

CONTINUOUS NEGATIVE IMPACT FROM THE ONGOING PANDEMIC



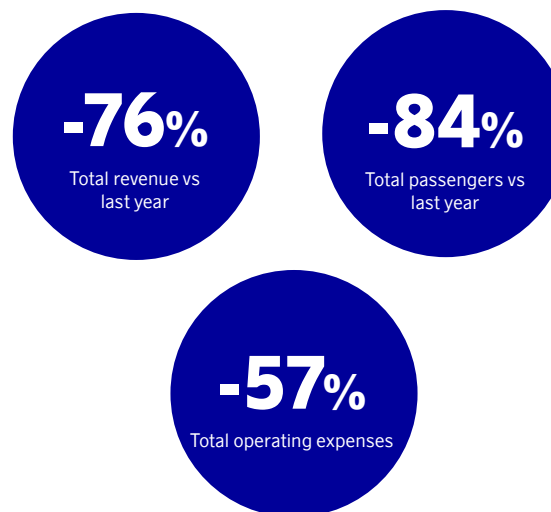
NOVEMBER 2020–JANUARY 2021

- Revenue: MSEK 2,282 (9,707)
- Income before tax (EBT): MSEK -1,936 (-1,087)
- Income before tax and items affecting comparability: MSEK -1,948 (-1,078)
- Net income for the period: MSEK -2,050 (-861)
- Earnings per common share SEK -0.28 (-2.33)

SIGNIFICANT EVENTS DURING THE QUARTER

- Rickard Gustafson announced his decision to leave SAS after ten years. He will leave the company by July 1, 2021.
- SAS and Apollo have extended their charter partnership in the form of a three-year contract valued at SEK 3.4 billion.
- SAS contracted and utilized a new NOK 1.5 billion credit facility with a three-year tenor that is guaranteed in full by the Norwegian Export Credit Guarantee Agency.

KEY FIGURES – Q1 2021



“SAS is monitoring global vaccination developments closely in order to be ready to quickly increase capacity when conditions permit”

Rickard Gustafson, President and CEO

FINANCIAL SUMMARY

MSEK, unless noted otherwise	Q1	
	Nov–Jan 2020–2021	Nov–Jan 2019–2020
Revenue	2,282	9,707
Operating income (EBIT)	-2,171	-767
Operating income (EBIT) margin	-95.1%	-7.9%
Income before tax (EBT)	-1,936	-1,087
Income before tax and items affecting comparability	-1,948	-1,078
Net income for the period	-2,050	-861
Cash flow from operating activities	-4,937	555

	Jan 31, 2021	Oct 31, 2020	Jan 31, 2020
Return on invested capital ¹	-30%	-27%	7% ²
Financial net debt/EBITDA ¹	n/a	n/a	4.1x ²
Financial preparedness ¹	44%	67%	32% ²
Equity/assets ratio	19%	18%	8%
Earnings per common share (SEK)	-0.28	-21.55	-2.33
Shareholders' equity per common share (SEK)	0.26	0.40	7.67

¹ Key figure as per January 31, 2021 and as per October 31, 2020 including IFRS 16. The key figure as per January 31, 2020 is based on financial statements according to IAS17 (excluding IFRS 16).

² The key figure has been calculated according to another definition and has not been restated. The previous definition is found in APM Q1 2020.

This information is information that SAS AB is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted by Michel Fischier for publication on February 25, 2021 at 8:00 a.m. CET.

COMMENTS BY THE CEO

The pandemic continues to have a severe negative impact on the whole aviation industry. An increase in number of cases has led to more stringent travel restrictions, with a consequent reduction in demand during the quarter and stalled recovery for the entire travel industry. However, the development of vaccines and vaccination programs provide hope that restrictions will ease and that we will see an increase in travel toward summer 2021.

QUARTERLY EARNINGS NEGATIVELY IMPACTED BY THE PANDEMIC

The quarter was marked by increased cases and growing concern for new mutations of the coronavirus, resulting in even more stringent travel restrictions across the world. In general, restrictions are currently more stringent than they were in spring 2020.

The prevailing circumstances mean that SAS is continually forced to adapt capacity and departures to meet weak and volatile demand. Capacity for the quarter declined 75% year-on-year and 29% compared with the previous quarter. Passenger numbers were down 5.3 million year-on-year and down 900,000 compared to the previous quarter.

The negative traffic trend has resulted in revenue of only SEK 2.3 billion, a year-on-year decline of SEK 7.4 billion. At the same time, SAS has succeeded in offsetting the majority of the revenue loss by reducing costs, which are almost 60% lower year-on-year. However, the cost savings have not fully compensated for the loss of revenue, and earnings for the quarter amounted to SEK -1.9 billion, which is down SEK 0.8 billion compared with last year.

SAS' ability to manage liquidity is crucial for the company's ability to safely navigate the ongoing pandemic, and liquidity amounted to SEK 4.7 billion at the end of the quarter. As planned, SAS has pulled together to ensure that customers are reimbursed for canceled travel, which amounted to SEK 2.1 billion during the quarter. Moreover, we have also had one-time disbursements amounting to around SEK 0.7 billion pertaining to postponed payments from 2020 and restructuring initiatives. To strengthen liquidity SAS utilized a credit facility of NOK 1.5 billion, which is entirely guaranteed by the Norwegian Export Credit Guarantee Agency (GIEK), during our seasonally weakest period.

ADAPTED CUSTOMER OFFERING BASED ON PREVAILING CIRCUMSTANCES

We have noted a pent-up need to travel moving forward, and as vaccinations gain global momentum, it should be possible to ease the current travel restrictions thus making it possible to travel again. Pending this, SAS is preparing to reopen 180 direct routes for the summer, mainly within Scandinavia and Europe, provided that the prevailing travel restrictions will allow people to travel.



Rickard Gustafson, President and CEO

To reduce uncertainty about booking, SAS has introduced even more flexible ticket rules and rebooking alternatives. As always, no restrictions apply for rebooking or cancelling our Plus tickets. In addition, our other international tickets can now also be rebooked free of charge up to three days prior to departure. If travelers prefer to cancel they can choose to receive a SAS Travel Voucher which is valid as payment on all SAS destinations. For domestic journeys in Sweden, Norway and Denmark, a SAS Go Flex ticket is now available, which allows rebooking up to one hour before departure at no additional cost. For customers who choose to pay for their tickets with EuroBonus points, free cancellation applies up to 24 hours before departure as usual. Moreover, SAS is now in-phase with refunding customers for canceled journeys, which means that the company is once again meeting the seven-day refund requirement period for canceled flights, which provides our customers with an extra element of security. Following the implementation of these initiatives, we have also conducted a number of well-received campaigns with increased bookings mainly for the summer and autumn, albeit from low levels compared to the norm for this time of year.

Air freight has filled an important function during the pandemic and has also developed to an increasingly important supplement to lost passenger revenue, particularly in terms of SAS' intercontinental flights. Many corporate customers are also in great need of securing important logistics flows for their operations in which SAS actively participates. For example, SAS Cargo established air bridges during the quarter within Europe and to South America for components for two major industrial companies.

In January, SAS signed an agreement with Apollo to extend their existing partnership for three years, with

the possibility of extension by an additional two years. The agreement concerns charter traffic from Denmark, Norway and Sweden to destinations within Europe, corresponding to a value of approximately SEK 3.4 billion in the first three years.

CONTINUED WORK WITH RESTRUCTURING OPERATIONS

SAS has implemented a number of measures during the quarter to dimension operations to the prevailing demand and to position the company for the expected market conditions following the pandemic.

Continual adjustment and adaptation of the traffic program has reduced SAS' variable costs by over 70%. The major redundancy process corresponding to approximately 5,000 positions was completed, while SAS continues to use temporary lay-offs throughout Scandinavia. These unfortunate, but necessary measures have had a substantial impact and reduced personnel expenses almost 45% year-on-year.

To further strengthen SAS' ability to adapt seasonally and increase productivity and long-term competitiveness, talks are continuing with all labor unions within the SAS Group. New agreements have been signed for some of our Norwegian personnel during the quarter, and agreements have also been made concerning frozen salary levels for several employee groups.

Additionally, SAS has renegotiated a large number of supplier agreements, resulting in postponed payments of almost SEK 700 million in 2021, further strengthening SAS' financial preparedness.

As previously announced, SAS has postponed deliveries of new aircraft from Airbus and accelerated the phase-out of older and less fuel-efficient aircraft,

thereby strengthening our short- and long-term liquidity. In the last three months, we have phased out or sold five Boeing 737 aircraft and simultaneously taken delivery of three new Airbus A320neo aircraft.

The accelerated transition to new, fuel-efficient aircraft also means that we are reducing our emissions and advancing toward our environmental goals. Over the last twelve months, total carbon emissions have declined 74%. The majority of this decline is related to reduced traffic, but also the use of new, more fuel-efficient aircraft, which has contributed 2.1 percentage points. Moreover, we recently expanded our future delivery undertaking with Gevo, to secure a minimum of 20% of our planned consumption of sustainable aviation fuel in 2025.

LOOKING AHEAD

A high vaccination rate is the most decisive factor for the authorities' willingness to ease travel restrictions and thus allow for the recovery of the airline industry. As such, SAS is monitoring global vaccination developments closely in order to be ready to quickly increase capacity when conditions permit. However, demand is most likely to remain highly limited in the foreseeable future, but we expect demand to reach more normalized levels in 2022.

The passenger mix will have an increased share of leisure travelers in the future, which places even greater requirements on flexibility and seasonal adaptations to our operations. Through its customer offering, fleet renewal, sustainability work and operational model, SAS is well-positioned for the market that will be formed following the pandemic. Thanks to our operational model and the associated production units within this model that SAS has developed in the last few years, SAS has a strong competitive position for the future.

The model enables SAS to offer a complete network and a timetable adapted to Scandinavian requirements for business, leisure, and regional destinations through access to flexible production resources fit for purpose.

I would like to express my gratitude once more to all of my colleagues at SAS for their commitment and hard work during this difficult time. I would also like to thank our customers for the confidence they show in us as Scandinavia's leading airline. We are all looking forward to soon having the pleasure of welcoming our travelers on board!

Rickard Gustafson
President and CEO
Stockholm, February 25, 2021

COMMENTS ON SAS' FINANCIAL STATEMENTS

INCOME STATEMENT, SUMMARY Q1 2021

MSEK Income statement	Nov-Jan 20-21	Nov-Jan 19-20	Change vs LY	Currency- effects	Change vs LY (Curr. adj)
Revenue	2,282	9,707	-7,425	-465	-6,960
Total operating expenses	-4,453	-10,474	6,021	536	5,485
EBIT	-2,171	-767	-1,404	71	-1,475
EBT	-1,936	-1,087	-849	620	-1,469

Revenue

Revenue totaled MSEK 2,282 (9,707), see Note 2. Currency-adjusted revenue was down MSEK 6,960 year-on-year. The decrease in revenue mainly related to lower overall demand following the COVID-19 pandemic and introduced travel restrictions.

Currency-adjusted passenger revenue decreased 84.3%. The decrease was a result of lower scheduled capacity (ASK) which, based on the preceding year's circumstances, had a negative impact on revenue of MSEK 4,740. The lower load factor had a negative effect of MSEK 1,469. The higher yield had a positive impact of MSEK 337 on passenger revenue.

Currency-adjusted cargo revenue decreased MSEK 116 and currency-adjusted charter revenue was MSEK 224 lower. Other traffic revenue (currency-adjusted) was MSEK 239 lower. The decrease in revenue mainly related to lower traffic volumes.

Other operating revenue (currency-adjusted) was MSEK 512 lower year-on-year, mainly as a consequence of lower revenue from ground handling operations, sale of EuroBonus points, ticket fees and other volume-related revenues.

Operating expenses

Personnel expenses amounted to MSEK -1,428 (-2,575). After adjustment for currency and items affecting comparability, personnel expenses decreased MSEK 1,045 year-on-year. The decrease related to COVID-19 effects, which included MSEK 134 of support received from the government of Sweden for temporary lay-offs. The decrease was also attributable to direct salary compensation paid to laid-off employees in Norway and Denmark as well as to reduced personnel expenses due to a lower production volume.

Fuel expenses amounted to MSEK -428 (-2,020). Adjusted for currency, jet-fuel costs decreased 76.7%. Volume effects had a positive impact on costs of MSEK 1,280. Lower jet-fuel prices had a positive impact of MSEK 197. Hedge effects had a positive impact of MSEK 100 year-on-year.

Air traffic charges amounted to MSEK -222 (-917). Adjusted for currency, air traffic charges decreased 74.4%. The decrease pertained mainly to lower traffic volumes and reduced air traffic charges during the COVID-19 pandemic.

Other external expenses amounted to MSEK -1,094 (-3,595), see Note 3. Year-on-year, other external expenses (currency-adjusted) decreased MSEK 2,294. The decrease pertained primarily to lower costs for handling, sales and distribution, and technical maintenance as well as lower wet-lease expenses. Currency-adjusted handling costs, and selling and distribution costs decreased MSEK 426 and MSEK 566 respectively, mainly related to lower volumes. Technical maintenance costs (currency-adjusted) decreased MSEK 248, relating to the COVID-19 pandemic and the introduction and delivery of new aircraft which require less maintenance. Wet-lease expenses decreased MSEK 247 (currency-adjusted) primarily due to lower demand as a result of COVID-19.

Depreciation, amortization and impairment amounted to MSEK -1,295 (-1,369), a decrease of MSEK 73 year-on-year. See Note 4.

Financial net

Financial income and expenses amounted net to MSEK 235 (-320), representing a decrease in net expenses of MSEK 556 year-on-year. The decrease mainly related to currency revaluations for lease liabilities, which had a positive impact of MSEK 519 (-31). See Note 5.

Net income for the period

Operating income amounted to MSEK -2,171 (-767) and EBT amounted to MSEK -1,936 (-1,087).

The year-on-year decrease in EBT pertained mainly to the revenue loss due to the COVID-19 pandemic.

Net income for the period was MSEK -2,050 (-861) and tax amounted to MSEK -114 (226). Income tax for the year was largely attributable to temporary differences in fixed assets.

Year-on-year, the foreign exchange-rate trend had a negative impact on revenue of MSEK 465 and a positive effect on operating expenses of MSEK 536. Foreign exchange rates thus had a positive impact on operating income of MSEK 71. Net financial items were positively impacted by currency items amounting to MSEK 549. In total, currency effects had a net positive impact of MSEK 620 on EBT.

Items affecting comparability

Total items affecting comparability amounted to MSEK 12 (-9) during the period and pertained to capital gains on the sale of three 737-800 aircraft and one building. Last year, items affecting comparability comprised a restructuring cost.

BALANCE SHEET & FINANCIAL POSITION

Assets

Intangible and tangible fixed assets decreased MSEK 650 since October 31, 2020. Changes for the period included investments of MSEK 784, amortization and depreciation of MSEK -448 and other effects of MSEK -986. The amount for investments included advance payments of MSEK 569 to Airbus. Other aircraft investments comprised capitalized expenditures for engine maintenance and modifications. Other effects included translation differences and the sale of three 737-800 aircraft.

Right-of-use assets decreased MSEK 262 during the period. New leases amounted to MSEK 693, and mainly

related to new leases for three A320neo aircraft. Changes in indexation and modification in underlying agreements decreased the asset by MSEK 109, and depreciation was MSEK -848. The currency effect was MSEK 2.

Financial assets increased MSEK 245, mainly due to the repayment of blocked bank funds and an increased return on SAS' defined-benefit pension plans.

Deferred tax assets decreased MSEK 334, mainly related to temporary differences in fixed assets and the change in SAS' defined-benefit pension plans. No loss carryforwards were capitalized in the quarter.

Current receivables decreased MSEK 193. This decrease was mainly attributable to the decrease in state aid received from the governments of Denmark and Sweden.

Cash and cash equivalents were MSEK 4,732 (10,231) at January 31, 2021. Unutilized contracted credit facilities amounted to MSEK 1,117 (2,751). Financial preparedness amounted to 44% (67) of SAS' fixed costs.

Shareholders' equity and liabilities

Shareholders' equity decreased MSEK 980 to MSEK 9,510. The decrease pertained mainly to net income for the period of MSEK -2,050, changes in cash-flow hedges of MSEK 579 and positive actuarial effects on defined-benefit pension plans of MSEK 486.

Non-current liabilities decreased MSEK 338 and *current liabilities* decreased MSEK 5,304. The total decrease in liabilities was MSEK 5,642 and was mainly due to currency revaluations and a lower unearned transportation liability. Majority of the debt related to canceled flights during the previous year has been repaid.

Interest-bearing liabilities

On January 31, 2021, interest-bearing liabilities amounted to MSEK 29,782 (31,596), a decrease of MSEK 1,814 since October 31, 2020. New loans and amortization for the period were MSEK 1,429 and MSEK 659 respectively. New loans and amortization of lease liabilities were MSEK 584 and MSEK 875 respectively. The change in gross debt since October 31, 2020 included a positive trend in the fair value of derivatives, which decreased liabilities MSEK 739. Currency revaluations decreased liabilities MSEK 1,546, and accrued interest and other items decreased liabilities MSEK 8.

Financial net debt

At January 31, 2021, financial net debt amounted to MSEK 23,069 (18,899), an increase of MSEK 4,170 since October 31, 2020. The increase was primarily attributable to the negative cash flow before financing activities of MSEK 5,458, amortization of lease liabilities of MSEK 875 and the positive value of financial derivatives of MSEK 619 as well as a positive currency revaluation of MSEK 1,430.

Key figures

At January 31, 2021, the return on invested capital (ROIC) was -30%, down 3 percentage points since October 31, 2020. The decrease was mainly due to a lower EBIT.

Financial preparedness was 44% (67) at the end of the quarter. A lower cash position was the main reason for the change in the key figure.

The financial net debt/EBITDA ratio was a multiple of -6.1 at January 31, 2021. On October 31, 2020, the multiple was -9.2. The change mainly related to a lower EBITDA.

At January 31, 2021, the equity/assets ratio amounted to 19%, compared with 18% at October 31, 2020. The improvement was mainly attributable to the decrease in total assets.

CASH-FLOW STATEMENT

Cash flow for the quarter amounted to MSEK -5,499 (-2,164). Cash and cash equivalents amounted to MSEK 4,732, compared with MSEK 10,231 at October 31, 2020.

Cash flow from operating activities

Cash flow from operating activities before changes in working capital amounted to MSEK -1,257 (270) in the fiscal year. The decline in cash flow was largely due to the year-on-year decrease in income before tax as a result of the COVID-19 situation.

Changes in working capital tend to be positive in the quarter but were negative this quarter and amounted to MSEK -3,680 (285). A major reason for the negative change was the decline in the unearned transportation liability driven by lower forward bookings and a very high pace for repayments to customers. A major reason for the negative change was the decline in the unearned transportation liability driven by lower forward bookings and a very high level of repayments to customers for cancelled flights, which amounted to SEK 2.1 billion. The quarter was also negatively impacted by substantial non-frequent payments, pertaining provisions for technical maintenance and restructuring costs for staff among other items.

Investing activities

Investments totaled MSEK 784 (2,538), of which MSEK 0 (2,481) pertained to aircraft. Other investments for the year comprised capitalized expenditure for aircraft maintenance, modifications and advance payments to Airbus.

Three 737-800 aircraft and one building were divested in the quarter and generated payment of MSEK 257.

Financing activities

New loans amounted to MSEK 1,429 (1,415), while repayments totaled MSEK 659 (250). Amortization of lease liabilities totaled MSEK 875 (836).

PARENT COMPANY

The Parent Company SAS AB provides highly limited intra-Group services. Revenue totaled MSEK 10 (10) and operating expenses MSEK -21 (-14). Net financial items totaled MSEK 94 (4) and impairment of shares in subsidiaries amounted to MSEK -69 (0). Net income for the period was MSEK 14 (-6).

FINANCIAL TARGETS

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

SAS' three financial targets are:

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

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

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

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

ENVIRONMENTAL GOALS

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

Accordingly, we have set comprehensive and ambitious, short and long-term environmental goals to drive our environmental work. During 2020, our target for decreased CO₂ emissions was accelerated to 2025, from 2030. This is in line with SAS' strive for global leadership in sustainable aviation.

Our 2025 target

- Reduce total CO₂ emissions 25% compared with 2005.

EVENTS DURING THE QUARTER

- Rickard Gustafson announced his decision to leave SAS after ten years. He will leave the company by July 1, 2021.
- SAS and Apollo have extended their charter partnership in the form of a three-year contract valued at SEK 3.4 billion.
- SAS contracted and is utilizing a new NOK 1.5 billion credit facility with a three-year tenor that is guaranteed in full by the Norwegian Export Credit Guarantee Agency.

EVENTS AFTER JANUARY 31, 2021

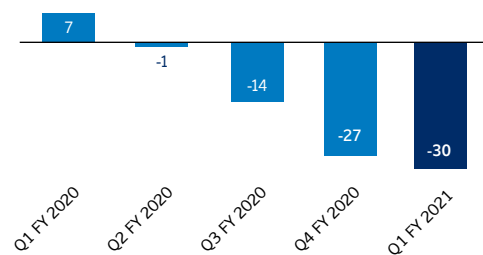
- The Nomination Committee proposes Nina Bjornstad, Henriette Hallberg Thygesen and Michael Friisdahl as new Board members of SAS AB when Liv Fiksdahl, Sanna Suvanto-Harsaae and Dag Mejdell informed that they will not be standing for re-election to the Board of Directors.

OUTLOOK

The ongoing COVID-19 pandemic, with its accompanying uncertainties, makes it not possible to provide any guidance on the financial performance for the coming fiscal year.

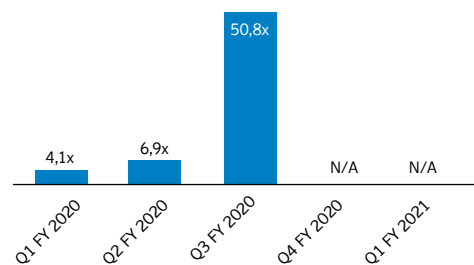
RETURN ON INVESTED CAPITAL (ROIC), 12-MONTH ROLLING, %

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



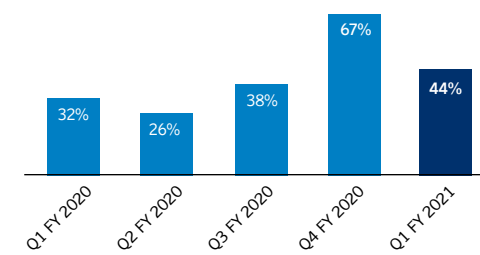
FINANCIAL NET DEBT/EBITDA

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



FINANCIAL PREPAREDNESS, %

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



RISKS AND UNCERTAINTIES

SAS works strategically to refine and improve its risk management. Risk management includes identifying new risks and known risks, such as COVID-19, changes in jet-fuel prices or exchange rates. SAS monitors general risks centrally, while portions of risk management are conducted in the operations and include identification, action plans and policies. For further information about risk management at SAS, refer to the most recently published annual report.

COVID-19

The current COVID-19 situation has significantly affected the whole aviation industry, including SAS. The primary areas where estimation of uncertainty has increased due to the current market conditions in the aviation industry include forecasts and scenario analysis related to estimates on future demand. As described in the Annual Report for Fiscal Year 2020, pages 77–78, critical accounting estimates and key sources of estimation uncertainty include: Estimated useful lives of tangible fixed assets; Impairment of assets; Pensions; Deferred taxes; Undertakings pertaining to right-of-use assets – aircraft and Litigations. Currency and jet-fuel hedging is described below and the impact of COVID-19 is described on page 16. SAS closely monitors on an ongoing basis the development of risks and uncertainties.

CURRENCY AND JET-FUEL HEDGING

Due to flight cancellations and the expected reduction in business operations as a result of the impact of COVID-19, SAS' forecasted financial exposures are more uncertain than under normal circumstances. Further changes to assumptions regarding future consumption and capacity could have a significant effect on the hedge levels.

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

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

ratio for jet fuel. The exception applies for fiscal year 2021 and permits hedging between 0 and 80% of the anticipated volumes for the next 12 months.

For the forthcoming 12 months, SAS has hedged 20% of the fuel consumption at an average maximum price of USD 541/MT. If the fuel price goes below USD 542/MT over the next 12 months, 20% of SAS' fuel consumption would be hedged at an average price of USD 541/MT. Hedging of SAS' future jet-fuel consumption is conducted through a combination of swaps and options.

Under current plans for flight capacity, the cost of jet fuel during fiscal year 2021 is expected to be in line with the table in the middle, taking into account different fuel prices, USD rates and jet-fuel hedging. For foreign currency, the policy is to hedge 40–80%. At the end of the quarter, SAS had hedged 40% of its anticipated USD cash flow deficit for the next 12 months. SAS has hedged the USD deficit using forward contracts and currency options.

In terms of NOK, which is SAS' largest surplus currency, 54% was hedged for the next 12 months. Based on the currency exposure a weakening of the

SENSITIVITY ANALYSIS, JET-FUEL COST NOV 2020–OCT 2021, SEK BILLION¹⁾

Market price	Exchange rate SEK/USD				
	8.0	8.5	9.0	9.5	10.0
USD 400/MT	3.0	3.1	3.3	3.5	3.6
USD 500/MT	3.3	3.5	3.7	3.9	4.1
USD 600/MT	3.7	3.9	4.1	4.3	4.5
USD 700/MT	4.1	4.3	4.5	4.7	5.0

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

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

NOK against the SEK of 1% would generate a negative earnings impact of MSEK 33, excluding hedge effects. A weakening of the USD against the SEK of 1% would generate a positive earnings impact of MSEK 73, excluding hedge effects, before any potential IFRS 16 effects.

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

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

Based on lease liabilities of approximately MUS\$ 1,560 and a USD rate as of January 31, a weakening of the USD against the SEK of 1% would generate a positive earnings impact of approximately MSEK 80 in profit or loss and a positive effect in OCI of approximately MSEK 51.

LEGAL ISSUES

The European Commission's decision in November 2010 found SAS and many other airlines guilty of alleged participation in a global air cargo cartel in the 1999–2006 period and ordered SAS to pay a fine of MEUR 70.2. SAS appealed the decision in January 2011 and in December 2015, the Court of Justice of the European Union (CJEU) annulled the European Commission's decision including the MEUR 70.2 fine. The CJEU's ruling entered into force and the MEUR 70.2 fine was repaid to SAS at the beginning of March 2016. The European Commission took a new decision on the same issue in March 2017 and again imposed fines on SAS and many other airlines for alleged participation in a global air cargo cartel in the 1999–2006 period. The fine of MEUR 70.2 was the same as that imposed under the 2010 decision. SAS has appealed the European Commission's decision and a hearing was held in CJEU in July 2019. Judgement is expected in 2021.

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.

A large number of former cabin crew of SAS in Denmark are pursuing a class action against SAS at a Danish court, demanding additional payments from SAS to the Pension Improvements Fund for Cabin Crew (the CAU fund) asserting that the CAU fund is a defined benefit supplementary plan. The City

Court of Copenhagen, in a judgment in December 2016, rejected the cabin crew's demand for additional payments into the CAU fund by SAS. The cabin crew appealed the judgment in January 2017 and after court proceedings in November 2020 the court of appeal, Östre Landsret, in a judgment on February 9, 2021, rejected the cabin crew's demand for additional payments from SAS to the CAU fund. The cabin crew have an opportunity to latest by March 9, 2021, apply that the supreme court considers the matter.

Following the SAS pilot strike in April-May 2019, affected passengers turned to SAS for standardized compensation under the Flight Compensation Regulation (EU 261/2004). SAS disputed its liability to compensate the passengers with reference to the strike being an extraordinary circumstance. In August 2019, the Swedish National Board for Consumer Disputes (Allmänna reklamationsnämnden) ruled in favor of SAS. The same assessment was made by the Norwegian Travel Complaint Handling Body (Transportklagenemnda) in October 2019. This notwithstanding, a number of passengers and claim firms have brought claims against SAS in national courts in several EU member states. In August 2019, a claim firm representing a large number of affected passengers initiated court proceedings in Denmark and Sweden against SAS, asking the courts to request a preliminary ruling from the CJEU on whether the strike was an extraordinary circumstance. The district court in Sweden referred the question to the CJEU in January 2020. Hearing in the CJEU took place in December 2020. The proceedings in the CJEU could take several years and if the CJEU rules against SAS, SAS could be liable to pay compensation to passengers affected by the strike.

CONSOLIDATED STATEMENT OF INCOME

CONDENSED STATEMENT OF INCOME INCLUDING STATEMENT OF OTHER COMPREHENSIVE INCOME

MSEK	Note	Q1	
		Nov–Jan 2020–2021	Nov–Jan 2019–2020
Revenue	2	2,282	9,707
Personnel expenses		-1,428	-2,575
Fuel expenses		-428	-2,020
Air traffic charges		-222	-917
Other external expenses	3	-1,094	-3,595
Depreciation, amortization and impairment	4	-1,295	-1,369
Income from shares in affiliated companies		2	2
Income from the sale of aircraft and other non-current assets		12	0
Operating income (EBIT)		-2,171	-767
Net financial items	5	235	-320
Income before tax (EBT)		-1,936	-1,087
Tax		-114	226
Net income for the period		-2,050	-861
Other comprehensive income			
<i>Items that may later be reversed to net income:</i>			
Exchange-rate differences in translation of foreign operations		5	-3
Cash-flow hedges, net after tax		579	-387
<i>Items that will not be reversed to net income:</i>			
Revaluations of defined-benefit pension plans, net after tax		486	344
Total other comprehensive income, net after tax		1,070	-46
Total comprehensive income for the period		-980	-907
<i>Attributable to Parent Company shareholders:</i>			
Net income for the period		-2,050	-861
Comprehensive income for the period		-980	-907
Earnings per share before and after dilution (SEK) ¹		-0.28	-2.33

¹⁾ Earnings per share are calculated as net income for the period attributable to Parent Company shareholders less hybrid bond expenses in relation to 7,266,039,292 (382,582,551) shares outstanding during the November–January period.

INCOME BEFORE TAX AND ITEMS AFFECTING COMPARABILITY

MSEK	Q1	
	Nov–Jan 2020–2021	Nov–Jan 2019–2020
Income before tax (EBT)	-1,936	-1,087
Restructuring costs ¹	–	9
Capital gains/losses ²	-12	–
Income before tax and items affecting comparability	-1,948	-1,078

¹⁾ Restructuring costs were charged to earnings as personnel expenses of MSEK 0 (-9) in the first quarter.

²⁾ Capital gains/losses include aircraft sales amounting to MSEK 14 (0) and facility sales of MSEK -2 (0) in the first quarter.

CONSOLIDATED BALANCE SHEET

CONDENSED BALANCE SHEET

MSEK	Jan 31, 2021	Oct 31, 2020	Jan 31, 2020
ASSETS			
Non-current assets			
Intangible assets	1,269	1,273	1,405
Tangible assets	18,215	18,861	17,663
Right-of-use assets	17,002	17,264	17,382
Financial assets	6,308	6,063	5,023
Deferred tax assets	1,306	1,640	927
Total non-current assets	44,100	45,101	42,400
Current assets			
Inventories and expendable spare parts	581	510	457
Current receivables	1,398	1,591	2,818
Cash and cash equivalents ¹	4,732	10,231	6,599
Total current assets	6,711	12,332	9,874
TOTAL ASSETS	50,811	57,433	52,274
EQUITY AND LIABILITIES			
Equity	9,510	10,490	4,433
Non-current liabilities			
Interest-bearing liabilities	11,829	11,219	10,543
Interest-bearing lease liabilities	12,832	13,499	14,049
Other liabilities	3,322	3,603	4,292
Total non-current liabilities	27,983	28,321	28,884
Current liabilities			
Interest-bearing liabilities	2,451	3,773	1,967
Interest-bearing lease liabilities	2,670	3,105	3,200
Other liabilities	8,197	11,744	13,790
Total current liabilities	13,318	18,622	18,957
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	50,811	57,433	52,274
Shareholders' equity per share, SEK ¹	0.26	0.40	7.67
Interest-bearing assets	10,518	15,869	11,231
Interest-bearing liabilities	29,782	31,596	29,759
Working capital	-7,742	-11,208	-13,508

¹ Shareholders' equity attributable to Parent Company shareholders excluding hybrid bonds, in relation to the 7,266,039,292 (382,582,551) shares outstanding.

SPECIFICATION OF FINANCIAL NET DEBT, JANUARY 31, 2021

	According to balance sheet	Of which financial net debt
Financial assets	6,308	1,927
Current receivables	1,398	54
Cash and cash equivalents	4,732	4,732
Non-current liabilities	27,983	24,661
Current liabilities	13,318	5,121
Financial net debt		23,069

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONDENSED CHANGES IN SHAREHOLDERS' EQUITY

Total shareholders' equity attributable to Parent Company shareholders

MSEK	Share capital ¹	Not registered share capital	Other contributed capital	Hedging reserves	Translation reserve	Hybrid bonds	Retained earnings	Total shareholders' equity
Opening shareholders' equity in accordance with approved balance sheet, October 31, 2019	7,690	–	170	183	-71	1,500	-4,100	5,372
Hybrid bond interest							-32	-32
Net income for the period							-861	-861
Comprehensive income for the period				-387	-3		344	-46
Closing balance, January 31, 2020	7,690	–	170	-204	-74	1,500	-4,649	4,433
Hybrid bond interest							-94	-94
Reduction of share capital as resolved at EGM	-7,403						7,403	0
New share issue	3,875	5	2,120					6,000
New hybrid bond issue						6,000		6,000
Conversion of existing hybrid bond to shares	873		477			-1,500	150	0
Conversion of existing bond to shares and new hybrid bond	410		225			1,615		2,250
Transaction costs			-93				-62	-155
Bond issue as resolved at EGM	3,200						-3,200	0
Net income for the period							-8,414	-8,414
Comprehensive income for the period				219	-157		408	470
Closing balance, October 31, 2020	8,645	5	2,899	15	-231	7,615	-8,458	10,490
Share registration	5	-5						0
Net income for the period							-2,050	-2,050
Other comprehensive income				579	5		486	1,070
Closing balance, January 31, 2021	8,650	–	2,899	594	-226	7,615	-10,022	9,510

¹Number of shares in SAS AB: 7,266,039,292 (382,582,551) shares with a quotient value of SEK 1.19 (20.10).

CONSOLIDATED CASH-FLOW STATEMENT

CONDENSED CASH-FLOW STATEMENT

MSEK	Q1	
	Nov-Jan 2020–2021	Nov-Jan 2019–2020
OPERATING ACTIVITIES		
Income before tax (EBT)	-1,936	-1,087
Depreciation, amortization and impairment	1,295	1,369
Income from sale of aircraft, buildings and shares	-12	0
Adjustment for other non-cash items, etc.	-602	5
Tax paid	-2	-17
Cash flow from operations before change in working capital	-1,257	270
Change in working capital	-3,680	285
Cash flow from operating activities	-4,937	555
INVESTING ACTIVITIES		
Investments including advance payments to aircraft manufacturers	-784	-2,538
Acquisition of subsidiaries and affiliated companies	–	–
Sale of fixed assets, etc.	263	-77
Cash flow from investing activities	-521	-2,615
FINANCING ACTIVITIES		
Proceeds from borrowings	1,429	1,415
Repayment of borrowings	-659	-250
Amortization of lease liabilities	-875	-836
Other financing activities	64	-433
Cash flow from financing activities	-41	-104
Cash flow for the period	-5,499	-2,164
Translation difference in cash and cash equivalents	0	0
Cash and cash equivalents at beginning of the period	10,231	8,763
Cash and cash equivalents at the end of the period	4,732	6,599
Cash flow from operating activities per share (SEK)	-0.68	1.45

PARENT COMPANY SAS AB

The number of shareholders in SAS AB amounted to 197,952 (63 036) at January 31, 2021. The average number of employees amounted to two (two).

CONDENSED STATEMENT OF INCOME

MSEK	Q1	
	Nov–Jan 2020–2021	Nov–Jan 2019–2020
Revenue	10	10
Personnel expenses	-8	-7
Other operating expenses	-13	-7
Operating income (EBIT)	-11	-4
Impairment of shares in subsidiaries	-69	-
Net financial items	94	4
Income before tax (EBT)	14	0
Tax	0	-6
Net income for the period	14	-6

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

CONDENSED BALANCE SHEET

MSEK	Jan 31, 2021	Oct 31, 2020	Jan 31, 2020
Financial assets	25,430	23,502	14,692
Other current assets	146	151	179
Cash and cash equivalents	1	1	1
Total assets	25,577	23,654	14,872
Shareholders' equity	23,548	23,534	10,626
Non-current liabilities	1,443	7	2,250
Current liabilities	586	113	1,996
Total shareholders' equity and liabilities	25,577	23,654	14,872

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Restricted equity			Unrestricted equity			Total shareholders' equity
	Share capital ¹	Not registered share capital	Statutory reserve	Share premium reserve	Hybrid bonds	Retained earnings	
Opening shareholders' equity in accordance with approved balance sheet, October 31, 2020	8,645	5	447	2,729	7,615	4,093	23,534
Share registration	5	-5	-	-	-	-	0
Net income for the period	-	-	-	-	-	14	14
Closing balance, January 31, 2021	8,650	-	447	2,729	7,615	4,107	23,548

¹ Number of shares: 7,266,039,292 (382,582,551) shares with a quotient value of SEK 1.19 (20.10).

NOTE 1 ACCOUNTING POLICIES AND FINANCIAL STATEMENTS

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

NEW AND AMENDED ACCOUNTING POLICIES, ETC.

New and amended IFRSs that entered force in November 2020 or later have not had any material effect on the consolidated financial statements. New or amended IFRSs that enter into force in the coming financial years have not been applied in advance in the preparation of this interim financial report and are not expected to have a significant effect on the Group's or the Parent Company's forthcoming financial reports.

SAS continues to apply the IASB amendments to IFRS 16 in regards to rent concessions that simplify how a lessee accounts for rent concessions that are a direct consequence of COVID-19. In applying the practical expedient, changes in lease payments in rent concessions ending on or before 30 June 2021 are not treated as a modification. The practical expedient has not had any effect on SAS' profit or loss in the period.

ESTIMATES AND ASSUMPTIONS

The preparation of the interim report requires SAS to make assessments and estimates and make assumptions that affect the application of the accounting principles and the reported amounts of assets and liabilities, income and expenses, this is also described on page 9 of this report. The actual outcome may differ from these estimates and judgments. In addition to what is described below, the critical assessments and sources of uncertainty in estimates are the same as in the most recent annual report.

IMPACT OF THE COVID-19 PANDEMIC AND GOING CONCERN ASSUMPTION

The COVID-19 pandemic and the actions taken in response to its spread, including various government measures and travel restrictions, have resulted in significant disruption to SAS' operations. For fiscal year 2020, capacity (ASK) was down 55.4% and revenue passenger kilometers (RPK) were 64.1% lower compared with year-earlier period. During the first quarter of the current fiscal year, the capacity decrease was 75.4% and traffic decreased 89.6% year-on-year. The reduction of the network and number of passengers resulted in a significant revenue decrease for SAS of 55.5% compared with FY 2019. During the first quarter of fiscal year 2021 revenue decreased 76.5% year-on-year. The estimated negative revenue impact from the COVID-19 pandemic was MSEK -25,913 for fiscal year 2020 and MSEK -7,111 for the first quarter of fiscal year 2021. Despite measures taken by SAS to reduce costs, the significant decrease in revenue cannot be outweighed by cost reductions. Therefore, the company concluded a recapitalization plan during the fourth quarter of FY 2020 aimed at counteracting the effects from COVID-19 and to remedy the liquidity shortage and the

negative effects on equity caused by the pandemic. In total, liquidity was strengthened by SEK 12 billion and equity improved with SEK 14.25 billion. The demand and the financial performance for the coming year will continue to be uncertain, affecting revenue, and lowering ticket sales and cash flows to an extent and for a duration that are currently unknown. Following the concluded recapitalization, SAS' assessment is that the liquidity position is sufficient for at least the next twelve-month period.

GOVERNMENT GRANTS AND CONTRACTS

Some of the legal entities in the SAS Group received support for temporary reductions in the workforce as a result of COVID-19, primarily from the government of Sweden during the quarter. In accordance with IAS 20, state grants are reported in the statement of income when there is reasonable assurance that the company will fulfill the conditions associated with the grants and that the grants will be received. Government grants have been reported as a reduction to personnel expenses in the periods for which the grant is intended to compensate for a total of MSEK 134. SAS has also applied for support from the Danish, Swedish and Norwegian states regarding compensation for fixed costs, MSEK 58 has been reported as a reduction of other external expenses.

Aside from this, the Norwegian state has purchased capacity from SAS and other carriers in Norway on a commercial basis in order to maintain air services within Norway, which amounts to MSEK 67.

OPERATING SEGMENTS AND DISAGGREGATION OF REVENUE

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

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

NOTE 2 REVENUE

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

REVENUE BY CATEGORY

	Q1	Q1
	Nov-Jan 2020-2021	Nov-Jan 2019-2020
Passenger revenue	1,097	7,315
Charter revenue	9	245
Cargo revenue	231	366
Other traffic revenue	400	671
Total traffic revenue	1,737	8,597
Other operating revenue	545	1,110
Total revenue	2,282	9,707

TRAFFIC REVENUE BY GEOGRAPHICAL AREA

	Domestic		Intra-Scandinavian		Europe		Intercontinental		Total	
	Nov-Jan 2020-2021	Nov-Jan 2019-2020	Nov-Jan 2020-2021	Nov-Jan 2019-2020	Nov-Jan 2020-2021	Nov-Jan 2019-2020	Nov-Jan 2020-2021	Nov-Jan 2019-2020	Nov-Jan 2020-2021	Nov-Jan 2019-2020
Passenger revenue	676	2,193	80	858	239	2,404	102	1,860	1,097	7,315
Charter revenue	0	0	0	0	9	245	0	0	9	245
Cargo revenue	1	1	1	1	55	15	174	349	231	366
Other traffic revenue	246	201	29	79	87	220	38	171	400	671
Total traffic revenue	923	2,395	110	938	390	2,884	314	2,380	1,737	8,597

OTHER OPERATING REVENUE BY REGION

	Denmark		Norway		Sweden		Europe		Other countries		Total	
	Nov-Jan 2020-2021	Nov-Jan 2019-2020	Nov-Jan 2020-2021	Nov-Jan 2019-2020	Nov-Jan 2020-2021	Nov-Jan 2019-2020	Nov-Jan 2020-2021	Nov-Jan 2019-2020	Nov-Jan 2020-2021	Nov-Jan 2019-2020	Nov-Jan 2020-2021	Nov-Jan 2019-2020
Other operating revenue	56	156	313	333	93	241	55	233	28	147	545	1,110

NOTE 3 OTHER EXTERNAL EXPENSES

	Q1	Q1
	Nov-Jan 2020-2021	Nov-Jan 2019-2020
Sales and distribution costs	-118	-711
Catering costs	-64	-269
Handling costs	-216	-680
Technical aircraft maintenance	-263	-560
Computer and telecommunication costs	-218	-388
Wet-lease costs	-109	-377
Other	-106	-610
Total	-1,094	-3,595

NOTE 4 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	Q1	Q1
	Nov-Jan 2020-2021	Nov-Jan 2019-2020
Intangible assets, amortization	-37	-36
Tangible assets, depreciation	-410	-464
Right-of-use assets, depreciation	-848	-869
Total	-1,295	-1,369

NOTE 5 FINANCIAL NET

	Q1	Q1
	Nov-Jan 2020-2021	Nov-Jan 2019-2020
Financial income	6	32
Interest expense	-117	-130
Other financial expenses	-5	-13
Exchange-rate differences	-10	-10
Interest expenses, IFRS 16	-158	-168
Exchange-rate differences, IFRS 16	519	-31
Total	235	-320

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

	Jan 31, 2021		Oct 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
MSEK				
Financial assets				
Financial assets at fair value, hedge-accounted	31	31	132	132
Financial assets at FVTPL	5	5	22	22
Financial assets at amortized cost	8,097	8,097	14,236	14,235
Total	8,133	8,133	14,390	14,389
Financial liabilities				
Financial liabilities at fair value, hedge-accounted	168	168	928	928
Financial liabilities at FVTPL	34	34	12	12
Financial liabilities at amortized cost	16,531	16,716	16,867	16,889
Total	16,733	16,918	17,807	17,829

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

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

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

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

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

FAIR VALUE HIERARCHY

	Jan 31, 2021			Oct 31, 2020		
	Level 1	Level 2	Total	Level 1	Level 2	Total
MSEK						
Financial assets						
Financial assets at fair value, hedge-accounted	–	31	31	–	132	132
Financial assets at FVTPL	–	5	5	–	22	22
Total	–	36	36	–	155	155
Financial liabilities						
Financial liabilities at fair value, hedge-accounted	–	168	168	–	928	928
Financial liabilities at FVTPL	–	34	34	–	12	12
Total	–	202	202	–	940	940

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

Stockholm, February 25, 2021

Carsten Dilling
Board Chairman

Dag Mejdell
Vice Chairman

Monica Caneman
Board member

Lars-Johan Jarnheimer
Board member

Oscar Stege Unger
Board member

Liv Fiksdahl
Board member

Sanna Suvanto-Harsaae
Board member

Kay Kratky
Board member

Jens Lippestad
Board member

Tommy Nilsson
Board member

Christa Cerè
Board member

Rickard Gustafson
President and CEO

This interim report is unaudited.

TRAFFIC DATA INFORMATION

SCHEDULED PASSENGER TRAFFIC

	Nov-Jan 2020-2021	Nov-Jan 2019-2020	Year-on-year change
Number of passengers (000)	998	6,119	-83.7%
RPK, Revenue Passenger Kilometers (mill)	804	7,365	-89.1%
ASK, Available Seat Kilometers (mill)	2,748	10,759	-74.5%
Load factor	29.3%	68.5%	-39.2 ¹
Passenger yield, currency-adjusted	1.364	0.946	+44.2%
Passenger yield, nominal	1.364	0.993	+37.3%
Unit revenue, PASK, currency-adjusted	0.399	0.647	-38.4%
Unit revenue, PASK, nominal	0.399	0.680	-41.3%
RASK, currency-adjusted	0.627	0.727	-13.7%
RASK, nominal	0.627	0.764	-17.8%

¹ Figures given in percentage points

TOTAL TRAFFIC (SCHEDULED AND CHARTER TRAFFIC)

	Nov-Jan 2020-2021	Nov-Jan 2019-2020	Year-on-year change
Number of passengers (000)	1,001	6,260	-84.0%
RPK, Revenue Passenger Kilometers (mill)	812	7,826	-89.6%
ASK, Available Seat Kilometers (mill)	2,769	11,258	-75.4%
Load factor	29.3%	69.5%	-40.2 ¹
Unit cost, CASK, currency-adjusted	-1.460	-0.799	+82.7%
Unit cost, CASK, nominal incl. items affecting comparability	-1.417	-0.832	+70.3%
Unit cost, CASK, excl. jet fuel, currency-adjusted	-1.305	-0.636	+105.2%
Unit cost, CASK, excl. jet fuel, nominal incl. items affecting comparability	-1.262	-0.652	+93.4%

¹ Figures given in percentage points

SCHEDULED TRAFFIC TREND FOR SAS BY ROUTE SECTOR

	Nov-Jan 2020-2021 vs. Nov-Jan 2019-2020	
	Traffic (RPK)	Capacity (ASK)
Intercontinental	-96.4%	-80.5%
Europe/Intra-Scandinavia	-90.7%	-83.2%
Domestic	-69.1%	-41.6%

PRODUCTIVITY AND ENVIRONMENTAL EFFICIENCY

12-month rolling	January, 2021	January, 2020	Year-on-year change
Aircraft, block hours/day	5.7	9.3	-38.7%
Cabin crew, block hours/year	446	731	-39.1%
Pilots, block hours/year	296	620	-52.3%

Environmental efficiency	Nov-Jan 2020-2021	Nov-Jan 2019-2020	Year-on-year change
Total CO ₂ emissions, million metric tons	1,097	4,183	-73.8%
CO ₂ emissions per available seat kilometer, grams	57.1	61.6	-7.5%

AIRCRAFT FLEET

THE SAS AIRCRAFT FLEET AT JANUARY 31, 2021

SAS Group Aircraft Fleet	Age	Owned	Leased	Wet lease	Total	SAS Scandinavia	SAS Ireland	Wet lease	In SAS Group traffic	Firm order purchase	Firm order lease
Airbus A330/350	6.3	7	5		12	12			12	4	
Airbus A320 family	6.7	19	49		68	62	6		68	35	3
Boeing 737NG	16.0	19	9		28	28			28		
Bombardier CRJ	6.8			25	25			25	25		
ATR-72	7.3			7	7			7	7		
Total aircraft in operation	8.6	45	63	32	140	102	6	32	140	39	3
Aircraft under phase out											
Airbus A330	18.3		1		1						
Boeing 737NG	13.3	3	9		12						
Total		48	73	32	153						

Aircraft on firm order 2021–2025 at January 31, 2021	FY21	FY22	FY23	FY24	FY25	Total
Airbus A320neo	1	13	12	6	4	36
Airbus A321neo LR	2					2
Airbus A350	2		2			4
Total	5	13	14	6	4	42



The new fleet lowers fuel consumption and thereby CO₂ emissions.

KEY FIGURES AND ALTERNATIVE PERFORMANCE MEASURES

	Jan 31, 2021	Oct 31, 2020	Jan 31, 2020
Return on invested capital (ROIC) ¹	-30%	-27%	7% ²
Financial net debt/EBITDA ¹	-6.1x	-9.2x	4.1x ²
Financial preparedness ¹	44%	67%	32% ²
Return on shareholders' equity ¹	-327%	-427%	8%
Equity/assets ratio	19%	18%	8%
Financial net debt, MSEK	23,069	18,899	21,038
Debt/equity ratio	2.43	1.8	4.75
Interest-coverage ratio ¹	-7.9	-6.7	1.8

¹ Key figure as per January 31, 2021 and as per October 31, 2020 including IFRS 16. The key figure as per January 31, 2020 is based on financial statements according to IAS 17 (excluding IFRS 16).

² The key figure has been calculated according to another definition and has not been restated. The previous definition is found in APM Q1 2020.

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

EARNINGS-RELATED KEY FIGURES AND AVERAGE NUMBER OF EMPLOYEES

MSEK	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4
	Nov–Jan 2020–2021	Nov–Jan 2019–2020	Feb–Apr 2020	Feb–Apr 2019	May–Jul 2020	May–Jul 2019	Aug–Oct 2020	Aug–Oct 2019
Revenue	2,282	9,707	5,264	9,871	2,507	13,401	3,035	13,435
EBITDAR	-918	662	-1,890	174	-281	2,998	-1,162	2,631
EBITDAR margin	-40.2%	6.8%	-35.9%	1.8%	-11.2%	22.4%	-38.3%	19.6%
Operating income (EBIT)	-2,171	-767	-3,315	-1,130	-2,729	1,570	-2,738	1,187
Operating income (EBIT) margin	-95.1%	-7.9%	-63.0%	-11.4%	-108.9%	11.7%	-90.2%	8.8%
Income before tax (EBT)	-1,936	-1,087	-3,722	-1,216	-2,071	1,490	-3,271	1,096
Net income for the period	-2,050	-861	-3,470	-933	-2,365	1,162	-2,579	861
Income before tax and items affecting comparability	-1,948	-1,078	-3,714	-1,211	-784	1,495	-3,043	1,226
Earnings per common share (SEK)	-0.28	-2.33	-9.15	-2.44	-6.18	3.04	-4.46	2.19
Cash flow before financing activities	-5,458	-2,060	-5,059	1,473	-2,016	140	-3,228	-309
Average number of employees (FTEs)	4,983	10,364	7,988	10,260	4,937	10,639	6,981	10,587

DEFINITIONS AND SHAREHOLDER INFORMATION

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

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

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.

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

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

Revenue passenger kilometers (RPK) – See RPK.

Revenue tonne kilometers (RTK) – See RTK.

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

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

CAGR – Compound annual growth rate.

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.

EBIT – Operating income.

EBIT margin – EBIT divided by revenue.

EBITDA – Operating income before tax, net financial items, income from the sale of fixed assets, share of income in affiliated companies, and depreciation and amortization.

EBITDA margin – EBITDA divided by revenue.

EBITDAR – Operating income before tax, net financial items, income from the sale of fixed assets, income from shares in affiliated companies, depreciation and amortization, and lease expenses for aircraft.

EBITDAR margin – EBITDAR divided by revenue.

EBT – Income before tax.

EEA – European Economic Area.

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

Unit revenue – See PASK.

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

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 and other external expenses over the last 12 months.

Finance leases – Based on a lease where the risks and rewards of ownership of the asset essentially remain with the lessee. The asset is reported as a fixed asset in the balance sheet because the lessee

has an obligation to purchase the asset at the end of the lease. The commitment to pay future leasing charges is entered as a liability. As of 1 November 2019, SAS Group applies the new standard IFRS 16 - Leases. See Right-of-use assets.

Financial net debt – Interest-bearing liabilities less interest-bearing assets excluding net pension funds.

Adjusted financial net debt/EBITDA – The sum of average net financial debt in relation to EBITDA.

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

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

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

Interline revenue – Ticket settlement between airlines.

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

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.

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

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.

Capitalized lease expenses (x7) – The net annual operating lease costs for aircraft multiplied by seven.

Cash flow from operating activities per common share – Cash flow from operating activities in relation to the average number of common shares outstanding.

Carbon dioxide (CO₂) – A colorless gas that is formed in the combustion of all fossil fuels. The airline industry's CO₂ emissions are being reduced based on a changeover to more fuel-efficient aircraft.

LCC – Low cost carrier.

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

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

Available seat kilometers – See ASK.

Available tonne kilometers – See ATK.

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

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

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

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

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

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.

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

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

FINANCIAL CALENDAR

Monthly traffic data is generally issued on the fifth working day of every month. The detailed financial calendar is available at www.sasgroup.net under Investor Relations.

March 17, 2021	Annual General Shareholders' Meeting
May 27, 2021	Q2 Interim Report (Feb 2021–Apr 2021)
September 1, 2021	Q3 Interim Report (May 2021–Jul 2021)
November 30, 2021	Year-end report (Nov 2020–Oct 2021)
January/February 2022	SAS Annual and Sustainability Report, fiscal year 2021

INVESTOR RELATIONS



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Interest-coverage ratio – Operating income plus financial income in relation to financial expenses.

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.

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

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

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

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

Total load factor – RTK divided by ATK.

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

Wet lease agreement – Leasing in of aircraft including crew.

Yield – Passenger revenue divided by RPK (scheduled).