

Disclosure of related-party agreements concluded by the Company

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

Conclusion of an Investment Agreement between Air France-KLM, Air France, KLM, BlueTeam VII, AP Fides Holdings I LLC and AP Fides Holdings II LLC

(Authorized by the Board of directors on October 26, 2023)

On October 26, 2023, Air France-KLM (the “**Company**”) has entered into with Air France, KLM, BlueTeam VII (“**Newco**”), AP Fides Holdings I LLC (the “**Bond Investor**”) and AP Fides Holdings II LLC (the “**Share Investor**”) an investment agreement (the “**Investment Agreement**”) setting forth the terms and conditions of the proposed financing up to €1.5bn raised by an “ad hoc” vehicle to which will be transferred certain assets of the Flying Blue loyalty program relating to the Miles-issuing activity on an exclusive basis with the program's third-party partners (“**Project Fides**” or the “**Transaction**”).

1. Terms and conditions of the Investment Agreement

It is recalled that, on July 27, 2023, the Board of Directors has authorized entry into exclusive discussions with Apollo Capital Management, L.P. (“**Apollo**”) in order to negotiate and finalize the transaction documents relating to Project Fides.

The Investment Agreement sets forth the terms and conditions of the Transaction, and notably:

- i. the investment, on the date of completion of the Transaction (the “**Closing**”) of €1,492,800,000 by the Bond Investor, through the subscription of deeply subordinated bonds issued by Newco (the “**Bonds**”), qualifying as equity under IFRS, remunerated through a cash coupon of 6.4% per year, deferrable and accruable on a cumulative basis, and including interest rate step-ups to 9.0%, 10.0% and 13.0% after 4, 5 and 6 years, respectively, it being specified that the firm commitment of the Bond Investor will be to subscribe to Bonds for 1,292,800,000 euros and, in the event it would not succeed to obtain financing commitment from other investors enabling to extend its investment up to €1,492,800,000, the Bond Investor will benefit from the right to substitute itself with the Company for the subscription of Bonds up to a maximum amount of 200,000,000 euros;
- ii. the investment on the Closing date of €7,200,000 by the Share Investor through the subscription of preferred shares issued by Newco representing around 2% of the share capital and voting rights of Newco;
- iii. the subscription by the Company to a share capital increase in cash of Newco for a total amount of 355,490,000 euros, and
- iv. the conditions precedent to the completion of the Transaction, it being specified that the agreed forms of all transaction documents to be entered into at Closing are attached to the Investment Agreement.

2. Interested parties

Mr. Benjamin Smith, Chief Executive Officer of the Company and joint board member of the Company and KLM, could be deemed to be indirectly interested in the Investment Agreement, as Mr. Benjamin Smith is (i) Chief Executive Officer and member of the Board of Directors of the Company and (ii) member of the Supervisory Board of KLM.

3. Board approval

Pursuant to article L.225-28 of the French commercial Code, the Board of directors of the Company has authorized the conclusion of the Investment Agreement at its meeting of October 26, 2023. Mr. Benjamin Smith did not take part in the deliberation and the vote with respect to the Investment Agreement.

4. Interest and materiality of the Investment Agreement

This Transaction is an essential part of the recapitalization measures announced at the time of publication of the Company's 2022 annual results. Indeed, subject to the satisfaction of the conditions precedent to the Transaction, the Investment Agreement would allow:

- a competitive financial operation with a positive impact on the Company and the group, including fulfilling the equity restoration objectives. This additional tool enables AFKL to optimize its source of liquidity financing; and
- the implementation of a structure to accelerate the development of the Flying Blue business, including the sale of Miles, while remaining compatible with the Company's and the group's European consolidation strategy.