

**Publication on regulated agreements concluded by the Company**

**(Article L. 22-10-13 of the French Commercial Code)**

**Repurchase of a fraction of the Undated Deeply Subordinated Notes and subscription to new Undated Deeply Subordinated Notes for a total amount of 727,800,000 euros**

(Authorised by the Board of Directors on 16 February 2023)

As part of the Group's recapitalization plan announced on April 6, 2021, Air France – KLM (the « **Company** ») has entered into a subscription agreement on 20 April 2021 relating to the issue by the Company and the subscription by the French Republic of undated deeply subordinated notes for a total amount of 3 billion euros composed of three tranches of 1 billion euros each, redeemable in April 2025 (the « **NR4 Deeply Subordinated Notes** »), April 2026 (the « **NR5 Deeply Subordinated Notes** ») and April 2027 (the « **NR6 Deeply Subordinated Notes** ») (together, the « **Undated Deeply Subordinated Notes** »). Following the several repurchases and redemptions in 2022, only the NR6 Deeply Subordinated Notes remained outstanding, representing a principal amount of 595,000,000 euros, i.e. 5,950 NR6 Deeply Subordinated Notes, whose the repurchase was carried out in full on March 17, 2023 and April 19, 2023.

The recapitalisation aid also included the subscription by the State, simultaneously with the subscription to the Undated Deeply Subordinated Notes, to 593 million euros of shares on the occasion of the Company's capital increase of approximately 1,04 billion in April 2021 (« **State Shares 2021** », and together with the TSS French State, the « **Recapitalisation** »).

As a result of this objective of full repayment of the Recapitalisation aid, the Company proceeded in two stages, on March 17, 2023 and April 19, 2023, to a repurchase of the NR6 Deeply Subordinated Notes outstanding. These repurchases was carried out subject to the subscription by the State of new deeply subordinated notes for an amount of 320,400,000 euros on March 17 2023 (the « **Subordinated Notes March 2023** ») and 407,400,000 euros on April 19, 2023 (the « **Subordinated Notes April 2023** ») and together with the Subordinated Notes March 2023, the « **Subordinated Notes 2023** ») (it being specified that the Subordinated Notes April 2023 will be assimilated to the March 2023 Subordinated Notes March 2023 from March 17, 2024).

As part of the repurchase of these Undated Deeply Subordinated Notes and the issue of Deeply Subordinated Notes 2023, the Company has entered into the following agreements with the French State, which held 28.6% of the Company's share capital at the date of conclusion of these agreements:

- On March 17, 2023, (i) the repurchase offer by the Company of 3,000 NR6 Deeply Subordinated Notes and the corresponding interest for an amount of 320,404,110 euros and (ii) the subscription agreement for the issue of 3,204 Subordinated Notes March 2023 for an amount of 320,400,000 euros by the Company and fully subscribed by the French State; and
- On April 19, 2023, (i) the repurchase offer by the Company of 2,950 NR6 Deeply Subordinated Notes and the corresponding interest for an amount of 317,064,377.50 euros, together with the payment of a sum of 90,354,419.01 euros relating to the application of article 64ter of the Temporary Framework, as set out below, aiming to remunerate the French Republic following the aid granted through its acquisition in case of the capital increase in April 2021 (the « **Exit Amount** ») and (ii) the subscription agreement for the issue of 4,074 Subordinated Notes April

2023 for an amount of 407,400,000 euros by the Company and fully subscribed by the French State.

(the « **Regulated Agreement** »).

## **1. Terms and conditions of Repurchases and subscription of Subordinated Notes 2023**

The Company has committed to repurchase, on March 17 and April 19, 2023, the balance of the NR6 Deeply Subordinated Notes and to pay the Exit amount for a total global amount of around 727,800,000 euros subject to the subscription by the State to the Subordinated Notes 2023 respectively on March 17, 2023 and April 19, 2023.

It is specified that the repurchase carried out on April 19, 2023 was carried out for a price corresponding to the nominal value and accrued interest, as well as a sum corresponding to the Exit Amount.

Indeed, with a view to repayment of the Recapitalisation aid and given that the State announced to the Board of Directors of Air France-KLM that it did not intend to sell the State Shares 2021, the State has given its consent to benefit from the provisions of point 64ter of the Temporary Framework. According to these provisions, the exit of the State from the Recapitalisation may take the form of the retention by the State of the shares subscribed as part of the Recapitalisation, after the expiry of a two-years period from the Recapitalisation, subject to the granting to the State of the required remuneration and, where applicable, of compensation due for a loss of value of the shares subscribed by the State, under the conditions set out in point 64bis of the Temporary Framework and agreed with the European Commission. As the aforementioned two-year period ends on April 19, 2023, Air France-KLM intends to implement the mechanism referred to in point 64ter of the Temporary Framework by making a payment to the State of the exit amount (the « **Exit Amount** »), in order to allow the full lifting of the "bans" imposed to Air France-KLM due to the granting of the Recapitalisation and as explained in more detail by the Board of Directors at its meeting of February 16, 2023.

As part of the repurchases, the Company has undertaken to cancel the Deeply Subordinated Notes repurchases on the date of the repurchases and not to reissue or resell them.

In parallel, the Company issued the Deeply Subordinated Notes 2023 in two stages and subscribed in full by the State in cash and representing the amount of the balance of the NR6 Deeply Subordinated Notes increased by the Exit Amount. In this context, the Company and the State entered into two subscription agreements on March 17 and April 19, 2023.

## **2. Interested parties**

Mr. Pascal Bouchiat and Mr. Jean-Dominique Comolli, members of the Board of Directors of the Company appointed by the shareholder's meeting of the Company upon proposal of the French State, could be considered as indirectly interested in the conclusion of repurchases, due to the fact that the French State's holding, at the date of conclusion of the repurchases, 28.6% of the share capital of the Company.

Mrs. May Gicquel, director representing the French State appointed by ministerial order dated March 15, 2023, replacing Mrs. Stéphanie Besnier, is considered to be indirectly interested in the conclusion of the repurchases and the subscription agreement, due to the fact that the French State's holding, at the date of conclusion of the Regulated Agreements, of 28.6% of the Company's share capital.

### **3. Approval from the Board of Directors**

In accordance with the provisions of Article L. 225-38 of the French Commercial Code, the Company's Board of Directors authorized the conclusion of the repurchase offers and subscription agreements at its a meeting on February 16, 2023. Mr. Pascal Bouchiat, Mr. Jean-Dominique Comolli and Mrs. Stéphanie Besnier did not take part in the deliberations or vote on the repurchases.

### **4. Benefits of the Repurchases for the Company and the issue of Deeply Subordinated Notes 2023**

In a context of recovery of the airline sector activity, at levels almost similar to the period before the Covid crisis, the Company considered that it had become essential to effectively and fully redeem the Recapitalisation aid.

The repurchases have therefore been concluded in order to allow the Company to redeem in full the Undated Deeply Subordinated Notes issued by the Company on 20 April 2021 for a total amount of three billion euros and fully subscribed by the French State by way of set-off on claims (*compensation de créances*) held by the French State against the Company pursuant to the shareholder's current account agreement dated May 6, 2020 entered into between the French State and the Company. The repurchase offer concluded on April 19, 2023 was further increased by the Exit Amount due by the Company to the State in accordance with the rules provided for in the Temporary Framework and the Covid aid decision (Decision SA.59913).

The repurchases were carried out subject to the subscription by the French State to the Deeply Subordinated Notes 2023 corresponding to the amount provided for in the repurchase offers, i.e a total amount of approximately 727,800,000 euros. This subscription was carried out following the approval by the European Commission, on February 16, 2023, of a compensation aid from the French State without any bans for the benefit of Air France KLM and Air France.

No Undated Deeply Subordinated Notes have been outstanding since April 19, 2023.

### **5. Materiality of the cost of the Repurchases**

It has been decided in agreement with the *Agence des Participations de l'État* (the « **APE** ») to fix the repurchase price of the notes as the sum of the nominal value and the value of the coupons accrued plus the Exit Amount at the dates of the repurchases. This corresponds to:

- an additional cost in relation to the nominal value of €20.4 million for the 3,000 NR6 Deeply Subordinated Notes; and
- an additional cost in relation to the nominal value of €22 million for the 2,950 NR6 Deeply Subordinated Notes, it being specified that to this amount has been added the payment of a sum of € 90,354,419.01 as the Exit Amount.

This cost has been offset by the State's subscription to the Deeply Subordinated Notes 2023.