

AIR FRANCE-KLM GROUP

CONDENSED INTERIM
CONSOLIDATED
FINANCIAL
STATEMENTS
(UNAUDITED)

January 1st, 2024 – June 30, 2024

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

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

Period from January 1 to June 30

(in € millions)

	Notes	2024	2023
Revenues from ordinary activities		14,603	13,953
External expenses	7	(9,385)	(8,649)
Salaries and related costs	8	(4,596)	(4,164)
Taxes other than income taxes		(96)	(93)
Other current operating income and expenses	9	819	567
EBITDA		1,345	1,614
Amortization, depreciation and provisions	10	(1,321)	(1,188)
Income from current operations		24	426
Sales of aircraft equipment	11	15	28
Other non-current income and expenses	11	(118)	15
Income from operating activities		(79)	469
Interests expenses	12	(314)	(296)
Income from cash and cash equivalents	12	170	108
Net cost of financial debt	12	(144)	(188)
Other financial income and expenses	12	(213)	14
Income before tax of consolidated companies		(436)	295
Income taxes	13	119	(21)
Net income of consolidated companies		(317)	274
Share of profits (losses) of associates		3	1
Net income for the period		(314)	275
Net income – Non-controlling interests		86	15
Net income – Group part		(400)	260
Earnings per share – Equity holders of Air France-KLM (in euros)			
■ basic	14	(1.63)	0.05
■ diluted	14	(1.63)	0.05

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

Consolidated statement of recognized income and expenses

Period from January 1 to June 30

<i>(in € millions)</i>	2024	2023
Net income	(314)	275
Effective portion of changes in fair value hedge and cost of hedging recognized directly in other comprehensive income	207	(118)
Change in fair value and cost of hedging transferred to profit or loss	(64)	37
Exchange difference resulting from the translation	7	1
Deferred tax on items of comprehensive income that will be reclassified to profit or loss	(41)	21
Total of other comprehensive income that will be reclassified to profit or loss	109	(59)
Remeasurements of defined benefit pension plans	81	51
Fair value of equity instruments revalued through OCI	(4)	3
Deferred tax on items of comprehensive income that will not be reclassified to profit or loss	(5)	(11)
Total of other comprehensive income that will not be reclassified to profit or loss	72	43
Total of other comprehensive income, after tax	181	(16)
RECOGNIZED INCOME AND EXPENSES	(133)	259
■ Equity holders of Air France-KLM	(219)	244
■ Non-controlling interests	86	15

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

Consolidated balance sheet

ASSETS

<i>(in € millions)</i>	Notes	June 30, 2024	December 31, 2023
Goodwill		225	224
Intangible assets		1,129	1,128
Flight equipment	15	12,197	11,501
Other property, plant and equipment	15	1,456	1,431
Right-of-use assets	17	6,479	5,956
Investments in equity associates		134	129
Pension assets	20	75	45
Other non-current financial assets		1,232	1,262
Non-current derivative financial assets		191	148
Deferred tax assets	13	813	698
Other non-current assets		116	153
Total non-current assets		24,047	22,675
Other current financial assets		1,181	1,292
Current derivative financial assets		231	122
Inventories		916	853
Trade receivables		2,510	2,152
Other current assets		1,452	1,120
Cash and cash equivalents	18	5,288	6,194
Assets held for sale		76	82
Total current assets		11,654	11,815
TOTAL ASSETS		35,701	34,490

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

Consolidated balance sheet (continuation)

LIABILITIES AND EQUITY

<i>(in € millions)</i>	Notes	June 30, 2024	December 31, 2023
Issued capital	19.1	263	263
Additional paid-in capital		7,560	7,560
Treasury shares		(25)	(25)
Perpetual	19.2	1,051	1,076
Reserves and retained earnings		(11,149)	(10,925)
Equity attributable to equity holders of Air France-KLM		(2,300)	(2,051)
Perpetual	19.2	2,607	2,524
Reserves and retained earnings		30	27
Equity attributable to non-controlling interests		2,637	2,551
TOTAL EQUITY		337	500
Pension provisions	20	1,674	1,685
Non-current return obligation liabilities and provisions for leased aircrafts and other provisions	21	4,030	3,805
Non-current financial liabilities	22	7,027	7,538
Non-current lease debt	17	4,042	3,581
Non-current derivative financial liabilities		13	56
Deferred tax liabilities	13	3	–
Other non-current liabilities	24	1,174	1,376
Total non-current liabilities		17,963	18,041
Current return obligation liabilities and provisions for leased aircrafts and other provisions	21	1,184	1,079
Current financial liabilities	22	1,761	1,664
Current lease debt	17	879	848
Current derivative financial liabilities		51	139
Trade payables		2,598	2,447
Deferred revenue on ticket sales		5,524	3,858
Frequent flyer programs		887	899
Other current liabilities	24	4,507	5,002
Bank overdrafts	18	10	13
Total current liabilities		17,401	15,949
TOTAL LIABILITIES		35,364	33,990
TOTAL EQUITY AND LIABILITIES		35,701	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	-	-	-	-	-	(16)	(16)	-	-	-	(16)
Net result for the period	-	-	-	-	-	260	260	-	15	15	275
Total of income and expenses recognized	-	-	-	-	-	244	244	-	15	15	259
Purchase of treasury shares	-	-	-	(1)	-	-	(1)	-	-	-	(1)
Share-based payment	-	-	-	1	-	(1)	-	-	-	-	-
Perpetual	-	-	-	-	133	-	133	-	-	-	133
Coupons on perpetual	-	-	-	-	(18)	(34)	(52)	14	(14)	-	(52)
Compensation paid to the French State ⁽¹⁾	-	-	-	-	-	(90)	(90)	-	-	-	(90)
Other	-	-	-	-	-	(1)	(1)	-	1	1	-
June 30, 2023	2,570,536,136	2,571	5,217	(25)	1,048	(11,582)	(2,771)	524	16	540	(2,231)
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	-	-	-	-	-	181	181	-	-	-	181
Net result for the period	-	-	-	-	-	(400)	(400)	-	86	86	(314)
Total of income and expenses recognized	-	-	-	-	-	(219)	(219)	-	86	86	(133)
Share-based payment	-	-	-	-	-	1	1	-	-	-	1
Coupons on perpetual	-	-	-	-	(25)	(37)	(62)	83	(83)	-	(62)
Tax on coupons on perpetual	-	-	-	-	-	31	31	-	-	-	31
June 30, 2024	262,769,869	263	7,560	(25)	1,051	(11,149)	(2,300)	2,607	30	2,637	337

(1) As of June 30, 2023 and in the context of the exit of the French Recapitalization State Aid under the EU Covid-19 Temporary Framework, the Group paid a €90 million compensation to the French State required for the shares subscribed in April 2021. This payment was considered as a dividend payment and was therefore recognized in equity accordingly to IFRS principles.

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

Consolidated statement of cash flows

Period from January 1 to June 30

<i>(in € millions)</i>	Notes	2024	2023 restated ⁽¹⁾
Net income		(314)	275
Amortization, depreciation and operating provisions	10	1,321	1,188
Financial provisions	12	141	100
Cost of net debt	12	144	188
Loss (gain) on disposals of tangible and intangible assets		(21)	(49)
Loss (gain) on disposals of subsidiaries and associates	11	(2)	–
Derivatives – non monetary result		6	(5)
Unrealized foreign exchange gains and losses		28	(73)
Share of (profits) losses of associates	20	(3)	(1)
Deferred taxes	13	(153)	19
Impairment		–	2
Other non-monetary items		17	(36)
Cash flow from operating activities before change in working capital		1,164	1,608
(Increase) / decrease in inventories		(62)	(33)
(Increase) / decrease in trade receivables		(325)	(167)
Increase / (decrease) in trade payables		124	115
Increase / (decrease) in advanced ticket sales		1,661	1,757
Change in other assets and liabilities		(912)	(50)
Change in working capital requirement		486	1,622
CASH-FLOW FROM OPERATING ACTIVITIES		1,650	3,230
Acquisition of subsidiaries, of shares in non-controlled entities		(3)	(2)
Purchase of property plant and equipment and intangible assets	16	(2,067)	(1,396)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities		8	–
Proceeds on disposal of property plant and equipment and intangible assets	11	373	211
Interest received		156	91
Dividends received		1	2
Decrease (increase) in net investments, more than 3 months		131	(52)
CASH-FLOW USED IN INVESTING ACTIVITIES		(1,401)	(1,146)

Period from January 1 to June 30

<i>(in € millions)</i>	Notes	2024	2023 restated⁽¹⁾
Payments to acquire treasury shares		–	(1)
Purchase of minority interest without change of control		(1)	–
Issuance of perpetual	19.2	–	728
Repayment of perpetual	19.2	–	(595)
Coupons on perpetual	19.2	(62)	(52)
Issuance of debt	22	936	1,558
Repayment on debt	22	(1,260)	(2,969)
Payments on lease debts	17	(442)	(421)
New loans		(11)	(306)
Repayment on loans		56	104
Interest paid		(386)	(475)
Dividends paid		–	(90)
CASH-FLOW FROM FINANCING ACTIVITIES		(1,170)	(2,519)
Effect of exchange rate on cash and cash equivalents and bank overdrafts (net of cash acquired or sold)		18	(25)
Change in cash and cash equivalents and bank overdrafts		(903)	(460)
Cash and cash equivalents and bank overdrafts at beginning of period	18	6,181	6,623
Cash and cash equivalents and bank overdrafts at end of period	18	5,278	6,163

(1) See Note 2 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 BUSINESS DESCRIPTION

As used herein, the term “Air France-KLM” refers to Air France-KLM SA, a limited liability company organized under French law. The term “Group” is represented by the economic definition of Air France-KLM and its subsidiaries. The Group is headquartered in France and is one of the largest airlines in the world.

The Group’s core business is network activities which includes passenger transportation on scheduled flights and cargo activities. The Group’s activities also include aeronautics maintenance, leisure passenger

transportation (Transavia) and other air-transport-related activities.

The limited company Air France-KLM, domiciled at 7, rue du cirque 75008 Paris – France, is the parent company of the Air France-KLM Group. Air France-KLM is listed for trading in Paris (Euronext) and Amsterdam (Euronext).

The presentation currency used in the Group’s financial statements is the Euro, which is also Air France-KLM’s functional currency.

NOTE 2 RESTATEMENT OF THE 2023 FINANCIAL STATEMENTS

The net cost of financial debt of Air France-KLM Group is detailed in Note 12 “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 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 interest 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 June 30, 2023 is as follows:

IMPACT ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Period from January 1 to June 30, 2023 <i>(in € millions)</i>	Published consolidated cash flow statement	Change in disclosure	Restated consolidated cash flow statement
Cost of net debt	–	188	188
Other non-monetary items	(152)	116	(36)
Cash flow from operating activities before change in working capital	1,304	304	1,608
Change in other assets and liabilities	(130)	80	(50)
Change in working capital requirement	1,542	80	1,622
CASH-FLOW FROM OPERATING ACTIVITIES	2,846	384	3,230
Interests received	–	91	91
CASH-FLOW USED IN INVESTING ACTIVITIES	(1,237)	91	(1,146)
Interests paid	–	(475)	(475)
CASH-FLOW USED IN FINANCING ACTIVITIES	(2,044)	(475)	(2,519)

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

NOTE 3 SIGNIFICANT EVENTS

3.1 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.

CMA CGM remains a core shareholder of 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 June 30, 2024, the disposal had the following impact on the Group's consolidated financial statements:

- Recognition of a proceeds of €30 million within the "Cash flow used in investing activities" in the consolidated cash flow statement (including €8 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).

Early repayment of OCEANE bonds

Early repayment of €452 million of OCEANE 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.

Early repayment of the remaining €48 million of OCEANE bonds:

The remaining €48 million of bonds due March 25, 2026 have been repaid in cash on May 10, 2024 under the conditions set out in the Terms and Conditions of the said

OCEANE 2026 for cancellation in accordance with the applicable law. These remaining bonds were repaid in advance. This residual redemption amount is equivalent of 2,654,942 of bonds.

There is therefore no outstanding OCEANE 2026 bonds as of June 30, 2024.

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

Air France-KLM et Air France:

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.

The RCF also 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.

KLM:

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.

As of July 18, 2024, Air France-KLM and Air France revolving credit facility has been also renegotiated (see 3.2 "Subsequent events").

Issuance of a €650 million bonds and tender offer on two series of existing notes

Issuance of a €650 million bonds:

As of May 23, 2024, Air France-KLM has made the issuance of new notes of a total principal amount of €650 million with a 5-year maturity and bearing coupon at an annual rate of 4.625% under its Euro Medium Term Note Program.

The net proceeds has been used to finalize the tender offer launched as of May 13, 2024 as described in the paragraph below.

Tender offer on two series of exiting notes:

On May 24, 2024, Air France-KLM finalized the tender offer on two series of existing notes announced on May 13, 2024:

- €750 million 1.875 per cent notes due 16 January 2025;
- €500 million 3.875 per cent notes due 1st July 2026.

On these two series, existing notes for a total principal amount of €452.7 million, representing 36.2% of the outstanding existing notes, have been tendered for purchase in the tender offer and €452.7 million have been accepted, of which €234.8 million of 2025 notes and €217.9 million of 2026 notes.

As a result, the principal amount of outstanding existing notes after completion of the tender offer will be €797.3 million, of which €515.2 million of 2025 notes and €282.1 million of 2026 notes.

3.2 Subsequent events

Renegotiation of Air France-KLM and Air France revolving credit facility (“RCF”) linked to ESG KPIs

The RCF linked to ESG KPIs of Air France-KLM and Air France signed in April 2023 has been extended and the amount has been increased in April 2024 accordingly to the options at lender’s discretion (see 3.1 “Significant events occurring during the period”).

As of July 18, 2024 a new amendment has been signed for Air France-KLM and Air France credit facility involving:

- an extension of the maturity to July 2028 associated with a one-year extension option;
- an increase of the facility from €1,290 million to €1,405 million.

Following this renegotiation, the RCF lenders pool is composed of 17 banks (16 previously) and the financial conditions of the credit facility have been revised.

NOTE 4 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 condensed consolidated financial statements as of June 30, 2024 have been prepared in accordance with IAS 34 “Interim financial reporting”.

The accounting policies applied for the condensed interim consolidated financial statements as at June 30, 2024 are 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.

Safe harbor provisions exist to defer the application by up to 3 years based on simplified calculations updated at the end of each year-end period. Based on the Group’s simplified projected calculations and initial assessment, Air France-KLM does not expect to be significantly exposed to the top-up tax for fiscal year 2024. Consequently, the effective projected tax rate for the 2024 fiscal year is not affected by Pillar Two as of June 30, 2024.

The condensed interim consolidated financial statements as of June 30 2024 were approved by the Board of Directors on July 24, 2024.

NOTE 5 CHANGE IN THE CONSOLIDATION SCOPE

On February 1^{er}, 2024, KLM sold its 100%-owned subsidiary KLM Equipment Services B.V. to TCR International N.V. (TCR). The impact of the sale is detailed in Note 3.1 "Significant events occurring during the period". No significant acquisitions took place in 2024.

No significant acquisitions or disposals took place during the period ended June 2023.

NOTE 6 INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

Business segments (Note 6.1)

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 6.2)

Activity by origin of sales area (Note 6.2.1)

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 6.2.2)

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.

6.1 Information by business segment

Year ended June 30, 2024

<i>(in € millions)</i>	Network	Maintenance	Transavia	Other	Non-allocated	Total
Total sales	12,295	2,425	1,305	143	–	16,168
Intersegment sales	(12)	(1,424)	(3)	(127)	–	(1,566)
External sales	12,283	1,001	1,302	16	–	14,602
Other revenues	–	–	–	1	–	1
Revenues from ordinary activities	12,283	1,001	1,302	17	–	14,603
EBITDA	1,088	232	6	19	–	1,345
Income from current operations	90	66	(139)	7	–	24
Income from operating activities	(14)	65	(139)	9	–	(79)
Share of profits (losses) of associates	1	2	–	–	–	3
Net cost of financial debt and other financial income and expenses	–	–	–	–	(357)	(357)
Income taxes	–	–	–	–	119	119
NET INCOME	(13)	67	(139)	9	(238)	(314)

Year ended June 30, 2023

<i>(in € millions)</i>	Network	Maintenance	Transavia	Other	Non-allocated	Total
Total sales	12,108	1,981	1,089	125	–	15,303
Intersegment sales	(13)	(1,228)	–	(110)	–	(1,351)
External sales	12,095	753	1,089	15	–	13,952
Other revenues	–	–	–	1	–	1
Revenues from ordinary activities	12,095	753	1,089	16	–	13,953
EBITDA	1,482	188	(61)	5	–	1,614
Income from current operations	542	62	(172)	(6)	–	426
Income from operating activities	575	61	(170)	3	–	469
Share of profits (losses) of associates	1	3	–	(3)	–	1
Net cost of financial debt and other financial income and expenses	–	–	–	–	(174)	(174)
Income taxes	–	–	–	–	(21)	(21)
NET INCOME	576	64	(170)	–	(195)	275

6.2 Information by geographical area

6.2.1 Activity by origin of sales area

EXTERNAL SALES BY GEOGRAPHICAL AREA

Year ended June 30, 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	3,167	1,521	2,521	4,550	11,759
Other sales ⁽¹⁾	225	140	72	87	524
Total Network	3,392	1,661	2,593	4,637	12,283
Transportation	495	688	97	38	1,318
Other sales ⁽¹⁾	(7)	(9)	(1)	1	(16)
Total Transavia	488	679	96	39	1,302
Maintenance	544	387	10	60	1,001
Others	4	11	1	-	16
TOTAL	4,428	2,738	2,700	4,736	14,602

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

Year ended June 30, 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	3,249	1,328	2,510	4,498	11,585
Other sales ⁽¹⁾	194	102	89	125	510
Total Network	3,443	1,430	2,599	4,623	12,095
Transportation	414	573	98	25	1,110
Other sales ⁽¹⁾	(6)	(14)	(1)	-	(21)
Total Transavia	408	559	97	25	1,089
Maintenance	353	327	17	56	753
Others	3	10	2	-	15
TOTAL	4,207	2,326	2,715	4,704	13,952

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

6.2.2 Activity by destination

TRAFFIC SALES BY GEOGRAPHICAL AREA OF DESTINATION

Year ended June 30, 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	644	2,764	909	1,507	2,861	1,239	1,835	11,759
Transavia	62	1,154	–	102	–	–	–	1,318
TOTAL TRANSPORTATION	706	3,918	909	1,609	2,861	1,239	1,835	13,077

Year ended June 30, 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	692	2,712	934	1,548	2,818	1,335	1,547	11,585
Transavia	66	954	–	89	–	–	–	1,110
TOTAL TRANSPORTATION	758	3,666	934	1,637	2,818	1,335	1,547	12,695

NOTE 7 EXTERNAL EXPENSES

Period from January 1 to June 30

<i>(in € millions)</i>	2024	2023
Aircraft fuel	3,380	3,395
Sustainable aviation fuel	106	47
CO ₂ quotas	125	81
Chartering costs	247	243
Landing fees and air route charges	976	919
Catering	434	393
Handling charges	974	894
Aircraft maintenance costs	1,598	1,245
Commercial and distribution costs	553	516
Other external expenses	992	916
TOTAL	9,385	8,649

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 9 "Other current operating income and expenses".

NOTE 8 SALARIES AND NUMBER OF EMPLOYEES

Period from January 1 to June 30

<i>(in € millions)</i>	2024	2023
Wages and salaries	3,221	2,880
Social contributions	582	525
Pension costs on defined contribution plans	483	428
Pension costs of defined benefit plans	76	71
Cost of temporary employees	136	110
Profit sharing	21	81
Payment linked with shares	1	–
Other expenses	76	69
TOTAL	4,596	4,164

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 June 30	2024	2023
Flight deck crew	8,906	8,436
Cabin crew	22,187	21,542
Ground staff	46,403	44,602
Temporary employees	2,480	2,193
TOTAL	79,976	76,773

NOTE 9 OTHER CURRENT OPERATING INCOME AND EXPENSES

Period from January 1 to June 30

<i>(in € millions)</i>	2024	2023
Capitalized production	728	534
Joint operation of routes	3	(21)
Operations-related currency hedges	25	45
Other	63	9
TOTAL	819	567

NOTE 10 AMORTIZATION, DEPRECIATION AND PROVISIONS

Period from January 1 to June 30

(in € millions)	2024	2023
AMORTIZATION		
Intangible assets	82	81
Flight equipment	577	539
Other property, plant and equipment	90	88
Right-of-use assets	613	590
Sub-Total	1,362	1,298
DEPRECIATION AND PROVISIONS		
Trade receivables	(20)	(9)
Risks and contingencies	(21)	(101)
Sub-Total	(41)	(110)
TOTAL	1,321	1,188

In 2023, movements in provisions were mainly linked to restitution of aircraft.

The balance sheet movements in provisions for risks and charges are detailed in Note 21.

NOTE 11 SALES OF AIRCRAFT EQUIPMENT AND OTHER NON-CURRENT INCOME AND EXPENSES

Period from January 1 to June 30

(in € millions)	2024	2023
Sales and leaseback	(2)	6
Other aeronautical sales	17	22
Sales of aeronautical assets	15	28
Other non-current income and expenses	(118)	15

Six-month period ended June 30, 2024

Sales of aircraft equipment

The impact of aircraft sales and leasebacks resulted in a loss of €(2) million in the income statement and a result on disposal of €328 million in the cash flow statement as of June 30, 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 as of June 30, 2024.

Other non-current income and expenses

The impact of other non-current income and expenses includes compensation of €(115) million to be paid by Air France-KLM to Virgin as part of the renegotiation of a contract.

Six-month period ended June 30, 2023

Sales of aircraft equipment

The impact of aircraft sales and leasebacks resulted in a profit of €6 million in the income statement and a result on disposal of €150 million in the cash flow statement as of June 30, 2023.

Other aeronautical sales

The impact of other aeronautical sales mainly corresponds to a B777 refinancing for KLM and has led to a gain of €20 million as of June 30, 2023.

Other non-current income and expenses

This line mainly included the profit resulting from disposal of Heathrow slots to Virgin Atlantic for KLM for €11 million, and the sale of a data center for KLM for an amount of €10 million.

NOTE 12 NET COST OF FINANCIAL DEBT AND OTHER FINANCIAL INCOME AND EXPENSES

Period from January 1 to June 30

<i>(in € millions)</i>	2024	2023
Income from marketable securities	78	60
Other financial income	92	48
Income from cash and cash equivalents	170	108
Interest on financial liabilities	(163)	(258)
Interest on lease debt	(140)	(132)
Capitalized interests	25	20
Other non-monetary items	(13)	86
Other financial expenses	(23)	(12)
Interest charges	(314)	(296)
Net cost of financial debt	(144)	(188)
Foreign exchange gains (losses), net	(47)	112
Financial instruments	(6)	5
Net (charge)/release to provisions	(3)	(3)
Undiscounting of provision	(138)	(96)
Other	(19)	(4)
Other financial income and expenses	(213)	14
TOTAL	(357)	(174)

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.

As of June 30, 2023, the bank loan guaranteed by the French State ("PGE") was repaid in full 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 June 30, 2024, the foreign exchange gain includes an unrealized currency loss of €(28) million composed of:

- an unrealized loss of €(108) million on return obligation liabilities and provisions on aircraft in US dollars;
- an unrealized gain, net of exchange rate derivatives, of €85 million on the net debt, mainly composed of a gain

of €12 million on US Dollar, a gain of €61 million on Japanese Yen and a gain of €16 million on Swiss Franc;

- a loss of €(6) million on other assets and liabilities mainly due to US dollars on the working capital.

As of June 30, 2023, the foreign exchange loss included mainly an unrealized currency gain of €73 million composed of:

- a gain of €61 million on return obligation liabilities and provisions on aircraft in US dollars;
- a gain of €27 million on the financial liabilities, mainly composed of a loss of €(26) million on US Dollar and a gain of €67 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 (see Note 21.1.1 "Return obligation liability and provision on leased aircraft").

NOTE 13 INCOME TAXES

The tax charge at Group level is as follows :

Period from January 1 to June 30

(in € millions)	2024	2023
Total income tax income/(expense)	119	(21)
Tax on items recognized in equity ⁽¹⁾	(15)	10

(1) Including €31 million of tax on coupons on perpetual

Period from January 1 to June 30

(in € millions)	2024
Income before tax of consolidated companies	(436)
Total income tax income/(expense)	119
Effective tax rate	27 %

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.

Safe harbor provisions exist to defer the application by up to 3 years based on simplified calculations updated at the end of each year-end period. Based on the Group's

simplified projected calculations and initial assessment, Air France-KLM does not expect to be significantly exposed to the top-up tax for fiscal year 2024. Consequently, the effective projected tax rate for the 2024 fiscal year is not affected by Pillar 2 as of June 30, 2024.

NOTE 14 EARNINGS PER SHARE

RESULTS USED FOR THE CALCULATION OF BASIC EARNINGS PER SHARE

Period from January 1 to June 30

(in € millions)	2024	2023
Net income for the period – Equity holders of Air France-KLM	(400)	260
Coupons on perpetual - net of tax	(27)	(34)
Dividend paid ⁽¹⁾	—	(90)
Basic net income for the period – Equity holders of Air France-KLM	(427)	136

(1) During the first half of 2023 and in the context of the exit of the French Recapitalization State Aid under the EU Covid-19 Temporary Framework, the Group paid a €90 million compensation to the French State required for the shares subscribed in April 2021. This payment was considered as a dividend payment and was therefore recognized in equity accordingly to IFRS principles and has been taken into consideration as a deduction from the net income to calculate the earnings per share.

RESULTS USED FOR THE CALCULATION OF DILUTED EARNINGS PER SHARE

Period from January 1 to June 30

(in € millions)	2024	2023
Basic net income for the period – Equity holders of Air France-KLM	(427)	136
Consequence of potential ordinary shares on net income: interests paid on convertible bonds and amortization of equity component (after tax)	–	15
Net income for the period – Equity holders of Air France-KLM (taken for calculation of diluted earnings per share)	(427)	151

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

Period from January 1 to June 30	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	(137,068)	(1,244,317)
Number of shares used to calculate basic earnings per share	262,632,801	2,569,291,819
Number of potentially dilutive shares	—	249,709,585
Number of ordinary and potential ordinary shares used to calculate diluted earnings per share	262,632,801	2,819,001,404

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.

Following the repayment of €452 million of OCEANE bonds on 25 March 2024 (refer to Note 3.1 “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.

The remaining €48 million of bonds due March 25, 2026 have been repaid in cash on May 10, 2024 under the conditions set out in the Terms and Conditions of the said OCEANE 2026 for cancellation in accordance with the applicable law. These remaining bonds were repaid in

advance. This residual redemption amount is equivalent of 2,654,942 of bonds.

There is therefore no outstanding OCEANE 2026 bonds as of June 30, 2024.

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

The potential conversion of these two instruments and their impact on earnings have not been taken into consideration as of June 30, 2024. Indeed, this would not have had the effect of increasing the loss per share.

As of June 30, 2024, taking into account the above items, the basic earnings per share amounts to €(1.63) and the diluted earnings per share amounts to €(1.63).

NOTE 15 TANGIBLE ASSETS

<i>(in € millions)</i>	Flight equipment				Other tangible assets					Total
	Owned aircraft	Assets in progress	Other	Total	Land and buildings	Equipment and machinery	Assets in progress	Other	Total	
GROSS VALUE										
December 31, 2023	17,742	1,731	2,510	21,983	2,799	1,044	191	1,089	5,123	27,106
June 30, 2024	18,318	2,057	2,678	23,053	2,835	1,051	242	1,055	5,182	28,236
DEPRECIATION										
December 31, 2023	(9,705)	-	(777)	(10,482)	(2,007)	(826)	-	(859)	(3,692)	(14,174)
June 30, 2024	(10,017)	-	(840)	(10,857)	(2,047)	(834)	-	(845)	(3,726)	(14,583)
NET VALUE										
December 31, 2023	8,037	1,731	1,733	11,501	792	218	191	230	1,431	12,932
June 30, 2024	8,301	2,057	1,839	12,197	788	217	242	210	1,456	13,653

NOTE 16 CAPITAL EXPENDITURES

The detail of capital expenditures on tangible and intangible assets presented in the consolidated cash flow statements is as follows:

Period from January 1 to June 30

<i>(in € millions)</i>	2024	2023
Acquisition of flight equipment	1,801	1,215
Acquisition of other tangible assets	145	88
Acquisition of intangible assets	86	76
Change in fixed assets liabilities	35	17
TOTAL	2,067	1,396

NOTE 17 RIGHT-OF-USE ASSETS AND LEASE DEBT

The table below presents the right-of-use assets per category:

<i>(in € millions)</i>	Aircraft	Maintenance	Land & Real Estate	Others	Total
NET VALUE					
December 31, 2023	3,138	2,165	591	62	5,956
June 30, 2024	3,516	2,279	621	63	6,479

The table below presents the lease debt per category:

<i>(in € millions)</i>	As of June 30, 2024			As of December 31, 2023		
	Non- current	Current	Total	Non- current	Current	Total
Lease debt – Aircraft	3,256	702	3,958	2,796	682	3,478
Lease debt – Aircraft spare parts	76	55	131	79	49	128
Lease debt – Real estate	658	93	751	655	80	735
Lease debt – Other	52	9	61	50	18	68
Accrued interest	–	20	20	1	19	20
TOTAL – LEASE DEBT	4,042	879	4,921	3,581	848	4,429

NOTE 18 CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS

<i>(in € millions)</i>	As of June 30, 2024		As of December 31, 2023	
	Total	Of which: pledged or secured	Total	Of which: pledged or secured
Liquidity funds (SICAV) (assets – debt instruments)	1,201	7	2,450	7
Bank deposits (assets – debt instruments) and term accounts	2,371	50	1,887	50
Cash in hand	1,716	–	1,857	–
Cash and cash equivalents	5,288	57	6,194	57
Bank overdrafts	(10)	–	(13)	–
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS	5,278	57	6,181	57

NOTE 19 EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AIR FRANCE-KLM SA

19.1 Issued capital

As of June 30, 2024, the issued capital of Air France-KLM comprised 262,769,869 fully paid-up shares with a par value of €1 and the share capital of the Air France-KLM group amounts to €263 million. Each share with a nominal value of one euro is entitled to one vote.

However, since April 3, 2016, shareholders who have owned their shares for at least two years have benefited from double voting rights.

The breakdown of the share capital and voting rights is as follows:

	% of capital		% of voting rights	
	As of June 30, 2024	As of December 31, 2023	As of June 30, 2024	As of December 31, 2023
French State	28.0	28.0	27.5	28.4
Dutch State	9.1	9.1	13.3	10.3
CMA CGM	8.8	8.8	12.8	8.0
China Eastern Airlines	4.6	4.6	6.7	6.3
Employees and former employees	3.1	3.2	3.0	3.4
Delta Air Lines	2.8	2.8	4.1	3.8
SPAAK ⁽¹⁾	0.9	0.8	1.2	1.0
Treasury shares	–	0.1	–	–
Other	42.7	42.6	31.4	38.8
TOTAL	100	100	100	100

(1) Stichting Piloten Aandelen Air France-KLM.

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)”.

As of June 30, 2024, all securities have been issued and paid up.

19.2 Perpetual

		December 31, 2023		Issuance – Nominal	Monetary change – Coupons	Non-monetary change	June 30, 2024
		Repayment – Nominal					
<i>(in € millions)</i>							
2023 perpetual super-subordinated bonds	Nominal	727	–	–	–	–	727
	Coupons	42	–	–	(52)	27	17
Last-rank indefinite subordinated bond convertible into new shares and/or existing shares	Nominal	305	–	–	–	–	305
	Coupons	2	–	–	(10)	10	2
TOTAL PERPETUAL – ATTRIBUTABLE TO EQUITY HOLDERS OF AIR FRANCE-KLM		1,076	–	–	(62)	37	1,051
2022 perpetual super-subordinated bonds	Nominal	497	–	–	–	–	497
	Coupons	13	–	–	–	15	28
July 2023 perpetual super-subordinated bonds	Nominal	498	–	–	–	–	498
	Coupons	15	–	–	–	17	32
November 2023 perpetual super-subordinated bonds	Nominal	1,493	–	–	–	–	1,493
	Coupons	8	–	–	–	51	59
TOTAL PERPETUAL – NON-CONTROLLING INTERESTS		2,524	–	–	–	83	2,607
Total cash flows			–	–	(62)		

NOTE 20 PENSION ASSETS AND RETIREMENT BENEFITS

As of June 30, 2024, the discount rates used by the companies to calculate the defined benefit obligations are the following:

	As of June 30, 2024	As of December 31, 2023
Euro zone - duration 10 to 15 years	3.61 %	3.20 %
UK - duration 20 years and more	5.12 %	4.60 %

The inflation rates used are the following:

	As of June 30, 2024	As of December 31, 2023
Euro zone - duration 10 to 15 years	2.25 %	2.20 %
UK - duration 20 years and more	3.30 %	3.15 %

The 10 to 15 years duration rate mainly concerns the plans located in France.

As of June 30, 2024, the remeasurement of defined benefit pension obligation is composed of (before tax):

As of June 30	2024	2023
Impact of the change in discount rate	98	29
Impact of the change in inflation rate	(15)	2
Difference between the expected and actual return on assets	(2)	20
TOTAL	81	51

Net of tax, the remeasurement of defined benefit pension obligation amounts to €75 million.

The impact of variations in discount rates on the defined benefit obligation has been calculated using the sensitivity analysis of the defined benefit pension obligation. The sensitivity analysis is outlined in the note 29.2 to the consolidated financial statements for the year ended December 31, 2023.

NOTE 21 RETURN OBLIGATION LIABILITY AND PROVISION FOR LEASED AIRCRAFT AND OTHER PROVISIONS

(in € millions)	Return obligation liability on leased aircraft	Maintenance on leased aircraft	Restructuring	Litigation	Provisions for CO ₂ quota surrunders	Others	Total
Amount as of January 1, 2023	3,836	161	192	426	142	132	4,889
Of which: Non-current	3,496	147	-	397	-	109	4,149
Current	340	14	192	29	142	23	740
Amount as of December 31, 2023	3,802	161	82	516	213	110	4,884
Of which: Non-current	3,532	148	-	36	-	89	3,805
Current	270	13	82	480	213	21	1,079
Amount as of June 30, 2024	4,093	169	57	515	259	121	5,214
Of which: Non-current	3,740	155	-	31	-	104	4,030
Current	353	14	57	484	259	17	1,184

The movements in provisions for litigation and other risks and charges with an impact on the income statement are booked in the lines of the income statement corresponding to the nature of the expenses.

21.1 Provisions

21.1.1 Return obligation liability and provision on leased aircraft

The discount rate used to calculate these restitution liabilities and provisions is 7.3% as of June 30, 2024 against 5.5% as of June 30, 2023 (see Note 12 "Net cost of financial debt and other financial income and expenses").

21.1.2 Restructuring provisions

The movements in restructuring provisions with a significant impact on the income statement are booked in "Other non-current income and expenses" (see Note 11 "Sales of aircraft equipment and other non-current income and expenses").

21.1.3 Litigation

An assessment of litigation risks with third parties has been carried out with the Group's attorneys and provisions have been recorded whenever circumstances require.

The provisions for disputes also include provisions for tax contingencies that are not covered by IAS 12. Such provisions are created when the Group estimates, in the context of tax audits, that the tax authorities may challenge a tax position taken by the Group or one of its subsidiaries.

In the normal course of its activities, the Air France-KLM Group, its subsidiaries Air France and KLM (and their subsidiaries) are involved in litigation cases, some of which may be significant.

21.1.4 Litigation concerning anti-trust laws in the air-freight industry

Air France, KLM and Martinair, a wholly-owned subsidiary of KLM since January 1, 2009, have been involved, since February 2006, with up to twenty-five other airlines 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.

As of December 31, 2021, most of these investigations had been terminated following the entry into plea agreements between the three companies of the Group and the appropriate competition authorities, providing for the payment of settlement amounts or fines, with the exception of the proceeding initiated by the European Commission which is 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 December 16, 2015 because it contained a contradiction regarding the exact scope of the practices sanctioned. On March 17, 2017, the European Commission issued a new decision against the aforementioned cargo carriers, including Air France, KLM and Martinair. The total amount of fines imposed in respect of this decision at the Air France-KLM group level was €339 million. This amount was slightly reduced by €15.4 million as compared to the initial decision owing to a lower fine for Martinair due to technical reasons. On May 29 and 30, 2017, the Group companies filed an appeal against this decision before the

General Court of the European Union. The hearings before the General Court took place on June and July 2019.

The decision from the General Court in March 2022 confirmed the fines against Air France-KLM group companies. The Group companies appealed in June 2022 to the European Union Court of Justice and hearings were held before the European Court of Justice on April 18 and 19, 2024. Opinion of the Advocate General is expected on September 5, 2024 and final judgment of the European Court of Justice is expected to follow 2025. As of June 30, 2024, the Group has maintained a provision of €362 million covering the total amount of these fines (and including interests).

21.1.5 Case brought against KLM by (former) Martinair pilots

In 2015, a case was brought against KLM by 152 (former) Martinair airline pilots, hereafter called "Vrachtvliegers". In 2016 and 2018, the District Court and Court of Appeal ruled in favor of KLM and rejected all claims of plaintiffs. In November 2019, however, the Supreme Court ruled against KLM on the basis of lack of sufficient motivation and referred the case to another Court of appeal. On June 8, 2021, this Court of appeal rendered its judgment in favor of the plaintiffs, the former Martinair pilots, ruling that the transfer of the cargo department qualifies as a transfer of undertaking.

According to the ruling the rights and obligations under the employment contracts of 116 Martinair pilots automatically transfer to KLM as per January 1, 2014. The Court of Appeal rejected the plaintiffs' claim to also transfer the rights regarding seniority accrued at Martinair.

Vrachtvliegers filed complaints on August 8, 2021 at the Supreme Court claiming that the rights regarding seniority accrued at Martinair should transfer to KLM. On June 24, 2022, the General Attorney has given the advice to the Supreme Court that the complaints should be rejected. On January 20, 2023, the Supreme Court ruled that this claim is denied.

The pilots also started a new court case about the implementation by KLM of the "transfer of undertaking". The hearing took place on November 15, 2023. The Court rendered a decision on January 11, 2024, in which all claims have been declined except that seniority built up within Martinair should be respected in case of dismissal (which is in line with current law).

In 2022, KLM had booked a provision for a total amount of €22 million, unchanged in 2024.

21.1.6 Other provisions

Other provisions relate principally to provisions for onerous contracts and provisions for the dismantling of buildings on non-freehold land.

21.2 Contingent liabilities

The Group is involved in governmental, judicial and arbitration procedures for which in some cases provisions have not been recorded in the financial statements in accordance with the applicable accounting rules.

Indeed, at this stage in these procedures, the Group is not in a position to give a reliable financial estimate of the potential loss that could be incurred in connection with these disputes.

Moreover, the Group believes that any additional disclosed information could be harmful to legal position procedures.

21.2.1 Litigations concerning anti-trust laws in the air-freight industry

Following the initiation of various investigations by the competition authorities in February 2006 and the European Commission decision in 2010, several collective and individual actions were brought by forwarders and air-freight shippers in the civil courts against Air France, KLM and Martinair, and other cargo operators, in a number of civil jurisdictions.

Under these civil lawsuits, shippers and freight forwarders are claiming for damages to compensate alleged higher prices due to alleged competition law infringement.

For Air France, KLM and Martinair, certain civil claims are still pending in the Netherlands and in Norway. The Group companies and the other airlines involved in these lawsuits continue to vigorously oppose these civil claims.

21.2.2 Other litigations

Rio-Paris AF447 flight

On March 28, 2011, Air France and Airbus were indicted for manslaughter of the 228 victims who died in the crash of the AF447 Rio-Paris flight on June 1, 2009.

The investigating judges of the Court of First Instance ruled in favor of Air France and Airbus by issuing an order dismissing the case on September 4, 2019.

The Public Prosecutor's Office and most of the civil parties (including the Pilots' associations and unions) appealed this decision. The Paris Court of Appeals ruled on May 12, 2021, referring Airbus and Air France to the Criminal Court. The criminal trial took place from October 10 to December 8, 2022 at Paris Criminal Court. After an acquittal by the Public Prosecutor's Office, the Court issued a judgment of acquittal on April 17, 2023, based on the absence of a causal link between the faults found and the accident. On April 27, 2023, the Public Prosecutor's Office appeals against the acquittal of Airbus and Air France.

The date of appeal will be known after the fixation hearing which is not scheduled to date.

Litigations on State Aid

In 2020, the implementation of the measures to reinforce the Group's liquidity (i.e. (i) a loan guaranteed by the French State (PGE) in the amount of €4 billion and a €3 billion loan from the French State, as well as (ii) a revolving credit facility of €2.4 billion guaranteed by the Dutch State and a €1 billion loan from the Dutch State), were approved by the European Commission under the Covid-19 State Aid rules (decisions respectively of May 4, 2020 and July 13, 2020).

On April 6, 2021, the Group announced the first part of its overall recapitalization plan. Certain measures in this plan contained State Aid (so-called "Covid-19 recapitalization" program) which were accordingly notified by the French authorities to the European Commission, the latter approving them in its decision of April 5, 2021. This decision made the approval of the measures subject to a

number of commitments undertaken by the French State and leading notably to the allocation by Air France of landing and take-off slots to a designated third-party carrier at Orly airport.

Like most of the decisions with respect to airlines receiving State Aid in the context of the Covid-19 crisis, the European Commission's decisions granting support measures to Air France and KLM have been subject to annulment proceedings brought by Ryanair. On December 20, 2023 and February 7, 2024, the General Court of the European Union annulled the decisions of the European Commission mentioned above.

Uncertainty remains as to the legal and financial consequences of cancelling the decisions to grant State Aid until a final judgment is obtained. However, all the aid granted has already been repaid in full compliance with the associated constraints (commitments, behavioral measures, application of interest) to the applicable legal framework. Potential indirect consequences of the cancellation of the above-mentioned State aid could include the demand for illegality interest.

It shall be borne in mind that, in the course of 2022 and 2023, the Group repaid in full the aforementioned Covid-19 liquidity and recapitalization State aid for, which were subject to the aforementioned commitments and constraints. As a result, the Air France-KLM holding company, Air France and KLM are no longer liable for any Covid-19 recapitalization aid and are therefore fully released from the aforementioned undertakings and constraints which had been linked to this Covid-19 recapitalization aid.

Air France-KLM, Air France and KLM also lodged three appeals for annulment with the Court of Justice of the European Union against the three judgments of the General Court annulling the above-mentioned decisions handed down in December 2023 and February 2024. The European Commission also lodged three appeals against these judgments, and on July 10, 2024 re-approved the Group's liquidity support measures in a single decision confirming their compatibility with European law.

This new decision has no impact on the appeals lodged by the European Commission, Air France, KLM and Air France-KLM against the judgments of the General Court of the EU, which annulled the European Commission's initial decisions only because they were based, for the General Court, on an incorrect determination of the beneficiary of said State aid. The Court of Justice of the European Union has yet to rule on these appeals.

Finally, as it has done in similar cases, the European Commission may also decide, if necessary, to initiate a formal examination procedure, during which the Group will defend its interests to the best of its ability.

Except as indicated in 21.1 and 21.2, the company is not aware of any litigation, governmental, legal or arbitration proceedings (including any proceedings of which the issuer is aware, which are pending or which it is threatened with) which may have or have recently had a material effect on the company's financial position, results of operations, assets or profitability, for a period covering at least the last twelve months.

NOTE 22 FINANCIAL LIABILITIES

<i>(in € millions)</i>	June 30, 2024			December 31, 2023		
	Non current	Current	Total	Non current	Current	Total
Perpetual subordinated loan in Yen	116	–	116	128	–	128
Perpetual subordinated loan in Swiss francs	389	–	389	405	–	405
OCEANE (convertible bonds)	–	–	–	–	498	498
Sustainability-linked bonds	1,000	–	1,000	1,000	–	1,000
Plain vanilla Bonds	1,062	815	1,877	1,381	300	1,681
Debt on leases with bargain option	3,385	559	3,944	3,475	418	3,893
Other financial liabilities	1,074	328	1,402	1,148	330	1,478
Accrued interest	1	59	60	1	118	119
TOTAL – FINANCIAL LIABILITIES	7,027	1,761	8,788	7,538	1,664	9,202

CHANGE IN FINANCIAL LIABILITY

<i>(in € millions)</i>	December 31, 2023	New financial debt	Reimbursement of financial debt	Currency translation adjustment	Other	June 30, 2024
Perpetual loan in Japanese Yen and Swiss Francs	533	–	–	(28)	–	505
OCEANE (convertible bonds)	498	–	(500)	–	2	–
Sustainability-linked bonds	1,000	–	–	–	–	1,000
Plain vanilla Bonds	1,681	644	(453)	4	1	1,877
Debt on leases with bargain option	3,893	292	(224)	(39)	22	3,944
Other financial liabilities	1,478	–	(83)	–	7	1,402
Accrued interest	119	–	–	–	(59)	60
TOTAL	9,202	936	(1,260)	(63)	(27)	8,788

22.1 Bonds

22.1.1 OCEANE

Early repayment of OCEANE bonds

Early repayment of €452 million of OCEANE 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.

Early repayment of the remaining €48 million of OCEANE bonds:

The remaining €48 million of bonds due March 25, 2026 have been repaid in cash on May 10, 2024 under the conditions set out in the Terms and Conditions of the said OCEANE 2026 for cancellation in accordance with the applicable law. This residual redemption amount is equivalent of 2,654,942 of bonds.

There is therefore no outstanding OCEANE 2026 bonds as of June 30, 2024.

22.1.2 Plain vanilla bonds

Issuance of a €650 million bonds and tender offer on two series of existing notes

Issuance of a €650 million bonds:

As of May 23, 2024, Air France-KLM has made the issuance of new notes of a total principal amount of €650 million with a 5-year maturity and bearing coupon at an annual rate of 4.625% under its Euro Medium Term Note Program.

The net proceeds has been used to finalize the tender offer launched as of May 13, 2024 as described in the paragraph below.

Tender offer on two series of exiting notes:

On may 24, 2024, Air France-KLM finalized the tender offer on two series of existing notes announced on May 13, 2024:

- €750 million 1.875 per cent notes due 16 January 2025;
- €500 million 3.875 per cent notes due 1st July 2026.

On these two series, existing notes for a total principal amount of €452.7 million, representing 36.2% of the outstanding existing notes, have been tendered for purchase in the tender offer and €452.7 million have been accepted, of which €234.8 million of 2025 notes and €217.9 million of 2026 notes. As a result, the principal amount of these outstanding existing notes after completion of the tender offer will be €797.3 million, of which €515.2 million of 2025 notes and €282.1 million of 2026 notes.

Maturity analysis

The financial liabilities maturities break down as follows:

<i>(in € millions)</i>	June 30, 2024	December 31, 2023
Maturities in		
End of Year Y	829	—
Y+1	1,324	1,664
Y+2	1,555	1,548
Y+3	583	1,748
Y+4	938	572
Over 4 years	3,559	3,670
TOTAL	8,788	9,202

As of June 30, 2024, the KLM perpetual subordinated notes 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 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.

The RCF also 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.

On July 18, 2024, a new amendment has been signed for Air France-KLM and Air France credit facility involving an extension of the maturity to July 2028 associated with a one-year extension option and an increase of the facility from €1.3 to €1.4 billion (see note 3.2 Subsequent events).

KLM

In 2023, KLM signed an ESG KPI-Linked Revolving Credit Facility for an amount of €1 billion.

This facility had an initial 2027 maturity and included two one-year extension options. A one-year extension option for one year was applied, extending the maturity to 2028.

On top of this credit line, KLM has two other credit lines amounting to €0.1 billion.

The undrawn portion as of June 30, 2024 amounts to €2.4 billion for the Air France-KLM Group.

NOTE 23 ALTERNATIVE PERFORMANCE INDICATORS

23.1 Operating free cash flow

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

Period from January 1 to June 30

<i>(in € millions)</i>	Notes	2024	2023 restated ⁽¹⁾
Net cash flow from operating activities		1,650	3,230
Purchase of property plant and equipment and intangible assets	16	(2,067)	(1,396)
Proceeds on disposal of property plant and equipment and intangible assets		373	211
Operating free cash flow		(44)	2,045
Exceptional payments made/(received) ⁽²⁾		850	119
Interest (paid) and received		(230)	(384)
Payments on lease debts		(442)	(421)
Recurring adjusted operating free cash flow		134	1,359

(1) See Note 2 of the notes to the financial statements

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

23.2 Net debt

<i>(in € millions)</i>	Notes	As of June 30, 2024	As of December 31, 2023
Current and non-current financial liabilities	22	8,788	9,202
Current and non-current lease debt		4,921	4,429
Accrued interest		(80)	(138)
Deposits related to financial liabilities		(100)	(107)
Deposits related to lease debt		(100)	(100)
Derivatives impact on debt		(23)	(1)
Gross financial liabilities (I)		13,406	13,285
Cash and cash equivalents	18	5,288	6,194
Marketable securities > 3 months		968	1,097
Bonds		968	966
Bank overdrafts	18	(10)	(13)
Net cash (II)		7,214	8,244
NET DEBT (I-II)		6,192	5,041

As of June 30, 2024, the net cash included €423 millions (compared to €419 millions on December 31, 2023) pledged or blocked.

In addition, the Group has to maintain a certain level of cash in certain operating entities. As of June 30, 2024, it amounts to €625 million (same amount as of December 31, 2023).

<i>(in € millions)</i>	Notes	As of June 30, 2024
Opening net debt		5,041
Operating free cash flow	23.1	44
Interest paid and received		230
Paid coupon on perpetual and on subordinated bonds convertible into new share and/or exchangeable for existing shares	19.2	62
New lease debts (new and renewed contracts)	17	835
Unrealized exchange gains and losses on aircraft lease financial debts through OCI		71
Impact of derivatives on net debt		(22)
Currency translation adjustment in the income statement		(69)
Other non-monetary variations of the net debt		—
CLOSING NET DEBT		6,192

NOTE 24 OTHER LIABILITIES

<i>(in € millions)</i>	As of June 30, 2024		As of December 31, 2023	
	Current	Non-current	Current	Non-current
Tax liabilities	373	526	412	637
Airlines taxes	1,089	—	908	—
Employee-related liabilities	1,303	462	1,991	597
Liabilities on fixed assets	11	14	56	7
Deferred income	960	38	919	32
Prepayments received	438	—	464	—
Other debts	333	134	252	103
TOTAL	4,507	1,174	5,002	1,376

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

NOTE 25 FLIGHT EQUIPMENT ORDERS

Due dates of firm orders commitments for the purchase of aircraft equipment are as follows:

As of December 31	2024	2023
<i>(in € millions)</i>		
2nd semester year Y (6 months)	648	
Y+1	2,430	1,496
Y+2	2,589	2,853
Y+3	3,605	2,706
Y+4	3,128	3,743
After year Y+4	2,072	4,437
TOTAL	14,472	15,235

These commitments mainly relate to amounts in US dollars, converted into euros at the closing date exchange rate. All these amounts are hedged.

This change is explained by the delivery of 10 aircraft.

The number of aircraft under firm order as of June 30, 2024 decreased by 10 units compared with 31 December 2023 and stood at 200 aircraft.

Delivery calendar as of June 30, 2024

Aircraft type	To be delivered in						Total
	2nd Semester (6 months)	Y+1	Y+2	Y+3	Y+4	Beyond Y+4	
LONG-HAUL FLEET – PASSENGER							
A350	1	6	9	13	13	15	57
B787	1	4	–	–	–	–	5
LONG-HAUL FLEET – CARGO							
A350F	–	–	–	4	3	1	8
MEDIUM-HAUL FLEET							
A220	5	13	9	5	–	–	32
A320 Neo	–	2	8	12	19	2	43
A321 Neo	2	8	11	18	13	3	55
TOTAL	9	33	37	52	48	21	200

NOTE 26 RELATED PARTIES

There were no significant changes in the scope or amounts of related party transactions during the period, with the exception of the transactions with CMA-CGM described in note 3.1 “Significant events occurring during the period”.