

AIR FRANCE-KLM GROUP

Interim consolidated financial information (unaudited)

January 1st, 2024 – March 31, 2024

Prepared in accordance with International Financial Reporting
Standards ("IFRS") as adopted by the European Commission
for use in the European Union

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CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

Period from January 1 to 31 March

(in € millions)

	Notes	2024	2023
Revenues from ordinary activities		6,654	6,329
External expenses	5	(4,554)	(4,289)
Salaries and related costs	6	(2,245)	(2,009)
Taxes other than income taxes		(57)	(55)
Other current operating income and expenses	7	378	310
EBITDA		176	286
Amortization, depreciation and provisions	8	(665)	(592)
Income from current operations		(489)	(306)
Sales of aircraft equipment	9	19	5
Other non-current income and expenses	9	(3)	(3)
Income from operating activities		(473)	(304)
Interests expenses	10	(160)	(158)
Income from cash and cash equivalents	10	92	49
Net cost of financial debt	10	(68)	(109)
Other financial income and expenses	10	(110)	35
Income before tax of consolidated companies		(651)	(378)
Income taxes	11	168	41
Net income of consolidated companies		(483)	(337)
Share of profits (losses) of associates		3	–
Net income for the period		(480)	(337)
Net income - Non-controlling interests		42	7
Net income - Group part		(522)	(344)
Earnings per share – Equity holders of Air France-KLM (in euros)			
■ basic	12	(2.04)	(0.14)
■ diluted		(2.04)	(0.14)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of recognized income and expenses

Period from January 1 to March 31

(in € millions)

	2024	2023
Net income	(480)	(337)
Effective portion of changes in fair value hedge and cost of hedging recognized directly in other comprehensive income	240	(94)
Change in fair value and cost of hedging transferred to profit or loss	(40)	(3)
Exchange difference resulting from the translation	4	(1)
Deferred tax on items of comprehensive income that will be reclassified to profit or loss	(55)	25
Total of other comprehensive income that will be reclassified to profit or loss	149	(73)
Remeasurements of defined benefit pension plans	18	(1)
Fair value of equity instruments revalued through OCI	(4)	(1)
Deferred tax on items of comprehensive income that will not be reclassified to profit or loss	(2)	(1)
Total of other comprehensive income that will not be reclassified to profit or loss	12	(3)
Total of other comprehensive income, after tax	161	(76)
RECOGNIZED INCOME AND EXPENSES	(319)	(413)
■ Equity holders of Air France–KLM	(361)	(420)
■ Non-controlling interests	42	7

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated balance sheet

ASSETS

(in € millions)

	March 31, 2024	December 31, 2023
Goodwill	225	224
Intangible assets	1,125	1,128
Flight equipment	11,646	11,501
Other property, plant and equipment	1,438	1,431
Right-of-use assets	5,902	5,956
Investments in equity associates	134	129
Pension assets	57	45
Other non-current financial assets	1,262	1,262
Non-current derivative financial assets	186	148
Deferred tax assets	825	698
Other non-current assets	305	153
Total non-current assets	23,105	22,675
Other current financial assets	1,276	1,292
Current derivative financial assets	262	122
Inventories	874	853
Trade receivables	2,492	2,152
Other current assets	1,192	1,120
Cash and cash equivalents	5,449	6,194
Assets held for sale	83	82
Total current assets	11,628	11,815
TOTAL ASSETS	34,733	34,490

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated balance sheet (continuation)

<i>(in € millions)</i>	Notes	March 31, 2024	December 31, 2023
LIABILITIES AND EQUITY			
Issued capital		263	263
Additional paid-in capital		7,560	7,560
Treasury shares		(25)	(25)
Perpetual	13	1,037	1,076
Reserves and retained earnings		(11,287)	(10,925)
Equity attributable to equity holders of Air France-KLM		(2,452)	(2,051)
Perpetual	13	2,565	2,524
Reserves and retained earnings		28	27
Equity attributable to non-controlling interests		2,593	2,551
TOTAL EQUITY		141	500
Pension provisions		1,698	1,685
Non-current return obligation liabilities and provisions for leased aircrafts and other provisions		3,825	3,805
Non-current financial liabilities	14	6,642	7,538
Non-current lease debt		3,563	3,581
Non-current derivative financial liabilities		17	56
Deferred tax liabilities		3	—
Other non-current liabilities	16	1,258	1,376
Total non-current liabilities		17,006	18,041
Current return obligation liabilities and provisions for leased aircrafts and other provisions		1,220	1,079
Current financial liabilities	14	1,961	1,664
Current lease debt		868	848
Current derivative financial liabilities		46	139
Trade payables		2,627	2,447
Deferred revenue on ticket sales		5,406	3,858
Frequent flyer programs		882	899
Other current liabilities	16	4,568	5,002
Bank overdrafts		8	13
Total current liabilities		17,586	15,949
TOTAL LIABILITIES		34,592	33,990
TOTAL EQUITY AND LIABILITIES		34,733	34,490

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in stockholders' equity

	Equity attributable to equity holders of Air France-KLM						Equity attributable to non-controlling interests			Total	
	Number of shares	Issued capital	Additional paid-in capital	Treasury shares	Perpetual bonds	Reserves and retained earnings	Equity	Perpetual bonds	Reserves and retained earnings		Equity
<i>(in € millions)</i>											
December 31, 2022	2,570,536,136	2,571	5,217	(25)	933	(11,700)	(3,004)	510	14	524	(2,480)
Other comprehensive income	-	-	-	-	-	(76)	(76)	-	-	-	(76)
Net result for the period	-	-	-	-	-	(344)	(344)	-	7	7	(337)
Total of income and expenses recognized	-	-	-	-	-	(420)	(420)	-	7	7	(413)
Perpetual	-	-	-	-	20	-	20	-	-	-	20
Coupons on perpetual	-	-	-	-	(8)	(16)	(24)	7	(7)	-	(24)
March 31, 2023	2,570,536,136	2,571	5,217	(25)	945	(12,136)	(3,428)	517	14	531	(2,897)
December 31, 2023	262,769,869	263	7,560	(25)	1,076	(10,925)	(2,051)	2,524	27	2,551	500
Other comprehensive income	-	-	-	-	-	161	161	-	-	-	161
Net result for the period	-	-	-	-	-	(522)	(522)	-	42	42	(480)
Total of income and expenses recognized	-	-	-	-	-	(361)	(361)	-	42	42	(319)
Share-based payment	-	-	-	-	-	1	1	-	-	-	1
Coupons on perpetual	-	-	-	-	(39)	(18)	(57)	41	(41)	-	(57)
Tax on coupons on perpetual	-	-	-	-	-	15	15	-	-	-	15
Other	-	-	-	-	-	1	1	-	-	-	1
March 31, 2024	262,769,869	263	7,560	(25)	1,037	(11,287)	(2,452)	2,565	28	2,593	141

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

Period from January 1 to March 31 <i>(in € millions)</i>	Notes	2024	2023 restated ⁽¹⁾
Net income		(480)	(337)
Amortization, depreciation and operating provisions	8	665	592
Financial provisions	10	71	51
Cost of net debt	10	68	109
Loss (gain) on disposals of tangible and intangible assets		(19)	(4)
Loss (gain) on disposals of subsidiaries and associates		(2)	–
Derivatives – non monetary result		4	–
Unrealized foreign exchange gains and losses		12	(48)
Share of (profits) losses of associates		(3)	–
Deferred taxes		(165)	(39)
Impairment		–	1
Other non-monetary items		(6)	(27)
Cash flow from operating activities before change in working capital		145	298
(Increase) / decrease in inventories		(20)	(28)
(Increase) / decrease in trade receivables		(331)	(319)
Increase / (decrease) in trade payables		170	141
Increase / (decrease) in advanced ticket sales		1,536	1,477
Change in other assets and liabilities		(731)	221
Change in working capital requirement		624	1,492
CASH-FLOW FROM OPERATING ACTIVITIES		769	1,790
Acquisition of subsidiaries, of shares in non-controlled entities		(1)	(2)
Purchase of property plant and equipment and intangible assets		(654)	(779)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities		8	–
Proceeds on disposal of property plant and equipment and intangible assets		25	131
Interest received		86	44
Decrease (increase) in net investments, more than 3 months		(3)	56
CASH-FLOW USED IN INVESTING ACTIVITIES		(539)	(550)
Issuance of perpetual	13	–	320
Repayment of perpetual	13	–	(300)
Coupons on perpetual	13	(57)	(25)
Issuance of debt	14	2	1,323
Repayment on debt	14	(606)	(2,790)
Payments on lease debts		(219)	(219)
New loans		(2)	(43)
Repayment on loans		10	3
Interest paid		(144)	(284)
CASH-FLOW FROM FINANCING ACTIVITIES		(1,016)	(2,015)
Effect of exchange rate and reclassifications on cash and cash equivalents and bank overdrafts (net of cash acquired or sold)		46	(31)
Change in cash and cash equivalents and bank overdrafts		(740)	(806)
Cash and cash equivalents and bank overdrafts at beginning of period		6,181	6,623
Cash and cash equivalents and bank overdrafts at end of period		5,441	5,817
Income taxes (flow included in operating activities)		(16)	(2)

(1) See Note 1 of the notes to the financial statements.

The accompanying notes are an integral part of these consolidated financial statements.

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NOTE 1 RESTATEMENT OF THE 2023 FINANCIAL STATEMENTS

The net cost of financial debt of Air France-KLM Group is detailed in Note 10 "Net cost of financial debt and other financial income and expenses" and mainly comprises income from cash and cash equivalents, interest on financial liabilities, interest on lease liabilities and capitalized interest and may be cash or non-cash related items.

Until December 31, 2023 the Group disclosed the non-monetary components of the net cost of financial debt within the "cash flow from operating activities" in the consolidated cash flow statement. As a result:

- the non-monetary items of the cost of net financial debt were neutralized within the "cash flow from operating activities before change in working capital" in the line "other non-monetary items";
- the monetary items were not neutralized and therefore impacted the "cash flow from operating activities" through their contribution to the net income of the period and the change in "working capital requirement" for accrued interest not yet due.

As from January 1, 2024 and in order to have a better representation of its activities and a better comparability with other competitors in the air transport industry, the Group has decided to change its method of presentation in accordance with the option offered by IAS7 "Statement of Cash Flow" on interests and to adjust the disclosure as described below:

- the cost of net financial debt is fully neutralized within the "cash flow from operating activities" in a dedicated line "cost of net debt" (for both monetary and non-monetary items);
- interest paid are disclosed in a dedicated line within the "cash flow used in financing activities";
- interest received are disclosed in a dedicated line within the "cash flow used in investing activities".

This change in disclosure has been applied retrospectively to allow the comparison with comparative periods in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

The impacts on the cash flow statement as of March 31, 2023 is as follows:

IMPACT ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Period from January 1 to March 31, 2023 <i>(in € millions)</i>	Published consolidated cash flow statement	Change in disclosure	Restated consolidated cash flow statement
Cost of net debt	–	109	109
Other non-monetary items	(136)	109	(27)
Cash flow from operating activities before change in working capital	80	218	298
Change in other assets and liabilities	199	22	221
Change in working capital requirement	1,470	22	1,492
CASH-FLOW FROM OPERATING ACTIVITIES	1,550	240	1,790
Interests received	–	44	44
CASH-FLOW USED IN INVESTING ACTIVITIES	(594)	44	(550)
Interests paid	–	(284)	(284)
CASH-FLOW USED IN FINANCING ACTIVITIES	(1,731)	(284)	(2,015)

This change in presentation has no impact on the Group's other primary financial statements.

NOTE 2 SIGNIFICANT EVENTS

2.1 Significant events occurring during the period

Evolution in the commercial cooperation in air cargo between Air France-KLM and CMA CGM

Air France-KLM and CMA CGM have decided to terminate the agreements signed in May 2022 with effect from March 31, 2024 as the tight regulatory environment in certain important markets has prevented the cooperation from working in an optimal way.

Air France-KLM and CMA CGM have begun discussions on new terms and conditions of a commercial relation to operate independently from March 31, 2024 onwards.

CMA CGM remains a core shareholder in Air France-KLM. The parties have agreed to amend the existing lockup on CMA CGM shares in Air France-KLM's capital, which will now be effective until February 28, 2025. CMA CGM stepped down from the Air France-KLM Board of Directors on March 31, 2024.

Sales of KLM Equipment Services B.V.

On February, 1 2024, KLM sold its 100% subsidiary KLM Equipment Services B.V. to a third party, TCR international N.V., Belgium (TCR). Under the agreement, KLM will become a TCR customer for the maintenance and lease of ground operations equipment at Schiphol, while TCR will be responsible for investments in ground operations equipment.

As of March 31, 2024, the disposal had the following impact on the Group's consolidated financial statements:

- Recognition of a proceeds of €31 million within the "Cash flow used in investing activities" in the consolidated cash flow statement (including €9 million from the sale of shares and €22 million from the sale of equipment to TCR);
- Recognition of a gain on disposal of €2 million within the "Other non-current income and expenses" in the consolidated income statement (linked to the sale of the shares taking into account the net book value of KLM Equipment Service B.V. in the consolidated financial statements at the date of the disposal).

Repayment €452 million of OCEANE 2026 bonds

As of March 25, 2024, Air France-KLM has repaid, at the request of the bondholders, €452 million of the outstanding €500 million of the bonds convertible into new shares and/or exchangeable for existing shares due March 25, 2026.

This amount is equivalent of 25,246,843 of bonds. This early redemption option on March 25, 2024 was part of the terms and conditions of the bonds.

The remaining outstanding bonds will be redeemed in May 2024 (see 2.2 Subsequent events).

As of March 31, 2024, the number of potential dilutive shares linked to the outstanding OCEANE 2026 has

therefore been decreased from 4,966,518 shares to 472,580 shares.

Increase of revolving credit facility ("RCF") linked to ESG KPIs

Air France-KLM and Air France, combined borrowers, signed last year in April a €1.2 billion Sustainability-Linked RCF. This facility included an accordion increase option executed during the first quarter of 2024 for an amount of €90 million bringing the amount available to around 1.3 billion euros.

A one-year extension option has also been executed in April 2024 (see 2.2 Subsequent events)

2.2 Subsequent events

Early repayment of OCEANE bonds

Following the exercise of the put option by bondholders in accordance with the conditions of the OCEANE 2026's Terms and Conditions (see 2.1 "Significant events occurring during the period"), the number of outstanding bonds represents now less than 15% of the initially issued OCEANE 2026.

Consequently, Air France-KLM will proceed with the early redemption of these bonds under the conditions set out in the Terms and Conditions of the said OCEANE 2026 for cancellation in accordance with the applicable law. The early redemption date has been set at May 10, 2024 at a price per OCEANE equal to par value (i.e. 17.92 euros) with accrued interest of 0.00282 euro.

Extension of revolving credit facilities ("RCF") linked to ESG KPIs

The RCF linked to ESG KPIs, signed in April 2023 (see 2.1 "Significant events occurring during the period") had an initial maturity in 2026 and two one-year extension options. In April 2024, Air France and Air France-KLM executed the extension option for one year, extending to a 2027 maturity.

Last year in April, KLM signed a €1.0 billion RCF including ESG Key Performance Indicators. This RCF had an initial 2027 maturity and included two one-year extension options. A one-year extension option has been executed extending to a 2028 maturity.

NOTE 3 ACCOUNTING POLICIES

Pursuant to the European Regulation No. 1606/2002 of July 19, 2002, the consolidated financial statements of the Air France-KLM Group as of December 31, 2023 were established in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union on the date these consolidated financial statements were established and which were mandatory at that date.

The interim consolidated financial information as of March 31, 2024 must be read in connection with the annual consolidated financial statements for the year ended on December 31, 2023. They have been established in accordance with the accounting principles used by the Group for the consolidated financial statements 2023, except for standards and interpretations adopted by the European Union applicable as from January 1, 2024.

The amendments applicable to the Group from January 1, 2024 are as follows:

- amendment to IFRS 16 concerning the measurement method for a sale and leaseback transaction after the transaction date with variable lease payments,

- amendment to IAS 1 concerning the current/non-current classification of liabilities with restrictive covenants.

These amendments have no significant impact for the Group.

The Air France-KLM group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in France, the jurisdiction in which Air France-KLM is incorporated, and has come into effect from January 1, 2024.

The Group is currently assessing the quantitative impact and does not expect to be significantly exposed to the additional tax.

The condensed interim consolidated financial statements as of March 31, 2024 were reviewed by the Board of Directors on April 29, 2024.

NOTE 4 INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

Business segments (Note 4.1)

The segment information is prepared on the basis of internal management data communicated to the Executive Committee, the Group's principal operational decision-making body.

The Group is organized around the following segments:

- **Network:** The revenues for this segment, which includes the Passenger and Cargo network, primarily come from passenger transportation services on scheduled flights with the Group's airline code (excluding Transavia), including flights operated by other airlines under code-share agreements. They also include code-share revenues, revenues from excess baggage and airport services supplied by the Group to third-party airlines and services linked to IT systems. Network revenues also include freight carried on flights operated under the codes of the airlines within the Group and flights operated by other partner airlines under code-share agreements. Other cargo revenues are derived principally from the sale of cargo capacity to third parties and the transportation of shipments on behalf of the Group by other airlines;
- **Maintenance:** Maintenance operating revenues are generated through maintenance services provided to other airlines and customers worldwide;
- **Transavia:** The revenues from this segment come from the "leisure" activity realized by Transavia;
- **Other:** The revenues from this segment come from various services provided by the Group and not covered by the three segments mentioned above.

The results of the business segments are those that are either directly attributable or that can be allocated on a

reasonable basis to these business segments. Amounts allocated to business segments mainly correspond to the EBITDA, current operating income and to the income from operating activities. Other elements of the income statement are presented in the "non-allocated" column.

Inter-segment transactions are evaluated based on normal market conditions.

Geographical segments (Note 4.2)

Activity by origin of sales area (Note 4.2.1)

Group external sales by origin of sale are broken down into four geographical areas:

- France, including French overseas departments;
- Benelux, including Dutch Caribbean & Suriname;
- Europe (excluding France and Benelux);
- Rest of the world.

Activity by destination (Note 4.2.2)

Group Traffic sales by destination are broken down into seven geographical areas:

- Metropolitan France;
- Europe (excluding France) and North Africa;
- Caribbean, West Indies, French Guyana and Indian Ocean;
- Africa (excluding North Africa), Middle East;
- North America, Mexico;
- South America (excluding Mexico);
- Asia and New Caledonia.

4.1 Information by business segment

Period ended March 31, 2024

<i>(in € millions)</i>	Network	Maintenance	Transavia	Other	Non-allocated	Total
Total sales	5,663	1,223	462	70	–	7,418
Intersegment sales	(5)	(693)	(3)	(63)	–	(764)
External sales	5,658	530	459	7	–	6,654
Revenues from ordinary activities	5,658	530	459	7	–	6,654
EBITDA	142	121	(97)	10	–	176
Income from current operations	(356)	28	(166)	5	–	(489)
Income from operating activities	(341)	28	(166)	6	–	(473)
Share of profits (losses) of associates	–	1	–	2	–	3
Net cost of financial debt and other financial income and expenses	–	–	–	–	(178)	(178)
Income taxes	–	–	–	–	168	168
Net income	(341)	29	(166)	8	(10)	(480)

Period ended March 31, 2023

<i>(in € millions)</i>	Network	Maintenance	Transavia	Other	Non-allocated	Total
Total sales	5,582	926	378	58	–	6,944
Intersegment sales	(7)	(556)	–	(52)	–	(615)
External sales	5,575	370	378	6	–	6,329
Revenues from ordinary activities	5,575	370	378	6	–	6,329
EBITDA	329	82	(130)	5	–	286
Income from current operations	(149)	15	(172)	–	–	(306)
Income from operating activities	(148)	16	(170)	(2)	–	(304)
Share of profits (losses) of associates	–	1	–	(1)	–	–
Net cost of financial debt and other financial income and expenses	–	–	–	–	(74)	(74)
Income taxes	–	–	–	–	41	41
Net income	(148)	17	(170)	(3)	(33)	(337)

4.2 Information by geographical area

4.2.1 Activity by origin of sales area

EXTERNAL SALES BY GEOGRAPHICAL AREA

Period ended March 31, 2024

<i>(in € millions)</i>	France, including French overseas departments	Benelux, including Dutch Caribbean & Surinam	Europe (excl. France and Benelux)	Rest of the world	Total
Transportation	1,536	740	1,233	1,887	5,396
Other sales ⁽¹⁾	110	66	37	49	262
Total Network	1,646	806	1,270	1,936	5,658
Transportation	170	242	37	15	464
Other sales ⁽¹⁾	(2)	(3)	–	–	(5)
Total Transavia	168	239	37	15	459
Maintenance	283	213	4	30	530
Others	2	5	–	–	7
TOTAL	2,099	1,263	1,311	1,981	6,654

(1) This line includes compensation paid to clients in accordance with EU261.

Period ended March 31, 2023

<i>(in € millions)</i>	France, including French overseas departments	Benelux, including Dutch Caribbean & Surinam	Europe (excl. France and Benelux)	Rest of the world	Total
Transportation	1,567	643	1,244	1,875	5,329
Other sales ⁽¹⁾	90	61	42	53	246
Total Network	1,657	704	1,286	1,928	5,575
Transportation	140	195	36	10	381
Other sales ⁽¹⁾	(1)	(2)	–	–	(3)
Total Transavia	139	193	36	10	378
Maintenance	180	154	7	29	370
Others	2	4	–	–	6
TOTAL	1,978	1,055	1,329	1,967	6,329

(1) This line includes compensation paid to clients in accordance with EU261.

4.2.2 Activity by destination

TRAFFIC SALES BY GEOGRAPHICAL AREA OF DESTINATION

Period ended March 31, 2024

<i>(in € millions)</i>	Metropolitan France	Europe (excl. France) North Africa	Caribbean, French Guyana, Indian Ocean	Africa (excl. North Africa) Middle East	North America, Mexico	South America, excl. Mexico	Asia, New Caledonia	Total
Network	300	1,154	507	767	1,146	635	887	5,396
Transavia	22	398	–	44	–	–	–	464
TOTAL TRANSPORTATION	322	1,552	507	811	1,146	635	887	5,860

Period ended March 31, 2023

<i>(in € millions)</i>	Metropolitan France	Europe (excl. France) North Africa	Caribbean, French Guyana, Indian Ocean	Africa (excl. North Africa) Middle East	North America, Mexico	South America, excl. Mexico	Asia, New Caledonia	Total
Network	321	1,125	537	808	1,133	683	722	5,329
Transavia	19	320	–	42	–	–	–	381
TOTAL TRANSPORTATION	340	1,445	537	850	1,133	683	722	5,710

NOTE 5 EXTERNAL EXPENSES

Period from January 1 to 31 March

<i>(in € millions)</i>	2024	2023
Aircraft fuel	1,628	1,760
Sustainable aviation fuel	46	20
CO ₂ quotas	62	32
Chartering costs	123	90
Landing fees and air route charges	453	413
Catering	202	186
Handling charges	464	426
Aircraft maintenance costs	808	648
Commercial and distribution costs	278	257
Other external expenses	490	457
TOTAL	4,554	4,289

A portion of external expenses, mainly aircraft fuel and maintenance, is sensitive to fluctuations in the US dollar exchange rate. The hedges covering this currency

exposure are presented in Note 7 "Other current operating income and expenses".

NOTE 6 SALARIES AND NUMBER OF EMPLOYEES

Period from January 1 to 31 March

<i>(in € millions)</i>	2024	2023
Wages and salaries	1,591	1,384
Social contributions	285	254
Pension costs on defined contribution plans	223	200
Pension costs of defined benefit plans	38	33
Cost of temporary employees	68	54
Profit sharing	9	57
Payment linked with shares	1	-
Other expenses	30	27
TOTAL	2,245	2,009

Pension costs on defined contribution plans

The Group pays contributions to a multi-employer plan in France, the CRPN (public pension fund for crew). Since this multi-employer plan is assimilated with a French State plan, it is accounted for as a defined contribution plan in "pension costs on defined contribution plans".

AVERAGE NUMBER OF EMPLOYEES

Period from January 1 to 31 March	2024	2023
Flight deck crew	8,837	8,367
Cabin crew	21,719	21,087
Ground staff	46,010	44,232
Temporary employees	2,454	2,096
TOTAL	79,020	75,782

NOTE 7 OTHER CURRENT OPERATING INCOME AND EXPENSES

Period from January 1 to 31 March

<i>(in € millions)</i>	2024	2023
Capitalized production	367	281
Joint operation of routes	(15)	(4)
Operations-related currency hedges	15	25
Other	11	8
TOTAL	378	310

NOTE 8 AMORTIZATION, DEPRECIATION AND PROVISIONS

Period from January 1 to 31 March

<i>(in € millions)</i>	2024	2023
AMORTIZATION		
Intangible assets	41	40
Flight equipment	285	269
Other property, plant and equipment	46	44
Right-of-use assets	297	297
Sub-Total	669	650
DEPRECIATION AND PROVISIONS		
Trade receivables	(3)	(3)
Risks and contingencies	(1)	(55)
Sub-Total	(4)	(58)
TOTAL	665	592

In 2023, changes in provisions were mainly due to reversals related to aircrafts restitutions.

NOTE 9 SALES OF AIRCRAFT EQUIPMENT AND OTHER NON-CURRENT INCOME AND EXPENSES

Period from January 1 to 31 March

<i>(in € millions)</i>	2024	2023
Sales and leaseback	–	4
Other aeronautical sales	19	1
Sales of aeronautical assets	19	5
Other non-current income and expenses	(3)	(3)

Period ended March 31, 2024

Other aeronautical sales

The impact of other aeronautical sales mainly corresponds to a B777 refinancing for KLM and has led to a gain of €16 million and the sale of an engine for Martinair that has led to a gain of €2 million.

Period ended March 31, 2023

Sales of aircraft equipment

The impact of aircraft sales and leasebacks resulted in a profit of €4 million in the income statement and a result on disposal of €119 million in the cash flow statement as of March 31, 2023.

NOTE 10 NET COST OF FINANCIAL DEBT AND OTHER FINANCIAL INCOME AND EXPENSES

Period from January 1 to 31 March

<i>(in € millions)</i>	2024	2023
Income from marketable securities	39	27
Other financial income	53	22
Income from cash and cash equivalents	92	49
Interest on financial liabilities	(98)	(195)
Interest on lease debt	(71)	(69)
Capitalized interests	12	10
Other non-monetary items	(8)	95
Other financial expenses	5	1
Interests charges	(160)	(158)
Net cost of financial debt	(68)	(109)
Foreign exchange gains (losses), net	(21)	87
Financial instruments	(4)	—
Net (charge)/release to provisions	(1)	(4)
Undiscounting of provision	(70)	(48)
Other	(14)	—
Other financial income and expenses	(110)	35
TOTAL	(178)	(74)

Net cost of financial debt

Income from cash and cash equivalents mainly comprises interest income from marketable securities and other financial assets, as well as net income on disposals of marketable securities.

In March 31, 2023, the bank loan guaranteed by the French State ("PGE") was fully repaid generating a net positive impact of €10 million in financial income, consisting of an expense of €(96) million related to the guarantee contractually due, recognized in the line "Interest on financial liabilities" and an income of €106 million, related to the application of the amortized cost at the effective interest rate methodology, recognized in the line "Other non-monetary items".

Foreign exchange gains (losses)

As of March 31, 2024, the foreign exchange loss includes an unrealized currency loss of €(12) million composed of:

- an unrealized loss of €(74) million on return obligation liabilities and provisions on aircraft in US dollars;
- an unrealized gain of €61 million on the net debt, mainly composed of a gain of €29 million on Japanese Yen and a gain of €22 million on Swiss Franc;

As of March 31, 2023, the foreign exchange loss included mainly an unrealized currency gain of €48 million composed of:

- a gain of €64 million on return obligation liabilities and provisions on aircraft in US dollars;
- a loss of €(5) million on the net debt, mainly composed of a loss of €(22) million on US Dollar and a gain of €20 million on Japanese Yen.

Undiscounting of provision

The rate used to undiscount the long term return obligation liability and provision for leased aircraft and other provisions non current is 7.3% in 2024 against 5.5% in 2023.

NOTE 11 INCOME TAXES

The tax charge at Group level is as follows :

Period from January 1 to 31 March

<i>(in € millions)</i>	2024	2023
Total income tax income/(expense)	168	41
Tax on items recognized in equity	(42)	24

Period from January 1 to 31 March

<i>(in € millions)</i>	2024
Income before tax of consolidated companies	(651)
Total income tax income/(expense)	168
Effective tax rate	26 %

The international tax reform drawn up by the OECD, known as "Pillar 2", aimed in particular at establishing a minimum tax rate of 15%, came into force in France as from the 2024 financial year. The Group is currently

assessing the quantitative impact and does not expect to be significantly exposed to the additional tax.

NOTE 12 EARNINGS PER SHARE

RESULTS USED FOR THE CALCULATION OF BASIC EARNINGS PER SHARE

Period from January 1 to 31 March

<i>(in € millions)</i>	2024	2023
Net income for the period – Equity holders of Air France-KLM	(522)	(344)
Coupons on perpetual - net of tax	(13)	(16)
Basic net income for the period – Equity holders of Air France-KLM	(535)	(360)

RESULTS USED FOR THE CALCULATION OF DILUTED EARNINGS PER SHARE

Period from January 1 to 31 March

<i>(in € millions)</i>	2024	2023
Basic net income for the period – Equity holders of Air France-KLM	(535)	(360)
Net income for the period – Equity holders of Air France-KLM (taken for calculation of diluted earnings per share)	(535)	(360)

RECONCILIATION OF THE NUMBER OF SHARES USED TO CALCULATE EARNINGS PER SHARE

Period from January 1 to 31 March

	2024	2023
Weighted average number of:		
■ common shares issued	262,769,869	2,570,536,136
■ Treasury stock held regarding stock option plan and other treasury stock	(143,608)	(1,208,005)
Number of shares used to calculate basic earnings per share	262,626,261	2,569,328,131
Number of ordinary and potential ordinary shares used to calculate diluted earnings per share	262,626,261	2,569,328,131

As a reminder, Air France-KLM carried out in August 2023 the reverse share split of all outstanding shares of the Company and the capital reduction by reduction of the nominal value of each share and in December 2023 a capital increase as part of the "Ensemble pour l'avenir" employee share plan, impacting the weighted average number of share as of December 31, 2023.

As of March 31, 2024 and following the repayment of €452 million of OCEANE 2026 bonds (refer to Note 2.1 "Significant events occurring during the period"), the number of potential dilutive shares linked to the outstanding OCEANE 2026 has therefore been decreased from 4,966,518 shares to 472,580 shares.

Notes to the consolidated financial statements

The number of potential dilutive shares linked to the subordinated perpetual convertible bonds, convertible into new shares and/or exchangeable into existing shares remains unchanged (19 996 070 shares).

The potential conversion of these two instruments and their impact on earnings have not been taken into

consideration as of March 31, 2024 and March 31, 2023. This would not have had the effect of increasing the loss per share.

As of March 31, 2024, taking into account the above items, the basic earnings per share amounts to €(2.04) and the diluted earnings per share amounts to €(2.04).

NOTE 13 PERPETUAL

<i>(in € millions)</i>		December 31, 2023	Repayment – Nominal	Issuance – Nominal	Monetary change – Coupons	Non-monetary change	March 31, 2024
2023 perpetual super-subordinated bonds	Nominal	727	–	–	–	–	727
	Coupons	42	–	–	(52)	13	3
Last-rank indefinite subordinated bond convertible into new shares and/or existing shares	Nominal	305	–	–	–	–	305
	Coupons	2	–	–	(5)	5	2
TOTAL PERPETUAL - ATTRIBUTABLE TO EQUITY HOLDERS OF AIR FRANCE-KLM							1,037
2022 perpetual super-subordinated bonds	Nominal	497	–	–	–	–	497
	Coupons	13	–	–	–	7	20
July 2023 perpetual super-subordinated bonds	Nominal	498	–	–	–	–	498
	Coupons	15	–	–	–	9	24
November 2023 perpetual super-subordinated bonds	Nominal	1,493	–	–	–	–	1,493
	Coupons	8	–	–	–	25	33
TOTAL PERPETUAL - NON-CONTROLLING INTERESTS							2,565
Total cash flows			–	–	(57)		

NOTE 14 FINANCIAL LIABILITIES

<i>(in € millions)</i>	March 31, 2024			December 31, 2023		
	Non current	Current	Total	Non current	Current	Total
Perpetual subordinated loan in Yen	122	–	122	128	–	128
Perpetual subordinated loan in Swiss francs	384	–	384	405	–	405
OCEANE (convertible bonds)	–	48	48	–	498	498
Sustainability-linked bonds	1,000	–	1,000	1,000	–	1,000
Plain vanilla Bonds	634	1,050	1,684	1,381	300	1,681
Debt on leases with bargain option	3,374	392	3,766	3,475	418	3,893
Other financial liabilities	1,127	332	1,459	1,148	330	1,478
Accrued interest	1	139	140	1	118	119
TOTAL - FINANCIAL LIABILITIES	6,642	1,961	8,603	7,538	1,664	9,202

CHANGE IN FINANCIAL LIABILITY

<i>(in € millions)</i>	December 31, 2023	New financial debt	Reim- bursement of financial debt	Currency translation adjustment	Other	March 31, 2024
Perpetual loan in Japanese Yen and Swiss Francs	533	–	–	(27)	–	506
OCEANE (convertible bonds) ⁽¹⁾	498	–	(452)	–	2	48
Sustainability-linked bonds	1,000	–	–	–	–	1,000
Plain vanilla Bonds	1,681	–	–	3	–	1,684
Debt on leases with bargain option	3,893	–	(128)	(14)	15	3,766
Other financial liabilities	1,478	2	(26)	1	4	1,459
Accrued interest	119	–	–	(1)	22	140
TOTAL	9,202	2	(606)	(38)	43	8,603

(1) On March 25, 2024, Air France-KLM has repaid, at the request of the bondholders, c. €452 million of the outstanding €500 million of the bonds convertible into new shares and/or exchangeable for existing shares (See Note 2.1 "Significant events occurring during the period").

Maturity analysis

The financial liabilities maturities break down as follows:

<i>(in € millions)</i>	March 31, 2024	December 31, 2023
Maturities in		
End of Year Y	997	–
Y+1	1,643	1,664
Y+2	1,757	1,548
Y+3	567	1,748
Y+4	923	572
Over 4 years	2,716	3,670
TOTAL	8,603	9,202

The KLM perpetual subordinated loans in Swiss francs and Japanese yens are included in the line "Over 4 years".

Credit lines

On April 18, 2023 Air France-KLM, Air France and KLM have signed two ESG ("Environmental, Social and Governance") KPI-Linked Revolving Credit Facilities ("RCF") with a pool of international financial institutions, for a total amount of €2.2 billions.

For each facility, a set of ESG linked Key Performance Indicators are embedded in the financing cost. These indicators are in line with Air France-KLM and the two airlines' commitment to sustainable development and a gradual decarbonization of activities. The two RCF's include a financing cost margin adjustment mechanism (upward or downward) conditional to the independent achievement of these dedicated Indicators (reduction of the unit CO₂ emission, increase of the share of Sustainable Aviation Fuel, among others).

Air France-KLM and Air France

Air France-KLM and Air France as combined borrowers, signed a €1.2 billion Sustainability-Linked RCF.

This new facility has an initial 2026 maturity, includes two one-year extension options.

In March 2024, Air France-KLM and Air France have executed the accordion option of €90 million, bringing the total available amount to €1.3 billion

KLM

KLM signed an ESG KPI-Linked Revolving Credit Facility for an amount of €1 billion.

This new facility has an initial 2027 maturity, includes two one-year extension options.

The undrawn portion as of March 31, 2024 amounts to €2.4 billion for the Group.

Extension options have been exercised for these two credit lines (see Note 2.2 Subsequent events).

NOTE 15 ALTERNATIVE PERFORMANCE INDICATORS

15.1 Operating free cash flow

The calculation of free cash flow from operating activities, based on the cash flow statement, breaks down as follows:

Period from January 1 to March 31

<i>(in € millions)</i>	2024	2023 restated ⁽¹⁾
Cash flow from operating activities	769	1,790
Purchase of property plant and equipment and intangible assets	(654)	(779)
Proceeds on disposal of property plant and equipment and intangible assets	25	131
Operating free cash flow	140	1,142
Exceptional payments made/(received) ⁽²⁾	730	52
Interest paid and received	(58)	(240)
Payments on lease debts	(219)	(219)
Recurring adjusted operating free cash flow	593	735

(1) See Note 1 of the notes to the financial statements.

(2) Exceptional payments made/(received), restated from operating free cash flow for the calculation of recurring operating free cash flow adjusted, correspond to the repayment of deferred social charges, pensions contributions and wage taxes granted during the Covid period.

15.2 Net debt

<i>(in € millions)</i>	Notes	March 31, 2024	December 31, 2023
Current and non-current financial liabilities	14	8,603	9,202
Current and non-current lease debt		4,431	4,429
Accrued interest		(159)	(138)
Deposits related to financial liabilities		(106)	(107)
Deposits related to lease debt		(103)	(100)
Derivatives impact on debt		(18)	(1)
Gross financial liabilities (I)		12,648	13,285
Cash and cash equivalents		5,449	6,194
Marketable securities > 3 months		1,070	1,097
Bonds		983	966
Bank overdrafts		(8)	(13)
Net cash (II)		7,494	8,244
NET DEBT (I-II)		5,154	5,041

<i>(in € millions)</i>	Notes	March 31, 2024
Opening net debt		5,041
Operating free cash flow		(140)
Financial interests paid and received		58
Paid coupon on perpetual and subordinated bonds convertible into new share and/or exchangeable for existing shares	13	57
New lease debts (new and renewed contracts)		156
Unrealized exchange gains and losses on lease financial debts through OCI		50
Impact of derivatives on net debt		(17)
Currency translation adjustment in the income statement		(48)
Amortization of OCEANE optional part		3
Other non-monetary variations of the net debt		(6)
CLOSING NET DEBT		5,154

NOTE 16 OTHER LIABILITIES

<i>(in € millions)</i>	March 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Tax liabilities (including income tax)	365	581	412	637
Airlines taxes	1,098	–	908	–
Employee-related liabilities	1,421	529	1,991	597
Liabilities on fixed assets	42	8	56	7
Deferred income	932	30	919	32
Prepayments received	470	–	464	–
Other	240	110	252	103
TOTAL	4,568	1,258	5,002	1,376

Non-current deferred income mainly relates to long-term contracts in the maintenance business.