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Air France-KLM S.A.

Statutory Auditors' Special Report on Related-Party Agreements

General meeting to approve the accounts for the year ended
December 31, 2021

Air France-KLM S.A.

2 rue Robert Esnault-Pelterie - 75007 Paris



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This is a free translation into English of the Statutory Auditors' Special Report on Related-Party Agreements issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided for by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standards.

Air France-KLM S.A.

Registered office: 2 rue Robert Esnault-Pelterie - 75007 Paris
Share capital: €642,634,034

Statutory Auditors' Special Report on Related-Party Agreements

General Meeting of Shareholders held to approve the financial statements for the year ended December 31, 2021.

To the Shareholders of Air France-KLM S.A.,

As Statutory Auditors of your company, we hereby present our special report on related-party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions, the purpose, and the benefits to the Company of the agreements of which we were informed or became aware of during our engagement. It is not our role to determine whether they are beneficial or appropriate or to ascertain whether any other agreements exist. It is your responsibility, in accordance with Article R.225-31 of the French Commercial Code (Code de commerce), to assess the relevance of these agreements with a view to approving them

In addition, we are required to inform you, where appropriate, in accordance with Article R.225-31 of the French Commercial Code, of the agreements already approved at the General Meeting of Shareholders.

We performed the procedures that we deemed necessary in accordance with the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to this engagement. Our work entailed verifying that the information provided is consistent with the documents from which it was derived.

AGREEMENTS SUBMITTED FOR APPROVAL AT THE GENERAL MEETING OF SHAREHOLDERS

Agreements authorized and/or concluded during the year

In accordance with the provisions of article L. 225-40 of the French Commercial Code (Code de commerce), we have been informed of the following agreements which have been subject to prior authorization by your Board of Directors throughout the year.

Conclusion of a commitment to subscribe to a capital increase, a subscription contract for the issuance of Super-Subordinated Securities of Indefinite Duration and an amendment to the shareholder loan agreement between the Company and the French State

Directors concerned :

- French State, shareholder with a fraction of the voting rights greater than 10%;
- Mr. Martin Vial, director representing the French State appointed by ministerial decree.
- Ms. Astrid Panosyan and Mr. Jean-Dominique Comolli, directors appointed at the General Meeting of Shareholders upon the proposal of the French State.

Nature, purpose, terms and conditions:

Your Board of Directors, gathered on April 5, 2021 previously authorized the conclusion of the following two agreements and involving, directly or indirectly, the French State, which is a shareholder currently holding 14.3% of the Company's share capital:

- (i) on April 12, 2021, a subscription commitment from the French State for 65.86% of the increase in the Company's capital (excluding the exercise of the extension clause) with the cancellation of the preferential subscription right and with a period of priority for profit shareholders, with a maximum total number of 213,999,999 new shares (the "Subscription Commitment of the French State to the Capital Increase").

Payment/delivery of 122 560 251 new shares subscribed by the French State intervened on April 22, 2021 for a price of €4.84 per share;

- (ii) on 20 April 2021, a subscription contract relating to the issue by the Company and the subscription by the French State of super-subordinated securities of indefinite duration (the "Super-Subordinated Securities") for a total amount of €3 billion by offsetting the claims it held on the Company under the shareholder loan agreement dated 6 May 2020 concluded between the French State and the Company (the "Shareholder Loan") and fully drawn for a total of €3 billion (the "Super-Subordinated Securities Subscription Agreement").

The issue of Super-Subordinated Securities consists of three perpetual maturity instalments with a nominal amount of €1 billion each, each with a first repayment option (Call) at 4, 5 and 6 years and then repayable on each interest payment date, bearing interest at the initial rate of 7.00%, 7.25% and 7.50% respectively. These initial interest rates for each instalment will increase to 8.50%, 8.00% and 8.00% respectively, on the first respective prepayment date and at the company's option, of the relevant instalment. These interest rates will then be revised annually from 20 April 2028, based on the 12-month Euribor rate plus a margin of 10.40%, it being specified that the applicable 12-month Euribor rate will not be less than - 0.45%. The Company will have the option to defer payment of interest at its discretion, in whole or in part. Deferred interest on the Super-Subordinated Securities will be accumulated and capitalized.

The payment of interest will nevertheless become mandatory in the event of a dividend payment or the repurchase of equity securities, subject to certain usual exceptions.

These Super-Subordinated Securities may be converted by offsetting receivables in the context of future issues of quasi-equity securities or capital increases.

Your Board of Directors meeting on April 6, 2021 also previously authorized the conclusion, which took place on April 20, 2021, an amendment to the Shareholder Loan concluded between the Company and the French State on May 6, 2020, after the prior authorization of your Board of Directors on April 24, 2020. The purpose of this amendment is to modify certain stipulations of the Shareholder Loan, in order to allow the repayment of the Shareholder Loan by way of conversion into Super-Subordinated Securities issued by the Company.

The financial expenses incurred by the Company over the first twelve-month period, considering that the Company does not use the possibility of deferring interest payments at its discretion, would amount to approximately €217.5 million for Super-Subordinated Securities.

For the year ended 31 December 2021, the amount of interest recognized as an expense was €151 million for Super-Subordinated Securities and €63 million for the Shareholder Loan (until 20 April 2021).

Reasons justifying the interest of the agreements for the Company :

Your Board of Directors considered that:

- the French State's Subscription Commitment to the Capital Increase and the Subscription Contract for Super-Subordinated Securities were to be concluded in order to enable the Group to strengthen its own funds in the context of the Covid-19 crisis;
- the capital increase referred to in the French State's Subscription Commitment to the Capital Increase was thus expected to improve the Group's equity by one (1) billion euros in IFRS and French accounting standards, and to provide the Group with the same amount of cash for the benefit of Air France;
- the issuance of the Super-Subordinated Securities covered by the Super-Subordinated Securities Subscription Agreement was thus expected to improve the Group's equity by €3 billion in IFRS accounting standards, without impact on cash, while increasing the Group's flexibility in its mandatory debt repayment profile spread over time (with a Non-Call period ranging from 4 to 6 years). The Amendment to the Shareholder Loan was to make it possible to repay the Shareholder Loan by conversion into Super-Subordinated Securities;
- As this crisis has had a considerable impact on the Company's activity, its financial situation will not allow for a sustainable recovery of activity. Therefore, the conclusion of these agreements appeared necessary for the sustainability of the Company.

Extension of the cooperation agreement concluded with China Eastern Airlines Co. Ltd

Persons concerned:

- China Eastern Airlines Co. Ltd, shareholder with a fraction of the voting rights greater than 10%;
- Mr. Jian Wang, director appointed by the general meeting on the proposal of China Eastern Airlines Co. Ltd

Nature, purpose, terms and conditions:

As part of the Group's recapitalization plan announced on April 6, 2021, your Board of Directors meeting on April 5, 2021, previously authorized the conclusion, on June 23, 2021, of an agreement with China Eastern to accelerate their efforts to deepen and expand existing and future

cooperation and further strengthen their partnership for transport services between China and Europe (the "CEA Trade Agreement").

The CEA Trade Agreement sets out the ambitions to increase cooperation between China Eastern, the Company, Air France and Koninklijke Luchtvaart Maatschappij N.V. (KLM). The Parties intend to strengthen their commercial cooperation (exclusive partnership from 1^{er} January 2022 for air passenger transport between Europe and China, improvement of the codeshare offer, reinforced alignment of fares and sales policy, etc.) and expand cooperation.

In particular, the parties undertake to:

- integrate the Paris–Beijing and Amsterdam–Beijing routes into the CEA Trade Agreement, subject to compliance with the agreed terms;
- accelerate their efforts to deepen existing cooperation on trade, operational, marketing and innovation policy aspects, in particular through staff exchanges;
- explore new opportunities for cooperation in the field of passenger transport on the aspects of competition rules, alliances and technologies;
- explore synergies in areas such as ground services, catering, maintenance and non-aviation-related areas such as tourism, hospitality, and car rental; and
- strengthen their strategic coordination within the SkyTeam alliance and IATA.

The ambitions set out in the CEA Trade Agreement do not affect existing agreements between the parties. These ambitions will therefore have to be defined and will subsequently be implemented separately in the exclusive partnership agreement between the parties for air passenger transport between Europe and China.

Reasons justifying the interest of the agreement for the Company :

Your Board of Directors considered that this agreement should be concluded in the context of equity strengthening operations and with the aim of enabling the Group to strengthen its commercial cooperation with China Eastern, as well as its position on the Chinese market.

Conclusion of an amendment to the Loan Guaranteed by the French State

Directors concerned:

- French State, shareholder with a fraction of the voting rights greater than 10%;
- Mr. Martin Vial, director representing the French State appointed by ministerial decree.
- Ms. Astrid Panosyan and Mr. Jean-Dominique Comolli, directors appointed at the General Meeting of Shareholders upon the proposal of the French State.

Nature, purpose, terms and conditions:

To cope with the impacts of the COVID crisis on the Group's cash flow level, your Board of Directors meeting on 24 April 2020 had previously authorized the conclusion, on 6 May 2020, of a €4 billion loan granted by a consortium of banks and guaranteed 90% by the French State under the regime set up by Law No. 2020.-280 of 23 March 2020 (the "State-Guaranteed Loan"). The French State was a shareholder of the Company to the tune of 14.3% of its share capital at the time of the conclusion of the agreement.

In order to smooth the repayment profile of the State-Guaranteed Loan beyond its 2023 maturity, your Board of Directors meeting on 11 October 2021 has previously authorized the conclusion, reached on December 10, 2021, with the consortium of banks and the French State and after approval by the European Commission, of an amendment to the State-Guaranteed Loan (the "Amendment").

The maturity of the State-Guaranteed Loan, initially planned at one year, renewable once for a period of one or two years by hand of the borrower, was contractually set at May 7, 2023, after exercise by the Company, in February 2021, of the two-year extension option.

The Amendment amended the following stipulations of the State-Guaranteed Loan:

- the final maturity date of the State-Guaranteed Loan is extended by a further two years and is therefore set at 6 May 2025;
- the State-Guaranteed Loan will now be reimbursed by amortization according to the following schedule:
 - o €500 million on the date of signature of the Amendment. The funds to make this early repayment came from the proceeds of the bond issues of 24 June 2021;
 - o €800 million as at 6 May 2023;
 - o €1.350 billion as at 6 May 2024;
 - o €1.350 billion as at 6 May 2025.
- the State-Guaranteed Loan will bear interest at the rate of: Euribor 3 months (with a floor at zero) with an annual margin between 0.75% and 2.75%, it being specified that this margin will now apply according to the following schedule: 1.50% from 6 May 2021 (inclusive) until 6 May 2022 (excluded) and 2.75% from 6 May 2022.
- The guarantee commission will apply according to the following schedule: 1.0% from 6 May 2021 (inclusive) until 6 May 2023 (excluded) and 2.0% from 6 May 2023. Until 6 May 2023 (excluding), it will be calculated on the basis of the initial amount of €4 billion. Subsequently, the basis of calculation will be deducted from the reimbursements provided for and mentioned above.

Mandatory reimbursement clauses (" *Mandatory Prepayments* ") are provided for in the contract, in particular in the case of debt issues resulting from *capital market* on the bond market up to a limit of 75% of the amounts raised, excluding hybrid instruments, convertible bonds or quasi-equity repayments to be made under bond and convertible lines existing on the date of signature of the Addendum and whose maturity falls during the term of the State-Guaranteed Loan thus extended.

For the year ended 31 December 2021, the amount of the guarantee fee recognized as an expense was €33 million.

Reasons justifying the interest of the agreement for the Company :

Your Board of Directors considered that the conclusion of the Amendment allowed the Company to smooth its repayment profile over time and thus balance the schedule of the Group's consolidated debt.

AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

Agreements approved in prior years which continued to apply during the year

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed of the performance, during the period, of the following agreements already approved at the General Meetings of Shareholders in prior years.

Blue Skies Transatlantic Partnership concluded with Delta Air Lines Inc. and Virgin Atlantic Airways Ltd.

Persons concerned:

Delta Air Lines Inc., shareholder with a fraction of the voting rights greater than 10% and director of the Company, represented by Mr. George N. Mattson, and of Virgin Atlantic.

Nature, purpose, terms and conditions:

The Company, Delta and Virgin announced on February 3, 2020 the implementation of their expanded Blue Skies transatlantic partnership (the "Partnership"), as well as confirmation that the Company would not acquire the 31% of Virgin's capital. This last decision, authorized by your Board of Directors meeting on October 30, 2019, led to the modification of the agreements relating to the Partnership that had been concluded on May 15, 2018 and authorized by your Board of Directors at its meetings of March 14 and May 15, 2018, without this impacting the Company's position in the commercial joint venture associating Delta, Virgin and the Company.

Given the impact of the Covid-19 crisis on the implementation of joint-existing ventures of the Air France group-KLM, your Board of Directors meeting on 4 December 2020 authorized, following the review of the financial conditions of the agreements by the various partners, the temporary adjustment of the provisions relating to the "*Settlement* (financial mechanism to allocate revenues and costs generated by the joint)-venture) provided for in the Joint Venture Agreement (*Joint Venture Agreement*). The other provisions of this agreement remain unchanged.

On December 18, 2020, the "waiver" between the Company, Delta and Virgin was signed regarding the adjustment of the financial provisions relating to the "settlement" for the calendar year 2020. In this context, each party waived all rights it could have in respect of the amounts due to it under the Joint Venture Agreement for the calendar year 2020, and agreed to waive them permanently. In accordance with the waiver conditions, the duration of the waiver may be extended to the financial years of 2021 and 2022 by mutual agreement of the parties due to the length of the repercussions of the Covid-19 epidemic on the operations of the joint-venture.

The Partnership agreements that were in effect in fiscal year 2021 were as follows:

- Joint Venture Agreement (*Joint Venture Agreement*) between Delta, Virgin, the Company, KLM and Air France, to set up a joint-commercial venture between these companies, concluded on 30 January 2020 with effect from 1^{er} January 2020). This agreement was the subject of a "waiver" concerning the adjustment of the financial provisions relating to the "settlement", as mentioned above;
- Implementation Agreement (*Implementation Agreement*) between the Company, Air France – KLM Finance SAS, Air France, KLM, Delta, Virgin Investments Limited, Virgin Atlantic Limited, Virgin Atlantic Airways Limited and Sir Richard Branson, concluded on 9 January 2020 with effect from 1 January 2020^{er} January 2020;
- Agreement between the Company, Delta and Virgin Group, entered into and effective on 30 January 2020, conferring on the Company, subject to certain specific conditions, a right to acquire shares of Virgin Atlantic Limited in the event of a sale by Virgin Group of shares of Virgin Atlantic Limited to a third party. This agreement was not implemented in fiscal year 2021.

Adjustments of the partnership concluded with China Eastern

Persons concerned:

- China Eastern Airlines Co. Ltd, shareholder with a fraction of the voting rights greater than 10%;
- Mr. Jian Wang, director appointed by the general meeting on the proposal of China Eastern Airlines Co. Ltd.

Nature, purpose, terms and conditions:

Given the impact of the Covid-19 crisis on the implementation of joint-existing ventures of the Air France group–KLM, your Board of Directors meeting on 4 December 2020 authorised, following the review of the financial conditions of the agreements by the various partners, the temporary adjustment of the provisions relating to the " *Settlement* (financial mechanism to allocate revenues and costs generated by the joint)-venture) provided for in the partnership agreement concluded with China Eastern on 26 November 2018. The other stipulations of this contract remain unchanged.

On January 15, 2021, the " *waiver* " between the Company and China Eastern, relating to the suspension of the financial provisions relating to the " *Settlement* " provided for in the partnership contract. In this context, the parties waive any payment under the partnership contract as of 1^{er} February 2020 and for a period to be mutually agreed between the parties depending on the duration of the effects of the COVID-19 outbreak on the joint venture.

Conclusion of a Framework Agreement between Air France-KLM, KLM and the Dutch State

Directors concerned:

- The Dutch State, shareholder with a fraction of the voting rights greater than 10%;
- Mr. Dirk van den Berg, director appointed at the General Meeting of Shareholders upon proposal of the Dutch State.
- Mr. Cees 't Hart and Mr. Benjamin Smith, joint directors of the Company and KLM.

Nature, purpose, terms and conditions:

Your Board of Directors gathered on June 25, 2020 previously authorized to enter, as part of the financial support plan granted by the Dutch state to the company Koninklijke Luchtvaart Maatschappij NV (« KLM »), a subsidiary of the Company, of a framework agreement signed on August 7, 2020 between the Company, KLM and the Dutch State, a shareholder of the Company holding 14% of its share capital.

The Framework Agreement includes a financial support package for KLM for a total amount of €3.4 billion backed by the Dutch State, including two loans for KLM and its subsidiaries:

- A revolving credit facility of €2.4 billion, granted by 11 banks to KLM with a 90% guarantee supported by the Dutch State; and
- A direct loan of €1 billion, granted by the Dutch State to KLM, subordinated to the revolving credit facility.

The loan granted by the Dutch State is subject to certain conditions. These conditions were addressed in a Framework Agreement between the Company, KLM and the Dutch State, which includes, in particular, commitments by KLM on sustainable development and restoring its performance and competitiveness, including a comprehensive restructuring plan and the contribution of its employees. KLM has undertaken to suspend the dividend payments to its shareholders until these two loans have been repaid in full.

Paris La Défense, March 24, 2022

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

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