




Scandinavian Airlines

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SAS provides update on expected recoveries for creditors in the chapter 11 process – obtains support of Official Committee of Unsecured Creditors

SAS announces that it will file a second amended chapter 11 plan of reorganization (the “Chapter 11 Plan”) and related disclosure statement (the “Disclosure Statement”) with the U.S. Bankruptcy Court for the Southern District of New York (the “Court”) today, which documents will include, among other things, information on expected recoveries for general unsecured creditors, including the holders of SAS AB’s listed commercial hybrids. The Chapter 11 Plan and the Disclosure Statement may be further amended, modified, or supplemented and remain subject to Court approval.

Holders of SAS AB’s listed commercial hybrid bonds are expected to receive an initial cash recovery corresponding to up to 9.4% of the nominal value of such claims upon emergence from the chapter 11 process, with the possibility of receiving an additional cash distribution of up to 15.6% (up to 25.0% cumulatively) of the nominal value of such claims at a later date under certain conditions. The final recovery for holders of listed commercial hybrid bonds and other allowed general unsecured claims, including the amount and timing of any additional distributions, remains to be confirmed (as further described below and in more detail in the Chapter 11 Plan and the Disclosure Statement).

The Official Committee of Unsecured Creditors appointed in the chapter 11 cases supports the Chapter 11 Plan and is strongly urging all holders of general unsecured claims to vote to accept the Chapter 11 Plan.

Expected recoveries

SAS reiterates its expectation that there will be only a modest recovery for general unsecured creditors (as further described below), no recovery for subordinated creditors and no value for SAS AB’s existing shareholders, and that all of SAS AB’s common shares and listed commercial hybrid bonds will be cancelled, redeemed and delisted in connection with emergence from the chapter 11 process.

In aggregate, up to approximately USD 325 million is expected to be allocated to general unsecured creditors, consisting of up to approximately USD 250 million in cash and approximately USD 75 million in new equity. As part of the agreement with the new investors (as announced by SAS in the press release on November 4, 2023), the majority of the cash amount (approximately USD 213 million)¹ will be reserved (the “Restricted Funds”) and could be distributed to general unsecured creditors at a later date under certain conditions. The Restricted Funds are expected to be released upon a final resolution of certain potential State non-tax claims (including potential interest owed

¹ Assuming a USD/SEK rate of 10.3538.



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arising from State aid received in 2020 and deemed incompatible as further described in SAS' press release dated November 29, 2023), or upon a definitive answer that no such claims exist, and will be reduced by any payments made by SAS on account of such potential claims (including certain related costs). A final confirmation on the amount and timing of any additional distributions to general unsecured creditors, if any, may take several years.

Based on the above, SAS' expectation is that holders of SAS AB's listed commercial hybrid bonds will receive an initial cash recovery corresponding to 6.9–9.4% of the nominal value of such claims upon emergence from the chapter 11 process, with the possibility of receiving an additional cash distribution of up to 13.1–15.6% (up to 20.0-25.0% cumulatively) of the nominal value upon a potential release of the Restricted Funds. Other general unsecured creditors are expected to receive the following recoveries in cash and/or equity in the reorganized SAS, as set forth in more detail in the Chapter 11 Plan:

- For holders of allowed general unsecured claims at SAS AB an initial recovery corresponding to 6.9–9.4% of the nominal value of such claims upon emergence from the chapter 11 process, with the possibility of receiving an additional cash distribution of up to 15.6% (up to 25.0% cumulatively) of their claims upon a potential release of the Restricted Funds.
- For holders of allowed general unsecured claims at Scandinavian Airlines System Denmark-Norway-Sweden (the "SAS Consortium") an initial recovery corresponding to 1.7–2.7% of the nominal value of such claims upon emergence from the chapter 11 process, with the possibility of receiving an additional distribution of up to 5.0% (up to 7.7% cumulatively) of their claims upon a potential release of the Restricted Funds, except for smaller creditors with claims in an amount equal to or less than USD 1.499 million who are expected to receive a recovery corresponding to 10% of their claims in cash upon emergence from the chapter 11 process.
- For holders of allowed general unsecured claims at Gorm Dark Blue Limited, Gorm Deep Blue Limited, Gorm Light Blue Limited, Gorm Ocean Blue Limited and Gorm Sky Blue Limited an initial recovery corresponding to 0.8–1.2% of the nominal value of such claims upon emergence from the chapter 11 process, with the possibility of receiving an additional distribution of up to 2.5% (up to 3.7% cumulatively) of their claims upon a potential release of the Restricted Funds.
- For holders of allowed general unsecured claims at Scandinavian Airlines of North America Inc. a recovery corresponding to 0.5–1.5% of the nominal value of such claims upon emergence from the chapter 11 process.


The recovery level depends on, among other things, the debtor against which each creditor holds claims as well as potential guarantees of the claims. The final recovery for general unsecured creditors (including holders of SAS AB's listed commercial hybrid bonds), as well as the timing and amount of any additional distributions, is further dependent on various factors outside of SAS' control, including fluctuations in the SEK/USD exchange rate, changes to the creditor base eligible



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for recovery and their claim amounts, and the final outcome with respect to SAS' potential obligation to pay certain potential State non-tax claims, as described above.

The approximately USD 75 million in new equity to be allocated to creditors (corresponding to approximately 13.6% (based on total equity, excluding any potential future conversion of the convertible debt) of the equity in the reorganized SAS) will be distributed to specified classes of general unsecured creditors, including to the Danish, Norwegian, and Swedish states, certain creditors that are anticipated to have a continued relationship with SAS, such as go-forward aircraft lessors, pilot unions, and key suppliers, and certain other creditors with claims against the SAS Consortium. Other creditor classes, including holders of the listed commercial hybrid bonds and certain creditors holding smaller claims, are expected to receive a cash-only recovery.

Conditionality and expected timing of the chapter 11 process

The Chapter 11 Plan and the Disclosure Statement may be further amended, supplemented, or modified and remain subject to Court approval. A hearing with respect to the approval of the Disclosure Statement is currently scheduled to occur on February 6, 2024 and SAS currently expects to receive Court approval of the Chapter 11 Plan in the first quarter of 2024. The Official Committee of Unsecured Creditors appointed in the chapter 11 cases supports the Chapter 11 Plan and is strongly urging all holders of general unsecured claims to vote to accept the Chapter 11 Plan. The effectiveness of the Chapter 11 Plan remains subject to various conditions precedent, including approvals from the Court and various regulatory authorities and the completion of a Swedish company reorganization at the SAS AB level, as further set out in the press release announced by SAS on October 3, 2023. SAS currently expects to emerge from the chapter 11 process around the end of the first half of 2024.

Information regarding chapter 11 cases

Additional information regarding SAS' voluntary chapter 11 cases is available on SAS' dedicated restructuring website, <https://sasgroup.net/transformation>. U.S. Court filings and other documents related to the chapter 11 cases in the U.S. are available on a separate website administered by SAS' claims agent, Kroll Restructuring Administration LLC, at <https://cases.ra.kroll.com/SAS>. Information is also available by calling (844) 242-7491 (U.S./Canada) or +1 (347) 338-6450 (International), as well as by email at SASInfo@ra.kroll.com.

Advisors

Weil, Gotshal & Manges LLP is serving as global legal counsel and Mannheimer Swartling Advokatbyrå AB is serving as Swedish legal counsel to SAS. Seabury Securities LLC and Skandinaviska Enskilda Banken AB are serving as investment bankers, and Seabury Securities LLC is also serving as restructuring advisor to SAS. Skadden, Arps, Slate, Meagher & Flom LLP is serving as legal counsel, Rothschild & Co is serving as investment banker, and SkyWorks Holdings LLC is serving as aviation consultant to Castllake, L.P. White & Case LLP, Paul McGeown and Sheppard, Mullin, Richter & Hampton LLP are serving as co-legal counsel to Air France-KLM S.A. Bech-Bruun Law Firm P/S is serving as legal counsel and Latham & Watkins LLP is serving as US legal counsel to



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Lind Invest ApS, Wilkie Farr & Gallagher LLP is serving as legal counsel, Jefferies LLC is serving as investment banker, AlixPartners, LLP is serving as financial advisor, Alton Aviation Consultancy LLC is serving as industry advisor, and DLA Piper LLP is serving as Scandinavian counsel to the Official Committee of Unsecured Creditors.

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This is information that SAS AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of Erno Hildén at 02.25 AM CET on February 5, 2024.

SAS, Scandinavia's leading airline, with main hubs in Copenhagen, Oslo and Stockholm, flies to destinations in Europe, USA and Asia. Spurred by a Scandinavian heritage and sustainable values, SAS aims to be the driving force in sustainable aviation and in the transition toward net zero emissions. We are continuously reducing our carbon emissions through using more sustainable aviation fuel, investing in new fuel-efficient aircraft and technology innovation together with partners – thereby contributing towards the industry target of net zero CO2 emissions by 2050. In addition to flight operations, SAS offers ground handling services, technical maintenance and air cargo services. Learn more at <https://www.sasgroup.net>

ADDITIONAL INFORMATION

The press release does not constitute an offer to sell or issue, or the solicitation of an offer to buy or acquire, or subscribe for, shares or any other financial instruments in SAS.


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