

AIR FRANCE-KLM S.A

Statutory financial statements

January 1st, 2022 - December 31, 2022

5.5 STATUTORY FINANCIAL STATEMENTS

5.5.1 Income statement

| Year ending December 31, (in € millions) | Notes | 2022 | 2021 |
|--|-------|-------------|-------------|
| Operating income | 3 | 84 | 53 |
| External expenses | 4 | (43) | (46) |
| Salaries and related costs | 5 | (15) | (8) |
| Other operating expenses | 7 | (32) | (2) |
| Total operating expenses | | (90) | (56) |
| Income from current operations | | (6) | (3) |
| Financial income | | 313 | 323 |
| Financial expenses | | (343) | (363) |
| Net financial income | 6 | (30) | (40) |
| Earnings before tax and non-recurring items | | (36) | (43) |
| Non-recurring income | | – | – |
| Non-recurring expenses | | – | – |
| Non-recurring income/- (loss) | | – | – |
| Income tax | 8 | 23 | 39 |
| Net income/(loss) | | (13) | (4) |

5.5.2 Balance sheet

| Assets (in € millions) | Notes | December 31, 2022 | December 31, 2021 |
|---|-------|----------------------|----------------------|
| Tangibles fixed assets | | 2 | – |
| Equity investments | 9.2 | 7,331 | 5,684 |
| Loans & receivables related to long-term investment | 9.3 | 4,009 | 7,210 |
| Other financial long-term investments | | 1 | – |
| Fixed assets | | 11,343 | 12,894 |
| Trade receivables | 13 | 30 | 20 |
| Other receivables | 13 | 71 | 134 |
| Marketable securities | 10 | 1,518 | 1,111 |
| Cash and cash equivalent | | 470 | 690 |
| Prepaid expenses | | 1 | 1 |
| Current assets | | 2,090 | 1,956 |
| Issue costs | | 10 | 20 |
| Bond redemption premium | | 4 | 6 |
| Total Assets | | 13,447 | 14,876 |

| Liabilities & equity (in € millions) | Notes | December 31, 2022 | December 31, 2021 |
|--|-------|----------------------|----------------------|
| Capital | 11.1 | 2,570 | 643 |
| Additional paid-in capital | 11.2 | 5,217 | 4,949 |
| Legal reserve | | 70 | 70 |
| Reserves | | (133) | (129) |
| Income for the year | 11.2 | (13) | (4) |
| Shareholder's equity | 11.2 | 7,711 | 5,529 |
| Other equity | 12 | 934 | 3,151 |
| Provision for risks & liabilities | 17 | – | – |
| Financial debts | 12 | 4,757 | 6,106 |
| Trade payables and related accounts | 13 | 11 | 18 |
| Tax and social debts | 13 | 14 | 7 |
| Other liabilities | 13 | 19 | 56 |
| Liabilities | 13 | 4,801 | 6,187 |
| Unrealized foreign exchange gain | | 1 | 9 |
| Total Liabilities & Equity | | 13,447 | 14,876 |

5.5.3 Notes

The following information constitutes the notes to the financial statements for the year ended December 31, 2022.

It is an integral part of the financial statements.

Air France - KLM SA, a public limited company (société anonyme) with registered office at 7, rue du Cirque, 75008 Paris, is the parent company of the Air France - KLM Group. It is listed for trading in Paris (Euronext) and Amsterdam (Euronext).

1. Accounting policies and procedures

Generally accepted accounting policies have been applied, consistent with the prudence principle and in accordance with the legal and regulatory provisions applicable in France and to the base assumptions whose aim is to provide a true and faithful representation of the company:

- going concern;
- consistent accounting methods from year to year;
- independence of financial periods;

and in accordance with the general rules for establishing and presenting annual financial statements.

The basic method used to value items recorded in the financial statements is the historical cost method.

Going concern

In order to determine an appropriate basis for preparing the consolidated financial information for the year ended December 31, 2022, the going concern assumption was assessed by evaluating the financial forecasts over a horizon of at least one year and by analyzing in particular the Group's business activity in the context of the decline in the Covid 19 pandemic and the Ukrainian crisis.

During 2022, the Group has returned to positive free cash flow from operations, has repaid a large part of the aid received from the French and Dutch governments to deal with the Covid pandemic, and has maintained a high level of available cash to face the future.

Thus, after taking into account the uncertainties related to the current context and in particular the evolution of the price of oil impacted by the sanctions imposed on Russia, as well as the level of indebtedness of the Group, the Board of Directors has approved the financial statements for the year ending December 31, 2022 on a going concern basis, taking into account the improvement in the health situation since the end of 2021 the recovery in activity with capacity forecast in 2023 very close to be at 2019 levels, a dynamic pricing policy, the cash position at the end of December 2022 and the Group's ability to refinance.

Value in use of its equity investments

In the current context, the company has paid particular attention to the value in use of its equity investments.

The main accounting methods used are the following:

Long-term investments

Investments in equity securities are presented on the balance sheet at their acquisition cost net of impairment, if any. A provision for impairment is recorded as soon as the fair value, which corresponds to the value in use, falls below the acquisition value. The fair value of securities is determined by taking into account the share of shareholders' equity, the outlook for profitability and the stock market values that can be used as a reference.

Transfer taxes, fees or commissions and legal fees related to the acquisition of securities are expensed, according to the option offered by the regulations.

Treasury shares not allocated to employees or to a capital decrease are booked in long-term investments. They are shown at the lower of their acquisition cost or fair value. The fair value is determined based on the average market price for the last month of the financial year. Impairment tests on future cash flows have been performed, based on assumptions that are identical to those of the consolidated financial statements

Trade receivables

Trade receivables are valued at their nominal value. They are valued on a case-by-case basis and a provision is set up as required based on the assessed risks.

Provisions

The company recognizes a provision when there is a legal or constructive obligation to a third party that will result in an outflow of resources and can be reliably estimated. The amounts recognized as provisions take into account the timing of disbursements and are discounted where appropriate. The effect of the passage of time is recognized in financial income or expense.

Marketable securities

Marketable securities are shown on the balance sheet at the lower of their acquisition cost and their market value. In the case of listed shares, this market value is determined based on the market price at the end of the financial year.

Treasury shares invested as part of a liquidity agreement are valued at the lower of their acquisition price and fair value. The fair value is determined based on the last month average market price at the end of the financial year.

Negotiable debt securities (certificates of deposits, and bills issued by financial companies) are booked at their acquisition cost. Interest is booked as financial income, on a *pro-rata temporis* basis.

Foreign currency transactions

Operating expense and income transactions in foreign currencies are recognized at the average exchange rate for each relevant month by approximating the rate on the day of the transaction.

Trade payable and receivable in foreign currencies are valued at the exchange rate in effect at end year closing.

Unrealized losses and gains are recognized as assets and liabilities on the balance sheet. Provisions are established for unrealized losses, except for the following cases:

- transactions where the currency and the term contribute to an overall positive currency position and;
- currency hedging contracts concerning the payment of future investment deliveries.

Debts

Debts are valued at their nominal amount. The debt in foreign currency is valued at the closing rate Euro/Dollar.

Financial instruments

Financial derivative instruments are used to reduce exposure to interest rates risk and to foreign exchange. They are over the counter instruments with first class counterpart. Group management policy bans subscription of trading instruments.

Dividends received

Dividends are recognized as income - when they are approved by the competent bodies in the companies (i.e.: the Board of Directors or the General Shareholders' Meeting depending on the local regulations) - or according to the terms of the bylaws.

2. Significant events of the period

On June 16, 2022, Air France - KLM carried out a capital increase with preferential subscription rights for shareholders in order to raise a gross amount of 2,256 million euros through the issue of 1,928 million New Shares.

On June 16, 2022, Air France - KLM carried out the partial early redemption of its undated deeply subordinated notes for an amount of 1,630.8 million euros.

On June 23, 2022, the Air France - KLM subscribed to a capital increase by offsetting its undated deeply subordinated notes of Air France company for a nominal amount of 1,651.1 million euros.

On July 29, 2022, Air France - KLM partially redeemed its undated deeply subordinated notes in the amount of 487.1 million euros.

On October 12, 2022, Air France - KLM redeemed the bond issued in 2016 which had reached maturity for 361.2 million euros.

On November 7, 2022, Air France company partially repaid the outstanding amount of the loan made available under the State Guaranteed Loan Agreement (PGE), for an amount of 1 billion euros.

On November 7, 2022, Air France - KLM partially repaid the State Guaranteed Loan to French State. The State Guaranteed Loan will be repaid by amortization according to the following schedule

- €1.150 billion on May 6, 2024,
- €1.350 billion on May 6, 2025.

On November 23, 2022, the Air France - KLM issued a hybrid convertible bond for an amount of 305.3 million euros.

On December 9, 2022, Air France - KLM partially redeemed its undated deeply subordinated notes for an amount of 287.1 million euros.

On December 9, 2022, Air France company issued a hybrid undated deeply subordinated bond for an amount of 305.3 million euros subscribed by Air France - KLM. On the same day, Air France company partially redeemed its undated deeply subordinated notes with the Air France - KLM for an amount of 287.1 million euros.

3. Operating income

| Period | 2022 | 2021 |
|--|-----------|-----------|
| Management fees (in € million) | 32 | 33 |
| Of which Air France | 19 | 21 |
| Of which KLM | 13 | 12 |
| Royalties (in € million) | 20 | 20 |
| Of which Air France | 12 | 12 |
| Of which KLM | 8 | 8 |
| Reversal of operating provisions and others (in € million) | 32 | – |
| Total | 84 | 53 |

Reversal of operating provision and others include a reversal of a provision for uncollectible debts in the amount of 30 million euro on Alitalia company.

4. External expenses

| Period | 2022 | 2021 |
|--|-----------|-----------|
| Fees and surveys | 19 | 20 |
| Insurance | 3 | 2 |
| Sub-Contracting and rent re-invoiced by Air France and KLM | 17 | 21 |
| Financial communication | 1 | 1 |
| Other | 4 | 3 |
| Total | 43 | 46 |

During the financial year 2022, the teams assigned to Air France - KLM holding company represent 81,0 Full Time Equivalent seconded from Air France and 20,9 full-time equivalent seconded from KLM.

5. Compensation of company's corporate officers

The fixed remuneration recorded as period expenses for the Chief Executive Officer amounts to €0.90 million in 2022 and 2021.

The compensation of the non-executive Chairman of the Board of Directors amounts to €0.20 million.

No variable compensation was paid in 2021 or 2022 due to restrictions imposed by the European Commission in the context of State aid. However, a provision for variable compensation for 2021 (€1.09 million) and 2022 (€1.10 million) has been recognized in the 2022 financial statements, as the European Commission authorized the provisioning of variable compensation for 2021 on February 23, 2022, i.e. after the closing of the 2021 financial statements. Payments may only be made once the restrictions have been lifted.

6. Net financial Income

This section regroups interest paid or received, currency losses and gains, and allocations and reversal of financial provisions. The break-down is as follows.

| Period | Notes | 2022 | 2021 |
|---|-------|--------------|--------------|
| Interest on loans and other financial expenses | | (337) | (363) |
| Of which interest on OCEANE | 12.2 | (1) | (1) |
| Of which interest on bonds | 12.2 | (61) | (53) |
| Of which interest on perpetual subordinated loan | 12.1 | (141) | (152) |
| Of which interest on PGE and ACC | 12.3 | (125) | (149) |
| Of which others | | (9) | (8) |
| Interest on loans | | 307 | 320 |
| Of which related companies | | 307 | 320 |
| Other financial income | | 6 | 2 |
| Of which related companies | | 1 | 2 |
| Of which investment in mutual funds and certificates of deposit | | 5 | – |
| Allocation to provisions | | (6) | 1 |
| Of which provision for risks & liabilities | | (2) | (1) |
| Of which Air France - KLM Finance shares | | (4) | 2 |
| Total | | (30) | (40) |

7. Other operating expenses

Other operating expenses include an uncollectible debt loss of 30 million euro on Alitalia company

8. Income tax

Air France - KLM has benefited from the tax consolidation scheme since April 1, 2002. The consolidation scope, for which Air France - KLM is the parent company, mainly includes Air France, HOP! and Transavia France Companies.

The tax consolidation agreement is based on the so-called neutrality method and puts each member company of the tax group in the situation in which it would have been in without consolidation.

Air France - KLM has a tax losses carried forward of €1 018 million. The Group's cumulative tax losses, which can be carried forward indefinitely, amount to €14 110 million.

The subsidiaries recording a net earning, generated a bonus of 23 million euros in 2022, compared to a bonus of 39 million euros in 2021.

9. Long-Term Investments

9.1 Net book value

| (in € million) | Notes | Beginning of year | Allocation | Reversal | End of Year |
|---|-------|-------------------|--------------|--------------|---------------|
| Equity investments | 9.2 | 5 684 | 1 647 | | 7 330 |
| Loans & receivables related to long term investment | 9.3 | 7 210 | | 3 201 | 4 009 |
| Other financial long-term investments | | - | 2 | - | 2 |
| Gross amount | | 12 894 | 1 649 | 3 201 | 11 341 |

9.2 Equity investments

| (in € million) | Notes | December 31, 2022 | December 31, 2021 |
|--------------------------|-------|-------------------|-------------------|
| Gross value | | | |
| Air France | | 6,492 | 4,841 |
| KLM | | 824 | 824 |
| Air France - KLM Finance | | 31 | 31 |
| Transavia Company | | 4 | 4 |
| Total gross | | 7,351 | 5,700 |
| Impairment | | | |
| Air France - KLM Finance | | (20) | (16) |
| Total impairment | | (20) | (16) |
| Net | | | |
| Air France | | 6,492 | 4,841 |
| KLM | | 824 | 824 |
| Air France - KLM Finance | | 11 | 15 |
| Transavia Company | | 4 | 4 |
| Total Net | 9.1 | 7,331 | 5,684 |

9.3 Loans & receivables related to long-term investment

| Gross value Notes (in € million) | Notes | Beginning of year | Allocation | Reversal | End of year |
|---|--------------|---|-------------------|-----------------|-----------------------------------|
| Air France | | 7,190 | 305 | (3,506) | 3,989 |
| KLM | | – | – | – | – |
| Air France - KLM Finance | | 20 | – | – | 20 |
| Bigblank | | 4 | – | – | 4 |
| Total gross | | 7,214 | 305 | (3,506) | 4,013 |
| Impairment | | Impairment beginning of year | Allocation | Reversal | Impairment end of year |
| Air France | | – | – | – | – |
| KLM | | – | – | – | – |
| Air France - KLM Finance | | – | – | – | – |
| Bigblank | | (4) | – | – | (4) |
| Total impairment | | (4) | – | – | (4) |
| Net | | Net value beginning of year | Allocation | Reversal | Net value end of year |
| Air France | | 7,190 | 305 | (3,506) | 3,989 |
| KLM | | – | – | – | – |
| Air France - KLM Finance | | 20 | – | – | 20 |
| Bigblank | | – | – | – | – |
| Total Net | 9.1 | 7,210 | 305 | (3,506) | 4,009 |

10. Marketable securities

| (in € million) | December 31, 2022 | December 31, 2021 |
|---|----------------------|----------------------|
| Gross Value | | |
| Mutual funds, certificates of deposit & marketable term notes (1) | 1,518 | 1,111 |
| Securities Compagnia Aerea Italiana | 355 | 355 |
| Total Gross value | 1,873 | 1,467 |
| Depreciation | | |
| Securities Compagnia Aerea Italiana | (355) | (355) |
| Total Depreciation | (355) | (355) |
| Total | 1,518 | 1,111 |

(1) Of which €1,512 million of marketable securities at less than 3 months for 2022.

The net carrying amount for the marketable securities, mutual funds and certificates of deposit is the market value.

11. Shareholders' equity

11.1 Distribution of share capital and voting rights

The issued capital comprises 2,570,536,136 fully paid-up shares with a nominal value of one euro. Each share is entitled to one voting right. However, since April 3, 2016, any shareholder who has been owning registered

shares for more than two years is entitled to double voting rights, raising the number of voting rights to 2 790 242 836 as at December 31, 2022:

| As of December 31 | % of capital | | % of voting rights | |
|--------------------------------|--------------|------------|--------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| French State | 28.6 | 28.6 | 28.5 | 28.2 |
| Dutch State | 9.3 | 9.3 | 10.7 | 13.8 |
| CMA CGM | 9.0 | - | 8.3 | - |
| China Eastern Airlines | 4.7 | 9.6 | 5.6 | 11.4 |
| Delta Air Lines | 2.9 | 5.8 | 4.0 | 8.7 |
| Employees and former employees | 1.2 | 2.5 | 1.6 | 3.6 |
| Treasury shares | 0.1 | 0.2 | 0.1 | 0.3 |
| Other | 44.2 | 44.0 | 41.2 | 34.0 |
| Total | 100 | 100 | 100 | 100 |

The line "Employees and former employees" includes the shares held by employees and former employees identified in the "Fonds Communs de Placement d'Entreprise (FCPE)"

11.2 Statement of changes in shareholders' equity

| (in € million) | Capital | Additional paid-in capital | Reserves | Earnings for the year | Shareholders' equity |
|--------------------------------|--------------|----------------------------|-------------|-----------------------|----------------------|
| As of December 31, 2020 | 429 | 4,139 | 7 | (66) | 4,509 |
| Increase in Capital | 214 | 810 | | | 1,024 |
| Allocation of earnings | | | (66) | 66 | – |
| Earnings for the period | – | – | – | (4) | (4) |
| As of December 31, 2021 | 643 | 4,949 | (59) | (4) | 5,529 |
| Increase in Capital | 1,927 | 268 | | | 2,195 |
| Allocation of earnings | – | – | (4) | 4 | – |
| Earnings for the period | – | – | – | (13) | (13) |
| As of December 31, 2022 | 2,570 | 5,217 | (63) | (13) | 7,711 |

12. Financial debt and other equity

| (in € million) | Notes | December 31, 2022 | December 31, 2021 |
|--|-------|-------------------|-------------------|
| Other equity | | | |
| Perpetual subordinated loan | 12.1 | 900 | 3,000 |
| Interest on Perpetual subordinated loan | 12.1 | 33 | 151 |
| Total Other equity | | 934 | 3,151 |
| Non-current financial debt | | | |
| Bonds | 12.2 | 2,186 | 2,178 |
| Miscellaneous loans & debts | 12.3 | 2,500 | 3,500 |
| Total non-current debt | | 4,686 | 5,678 |
| Current Financial Debt | | | |
| Bonds | 12.2 | – | 361 |
| Accrued interest | | 71 | 67 |
| Total current debt | | 71 | 428 |
| Total financial debt | | 4,757 | 6,106 |
| Total financial debt and Other equity | | 5,691 | 9,257 |

12.1 Perpetual subordinated loan

The € 3 billion direct loan granted by the French State to Air France via Air France - KLM at the end of May 2020, converted on April 20, 2021 into a Perpetual subordinated notes of the same nominal amount, consisting of three perpetual tranches with a nominal amount of € 1 billion each, has been partially repaid.

The tranches with a first call option at 4 and 5 years were redeemed in full. The tranche with a first redemption option at 6 years has been repaid in the amount of €405 million. The financial operations from the beginning were as follows:

The subordinated shareholder loan ("ACC"), initially granted by the French State to Air France - KLM, had the following main characteristics:

A total amount of €3 billion; a four-year term, with two consecutive one-year extension options exercisable by Air France - KLM; a coupon payable annually or capitalizable at Air France - KLM's option at a rate equal to 12-month EURIBOR (zero rate) plus a margin of 7% for the first four years, 7.5% for the fifth and 7.75% for the sixth.

On April 20, 2021, the French State issued €3 billion of Subordinated Notes by way of set-off against the shareholder Loan Receivable ("ACC") (see Note 12.1).

On June 16, 2022, the TSS was partially repaid in the amount of 1.630 billion euros following a capital increase;

On July 29, 2022, the TSS was partially repaid for an amount of 487 million euros following a refinancing of the maintenance spare parts inventory.

Finally, on December 9, 2022, the TSS was partially repaid in the amount of 287 million euros following the issue of hybrid convertible bonds ("HCB"). At the closing, the outstanding amount of the TSS was €595 million.

On November 23, 2022, Air France-KLM launches an offering of deeply subordinated undated bonds convertible into new shares and/or exchangeable for existing shares for a nominal amount of €305 million within the limits of a maximum number of 200 million underlying shares.

The offering has been conducted by way of a placement to qualified investors only. Net Proceeds of the offering were fully allocated to the repayment of the perpetual bonds held by the French State, issued in April 2021.

12.2 Bonds

| Bond | Issuing date | Amount issued (in millions) | Closing outstanding (in millions) | Maturity date | Coupon |
|---------------------------------------|--------------|-----------------------------|-----------------------------------|---------------|--------|
| € Bond issued in 2016 | 5 Oct 2016 | €400 | €- | 12 Oct 2022 | 3.750% |
| \$ Bond issued in 2016 ⁽¹⁾ | 09 Dec 2016 | \$145 | \$136 | 15 Dec 2026 | 4.350% |
| € OCEANE Bond in 2019 | 25 Mar 2019 | €500 | €500 | 25 Mar 2026 | 0.125% |
| € Bond in 2020 | 10 Jan 2020 | €750 | €750 | 10 Jan 2025 | 1.875% |
| € Bond in 2021 | 01 Jul 2021 | €300 | €300 | 01 Jul 2024 | 3.000% |
| € Bond in 2021 | 01 Jul 2021 | €500 | €500 | 01 Jul 2026 | 3.875% |

(1) Issuance bonds with Asian institutional investors by way of unlisted private placement.

On October 5, 2016, Air France - KLM issued €400 million of bonds with a 6 years maturity. The annual coupon arises 3.75%. As of January 16, 2020, a partial repayment of 39 million euros brought the balance of the loan to 361 million euros. On October 12, 2022, Air France - KLM repaid the balance of this loan, i.e. 361 million euros.

On December 12, 2016, Air France - KLM issued -fully hedged- USD145 million senior notes by way of unlisted private placement to Asian institutional investors. Maturity is December 15, 2026 and annual coupon arises 4.35%. This loan is the object of a complete cover. (see Note 16).

On March 25, 2019, Air France - KLM issued a bond in the form of a bonds convertible into and/or exchangeable for new or existing shares (OCEANE) of €500 million with a 7-year maturity. The coupon rate is 0.125%.

On January 16, 2020, Air France - KLM issued a 5-year, 750 million euros bond. The coupon is 1.875%.

On July 01, 2021, Air France - KLM issued an 800 million euros bond in two tranches, the first of 300 million euros with a 3-year maturity and a coupon of 3%, and the second of 500 million euros with a 5-year maturity and a coupon of 3.875%.

12.3 Miscellaneous loans & debts

| Miscellaneous loans & debts | Issuing date | Amount issued (in millions) | Closing outstanding (in millions) | Maturity date | End date | Coupon |
|-----------------------------|--------------|--------------------------------|---|---------------|----------|-----------------|
| € PGE in 2020 | 12 May 2020 | €4,000 | €2,500 | 12 May 2023 | - | Euribor + 3,75% |

On May 6, 2020, the Air France - KLM group signed the legal documentation relating to the financing for a total amount of €7 billion, announced in its press release of April 24, 2020 and approved by the European Commission on May 4, 2020. This financing includes two loans intended to finance the liquidity needs of Air France and its subsidiaries:

— a loan guaranteed by the French State ("PGE") granted by a syndicate of 9 banks: Crédit Agricole CIB, HSBC France, Natixis, Deutsche Bank Luxembourg SA, Société Générale, Banco Santander Paris Branch, BNP Paribas, Crédit Industriel et Commercial, Crédit Lyonnais (LCL).

The main characteristics are as follows:

€4 billion; a 90% guarantee granted by the French State; an initial maturity of 12 months, with a one-year or two-year extension option exercisable by Air France - KLM; a coupon excluding the cost of the French State guarantee at an annual rate equal to EURIBOR (zero rate) plus a margin of 0.75% in the first year, 1.50% in the second year and 2.75% in the third year; a cost of the guarantee granted by the French State initially equal to 0.5% of the total amount of the loan, which will increase to an additional guarantee fee of 1% in each of the second and third years.

On December 10, 2021, in order to smooth the repayment profile of the State Guaranteed Loan beyond its maturity date of 2023, Air France - KLM entered into an amendment to the State Guaranteed Loan with the consortium of banks and the French State and after approval by the European Commission. The amendment modifies the following stipulations of the State Guaranteed Loan:

the final maturity date of the State Guaranteed Loan has been extended by two additional years and is therefore set at 6 May 2025;

the State Guaranteed Loan is subject to repayment by amortisation according to the following schedule:

- €500 million on the date of signature of the amendment,
- €800 million on May,6 2023,
- €1.350 billion on May,6 2024,
- €1.350 billion on May,6 2025;

the State Guaranteed Loan bore interest at the rate of: Euribor 3 months (with a floor at zero) with an annual margin of between 0.75% and 2.75%, it was specified that this margin was henceforth applied according to the following schedule: 1.50% from 6 May 2021 (inclusive) until 6 May 2022 (exclusive) and 2.75% from 6 May 2022;

the guarantee fee has been applied according to the following schedule: 1.0% from 6 May 2021 (inclusive) until 6 May 2023 (exclusive) and 2.0% from 6 May 2023. Until 6 May 2023 (excluded), it has been calculated on the basis of the initial amount of €4 billion. Thereafter, the calculation basis has been reduced by the scheduled repayments mentioned above;

On November 7, 2022, the State Guaranteed Loan was subject to an early repayment of €1 billion. The remaining amount will be amortized as follows:

- €1.150 billion on May 6, 2024,
 - €1.350 billion on May 6, 2025;
- a subordinated shareholder loan ("ACC") granted by the French State to Air France - KLM, the main features of which are describe in Note 12.1.

13. Maturity of receivables and debt

| December 31, 2022 (in € millions) Receivables | Gross amount | Up to one year | More than one year | Related companies |
|---|--------------|----------------|-----------------------|----------------------|
| Non-current assets | | | | |
| Loans and receivables related to long-term investment (Note 9.3) | 4,009 | 109 | 3,900 | 4,009 |
| Current assets | | | | |
| Trade receivables and related accounts | 30 | 30 | – | 30 |
| Other receivables (including tax receivables) | 71 | 71 | – | 45 |
| Total | 4,110 | 210 | 3,900 | 4,084 |

| December 31, 2022 (in € millions) Debt | Gross amount | Up to one year | More than one year | Related companies |
|--|--------------|----------------|-----------------------|----------------------|
| Financial debt (Note 12) | 4,757 | 71 | 4,686 | – |
| Trade payables and related accounts | 11 | 11 | – | 2 |
| Tax and social debts | 14 | 14 | – | – |
| Other liabilities ⁽¹⁾ | 19 | 19 | – | 17 |
| Total | 4,801 | 115 | 4,686 | 19 |

(1) Other liabilities comprise, mainly, the tax consolidation accounts of subsidiaries in the Air France - KLM integration tax group.

14. List of subsidiaries and equity investments

| Companies or Groups of companies (in € millions) | Share of capital held | Carrying amount of shares held | | Loans & advances granted and not reimbursed | Amount of security and guarantees given | Revenues (excl. tax) for financial year | Net profit or loss for financial year | Dividends booked during financial year |
|---|-----------------------|--------------------------------|-------|---|---|---|---------------------------------------|--|
| | | Gross | Net | | | | | |
| Detailed information about individual investment whose gross value exceeds €15 million. | | | | | | | | |
| 1. Subsidiaries (held at more than 50%) | | | | | | | | |
| Société Air France (France) ⁽¹⁾ | 100% | 6,492 | 6,492 | 3,989 | 19 | 15,105 | (433) | – |
| KLM (Netherlands) ⁽¹⁾ | 99.7% | 824 | 824 | – | – | 9,731 | 743 | – |
| Air France - KLM Finance ⁽¹⁾ | 100% | 31 | 11 | 20 | – | – | – | – |

(1) Statutory financial statements at December 31, 2022.

15. Items concerning related companies

As of December 31, 2022
(in € millions)

| | | | Amount |
|--|----------|---|--------|
| Trade receivables & related accounts related to long term investment | Of Which | Air France | 3,989 |
| | | KLM | – |
| | | Air France - KLM Finance | 20 |
| Trade receivables & related accounts | Of Which | Air France | 14 |
| | | KLM | 15 |
| | | Air France - KLM Finance | – |
| Other receivables | Of Which | Air France | 1 |
| | | KLM | 22 |
| | | Air France - KLM Finance | 1 |
| | | Blue Link International | 1 |
| | | ASEM | 20 |
| Trade payable and related accounts | Of Which | Air France | 1 |
| | | KLM | 1 |
| Other payables | Of Which | Air France- tax consolidation current account | 17 |
| | | Other members of the tax group | 1 |

16. Commitments

KLM shares

During the business combination of the Air France and KLM groups, the Dutch government undertook to reduce its stake in KLM proportionally to any reduction by the French government of its stake in Air France - KLM's capital. To this end, the Dutch government had to sell its cumulative preferred shares to Air France - KLM or to a Dutch foundation in the name of and on behalf of Air France - KLM, if the transfer had occurred during the first three years following the business combination.

In the latter case, the foundation would have issue, to the benefit of Air France - KLM, share certificates corresponding to the cumulative A preferred shares transferred to the foundation. These share certificates would have conferred to Air France - KLM all of the economic rights attached to the said shares, the voting rights attached to the said shares being exercised by the foundation until Air France exchanges the share certificates against the said shares.

At the end of the initial three-year period, Air France-KM had the option to exchange the share certificates against the cumulative A preferred shares, which it could hold directly. As Air France - KLM decided in 2007 to maintain SAK I and SAK II foundations, Air France - KLM did not carry out this exchange. Furthermore, Air France - KLM can decide to dissolve the foundations at any time and at its sole discretion.

Moreover, the Dutch government has the right to sell to Air France - KLM at any time as many cumulative A preferred shares as it wants.

After the sale of 5,103,885 shares to Air France - KLM in April 2005 for €11.6 million, the acquisition price of the 3,708,615 cumulative A preferred shares still held by the Dutch government amounts to €8.4 million (i.e. a unit price of €2.27 per cumulative A preferred share, which has to be paid pro rata during any sale or transfer under the conditions above).

Hedges

The December 18, 2016, \$145 million bond is fully hedged by a cross currency swap. As of December 31, 2022, the fair value of this derivative instrument is € 3 million (see Note 12.2).

Other

Since January 2009, Air France - KLM has acted as a guarantor for Air France Company within the framework of its commitments to Aéroport de Paris in respect of civil leases. This guarantee has been renewed in July 2014 and more recently on 23 September 2019 for a period of 5 years. The guarantee is now expressly limited to €19 million (and, cumulatively, at a maximum of 3 months' rent per contract).

Air France - KLM guarantees the payment by Transavia Holland to a lessor, of outstanding operational leases until 2024 for an amount of \$104 million at December 31, 2022.

17. Litigation

Litigation concerning anti-trust laws in the air-freight industry

Air France - KLM, as parent company of Air France, KLM and Martinair, is involved, since February 2006, with up to twenty-five other airlines in investigations initiated by the antitrust authorities in several countries, with respect to allegations of anti-competitive agreements or concerted actions in the air freight industry.

As of December 31, 2021, most of these investigations had been terminated following the entry into plea agreements between the three companies of the Group and the appropriate competition authorities, providing for the payment of settlement amounts or fines, with the exception of the proceedings initiated by the European Commission, and by the Swiss antitrust authority, which are still pending.

In Europe, the decision of the European Commission of 2010 against eleven air cargo carriers, including the companies of the Group, Air France, KLM and Martinair, was annulled by the General Court of the European Union on December 16, 2015 because it contained a contradiction regarding the exact scope of the practices sanctioned. On March 17, 2017, the European Commission issued a new decision against the aforementioned cargo carriers, including Air France, KLM and Martinair. The total amount of fines imposed in respect of this decision at the Air France-KLM Group level was €339 million. This amount was slightly reduced by €15.4 million as compared to the initial decision owing to a lower fine for Martinair due to technical reasons. On May 29 and 30, 2017, the Group companies filed an appeal against this decision before the General Court of the European Union. The hearings before the General Court took place on June and July 2019.

Decision from the General Court in March 2022 confirmed the fines against Air France-KLM group companies. The Group companies appealed in June 2022 to the European Union Court of Justice, decision expected in 16-24 months. The Group has maintained a provision covering the total amount of these fines.

In Switzerland, the Federal Administrative Court cancelled the decision of the Competition Authority that imposed a €4 million fine for lack of competence. Consequently the €4million provision was cancelled as of December 31, 2022.

As of December 31, 2022, the total amount of provisions in connection with proceedings, which have yet to give rise to definitive decisions amounts to €352 million.

Those provisions are booked by each airlines and do not have any impact in the financial statements of Air France - KLM.

18. Contingent liabilities

Following the initiation of various investigations by the competition authorities in 2006 and the European Commission decision in 2010, several collective and individual actions were brought by forwarders and air-freight shippers in the civil courts against Air France, KLM and Martinair, and other cargo operators, in a number of jurisdictions.

Under these civil lawsuits, shippers and freight forwarders are claiming for damages to compensate alleged higher prices due to alleged competition law infringement.

Although significant amounts have been reported by the media, plaintiffs are mostly claiming for unspecified and/or insufficiently substantiated damages against defendants taken as a whole (and not individually) and the EU decision to which the plaintiffs refer to is still not definitive.

The Group companies and the other airlines involved in these lawsuits continue to vigorously oppose all such civil claims. For Air France, KLM and Martinair the main civil claims still pending are those in the Netherlands and in Norway.

Except for the matters specified under the paragraphs 17 and 18, the company is not aware of any governmental, judicial and arbitration dispute or proceedings (including any proceedings of which the issuer is aware, or that are pending or threatened against it) that could have a significant impact on the company's financial position, earnings, assets, liabilities or profitability, for a period covering at least the past twelve months.

19. Subsequent events

On January 16, 2023, Air France-KLM has issued its first sustainability-linked bonds, for a nominal amount of €1.0bn, linked to the Company's target to reduce its well-to-wake scope 1 and 3 jet fuel greenhouse gas (GHG) emissions per revenue tonne kilometer (RTK) by 10% by 2025, compared to a 2019 baseline, as part of its 2030 SBTi approved objective. The offering is composed of two tranches: • a €500 million with a 3.3-year maturity and a coupon of 7.250%; and • a €500 million with a 5.3-year maturity and a coupon of 8.125%.

In the first quarter of 2023, Air France-KLM made the funds from the hybrid convertible sustainability-linked bonds (SLB), for a nominal amount of €1.0bn available to Air France by means of an Intra-Group Loan

In the first quarter of 2023, Air France fully repaid the outstanding amount of the Loan made available to Air France under the State Guaranteed Loan Agreement (PGE), for an amount of €2.5 billion by offsetting it against a drawdown of an amount of €1 billion under the Intra-Group SLB Loan Agreement and €1.5 billion euros repayment.

On the same date, Air France-KLM fully repaid the outstanding amount of the State Guaranteed Loan Agreement (PGE), for an amount of 2.5 billion euros by a 2.5 billion euros repayment.