,578	-4 102	-3,828	3 382	1,578	4 102	3,828	-	0
Debt outstanding	**11,091**	**16,627**	**17,034**	**17,686**	**9,974**	**7,379**	**4,394**	**3,827**	**42,491**	**45,519**

1) Of which SEK 3.6 (1.6) billion refers to return of contracts in chapter 11.

NOTE 35 AUDITORS' FEES

The following remuneration was paid to auditing firms for auditing services.

	FY23	FY22
Auditing services		
KPMG	9	8
Other statutory assignments		
KPMG	0	0
Tax consultancy services		
KPMG	–	–
Other		
KPMG	1	1
Total	**10**	**9**

KPMG Sweden: Fees totaled MSEK 5.4 (4.7) for auditing services, MSEK 0 (0) for other statutory assignments, MSEK 0 (0) for tax and MSEK 1.3 (1.5) for other.

NOTE 36 TRANSACTIONS WITH AFFILIATED COMPANIES

Revenue from sales to affiliated companies amounted to MSEK 37 (0).
Cost of purchases from affiliated companies was MSEK 29 (54).

NOTE 37 SEGMENT REPORTING

The Group's airline operations and other appurtenant operations are reported as one operating segment.

The following geographical breakdown of traffic revenue is based on the destination flown. Sales generating other operating revenue are allocated geographically by source country as follows. Refer to Note 2 for the Group's material source countries of sales revenue.

GEOGRAPHICAL BREAKDOWN

	Domestic		Intra-Scandinavian		Europe		Intercontinental		Total	
	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
Passenger revenue	7,901	6,516	3,085	2,324	12,853	9,101	8,397	5,284	32,236	23,225
Cargo revenue	3	3	4	3	43	34	1,133	1,571	1,183	1,611
Charter revenue	–	–	–	–	2,096	1,703	–	–	2,096	1,703
Other traffic revenue	737	836	286	298	1,190	1,168	779	680	2,992	2,982
Total traffic revenue	**8,641**	**7,355**	**3,375**	**2,625**	**16,182**	**12,006**	**10,309**	**7,535**	**38,507**	**29,521**

	Denmark		Norway		Sweden		Europe		Other countries		Total	
	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
Other operating revenue	**527**	**419**	**875**	**755**	**467**	**485**	**667**	**294**	**1,000**	**350**	**3,536**	**2,303**

In fiscal year 2023 and fiscal year 2022, there was no single customer who accounted for more than 10% of the Group's revenue.

The Group's assets and liabilities are mainly located in Scandinavia. Total non-current assets, including prepayments for tangible assets, which do not comprise financial instruments, deferred tax assets or assets pertaining to post-employment benefits are allocated geographically as follows. The group, Not allocated, includes prepayments to Airbus and others for future aircraft deliveries amounting to MSEK 3,513 (4,063), refer to Note 12. Aircraft are utilized in a flexible manner across the route network, and are not allocated.

	Denmark		Norway		Sweden		Other countries		Not allocated		Total	
	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022
Non-current assets	**696**	**828**	**1,074**	**1,076**	**2,095**	**4,733**	**728**	**3,691**	**28,861**	**28,095**	**33,454**	**38,423**

NOTE 38 SUBSIDIARIES IN THE SAS GROUP

	Domicile	Corp. Reg. No.	Total owned shares	Holding	Oct 31, 2023 Carrying amount	Oct 31, 2022 Carrying amount
Owned by SAS AB:						
SAS Sverige AB	Sigtuna	556042-5414	70,500,000	100	42	1,009
SAS Norge AS	Bærum	811176702	47,000,000	100	2,756	3,028
SAS Danmark A/S	Copenhagen	56994912	47,000,000	100	3,127	3,728
SAS Crew Services AB	Stockholm	556063-8255	610,000	100	595	595
Linjeflyg AB	Sigtuna	556062-8454	2,000,000	100	237	237
SAS Cargo Group A/S	Tårnby	25736443	200,500	100	0	0
SAS Ground Handling Denmark A/S	Tårnby	32339026	55,000	100	45	45
SAS Ground Handling Norway AS	Oslo	912056228	5,000	100	0	0
SAS Ground Handling Sweden AB	Stockholm	556934-7924	445,000	100	35	35
SAS EuroBonus AB	Stockholm	559224-9782	50,000	100	200	200
Scandinavian Airlines Ireland Ltd	Dublin	601918	2,000,000	100	80	80
SAS Link AB	Stockholm	559150-1910	50,000	100	55	55
Gorm Asset Management Ltd	Dublin	592913	1	100	0	0
Other					1	1
					7,173	**9,013**
Owned by SAS Consortium:		*902001-7720*				
SAS Ejendom Denmark ApS	Tårnby	25711734	573,001	100	104	–
Other					6	6
					110	**6**
Owned by SAS Crew Services AB:						
SAS Link Crew Services A/S	Copenhagen	24202941	500	100	1	1
SAS Connect Crew Services A/S	Copenhagen	40995269	400	100	0	0
SAS Crew Services Denmark A/S	Copenhagen	43211781	400,000	100	1	1
Other					0	0
					2	**2**
Owned by SAS Cargo Group A/S:						
SAS Cargo Sverige AB	Stockholm	556891-0490	50,000	100	2	2
Owned by Gorm Asset Management Ltd:						
Gorm Dark Blue Ltd	Dublin	593238	1	100	0	0
Gorm Deep Blue Ltd	Dublin	593239	1	100	0	0
Gorm Sky Blue Ltd	Dublin	593240	1	100	0	0
Gorm Light Blue Ltd	Dublin	617208	1	100	0	0
Gorm Warm Red Ltd	Dublin	627405	1	100	0	0
Gorm Ocean Blue Ltd	Dublin	627406	1	100	0	0
Gorm Engine Management Ltd	Dublin	656777	1	100	0	0

NOTE 39 EARNINGS PER SHARE

Earnings per common share are calculated as net income for the period attributable to Parent Company shareholders and hybrid bond expenses in relation to 7,266,039,292 (7,266,039,292) common shares outstanding. The calculation of earnings per share before and after dilution is based on the following earnings and number of common shares.
In October 2020, the number of common shares increased 6,877,479,859 through a new share issue. In November 2020, a further 5,976,822 shares were registered from the new share issue. The total number of shares after new issues in 2020 amounted to 7,266,039,292, refer to Note 21. There are no potential common shares outstanding and, accordingly, no dilution can arise.

	FY23	FY22
Net income for the year, attributable to Parent Company shareholders	-5,701	-7,048
Hybrid bond interest paid	–	–
Net income for the year, attributable to Parent Company shareholders, before and after dilution	**-5,701**	**-7,048**
Weighted average number of common shares during the year, before and after dilution	**7,266,039,292**	**7,266,039,292**
Earnings per common share before dilution (SEK)	-0.78	-0.97
Earnings per common share after dilution (SEK)	-0.78	-0.97

NOTE 40 RELATED-PARTY TRANSACTIONS

The recapitalization plan was completed in October 2020, when a total of 1,729,170,833 common shares were issued to the governments of Denmark and Sweden through the directed share issue, in addition to the major shareholders' participation in the rights issue. In total, the recapitalization plan resulted in the governments of Denmark and Sweden each holding 1,584,296,144 common shares, corresponding to a holding of approximately 21.8% for each government. The governments of Denmark and Sweden also subscribed for MSEK 6,000 in new hybrid bonds. Interest payments of MSEK 474 (291) were deferred in fiscal year 2022. In fiscal year 2021, the interest was paid on the hybrid bonds.

In July 2021, a credit facility totaling SEK 3 billion was entered into with the governments of Denmark and Sweden as lenders. The credit facility was utilized in fiscal year 2022.

IT consulting services were purchased for MSEK 2.3 from a company controlled by one of the Board members during fiscal year 2022.

Aside from the above, no significant related-party transactions took place in fiscal year 2023 or in fiscal year 2022 except those between Group companies, where transactions are conducted subject to market terms and conditions. No significant transactions occurred with related parties aside from the above and the information in Note 3 regarding the remuneration of senior executives.

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Parent Company financial statements
Notes to Parent Company financial statements
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Auditors' report

NOTE 41 SIGNIFICANT EVENTS AFTER THE CLOSING DATE

- On November 4, 2023, SAS announced that it had entered into an investment agreement with the winning bidder consortium in its exit financing solicitation process, consisting of Castlelake, Air France-KLM and Lind Invest, together with the Danish state. As part of the agreed transaction structure, SAS has also entered into a new debtor-in-possession ("DIP") financing credit agreement for MUSD 500 with Castlelake to, inter alia, refinance SAS' existing DIP term loan, increase liquidity, and support SAS' path to exit from its voluntary restructuring proceedings.
- On November 15, SAS repaid its original DIP term loan that was provided by Apollo Global Management.
- On November 21, the investment agreement and DIP term loan agreement was approved by the US court.
- On November 29, the European Commission announced that the recapitalization of SAS in 2020 complied with state aid rules and was thereby approved, subject to the introduction of a step-up mechanism for the states' 2020 share investments.
- On January 10, 2024, an extraordinary general meeting approved the commitments for the step-up mechanism and these were entered into by the company on January 11, 2024.
- On January 23, 2024, SAS filed an amended Chapter 11 plan of reorganization and related disclosure statement with the US Court, including financial projections for the reorganized SAS. The Chapter 11 plan and the disclosure statement remain subject to further amendments and court approval.

SAS AB, PARENT COMPANY

STATEMENT OF INCOME

MSEK	Note	FY23	FY22
Revenue		872	426
Personnel expenses	1	-33	-29
Other operating expenses		-1,035	-531
Operating income (EBIT)		**-196**	**-134**
Impairment of shares in subsidiaries		-1,840	-2,788
Interest income and similar income items		584	340
Interest expenses and similar income items		-105	-127
Income before tax (EBT)		**-1,557**	**-2,709**
Appropriations		0	0
Tax	2	0	0
Net income for the year		**-1,557**	**-2,709**

The Parent Company recognized no items in other comprehensive income for fiscal year 2023 and fiscal year 2022, respectively. Accordingly, net income for the year for the Parent Company corresponds to comprehensive income.

BALANCE SHEET

ASSETS, MSEK	Note	Oct 31, 2023	Oct 31, 2022
Non-current assets			
Financial non-current assets			
Participations in subsidiaries	3	7,173	9,013
Other holdings of securities	4	2	2
Deferred tax assets	2	719	719
Receivables from Group companies		12,713	12,171
Other long-term receivables		16	15
Total non-current assets		**20,623**	**21,920**
Current assets			
Current receivables			
Receivables from Group companies		348	519
Other receivables		35	–
Prepaid expenses and accrued income		16	44
		399	**563**
Cash and bank balances		1	1
Total current assets		**400**	**564**
TOTAL ASSETS		**21,023**	**22,484**

SHAREHOLDERS' EQUITY AND LIABILITIES, MSEK	Note	Oct 31, 2023	Oct 31, 2022
Shareholders' equity			
Restricted equity			
Share capital		8,650	8,650
Statutory reserve		447	447
Unrestricted equity			
Share premium reserve		2,729	2,729
Hybrid bonds		7,615	7,615
Retained earnings		1,202	3,911
Net income for the year		-1,557	-2,709
Total shareholders' equity		**19,086**	**20,643**
Non-current liabilities			
Non-current liabilities		14	1,623
Total non-current liabilities		**14**	**1,623**
Current liabilities			
Liabilities to Group companies		81	46
Accounts payable		8	8
Other liabilities		1,631	47
Accrued expenses and prepaid income		203	117
Total current liabilities		**1,923**	**218**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**21,023**	**22,484**

Information regarding the Parent Company's contingent liabilities is available in Note 6.

CHANGES IN SHAREHOLDERS' EQUITY

	Restricted equity		Unrestricted equity			
MSEK	**Share capital**	**Statutory reserve**	**Share premium reserve**	**Hybrid bonds**	**Retained earnings**	**Total shareholders' equity**
Opening shareholders' equity in accordance with approved balance sheet, October 31, 2021	**8,650**	**447**	**2,729**	**7,615**	**3,911**	**23,352**
Net income for the year					-2,709	-2,709
Closing balance, October 31, 2022	**8,650**	**447**	**2,729**	**7,615**	**1,202**	**20,643**
Net income for the year					-1,557	-1,557
Closing balance, October 31, 2023	**8,650**	**447**	**2,729**	**7,615**	**-355**	**19,086**

CASH-FLOW STATEMENT

MSEK	FY23	FY22
OPERATING ACTIVITIES		
Income before appropriations and tax	-1,557	-2,709
Impairment of subsidiaries	1,840	2,788
Other non-cash items, etc.	0	92
Cash flow from operations before change in working capital	**283**	**171**
Change in:		
Operating receivables	164	-441
Operating liabilities	96	118
Cash flow from change in working capital	**260**	**-323**
Cash flow from operating activities	**543**	**-152**
INVESTING ACTIVITIES		
Investment in subsidiaries	–	-159
Cash flow from investing activities	**0**	**-159**
FINANCING ACTIVITIES		
Hybrid bond interest	0	–
Repayment from subsidiaries	-542	427
Lending to subsidiaries	0	-130
Changes in blocked funds	–	–
Disbursement of deposits	-1	-15
Proceeds from borrowings	–	–
Other change in interest-bearing liabilities	0	28
Cash flow from financing activities	**-543**	**310**
Cash flow for the year	**0**	**-1**
Cash and cash equivalents at beginning of the year	1	1
Cash and cash equivalents at year end	**1**	**0**

Disclosure of interest paid:
During the year, interest received amounted to MSEK 581 (203). During the year, interest paid amounted to MSEK 99 (27).

NOTE 1 NO. OF EMPLOYEES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

The average number of employees amounted to 2 (2), all of whom were employed in Sweden.

	FY23		FY22	
	Men	Women	Men	Women
Sweden	1	1	1	1
Total men and women	**2**		**2**	

For salaries, remuneration and social security expenses as well as remuneration and benefits paid to Board members, the President and other senior executives of SAS AB, see SAS Group Note 3.

NOTE 2 TAX

	FY23	FY22
Current tax	–	–
Deferred tax	–	–
Total tax	**0**	**0**
Reconciliation of deferred tax, net		
Opening balance	719	719
Tax effect on items in equity	–	–
Change according to statement of income	–	–
Deferred tax, net, on October 31	**719**	**719**

NOTE 3 PARTICIPATIONS IN SUBSIDIARIES

	FY23	FY22
Opening balance	9,013	11,642
Contributions	0	159
Impairment	-1,840	-2,788
Closing balance	**7,173**	**9,013**

See also SAS Group Note 38 — Subsidiaries in the SAS Group.

NOTE 4 OTHER HOLDINGS OF SECURITIES

	Oct 31, 2023	Oct 31, 2022
Incorporate Cell Company	2	2
Total	**2**	**2**

NOTE 5 PLEDGED ASSETS

In August 2022, SAS entered into a debtor-in-possession ("DIP") financing credit agreement for USD 700 million with funds managed by Apollo Global Management. DIP financing is a specialized type of bridge financing used by businesses that are restructuring through a Chapter 11 process and is structured as a delayed draw term loan (DDTL) – a non-amortized, senior secured super-priority credit. As of October 31, 2022, MUSD 350 of this financing had been utilized by the SAS Consortium. The DIP term loan agreement is secured in the form of collateral in substantially all SAS' assets that have not previously been utilized as collateral, whether real or personal, tangible or intangible, now existing or hereafter acquired (subject to certain customary exclusions), including certain take-off and landing slots at London Heathrow Airport; all shares in certain companies in the SAS Group, including the SAS Consortium and SAS EuroBonus AB (which owns all rights to the EuroBonus loyalty program); all material registered intellectual property; certain unencumbered aircraft and engines; intercompany receivables; and the products and proceeds of the foregoing. The carrying amount in SAS AB for the shares pledged as collateral under the DIP financing agreement totals MSEK (7,173) 9,013.

NOTE 6 CONTINGENT LIABILITIES

SAS AB has provided an irrevocable undertaking to assume liability, as for its own debt, for the SAS Consortium's contractual interest-bearing obligations, leasing commitments and other financial obligations with some reservations in terms of subordinations and with the proviso that the obligations were entered into from the date the irrevocable undertaking entered force until it terminated on September 30, 2020.

Furthermore, SAS AB provides downstream guarantees for subsidiaries on a case-by-case basis. These guarantees may cover, wholly or in part, a subsidiary's general obligations or be for a fixed sum or a specific purpose. The downstream guarantees mainly include undertakings pursuant to purchase contracts, aircraft financing, and leasing of aircraft and other equipment.

Moreover, SAS AB has also issued time-limited capital adequacy guarantees for certain subsidiaries. SAS AB has also given guarantees, as for its own debt, for the DIP financing.

Currently, no litigation is outstanding in connection with the Chapter 11 cases, but there is a risk that there may be litigation in Sweden, New York or other jurisdictions prior to the emergence out of Chapter 11.

NOTE 7 AUDITORS' FEES

	FY23	FY22
Auditing services		
KPMG	9	8
Other statutory assignments		
KPMG	0	0
Tax consultancy services		
KPMG	–	–
Other		
KPMG	1	1
Total	**10**	**9**

Auditors' fees are invoiced to the Parent Company which, in turn, invoices the Group subsidiaries for their respective costs.

KPMG Sweden: Fees totaled MSEK 5.4 (4.7) for auditing services, MSEK 0 (0) for other statutory assignments, MSEK 0 (0) for tax and MSEK 1.3 (1.5) for other.

SIGNATURES

The Board of Directors and the President hereby give their assurance that this Annual Report has been prepared pursuant to the Swedish Annual Accounts Act and RFR 2, *Accounting for Legal Entities*, and provides a true and fair view of the company's financial position and earnings and that the Report by the Board of Directors provides a true and fair overview of the company's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the company is exposed.

The Board of Directors and President hereby give their assurance that the consolidated financial statements have been prepared pursuant to the International Financial Reporting Standards (IFRS) as adopted by the EU, and provide a true and fair view of the Group's financial position and earnings, and that the Report by the Board of Directors for the Group provides a true and fair overview of the performance of the Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the companies in the Group are exposed.

Stockholm, February 6, 2024

Carsten Dilling
Board Chairman

Lars-Johan Jarnheimer
Vice Chairman

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 & CEO

Our auditors' report was submitted on February 6, 2024

KPMG AB

Tomas Gerhardsson
Authorized Public Accountant

As stated above, the annual accounts and the consolidated accounts were approved for issuance by the Board of Directors on February 6, 2024. The consolidated statement of income and balance sheet and the Parent Company's statement of income and balance sheet will be subject to adoption by the Annual General Shareholders' Meeting on March 18, 2024.

AUDITORS' REPORT

To the general meeting of the shareholders of SAS AB, Corporate Registration Number 556606-8499

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of SAS AB for the financial year 2022-11-01—2023-10-31, except for the corporate governance statement on pages 77–92. The annual accounts and consolidated accounts of the company are included on pages 57–138 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 October 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 October 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 77–92. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

SAS FORWARD business transformation plan and Chapter 11 process

See pages 59-60 of the Report by the Board of Directors and note 1 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

SAS has during the financial year 2022/23 continued the work with the business transformation plan, SAS FORWARD, which was launced to enable the company to continue to be a competitive player in the global airline industry. To accelerate important parts of the SAS FORWARD plan, SAS AB and certain of its subsidiaries voluntarily filed for Chapter 11 in the U.S. on July 5, 2022, and an important milestone was reached in this process in the fourth quarter 2022/23 when the winning bidder consortium in SAS' exit financing was announced.

As disclosed on page 60 of the Report by the Board of Directors and in note 1, SAS highlight that there are no guarantees that SAS FORWARD will successfully be completed through the Chapter 11 process. It is also disclosed that in the event that the expected burden sharing, debt conversions and new capital raise are not completed as planned, SAS will be unable to support its existing capital structure and current liquidity levels and it cannot be ruled out that SAS could become unable to meet its obligations over the longer term as they fall due.

Response in the audit

In our audit, we have read and evaluated the supporting documentation related to the transformation plan and the Chapter 11 process including status and accounting effects of renegotiation of leasing contracts agreed to date and subject to final approval of the U.S. court. Furthermore, we have reviewed the documentation and accounting related to the DIP financing as well as the Group's liquidity forecast.

We have also reviewed the disclosures relating to the SAS business transformation plan and Chapter 11 process included in the annual accounts and the consolidated accounts.

Valuation of non-current assets and parent company participations in subsidiaries

See note 10–13 and accounting principles on page 102 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The Group's intangible and tangible non-current assets and right-of-use assets totalled MSEK 32,029 at October 31, 2023. The carrying value has been subject to an impairment test, which is complex in nature and is based on significant elements of judgment. An impairment test has been prepared for the respective cash generating unit, or group of units, which for the Group consists of one unit.

The impairment test requires that the Group make projections using assumptions about internal and external conditions and plans for the operations. Examples of such judgments include future cash flows, which in turn require assumptions to be made of future development and market conditions. Another important assumption is which discount rate to be used in order to reflect the time value of money as well as the specific risks the operations face. Changes in these assumptions and assessments may have a significant impact on the Group's results and financial position.

In the parent company, the carrying value of participations in subsidiaries at October 31, 2023 amounted to MSEK 7,173. An impairment test of this carrying value is also performed, using the same technique and judgments, as described above for intangible and tangible non-current assets and right-of-use assets.

Response in the audit

In our audit, we have assessed whether the impairment tests have been prepared in accordance with the prescribed method.

Moreover, we have considered the reasonableness of the assumptions of projected future cash flows as well as the discount rate used through review and evaluation of the Group's written documentation and forecasts. An integral part of our work has also been to examine the group's sensitivity analysis to evaluate how reasonable changes in the assumptions may impact the valuation. We have involved our valuation specialists in the audit, mainly with regard to assumptions for discount rate linked to external markets.

We have also reviewed the disclosures relating to the impairment test included in the annual accounts and the consolidated accounts.

Accounting of passenger revenue including contract liabilities for tickets sold but not yet recognized as revenue and the customer loyalty program

See notes 2 and 24 and accounting principles on page 103 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The Group accounts for passenger revenue of MSEK 32,236 for the financial year 2022/23, and liabilities for unearned transportation revenue of MSEK 6,676 and for the customer loyalty program of MSEK 1,529 as at October 31, 2023.

Passenger revenue is accounted for as a liability from the point of sale until commencement of the air transport for the passenger. Upon departure of the air transport, revenue is recognized in the income statement. Additionally, tickets that subsequent to the scheduled flight date, have been assessed to expire before utilization by a passenger are recorded as revenue. Based on historical outcomes and seasonality, a regular assessment is performed to estimate the value of tickets, for which the scheduled flight date has passed, that will expire before utilization. The recognition of revenue relating to the estimate for expired tickets results in a corresponding reduction of the unearned transportation revenue liability.

Furthermore, the Group has a customer loyalty program, EuroBonus. Points earned by program members are recorded as a liability on the balance sheet until they are redeemed or have expired. The value of the liability is derived by the number of points held by members and the estimated fair value per point adjusted for the estimated future expiration rates. Points that are estimated to expire prior to redemption are recognized as revenue, with a corresponding reduction to the customer loyalty program liability.

The recognition of revenue and movements in contract liabilities associated with expired tickets and the customer loyalty program is based on a number of inherently complex assumptions. Volatility or inaccuracies in determining these assumptions may have significant impact on the Group's results and financial position.

Response in the audit

In our audit, we have assessed the risks of the processes relating to the accounting for passenger revenue, unearned transportation revenue, and the customer loyalty program. We have evaluated the design and implementation of internal controls relating to the relevant estimates and the interfacing of systems to derive the data used in these estimates.

We have assessed the reasonableness of the models utilized by the Group to develop these estimates and their impact on the associated accounts. This assessment includes the validation of the data utilized as a basis for each estimate and the accuracy of the underlying calculations.

For the estimate of the fair value of customer loyalty program points before consideration of the estimated expiry, we examined the key inputs used to calculate the value by comparing historical usage patterns and observable market values such as comparable airfares. For assumptions regarding future ticket expiration and customer loyalty program point expiration, we assessed the Group's accuracy in forecasting by comparing previous estimates to actual outcomes. We evaluated these assumptions against historical trends, and future expectations. We have also agreed the final estimates to the corresponding income statement and balance sheet accounts.

We have also assessed the disclosures for passenger revenue and related contract liabilities included in the annual accounts and the consolidated accounts.

Carrying values of aircraft and provisions for major maintenance costs of leased aircraft

See notes 11 and 26 and accounting principles on pages 101 and 104 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The carrying value of aircraft in the Group amounted to MSEK 8,849 as at October 31, 2023, and the provision for major maintenance costs of leased aircraft and engines amounted to MSEK 3,699.

The Group's aircraft are divided into various components and with an estimated end of life residual value. Engines are depreciated based on utilization and major maintenance costs for the various components are capitalized and depreciated until the next scheduled mandatory major maintenance occasion. For major maintenance costs of leased aircraft and engines, provisions are made on a continuous basis which are utilized when the major maintenance is carried out or the aircraft is returned.

The Group's estimations of useful lives, residual values and major maintenance costs for engines and other aircraft components are complex in nature. Changes in the basis for these assumptions and estimates may have a significant impact on the Group's results and financial position.

Response in the audit

In our audit, we have evaluated the design and implementation of internal controls associated with the determination and calculation of component depreciation and maintenance provisions. This includes the development and monitoring of flight hours and flight cycles for engine components.

We have assessed the reasonableness of assumptions made for useful lives, components and residual values regarding aircraft and reconciled these assumptions against carrying values of aircraft components and associated depreciation recorded in the income statement.

To assess the completeness and accuracy of provisions for major maintenance for leased aircraft, we have evaluated the Group's calculations and related accounting on a sample basis through inspection of lease agreements, market values, flight cycles and flight hours.

We have also assessed the disclosures for aircraft and provisions for major maintenance costs of leased aircraft included in the annual accounts and the consolidated accounts.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–56 and 145–157. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Chief Executive Officer
The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.
- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We

also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of SAS AB for the financial year 2022-11-01—2023-10-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Chief Executive Officer have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for SAS AB for the financial year 2022-11-01—2023-10-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of SAS AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Chief Executive Officer determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Chief Executive Officer, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Chief Executive Officer.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement
The Board of Directors is responsible for that the corporate governance statement on pages 77–92 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, P.O. Box 382, SE-101 27, Stockholm, was appointed auditor of SAS AB by the general meeting of the shareholders on March 16, 2023. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019.

Stockholm, February 6, 2024

KPMG AB

Tomas Gerhardsson
Authorized Public Accountant

Other

OPERATIONAL KEY FIGURES

	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	Jan–Oct, 2013
Passenger-traffic-related key figures											
Number of destinations served, scheduled	125	124	108	121	127	125	123	118	119	125	150
Number of flights, scheduled	216,919	183,504	99,821	149,608	287,969	291,908	298,100	297,481	293,898	294,679	402,460
Number of passengers, total, (000)[1]	23,681	17,868	7,585	12,610	29,761	30,082	30,065	29,449	28,884	29,408	30,436
Number of passengers, scheduled (000)	22,726	17,029	7,380	12,315	28,451	28,794	28,625	27,738	26,941	27,061	28,057
Available seat km, total (million)[1]	42,566	34,371	17,253	23,365	52,371	52,781	52,217	48,620	44,289	45,158	44,629
Available seat km, scheduled (million)	39,736	31,688	16,585	22,357	48,471	49,023	48,303	44,956	40,877	40,971	40,583
Revenue passenger km, total (million)[1]	32,553	24,317	8,256	14,127	39,375	39,946	40,078	36,940	33,781	34,714	33,451
Revenue passenger km, scheduled (million)	29,964	22,058	7,748	13,259	35,825	36,496	36,360	33,508	30,561	30,686	29,650
Load factor, total (%)[1]	76.5	70.7	47.9	60.5	75.2	75.7	76.8	76.0	76.3	76.9	75.0
Weight-related key figures											
Available tonne km, ATK, total (mill. tonne km)	5,562	4,495	2,275	3,052	6,797	6,859	6,746	6,179	5,553	5,617	5,527
Available tonne km, scheduled (mill. tonne km)	5,176	4,126	1,314	2,436	6,302	6,372	6,251	5,741	5,132	5,119	5,042
Available tonne km, other (mill. tonne km)	387	369	112	150	495	487	495	437	421	498	485
Revenue tonne km, RTK, total (mill. tonne km)	3,599	2,766	1,091	1,649	4,645	4,808	4,819	4,404	3,989	4,067	3,930
Passengers and excess baggage (mill. tonne km)	3,239	2,420	820	1,401	3,907	3,964	3,976	3,666	3,354	3,446	3,308
Total load factor, total (%)	64.7	61.5	47.9	54.0	68.4	70.1	71.4	71.3	71.8	72.4	71.1
Traffic revenue/revenue tonne km (SEK)	10.7	10.67	10.60	10.43	8.68	8.40	7.99	8.11	8.92	8.34	9.53
Key figures for costs and efficiency											
Unit cost	0.97	0.96	1.00	1.15	0.78	0.72	0.69	0.70	0.79	0.75	0.80
Jet-fuel price paid incl. hedging, average (USD/tonne)	1,012	1,166	728	1,017	750	675	566	583	757	978	1,093
Revenue-related key figures											
Passenger revenue/revenue passenger km, scheduled, yield (SEK)	1.08	1.05	1.08	1.05	0.97	0.93	0.90	0.91	1.00	0.94	1.07
Passenger revenue/available seat km, scheduled, (SEK)	0.81	0.73	0.51	0.62	0.73	0.70	0.68	0.68	0.75	0.70	0.78

1) Total production includes scheduled traffic, charter, ad hoc flights and EuroBonus flights, etc. This means that the figures deviate from the published traffic statistics.

Definitions & concepts, see pages 154-155.

Operational key figures, continued

	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	Jan–Oct, 2013
Environmental key figures											
CO^2, gram/passenger km[1]	86	90	118	111	95	95	96	99	101	100	104
CO^2, gram/available seat km, total	55	54	52	59	62	63	65	67	69	70	70
Key figures for Scandinavian Airlines											
Market share, to, from and within Scandinavia, (%)	29	25	30	36	32	32	31	31	32	33	32
Yield, currency-adjusted change, (%)	-0.2	-6.9	6.8	8.6	3.2	1.6	-2.9	-7.7	4.0	-7.4	-0.4
PASK, currency-adjusted change, (%)[2]	8.1	38.7	-15.8	-12.8	2.5	0.5	-1.9	-8.0	3.8	-5.8	-3.2
Total unit cost, change, (%)	-4.4	-19.3	14.2	46.4	7.7	2.2	-3.5	-11.1	-3.8	-2.2	-6.0
No. of daily departures, scheduled, annual average	594	503	273	405	789	800	817	813	805	807	791
Number of aircraft in operation[3]	134	134	129	135	158	157	158	156	151	156	151
Aircraft, block hours/day	8.5	7.5	5.7	6.9	9.3	9.6	9.6	9.3	8.8	9.0	8.7
Pilots, FTEs	781[5]	805	779	989	1,285	1,273	1,345	1,300	1,228	1,396	1,413
Pilots, block hours/year	586[5]	542	397	377	637	687	686	681	688	685	665
Pilots, personnel expense, MSEK[4]	1,877[5]	1,855	1,732	2,301	2,536	2,580	2,435	2,489	2,370	2,459	2,584
Cabin crew, FTEs	1,467[5]	1,475	1,294	1,183	2,516	2,522	2,635	2,574	2,325	2,564	2,607
Cabin crew, block hours	746[5]	704	589	530	734	771	777	759	762	762	721
Cabin crew, personnel expense, MSEK[4]	1,276[5]	1,164	756	1,185	1,738	1,767	1,613	1,647	1,546	1,587	1,769
Regularity, %	98.3	95.8	98.6	98.8	97.5	98.0	98.9	98.4	98.7	99.0	98.8
Punctuality (%) within 15 min.	71.4	75.3	85.9	87.9	80.3	77.7	83.6	83.9	87.9	88.4	86.2
Customer satisfaction, CSI	69	68	70	73[6]	72	70	72	73	74	72	71

1) Carbon dioxide emissions per passenger kilometer comprising all passengers on board all flights (scheduled, charter, etc.). The method has been adjusted from fiscal year 2013 onward.
2) Refers to RASK prior to fiscal year 2014.
3) Including wet leases.
4) Excluding restructuring costs.
5) Number representing the SK platform
6) Measured from November 2019 to February 2020.

Definitions & concepts, see pages 154-155.

EU TAXONOMY

PROPORTION OF TURNOVER DERIVED FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING FY 2023

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	**Code(s) (2)**	**Turnover (3)**	**Proportion of turnover (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2021/2022 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacturing of aircraft	CCM 3.21	187	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									–	–
Passenger and freight air transport	CCM 6.19	38 507	92%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									–	–
Air transport ground handling operations	CCM 6.20	83	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									–	–
Acquisition and ownership of buildings	CCM 7.7	65	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									–	–
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		38 842	92%															–	–
Total (A.1+A.2)		38 842	92%														–	–	–

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy non-eligible activities (B)		3,201	8%
Total (A+B)		42,043	100%

Most of SAS' revenue now aligns with EU Taxonomy economic activities, including 3.21. Manufacturing of aircraft (relevant for SAS' Technical Maintenance activities, specific to aircraft maintenance), 6.19 Passenger and freight air transport and 6.20. Air transport ground handling operations.

A nonsignificant part of SAS' turnover is generated by 7.7 Acquisition and ownership of buildings, as was also reported in last year's report. SAS has not initiated processes to assess alignment of this activity as it is not part of our core business.

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING FY 2023

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	**Code(s) (2)**	**Absolute CapEx (3)**	**Proportion of CapEx (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2021/2022 (18))**	**Category enabling activity (19)**	**Category transitional activity (20)**
		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Passenger and freight air transport	CCM 6.19	2,279	84%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									–	–
Air transport ground handling operations	CCM 6.20	21	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									–	–
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2,300**	**85%**														–	–	–
Total (A.1+A.2)		**2,300**	**85%**														–	–	–

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy non-eligible activities (B)		417	15%
Total (A+B)		**2,718**	**100%**

CAPEX includes capital expenditure related to SAS' core business and non-sales activities. SAS is investing in state-of-the-art technology for low and zero-emission aircraft, and the associated capital expenditure will be considered Taxonomy eligible. In 2024, SAS will initiate alignment initiatives, and the outcomes will be detailed in the 2025 Annual and Sustainability Report.

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING FY 2022

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	**Code(s) (2)**	**Absolute OpEx (3)**	**Proportion of OpEx (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2021/2022 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacturing of aircraft	CCM 3.21	3,754	90%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									–	–
Passenger and freight air transport	CCM 6.19	152	4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									–	–
Air transport ground handling operations	CCM 6.20	76	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									–	–
Acquisition and ownership of buildings	CCM 7.7	160	4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									–	–
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**4,142**	**99%**														–	–	–
Total (A.1+A.2)		**4,142**	**99%**														–	–	–

B. TAXONOMY NON-ELIGIBLE ACTIVITIES			
OpEx of Taxonomy non-eligible activities (B)		23	1%
Total (A+B)		**4,165**	**100%**

OPEX comprises non-capitalized operating expenditure that is associated with SAS sales and non-sales related undertakings, as defined by economic activities falling under the EU Taxonomy umbrella. The OPEX category is closely related to maintenance and repair costs and includes maintenance material, employee costs that are maintenance specific, expenses for short-term leasing, and other initiatives that are focused on maintenance. Initiatives focused on maintenance will be detailed in alignment initiatives starting in 2024.

TEN-YEAR FINANCIAL OVERVIEW

	2023	2022	2021[4]	2020[2,4]	2019	2018	2017	2016	2015	2014	2013
Statements of income, MSEK											
Revenue	42,043	31,824	13,958	20,513	46,736	44,718	42,654	39,459	39,650	38,006	42,182
Operating income before amortization and depreciation	1,572	1,345	-570	-2,736	2,988	3,783	2,844	2,962	2,877	1,576	3,647
Depreciation, amortization and impairment	-4,440	-4,763	-4,817	-6,703	-1,924	-1,763	-1,635	-1,367	-1,446	-1,443	-1,658
Income from shares in affiliated companies	18	22	10	7	-10	35	4	39	37	30	25
Income from the sale of shares in subsidiaries and affiliated companies	–	13	–	–	0	-4	-21	-7	–	6	700
Income from the sale and return of aircraft, and other non-current assets	145	82	-143	2	112	479	995	265	777	-16	-118
Financial income	1,068	219	214	806	172	129	148	91	124	102	50
Financial expenses	-3,879	-4,733	-1,245	-1,408	-544	-609	-611	-553	-632	-1,130	-999
Income before tax, EBT	-5,516	-7,846	-6,525	-10,097	794	2,050	1,725	1,431	1,417	-918	1,648
Income before tax and items affecting comparability	-5,661	-7,941	-6,382	-8,565	786	2,136	1,951	939	1,174	-697	919
Balance sheets, MSEK											
Non-current assets	43,308	49,303	44,928	44,634	22,281	21,127	20,252	19,319	18,512	18,291	18,600
Current assets, excluding cash and cash equivalents	6,376	5,200	3,516	2,101	2,968	3,316	3,467	4,065	3,556	3,617	3,462
Cash and cash equivalents	6,160	8,654	4,268	10,231	8,763	9,756	8,836	8,370	8,198	7,417	4,751
Shareholders' equity	-6,110	762	6,416	10,023	5,372	7,268	8,058	6,026	6,339	4,907	3,226
Non-current liabilities	33,588	38,596	30,032	28,321	13,525	12,011	9,363	9,822	10,275	10,384	10,173
Current liabilities	28,366	23,799	16,264	18,622	15,115	14,920	15,134	15,906	13,652	14,034	13,414
Total assets	55,844	63,157	52,712	56,966	34,012	34,199	32,555	31,754	30,266	29,325	26,813
Cash-flow statements, MSEK											
Cash flow from operating activities	2,427	1,772	-4,756	-5,176	3,318	4,559	2,443	3,663	3,036	1,096	1,028
Investments	-4,012	-5,093	-4,105	-7,557	-6,207	-6,840	-7,315	-5,960	-4,306	-2,113	-1,877
Sale of fixed assets, etc.	4,173	5,842	2,568	370	1,627	4,161	7,228	3,345	3,193	1,632	1,644
Cash flow before financing activities	2,531	2,521	-6,293	-12,363	-1,262	1,880	2,356	1,048	1,923	615	795
New hybrid bond issue	–	–	–	6,000	1,474	–	–	–	–	–	–
New share issue	–	–	–	5,910	–	1,223	–	–	–	3,500	–
Proceeds from borrowings	1,585	8,515	5,319	11,210	2,292	–	–	–	–	–	–
Amortization	-5,975	-6,179	-5,350	-7,602	-2,362	–	–	–	–	–	–
Redemption of preference shares	–	–	–	–	-1,112	-2,579	–	–	–	–	–
Dividends	–	–	–	–	-26	-228	-350	-350	-350	-175	–

	2023	2022	2021[4]	2020[2,4]	2019	2018	2017	2016	2015	2014	2013
External financing, net	-645	-482	360	-1,683	3	621	-1,537	-530	-787	-1,275	1,171
Cash flow for the year	-2,504	4,375	-5,964	1,472	-993	917	469	168	786	2,665	1,966
Key and alternative performance measures[1,2]											
EBIT margin, %	-6.4	-10.5	-39.4	-46.3	2.5	5.7	5.1	4.8	5.6	0.4	6.2
Return on shareholders' equity, %	n/a	-261	-84	-538	14	22	18	24	18	-15	457
Return on invested capital, %[3]	-7	-8	-13	-28	8	14	13	12	14	4	18
Financial net debt/adjusted EBITDA[3]	20.4x	23.3x	n/a	n/a	3.7x	2.7x	3.1x	3.2x	3.0x	4.2x	3.2x
Financial preparedness, %[3]	35	60	60	67	38	42	37	41	40	37	26
Equity/assets ratio, %	-11	1	12	18	16	21	25	19	21	17	12
Adjusted equity/assets ratio, %	n/a	n/a	n/a	n/a	9	13	15	12	13	11	8
Financial net debt, MSEK	32,634	33,657	26,770	18,899	328	-2,432	-2,799	-1,166	-726	1,102	4,567
Shareholders' equity excluding hybrid bonds per common share	-1.89	-0.94	-0.16	0.33	10.12	16.11	13.28	7.12	8.10	3.66	33.70
Debt/equity ratio	-5.3	44.1	4.1	1.8	0.06	-0.33	-0.35	-0.19	-0.11	0.22	1.42
Adjusted debt/equity ratio	n/a	n/a	n/a	n/a	4.70	2.70	2.28	3.08	2.65	3.14	5.13
Interest expense/average gross debt, %	6.5	2.3	1.8	1.8	4.3	6.4	6.6	5.4	5.6	7.4	7.6
Interest-coverage ratio	-0.5	-1.7	-4.4	-6.7	2.5	4.4	3.8	3.6	3.2	0.2	2.6

1) SAS calculates various Alternative Performance Measures (APMs) that complement the metrics defined in the applicable rules for financial reporting. The APMs facilitate comparison between different periods and are used for internal analysis of the business's performance, development and financial position, and are therefore deemed to provide valuable information to external stakeholders, such as investors, analysts, rating agencies and others. For definitions, refer to the Definitions & concepts section. A list of the APMs deemed of sufficient material importance to specify is available at www.sasgroup.net under Investor Relations.
2) The key ratios from 2020 are inclusive of IFRS 16. The key ratios from 2019 and earlier are based on financial statements excluding IFRS 16 that have not been restated.
3) Key ratios calculated according to another definition from October 31, 2020 due to the introduction of IFRS 16. Previous years' key figures have not been restated.
4) The 2020 and 2021 fiscal years have been restated pursuant to the IFRS IC's agenda decision pertaining to cloud computing arrangement costs. Key figures for previous years have not been restated.
The APMs are calculated using averages of the qualifying periods' balance-sheet items. Until 2019, the return on invested capital, adjusted equity/assets ratio and adjusted debt/equity ratio were calculated using capitalized leasing costs, net, whereby operational leasing commitments for aircraft were taken into consideration.
Definitions & concepts, see pages 154–155.

DEFINITIONS

FINANCIAL DEFINITIONS

SAS uses various key figures, including alternative performance measures (APMs), for internal analysis purposes and for external communication of the operations' results, performance and financial position. The aim of these APMs is to illustrate the performance measures tailored to operations that, in addition to the other key figures, enable various stakeholders to more accurately assess and value SAS' historical, current and future performance and position. A list of the APMs deemed of sufficient material importance to specify is available at www.sasgroup.net under Investor Relations.

Adjusted EBITDA – Operating income before tax, net financial items, income from the sale and return of aircraft and other fixed assets, income from shares in affiliated companies, and depreciation and amortization.

Adjusted EBITDA margin – Adjusted EBITDA divided by revenue.

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

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

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

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

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

Available seat kilometers – See ASK.

Available tonne kilometers – See ATK.

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

CAGR – Compound annual growth rate.

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

Carbon dioxide (CO^2) – A colorless gas that is formed in the combustion of all fossil fuels. The airline industry's CO_2 emissions are being reduced based on a changeover to more fuel-efficient aircraft.

CASK – See unit cost.

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

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

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

EBIT – Operating income.

EBIT margin – EBIT divided by revenue.

EBT – Income before tax.

EEA – European Economic Area.

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

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

Financial net debt – Interest-bearing liabilities less interest-bearing assets excluding net pension funds.

Financial net debt/Adjusted EBITDA – Average financial net debt in relation to Adjusted EBITDA.

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

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

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

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

Interest-coverage ratio – Operating income plus financial income in relation to financial expenses.

Interline revenue – Ticket settlement between airlines.

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

LCC – Low Cost Carrier.

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

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

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

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

PASK (unit revenue) — Passenger revenue divided by ASK (scheduled).

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

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

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

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

Revenue passenger kilometers (RPK) – See RPK.

Revenue tonne kilometers (RTK) – See RTK.

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

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

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

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

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

Total load factor – RTK divided by ATK.

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

Unit revenue – See PASK.

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

Wet lease agreement – Leasing in of aircraft including crew.

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

Yield – Passenger revenue divided by RPK (scheduled).

SUSTAINABILITY DEFINITIONS

Average number of employees – is defined as the average number of employees expressed in full-time equivalents, excluding leave of absence, parental leave and long-term sick leave. This definition is also used in financial reporting. Sometimes the term FTE (Full-Time Equivalent) is used.

Biofuels – are solid or liquid fuels of biological origin. Liquid fuels for vehicle/ship/aircraft engines. They are considered carbon neutral to various degrees. The EU renewables directive (2009/28/EC) and biofuels directive (2003/30/EC) define the EU's mandates on biofuels and degree of carbon neutrality.

Carbon dioxide (CO_2) – is a colorless gas that is formed in the combustion of all fossil fuels.

Cargo tonne kilometer – includes all freight and mail (in metric tonnes) multiplied by the great circle distance flown for all flights performed.

CDP – is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Read more at http://www.cdp.net.

CFCs – are a group of chlorofluorocarbons that may also contain hydrogen and/or bromide. A class of stable chemical compounds mostly known under the trade names Freon or Halon. Their manufacture is prohibited by the Montreal Protocol because of their depletion of the ozone layer. Aviation has an exception for use under a critical use clause due to the lack of approved alternatives. Research for alternatives is ongoing.

Charges for infrastructure – imposed by the operators of the infrastructure and which are intended to cover operating and capital costs for airlines and air traffic management.

CO_2 – Carbon dioxide (see definition).

CO_2 passenger or cargo share – is the amount of CO_2 emissions from passenger or cargo transport.

Code of Conduct – is the ethics rules and guidelines of a particular business.

CSR – Corporate Social Responsibility.

dB – Decibel, a logarithmic unit of measurement that expresses the magnitude of a physical quantity relative to a specified or implied reference level.

Environmental related charges – are charges imposed by the airport operators to motivate aircraft operators to operate aircraft with high eco-efficiency with respect to noise and other emissions such as NOx, as well as surcharges imposed by airport operators to motivate aircraft operators to avoid take-offs and landings at night.

Environmental related investments – Investments in assets to prevent, reduce or restore environmental damage arising from operations and/or aimed at meeting upcoming, more stringent environmental requirements.

Environmentally related taxes – Taxes that, in contrast to other corporate taxation, are motivated by environmental grounds. Examples are the environmentally motivated passenger charge in the UK and the environmentally related fiscal CO_2 charges in Sweden and Norway.

External environmental related costs – are the sum of environmental charges and environmentally related charges and taxes.

Fossil fuels – are fuels consisting of organic carbon and hydrogen compounds in sediment or underground deposits – especially coal, oil and natural gas.

Global Compact – is a challenge from the former UN Secretary General Kofi Annan to business and industry to live up to ten principles of human rights, employee rights, the environment and anti-corruption, as formulated by the UN. www.unglobalcompact.org

Greenhouse effect – Carbon dioxide and other gases trap and reradiate incoming solar radiation that would otherwise be reflected back into space. Most scientists agree that human use of fossil fuels is causing global warming. Other gases that contribute to the greenhouse effect are CFCs (see definition), methane and nitrous oxide.

GRI – Global Reporting Initiative is an organization that provides companies and organizations with a global sustainability reporting framework and thereby allows comparisons between companies from a social, environmental and economic perspective. www.globalreporting.org

Halons – See CFCs.

ISO 14000 – is a series of international environmental standards developed by the International Organization for Standardization. The general guiding principles for ISO 14000 are identical to those in the quality standard ISO 9000.

Jet A-1 – is the common jet fuel specification outside North America. Jet A and Jet A-1 are very similar and throughout this Sustainability Report the term 'jet fuel' is used to describe fuel used by the aviation industry.

MRV – Monitoring, Reporting and Verification of CO_2 emissions and production in tonne-kilometers in the EU Emissions Trading Scheme.

Nitrogen oxides – (NOx) Formed during combustion in jet engines. The high temperature and pressure in aircraft engines cause the atmospheric nitrogen and oxygen to react with each other. This mainly occurs during take-off and ascent when the engine temperature is at a maximum.

Noise – includes environmentally detrimental, undesirable sounds. The environmental impact of air traffic in the form of noise is primarily a local issue. Noise is normally described and measured in dB(A), an A-weighted sound level.

NOx – Nitrogen oxides (see definition).

Occupational accident – is the number of injuries employees incur by accident due to a sudden, unforeseen and external incident, resulting in at least one day of absence.

PK – (used in the sustainability-related reporting) – Passenger Kilometers, includes all passengers (100 kg per passenger including luggage) excluding active crew multiplied by the great circle distance flown for all flights performed.

SAF – Sustainable Aviation Fuel is a term for fuel made for aviation, that is produced in a sustainable way and with sustainable raw material, aimed to reduce the greenhouse gas emissions. It includes biofuel, but is not limited to biofuel.

SAFUG – Sustainable Aviation Fuel Users Group. Aviation industry organization focused on accelerating the development and commercialization of sustainable aviation fuels.

Tonne kilometers – are the number of transported metric tonnes of passengers and cargo multiplied by the distance flown.

Weighted noise contour – is calculated based on the number of takeoffs per day at a given airport, with regard to the aircraft types the airline uses at that airport. The weighted noise contour defines the area in km^2 that is subjected to a noise footprint of 85 dB(A) or more in connection with take-off.

INVESTOR RELATIONS

SAS Investor Relations is responsible for providing relevant information to and being available for dialogue with shareholders, analysts and the media.

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Email: investor.relations@sas.se

ANNUAL GENERAL SHAREHOLDERS' MEETING 2024

Attending the AGM
The AGM of SAS will be held on March 18, 2024.

Parties who wish to participate in the AGM, either in person or through postal ballot, must provide notification to the company. Details of the registration procedure are published in the notice convening the AGM.

FINANCIAL CALENDAR

Monthly traffic data is generally issued on the fifth working day of every month. The detailed financial calendar is available at www.sasgroup.net under Investor Relations.

March 7, 2024	Q1 Interim report (Nov 2023–Jan 2024)
March 18, 2024	Annual General Shareholders' Meeting
May 30, 2024	Q2 Interim Report (Feb 2024–Apr 2024)
September 12, 2024	Q3 Interim Report (May 2024–Jul 2024)
December 12, 2024	Year-end report (Nov 2023–Oct 2024)
January/February 2025	SAS Annual and Sustainability Report, fiscal year 2024

For more information, please refer to www.sasgroup.net.

ANNUAL REPORT

SAS' annual reports and other financial information are available in English and Swedish and can be downloaded at www.sasgroup.net.

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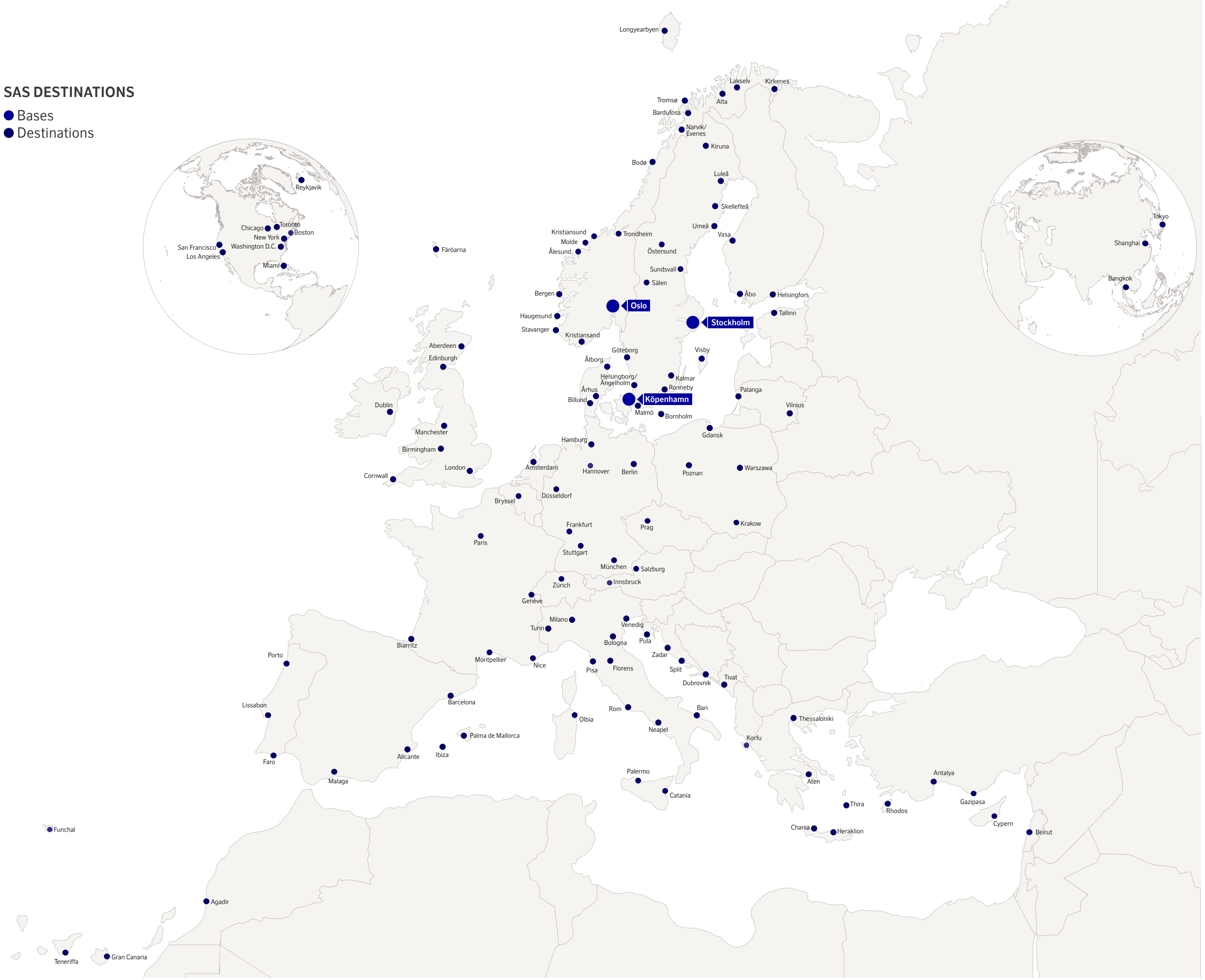
SAS DESTINATIONS
Bases
Destinations
Longyearbyen
Lakselv
Kirkenes
Tromsø
Alta
Bardufoss
Narvik/
Evenes
Kiruna
Bodø
Luleå
Skellefteå
Kristiansund
Molde
Ålesund
Trondheim
Umeå
Vasa
Östersund
Färöarna
Sundsvall
Sälen
Bergen
Åbo
Helsingfors
Oslo
Stockholm
Haugesund
Stavanger
Kristiansand
Tallinn
Aberdeen
Edinburgh
Göteborg
Visby
Ålborg
Helsingborg/
Ängelholm
Kalmar
Ronneby
Århus
Billund
Köpenhamn
Palanga
Malmö
Bornholm
Vilnius
Dublin
Manchester
Gdansk
Hamburg
Birmingham
Amsterdam
Hannover
Berlin
Poznan
Warszawa
London
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Krakow
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Biarritz
Zadar
Porto
Montpellier
Nice
Pisa
Florens
Split
Dubrovnik
Tivat
Barcelona
Lissabon
Rom
Bari
Olbia
Thessaloniki
Neapel
Palma de Mallorca
Korfu
Alicante
Ibiza
Faro
Malaga
Palermo
Antalya
Aten
Catania
Gazipasa
Thira
Rhodos
Cypern
Chania
Heraklion
Beirut
Funchal
Agadir
Teneriffa
Gran Canaria
Reykjavik
Chicago
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Boston
New York
San Francisco
Washington D.C.
Los Angeles
Miami
Tokyo
Shanghai
Bangkok