

Swedavia AB

190 45 Stockholm-Arlanda Sweden

Visiting address: Flygvägen 1

Tel: +46 10 109 00 00

Fax: +46 10 109 05 00

E-mail: info@swedavia.se

Coordinates: 59°39'14.06"N

17°56'21.51"E

www.swedavia.se



**Swedavia
Airports**

Annual and Sustainability Report 2020



Operations

| | |
|--|----|
| The year in brief | 4 |
| This is Swedavia | 5 |
| Statement of the Chairman of the Board | 6 |
| Statement of the CEO | 8 |
| The pandemic's impact | 10 |
| The aviation market | 14 |
| How Swedavia creates value | 18 |
| Swedavia's strategies | 20 |
| Collaborations | 22 |
| Operations | 23 |
| Airport Operations | 24 |
| Stockholm Arlanda Airport | 24 |
| Göteborg Landvetter Airport | 26 |
| Bromma Stockholm Airport | 28 |
| Seven regional airports | 29 |
| Routes and destinations | 30 |
| Aviation Business | 32 |
| Commercial Services | 34 |
| Real Estate Operations | 36 |
| Real Estate | 36 |
| Sustainable airports and air transport of the future | 38 |
| Sustainable airports of the future | 40 |
| Swedavia's overall goals | 40 |
| Social relations and employees | 42 |
| Anti-corruption and human rights | 46 |
| Health and safety | 48 |
| Economic development and investments | 50 |
| Master plans | 52 |
| Suppliers | 53 |
| Climate and environment | 54 |
| Sustainable air transport of the future | 58 |
| Risks and risk management | 60 |
| Framework for sustainability work | 64 |
| Materiality analysis | 66 |
| Priority material topics | 68 |
| Stakeholder dialogue | 70 |
| GRI Index | 71 |
| Key metrics | 75 |
| Definitions | 77 |
| Statement of Compliance | 78 |

Financial information

| | |
|---|-----|
| Report of the Directors | 82 |
| Dividend and distribution of earnings | 87 |
| Corporate Governance Statement | 88 |
| Board of Directors | 94 |
| Executive management | 96 |
| Consolidated financial statements | 98 |
| Consolidated income statement | 98 |
| Consolidated balance sheet | 99 |
| Consolidated statement of changes in equity | 101 |
| Consolidated cash flow statement | 102 |
| Parent Company financial statements | 103 |
| Parent Company income statement | 103 |
| Parent Company balance sheet | 104 |
| Parent Company statement of changes in equity | 105 |
| Parent Company cash flow statement | 106 |
| Notes | 107 |
| Signatories to the Annual Report | 141 |
| Auditor's Report | 142 |

This is Swedavia's Annual and Sustainability Report for the financial year 2020. The report is aimed primarily at its owner, customers, credit analysts and partners, but also at other stakeholders, and is focused on the company's strategy, goals and results for the past year. The report concerns the entire Group unless otherwise indicated. Swedavia prepares its Sustainability Report in accordance with Global Reporting Initiative (GRI) Standards: Core option. Reported indicators have been chosen based on Swedavia's and its stakeholders' shared view of material topics and what is important for long-term sustainable operations. For sustainability-related information, see the GRI Index on pages 71–73. The statutory Sustainability Report in accordance with Sweden's Annual Accounts Act is found on page 74. The report also constitutes Swedavia's report (Communication on Progress, COP) for the UN Global Compact.

This is a translation of the Swedish original. In the event of any discrepancy between the two versions, the Swedish version takes precedence.

► Read more at: www.swedavia.se

Contact person:

Carin Bergman, communication strategist
Tel. +46 (0) 10 109 00 00 • carin.bergman@swedavia.se



Swedavia's overall goals

85%

Customer
experience,
2025

6%

Return on
operating
capital

75%

Engaged leaders
and employees,
2025

0 tonnes

Emissions of fossil
carbon dioxide from
own airport
operations, 2020

5%

Mixture of
sustainable
aviation fuel,
2025

The year in brief

Performance in 2020

- For the full year, Swedavia's airports had 10.3 million passengers (40.2 million in 2019), which is a decrease of 74 per cent.
- Net revenue decreased by 3,741 million Swedish kronor to 2,494 million kronor (6,235 million kronor in 2019) given the sharp reduction in air traffic and thus considerably lower passenger volume due to the impact of the Covid-19 pandemic starting in mid-March and through the rest of the year.
- External operating costs were 969 million kronor lower compared to 2019 mainly due to cost-cutting measures.
- Operating profit was -1,593 million kronor (709 million kronor in 2019).
- The Group's investments totalled 2,856 million kronor (3,460 million kronor in 2019). Significant investments were made in its development programmes.
- In March, some 2,300 of Swedavia's permanent employees were furloughed, and redundancies for 800 employees were also announced.
- In October, Swedavia received a shareholder contribution of 2,500 million kronor.
- The Board of Directors proposes that Swedavia AB pay no dividend for the financial year 2020.

The Group in numbers

The Group

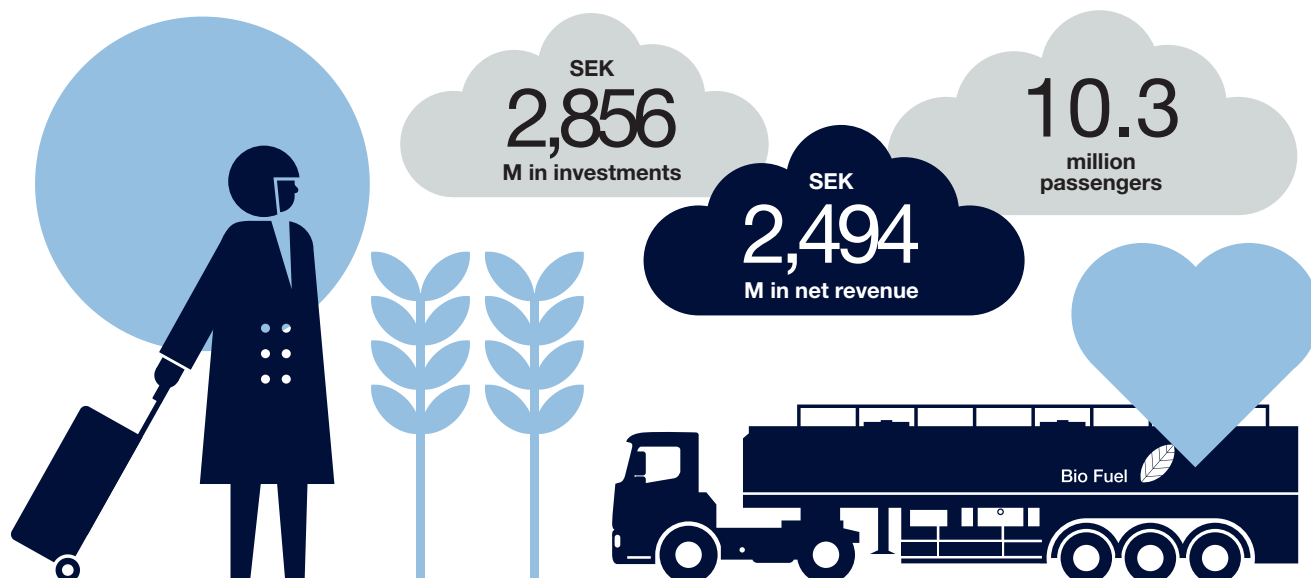
| SEK M, unless otherwise indicated | 2020 | 2019 | 2018 | 2017 |
|---|---------------|-------|-------|-------|
| Net revenue | 2,494 | 6,235 | 5,922 | 5,745 |
| Operating profit | -1,593 | 709 | 682 | 651 |
| Operating margin, % ¹ | -63.9 | 11.4 | 11.5 | 11.3 |
| Profit for the year | -1,282 | 583 | 517 | 407 |
| Return on operating capital, % | -7.5 | 4.6 | 4.6 | 5.1 |
| Debt/equity ratio, times | 1.0 | 1.1 | 1.1 | 1.0 |
| Investments | 2,856 | 3,460 | 3,195 | 3,866 |
| Dividend | — | — | — | 122 |
| Average number of employees | 2,600 | 3,050 | 3,217 | 3,074 |
| Number of passengers, million | 10.3 | 40.2 | 42.0 | 41.9 |
| Operating costs per departing passenger, SEK ² | 677.5 | 212.6 | 200.7 | 192.9 |
| Commercial sales revenue per departing passenger, SEK | 98.0 | 81.0 | 75.2 | 75.7 |
| Customer experience, % | 74 | 76 | 74 | 75 |
| Engaged leaders and employees, % ³ | 77 | 78 | 65 | 67 |
| Fossil carbon dioxide emissions, tonnes | 83 | 316 | 1,305 | 1,896 |

For key metrics and definitions, see pages 75–77.

¹ Operating margin excluding extraordinary items was -71.9 per cent in 2020, 13.5 per cent in 2019, 12.0 per cent in 2018 and 14.1 per cent in 2017.

² This key metric is calculated based on the Airport Operations segment. As of January 1, 2019, the subsidiaries Swedavia Airport Telecom AB and Swedavia Energi AB are included in the Airport Operations segment. Comparative years have been restated.

³ For 2019 and 2020, this key metric is reported using pulse measurements that give an indication of how leaders and employees feel at the time of measurement. In 2020, four measurements were taken, two during the first half and two during the second half of the year.



Swedavia is a world leader in developing the fossil-free airports of the future

Swedavia's mission is to operate and develop the ten airports in Sweden's national basic infrastructure and to contribute to good access for Sweden and for the country's different regions.

Purpose

Together we enable people to meet.

Vision

Swedavia develops the airports of the future and creates sustainable growth for Sweden.

Business concept

Together with partners, Swedavia creates added value for customers by offering attractive airports and access that provide smooth and inspiring travel experiences. Swedavia's airports shall be the most important meeting places in the Nordic region. The company shall be an international role model in sustainability and a growth engine for all of Sweden.

Sustainable airports of the future

Swedavia is a world leader in developing airports with the least possible climate impact. In 2020, Swedavia achieved its goal for the airport operations Swedavia runs under its own management, that they be totally free from emissions of fossil carbon dioxide. Swedavia is the first airport operator in the world to achieve such a goal. Swedavia also contributes to fossil-free aviation by being a driver in the large-scale switch to biofuel and by preparing its airports for the electric aviation of the future. The goal is to achieve fossil-free Swedish air transport by 2045.



Aviation continues to play a critical role

The year 2020 will remain in our minds for a long time. Because of a virus, travel at Swedavia's airports fell 98 per cent during the second half of March, which no one in their wildest imagination could have conceived.

At this writing, we are still in a difficult period. It is still unclear how things will develop in 2021, although the global mobilisation to develop and distribute vaccines against Covid-19 instils hope of the start of a reversal during the year.

For a company like Swedavia, which has mostly variable revenue and fixed costs and operates in an industry where business conditions have been completely upended, the year has been very challenging.

In this difficult situation, Swedavia acted early on both to keep the airports open, thus safeguarding Swedish air access, and to do its utmost to adapt the company to new, very tough conditions.

Mission remains important

Swedavia's mission is to create access within Sweden and to the rest of the world. This mission continues to be just as important and will be at least as important after the pandemic, when people once again can and need to meet.

Air transport helps to connect a vast country like Sweden and to connect our country with the rest of the world. It facilitates prosperity, cultural exchanges and relations in a truly unique way. Aviation also plays a key role in transporting high-value goods, which is especially vital in the global distribution of vaccines now under way.

The entire transport sector, including aviation, shall also contribute to a



sustainable society. This means that the climate impact of transport shall be minimised and that it shall contribute to a stronger, more cohesive society. Different transport modes shall complement one another, and they must be linked in cohesive systems to ensure the greatest social benefits possible.

This year, Swedavia achieved its goal to have those airport operations that Swedavia runs under its own management be fossil-free, which has been a guiding principle for us for a decade. We now continue the work to drive the entire aviation industry towards the same goal, so that aviation can also contribute to a better society in the future as well.

Many difficult decisions

The composition of the Board of Directors changed during the year. Five new members were elected, and they promptly started their work under very unusual circumstances. The Board's

Aviation facilitates prosperity, cultural exchanges and relations in a truly unique way

work has continued to be effective and goal-oriented, with many drastic and difficult decisions taken together with the company's management.

Because of the challenges due to the Covid-19 pandemic, the company has had to adapt the entire time to an unpredictable market situation. Much of this has involved prioritising business-critical issues here and now, while creating conditions for a strong Swedavia also after the acute crisis is over.

Throughout the pandemic, Swedavia has been able to keep the airports open, which has been crucial. To safeguard the operation of the airports, Swedavia's owner provided a shareholder contribution during the autumn. This was critical to the company's chances of surviving the crisis without jeopardising important Swedish infrastructure and our ability to create long-term value for the entire country. However, we note that the consequences of this pandemic are so far-reaching that – to safeguard

Swedish air access – it would be advantageous in both operational and business terms to consolidate Stockholm's air capacity at Stockholm Arlanda Airport and close Bromma Stockholm Airport ahead of time. This is provided that Stockholm Arlanda Airport has the conditions needed to develop in line with society's needs. However, any early closure of Bromma Stockholm Airport requires a political decision which takes a broader social perspective into consideration.

Preparing for a restart

The entire industry is now preparing for an impending restart. It will probably take time before we reach volumes close to what we saw before the pandemic.

It remains to be seen whether, and if so how, people's travel patterns will change as a result of the pandemic, but I am convinced that travel and transport by air will be vital in facilitating growth and prosperity in the future as well.

Finally, on behalf of the Board, I would like to thank CEO Jonas Abrahamsson, the company's leaders and employees, and our airline customers and partners for their fine efforts and good collaboration during the year. I would especially like to thank all of those valuable employees who were obliged to leave Swedavia as a result of our extensive cuts. I would also like to send greetings to all of our passengers. There will be a time when we can meet the world again, and Swedavia's airports will be ready then to make your meetings possible.

Stockholm, March 2021

Åke Svensson
Chairman of the Board



New conditions

The past year has brought ordeals of a kind never seen by society in general or the aviation industry in particular. For Swedavia, the challenges have been great. People's mobility was restricted and air travel fell to levels we have not seen in forty years. It was also made clear just how important air transport is in our modern society, and for Swedavia a new journey is now beginning.

We leave a historic year behind us. The consequences of Covid-19 paralysed global air traffic in 2020 in a way that is unprecedented and which will mark the aviation market for a long while. The pandemic has caused a great deal of human suffering in the form of death and serious illness. It has also affected people's lives through the isolation that many have experienced due to restrictions around the world and, as a result, the great impact it has had on many economies and markets.

The aviation market was hit early and hard when restrictions to limit the spread of infection were introduced. At Swedavia's airports, passenger volume decreased 98 per cent when the Swedish Ministry for Foreign Affairs issued a travel advisory against all non-essential travel abroad in mid-March. At the close of the year, we could nonetheless note that passenger volume at our airports had decreased 74 per cent compared to the previous year. After many years of only a few minor dents in a curve of otherwise uninterrupted growth, travel in 2020 was back to levels last seen in the early 1980s.

Three priorities

At Swedavia, we adopted three priorities early in the crisis, which have guided us in the decisions we have made since then. Our first priority has obviously been to safeguard people's lives and health while helping to limit the spread of infection. The second priority was to manage Swedavia's own financial situation through forceful measures here and now while preparing for the future. Finally, we also wanted to do what we could to support our partners and customers, who all play an important

role in the aviation industry's ecosystem. In dialogue with the relevant authorities, we quickly introduced infection control measures at the airports. To adapt operations following the drastic change in conditions, we furloughed some 2,300 employees in late March. In addition, we announced redundancies for 800 full-time positions. Given the far-reaching impact of the crisis and its long-term consequences, during the autumn we were forced to carry out those redundancies. Through natural attrition, retirements and leaving positions unfilled, we were able to reduce the number of employees being forced to leave the company. Nonetheless, many skilled colleagues were obliged to go, which naturally is very painful.

We have offered rent relief to our tenants, and we carried out a comprehensive review of our investment portfolio, which among other things led to the pausing of a number of major capacity-enhancing projects at Stockholm Arlanda Airport. Meanwhile, those development projects focused on flexibility and utilisation of existing capacity, primarily at Stockholm Arlanda Airport, were given priority and completed. In October, the Swedish government decided to give a SEK 2.5 trillion shareholder contribution to Swedavia. Given prevailing circumstances, it was critical to our ability to maintain our infrastructure and thus safeguard Swedish access as well as our ability to create future value.

As a consequence of the dramatic developments during the spring, Swedavia was asked by our owner in late June to carry out an impact assessment of the commercial considerations of a potential early closure of Bromma Stockholm Airport. Our conclusions were submitted to the Swedish Ministry of Enterprise and Innovation in mid-September. Our overall conclusion was that, in view of the long-term impact of the Covid-19 pandemic, it is no longer commercially justified to continue operating Bromma Stockholm Airport and that traffic in Stockholm should instead be concentrated at Stockholm Arlanda Airport in order to best ensure both competitiveness and access. One essential condition



For Swedavia a new journey is now beginning

is that Stockholm Arlanda Airport has the opportunity to continue developing in line with the needs of the market and society. A closure of Bromma Stockholm Airport requires a political decision, which needs to be made from a broader social perspective. Until further notice, our mission is to operate our ten airports, including Bromma Stockholm Airport, in the best possible way.

We people are often judged by how we handle setbacks, and during what has been one of the toughest years in Swedavia's history, all of our employees have made great efforts. There have been many hardships, and together we have needed to manage a crisis that has affected everyone's work situation as well as their private life. Throughout the year, all employees at Swedavia did their utmost to ensure that we could also continue to create the access Sweden needs in order to also work in a time of crisis.

I am really proud of that, and I would like to extend my warm thanks to all the engaged and loyal colleagues at the company.

Transition for competitiveness

During the year, we were forced to prioritise the activities that are absolutely business-critical, but our strategic sustainability goals are still in place and continue to be important guiding principles as we make sure Swedavia is also competitive in a changed aviation market.

Since Swedavia was formed in 2010, we have worked towards the goal of being fossil-free in the operations we run under our own management by the end of 2020. This was a very ambitious goal when it was adopted and was met with a bit of scepticism for the simple reason that it was considered unachievable. An airport consists of large buildings that have to be heated and cooled, and machine-operated equipment and many heavy and other vehicles are used for everything from bus transport to snow removal. Running our own operations without fossil fuel was no small matter. We therefore chose to complete this work despite the pandemic, and at year-end 2020 we could proudly state that we had achieved our goal.

It would never have been possible to reach this goal without the engagement employees have shown. They have done so in part by coming up with their own solutions when none was available and by daring to place demands on a supplier market that has not always been ready for fossil-free alternatives. Not only does this make me proud as CEO. It is also my conviction that this is what the aviation industry needs to tackle the transition to a more sustainable society in the face of climate change – by setting high goals, by promoting innovativeness, and by daring to place high demands on everyone that plays a role in the aviation industry's value chain – and naturally, especially on us. However, for Swedavia that is only one goal.

We will now accelerate the work and support other companies and organisations at our airports in their climate change work as well as contribute to the entire aviation industry's journey towards fossil-free operations, in line with the industry's own roadmap. We will also do our utmost to contribute to a more cohe-

sive and sustainable transport system throughout Sweden. This requires a linking of transport modes that are important to society, such as rail, road and air traffic, in the country's long-term infrastructure development. That enables a faster, more efficient transport system with a reduced environmental impact that can benefit all of Sweden. Swedavia will contribute here in every way we can. With goal-oriented, consistent work, together we will succeed.

The way forward

To ensure that we are ready to take on our mission under the new conditions that will prevail in the aviation market in the years ahead, we are carrying out extensive work to structure and organise the company in the best way possible. By concentrating resources and increasing focus on a few selected strategic initiatives in the industry's transition to sustainable aviation, digital transformation and automation and by making our airports multimodal hubs and meeting places, we create better conditions to develop our operations efficiently and move Swedavia closer to our long-term goals.

In 2020, we also decided on a new strategic approach. We were able to cross off initiatives included in this strategy that we managed to complete during the year. We have supplemented this work with new initiatives to meet our changed conditions. Among other moves, we are increasing our focus on the industry's transition to sustainable aviation, which is existential in nature. This is an area where Swedavia

shall be seen as an international role model, which will thus further enhance our competitiveness.

A new journey

For Swedavia, a new journey is now beginning. We leave an exceptional year behind us, in the knowledge that so far we have managed a very difficult situation in a way that nonetheless leaves us well equipped to face the future. We will be a smaller company, but one that is adapted to be competitive in a changed aviation market. We are convinced that, together with our customers and partners, we will play an important role in the economic, social and cultural recovery that will be needed across the world.

There will be a time after the pandemic. Around the world, vaccines are being distributed, and we see how people and companies, with ever growing confidence, are preparing to meet the future. The aviation industry's crisis in this pandemic essentially stems from the fact that the universal human need to travel and meet has not been satisfied. For nearly a year, we have been forced to forgo this, but there will always be the need to travel and meet other people. It is our mission to make all the meetings we long for possible once the situation in our world again allows this. That time is soon here. We will soon meet again.

Stockholm, March 2021

Jonas Abrahamsson
President and CEO



A crisis that changed conditions


The Covid-19 pandemic affected the entire world during the year. The consequences for people's lives and health and for economies and markets were far-reaching. The aviation industry was hit early and very hard due to the restrictions on meetings and travel introduced during the year.

Swedavia's operating conditions changed fundamentally when the Covid-19 pandemic struck. In March 2020, traffic decreased 98 per cent at Swedavia's airports when the Swedish Ministry for Foreign Affairs' travel advisory against non-essential travel abroad entered into force.

At an early stage, Swedavia formulated a clear order of priorities that the company has worked from since then. The focus has been on the acute crisis as well as on how an adaptation to a new normal in the aviation market will take place.

The first priority was to safeguard the lives and health of employees, partners and customers and also help to limit the spread of infection. The second priority was to manage the company's own financial situation through robust and immediate measures. Finally, Swedavia has done what can be done to help and support partners and customers that are closely connected to operations.

Early on, Swedavia formulated a clear order of priorities



SWEDAVIA'S ACTIONS MONTH BY MONTH:

MARCH

■ March begins with near-normal passenger volumes. Volumes quickly fall to less than 10 per cent of normal levels at month-end. The situation is extremely uncertain, and there is little point of making forecasts for the next few months or for the full year ahead. Different conceivable scenarios from a business perspective are considered, but whatever the scenario it is clear that the Covid-19 pandemic will have a major impact.

■ A number of measures are carried out with immediate effect: a temporary freeze on new investment decisions, hiring and consultant solutions as well as cost adjustments in view of the changes in volume seen.

■ Furloughs for 2,300 employees are carried out, equivalent to roughly 75 per cent of staff.

■ A freeze is placed on non-business-critical tasks, and maintenance measures are given high priority. Meanwhile, the company does its utmost to safeguard access at all airports based on current demand from both commercial traffic and air ambulance services.

■ With a business model built essentially on variable revenue, including based on passenger volumes, the number of aircraft movements and sales revenue in shops and restaurants, the immediate consequence is that Swedavia's revenue decreases by 500 million kronor a month at most when the loss in passengers is at its peak. Although Swedavia enters the crisis in basically good financial position, a drastic situation like this requires robust and immediate measures.

■ All air traffic at Terminals 2–4 at Stockholm Arlanda Airport is moved to Terminal 5.

■ Work to reduce the spread of infection at airports is begun. Swedavia is in close contact with regional infection control medical officers and follows the Public Health Agency of Sweden's directives. It is crucial to have global coordination in the industry to ensure that airline customers and international passengers consider the airports to be equally safe and secure.

■ Given significant uncertainty about the traffic trend going forward, Swedavia needs to be prepared to implement further measures if demand over the foreseeable future should not recover to pre-Covid levels. To create room for manoeuvre for all contingencies, Swedavia announces redundancies for 800 employees.



Intensive work to reduce the spread of infection at the airports

APRIL

- The work to reduce the risk of infection intensifies at the airports. It includes:
 - signage and decals with general advice
 - announcements to maintain distances at the airport and on buses
 - modified arrangements of furniture and Plexiglas at counters
 - modification of queue systems at check-in, border control and boarding
 - use of baggage belts in different parts of the baggage hall to spread out passengers
 - larger and additional buses when necessary and enabling social distances on board the buses
 - increased cleaning in critical areas such as switches, door openers, escalators, ATMs and self-check-in machines.
- In addition, cleaning is enhanced at security checkpoints for passengers, employees and goods and at road gates.

■ Due to the Covid-19 pandemic, there is an increased need for protective materials for Swedish healthcare workers. Swedavia's airports contribute by donating protective equipment such as respiratory masks and protective eyewear as well as other equipment that the airports can spare to health care facilities across Sweden.

■ The projects to build a new pier and a new baggage system in Terminal 5 at Stockholm Arlanda Airport are paused until further notice. A comprehensive review of other parts of Swedavia's investment portfolio continues.

■ Swedavia makes the situation easier for customers and supports partners through rent relief measures, discounts and temporary suspension of airport charges. This is done in part with the help of the Swedish government's support package for rent relief.

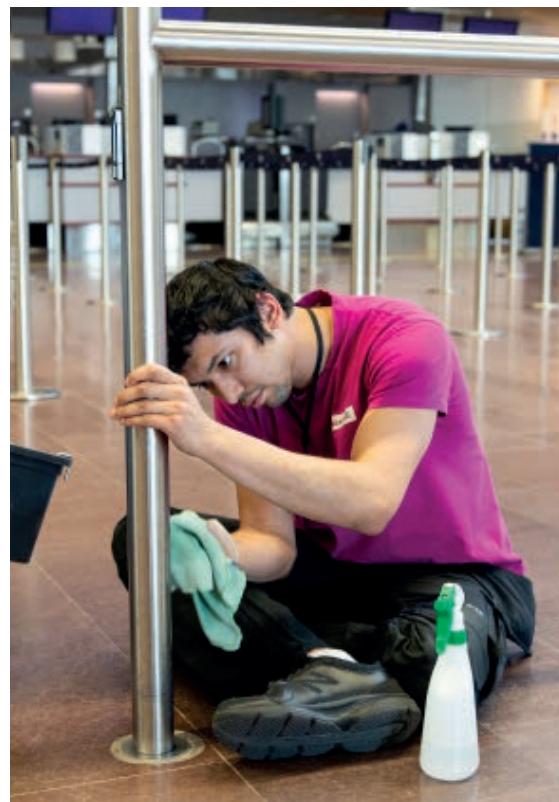
MAY

■ The aviation market takes its first tentative steps towards re-establishing access mainly with other European countries. Swedavia's work to systematically determine how rising passenger volumes will gradually be managed is brought together in a project called Operations Ramp-Up. The project determines what is entailed if traffic returns to 10, 25 or 50 per cent of former levels in a world with new requirements for procedures and measures from an infection control and preventive safety perspective. It takes into consideration requirements that previously did not need to be managed so extensively in operations.

■ The Swedish government makes a decision concerning public service obligations on routes to and from Norrland and Gotland. Amapola wins the tender and provides some service on these routes.



Throughout the pandemic, Swedavia has followed the Public Health Agency of Sweden's directives



HOW SWEDAVIA ACTED MONTH BY MONTH:

JUNE

- The Swedish parliament authorises the government to decide on a shareholder contribution of up to 3.15 billion kronor in 2020 for Swedavia's long-term value creation, and to enable the company to maintain its infrastructure and safeguard Swedish access by air.
- The investment portfolio is reviewed and optimised based on the new situation. Swedavia starts a project aimed at adapting the company's operational structure to a new market situation.

JULY

- A number of European airlines, including Norwegian, resume traffic in Sweden and elsewhere after some restrictions are lifted. SAS also increases the number of its destinations, and charter traffic increases somewhat. However, there is very limited long-haul traffic to and from Sweden due to the Ministry for Foreign Affairs' travel advisory against non-essential travel outside the EU, EES and Schengen area.

AUGUST

- After a trend of increased air travel driven by more leisure flights was noted in July, travel comes to a standstill in August.
- The work to reduce the spread of infection and introduce more preventive safety measures continues.

SEPTEMBER

- After a rebound to some extent during the summer, passenger volumes fall again. Swedavia is forced to carry out the redundancies announced in March in order to continue adapting operations to the drastically lower passenger volumes, which will probably remain low for a long while. Meanwhile the work to design a new operational structure, one adapted to the new market conditions, intensifies. The aim is to design a Swedavia that is smaller than before, but at least as competitive, more efficient and even more customer-focused.
- Given the pandemic's major impact on air travel, there will probably be surplus capacity for a long while at Swedavia's two Stockholm airports. In June, Swedavia had been asked by its owner to carry out an impact assessment of the commercial considerations of a potential early closure of Bromma Stockholm Airport. The conclusions are submitted to the Ministry of Innovation and Enterprise in September.



OCTOBER

■ Under the framework for the amending budget adopted by the Swedish parliament in June, which authorised the government to decide on a shareholder contribution of up to 3.15 billion kronor, the government decides to provide a shareholder contribution of 2.5 billion kronor.

■ European Commission president Ursula von der Leyen announces that all non-essential travel within the EU should be cancelled given the current situation. Travel to and from Swedavia's airports remains at low levels. It is a challenging situation for the aviation industry and also troubling for the Swedish economy and competitiveness, which depend on good air links with the rest of the world.

NOVEMBER

■ Demand for flights falls week after week in November, the ninth straight month of historically weak figures for air travel as a result of the pandemic. The increased spread of infection combined with new and expanded restrictions contributes to increased uncertainty about the market trend.

■ At Stockholm Arlanda Airport, passenger volume decreases 87 per cent compared to the previous year. At Göteborg Landvetter Airport, the decrease is 88 per cent and at Bromma Stockholm Airport the decrease is 95 per cent.

DECEMBER

■ From a full-year 2020 perspective, Swedavia has taken robust cost-saving measures that reduce costs overall by about 500 million kronor and investments by about the same amount. Furlough aid has been used and most workers have been furloughed during the year. Swedavia has had to decide to carry out the redundancies planned for 800 full-time positions that were announced in March.

Great uncertainty about the future due to the pandemic

The Covid-19 pandemic is a human tragedy that has thrown the world into a historically deep crisis and recession. There is great uncertainty about how deep, far-reaching and long-lasting it will be. It is also unclear what the new normal is that the world will return to.

Along with the pandemic, there are other important phenomena for which the trend is uncertain – for example, changing economic conditions, business conditions for the aviation market and consumer behaviour.

**In 2020,
everything
changed due
to the Covid-
19 pandemic**

Four future scenarios ...

Over the past century, the world's population has grown exponentially. Technology has made major advances, and there is growing prosperity. This has created conditions that enable many more people to quickly travel between continents and see the world. Air travel has changed our perspective of distance, and there are scarcely any places on the map that are difficult to reach. Aviation has also helped to create favourable conditions that enable people to live in large parts of the world.

Along with the ongoing pandemic, the aviation industry needs to be able to manage a number of challenges so that air travel is available in the longer term.

The industry's climate impact is one of its greatest challenges. Fluctuating oil prices, geopolitical conflicts, terrorism and IT crime are other challenges.

A growing number of countries also express a desire for greater protectionism, with more closed borders and trade tariffs. Foreign exchange rates also have a great impact on people's willingness to travel and on airline profitability.

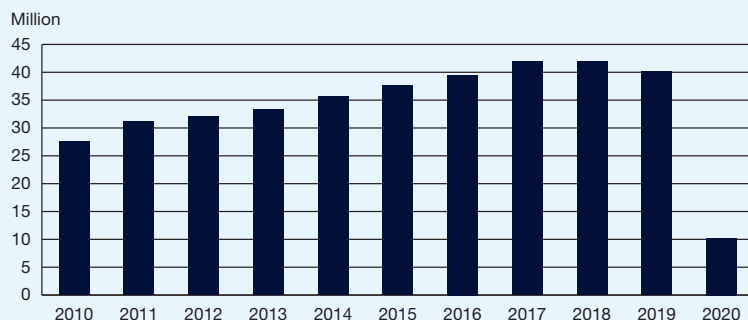
In 2020, everything changed due to the Covid-19 pandemic. During the year, Swedavia developed a scenario plan in which four future narratives for the year 2025 were created. This was done to provide support for planning and for quick decision-making once the picture starts

to become clearer. Each scenario entails different realities for Swedavia. They are based on different combinations of uncertainties and outcomes (see chart).

Over time, a large number of external events will fit well in the views of the future that the four scenarios describe, and a combination of these will probably occur. Swedavia needs different kinds of adaptations in its business model for the different scenarios, and the value proposition to its customer groups will vary. A number of trends are directly driven by the Covid-19 pandemic. These hold for all the scenarios but differ sharply in their impact, depending on the scenario:

- Unemployment will increase in the short term.
- Companies will go bankrupt in the short term.
- Government finances will be affected in the long term.
- It will take time before the economy recovers to its pre-crisis level.
- There will be a greater focus on health and safety, infection control and preventive safety measures.
- There will be increased anxiety and mental health problems in society in the short term.
- Digitisation will get a boost from increased use. People will meet and socialise to a greater extent on digital platforms such as Skype, Microsoft Teams and Zoom.

NUMBER OF PASSENGERS AT SWEDAVIA'S AIRPORTS



Four future scenarios ...

| | SCENARIO A | SCENARIO B | SCENARIO C | SCENARIO D |
|-------------------------------|--|---|---|--|
| External circumstances | <ul style="list-style-type: none"> • Fast return to strong economy • Vaccine available • Climate activism • Green transition • Openness and collaboration | <ul style="list-style-type: none"> • Slow return to strong economy • Vaccine available • Power shift harmonises • Innovation in health, safety and green transition • Openness and collaboration | <ul style="list-style-type: none"> • Uneven global recovery • Limited access to vaccine • China-US power struggle • Divides and conflicts • Production is moved home | <ul style="list-style-type: none"> • Recession persists • Pandemic with no vaccine • Protectionism • Local production necessary |
| Business conditions | <ul style="list-style-type: none"> • Aviation is climate villain • Increased taxes • Investment in electric cars and trains • No short-haul business travel • More digital meetings | <ul style="list-style-type: none"> • Aviation must be made safe • Taxes repealed • Investment in biofuel and electric aircraft • National access safeguarded | <ul style="list-style-type: none"> • Nuanced view of aviation • Shifting parliamentary majorities • Investment in fossil-free aviation fuel • General decrease in business travel | <ul style="list-style-type: none"> • Aviation is eclipsed • Health crisis takes precedence over climate crisis • Social distancing drives costs • Reduced focus on green transition • Digital meetings replace travel |
| Aviation market | <ul style="list-style-type: none"> • Low fares • Good demand (not domestic) • Large mix of airlines • Wide range of routes available • Green transition without political support | <ul style="list-style-type: none"> • Low fares • Good demand generally • Large mix of airlines • Wide range of routes available • Green transition with strong political support | <ul style="list-style-type: none"> • Somewhat higher fares • Moderate demand • National and low cost carriers • Fewer destinations • Green transition with shaky political support | <ul style="list-style-type: none"> • High fares • Obstacles to and low interest in travel • Few and weak airlines • Fewer destinations • Green transition is subordinate to other challenges |
| Consumer behaviour | <ul style="list-style-type: none"> • Pent-up consumer demand • Shift to online shopping • High demands for buying experiences • Non-sustainable companies avoided • The share economy is a complement | <ul style="list-style-type: none"> • Pent-up consumer demand • Meaningful consumption • High demands for sustainability, adaptation and flexibility • Sharing resources is an important alternative | <ul style="list-style-type: none"> • Fragmented consumer situation • Health and safety first • Online shopping stronger • Some sharing of resources | <ul style="list-style-type: none"> • Reduced consumption and travel • Health, safety, close relations • Promotion of local • Extensive sharing of resources |

... and five trend themes

The pandemic has had a major impact on air traffic, and a number of uncertainties could lead to new dents in its growth curve in the 2020s. However, there are strong drivers for long-term increased travel, which means both capacity challenges and business development opportunities.

Meanwhile, existing businesses are challenged by new offerings and shifting

consumer behaviour. There are increasingly stringent requirements for sustainable development from environmental, social and economic perspectives, which are an important part of the core of companies that create value.

Digitisation entails new ways of thinking and solving problems. This trend is accelerating, and society is headed for faster and far-reaching auto-

mation. This will place high demands on flexibility, agility and an openness to collaboration. Swedavia has grouped important trends in these areas into five trend themes.

Sustainability is strengthened in an uncertain world

The world faces a pressing challenge, with a growing need for energy yet at

the same time the climate is under great strain from greenhouse gases.

It continues to be an uncertain place in which income gaps, natural disasters, the outbreak of conflicts and sporadic terrorist acts affect the general public.

Calls are growing for a broader view of prosperity, where success is measured in a number of ways besides just economic growth. Greater public awareness and more stringent regulations place more demands on corporate social responsibility for climate, environmental and social aspects in one field after another. Meanwhile, nationalist winds are blowing, which risk undermining important international agreements and collaborations as well as putting the brakes on globalisation.

The digital society

Digitisation constitutes by far one of the strongest forces of change going forward. It will lead to great efficiency gains, new customer offerings and new business logistics, with industries being fundamentally reshaped. The pace of change is accelerating, and it is difficult to predict what new services and business models these developments will lead to. That is especially true in the field of artificial intelligence.

In an increasingly connected society, the capacity to develop enormous quantities of data provides competitive advantages. Automation and robotisation entail new and more efficient ways of working. People's jobs will in many cases have completely new content.

Everyday life will be easier with around-the-clock access to increasingly smart digital assistants. The digital

and physical worlds will blend together; people can now also talk to intelligent devices. Large platform companies with tremendous knowledge about customers ensure that digital environments will be flexible and user-friendly. People will use their body as their password as biometrics provide quick, safe access to services and devices. Blockchain technology will be assessed as a way to safeguard sensitive information.

This trend places great demands on people's ability to innovate and to take advantage of innovativeness outside of their own company. Industries also face a shift, with tougher competition for critical competencies and increased demands to be an attractive employer. The challenges will grow alongside the vulnerabilities and security gaps entailed by this digital development. Digitisation also entails new powerful weapons that can be used to destabilise societies.

A changing aviation market

Aviation continues to be crucial to long-haul tourism and trade. As prosperity increases and ever more people travel the world, the centre of gravity on the aviation map will shift towards Asia. Travel has a high priority, but travellers prefer to spend money on accommodation and experiences at their destination rather than the flight itself.

In Europe, traffic is being concentrated in large airline groups and low cost carriers. Airlines increasingly resemble one another, which forces sporadic differentiation and new partnerships. Given the constant focus on profitability, capacity is often shifted on short notice, which affects individual airports.

Digitisation constitutes by far one of strongest forces of change going forward

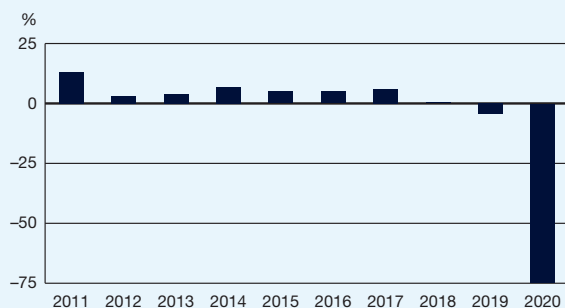
Speed and punctuality at a low cost are needed. Major airports are doing similar things as the tourism industry and companies in general to market themselves and develop business alongside aviation to secure revenue.

A broader view of sustainable development also characterises the aviation industry, where new goals and solutions are needed. The industry will gradually become more sustainable through more efficient aircraft, biofuels and, in the long term, electric aircraft, which will create great opportunities for regional route development. Drones and other craft for urban and regional mobility, for the transport of both people and goods, will be launched and in the long term could be part of a common regulatory framework.

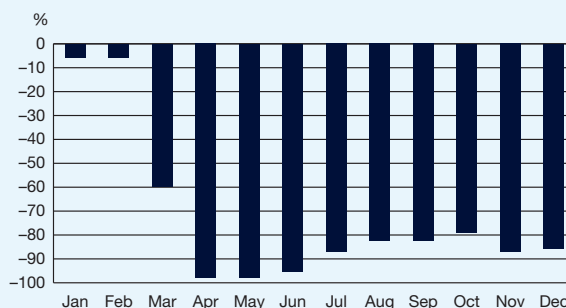
Seamless travel

Mobile phones have become a remote control for travellers in the different phases of their journey. They expect to be notified if necessary and to have this

PASSENGER TREND AT SWEDAVIA'S AIRPORTS



PASSENGER TREND BY MONTH IN 2020 AT SWEDAVIA'S AIRPORTS





AVGÅNGAR / DEPARTURES

Gångavstånd
Walking distance

Gate F26-F39 6 min
Gate F58-F69 7 min
Gate 1-10 4 min
Gate 11-24 10 min

Avgångar Departures 13:49

| Destination | Flight | Time | Status |
|-------------|--------|-------|---------|
| London | SK 100 | 13:50 | On time |
| Stockholm | SK 101 | 13:55 | On time |
| Oslo | SK 102 | 14:00 | On time |
| Paris | SK 103 | 14:05 | On time |
| Amsterdam | SK 104 | 14:10 | On time |
| Brussels | SK 105 | 14:15 | On time |
| Frankfurt | SK 106 | 14:20 | On time |
| Munich | SK 107 | 14:25 | On time |
| Zurich | SK 108 | 14:30 | On time |
| Geneva | SK 109 | 14:35 | On time |
| Basel | SK 110 | 14:40 | On time |
| Stuttgart | SK 111 | 14:45 | On time |
| Düsseldorf | SK 112 | 14:50 | On time |
| Cologne | SK 113 | 14:55 | On time |
| Dortmund | SK 114 | 15:00 | On time |
| Essen | SK 115 | 15:05 | On time |
| Duisburg | SK 116 | 15:10 | On time |
| Münster | SK 117 | 15:15 | On time |
| Bielefeld | SK 118 | 15:20 | On time |
| Wuppertal | SK 119 | 15:25 | On time |
| Bochum | SK 120 | 15:30 | On time |
| Unna | SK 121 | 15:35 | On time |
| Velbert | SK 122 | 15:40 | On time |
| Witten | SK 123 | 15:45 | On time |
| Velbert | SK 124 | 15:50 | On time |
| Witten | SK 125 | 15:55 | On time |
| Velbert | SK 126 | 16:00 | On time |
| Witten | SK 127 | 16:05 | On time |
| Velbert | SK 128 | 16:10 | On time |
| Witten | SK 129 | 16:15 | On time |
| Velbert | SK 130 | 16:20 | On time |

Avgångar Departures 13:49

| Destination | Flight | Time | Status |
|-------------|--------|-------|---------|
| London | SK 100 | 13:50 | On time |
| Stockholm | SK 101 | 13:55 | On time |
| Oslo | SK 102 | 14:00 | On time |
| Paris | SK 103 | 14:05 | On time |
| Amsterdam | SK 104 | 14:10 | On time |
| Brussels | SK 105 | 14:15 | On time |
| Frankfurt | SK 106 | 14:20 | On time |
| Munich | SK 107 | 14:25 | On time |
| Zurich | SK 108 | 14:30 | On time |
| Geneva | SK 109 | 14:35 | On time |
| Basel | SK 110 | 14:40 | On time |
| Stuttgart | SK 111 | 14:45 | On time |
| Düsseldorf | SK 112 | 14:50 | On time |
| Cologne | SK 113 | 14:55 | On time |
| Dortmund | SK 114 | 15:00 | On time |
| Essen | SK 115 | 15:05 | On time |
| Duisburg | SK 116 | 15:10 | On time |
| Münster | SK 117 | 15:15 | On time |
| Bielefeld | SK 118 | 15:20 | On time |
| Wuppertal | SK 119 | 15:25 | On time |
| Bochum | SK 120 | 15:30 | On time |
| Unna | SK 121 | 15:35 | On time |
| Velbert | SK 122 | 15:40 | On time |
| Witten | SK 123 | 15:45 | On time |
| Velbert | SK 124 | 15:50 | On time |
| Witten | SK 125 | 15:55 | On time |
| Velbert | SK 126 | 16:00 | On time |
| Witten | SK 127 | 16:05 | On time |
| Velbert | SK 128 | 16:10 | On time |
| Witten | SK 129 | 16:15 | On time |
| Velbert | SK 130 | 16:20 | On time |

Hjälp oss att minska smittspridning. Håll avstånd till personer runtomkring.

Help us reduce the spread of infection. Keep distance to people around.



Avgångar Departures 13:49

| Destination | Flight | Time | Status |
|-------------|--------|-------|---------|
| London | SK 100 | 13:50 | On time |
| Stockholm | SK 101 | 13:55 | On time |
| Oslo | SK 102 | 14:00 | On time |
| Paris | SK 103 | 14:05 | On time |
| Amsterdam | SK 104 | 14:10 | On time |
| Brussels | SK 105 | 14:15 | On time |
| Frankfurt | SK 106 | 14:20 | On time |
| Munich | SK 107 | 14:25 | On time |
| Zurich | SK 108 | 14:30 | On time |
| Geneva | SK 109 | 14:35 | On time |
| Basel | SK 110 | 14:40 | On time |
| Stuttgart | SK 111 | 14:45 | On time |
| Düsseldorf | SK 112 | 14:50 | On time |
| Cologne | SK 113 | 14:55 | On time |
| Dortmund | SK 114 | 15:00 | On time |
| Essen | SK 115 | 15:05 | On time |
| Duisburg | SK 116 | 15:10 | On time |
| Münster | SK 117 | 15:15 | On time |
| Bielefeld | SK 118 | 15:20 | On time |
| Wuppertal | SK 119 | 15:25 | On time |
| Bochum | SK 120 | 15:30 | On time |
| Unna | SK 121 | 15:35 | On time |
| Velbert | SK 122 | 15:40 | On time |
| Witten | SK 123 | 15:45 | On time |
| Velbert | SK 124 | 15:50 | On time |
| Witten | SK 125 | 15:55 | On time |
| Velbert | SK 126 | 16:00 | On time |
| Witten | SK 127 | 16:05 | On time |
| Velbert | SK 128 | 16:10 | On time |
| Witten | SK 129 | 16:15 | On time |
| Velbert | SK 130 | 16:20 | On time |

information seamlessly available in the physical environment as well as in various digital channels. A large share of customer services will be automated using algorithms, although personal service will always be offered.

With biometrics entering the scene, the process will be smoother at more and more airports. There is a profusion of intelligent technology for airports to monitor flows, foresee bottlenecks and optimise resources. Equipment and staff will also be connected. Automation will be seen in ways both large and small, in everything from making processes more efficient to assisting passengers. Through open interfaces and collaboration, new innovation is created. At the same time, the aviation industry is characterised by a large number of operators, it is global and has closed systems with rigorous safety requirements. This makes them somewhat sluggish in this change, with investments that need to be financed in the short term. Passengers, on the other hand, are both impatient and digitally mature.

Intermodality and mobile services that connect transport modes are becoming increasingly common, but the market

is in an early stage. A gradual shift to rechargeable vehicles is taking place, and there will also be self-driving vehicles in the long term. They are being placed in service at more and more airports to transport passengers between facilities.

New ways to approach customers

The population is ageing, while there is less difference between old and young people. There is greater acceptance of living, consuming and travelling differently in every stage of life. The wellness trend, already strong, will accelerate while mental health problems will escalate given the ever greater demands placed on people in society and the lack of resources to enable recovery. It will also be difficult to reach the traveller of the future. With people constantly connected, nearly everything is available around the clock. Information and advertising fatigue have spread. Helpful messages, which make clear what the benefits are, have the greatest chance of getting through. There are now also signs of consumption fatigue in the West. Having access to what is needed, by renting or subscribing instead of owning, is an alternative. A shift in values is also

apparent, most clearly among young people, who want to contribute to something good with their consumption.

Flying has been a natural way to travel for most people. They are looking for a welcoming environment in which to relax, socialise and have some valuable time to themselves, perhaps to work. They have run out of patience when it comes to waiting for service. Travel is part of our everyday world, and people need to get their errands done. They are also looking for inspiration and novelty, where things that are unique and local are more interesting than what they can get at home with a tap of their mobile. That is also true of ever-important food, where there needs to be a wide assortment and transparency in terms of the content and origin. At the same time, people do not want to take risks and instead choose what is familiar and affordable.

Passengers are the end-customer of every business in the aviation industry, and the demand to be customer-driven is spreading rapidly. Airports have a lot to gain from collaborating and sharing data with airline customers, tenants and other operators in order to create a better customer experience.

Swedavia creates benefits on numerous levels

Swedavia's main task is to create access within Sweden as well as to and from the country. Economic growth and business opportunities are created through the company's operations. Swedavia contributes to employment, tax revenue, and the exchange of culture and knowledge for the company's

stakeholders. Swedavia also plays an active role in developing the Swedish transport sector and helps Sweden to achieve its transport policy goals. This produces positive effects for all of Swedish society – locally, regionally and nationally, for companies and other organisations as well as for individuals.

Swedavia's resources

Relational capital

10.3 million passengers and relations with customers, tenants, suppliers, partners and decision-makers. Swedavia had about 7 million visitors to swedavia.se and about 200,000 followers across 18 different accounts.

Human capital

Swedavia's engaged, skilled employees help provide customers with a better experience.



Tangible and intangible capital

Ten airports that are included in Sweden's national basic infrastructure. Buildings and land adjacent to the airports.

Financial capital

Owned and borrowed capital.

Operations and business model

Purpose

Together we enable people to meet.

Vision

Swedavia develops the airports of the future and creates sustainable growth for Sweden.

Business concept

Together with partners, Swedavia creates added value for customers by offering attractive airports and access that provide smooth and inspiring travel experiences. Swedavia's airports shall be the most important meeting places in the Nordic region. The company shall be an international role model in sustainability and a growth engine for all of Sweden.

Business model

Swedavia's role is to create the access Sweden needs to facilitate travel, business and meetings in Sweden, elsewhere in Europe and the rest of the world. Safety, security and sustainable development with a focus on the customer are the foundation of everything Swedavia does, both in its own operations and in society in general. Operations are run based on sound business principles, and the company shall build a long-term sustainable business through development, planning and operational efficiency.

Swedavia's fundamental values shall be integral to all stakeholder relations. This means Swedavia shall be reliable, engaged, innovative and welcoming. Based on customer needs and working from these fundamental values and its different inputs, Swedavia creates products and offerings in its Aviation Business, Commercial Services and Real Estate business segments.

Offerings and products

Aviation Business • Commercial Services • Real Estate

Fundamental values

Reliable • Engaged • Innovative • Welcoming

What Swedavia provides

Increased access

Swedavia creates the access needed to facilitate travel, business and meetings.

Safe, efficient infrastructure

Swedavia's airports have safe, secure and optimised infrastructure, thus creating efficient flows for a smooth and inspiring customer experience.

Attractive environments for people to meet in

Together with many operators, Swedavia creates opportunities for people, cultures and societies to meet now and in the future.

Functional premises

Swedavia provides premises for retail operations, offices, warehouses and logistics that meet customer needs and create long-term competitiveness.

Sustainable and personalised airport services, experiences and transport

Together with the airlines and tenants, Swedavia delivers inspiring services that provide a positive customer experience and increased attractiveness.



Values for stakeholders

Owner

- Profit for the year SEK –1,282 M
- Return on operating capital –7.5%
- International role model in sustainability
- Helps Sweden to achieve its transport policy goals

–7.5%
return on
operating capital

Suppliers, partners, financiers

- Long-term mutual partnership
- Jobs

74%
positive customer
experience

Customers

- Attractive airports
- Access
- Smooth and inspiring travel experiences
- Personal meeting places

77%
engaged
employees*

Employees

- Jobs
- Personal and professional development
- Salaries, pensions and benefits

* Average figure for four pulse measurements during the year.

Society

- Access within Sweden as well as to and from the country
- Employment and business opportunities
- Tax revenue
- Diversity
- Exchange of culture and knowledge

83 tonnes
emissions of
fossil carbon dioxide*

* At year-end, fossil sources had been phased out and Swedavia reached its goal.

Environment

- Contributes to fossil-free aviation by driving the large-scale transformation of the industry
- World leader in developing airports with the least possible climate impact

0.15%
sustainable aviation fuel

The next strategic step is now being taken

Swedavia has formulated four strategies and a foundation that, combined with an engaging corporate culture, shall help the company to achieve all of its goals. This is to be done based on the strategic approach that was adopted in 2020 and that will be implemented in operations in 2021.

Although the pandemic has had a major impact on all of Swedavia's operations, the company had a powerful tool in the form of its existing business intel-

ligence to manage the crisis.

During the year, a new strategic approach was adopted based on the company's business intelligence and

materiality analysis, which will be implemented in full in 2021. By 2025, the target image is:

- Be an international role model in sustainability.
- Provide a smooth and inspiring travel experience.
- Be the most important meeting places in the Nordic region.
- Be a growth engine for all of Sweden.

Combined with an engaging culture, these goals shall be reached through four strategies and a foundation.

Four strategies and a foundation to reach the target image

Foundation – responsibility for society and people

Proactive work for safety, security, the environment, and the health of customers, employees and society is the foundation of Swedavia's operations.

Responsibility for society and people means that safety and security are fundamental to everything that is done. Resources and energy shall be used responsibly and

efficiently, while priority shall be given to the physical, psycho-social and social work environment. High business ethics standards shall be integral to operations.

The aim is also that the company shall take responsibility for the impact throughout the value chain based on a life cycle perspective. Safety, security, permits and certificates constitute the foundation of operations.

Commercial excellence

Based on sound business principles, Swedavia provides an attractive range of routes and creates an innovative customer offering in retail, services and properties.

Commercial excellence is the basis for understanding the current and future needs of customers and for having the capability to offer and deliver prod-



Proactive work for safety, security, the environment, and the health of customers, employees and society is the foundation



ucts and services that are competitive and create value for both customers and Swedavia. This entails continuous assessments of operations and the monitoring and development of business models. It also entails working based on the customer's best interest, regardless of what part of operations is involved, and actively using digitisation's potential when new business models, services and products are developed.

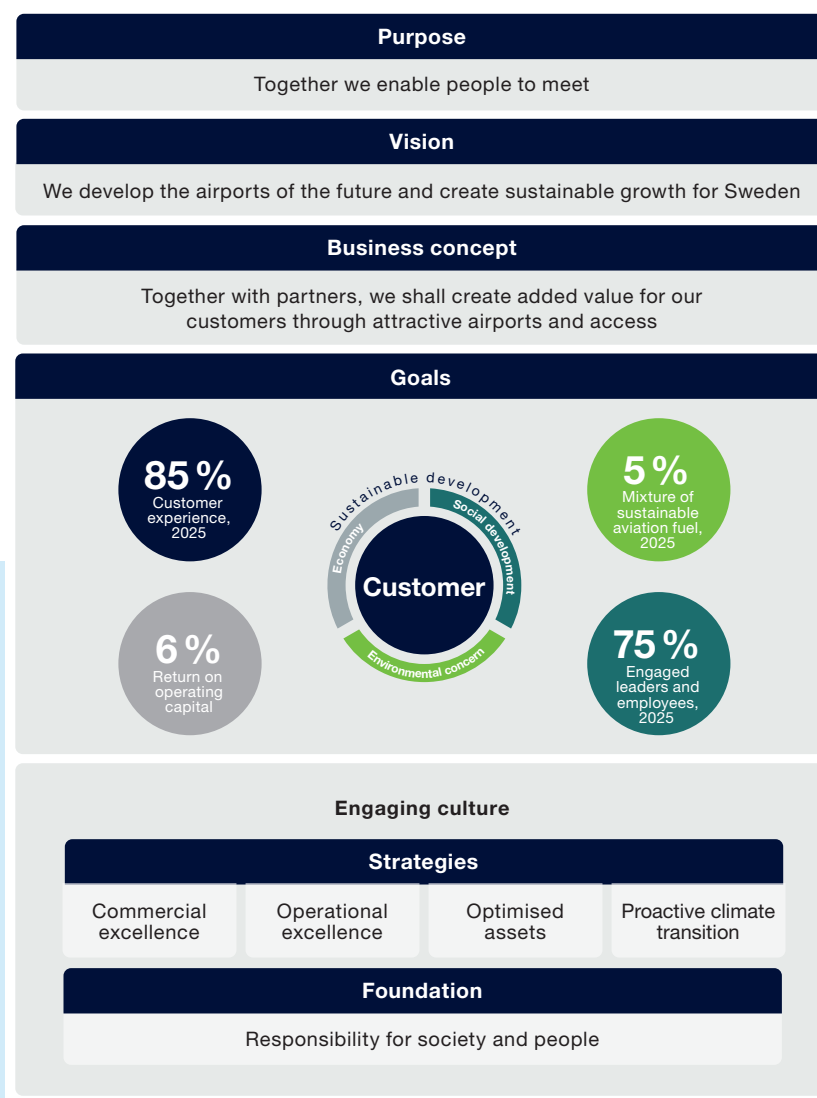
Operational excellence

Swedavia develops operational excellence in the delivery of services and products that meet customers' needs and expectations by optimising processes. Customers' needs are met, regulations are complied with and goals are met through a process-oriented way of working in all perspectives. This entails an efficient, cost-effective way of working as well as continuous improvement in Swedavia's delivery and efficiency.

Through operational excellence, products and services (commercial excellence) are delivered in as efficient a way as possible. One of the most important tools for optimising processes and making them more efficient is to use opportunities entailed by digitisation and automation, for example, autonomous vehicles.

Optimised assets

Swedavia ensures the right operational and commercial capacity to meet cus-



tomers' current and future needs. This entails development of both operational and commercial capacity that meet customer demand over time by developing the sustainable airports of the future together.

Continuous capacity planning is needed in which infrastructure is adapted to handle future customers with the right quality of performance. Optimised capacity means that Swedavia on its own and through its partners and contractors has resources and skills to complete ongoing and future development programmes on time, within budget and without any workplace accidents. It also means Swedavia shall use, manage

and develop assets from a life cycle perspective.

Proactive climate transition

Swedavia works proactively to take responsibility for the climate impact throughout the value chain and based on a life cycle perspective. Swedavia is a driver in ensuring that other operators carry out climate change adaptation work, that global, regional (EU) and national climate goals are met, and that the industry's plan for fossil-free operations is realised. It also means that the company adapts the airports to the technological solutions of the future and ensures that its infrastructure is adapted in the face of climate change.

Swedavia's collaborations

Being able to act together on important issues provides a better basis for decision-making and greater strength. Swedavia has a number of collaborations and partnerships in areas ranging from environmental issues to working conditions. Here is a selection:

Airport Carbon Accreditation (ACA) climate programme

Swedavia is a member of ACI Europe's Climate Task Force, which focuses on how ACA should develop. The aim of the task force is to develop long-term climate goals for EU airports and airlines. These goals shall meet the goals of the Paris Agreement.

Arbetsförmedlingen

Collaboration with the Swedish national employment agency Arbetsförmedlingen enables common efforts to create a sustainable labour market at the regional and local level. The most appropriate labour market policy measures in the context are chosen and could, for example, entail taking on interns from the employment agency at Swedavia's airports.

Arlanda against Human Trafficking

The network consist of companies and other organisations at and in the vicinity of the airport. By working together and increasing knowledge, the network helps create a safer Stockholm Arlanda Airport and calls attention to victims of human trafficking.

Arlanda Region

Collaboration with the municipalities in the region where important matters related to the interest of the airport and the municipalities are addressed. The aim of the organisation is to create the best conditions for regional development, such as traffic infrastructure, housing construction, business development and work with environmental issues.

Connect Sweden

A collaborative project that works to enhance Sweden's international air links. The project is supported by representatives from Swedish businesses, the City of Stockholm and a number of other national and regional organisations. The goal is to strengthen Stockholm Arlanda Airport's position as the leading hub in the Nordic region.

Doctors Without Borders and the Red Cross

Collaborations to enable the exchange of knowledge and insights as well as enrich employees' everyday lives and thus strengthen Swedavia's position as an employer.

Electric Air Transport in Sweden (ELISE)

Partner in a consortium where the goal is to develop a commercial electric aircraft by 2025. Today's airports play a key role in the electric aviation of the future.

Fly Green Fund

Partner in the economic association that is working to increase demand for sustainable aviation fuel while supporting the production of such fuel in the Nordic region.

Fossil-Free Sweden

Initiative started by the Swedish government that brings together over 450 stakeholders on the view that the world must be fossil-free and that Sweden shall lead the way in this work. These organisations pledge to show concrete measures to reduce emissions.

Fossil-Free Swedish Aviation 2045

Innovation cluster launched together with RISE and SAS in order to translate the roadmap developed by the aviation industry in 2018 into concrete measures to achieve fossil-free Swedish aviation by 2045.

Green Flyway

Swedavia is a co-financier in this collaboration, whose goal to prepare Åre Östersund Airport to manage trial operations for electric aviation starting in autumn 2020 was achieved.

Håll Nollan ('Keep Zero')

Collaboration for zero accidents in the Swedish construction industry. The industry here includes not just construction companies but all companies and other organisations that order, plan and carry out construction projects.

Important local and regional collaborations

Swedavia has so-called aviation councils in different regions, which bring together businesses, members of parliament, municipalities and regional representatives to discuss important access issues. Swedavia is also involved in a number of forums, including Go:Connect in Gothenburg, Sweden's Chambers of Commerce and the Council for the Stockholm Mälardalen Region.

Nordic Initiative for Sustainable Aviation (NISA)

Member of this Nordic collaboration, in which a large number of stakeholders work to together find a reliable supply of sustainable fuel for the aviation industry.

Nordic Network for Electric Aviation (NEA)

Swedavia was a founding member of NEA, whose aim is to coordinate electric aviation in the Nordic region.

PFAS networks

Swedavia takes part in a number of PFAS networks aimed at remedying the problem of highly fluorinated substances in soil and drinking water, but also works with various research initiatives on perfluoroalkyl substances. Read more on page 54.

Swedish 2030 Secretariat

Brings together partners that work in some way with one of Swedavia's focus areas for change: cars, fuel and behaviour. Together, members conduct business intelligence, prepare forecasts and drive policies and companies in the right direction.

Swedish Aviation

Forum for dialogue and collaboration with representatives of Sweden's aviation sector, including airports, airlines, the aerospace industry and other organisations working with air traffic services and aviation issues.

Tekniksprånget and Jobbsprånget

Swedavia takes part in Tekniksprånget, an initiative to address the shortage of engineers. In the programme Jobbsprånget, the company offers a four-month internship to recent arrivals from abroad with a university education in order to accelerate their introduction to the Swedish labour market.

Universally Designed Workplaces

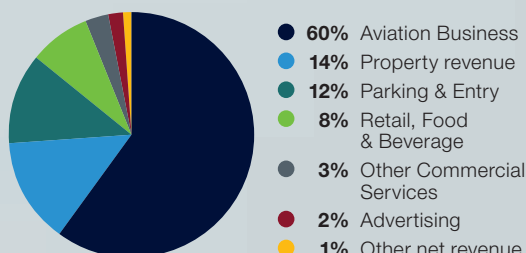
Collaboration aimed at designing the workplace based on everyone's needs. The focus is on creating workplaces that take into account and allow for people's differences – a workplace that is inclusive and designed for everyone.

Without customers, operations come to a standstill

Swedavia's business is completely centred on its customers – passengers, airlines and tenants. Its two operating segments are Airport Operations and Real Estate.

In Airport Operations, Swedavia owns, operates and develops its ten airports. In Real Estate, Swedavia owns, develops and manages buildings and land adjacent to Swedavia's ten airports.

Sales revenue as a
% of net revenue



Swedavia's operating segments

AIRPORT OPERATIONS

Owens, operates and develops Sweden's national basic infrastructure of airports.

Aviation Business

- Passenger services
- Take-off and landing services
- Security screening
- Terminal and en route services
- Assistance services (PRM)*
- Infrastructure for ground handling services**
- Ground handling services

* People with functional differences

**Including baggage handling and refuelling

Commercial Services

- Rental of premises for retail, restaurants, offices, warehousing and logistics
- Parking and entry
- Passenger and other services, including advertising and IT



REAL ESTATE

Owens, develops and manages properties

Real Estate operations

- Owns, develops and manages developable land at and in the vicinity of Swedavia's airports
- Preparations for property development projects for hotels, offices, logistics, retail and more
- Administration and updating of information about properties
- Services in construction project management
- Development of property joint ventures



► STOCKHOLM ARLANDA AIRPORT: Preparing for the return of passengers

Stockholm Arlanda Airport continues the work to develop it into the leading airport in the Nordic region, with a position as an international role model in sustainability. The past year entailed great challenges, and operations had to be adapted. Despite the pandemic, Stockholm Arlanda Airport still maintains a crucial position in providing access within Sweden, to other Nordic countries and to the rest of the world.

Air access is critical to Sweden's competitiveness, economic growth and prosperity. For many years, there was a sharp rise in passenger volume at Stockholm Arlanda Airport, and the airport is carrying out extensive development projects to meet the capacity challenges facing the airport before the pandemic.

Some of these investments have been paused due to the pandemic, including

construction of a new pier and a new baggage system that would increase baggage handling capacity in Terminal 5. The expansion of Terminal 5 has continued as planned, which will create conditions to give passengers a better overall experience at Stockholm Arlanda Airport. The airport has also carried out essential preventive maintenance work.

Since the airport had less of a load,



88%

... how high
punctuality
was at
Stockholm
Arlanda Airport
in 2020.



this work could be carried out with fewer complications and generally without affecting other operations.

Operations centralised in Terminal 5

When traffic fell to a minimum during the spring, work immediately began to concentrate air traffic and all services in Terminal 5. One of two security checkpoints in the terminal was closed.

These measures were necessary so that restaurants, shops and other services could run their operations with a sufficient customer base. There was extensive dialogue with the airlines. A number of them more or less shut down operations for a while, and in June traffic had fallen 98 per cent.

During the autumn, traffic at the airport was equivalent to about 20 per cent of previous volumes, with a relatively good range of routes on offer to major destinations in Europe. However, there were few intercontinental routes on offer.

Focus on safety and security

The operations more central to the airport such as terminal and assistance (PRM) services, field services and maintenance of the runway system are run under Stockholm Arlanda Airport's own management. In those operations where Swedavia works together with sub-contractors, the need to ensure effective supplier relations is crucial.

The airport's security operations employ a large number of people and are one of a number of operations run by sub-contractors. Another example is air traffic management.

Together with authorities, airlines and other companies and organisations operating at Stockholm Arlanda Airport, continuous work is being carried out to create safety both for their own employees and for customers during the ongoing pandemic.

The airport has followed European Union Aviation Safety Agency (EASA) guidelines to minimise the spread of infec-

tion and create conditions for social distancing. There is information available at the airport and in digital channels about what passengers should do to avoid the forming of queues as well as a recommendation that everyone wear a face covering. On board the aircraft, face coverings are mandatory. Low passenger volumes have facilitated measures to reduce the risk of the infection spreading.

Swedavia has long had a strong focus on climate issues. During the year, Stockholm Arlanda Airport and Swedavia's other airports each reached the goal of eliminating all fossil carbon dioxide emissions from their own airport operations. Stockholm Arlanda Airport is one of the most climate-smart in the world and maintains its position as an international role model in sustainability.

Airport City Stockholm

Airport City Stockholm continues to take shape around the airport. In February, Comfort Hotel Arlanda Airport, the largest airport hotel in the Nordic region, located next to Clarion Hotel and the Office One complex, was inaugurated. Despite the pandemic, there is still great interest in logistics premises in attractive locations, and work is under way on a zoning plan for a new logistics area with about 150,000 square metres of space adjacent to the existing Cargo City.

Continued crucial position to provide access within Sweden and to the rest of the world

STOCKHOLM ARLANDA AIRPORT IN BRIEF

- Stockholm Arlanda Airport is Sweden's gateway to the world and has the ambition to be the world's gateway to the Nordic region.
- Stockholm Arlanda Airport is served by a total of 170 routes.
- 107 destinations are served, including 22 domestic ones.
- A total of about 13,000 employees work in the day-to-day operations at and around Stockholm Arlanda Airport, with 1,014 of them employees of Swedavia.



Passenger trend in 2020

- In 2020, the airport had 6.5 million passengers compared to 25.6 million in 2019. Domestic travel decreased 67 per cent, and international travel decreased 76 per cent compared to 2019.

Punctuality in 2020

- During the year, punctuality was 87.8 per cent (77.4 per cent in 2019).

New air traffic-related developments in 2020

- The Japanese carrier All Nippon Airways (ANA)'s plans to launch direct service to Tokyo in 2020, for the first time in more than 30 years, have been postponed. However, there are hopes that the route will start up in spring 2021.

Challenges and opportunities

- Attract the airlines that left the airport in 2020 and continue developing into the leading airport in the Nordic region.
- Continue to develop the areas close to the terminals into attractive and growing places to meet and work.
- An early closure of Bromma Stockholm Airport would entail new conditions for Stockholm Arlanda Airport.

► GÖTEBORG LANDVETTER AIRPORT: The long-term forecast points to growth

Future prospects for the Gothenburg region have long been considered good relative to those for Sweden otherwise and Europe in general. However, because of the Covid-19 pandemic, there was a deep decline in passenger volumes, and operations have had to adapt.

After posting figures for January and February that were comparable with those for 2019, the airport saw passenger volume fall to a minimum during the spring. For the full year, there was a decline from 6.7 million passengers in 2019 to 1.6 million.

In May, only one flight a day departed compared to about 100 normally. The focus of operations was quickly adjusted to cut costs to a minimum. Swedavia and Göteborg Landvetter Airport have been forced to adjust levels for staffing, infrastructure and other operating costs.

In mid-June, travel to visit family and friends started to take off. After restric-

tions were eased on July 15, travel further increased, and during the autumn the airport had some 20 flights a day.

Like at Swedavia's other airports, the focus quickly shifted to implementing infection control and preventive safety measures to make passengers and employees feel safe at the airport.

Göteborg Landvetter Airport has followed the same European Union Aviation Safety Agency (EASA) guidelines as Swedavia's other airports to minimise the spread of infection and create conditions so that everyone at the airport can maintain social distancing.

There is information available at the airport and in digital channels about what passengers should do to avoid the forming of queues as well as a recommendation that everyone wear a face covering. On board the aircraft, face coverings are mandatory.

Strong export sector and tourism industry

During the autumn of 2020, business travel remained at a very low level, and many companies announced they would not start flying again until the summer of 2021. During the year, Ryanair had more passengers and flights than SAS, Lufthansa and Norwegian.

The tourism industry and the export sector are strong in the region. One out of five employees works in a foreign-owned company, which requires great flexibility



Large land assets for logistics at and in the vicinity of the airport

with opportunities to travel and meet. The airport has a unique position in the Gothenburg region, and there are large land assets for logistics at and in the vicinity of the airport.

The trend before the pandemic was growth in travel to and from Göteborg Landvetter Airport. From 2012 to 2019, passenger volume grew 40 per cent, and there have been capacity challenges for many years. An extensive development programme is under way, and three new gates connected to the terminal were completed in 2020. These spaces were very useful in improving the possibilities of social distancing.

Airport City Göteborg continues to take shape, with a total of about 1.5 million square metres of land designated for development. By 2045, the number of people working at and in the vicinity of the airport is expected to increase from about 4,000 today to 10,000.

During the year, three warehouse and logistics facilities with a total of about

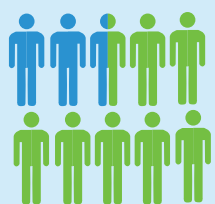
100,000 square metres of space were completed and placed in service by Post-Nord, Vätterleden Logistik, Rajapak and Dawa Däck. Work to complete the airport's second hotel, to be operated by Scandic Hotels, is going at full speed. Inauguration is planned for the second quarter of 2021.

Customer experience

A relevant range of food, drinks and retail operations as well as smooth flows and good service are some of the most critical factors for the customer experience. In order to further enhance the customer experience, a process-oriented way of working has been introduced at Swedavia, which entails taking a comprehensive perspective in collaboration with the different companies and other organisations at the airport. The customer is at the centre, and operations are planned and monitored with a strong focus on delivery and key metrics.

Collaborations

The airlines and Swedavia are greatly dependent on one another and carry out both strategic and operational collaborations to develop Göteborg Landvetter Airport. Safety also requires close collaboration between different operations. In the important groups the Air Transport Council, Go:Connect and Go:Cargo, the airport works in partnership with the business community, in particular the tourism industry, and the region with the common goal of ensuring access and enhancing business for companies in western Sweden.



+250%

... how much growth there will be in the number of people who work in the airport area by 2045 compared to today.

GÖTEBORG LANDVETTER AIRPORT IN BRIEF

- Göteborg Landvetter Airport has Sweden's best logistics locations, which gives it a unique position.
- Göteborg Landvetter Airport is served by a total of 88 routes.
- 65 destinations are served, 4 of which are domestic.
- A total of about 2,500 employees in day-to-day operations at and in the vicinity of Göteborg Landvetter Airport, 439 of whom are employees of Swedavia.



Passenger trend in 2020

- In 2020, the airport had 1.6 million passengers (6.7 million in 2019). Both domestic and international travel decreased 76 per cent compared to 2019.

Punctuality in 2020

- During the year, punctuality was 87.5 per cent (80.7 per cent in 2019).

New air traffic-related developments in 2020

- Two new airlines with a focus on domestic traffic started serving Göteborg Landvetter Airport in 2020: Amapola and Air Leap.
- One new route was launched : Banja Luca with Ryanair.
- In 2019, SAS, Norwegian and BRA were dominant. In 2020, European network airlines and low cost carriers instead won market share.
- Göteborg Landvetter Airport had no intercontinental links during the autumn.

Challenges and opportunities

- Airport City Göteborg continues to grow. By 2045, the number of people working in the airport area is expected to increase from about 4,000 to 10,000.
- Swedavia plays an active role in the work to connect main railway lines to the airport to create intermodality.

► BROMMA STOCKHOLM AIRPORT: Centrally located airport with an uncertain future

Bromma Stockholm Airport's multi-year development projects were largely completed in 2020. During the year, there was also discussion of an early closure of the airport. The year was otherwise dominated by the pandemic, which among other things, led to the airport taking on the role of preparedness airport for the Stockholm Regional Council, which provides health services to residents.

Travel to and from Bromma Stockholm Airport was suspended for a few weeks in March and April. For the full year, there was a decrease from 2.4 million passengers in 2019 to 0.5 million. During the summer months, traffic increased somewhat, and during the autumn, there were about 20 departures a day, compared to about 200 departures a day the previous year. During the spring of 2020, BRA, which previously accounted for 80 to 90 per cent of passenger volumes, filed for reorganisation due to the downward passenger trend.

To safeguard air transport that is essential to society, in mid-April Bromma Stockholm was designated a preparedness airport by the Stockholm Regional Council through the end of September.

Work in the Future Bromma development programme continued, and most of this was completed before year-end 2019. The programme included a new fire station, a new arrival hall, new entry areas for taxis, cars and buses as well as a new de-icing facility. In December, the airport's new stop on the Kista branch of Stockholm's Tvärbanan light rail system was inaugurated.

The airport has a lease on the property until 2038. In June, Swedavia's owner requested that it carry out an impact assessment of a possible political decision to close Bromma Stockholm Airport ahead of time. The assessment, made from a commercial perspective, was submitted, to the Swedish Ministry of Innovation and Enterprise in September. Swedavia's overall view is that, in light of the

new market situation, continuing to run Bromma Stockholm Airport is no longer warranted on commercial grounds.

One essential requirement is that Stockholm Arlanda Airport gets the long-term conditions needed to develop in line with the needs of the market and society. Until a decision is made, Swedavia will continue to run operations as before at Bromma Stockholm Airport.

Focus on customer safety

The pandemic has placed high demands on ensuring the safety of passengers travelling to and from the airport in terminal halls and other spaces. Bromma Stockholm Airport has followed European Union Aviation Safety Agency (EASA) guidelines to minimise the spread of infection.

Collaborations

Together with a number of stakeholders in the vicinity, Swedavia is involved in the project Bromma City, a project to make the area more cohesive and attractive. Other participants are the City of Stockholm, the Bromma Blocks shopping centre, the building contractor NCC, the office complex Hangar 5 and others. The airport has also launched a collaboration with Stockholm Arlanda Airport aimed at more efficient use of resources, employees and equipment.

BROMMA STOCKHOLM AIRPORT IN BRIEF

- Sweden's third largest airport, nearly 10 kilometres from central Stockholm, making it the fastest travel option to and from Stockholm.
- Bromma Stockholm Airport is served by a total of 27 routes.
- 17 destinations are served, 14 of which are domestic.
- A total of about 740 people work in operations, 173 of whom are employees of Swedavia.
- Certified as a Code 3C airport under the Swedish Transport Agency's reference code for aviation safety measures.



Passenger trend in 2020

- In 2020, the airport had 0.5 million passengers, compared to 2.4 million in 2019.

Punctuality in 2020

- During the year, punctuality was 92.3 per cent (91.9 per cent in 2019).

New air traffic-related developments in 2020

- BRA, which was previously the biggest airline at Bromma Stockholm Airport, filed for reorganisation during the year. In 2019, BRA accounted for 90 per cent of all flights.

Challenges and opportunities

- An early closure of Bromma Stockholm Airport entails coordination with and new conditions for Stockholm Arlanda Airport.

SEVEN REGIONAL AIRPORTS: Very slow recovery

For the seven regional airports, the past year was dominated by the effects of the pandemic. During the second quarter, most Swedish regions had barely any access by air. In June, a slow recovery began, and during the autumn airlines delivered capacity of about 20 to 25 per cent compared to 2019. After this, levels again fell due to new restrictions.

The regional airports, together with Swedavia's three other airports, form an infrastructure network that covers all of Sweden. Along with their domestic routes, some of the airports normally have international traffic as well, mainly charter operations but also scheduled service. The pandemic and travel restrictions have changed their conditions, and during the autumn international traffic was limited to Malmö Airport, where Wizz Air had established routes to eastern Europe.

All of the regional airports had a negative passenger trend during the year due to the pandemic. Both business and leisure travel declined to a minimum. Traffic was non-existent in the second quarter, but during the summer an increase was seen in domestic leisure travel. Demand for business travel remained very low during the autumn. Luleå Airport and Kiruna Airport are the airports that fared best during the year.

During the spring, the Swedish Transport Administration was given the task by the government to promptly enter agreements for regular air traffic to eight selected places in Sweden, in order to safeguard basic access for Norrland and Gotland through flights to and from Stockholm Arlanda Airport.

The situation has placed great focus on regional access throughout the country. For the airports and airlines, much of their operations has been a matter of ensuring it is possible to travel to Stockholm in one day, which was achieved during the autumn albeit with some restrictions at Kiruna Airport. To handle the new traffic situation, the air-

ports have adjusted their staff, and a large number of employees were furloughed or affected by the redundancies announced in March.

Flexible offerings

Process development continues to be an important tool for finding the ideal flow that ensures a high customer experience and efficient resource use. The work intensified during the autumn in order to attract airlines in the future with flexible offerings.

Swedavia works to create efficient flows at the airports in order to delivery safety and a good level of protection against infection. All of Swedavia's airport staff involved in passenger flows wear face coverings, and passengers are encouraged to follow their example.

Clearer signs have been introduced at the airports to make it easier for passengers to get around while maintaining social distances, and Swedavia works in close collaboration with the airlines to create safe environments.

Collaborations and stakeholder relations

In cooperation with the regions, Swedavia is carrying out a number of projects to find climate-smart alternatives to fossil aviation fuel. Projects are under way at the airports in Umeå, Visby and Östersund to prepare them for the electric aircraft of the future.

Projects are carried out in collaboration with the Swedish state-owned research institute RISE, the Swedish innovation agency Vinnova, the Swedish start-up Heart Aerospace and a

SEVEN REGIONAL AIRPORTS IN BRIEF

- Swedavia's regional airports are Kiruna Airport, Luleå Airport, Umeå Airport, Åre Östersund Airport, Visby Airport, Ronneby Airport and Malmö Airport.



- 46 destinations are served, 22 of which are domestic. Malmö Airport has the biggest range of destinations on offer.
- A total of about 1,800 employees in operations, 772 of whom are employees of Swedavia.

Passenger trend in 2020

- In 2020, the regional airports had 1.7 million passengers, compared to 5.5 million in 2019.

Punctuality in 2020

- During the year, punctuality was 86.9 per cent (84.7 per cent in 2019).

Challenges and opportunities

- Digital business meetings have replaced physical meetings during the pandemic, which has had an impact on business travel all across Sweden. The need for physical meetings is expected to increase again.
- The Swedish regions have a continued need for rapid transport links, which creates opportunities to develop the range of flights available again. The electric aircraft of the future could create new opportunities with new direct routes between regions.

number of regional companies and other organisations.

Swedavia's airports 2020

The company's ten airports form a network that links Sweden with the world.



FROM NORTH TO SOUTH:

Kiruna Airport

Runway length: **2,502 metres**

Take-offs and landings: **1,398**

Number of passengers: **110,432**

Routes: **3 international, 2 domestic**

Most popular destinations: **Stockholm, Umeå, London**

Luleå Airport

Runway length: **3,350 metres**

Take-offs and landings: **5,789**

Number of passengers: **420,202**

Routes: **1 international, 3 domestic**

Most popular destinations: **Stockholm, Gran Canaria, Skellefteå**

Umeå Airport

Runway length: **2,400 metres**

Take-offs and landings: **5,903**

Number of passengers: **292,728**

Routes: **2 international, 4 domestic**

Most popular destinations: **Stockholm, Gran Canaria, Helsinki**

Åre Östersund Airport

Runway length: **2,500 metres**

Take-offs and landings: **2,464**

Number of passengers: **140,572**

Routes: **3 international, 5 domestic**

Most popular destinations: **Stockholm, London, Malmö**

Stockholm Arlanda Airport

Runway length: **3,301, 2,500 and 2,500 metres**

Take-offs and landings: **83,234**

Number of passengers: **6,535,429**

Routes: **85 international, 22 domestic**

Most popular destinations: **Luleå, Copenhagen, London**

Bromma Stockholm Airport

Runway length: **1,668 metres**

Take-offs and landings: **14,450**

Number of passengers: **478,680**

Routes: **3 international, 14 domestic**

Most popular destinations: **Malmö, Visby, Gothenburg**

Göteborg Landvetter Airport

Runway length: **3,300 metres**

Take-offs and landings: **21,616**

Number of passengers: **1,576,788**

Routes: **61 international, 4 domestic**

Most popular destinations: **Stockholm, Amsterdam, London**

Visby Airport

Runway length: **2,000 and 1,100 metres**

Take-offs and landings: **4,454**

Number of passengers: **122,744**

Routes: **0 international, 3 domestic**

Most popular destinations: **Stockholm, Gothenburg, Malmö**

Ronneby Airport

Runway length: **2,231 metres**

Take-offs and landings: **1,515**

Number of passengers: **50,835**

Routes: **0 international, 1 domestic**

Most popular destinations: **Stockholm**

Malmö Airport

Runway length: **2,800 and 797 metres**

Take-offs and landings: **10,420**

Number of passengers: **526,179**

Routes: **15 international, 4 domestic**

Most popular destinations: **Stockholm, Belgrade, Skopje**



“Sturup yellow” is the name of the distinctive colour at Malmö Airport (to the left).

The view that greets pilots on their approach to Åre Östersund Airport (middle right).

Visby Airport interior (below).



A long recovery period ahead

During the Covid-19 pandemic, demand for air travel has fallen sharply due to closed borders and restrictions on people's mobility. As a result, the conditions needed for a viable aviation industry were lacking. Demand has decreased to an extent not seen since after the terrorist attacks of September 11, 2001, or during the financial crisis nearly a decade ago. A long period of recovery now awaits.

Air traffic affects people's possibility to live and work in Sweden. Business deals, industries and jobs depend on people travelling quickly between cities, countries and different parts of the world.

In the 2010s, traffic growth was at an all-time high for a number years, with traffic up nearly 50 per cent at Swedavia's airports. The situation now is completely different.

For a small, export-dependent country like Sweden, good transport links will continue to be crucial for trade and for attracting investments. It will take years for the economy to recover from this crisis, and aviation plays an important part in this recovery.

The industry's immediate future is uncertain from a number of perspectives. The general economic trend, employment levels, the continued spread of Covid-19, travel restrictions due to the virus, the time it takes to get vaccines distributed, increased digital meetings and a hard-pressed aviation industry are factors that will affect us for years to come.

A challenging time

One important segment of air travel is the flights that people born abroad who live in Sweden take to visit family and friends and the flights that Swedes take to visit relatives who live, work or study in other countries. This segment also includes flights to visit family and friends who live, study or work in Sweden. These flights would account for the fastest recovery. At the same time, it is difficult to predict how lifestyle and consumption patterns will be affected by the pandemic and whether those effects will persist.

This is an extremely challenging time

The industry's immediate future is uncertain from a number of perspectives

for airline customers, with many fighting for their survival. This means smaller aircraft fleets and a great need for capital injections from owners. During the recovery, airlines will reduce their operations significantly. There will also be carriers that see opportunities to position themselves in a changed market. The big airlines, with large hubs they can feed traffic through, have an advantage initially.

Meanwhile, they are financially stretched, which could mean that low cost carriers with their smaller, more cost-effective and more flexible organisations, could advance their positions.

Pressure on air cargo

Air cargo has been greatly affected by the decrease in passenger traffic. Normally, a large share of goods is transported in the hold of passenger aircraft, but capacity has been reduced considerably. At the same time, there is a new need for quick transport given the change in buying behaviour during the pandemic, with increased online purchases. This affects international air cargo in terms of

capacity.

Air transport's share of international cargo overall is small, but the goods transported are more high-value, fragile and time-critical. Although air cargo only represents one per cent of global transport volumes, it accounts for 35 per cent of the value of goods in more normal years. To offset the decline in capacity, the share of air transport serving only cargo has increased, and the number of aircraft movements has increased.

Regular passenger aircraft have also been used solely to transport goods. Nevertheless, cargo has decreased significantly, while the capacity that has been added has been irregular and unpredictable.

Air transport also plays an important role in delivering protective equipment and providing manufacturers with spare parts in periods when the borders are closed to road traffic. Air transport can also be the mode for distributing the vaccines produced that need to be distributed across the world in unbroken cold chains.

Critical to Swedish competitiveness

Despite the pandemic, the trends indicate a long-term increase in travel across the world. For Sweden specifically, travel to and from other countries is also expected to grow in the years ahead. Access to air transport is important for Swedish exports and for attracting investments to the country. The Swedish tourism industry also relies to a large extent on air transport, with 60% of visitors coming to the country by air. It is critical to Sweden's competitiveness during the recovery that people have the possibility of coming to



the country.

Changes in purchasing patterns and consumer behaviour, such as “staycations,” increased online shopping and more digital meetings, will also affect the demand for air travel once the pandemic is over. At the same time, the world’s population is growing, globalisation and

prosperity are on the rise, and the desire to travel after the ongoing crisis will in all likelihood increase again. Nonetheless, some challenging years are in store before everything returns to some sort of normality.

Aviation Business in brief

- The operational area comprises services focused on airport transport operations such as destination and route development, take-off and landing services and ground handling services.

New business models in challenging times

Swedavia's commercial operators saw major challenges in 2020, but also opportunities. Renegotiations to convert commercial leases into concession contracts, which began in 2019, have been put on hold temporarily given the current situation. Different digital solutions are being used to make it easier for passengers to take advantage of the airports' offerings while maintaining social distances.

The overall task for Swedavia's commercial business is to ensure long-term customer relations, pursue Group-wide commercial strategies and develop services for passengers that meet customer needs and create long-term competitiveness.

Shops, restaurants, hotels, parking and retail sales generate income that helps to fund investments at the airports. They thus help to develop and increase capacity sustainably and make the airports more attractive.

In 2020, revenue fell significantly for Swedavia's commercial partners. During the year, liquidity was very low due to the Covid-19 pandemic. For example, Swedavia's parking operations and advertising operations, which normally have total revenue of over one billion kronor, were both very adversely affected.

Due to new legislative requirements, renegotiations to convert commercial leases into concession contracts were begun in 2019. They had to be suspended during the year, but will be completed in full by 2022.

In 2020, passenger volumes fell drastically, and in Swedavia's view it will be a number of years before they will return to 2019 levels. This means there will continue

to be challenges for Food, Retail & Beverage operations and other companies at the airports. Investments will remain at relatively low levels for a long while.

In order to still provide a good range of services despite a significantly weaker revenue base, new business models are needed. Swedavia has a long history of maintaining long-term relations with tenants, and the company worked during the year in intensified dialogue with its commercial operators.

Communication that reassures

Given Sweden's geographic location on the edge of Europe, the country's trade and industry depend on good air links in order to compete. When passenger volumes fell sharply during the year, airlines concentrated much of their traffic in international hubs such as Frankfurt and Copenhagen, where they can ensure a larger number of passengers. For Swedavia, it is critical to be able to attract airlines back. Different marketing packages aimed at airlines have been developed which provide support in the form of advertising space, PR and communication.

Based on surveys carried out through the course of the year, the biggest concern that has kept us from flying during the pandemic is not concern about being infected. Instead, the biggest concern is not being able to get back home from the destination if somebody falls ill. The second most frequent reason is economic uncertainty about the journey, and only in third place is concern about becoming infected. Swedavia carries out communication work on a regular basis to reassure customers, and information about the airports' infection control management can be found in all

the relevant channels and on physical signs posted around the airports.

In order to market air travel to the extent this is possible, Swedavia provides information about measures implemented by the company and the airlines to reduce the spread of infection. Swedavia also highlights the range of destinations that people can travel to that have no restrictions or quarantine rules.

Efforts are made to ensure that the information available in all of Swedavia's channels about what restrictions apply at the airport and at different destinations is accurate and up-to-date. There are links to the Swedish Ministry for Foreign Affairs and to different airlines.

To make it easier for people to take advantage of the airports' range of services while maintaining social distances, there are payment systems with digital solutions, such as apps that allow them to order and pay using their mobile. Tickets and check-in can also be managed in apps.

Conditions for a green transition

Swedavia is certified under the Airport Carbon Accreditation (ACA) programme, which is aimed at reducing the climate impact of airports. That means there are a number of requirements that commercial operators at the airports must meet. Swedavia sets collaboration requirements for commercial operators to reduce their environmental impact and increase social responsibility throughout the supplier chain. Through these collaborations, Swedavia can create synergies and develop its sustainability work together with these operators. In 2020, guidelines were developed for phasing out single-use plastic

**For Swedavia,
it is critical to be
able to attract
airlines back**



The journey home

... or more specifically "concern about getting back home from the destination if someone falls ill" is the number one reason why people have refrained from travelling during the pandemic, according to surveys.

items from operations. Requirements are also set to minimise packaging and office materials, while waste sorting and transport must be carried out in a sustainable way.

To reduce non-essential transport of

water, water fountains have been installed, which allows passengers to fill the bottles they are carrying.

Commercial Services in brief

- Operational area ensures that Swedavia – in collaboration with its partners, airlines and tenants – has a commercial offering that appeals to their mutual customers.
- Operations comprise the rent of premises for restaurants, shops, offices, warehousing and logistics as well as parking and entry.

Continued strong growth in the property business

The rapid development of Swedavia's Airport Cities continued during the year. At Stockholm Arlanda Airport, Comfort Hotel Arlanda Airport was completed in February, and at Göteborg Landvetter Airport another hotel will open in 2021. Preparations are also under way to establish a large congress venue in Airport City Stockholm.

The Real Estate business area is responsible for Swedavia's properties and the land adjacent to the airports. The strategy in this business area is to develop properties, often together with different partners, and then sell them when they are completed. The profits generated help to fund investments and develop operations in the airport segment.

Real Estate maps the need for premises and development opportunities in early phases. These operations have grown for many years, in line with increasing globalisation and the growing importance of airports as meeting places.

In February 2020, Nordic Comfort Hotels opened the largest airport hotel

in the Nordic region in Airport City Stockholm. The hotel is part of this expanding area, together with Office One and Clarion Hotel.

Real Estate is also carrying out a feasibility study for the construction of a congress venue with an adjacent hotel in the same area.

At Stockholm Arlanda Airport, preparations continue for the construction of a new logistics area next to Stockholm Arlanda Airport's existing logistics area, Cargo City. The zoning plan covers a total area of about 150,000 square metres, and the planning of roads, underground installations and surface water management is under way. In the future, the area could cover more than one million square metres of space.

Despite the ongoing pandemic, there is still great interest in the opportunities that attractive locations entail for both warehouses and logistics.

However, due to current circumstances, many ongoing projects are progressing more slowly than planned.

In Airport City Göteborg, a large hotel is being built in partnership with Scandic Hotels, and inauguration is planned for the second quarter of 2021. Swedavia has signed an agreement to sell the property, with possession being taken in conjunction with the opening.

There are well-developed collaborations with strategic partners that com-

Real Estate in brief

- The business area owns, develops and manages developable land at and in the vicinity of Swedavia's airports.
- The development of commercial properties creates added value and revenue that can be reinvested in airport operations.
- Operations prepare development projects for properties such as hotels, offices and logistics parks.
- Real Estate administers and updates information about properties, develops property joint ventures and has services in construction project management.

The profits generated help to fund investments and develop operations in the airport segment

plement Swedavia's own operations. One example in its real estate operations is Alecta, which together with Swedavia owns Swedish Airport Infrastructure, which manages properties around the airports. To develop Airport City Stockholm, Swedavia has a partnership with Stockholm Arlanda Airportstad Holding and the Municipality of Sigtuna.

The Real Estate business area works in accordance with the City Lab Action guide, a certification system for sustainable urban development, to promote sustainability in an early development phase.



4,000

... how many guests can be accommodated in the congress facility that Swedavia is planning for at Airport City Stockholm.

Increased focus on the industry's transition to sustainable aviation

Air transport is an essential requirement today for both Swedish and global development and prosperity. For business in general and the tourism industry in particular, access to fast, efficient air transport is critical for their development in an increasingly globalised and competitive economy. Meanwhile, we need to make the transition to fossil-free operations, not least in the transport sector. In order to create value in the future, the aviation industry needs to be fossil-free in the long term.

For an export-dependent and geographically vast country like Sweden, with its remote location in northern Europe, aviation plays a major role. In terms of surface area, Sweden is the fifth largest country in Europe. It needs a sustainable transport system that combines a number of transport modes to create access and increased Swedish competitiveness.

The economy and the climate benefit from a variety of transport modes, whether by air, rail, road or sea, which are linked together in the transport system so that they complement one another in a single system. As a result, this creates synergies and opportunities for increased mass transit and more efficient travel.

Creates economic growth and jobs

Aviation is an important part of the transport sector, connecting cultures and economies while facilitating rela-

tions between people in different parts of the world.

Aviation creates jobs in all economic sectors. Before the pandemic, the industry – and the access it creates – contributed directly to millions of jobs globally. Some 200,000 of them are in Sweden. Together, they contribute more than 175 billion kronor annually to Sweden's GDP.

Swedish competitiveness and regional development are also dependent on air transport since it contributes to employment and economic growth. Before the Covid-19 pandemic, foreign visitors generated annual revenue of nearly 150 billion kronor in Sweden.

Systematic, goal-oriented work

The industry's transition to sustainable aviation is vital to the development of air transport. Swedavia's climate change work is being carried out in its own operations and through its contribution to

the industry's shared journey toward fossil-free operations.

Thanks to more than a decade of goal-oriented, systematic work, during the year all ten Swedavia airports became fossil-free in the airport operations Swedavia runs under its own management. Critical success factors here have been engaged employees, innovative solutions, rapid technological advances and decisive leadership. In order to keep its operations fossil-free, Swedavia will engage and involve suppliers and other companies and organisations that work at its airports to an even greater extent.

A driver for fossil-free operations

Swedavia is also a driver in the work to develop fossil-free aviation. This work is in line with the Swedish aviation industry's roadmap for fossil-free operations that was launched in 2018, with the goal of fossil-free Swedish domestic air trans-

How Swedavia drives the development toward sustainable aviation





port by 2030 and fossil-free Swedish air transport by 2045.

To increase the focus on the industry's transition to sustainable aviation, Swedavia has also highlighted the importance of proactive adaptation in the company's new strategic approach and has introduced a strategic goal of five per cent sustainable aviation fuel in Sweden by 2025.

Sustainable fuel critical to the industry's transition to sustainable aviation

Important initiatives to achieve this strategic goal are Swedavia's coordinated tenders for sustainable aviation fuel in partnership with the public and private sector in order to reduce emissions from air travel. In a short-term perspective, sustainable aviation fuel is critical in driving the industry's transition to sustainable aviation. In a few years, electrification will also be introduced, and electrofuels such as hydrogen and other new technologies will play a key role.

Swedavia has developed a strategy for electric aviation, with the goal being that all ten airports will be able to meet the needs of electric aviation when commercial routes are introduced. During the autumn of 2020, Åre Östersund Airport inaugurated a test centre for electric aviation.

This investment in electric aviation is another step in Swedavia's work to promote the transition to fossil-free air transport. Alongside this, Swedavia also monitors the development of new technologies.

Reduction in emissions must continue

Aviation accounts for two per cent of global carbon dioxide emissions. According to the Swedish Environmental Protection Agency, domestic air transport accounts for one per cent of carbon dioxide emissions in the country while international air transport accounts for about four per cent. Emissions per passenger-kilometre have nonetheless decreased sharply in recent years, and

new aircraft being placed in service use 20 per cent less fuel than those they are replacing. Emissions from aviation must continue to be reduced further, and this requires that all operators in the value chain act now and work for short- and long-term solutions.

With new materials, new designs and new engines, the new generation's aircraft are more fuel-efficient than ever. If fossil fuel is replaced with sustainable fuel, emissions can be reduced by up to 85 per cent from a life-cycle perspective. Sustainable aviation fuel reduces the so-called high altitude effect produced in flights at high altitude since the fuel contains less particulate matter, which forms contrail clouds. By increasing the passenger load factor, working for straighter flight paths and continuing to promote new technology, the climate impact of aviation can be further reduced.

The transition to sustainable aviation is now under way, and together with many stakeholders, Swedavia will make it possible for people to meet in the future as well.

Swedavia's mission and goals

Swedavia's mission

Swedavia shall actively take part in developing the Swedish transport sector and help to achieve the transport policy goals set by parliament. The overall goal is to ensure the provision of transport that is socio-economically efficient and sustainable in the long term for citizens and businesses throughout the country.

Mission goals

Swedavia shall measure and report the actual outcomes for five mission goals for which targets have not been set.

The actual outcomes for the mission goals shall be discussed in dialogue with the owner, presented in the Annual Report and reported annually to the authority designated by the owner, currently Transport Analysis.

The function goal pertains to how access shall develop for citizens and businesses.

The concern goal describes how the transport system shall develop in terms of traffic safety, environment and health.

Function goal, actual, 2020 (previous year's figures in parentheses)

Customer experience
74% (76%)

Number of international destinations*
173 (314)

* = that can be reached by direct service from the airports.

Million passengers, domestic
3.6 (12.4)

Million passengers, international
6.6 (27.8)

Concern goal, actual 2020 (previous year's figures in parentheses)

Carbon footprint, thousands of tonnes*
166 (506)

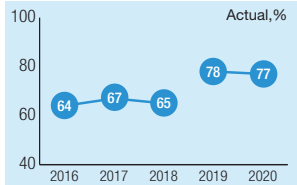
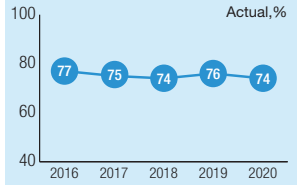
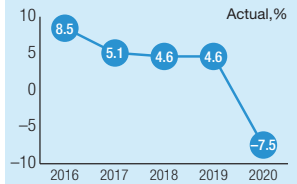
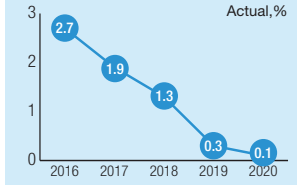
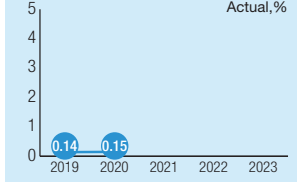
* for Swedavia's airports, broken down into own operations, air traffic and ground transport to and from the airports.

Number of accidents and serious incidents*
Accidents: **1** (2) Serious incidents: **1** (1)

* at the airports.

Sustainability goals

Swedavia has defined five sustainability goals based on its materiality analysis and business approach.

| Area | Goal | Actual, 2016–2020 |
|---|---------------------------|--|
| Engaged leaders and employees Through an inclusive corporate culture based on ethical guidelines and values, Swedavia develops the airports of the future and enables people to meet. | 75% (2025) |  <p>Since 2019, Swedavia takes pulse measurements. In 2020, four measurements were taken, two in the spring and two in the autumn.</p> |
| Customer experience The goal for satisfied passengers in 2025 is set at 85 per cent and will be achieved through customer-driven work. This entails a systemic way of working which among other things involves the customer in the development of current and new solutions. | 85% (2025) |  |
| Return on operating capital In addition to the long-term return target of six per cent annually, Swedavia's owner has set a capital structure target of a debt/equity ratio equal to 0.7–1.5 times. | 6% (annually) |  |
| Own emissions of fossil carbon dioxide The target of no emissions of fossil carbon dioxide from Swedavia's own airport operations was achieved in 2020. Read more on pages 54–55. | 0 tonnes (2020) |  <p>The actual figure for 2020 was 83 tonnes. At year-end, fossil sources had been phased out and Swedavia achieved its goal.</p> |
| Sustainable aviation fuel Swedavia's goal is that five per cent of all aviation fuel used for refuelling in Sweden be sustainable by 2025. One of a number of conditions for reaching the goal of fossil-free Swedish aviation operations by 2045 is the replacement of fossil aviation fuel with renewable fuel. | 5% (2025) |  |

How Swedavia works to be an even better employer

Swedavia's greatest asset is its employees. Their skills, capabilities and talents contribute in various ways to the company's success.

During the 2020 pandemic year, Swedavia's employees had to demonstrate their ability to deal with a brand-new reality. Infection control and the safety of both employees and passengers have taken a place at the top of the agenda.



During the year, Swedavia's workplaces were heavily impacted by the sharp decline in air traffic. This brought the introduction of wide-reaching infection control measures, furloughs for many employees and the implementation of redundancies announced in March.

Work has also been limited to absolutely business-critical duties.

A smaller number of employees have worked in nearly empty terminals. Infection control and safety in the workplace have been given high priority and are a natural part of day-to-day operations.

Changed working methods in the form of remote work and digital meetings have made major inroads. Employees who were able to work remotely during the year did so to the greatest extent possible.



Swedavia as an employer

Airport operations entail teamwork, and the key to success is motivated, engaged employees and leaders.

For Swedavia, a healthy, safe and secure workplace, respect for human rights and good, decent working conditions are a given and an important condition needed to run operations efficiently and successfully. This is also an important part of Swedavia's ambition to be seen as an attractive employer and partner. Based on Swedavia's values and with a focus on sustainable development, leaders and employees shall together create an engaging and inclusive culture that provides opportunities for higher performance, creativity and innovation.

Swedavia has a well-developed process for setting overall and individual goals: Personal Engagement and Performance (PEP). Employees who work in teams with similar duties shall be able to identify and monitor common goals and in that way be more involved. This process is part of the company's overall goals and strategies and is based on the operational plan of each unit or operation. By ensuring sustainable performance and creating a shared sense of responsibility, Swedavia makes use of everyone's knowledge and desire for development. This is an essential condition for a sustainable and attractive Swedavia going forward.

Equal treatment and an inclusive culture

Swedavia as a workplace is characterised by diversity, inclusiveness and respect for individuals at every level. Many different skills work together under the scope of Swedavia's operations in order for the company to achieve its strategic goals and be able to provide increased passenger satisfaction and better safety and security. Every leader is responsible for driving focused work for equal treatment and diversity, and it is also important that every employee takes responsibility for contributing to an inclusive and unprejudiced culture. Everyone is

By ensuring sustainable performance and creating a shared sense of responsibility, Swedavia makes use of everyone's knowledge and desire to develop

entitled to be themselves and be treated with respect. Swedavia shall be a workplace where people are treated equally regardless of their gender or other attributes, and the company works actively for an inclusive and engaging culture where every employee's specific capabilities and talents are made use of. The work with equal treatment is based on the Swedish Discrimination Act, and Swedavia has clear guidelines and policies in this area.

Swedavia carries out annual measurements on gender balance and the share of employees with a foreign background. Questions about equal treatment are included in the employee survey and pulse measurements and are also part of the mandatory workplace training for leaders.



The company has strategic partnerships with the Swedish employment agency Arbetsformedlingen, the Royal Swedish Academy of Engineering Sciences, Doctors Without Borders, Stockholm Pride and the Red Cross. Through these collaborations, Swedavia has an opportunity to contribute to positive social change in addition to the company's core missions.

Work environment

Work with occupational health and safety has high priority and is carried out as a natural part of day-to-day operations. The goal is to have no serious accidents in the workplace and no victimisation or discrimination. For leaders, this involves working visibly and practically for a healthy, safe, secure work environment.

One requirement is to conduct a number of safety walks and safety talks each year, in which leaders and employees together take a survey of work environment risks in operations. The work is assessed in each leader's annual performance review. Continuously improving procedures for reporting incidents and deviations is an ongoing process. Reporting includes Swedavia's own physical and psycho-social work environment and that of external contractors. Through preventive work environ-

ment work for both employees and consultants, the health, development and well-being of individuals are safeguarded from a physical, mental and social perspective. All leaders complete mandatory work environment training, which highlights everyone's responsibility in the work with occupational health and safety. Close collaboration between leaders, employees, and occupational health and safety organisations is crucial.

During the year, work with occupational health and safety also dealt with infection control management, ergonomics in remote work and the psycho-social work environment in troubled times.

Infection control work and crisis management

The basis of Swedavia's infection control work is well-established contacts with relevant authorities in infection control. Collaboration on the work with pandemic plans and the outbreak around the world of diseases such as SARS and Ebola began long before Covid-19.

Swedavia is in continuous contact with the Public Health Agency of Sweden, and the airports' crisis coordinators are in dialogue with their regional infection control medical officer.

At the airports, Swedavia's different work duties are always assessed and if necessary subject to a risk analysis.

For leaders, this involves working visibly and practically for a healthy, safe, secure work environment

The risk analysis is to be carried out and documented by operations and take local conditions into account. It must be updated on a regular basis in terms of how the pandemic is developing and what the current infection control recommendations are.

A large percentage of Swedavia's employees carry out their duties at the airports. Many have functions that are absolutely critical to the airports' possibility of being open. These employees must be protected, so it has been important to meticulously assess which supportive administrative functions need to be on hand and which can work remotely.

Social sustainability

The Board of Directors

Swedavia's Code of Conduct, together with its policies and guidelines, constitutes the basis of the company's work in social sustainability. Swedavia monitors strategic goals on a quarterly basis which are summarised in a quarterly report that is submitted to the executive management and the Board of Directors. Regular training and dialogue with employees, suppliers and other stakeholders are important in this work. Swedavia's leaders and employees are responsible for ensuring compliance with governing and reporting documents.

Development focus areas

- Leadership and employeeship
- Inclusion
- Work environment

Absence due to illness

In 2020, Swedavia's total rate of absence due to illness decreased from 4.42 at the start of the year to 3.72 per cent at year-end. The decrease applies to both women and men and covers both short- and long-term absences. A large percentage of Swedavia's employees were furloughed and also worked remotely when possible during the period, which is a factor contributing to the decrease.

Work environment incidents

Swedavia's goal is for there to be no workplace accidents. That means no loss of life, serious injury, injuries in work that affected numerous employees at the same time or serious incidents, in other words, incidents that entailed a serious danger to people's lives and health. In 2020, there were four serious workplace accidents, none of which involved a loss of life. The categorisation of what is a serious workplace accident follows the Swedish Work Environment Authority's guidelines.

Safety walks Safety talks

– two examples of measures in the company's work with the work environment that are aimed at reducing the risk of serious accidents in the workplace. Activities are carried out together each year by leaders and employees.

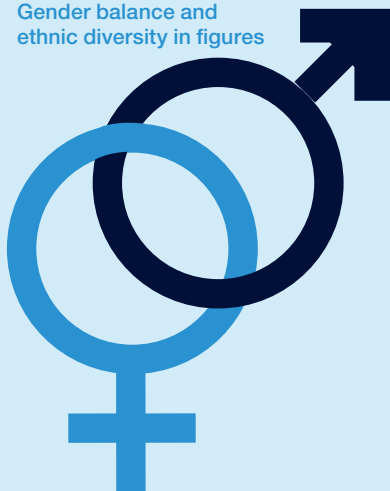
Employees who can carry out their work from home should do so to the greatest extent possible. Every leader has the task of ensuring that this takes place.

During the year, Swedavia provided employees with information in a cohesive framework with instructions about what infection control and preventive safety measures were to be taken, what actions they should take if someone is suspected of having Covid, what cleaning procedures are in place, how they should use protective equipment and how remote work should be carried out.

In all situations, the airports shall have the capability to establish a crisis management organisation or crisis management staff. Measures to reduce the spread of infection shall be taken into account and assessed prior to every decision about the form of crisis management.



Gender balance and ethnic diversity in figures



Gender breakdown, all employees*

34%
(34%)
Women

66%
(66%)
Men

* Based on the number of employees in 2020.

Gender breakdown, leaders

37%
(38%)
Women

63%
(62%)
Men

Under Swedavia's succession planning framework, the corresponding figure is 44 per cent women (48 per cent).

Average number of employees

2,600
(3,050)

Employees with a foreign background**

17.6%
(19.3%)

** Those born abroad or whose parents were both born abroad.

Proactive ethics are the foundation of operations

Ethical responsibility is an essential condition needed for the sustainability that constitutes the basis of Swedavia's operations. Active, proactive work against corruption and for human rights is an important part of the company's strategy.

Swedavia's entire organisation is involved in the proactive, long-term work to safeguard and develop the four areas:

- anti-corruption
- human rights
- social relations and employees
- environmental concern.

The illustration to the right visualises the process for how Swedavia works with business ethics.

In each of the four areas, Swedavia works based on this business ethics process wheel. Risks are identified on a continuous basis and analysed including through workshops and then incorporated for management in relevant parts of operations. Governing documents are prepared, training programmes are held and dialogues are maintained in operations while opportunities are provided for follow-up.

Anti-corruption

The occurrence of bribery or suspicion of bribery in a company affects everyone who has a relationship with the company. Swedavia's reputation and brand would be damaged if there was corruption in its value chain. How the company was viewed by customers, suppliers and employees would be adversely affected. Working proactively against corruption and irregularities in the company is something Swedavia does continuously. Business ethics aspects and this proactive work are an integral part of the regular risk assessments that are carried out.

Three main components constitute the basis of this work:

- clear governing documents
- training on a regular basis
- an open dialogue with employees, suppliers and other stakeholders.

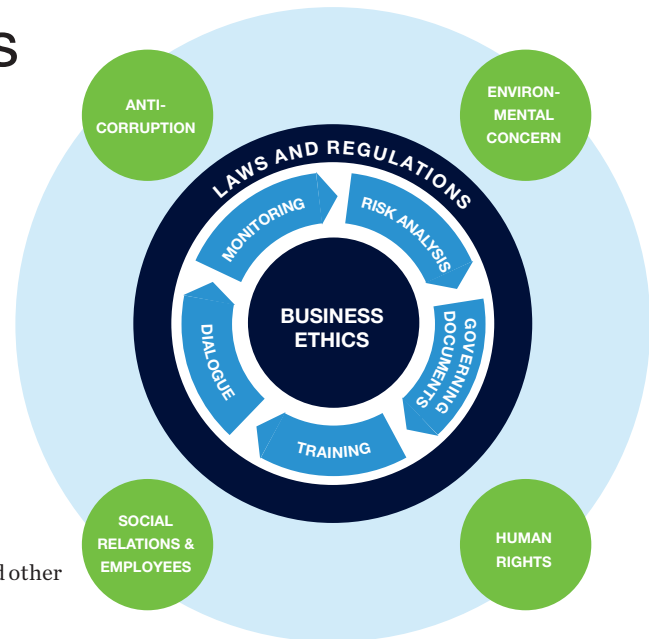
Responsibilities and follow-up

Clear governing documents are crucial to Swedavia in the work to fight corruption. The company's Code of Conduct guides this work, and there is also a specific bribery policy and business entertainment guidelines. Swedavia complies with the Joint Initiative to Prevent Bribery and Corruption, an agreement between Swedish suppliers and clients in the public-financed construction and property sector.

Swedavia has chosen to be more restrictive in its bribery policy and guidelines than the law explicitly requires since, as a publicly owned company, Swedavia has a responsibility to manage resources invested by society in the best way. Swedavia also has a lower threshold for what is allowed compared to companies in the private sector. Employees of Swedavia may never, either explicitly or implicitly, for themselves or on someone else's behalf, receive, promise to offer or request an unlawful benefit for carrying out their duties. Nor may they give or offer such a benefit.

Training

Swedavia's preventive measures include training programmes, advice, a whistle-blowing function and an Ethics Committee.



Anti-corruption training is held on a regular basis for the company's leaders and specialists. Since 2018, Swedavia's online training on the company's bribery policy and business entertainment guidelines are mandatory for all employees. Every leader is responsible for informing employees and maintaining an open dialogue with them in a suitable way about the company's bribery policy and business entertainment guidelines. The aim is for employees to be aware of the risks of corruption and bribery. During the year, 95 per cent of Swedavia's leaders were certified for completing this training.

Whistleblowing

For Swedavia's stakeholders, there are a number of options for contacting Swedavia in the event a stakeholder needs to report an irregularity or make a complaint. Swedavia's whistleblowing function, which guarantees anonymity, is open to both employees and external stakeholders via an independent third party. There is also a well-defined process for handling incoming cases.



2018

... is the year Swedavia made online training about the company's bribery policy and business entertainment guidelines mandatory for all employees.

Human rights

Running airports is a complex operation that can affect the human rights of many different stakeholders.

Respect for human rights is an integral part of all processes and procedures, for example, risk management, health and safety, and equal treatment. Swedavia works continuously to enhance its methods to identify, prioritise and assess the impact of operations on human rights throughout the value chain.

In accordance with the UN's Global Compact for corporate social responsibility and Declaration of Human Rights, Swedavia has identified the risks in its operations of having a negative impact on human rights. Through due diligence, internal processes have been enhanced in order to systematically identify all kinds of human rights and then systematically assign priority to any risks that need to be managed promptly.

This commitment to respect human rights is included in the company's

Swedavia's bribery policy is more restrictive than the law requires

Code of Conduct. The Code, which was adopted by the Board of Directors, lays out clear expectations for how Swedavia's employees and suppliers shall conduct themselves. Leaders at Swedavia have an important role to play as role models. Training material is available as support in the work to continuously maintain a dialogue on business ethics issues, and is used at workplace meetings throughout operations.

Swedavia will continue the work to further develop processes for iden-

tifying and managing human rights risks throughout the value chain. Priority is given to the supplier and customer chains, which potentially have the greatest risks, for example, building contracts, trafficking and the handling of goods and services associated with poor working conditions.

Networks

Through collaborations and increased knowledge about human trafficking, the network Arlanda Against Human Trafficking helps to create a safer Stockholm Arlanda Airport for both customers and employees while calling attention to victims of the modern-day slave trade. The network is comprised of companies and other organisations that work at or in the vicinity of the airport, such as the Swedish Police, the Church of Sweden, Clarion Hotel, the women's shelter Kvinnojouren Sigtuna, Loomis, Securitas, Forex, Swedish Customs, the Swedish Migration Agency, Radisson, SAS and Menzies.

New technology is leading the development of security procedures

Swedavia's work with safety and security is an integral part of operations and the focus of continuous development. Safety and security at the airport and in the air are important aspects that the company works with continuously. During the year, there was a key focus on adapting the airports to prevailing infection control challenges, such as challenges to and possibilities for maintaining social distances.

The company's security work is aimed at preventing criminal acts, while its safety work is aimed at preventing accidents. Swedavia's airports are certified under the European Union Aviation Safety Agency (EASA)'s regulations, with the exception of Ronneby Airport and Luleå Airport, which are both operated in partnership with the Swedish Armed Forces and thus covered by special regulations. All of the airports have also been certified for aviation safety and security by the Swedish Transport Agency.

Swedavia works with continuity planning and risk management. The company develops concrete action plans to ensure that aircraft are able to cope with disruptions such as a major power outage or water supply problems.

It is important to carry out proactive risk management in order to ensure good access for passengers and customers. Through continuous and systematic risk management work, decisions, priorities and change work can be directed with a view to the company's overall goals. All of the risks and risk categories are assessed and compiled in risk banks that are continuously updated under the framework for the management's review and for the work with sustainability and business planning.

At Stockholm Arlanda Airport and Göteborg Landvetter Airport, there is an airport operations management centre that facilitates the work with crisis management on a practical level. This management centre and the adjacent crisis management office are also available

when other airports are affected.

In 2020, a great deal of work was devoted to adapting operations to comply with infection control regulations. Creating the conditions needed for passengers, other customers and employees to maintain social distances and minimise physical contact was the top priority.

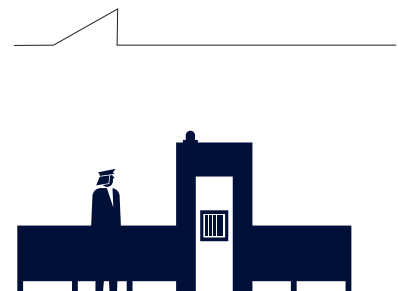
In the EU, work is being done to harmonise infection control regulations for travel and criteria for travel-related restrictions. When these have been adopted, they are implemented in Swedavia's operations.

Zero vision

To ensure the health and safety of the company's customers, Swedavia registers incidents at its airports in terms of the number of accidents, serious incidents and serious deficiencies identified in the Swedish Transport Agency's inspections or the European Commission's inspection operations. The goal is zero accidents and serious incidents at the company's airports. Swedavia reports all identified incidents that have an impact on aviation safety to the Swedish Transport Agency and the Swedish Accident Investigation Authority in the event of an accident or serious incident.

In 2020, there was one accident (two accidents in 2019) and one incident (one in 2019). The accident involved a small single-engine aircraft from the local air club and the incident involved an aircraft veering off the taxiway. Neither Swedavia's infrastructure nor its procedures

The work to introduce a new standard with more stringent x-ray requirements for checked baggage has begun





are considered to have had any effect in these incidents.

Improved security procedures

The development of new technology contributes to the work to continuously improve security procedures at the airports and make them more efficient while improving the passenger experience. Security scanners and x-ray equipment for cabin baggage are important parts of the passenger process. New certified technology is now available that will allow passengers to keep liquids and electronic devices in their hand baggage throughout the screening process. Security screening will thus be easier

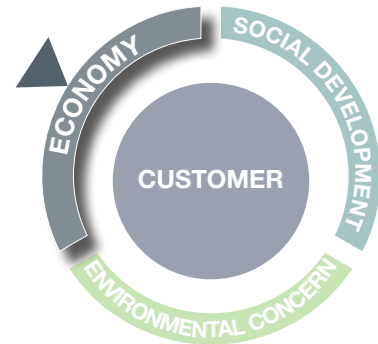
and faster. The work to introduce a new standard with more stringent requirements for x-raying checked baggage has also begun. The technology will be introduced by 2022 at the latest, and the work at Göteborg Landvetter Airport and Stockholm Arlanda Airport is now in its final phase.

The development work under way at a number of Swedavia's airports is related to stringent security requirements. Security on landside, in other words, before the security checkpoint, is especially important in this context. Responsibility for this is shared with the Swedish police, which means that roles and responsibilities must be clearly defined.



The airports – growth engines that benefit all of Sweden

Swedavia contributes to Sweden's competitiveness and growth by enhancing national and international access. Because of the Covid-19 pandemic, 2020 was a year that had a considerable impact on the company's finances, and it is difficult to get an overview of the consequences for the future.



To counter the economic impact of the pandemic, Swedavia worked intensively during the year to generate cash flow by cutting costs, setting priorities in its investment portfolio and pausing some development projects, among other measures. During the year, 2,300 of Swedavia's employees were furloughed. Redundancies affecting 800 employees were announced during the spring, and staff cuts began during the fourth quarter.

To support Swedavia's customers and partners in this difficult economic situation, decisions were made to provide relief for rent and airport charges. The aim is to create conditions for as many operators as possible to survive the crisis and thus still be around and contribute to Swedavia's profitability once traffic gradually resumes. The cost of the alternative, in the form of the risk of bankruptcies, empty premises for a lengthy period and new concession contract negotiations in a very weak market as traffic gradually returns, has been determined to be much higher.

As a result of the pandemic, given the great uncertainty that prevails, Swedavia is working with scenarios instead of forecasts as previously. Read more on pages 10–13.

In dialogue with its owner, Swedavia has requested a financial injection to support the company's long-term value creation, maintain the company's infrastructure and ensure Sweden's access by air. The parliament approved a shareholder contribution of 3.15 billion kronor, and in October the government decided to provide a shareholder contribution of 2.5 billion kronor.

Before the pandemic, aviation directly and indirectly created around 200,000 jobs in Sweden. Half of these are directly related to the aviation industry.

Together, in a normal year, they contribute more than 175 billion kronor to Swedish GDP. Well-developed, sustainable aviation infrastructure generates a number of positive effects and promotes economic, social and environmental growth and development. Development of the airports will also play a significant role in Sweden's national and global transport system of the future, which will connect Sweden with the rest of the world.

Swedavia's network of airports shall be a growth engine for all of Sweden and contribute to the development of both metropolitan and rural areas.

All of Swedavia's airports are thus being developed to enhance or optimise infrastructure, promote digitisation and automation, and create efficient flows in the best way for a good customer experience. Investments are aimed at increasing both efficiency and capacity, which will give passengers smoother and more inspiring travel experiences. The goal

is for Swedavia's airports to be the most important meeting places in the Nordic region.

During the year, Swedavia submitted a summary of conclusions in an impact assessment that was carried out based on the company's economic and commercial perspective concerning a possible political decision to close Bromma Stockholm Airport ahead of time. Read more on page 28.

The different companies and other organisations at the airports must be able to meet and respond to the great changes taking place in the world, including in the form of new kinds of travellers, new business opportunities but also capacity requirements and growing climate challenges.

As an airport operator, Swedavia serves as an important driver and link between the different companies and other organisations that operate at the airport. In this role, Swedavia can create conditions that enable them and others in the aviation industry to use new knowledge and technology to reduce aviation's climate impact and help to achieve the UN's sustainability goals.

Swedavia's contributions

- The airport operator, airlines and tenants provide inspiring experiences that improve customer satisfaction and increase the attractiveness of the destination.
- Contributes to access that creates jobs, tax revenue, business opportunities, meetings and diversity as well as makes transport available to all, regardless of people's gender, age or functional capabilities.
- Makes use of modern technology to find efficient forms of working and collaborating.
- Contributes to more jobs as well as national and regional growth.

Investments to ensure access

Swedavia develops airports for the air travel of the future. The company planned to invest 42.3 billion kronor in the period 2016–2025. The biggest investments involve capacity improvements at Stockholm Arlanda Airport. In view of the pandemic, there is great uncertainty about investments. In the period 2016–2020, 15.5 billion kronor was invested, but in 2020 a number of planned investments were paused.

Stockholm Arlanda Airport

Stockholm Arlanda Airport shall be developed into the leading airport in the Nordic region and be an international role model in sustainability. In the period 2016–2020, the company invested 7 billion kronor, including in the expansion of Terminal 5, a new airport maintenance area, additional aircraft parking stands and improved baggage systems. Planned investments for 2021–2022 are expected to be about 4 billion kronor. Most of this is for the expansion of Terminal 5.

Göteborg Landvetter Airport

Göteborg Landvetter Airport is and will continue to be western Sweden's gateway to the world. The airport is getting a number of new gates, increased terminal capacity, improved baggage handling and new traffic solutions around the area. Terminal South was inaugurated in 2020. Hotels, logistics facilities, retail space and workplaces are taking shape in a new airport city. As a result, the airport will contribute to an even greater extent to the region's development. Investments in 2016–2020 totalled 2.3 billion kronor. Planned investments for 2021–2022 total 0.2 billion kronor.

Bromma Stockholm Airport

In Swedavia's view, given the new market situation, it is no longer justified on commercial grounds to continue operating Bromma Stockholm Airport, and a consolidation of air traffic in the Stockholm region at Stockholm Arlanda Airport is possible. However, it is an essential that Stockholm Arlanda Airport has the long-term conditions to develop in line with society's needs. Swedavia has worked based on the company's commercial conditions, and a political decision to close Bromma Stockholm Airport ahead of time should be made taking a broader social perspective into consideration.

Regional airports

All seven regional airports shall be accessible to residents in the region, businesses and tourists. The airports are being developed and modernised to increase both efficiency and capacity as well as to constitute important meeting places. They are in many ways crucial to the development of the regions. In the period 2016–2020, about 0.8 billion kronor was invested at the airports. Planned investments for 2021–2022 total 0.3 billion kronor.

Real Estate

Swedavia's work with property development in the vicinity of the terminals is run under Real Estate. The goal is to develop land in order to realise value that can then be used to develop the airports. In the period 2016–2020, 2 billion kronor was invested in the Real Estate segment, including in a new hotel and an office building at Stockholm Arlanda Airport as well as a new hotel at Göteborg Landvetter Airport. Comfort Hotel Arlanda Airport was inaugurated at the start of the year, and Swedavia's sale of the property was completed in 2020 at an underlying property value of more than 1.4 billion kronor. The capital gain was 427 million kronor. Planned investments in 2021–2022 total 0.7 billion kronor.

175
billion

... is how much aviation contributes to Sweden's GDP in a normal year, which shows the importance of aviation to the country.

2.5
billion

... is the total shareholder contribution from the owner in 2020 to support the company's long-term value creation, maintain the company's infrastructure and ensure Swedish access by air



INVESTMENTS, 2021–2022

SEK billion

| | |
|--|------------|
| Stockholm Arlanda Airport | 4.0 |
| <i>Of which development programmes</i> | <i>3.1</i> |
| Göteborg Landvetter Airport | 0.2 |
| Regional airports | 0.3 |
| Real Estate | 0.7 |
| Group-wide | 0.8 |
| Total | 5.8 |



Stockholm Arlanda Airport

Master plans – crucial to long-term investments

The active work on Swedavia's 50-year master plans, like many other things, was put on hold during the year. However, long-term planning is still crucial to sustainable infrastructure.

Along with airport operations as such, the master plans also cover commercial operations and properties adjacent to the airports. They do not include any binding commitments but are instead visionary and provide guidance.

By taking a long-term planning perspective, the airports' various operations can be arranged in a way that works now and in the future. As a result, this minimises the need to move them, which is good from a sustainability perspective.

Examples of focus areas in this work are trends, technological developments and innovation, where the focus is on the need for a change in airport functions due to electric aviation. This long-term planning also helps to facilitate transport intermodality.

Other issues considered are how the airport must be adapted and developed to tackle climate change, such as changed travel flows, surrounding wildlife and increased rain quantities.

Master plans in brief

- Master plans are the basis for being able to plan the development of the airports in the long term.
- Master plans have been adopted for all of Swedavia's airports except Bromma Stockholm Airport due to uncertainty about the future.
- Master plans adopted: Malmö Airport, Luleå Airport, Umeå Airport, Visby Airport, Ronneby Airport and Kiruna Airport.
- Åre Östersund Airport's master plan was paused due to the Covid-19 pandemic.
- Work is under way on master plans for Stockholm Arlanda Airport and Göteborg Landvetter Airport. A path has been decided for Stockholm Arlanda Airport by Swedavia's Board of Directors. For Göteborg Landvetter Airport, only the compilation phase remains.

Read more about Swedavia's master plans: www.swedavia.se/about-swedavia/role-and-mission/

Swedavia's supplier work

A well-functioning supplier chain helps enable Swedavia to achieve its goals. It is therefore important to understand the supplier market and the challenges found in the company's procurement areas as well as where the sustainability risks are.

Swedavia complies with the Swedish Utilities Procurement Act, the Swedish Concessions Procurement Act and the Swedish Public Procurement Act in certain procurement areas. These laws set requirements for tender contract procedures and how compliance with these requirements is monitored.

Swedavia Purchasing works according to categories, which are determined based on what the supplier's market looks like. This classification consists of 14 main categories, which are broken down into some 90 subcategories. This involved total purchasing volume of

more than 5 billion kronor in 2019. Due to the impact of Covid-19, a decline of nearly 40 per cent was noted in 2020.

Swedavia has agreements with around 750 of its approximately 4,000 suppliers. In Swedavia's view, 75 of them are strategically important for operations, so greater focus is placed on monitoring these. Another assessment is made to define the 20 top risk suppliers from an operational perspective, in order to provide additional monitoring.

In 2020, a digital support tool was implemented to monitor supplies in a structured way based on a sustaina-

bility perspective through risk assessments. Risk is assessed based on environmental, human rights, social responsibility and anti-corruption aspects.

In 2020, Swedavia continued to obtain support from the Swedish Public Procurement Agency's criteria library to set sustainability requirements in tender processes. In the next phase, these criteria will be used in the monitoring work.

Suppliers in figures

4,000

... the total number of suppliers (approximately)

750

... the number of contracted suppliers (approximately)



The year Swedavia achieved fossil-free operations

The airport operations that Swedavia runs under its own management produced zero emissions of fossil carbon dioxide by the end of 2020. When the decision on this strategic goal was taken ten years ago, the company had annual emissions of nearly 7,700 tonnes. Reaching this zero goal was possible thanks to systematic, innovative environmental work and engaged employees.



The industry's transition to sustainable aviation is crucial to the development of air transport. For more than a decade, Swedavia has worked to reduce emissions of fossil carbon dioxide. In 2020, Swedavia achieved its goal of zero tonnes of fossil carbon dioxide emissions from the airport operations the company runs under its own management. Swedavia works with direct emissions, such as from its own vehicles, equipment, back-up power sources and firefighting exercises, but also with indirect emissions, such as those from purchased electricity and heating and those generated by the producer as well as with the reduction of carbon dioxide emissions from flights, for which Swedavia purchases sustainable aviation fuel. Carbon dioxide emissions are calculated based on the combustion of fuel, in other words, the part of

the life cycle that Swedavia can influence.

Among the challenges that still remained at the start of 2020 were ensuring that back-up power facilities could run on renewable fuel and that there was a sufficient supply of HVO100 (renewable diesel) and green LPG to enable the switch to renewable fuels or electricity for all machinery, equipment and vehicles. Measures to eliminate the final carbon dioxide emissions were implemented just before the end of the year.

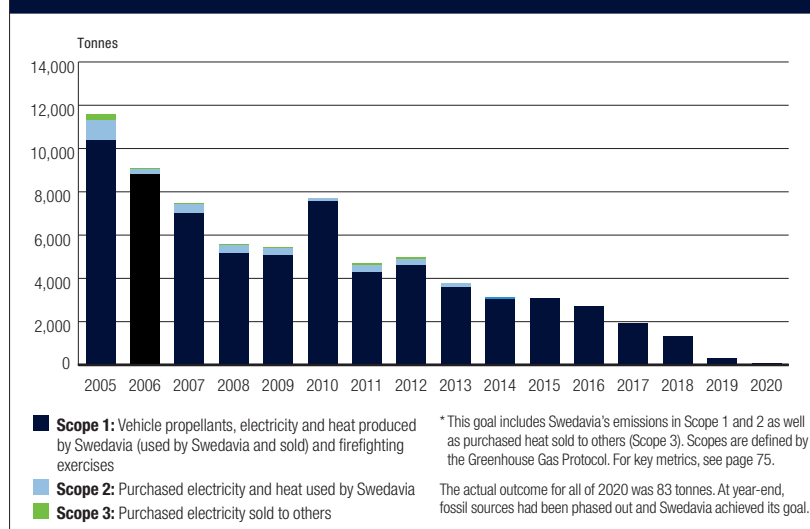
When the work to achieve zero emissions began, there was great uncertainty about whether there would be adequate solutions to reach this goal. Over the years, thanks to various innovative trials, such as for remote-controlled and automated machinery and equipment, it was nevertheless possible to achieve this (see chart).

Climate certification

Swedavia's environmental and climate work is guided mainly by its integrated environmental and energy management system and Airport Carbon Accreditation (ACA) certification. Under the framework for the ACA climate programme, all of Swedavia's airports meet the requirements for what was previously the highest level of certification, ACA3+. Swedavia's goals have now been raised to meet the next level, ACA4+, and the target is for Stockholm Arlanda Airport to be the first of Swedavia's ten airports to be certified at the highest level. To enhance its competitiveness and to continue to show that it is at the cutting edge in its climate work, a plan will be developed for how all ten airports will reach the highest level of ACA certification.

A number of important initiatives for the continued development of Swedavia's climate work were taken during the year. Proactive climate transition is now a separate strategy in Swedavia's new strategic approach, one that has been adopted by the Board of Directors and executive management. Swedavia has launched work inspired by the Task Force on Climate-Related Financial Disclosures (TCFD) to analyse risks associated with the climate-related financial impact at an overall level. Reports on climate-related risks are presented to Board on a quarterly basis in a Group-wide risk-report.

Trend for Swedavia's zero goal for emissions of fossil carbon dioxide*



Read more about Swedavia's green transition: www.swedavia.se/the-change-is-already-under-way



Climate-related risks and opportunities

Climate transition risks

Climate transition risks are risks that a transition to a society with lower carbon dioxide emissions could entail.

Changes in and an expansion of policy instruments to promote bio fuel in Europe could affect access to fuel and result in a shortage. That could lead to difficulties for Swedavia in maintaining the goal of fossil-free operations that it has now achieved.

With increased demand for renewable diesel, there is a risk that the production of sustainable aviation fuel will be adversely affected, which could reduce supply.

Investments in electric vehicles and equipment place higher demands on distribution capacity in an electricity network that has capacity shortage in Sweden.

Political leaders are being encouraged to take measures to reduce air travel instead of reducing aviation's climate impact. New economic instruments that are introduced could have a negative impact on airline finances without helping to improve the climate.

Potential financial impact

Swedavia's climate transition risks and physical risks could lead to increased costs and restrictions on the exercise of operations, a deterioration in its financial position and a negative impact on its brand. There are increased risks of material damage and costs to mitigate and prevent risks of flooding, heat waves and rising sea levels. There are risks that technical systems will be knocked out, there will be extended power outages, and flights will be cancelled or delayed, which would have a negative impact on continuity. There could be a negative financial impact on the property portfolio, with properties subject to flooding, resulting in higher maintenance and rebuilding costs. If climate change measures in the aviation industry are insufficient, the "flight shaming" factor could have a negative impact on Swedavia's business.

Physical risks

Physical risks are risks that could entail direct damage to assets or indirect damage, such as a shutdown in airport operations.

Swedavia's master plans need to be developed in order to address the effects of climate change. For example, heavy rains will be more common, which could lead to flooding on both airside and landside and jeopardise the continuity of airport operations.

Heat waves, increased soil moisture and periodic cold spells could have an adverse impact on infrastructure, such as in the form of a deterioration in runway bearing capacity, with reduced load capacity as a result. Strong winds and the increased risk of fire could lead to the cancellation or delay of flights. With a warmer and more humid climate, the terminals must still be able to provide a good indoor climate for passengers and tenants.

Opportunities

Even today, Swedavia can demonstrate a number of opportunities that have been created through its work to phase out fossil carbon dioxide from the airport operations run under its own management. With Swedavia using only renewable energy, its own heating production increases alongside its energy efficiency work so that greenhouse gas emissions and operating costs are reduced. New opportunities can be created with biofuel, electric aviation and hydrogen for both Swedavia and the aviation industry.

With its environmental certification, Swedavia can measure the environmental impact of a building. Swedavia can see a number of positive effects from an increased focus on waste management at and around the airports.

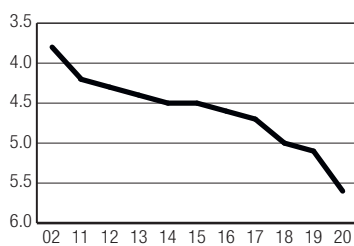
Continuous work to increase energy efficiency and reduce energy costs could lead to lower funding costs.

Measures to reduce aviation noise

Swedavia works actively to reduce noise and to ensure that noise exposure is considered acceptable relative to the social benefits of aviation. Swedavia calculates its noise load using ACI's Noise Rating Index (NRI) to see how the load changes over time.

At Stockholm Arlanda Airport and Bromma Stockholm Airport, measurements at fixed points are taken over time in order to, among other things, produce a noise map for different aircraft types in conjunction with take-off and landing. To reduce the noise impact, different methods are available such as insulation of buildings, higher take-off charges for noisy aircraft, curved approaches to avoid densely-populated areas and work with green approaches, in which aircraft descend at a constant rate from their cruising altitude to the runway. This reduces noise, saves fuel and also lowers emissions.

Overall NRI for Swedavia's airports



Swedavia's ten airports. A higher NRI class entails reduced noise.

A total of 215 curved approaches were carried out at Stockholm Arlanda Airport in 2020, which also reduced total emissions of fossil carbon dioxide by about 39 tonnes.

Energy

Energy use at Swedavia's airports totalled about 146 GWh (171 GWh) in 2020. During the year, energy use decreased drastically due to the decrease in air travel. Electricity (-14 per cent) decreased more than heating (-11 per cent) since passengers actually help to heat the terminals.

PFAS

Per- and polyfluoralkyl substances (PFAS) are a group of more than 4,700 chemicals that contaminate water and soil. Swedavia previously used PFAS in its firefighting foam. They were eliminated many years ago, but they are still in the soil.

Swedavia works actively in its investigatory work on PFAS contamination at the airports for which Swedavia has an environmental permit, except for Åre Östersund Airport, where the Swedish Armed Forces carries out the investigatory work. In 2018, a project was launched at Stockholm Arlanda Airport which is aimed at identifying potential methods to reduce the spread of contaminants for the firefighting exercise station.

Continuous environmental work

Swedavia carries out active work to reduce other environmental impacts.

During the year, the environmental and energy management systems were merged in order to make the work more efficient and provide a clearer understanding of requirements.

Chemical substances are being replaced, and such use is being reviewed and restricted to ensure there is as little impact on the environment and people's health as possible. This mainly involves reducing emissions of substances used in de-icing aircraft and for anti-skidding treatment of the runways. At a number of airports, there are facilities to recycle collected de-icing fluid.

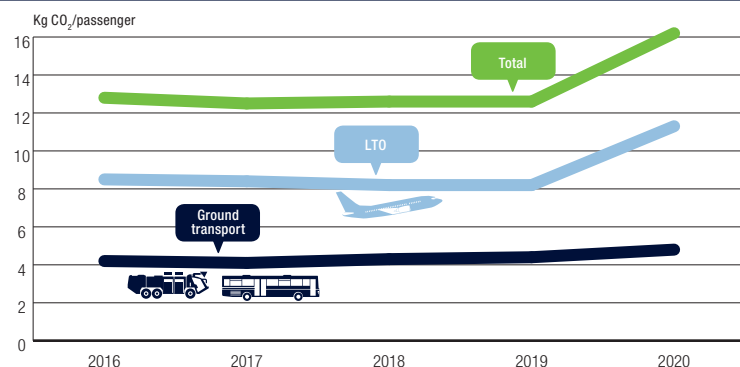
In waste management, various activities are under way to improve the sorting of reusable materials from the remaining waste. There is particular focus on dealing with food waste. The area that continues to be a challenge is waste from terminals and aircraft waste.

Impact on construction operations

Swedavia's airports are continuously developed through extensive construction operations. Construction operations are governed in part by environmental certifications and the company's environmental and energy management and quality management systems.

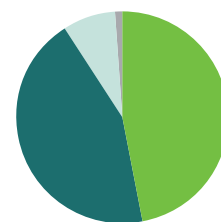
To reduce the environmental impact of construction operations, priority is given to resource efficiency measures, reduced and circular use of materials and improved waste management. Materials are chosen from an environmental awareness perspective, and substances that have a negative impact on the

Emissions of fossil carbon dioxide in kilograms per passenger for air traffic's LTO** and passengers' ground transport to and from the airports



** LTO stands for landings and take-offs – in other words, flying below an altitude of 3,000 feet, including taxiing on the ground.

Swedavia's fossil carbon dioxide emissions by area in 2020, %



* Fossil carbon dioxide emissions in Energy comes from back-up power supply operations

environment and people's health are to be avoided. Recycled materials are used to the extent this is possible. Swedavia's ambition is to improve energy efficiency both in the construction process and during the life of the buildings. Renewable energy is used in the completed buildings. One example is the aquifer at Stockholm Arlanda Airport, which recycles both heating and cooling from groundwater. From an energy standpoint, there is an internal requirement that energy use must be at least 25 per cent lower than that specified by the Swedish National Board of Housing, Building and Planning's construction regulations both in new construction and large refurbishment projects. Higher energy efficiency requirements are set in cases where the building is to be certified for its environmental performance in the operational phase.

Through environmental certification, Swedavia can measure the environmental impact of the building. New construction and major civil engineering works must be certified in accordance with BREEAM or CEEQUAL standards. The certification

framework also includes management and monitoring of the buildings' operation and planned maintenance, with data monitored both during and after planning and production.

Swedavia has resources to support construction operations at an overall level. The projects are responsible for compliance with legal requirements, guidelines and project-specific environmental goals. Some projects have an environmental coordinator to quality-assure the work and make sure the goals are reached.

In 2020, the climate calculation work was expanded so that informed decisions could be made to reduce the climate impact, for example in the choice of materials and transport. Swedavia has also introduced a new overall goal for its climate work as well as climate calculation requirements for major projects or projects with a high risk value. During the year, Swedavia completed a climate calculation for an expansion project at Terminal 5 at Stockholm Arlanda Airport, where the choice of a wooden frame structure showed a major environmental benefit.

Environmental permits

Swedavia's operations that are subject to an environmental permit consist mostly of environmentally hazardous operations under chapter nine of the Swedish Environmental Code (mainly airport operations) and of water operations under chapter eleven of the Swedish Environmental Code (mainly ponds, water treatment facilities and groundwater drainage). Each airport must have an environmental permit for aviation operations to be allowed. The environmental permits are business-critical and govern what Swedavia may do. At year-end 2020, Swedavia was responsible for eight airports whose operations are subject to a permit under the Swedish Environmental Code. The Swedish Armed Forces is responsible for environmental permits for the other two, Luleå Airport and Ronneby Airport.

Read more about the environmental permits: www.swedavia.se/about-swedavia/our-environmental-work/

Carbon footprint, kilotonnes CO₂

| Airport | Air traffic | | Ground transport | | Swedavia | | Total | |
|--------------------------------------|---------------|------------|------------------|------------|---------------|------------|---------------|------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Stockholm Arlanda Airport | 77 | 222 | 31 | 111 | 0.05 | 0.15 | 109 | 333 |
| Göteborg Landvetter Airport | 15 | 47 | 7 | 29 | 0.01 | 0.07 | 22 | 76 |
| Malmö Airport | 9 | 19 | 5 | 17 | 0.01 | 0.03 | 14 | 36 |
| Bromma Stockholm Airport | 4 | 16 | 1 | 3 | 0.00 | 0.01 | 5 | 19 |
| Umeå Airport | 3 | 7 | 1 | 6 | 0.01 | 0.03 | 4 | 13 |
| Luleå Airport | 4 | 8 | 3 | 6 | 0.00 | 0.00 | 6 | 14 |
| Åre Östersund Airport | 1 | 4 | 1 | 2 | 0.01 | 0.02 | 2 | 6 |
| Kiruna Airport | 1 | 2 | 0 | 1 | 0.00 | 0.01 | 1 | 3 |
| Ronneby Airport | 1 | 2 | 0 | 1 | 0.00 | 0.00 | 1 | 3 |
| Visby Airport | 1 | 3 | 0 | 1 | 0.00 | 0.00 | 2 | 4 |
| Total | 116 | 330 | 50 | 176 | 0.1 | 0.3 | 166 | 506 |
| Percentage change, 2019–2020: | –64.7% | | –71.9% | | –73.6% | | –67.2% | |

The carbon footprint for Swedavia's airports in 2020 reported here is broken down into emissions from air traffic in the LTO cycle (landing and take-off cycle, flying below 3,000 feet including taxiing on the ground), passengers' ground transport to and from the airports and Swedavia's own operations.

During the year, the carbon footprint for Swedavia's airports decreased 67 per cent, from about 506 kilotonnes of CO₂ in 2019 to 166 kilotonnes in 2020. At the

same time, the number of passengers decreased 74 per cent, which means the carbon footprint per passenger increased.

Swedavia's own emissions of fossil carbon dioxide were reduced by about 74 per cent, from 316 tonnes in 2019 to 83 tonnes in 2020. Measures contributing to this reduction in Swedavia's own production include an increase in the mixture of renewable fuels for vehicles.



Fossil-free fuels contribute to the industry's transition to sustainable aviation

The aviation industry faces great challenges in terms of its global impact on the climate and environment. As a key player, Swedavia has taken a number of initiatives to enable and drive the development of sustainable air transport.

Aviation needs to be part of the transport of the future, and the transport of the future must be sustainable. Swedavia works for the transition to ever more sustainable operations and continues to operate the most climate-smart airports in the world. This work starts at its own airports, and at the same time Swedavia helps enable other operators in the industry to take a step forward in their own ambition to reduce their climate impact.

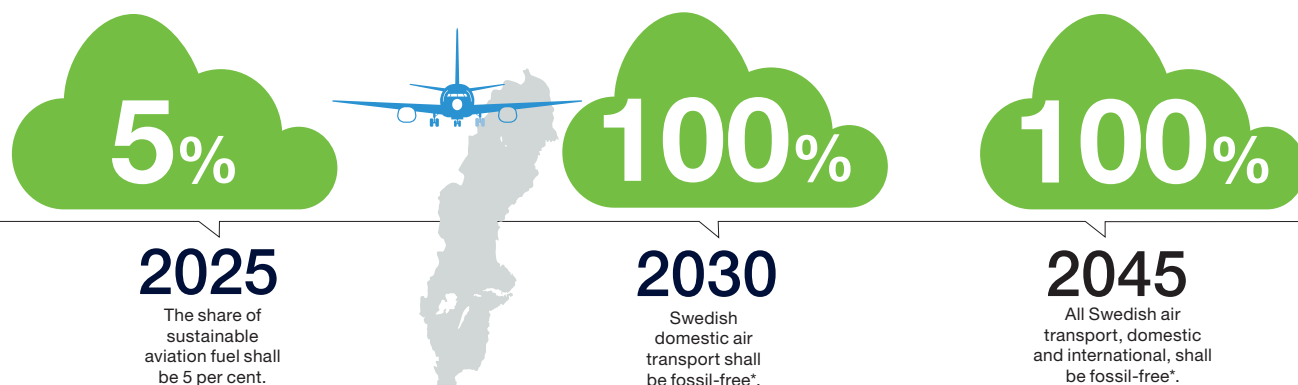
By using sustainable aviation fuel, aviation can reduce its carbon dioxide emissions by up to 85 per cent from a life cycle perspective. Swedavia and the aviation industry are working to increase the mixture of sustainable aviation fuel, in Sweden and globally. Swedavia has adopted a strategic goal that five per cent of all aviation fuel used for refuelling at Swedish airports shall be fossil-free by 2025.

The aviation industry's roadmap for fossil-free competitiveness

Under the framework for Fossil-Free Sweden, the aviation industry has developed a roadmap with the following concrete measures:

- A focus on State investment aid and funds to plan production facilities. Production capacity to provide aviation with the fuel needed to reach the initiative's 2030 goal requires an estimated five billion kronor in investment. The State needs to contribute financially in order for this investment to be carried out.
- Advancement toward the official goal and communication about the transition to fossil-free aviation, with milestones for 2030 and 2045, and including a long-term goal of electric aviation.
- Allocation of funds to enable efficient large-scale production of fossil-free fuel.
- Review of the entire airport charges and support system, and as a result together with all stakeholders finding a business model that works.
- Procurement of the amount of fossil-free fuel needed for all air transport for Sweden's public-sector business.

Goals



* Under the framework for Fossil-Free Sweden

To reach this goal, Swedavia has purchased sustainable aviation fuel for its own business travel since 2016. To increase demand and give producers an investment incentive, more companies, other organisations and also individual passengers need to purchase biofuel for their flight.

During the year, Swedavia in partnership with the national emergency service SOS Alarm, the State-run alcohol retailer Systembolaget and the Swedish 2030 Secretariat for decarbonisation purchased a delivery of sustainable aviation fuel as a result of a coordinated tender that Swedavia initiated in 2019. A total of 210 tonnes of fuel was used for refuelling at Stockholm Arlanda Airport in September.

In its autumn budget, the Swedish government decided to accelerate the shift to biofuel by introducing a greenhouse gas reduction mandate for Swedish aviation of 0.8 per cent in 2021, which increases to 27 per cent in 2030.

Collaboration is essential for the industry's transition to sustainable aviation

At the start of the year, Swedavia launched an airline incentive programme that subsidises up to 50 per cent of airline bio-fuel costs. Airlines showed great interest at the launch, but unfortunately the pandemic affected their potential to take advantage of the programme.

As far as Swedavia is aware, a total of about 370 tonnes of sustainable aviation fuel was used in Sweden during the year.

The challenge for a large-scale transition to biofuel for aviation is production. As a result, sustainable fuel is also far more expensive than the fossil fuel equivalent. Swedavia aims to work through

Actual, 2020



0.15%

... share of sustainable aviation fuel used for refuelling at Swedish airports in 2020 (0.14 per cent in 2019).

the many collaborations needed to bring about Swedish production of sustainable aviation fuel in order to achieve this goal.

One of a number of important collaborations is the innovation cluster Fossil-Free Aviation 2045. Swedavia launched it in partnership with the Swedish research institute RISE and the carrier SAS, and the work has continued to develop concrete measures to operationalise the roadmap developed by the Swedish aviation industry under the framework for Fossil-Free Sweden.

To accelerate the transition, Swedavia is a driver and also works in collaboration with stakeholders in the aviation industry. The company challenges political leaders to create fit-for-purpose policy instruments and is involved in a number of close collaborations with different organisations, clusters and consortiums.

Electric aviation

In 2019, the electric aviation project Green Flyway was launched at Åre Östersund

Airport and Frösö Park. This is an international test centre for electric aircraft and drones. Åre Östersund Airport is the first of Swedavia's airports to test and prepare infrastructure in order to enable the transition to electric aviation. Test flights will be carried out in a unique environment with great access to airspace.

Umeå Airport also takes part in an electric aviation project, FAIR, which connects different stakeholders and partners in the Kvarken region extending across Sweden and Finland. The project was granted EU funding and will investigate opportunities to implement regional electric aviation in the Kvarken region.

Swedavia is involved in the Nordic Network for Electric Aviation (NEA), which was formed in 2019. The main goal of the project is to work for a better environment by reducing the climate footprint of regional aviation.

The electric aviation projects above thus contribute to a better understanding of how the airports' infrastructure needs to be adapted for electric aviation.

Other solutions

In the future, hydrogen and electrofuels could also be important solutions for the industry's transition to sustainable aviation. The European Commission has the ambition to produce one million tonnes of renewable hydrogen in four years. The goal is to produce a total of ten million tonnes by 2030.

Hydrogen is a vital foundation in the production of so-called electrofuels such as methanol and methane, which can be used to fuel heavy transport. Unlike electricity, methanol is easy to store and can be produced and distributed using existing infrastructure for petrol and diesel.

Risks and risk management

Swedavia's mission is to operate and develop the ten airports included in Sweden's national basic infrastructure. For Swedavia, corporate social responsibility entails integrating sustainable development in its business operations – with a focus on the customer. It also entails Swedavia taking responsibility through increased social development, environmental concern and economic growth.

All business operations are associated with risk-taking. Opportunities and risks are assessed and managed to ensure that the owner's goals are reached. Properly managed external factors, as well as risks, could lead to opportunities while a risk that is poorly managed could have a major negative impact both on Swedavia and the rest of society. The work to identify, analyse, manage and monitor risks is thus a priority area at Swedavia.

Swedavia's risk management framework

Swedavia's risks are managed based on the principles of responsibility, equality and proximity. These principles are put into practice through the requirement that risk analyses be carried out prior to changes and projects. Swedavia's airport operations strive for a low level of risk-taking, which safeguards Swedavia's safety culture and brand, and meets the requirements of oversight authorities, its owner and customers

Strategic risks

Strategic risks are defined as a risk of loss or other adverse consequence that affects Swedavia's possibility to continue running operations. In general, this concerns risks that have a great impact on the Group as a whole and could also be risks arising as the result of major events in the world.

Operational risks

Operational risks are defined as risks resulting from insufficient or inefficient processes, human error, problems with technical systems or deficiencies in external deliveries.

Financial risks

Currency risks, interest rate risks, credit risks, commodity price risks, climate risks and liquidity and refinancing risks are included under the framework for financial risk management. Read more on pages 136–138, Note 46 "Financial risks".

Responsibility for risk work

Operations have responsibility to identify risks on a continuous basis. A risk owner is designated for each identified risk and is responsible for managing the risk in the form of measures, escalation and reporting. The Risk Manager is responsible for developing, coordinating and monitoring the risk management process and for compiling a general risk report on a quarterly basis for the executive management, Audit Committee and Board of Directors. The Board of Directors, Audit Committee and executive management have responsibility for providing feedback if the risk assessment is not considered balanced in terms of measures implemented or planned.

The risk management process



Risk identification and risk change

Risk management is carried out proactively in all parts of the organisation, in all processes and in projects and portfolio operations. Identified risks are assessed and documented based on strategies and goals using a Group-wide format. For each identified risk, a risk owner is designated, measures are documented and risk change work is initiated.

Monitoring and inspection

Risk work is monitored on a continuous basis under the framework for the management's review and business planning work and was modified during the year by adopting a scenario-based way of working. The Group's Risk Committee meets on a quarterly basis and prepares the Group's risk report as well as constitutes a cross-functional platform for strategic and Group-wide risk issues. The risk report is approved by Swedavia's executive management and then prepared by Swedavia's Audit Committee prior to being adopted by the Board of Directors. Internal auditing examines, tests and validates the effectiveness of Swedavia's risk management through audits of the Risk Management function and of ongoing risk work in the company's operations.

Risk management

Swedavia describes its risk work based on its sustainability perspectives – customer, environment, economy and social development.

CUSTOMER

Risks involving external factors and attitudes that lead to reduced demand and limit Swedavia's capability to provide attractive solutions, which as a result have a negative impact on its attractiveness and market position.

Risk description

- The economic effects of the pandemic are far-reaching and affect demand and recovery in the market. There is a risk that the economy will be sluggish for a long while, with the result being weak demand for travel. As the pandemic spread, a number of countries introduced extensive travel restrictions and closed borders, which essentially entailed challenging conditions for running air traffic services. The trend going forward is still very uncertain, with reduced airline capacity and weaker demand due to infection concerns. Airlines have announced that they face major challenges and revise their plans to resume service on an ongoing basis. Increased protectionism, geopolitical turmoil, a reduced willingness to fly and a fear of flying as well as changes in customer behaviour, for example, more digital meetings, are other risk factors. Another risk factor is uncertainty about whether Covid-19 will hit areas, countries and regions in several waves.
- There is still a great risk of airline bankruptcies despite various countries' substantial aid packages to national airlines. The extreme decline in passenger volume during the period led to a drastic decrease in commercial sales revenue for all business areas. Reduced demand and a change in customer behaviour have adversely affected commercial business. There are also risks associated with the switch to concession contracts in Retail, Food & Beverage operations, which is challenging in the current situation given great uncertainty about future passenger trends.
- Risks involve the capability to ensure the portfolio delivers the intended outcome based on solid business principles within the framework adopted. Business decisions are also needed at an overall level that create the right conditions and set the right requirements from the start to enable a structured implementation and clear handover of operations. There is also a need to plan investments long-term, simulate different scenarios and describe uncertainties to provide a basis for decision-making. There is a risk that long-term planning and investment needs are not analysed in full since maintenance obligations have not yet been determined.

Measures

- ✓ A Group-wide task force has been set up in order to ensure an accurate overview of the situation regarding Covid-19 developments. The work is carried out on a scenario basis in order to manage the traffic decline, plan for the resumption of service and create action plans and preparedness for the future. To create conditions for the re-establishment of airline customers, stimulus packages have been implemented. In line with the aviation industry's adaptations as a result of Covid-19 and to be part of a safe, predictable passenger experience, infection control and preventive safety measures have been implemented at Swedavia's airports. Swedavia has also signed up four airports to the European Union Aviation Safety Agency's (EASA) Aviation Health Safety Protocol/Industry Charter.
- ✓ Customer-driven development is achieved through a focus on business intelligence, process control, a deep understanding of underlying drivers, a shared view of customer needs and cross-functional work. To counter the negative impact on Swedavia's revenue and at the same time ensure good customer relations, a working group has been set up aimed at ensuring good relations, maintaining revenue, reducing the risk of bankruptcy and ensuring appropriate conduct based on good business ethics and the company's Code of Conduct. From a comprehensive perspective, this means coordinating responsibility for the airports' customers and commercial activities in the short and long term to create a shared view on which actions are based.

ENVIRONMENTAL CONCERN

Risks that arise from Swedavia's operations that could lead to deficiencies in its environmental concern and failure to achieve its environmental goals and ambitions.

Risk description

- Swedavia's operations, which require environmental permits under the Swedish Environmental Code, together with the company's high level of ambition regarding climate change, guide environmental work in the Group. Permits and the conditions in these permits define both opportunities and limitations for Swedavia in developing its business and meeting stakeholder demand.
- Changes in permits and permit conditions can affect operations to a great extent. Environmental permit processes are lengthy and time-consuming, which means environmental issues constitute

a crucial aspect of the airport's long-term development plans. In addition, there are local risks, for example, associated with soil contamination, surface water facilities and new EU environmental quality standards for water. An immature market, the large price difference between fossil and sustainable aviation fuel, and the lack of long-term business models are risks associated with sustainable aviation fuel. The climate change discussion and people's views of emissions from aviation have a negative impact, resulting in decreased attractiveness.

Measures

✓ Public procurement of sustainable aviation fuel and communication to make new stakeholders aware of this work are important in order to create demand for biofuel and the conditions needed for production in Sweden. It is also important to create conditions for a sustainable process and structure with resources.

✓ Work with soil contamination is managed using an identified resource that integrates Swedavia's work with one of the most serious toxins, man-made per- and polyfluoralkyl substances (PFAS). Procedures and work methods are in place to ensure there is no intentional spread of soil contaminants. At each airport that has water as a significant environmental aspect, the performance of surface water ponds is monitored. Measures are taken to ensure appropriate maximum or limit values.

✓ To enhance its brand as an attractive employer, Swedavia works with communication material and messages related to the climate debate. Messages should clearly indicate that Swedavia carries out proactive environmental work in order to reduce the climate impact of airports and aviation.

ECONOMY

General external factors and macroeconomic risks that affect demand, Swedavia's earning capacity and its financial results.

Risk description

- The Covid-19 pandemic has had a great material effect on Swedavia, with the decline in passenger volume having a major impact on the company's revenue and profit. Uncertainty about how the pandemic will develop entails a continued great risk of low passenger volumes and thus lower revenue for a long while.

- Lower revenue entails a risk that financial profit will deteriorate if compensatory measures cannot be taken in the form of cost savings, reduced investments or price adjustments in the company's pricing model. A deterioration in profit entails a risk that the financial goals adopted at the Annual General Meeting will not be achieved.

- A deterioration in profit entails a deterioration in cash flow and an increased need for external borrowing to ensure sufficient liquidity and financial back-ups in line with Swedavia's financial policy. There is a risk that, due to the deterioration in the company's financial situation and key metrics, funding possibilities in the market could deteriorate and the cost of borrowing would rise.

- There is also a risk of customer credit losses in the event customers become insolvent and cannot fulfil their obligations as a result of the pandemic. This risk has increased as a result of Swedavia introducing easier terms of payment.

- There are both short- and long-term financial climate-related risks that could lead to, among other things, instability, effects on Swedavia's infrastructure and reduced safety and security for passengers. Read more on pages 54–55.

Measures

✓ Due to uncertainty about how the pandemic will develop going forward, it is not possible to prepare traditional forecasts for passenger trends and the company's financial position. Instead, Swedavia develops different scenarios on which both operational and financial planning are based.

✓ Since the pandemic outbreak, Swedavia has worked actively to identify potential cost savings and carry these out. In 2020, volume adjustments in costs were made which involved furloughs and subsequently staff cuts in line with the redundancies announced in March 2020. External costs have been adjusted to lower volumes, and a number of procurement contracts have been renegotiated. In addition to adjusting volumes, measures have also been taken that involve structural changes in the company in the form of changes in working methods, adjusted ambition levels and optimisation of the organisation. These measures have entailed lasting cost cuts.

✓ To ensure access to capital market funding, Swedavia's owner provided a shareholder contribution that puts the company's debt-to-equity ratio within the range of the owner's goal (0.7–1.5 times), which is considered to make continued efficient funding possible.

✓ The investment portfolio is subject to a continuous review in order to optimise investments in both capacity and maintenance based on assessed needs as well as funding possibilities.

✓ The Group's financial operations and financial risk management are centralised in the corporate finance function and are part of the Group-wide risk methodology. Operations are run based on the financial policy, risk policy, credit policy and tax policy adopted by the Board of Directors, which are characterised by a low risk level. The aim is to minimise the Group's capital costs through effective funding solutions and effective management and control of the

Group's financial risks. Unpaid trade receivables are monitored on a continuous basis.

✓ Swedavia's identified climate-related financial risks and opportunities are managed through Swedavia's risk management process. The climate change issue is a high priority risk, and the goal of risk change is to ensure that Swedavia's operations are adapted in the face of climate change.

SOCIAL DEVELOPMENT

Risks based on Swedavia's capability to attract and retain critical key competencies and be a responsible employer and player in a changing world.

Risk description

- Due to the pandemic outbreak, a number of risks have arisen that in various ways affect Swedavia's employees. There is a risk that Swedavia's employees could be infected, which could affect the company's ability to staff critical functions. There are also risks associated with the sharp decline in demand, which means the level of available resources in a short-term perspective is considerably higher than the need.
Risks such as stress and anxiety have increased as a result of the uncertain situation, and there is a risk that key competencies will look to other industries and that access to talent will be more difficult going forward. The most serious work environment risks from a Group perspective are compliance with the systematic work with the work environment, accident risks in Swedavia's constructions projects, traffic-related incidents and stress-related health problems. The strategic development projects being carried out place continued high demands on access to the right skills, leadership and implementation capability as well as a focus on mitigating risks related to the work environment.
- Running airports is a complex operation that relies on external companies and other organisations. If Swedavia has deficiencies in its capability to set requirements and carry out structured monitoring of those requirements being met, that could contribute to increased exposure in a risk area such as human rights. This in turn could affect Swedavia's credibility as a sustainable company and have consequences for its brand and earnings capacity.
- Risks of corruption are identified and monitored on a continuous basis in the different operations. Read more on pages 46–47.
- The capability to predict and manage events such as extreme weather conditions, a pandemic, an operational shutdown, labour market disputes or terrorist acts could entail a shutdown or disruptions in the airport's aviation and commercial operations. Cyber risks are growing around the world, and this could mean disruptions in IT infrastructure and IT services.

Measures

- ✓ To meet the sharp decrease in demand, Swedavia is carrying out an organisational adaptation and adjusting volumes in its operations. The work includes the preparation of risk analyses, environmental and work environment impact assessments, and a mapping of risks related to aviation safety and security.
- ✓ Continued clear setting of priorities, an ongoing dialogue and a focus on the psycho-social work environment are crucial to achieving common goals set.
The conditions needed for well-functioning and preventive safety work with the work environment are provided through procedures, support materials and training for leaders and safety officers. A system for workplace incidents has been implemented, and particular energy is being invested in continuing to increase people's willingness to report risk observations.
- ✓ Retaining, developing and attracting the right employees continues to be an important part of Swedavia's ambition to safeguard its talent supply. Another key aspect is a continued sharp focus on inclusiveness, diversity and equal treatment.
- ✓ There is a focus on continuing to develop the work to identify, prioritise and manage human rights risks throughout the value chain based on the UN's Guiding Principles on Business and Human Rights. The supplier and customer chains are a priority since they have considerable risks. Examples are fighting the existence of human trafficking and substandard working conditions in high-risk countries in the tender process for goods and services. Read more about human rights risks on page 47.
- ✓ The airports' aviation safety and security work is aimed at preventing and minimising the effects of any incidents. Through proactive, systematic risk work together with efficient safety and security work, the risk that disruptions in airport operations will affect aviation safety and security is minimised.
- ✓ Systems and configurations are reviewed to safeguard protective measures for devices connected to Swedavia's networks. A review of its information classification is being carried out which will be harmonised with the EU General Data Protection Regulation.
- ✓ Swedavia has established methods for crisis and continuation planning and conducts exercises on a regular basis in order to increase risk awareness and the competencies of employees, partners and authorities. Swedavia works continuously with crisis communication together with those partners affected, which is aimed at relevant target groups. The work is focused on quickly providing clear, factual information.

Integrated governance for sustainability

Swedavia's Board of Directors and executive management are ultimately responsible for Swedavia's sustainability work, and deal with sustainability issues from a strategic perspective. Executive management deals with overall strategies, goals, measures and monitoring.

Sustainability issues are an integral part of business operations through the strategic approach adopted and Swedavia's priority material topics, which are broken down into goals and activities in each business plan and operational plan.

Each business area and operational area suggests goals and activities, for instance, in the area of climate change, which are then measured and monitored on a quarterly basis by the executive management and Board of Directors. As a result, sustainability issues are integral to the entire organisation.

Swedavia's Board of Directors has overall responsibility for climate-related financial risks and opportunities. Climate-related risks are reported on to the Board on a quarterly basis in a Group-wide risk report but also on an ongoing basis with

representatives of Swedavia's owner in the Audit Committee. Swedavia's climate work is part of its business planning process. Swedavia continuously monitors external requirements and expectations about climate action.

Swedavia's Code of Conduct is the foundation of all operations and specifies how Swedavia shall conduct itself in order to meet operational requirements with an approach that Swedavia is proud of.

The Code, which has been adopted by the Board of Directors, explicitly specifies expectations of how Swedavia's employees and suppliers shall conduct themselves.

All employees have responsibility
Swedavia's Code of Conduct is based on recognised conventions for human

Swedavia's Board of Directors has overall responsibility for climate-related financial risks and opportunities

rights, working conditions and the environment, and an updated Code is adopted each year by the Board of Direc-



tors. All leaders have a responsibility to make sure that employees are familiar with the Code of Conduct and comply with it. All employees at Swedavia always have a responsibility to familiarise themselves with and comply with the Code.

Along with the Code, Swedavia has a number of Group-wide policies that provide direction in a given area. All policies at Swedavia are adopted by the executive management. In addition, six policies are adopted by the Board: financial policy, credit policy, safety policy, environmental and energy policy, tax policy and risk policy.

Swedavia's materiality analysis including its stakeholder dialogue and continuous business intelligence, together with analyses of the impact of its own operations on people, the environment and the

economy provide the basis for its strategic approach and determine what issues shall be the focus of sustainability work.

Swedavia strives for continuous improvement in order to promote sustainable development and assesses the Board annually, in part through internal audits, environmental and safety audits, audits of Swedavia's climate work in compliance with its Airport Carbon Accreditation certification and a management review. Swedavia's priority material topics are analysed and assessed annually in the materiality analysis process.





External requirements and expectations

Swedavia takes a number of external requirements and expectations into consideration. International guidelines and principles, such as the United

Nations' Agenda 2030 and Sustainable Development Goals guide this work. Swedavia works to help meet the goals laid out in the Paris Agreement.

Swedavia supports the ten principles for corporate social responsibility in the UN's Global Compact. These principles are based on the UN's Universal Declaration of Human Rights, the International Labour Organisation's Conventions on Fundamental Principles and Rights to Work, the Rio Declaration on Environment and Development, and the UN Convention against Corruption.

Swedavia has a direct or indirect impact on a number of the UN's 17 Global Sustainable Development Goals. The company has identified four goals as being particularly relevant and that it can contribute to for positive change in the short and long term.

| GOALS SELECTED | WHAT SWEDAVIA DOES | READ MORE |
|--|---|-------------|
|  9. Industry, innovation and infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. | <ul style="list-style-type: none"> • Development and modernisation of the airports. • Works actively for new, more efficient traffic solutions. • Investments in infrastructure, digital technology and better flows. • Investments in sustainable aviation fuel and electric aviation. | Pages 50–51 |
|  10. Reduced inequalities Work to reduce inequalities within and among countries. | <ul style="list-style-type: none"> • Works actively for an equal, inclusive workplace. • Fights discrimination and promotes equal treatment. • Continuously works with business ethics in terms of anti-corruption, human rights, employees and social relations, and the environment. • Fights the occurrence of human trafficking at the airports. • Works for increased access. | Pages 42–47 |
|  11. Sustainable cities and communities Work to make cities and human settlements inclusive, safe, resilient and sustainable. | <ul style="list-style-type: none"> • Links together Sweden's regions and links Sweden with the rest of the world. • Works for more efficient transport. • Carries out extensive development programmes to develop the airports of the future. • Works in partnership with companies and other organisations at the airports to develop the airports of the future. | Pages 50–51 |
|  13. Climate action Take urgent action to combat climate change and its impacts. | <ul style="list-style-type: none"> • No emissions of fossil carbon dioxide from its own operations. • Energy efficiency improvement work in its own facilities. • Works to increase the use of sustainable aviation fuel. • Facilitates the development of electric aviation in Sweden. | Pages 54–59 |

Stable basis for Swedavia's strategic approach

By integrating social, economic and environmental aspects in its day-to-day work, Swedavia shall be a role model in sustainability both nationally and internationally. The basis of this sustainability work is Swedavia's strategic approach and the materiality analysis that has been carried out.

Materiality analysis is an important tool for understanding, together with Swedavia's stakeholders, the impact of operations on the world and thus identify the areas that Swedavia has the possibility to make the biggest and most effective difference in. The materiality analysis is carried out with the help of stakeholder dialogues and continuous business intelligence, as well as through analyses of the impact of Swedavia's own operations on people, the environment and the economy.

Swedavia's overall goal, based on its material priorities, is broken down each year into business and operational plans. Its strategic approach is thus integral to governance, all the way from long-term plans to the day-to-day work of employees. Outcomes are measured and monitored on a quarterly basis by the executive management and Board of

Directors. Swedavia's management systems support the work in quality, aviation safety and security, the environment, the work environment and information security concerning many of the company's most material topics.

In 2019, a new, detailed materiality analysis was carried out. Twelve material topics were replaced by seven priority material topics, which will be integrated into the new strategic approach that will go into effect in 2021. Read more on page 20.

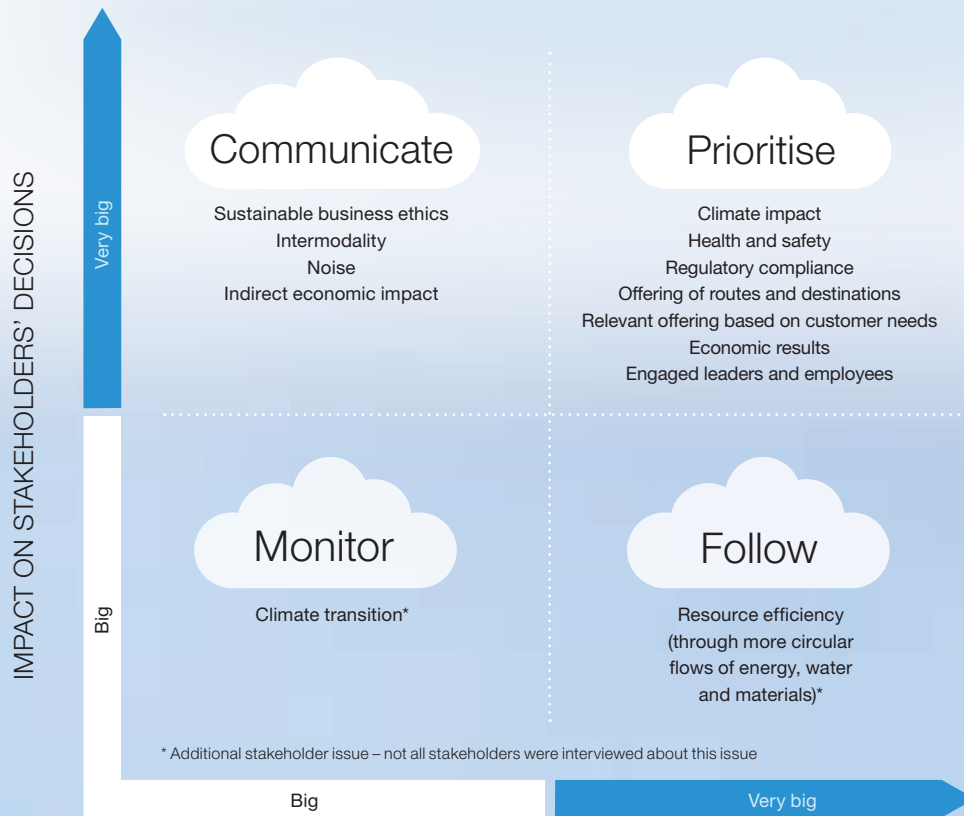
To determine what sustainability topics are material so that Swedavia to can develop the airports of the future and sustainable growth, the company conducted interviews with stakeholders that affect or are affected by its operations. The interviews were carried out in order to understand how Swedavia's stakeholders view its sus-

tainability work and what expectations they have. This provided a basis for further improving Swedavia's business approach and sustainability work as well as for meeting stakeholder expectations. Read more on page 70.

In order for Swedavia to achieve its goals in its priority material topics, innovation, digitisation and technological development are needed. Constructive collaboration with partners and meeting shared priorities are also required. Those topics that are not defined as material but which could be considered important to Swedavia's continued work are addressed if necessary in the company's ongoing business planning.






Materiality analysis



ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACT

PRIORITY MATERIAL TOPICS

| <p>PRIORITY MATERIAL TOPICS</p> | <p>CLIMATE IMPACT</p>  | <p>HEALTH AND SAFETY</p>  | <p>REGULATORY COMPLIANCE</p>  |
|---|---|---|--|
| <p>WHY THE TOPIC IS MATERIAL</p> | <p>To achieve global, national and regional climate goals and the industry's roadmap for fossil-free competitiveness, this requires that Swedavia and other stakeholders in the value chain work to reduce their climate impact. The industry's transition to sustainable aviation is critical to the development of aviation.</p> | <p>Safety work is critical in order to run airport operations in general. For Swedavia, it is important to safeguard and maintain both the physical and psycho-social health of customers and employees at Swedavia's airports and out in operations.</p> | <p>Swedavia shall comply with laws and regulations. A particularly great focus shall be on compliance with environmental and safety laws and regulations, in accordance with environmental permits, the Swedish Transport Agency's Safety (EASA) and Security (TSFS) regulations work environment laws.</p> |
| <p>LIMITATION AND IMPACT</p> | <p>Swedavia has a direct climate impact in its own operations. The company also has an impact in understanding the customer/supplier chain, for example, employees' and customers' transport to and from the airport, emissions and natural resource use in construction operations commissioned by Swedavia, and aviation's climate impact from take-offs and landings at Swedavia's airports.</p> | <p>Swedavia is responsible for safeguarding the physical and psycho-social health of people at its airports as well as ensuring the digital security and integrity of employees and customers at its ten airports.</p> <p>Swedavia has direct responsibility for aviation safety issues and shared responsibility with the police for maintaining public order.</p> <p>Swedavia has some indirect impact on other operators, for example, security service providers, building contractors, partners and customers.</p> | <p>Swedavia has an impact in regulatory compliance both in its own operations but also to some extent in its supplier chain.</p> <p>Swedavia has overall responsibility for regulatory compliance in aviation safety and as well as in environment performance for the eight airports for which it has operational responsibility.</p> |
| <p>GOAL</p> | <p>5 per cent sustainable aviation fuel by 2025.</p> <p>0 tonnes of fossil carbon dioxide emissions from its own airport operations by the end of 2020.</p> <p>A number of climate calculations.</p> | <p>The goal is zero accidents and serious incidents at the company's airports.</p> <p>Swedavia also has a zero goal for serious workplace accidents</p> | <p>No serious deficiencies in the Swedish Transport Agency's inspections.</p> |
| <p>ACTUAL OUTCOME</p> | <p>0.15 per cent sustainable aviation fuel.</p> <p>83 tonnes of fossil carbon dioxide. At year-end, emissions from Swedavia's own airport operations were reduced to zero. Read more on pages 54–57.</p> <p>1 climate calculation.</p> | <p>1 accident and 1 serious incident.</p> <p>4 reported work environment incidents.</p> | <p>The actual outcome for the goal is not calculated externally.</p> |

OFFERING OF ROUTES AND DESTINATIONS



Swedavia's offering of routes and destinations is of national importance and affects Sweden's competitiveness, among other factors. Access affects all of Sweden and the world's possibility to travel within and to/from the country, but is especially important for the regions around Swedavia's ten airports.

Swedavia has an indirect impact on access to and from its ten airports, for example through airport charges and incentives to airlines to set up routes. Swedavia's work is focused on attracting routes for which there is an underlying demand/potential for increased traffic or new routes.

Swedavia plans to develop its overall goals in 2021.

Read more about Swedavia's offering of routes and destinations on pages 26–30.

RELEVANT OFFERING BASED ON CUSTOMER NEEDS



Swedavia needs to be able to provide a relevant offering to customers to ensure long-term customer relations and competitiveness. Group-wide commercial strategies along with the continuous development of new services and efficient working methods are critical to passengers and Swedavia's customers.

Limited to Swedavia's identified customer groups at Swedavia's airports: passengers, airlines, tenants, ground handling companies and advertising buyers.

Swedavia has a direct impact on products, services and service levels that the company itself offers. Swedavia also has an impact on customers and suppliers that are regulated by contracts, for example through the Swedish Act on Procurement of Concessions

85 per cent positive customer experience.

74 per cent positive customer experience.

ECONOMIC RESULTS



It is an essential requirement that Swedavia has stable economic results in order to carry out its mission and be a competitive player in the market.

Swedavia can affect the economic relations of stakeholders through its operations' economic results, which could increase or decrease stakeholders' costs and earnings as well as their risks and opportunities.

Direct impact on the airports' own economic results. Indirect impact on the economic results of customers, suppliers and other stakeholders.

6 per cent return on operating capital.

–7.5 per cent return on operating capital.

ENGAGED LEADERS AND EMPLOYEES



Engaged leaders and employees at Swedavia and in companies and other organisations at and in the vicinity of the airports are what drive the aviation industry forward. Through engaged leaders and employees, Swedavia can create value for its customers and other stakeholders.

Includes Swedavia's management of employment conditions, working conditions, talent supply and skills development. Also includes diversity, inclusiveness, gender equality and equal treatment.

The impact is both direct and indirect through its impact on leaders and employees in other companies and organisations as well as Swedavia's suppliers.







75 per cent engaged leaders and employees.

77 per cent.
The actual outcome is the average for the pulse measurements carried out in 2020.

Stakeholder dialogue

In 2019, Swedavia conducted an in-depth dialogue with stakeholders, which provides the basis for the materiality analysis that is integrated in the company's strategic approach. This in turn provides the basis for its business plans, which will be put into effect in 2021.

Stakeholder dialogues were conducted in the form of interviews with selected stakeholders in the different stakeholder groups.

| Stakeholder group | Stakeholders | Important topics |
|--|--|---|
| Corporate customers  | <ul style="list-style-type: none"> • Airlines • Tenants • Advertising buyers • Ground handling companies • Mobility operators | <ul style="list-style-type: none"> • Climate impact • Offering of routes and destinations • Engaged leaders and employees • Relevant offering based on customer needs • Digitisation and technological development |
| Passengers  | <ul style="list-style-type: none"> • Passengers | <ul style="list-style-type: none"> • Climate impact • Regulatory compliance • Offering of routes and destinations • Relevant offering based on customer needs • Digitisation and technological development |
| Employees  | <ul style="list-style-type: none"> • Swedavia's future and current employees and managers • Airport employees • Trade unions | <ul style="list-style-type: none"> • Health and safety • Engaged leaders and employees • Climate impact • Regulatory compliance • Offering of routes and destinations |
| Owner  | <ul style="list-style-type: none"> • Owner • Board of Directors | <ul style="list-style-type: none"> • Economic results • Climate impact • Health and safety • Relevant offering based on customer needs • Innovation |
| Partners  | <ul style="list-style-type: none"> • Investors and lending/credit institutions • Financial partners • Strategic suppliers | <ul style="list-style-type: none"> • Climate impact • Economic results • Sustainable business ethics • Health and safety • Engaged leaders and employees |
| Society  | <ul style="list-style-type: none"> • Authorities • Regions and municipalities • Trade unions and other associations • Local communities and businesses • Academia | <ul style="list-style-type: none"> • Climate impact • Health and safety • Aviation noise • Regulatory compliance • Innovation |

GRI index

Swedavia has complied with the Global Reporting Initiative (GRI) standards since 2010 and reports its sustainability work for 2020 in accordance with GRI's Core standards. This report also includes relevant industry-specific indicators in accordance with GRI G4 Airport Operator Disclosures. The sustainability information in the combined report for 2020 has been reviewed as per the Board of Directors' wishes by Swedavia's auditors, KPMG. It has also been approved by Swedavia's Board of Directors.

The GRI index shows where all mandatory information is provided in this report. Reporting is limited to those areas in which the company exercises complete control over the collection of data and the quality of information, which means that the entire Group is included unless otherwise indicated. Data for companies in which it owns a minority interest are excluded. Swedavia publishes a combined Annual and Sustainability Report each year. The reporting cycle is for the full year. Swedavia's Annual and Sustainability Report 2019 was published on March 27, 2020.

Standard information

| GRI information | Description | Page reference and comments |
|-------------------------------|---|--|
| Organisational profile | | |
| 102-1 | Name of the organisation | 107 |
| 102-2 | Activities, brands, products and services | 18–19, 82 |
| 102-3 | Location of headquarters | 107 |
| 102-4 | Location of operations | 5, 82 |
| 102-5 | Ownership and legal form | 88 |
| 102-6 | Markets served | 82 |
| 102-7 | Scale of the organisation | 4, 30, 99 |
| 102-8 | Information on employees and other workers | 45, 117. The number of employees regardless of the form of employment is 3,173. There are 2,286 permanent employees, of whom 2,175 are full-time and 111 part-time. 34 per cent of permanent employees are women. There are 132 fixed-term employees, 15 per cent of whom are women. There are 755 employees, 36 per cent of whom are women. |
| 102-9 | Supply chain | 53 |
| 102-10 | Significant changes to the organisation and its supply chain | 82–85 |
| 102-11 | Precautionary principle or approach | 60–63 |
| 102-12 | External initiatives | 8, 27, 29, 38–39, 42–45, 46–47, 48, 50–51, 54–56, 64–65 |
| 102-13 | Membership of associations | 22 |
| AO:G4-7 | Environmental permits and other regulations in effect | 54–57, 107 |
| AO:G4-8 | Catchment area for cargo and passengers | 23, 30, 107 |
| AO:G4-9 | Direct destinations and other information about the size of the airports etc. | 24–30. The number of employees at the airports is about 18,000. The number of airline customers is 60 including scheduled and charter operations. Minimum transfer time is 15 minutes. |

Standard information (cont.)

| GRI information | Description | Page reference and comments |
|--|--|--------------------------------------|
| Strategy | | |
| 102-14 | Statement from the senior decision-maker | 6–9 |
| Ethics and integrity | | |
| 102-16 | Values, principles, standards and norms of behaviour | 5, 46, 60 |
| Governance | | |
| 102-18 | Governance structure | 88–93 |
| Stakeholders and stakeholder dialogue | | |
| 102-40 | List of stakeholder groups | 19, 66, 70 |
| 102-41 | Collective bargaining agreements | 100 per cent of Swedavia's employees |
| 102-42 | Identifying and selecting stakeholders | 66, 70 |
| 102-43 | Approach to stakeholder engagement | 66–70 |
| 102-44 | Key topics and concerns raised | 66–70 |
| Reporting practice | | |
| 102-45 | Entities included in the consolidated financial statements | 107 |
| 102-46 | Defining report content and topic boundaries | 71 |
| 102-47 | List of material topics | 66–70 |
| 102-48 | Restatements of information | 66–69, 71, 75–76 |
| 102-49 | Changes in reporting | 14–17, 20–21, 66–71, 75–76 |
| 102-50 | Reporting period | 71 |
| 102-51 | Date of most recent report | 71 |
| 102-52 | Reporting cycle | 71 |
| 102-53 | Contact point for questions regarding the report | 2 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | 71 |
| 102-55 | GRI content index | 71–73 |
| 102-56 | External assurance | 71, 78 |

Specific standard information

| GRI number | Description | Page reference and comments |
|--|--|---|
| Climate impact | | |
| 103-1 – 103-3 | Management approach | 20–21, 36–39, 50, 54–57, 61–62, 66–70, 75 |
| 305-5 | Reduced greenhouse gas (GHG) emissions | 38–41, 54–57, 75 |
| Own indicator | Energy use | 54, 56, 75 |
| Own indicator | Share of sustainable aviation fuel used for refuelling at Swedish airports | 54–56, 59, 75 |
| Own indicator | Number of climate calculations | 57, 68, 76 |
| Health and safety | | |
| 103-1 – 103-3 | Management approach | 14, 20, 47–49, 60, 63, 66–70, 75, 77 |
| Own indicator | Number of reported work environment incidents | 42–45, 75 |
| Own indicator | Number of accidents and incidents | 40, 48–49, 76 |
| Own indicator | Number of serious deficiencies in Swedish Transport Agency inspections | 48–49, 68, 75 |
| Regulatory compliance | | |
| 103-1 – 103-3 | Management approach | 66–70, 107 |
| Own indicator | Number of serious deficiencies in Swedish Transport Agency inspections | 48–49, 75 |
| Offering of routes and destinations | | |
| 103-1 – 103-3 | Management approach | 24–30, 66–70, 75 |
| Own indicator | Number of passengers | 24–30, 40, 75–76 |
| Own indicator | Number of international destinations | 24–30, 40, 75 |
| Own indicator | Number of new routes | 24–30, 75 |
| Relevant offering based on customer needs | | |
| 103-1 – 103-3 | Management approach | 20–21, 34–35, 61–62, 66–70 |
| Own indicator | Commercial sales revenue per departing passenger | 4, 76, 84 |
| Own indicator | Positive customer experience | 4, 19, 34, 40–41, 76 |
| Economic results | | |
| 103-1 – 103-3 | Management approach | 20–21, 23, 62–63, 66–70, 75–76 |
| Own indicator | Return on operating capital | 4, 19, 40–41, 76 |
| Own indicator | Debt/equity ratio | 4, 41, 62, 76 |
| Own indicator | Operating cost per departing passenger | 4, 75 |
| Engaged leaders and employees | | |
| 103-1 – 103-3 | Management approach | 20–21, 42–45, 66–70, 75 |
| Own indicator | Engaged leaders and employees – Pulse measurements | 4, 41, 69–70, 75 |

Cross-reference table – UN Global Compact

Since 2012, Swedavia supports the United Nations Global Compact and its ten principles. Swedavia's Sustainability Report 2020 also constitutes Swedavia's Communication on Progress (COP), which is an annual update on how the Group complies with the ten principles. The table shows where each Global Compact principle can be found in Swedavia's Annual and Sustainability Report 2020.

| UN Global Compact's ten principles | Page reference and comments |
|--|---|
| Human rights | |
| 1. Businesses should support and respect the protection of internationally proclaimed human rights in the spheres they can influence | 36, 43, 46–47, 53, 63–65, 77 |
| 2. Businesses should make sure that they are not complicit in human rights abuses | 36, 43, 46–47, 53, 63–65, 77 |
| Labour | |
| 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining | 36, 43, 46–47, 53, 63–65, 77 |
| 4. Businesses should work to eliminate all forms of forced and compulsory labour | 47 |
| 5. Businesses should work to abolish child labour | Swedavia complies with the regulations in effect in laws and agreements for the protection of underage workers in the labour market. Children under 15 are not employed at Swedavia |
| 6. Businesses should eliminate discrimination in respect of employment and occupation | 42–45, 46–47 |
| Environment | |
| 7. Businesses should support a precautionary approach to environmental challenges | 54–57 |
| 8. Businesses should undertake initiatives to promote greater environmental responsibility | 54–57 |
| 9. Businesses should encourage the development and diffusion of environmentally-friendly technologies | 54–57 |
| Corruption | |
| 10. Businesses should work against corruption in all its forms, including extortion and bribery | 46, 53 |

Index of statutory Sustainability Report

| Area | Description | Page reference |
|------------------|-----------------------------------|----------------|
| Overall | Business model | 18 |
| Environment | Policies and environmental issues | 54–57 |
| | Environmental permits | 57 |
| | Risks and risk management | 61–63 |
| | Goals and actual outcomes | 54–57 |
| Social relations | Policies and environmental issues | 42–45 |
| | Risks and risk management | 61–63 |
| | Goals and actual outcomes | 42–45 |
| Human rights | Policies and environmental issues | 46–47 |
| | Risks and risk management | 61–63 |
| | Goals and actual outcomes | 46–47 |
| Anti-corruption | Policies and environmental issues | 46–47 |
| | Risks and risk management | 46–47, 63 |
| | Goals and actual outcomes | 46–47 |

Key metrics

ACCIDENTS AND SERIOUS INCIDENTS

The terms are defined by Regulation (EU) no 996/2010. An accident entails that (i) a person has died or been seriously injured in connection with the aircraft during a flight, with the exception of natural causes, (ii) an aircraft has been subject to damage that seriously affects its performance or (iii) an aircraft is completely unreachable. A serious incident entails that circumstances show there was a high probability that an accident with an aircraft could have occurred during the flight.

ATTRACTIVE OFFERING OF ROUTES AND DESTINATIONS

Swedavia measures the number of passengers, routes and destinations. Threshold values have been defined in the calculation for a twelve-month period in order to filter out flights that take place on an ad hoc-basis and for which the general public cannot buy tickets.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees is calculated based on hours worked. The average number of employees is restated as the total number of hours worked divided by the normal working time as defined by the Swedish Accounting Standards Board. Calculated on a rolling twelve-month basis.

AVERAGE OPERATING CAPITAL

The closing balance of operating capital on the balance sheet date plus the closing balance of operating capital on the balance sheet date for the previous year divided by two.

CAPITAL TIE-UP PERIOD

Volume-weighted average remaining maturity at the end of the period for interest-bearing liabilities. The metric clarifies the Group's financing risk.

CLIMATE CALCULATIONS

Climate calculations determine energy use and climate load based on resource use and emissions factors (life cycle assessment or LCA data) which describe energy use and emissions from the extraction, processing and transport of resources. Requirements for climate calculations are being developed and implemented. The goal is for these climate calculations to help Swedavia make informed decisions in choosing alternative solutions and materials.

COMMERCIAL SALES REVENUE PER DEPARTING PASSENGER*

Sales revenue from retail, food & beverage and from parking & entry divided by the number of departing passengers for the same period. The Group considers it a key metric for monitoring changes in commercial sales revenue.

CUSTOMER EXPERIENCE

Customer experience is measured through Swedavia's participation in the ASQ Programme, an international passenger survey administered by Airport Council International (ACI). The survey measures people's experience at the airport at a given point in time. Swedavia's annual results for 2020 pertain to Stockholm Arlanda Airport's results for a rolling 12 months to Q1. This is an effect of Swedavia switch in measurement methods. Starting in 2021, ASQ will be replaced with a new measurement method that covers passengers, airlines and tenants.

CUSTOMER HEALTH AND SAFETY

To ensure the health and safety of the company's customers, Swedavia registers incidents at the company's airports in terms of the number of accidents, serious incidents and serious deficiencies in Swedish Transport Agency inspections.

DEBT/EQUITY RATIO*

Net liabilities divided by equity. This financial ratio is what the owner uses as a capital structure/gearing goal for the Group. The metric is considered to be directly linked to the Group's actual funding and financial risk.

DESTINATION/INTERNATIONAL DESTINATIONS

Destination is a city served by one or more airlines in which the total number of departures from each Swedavia airport reaches a given number during a twelve-month period. The number of international destinations is determined by the total of international cities that can be reached by direct flights in scheduled service from Swedavia's airports. Threshold values have been used in the calculation in order to filter out such charter flights that take place on an ad hoc basis and for which the general public cannot buy tickets.

EARNINGS PER SHARE

Profit for the year divided by the average number of shares less costs attributable to Swedavia's hybrid bond.

ENERGY USE

The metric includes purchased electricity, district heating and cooling. Heating has been restated for a normal year.

ENGAGED LEADERS AND EMPLOYEES

Engaged leaders and employees is an index from Swedavia's employee survey. In 2019 and 2020, Swedavia changed its data collection method to pulse measurements, which give Swedavia an indication of how employees feel at the time of measurement. The questions that Swedavia asked its employees have varied somewhat between measurements. Swedavia reports and monitors this pulse metric as an average of all questions asked on a single occasion.

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities on the balance sheet consist of liabilities to credit institutions, bonds, medium-term notes, commercial paper and liabilities to leasing companies as well as other liabilities.

INTEREST RATE LOCK-IN PERIOD

Volume-weighted average interest rate lock-in period for interest-bearing liabilities with regard to interest rate derivatives at the end of the period. The metric clarifies the Group's interest rate risk.

INVESTMENTS*

Swedavia's investments in fixed assets and intangible assets including investment projects in progress. Swedavia is in an intensive development phase and its pace of capital spending is important to Swedavia's management and external stakeholders.

NET LIABILITIES

Interest-bearing liabilities plus pension liability less liquid assets.

NET REVENUE

Swedavia's net revenue comprises revenue from Aviation Business and Commercial Services.

OPERATING CAPITAL

Equity plus net liabilities.

KEY METRICS

OPERATING COSTS PER DEPARTING PASSENGER*

Total of Airport Operations' external costs and staff expenses less the company's own capitalised work divided by the number of departing passengers for the same period. Swedavia considers it a key metric for monitoring improvements in cost-effectiveness.

OPERATING MARGIN*

Operating profit as a percentage of net revenue. For the operating margin excluding capital gains, see the calculation for "Operating profit excluding capital gains".

OPERATING PROFIT EXCLUDING CAPITAL GAINS

Operating profit excluding capital gains as well as impairment losses and disposals. A key metric since Swedavia's management monitors operating profit excluding capital gains.

OPERATING PROFIT EXCLUDING CAPITAL GAINS, RESTRUCTURING COSTS, IMPAIRMENT LOSSES AND DISPOSALS*

Operating profit excluding restructuring costs (mostly attributable to staffing changes), capital gains, impairment losses and disposals. A key metric since it is considered to provide a better understanding of the operating profit trend.

OWN EMISSIONS OF FOSSIL CARBON DIOXIDE AND CARBON FOOTPRINT

Own emissions of fossil carbon dioxide consist of fossil carbon dioxide emissions divided into Scope 1, 2 and 3. 2005 was chosen as the base year for reporting since Swedavia has worked strategically with climate and energy issues in its operations since 2006. Scope 1 includes vehicle propellants, own-produced (own-used and sold) electricity and heating, and firefighting exercise. Scope 2 includes purchased electricity and heating for own use. Scope 3 includes purchased heating that is then sold.

The carbon footprint for Swedavia's airports includes emissions from air traffic in the landing and take-off (LTO) cycle (flying below 3,000 feet including taxiing on the ground), passengers' ground transport to and from

the airports and Swedavia's own operations, Scope 1, 2 and 3 as defined above. Reporting includes Swedavia AB and Swedavia's ten airports. Swedavia's construction operations are excluded from Swedavia's zero goal. Carbon dioxide emissions under Scope 1, 2 and 3 with respect to the company's zero goal are calculated based on data in Swedavia's MSIL environmental reporting system. Data for subsidiaries or associated companies in which it owns a minority interest and the offices in Norrköping are excluded. Energy purchased for the office in Norrköping is not measured by Swedavia's landlord since it is included in the rent. These emissions are thus calculated under Scope 3 in accordance with boundary principles in Airport Carbon Accreditation Guidance, which is the application of the Greenhouse Gas (GHG) Protocol for carbon dioxide certification specifically for the airport industry.

PASSENGER

Passenger is defined as a statistical event in which a person has departed from or arrived at one of Swedavia's airports by air. A departing passenger is thus a statistical event in which a person has departed from one of Swedavia's airports by air. Departing passengers are approximated based on the number of passengers divided by two.

PROFIT FOR THE YEAR

Profit after tax.

PUNCTUALITY AND DELAYS CAUSED BY THE AIRPORT

Punctuality is defined as when an aircraft is off block, that is, rolls out from the gate/aircraft parking stand, no later than 15 minutes and 59 seconds after scheduled departure time. "Delays caused by the airport," AF87, is one of the codes airlines can use when reporting a delay.

RETURN ON OPERATING CAPITAL*

Operating profit plus profit from holdings in associated companies for a rolling twelve-month period divided by average operating capital.

ROUTES

Route is defined as a route served by an airline in which the number of departures reaches a given threshold value in a twelve-month period.

SERIOUS DEFICIENCIES IN SWEDISH TRANSPORT AGENCY INSPECTIONS

For unannounced inspections of operations carried out by the Swedish Transport Agency, assessment levels range from Serious Deficiency to Deficiency to Recommendation to Full Compliance with Regulations. A serious deficiency is defined as deviations judged to be serious and that could lead to consideration of restricting/revoking a security approval. When the inspector in charge considers classification of deviations as serious, consideration shall be given to the conditions viewed as system deficiencies or that affect a number of safety or security measures, so-called safety or security chains before they can be classified as a "serious deficiency."

SUSTAINABLE AVIATION FUEL

Swedavia collects data on the quantities of sustainable aviation fuel used for refuelling at Swedish airports. Swedavia reports the share of sustainable aviation fuel as a percentage of the total amount of kerosene grade jet fuel (Jet A-1) in Sweden annually.

WORK ENVIRONMENT INCIDENT

An incident where someone has been affected, or could have been affected by an accident or illness. A work environment incident is considered to be an accident, incident, risk observation or work-related illness. All workplace accidents and work environment-related incidents and risk observations must be reported as soon as possible. All serious workplace accidents and serious incidents must be reported to the Swedish Work Environment Authority within 48 hours. The classification of work environments is based on the Swedish Work Environment Authority's guidelines.

* Alternative key metrics according to guidelines from the European Securities and Markets Authority (ESMA) are marked with an asterisk (*).

Definitions

ACA

Airport Carbon Accreditation (ACA) is a programme for measuring and grading how airports work to reduce their climate impact. Swedavia's ten airports are certified at what was previously the highest level, ACA 3+.

AIRPORT OPERATIONS

Airport Operations is one of Swedavia's two business segments. It owns, operates and develops Swedavia's airports.

AIRSIDE

Airside is the term for the area at the airport that begins at the security checkpoint and extends to the gates, passenger (jet) bridges, aprons and aircraft parking stands as well as taxiways and runways. Swedavia is responsible for aviation safety and security on airside.

ASQ

Airport Survey Quality, a passenger survey administered by ACI in which some 200 airports around the world take part.

AVIATION BUSINESS

Infrastructure services aimed at airlines and ground handling companies, such as take-off and landing services and security screening.

COMMERCIAL SERVICES

Services connected to the airports such as the rental of premises for retail, offices, warehousing and logistics as well as leaseholds, parking operations and rental of advertising space.

FACILITIES AND SYSTEMS (ASSETS)

Business unit at Swedavia entrusted with the task of administering and developing the company's facilities and systems (assets) in a long-term sustainable manner.

GLOBAL REPORTING INITIATIVE (GRI)

GRI sets guidelines for what a sustainability report should include, how it should be prepared and what indicators should be reported.

ISO 14001

ISO 14001 is the internationally accepted standard for environmental management.

LANDSIDE

Landside consists of the area including access roads, car parks and entrances adjacent to the airport terminals as well as parts of the airport's terminals. Landside extends up to the security checkpoint, which is where airside begins. Swedavia and the police share responsibility for safety and security on landside.

MISSION OBJECTIVE

Under its Articles of Association, Swedavia shall help to achieve Sweden's transport policy goals. The overall transport policy objective is to ensure socio-economically effective, long-term sustainable transport for citizens and businesses throughout the country.

NATIONAL BASIC INFRASTRUCTURE

Sweden's national basic infrastructure of airports consists of ten airports that the government has decided Swedavia should own. The decision is aimed at securing long-term operations

under the auspices of the State and a long-term sustainable air transport system that guarantees basic inter-regional access throughout the country.

REAL ESTATE

Real Estate is the second of Swedavia's two business segments. It owns, develops and manages properties and developable land at and in the vicinity of Swedavia's airports.

REGIONAL AIRPORTS

Swedavia's regional airports consist of Kiruna Airport, Luleå Airport, Malmö Airport, Ronneby Airport, Umeå Airport, Visby Airport and Åre Östersund Airport.

TCFD

TCFD (Task Force on Climate-Related Financial Disclosures) is a framework that enables the identification of climate-related financial risks and opportunities.

TSFS

The Swedish Transport Agency's Security regulations.

UN GLOBAL COMPACT

Consists of ten principles based on the UN's Universal Declaration of Human Rights, the International Labour Organization's conventions on human rights in working life, the Rio Declaration and the UN's Convention against Corruption. Under the UN Global Compact, businesses are encouraged to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

Auditor's limited assurance report of Swedavia AB's sustainability report and statement regarding the Statutory Sustainability Report

To Swedavia AB, corporate identity number 556797-0818

Introduction

We have been engaged by the Board of Directors of Swedavia AB to undertake a limited assurance engagement of Swedavia AB's Sustainability Report for the year 2020. The company has defined the scope of the sustainability report on pages 71–73 in this document, and the Statutory Sustainability Report on page 74.

Responsibilities of the Board of Directors and the Group Management

The Board of Directors and the Executive Management 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 71 in the Sustainability Report and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that Swedavia AB has developed. This responsibility also includes the internal control relevant to the preparation of 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 historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR12. The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different

and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Swedavia 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 the Executive Management 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 the Group Management.

A Statutory Sustainability Report has been prepared.

Stockholm, March 18, 2021
KPMG AB

Tomas Gerhardsson
Authorized public accountant

Torbjörn Westman
Specialist member FAR

This is KPMG's translation of its Swedish assurance report.

Green bonds fund green investments

In October 2019, Swedavia established its first Green Bond Framework in connection with the company's medium-term note (MTN) programme. The framework facilitates funding through green bonds, and in 2020 the company issued an additional 250 million kronor medium-term note. As a result, a quarter of all outstanding bonds in Swedavia's MTN programme were green as of December 31, 2020.

The green framework describes how bond proceeds are to be used and how management and reporting are to be carried out. One essential requirement needed for a project to be funded by green bonds is that it meets the requirements specified in Swedavia's Green Bond Framework, which in turn is based on the most recent version of the Green Bond Principles (2018). The framework covers the project categories:

- green buildings and infrastructure
- renewable energy
- clean transport
- energy efficiency
- pollution prevention and control.

Second opinion on green framework

Swedavia's green bond framework has been subject to an independent external review by CICERO Shades of Green (CICERO), which has also issued a second opinion for Swedavia's Green Bond Framework (Swedavia Green Bond Second Opinion, September 26, 2019). Four of the five project categories were given the highest rating, "Dark green". One of the categories, Green buildings and infrastructure, was given the rating "Light green".

In its assessment, CICERO emphasises that Swedavia is a role model for airports globally. CICERO has taken into consideration in its assessment the fact that the framework entails investments in infrastructure to enhance airport capacity, which could bring about an increased environmental impact related to air traffic. CICERO has given the framework's management and governance structure an "Excellent" rating.

Read more about the Swedavia's Green Bond Framework and CICERO's second opinion on Swedavia's website under financial information

Identified investments under the framework

Swedavia's investments approved for green bond funding on December 31, 2020, totalled 2,651 million kronor. Of this amount, assets equivalent to 1,250 million kronor have been added to Swedavia's green portfolio, which is equal to the amount of green bonds issued.

Representatives of Swedavia's different business and operational areas are responsible for identifying potential

GREEN PORTFOLIO AND ALLOCATION BY CATEGORY

| SEK M | Invest- ments | Amount paid | Amount allocated (%) |
|---|------------------|----------------|----------------------------|
| Green buildings | 636 | 636 | 51% |
| Hotel Scandic Landvetter | 200 | 200 | |
| Sky City Office One Arlanda | 236 | 236 | |
| Terminal South Landvetter | 200 | 200 | |
| Renewable energy | 156 | 156 | 12% |
| Aquifer, Arlanda | 18 | 18 | |
| Heat production facility, Arlanda | 98 | 98 | |
| Cooling production facility, Arlanda | 40 | 40 | |
| Clean transport | 423 | 423 | 34% |
| Energy efficiency | 35 | 35 | 3% |
| Pollution prevention and control | — | — | |
| Total amount | 1,250 | 1,250 | 100% |

GREEN BONDS ISSUED

| Loan no. | Volume (SEK) | Issue date | Maturity (years) |
|----------|--------------|--------------|------------------|
| 122 | 1,000 | Dec 12, 2019 | 5 |
| 125 | 250 | May 26, 2020 | 5 |

environmental investments, and these are then assessed by a committee consisting of the CEO, CFO, Environmental Director, Treasurer and Head of Swedavia's investment portfolio. The committee is responsible for ensuring that the projects classified as green meet the requirements specified in Swedavia's Green Bond Framework.

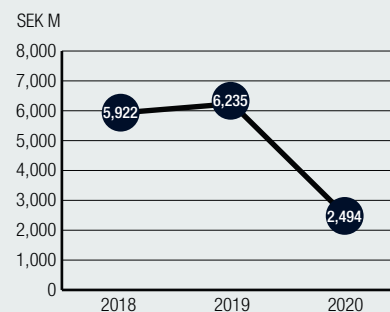
Read more in Swedavia's Green Bond Impact Report 2020 at www.swedavia.se/about-swedavia/financial-information

CONTENTS

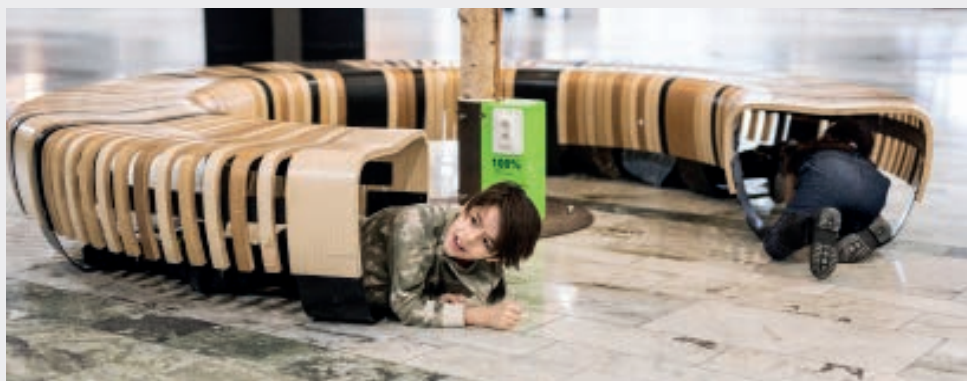
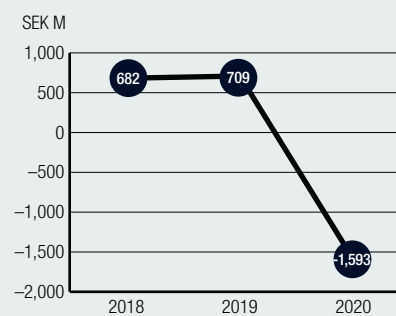
| | | | |
|--|------------|--|------------|
| Report of the Directors | 82 | Note 20 Fair value | 124 |
| Dividend and distribution of earnings | 87 | Note 21 Investment properties | 124 |
| Corporate Governance Statement | 88 | Note 22 Leases | 125 |
| Board of Directors | 94 | Note 23 Biological assets | 126 |
| Group management | 96 | Note 24 Non-current financial assets | 126 |
| Consolidated accounts | 98 | Note 25 Other non-current receivables | 127 |
| Consolidated income statement | 98 | Note 26 Holdings in associated companies and joint ventures | 127 |
| Consolidated balance sheet | 99 | Note 27 Holdings in Group companies | 128 |
| Consolidated statement of changes in equity | 101 | Note 28 Financial assets and liabilities | 128 |
| Consolidated cash flow statement | 102 | Note 29 Materials and supplies | 129 |
| Parent Company accounts | 103 | Note 30 Current receivables | 129 |
| Parent Company income statement | 103 | Note 31 Receivables from and liabilities to associated companies and joint ventures | 130 |
| Parent Company balance sheet | 104 | Note 32 Other receivables | 130 |
| Parent Company statement of changes in equity | 105 | Note 33 Prepaid expenses and accrued income | 130 |
| Parent Company cash flow statement | 106 | Note 34 Short-term investments | 130 |
| Notes | 107 | Note 35 Equity | 130 |
| Note 1 Corporate information and accounting principles | 107 | Note 36 Provisions | 131 |
| Note 2 Significant judgements and assumptions | 113 | Note 37 Provisions for pensions | 131 |
| Note 3 Segment reporting | 113 | Note 38 Other provisions | 132 |
| Note 4 Net revenue | 115 | Note 39 Deferred tax | 133 |
| Note 5 Related party transactions | 116 | Note 40 Interest-bearing liabilities | 133 |
| Note 6 Other operating revenue | 116 | Note 41 Non-current and current liabilities | 134 |
| Note 7 Remuneration and reimbursements to auditors | 117 | Note 42 Loan liabilities | 134 |
| Note 8 Employees and staff expenses | 117 | Note 43 Bank credit facilities | 135 |
| Note 9 Depreciation, amortisation and impairment losses on fixed assets/non-current intangible assets | 120 | Note 44 Other liabilities | 135 |
| Note 10 Other operating costs | 120 | Note 45 Accrued expenses and prepaid income | 135 |
| Note 11 Financial income and expenses | 120 | Note 46 Assets held for sale and discontinued operations | 135 |
| Note 12 Allocations and untaxed reserves | 121 | Note 47 Financial risks | 136 |
| Note 13 Tax | 121 | Note 48 Pledged assets and contingent liabilities | 140 |
| Note 14 Non-current intangible assets | 121 | Note 49 Cash flow | 140 |
| Note 15 Fixed assets | 122 | Note 50 Supplementary information for financial metrics | 140 |
| Note 16 Buildings and land | 122 | Note 51 Events after the balance sheet date | 140 |
| Note 17 Field structures | 123 | Signatories to the Annual Report | 141 |
| Note 18 Electrical installations, vehicles and equipment | 123 | Auditor's Report | 142 |
| Note 19 New construction in progress related to fixed assets | 123 | | |



NET REVENUE



OPERATING PROFIT



Report of the Directors

The Board of Directors and the President and CEO of Swedavia AB (publ), Swedish corporate identity number 556797-0818, hereby submit their annual accounts for Swedavia AB and the consolidated annual accounts for the Swedavia Group for the financial year 2020. The Report of the Directors is for the Group and Parent Company unless otherwise indicated.

Swedavia is a State-owned company that owns, operates and develops a network of ten airports in Sweden. Swedavia's operations are divided into two segments, Airport Operations and Real Estate. In 2020, Swedavia ran operations at ten airports – Bromma Stockholm Airport, Göteborg Landvetter Airport, Kiruna Airport, Luleå Airport, Malmö Airport, Ronneby Airport, Stockholm Arlanda Airport, Umeå Airport, Visby Airport and Åre Östersund Airport – in the national basic infrastructure of airports as determined by the Swedish government. The airports are managed as and consolidated into an integrated airport system with shared corporate functions. Real Estate owns, develops and manages properties and developable land at and in the vicinity of Swedavia's airports. Swedavia's task from the Swedish State includes working actively based on sound business principles and with long-term profitability to develop the Swedish transport sector and help achieve the parliament's transport policy objectives. The overall objective of Swedish transport policy is to ensure the socioeconomically efficient, long-term sustainable provision of transport to citizens and businesses throughout the country. As per the instructions of its owner, Swedavia shall measure and report results for five indicators in the areas of access, quality of transport, safety, security, and environment. Swedavia's operations are funded by the revenue generated from operations.

OPERATIONS SUBJECT TO A PERMIT OR AN OBLIGATION TO REPORT

Swedavia's operations subject to a permit consist primarily of environmentally hazardous operations under Chapter 9 of the Swedish Environmental Code (mainly airport operations), and water operations under Chapter 11 of the Swedish Environmental Code (ponds, water treatment facilities and groundwater run-off). Each airport must have an environmental permit to allow airport operations.

STATUTORY SUSTAINABILITY REPORT

In accordance with the Swedish Annual Accounts Act, Chapter 6 Section 11, Swedavia has chosen to prepare the statutory Sustainability Report as a separate report from the Annual Report. The scope of the Sustainability Report is described on page 74 in the Annual and Sustainability Report.

PURPOSE, VISION AND BUSINESS CONCEPT

Swedavia's purpose is "Together we enable people to meet" and its vision is "We develop the airports of the future and create sustainable growth for Sweden". The company's business concept is "Together with our partners, we shall create added value for our customers through attractive airports and access".

IMPORTANT EVENTS DURING THE YEAR

2020 was a year that entailed major challenges for Swedavia as well as for the aviation industry. The Covid-19 pandemic has had a drastic effect on the aviation market and will lead to changes for the industry in both

the short and long term. For Swedavia, the effects of the Covid-19 pandemic, with sharply lower air traffic and thus significantly lower passenger volumes, have had a major impact on Swedavia's operations and financial position.

During the year, 10.3 (40.2) million passengers flew to or from Swedavia's airports, a decrease of 74 per cent compared to the previous year.

After consulting with airlines and ground handling companies in the autumn of 2019, Swedavia decided to increase airport charges in its network by 5 per cent starting on January 15, 2020. The increase was a result of the long-term infrastructure development Swedavia is carrying out to ensure future capacity and the quality of its airport products. Under the framework for this price decision, in late June 2020, a decision was made to provide a supplementary incentive programme that includes additional discounts to airlines starting July 1, 2020. The measures were implemented to meet the market's needs once air traffic resumes after the Covid-19 pandemic.

On January 30, 2020, Airport Hotel 2 AB, which owns the hotel property for the recently opened Comfort Hotel at Stockholm Arlanda Airport, was sold. The buyer was Wenaasgruppen AS. The underlying property value was SEK 1,356 M, and Swedavia's capital gain was SEK 427 M. The sale is in line with Swedavia's strategy to create value by developing properties in the vicinity of its airports which can be reinvested in the competitiveness of the airports.

An extraordinary general meeting held on February 13, 2020, decided that the number of Board members elected by the Annual General Meeting shall be eight, with no deputy members, and Nina Linander was elected as a new Board member.

On March 11, the World Health Organization (WHO) categorised Covid-19 as a pandemic. Swedavia's focus is always on the health and safety of employees, passengers and stakeholders. The company is closely monitoring developments and follows current directives of the authorities in charge, mainly the Public Health Agency of Sweden and infectious disease medical officers in the relevant regions. As a result of measures that countries, airlines and other companies have taken to limit the spread of the virus, along with the travel decisions of individuals, demand for both international and domestic flights has decreased dramatically since March.

In addition to the pandemic's direct impact on global access by air, market players have faced serious economic challenges. As in Sweden, governments around the world have launched aid packages to help airlines and other industry players through the crisis.

Passenger volume at Swedavia's airports decreased 74 per cent during the year. After a dramatic decline during the spring, the summer months began with a rebound as restrictions on travel and physical distancing eased. This was primarily driven by leisure travel. However, during the autumn and winter, as Covid-19 spread around the world, travel again decreased to levels similar to those seen in the spring.

Airport operators and other market participants have in many cases carried out or announced structural and organisational changes to adapt

operations to a new and uncertain market situation. For Swedavia, the sharp decrease in the number of aircraft movements and passengers during the year resulted in a sharp fall in revenue from airport charges and parking & entry as well as in rental income from retail, food & beverage operations.

To adapt operations to the sharp decline in passenger volumes and fewer aircraft movements, in March Swedavia furloughed around 2,300 permanent employees both in its corporate units and at the airports. The furloughs were made possible through the aid package put together by the Swedish government to assist businesses affected by the impact of the spread of Covid-19.

On March 20, Swedavia announced redundancies affecting 800 employees in addition to the furloughs to create further room for manoeuvre given a market trend characterised by great uncertainty. During the autumn, the company was also forced to carry out the redundancies. Through natural attrition, retirements and not filling vacancies, Swedavia was able to reduce the number of employees forced to leave the company.

The Covid-19 pandemic has had major consequences for all of Swedavia's airline customers, which suspended most air traffic from late March to the end of the year. As a result, this has had a major negative economic impact on airlines and on Swedavia. During the second, third and fourth quarter, the carrier Braathens Regional Airlines (BRA) suspended all flights, underwent a corporate restructuring and received a credit guarantee from the Swedish National Debt Office.

Norwegian Air Shuttle (Norwegian) increased its equity through external loans, and lease liabilities were converted into shares. As a result, the airline has been issued a loan guarantee by the Norwegian State. During the fourth quarter, Norwegian applied for bankruptcy protection in Ireland and Norway.

During the year, Scandinavian Airlines (SAS) carried out a recapitalisation plan that was approved by shareholders during the third quarter.

The Covid-19 pandemic has also had a major impact on Swedavia's tenants and partners. As a result, Swedavia decided during the second quarter to introduce discounts and rent reductions to customers and partners in line with the aid package adopted by the Swedish government on April 16. Swedavia has also offered rent relief to some 50 tenants not included in the government's aid package whose operations have been hard hit by the ongoing crisis. During the third and fourth quarter, Swedavia decided to extend many of these discounts and rent reductions. The aim of these relief measures is to create conditions for as many operators as possible to survive the crisis and thus still be operating and contribute to Swedavia's profitability when traffic resumes.

At Swedavia's Annual General Meeting on April 29, it was decided that the number of members elected to the Board of Directors shall be nine, with no deputy members. Åke Svensson was re-elected as chairman, after which Board members Nina Linander, Lotta Mellström, Lars Mydland and Lottie Svedenstedt were re-elected and Tor Clausen, Eva Nygren, Per Sjödel and Annica Ånäs were elected as new members. Lars Backemar, Lottie Knutsson and Mikael Norman stepped down from the Board in conjunction with the AGM.

On April 29, a decision was made to pause projects for the construction of a new pier and a new baggage system in Terminal 5 at Stockholm Arlanda Airport. Completing the projects is still an important part of the Stockholm Arlanda Development Programme, but the point in time at which the increased capacity created through the two projects needs to

be placed in service has been delayed until further in the future. The decision was the result of a comprehensive review of the company's existing investment portfolio, which is one of the measures Swedavia initiated to adapt operations in light of the current market situation, given significant uncertainties about future market prospects and thus the future need for increased capacity at the airports.

In the additional amending budget it adopted on June 23, the Swedish parliament authorised the government to decide on a shareholder contribution in 2020 of up to SEK 3,150 M for the company's long-term value creation and in order to maintain the company's infrastructure and ensure Swedish air access.

The government decided to provide a SEK 2,500 M shareholder contribution to Swedavia. Swedavia received the shareholder contribution in October.

During the second quarter, the Swedish government with the backing of other parties in parliament presented an aid package for other companies in the Swedish aviation market as well. In the additional amending budget the parliament adopted on June 23, the Swedish Civil Aviation Authority (LFV) was granted a contribution of SEK 900 M, while a temporary increase in operating aid of SEK 100 M was allocated to regional airports under local authority management in 2020, to offset the impact of the ongoing pandemic.

The government has also been authorised by parliament to take part in the recapitalisation of Scandinavian Airlines (SAS) on the Swedish State's behalf, for an amount of up to SEK 5 billion. In the event the State takes part in the recapitalisation, the government will work to ensure that SAS sets new targets to reduce its climate impact.

To prevent the spread of Covid-19 and to create safe conditions for passengers, aviation industry employees and others who work at airports, a number of measures were introduced during the third quarter. Swedavia follows the recommendations of the Public Health Agency of Sweden and also collaborates at the EU level to ensure that measures for safe, secure travel are also in place across country borders, given that national guidelines may differ.

The European Union Aviation Safety Agency (EASA), in partnership with the European Centre for Disease Prevention and Control (ECDC), has developed guidelines for a consistent and safe travel experience within the EU. Airports and airlines are encouraged to adopt the protocol, and compliance will be monitored on a continuous basis. Swedavia has signed up Stockholm Arlanda Airport, Göteborg Landvetter Airport, Bromma Stockholm Airport and Malmö Airport for compliance with the protocol. However, all of Swedavia's airports will follow the protocol to ensure consistency.

Effective infection control measures in conjunction with travel are necessary to enable safe travel and a long-term recovery in the aviation market. Meanwhile, that recovery is made more difficult given the lack of international coordination, with the result being that infection control measures may vary between countries and over time.

In view of the Covid-19 pandemic's major impact on the aviation market in the long run, Swedavia's owner asked the company to conduct an impact assessment of the commercial considerations of a potential early closure of Bromma Stockholm Airport. A summary of the impact assessment's findings was submitted to Sweden's Ministry of Enterprise and Innovation on September 14. In Swedavia's view, given the new market situation, the continuation of operations at Bromma Stockholm Airport is no longer justified on commercial grounds and a consolidation of air

traffic in the Stockholm region at Stockholm Arlanda Airport is preferable. However, it is an essential requirement that Arlanda has the long-term conditions to develop in line with the needs of society. Swedavia has based its impact assessment on the company's commercial considerations. A political decision to close Bromma ahead of time should be made taking a broader social perspective into account.

In December, Swedavia and the Nordic Investment Bank (NIB) signed a SEK 500 M loan agreement. The agreement is a so-called Covid-19 response loan aimed at facilitating financing for industries greatly affected by the Covid-19 pandemic. The loan is for seven years and helps to strengthen Swedavia's liquidity at a time when the pandemic has had a dramatic impact on air travel and Swedavia's operations.

After consulting with airlines and ground handling companies, during the fourth quarter Swedavia decided to leave airport charges for 2021 unchanged. With the aviation market in a sensitive situation, it was decided that any increase in charges would lead to long-term negative effects for Swedavia's airport network.

During the fourth quarter, Swedavia announced that it would implement a new Group organisation as of July 1, 2021. The new organisation is part of the extensive work Swedavia carried out in 2020 to adapt the company to a new market normal.

NET REVENUE AND OPERATING PROFIT

During the year, the effects of the Covid-19 pandemic had a significant impact on Swedavia's operations and financial position. The spread of Covid-19 led to significantly lower passenger volumes and a sharp reduction in traffic from mid-March through December.

Consolidated net revenue for the year totalled SEK 2,494 M (6,235), which is a decrease of SEK 3,741 M or 60 per cent compared to the previous year.

In the Airport Operations segment, net revenue decreased by SEK 3,724 M to SEK 2,498 M (6,222). Net revenue in the Real Estate segment was SEK 31 M (54).

Revenue from Aviation Business totalled SEK 1,507 M (3,914), which is a decrease of SEK 2,407 M. Passenger- and aircraft-related revenue decreased SEK 1,926 M or 72 per cent due to substantially lower passenger volumes and reduced traffic.

Revenue for ground handling and other ancillary services was SEK 171 M lower than the previous year due to the sharp decrease in the number of aircraft movements from March to December and to mild winters.

Revenue from Commercial Services totalled SEK 971 M (2,294), a decrease of SEK 1,323 M. During the year, revenue from Commercial Services was affected by the rent relief Swedavia provided, which was offset to some extent by SEK 13 M in State aid for rent concessions.

Other operating revenue totalled SEK 700 M (68), an increase of SEK 632 M mainly due to the capital gain of SEK 427 M from the sale of Airport Hotel 2 AB, which owns the hotel property on which Comfort Hotel Stockholm Arlanda Airport was constructed. Other operating revenue was also positively affected by restructuring aid of SEK 233 M. In 2019, capital gains had a positive effect of SEK 28 M.

External costs were SEK 467 M lower compared to the previous year and totalled SEK 1,932 M (2,399). Variable costs relative to passenger volume and to cuts in non-business-critical functions led to lower external costs. A provision for booked and expected customer losses of SEK 102 M (4) entailed increased external costs.

Staff expenses, excluding restructuring costs, totalled SEK 1,514 M (1,971) and were SEK 457 M lower compared to the previous year, partly due to State aid of SEK 187 M related to furloughs for some 2,300 of Swedavia's permanent employees. Operational cuts and positions left unfilled also led to lower costs compared to the previous year. Restructuring costs of SEK 36 M (81) were charged to staff expenses for the year.

Depreciation, amortisation and impairment losses increased to SEK 1,456 M (1,309). Excluding impairment losses, which totalled SEK 174 M (61), depreciation and amortisation increased SEK 34 M. Higher depreciation compared to 2019 is explained by the placement in service of new facilities, such as terminal expansion projects at Göteborg Landvetter Airport, apron projects at Stockholm Arlanda Airport and asphaltting projects for the take-off and landing runways at a number of Swedavia's airports, in late 2019 and early 2020. Impairment losses are mainly due to the paused projects for Pier F and the new baggage facility at Stockholm Arlanda Airport.

THE GROUP IN BRIEF¹

| SEK M, unless otherwise indicated | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|--------|-------|-------|-------|-------|
| Net revenue | 2,494 | 6,235 | 5,922 | 5,745 | 5,546 |
| Operating profit | -1,593 | 709 | 682 | 651 | 966 |
| Operating margin, % | -63.9 | 11.4 | 11.5 | 11.3 | 17.4 |
| Profit for the year | -1,282 | 583 | 517 | 407 | 717 |
| Return on operating capital, % | -7.5 | 4.6 | 4.6 | 5.1 | 8.5 |
| Debt/equity ratio, times | 1.0 | 1.1 | 1.1 | 1.0 | 0.7 |
| Investments | 2,856 | 3,460 | 3,195 | 3,866 | 2,138 |
| Dividend | — | — | — | 122 | 143 |
| Average number of employees | 2,600 | 3,050 | 3,217 | 3,074 | 2,949 |
| Number of passengers, million | 10.3 | 40.2 | 42.0 | 41.9 | 39.5 |
| Operating costs per departing passenger, SEK ² | 677.5 | 212.6 | 200.7 | 192.9 | 194.5 |
| Commercial sales revenue per departing passenger, SEK ² | 98.0 | 81.0 | 75.2 | 75.7 | 75.5 |

¹ For key metrics and definitions, see pages 75–77.

² This key metric is calculated based on the Airport Operations segment. Starting January 1, 2019, the subsidiaries Swedavia Airport Telecom AB and Swedavia Energi AB are included in the Airport Operations segment. Comparative years have been adjusted.

Operating profit in the Airport Operations segment totalled SEK –1,999 M (740), and operating profit in the Real Estate segment increased SEK 443 M to SEK 393 M (–50), mainly due to a capital gain of SEK 427 M.

Consolidated operating profit totalled SEK –1,593 M (709) and the operating margin was –63.9 per cent (11.4).

LIQUIDITY AND FINANCIAL POSITION

Consolidated equity at year-end was SEK 10,533 M (9,440). Equity includes a hybrid bond obligation of SEK 1,000 M issued in November 2019.

Swedavia's loan liabilities at year-end totalled SEK 9,734 M (8,570), which is an increase of SEK 1,164 M. Loan liabilities are broken down into bank loans of SEK 3,200 M (2,700), medium-term notes of SEK 5,884 M (5,150) and commercial paper of SEK 650 M (720). At year-end, the average capital tie-up period, which includes the effect of interest rate derivatives, was 4.2 years (5.0) and the average interest rate lock-in period was 3.3 years (3.8). The average interest rate as of December 31 was 1.2 per cent (1.1). On the balance sheet date, the nominal total of interest rate derivatives was SEK 4,250 M (3,500).

Liquid assets increased SEK 1,385 M to SEK 1,462 M (77) at the end of the period. Net liabilities decreased SEK 457 M from SEK 10,688 M to SEK 10,231 M.

The debt/equity ratio was 1.0 times (1.1).

At the end of the period, Swedavia had unutilised credit facilities totalling SEK 2,800 M (1,800).

On the balance sheet date, there were also unutilised framework loan agreements with KfW-IPEX Bank and the Nordic Investment Bank (NIB) totalling SEK 1,000 M.

At the end of the period, return on operating capital, excluding restructuring costs, capital gains, impairment losses and disposals, was –8.5 per cent (4.8).

CASH FLOW

Cash flow for the year was SEK 1,385 M (67). Cash flow from operating activities was negative at SEK –556 M (1,977), which is SEK 2,533 M lower compared to the previous year. The lower cash flow is explained mainly by lower cash-generating profits from operating activities before the change in working capital. Compared to 2019, cash flow from operating receivables was positive, mainly due to reduced invoicing, which meant significantly lower trade receivables. Cash flow from operating liabilities was negative during the period mainly due to a sharp reduction in trade payables.

Cash flow from investing activities was SEK –1,696 M (–3,048), with payments made related to investments SEK 604 M lower than in 2019, SEK 2,856 M (3,460), mainly due to the pausing of projects during the year. The sale of the subsidiary Airport Hotel 2 AB, which owns the hotel property at Stockholm Arlanda Airport on which Comfort Hotel Arlanda Airport was built, generated a positive cash flow of SEK 1,181 M (–). During the year, proceeds from the sale of holdings in the associated company Landvetter Logistic Center AB generated SEK 83 M. The sale of the company took place in September 2019. At year-end, excess liquidity was invested in a short-term certificate, which entailed a negative cash flow of SEK 175 M. Dividends from associated companies generated a positive cash flow of SEK 72 M.

Cash flow from financing activities was SEK 3,636 M (1,137). Cash flow came largely from a SEK 2,500 M shareholder contribution paid by the owner that the Swedish government decided on in October. Increased medium-term notes issued of SEK 734 M, increased bank

loans of SEK 500 M and a SEK 70 M decrease in commercial paper issued generated a positive cash flow from loan financing of SEK 1,164 M. Payment of interest related to Swedavia's hybrid bond during the year entailed a negative cash flow of SEK 16 M (–). A total of SEK 104 M (90) in lease liabilities was repaid, and cash flow from other loan liabilities had a SEK 92 M (23) effect on cash flow.

INVESTMENTS

Investments during the year totalled SEK 2,856 M (3,460), with investments in the Airport Operations segment totalling SEK 2,570 M (2,906). Important investments were made in the development programmes at Stockholm Arlanda Airport and Göteborg Landvetter Airport.

Investments in Real Estate and property development for the year totalled SEK 286 M (554) and mostly pertained to the investment in the construction of a hotel at Göteborg Landvetter Airport.

| Swedavia's financial targets set by owner | Actual, 2020 | Target |
|---|--------------|---------|
| Return on operating capital, % | –7.5 | 6.0 |
| Debt/equity ratio, times | 1.0 | 0.7–1.5 |
| Dividend pay-out ratio, % | — | 10–50 |

| Swedavia's financial targets set by owner | Actual, 2020 | Actual, 2019 | Policy |
|---|--------------|--------------|--------|
| Average interest rate, % | 1.2 | 1.1 | n/a |
| Interest rate lock-in period, years | 3.3 | 3.8 | 1–4 |
| Capital tie-up period, years | 4.2 | 5.0 | 2–5 |

ECONOMIC TARGETS

Swedavia's economic targets consist of a profitability target, which is a return on operating capital of at least 6 per cent, and a capital structure target, which is a debt/equity ratio within the range of 0.7–1.5 times. These economic targets are long-term, which means actual outcomes may exceed or fall below the targets as a result of fluctuations in the general economic trend for some years. The return on operating capital was –7.5 per cent (4.6), which is significantly lower than the long-term target set of at least a 6 per cent return on operating capital. The deviation is largely explained by the SEK 1,593 M operating loss. The debt/equity ratio was 1.0 times (1.1), which is within the range of 0.7–1.5 times for the capital structure target.

DIVIDEND TARGET

The normal dividend shall be between 10 and 50 per cent of the year's profit after tax. Dividend decisions shall take into consideration the company's operations, implementation of the company's strategy and its financial position. Special consideration shall be given in this assessment to the company's estimated ability to achieve its capital structure target (a debt/equity ratio of 0.7–1.5 times).

SHARES

Swedavia AB (publ) has issued 1,441,403,026 shares, which comprise a single share class, and all shares have equal voting rights in the company. All shares are held by the Swedish State; the State's holdings in Swedavia are administered by the Ministry of Enterprise and Innovation as of December 31, 2020. The par value of a share is one (1) Swedish krona.

ACQUISITIONS AND DISPOSALS

In January 2020, Swedavia sold its wholly-owned subsidiary Airport Hotel 2 AB, which owns the hotel property for the recently opened Comfort Hotel at Stockholm Arlanda Airport. The sale resulted in a capital gain of SEK 427 M.

MARKET AND FUTURE TRENDS

The Covid-19 pandemic had an enormous impact on Swedavia's operations in 2020 and is expected to continue to have an impact for a long while. In order to limit the spread of the virus, Sweden and most countries around the world introduced restrictions of varying severity, which among other things have entailed a sharp decrease in air travel, which reached historically low levels in 2020. For Swedavia, passenger volume decreased 74 per cent during the 2020 calendar year and nearly 90 per cent since April, when the pandemic took full effect. In addition to the direct impact of the spread of Covid-19 on air travel, there is a risk of a long-term negative impact on the global economy, which could affect demand for air travel in the longer term. The impact of planned vaccination efforts will be critical to how the aviation market is able to recover in the near term.

Given the current situation, it is not possible to make solid forecasts of future passenger trends. Swedavia is instead working on a continuous basis with scenarios of what the passenger volume trend could be going forward. Since there is great uncertainty about the trend going forward, there must be preparedness for managing a high scenario as well as a low scenario in both operational and financial terms. These scenarios are the best assessment that can be made based on internal and external factors at any point in time. However, they entail enormous uncertainty, which means operational and economic planning must be flexible and able to handle rapid and unanticipated changes.

There is great uncertainty about the short-term trend but also about what the recovery could look like in the longer term. It is therefore not relevant to provide a forecast or scenario at present for either the short- or long-term trend.

SENSITIVITY ANALYSIS

A sensitivity analysis shows how a change in different parameters, both internal and external, would affect the company's performance and financial position.

The three parameters that have the greatest impact on performance are passenger volume, staff expenses and interest rates. Swedavia's situation can generally be described as one where revenue essentially is variable while costs are relatively fixed. That means flexibility is limited in terms of the ability to adjust costs in case revenue should fall.

| Parameter | % | Effect on profit, SEK M/year |
|---------------------|----|------------------------------|
| Passenger volume | +1 | +14 |
| Salary level | +1 | -17 |
| Interest rate level | +1 | -13 |

Passenger volume

The number of passengers who fly to or from one of Swedavia's airports constitutes the basic condition for all revenue the company generates. About 45 per cent of Swedavia's total revenue comes from Aviation Business and consists of infrastructure services aimed at airlines and ground handling companies. This revenue consists of airport charges, including passenger and take-off charges, which are

related to the number of passengers, the number of aircraft movements and aircraft take-off weight in tonnes. There is also revenue from ground handling, which includes revenue for de-icing, apron (ramp) and freight forwarding services, and passenger reimbursements for security screening. A change in the number of aircraft movements, tonnage or number of passengers has a direct impact on Swedavia's revenue. Swedavia's sales revenue from Commercial Services is revenue from commercial services connected to the airports. This consists of revenue from parking and the leasing of premises for shops, offices, restaurants and logistics. Rental income is based largely on its tenants' sales revenue, which in turn depends directly on the number of passengers at the airport. An increase in passenger volume means increased revenue for Swedavia while a decrease means decreased revenue. The correlation between percentage change in passenger volume and percentage change in revenue is not linear but is an effect of growth discounts and price differences, partly because rental revenue is dependent on sales revenue and is affected by shopping behaviour. For 2020, the sensitivity analysis has been calculated based on the actual figure for the year, which was greatly affected by the Covid-19 pandemic. A change in passenger growth of 1 per cent is estimated to have a SEK 14 M (40) impact on Swedavia's revenue on an annualised basis.

Salary level

With an average of 2,600 employees (3,050), Swedavia had staff expenses totalling SEK 1,550 M (2,052). A 1 per cent change in staff expenses would have a SEK 17 M (20) impact on Swedavia's revenue on an annualised basis.

Interest rate level

As of December 31, 2020, Swedavia had external loan financing totalling SEK 9,734 M (8,570), which constituted 40 per cent (37) of the balance sheet.

As of December 31, 2020, 86 per cent (80) of Swedavia's external financing is fixed rates, which consisted of loans with fixed interest rates and interest rate derivatives. A 1 per cent increase in interest rates would raise Swedavia's interest expense by SEK 13.3 M (19.2), which means operating profit would decrease by the same amount. However, a 1 per cent decrease in interest rates would reduce Swedavia's interest expense by SEK 0.8 M (12.8) and thus improve operating profit by the same amount. Current lock-in periods and financial instruments are taken into account in calculating the sensitivity analysis.

Other factors that affect profit

There are also other factors that could have an impact on profit in both the short and long term. One critical factor, especially in the long term, is the environmental permits required for Swedavia's operations. A change in these could affect operations on a large scale. In the short term, a pandemic, extreme weather conditions or a natural disaster constitute the main factors that have an immediate impact on air traffic and thus a negative impact on revenue. Interest rate changes also affect Swedavia's pension liability, which means that if the discount rate falls, Swedavia must add funds to the provision for its pension liability. Swedavia is also sensitive to policy decisions that can affect air traffic as well as to changes in the general public's attitudes to air traffic.

ONGOING LITIGATION AND DISPUTES

Swedavia is a party to ongoing litigation and disputes. Legal proceedings and disputes are unpredictable by nature, and the actual outcome may deviate from the assessments Swedavia has made.

During the second quarter of 2020, Swedavia was sued in a court of law over a rent dispute at Stockholm Arlanda Airport. Swedavia contests the suit in its entirety, but the amount involved is substantial.

FINANCIAL RISKS

Swedavia's operations are exposed to a number of different financial risks, such as changes in exchange rates, commodity prices and interest rates or when the prevailing market conditions and capital structure give rise to refinancing risks and credit risks. For information about targets and the principles applied in financial risk management and for each important type of planned transaction for which hedging is used, the hedging principles applied and exposure to price risks, credit risks, liquidity risks and cash flow risks, see Note 47, "Financial risks".

REMUNERATION TO EXECUTIVE OFFICERS

The term "executive officers" refers to the people who together constitute the executive management and/or report directly to the President and CEO. The Swedish government decided on new principles for remuneration and other terms of employment for executive officers in companies with State ownership on February 27, 2020. These principles for remuneration and other terms of employment for executive officers were then adopted at Swedavia's Annual General Meeting on April 29, 2020. Swedavia follows the State's principles for terms of employment for executive officers in companies with State ownership. Information about those involved and the company's process for handling remuneration to executive officers is presented in Note 8 on pages 117–119.

EVENTS AFTER THE BALANCE SHEET DATE

There are no important events to report.

PARENT COMPANY

The Parent Company's net revenue for the year was SEK 2,442 M (6,146), which is a decrease of SEK 3,704 M. Other operating revenue, SEK 272 M (68), was positively affected by restructuring aid of SEK 233 M. Operating profit was SEK –2,198 M (403) and the operating margin was –90.0 per cent (6.6). Profit before tax was SEK –1,724 M (351) and profit for the year was SEK –1,409 M (258). Operating profit for the year was adversely affected mostly by the impact of Covid-19 starting in mid-March. A provision for booked and expected customer losses of SEK 99 M, restructuring costs of SEK 36 M (81), and impairment losses and disposals of SEK 190 M (82) had a negative effect on operating profit. External costs and staff expenses overall were SEK 1,045 M lower compared to 2019, mainly due to cost savings, cuts in non-business critical operations and redundancies. The Parent Company's non-current assets totalled SEK 19,825 M (18,395) and consist mostly of fixed assets at a value of SEK 17,786 M (16,593). Current assets totalled SEK 3,895 M (3,163), with SEK 1,457 M (71) of this liquid assets. Equity totalled SEK 8,551 M (7,476). In October 2020, Swedavia received a SEK 2,500 M shareholder contribution from its owner. The Parent Company's liabilities and untaxed reserves totalled SEK 15,140 M (14,082) and consist mostly of interest-bearing liabilities. For further information, see the Parent Company's financial reports and related notes and comments.

DISTRIBUTION OF PROFIT

The proposed distribution of profit is based on the Annual Report 2020. The proposed distribution of profit, income statement and balance sheet of the Parent Company, and the statement of comprehensive income and the report on the financial position of the Group will be presented for approval at the Annual General Meeting on April 28, 2021.

In its proposal for the distribution of profit, the Board proposes that the shareholder at the Annual General Meeting 2021 decide that Swedavia AB not pay any dividend for the financial year 2020 but that available funds be carried forward.

The following unrestricted equity at the disposal of the Annual General Meeting, SEK:

| | |
|-----------------------|----------------------|
| Share premium account | 2,161,354,539 |
| Hybrid bond | 1,000,000,000 |
| Retained earnings | 5,329,149,704 |
| Profit for the year | –1,408,695,155 |
| | 7,081,808,698 |

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

| | |
|---------------------------------------|----------------------|
| To be carried forward | 7,081,808,698 |
| of which to the share premium account | 2,161,354,539 |
| of which to the hybrid bond | 1,000,000,000 |
| of which to retained earnings | 3,920,454,159 |

The owner's financial targets for Swedavia AB are a return on operating capital of at least six per cent and a debt/equity ratio of 0.7–1.5 times. Decisions on dividends shall take into consideration the company's operations and capital structure target. Furthermore, in accordance with the company's dividend policy, the dividend shall be between 10 and 50 per cent of the profit for the year. Return on operating capital for 2020 was –7.5 per cent, which is not in line with Swedavia's profitability goal. The debt/equity ratio was 1.0 times, which is within the range of the capital structure target of 0.7–1.5 times.

In view of the impact that the Covid-19 pandemic had on Swedavia's operations, profit and financial position in 2020 as well as future uncertainties in both the short and long term, the Board proposes that no dividend be paid for 2020. Instead the Board has decided to propose that the shareholder decide at the Annual General Meeting on April 28, 2021, to carry forward the available funds.

ANNUAL GENERAL MEETING

Swedavia AB's Annual General Meeting will take place on April 28, 2021, and will be held digitally. The Annual Report and other financial reports will be available on Swedavia's website www.swedavia.se.

CALENDAR

| | |
|---------------------------------------|-------------------|
| Annual and Sustainability Report 2020 | March 26, 2021 |
| Annual General Meeting 2021 | April 28, 2021 |
| Interim Report Jan–Mar 2021 | April 28, 2021 |
| Interim Report Jan–Jun 2021 | July 16, 2021 |
| Interim Report Jan–Sep 2021 | October 29, 2021 |
| Year-End Report 2021 | February 14, 2022 |

For other matters concerning the company's results and position, see the income statements and balance sheets below.

Corporate Governance Statement

Swedavia AB (publ)

Swedavia AB is a Swedish limited liability company with its registered office in the Municipality of Sigtuna. Swedavia's operations are described in the company's Articles of Association as financing, owning, managing, operating and developing airports with their appurtenant buildings and facilities. Swedavia shall also take an active part in the development of the Swedish transport sector and help achieve the transport policy goals set by the Swedish parliament based on sound business principles.

All shares in Swedavia AB are owned by the Swedish State. The Ministry of Enterprise and Innovation represents the Swedish State's shares at Swedavia's Annual General Meeting and general meetings and thereby nominates Board members for Swedavia.

CORPORATE GOVERNANCE

Swedavia's corporate governance is regulated by external legal frameworks such as the Swedish Companies Act and other applicable Swedish laws, the State's ownership policy and the Swedish Code of Corporate Governance (the Code). The Government conveys its position on important matters of principle concerning corporate governance of all State-owned companies in its ownership policy. Among other things, the decision has been made that all companies in which the State owns a majority of shares shall apply the Swedish Code of Corporate Governance. The Code is applied based on the "comply or explain" principle, which means that deviations from the Code are allowed but must be explained.

The Board of Directors is responsible under the Swedish Companies Act and the Code for Swedavia's internal control. The Board has decided that Swedavia shall apply a framework for documentation and analysis of internal control issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

Swedavia's corporate governance structure is illustrated in the chart below.

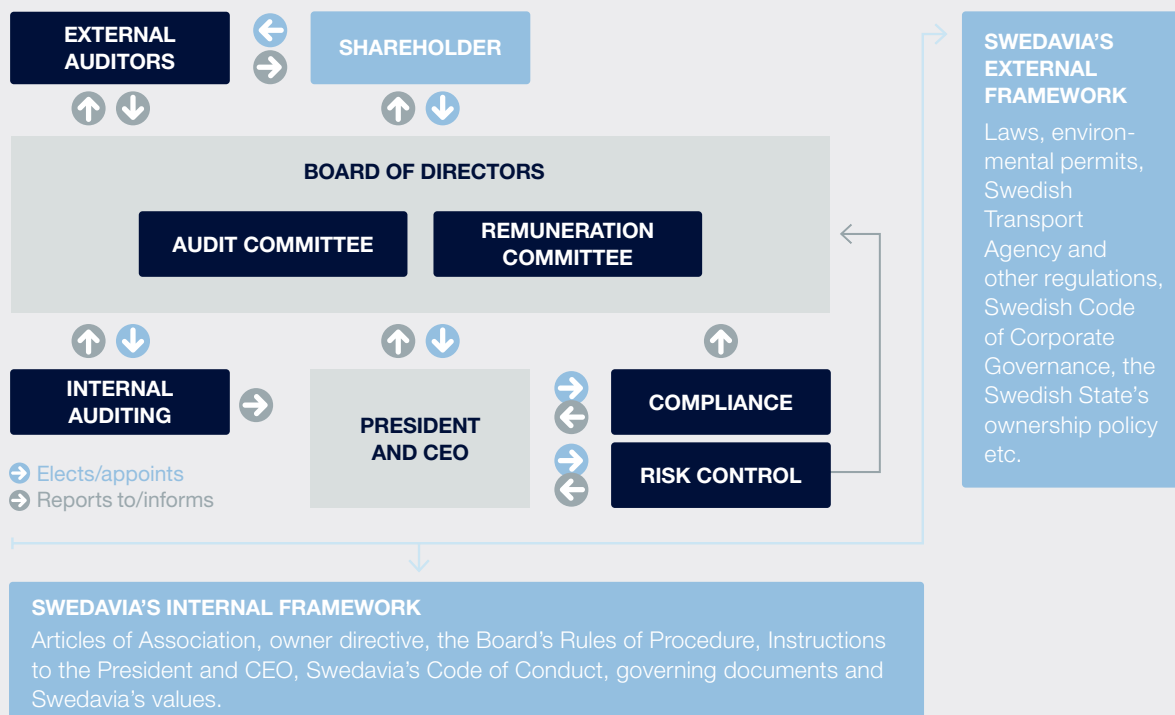
DEVIATIONS FROM THE CODE

Swedavia is wholly owned by the Swedish State, and the principles that the Swedish State applies in its ownership policy are generally in agreement with the rules in the Code. However, under the State's ownership policy and 2020 principles for companies with State ownership ("the State's ownership policy"), Code regulations regarding the selection of Board members are replaced by a special nomination process that applies to companies wholly owned by the State. The primary reason for deviations from the Code is that Swedavia has only one owner whereas the Code is aimed at listed companies with dispersed ownership.

The State's ownership policy also deviates in reporting the independence of Board members relative to major shareholders. The State's ownership policy specifies that the relevant provisions in the Code are primarily aimed at protecting minority shareholders in companies with dispersed ownership so there is no reason to report such independence.

GENERAL MEETING

The General Meeting (GM) is the company's highest governing body, where the shareholder exercises its influence. The matters



| Code requirements | Deviation | Explanation/comment |
|---|--|--|
| Code rules 1.2–1.3 and 2.1–2.7, 8.1 and 10.2 The company has a Nomination Committee that represents the company's shareholder. | No Nomination Committee has been set up. | The Nomination Committee has been replaced by the owner's nomination process. |
| Code rules 4.4, 4.5 and 4.6 The Corporate Governance Statement shall include information about whether Board members are independent of major shareholders. | Dependency relationship with major shareholders is not reported. | The State's ownership policy states that the relevant provision in the Code is mainly aimed at protecting minority owners in companies with dispersed ownership. In State-owned companies, there is no reason to report such independence. |

considered at the GM are regulated by the Swedish Companies Act.

According to the Swedish Companies Act, an Annual General Meeting (AGM) shall be held each year. Under the State's ownership policy, the AGM shall be held no later than April 30. Members of parliament are entitled to take part in the meeting and ask questions in conjunction with this. The general public shall also be given the opportunity to take part in the meeting. Among other activities, the AGM shall appoint the Board and external auditor, decide on remuneration to them and adopt the income statement and balance sheet. The Board shall also present principles for remuneration to executive officers at the AGM.

Decisions at the AGM are adopted by a simple majority of the votes given. However, for decisions concerning a change in the Articles of Association, a qualified majority is required.

EXTRAORDINARY GENERAL MEETING

On February 13, 2020, Swedavia held an extraordinary general meeting at Stockholm Arlanda Airport. The EGM decided on the election of Nina Linander as a new Board member until the Annual General Meeting 2020.

ANNUAL GENERAL MEETING

Swedavia's Annual General Meeting 2020 was held on April 29, 2020. The AGM was not open to the general public due to the spread of Covid-19. Minutes from the AGM are available on Swedavia's website.

At the AGM, it was decided that the number of members elected to the Board of Directors shall be nine with no deputy members. The AGM decided to re-elect Nina Linander, Lotta Mellström, Lars Mydland, Lottie Svedenstedt and Åke Svensson as Board members. The AGM decided to elect Tor Clausen, Eva Nygren, Per Sjödel and Annica Ånäs as new members. Åke Svensson was elected Chairman of the Board by the AGM. In conjunction with the meeting, Lars Backemar, Lottie Knutson and Mikael Norman stepped down from the Board.

The AGM adopted the Annual Report Annual and Sustainability Report for 2019 and discharged the Board members and the President and CEO from liability for the financial year 2019. The AGM also decided, in accordance with the Board's proposed distribution of profit, that no dividend should be paid to the owner. The decision was in accordance with the dividend policy.

The AGM also decided to adopt principles for remuneration to executive officers, the Swedish State's ownership policy and principles for external reporting in companies with State ownership. At the AGM, the audit firm KPMG AB was elected to be the company's auditor. The audit firm has designated Tomas Gerhardsson as principal auditor.

NOMINATION PROCESS FOR BOARD OF DIRECTORS

For companies that are wholly owned by the Swedish State, a nomination process that complies with the Swedish State's ownership policy is applied, replacing the Code's rules for appointing Board members.

The nomination process for Board members is managed and coordinated by the State ownership unit at the Ministry of Enterprise and Innovation. A working group analyses the need for talent based on the company's operations, situation and future challenges, the composition

of the Board and Board assessments carried out. After this, it is determined whether there are any recruitment needs and recruitment work is initiated. Members are selected from a broad recruitment base. When the process has ended, the nominations are announced in accordance with the provisions of the Code.

BOARD OF DIRECTORS

According to the Articles of Association, the Board of Directors shall consist of at least six and no more than nine members, excluding deputy members. Under Swedish law, employee organisations are also entitled to appoint regular members and their deputies. Swedavia's Chief Legal Counsel is the Board secretary. The President and CEO is not included on the Board but makes presentations at the Board meetings. None of the Board members is on the executive management team. For information about the appointment and removal of Board members, reference is made to the Swedish State's ownership policy.

The work and responsibilities of the Board

According to the Swedish Companies Act and the Swedish State's ownership policy, Swedavia's Board is responsible for the company's organisation and management of the company's operations. The Board establishes the Rules of Procedure each year for the Board's work, instructions for the division of labour and responsibilities between the Board and the President and CEO, and instructions for economic reporting to the Board. The Board's duties include determining the company's overall strategies, mission objectives, goals and targets as well as ensuring that there are appropriate systems for monitoring and controlling the company's operations and the risks to the company in connection with its operations. The Board governs the company in a sustainable and responsible way to ensure long-term value creation. The Board's Rules of Procedure also regulate the Chairman's duties and information to the Board.

Under the Board's Rules of Procedure, at least eight Board meetings for which preparations are made in advance shall be held per calendar year in addition to the statutory Board meeting. Additional meetings may be held when justified by events of major importance. The Board is responsible for financial reporting and has regular meetings through the Audit Committee with the company's auditor. In addition, the auditor meets the full Board at least once a year, when no member of the executive management is in attendance.

The Board assesses its work and that of the President and CEO on a continuous basis and gives particular consideration to this matter at least once a year.

Composition of the Board

Swedavia's Board of Directors consisted of eight members elected by the AGM until April 29, 2020. It was decided at the AGM that the number of Board members shall be nine. There are also two regular employee representatives and their two deputies on the Board. An account is given on pages 94–95 of each Board member's age, education, main work experience, other important duties outside the company and number of years as a member of Swedavia's Board. Swedavia's executive management has adopted a policy on equal treatment and diversity with the aim

of being an inclusive employer that sees to people's competences, capabilities and appropriate attitudes. Swedavia shall be a role model in sustainable development by working actively for the equal rights and value of all people and affirming diversity and differences. This policy is applied by the Board of Directors in the recruitment of executive officers and by the entire Group in all other recruitment. The owner follows the Swedish State's ownership policy and applies the ownership policy's Board nomination process and principles for Board composition, which also take diversity aspects into consideration.

The AGM 2020 elected nine members, four men and five women. The employee representatives in 2020 were two men. The average age of Swedavia's Board members, including the employee representatives, was 59.

Chairman of the Board

The Chairman of the Board is elected at the AGM. Under the Rules of Procedure for Swedavia's Board of Directors, the Chairman shall ensure that the Board's work is managed effectively and that the Board fulfils its duties. The Chairman's duties include organising and managing the Board's work, keeping in regular contact with the President and CEO and ensuring that the Board is given sufficient information and material to make decisions in its work.

The Chairman is also responsible for coordinating the Board's views relative to the owner on issues of critical importance to the company, maintaining a dialogue with the owner concerning the monitoring of objectives, goals and economic targets and communicating these to the Board.

The Board's work in 2020

The Board held eight regular Board meetings, three extraordinary meetings and two statutory meetings in 2020. The meetings in 2020 dealt in particular with the ongoing Covid-19 pandemic and related issues. Among other matters, the meetings also dealt with business operations including strategic development, instructions for economic reporting and the Annual and Sustainability Report and related reports. The Board also dealt with investments, procurements and Swedavia's pricing model for airlines.

Among the main issues dealt with by the Board in 2020 were:

- The company's situation in connection with the Covid-19 pandemic
- Investments in the development plan for Stockholm Arlanda Airport
- Investment in Pier G at Stockholm Arlanda Airport
- A capital injection from the owner
- An impact assessment for Bromma Stockholm Airport
- The New Normal project, including volume adjustments and an adjusted organisation
- Strategic development
- Sustainability goals, mission objectives and economic targets
- Access and new air links
- Development of Real Estate operations
- Major investments and tender processes
- Governing documents*
- Internal control
- Risk management and risk assessment
- Financial reports
- Reporting from internal and external audits
- Safety
- Security
- IT
- Aviation safety work
- Swedavia's and the industry's work with climate change adaptation

* In addition, at the annual statutory meeting the Board adopts a Code of Conduct, a number of Group policies, the Rules of Procedure for the

Board and the committees, instructions to the President and CEO, and governing documents adopted by the Board.

The Board's committee work

Swedavia's Board of Directors has an Audit Committee and a Remuneration Committee. The committees prepare matters for the Board meetings. Guidelines for the committees' work are found in the Rules of Procedures for each committee.

The Audit Committee's tasks include being responsible for preparing the Board's work to quality assure and prepare the company's financial reports and maintain an ongoing dialogue with the company's auditors. Minutes for each committee meeting are attached to the summons for the next Board meeting. In 2020, the Audit Committee held eight meetings, for which minutes were kept, one of which was held by correspondence. The company's internal and external auditors attended the meetings. During the year, among the matters dealt with by the Audit Committee were financial reports and up-to-date risk reporting, internal control logs and the external auditor's reporting on internal control. The Audit Committee also dealt with internal auditing's reports and a detailed review of financial matters.

The Audit Committee also assessed its internal auditors, examined and monitored the impartiality and independence of its external auditor and examined whether the external auditor did not provide any advisory services that affected its impartiality. The committee submitted a recommendation for the election of an external auditor to the AGM. Since the 2020 statutory Board meeting, the Audit Committee includes Board members Nina Linander, Lotta Mellström and Åke Svensson. The committee appointed Nina Linander as Chairman. Mikael Norman stepped down from the committee in conjunction with his stepping down from the Board of Directors at the AGM on April 29, 2020.

The Remuneration Committee's task is to prepare matters concerning remuneration and other terms of employment for executive officers. The committee shall also assess compliance with decisions regarding remuneration made at the AGM. Minutes for each committee meeting are attached to the summons to attend the next Board meeting. In 2020, the committee held five meetings, for which minutes were kept, one of which was an extraordinary meeting. During the year, among the matters dealt with by the Remuneration Committee were overall remuneration and terms of employment for the team of executive officers and head of internal auditing. The committee also prepared matters concerning the New Normal project, including volume adjustments and an adjusted organisation. The committee furthermore prepared matters for the assessment of the Board of Directors, including an assessment of the work of the President and CEO, which was then carried out under the Board's auspices. The committee likewise reviewed the results and monitoring of Swedavia's continuous pulse measurements regarding employee feedback and in particular workplace issues during the ongoing Covid-19 pandemic.

The committee also reviewed the President and CEO's succession planning and leadership development for executive officers. Since the 2020 statutory Board meeting, the Remuneration Committee includes Åke Svensson as Chairman, Lotta Mellström and Lottie Svedenstedt as members and Robert Olsson as employee representative. Lottie Knutson stepped down from the Board and thus also from the Remuneration Committee in conjunction with the AGM on April 29, 2020.

Assessment of the Board's work in 2020

During the year, the work of the Board and of the President and CEO was assessed, at the Chairman of the Board's initiative, through a methodical, structured process under the Board's auspices. The assessment is aimed at developing a good basis for the Board's own development work, among other aspects. The results of the assessment are reported by the Chairman of the Board to the owner. Based on this assessment, the Board adopts measures to develop the Board's working

methods and effectiveness. In addition to the annual assessment, the Board conducts a brief assessment of each Board member.

Remuneration of the Board

Compensation to the Board is decided by the AGM. The Chairman of the Board is paid a fee of SEK 450,000 and each member is paid SEK 225,000. It was also decided at Swedavia's AGM that no specific remuneration should be paid to the Board's employee representatives or members employed in the Swedish Government Offices. The Chairman of the Audit Committee is paid a fee of SEK 38,500 and the committee members are each paid SEK 22,000. A fee of SEK 25,000 for the Chairman of the Remuneration Committee and SEK 20,000 each for the members was decided.

THE PRESIDENT AND CEO AND THE EXECUTIVE MANAGEMENT

The Board of Directors appoints the company's President and CEO. Jonas Abrahamsson was Swedavia's President and CEO in 2020. The President and CEO is responsible for the day-to-day management of the company in conformity with the Board's guidelines and instructions. Within the bounds determined by the Board, the President and CEO manages operations and keeps the Chairman of the Board continuously informed about significant business matters. The President and CEO shall organise the company's management to meet the aims set for governance and control of operations. Other executive officers are appointed by the President and CEO. The executive management is a forum for information, discussions and decisions for Group matters.

Its meetings are chaired by the President and CEO and are normally held each month. In 2020, the executive management met far more frequently to manage the effects of the ongoing Covid-19 pandemic. Swedavia's executive management, including the President and CEO, is presented in more detail on pages 96–97.

Remuneration to executive officers

On February 27, 2020, the Swedish government decided on a new ownership policy for companies under State ownership which includes principles for remuneration and other terms of employment for executive officers. At Swedavia's AGM on April 29, 2020, it was decided that these principles shall apply to Swedavia. Similar principles are applied in Swedavia's subsidiaries. Swedavia does not use variable remuneration for executive officers. The Board has prepared a special remuneration report which will be presented to the AGM 2021.

Subsidiaries and associated companies

Swedavia had three subsidiaries at year-end 2020 – Swedavia Real Estate AB, which in turn is the parent company of a property group, Swedavia Energi AB and Swedavia Airport Telecom AB. Through Swedavia Real Estate, Swedavia also has one associated company, Swedish Airport Infrastructure. Joint ventures are strategic partnerships and jointly owned companies in which Swedavia does not have a controlling interest. There is an officer from Swedavia's executive management on the Board of every subsidiary and associated company in the Group.

The Parent Company, Swedavia AB, has decided on an owner directive to be applied in all Group companies and which is aimed at ensuring consistent management principles.

AUDITORS

External auditing

Under the Swedish State's ownership policy in effect at the AGM 2020, the company's Board of Directors submits proposals for the election of an auditor after a recommendation from the Audit Committee. The final decision on the choice of auditor was made at the AGM. The auditor's duties are to examine the financial reporting of the company and the Group as well as the administration of the company by the Board and

Facts about the Board of Directors

| Members elected at the AGM | Main Board | Board meetings | Year elected | Audit Committee | Remuneration Committee |
|---------------------------------|---------------|----------------|--------------|-----------------|------------------------|
| Åke Svensson | Chairman | 13/13 | 2016 | 8/8 | 4/4 |
| Lars Backemar ² | Member | 6/13 | 2010 | | |
| Lottie Knutson ² | Member | 6/13 | 2015 | | 2/4 |
| Lotta Mellström | Member | 13/13 | 2015 | 8/8 | 4/4 |
| Lars Mydland | Member | 13/13 | 2014 | | |
| Mikael Norman ² | Member | 6/13 | 2017 | 3/8 | |
| Lottie Svedenstedt | Member | 13/13 | 2010 | | 4/4 |
| Tor Clausen ³ | Member | 7/13 | 2020 | | |
| Nina Linander ¹ | Member | 12/13 | 2020 | 7/8 | |
| Eva Nygren ³ | Member | 7/13 | 2020 | | |
| Per Sjödel ³ | Member | 6/13 | 2020 | | |
| Annica Ånäs ³ | Member | 6/13 | 2020 | | |
| Employee representatives | | | | | |
| Robert Olsson | Member | 12/13 | 2010 | | 4/4 |
| Agne Lindbom | Member | 13/13 | 2018 | | |
| Conny Moholi | Deputy member | 0/13 | 2018 | | |
| Mikael Nordenståhl | Deputy member | 1/13 | 2018 | | |

¹ The member was elected to the Board at an extraordinary general meeting on February 13, 2020.

² The member stepped down from the Board in conjunction with the Annual General Meeting on April 29, 2020.

³ The member was elected to the Board at the Annual General Meeting on April 29, 2020.

the President and CEO. At Swedavia's AGM on April 29, 2020, the audit firm KPMG was elected as auditor. Audit duties are to be performed until the end of the AGM held in 2021. KPMG designated authorised public accountant Tomas Gerhardsson as principal auditor. Tomas Gerhardsson had no duties in other companies that affect his independence as an auditor for Swedavia. Remuneration has been paid to the auditor and audit firm for auditing and audit-related advice. EY AB has been engaged for other accounting and tax advice.

Internal auditing

The Board has a special internal auditing function at Swedavia to support the Board in carrying out its oversight and assessment of the company's operations which reports to the Board. The Board has adopted instructions for internal auditing, which in 2020 consisted of three auditors.

THE BOARD'S REPORTING ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Under the Swedish Companies Act and the Code, the Board is responsible for internal control of financial reporting. Under the Code and the Annual Accounts Act, the Board must submit a description each year of the most important features of the company's system for internal control over and risk management of financial reporting. The Board has a formalised procedure for ensuring that there is compliance with the established method for financial reporting and internal control. The Board receives reports with feedback on monitoring the status of measures taken based on recommendations from internal auditing and external auditing concerning internal control at the company. Internal control over financial reporting is aimed at providing reasonable assurance about the reliability of the external reporting and that it is prepared in compliance with laws, appropriate accounting principles, specific requirements from the owner and other requirements for limited liability companies.

The Corporate Governance Statement has been prepared in accordance with the Swedish Annual Accounts Act and the Code of Corporate Governance and is restricted to internal control over financial reporting.

The Board has decided that Swedavia shall follow the established Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for internal control. The COSO framework consists of five interdependent components: the governance and control environment; risk assessment; control activities; information and communication; and monitoring and assessment. There are special rules of procedure for investment decisions. The Code of Conduct and all Group policies are reviewed annually and adopted by the Board or executive management and are then available on the company's intranet, which employees have access to.

The governance and control environment

The basis of Swedavia's internal control consists of the control environment, which is comprised mainly of the organisational structure and governing documents such as the Code of Conduct and Group policies. Swedavia's Board has established rules of procedure for its work and the work of the committees. Some of the Board's work entails developing, updating and adopting a number of basic Group policies in line with the Swedish State's ownership policy that govern the company's work. The control environment is aimed at providing operations with the conditions for carrying out their tasks in a clear way in accordance with the Board's goals, targets and intentions as well as influencing control awareness and risk awareness in the organisation. This is done by delegating responsibility and authority to the company's managers and employees.

The control environment consists essentially of external documents such as laws, agreements, generally accepted accounting principles, the ownership policy and guidelines as well as other internal governing documents. The control environment also consists of the Board's Rules of Procedure and instructions to the President and CEO. The President

and CEO has adopted rules of procedure for Swedavia that among other things delegate responsibility and authority to members of the executive management concerning their mandate to enter agreements, make investment decisions and authorise invoices.

There are specific rules for investment decisions. The Code of Conduct and all Group policies are reviewed annually and adopted by the Board and executive management. They are then made available on the company's intranet, where employees can access them.

The table of Swedavia's governing documents below specifies what policies the Annual General Meeting, the Board of Directors and executive management decided on.

| Swedavia's governing documents | Decided by |
|--|------------------------|
| Guidelines for remuneration and other terms of employment for executive officers | Annual General Meeting |
| The Board of Directors' rules of procedure | Board of Directors |
| Instructions to the President and CEO | Board of Directors |
| Rules of Procedure for the Ethics Counsel Directors | Board of Directors |
| Instructions for Economic Reporting | Board of Directors |
| Code of Conduct | Board of Directors |
| Financial policy | Board of Directors |
| Credit policy | Board of Directors |
| Environmental and energy policy | Board of Directors |
| Tax policy | Board of Directors |
| Risk policy | Board of Directors |
| Safety and security policy | Board of Directors |
| Workplace and drug policy | Executive management |
| Fire safety policy | Executive management |
| Crisis management policy | Executive management |
| Aviation safety policy | Executive management |
| Insurance policy | Executive management |
| Information security policy | Executive management |
| Procurement policy | Executive management |
| Communication, information and insider policy | Executive management |
| Competition policy | Executive management |
| Quality policy | Executive management |
| Equal treatment and diversity policy | Executive management |
| Bribery policy | Executive management |
| Employee planning policy | Executive management |
| Portfolio, programme and project policy | Executive management |

Risk management

The Board has ultimate responsibility for the company's risk management and has assigned the President and CEO the task of managing this operationally. Swedavia's risk management is aimed at identifying potential events that can affect the organisation's ability to achieve the goals and targets set. The risk management method used by the company is based on a model with three lines of defence. The first line of defence consists of the company's operations, in the form of airports and

Group-level functions that have responsibility for identifying, assessing and reporting risks on a continuous basis.

The second line of defence consists of the company's Compliance Officer, who is responsible for the process of developing comprehensive governing documents, and the Risk Manager, who follows the framework adopted for risk management. For a detailed description of Swedavia's risk management, see pages 60–63.

The third line of defence consists of the company's internal auditing, which examines Swedavia's operations and reports to the Board. Risks are monitored on a continuous basis by the airport units, business units and corporate functions and reported to the Risk Manager, who together with the Risk Committee consolidates them on a quarterly basis. Swedavia's greatest risks are then compiled in a risk report which is approved by the President and CEO and then prepared by the Audit Committee before it is adopted by the Board. Financial risks are handled under the framework for the first line of defence and for the risk work in the operations and are addressed on a quarterly basis in a special report on compliance with the company's financial and credit policies, which are prepared by the Audit Committee and adopted by the Board of Directors.

Control activities

Swedavia's control activities for financial reporting consist of three parts – monitoring and analysis of economic results, the risk report, and monitoring of key controls for treasury and the financial statements process.

The Chief Financial Officer (CFO) monitors and analyses economic results on a monthly basis and reports this to the President and CEO. In the processes for bookkeeping, financial statements and financial reports, key controls are monitored by operations on an ongoing basis. These operations also study and follow up on audit reports from the external auditor and internal auditing.

Swedavia's Board of Directors receives reports on economic results with analysis and comments from the company's President and CEO on a monthly basis. Swedavia's publicly available reports are compiled by the CFO and the President and CEO for preparation in the Audit Committee before they are adopted by the company's Board of Directors and then published. In addition to the Annual and Sustainability Report, at least one of the interim reports is examined by the company's auditor, who reports on his or her review work to the Audit Committee and the Board of Directors. Swedavia's internal auditing also conducts reviews in different areas in order to ensure quality in financial processes and in

the financial reporting. The Audit Committee also has the possibility to conduct in-depth dialogue and follow-up on financial and accounting matters with the company's CFO and auditors taking part in the committee's meetings.

Information and communication

Swedavia is a State-owned company and under the Swedish State's guidelines shall follow the same regulations for accounting and reporting as publicly listed companies. Swedavia has issued financial instruments listed on the Nasdaq OMX exchange, which means the company is obliged to apply Nasdaq OMX's regulations for issuers, the EU Market Abuse Regulation and other regulations that arise regarding this. Swedavia has therefore developed a communication, information and insider policy that regulates the dissemination of information internally and the disclosure of information to the market.

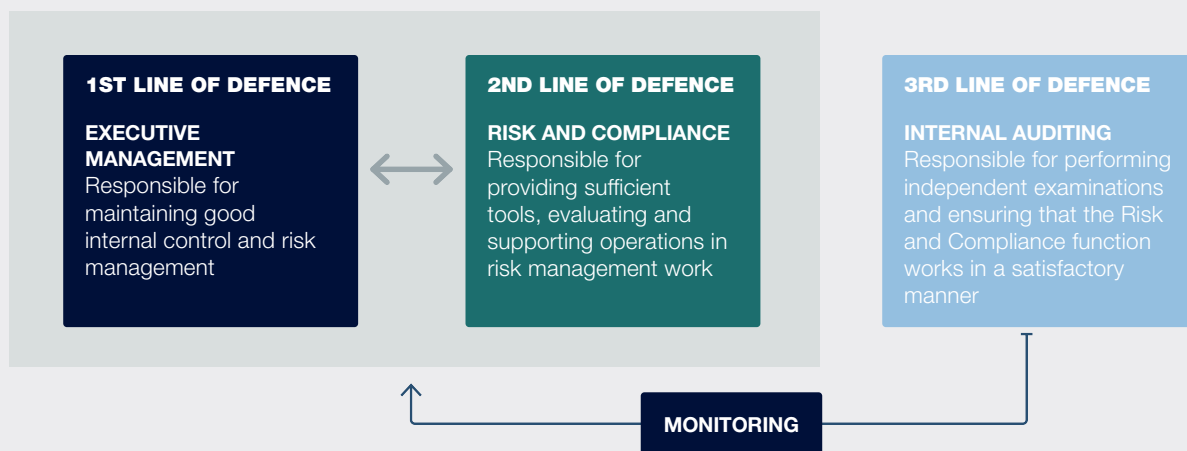
Swedavia's public financial reports consist of four interim reports and an Annual and Sustainability Report. External financial reporting shall be characterised by openness and transparency and is aimed at giving the company's different stakeholders a relevant picture of operations.

Monitoring and assessment

The executive management meets on a monthly basis and reviews operations. Due to the Covid-19 pandemic, the executive management also held a large number of meetings and members consulted one another on a continuous basis in 2020.

The Board also evaluates the company's performance and economic results on a monthly basis and furthermore monitors the company's financial position and cash flow, sustainability goals and mission objectives on a quarterly basis. At the Group level, there are corporate functions, including a control unit and an accounting unit, that analyse and monitor results compared to the budget and forecasts which are reported to the company's President and CEO and to the CFO. All people with responsibility for business units regularly report results and annual forecasts to the CFO. These reports are subsequently consolidated for the company's two operating segments and then submitted to the company's President and CEO. The President and CEO submits financial reports on a monthly basis to the Board of Directors. The Board evaluates the information provided by the President and CEO on a continuous basis. There is also an internal auditing function that serves as an independent examination function.

INCLUDED IN OPERATIONS



Swedavia's Board of Directors

DEPUTY MEMBERS

CONNY MOHOLI

Born: 1966.

MIKAEL NORDENSTÅHL

Born: 1961.

AUDITOR

TOMAS GERHARDSSON

Principal auditor,
KPMG AB.

Born: 1969.



ÅKE SVENSSON

*Chairman of the Board (elected 2016),
Chairman Remuneration Committee,
member Audit Committee.*

Born: 1952.

Other Board duties: Parker Hannifin Corporation (USA), Business Sweden.

Education: MS in Applied Physics and Electrical Engineering, Linköping University.

Work experience: Formerly CEO Saab AB, CEO Association of Swedish Engineering Industries.



TOR CLAUSEN

Member (elected 2020).

Born: 1962.

Other Board duties: Wexthuset AB (Chairman), Honey Pot Holding AB (Chairman), Goldmarsh AB, Paradis Parkering AB.

Education: Executive Management Program Stockholm School of Economics, TUI High Performance Leadership, IMD Switzerland.

Work experience: Consultant and Board member. Formerly Product & Aviation Director TUI Nordic, Chairman TUIFly Nordic, Product Director TUI Travel and executive positions in hotel industry, Spain.



EVA NYGREN

Member (elected 2020).

Born: 1955.

Other Board duties: JM AB, Diös AB, Troax Group AB, Ballingslöv International AB, Nye Veier AS, NRC Group AS, Tyréns AB, Brandkonsulten AB (Chairman), Prince Eugen's Waldemarsudde Foundation.

Education: Architecture, Chalmers University of Technology.

Work experience: Senior Advisor BENygren AB. Formerly Director of Investment Swedish Transport Administration, President and CEO Rejlers, CEO Sweco Sweden, CEO Sweco Russia and Sweco International, CEO FFNS Arkitekter.



PER SJÖDELL

Member (elected 2020).

Born: 1972.

Other Board duties: Posti Group OY (Vice Chairman), Identity Works AB (Chairman), Linneverket Group AB (Chairman), Red City PR SARL (Chairman), Rainbow Fund (Chairman), Project Soar NGO (Deputy Chairman), Spendrups, Carismar, Abury.

Education: Master's degree in economics, Linköping University.

Work experience: Board professional. Formerly CEO Gant Sweden, CEO Fiskars Sweden, CEO Pocket Shop, Global Marketing Director H&M, Head of Marketing Communication ICA, Head of Business Development Lantmännen.



LOTTIE SVEDENSTEDT

*Member (elected 2010), member
Remuneration Committee*

Born: 1957.

Other Board duties: MiL Foundation (Chairman), Tillväxt Helsingborg (Chairman), MiL Institute AB, Gullberg & Jansson AB, Helsingborg IF, CargoSpace24 AB and Fine Little Day AB.

Education: Law degree, Uppsala University.

Work experience: Own company, K-utveckling Engineering AB. Formerly CEO Kid Interiör A/S, Business Area Manager, IKEA of Sweden, Deputy General Manager IKEA Systems BV, CEO Inter IKEA Systems A/S and Regional Director H&M AB.



NINA LINANDER

Member (elected 2020), member Audit Committee.

Born: 1959.

Other Board duties: Castellum AB, Telia Company AB, Suominen Corporation, AWA Holding AB (Chairman), GreenIron H2 AB (Chairman).

Education: International Baccalaureate, United World Colleges of the Atlantic, Wales, UK, master's degree, Stockholm School of Economics and MBA, IMEDE, Switzerland.

Work experience: Formerly founder and partner Stanton Chase International AB, Head of Group Finance AB Electrolux (publ), executive positions at Vattenfall AB, work in corporate finance at investment banks in London.



LOTTA MELLSTRÖM

Member (elected 2015), member Remuneration Committee, member Audit Committee.

Born: 1970.

Other Board duties: Jernhusen AB and LKAB.

Education: MBA, Lund University.

Work experience: Scientific Council, Division for Companies with State Ownership, Ministry of Enterprise and Innovation. Formerly management consultant, Resco AB, Controller for the Sydkraft and ABB groups.



LARS MYDLAND

Member (elected 2014).

Born: 1954.

Other Board duties: mydland ehrling AB (Chairman), Special Adviser Board of Directors Veling Ltd.

Education: Fighter pilot training RNAF/USAF, Norwegian Air Force.

Work experience: Chairman SESAR Performance Partnership, Senior Consultant IATA. Formerly SVP & Accountable Manager Scandinavian Airlines, airline captain SAS, CEO SAS Flight Academy AB, fighter pilot and officer Norwegian Air Force. Formerly member of SAS Commuter AB, SAS Sverige AB, SAS Norge AS, SAS Danmark AS, SAS Technical Services (STS). Formerly Chairman EAC (Spain) and Norwegian Aviation College.



ANNICA ÅNÄS

Member (elected 2020).

Born: 1971.

Other Board duties: JM AB.

Education: Law degree and MBA, Stockholm University.

Work experience: CEO Atrium Ljungberg AB. Formerly CFO Atrium Ljungberg AB, CFO Hemsö AB and auditor at Deloitte.



AGNE LINDBOM

Employee representative (elected 2018).

Born: 1961.

Other Board duties: SEKO Swedavia negotiation organisation.

Education: Diverse trade union training.

Work experience: Formerly apron technician Swedavia.



ROBERT OLSSON

Employee representative (elected 2010).

Born: 1966.

Other Board duties: Chair Swedish Union of Civil Servants.

Education: Upper secondary school, trade union training etc. Safety officer/security guard, Swedavia.

Swedavia's executive management*

*As of December 31, 2020.



JONAS ABRAHAMSSON

President and CEO, assumed office January 2017.

Born: 1967.

Education: MBA, Lund University.

Work experience: President and CEO E.ON Sverige AB, President and CEO E.ON Sverige AB, CFO E.ON Energy Trading SE and various executive positions and Board duties in the E.ON Group.

Board duties: Board member ÅF Pöry AB and Swedish employer organisation Almega, member Royal Swedish Academy of Engineering Sciences (IVA) and ACI Europe. Formerly Chairman of the Board of Fennovoima Oy and Board member of Enerjisa Enerji A.S., among other companies.



JOHAN BILL

Director of Major Projects.

Born: 1958.

Education: C MS in Engineering, KTH Royal Institute of Technology.

Work experience: Regional Manager Uppsala County Skanska, Assistant Division Head Stockholm Peab, CEO Bjerking, Director of Major Projects, Swedish Transport Administration.

Board duties: None.



CHARLOTTE LJUNGGREN

Director of Markets and Commercial Development.

Born: 1967.

Education: Management, Finance & Law, IHM Business School, Gothenburg.

Work experience: Airport Director Göteborg Landvetter Airport, Route Director Stena Line Scandinavia AB, Route Director SeaCat AB, Finance & HR Manager Sea Containers Ltd, Route Director Silja Line Eesti Oy, Route Director SeaCat AB, Finance & HR Manager Sea Containers Ltd, Route Director Silja Line Eesti Oy, Route Director Color SeaCat AS, various positions at B&B Fondkommission AB.

Board duties: Board member Swedish Exhibition and Congress Centre and Thomas Concrete Group AB, Chairman of the Board West Sweden Chamber of Commerce.



SUSANNE NORMAN

Airport Director Regional Airports.

Born: 1966.

Education: BS in Information Systems, Mid Sweden University, Östersund.

Work experience: CEO Recall AS Oslo, Head of Production/Site Manager Recall AB Sverige, Head of Sales Central Region Cap Gemini AB, operations developer Jämtkraft AB.

Board duties: Board member Svensk Turism AB and Länsförsäkringar Jämtland.



CAROLINE OTTOSON

Director of Facilities and Systems.

Born: 1968.

Education: MS in Engineering, KTH Royal Institute of Technology.

Work experience: Head Stockholm County Public Transport Administration, CEO public transport companies SL and Waxholmsbolaget, Acting Director-General Swedish Transport Administration and Director, traffic management and CFO Swedish Transport Administration, Director of Roads Swedish Road Administration, CFO Swedish Mapping, Cadastral and Land Registration Authority.

Board duties: Board member Swedish National Road and Transport Research (VTI), Swedish Airport Infrastructure AB, Chairman of the Board Swedavia Real Estate AB, Swedavia Energi AB, Swedavia Airport Telecom AB.



ANNA BOVALLER

Chief Legal Counsel.

Born: 1963.

Education: Law degree, Lund University, IHM Master in Leadership and Executive Management Program, IFL at Stockholm School of Economics.

Work experience: Chief Legal Counsel LfV, Assistant Chief Legal Counsel Posten AB, commercial lawyer Posten AB, lawyer Dahlgren Magnusson Advokatbyrå, law clerk Nacka District Court, legal assistant Michelsons Advokatbyrå.

Board duties: None.



MONA GLANS

Airport Director Bromma Stockholm Airport.

Born: 1966.

Education: Upper secondary school, American Express Management Programme, Novare Executive Women Program, Board training through Styrelseakademien Sydost.

Work experience: Nyman & Schultz Affärsrådgivare, American Express Business Travel, Airport Director Swedavia Ronneby Airport, Acting Airport Director Swedavia Kiruna Airport, marriage officiant.

Board duties: Chairman Visit Blekinge 2015–2018, member Blekinge Matakademi 2016–2018, ambassador Eriksberg Vilt & Natur.



PEDER GRUNDITZ

Airport Director Stockholm Arlanda Airport.

Born: 1963.

Education: Executive MBA, M-gruppen.

Work experience: Airport Director Bromma Stockholm Airport, Director Regional Airports, various positions at LfV, including Airport Director Visby Airport and Acting Division Head, Director Passenger Services Malmö Aviation, Director Ground Operations Braathens Sweden and Head of Traffic Transwede Airways.

Board duties: Airport City Stockholm AB.



MATS PÅLSSON

Chief Financial Officer.

Born: 1963.

Education: Economics, Växjö University.

Work experience: CFO AcadeMedia, CFO Poolia, CFO Lernia, CFO AGA S/A Brazil and CFO AGA Gas Sverige.

Board duties: Board member Criar AB, Swedavia Real Estate AB and BRF Essinge Mälärstrand.



ANNA STRÖMWALL

Airport Director Göteborg Landvetter Airport.

Born: 1977.

Education: MS in Industrial Economics, Institute of Technology, Linköping University.

Work experience: Head of Swedavia Consultants, Head of Planning APM Terminals Gothenburg, Head of Operations Development and Head of Security Screening Stockholm Arlanda Airport, SCM consultant Establish.

Board duties: None.



MARIE WIKSBERG

Director, Business Support, Safety and Security.

Born: 1965.

Education: MBA, School of Business, Economics and Law, Gothenburg University.

Work experience: HR Director Swedavia, Head of HR Stockholm Arlanda Airport, Director of HR and Employees KF Group including Coop, Head of Business Support KF Fastigheter AB, HR Director Sheraton Stockholm Hotel & Towers and Head of Training Sheraton Stockholm Hotel & Towers.

Board duties: None.

Consolidated income statement

| Amounts in SEK M | Note | 2020 | 2019 |
|---|---------|---------------|---------------|
| Net revenue | 3, 4, 5 | 2,494 | 6,235 |
| Other operating revenue | 6 | 700 | 68 |
| Own work capitalised | | 172 | 189 |
| Total revenue | | 3,366 | 6,492 |
| External costs | 7 | -1,932 | -2,399 |
| Staff expenses | 8 | -1,550 | -2,052 |
| Depreciation/amortisation and impairment losses on fixed assets and non-current intangible assets | 9 | -1,456 | -1,309 |
| Other operating costs | 10 | -21 | -23 |
| Operating income | | -1,593 | 709 |
| Profit from financial items | 11 | | |
| Profit from holdings in associated companies and joint ventures | | 54 | 147 |
| Financial income | | 5 | 6 |
| Financial expenses | | -138 | -127 |
| Profit before tax | | -1,672 | 736 |
| Tax | 13 | 391 | -153 |
| Profit for the year | | -1,282 | 583 |
| Earnings per share | | | |
| Earnings per share before and after dilution, SEK | | -0.90 | 0.40 |
| Number of shares | | 1,441,403,026 | 1,441,403,026 |

Consolidated statement of comprehensive income

| Amounts in SEK M | Note | 2020 | 2019 |
|--|------|---------------|-------------|
| Profit for the year | | -1,282 | 583 |
| Other comprehensive income: | | | |
| Items that can be reclassified to the income statement | | | |
| Cash flow hedges: | | | |
| Reclassified to the income statement | | -5 | 0 |
| Change in value for the year | | -77 | -72 |
| Tax | | 17 | 15 |
| Other comprehensive income, associated companies and joint ventures, net | | -7 | 0 |
| Items that cannot be reclassified to the income statement | | | |
| Revaluations of defined benefit pensions | | -48 | -144 |
| Tax | | 10 | 31 |
| Total comprehensive income, net after tax | | -110 | -170 |
| Comprehensive income for the year | | -1,392 | 412 |

Consolidated balance sheet

| Amounts in SEK M | Note | Dec 31, 2020 | Dec 31, 2019 |
|--|--------------------|---------------|---------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Non-current intangible assets | 14 | 729 | 775 |
| Other fixed assets | 15, 16, 17, 18, 19 | 18,112 | 16,863 |
| Right-of-use assets | 22 | 1,184 | 1,284 |
| Investment properties | 21 | 697 | 897 |
| Biological assets | 20, 23 | 81 | 82 |
| Non-current financial assets | 28, 24, 25, 26 | 1,130 | 1,137 |
| Total non-current assets | | 21,934 | 21,038 |
| CURRENT ASSETS | | | |
| Materials and supplies | 29 | 57 | 54 |
| Trade receivables | 47 | 328 | 595 |
| Receivables from associated companies and joint ventures | 31 | 7 | 13 |
| Other receivables | 32 | 277 | 267 |
| Prepaid expenses and accrued income | 33 | 57 | 135 |
| Derivative instruments | 20, 28 | — | 6 |
| Short-term investments | 34 | 175 | — |
| Liquid assets | 28, 43 | 1,462 | 77 |
| Total current assets | | 2,364 | 1,146 |
| Assets held for sale | 46 | 388 | 768 |
| TOTAL ASSETS | | 24,686 | 22,952 |

CONSOLIDATED ACCOUNTS

Consolidated balance sheet (cont.)

| Amounts in SEK M | Note | Dec 31, 2020 | Dec 31, 2019 |
|--|------------|---------------|---------------|
| EQUITY AND LIABILITIES | | | |
| Equity | 35 | | |
| Share capital | | 1,441 | 1,441 |
| Other paid-in capital | | 4,662 | 2,162 |
| Hedge reserve | 47 | -141 | -77 |
| Hybrid bond | | 1,000 | 1,000 |
| Retained earnings including profit for the year | | 3,570 | 4,914 |
| Total equity | | 10,533 | 9,440 |
| Non-current liabilities | 41 | | |
| Provisions | 36, 37, 38 | 1,122 | 1,053 |
| Deferred tax liability | 39 | 53 | 458 |
| Interest-bearing liabilities | 40, 42 | 8,297 | 7,550 |
| Lease liabilities | 22, 40 | 1,103 | 1,187 |
| Derivative instruments | 20, 28 | 172 | 108 |
| Other non-current liabilities | | 204 | 150 |
| Total non-current liabilities | | 10,951 | 10,506 |
| Current liabilities | 41 | | |
| Provisions | 36, 38 | 89 | 150 |
| Interest-bearing liabilities | 40, 41, 42 | 1,437 | 1,045 |
| Derivative instruments | 20, 28 | 7 | 0 |
| Lease liability | 22, 40 | 129 | 134 |
| Trade payables | | 591 | 796 |
| Liabilities to associated companies and joint ventures | 31 | 44 | 7 |
| Other liabilities | 44 | 249 | 91 |
| Accrued expenses and prepaid income | 45 | 654 | 741 |
| Total current liabilities | | 3,199 | 2,963 |
| Liabilities attributable to assets held for sale | 46 | 3 | 43 |
| TOTAL EQUITY AND LIABILITIES | | 24,686 | 22,952 |

Consolidated changes in equity

| Amounts in SEK M | Share capital | Other paid-in capital | Hedge reserves | Hybrid bond | Retained earnings including profit for the year | Total equity |
|---|---------------|-----------------------|----------------|--------------|---|---------------|
| 2020 | | | | | | |
| Equity, opening balance, Jan 1, 2020 | 1,441 | 2,161 | -77 | 1,000 | 4,914 | 9,440 |
| Interest expenses, hybrid bond | — | — | — | — | -16 | -16 |
| Shareholder contribution | — | 2,500 | — | — | — | 2,500 |
| Total transactions with owner | 0 | 2,500 | 0 | 0 | -16 | 2,484 |
| Profit for the year | — | — | — | — | -1,282 | -1,282 |
| Other comprehensive income | — | — | -64 | — | -110 | -110 |
| Total profit for the year | 0 | 0 | -64 | 0 | -1,392 | -1,392 |
| Equity, closing balance Dec 31, 2020 | 1,441 | 4,661 | -141 | 1,000 | 3,570 | 10,533 |

| Amounts in SEK M | Share capital | Other paid-in capital | Hedge reserves | Hybrid bond | Retained earnings including profit for the year | Total equity |
|--|---------------|-----------------------|----------------|--------------|---|--------------|
| 2019 | | | | | | |
| Equity, opening balance, Jan 1, 2019 | 1,441 | 2,161 | -18 | — | 4,480 | 8,066 |
| Effect of new accounting principle, IFRS 16 | — | — | — | — | -34 | -34 |
| Adjusted equity, opening balance, Jan 1, 2019 | 1,441 | 2,161 | -18 | 0 | 4,446 | 8,032 |
| Hybrid bond issue | — | — | — | 1,000 | — | 1,000 |
| Transaction costs, hybrid bond | — | — | — | — | -4 | -4 |
| Total transactions with owner | 0 | 0 | 0 | 1,000 | -4 | 996 |
| Profit for the year | — | — | — | — | 583 | 583 |
| Other comprehensive income | — | — | -57 | — | -113 | -170 |
| Total comprehensive income for the year | 0 | 0 | -57 | 0 | 470 | 413 |
| Equity, closing balance, Dec 31, 2019 | 1,441 | 2,161 | -77 | 1,000 | 4,914 | 9,440 |

Consolidated cash flow statement

| Amounts in SEK M | Note | 2020 | 2019 |
|--|------|---------------|---------------|
| Operating activities | 49 | | |
| Profit before tax | | -1,672 | 736 |
| Adjustments for items not included in cash flow etc. | | 994 | 1,204 |
| Tax paid | | 65 | -144 |
| | | -614 | 1,796 |
| Increase(-)/Decrease(+) in materials and supplies | | -4 | -7 |
| Increase(-)/Decrease(+) in operating receivables | | 249 | 18 |
| Increase(-)/Decrease(+) in operating liabilities | | -67 | 170 |
| Cash flow from operating activities | | -435 | 1,977 |
| Investing activities | | | |
| Disposal of subsidiaries | 46 | 1,181 | — |
| Sale of holdings in associated companies | | 83 | — |
| Acquisition of intangible assets | | -46 | -89 |
| Acquisition of fixed assets | | -2,810 | -3,372 |
| Sale of fixed assets | | — | 309 |
| Acquisition of short-term investment | 34 | -175 | — |
| Dividend from associated companies | | 72 | 67 |
| Acquisition of financial assets | | — | -13 |
| Sale of financial assets | | — | 50 |
| Cash flow from investing activities | | -1,696 | -3,048 |
| Financing activities | | | |
| Hybrid bond, net after transaction costs | | — | 996 |
| Hybrid bond, interest expenses | | -16 | — |
| Shareholder contribution received | | 2,500 | — |
| Loans borrowed | | 5,269 | 3,170 |
| Loans repaid | | -4,104 | -2,962 |
| Lease liabilities repaid | | -104 | -90 |
| Increase (+)/Decrease (-) in other financial liabilities | | -29 | 23 |
| Cash flow from financing activities | | 3,515 | 1,137 |
| Cash flow for the year | | 1,385 | 67 |
| Liquid assets, opening balance | | 77 | 10 |
| Liquid assets, closing balance | | 1,462 | 77 |

Parent Company income statement

| Amounts in SEK M | Note | 2020 | 2019 |
|---|------|---------------|--------------|
| Net revenue | 5 | 2,442 | 6,146 |
| Other operating revenue | 6 | 272 | 68 |
| Own work capitalised | | 172 | 189 |
| Total revenue | | 2,886 | 6,403 |
| External costs | 7 | -2,217 | -2,591 |
| Staff expenses | 8 | -1,519 | -2,192 |
| Depreciation/amortisation and impairment losses on fixed assets and non-current intangible assets | 9 | -1,327 | -1,196 |
| Other operating costs | 10 | -21 | -23 |
| Operating income | | -2,198 | 403 |
| Profit from financial items | 11 | | |
| Interest income and similar items | | 16 | 23 |
| Interest expenses and similar items | | -137 | -107 |
| Profit after financial items | | -2,319 | 318 |
| Appropriations | 12 | 595 | 33 |
| Profit before tax | | -1,724 | 351 |
| Tax | 13 | 316 | -93 |
| Profit for the year | | -1,409 | 258 |

Parent Company statement of comprehensive income

| Amounts in SEK M | Note | 2020 | 2019 |
|--|------|---------------|------------|
| Profit for the year | | -1,409 | 258 |
| Other comprehensive income | | — | — |
| Comprehensive income for the year | | -1,409 | 258 |

Parent Company balance sheet

| Amounts in SEK M | Note | Dec 31, 2020 | Dec 31, 2019 |
|---|--------------------|---------------|---------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Non-current intangible assets | 14 | 606 | 676 |
| Fixed assets | 15, 16, 17, 18, 19 | 17,786 | 16,593 |
| Non-current financial assets | 24, 25, 26, 27, 39 | 1,434 | 1,126 |
| Total non-current assets | | 19,825 | 18,395 |
| CURRENT ASSETS | | | |
| Materials and supplies | 29 | 53 | 50 |
| Current receivables | 30, 31, 32 | 2,180 | 3,042 |
| Short-term investments | 34 | 175 | — |
| Cash and bank balances | 28, 43 | 1,457 | 71 |
| Total current assets | | 3,865 | 3,163 |
| TOTAL ASSETS | | 23,691 | 21,558 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| 35 | | | |
| Restricted equity | | | |
| Share capital (1,441,403,026 shares) | | 1,441 | 1,441 |
| Reserve for development expenditures | | 28 | 35 |
| Total restricted equity | | 1,470 | 1,476 |
| Unrestricted equity | | | |
| Share premium reserve | | 2,161 | 2,161 |
| Hybrid bond | | 1,000 | 1,000 |
| Retained earnings | | 5,328 | 2,580 |
| Profit for the year | | −1,409 | 258 |
| Total unrestricted equity | | 7,080 | 6,000 |
| Total equity | | 8,551 | 7,476 |
| Total untaxed reserves | | | |
| | 12 | 1,575 | 2,050 |
| Provisions for pensions and similar items | 36,37 | 1,136 | 1,197 |
| Other provisions | 38 | 307 | 327 |
| Total provisions | | 1,443 | 1,524 |
| Total non-current liabilities | 40, 41,42 | 8,491 | 7,678 |
| Total current liabilities | 40, 41,42 | 3,631 | 2,830 |
| TOTAL EQUITY AND LIABILITIES | | 23,691 | 21,558 |

Parent Company changes in equity

| Amounts in SEK M | Restricted equity | | Unrestricted equity | | | Total equity |
|--|-------------------|-----------------------------------|-----------------------|--------------|-------------------|---------------|
| | Share capital | Fund for development expenditures | Share premium reserve | Hybrid bond | Retained earnings | |
| 2020 | | | | | | |
| Equity, opening balance, Jan 1, 2020 | 1,441 | 35 | 2,161 | 1,000 | 2,837 | 7,476 |
| Interest, hybrid bond | — | — | — | — | –16 | –16 |
| Shareholder contribution | — | — | — | — | 2,500 | 2,500 |
| Total transactions with owner | 0 | 0 | 0 | 0 | 2,484 | 2,484 |
| Reclassification to/from fund for development expenditures | — | –7 | — | — | 7 | — |
| Profit for the year | — | — | — | — | –1,409 | –1,409 |
| Other comprehensive income | — | — | — | — | — | — |
| Total comprehensive income for the year | 0 | 0 | 0 | 0 | –1,409 | –1,409 |
| Equity, closing balance, Dec 31, 2020 | 1,441 | 28 | 2,161 | 1,000 | 3,920 | 8,551 |

| Amounts in SEK M | Restricted equity | | Unrestricted equity | | | Total equity |
|--|-------------------|-----------------------------------|-----------------------|--------------|-------------------|--------------|
| | Share capital | Fund for development expenditures | Share premium reserve | Hybrid bond | Retained earnings | |
| 2019 | | | | | | |
| Equity, opening balance, Jan 1, 2019 | 1,441 | 43 | 2,161 | — | 2,570 | 6,217 |
| Hybrid bond issue | — | — | — | 1,000 | — | 1,000 |
| Transaction costs, hybrid bond | — | — | — | — | –4 | –4 |
| Total transactions with owner | 0 | 0 | 0 | 1,000 | –4 | 996 |
| Gain from merger | — | — | — | — | 5 | 5 |
| Reclassification to/from fund for development expenditures | — | –8 | — | — | 8 | — |
| Profit for the year | — | — | — | — | 258 | 258 |
| Other comprehensive income | — | — | — | — | — | — |
| Total comprehensive income for the year | 0 | 0 | 0 | 0 | 258 | 258 |
| Equity, closing balance, Dec 31, 2019 | 1,441 | 35 | 2,161 | 1,000 | 2,837 | 7,476 |

Parent Company cash flow statement

| Amounts in SEK M | Note | 2020 | 2019 |
|--|------|---------------|---------------|
| Operating activities | 49 | | |
| Profit before tax | | -2,319 | 318 |
| Adjustment for items not included in cash flow etc | | 1,439 | 1,373 |
| Tax paid | | 80 | -119 |
| | | -801 | 1,573 |
| Increase(-)/Decrease(+) in materials and supplies | | -3 | -7 |
| Increase(-)/Decrease(+) in operating receivables | | 858 | -359 |
| Increase(-)/Decrease(+) in operating liabilities | | 355 | 52 |
| Cash flow from operating activities | | 410 | 1,260 |
| Investing activities | | | |
| Acquisition of intangible assets | | -46 | -89 |
| Acquisition of fixed assets | | -2,507 | -2,771 |
| Disposal of fixed assets | | — | 309 |
| Acquisition of short-term investment | 34 | -175 | — |
| Cash flow from investing activities | | -2,728 | -2,551 |
| Financing activities | | | |
| Hybrid bond, net after transaction costs | | — | 996 |
| Hybrid bond, interest expenses | | -16 | — |
| Shareholder contribution received | | 2,500 | — |
| Loans borrowed | | 5,269 | 3,170 |
| Loans repaid | | -4,104 | -2,962 |
| Increase (+)/Decrease (-) in other financial liabilities | | 8 | 73 |
| Group contribution received | | 48 | 79 |
| Cash flow from financing activities | | 3,705 | 1,357 |
| Cash flow for the year | | 1,386 | 66 |
| Liquid funds, opening balance | | 71 | 5 |
| Liquid funds, closing balance | | 1,457 | 71 |

Notes

NOTE 1 Corporate information and accounting principles

Swedavia AB (publ), Swedish corporate identity number 556797-0818, has its registered office in the Municipality of Sigtuna, Sweden. The address of the main office is 190 45 Stockholm-Arlanda (Flygvägen 1), Sweden. Swedavia AB is wholly owned by the Swedish State. Swedavia's task is to own, operate and develop the national basic infrastructure of airports decided by the Swedish government, which consists of ten airports: Bromma Stockholm Airport, Göteborg Landvetter Airport, Kiruna Airport, Luleå Airport, Malmö Airport, Ronneby Airport, Stockholm Arlanda Airport, Umeå Airport, Visby Airport and Åre Östersund Airport.

Regulations governing operations

Swedavia's operations are mostly regulated by Swedish and European Union regulations, with the most important regulations for running airport operations consisting of, among others:

- Swedish Environmental Code (1998:808), with subsequent regulations requiring a permit for airport operations
- Swedish Civil Aviation Act (2010:500), with subsequent regulations governing, among other issues, permission to establish an airport
- Swedish Civil Aviation Security Act (2004:1100) concerning searches of persons and baggage in security screening
- Swedish Aerodrome Ground Services Act (2000:150), which regulates matters concerning ground services at airports and obligations of airport operators to allow the establishment of external ground service provider operations
- Swedish Act on Airport Charges (2011:866) regulating requirements for consultation with the users, airlines, on airport charges

Conditions for preparing the Parent Company and consolidated financial reports

The consolidated accounts for Swedavia and its subsidiaries have been prepared in conformity with the International Financial Reporting Standards (IFRS) to the extent these have been adopted by the European Union (EU).

The Parent Company applies Sweden's Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RFR 2 "Accounting for legal entities". The differences arising between the Parent Company and consolidated accounting principles are due to restrictions on applying IFRS in the Parent Company as a result of Sweden's Annual Accounts Act and Pension Obligations Vesting Act as well as, in some cases, the connection between accounting and taxation.

In this report, the Swedavia Group is called "Swedavia" or "the Group", and Swedavia AB is called either by its full name or "the Parent Company".

Reporting for the Group and the Parent Company is in millions of Swedish kronor (SEK M) unless otherwise indicated. Swedish kronor is abbreviated as SEK, and thousands of kronor is abbreviated as SEK T. The amounts recognised have in some cases been rounded off. In cases where the amount is less than SEK 1 M and rounded down, this is presented as a zero (0); if there is no value, a dash (–) has been used. This means that tables, charts and calculations do not always add up. Figures in parentheses are for the previous year.

Fixed assets, non-current liabilities and non-current provisions consist in all essential respects only of amounts that are expected to be recovered or paid after more than twelve months calculated from the balance sheet date. Non-current liabilities consist in all essential respects of amounts that Swedavia has an unconditional right to pay further in time than within twelve months of the end of the report period. If Swedavia does not have such a right at the end of the report period, the amount of the liability is recognised as a current liability. Current assets and current liabilities consist in all essential respects only of amounts that are expected to be recovered or paid within twelve months calculated from the balance sheet date.

Assets, provisions and liabilities have been recognised at cost unless otherwise indicated below. Financial assets and liabilities are recognised at

amortised cost, apart from derivative instruments, which are recognised at fair value. Biological assets are recognised at fair value; see Note 23. For information concerning measurement and information about fair value under IFRS 13, see Note 20.

New accounting principles in 2020

None of the new and revised standards and pronouncements applied since January 1, 2020, has had a material effect on Swedavia's annual accounts.

In 2020, an amendment was made to IFRS 16, "Leases" related to Covid-19 rent concessions. This is a temporary concession under which the lessee need not revise calculations of its recognised lease liability and recognised right-of-use asset for reductions in lease payments received as a direct result of Covid-19 but can instead treat the change as though it did not constitute a lease modification. Swedavia did not receive any rent concession related to Covid-19 during the financial year so the concession was not applied.

The Group's accounting principles specified here have been applied consistently for all periods presented in the consolidated financial reports.

New and revised standards and pronouncements that enter into force in 2021 or later

The effects on the Group's financial reports and position of amendments and standards that are mandatory for the Group for the financial year 2021 are being assessed but are considered not to have any impact on the Group's financial reports. The effects on the Group's financial reports still need to be assessed.

Consolidation principles

The consolidated financial accounts include the Parent Company and all the companies over which the Parent Company directly or indirectly has a controlling interest. Subsidiaries are companies over which the Parent Company has a controlling interest.

A controlling interest exists if the Parent Company has control over the investee, has exposure or is entitled to a variable return from its commitment and can use its control over the investment to influence its return. In determining whether there is a controlling interest, consideration is given to shares with potential voting rights and whether there is de facto control. The Parent Company in all cases owns, directly or indirectly, shares/holdings in the companies included in the consolidated financial accounts.

Subsidiaries are included in the consolidated financial accounts starting from the time controlling interest is achieved and are excluded from the consolidated financial accounts from the time controlling interest is no longer exercised. Where necessary, adjustments are made in the subsidiaries' financial statements to adapt their accounting principles to those used by the Group. Transaction expenditures, with the exception of transaction fees related to the issuance of equity instruments or debt instruments, are recognised directly in profit for the year.

Business combinations

Acquisitions of businesses are recognised using the acquisition method. Cost is calculated as the total fair value of assets purchased, liabilities that have arisen or are assumed, and equity instruments issued as payment in exchange for controlling interest over the acquired entity. Identifiable assets, liabilities and contingent liabilities acquired are recognised at fair value on the acquisition date. The premium that consists of the difference between the cost of the acquired holdings and the total fair value of the identifiable net assets acquired is recognised as goodwill. A discount is recognised as a gain in the income statement. Transaction expenditures related to business combinations are recognised as a cost in the income statement.

Associated companies and joint ventures

Holdings in associated companies and joint ventures are recognised in the consolidated accounts using the equity method. The equity method entails that the carrying amount of shares in the associated company or joint venture is equivalent to the Group's share of the associated company's or joint

NOTES

venture's equity and any residual value of the consolidated premiums or discounts. The Group's share of the associated company's or joint venture's profit after tax adjusted for any amortisation on or liquidation of premiums or discounts on acquisitions is recognised in the consolidated income statement as "Profit from holdings in associated companies and joint ventures" to the extent that the Group owns shares in the company.

Elimination of transactions between Group companies

Intra-Group receivables and liabilities and transactions between Group companies as well as unrealised gains in conjunction with these are eliminated in full. Unrealised gains arising from transactions with associated companies and joint ventures are eliminated against "Holdings in associated companies and joint ventures" to the extent that the Group owns shares in the company. Unrealised losses are eliminated in the same way as unrealised gains as long as there is no need for impairment.

Revenue

Revenue is measured based on the payment specified in contracts with customers. The Group recognises revenue when control of a good or service is transferred to the customer. Information about the nature and timing for satisfaction of a performance obligation in contracts with customers and related accounting principles for revenue recognition is given below.

Swedavia's recognised net revenue consists of revenue flows from Aviation Business and Commercial Services and other net revenue.

Aviation Business

Revenue from Aviation Business consists of revenue related to passengers, aircraft, external regulated charges, ground handling and other ancillary services.

Passenger-related revenue consists of revenue from passenger charges, escorting of passengers and ground handling service fees. Swedavia's performance obligation is to give airline customers the opportunity to use Swedavia's infrastructure and services, help passengers with reduced mobility to and from the aircraft and provide infrastructure to airlines and ground handling companies that want to operate at the airports. Revenue for passenger charges and escorting is recognised on departure from one of Swedavia's airports, and ground handling fees are recognised as revenue in conjunction with the airline's or ground handling company's use of Swedavia's infrastructure. Revenue is recognised when control has been transferred to the customer.

The revenue category "aircraft-related revenue" consists of revenue from airlines for services and infrastructure used by the airlines' aircraft or passengers in conjunction with take-off or landing at Swedavia's airports. Examples of revenue streams are take-off charges, emissions charges, noise charges, aircraft parking fees, air traffic control charges and ground handling fees related to the handling of aircraft. Swedavia's performance obligation is to provide infrastructure to enable take-off and landing. Aircraft-related revenue, with the exception of ground handling fees, is recognised when an aircraft has taken off from one of Swedavia's airports. Ground handling fees are recognised as revenue in conjunction with the airlines' use of Swedavia's infrastructure. In all cases, control is transferred to the customer with the recognition of revenue.

Externally regulated charges consist of four revenue streams – security screening (GAS), slot coordination (SCC), air traffic management Stockholm Arlanda Airport (TNC), and communication, navigation and surveillance (CNS). Swedavia's performance obligation is to provide security screening of passengers and baggage, offer airport coordination services for aircraft in conjunction with take-off and landing, provide infrastructure for air traffic control and assist with CNS infrastructure. Revenue is recognised for all four revenue streams after the performance obligation has been satisfied. Revenue from GAS is accrued on a monthly basis and final settlement is made following a decision by the Swedish Transport Agency. Revenue from SCC, CNS and TNC is recognised when the aircraft has taken off from one of Swedavia's airports. The right of complaint expires once use of the good or service is invoiced. Revenue from ground handling is related to apron (ramp) services and freight forwarding fees. Swedavia's performance obligation is to provide services and infrastructure needed to receive aircraft and to prepare aircraft in turnaround for departure.

Revenue is recognised in this revenue category on departure from one of Swedavia's airports, and it is at that point in time that the

performance obligation has been satisfied and control is transferred to the customer.

The revenue category "other ancillary services" consists of ancillary services that customers can use in return for payment, for example glycol handling or security services, which are primarily for fast track service. Swedavia's performance obligation for fast track service is to enable the airlines' passengers to save time by providing special security checkpoints. The obligation begins when the passenger enters the security checkpoint and is satisfied in conjunction with the passenger exiting the security checkpoint. Revenue is recognised when the performance obligation is completed.

Commercial Services

Revenue from Commercial Services consists of revenue from parking & entry, retail, food & beverage, property revenue, advertising and other commercial services. Revenue from parking & entry, advertising and other commercial services is recognised under IFRS 15. Revenue from the category retail, food & beverage and revenue from leases in the property revenue category are recognised under IFRS 16; see below.

The revenue category parking & entry consists of revenue from parking operations. Swedavia's performance obligation consists of providing facilities for passengers and other customers for parking and entry at the airports. Revenue for parking & entry is recognised on an open account basis when either control or right of use is transferred to the customer. Revenue from the right to run car rental operations is also recognised after control has been transferred to the customer.

Revenue from retail, food & beverage consists of revenue from tenants at the airports whose operations offer passengers the possibility to eat, drink or shop for commercial goods. Rental revenue is classified as revenue from leases, with Swedavia being the lessor, and all revenue is recognised under IFRS 16, which means it is recognised on a straight-line basis over the lease term. Rental revenue is based on sales revenue, and preliminary revenue is recognised on a monthly basis with final settlement at the end of the year.

Property revenue consists of rental revenue from leasing premises and land during the lease term as well as revenue from property services and the sale of energy and telecom services, which are recognised with the provision of the service. Leases of premises and land that generate revenue are classified as leases in which Swedavia is the lessor, and revenue is recognised on a straight-line basis over the lease term under IFRS 16. The Group's performance obligation for providing media and property services is regulated in contracts with external parties. Invoicing and revenue recognition for external customers occur when control is transferred to the customer.

Advertising revenue consists of the sale of advertising space, and revenue is recognised on a monthly basis in conjunction with the use of the advertising space and transfer of control to the customer. Swedavia's obligation is to provide advertising space, which entitles it to receive payment from the customer.

For other services, revenue is recognised when the service is provided. Discounts provided have reduced net revenue.

Government grants

Government grants are recognised in financial statements when it is reasonably certain that a grant will be received and that the entity will comply with conditions attached to the grant. Grants are recognised as income over the period necessary to match them with costs for which they are intended to compensate. Rent discounts provided as a result of the Covid-19 pandemic were recognised for the lease term the rent discounts were intended. The rent discounts have been determined to be temporary compensation for reduced use of premises and not as a modification of the original lease. The grant can be recognised in the income statement either as revenue or as a reduction in the corresponding cost. Government grants related to assets are recognised as a reduction in the carrying amount of the asset.

Swedavia receives grants from the Swedish State and the European Union, mostly concerning the following:

- Grant for furloughs from the Swedish State which was designed to support operations affected by the spread of Covid-19. The grant, provided by the Swedish Agency for Economic and Regional Growth, is recognised as a reduction in staff expenses in the income statement.
- Rent relief grant from the Swedish State. As a result of the grant, landlords that reduced the fixed rent of tenants in some vulnerable industries

can apply for a grant in order to be paid compensation for some of the reduction. The grant, which is paid by the Swedish National Board of Housing, Building and Planning, is recognised as revenue in Commercial Services in the income statement.

- Grant from the EU's research and development operations. Swedavia takes part in a research and development programme aimed at providing air navigation services (ANS) to support the provision of general or operational air traffic within the EU – which means aircraft will not be constricted by airspace configurations and can meet the expected volume increase up to 2035. The government grant awarded in the project, which is related to costs, is recognised as a reduction in the corresponding cost in the income statement. Government grants awarded related to the funding of ongoing projects are recognised as a reduction in the carrying amount of the asset.
- Restructuring aid from the Swedish State. Due to Covid-19, the Swedish State has introduced an adaptation grant that will enable companies to weather the acute crisis as well as transform their operations and adapt them to a new normal. The grant, which is issued by the Swedish Tax Authority, is recognised as other operating revenue in the income statement. Swedavia was granted restructuring aid for the period March-July 2020. The Swedish parliament has decided to extend the restructuring aid to cover the period August-December 2020 and January-February 2021. Swedavia intends to apply for this extended aid for the period August 2020-February 2021.

Financial income and expenses

Financial income consists of interest income on invested funds, dividends, the gain on changes in the value of hedging instruments recognised at fair value through other comprehensive income and such gains on hedging instruments, which are recognised in net financial items. Financial expenses consist of interest expenses on liabilities to credit institutions, bonds, medium-term notes and commercial paper, credit losses on hedging instruments, effects of reversing provisions recognised at their present value, losses on changes in the value of hedging instruments recognised at fair value through other comprehensive income and such losses on hedging instruments as are recognised in net financial items.

Interest income and interest expenses on financial instruments are recognised using the effective interest method. Dividend income is recognised when the right to receive a dividend is established. Foreign exchange gains and losses are offset.

Tax

The Group's total tax consists of current tax and deferred tax. Tax is recognised in the income statement except when the underlying transaction is recognised in other comprehensive income. Current tax is tax that is to be paid or received during the current year. Current tax is calculated based on the taxable profit for the year. Taxable profit is distinguished from profit recognised in the income statement. The difference concerns revenue that is subject to tax and expenses that are deductible in other years (temporary differences) as well as items that are not subject to tax or are not tax-deductible (permanent differences). The Group's current tax liability is calculated using the tax rates that are in effect on the balance sheet date. An adjustment in current tax related to earlier periods is also recognised as current tax.

Deferred tax is calculated using the balance sheet method based on the temporary differences between book and tax values of assets and liabilities. Deferred tax is calculated using the tax rates and tax regulations that are decided or advised on the balance sheet date. Temporary differences related to consolidated goodwill and asset acquisitions are not taken into account, and normally nor are differences related to holdings in subsidiaries, associated companies and joint ventures that are not expected to be taxed within the foreseeable future. Untaxed reserves including deferred tax liability are recognised for legal persons. However, in consolidated accounts, untaxed reserves are divided into deferred tax liability and equity. Deferred tax assets for temporary differences and loss carryforwards that are tax-deductible are only recognised to the extent it is likely that a taxable profit occurs against which tax-deductible temporary differences can be used. The carrying amount of deferred tax assets is reviewed on each closing date. Deferred tax liabilities are normally recognised for all temporary differences subject to tax.

Non-current intangible assets

The Group's non-current intangible assets consist of goodwill and other non-current intangible assets. Goodwill arises when the cost of the acquisition of shares in a subsidiary exceeds the fair value of the net assets of the company acquired. Goodwill is recognised at cost less any impairment loss. Goodwill has an indeterminable expected useful life, and an impairment review is carried out at least once a year. Other non-current intangible assets consist mostly of noise insulation for the properties of others. Straight-line amortisation is used for noise insulation measures and is reviewed annually. Useful life shall correspond to the time the environmental permit or conditions contained therein are in effect but never more than 25 years. Other non-current intangible assets also consist of assets developed by the company with a useful life of 5-10 years.

Fixed assets

Fixed assets are recognised at cost less accumulated depreciation and any accumulated impairment losses.

Cost comprises the purchase price and expenditures directly related to the asset in order to convey it to its location and to use it for the purpose for which it was acquired. Borrowing costs directly related to major renovation or new construction projects where the time of completion is longer than twelve months are included in the cost of the fixed asset to the extent they have arisen during the construction period. Interest expenses are calculated based on the Group's average interest rate on all loan liabilities.

Additional expenditures are added to the asset's carrying amount or recognised separately when it is likely that the company will derive future economic benefits related to the asset and the cost of the asset can be calculated in a reliable way. Other expenditures that arise are recognised as a cost in the period in which they arise.

Depreciation is recognised based on the expected and estimated useful life using the straight-line depreciation method. For cases where parts of the Group's assets consist of different components, where each part has an expected useful life that differs significantly from the asset as a whole, depreciation of such components occurs on an individual basis using the estimated useful life of each component.

Depreciation begins when the assets are ready for their intended use. Scheduled depreciation is based on cost less estimated residual value. The residual value and useful life are reviewed on an annual basis and adjusted if necessary. The Group's field structures consist of various assets such as parking facilities, roads, ditches and ponds, where the useful life varies. The Group's buildings consist of different types of property such as terminal buildings and buildings with more basic constructions, which have a different useful life.

Useful life for the Group is:

| | |
|--|-----------------|
| Buildings | |
| – Foundations and frame | 20 – 60 years |
| – Roof | 20 – 60 years |
| – Facade | 20 – 60 years |
| – Internal structures and room functions | 10 – 25 years |
| – Electrical installations | 7 – 30 years |
| – District networks | 15 – 50 years |
| Equipment, buildings | 5 – 30 years |
| Equipment, land | 10 – 60 |
| Field structures, runway systems | |
| – Load-bearing surfaces | 60 years |
| – Surface sealings | 4 years |
| – Other parts | 12 – 40 years |
| Field structures, other | 30 – 70 years |
| Electrical installations, vehicles and equipment | 3 – 10 years |
| Modifications for tenants | Length of lease |

Investment properties

Investment properties are properties held in order to obtain rental revenue, appreciation in value or a combination of the two. Investment properties are recognised at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes the purchase price and expenditures directly attributable to the asset to convey it to the site and in the state it is to be used in accordance with the reason for the purchase. Borrowing costs directly attributable

to significant renovation and new construction projects where the time of completion exceeds twelve months are included in the cost of the fixed asset for the portion of the construction period in which they arose. Interest expenses are calculated based on the Group's average interest rate for all loan liabilities.

Additional expenditures are added to the asset's carrying amount or recognised separately when it is likely that the company will derive future economic benefits attributable to the asset and the cost of the asset can be calculated in a reliable way. Other expenditures that arise are recognised as a cost in the period in which they arise.

Depreciation is recognised based on the expected and estimated useful life using the straight-line depreciation method. For cases where parts of the Group's assets consist of different components, where each part has an expected useful life that differs significantly from the asset as a whole, depreciation of such components occurs on an individual basis using the estimated useful life of each component.

Depreciation begins when the assets are ready for their intended use. Scheduled depreciation is based on cost less estimated residual value. The residual value and useful life are reviewed on an annual basis and adjusted if necessary. Properties under construction that are intended to be used as investment properties when the work is completed are classified as investment properties. Investment properties are valued annually to determine their fair value, in other words, estimated market value.

Biological assets – standing timber

The Group's forest assets are divided into standing timber, which is recognised as a biological asset, and land. Standing timber is measured and recognised at fair value on each reporting date. Changes in fair value are recognised in the income statement. Fair value has been calculated as the present value of the discounted future return from long-term sustainable forest operations, that is, the expected future cash flow from forest operations. For further information, see Notes 20 and 23.

Leases

When a contract is entered into, Swedavia determines whether the contract is, or contains, a lease. A contract is or contains a lease if the contract transfers the right to decide the use of an identified asset over a given period in exchange for payment.

As a lessee, Swedavia recognises a right-of-use asset and a lease liability on the lease commencement date. The right-of-use asset is valued initially at cost, which consists of the original value of the lease plus lease charges paid on or prior to the lease commencement date plus any initial direct expenditures. The right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the underlying asset's period of use or the end of the lease term, which normally for Swedavia is the end of the lease term. In rarer cases when the cost of the right-of-use reflects that Swedavia will exercise an option to purchase the underlying asset, the asset is written off at the end of the period of use.

The lease liability – which is divided into a non-current and current portion – is initially measured at the present value of remaining lease charges during the expected lease term. The lease term consists of the non-cancellable period with a supplement for additional periods if it is determined on the commencement date that it is reasonably certain the option on these periods will be exercised.

Lease charges are normally discounted using Swedavia's incremental borrowing rate (IBR), which reflects along with Swedavia's credit risk the lease term, currency and quality of the underlying asset intended as security for each lease. However, in cases where the interest rate implicit in the lease can easily be determined, that rate is used, which is the case for some of Swedavia's vehicle leases.

The lease liability includes the present value of the following charges under the expected lease term:

- fixed charges, including in-substance fixed payments,
- variable lease charges linked to an index (such as CPI) or interest rate (such as STIBOR), initially valued using the index or interest rate in effect on the commencement date,
- any residual value guarantees for which payment is expected,
- the exercise price of a purchase option that Swedavia is reasonably certain it will exercise and

- penalties to be paid for termination of the lease if the expected lease term reflects that such a termination will occur.

The value of the liability is increased by the interest expenses and decreased by the lease payments for each period. The interest expense is calculated as the value of the liability multiplied by the discount rate.

The lease liability for Swedavia's premises with index-linked rent is calculated based on the rent in effect at the end of each reporting period. At that time, the liability is adjusted by the same amount as the adjustment in the carrying value of the right-of-use asset. Similarly, the value of the liability and the asset is adjusted in conjunction with reassessment of the lease term. This occurs when the last cancellation date in the previously expected lease term for the lease of premises has passed or when significant events occur or circumstances change significantly in a way that is within Swedavia's control and affects the prevailing expected length of the lease term.

Swedavia presents right-of-use assets and lease liabilities as separate items in the report on its financial position.

For leases that have a lease term of twelve months or less or an underlying asset with a low value, less than SEK 50 T, no right-of-use asset or lease liability is recognised. Lease charges for these leases are recognised as a cost on a straight-line basis over the lease term.

As lessor, Swedavia determines on the commencement date of each lease whether the contract shall be classified as a finance or operating lease. In determining the classification, an overall assessment is made of whether the lease transfers substantially all economic risks and benefits associated with ownership of the underlying asset. If that is the case, the lease is a finance lease; otherwise it is an operating lease. As part of this assessment, Swedavia takes into consideration a number of indicators. Examples of such indicators are whether the lease term constitutes the major part of the remaining economic life of the asset or whether ownership of the underlying asset is transferred to the lessee when the lease expires.

When a leased asset is subleased, the main lease and the sublease are recognised as two separate leases. Swedavia classifies the sublease based on the right of use conveyed by the main lease, not based on the underlying asset. Swedavia has a small number of subleases, but none of the leases is material in nature.

Swedavia recognises lease charges from operating leases on a straight-line basis over the lease term as part of the item "Net revenue".

Impairment losses

On each balance sheet date, the Group analyses the carrying amounts of fixed assets and non-current intangible assets to determine whether there is anything to indicate that these assets have decreased in value. If there is an indication of this, the replacement value is calculated in order to determine the value of any impairment loss.

In valuation of the airports, a systems approach is applied. Since the airports included in the national basic airport infrastructure are operated as a system, integrated and mutually dependent, the individual airports have been valued according to their systemic useful life rather than based on recognised profit. Operating the airports as a system means that it is not possible to isolate cash flow related to individual airports included in the system on a meaningful basis. Therefore the system of airports that are included in Sweden's national basic infrastructure is treated as a single cash-generating unit.

An impairment loss is recognised in the income statement. If an impairment loss is reversed, it is done so only to the extent the carrying amount of the asset does not exceed the carrying amount, less depreciation, if no impairment loss had been made. A reversal of an impairment loss is recognised in the income statement. A reversal of an impairment loss is never recognised for goodwill.

Materials and supplies

Inventories are recognised at the lower of cost using the first-in first-out method or fair value. As a result, obsolescence risks are mitigated.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been translated at the exchange rate on the balance sheet date. Exchange rate differences for operating receivables and operating liabilities are included in the operating profit, while exchange rate differences for financial receivables and financial liabilities are recognised in financial items.

Liquid assets

Liquid assets comprise cash and banking holdings that are immediately available.

Trade payables

Trade payables have a short expected maturity and are not valued at a discount but at their nominal amount.

Financial instruments

A financial asset or financial liability is recognised in the balance sheet when an asset or liability arises under the terms of the instrument stipulated in the contract. A financial asset is derecognised from the balance sheet when the contractual rights are realised, expire or when the company loses control over it. A financial liability is derecognised from the balance sheet when the contractual obligation has been fulfilled or in any other way eliminated.

Financial instruments that are not derivatives are recognised at fair value plus or minus transaction costs, except for those financial assets belonging to the category of financial asset or liability recognised at fair value through profit or loss. Derivative instruments are recognised at fair value; increases and decreases in value are recognised on a regular basis as revenue or expenses in other comprehensive income in cases where hedge accounting is appropriate. Financial assets and liabilities are measured at fair value based on their hierarchy level; see Note 20.

Financial assets and liabilities are offset and recognised as a net amount in the balance sheet when there is a legal right to offset and when the intention is to settle the items with a net amount or to realise the asset and settle the liability simultaneously.

On each balance sheet date, the company assesses whether there are objective indications that an impairment loss needs to be taken on a financial asset or group of financial assets on initial recognition. Impairment losses are calculated and recognised for financial assets that are measured at amortised cost and for financial assets valued at fair value through other comprehensive income. A provision for credit losses is calculated and recognised initially based on twelve months' expected credit losses. If the credit risk has increased significantly since the financial asset was first recognised, a provision for credit losses is calculated and recognised based on expected credit losses for the entire life of the asset. For trade receivables that do not include a significant financing component, a simplified method is applied and a provision for credit losses is calculated based on expected credit losses for the entire remaining life regardless of whether the credit risk has increased significantly or not. Swedavia bases its calculation of expected credit losses on a combination of historical data, based on customer type and due date, which are considered relative to future economic prospects. In addition, an assessment is made of customers' future economic ability to pay, based on market data, credit ratings and other financial information.

The carrying amount after impairment losses on assets is calculated as the present value of future cash flows discounted by the effective interest rate that applied when the asset was recognised for the first time. Assets with a short maturity are not discounted. An impairment loss is charged to the income statement. The asset is eliminated from the balance sheet in the event of bankruptcy.

Financial assets measured at amortised cost

The Group's financial debt instruments are classified using the business model for collecting contractual cash flows. This category includes loan receivables, trade receivables, receivables from associated companies and joint ventures, other receivables and liquid assets. Since these assets are classified according to its business model for collecting contractual cash flows, it is important for the classification whether the financial asset is complex or not. Classification is determined through a test to decide whether the asset's cash flows consist only of repayment of the capital and interest. All assets except derivative instruments passed the test, which means they are classified as non-complex and are measured at amortised cost. Loan receivables and trade receivables with short maturities are measured at their nominal cost with no discounting. Trade receivables are recognised at the amount expected to be received less any expected credit losses that are assessed in terms of credit exposure based on forward-looking information and historical data; see Note 47.

Financial assets measured at fair value through profit and loss

Derivative instruments with a positive value that are subject to hedge accounting are recognised at fair value through other comprehensive income, with increases in value recognised on an ongoing basis through profit or loss.

Financial liabilities measured at amortised cost

Loans and other financial liabilities, apart from derivatives, are recognised at amortised cost. Amortised cost is determined based on the effective interest rate calculated at the time the amount was borrowed. This means that discounts/premiums and the direct costs of share issues are allocated over the maturity of the loan. Trade payables have short expected maturities and are recognised without discounting their nominal amount. Non-current liabilities have an expected maturity of more than one year whereas current liabilities have a maturity of less than one year.

Financial liabilities measured at fair value through profit and loss

In this category are derivatives with a negative value that are not subject to hedge accounting. Financial instruments in this category are measured on an ongoing basis at fair value through profit or loss.

Classification and recognition of hybrid bonds

Financial instruments issued by the company are recognised either as a liability or equity, based on whether there is any contractual obligation to settle the contract in cash or another financial asset.

Swedavia AB (publ) has issued a hybrid bond with a perpetual maturity, and the company is entitled to defer interest payments for an indeterminate period insofar as the hybrid bond holders are informed within the agreed period. The hybrid bond is classified at the first call date as equity in accordance with IAS 32 "Financial instruments: Presentation". Transaction costs related to the hybrid bond are recognised in equity. Interest on the hybrid bond is recognised as a liability at the time there is a contractual obligation to pay interest, decreasing unrestricted equity. If the company calls the hybrid bond for redemption, a liability is recognised at the time there is a contractual obligation to redeem the bond, and there is a decrease in the hybrid bond recognised as unrestricted equity.

Hedge accounting

General

Derivative instruments are recognised in the balance sheet on the contract date at fair value through comprehensive income, both initially and in subsequent remeasurements. The method for recognising profit or loss arising from remeasurement depends on whether the derivative has been identified as a hedging instrument and, if so, the nature of the hedged item. The Group identifies some derivatives as a hedge of a given risk which is connected to a recognised liability or a very likely forecast transaction (cash flow hedge).

The Group uses derivative instruments to limit exposure to the negative effect of financial fluctuations on the Group's income statement, balance sheet and cash flow.

When the transaction is entered into, the relationship between the hedging instrument and the hedged item is analysed and assessed against the Group's risk management objectives for hedging. The analysis is documented at the inception of the hedge and on a continuous basis, to ensure that the derivative instruments used in hedging transactions are effective in evening out changes in fair value or changes in cash flow for hedged items. Gains and losses on hedges are recognised in profit for the year at the same time the gains and losses on the items hedged are recognised.

Cash flow hedges

To hedge interest rate risk for likely forecast interest cash flows related to loan liabilities at variable interest rates, interest rate swaps – in which the company receives a variable rate and pays a fixed rate – are used. Interest rate swaps are recognised at fair value on the balance sheet, with changes in value recognised in other comprehensive income. The interest coupon portion is recognised directly in profit for the year as part of interest expenses. Unrealised changes in fair value on the interest rate swaps are recognised in other comprehensive income and are included in the hedge

NOTES

reserve until the hedged item affects profit for the year and as long as the criteria for hedge accounting and effectiveness are fulfilled. The gain or loss related to the non-effective portion of unrealised value changes on the interest rate swaps is recognised in profit or loss.

Hedge accounting has also been applied for commodity and currency derivatives. Currency derivatives are used mainly to lock in the exchange rate for future flows of foreign currencies, which arise mostly in conjunction with investments and with electricity trading. Commodity derivatives are used to hedge the risk of electricity prices that arises in the Group's business operations. Changes in the fair value of these derivative instruments are recognised in other comprehensive income and are accumulated in the hedge reserve under equity. The accumulated gains or losses in the hedge reserve are reclassified to the income statement in the same period that the hedged item affects profit. When a hedging instrument or hedging relationship is terminated but the hedged transaction is still expected to occur, the accumulated gains and losses in the hedge reserve remain and are recognised in profit for the year when the contracted or projected transaction is recognised in the income statement. However, if the hedged transaction is no longer expected to occur, the accumulated gains and losses in the hedge reserve are immediately reclassified to profit or loss.

Provisions

A provision is recognised in the balance sheet when the company has a formal or informal obligation as a result of an event occurring, it is likely that an outflow of resources is required to settle the obligation, and a reliable estimate of the amount can be made. A present value calculation is made to take into account significant time effects of future payments. Provisions are divided into non-current and current provisions.

Restoration reserve

In conformity with the Group's published environmental principles and applicable legal requirements, a provision to restore contaminated assets shall be recognised when the asset is contaminated.

Restructuring reserve

A provision is recognised when a detailed restructuring plan has been adopted and the restructuring has either begun or been publicly announced.

Other provisions

Other provisions consist of provisions related to estimated amounts for disputes, onerous contracts, social security funds and other commitments. A provision for onerous contracts is recognised when the expected economic benefits the Group expects to receive from a contract are lower than the unavoidable costs of fulfilling the terms of the contract.

Contingent liabilities

A contingent liability is a possible obligation resulting from past events and whose occurrence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events, which are not entirely in the company's control, or there is an obligation resulting from past events but which is not recognised as a liability or provision since it is not likely that an outflow of resources will be required to settle the obligation, or the size of the obligation cannot be estimated with sufficient accuracy. No accounting is necessary when the likelihood of an outflow of resources is extremely limited.

Earnings per share

Earnings per share before and after dilution is calculated based on profit for the year attributable to the Parent Company's owner and the weighted average number of shares during the year. In calculating earnings per share before and after dilution, profit for the year is adjusted for transaction costs and interest expenses attributable to hybrid bonds.

Employee benefits

Short-term employee benefits

Short-term employee benefits are calculated on an undiscounted basis and recognised as a cost when the related services are provided.

Pensions

In the Group, there are both defined contribution and defined benefit pension plans, which are recognised in the following ways.

Defined contribution pension plans

Defined contribution pension plans are classified as plans for which the company's obligation is limited to the contributions the company has committed to pay. The size of the employee's pension depends on the contributions the company pays into the plan or to an insurance company and the return on capital generated by the contributions. Consequently, the employee bears the actuarial risk and the investment risk. The company's obligations concerning contributions to defined contribution plans are recognised as a cost in profit for the year at the rate they are vested by the employee providing services to the company during a period.

Defined benefit pension plans

Defined benefit plans are employee benefit plans once employment is terminated that are other than defined contribution plans. The Group's obligation concerning defined benefit plans is calculated separately for each plan by estimating the employee's future benefits vested through his or her employment for both the current and future periods. The benefit is discounted at present value, and the discount rate is the yield on the balance sheet date for an investment-grade corporate bond, including mortgage-backed securities, with a maturity corresponding to the Group's pension obligations. The calculation is made by a licenced actuary.

The net interest expense/income on the defined benefit obligation/asset is recognised in profit for the year from financial items. Net interest is based on the interest arising from discounting the obligation. Other components are recognised in operating profit.

Revaluation effects consist of actuarial gains and losses and are recognised in other comprehensive income. Changes or reductions in a defined benefit plan are recognised at the earlier of the following: a) when the change in the plan or reduction takes place or b) when the company recognises related restructuring costs and employee benefits upon termination. Changes/reductions are recognised directly in profit for the year. Employee pension tax is included in the actuarial assumptions and thus recognised as part of the obligation.

Other long-term employee benefits

The Group's other long-term employee benefits, apart from pensions, consist of the value of future benefits that employees have vested as remuneration for the services they provided in the current and previous periods. The benefit is discounted at present value, and the discount rate is set on the same grounds as for defined contribution pension plans. Any actuarial gains or losses are recognised in profit for the year in the period they arise.

Termination benefits

A cost for benefits in conjunction with the termination of staff is recognised at the earliest point at which the company can no longer rescind its offer to employees or when the company recognises costs for restructuring. The benefits expected to be paid within twelve months are recognised at their present value. Benefits not expected to be paid within twelve months are recognised in long-term employee benefits.

PARENT COMPANY ACCOUNTING PRINCIPLES

The Parent Company prepares its financial reports in conformity with Sweden's Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 "Accounting for legal entities". The differences between the consolidated and Parent Company accounting principles are presented below. The accounting principles specified for the Parent Company have been applied consistently in all the periods presented in the Parent Company's financial reports.

New accounting principles

Parent Company accounting principles are unchanged compared to the annual report for 2019.

Group contributions and dividends

Group contributions received and paid are recognised as appropriations. Dividends from subsidiaries are recognised in profit for the year under profit from financial items from holdings in Group companies.

Non-current intangible assets

The Parent Company recognises goodwill from the acquisition of assets that have an expected useful life of 20 years. Useful life reflects the company's estimate of the period under which future economic benefits that goodwill and other non-current intangible assets represent will flow to the company. Straight-line amortisation is applied over the expected useful life of the asset.

Leases

The Parent Company does not apply IFRS 16, in accordance with the exception found in RFR 2. As a lessee, Swedavia recognises lease charges as an expense on a straight-line basis over the lease term, so rights of use and lease liabilities are not recognised in the balance sheet. The contracts in which the Parent Company constitutes the lessor are recognised as operating leases.

Associated companies and joint ventures

Holdings in associated companies and joint ventures are recognised in the Parent Company using the cost method. Dividends received are recognised in the income statement. In cases where joint ventures are limited partnerships, the value of the holding is adjusted by the value of the Parent Company's share of the limited company's net profit.

Group companies

Holdings in Group companies are recognised in the Parent Company using the cost method. The recognised value of holdings in a limited partnership changes annually by the Parent Company's share of the limited partnership's net profit and any withdrawals or contributions made during the year.

Equity

Equity is divided between unrestricted and restricted reserves in accordance with the Annual Accounts Act. Group contributions paid are recognised by the donor as an increase in holdings in Group companies. The recipient recognises the contribution as unrestricted equity.

Untaxed reserve

In the Parent Company, untaxed reserves are recognised in their entirety without being divided between equity and deferred taxes.

Financial instruments

The Parent Company does not apply IFRS 9; instead, financial instruments are recognised based on their cost in conformity with the Annual Accounts Act. This means that non-current financial assets are recognised at cost less any impairment loss, and current financial assets are measured based on the lower of cost or market rule.

Interest rate swaps are recognised at cost and accrued interest.

Pensions

The Parent Company complies with the statutes in the Swedish Pension Obligations Vesting Act and the instructions of the Swedish Financial Supervisory Authority since that is a requirement for making tax deductions. The most significant differences compared to reporting in the consolidated financial accounts and in that case with the regulations in IAS 19 are the way the discount rate is determined, with the calculation of the defined benefit obligation based on the current salary level without any assumption of future salary increases, and actuarial gains and losses are recognised in the income statement. The Parent Company's total commitments for defined benefit pensions are covered by credit insurance with FPG/PRI.

Fixed assets held for sale

When a fixed asset, or disposal group, is classified as held for sale, it means its carrying amount will be recovered mainly through selling the asset and not its usage. A fixed asset or disposal group is classified as held for sale if it

is available for immediate sale in its present state and based on normal conditions, and the sale must be highly probable. These assets or disposal groups are presented separately as a current asset or current liability in the statement of financial position.

Immediately before an asset is classified as held for sale, the carrying amount of the fixed asset and all assets and liabilities in a disposal group is determined in accordance with applicable standards. On initial classification as held for sale, fixed assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Some assets, individually or as part of a disposal group, are excluded from the measurement requirements described above, namely investment properties, financial assets, deferred tax assets and plan assets attributable to defined-benefit pension plans.

NOTE 2 Significant judgements and estimates

In the preparation of the financial reports in accordance with IFRS, the company's management is required to make judgements and estimates as well as assumptions that affect application of the accounting principles and the carrying amounts of assets, liabilities, revenue and costs. Estimates and assumptions are based on historical experience and a number of other factors that seem reasonable under prevailing conditions. The actual outcome may differ from previous estimates and judgements. Estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period the change is made if it only affected that period, or in the period the change is made and future periods if the change affects both the current and future periods.

Below is a description of the areas that have a material effect on judgements and estimates.

Measurement of goodwill

Goodwill is allocated to the Airport Operations segment and tested for impairment at least annually. The recoverable amount is based on calculations of its value in use. These calculations are based on estimated cash flows in the business plan adopted and forecasts. Significant assumptions in determining the value in use are passenger volume trends, future interest rates and cost trends. See also Note 14.

Measurement of pension liability

Defined benefit pension obligations were taken over in conjunction with the division of operations at LFV and the formation of Swedavia. The assumption consists of the present value of expected future payments and is determined annually by independent actuaries. The size of the provision is affected by assumptions about the discount rate, which is assigned based on the duration, and inflation, which is assigned based on market expectations. See also Note 37.

Other

The management makes significant estimates and judgements concerning new construction in progress, which includes among other things whether costs incurred such as the company's own time and loan expenses can be capitalised, completion times, periods of use and future values in use. The management's best judgement is taken into consideration in conjunction with the recognition of disputed amounts since legal procedures and disputes are unpredictable by nature.

NOTE 3 Segment reporting

An operating segment is defined as a part of the Group that carries out business operations from which it can generate revenue and costs, whose operating profit is regularly examined by the company's highest executive officer and for which there is independent financial information. At Swedavia, the highest executive officer is identified as the chief executive officer of the Parent Company. Swedavia's operations are organised and run as two business segments, Airport Operations and Real Estate.

NOTES

- **Airport Operations** owns, operates and develops Swedavia's airports. Most revenue consists of passenger-related revenue
- **Real Estate** owns, develops and administers properties and developable land at and in the vicinity of Swedavia's airports. Most revenue consists of revenue from properties.

The basis of segment reporting is internal reporting. Capitalisation of interest on loans under IAS 23, IFRS 16 "Leases" and revaluation of

biological assets and financial instruments at fair value are not monitored at the segment level but are instead handled at the Group level and are included with eliminations of intra-Group items under "Eliminations/adjustments".

The accounting principles otherwise conform to those applied in the consolidated financial accounts.

| Amounts in SEK M | Airport Operations | | Real Estate | | Eliminations/adjustments | | Group | |
|--|--------------------|------------|-------------|------------|--------------------------|------------|---------------|------------|
| Income statement Jan–Dec ¹ | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Net revenue, external | 2,476 | 6,197 | 18 | 39 | — | — | 2,494 | 6,235 |
| Net revenue, internal | 22 | 25 | 13 | 15 | –35 | –40 | — | — |
| Other operating revenue | 272 | 68 | 440 | — | — | — | 700 | 68 |
| Capitalised work for own account | 172 | 189 | — | — | –12 | — | 172 | 189 |
| Operating costs | –3,625 | –4,555 | –51 | –83 | 173 | 164 | –3,503 | –4,474 |
| Depreciation, amortisation and impairment losses | –1,316 | –1,184 | –27 | –21 | –113 | –105 | –1,456 | –1,309 |
| Operating profit | –1,999 | 740 | 393 | –50 | 13 | 20 | –1,593 | 709 |
| Gain/loss from holdings in associated companies and joint ventures | — | — | 54 | 147 | — | — | 54 | 147 |
| Gain/loss from sale of subsidiaries, intra-Group | — | — | — | –141 | — | 141 | — | — |
| Financial income | 16 | 23 | — | 0 | –11 | –17 | 5 | 6 |
| Financial expenses | –150 | –128 | –11 | –19 | 22 | 21 | –138 | –127 |
| Group contribution | –72 | –96 | 72 | 96 | — | — | — | — |
| Profit before tax | –2,205 | 538 | 508 | 33 | 24 | 165 | –1,672 | 736 |
| Tax | 415 | –128 | –19 | –19 | –5 | –5 | 391 | –153 |
| Profit for the year | –1,790 | 410 | 489 | 14 | 19 | 160 | –1,282 | 583 |
| Other segment information | | | | | | | | |
| Gain/loss from holdings in associated companies and joint ventures | — | — | 54 | 45 | — | — | 54 | 45 |
| Investments | 2,570 | 2,906 | 286 | 554 | — | — | 2,856 | 3,460 |
| Gain/loss from sale of shares, holdings and operations | — | — | 439 | — | –12 | — | 427 | — |
| Restructuring costs | 36 | 81 | — | — | — | — | 36 | 81 |
| Impairment losses/disposals | 191 | 82 | 0 | — | — | — | 191 | 82 |

| | Airport Operations | | Real Estate | | Eliminations/adjustments | | Group | |
|---|--------------------|---------------|--------------|--------------|--------------------------|---------------|---------------|---------------|
| Balance sheet, as of Dec 31 ¹ | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Non-current assets | 19,688 | 18,499 | 2,044 | 2,593 | 202 | –54 | 21,934 | 21,038 |
| Current assets | 3,765 | 3,043 | 639 | 322 | –2,040 | –2,219 | 2,364 | 1,146 |
| Assets held for sale | — | — | — | — | 388 | 768 | 388 | 768 |
| Total assets | 23,453 | 21,542 | 2,683 | 2,915 | –1,450 | –1,505 | 24,686 | 22,952 |
| Equity | 10,130 | 9,475 | 1,209 | 727 | –807 | –761 | 10,533 | 9,440 |
| Liabilities | 13,323 | 12,067 | 1,474 | 2,189 | –647 | –786 | 14,150 | 13,469 |
| Liabilities related to assets held for sale | — | — | — | — | 3 | 43 | 3 | 43 |
| Total equity and liabilities | 23,453 | 21,542 | 2,683 | 2,915 | –1,450 | –1,505 | 24,686 | 22,952 |

¹ One customer accounted for 17 per cent (17) of the Group's revenue in 2020, equal to SEK 1,097 M (1,082), allocated to both segments. Of the Group's total investments in 2020 – SEK 2,856 M (3,460) – SEK 2,570 M (2,906) is attributable to Airport Operations and SEK 286 M (554) is attributable to Real Estate.

NOTE 4 Net revenue

| | Airport Operations | | Real Estate | | Eliminations/adjustments | | Group | |
|---|--------------------|--------------|-------------|-----------|--------------------------|------------|--------------|--------------|
| Revenue by source ¹ | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Aviation Business | | | | | | | | |
| Passenger-related revenue | 447 | 1,822 | — | — | — | — | 447 | 1,822 |
| Aircraft-related revenue | 316 | 867 | — | — | — | — | 316 | 867 |
| Externally regulated charges | 535 | 733 | — | — | — | — | 535 | 733 |
| Ground handling | 115 | 286 | — | — | — | — | 115 | 286 |
| Other ancillary services | 94 | 206 | — | — | — | — | 94 | 206 |
| Total Aviation Business | 1,507 | 3,914 | — | — | — | — | 1,507 | 3,914 |
| Commercial Services | | | | | | | | |
| Parking & entry | 295 | 889 | — | — | — | — | 295 | 889 |
| Retail, food & beverage | 196 | 735 | — | — | — | — | 196 | 735 |
| Property revenue | 344 | 438 | 28 | 45 | -16 | -14 | 356 | 469 |
| Advertising | 57 | 123 | — | — | — | — | 57 | 123 |
| Other commercial products | 76 | 95 | 4 | 8 | -13 | -25 | 67 | 78 |
| Total Commercial Services | 968 | 2,280 | 32 | 53 | -28 | -39 | 971 | 2,294 |
| Other net revenue | 23 | 29 | 0 | — | -7 | -2 | 16 | 28 |
| Total net revenue | 2,498 | 6,222 | 31 | 54 | -35 | -41 | 2,494 | 6,235 |
| Of which revenue for contracts with customers | 2,139 | 5,290 | 17 | 42 | -19 | -27 | 2,137 | 5,305 |
| Of which not revenue for contracts with customers | 359 | 932 | 14 | 12 | -16 | -14 | 357 | 930 |

¹ Swedavia's geographic market is Sweden. Swedavia's airports are run, consolidated and reported internally as a cohesive system of airports. Of net revenue for the year, SEK 2,494 M (6,235), SEK 31 M (54) is attributable to the Real Estate operating segment, broken down into property revenue of SEK 28 M (45), other commercial products of SEK 4 M (8) and other net revenue of SEK 0 M (1). During the year, revenue from contracts with customers under IFRS 15 totalled SEK 2,103 M (5,227), which pertains to total net revenue as of December 31 apart from revenue in retail, food & beverage of SEK 196 M (735) and some property revenue of SEK 195 M (274). For the full year, revenue under IFRS 16 totalled SEK 391 M (1,008), with SEK 378 M (975) of this attributable to the Airport Operations segment and SEK 14 M (33) to the Real Estate segment.

Performance obligations

Swedavia's revenue from contracts with customers consists of revenue from Aviation Business, Commercial Services and other net revenue. Independently determined sales prices are used for all performance obligations. Discounts provided have reduced net revenue. Trade receivables are non-interest-bearing assets usually with 30-day payment terms. Trade receivables in 2020 were lower compared to the previous year as a result of the current market situation. Information about the Group's performance obligations is summarised below:

Aviation Business

Revenue from Aviation Business consists of passenger-related revenue, aircraft-related revenue, externally regulated charges, ground handling and other ancillary services. This revenue is related to the provision of infrastructure aimed at airlines and ground handling companies for take-off and landing and is recognised in conjunction with airlines and ground handling companies using Swedavia's range of services on offer – in other words, when there is a departure from one of Swedavia's airports. Discounts given have reduced net revenue in the same period the revenue is generated. Revenue is invoiced after the performance obligation has been completed.

Commercial Services

Revenue from Commercial Services consists of revenue from parking & entry, retail, food & beverage, property revenue, advertising and other commercial services. This revenue is related to services associated with the airports such as the leasing of premises, parking operations and the

provision of advertising space. Revenue from parking & entry is recognised in conjunction with the parking customer using the parking space. Advertising revenue consists of the sale of advertising space, and revenue is recognised during the period of use. Real estate revenue and other commercial products consist of the sale of energy and telecom services, which are recognised when the service is provided. Discounts given have reduced net revenue in the same period the revenue is generated.

Other net revenue

Revenue under other net revenue is recognised on delivery and consists of revenue from goods sold and services provided that are included in the company's regular operations but that are not related to revenue from Aviation Business or Commercial Services. Discounts given have reduced net revenue in the same period the revenue is generated. Revenue is invoiced after the performance obligation has been completed.

Contract balances

Contract assets and contract liabilities arise in conjunction with customer invoicing and are reclassified as trade receivables upon invoicing. Contract assets consist of the right to receive payment for performance completed when the service has been transferred to the customer. Contract liabilities consist of the customer's right to be provided with a performance obligation by Swedavia – in other words, if payments are made prior to completion of the performance obligation – as well as the right to receive volume discounts in accordance with the contract.

NOTES

Trade receivables, contract assets and contract liabilities from contracts with customers:

| | Group | | Parent Company | |
|---|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Trade receivables related to contracts with customers | 63 | 108 | 63 | 108 |
| Contract assets | 7 | 16 | 7 | 16 |
| Contract liabilities | 40 | 35 | 40 | 35 |

Impairment losses recognised on any contract assets arising from contracts with customers totalled SEK 0 M (0) during the year.

| | Group | |
|--|-------|------|
| | 2020 | 2019 |
| Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of periods | 35 | 48 |
| Revenue recognised during the reporting period from performance obligations satisfied in previous periods | 16 | 21 |

NOTE 5 Related party transactions

Related party transactions involve transactions with State-owned companies or operations that conduct business in which the State has a controlling interest. Related parties also include companies over which Swedavia may exercise a controlling interest or significant influence in terms of operating and finance decisions made; for transactions with them, see the table below. Concerning Swedavia AB's receivables from and liabilities associated companies and joint ventures", see Note 31 "Receivables from and liabilities to associated companies and joint ventures". Shares in Group companies are described in detail in Note 27 "Holdings in Group companies" and in Note 26 "Holdings in associated companies and joint ventures". Concerning long-term receivables from the Swedish Transport Administration related to the restoration reserve for estimated future expenditures to address identified historical environmental damage, see Note 25 "Other long-term receivables" and Note 38 "Other provisions". Transactions are carried out on market terms, and operations are subject to competition. Related parties that are physical persons are defined as executive officers, Board members and immediate family members of such persons. For information about remuneration to executive officers and Board members, see Note 8 "Employees and staff expenses". There are no securities pledged by or contingent liabilities from Swedavia for executive officers or Board members.

| | Group | | Parent Company | |
|---|-----------|-----------|----------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| Sale of goods and services | | | | |
| Subsidiaries | — | — | 122 | 135 |
| Associated companies and joint ventures | 37 | 44 | 5 | 9 |
| Total sale of goods and service | 37 | 44 | 127 | 144 |
| Sale of immovable property or other assets | | | | |
| Subsidiaries | — | — | 14 | 10 |
| Associated companies and joint ventures | — | 13 | — | 13 |
| Total sale of immovable property or other assets | — | 13 | 14 | 24 |
| Purchase of goods and services | | | | |
| Subsidiaries | — | — | 330 | 341 |
| Associated companies and joint ventures | 97 | 93 | 97 | 93 |
| Total purchase of goods and services | 97 | 93 | 427 | 434 |
| Interest, net | | | | |
| Subsidiaries | — | — | 11 | 17 |
| Total interest | — | 0 | 11 | 17 |

Transactions with the Swedish State

Swedavia AB is wholly owned by the Swedish State. The Swedavia Group's products and services are provided to the State, government agencies and State-owned companies (hereinafter called other related parties) in competition with other suppliers on commercial terms. Similarly, Swedavia AB and its Group companies purchase products and services from government authorities and State-owned companies at market prices and on commercial terms. Costs for other related parties consist mostly of the purchase of meteorological services, charges to government authorities and air navigation services, which are largely included in the costs covered via remuneration from the Swedish Transport Agency for security screening and parts of air traffic management services. The Group's sale of goods and services to other related parties totalled SEK 257 M (291). In 2020, Swedavia received government grants totalling SEK 433 M (—), with SEK 233 M of this for restructuring aid, SEK 187 M for aid for furloughs and SEK 13 M for rent concessions. Transactions with the Swedish State related to taxes and payroll fees have not been included.

NOTE 6 Other operating revenue

| | Group | | Parent Company | |
|--------------------------------|------------|-----------|----------------|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| Other operating revenue | | | | |
| Capital gains | 435 | 36 | 7 | 36 |
| Other | 265 | 32 | 265 | 32 |
| Total | 700 | 68 | 272 | 68 |

Capital gains in 2020 are related to the sale of subsidiaries, SEK 427 M (—), the sales of buildings, SEK — M (15), the sale of land, SEK — M (13), and other capital gains of SEK 7 M (8). Other mainly concerns restructuring aid of SEK 233 M (—).

NOTE 7 Remuneration and reimbursements to auditors

| | Group | | Parent Company | |
|----------------------|----------|----------|----------------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| KPMG | | | | |
| Auditing assignments | 3 | 3 | 3 | 3 |
| Total | 3 | 3 | 3 | 3 |

Auditing assignments refers to the statutory auditing of the annual accounts and the administration of the Board of Directors and the President and CEO as well as auditing and other examination performed in accordance with agreements or contracts. This includes other duties incumbent upon the company's auditor as well as advice or other assistance stemming from observations made during such audits or the performance of other such duties.

Other services refers to advice on accounting issues as well as advice on processes and internal control.

Audit expense pertains to the accrued expense for the financial year the audit is for. At the Annual General Meeting 2019, KPMG was elected auditor, which means the entire cost of the audit for the financial year 2019 is allocated to KPMG. KPMG was re-elected as auditor at the Annual General Meeting 2020.

NOTE 8 Employees and staff expenses

| | 2020 | | | 2019 | | |
|--|--------------|-------------------|-----------------|--------------|-------------------|-----------------|
| | Total | Share of women, % | Share of men, % | Total | Share of women, % | Share of men, % |
| Average number of employees, Sweden | | | | | | |
| Parent Company | 2,600 | 34 | 66 | 3,050 | 35 | 65 |
| Group | 2,600 | 34 | 66 | 3,050 | 35 | 65 |

| | 2020 | | | 2019 | | |
|---|-------|-------------------|-----------------|-------|-------------------|-----------------|
| | Total | Share of women, % | Share of men, % | Total | Share of women, % | Share of men, % |
| Average number of executive officers | | | | | | |
| Group | | | | | | |
| Board members | 9 | 45 | 55 | 8 | 33 | 67 |
| Other executive officers, including the President and CEO | 11 | 64 | 36 | 12 | 64 | 36 |

| | Group | | Parent Company | |
|---|--------------|--------------|----------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| Salary, other employee benefits and payroll taxes, SEK M | | | | |
| Salaries and employee benefits | | | | |
| Board of Directors | 2 | 2 | 2 | 2 |
| President and CEO | 22 | 27 | 22 | 27 |
| Other employees ¹ | 1,004 | 1,364 | 1,004 | 1,364 |
| Total | 1,028 | 1,393 | 1,028 | 1,393 |
| Payroll taxes ² | 496 | 615 | 465 | 755 |
| of which pension expenses including employee pension tax for CEO and executive officers | 8 | 9 | 8 | 9 |
| of which pension expenses including employee pension tax for other employees | 141 | 160 | 111 | 300 |
| Other staff-related expenses | 25 | 44 | 25 | 44 |
| Total staff expenses | 1,550 | 2,052 | 1,519 | 2,192 |

¹ Salaries in 2020 were reduced by SEK 172 M in conjunction with furloughs. SEK 30 M was related to salary waivers and SEK 142 M was related to government grants.

² Payroll taxes in 2020 were reduced by SEK 55 M in conjunction with furloughs, SEK 11 M of which was related to salary waivers and SEK 44 M of which was related to government grants.

| | Board remuneration in 2020, SEK T | Audit Committee | Remuneration Committee | Other benefits |
|-----------------------------|-----------------------------------|-----------------|------------------------|----------------|
| Board Chairman | | | | |
| Åke Svensson | 431 | 21 | 24 | — |
| Board members | | | | |
| Lars Backemar ² | 73 | — | — | — |
| Lottie Knutson ² | 73 | — | 7 | — |
| Nina Linander ¹ | 189 | 29 | — | — |
| Lotta Mellström | — | — | — | — |
| Lars Mydland | 216 | — | — | — |
| Mikael Norman ² | 73 | 13 | — | — |
| Lottie Svedenstedt | 216 | — | 19 | — |
| Tor Claussen ³ | 143 | — | — | — |
| Eva Nygren ³ | 143 | — | — | — |
| Per Sjödel ³ | 143 | — | — | — |
| Annica Ånäs ³ | 143 | — | — | — |
| Total | 1,843 | 63 | 50 | — |

¹ Nina Linander was elected to the Board and the Audit Committee on February 13. She was elected chairman of the Audit Committee on May 1.

² Stepped down from the Board at the AGM on April 29, 2020.

³ Was elected to the Board at the AGM on April 29, 2020.

NOTES

| Board remuneration in 2019, SEK T | Board fee | Audit Committee | Remu- neration Committee | Other benefits |
|--------------------------------------|--------------|--------------------|--------------------------------|-------------------|
| Board Chairman | | | | |
| Åke Svensson | 447 | 15 | 25 | — |
| Board members | | | | |
| Lars Backemar | 223 | — | — | — |
| Adine Grate Axén ¹ | 73 | 7 | — | — |
| Lottie Knutson | 223 | — | 20 | — |
| Lotta Mellström | — | — | — | — |
| Lars Mydland | 223 | — | — | — |
| Mikael Norman | 223 | 37 | — | — |
| Lottie Svedenstedt | 223 | — | 20 | — |
| Total | 1,635 | 59 | 65 | — |

¹ Adine Grate Axén stepped down from the Board in conjunction with the AGM 2019.

Remuneration to the Board is based on the fees adopted by the AGM, with one twelfth of the annual fee paid monthly. In 2020, all Board members voluntarily waived 10 per cent of their Board fee and committee fee during the period April 1 to August 31, 2020. The amounts above consist of the fee adopted by the Board less the fee voluntarily waived calculated based on the monthly fee for the period specified.

Guidelines for Board remuneration

Swedavia follows the State's guidelines for Board remuneration. A fee is paid to the Chairman and Board members based on a decision at the Annual General Meeting (AGM) on April 29, 2020. No pension contribution is paid for Board members. No remuneration is paid to Board members who are employed in the Swedish Government Offices. No Board fee is paid to employee representatives or their deputies. No Board fee is paid to Board members in any subsidiary since all members are employees of companies in the Swedavia Group. Remuneration for members of the Audit Committee is based on a decision taken at the AGM held on April 29, 2020. Since the statutory Board meeting on April 29, 2020, the Audit Committee consists of Board members Nina Linander as committee chairman and Åke Svensson and Lotta Mellström as committee members. Remuneration for members of the Audit Committee is based on a decision taken at the AGM held on April 29, 2020. Since the 2019 statutory Board meeting on April 29, 2020, Board Chairman Åke Svensson is committee chairman and Board members Lotta Mellström and Lottie Svedenstedt are members, while Robert Olsson is employee representative.

| Remuneration to executive officers ¹ in 2020, SEK T | | Base salary | Other benefits ² | Pension expenses | Total remuneration | Employer's period of notice of termination + number of months' severance pay |
|---|---------------------|----------------|--------------------------------|---------------------|--------------------|--|
| President and CEO | Jonas Abrahamsson | 4,082 | 11 | 1,214 | 5,307 | 6 + 12 |
| Director of Major Projects | Johan Bill | 2,130 | 14 | 640 | 2,784 | 6 + 6 |
| Chief Legal Counsel | Anna Bovaller | 1,491 | 5 | 410 | 1,906 | 6 + — |
| Airport Director, Bromma Stockholm Airport | Mona Glans | 1,452 | 4 | 372 | 1,827 | 6 + 6 |
| Airport Director, Stockholm Arlanda Airport | Peder Grunditz | 1,885 | 14 | 566 | 2,465 | 6 + 6 |
| Director of Market & Commercial Development | Charlotte Ljunggren | 1,998 | 4 | 587 | 2,588 | 6 + 6 |
| Airport Director, Regional Airports | Susanne Norman | 1,479 | 3 | 378 | 1,860 | 6 + 6 |
| Director, Facilities & Systems | Caroline Ottoson | 2,036 | 14 | 612 | 2,662 | 6 + 6 |
| Chief Financial Officer | Mats Pålsson | 2,181 | 15 | 644 | 2,840 | 6 + 6 |
| Airport Director, Göteborg Landvetter Airport | Anna Strömwall | 1,461 | 3 | 374 | 1,839 | 6 + 6 |
| Director of Business Support & Safety | Marie Wiksborg | 1,831 | 3 | 505 | 2,339 | 6 + 6 |
| Total | | 22,027 | 89 | 6,301 | 28,417 | |

¹ Remuneration has been recognised based on monthly salary and statutory holiday pay. Pension expense includes a premium for supplementary health insurance. During the period April 1 to August 31, 2020, executive officers voluntarily waived 10% of their gross salary.

² Benefits consist primarily of benefits in the form of parking, public transport allowances and health insurance.

| Remuneration to executive officers ¹ in 2020, SEK T | | | Base salary | Other benefits ⁵ | Pension expenses | Total remuneration | Employer's period of notice of termination + number of months' severance pay |
|---|----------------------------------|--------------------|----------------|--------------------------------|---------------------|--------------------|--|
| President and CEO | Jonas Abrahamsson | | 4,311 | 18 | 1,267 | 5,597 | 6 + 12 |
| Director of Major Projects | Johan Bill | | 2,186 | 14 | 657 | 2,857 | 6 + 6 |
| Chief Legal Counsel | Anna Bovaller | As of Jan 1, 2019 | 1,558 | 18 | 440 | 2,016 | 6 + – |
| Airport Director, Bromma Stockholm Airport | Mona Glans | | 1,498 | 4 | 384 | 1,885 | 6 + 6 |
| Airport Director, Stockholm Arlanda Airport | Peder Grunditz | | 1,934 | 15 | 581 | 2,530 | 6 + 6 |
| Director of Market & Commercial Development | Charlotte Ljunggren ² | As of Jan 1, 2019 | 2,078 | 7 | 612 | 2,696 | 6 + 6 |
| Airport Director, Regional Airports | Susanne Norman | | 1,536 | 6 | 393 | 1,935 | 6 + 6 |
| Director, Facilities & Systems | Caroline Ottoson | As of Aug 12, 2019 | 825 | 3 | 248 | 1,076 | 6 + 6 |
| Chief Financial Officer | Mats Pålsson | | 2,269 | 24 | 665 | 2,958 | 6 + 6 |
| Airport Director, Göteborg Landvetter Airport | Anna Strömwall ³ | As of Jan 1, 2019 | 1,416 | 6 | 364 | 1,786 | 6 + 6 |
| Director of Business Support & Safety | Marie Wiksborg | As of Jan 1, 2019 | 1,900 | 4 | 524 | 2,429 | 6 + 6 |
| Senior Adviser | Karl Wistrand ⁴ | As of Aug 12, 2019 | 5,876 | 15 | 1,106 | 6,997 | 6 + 9 |
| Total | | | 27,388 | 133 | 7,240 | 34,760 | |

¹ Remuneration has been recognised based on the period each executive officer was included in executive management. Recognised base salary is based on a fixed monthly salary, statutory holiday pay and any severance pay. Pension expense includes the effect of any exchange of salary increase for benefits and premiums for supplementary health insurance.

² Charlotte Ljunggren stayed on as Airport Director of Göteborg Landvetter Airport until January 31, 2019, while serving in her position as Director of Market & Commercial Development pending the Swedish Transport Agency's approval of Anna Strömwall as the new Airport Director of Göteborg Landvetter Airport.

³ Anna Strömwall assumed the position of Airport Director of Göteborg Landvetter Airport on January 1, 2019, but was in training and therefore formally assumed responsibility for the airport on February 1, 2019, following the Swedish Transport Agency's approval.

⁴ Karl Wistrand assumed the position of Acting Director of Facilities & Systems on January 1, 2019, and stepped down from the position in August 11, 2019. He then stayed on as an executive officer and reported to the President and CEO until he left Swedavia on December 31, 2019. Recognised remuneration for 2019 also includes base salary expenses of SEK 1,295 T and pension expenses of SEK 327 T during the period of notice of termination until June 30, 2020, as well as severance pay for a period of 9 months of SEK 1,943 T. The total maximum remuneration is SEK 3,565 T. If that person assumes a new position, is given another salaried assignment or earns income from some business activity, remuneration shall be reduced by an amount equivalent to the new income during the time termination pay and severance pay are given. The entire expense including payroll tax was charged to income in 2019.

⁵ Benefits consist primarily of benefits in the form of parking, public transport allowances and health insurance.

Remuneration to executive officers

Executive officer refers to the people who together with the chief executive officer (CEO) constitute the company's executive management or report directly to the CEO. The executive management is appointed by the CEO. Remuneration to the CEO and Head of Internal Auditing is decided by Swedavia's Board of Directors, following preparation of the matter in the Remuneration Committee. The CEO determines remuneration for other executive officers following preparation of the matter in the Remuneration Committee. The Board's proposed principles for remuneration and other terms of employment for the company's executive management stipulate that Swedavia AB (publ) shall strive for remuneration and terms of employment that are competitive and well informed.

Remuneration shall be characterised by reasonableness and transparency and shall contribute to good ethics and corporate culture. Remuneration shall not be such that it drives salaries relative to comparable companies but shall instead be characterised by moderation. For matters concerning remuneration and other terms of employment, Swedavia applies the principles adopted in its Guidelines for Terms of Employment for Executive Officers in Companies. These are based on the Swedish Government's Principles for Remuneration and Other Terms of Employment for Executive Officers in Companies under State Ownership adopted on February 27, 2020. These guidelines shall result in remuneration that is competitive, capped, reasonable and appropriate. The principle is a fixed base

salary, which means there may not be any incentive programmes or other types of variable pay for executive officers.

Pensions

A pension provision of 30 per cent of fixed salary was made as a premium-based pension to the CEO. A pension provision was made to other executive officers in accordance with the ITP 1 defined contribution plan with the exception of the Director of Market & Commercial Development, who has an agreement for a premium-based pension which includes a provision equivalent to 30 per cent of that person's fixed salary. One executive officer, who was employed in the transition from LFV to Swedavia on April 1, 2010, is also covered by an age-related graduated pension premium for the ITP 1 plan determined through a collective bargaining agreement. For other executive officers, who are not covered by the graduated pension premium for ITP 1, a pension provision in addition to the defined contribution pension for the ITP 1 plan has been agreed. However, these pension benefits do not exceed the Swedish State's guidelines in effect at any time. The retirement age for the CEO and other executive officers is 65.

Termination and severance pay

For notice of termination given by the company, the period of notice of termination and severance pay are specified in the table. Severance pay is equal to a fixed salary. If that person assumes a new position, is given another

NOTES

additional salaried assignment or earns income from some business activity, termination pay and the severance package shall be reduced by the amount equal to the new income during the period in question. Severance pay is not pensionable income and is not subject to statutory holiday pay. The CEO and other executive officers have six months' notice of termination by mutual consent, except for one person who must give four months' notice of termination. All executive officers are entitled to all employment benefits that apply during the period of notice. The expense including payroll fees for former Senior Adviser Karl Wistrand was charged to the income statement in 2019. Severance pay is paid on a monthly basis and netted against any other income.

Other employees

Employees in the Swedavia Group receive remuneration in the form of a fixed base salary, a fixed hourly wage, benefits and pension provision in accordance with collective bargaining agreements. For some age groups whose positions were transferred from LFV to Swedavia on April 1, 2010, there is also an age-related graduated pension premium for the ITP 1 plan as determined through a collective agreement. As a supplement to their fixed base salary, advertising sales representatives also have a variable portion of their salary that is commission-based, which is capped.

NOTE 9 Depreciation, amortisation and impairment losses on fixed assets and non-current intangible assets

| | Group | | Parent Company | |
|--|--------------|--------------|----------------|--------------|
| Depreciation/amortisation | 2020 | 2019 | 2020 | 2019 |
| Goodwill | — | — | 25 | 25 |
| Other non-current intangible assets | 62 | 63 | 62 | 63 |
| Buildings and land | 312 | 315 | 312 | 315 |
| Investment properties | 21 | 19 | — | — |
| Field structures | 262 | 239 | 261 | 239 |
| Electrical installations, vehicles and equipment | 624 | 611 | 493 | 493 |
| Total | 1,281 | 1,249 | 1,154 | 1,135 |
| Impairment losses | | | | |
| New construction in progress | 174 | 61 | 173 | 61 |
| Total | 174 | 61 | 173 | 61 |
| Total | 1,456 | 1,309 | 1,327 | 1,196 |

NOTE 10 Other operating expenses

| | Group | | Parent Company | |
|----------------------------------|-----------|-----------|----------------|-----------|
| Other operating expenses | 2020 | 2019 | 2020 | 2019 |
| Cost of disposal of fixed assets | 17 | 21 | 18 | 21 |
| Other | 3 | 2 | 2 | 2 |
| Total | 21 | 23 | 21 | 23 |

NOTE 11 Financial income and expenses

| | Group | | Parent Company | |
|---|-----------|------------|----------------|----------|
| Profit from holdings in associated companies and joint ventures | 2020 | 2019 | 2020 | 2019 |
| Portion of profit for the year from holdings in associated companies and joint ventures | 54 | 45 | — | — |
| Capital gain from sale of associated companies | — | 102 | — | — |
| Total | 54 | 147 | — | — |

| | Group | | Parent Company | |
|---------------------------------------|----------|----------|----------------|-----------|
| Financial income | 2020 | 2019 | 2020 | 2019 |
| Interest income | 5 | 4 | 16 | 21 |
| Net, change in foreign exchange rates | — | 2 | — | 2 |
| Total | 5 | 6 | 16 | 23 |

| | Group | | Parent Company | |
|---|------------|------------|----------------|------------|
| Financial expenses | 2020 | 2019 | 2020 | 2019 |
| Interest expenses, financial liabilities | 36 | 29 | 80 | 63 |
| Interest rate derivatives | 37 | 36 | 34 | 36 |
| Portion of interest on pension expense for the year | 12 | 21 | — | — |
| Interest expenses, lease liabilities | 37 | 34 | — | — |
| Net, changes in foreign exchange rates | 5 | — | 11 | — |
| Other financial expenses | 12 | 8 | 11 | 9 |
| Total | 138 | 127 | 137 | 107 |

Financial income is related to financial instruments recognised at amortised cost. Financial expenses related to interest expenses from financial liabilities and other financial expenses are measured at amortised cost. Derivative instruments are measured at fair value through other total comprehensive income.

Interest expenses from financial liabilities are related to liabilities to credit institutions, bonds, medium-term notes and commercial paper. Borrowing costs related to refurbishments and new construction projects, totalling SEK 44 M (37), were capitalised during the year. The average interest rate for 2020 is 1.2 per cent (1.1).

NOTE 12 Appropriations and untaxed reserves

| | Parent Company | |
|---|----------------|--------------|
| | 2020 | 2019 |
| Appropriations | | |
| Change in accelerated depreciation/amortisation | 475 | -175 |
| Change in tax allocation reserve | — | 160 |
| Group contribution paid | — | -101 |
| Group contribution received | 120 | 149 |
| Total appropriations | 595 | 33 |
| Untaxed reserves | | |
| Accumulated accelerated depreciation/amortisation | 1,575 | 2,050 |
| Total untaxed reserves | 1,575 | 2,050 |

Accumulated accelerated amortisation and depreciation are related to other intangible assets, electrical installations, vehicles and equipment.

NOTE 13 Tax

| | Group | | Parent Company | |
|--|-------------|-------------|----------------|-------------|
| | 2020 | 2019 | 2020 | 2019 |
| Current tax expense (-)/tax income (+) | | | | |
| Tax expense/tax income for the year | -21 | -129 | 0 | -107 |
| Tax pertaining to taxation for the previous year | 33 | 1 | 33 | 0 |
| | 12 | -128 | 33 | -107 |
| Deferred tax expense (-)/tax income (+) | | | | |
| Deferred tax for temporary differences | 378 | -25 | 283 | 13 |
| Total tax expense/income recognised | 391 | -153 | 316 | -93 |
| Group | 2020 | | 2019 | |
| | Per cent | Amount | Per cent | Amount |
| Reconciliation of effective tax | | | | |
| Profit before tax | | -1,672 | | 736 |
| Tax using the tax rate in effect | 21.4 | 358 | 21.4 | -158 |
| Tax effect of non-deductible costs | -1.0 | -16 | 4.5 | -33 |
| Tax effect of non-taxable revenue | 5.6 | 94 | -3.1 | 23 |
| Temporary difference, not capitalised | -1.5 | -26 | — | — |
| Effect on deferred tax of change in tax rates | -0.9 | -15 | -0.4 | 3 |
| Other | -0.3 | -5 | -1.6 | 12 |
| Recognised effective tax | 23.4 | 391 | 20.8 | -153 |

| Parent Company | 2020 | | 2019 | |
|--|-------------|------------|-------------|------------|
| | Per cent | Amount | Per cent | Amount |
| Reconciliation of effective tax | | | | |
| Profit before tax | | -1,724 | | 351 |
| Tax calculated using tax rate in effect for the Parent Company | 21.4 | 369 | 21.4 | -75 |
| Tax effect of non-deductible costs | -0.9 | -16 | 9.4 | -33 |
| Tax effect of non-taxable revenue | 0.0 | 1 | -0.3 | 1 |
| Temporary difference, not capitalised | -1.5 | -26 | | |
| Effect on deferred tax of change in tax rates | -0.7 | -11 | — | — |
| Other | 0.0 | -1 | -3.7 | 13 |
| Recognised effective tax | 18.3 | 316 | 26.6 | -93 |

In the consolidated accounts, non-taxable revenue in 2020, SEK 94 M, and in the previous year, SEK 23 M, is mostly capital gains from the sale of shares and holdings. The tax rate, which is 21.4 per cent for 2020, will be changed to 20.6 per cent starting in 2021.

NOTE 14 Non-current intangible assets

| Non-current intangible assets | Group | | Parent Company | |
|---|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Goodwill | 352 | 352 | 228 | 253 |
| Other non-current intangible assets | 378 | 423 | 378 | 423 |
| Total | 729 | 775 | 606 | 676 |
| Goodwill | Group | | Parent Company | |
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Accumulated cost | | | | |
| Opening balance | 352 | 352 | 493 | 493 |
| Closing balance | 352 | 352 | 493 | 493 |
| Accumulated scheduled amortisation | | | | |
| Opening balance | — | — | -241 | -216 |
| Scheduled amortisation for the year | — | — | -25 | -25 |
| Closing balance | — | — | -265 | -241 |
| Carrying amount, closing balance | 352 | 352 | 228 | 253 |

Goodwill

In conjunction with the conversion of airport operations into a limited liability company on April 1, 2010, assets and liabilities from LfV were transferred to Swedavia at an estimated market value. In conjunction with the transaction, goodwill of SEK 493 M arose, which in the transition to IFRS in the Group totalled SEK 352 M.

Goodwill impairment testing

The recognised value of goodwill is derived from Airport Operations (operating segment). The airports included in Sweden's national basic infrastructure of airports are operated as a single system, which is cohesive and mutually dependent. This notion of system means that it is not possible to isolate

NOTES

cash flows related to individual airports included in the system in a meaningful way so the airports included in the national basic infrastructure are treated as a single cash-generating unit. Goodwill has an indeterminable useful life in the Group but is amortised according to schedule in the Parent Company. Impairment testing is carried out annually or more frequently if there is an indication of a decline in value. The recoverable value is determined based on calculations of value in use. The calculations for the first two-year period are based on estimated cash flows in the business plan adopted.

The Swedavia Group works with strategic plans and long-term scenarios, based on industry assessments, which run through 2034. After the end of the business plan, impairment testing is based on the estimated cash flows in the strategic plan adopted. In calculating the value in use, lease payments have been treated as cash flows in the business. That means lease liabilities did not affect the discount rate, in line with previous years. The lease liability is deducted from the unit's carrying amount because the value in use is reduced by future lease payments, in which the right-of-use assets are included in impairment testing.

Significant assumptions in determining the value in use are the passenger trend, investment level and cost trend. The Covid-19 pandemic has had a drastic impact on the aviation market and created great uncertainties about the passenger trend in both the short and long term. Swedavia has used four main scenarios, based on industry assessments, in determining the future passenger trend used in its business plan and strategic plan. Based on these main scenarios, a conservative scenario was chosen, which is considered to reflect the most likely passenger trend. Cash flows beyond 2034 are assumed to have annual growth equivalent to 2.0 per cent (2.0). The discount rate used before tax is 8.2 per cent (6.8). This testing has not entailed any impairment loss on goodwill.

Sensitivity analysis

The estimated recoverable amount for Airport Operations exceeded the carrying amount as of December 31, 2020. A 0.5 per cent increase in the discount rate (WACC) would entail a SEK 2,800 M decrease in the recoverable amount, in which case the recoverable amount would fall below the carrying amount. A 0.5 per cent decrease in annual growth would entail a SEK 1,500 M decrease in the recoverable amount, in which case the recoverable amount would exceed the carrying amount.

| | Group | | Parent Company | |
|---|--------------|--------------|----------------|--------------|
| Other non-current intangible assets | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Accumulated cost | | | | |
| Opening balance | 698 | 637 | 698 | 637 |
| Reclassifications for the year | 40 | 61 | 40 | 61 |
| Disposals and divestments for the year | -1 | -1 | -1 | -1 |
| Closing balance | 737 | 698 | 737 | 698 |
| Accumulated scheduled amortisation | | | | |
| Opening balance | -275 | -212 | -275 | -212 |
| Reversal of amortisation on disposals | 1 | 1 | 1 | 1 |
| Scheduled amortisation for the year | -85 | -63 | -85 | -63 |
| Closing balance | -359 | -275 | -359 | -275 |
| Carrying amount, closing balance | 378 | 423 | 378 | 423 |

Other non-current intangible assets pertain to noise insulation for the properties of others, SEK 188 M (209), and IT systems, SEK 190 M (214), of which SEK 28 M (35) pertains to intangible assets developed in-house. Other non-current intangible assets that pertain to investments in the

properties of others constitute a condition for running airport operations. Necessary investments in noise insulation are regulated in the environmental permit for each airport.

NOTE 15 Fixed assets

| | Group | | Parent Company | |
|--|---------------|---------------|----------------|---------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Buildings and land (Note 16) | 5,288 | 5,343 | 5,268 | 5,313 |
| Field structures (Note 17) | 3,506 | 3,399 | 3,497 | 3,390 |
| Electrical installations, vehicles and equipment (Note 18) | 3,021 | 3,009 | 2,877 | 2,859 |
| New construction in progress (Note 19) | 6,296 | 5,113 | 6,143 | 5,031 |
| Total | 18,112 | 16,864 | 17,786 | 16,593 |

NOTE 16 Buildings and land

| | Group | | Parent Company | |
|---|---------------|---------------|----------------|---------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Accumulated cost | | | | |
| Opening balance | 8,206 | 7,867 | 8,168 | 7,853 |
| Acquisitions/reclassifications for the year | 261 | 371 | 272 | 346 |
| Disposals and divestments for the year | -31 | -31 | -31 | -31 |
| Closing balance | 8,436 | 8,206 | 8,409 | 8,168 |
| Accumulated scheduled depreciation | | | | |
| Opening balance | -2,851 | -2,563 | -2,844 | -2,557 |
| Reversal of depreciation on disposals | 23 | 28 | 22 | 28 |
| Scheduled depreciation for the year | -312 | -316 | -312 | -315 |
| Closing balance | -3,141 | -2,851 | -3,134 | -2,844 |
| Accumulated impairment | | | | |
| Opening balance | -11 | -11 | -11 | -11 |
| Reversal of impairment from previous years | 4 | — | 4 | — |
| Impairment for the year | — | — | — | — |
| Closing balance | -7 | -11 | -7 | -11 |
| Carrying amount, closing balance | 5,288 | 5,343 | 5,268 | 5,313 |
| Of which land | | | | |
| Opening balance | 382 | 382 | 359 | 359 |
| Acquisitions for the year | — | — | — | — |
| Disposals for the year | — | — | — | — |
| Carrying amount, closing balance | 382 | 382 | 359 | 359 |

NOTE 17 Field structures

| | Group | | Parent Company | |
|---|---------------|---------------|----------------|---------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Accumulated cost | | | | |
| Opening balance | 5,010 | 4,699 | 4,999 | 4,689 |
| Reclassifications for the year | 376 | 329 | 376 | 329 |
| Disposals and divestments for the year | -101 | -18 | -101 | -18 |
| Closing balance | 5,285 | 5,010 | 5,275 | 4,999 |
| Accumulated scheduled depreciation | | | | |
| Opening balance | -1,609 | -1,381 | -1,609 | -1,381 |
| Reversal of depreciation on disposals | 94 | 11 | 94 | 11 |
| Scheduled depreciation for the year | -262 | -239 | -261 | -239 |
| Closing balance | -1,777 | -1,609 | -1,777 | -1,609 |
| Accumulated impairment losses | | | | |
| Opening balance | -1 | -4 | -1 | -4 |
| Reversal of impairment losses on disposal | — | 3 | — | 3 |
| Impairment losses for the year | — | — | — | — |
| Closing balance | -1 | -1 | -1 | -1 |
| Carrying amount, closing balance | 3,506 | 3,399 | 3,497 | 3,390 |

Net field structure assets acquired have been treated for tax purposes as land. Field structures consist mostly of take-off and landing runways.

NOTE 18 Electrical installations, vehicles and equipment

| | Group | | Parent Company | |
|---|---------------|---------------|----------------|---------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Accumulated cost | | | | |
| Opening balance | 6,384 | 5,773 | 6,198 | 5,725 |
| Reclassifications for the year | 530 | 758 | 520 | 619 |
| Disposals and divestments for the year | -269 | -98 | -269 | -98 |
| Closing balance | 6,645 | 6,433 | 6,449 | 6,247 |
| Accumulated scheduled depreciation | | | | |
| Opening balance | -3,374 | -2,998 | -3,338 | -3,022 |
| Reversal of depreciation on disposals | 261 | 83 | 261 | 126 |
| Scheduled depreciation for the year | -510 | -508 | -493 | -493 |
| Closing balance | -3,623 | -3,423 | -3,572 | -3,387 |
| Accumulated impairment losses | | | | |
| Opening balance | -1 | -1 | -1 | -1 |
| Reversal of impairment losses on disposal | 0 | 0 | 0 | 0 |
| Impairment losses for the year | — | — | — | — |
| Closing balance | -1 | -1 | -1 | -1 |
| Carrying amount, closing balance | 3,021 | 3,009 | 2,877 | 2,859 |

NOTE 19 New construction in progress related to fixed assets

| | Group | | Parent Company | |
|---|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Opening balance | 5,113 | 4,037 | 5,031 | 3,955 |
| Acquisitions for the year | 2,501 | 2,587 | 2,435 | 2,554 |
| Disposals for the year | 0 | -2 | -14 | -10 |
| Reclassifications for the year | -1,142 | -1,448 | -1,136 | -1,407 |
| Depreciation for the year | -174 | -61 | -173 | -61 |
| Carrying amount, closing balance | 6,296 | 5,113 | 6,143 | 5,031 |

New construction in progress related to fixed assets mostly consists of investments in infrastructure and terminals. Reclassification of the asset class in question occurs when the asset is placed in service. Impairment losses in 2020 are mainly attributable to operation development projects that were paused due to the pandemic. Of the acquisitions for the year, SEK 172 M (189) is capitalised work for Swedavia's own account.

NOTES

NOTE 20 Fair value

The table below presents the assets and liabilities measured at fair value. Fair value is defined as the price at the time of measurement that would be received in the sale of the asset or charged in the transfer of a liability in an orderly transaction between market participants. Assets and liabilities measured at fair value are classified in a hierarchy with three different levels based on the information used to determine their fair value. Level 1 applies when fair value is determined based on listed prices (unadjusted) in active markets for identical assets and liabilities. Level 2 applies when fair value is determined based on observable data for the asset or liability other than listed prices included in Level 1. Level 3 applies when fair value is determined based on inputs for the asset or liability that are not based on observable market data.

Measurement at fair value

| Hierarchy levels in measurement of fair value Dec 31, 2020 | Level 1 | Level 2 | Level 3 | Total |
|--|----------|-------------|-----------|------------|
| Items recognised at fair value in the balance sheet | | | | |
| Derivative instruments (Note 28) ¹ | — | –180 | — | –180 |
| Biological assets (Note 23) ² | — | — | 81 | 81 |
| Total | — | –180 | 81 | –99 |

| Hierarchy levels in measurement of fair value Dec 31, 2019 | Level 1 | Level 2 | Level 3 | Total |
|--|----------|------------|-----------|------------|
| Items recognised at fair value in the balance sheet | | | | |
| Derivative instruments (Note 28) ¹ | — | –96 | — | –96 |
| Biological assets (Note 23) ² | — | — | 82 | 82 |
| Total | — | –96 | 82 | –14 |

¹ Recognised at fair value through comprehensive income in the consolidated balance sheet.

² Recognised at fair value in the consolidated balance sheet. The fair value of biological assets is determined based on Level 3; information for the comparative year has been restated.

Derivative instruments

Interest rate swaps

For interest rate swaps, fair value is calculated as the present value of expected future cash flows based on current market interest rates.

Electricity derivatives

For electricity derivatives, fair value is determined based on listed rates. If there are no listed rates, fair value is calculated by discounting the difference between the contracted forward rate and the forward rate available on the balance sheet date for the remainder of the contract period.

Currency futures

The fair value of currency futures is calculated by discounting the difference between the contracted forward rate and the forward rate that can be contracted on the balance sheet date for the remainder of the contract period. Discounting is done at a risk-free interest rate.

Biological assets

Swedavia's biological assets consist of large forest holdings adjacent to Swedavia's airports, with standing timber assessed at fair value.

The holdings are measured on each balance sheet date. Measurement is made by an external appraiser in conjunction with the year-end closing at least once every two years or at another time if there is any indication of changes in market value. For other balance sheet dates, the stock of standing timber is measured through an internal valuation. An external valuation was carried out in conjunction with the annual accounts for 2020.

The measurement method used for external valuation is in accordance with the Swedish land registration authority Lantmäteriet's forest valuation method. This method is based on a discounted cash flow valuation of expected future cash flows from long-term sustainable forestry. Important inputs are local pricelists for timber and pulp with average prices for the past ten years, potential harvestable volume in accordance with the Swedish Forestry Act's restrictions on clear-cutting, and discount rates based on the age of the forest. A change in fair value is recognised in the income statement as other profit or other external costs. Fair value is determined based on Hierarchy Level 3, which means that the fair value of the biological assets cannot be directly related to observable market data.

In internal valuations, the stock is compared on the valuation date with the stock on the date of the previous external valuation. After this, an interview is/interviews are carried out with a key person/key people to determine whether any factors have had an effect on the stock and thus the market value.

NOTE 21 Investment properties

Swedavia recognises properties classified as investment properties at cost in the consolidated balance sheet. Investment properties are found in the Real Estate operating segment, and the portfolio consists of cargo and office properties as well as land at Göteborg Landvetter Airport, Malmö Airport and Stockholm Arlanda Airport. Revenue from investment properties totalled SEK 19 M (37) and direct costs totalled SEK 35 (65). For information about the depreciation method and estimated useful life, see Note 1 "Corporate information and accounting principles". For information about valuation assumptions concerning fair value for disclosure purposes, see below.

| | Group | |
|---|--------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 |
| Accumulated cost | | |
| Opening balance | 931 | 730 |
| Acquisitions for the year | 221 | 552 |
| Disposals for the year | 0 | –32 |
| Reclassification for the year | –17 | –10 |
| Reclassification of assets held for sale | –382 | –308 |
| Closing balance | 752 | 931 |
| Accumulated scheduled depreciation | | |
| Opening balance | –28 | –10 |
| Scheduled depreciation for the year | –21 | –19 |
| Reclassification of assets held for sale | — | 2 |
| Closing balance | –49 | –28 |
| Accumulated impairment losses | | |
| Opening balance | –7 | –7 |
| Impairment losses for the year | 0 | — |
| Closing balance | –7 | –7 |
| Carrying amount, closing balance | 697 | 897 |
| Fair value (Level 3) | 2,137 | 3,049 |
| Reclassification of assets held for sale | –480 | –1,200 |
| Fair value, after reclassification | 1,657 | 1,849 |

Swedavia's investment properties are recognised at cost. The properties are measured to determine their fair value, that is, their estimated market value. The portfolio of investment properties is measured annually in conjunction with the year-end closing. Measurement is made either by external independent appraisers or through internal valuation. An external valuation was carried out in conjunction with the 2020 annual accounts.

The valuation of properties is based on the cash flows the asset is expected to generate, discounting net operating profit. To estimate net operating profit, estimates are made of inflation, rents, vacancies, and operating and maintenance costs. The value of the property is based on the expected cash flows of each property appraised over the next ten years. For properties with a lease on premises or land longer than ten years, the calculations have been extended. For the last year of the calculation period, a residual value is calculated, which shall constitute an estimated market value at that time. The information used to determine the fair value of the investment properties is classified as Level 3, which means that the fair value of the investment properties cannot be directly attributed to observable market data. Fair value was reduced from SEK 3,049 M to SEK 2,137 M, mainly due to the sale of Airport Hotel 2 AB during the year. Investments mainly in Hotell 1 Landvetter AB and Logistic City 1 AB had the effect of increasing their value.

NOTE 22 Leases

Leases in which Swedavia is the lessee

The Group's fixed assets consist of both owned and leased assets. None of Swedavia's leased assets consists of investment properties.

| | Group | |
|---------------------|---------------|---------------|
| | Dec 31, 2020 | Dec 31, 2019 |
| Fixed assets | 18,112 | 16,683 |
| Right-of-use assets | 1,184 | 1,284 |
| Total | 19,296 | 17,967 |

The Group leases different kinds of assets including buildings and land for office and airport maintenance operations, vehicles, machinery and construction, office and IT equipment. No lease contract includes covenants or other restrictions apart from the guarantee for the leased asset.

| Right-of-use asset | Group | | | | | |
|--------------------------------------|--------------|-----------|-----------|-----------|-----------|--------------|
| | Building | Land | Equipment | Machinery | Vehicles | Total |
| Depreciation for the year | -93 | -5 | -4 | 0 | -13 | -114 |
| Closing balance, Dec 31, 2020 | 1,127 | 41 | 5 | 0 | 11 | 1,184 |

| Right-of-use asset | Group | | | | | |
|--------------------------------------|--------------|-----------|-----------|-----------|-----------|--------------|
| | Building | Land | Equipment | Machinery | Vehicles | Total |
| Depreciation for the year | -82 | -5 | -4 | 0 | -13 | -104 |
| Closing balance, Dec 31, 2019 | 1,200 | 55 | 8 | 0 | 21 | 1,284 |

Additions to right-of-use assets in 2020 totalled SEK 10 M (215). This amount includes the cost of newly acquired rights during the year and additional amounts from the reassessment of lease liabilities due to the change in payments as a result of the change in the lease term.

| Lease liabilities | Group | |
|--|--------------|--------------|
| | 2020 | 2019 |
| Current lease liabilities | 129 | 134 |
| Non-current lease liabilities | 1,103 | 1,187 |
| Lease liabilities included in the statement of financial position | 1,232 | 1,321 |

To see the maturity analysis of Swedavia's lease liabilities, see Note 47 "Financial risks" and the section on liquidity risk and refinancing risk.

| Amount recognised in the income statement | Group | |
|---|-------|------|
| | 2020 | 2019 |
| Depreciation on right-of-use assets | -114 | -104 |
| Interest on lease liabilities | -37 | -34 |
| Variable lease charges not included in the valuation of the lease liability | -2 | -10 |
| Costs of short-term leases | -2 | -3 |
| Cost of leases of low-value assets, not short-term leases of low-value assets | -1 | -2 |

| Amount recognised in the cash flow statement | Group | |
|--|-------|------|
| | 2020 | 2019 |
| Total cash outflow attributable to leases | -109 | -105 |

The cash outflows above include both the amount paid for leases recognised as lease liabilities and the amount paid for variable lease charges, short-term leases and leases of low-value assets.

| Non-cancellable lease payments amount to: | Parent Company | |
|---|----------------|-------|
| | 2020 | 2019 |
| Within one year | 134 | 137 |
| Between one and five years | 458 | 472 |
| More than five years | 898 | 1,009 |

| Charges for operating leases recognised as an expense amount to: | Parent Company | |
|--|----------------|------------|
| | 2020 | 2019 |
| Minimum lease charges | | 121 |
| Variable charges | 6 | 16 |
| Total lease expenses | 140 | 137 |

Buildings and land

Swedavia leases buildings and land for office and other operations. Leases usually contain extension options that Swedavia can exercise up to one year before the expiration of the non-cancellable lease term. When it is possible in practice, Swedavia tries to include such options in new leases since they contribute to operational flexibility. The options can only be exercised by Swedavia, not by the lessor. Whether it is reasonably certain that an extension option will be exercised or not is determined at the commencement date of the lease. Swedavia reassesses whether it is reasonably certain that an extension option will be exercised or not if there is a significant event or substantial changes in circumstances that are within Swedavia's control.

Leases consist of non-cancellable periods of 2–20 years, with options for Swedavia to extend for additional periods. The leases have no final end date. At the commencement of the contract, Swedavia makes an individual

NOTES

assessment for each contract in order to determine whether Swedavia is reasonably certain to use one or more such extension periods.

During the year, lease liabilities/assets increased SEK 4 M as a result of the exercise of options not previously included in the lease liability. Significant changes could occur in the future should there be a reassessment of the lease term for one of Swedavia's key property contracts.

Some leases include lease charges based on changes in the local price index, and Swedavia pays charges related to property taxes that are charged to the lessor. These amounts are determined annually.

Other leases

Swedavia leases vehicles, machinery and equipment with lease terms of two to five years. In some cases, Swedavia has the option to purchase the asset at the end of the lease term. In other cases, Swedavia guarantees the residual value of the leased asset at the end of the lease term. Extension options occur to only a negligible extent.

Swedavia also leases construction equipment, office equipment and IT equipment with lease terms of one to three years. These leases are short-term contracts and/or leases of low-value assets. Swedavia has chosen not to recognise right-of-use assets and lease liabilities for these leases.

Sale and leaseback

No sale and leaseback transactions were carried out during the financial year.

Leases not utilized

There were no leases that were not utilized by the Group during the financial year.

Leases where Swedavia is the lessor

Operating leases – the Group as lessor

The Group's operating leases, which generate rental revenue, pertain to the rental of premises in commercial parts of its owner-occupied properties and to a few contracts for investment properties. Rental revenue is generated from both fixed and sales revenue-based rents. Variable charges included in profit for the period totalled SEK 182 M (677).

Payments for contractual lease charges on existing contracts fall due as follows:

| | Group | Parent Company |
|------------------------------|--------------|----------------|
| Due date | 2020 | 2020 |
| Within one year | 162 | 158 |
| Between one and two years | 366 | 353 |
| Between two and three years | 370 | 359 |
| Between three and four years | 386 | 376 |
| Between four and five years | 404 | 397 |
| More than five years | 1,593 | 1,571 |
| Total | 3,281 | 3,214 |

| | Group | Parent Company |
|------------------------------|--------------|-------------------|
| Due date | 2019 | 2019 ¹ |
| Within one year | 807 | 829 |
| Between one and two years | 687 | 686 |
| Between two and three years | 566 | 554 |
| Between three and four years | 508 | 497 |
| Between four and five years | 489 | 481 |
| More than five years | 1,639 | 1,607 |
| Total | 4,696 | 4,655 |

¹ The comparative period has been adjusted.

NOTE 23 Biological assets

| | Group | |
|---|--------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 |
| Accumulated cost | | |
| Opening balance | 82 | 80 |
| Change in fair value | –2 | 2 |
| Carrying amount, closing balance | 81 | 82 |

Swedavia's biological assets consist of large forest holdings adjacent to Swedavia's airports, with standing timber assessed at fair value. The stock is measured on each balance sheet date. Measurement is made by an external appraiser in conjunction with the year-end closing at least once every two years or at another time if there are any indication of significant changes in market value. For other balance sheet dates, the stock of standing timber is measured through an internal valuation. An external valuation was carried out in conjunction with the 2020 annual accounts. The change in fair value is recognised in the income statement as other revenue or other external expenses. For information about valuation assumptions, see Note 20 "Fair value".

NOTE 24 Non-current financial assets

| | Group | | Parent Company | |
|---|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Holdings in Group companies | — | — | 870 | 870 |
| Holdings in associated companies and joint ventures (Note 26) | 888 | 913 | 0 | 0 |
| Other non-current receivables (Note 25) | 242 | 217 | 242 | 217 |
| Derivative receivables | — | 7 | — | — |
| Deferred tax assets | — | — | 322 | 39 |
| Total | 1,130 | 1,137 | 1,434 | 1,127 |

Other non-current receivables pertain to expected remuneration from the Swedish Transport Administration for compensation related to historical environmental damage.

NOTE 25 Other non-current receivables

| | Group | | Parent Company | |
|---|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Accumulated cost | | | | |
| Opening balance | 217 | 217 | 217 | 217 |
| New receivables | 25 | 0 | 25 | 0 |
| Carrying amount, closing balance | 242 | 217 | 242 | 217 |

NOTE 26 Holdings in associated companies and joint ventures

| | Group | |
|---|--------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 |
| Accumulated cost | | |
| Opening balance | 913 | 953 |
| Acquisition for the year | — | 13 |
| Share of profit | 47 | 45 |
| Dividend | –72 | –67 |
| Sale | — | –31 |
| Carrying amount, closing balance | 888 | 913 |

The dividend from Swedish Airport Infrastructure KB was SEK 72 M (67). The sale in 2019 pertains to the disposal of all holdings in Landvetter Logistik AB. Before the sale, Landvetter Logistik AB received a shareholder contribution that was recognised as an acquisition.

Specification of the Parent Company's and Group's holdings in associated companies and joint ventures

| | Group, Dec 31, 2020 | | | | | |
|---|---|-----------------|-----------------|-------------------------------|---------------------------------------|-------------------------|
| | Profit for the year, Swedavia's holding | Number of share | Owner-ship in % | Value of holding in the Group | Carrying amount in the Parent Company | Classi-fication |
| Swedish Airport Infrastructure AB, 559012-5182, Stockholm County, Municipality of Sigtuna | — | 25,000 | 50.0 | 0 | — | Joint venture |
| Swedish Airport Infrastructure KB, 969775-2609, Stockholm County, Municipality of Stockholm | 47 | 1 | 49.9 | 888 | — | Joint venture |
| Airport City Stockholm AB, 556872-9619, Stockholm County, Municipality of Sigtuna | — | 495 | 33.0 | 0 | — | Asso- ciated company |
| Total | 47 | | | 888 | — | |

Specification of the Parent Company's and Group's holdings in associated companies and joint ventures

| | Group, Dec 31, 2019 | | | | | |
|---|---|-----------------|-----------------|-------------------------------|---------------------------------------|-------------------------|
| | Profit for the year, Swedavia's holding | Number of share | Owner-ship in % | Value of holding in the Group | Carrying amount in the Parent Company | Classi-fication |
| Swedish Airport Infrastructure AB, 559012-5182, Stockholm County, Municipality of Sigtuna | — | 25,000 | 50.0 | 0 | — | Joint venture |
| Swedish Airport Infrastructure KB, 969775-2609, Stockholm County, Municipality of Stockholm | 45 | 1 | 49.9 | 913 | — | Joint venture |
| Airport City Stockholm AB, 556872-9619, Stockholm County, Municipality of Sigtuna | — | 495 | 33.0 | 0 | — | Asso- ciated company |
| Total | 45 | | | 913 | — | |

The associated company Swedavia Airport Infrastructure KB is considered to be material to the Group. The associated company manages and develops developable properties at Stockholm Arlanda Airport, Göteborg Landvetter Airport and Malmö Airport that meet the specific needs of operators at and in the vicinity of the Group's airports. The company's registered office is in Sweden, and Swedavia's ownership stake in 49.9 per cent.

Balance sheet and income statement for Swedish Airport Infrastructure KB based on the Swedavia Group's accounting principles:

| SEK M | Dec 31, 2020 | Dec 31, 2019 |
|---|--------------|--------------|
| Investment properties | 4,734 | 4,844 |
| Liquid assets | 152 | 140 |
| Other assets | 64 | 409 |
| Non-current interest-bearing liabilities | 3,040 | 3,040 |
| Current liabilities | 133 | 528 |
| Equity | 1,777 | 1,825 |
| Carrying amount of the Group's holding | 888 | 913 |

NOTES

| SEK M | 2020 | 2019 |
|---|------------|-----------|
| Revenue | 415 | 396 |
| Depreciation and amortisation | -144 | -145 |
| Other costs | -118 | -114 |
| Financial income | 0 | 2 |
| Financial expenses | -46 | -45 |
| Profit before tax | 108 | 94 |
| Tax | 0 | -4 |
| Profit for the year | 108 | 90 |
| Other comprehensive income | -14 | 1 |
| Total comprehensive income | 94 | 91 |
| The Group's share of comprehensive income for the year | 47 | 45 |

In 2020, SEK 72 M (67) in dividends was received from Swedish Airport Infrastructure.

Summary of carrying amounts for other associated companies and joint ventures

| SEK M | Dec 31, 2020 | Dec 31, 2019 |
|---|--------------|--------------|
| Carrying amount | 0 | 0 |
| For the Group's holdings: | | |
| Share of profit from associated companies and joint ventures | — | — |
| Capital gain from sale of associated companies | — | 102 |
| Recognised in profit for the year | — | 102 |
| Other comprehensive income from associated companies and joint ventures | — | — |
| Recognised in comprehensive income for the year | — | 102 |

NOTE 27 Holdings in Group companies

| The Parent Company's holdings in Group companies | Dec 31, 2020 | Dec 31, 2019 |
|---|--------------|--------------|
| Accumulated cost | | |
| Opening balance | 870 | 1,035 |
| Effect of merger ¹ | — | -164 |
| Closing balance | 870 | 870 |
| Accumulated impairment losses | | |
| Opening balance, attributable to impairment loss and merger | — | -145 |
| Effect of merger ¹ | — | 145 |
| Closing balance | — | — |
| Carrying amount, closing balance | 870 | 870 |

¹ In 2019, Arlanda Development Company AB and Bromma Stockholm Fastigheter AB merged with the Parent Company, Swedavia AB.

Specification of the Parent Company's holdings in Group companies

| Subsidiary, corp. identity no., registered office | Number of shares | Ownership in % | Carrying amount Dec 31, 2020 | Carrying amount Dec 31, 2019 |
|---|------------------|----------------|------------------------------|------------------------------|
| Swedavia Real Estate AB, 556858-9872, Stockholm County, Municipality of Stockholm | 500,000 | 100 | 870 | 870 |
| Swedavia Energi AB, 556951-8185, Stockholm County, Municipality of Sigtuna | 50,000 | 100 | 0 | 0 |
| Swedavia Airport Telecom AB, 556951-8193, Stockholm County, Municipality of Sigtuna | 50,000 | 100 | 0 | 0 |
| Carrying amount, closing balance | | | 870 | 870 |

NOTE 28 Financial assets and liabilities

The Group's financial assets and liabilities, excluding the Group's derivative instruments, are recognised at amortised cost. The Group's derivative instruments are recognised at fair value through profit or loss if they have not been identified as hedging instruments for which hedge accounting is applied. See the relevant accounting principles for hedge accounting in Note 2. Other financial assets and liabilities are measured at fair value for disclosure purposes; for information about fair value related to derivative instruments, see the Group's valuation below and Note 20. For current receivables and liabilities, such as trade receivables and trade payables with an outstanding term of less than six months, the carrying amount is considered to reflect fair value.

No financial assets or liabilities are offset in the balance sheet in accordance with IAS 32. For derivatives, the Group has ISDA agreements, which allow offset in the event of a bankruptcy. As of December 31, 2020, there were no significant financial liabilities or assets that should be offset in the event of a bankruptcy.

The Parent Company recognises financial instruments at amortised cost.

In the summary of the Group's financial assets and liabilities below, lease liabilities have been excluded. The Group's lease liabilities have not been measured at fair value. See Note 22 for carrying amounts related to lease liabilities.

| Financial assets | | Carrying amount | | Fair value | |
|---|---|-----------------|--------------|---------------|--------------|
| | | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Group | Measurement under IFRS 9 | | | | |
| Other non-current receivables | Amortised cost | 242 | 217 | 242 | 217 |
| Trade receivables | Amortised cost | 328 | 595 | 328 | 595 |
| Receivables from associated companies | Amortised cost | 4 | 7 | 4 | 7 |
| Other receivables | Amortised cost | 212 | 190 | 212 | 190 |
| Derivative instruments | Fair value via other comprehensive income | — | 12 | — | 12 |
| Short-term investments | Amortised cost | 175 | — | 175 | — |
| Liquid assets | Amortised cost | 1,462 | 77 | 1,462 | 77 |
| Total | | 2,423 | 1,098 | 2,423 | 1,098 |
| Financial liabilities | | Carrying amount | | Fair value | |
| | | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Group | Measurement under IFRS 9 | | | | |
| Non-current interest-bearing liabilities ¹ | Amortised cost | 8,297 | 7,550 | 8,320 | 7,550 |
| Current interest-bearing liabilities | Amortised cost | 1,437 | 1,020 | 1,437 | 1,020 |
| Derivative instruments | Fair value via other comprehensive income | 177 | 108 | 177 | 108 |
| Derivative instruments | Fair value via the income statement | 3 | — | 3 | — |
| Other non-current liabilities | Amortised cost | 204 | 150 | 204 | 150 |
| Trade payables | Amortised cost | 591 | 796 | 591 | 796 |
| Other liabilities | Amortised cost | 37 | 9 | 37 | 9 |
| Liabilities to associated companies | Amortised cost | 41 | — | 41 | — |
| Accrued expenses | Amortised cost | 108 | 197 | 108 | 197 |
| Total | | 10,896 | 9,830 | 10,919 | 9,830 |

¹ Recognised at cost in the consolidated balance sheet. Amount in the fair value column is provided for disclosure purposes.

Measurement at fair value

Assets and liabilities measured at fair value are classified in a hierarchy with three different levels based on the information used to determine their fair value. The Group's financial assets and liabilities are measured at fair value based on Level 2. For more information about measurement at fair value, see Note 20.

| | Level 1 | Level 2 | Level 3 |
|---|----------|--------------|----------|
| Derivative instruments | — | 180 | — |
| Non-current interest-bearing liabilities ² | — | 8,320 | — |
| Total | — | 8,500 | — |

² Recognised at cost in the consolidated balance sheet. The amounts above are fair values for disclosure purposes. The fair value of a loan is calculated by discounting future cash flows. Any change in Swedavia's credit risk since the loan was entered into is also taken into consideration in the calculation. For some borrowings, the carrying amount is considered to reflect fair value given the short term of the liabilities.

There was no change in levels in 2020 compared to 2019.

Net gain from items for which hedge accounting is not applied

| | 2020 | 2019 |
|--|----------|----------|
| Financial assets/liabilities measured at fair value ³ | 3 | — |
| Total | 3 | — |

³ The subcategory held for sale.

NOTE 29 Materials and supplies

| | Group | | Parent Company | |
|------------------------------|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Supply materials | 52 | 47 | 48 | 44 |
| Gravel stocks | 2 | 2 | 1 | 2 |
| Supplies, buildings and land | 2 | 2 | 2 | 2 |
| Other stocks | 2 | 3 | 2 | 2 |
| Total | 57 | 54 | 53 | 50 |

NOTE 30 Current receivables

| | Parent Company | |
|---------------------------------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 |
| Trade receivables | 311 | 576 |
| Receivables from Group companies | 1,539 | 2,154 |
| Receivables from associated companies | 0 | 5 |
| Other receivables | 256 | 106 |
| Tax assets | 8 | 54 |
| Prepaid expenses and accrued income | 67 | 147 |
| Total | 2,180 | 3,042 |

NOTES

NOTE 31 Receivables from and liabilities to associated companies and joint ventures

In the Group, receivables from associated companies and joint ventures totalled SEK 7 M (13) and pertain mostly to the receivable from Altuna Hangar KB. Liabilities to associated companies and joint ventures totalled SEK 44 M (7). For the Parent Company, receivables from associated companies and joint ventures totalled SEK 0 M (5) and liabilities totalled SEK 44 M (7).

NOTE 32 Other receivables

| | Group | |
|-------------------|--------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 |
| Tax assets | 36 | 40 |
| Other receivables | 241 | 227 |
| Total | 277 | 267 |

NOTE 33 Prepaid expenses and accrued income

| | Group | | Parent Company | |
|--|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Accrued income, Aviation Business, Commercial and energy | 7 | 30 | 0 | 21 |
| Prepaid expenses, materials and maintenance | 20 | 23 | 20 | 23 |
| Prepaid expenses, operations | 6 | 34 | 6 | 34 |
| Prepaid expenses, property and rental | 7 | 29 | 7 | 27 |
| Other accrued income and prepaid expenses | 16 | 18 | 34 | 42 |
| Total | 57 | 135 | 67 | 147 |

NOTE 34 Short-term investments

| | Group | | Parent Company | |
|-----------------------|------------|----------|----------------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| Other operating costs | | | | |
| Commercial paper | 100 | — | 100 | — |
| Medium-term notes | 75 | — | 75 | — |
| Total | 175 | — | 175 | — |

The book value of Swedavia's short-term investments corresponds to their fair value. The fair value is the amount that would be paid for outstanding short-term investments upon disposal on the balance sheet date. The short-term investments are categorised as financial assets and recognised at amortised cost in the balance sheet.

NOTE 35 Equity

Group

Equity related to the Parent Company consists of share capital, other paid-in-capital, hedge reserves, a hybrid bond and retained earnings.

Share capital

Share capital is divided into 1,441,403,026 shares with a stated value of SEK 1.

Other paid-in capital

Other paid-in capital pertains to the premium in connection with new share issues and shareholder contributions.

Hedge reserves

The reserve for cash flow hedging consists of unrealised changes in the value of interest rate, electricity and currency derivatives (net of deferred tax). Hedge accounting entails that the change in value has been charged to equity in the balance sheet via other comprehensive income.

Retained earnings

Retained earnings includes profit for the year and the portion of untaxed reserves that constitute equity. This also includes remeasurements of defined benefit pensions in accordance with IAS 19 (net of deferred tax) and interest on hybrid bonds.

Hybrid bonds

On November 26, 2019, Swedavia issued an unsecured hybrid bond for a total of SEK 1,000 M. The hybrid bond has a perpetual maturity, and thus no maturity date, but the company is entitled to redeem the hybrid bond at a determined future point in time and then at every subsequent interest payment date, as well as in the case of specific events. The company is entitled to defer interest payments to a determined time as long as holders of the hybrid bond are informed within the contractual period. The hybrid bond is recognised in equity in the Group and in the Parent Company, and it is subordinate to all liabilities. Interest expenses attributable to the hybrid bond are recognised as they are incurred directly against retained earnings in equity. The hybrid bond is not included in the company's sensitivity analysis for borrowing rates or in the maturity analysis of financial liabilities.

Hybrid bonds

| | |
|-------------------------------|---------------------|
| Loan framework (SEK M) | 1,000 |
| Nominal amount issued (SEK M) | 1,000 |
| Currency | SEK |
| Interest rate ¹ | STIBOR 3 M + 150 bp |
| First call date | November 26, 2024 |

¹ The company has no contractual obligation to pay interest. After the time of the first call date, the interest rate will increase 500 basis points.

Under the terms of the hybrid bond, Swedavia must pay deferred interest on the hybrid bond if it chooses to pay a dividend to its shareholder. In addition, Swedavia has the option but not the obligation to buy back the hybrid bond, provided the State reduces its ownership of Swedavia. If Swedavia chooses not to buy back the hybrid bond, provided the State reduces its ownership in the company, the interest rate will increase (step up) 500 basis points.

Capital management

| | 2020 | | 2019 | |
|-----------------------------|-----------|---------------|-----------|---------------|
| | Actual | Target | Actual | Target |
| Return on operating capital | -7.5% | 6.0% | 4.6% | 6.0% |
| Debt/equity ratio | 1.0 times | 0.7–1.5 times | 1.1 times | 0.7–1.5 times |

Parent Company

Restricted and unrestricted equity

Equity is divided between restricted and unrestricted (payable as dividends) capital in accordance with the Annual Accounts Act. A dividend may only be paid if there is full coverage for restricted equity after the payment of dividends. Dividends are also regulated by the precautionary principle, which means that a dividend may only be paid if this is justifiable taking into consideration the risks that the nature and scope of operations place on the size of the Parent Company's and consolidated equity as well as the Group's consolidation requirements, liquidity and financial position in general.

In the Parent Company, restricted capital consists of share capital of SEK 1,441 M (1,441) and a reserve for development expenditures of SEK 28 M (35). The unrestricted capital in the Parent Company is SEK 7,082 M (6,000).

and consists of a share premium reserve of SEK 2,161 M (2,161), retained earnings of SEK 5,329 M (2,580), a hybrid bond of SEK 1,000 M (1,000) and profit for the year of SEK -1,409 M (258). Retained earnings include a capital injection from the owner in 2020 of SEK 2,500 M.

Proposed distribution of profit

The following unrestricted equity is at the disposal of the Annual General Meeting, SEK:

| | |
|-----------------------|----------------------|
| Share premium reserve | 2,161,354,539 |
| Hybrid bond | 1,000,000,000 |
| Retained earnings | 5,329,149,704 |
| Loss for the year | -1,408,695,545 |
| | 7,081,808,698 |

The Board proposes that the profit be appropriated as follows:

| | |
|-----------------------------------|---------------|
| Brought forward | 7,081,808,698 |
| Of which to share premium reserve | 2,161,354,539 |
| Of which to hybrid bond | 1,000,000,000 |
| Of which to retained earnings | 3,920,454,159 |

| | Dec 31, 2020 | Dec 31, 2019 |
|--|---------------|---------------|
| Profit for the year attributable to the Parent Company's owner (SEK M) | -1,282 | 583 |
| Transaction costs and interest expenses attributable to hybrid bond (SEK M) | -16 | -3 |
| Profit for the year attributable to the Parent Company's owner, including hybrid bond costs | -1,425 | 255 |
| Average number of shares outstanding, before and after dilution | 1,441,403,026 | 1,441,403,026 |
| Earnings per share outstanding (SEK), before and after dilution | -0.90 | 0.40 |

NOTE 36 Provisions

| | Group | | Parent Company | |
|-------------------------|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Provisions for pensions | 903 | 874 | 1,136 | 1,197 |
| Other provisions | 307 | 329 | 307 | 327 |
| Total | 1,210 | 1,203 | 1,443 | 1,524 |

NOTE 37 Provisions for pensions

The Group has both premium and defined benefit pension obligations.

Defined contribution pension obligations

The defined contribution ITP 1 plan has been applied since the formation of the company and is secured through payments to insurance companies or trust funds. A defined contribution pension plan is a pension plan in which a company pays fixed contributions to a separate legal entity. The company subsequently has no legal or informal obligations to pay additional contributions related to the pension earned by the employee.

Defined benefit pension obligations

Most of the defined benefit pension obligations pertain to PA91 and PA03 government employee pension agreements that were taken over from LfV

in conjunction with the division of operations. No new pension rights accrue for these commitments; instead the commitments are in the form of paid-up pension policies. The actuarial bases for calculating the value of capital are the provisions in FFFS 2007:24 adopted by the Swedish Financial Supervisory Authority, which include interest rate assumptions. The remaining defined benefit plans consist mostly of pension obligations under collective bargaining agreements and pension obligations as specified in transitional provisions adopted in conjunction with the conversion into a limited liability company of operations run by LfV. The company's obligations are calculated at least once a year by independent actuaries. This assumption is based on current expectations of future payments. The Group bears the risk of ensuring that the payments determined are effected. Employee pension tax is recognised as a receivable or liability depending on whether the pension expense is lower or higher than the pension expense determined by a legal entity and the present-day value is not calculated. Unvested pension obligations are entered as a liability at 60 per cent in both the Parent Company and the Group. The unvested pension obligations pertain to a small number of employees who have the option of taking early retirement at the age of 63.

The Parent Company complies with the statutes in the Swedish Pension Obligations Vesting Act and the instructions of the Swedish Financial Supervisory Authority since that is a requirement for making tax deductions. The most significant differences compared to the regulations in IAS 19 are the way the discount rate is determined, the way the value of the defined benefit obligation is calculated based on the current salary level without any assumption of future salary increases, and the way actuarial gains and losses are recognised in the income statement. The Parent Company's total commitments for defined benefit pensions are covered by credit insurance with FPG/PRI.

Actuarial assumptions

A discount rate curve is used in determining the discount rate used in the Group. The discount rate curve is produced through an analysis of mortgages of different durations in which an interpolation is made in order to arrive at an adjusted rate for a duration that corresponds to the length of the commitment. The duration was 14 years (14). The assumed interest rate level for 2020 was 0.8 per cent (1.3), a decrease attributable to the current interest rate situation.

Inflation is assumed to be 1.50 per cent (1.75), with the decrease based on the actual trend and market expectations.

| | Group | | Parent Company | |
|--|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Actuarial assumptions | | | | |
| The following important actuarial assumptions have been applied in calculating the obligations (weighted average values) | | | | |
| Discount rate | 0.80% | 1.30% | -1.40% | -1.40% |
| Future changes in price base amount (inflation) | 1.50% | 1.75% | 1.50% | 1.75% |
| Changes in the present value of defined benefit obligations | | | | |
| Obligation on Jan 1 | 937 | 833 | 1,197 | 1,113 |
| Payments made during the year | -38 | -34 | -38 | -34 |
| Cost of vesting, current period | 0 | 0 | 0 | 0 |
| Interest expense | 12 | 21 | — | — |
| Actuarial gains (-)/losses (+) | 38 | 116 | -23 | 119 |
| Obligation on Dec 31 | 949 | 937 | 1,136 | 1,197 |
| Less employee income tax asset | -45 | -63 | — | — |
| Provisions for pensions | 903 | 874 | 1,136 | 1,197 |

NOTES

| | Group | | Parent Company | |
|--|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Cost recognised in profit for the year | | | | |
| Defined benefit plans | | | | |
| Cost of pensions vested during the year | 0 | 0 | 0 | 0 |
| Actuarial gains (-)/ losses (+) | — | — | -23 | 119 |
| Cost of defined benefit plans | 5 | 3 | 6 | 5 |
| Employee pension tax | 3 | 13 | -6 | 29 |
| Interest expense | 12 | 21 | — | — |
| Cost of defined benefit plans | 20 | 37 | -23 | 153 |
| Cost of defined contribution plans | 111 | 120 | 111 | 120 |
| Employee pension tax | 27 | 29 | 27 | 29 |
| Cost of defined contribution plans | 138 | 149 | 138 | 149 |
| Total cost of remuneration after termination of employment in profit for the year | 158 | 186 | 115 | 302 |

| | Group | |
|--|--------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 |
| Expense recognised in other comprehensive income | | |
| Defined benefit plans | | |
| Revaluation including employee pension tax | | |
| Actuarial gains (-)/ losses (+) from a change in financial assumptions | 48 | 144 |
| Tax | -10 | -30 |
| Recognised in other comprehensive income | 38 | 114 |

| | Group | | | |
|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2020 | | 2019 | |
| | Increase | Decrease | Increase | Decrease |
| Sensitivity analysis | | | | |
| Change in discount rate | 0.5% percent- age pts | 0.5% percent- age pts | 0.5% percent- age pts | 0.5% percent- age pts |
| Effect on obligation | -63 | 70 | -63 | 71 |
| Change in inflation | 0.5% percent- age pts | 0.5% percent- age pts | 0.5% percent- age pts | 0.5% percent- age pts |
| Effect on obligation | 71 | -65 | 70 | -63 |

| | Group | |
|--|--------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 |
| The obligation is broken down by members in the plan as follows | | |
| Active members | 19 | 34 |
| Paid-up pension policyholders | 1,978 | 2,107 |
| Pensioners | 1,321 | 641 |
| Total number of obligations | 3,318 | 2,782 |

The duration of the pension liability was 14 years (14).

| Payments made from the pension liability affected the Group's cash flow as follows: | Dec 31, 2020 | Dec 31, 2019 |
|--|--------------|--------------|
| Within one year | 43 | 40 |
| Between one and five years | 160 | 157 |
| More than five years | 863 | 939 |
| Effect of discounting | -117 | -195 |
| Total | 949 | 941 |

Since the defined benefit plans are generally fully vested and the commitment is in the form of a paid-up policy, no payments were made in these pension plans. For plans that are not paid up, no payments are made since they are secured through a provision in the balance sheet.

NOTE 38 Other provisions

| | Group | | Parent Company | |
|---|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Restoration reserve, opening balance | 232 | 235 | 232 | 235 |
| Provision for the year | 25 | 4 | 25 | 4 |
| Provisions used during the year | -10 | -7 | -10 | -7 |
| Restoration reserve, closing balance | 247 | 232 | 247 | 232 |
| of which current portion | 45 | 75 | — | — |
| Restructuring reserve, opening balance | 47 | 2 | 47 | 2 |
| Provision for the year | 33 | 73 | 33 | 73 |
| Provisions used during the year | -59 | -27 | -59 | -27 |
| Restructuring reserve, closing balance | 21 | 47 | 21 | 47 |
| of which current portion | 21 | 42 | — | — |
| Other provisions, opening balance | 50 | 66 | 48 | 58 |
| Provision for the year | 13 | 6 | 15 | 6 |
| Provisions used during the year | -24 | -20 | -24 | -15 |
| Other provisions, closing balance | 39 | 50 | 39 | 48 |
| of which total current portion | 22 | 32 | — | — |
| of which current portion | 89 | 150 | — | — |
| Total provisions | 307 | 329 | 307 | 327 |

Current provisions constitute SEK 89 M (150) of provisions. The current portion consists of a restoration reserve of SEK 45 M (75), a restructuring reserve of SEK 21 M (42) and other provisions of SEK 22 M (32). The restoration reserve pertains to estimated future expenditures to address identified historical environmental damage; the restructuring reserve corresponds to future expenditures related to termination salaries for periods when terminated staff are off work, and other provisions pertain to future expenditures to fund environmentally-related investments associated with the taxi parking & entry product, which once approved by employee representatives could fund training activities for employees who are members of trade unions.

The definition of provisions can be found in the accounting principles on page 112.

NOTE 39 Deferred tax

| Group Dec 31, 2020 | Deferred tax asset | Deferred tax liability |
|---|--------------------|------------------------|
| Temporary difference goodwill | — | 10 |
| Temporary difference fixed assets | -23 | — |
| Temporary difference right-of-use assets | — | 238 |
| Temporary difference biological assets | — | 6 |
| Temporary difference trade receivables | -8 | — |
| Temporary difference financial instruments | -37 | — |
| Temporary difference untaxed reserves | — | 341 |
| Temporary difference pensions | — | 46 |
| Temporary difference lease liabilities | -254 | — |
| Temporary difference unused tax loss/credit | -266 | — |
| Offset | 588 | -588 |
| Total | — | 53 |

| Group Dec 31, 2019 | Deferred tax asset | Deferred tax liability |
|--|--------------------|------------------------|
| Temporary difference goodwill | — | 5 |
| Temporary difference fixed assets | -21 | — |
| Temporary difference right-of-use assets | — | 259 |
| Temporary difference biological assets | — | 7 |
| Temporary difference financial instruments | -20 | — |
| Temporary difference untaxed reserves | — | 436 |
| Temporary difference pensions | — | 64 |
| Temporary difference lease liability | -272 | — |
| Offset | 313 | -313 |
| Total | — | 458 |

| Parent Company Dec 31, 2020 | Deferred tax asset | Deferred tax liability |
|--------------------------------------|--------------------|------------------------|
| Temporary difference tax loss/credit | 266 | — |
| Temporary difference fixed assets | 45 | — |
| Other temporary differences | 10 | — |
| Total | 322 | — |

| Parent Company Dec 31, 2019 | Deferred tax asset | Deferred tax liability |
|-----------------------------------|--------------------|------------------------|
| Temporary difference fixed assets | 37 | — |
| Other temporary differences | 2 | — |
| Total | 39 | — |

NOTE 40 Interest-bearing liabilities

| | Group | | Parent Company | |
|---|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Non-current interest-bearing liabilities | | | | |
| Liabilities to credit institutions | 3,200 | 2,700 | 3,200 | 2,700 |
| Bonds and medium-term notes | 5,097 | 4,850 | 5,097 | 4,850 |
| Liabilities to leasing companies | 1,103 | 1,187 | — | — |
| Total | 9,400 | 8,737 | 8,297 | 7,550 |

| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
|---|--------------|--------------|--------------|--------------|
| Current interest-bearing liabilities | | | | |
| Bonds and medium-term notes | 787 | 300 | 787 | 300 |
| Commercial paper | 650 | 720 | 650 | 720 |
| Liabilities to leasing companies | 129 | 134 | — | — |
| Other interest-bearing liabilities | — | 25 | — | — |
| Total | 1,566 | 1,179 | 1,437 | 1,020 |

| | Group | | | | |
|---|---------------------------------|--------------|------------|----------------|---------------|
| | Changes not affecting cash flow | | | | |
| Changes in liabilities related to financing activities | Dec 31, 2019 | Cash flow | New leases | Interest rates | Dec 31, 2020 |
| Liabilities to credit institutions | 2,700 | 500 | — | — | 3,200 |
| Bonds and medium-term notes | 5,150 | 734 | — | — | 5,884 |
| Commercial paper | 720 | -70 | — | — | 650 |
| Lease liabilities | 1,321 | -104 | 12 | 2 | 1,232 |
| Other liabilities | 25 | -25 | — | — | — |
| Other interest-bearing liabilities related to financing activities | 9,916 | 1,035 | 12 | 2 | 10,965 |

NOTES

| Group | | | | |
|--|--------------|------------|---|--------------|
| Changes in liabilities related to financing activities | 2018-12-31 | Cash flow | Changes not affecting cash flow New leases | Dec 31, 2019 |
| Liabilities to credit institutions | 1,707 | 993 | — | 2,700 |
| Bonds and medium-term notes | 5,150 | 0 | — | 5,150 |
| Commercial paper | 1,506 | -786 | — | 720 |
| Lease liabilities | 53 | -90 | 1,358 | 1,321 |
| Other liabilities | 25 | — | — | 25 |
| Total liabilities related to financing activities | 8,440 | 117 | 1,358 | 9,916 |

| Parent Company | | | |
|--|--------------|--------------|--------------|
| Changes in liabilities related to financing activities | Dec 31, 2019 | Cash flow | Dec 31, 2020 |
| Liabilities to credit institutions | 2,700 | 500 | 3,200 |
| Bonds and medium-term notes | 5,150 | 734 | 5,884 |
| Commercial paper | 720 | -70 | 650 |
| Total liabilities related to financing activities | 8,570 | 1,164 | 9,734 |

| Parent Company | | | | |
|--|--------------|------------|---|--------------|
| Changes in liabilities related to financing activities | 2018-12-31 | Cash flow | Changes not affecting cash flow Effect of IFRS 16 ¹ | Dec 31, 2019 |
| Liabilities to credit institutions | 1,707 | 993 | — | 2,700 |
| Bonds and medium-term notes | 5,150 | 0 | — | 5,150 |
| Commercial paper | 1,506 | -786 | — | 720 |
| Lease liabilities | 53 | — | -53 | — |
| Total liabilities related to financing activities | 8,416 | 207 | -53 | 8,570 |

¹ Effect of new accounting principle, IFRS16; change does not affect cash flow.

NOTE 41 Non-current and current liabilities

| Parent Company | | Dec 31, 2020 | Dec 31, 2019 |
|--|--|--------------|--------------|
| Non-current liabilities | | | |
| Liabilities to credit institutions, bonds and medium-notes | | 8,297 | 7,550 |
| Other long-term liabilities | | 194 | 128 |
| Total | | 8,491 | 7,678 |
| Short-term liabilities | | | |
| Bonds and medium-term notes | | 787 | 300 |
| Commercial paper | | 650 | 720 |
| Trade payables | | 575 | 732 |
| Liabilities to Group companies | | 782 | 309 |
| Liabilities to associated companies | | 44 | 7 |
| Other liabilities | | 204 | 83 |
| Accrued expenses and prepaid income | | 588 | 680 |
| Total | | 3,631 | 2,830 |

NOTE 42 Loan liabilities

| Group | | Parent Company | |
|------------------------------------|--------------|----------------|--------------|
| Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Liabilities to credit institutions | 3,200 | 2,700 | 3,200 |
| Bonds and medium-term notes | 5,884 | 5,150 | 5,884 |
| Commercial paper | 650 | 720 | 650 |
| Total | 9,734 | 8,570 | 9,734 |

Capital market programme

Swedavia has a medium-term note (MTN) programme denominated in SEK for medium-term borrowing in the Swedish capital market. The limit is set at SEK 15,000 M (15,000) and total borrowings in the programme were SEK 4,635 M (4,900). Swedavia also has corporate bonds totalling SEK 1,249 M (250) pertaining to a private investment. Swedavia furthermore has a Swedish commercial paper programme with a limit set at SEK 5,000 M (5,000) and total borrowings in this programme of SEK 650 M (720). Liabilities to credit institutions on the balance sheet date totalled SEK 3,200 M (2,700). There was also a framework loan on the balance sheet date with KfW-IPEX Bank of SEK 2,000 M which allows loans with durations of up to ten years, with SEK 500 M (1,000) of this still unutilised. During the period, a SEK 500M loan framework was signed with the Nordic Investment Bank that allows loans with durations of up to seven years, with SEK 500 M of this unutilised on the balance sheet date.

NOTE 43 Overdraft facilities

| | Group | | Parent Company | |
|-------------------------------|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Credit amount approved | 300 | 300 | 300 | 300 |
| Unutilised portion | -300 | -300 | -300 | -300 |
| Credit amount utilised | — | — | — | — |

As of December 31, 2020, Swedavia had an overdraft facility of SEK 300 M (300) of which – SEK M (–) was utilised on the balance sheet date.

NOTE 44 Other liabilities

| | Group | |
|-------------------------|--------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 |
| Current tax liabilities | 24 | — |
| Other liabilities | 225 | 91 |
| Total | 249 | 91 |

NOTE 45 Accrued expenses and prepaid income

| | Group | | Parent Company | |
|---|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Prepaid income | 131 | 252 | 112 | 249 |
| Accrued staff-related expenses | 164 | 210 | 164 | 210 |
| Accrued expenses, construction and properties | 109 | 171 | 104 | 140 |
| Accrued expenses, construction projects | 92 | 0 | 50 | 0 |
| Accrued interest | 22 | 14 | 22 | 12 |
| Other accrued expenses | 136 | 93 | 134 | 69 |
| Total | 654 | 741 | 588 | 680 |

NOTE 46 Assets held for sale and discontinued operations

| | Group | |
|-----------------------------|--------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 |
| Assets held for sale | | |
| Fixed assets | 382 | 719 |
| Trade receivables | 0 | 47 |
| Other current receivables | 6 | 2 |
| Total | 388 | 768 |

| Liabilities related to assets held for sale | Group | |
|---|--------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 |
| Current liabilities | 3 | 5 |
| Accrued expenses and prepaid income | — | 38 |
| Total | 3 | 43 |

In July 2018, Swedavia signed a contract to sell the company that owns the property at Göteborg Landvetter Airport where a hotel is under construction. Under the agreement, the transfer will take place in April 2021 when the hotel is placed in service.

On the balance sheet date December 31, 2020, assets classified as held for sale consisted of fixed assets with a book value of SEK 382 M and current assets of SEK 6 M. Assets held for sale are not depreciated from the time of reclassification. The assets are financed by intra-Group loans. Liabilities related to assets held for sale totalled SEK 3 M and consist mostly of operating liabilities. Assets held for sale belong to the Real Estate segment.

On the balance sheet date December 31, 2019, assets classified as held for sale and liabilities related to assets held for sale consisted of the company Airport Hotel 2 AB, which was sold on January 30, 2020. Assets held for sale in 2019 belonged to the Real Estate segment.

On January 30, the Group sold the subsidiary Airport Hotel 2 AB, which owns the hotel property on which Comfort Hotel is built at Stockholm Arlanda Airport. The buyer is Wenaasgruppen AS. On the balance sheet date December 31, 2019, these operations were recognised as assets held for sale. The purchase price for the shares totalled SEK 439 M, and the capital gain was SEK 427 M.

Below is a summary of effects on individual assets and liabilities in the Group in conjunction with the sale:

| Effect on individual assets and liabilities in conjunction with the sale | Group |
|--|--------------|
| | Dec 31, 2020 |
| Fixed assets | 865 |
| Trade receivables | 0 |
| Other receivables | 17 |
| Intra-Group loans | 767 |
| Current tax liabilities | 1 |
| Accrued expenses and prepaid income | 115 |
| Assets and liabilities sold, net | 0 |
| Purchase price received | 439 |
| Less liquid assets in the operations sold | — |
| Less downpayment received in 2018 | -25 |
| Plus repayment of intra-Group loan | 767 |
| Effect on liquid assets | 1,181 |

NOTE 47 Financial risks

The Group is exposed to a number of different financial risks in its operations, which in turn have an impact on the company's profit, cash flow and valuation. Swedavia's financial policy identifies and defines these risks and governs the risk mandate and principles for calculation, reporting, monitoring and control. This policy is characterised by a low risk level, and compliance is ensured through quarterly reports to the Board of Directors. The Board adopts the policy each year, and assessment is on a continuous basis.

The Group's financing operations and financial risk management are centralised in the corporate economy and finance unit and are part of Swedavia's overall risk management methodology. The objective is to minimise the Group's capital costs through effective funding solutions while ensuring efficient management and control of the Group's financial risks.

Swedavia has exposure to changes in exchange rates, commodity prices and interest rates as well as when current market conditions and the Group's capital structure give rise to refinancing and credit risks. To minimise the Group's exposure to fluctuations in interest rates, electricity prices and exchange rates, different kinds of derivatives are used.

Currency risks

Exchange rate risk is defined as the risk that movements in currency prices will have a negative impact on the Group's profit, financial position and/or cash flow. Since all subsidiaries are Swedish and use SEK as their currency, there is no translation exposure.

Transaction exposure

Most revenue is not affected by any foreign exchange fluctuations since invoices are largely denominated in SEK. When invoicing is in a foreign currency, an internal match against supplier invoices is made in the corresponding foreign currency. For other payments in foreign currencies, currency hedges are entered into that match the foreign flow. Currency hedges are entered into in conjunction with the signing of a contract or on receipt of an invoice. According to the company's financial policy, net positions above the equivalent value of SEK 1 M per currency are hedged for at least 75% and for a maximum of 100% for those to be paid within two years. As of December 31, 2020, 91% (91) of forecast payments in foreign currencies were hedged. A 10% strengthening/weakening of the Swedish krona would decrease/increase costs by 2 SEK M (5) given Swedavia's exposure as of December 31, 2020. The nominal amount of outstanding currency hedges as of December 31, 2020, was SEK 240 M (512).

Interest rate risks

Interest rate risk is defined as the risk that changes in market interest rates will have a negative impact on the Group's net interest income/expense.

As of December 31, 2020, Swedavia has external financing of SEK 9,734 M (8,570). To reduce the sensitivity to interest rate changes, Swedavia works

actively to reduce interest paid through interest rate swaps and borrowing at fixed interest rates. On December 31, 2020, 86 per cent (89) of external financing had fixed interest rates, which consists of loans with fixed interest rates and interest rate derivatives. On the balance sheet date, the nominal amount of interest rate swaps was SEK 4,250 M (3,500) with a fair value of SEK -166 M (-109). Financing at fixed interest rates totalled SEK 8,406 M (7,650). Based on those hedges, a 1 percentage point increase in the interest rate would increase Swedavia's interest rate expenses by SEK 13.3 M (9.2), which means that operating profit would decrease by the equivalent amount. On the other hand, a 1 percentage point decrease in the interest rate would decrease Swedavia's interest rate expenses by SEK 0.8 M (2.8) and thus improve operating profit by the equivalent amount. Current lock-in periods and financial instruments have been taken into account in carrying out the sensitivity analysis. According to the company's financial policy, interest rates shall be locked in for a period of not less than one year and not more than four years. On the balance sheet date, the interest rate lock-in period was 3.3 years (3.8).

Commodity price risks

Swedavia's commodity price risk is concentrated in the purchase of electricity, and the way this is handled is governed in its financial policy. There is continuous hedging of electricity prices in accordance with the policy. Hedging is done through electricity futures, in which spot prices are hedged, as well as through bilateral agreements with producers. The hedge ratio is correlated with the time horizon, and the hedging period may not exceed ten years. On the balance sheet date December 31, 2020, the hedge ratio was 87 per cent (88) of projected use. A 1 per cent increase/decrease in the price of electricity for the unhedged volume would not have a material effect on profit, less than SEK 0.1 M (0.1), given the current level of hedging.

Hedge accounting

The Group applies cash flow hedging for its interest rate risk, foreign exchange risk and electricity price risk. Under Swedavia's financial policy, the hedge relationship must be in effect the entire time and not be restarted. In order to apply hedge accounting, hedge relationships must satisfy all criteria for hedge accounting. The Group determines the economic relationship between the hedged item and the hedging instrument to assess the effectiveness of the hedge. This is done by assessing the critical conditions between the hedged item and the hedging instrument, which includes assessing the nominal amount, currency and cash flow date. If the critical conditions for the hedged item and the hedging instrument match, the hedge relationship is considered to be effective. The Group uses a one-to-one ratio in the hedge relationship for all current hedges that satisfy the criteria for hedge accounting. The effective portion of the changes in fair value recognised in other comprehensive income during the year was SEK -81 M (-72).

Group, Dec 31, 2020

Nominal amounts¹ by risk category of hedging instruments – Maturity structure

| | < 1 year | 2 years | 3 years | 4 years | 5 years | > 5 years | Total |
|---|----------|---------|---------|---------|---------|-----------|---------|
| Currency risk (EUR) | 121 | 58 | 4 | 0 | 0 | 0 | 182 |
| Currency risk (USD) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Currency risk (NOK) | 57 | 0 | 0 | 0 | 0 | 0 | 57 |
| Interest rate risk, SEK M (interest rate derivatives) | 0 | 250 | 750 | 250 | 250 | 2,750 | 4,250 |
| Commodity price risk (electricity – MWh) | 118,174 | 80,999 | 43,800 | 17,568 | 0 | 0 | 260,541 |

¹ All amounts above are in SEK M, except for commodity price risk (electricity), which is given in MWh.

As of December 31, 2020, Swedavia had a hedge reserve totalling SEK –141 M (–77). The hedge reserve consists solely of current cash flow hedges. The change in the hedge reserve for equity concerning currency risk is mostly related to a strengthening of the SEK. The change concerning interest rate risk is mostly related to interest rate derivatives having a larger negative value since market interest rates have fallen, and the change concerning commodity price risk (electricity) is related to the higher value of electricity futures since the price of electricity has fallen.

The change in deferred tax is a residual related to all of the cash flow hedges and financial risks noted above. There were no reversals during the period.

| | Group | |
|--|---------------------|---------------------|
| Reconciliation of risk components in equity | Dec 31, 2020 | Dec 31, 2019 |
| Opening balance, hedge reserves | –77 | –18 |
| Currency risk | –13 | –3 |
| Interest rate risk | –57 | –33 |
| Commodity price risk (electricity) | –11 | –38 |
| Deferred tax | 17 | 15 |
| Closing balance, hedge reserves | –141 | –77 |

Sources of ineffectiveness in hedging relationships for all cash flow hedges and financial risks are related to the cash flow date, expiration date, credit risk and day count conventions. Ineffectiveness on December 31, 2020, recognised in the income statement, was SEK –1 M (–).

Reclassification from the hedge reserve via other comprehensive income to the income statement totalled SEK 5 M (31), with SEK –3 M of this related to currencies and SEK 8 M related to electricity. Hedging instruments and hedged risk for Swedavia's cash flow hedges and their effect on the Group's financial position and profit are shown below.

| | Group | |
|--|---------------------|---------------------|
| Effects of hedge accounting of cash flow hedges for the Group's cash flow hedges on its financial position and profit | Dec 31, 2020 | Dec 31, 2019 |
| Currency risk related to purchases | | |
| Hedging instruments | | |
| Nominal amount | 240 | 512 |
| Carrying amount | | |
| Financial assets | 0 | 0 |
| Financial liabilities | –14 | –3 |
| Carrying amount, net | –14 | –2 |
| Change in fair value of hedging instrument ¹ | –13 | –3 |
| Reclassification from hedge reserve to profit or loss | –3 | 1 |
| Hedged risk | | |
| Change in fair value of hedged item ² | 13 | 3 |
| Reserve, cash flow hedges | –14 | –2 |
| Hedging profit/loss in other comprehensive income | –13 | –3 |

| | Group | |
|---|---------------------|---------------------|
| Interest rate risk related to loans with variable interest rates | Dec 31, 2020 | Dec 31, 2019 |
| Hedging instruments | | |
| Nominal amount | 4,250 | 3,500 |
| Carrying amount | | |
| Financial assets | 0 | 0 |
| Financial liabilities | –166 | –110 |
| Carrying amount, net | –166 | –110 |
| Change in fair value of hedging instruments ¹ | –57 | –33 |
| Reclassification from hedge reserve to profit or loss | 0 | 0 |
| Hedged risk | | |
| Change in fair value of hedged item ² | 55 | 32 |
| Reserve, cash flow hedges | –166 | –110 |
| Hedging profit/loss in other comprehensive income | –57 | –33 |

| | Group | |
|--|---------------------|---------------------|
| Commodity price risk related to purchase of electricity | Dec 31, 2020 | Dec 31, 2019 |
| Hedging instruments | | |
| Nominal amount (MWh) | 260,541 | 411,880 |
| Carrying amount | | |
| Financial assets | 6 | 15 |
| Financial liabilities | –3 | –1 |
| Carrying amount, net | 3 | 14 |
| Change in fair value of hedging instruments ¹ | –11 | –38 |
| Reclassification from hedge reserve to profit or loss | 8 | 30 |
| Hedged risk | | |
| Change in fair value of hedged item ² | –3 | 40 |
| Reserve, cash flow hedges | 3 | 14 |
| Hedging profit/loss in other comprehensive income | –11 | –38 |

¹ Change in fair value of hedging instruments used for measuring hedge ineffectiveness for the period.

² Change in fair value of item used for measuring hedge ineffectiveness for the period.

NOTES

Liquidity risk and refinancing risk

Liquidity risk and refinancing risk refer to the risk that funding possibilities will be limited and that the cost will be higher when loans are to be re-negotiated. It also includes the risk that payment obligations cannot be met due to insufficient liquidity. The Group's target capital structure is to have the Group's fixed assets funded by equity and have no more than 40 per cent of its loan portfolio mature in the same twelve-month period. According to Swedavia's financial policy, its loan portfolio shall have a capital tie-up period of not less than two years and not more than five years. The average interest rate lock-in period on its borrowings on December 31, 2020, was 3.3 years (3.8) with an average interest rate of 1.2 per cent (1.1). To guarantee the Group's short-term ability to pay, there shall be confirmed credit facilities and/or liquid assets as well as short-term financial investments equivalent to at least all loan maturities shorter than twelve months. On the balance sheet date, there was cash of SEK 1,462 M, short-term financial investments of SEK 175 M, unutilised credit facilities of SEK 3,500 M and overdraft facilities of SEK 300 M. The Group has determined that there are no risks related to the possibility of refinancing.

| Key metrics, financial risks | Group | |
|-------------------------------------|--------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 |
| Average interest rate, % | 1.2 | 1.1 |
| Interest rate lock-in period, years | 3.3 | 3.8 |
| Capital tie-up period, years | 4.2 | 5.0 |

The tables below show the undiscounted cash flows related to financial liabilities and net settled derivatives at the prices on the reporting date. Variable interest rates on loans and interest rate swaps in effect on the reporting date are assumed to apply for the remaining maturity of each instrument.

Group, Dec 31, 2020

| Financial liabilities (including future interest expenses and derivative instruments) – Maturity structure | < 1 year | 2 years | 3 years | 4 years | 5 years | > 5 years | Total |
|--|--------------|--------------|------------|------------|--------------|--------------|---------------|
| Bonds and medium-term notes | 836 | 2,744 | 770 | 1,14 | 1,464 | 103 | 6,032 |
| Bank loans | 13 | 10 | 10 | 10 | 10 | 3,231 | 3,383 |
| Commercial paper | 650 | — | — | — | — | — | 650 |
| Lease liabilities | 129 | 118 | 112 | 111 | 109 | 652 | 1,232 |
| Trade payables | 591 | — | — | — | — | — | 591 |
| Other liabilities | — | — | — | — | — | — | — |
| Derivative liabilities: | | | | | | | |
| Interest rate derivatives (interest rate swaps) | 39 | 39 | 37 | 33 | 30 | 67 | 245 |
| Currency derivatives (FX futures and FX swaps) | 0 | 1 | 0 | — | — | — | 1 |
| Electricity derivatives | 2 | 3 | — | — | — | — | 4 |
| Total | 2,260 | 2,915 | 929 | 268 | 1,613 | 4,053 | 12,039 |

Group, Dec 31, 2019

| Financial liabilities (including future interest expenses and derivative instruments) – Maturity structure | < 1 year | 2 years | 3 years | 4 years | 5 years | > 5 years | Total |
|--|--------------|--------------|--------------|------------|--------------|--------------|---------------|
| Bonds and medium-term notes | 349 | 1,456 | 2,038 | 269 | 1,124 | 1,121 | 6,359 |
| Bank loans | 23 | 19 | 19 | 19 | 19 | 2,771 | 2,870 |
| Commercial paper | 720 | — | — | — | — | — | 720 |
| Lease liabilities | 134 | 125 | 117 | 111 | 111 | 724 | 1,322 |
| Trade payables | 796 | — | — | — | — | — | 796 |
| Other liabilities | 0 | 0 | — | — | — | — | 0 |
| Derivative liabilities: | | | | | | | |
| Interest rate derivatives (interest rate swaps) | 33 | 32 | 32 | 29 | 26 | 73 | 225 |
| Currency derivatives (FX futures and FX swaps) | 0 | 0 | — | — | — | — | 0 |
| Electricity derivatives | 2 | 1 | 1 | 0 | — | — | 4 |
| Total | 2,058 | 1,633 | 2,207 | 428 | 1,280 | 4,689 | 12,296 |

Credit risks and counterparty risks

The Group's commercial and financial transactions give rise to credit risks. Credit risk refers to the risk of loss if the counterparty does not meet its contractual obligations. The credit risk that Swedavia is exposed to consists of financial credit risk and credit risk for trade receivables.

Financial credit risk

The credit risk for financial transactions arises when the Group invests liquid assets and when the Group enters into contracts for financial instruments with banks. A credit risk also arises when excess liquidity is invested in financial assets. The exposure allowed for financial investments is based on the limits in Swedavia's financial policy, which are related to ratings, ownership and the instrument's residual maturity. The maximum credit risk consists of the carrying amount of financial assets including derivatives with a positive market value. The Group's policy is to work with banks that have a good credit rating, and Swedavia has entered ISDA master agreements with its counterparty banks.

Credit risk in trade receivables

The credit risk for commercial transactions arises when there is a risk that customers will not meet their payment obligations to the Group. For trade receivables, operations are run in accordance with a provision regulating credit terms and working methods. Terms of payment are in most cases net 30 days. Swedavia's geographic market is Sweden, and as of December 31, 2020, the credit exposure on trade receivables was SEK 328 M (595). As of December 31, 2020, the carrying amount for the Group's largest customer was SEK 29 M (117).

Provision for expected credit losses

A provision is made for expected customer credit losses on first recognition. For trade receivables that do not include any material financial component, a simplified method is used so that the provision for expected credit losses is calculated and recognised based on expected credit losses for the entire residual maturity regardless of whether the credit risk has increased or not. Swedavia has chosen to use segmenting by customer category based on prospective information and historical data. The method is based on Sweden's forecast GDP trend and the effect of this on credit losses relative to historical credit losses in each customer category and the interval. Furthermore, an assessment has been made of the customers' future financial ability to pay, based on market data, credit ratings and other financial information.

On each balance sheet date, the company assesses whether there are objective indicators of impairment. Objective indicators could be a breach of contract, such as a default or past due payment of interest or principal, significant financial difficulties for the debtor or a deterioration in creditworthiness, as well as credit risk exposure.

Historically, there has generally been a low risk of credit losses in the Group. Due to the major adverse impact that the Covid-19 pandemic has had and will continue to have on Swedavia's customers, the risk of customer credit losses has increased significantly, and Swedavia's assessment is that many customers will have such great economic problems that there is a great risk they will discontinue operations or file for bankruptcy. The provision for expected credit losses as of December 31, 2020, was SEK 74 M, compared to SEK 3 M the previous year.

In estimating the provision for credit losses, Swedavia has used a credit rating from Bloomberg based on a default risk, which indicates the likelihood that a company will no longer be able to pay its debts. The credit rating divides companies into three main categories, "investment grade" (low risk), "high yield" (stable risk) and "distressed" (above-normal risk of default). Below is a summary of Swedavia's credit exposure and expected customer losses as of December 31, 2020, based on these categories:

| | Group | | Parent Company | |
|----------------------|-----------------|------------------------|-----------------|------------------------|
| | Carrying amount | Expected credit losses | Carrying amount | Expected credit losses |
| Credit rating | | | | |
| Investment grade | 121 | 2 | 112 | 2 |
| High yield | 96 | 6 | 94 | 6 |
| Distressed | 112 | 66 | 105 | 62 |
| Total | 328 | 74 | 311 | 71 |

| | Group | | Parent Company | |
|---------------------------------------|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Age analysis | | | | |
| Trade receivables not due | 248 | 515 | 236 | 497 |
| Trade receivables past due 1–30 days | 69 | 68 | 64 | 67 |
| Trade receivables past due 31–90 days | 11 | 11 | 10 | 10 |
| Trade receivables due >90 days | 1 | 1 | 0 | 1 |
| Total | 328 | 595 | 311 | 576 |

| | Group | | Parent Company | |
|--|-----------|----------|----------------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| Expected credit losses | | | | |
| Expected credit losses, opening balance | 3 | 6 | 3 | 6 |
| Reversal of expected credit losses | 1 | –3 | 1 | –3 |
| Booked credit losses | –1 | –2 | –1 | –2 |
| Provisioning for expected credit losses | 71 | 1 | 68 | 1 |
| Expected credit losses, closing balance | 74 | 3 | 71 | 3 |

| | Group | | Parent Company | |
|--|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Provisioning for expected credit losses | | | | |
| Trade receivables not due | 9 | 0 | 9 | 0 |
| Trade receivables past due 1–30 days | 57 | 0 | 55 | 0 |
| Trade receivables past due 31–90 days | 5 | 0 | 5 | 0 |
| Trade receivables >90 days | 3 | 2 | 2 | 2 |
| Total | 74 | 3 | 71 | 3 |

NOTES

NOTE 48 Pledged assets and contingent liabilities

| | Group | | Parent Company | |
|----------------|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Pledged assets | 899 | 923 | 11 | 10 |

| | Group | | Parent Company | |
|------------------------|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Contingent liabilities | — | — | — | — |

Swedavia's pledged assets consist of shares and holdings in the joint ventures Swedish Airport Infrastructure KB and Swedish Airport Infrastructure AB, which totalled SEK 888 M (913), and pension obligations in endowment policies owned by the company of SEK 11 M (10).

Swedavia also has obligations related to environmental requirements. Swedavia handles chemical substances in its operations and is responsible for waste, emissions, pollution and other effects on the environment at Swedavia's airports. Swedavia's obligations cover events after the company was formed.

NOTE 49 Cash flow

| SEK M | Group | | Parent Company | |
|--|--------------|--------------|----------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 | Dec 31, 2020 | Dec 31, 2019 |
| Adjustments in items not included in the cash flow | | | | |
| Profit from holdings in associated companies/Group companies | −54 | −45 | — | — |
| Capital gain on sale of operations/subsidiaries | −427 | — | — | — |
| Capital gain on sale of fixed assets | — | −28 | — | — |
| Depreciation, amortisation and impairment losses | 1,385 | 1,227 | 1,370 | 1,236 |
| Change in pension provisions | 30 | 109 | −61 | 84 |
| Change in other provisions | −22 | 26 | −20 | 32 |
| Other | 82 | −85 | 150 | 20 |
| Total | 994 | 1,204 | 1,439 | 1,373 |
| Interest paid and dividends received | | | | |
| Dividends received | 71 | 67 | — | — |
| Interest received | 5 | 6 | 16 | 23 |
| Interest paid | −138 | −127 | −136 | −107 |

Short-term borrowings (maturity of three months or less) that are raised and repaid during the same month are offset.

NOTE 50 Supplementary information for financial key metrics

Supplementary information for key financial metrics. For definitions and the reasoning behind them, see pages 75–76, "Key metrics".

Debt/equity ratio

The debt/equity ratio is affected by the pension liability trend. The pension liability and pension provision less the employee pension tax receivable, was SEK 903 M as of December 31, 2020, and SEK 874 M as of December 31, 2019.

Return on operating capital excluding capital gains, impairment losses, disposals and restructuring costs

In calculating this key metric as of December 2020, operating profit for the rolling twelve months was adjusted by restructuring costs of SEK 36 M, impairment losses and disposals of SEK 191 M and capital gains of SEK 427 M. Operating profit as of December 31, 2019, for the rolling twelve months was adjusted by restructuring costs of SEK 81 M, impairment losses and disposals of SEK 82 M and capital gains of SEK 130 M.

NOTE 51 Events after the balance sheet date

There were no important events after the balance sheet date to report.

SIGNATORIES TO THE ANNUAL REPORT

The undersigned certify that the consolidated accounts and Annual Report have been prepared in conformity with international financial reporting accounting standards (IFRS) such as have been adopted by the European Union in line with generally accepted accounting principles and give a true and fair picture of the financial position and results of the Group and the

Parent Company. The Report of the Directors gives a true and fair picture of the performance of the Group's and the Parent Company's operations, financial position and results and describes significant risks and uncertainty factors faced by the companies included in the Group. The Board of Directors adopts the Sustainability Report.

Stockholm-Arlanda, Sweden March 7, 2021

Åke Svensson
Chairman of the Board

Tor Clausen
Board member

Nina Linander
Board member

Lotta Mellström
Board member

Lars Mydland
Board member

Eva Nygren
Board member

Per Sjödel
Board member

Lottie Svedenstedt
Board member

Annica Ånäs
Board member

Agne Lindbom
Board member
Employee representative

Robert Olsson
Board member
Employee representative

Jonas Abrahamsson
President and CEO

Our Auditor's Report was submitted on March 18, 2021
KPMG AB

Tomas Gerhardsson
Authorised Public Accountant

The income statements and balance sheets of the Group and the Parent Company will be subject to approval at the Annual General on April 28, 2021.

Auditor's report

To the general meeting of the shareholders of Swedavia AB, corp. id 556797-0818

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Swedavia AB for the year 2020, except for the corporate governance statement on pages 88–97. The annual accounts and consolidated accounts of the company are included on pages 82–141 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 December 31, 2020 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 December 31, 2020 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 88–97. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Investments in construction in progress

See disclosure note 15, 19, 9 and 2 and accounting principles on page 109 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Construction in progress related to tangible fixed assets totals MSEK 6,296 in the group and MSEK 6,143 in the parent company as at December 31, 2020. The group and the parent company conduct large investment projects at their ten airports, primarily related to Stockholm Arlanda Airport and Göteborg Landvetter Airport. Due to the changed market situation caused by the covid-19 pandemic, a review was made of the investment portfolio's sub-projects during the year.

The accounting for construction in progress related to tangible fixed assets comprises several judgments, including whether costs incurred such as own time and borrowing costs are capitalizable, completion date, useful lives and future value in use, which means that changed judgments could result in significant effects on the group's and the parent company's result and financial position.

Response in the audit

In our audit, we have assessed the risks of the processes and internal controls for construction in progress related to tangible fixed assets.

We have also evaluated the accounting principles applied and, through sampling, substantively tested investment expenditure to assess activability, completion date, useful life and future value in use.

We have also assessed the disclosures for construction in progress related to tangible fixed assets that is 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 2–81. 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 **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 Swedavia AB for the year 2020 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.

AUDITOR'S REPORT

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 corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 88–97 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, P.O. Box 382, SE-101 27, Stockholm, was appointed auditor of Swedavia AB by the general meeting of the shareholders on April 29, 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019.

Stockholm March 18, 2021
KPMG AB

Tomas Gerhardsson
Authorized Public Accountant

This is KPMG's translation of its Swedish assurance report.



PRODUCTION

Swedavia in partnership with Newsroom AB

Translation: Susan Long

Cover image: Orlando Boström

Photos: Brendan Austin, Bau, Orlando Boström, Maskot, Tim Meier, Maria Moustakakis, Felix Odell, Peter Phillips, Stina Sandsjö, Kalle Sanner, Göran Strand, Victoria Ström, Svante Örnberg

Printing: Arkitektkopia

