

Paris, October 3, 2023

Air France-KLM to team up with SAS AB through equity and commercial cooperation

- Air France-KLM to take up to a maximum 19.9% non-controlling stake in the share capital of the reorganized SAS AB, subject to approvals and conditions.
- Air France-KLM ambitions to enhance the Group's footprint in Scandinavian markets through a commercial cooperation between its airlines and SAS AB.

Air France-KLM welcomes today's announcement by SAS AB's Board of Directors that the Air France-KLM Group, Castlelake, L.P., on behalf of certain funds or affiliates, and Lind Invest ApS (collectively, the "Consortium") have, together, been selected as the winning bidder in SAS's exit financing solicitation process.

Benjamin Smith, CEO of Air France-KLM stated: *"This is an important day for SAS and for Air France-KLM. We are pleased to be part of the winning bidding consortium selected by the board of SAS. Air France-KLM looks forward to establishing strong commercial ties with SAS. With its well-established position in Scandinavia and strong brand, SAS offers tremendous potential to Air France-KLM. This cooperation will allow Air France-KLM to enhance its position in the Nordics and improve connectivity for Scandinavian and European travelers. We look forward to being a part of this new chapter in SAS' history and thank the board of SAS for their trust."*

As previously expressed, Air France-KLM is determined to play an active role in the consolidation of European aviation. The envisaged cooperation with SAS is one of the components of the Group's strategic roadmap.

The Consortium's investment proposal remains to be finalized and is subject to certain conditions and regulatory approvals including, but not limited to, approval by the European Commission, the US court overseeing the Chapter 11 reorganization and, in respect of SAS AB, the Swedish court.

Should this transaction be approved and all the other conditions (including regulatory clearances and cancellation of all existing shares of stock of SAS AB) be satisfied, the Consortium, together with the Danish State, would invest USD 1.175 billion of which USD 475 million in common shares and USD 700 million in the form of secured convertible bonds.

Air France-KLM's investment would represent a total of USD 144.5 million, of which USD 109.5 million would be invested in common shares and USD 35 million would be provided in the form of secured convertible bonds. Upon completion of the transaction, Air France-KLM would own up to a maximum 19.9% non-controlling stake in the share capital of the reorganized SAS AB.

Air France-KLM's investment described herein will not have any impact on the Group's medium-term outlook.

In parallel to the transaction, and subject to the satisfaction of certain conditions including SAS AB's exit from Star Alliance, Air France-KLM will seek to establish a commercial cooperation between its airlines and SAS AB. In doing so Air France-KLM will strengthen its footprint in Scandinavian markets, where the SAS brand and loyalty program are well-established. Such commercial cooperation would benefit Scandinavian customers through extended connectivity and broader access to the worldwide network of Air France-KLM.

Air France-KLM would like to thank SAS AB's Board of Directors for its consideration throughout the competitive bidding process.

Details of the contemplated transaction:

The net proceeds of this investment would be used, among other things, to repay post-petition debtor-in-possession (DIP) financing. General unsecured creditors would receive USD 325 million of value in the form of cash and common shares.

Definitive agreements between the members of the Consortium would include specific provisions whereby Air France-KLM's stake may be increased such that Air France-KLM may become a controlling shareholder, after a minimum of two years, subject to among other things, certain regulatory conditions and financial performance.

As noted above, the investment by the Consortium (which may come to include additional investment partners) is subject to approval by the US court and consummation of a Chapter 11 plan of reorganization of SAS AB and certain of its subsidiaries. Such approval will come only after the Chapter 11 plan is submitted to creditors for a vote. SAS AB and those subsidiaries intend to undertake the process necessary to obtain such approval by the US court in short order. SAS AB may thereafter apply for a Swedish in-court reorganization aimed at implementing a Swedish reorganization plan for SAS AB that results in cancellation of all existing shares of stock of SAS AB pursuant to Swedish law. Following that, the investment may be consummated as part of implementing the Chapter 11 plan of reorganization.

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Investor Relations

Michiel Klinkers

Marouane Mami

michiel.klinkers@airfranceklm.com

mamami@airfranceklm.com

Website: www.airfranceklm.com