#### Air France-KLM Shareholders' Meeting of June 5, 2024 Answers to the questions in writing from shareholders

#### Preliminary remark

For the record, to be admissible, questions in writing must:

- Relate to the agenda for the Shareholders' Meeting.
- Be sent to the Chair by registered letter with acknowledgement of receipt or by email, at the latest by the fourth business day preceding the date of the Shareholders' Meeting.
- Be accompanied by a securities account registration certificate.

The answers to questions in writing are posted on our <u>www.airfranceklm.com</u> website prior to the Meeting in a special section pursuant to law. Article L.225-108 of the French Code of Commerce stipulates that "*the answer to a question in writing is deemed to have been given when it figures on the company's website*". Shareholders may request a copy of the answers posted on our website from the Secretary of the Meeting.

In the same spirit, the text of the questions has been summarized (without altering its meaning) whenever their full wording is not required for the purposes of proper understanding.

#### Questions from Mr. Eric Brucker, individual shareholder

# 1. How do you explain the negative impact of the 2024 Olympic and Paralympic Games on the year's results? How did Group management anticipate this event?

As announced on July 1st, 2024, Air France and Transavia France unit revenues were impacted during the summer season due to the Olympic Games in Paris, with traffic to and from the French capital lagging behind other major European cities. International markets showed a particularly significant and unprecedented avoidance of Paris. Travel between Paris and other destinations was also below the usual average from June to August, as French residents appeared to be postponing their holidays, in particular to take advantage of the Olympic Games period, or considering alternative travel options, switching to other modes of transport.

Unlike other markets, such as England, France is a late-booking market, so it was difficult for us to anticipate the extent of the avoidance effect before June, as our aircraft tend to fill up mostly as departure dates approach.

In 2024, although anticipated by the Group after analyzing air traffic trends during previous editions of the Olympics, including those in London in 2012, the avoidance effect linked to the Olympics, was increased due to exceptional circumstances. Indeed, armed conflicts around the world (notably in Ukraine) contributed to a global feeling of insecurity, reinforced by the fear of terrorist attacks targeting the Games. The instability of the French government following the dissolution of parliament also led to a noticeable wait-and-see attitude on the part of the French.

As a result, the total negative effect on Air France-KLM's unit revenues was around 200 million euros between June and August 2024.

## 2. How do you analyze the recent trend in the value of the Air France-KLM share, and what implications might this have for possible consolidation operations?

Air France-KLM, like many other listed companies, sees its share price evolve according to macroeconomic or geopolitical announcements. We don't comment on the share price evolution linked to M&A operations or rumors.

#### Questions from the A.D.U.T.A. association, represented by Mr. Michel Allaguillemette

3. With digital transformation at the core of major international airlines' strategies, which technological investments are you planning to make to enhance the Group's operating efficiency?

Air France-KLM is pursuing an ambitious technological transformation, structured around several strategic priorities with the aim of sustainably strengthening the operational efficiency, quality of service and resilience of the Group's systems.

Firstly, the overhaul of our IT landscape. We are conducting major programs to transform our critical functions: adoption of the new distribution model with Amadeus' Nevio offering (MOON), dynamic revenue management (PRM 4.0), renewal of CRM, RH and ERP (SAP) tools, deployed in a coordinated fashion between Air France and KLM. These investments are aimed at harmonizing and automating our processes, for smoother, more agile Group-wide operations.

Secondly, the modernization of our infrastructure. Our migration to the cloud is well underway, with ambitious targets: mainframe phase-out by 2027, closure of datacenters, and migration to a hybrid cloud infrastructure. This will enable us to simplify our architecture, increase our responsiveness, and strengthen the robustness of our operations.

Thirdly, data, artificial intelligence and generative AI have become major strategic levers. We are accelerating the use of data and artificial intelligence by investing in modern data platforms, strengthened governance, and concrete use cases: improvement of operational planning, predictive maintenance, personalized customer experience... We are targeting several use cases by the end of 2025, notably with productivity assistants currently being deployed (Github copilot), and a strong commitment to acculturation, ethics and compliance.

Finally, cybersecurity is an absolute priority. Against a backdrop of growing threats, we are strengthening our prevention, detection and response capabilities, drawing on advanced technologies, including AI, and actively collaborating with our public and private partners.

These structuring investments are part of a long-term vision: to build a more efficient, more intelligent and more resilient information system, serving the Group's performance, innovation and sustainability.

4. In the context of rising demand, where some of your competitors are choosing to increase the size of their aircraft (e.g. bringing the Airbus A380 back on line), what is your strategy for adjusting capacity in order to maintain your international competitiveness?

On long-haul flights, Air France and KLM constantly define and adjust their growth trajectory in order to achieve their profitability targets, while preserving their market share in priority customer segments. In practice, capacities are adjusted by adjusting the rate at which older-generation aircraft are retired from the fleet (the adjustment variable). New aircrafts (Airbus A350 and Boeing 787) are received as early as possible, in view of their triple benefit: improved financial performance, enhanced customer experience and reduced environmental impact (lower CO2, NOX and noise emissions).

5. Air France, like many airlines, has to contend with flight delays and cancellations, which procedures have you put in place to manage these problems, particularly in terms of passenger information?

A corporate "Integrated Operations Planning (IOP)" program was introduced in Q2 2024 with the aim of reducing the number of cancellations and the associated non-performance costs, by anticipating risks through cross-functional structured points (Maintenance, Fleet, Program, Air Operations and Ground Operations). It is facilitated by Information System tools and optimized use of Data.

The following actions have notably been implemented:

- Sizing the optimal reserve strategy to protect operational performance while minimizing immobilization time (eight reserve aircraft on medium-haul and five on long-haul this summer, including an A350, which enables us to ensure a better availability rate and reduce the contingency rate by one point);
- In the event of fleet tightness, we anticipate with punctual charters and takeovers by Hop! to preserve reserves and limit cancellations;
- Re-evaluate minimum times for certain specific connecting flows (e.g. India to the USA), to avoid delays, minimize the costs of missed connections, and optimize revenues;
- Reviewing the optimum turnaround time at the hub and at stopovers to enhance punctuality and avoid delays.

On D-day, we always try to guarantee a long-haul reserve and a medium-haul reserve to avoid lastminute cancellations.

Since the start of 2025, our all-cause regularity (Completion Factor D-14) is 99.1%, an improvement of 0.8 points on the same period in 2024. It should be noted that a number of external events have disrupted our operations: widespread blackout in Spain and Portugal, closure of Heathrow airport, TLV suspension, etc. Our internal regularity since January 2025 has been 99.5% (+0.4 points on 2024), which translates into a reduction of 201 cancellations compared with the same period in 2024. In terms of delays of over three hours, performance has also improved, with a low rate of 3.25 flights per thousand, compared with 4.3 flights per thousand in 2024.

Whether a flight is rescheduled or cancelled, customers are informed via digital channels - e-mail and SMS based on the contact details provided by the customer at the time of booking - and on the Air France mobile application. In the event of cancellation, an alternative solution (rerouting) is sought

and communicated to the customer in this message. Subject to certain eligibility criteria, the customer can modify the proposed alternative solution online (self-rebooking as part of the self-service system). On the D-day, the customer can benefit from catering vouchers and/or accommodation.

### **Questions from VEB Investors**

6. What are the reasons that led Air France-KLM to approve the 2024 variable remuneration for the members of the Executive Board of KLM? How is this decision aligned with social expectations and public opinion?

With the exception of the remuneration of the CEO of KLM, the Board of Directors of Air France-KLM does not approve the remuneration policy for the Board of Managing Directors of KLM. However, certain elements are presented to the Air France-KLM Remuneration Committee for consideration by the KLM Remuneration Committee to ensure alignment of remuneration policies within the Group.

The Board of Managing Directors received a variable compensation for the 2024 fiscal year. The variable remuneration takes into account the objectives set at the beginning of the year and reflects the company's financial and operational performance.

The level of variable compensation awarded for the 2024 fiscal year was assessed based on the organization's performance and the policy defined beforehand. The KLM Supervisory Board aims to implement a remuneration policy that is transparent, fair, and aligned with KLM's and AFKL's values and achievements.

Regarding the CEO of KLM, the Board of Directors of Air France-KLM approved the performance level achieved according to the remuneration policy set for 2024, based on the recommendation of the Air France-KLM AFKL Remuneration Committee. The short-term variable remuneration was indeed impacted by KLM's financial results in 2024. Consequently, the annual variable remuneration level of the CEO of KLM is below the set target. Furthermore, the CEO of KLM is not a beneficiary of the LTI 2022-2024 plan, due to the prohibitions associated with the benefits of the Dutch State aid at the time of the allocation of these plans.

It was pointed out that the debate launched by certain media in the Netherlands was unfounded, as it introduced inappropriate elements of comparison.

## **Questions from SPAAK**

7. Which measures is KLM's management taking to overcome the difficulties affecting its productivity and profitability, such as the lack of technical staff and pilots, in order to boost production and improve financial results?

Officially announced in the fall of 2024, KLM's "Back on Track" program aims specifically to increase the productivity of our subsidiary in the Netherlands and restore its financial health and operational performance.

The program was implemented in response to rising operational costs. It aims to improve KLM's operating result by 450 million euros over 2025 and contribute to achieving the group's operating margin objectives.

The program is structured around five main levers and includes operational measures to address the shortage of technicians and pilots, as well as to improve productivity and profitability:

## **1.** Efficiency Improvements

- Reduce reliance on external service providers
- Eliminate low value-added projects and redundancies
- Improve direct workforce productivity by 5%
- Reduce absenteeism and renegotiate CLA's

### 2. Operational performance

- Restore network capacity and reliability
- Address pilot and crew constraints
- Improve fleet availability and cabin configuration

#### 3. Revenue enhancement

- Expand upselling and digital experimentation
- Cushioning increases in airport charges

#### 4. Investment Reassessment

- Delay or cancel discretionary capital investment expenditures
- Adjust fleet plans

### 5. Non-Core Activity Review

- Evaluate outsourcing or divestment of non-flight-related operations
- Reduce office space

# 8. How does the Air France-KLM Board of Directors support and monitor the actions taken to redress KLM's situation?

Air France-KLM Group has a demanding financial trajectory and has made profitability commitments to the markets. KLM's "Back on Track" program is essential for the Group to meet these commitments. As such, Air France-KLM Board of Directors has approved KLM's strategy and monitors the progress of KLM's situation at each of its meetings, notably based on recommendations from Air France-KLM Audit Committee, to which a detailed report is submitted every quarter.

# 9. And why no agreement has yet been reached with the pilots and technical staff to contribute to resolving KLM's production and profitability difficulties?

In February of this year, a first agreement was reached with KLM cockpit crew to secure S25 and W25 capacities. These measures will remain in effect until April 2026.

In summary, the agreed measures include:

- 1. Expanding the possibilities to lease aircraft, including crew, from third parties to maintain the flight network (so-called wet leases);
- 2. Flexibility in assigning pilot roles on the longest flights where four pilots are required;
- 3. Expanding the possibilities for pilots to work as instructors.

Over the past few months, KLM's management has pursued dialogue to find a structural solution beyond April 2026.

Negotiations on collective agreements for technical staff are also ongoing. As previously mentioned, within the "Back on Track" program, several actions are taken to increase productivity and improve operational performance.