



Public limited company (*société anonyme*) with share capital of 428,634,035 euros
Registered office: 2 Rue Robert Esnault Pelterie - 75007 Paris
Registered with the Paris Trade and Company Register no. 552 043 002

STATUTORY FINANCIAL STATEMENTS
Year ending December 31, 2020

INCOME STATEMENT

Year ending December 31,	Notes	2020	2019
<i>In € millions</i>			
Operating income	3	55	52
external expenses	4	(46)	(50)
Salaries and related costs	5	(6)	(8)
Other expenses		(1)	(1)
Total operating expenses		(53)	(59)
Income from current operations		2	(7)
Financial income		87	59
Financial expenses		(153)	(80)
Net financial income	6	(66)	(21)
Earnings before tax and non-recurring items		(64)	(28)
Non-recurring income		-	-
Non-recurring expenses		-	-
Non-recurring income/- (loss)	7	-	-
Income tax	8	(2)	17
Net income/(loss)		(66)	(11)

BALANCE SHEET

Assets	<i>Notes</i>	December 31	December 31
<i>In € millions</i>		2020	2019
Long-term investments	9.2	4 661	4 678
Loans & receivables related to long-term investment	9.3	7 051	468
Fixed assets		11 712	5 146
Trade receivables	13	32	14
Other receivables	13	195	206
Marketable securities	10	1 146	1 820
Cash and cash equivalent		623	307
Prepaid expenses		1	2
Current assets		1 997	2 349
Issue costs		16	9
Bond redemption premium		4	1
Total Assets		13 729	7 505

BALANCE SHEET (continued)

Liabilities & equity	<i>Notes</i>	December 31	December 31
<i>In € millions</i>		2020	2019
Capital	<i>11.1</i>	429	429
Additional paid-in capital	<i>11.2</i>	4 139	4 139
Legal reserve		70	70
Reserves		(63)	(52)
Income for the year	<i>11.2</i>	(66)	(11)
Shareholder's equity	<i>11.2</i>	4 509	4 575
Other equity	<i>12</i>	0	403
Provision for risks & liabilities	<i>12 - 17</i>	0	1
Financial debts	<i>12</i>	9 069	1 652
Trade payables and related accounts	<i>13</i>	14	15
Tax and social debts	<i>13</i>	4	4
Other liabilities	<i>13</i>	113	847
Liabilities	<i>13</i>	9 200	2 518
Unrealized foreign exchange gain		20	8
Total Liabilities & Equity		13 729	7 505

NOTES

The following information constitutes the notes to the financial statements for the year ended December 31, 2020.

It is an integral part of the financial statements.

Air France KLM SA, a public limited company (*société anonyme*) with registered office at 2 rue Robert Esnault Pelterie 75007 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.

COVID-19 AND GOING CONCERN:

As the holding company of a group made up of the three airlines Air France, KLM and Transavia, the company is concerned by the worldwide spread of Covid-19 since the beginning of 2020 has had and continues to have a major impact on air traffic around the world. After the drastic reduction in traffic during the second quarter following very stringent constraints on worldwide travel, the recovery expected in the second semester was delayed with the resurgence of Covid-19 at the end of the summer. Further measures were implemented by the French and Dutch governments to slow the spread of the virus in the final quarter of 2020 (lockdowns, curfew). Since early January 2021, the restrictions on travel have been reinforced at global level following the emergence of new variants of the virus.

The Group, made up with its two main subsidiaries, Air France and KLM, has already taken a number of strong measures to mitigate the effect of Covid-19 on its business and continues to closely monitor and evaluate further developments. These actions include, amongst others, a substantial reduction in network capacity, structural changes to the fleet, cash preservation and salary measures.

Liquidity position

Within the framework of the financial support packages from the French and Dutch States, the Air France KLM Group signed the legal documentation relating to the four financing mechanisms, approved by the European Commission on May 4, 2020 for Air France Group (see note 12.3 Loans and Debts) and on July 13, 2020 for KLM Group, in the total amount of €10.4 billion. These financing packages thus enabled an improvement in the Group's liquidity position.

In addition, the Group decided to defer non-essential capital expenditures and internal projects, defer payment of the employee profit-sharing scheme and variable compensation, and defer payment of the wage tax, social contributions and aeronautical charges.

Lastly, the Air France-KLM Group offered customers whose flights had been cancelled the option of exchanging their tickets for vouchers, with a 15% uplift in their value.

At December 31, 2020, the Group's liquidity position consisted of total cash of €9.82 billion, of which €7.36 billion in liquidity and €2.46 billion in undrawn credit lines.

Despite these measures and a gradual resumption of activity, Air France KLM's financial performance for the coming period will continue to be affected by a significant fall in revenue, lost ticket sales and substantially negative cash flows in a proportion and for a duration that currently remain uncertain.

Going concern

In determining the appropriate basis for preparing the financial statements for the year ended December 31, 2020, the Board of Directors considered the Group as a going concern by evaluating the financial forecasts over a time horizon of at least one year and by analyzing, in particular, the trading position of the Group in the context of the current Covid-19 pandemic and taking into account the following elements:

As indicated above, the Group had total cash of €9.82 billion at December 31, 2020.

The 2021 budget, as modelled by the management and approved by the Board of Directors, assumes a gradual ramp-up in passenger demand with a stronger recovery in traffic in the second part of year thanks to the vaccination roll-out.

This plan will ensure a level of liquidity considered to be adequate thanks to the following elements:

- The adjustment of the flight schedule and capacity to the expected demand in order to operate only flights having a positive incremental impact in terms of operating cash flow;
- The continued specific mechanisms from the French and Dutch governments to partially cover staff costs through the "NOW" program in the Netherlands and the Long-Term Partial Activity ("APLD") in France;
- A high level of variable costs linked to a reduction in capacity;

- The reduction in the capital expenditure plans;
- The systematic refinancing secured by assets of new aircraft delivered from manufacturers.

Based on these financial forecasts, the banking covenants applicable in 2021, including the €2.46 billion Revolving Credit Facility at the level of KLM, are met.

In addition, the Group is working on financing projects, pursuant to the European Regulation, which would increase the stockholders' equity, provide further liquidity and secure access to additional financing secured by assets.

Lastly, and more generally, the French and Dutch States have shown their support to enable Air France and KLM to weather the current difficulties.

As the timing for the resumption of flights is uncertain, the Management has also modelled a more pessimistic, but plausible, scenario assuming a further 10% decline in activity during 2021 relative to the aforementioned budget, to assess the liquidity position over a period of at least 12 months from the date of the year end closing.

On this scenario, thanks to the high level of variable costs and the subsidies supporting payroll costs, the Group would have enough cash to continue its activities over this 12-month period.

Were this scenario to transpire, the Management has considered additional mitigating actions, including:

- Further optimization and reduction of the network and capacity;
- Asset disposals;
- Further staff restructuring;
- Other cost-saving measures; and
- The deferral of capital expenditure and charges.

Within a context of significant uncertainty linked to the Covid-19 public health crisis, the Board of Directors nonetheless considers that there are pessimistic scenarios which could cast significant doubt upon the Group's ability to continue as a going concern, in particular were the pandemic, including the uncontrolled spread of new variants and the maintenance or even reinforcement of the related health measures, to call into question the gradual recovery in demand, especially in the 2021 second semester.

Furthermore, the non-realization of financing projects, the inadequacy of the aforementioned mitigation measures, the possibility that the banking covenants might, in certain situations, not be respected, the lack of alternative sources of finance like the sale and leaseback of aircraft, the impact of a possible forced reduction in slots and a potentially negative change in some behavior relating to air travel also constitute, to various degrees, factors of additional uncertainty in the short and medium term.

In the event that these factors of uncertainty were to materialize, the Group might not be able to realize its assets and repay its debts within the normal framework of its activity while the application of the IFRS accounting rules and principles in a normal context of a going concern, concerning notably the assessment of the assets and liabilities, could prove inappropriate. This situation creates a situation of significant uncertainty with regard to operating as a going concern.

Notwithstanding, the Board of Directors does not consider those pessimistic scenarios to be likely or that they are likely to have an impact sufficient to call into question the business as a going concern. It thus considers it appropriate to prepare the financial statements on the basis of the going concern principle

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.

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.

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-prorata temporis basis.

Foreign currency transactions

Operating expense and income transactions in foreign currencies are recognized at the average exchange rate for each relevant month.

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 January 10, 2020, Air France-KLM successfully issued a new 5-year bond of 750 million euros to refinance part of its existing debt through the purchase of all or part of the Notes and for general corporate financing purposes.

Since the beginning of 2020, Air France-KLM, like all other air transport players, has been confronted with the Covid 19 crisis.

On May 6, 2020, the Air France-KLM group signed the legal documentation relating to the financing for a total amount of 7 billion euros, announced in its press release of April 24, 2020 and approved by the European Commission on May 4, 2020. This financing includes two loans to finance the liquidity needs of Air France and its subsidiaries. A loan guaranteed by the French State granted by a syndicate of 9 banks (€4 billion) and a subordinated shareholder loan granted by the French State to Air France-KLM (€3 billion).

As of December 31, 2020, these loans had been received in full by Air France KLM and were immediately transferred to Air France at each issue.

3. Other income

In € million

Period	2020	2019
Management fees	34	32
Of which Air France	20	18
Of which KLM	14	14
Royalties	20	20
Of which Air France	12	12
Of which KLM	8	8
Total	54	52

4. External expenses

Period	2020	2019
Fees and surveys	23	19
Insurance	1	1
Sub-Contracting and rent re-invoiced by Air France and KLM	18	25
Financial communication	1	1
Other	3	4
Total	46	50

During the financial year 2020, the teams assigned to Air France-KLM holding company represent 88 full time equivalent seconded from Air France and 26 full-time equivalent seconded from KLM.

5. Compensation of company's corporate officers

The gross remuneration of the company's corporate officers, recognized as an expense in 2020, amounts to € 1.26 million compared to 2.62 million euros in 2019.

The remuneration of the non-executive Chairman of the Board of Directors amounts to €0.19 million.

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	<i>Notes</i>	2020	2019
Interest on loans and other financial expenses		(136)	(75)
<i>Of which related companies commission on the guarantees granted by Air France and KLM & interests on current account</i>		-	(1)
<i>Of which interest on OCEANE</i>	12.2	(1)	-
<i>Of which interest on bonds</i>	12.2	(40)	(38)
<i>Of which interest on perpetual subordinated loan</i>	12.1	(19)	(25)
<i>Of which premium included in tender price of perpetual subordinated loan</i>		-	-
<i>Of which PGE and ACCs</i>	12.3	(38)	-
<i>Of which others</i>		(38)	(12)
Interest on loans		66	25
<i>Of which related companies</i>		66	25
Other financial income		21	24
<i>Of which related companies</i>		20	2
<i>Of which investment in mutual funds and certificates of deposit</i>		1	4
Allocation to provisions		(17)	5
<i>Of which provision for risks & liabilities</i>		(1)	(4)
<i>Of which Air France KLM Finance shares</i>		(16)	9
Total		(66)	(21)

7. Non-recurring income

None.

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 € 867 million. The Group's cumulative tax losses, which can be carried forward indefinitely, amount to € 11 343 million.

The subsidiaries recording a net earning, generated a tax consolidation corrective adjustment of 2 million euros in 2020 following a correction on the 2019 bonus, compared to a bonus of 17 million euros in 2019.

9. Long-Term Investments

9. 1. Net book value

In € millions

	Notes	Beginning of year	Allocation	Reversal	End of Year
Equity investments	9.2	4 678		(16)	4 661
Loans & receivables related to long term investment	9.4	469	7 066	(483)	7 051
Gross amount	-	5 146	7 066	(499)	11 712

9.2. Equity investments

<i>In € million</i>	<i>Notes</i>	December, 31 2020	December, 31 2019
Gross value			
Air France		3821	3821
KLM		824	824
Air France KLM Finance		31	31
Transavia Company		4	4
Air France KLM Mobility		-	-
Big Blank		-	-
Total gross		4 680	4 680
Impairment			
Air France		-	-
KLM		-	-
Air France KLM Finance		(19)	(2)
Transavia Company		-	-
Air France KLM Mobility		-	-
Big Blank		-	-
Total impairment		(19)	(2)
Net			
Air France		3821	3821
KLM		824	824
Air France KLM Finance		12	29
Transavia Company		4	4
Air France KLM Mobility		-	-
Big Blank		-	-
Total Net	9.1	4 661	4 678

Following the impact of the health crisis (Covid-19) and the resulting border closures, all airlines were forced to reduce capacity and cancel a significant number of flights; in this respect, the Air France KLM Finance holding company saw its valuation reduced following the fair value adjustment of its shares in GOL Linhas Aéreas.

9.3. Loans & receivables related to long-term investment

In € million

Gross value	<i>Notes</i>	Beginning of year	Allocation	Reversal	End of year
Air France		397	7 065	(430)	7 030
KLM		-	-	-	-
Air France KLM Finance		72	1	(53)	21
Bigblank		4	-	-	4
Total gross		473	7 066	(483)	7 055

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		397	7 065	(430)	7 030
KLM		-	-	-	-
Air France KLM Finance		72	1	(53)	21
Bigblank		-	-	-	-
Total Net	9.1	469	7 066	(483)	7 051

Air France KLM has entered into two loan agreements with its subsidiary Air France in order to retrocede to it the funds received under the State-guaranteed loan ("PGE") and the subordinated shareholder loan ("ACC") for a total amount of EUR 7 billion (see note 12.3).

10. Marketable securities

<i>In € millions</i>	December 31, 2020	December 31, 2019
Gross Value		
Mutual funds, certificates of deposit & marketable term notes	1 146	1 820
Securities Compagnia Aerea Italiana	355	355
Total Gross value	1 501	2 175
Depreciation		
Securities Compagnia Aerea Italiana	(355)	(355)
Total Depreciation	(355)	(355)
Total	1 146	1 820

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 428,634,035 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 586.705.740 as at December 31, 2020.

Distribution is as follows:

	<i>% of capital</i>		<i>% of voting rights</i>	
	December 31 2020	December 31 2019	December 31 2020	December 31 2019
French State	14.3%	14,3%	20,9%	20,9%
Dutch State	14,0%	14,0%	10,2%	10,2%
Delta Airlines	8,8%	8,8%	12,8%	12,8%
China Eastern Airlines	8,8%	8,8%	12,8%	12,8%
Employees and former employees ⁽¹⁾	3,7%	3,8%	5,4%	5,5%
Treasury shares	0,3%	0,3%	0,4%	0,4%
Other	50,1%	50,0%	37,5%	37,4%
Total	100%	100%	100%	100%

⁽¹⁾ 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 € millions

	Capital	Additional paid-in capital	Reserves	Earnings for the year	Shareholders' equity
At December 31, 2018	429	4 139	56	(38)	4 586
Allocation of earnings	-	-	(38)	38	-
Earnings for the period	-	-	-	(11)	(11)
At December 31, 2019	429	4 139	18	(11)	4 575
Allocation of earnings	-	-	(11)	11	-
Earnings for the period	-	-	-	(66)	(66)
At December 31, 2020	429	4 139	7	(66)	4 509

12. Financial debt and other equity

In € millions

	Notes	December 31 2020	December 31 2019
Other equity			
Perpetual subordinated loan	12.1	-	403
Total Other equity		-	403
Non-current financial debt			
Bonds	12.2	1 729	1 630
Miscellaneous loans & debts	12.3	7 000	-
Total non-current debt		8 729	1 630
Current Financial Debt			
Bonds	12.2	289	-
Accrued interest		51	22
Total current debt		340	22
Total financial debt		9 069	1 652

12.1. Perpetual subordinated loan

Between April 1 and April 17, 2015, Air France KLM issued a €600 million perpetual subordinated loan, presented as other equity. These securities, which have no maturity date, have a first repayment option in October 2020 at Air France KLM discretion. They carry an annual coupon of 6.25%.

On September 14, 2018, a partial repurchased reduced the debt by € 196.7 million. On October 1, 2020, Air France KLM exercised the repayment option for 403 million euros, thus balancing this debt.

12.2. Bonds

Bond	Issuing date	Amount issued (in millions)	Maturity date	Coupon
Bond issued in 2014	4 Jun 2014	€289	18 Jun 2021	3.875%
€ Bond issued in 2016	5 Oct. 2016	€361	5 Oct. 2022	3.75%
\$ Bond issued in 2016 ⁽¹⁾	12 Dec. 2016	\$145	15 Dec. 2026	4.35%
€ Bond in 2019	25 Mar 2019	€500	25 Mar 2026	0,125%
€ Bond in 2020	16 Jan 2020	€750	16 Jan 2025	1,875%

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

On June 4, 2014, Air France KLM issued € 600 million of bonds maturing on June 18, 2021 with an annual coupon of 3.875%.

In August 2015, an amount of € 200 million has been hedged and converted to a floating rate through a swap and is connected to a floor. On January 16, 2020, a partial repayment of 311 million euros brought the balance of the loan to 289 million euros. The financial coverage hedge of this loan has been also closed on the same date.

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 December 12, 2016, Air France KLM issued -fully hedged- USD 145 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 17).

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 euro bond. The coupon is 1.875%. 311 million of this new bond has been allocated to the repayment of the 2014 bond and 39 million to the 2016 bond. The remaining amount is intended to finance the company's general expenses.

12.3. Miscellaneous loans & debts

Miscellaneous loans & debts	Issuing date	Amount issued (in millions)	Maturity date	Coupon
€ PGE in 2020	12 May 2020	€ 4 000	12 May 2023	1,25%
€ ACC in 2020	30 Nov. 2020	€ 3 000	30 Nov. 2026	7,00%

On May 6, 2020, the Air France-KLM group signed the legal documentation relating to the financing for a total amount of 7 billion euros, 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.

- A subordinated shareholder loan ("ACC") granted by the French State to Air France-KLM, the main features of which are as follows:

A total amount of EUR 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.

13. Maturity of receivables and debt

- As of December 31, 2020

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 (<i>note 9.3</i>)	7 051	51	7 000	7 051
Current assets				
Trade receivables and related accounts	32	32	-	32
Other receivables (including tax receivables) ⁽¹⁾	195	191	4	65
Total	7 278	274	7 004	7 148

In € millions

Debt	Gross amount	Up to one year	More than one year	Related companies
Financial debt (<i>note 12</i>)	9 069	51	9 018	-
Trade payables and related accounts	14	14	-	4
Tax and social debts	4	4	-	-
Other liabilities ⁽¹⁾	113	113	-	113
Total	9 200	182	9 018	117

⁽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

In € millions

Companies or Groups of companies	Share of capital held	Carrying amount of shares held		Loans & advances granted and not reimburs ed	Amount of security and guarantee s given	Revenues (excl. tax) for financial year	Net profit or loss for financial year	Dividend s 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%	3821	3821	7 040	19	6 015	(4 793)	-
KLM (Netherlands) ⁽¹⁾	99,7%	824	824	-	41	4 811	(1 560)	19
Air France KLM Finance ⁽¹⁾	100%	31	13	20	-	-	(4)	-

⁽¹⁾ Statutory financial statements at December 31, 2020

15. Items concerning related companies

As of December 31, 2020

<i>In € millions</i>			Amount
Trade receivables & related accounts	Of Which	Air France	7 030
related to long term investment		KLM	-
		Air France-KLM Finance	21
Trade receivables & related accounts	Of Which	Air France	20
		KLM	12
		Air France-KLM Finance	-
Other receivables	Of Which	Air France	40
		KLM	20
		Air France-KLM Finance	2
Trade payable and related accounts	Of Which	Air France	3
		KLM	1
Other payables	Of Which	Air France- tax consolidation current account	105
		Other members of the tax group	8

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 € 600 million bond dated June 18, 2014, was hedged for a nominal value of € 200 million converting fix rate to a floating rate through a swap connected to a floor-isolated open position. As of January 16, 2020, the position was closed following the partial early repayment of this loan.

The \$ 145 million bond is fully hedged by a cross currency swap. As of December 31, 2020, the fair value of this derivative instrument is € (19) 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 a debt that KLM holds on the Airline GOL for an amount of USD50 million.

Air France KLM guarantees the payment by Transavia Holland to a lessor, of outstanding operational leases until 2024 for an amount of USD52 million at December 31, 2020.

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, 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 with up to twenty-five other airlines.

As of December 31, 2017, most of these investigations have been terminated following the entry into plea agreements between Air France, KLM and Martinair 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 16 December 2015. On 17 March 2017, the European Commission issued a new decision against eleven air cargo carriers, including Air France, KLM and Martinair. The total amount of fines imposed on the Air France-KLM Group is €339 million. This amount has been reduced by €15 million as compared to the initial decision owing to a lower fine for Martinair due to technical reasons. On 29 and 30 May 2017, the Group companies filed an appeal against this decision before the General Court of the European Union. The Group has maintained a provision covering these fines.

In Switzerland, Air France and KLM are challenging a decision imposing a €4 million fine before the relevant court. The subsidiaries of the Group have provisioned the totality of this fine.

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 airfreight shippers in the civil courts against Air France, KLM and Martinair, and other cargo operators, in a number of jurisdictions.

Under these civil lawsuits, Air France KLM is involved as the parent company of the airlines. Shippers and freight forwarders are claiming for damages to compensate alleged higher prices due to alleged competition law infringement.

Air France, KLM and/or Martinair remain defendants, either as main defendants (in particular in The Netherlands, Norway) or as third party interveners brought in these cases by other main defendants under “contribution

proceedings”. Where Air France, KLM and/or Martinair are the main defendants, they have also initiated contribution proceedings against other airlines.

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.

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

There were no post-closing events.