

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL  
INFORMATION**

Prepared under International Financial Reporting Standards (“IFRS”) as adopted by the European Commission  
for use in the European Union

**January 1, 2021 – September 30, 2021**

# Air France-KLM Group

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# Air France-KLM Group

## CONSOLIDATED INCOME STATEMENT (unaudited)

<i>In € millions</i>			
<b>Period from January 1 to September 30</b>	<i>Notes</i>	<b>2021</b>	<b>2020</b>
<b>Sales</b>	<i>3</i>	<b>9,477</b>	<b>8,725</b>
<b>Revenues</b>		<b>9,477</b>	<b>8,725</b>
External expenses	<i>4</i>	(6,113)	(6,163)
Salaries and related costs	<i>5</i>	(3,809)	(4,224)
Taxes other than income taxes		(100)	(108)
Other income and expenses	<i>7</i>	467	488
<b>EBITDA</b>		<b>(78)</b>	<b>(1,282)</b>
Amortization, depreciation and provisions	<i>6</i>	(1,722)	(2,132)
<b>Income from current operations</b>		<b>(1,800)</b>	<b>(3,414)</b>
Sales of aircraft equipment		(20)	31
Other non-current income and expenses	<i>8</i>	(906)	(1,452)
<b>Income from operating activities</b>		<b>(2,726)</b>	<b>(4,835)</b>
Cost of financial debt	<i>9</i>	(483)	(350)
Income from cash and cash equivalents	<i>9</i>	2	18
<b>Net cost of financial debt</b>		<b>(481)</b>	<b>(332)</b>
Other financial income and expenses	<i>9</i>	(199)	(621)
<b>Income before tax</b>		<b>(3,406)</b>	<b>(5,788)</b>
Income taxes	<i>10</i>	255	(242)
<b>Net income of consolidated companies</b>		<b>(3,151)</b>	<b>(6,030)</b>
Share of profits (losses) of associates		(13)	(52)
<b>Net income from continuing operations</b>		<b>(3,164)</b>	<b>(6,082)</b>
<b>Net income for the period</b>		<b>(3,164)</b>	<b>(6,082)</b>
<i>Non-controlling interests</i>		(3)	(4)
<i>Net income - Group part</i>		<i>(3,161)</i>	<i>(6,078)</i>
Earnings per share – Equity holders of Air France-KLM (in euros)			
- basic		(5.85)	(14.22)
- diluted		(5.85)	(14.22)

The accompanying notes are an integral part of this interim consolidated financial information.

# Air France-KLM Group

## CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES (unaudited)

<i>In € millions</i>		
<b>Period from January 1 to September 30</b>	<b>2021</b>	<b>2020</b>
<b>Net income for the period</b>	<b>(3,164)</b>	<b>(6,082)</b>
<b>Cash flow hedges and cost of hedging</b>		
Effective portion of changes in fair value hedge and cost of hedging recognized directly in other comprehensive income	490	(1,187)
Change in fair value and cost of hedging transferred to profit or loss	(138)	876
Currency translation adjustment	1	-
Deferred tax on items of comprehensive income that will be reclassified to profit or loss	(94)	84
<b>Total of other comprehensive income that will be reclassified to profit or loss</b>	<b>259</b>	<b>(227)</b>
Remeasurements of defined benefit pension plans	664	(319)
Fair value of equity instruments revalued through OCI	(2)	(29)
Deferred tax on items of comprehensive income that will not be reclassified to profit or loss	(171)	73
<b>Total of other comprehensive income that will not be reclassified to profit or loss</b>	<b>491</b>	<b>(275)</b>
<b>Total of other comprehensive income, after tax</b>	<b>750</b>	<b>(502)</b>
<b>Recognized income and expenses</b>	<b>(2,414)</b>	<b>(6,584)</b>
- Equity holders of Air France-KLM	(2,413)	(6,578)
- Non-controlling interests	(1)	(6)

The accompanying notes are an integral part of this interim consolidated financial information.

# Air France-KLM Group

## CONSOLIDATED BALANCE SHEET (unaudited)

Assets		September 30,	December 31,
<i>In € millions</i>	<i>Notes</i>	2021	2020
Goodwill		221	215
Intangible assets		1,234	1,230
Flight equipment		10,478	11,031
Other property, plant and equipment		1,418	1,548
Right-of-use assets		5,061	4,678
Investments in equity associates		172	230
Pension assets		-	211
Other financial assets		851	795
Derivatives		148	92
Deferred tax assets		264	282
Other non-current assets		1	4
<b>Total non-current assets</b>		<b>19,848</b>	<b>20,316</b>
Other short-term financial assets		495	607
Derivatives		484	160
Inventories		580	543
Trade receivables		1,621	1,248
Other current assets		970	914
Cash and cash equivalents	<i>11</i>	6,992	6,423
<b>Total current assets</b>		<b>11,142</b>	<b>9,895</b>
<b>Total assets</b>		<b>30,990</b>	<b>30,211</b>

The accompanying notes are an integral part of this interim consolidated financial information.

# Air France-KLM Group

## CONSOLIDATED BALANCE SHEET (unaudited) (continued)

Liabilities and equity		September 30,	December 31,
<i>In € millions</i>	<i>Notes</i>	2021	2020
Issued capital	12.1	643	429
Additional paid-in capital	12.1	4,949	4,139
Treasury shares		(25)	(25)
Perpetual bonds	12.3	3,097	-
Reserves and retained earnings	12.4	(12,483)	(9,970)
<b>Equity attributable to equity holders of Air France-KLM</b>		<b>(3,819)</b>	<b>(5,427)</b>
Non-controlling interests		8	9
<b>Total equity</b>		<b>(3,811)</b>	<b>(5,418)</b>
Pension provisions		2,163	2,147
Return obligation liability and other provisions		4,223	3,670
Financial debt	13	11,984	14,171
Lease debt		2,759	2,425
Derivatives		35	122
Deferred tax liabilities		5	22
Other non-current liabilities	16	2,727	1,294
<b>Total non-current liabilities</b>		<b>23,896</b>	<b>23,851</b>
Return obligation liability and other provisions		793	1,337
Current portion of financial debt	13	832	1,318
Lease debt		801	839
Derivatives		36	363
Trade payables		1,875	1,435
Deferred revenue on ticket sales	15	2,548	2,394
Frequent flyer programs		899	916
Other current liabilities	16	3,119	3,175
Bank overdrafts	11	2	1
<b>Total current liabilities</b>		<b>10,905</b>	<b>11,778</b>
<b>Total liabilities</b>		<b>34,801</b>	<b>35,629</b>
<b>Total equity and liabilities</b>		<b>30,990</b>	<b>30,211</b>

The accompanying notes are an integral part of this interim consolidated financial information.

# Air France-KLM Group

## CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)

<i>In € millions</i>	<i>Notes</i>	Number of shares	Issued capital	Additional paid-in capital	Treasury shares	Perpetual	Reserves and retained earnings	Equity attributable to holders of Air France-KLM	Non-controlling interests	Total equity
<b>December 31, 2019</b>		<b>428,634,035</b>	<b>429</b>	<b>4,139</b>	<b>(67)</b>	<b>403</b>	<b>(2,620)</b>	<b>2,284</b>	<b>15</b>	<b>2,299</b>
<i>Other comprehensive income</i>			-	-	-	-	(500)	(500)	(2)	(502)
Net result for the period			-	-	-	-	(6,078)	(6,078)	(4)	(6,082)
<b>Total of income and expenses recognized</b>			-	-	-	-	<b>(6,578)</b>	<b>(6,578)</b>	<b>(6)</b>	<b>(6,584)</b>
Perpetual bonds			-	-	-	(403)	-	(403)	-	(403)
Coupons on perpetual			-	-	-	-	(17)	(17)	-	(17)
Other			-	-	-	-	32	32	-	32
<b>September 30, 2020</b>		<b>428,634,035</b>	<b>429</b>	<b>4,139</b>	<b>(67)</b>	<b>-</b>	<b>(9,183)</b>	<b>(4,682)</b>	<b>9</b>	<b>(4,673)</b>
<b>December 31, 2020</b>		<b>428,634,035</b>	<b>429</b>	<b>4,139</b>	<b>(25)</b>	<b>-</b>	<b>(9,970)</b>	<b>(5,427)</b>	<b>9</b>	<b>(5,418)</b>
<i>Other comprehensive income</i>			-	-	-	-	748	748	2	750
Net result for the period			-	-	-	-	(3,161)	(3,161)	(3)	(3,164)
<b>Total of income and expenses recognized</b>			-	-	-	-	<b>(2,413)</b>	<b>(2,413)</b>	<b>(1)</b>	<b>(2,414)</b>
Capital increase	<i>1.2</i>	213,999,999	214	810	-	-	-	1,024	-	1,024
Perpetual bonds			-	-	-	3,000	(4)	2,996	-	2,996
Coupons on perpetual			-	-	-	97	(97)	-	-	-
Other			-	-	-	-	1	1	-	1
<b>September 30, 2021</b>		<b>642,634,034</b>	<b>643</b>	<b>4,949</b>	<b>(25)</b>	<b>3,097</b>	<b>(12,483)</b>	<b>(3,819)</b>	<b>8</b>	<b>(3,811)</b>

The accompanying notes are an integral part of this interim consolidated financial information.

# Air France-KLM Group

## CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

Period from January 1 to September 30	<i>Notes</i>	2021	2020
<i>In € millions</i>			
Net income from continuing operations		(3,164)	(6,082)
Amortization, depreciation and operating provisions		1,722	2,132
Financial provisions		89	135
Loss (gain) on disposals of tangible and intangible assets		18	(43)
Loss (gain) on disposals of subsidiaries and associates		(25)	1
Derivatives – non monetary result		(33)	70
Unrealized foreign exchange gains and losses, net		172	(83)
Impairment		37	670
Other non-monetary items		723	761
Share of (profits) losses of associates		13	52
Deferred taxes		(261)	309
<b>Financial capacity</b>		<b>(709)</b>	<b>(2,078)</b>
(Increase) / decrease in inventories		(47)	134
(Increase) / decrease in trade receivables		(365)	823
Increase / (decrease) in trade payables		415	(792)
Increase / (decrease) in advanced ticket sales		142	(435)
Change in other receivables and payables		1,216	936
<b>Change in working capital requirement</b>		<b>1,361</b>	<b>666</b>
<b>Net cash flow from operating activities (A)</b>		<b>652</b>	<b>(1,412)</b>
Acquisition of subsidiaries, of shares in non-controlled entities		(2)	(1)
Purchase of property plant and equipment and intangible assets (B)		(1,543)	(1,654)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	<i>1.2</i>	71	357
Proceeds on disposal of property plant and equipment and intangible assets (C)		689	181
Dividends received		2	-
Decrease (increase) in net investments, more than 3 months		37	(9)
<b>Net cash flow used in investing activities</b>		<b>(746)</b>	<b>(1,126)</b>
Capital increase		1,026	-
Issuance of debt	<i>13</i>	1,546	7,598
Repayment on debt	<i>13</i>	(1,323)	(2,202)
Payments on lease debts (D)		(654)	(662)
New loans		(35)	(28)
Repayment on loans		93	76
Dividends and coupons on perpetual paid		-	-
<b>Net cash flow from financing activities</b>		<b>653</b>	<b>4,782</b>
Effect of exchange rate on cash and cash equivalents and bank overdrafts (net of cash acquired or sold)		9	(39)
<b>Change in cash and cash equivalents and bank overdrafts</b>		<b>568</b>	<b>2,205</b>
Cash and cash equivalents and bank overdrafts at beginning of period	<i>11</i>	6,422	3,711
Cash and cash equivalents and bank overdrafts at end of period	<i>11</i>	6,990	5,916

The accompanying notes are an integral part of this interim consolidated financial information.



# Air France-KLM Group

## OPERATING FREE CASH-FLOW (UNAUDITED)

<b>Period from January 1 to September 30</b>	<i>Notes</i>	<b>2021</b>	<b>2020</b>
<i>in € millions</i>			
Net cash flow from operating activities	<i>A</i>	652	(1,412)
Purchase of property plant and equipment and intangible assets	<i>B</i>	(1,543)	(1,654)
Proceeds on disposal of property plant and equipment and intangible assets	<i>C</i>	689	181
<b>Operating free cash flow</b>	<i>14</i>	<b>(202)</b>	<b>(2,885)</b>
<b>Payments on lease debts</b>	<i>D</i>	<b>(654)</b>	<b>(662)</b>
<b>Operating free cash flow adjusted</b>		<b>(856)</b>	<b>(3,547)</b>

The accompanying notes are an integral part of this interim consolidated financial information.

**NOTES TO THE INTERIM CONSOLIDATED  
FINANCIAL INFORMATION**

# Air France-KLM Group

## 1. SIGNIFICANT EVENTS

### 1.1. Covid-19 and going concern

The worldwide spread of Covid-19 since the beginning of 2020 has had and continues to have a major impact on air traffic around the world. The very strict conditions on worldwide travel adopted by many countries from March 2020 resulted in a drastic air traffic reduction in 2020. In the first half 2021, further measures were implemented by the French and Dutch governments to slow the spread of the virus and restrictions on travel have been reinforced at global level following the emergence of new variants of the virus, again limiting the airline traffic.

The third quarter of 2021, although marked by a recovery in summer traffic, remains below the level of activity in 2019, with a large number of borders still closed (United States, Asia, etc.). Third quarter 2021 capacity reaches 66% compared to third quarter 2019.

The strong measures taken by the Group to mitigate the effects of Covid-19 on the activity since the beginning of the pandemic continue. They include, among others, the adaptation of the capacity offered according to the evolution of demand, structural changes to the fleet, securing cash flow and salary measures.

The Group continues to closely monitor and assess the situation.

#### *Reduction in capacity and costs*

Available seat-kilometers for Passenger network and Transavia were 62.5% higher in the third quarter of 2021 compared to the third quarter of 2020, in response to the recovery in demand due to the easing of travel restrictions in a number of countries. Traffic in passenger revenue per kilometer jumped by 134.8% in the third quarter compared to 2020.

For the first nine months of 2021, the increase in capacity is therefore 19.0% compared to 2020, and traffic is practically stable (-2.8%).

The cargo business continued to benefit from a very dynamic environment with available ton-kilometers increased by 14.4% compared to the first nine months of 2020.

As a result, total revenues increased by 8.6% year-on-year to €9,477 million.

At the same time, specific cost initiatives have enabled the Group to control external costs despite the significant increases in capacity. Since the beginning of the year, they amount to €6,113 million, down 0.8% compared to 2020.

Within external expenses, fuel costs amounted to €1,811 million as of September 30, 2021 compared to €1,886 million as of September 30, 2020, a decrease of 4.0% despite the increase in capacity and oil price, due to favorable oil price hedges.

In addition, the ongoing partial activity measures (“Activité Partielle”) in France, implemented as of March 23, 2020 and the “Temporary Emergency Bridging Measures for Sustained Employment” (NOW), in the Netherlands, applicable from March 1, 2020 together with the staff reduction plans (see note 2.2. Events occurring during the period in the note to the consolidated financial statements for the financial year ended December 31, 2020), continue to contribute to a decline in salaries and related costs. The latter amounts to €3,809 million as of September 30, 2021, a decrease of 9.8% compared to last year.

#### *Liquidity position*

As of September 30, 2021, the Group’s liquidity position consists of total cash of €10.42 billion, of which €7.96 billion in liquidity, net of undrawn credit lines (see note 14. Net debt) and €2.46 billion in undrawn credit lines (see note 20.2 State loans and 20.5 Credit lines of June 30, 2021 interim consolidated financial statements).

In April 2021 and July 2021 respectively, the Group’s liquidity position was reinforced by €1 billion thanks to the Air France-KLM Group’s capital increase and by €800 million thanks to the bond issue (see note 1.2. Events that occurred in the period).

In addition, the Group is pursuing the measures initiated in 2020 to defer non-essential capital expenditure and internal projects and to differ the payment of payroll tax and social contributions.

# Air France-KLM Group

Despite these measures and a gradual resumption of activity, Air France KLM's financial performance for the coming period will continue to be affected by a lower activity in a proportion and for a duration that currently remain uncertain.

## *Going concern*

In determining the appropriate basis for preparing the interim consolidated financial information for the period ended September 30, 2021, the going concern assumption has been assessed by evaluating the financial forecasts over a time horizon of at least one year and by analyzing, in particular, the trading position of the Group in the context of the current Covid-19 pandemic and taking into account the following elements.

As indicated above, the Group had total liquidity of €10.4 billion as of September 30, 2021.

The vaccination rollout is enabling the gradual lifting of traffic restrictions. Activity forecasts are steadily increasing to reach between 70 percent and 75 percent of 2019 capacity in the fourth quarter of 2021 (versus the fourth quarter of 2019) thanks to, amongst other, the reopening of the United States borders scheduled for November 2021.

Combined with the capital increase (see note 1.2. Events that occurred in the period), the €800 million bond issue and the launch of the EMTN program (see note 1.2. Events that occurred in the period), the cash flow projections over an horizon of more than 12 months ensure a sufficient level of liquidity.

They notably include:

- The adjustment of the flight schedule and capacity to the expected demand in order to operate only flights having a positive incremental impact in terms of operating cash flow;
- The continuation of the specific mechanisms from the French government to partially cover staff costs through the Long-Term Partial Activity ("APLD") scheme in France until the end of 2022;
- A deferral of the reimbursement of social charges and taxes on salaries;
- A high level of variable costs linked to a reduction in capacity;
- The reduction in the capital expenditure plans;
- The systematic refinancing of new aircraft delivered during the period.

Based on these financial forecasts, the bank covenants applicable in 2021, including the €2.46 billion Revolving Credit Facility at the level of KLM (see note 20.2 State loan and 20.5 Credit lines of June 30, 2021 interim consolidated financial statements) will be respected.

The Group is pursuing its plans for additional financing which will reinforce equity or quasi-equity and provide new liquidity, within the framework of the extraordinary resolutions adopted by the Annual General Shareholders' Meeting of May 26, 2021.

The Group is actively monitoring its debt structure and has entered into negotiations with its banks to extend the maturity of the loan guaranteed by the French State beyond 2023.

Based on the cash flow projections for the next 12 months and the items described above, the interim consolidated financial information as of September 30, 2021 has been prepared on a going concern basis.

## **1.2. Events that occurred in the period**

### **Long-term Partial Activity agreement**

During the first half of 2021, Air France and some of its affiliates finalized the agreements with the representative trade unions allowing the use of the Long-term Partial Activity (*Activité partielle de Longue Durée* - APLD) scheme for a maximum period of 24 months.

### **Approval of HOP! departure plan**

As part of its restructuring, HOP! has launched a departure plan (see note 2.2 Events occurring during the period in the notes to the consolidated financial statements for the financial year ended December 31, 2020). On February 16, 2021, HOP! received a request from the French Labor Ministry (DREETS and formerly DIRECCTE) to amend some measures of the plan concerning flight crew. The amended voluntary departure plan was finally approved on June 16, 2021. An additional depreciation of €28 million has been made in respect of this provision for the period ending September 30, 2021.

# Air France-KLM Group

## Air France-KLM Group capital-strengthening measures

On April 5, 2021, the Air France-KLM Group announced a plan of measures concerning Air France, which was approved by the European Commission in its decision to authorize the €4 billion transaction by the French State to recapitalize Air France and Air France-KLM. Following this authorization, the following transactions were carried out:

- ***€1,036 million capital increase:***

On April 19, 2021, the Group has completed its capital increase without shareholders' preferential subscription rights, by way of a public offering and with a priority subscription period on an irreducible and reducible basis granted to existing shareholders, for an amount of €1,036 million (after exercise in full of the increase option), i.e. €1,024 million net of issuance fees. This operation improves the Group's shareholders' equity, and brings the same amount of new money to the Group for the benefit of Air France.

The capital increase resulted in the issuance of 213,999,999 new shares (the "New Shares") at a price per share of €4.84, representing approximately 50 percent of the Company's existing share capital. Following the completion of the capital increase, the Company's share capital has increased to €642,634,034 divided into 642,634,034 shares, each with a nominal value of €1.

As per their subscription commitments, and given the allotment scale of the reducible orders, the French State and China Eastern Airlines subscribed within the context of the priority period to respectively 122,560,251 New Shares (i.e. 57 percent of the total amount of the Capital Increase) and 23,944,689 New Shares (i.e. 11 percent of the total amount of the Capital Increase). The Dutch State did not subscribe to this capital increase. Neither did Delta Airlines due to the current framework of the CARES Act in force in the United States.

- ***Conversion of the fully drawn €3 billion French State loan into perpetual hybrid bonds instrument ("Super Subordinated Notes"):***

On April 20, 2021, the €3 billion direct loan granted by the French State to Air France via Air France-KLM late in May 2020 was converted into Super-Subordinated Notes in the same nominal amount, improving the Group's equity by €3 billion with no cash impact, while increasing the flexibility of the Group's debt redemption profile. This issue is composed of three tranches with a perpetual maturity and each with a nominal amount of €1 billion, with respective first redemption options (Call) at 4, 5 and 6 years.

- ***Extension of the maturity date of the €4 billion loan guaranteed by the French State to 2023:***

Additionally, the French State-backed loan of €4 billion has been extended with a final maturity date in 2023.

These elements enable the smoothing of the debt redemption profile of the Group and its airlines, with a progressive extension of the debt maturity profile.

The Dutch State also approved this series of actions and indicated that it was continuing discussions with the European Commission on potential capital-strengthening measures for KLM.

## **€800 million bond issue**

On June 24, 2021, the Group announced the successful realization of a senior bond issue for a total of €800 million in two tranches:

- A first tranche of bonds for €300 million, with a maturity of 3 years and a coupon of 3 percent per year.
- A second tranche of bonds for €500 million, with a maturity of 5 years and a coupon of 3.875 percent per year.

Settlement and delivery of the Bonds took place on July 1, 2021. The debt has been accounted for in the balance sheet as of that date under "Non-current financial debts".

## **Launch of an EMTN ("European Medium-Term Note") program**

On July 2, 2021, the Group launched an EMTN program with an initial term of 12 months to maximize the use of potential market windows for bond issuance.

# Air France-KLM Group

## Sale of Servair shares

In early 2021, the terms under which Air France KLM could sell a 30 percent shareholding in Servair to Gategroup (see note 38.2 "Commitments received", in the notes to the consolidated financial statements for the year ended December 31, 2020) were re-negotiated. This resulted in the sale by Air France Finance, on May 31, 2021, of 15 percent of the Servair for €71 million. A second instalment for a further 15 percent shareholding should be paid in December 2022.

This sale led to the recognition of a disposal gain of €26 million, net of the value of the put option, in "Other non-current income and expenses" in the consolidated income statement. The proceeds from the sale are included in the line item "Income from loss of control of subsidiaries or disposal of shares in non-controlled companies" in the consolidated statement of cash flows.

## Agreement on the KLM Ground Staff pension plan

On June 14, 2021, KLM and the five Dutch Ground Staff unions signed an agreement enabling a change in the Ground Staff pension plan effective from January 2021. As provided for by this agreement, the KLM Ground Staff pension fund now qualifies as a defined contribution plan under IFRS rules. The pension assets, based on the actuarial assumptions as of May 31, 2021, amounted to €875 million (before tax). Under this agreement, KLM has paid an additional pension premium covering the period January-May 2021, as well as a one-off contribution representing the savings realized since 2014 following changes in the Dutch law. These contributions amount to €63 million.

The total impact of the de-recognition of the pension assets together with the additional contributions has been booked in "Other non-current income and expenses" in the amount of €938 million (€704 million net of tax).

## Additional restructuring plan at KLM

An additional restructuring plan had been announced on January 21, 2021 for between 800 and 1,000 employees. Following agreements signed with the KLM unions to avoid additional departures and the expected scale-up of activity, KLM decided to withdraw this additional restructuring plan.

## 1.3. Subsequent events

There have been no significant events since the closing of the period.

## 2. ACCOUNTING PRINCIPLES

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, 2020 were established in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Commission on the date these consolidated financial statements were established.

The interim consolidated financial information as of September 30, 2021 must be read in connection with the annual consolidated financial statements for the year ended on December 31, 2020. It has been established in accordance with the accounting principles used by the Group for the consolidated financial statements 2020, except for standards and interpretations adopted by the European Union applicable as from January 1, 2021.

From January 1, 2021, the Group has applied the amendments to IFRS 9, IFRS 7 and IFRS 16 in connection with "Phase 2" of the interest rate benchmark. These amendments stipulate in particular the accounting treatment to be applied when an old benchmark interest rate is replaced by a new benchmark in a given contract, as well as the impact of this change on hedging relationships affected by the IBOR reform. The Group has little exposure to the indices affected by the reform. The application of these amendments has no impact on the Group's financial statements as of September 30, 2021.

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Regarding the implementation of the amendments to IAS 37 relating to the treatment of onerous contracts, the group is carrying out an impact study. As the application of these amendments is mandatory from January 1, 2022, the inherent impacts will be recognized in the year 2022. These amendments aim to standardize practices in terms of identifying and measuring provisions for onerous contracts, in particular with regard to losses on completion of contracts with customers recognized in accordance with IFRS 15. These amendments specify that the costs to be taken into account in estimating the "cost of performance of the contract" are those directly related to the contract.

Working groups are performing analyses with regard to the IFRIC decision on the attribution of a post-employment benefit to periods of service. The impacts of this decision will be determined by the end of the year.

The preparation of the interim condensed consolidated financial statements, in conformity with IFRS, requires Management to make estimates and use assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses. The main areas of estimates relate to the:

- revenue recognition linked to deferred revenue on ticket sales;
- Flying Blue frequent flyer program;
- financial instruments;
- intangible and tangible assets;
- lease contracts;
- employee benefits;
- return obligation liability and provision for leased aircraft;
- other provisions; and
- current and deferred tax.

The Group's management makes these estimates and assessments continuously on the basis of its past experience and various other factors considered to be reasonable that constitute the basis for these assumptions. The interim financial consolidated data for the period have thus been established taking into consideration the current context of public health crisis linked to Covid-19 and on the basis of financial parameters available at the closing date.

The interim consolidated financial information as of September 30, 2021 were reviewed by the Board of Directors on October 28, 2021.

## 3. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

### Business segments

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 sales 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" transport 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.

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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 EBITDA, current operating income and 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

### • Activity by origin of sales area

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

- Metropolitan France
- Benelux
- Europe (excluding France and Benelux)
- Rest of the world

The format for presenting activities by zone of origin of sales has been revised to take into account the Group's new commercial organization.

Only segment revenue is allocated by geographical sales area.

### • Activity by destination

The Group's activities by destination are broken down into seven geographical segments:

- 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

## 3.1. Information by business segment

### • Period ended September 30, 2021

<i>In € millions</i>	Network	Maintenance	Transavia	Other	Non allocated	Total
Total sales	8,030	2,005	685	118	-	10,838
Intersegment sales	(19)	(1,244)	-	(98)	-	(1,361)
<b>External sales</b>	<b>8,011</b>	<b>761</b>	<b>685</b>	<b>20</b>	-	<b>9,477</b>
EBITDA	(397)	233	47	39	-	(78)
Income from current operations	(1,728)	19	(113)	22	-	(1,800)
Income from operating activities	(2,409)	(251)	(112)	46	-	(2,726)
Share of profits (losses) of associates	1	4	-	(18)	-	(13)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(680)	(680)
Income taxes	-	-	-	-	255	255
<b>Net income</b>	<b>(2,408)</b>	<b>(247)</b>	<b>(112)</b>	<b>28</b>	<b>(425)</b>	<b>(3,164)</b>



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• Period ended September 30, 2020

<i>In € millions</i>	Network	Maintenance	Transavia	Other	Non allocated	Total
Total sales	7,241	2,255	521	117	-	10,134
Intersegment sales	(21)	(1,292)	-	(96)	-	(1,409)
<b>External sales</b>	<b>7,220</b>	<b>963</b>	<b>521</b>	<b>21</b>	<b>-</b>	<b>8,725</b>
EBITDA	(1,309)	35	(24)	16	-	(1,282)
Income from current operations	(2,842)	(366)	(206)	-	-	(3,414)
Income from operating activities	(4,115)	(507)	(212)	(1)	-	(4,835)
Share of profits (losses) of associates	-	-	-	(52)	-	(52)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(953)	(953)
Income taxes	-	-	-	-	(242)	(242)
<b>Net income</b>	<b>(4,115)</b>	<b>(507)</b>	<b>(212)</b>	<b>(53)</b>	<b>(1,195)</b>	<b>(6,082)</b>

## 3.2. Information by geographical area

### External sales by geographical area

• Period ended September 30, 2021

<i>In € millions</i>	Metropolitan France	Benelux	Europe (except France and Benelux)	Rest of the world	Total
Transportation	2,103	763	1,728	2,902	7,495
Other sales	120	89	138	169	516
<b>Total Network</b>	<b>2,223</b>	<b>852</b>	<b>1,866</b>	<b>3,071</b>	<b>8,011</b>
Transportation	242	399	41	7	689
Other sales	(2)	(2)	-	-	(4)
<b>Total Transavia</b>	<b>240</b>	<b>397</b>	<b>41</b>	<b>7</b>	<b>685</b>
Maintenance	440	245	17	59	761
Others	4	16	-	-	20
<b>Total</b>	<b>2,907</b>	<b>1,510</b>	<b>1,924</b>	<b>3,137</b>	<b>9,477</b>

• Period ended September 30, 2020

<i>In € millions</i>	Metropolitan France	Benelux	Europe (except France and Benelux)	Rest of the world	Total
Transportation	1,912	778	1,540	2,523	6,753
Other sales	141	49	100	177	467
<b>Total Network</b>	<b>2,053</b>	<b>827</b>	<b>1,640</b>	<b>2,700</b>	<b>7,220</b>
Transportation	61	418	24	5	508
Other sales	(2)	(2)	-	17	13
<b>Total Transavia</b>	<b>59</b>	<b>416</b>	<b>24</b>	<b>22</b>	<b>521</b>
Maintenance	456	449	17	41	963
Others	6	14	1	-	21
<b>Total</b>	<b>2,574</b>	<b>1,706</b>	<b>1,682</b>	<b>2,763</b>	<b>8,725</b>

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## Traffic sales by geographical area of destination

- **Period ended September 30, 2021**

<i>In € millions</i>	Metropolitan France	Europe (except France) North Africa	Caribbean, French Guyana, Indian Ocean	Africa (except North Africa) Middle East	North America, Mexico	South America, except Mexico	Asia, New Caledonia	Total
Network	823	1,710	675	1,253	1,294	754	986	7,495
Transavia	43	629	-	17	-	-	-	689
<b>Total</b>	<b>866</b>	<b>2,339</b>	<b>675</b>	<b>1,270</b>	<b>1,294</b>	<b>754</b>	<b>986</b>	<b>8,184</b>

- **Period ended September 30, 2020**

<i>In € millions</i>	Metropolitan France	Europe (except France) North Africa	Caribbean, French Guyana, Indian Ocean	Africa (except North Africa) Middle East	North America, Mexico	South America, except Mexico	Asia, New Caledonia	Total
Network	542	1,259	680	1,018	1,332	795	1,127	6,753
Transavia	6	477	-	25	-	-	-	508
<b>Total</b>	<b>548</b>	<b>1,736</b>	<b>680</b>	<b>1,043</b>	<b>1,332</b>	<b>795</b>	<b>1,127</b>	<b>7,261</b>

## 4. EXTERNAL EXPENSES

<i>In € millions</i>	2021	2020
<b>Period from January 1 to September 30</b>		
Aircraft fuel	1,811	1,886
Chartering costs	232	181
Landing fees and air route charges	835	743
Catering	250	236
Handling charges and other operating costs	710	646
Aircraft maintenance costs	1,181	1,243
Commercial and distribution costs	255	291
Other external expenses	839	937
<b>Total</b>	<b>6,113</b>	<b>6,163</b>
<i>Excluding aircraft fuel</i>	<i>4,302</i>	<i>4,277</i>

# Air France-KLM Group

## 5. SALARIES AND NUMBER OF EMPLOYEES

### Salaries and related costs

<i>In € millions</i>	<b>2021</b>	<b>2020</b>
<b>Period from January 1 to September 30</b>		
Wages and salaries	3,278	3,610
Social contributions	620	656
Pensions costs on defined contribution plans	440	399
Pensions costs of defined benefit plan	164	231
Cost of temporary employees	53	73
Profit sharing and payment linked with shares	(52)	-
Temporary Emergency Bridging Measure for Sustained Employment	(716)	(626)
Other	22	(119)
<b>Total</b>	<b>3,809</b>	<b>4,224</b>

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”.

Following the impact of the Covid-19 public health crisis, as of March 23, 2020 Air France and its main French subsidiaries implemented part-time activity for their employees.

In the first half of 2021, Air France and some of its affiliates finalized agreements with the representative trade unions allowing the use of the long-term partial activity (“APLD”) scheme for a maximum of 24 months.

As of September 30, 2021, the impact of these measures amounts to €557 million (€728 million as of September 30, 2020).

The line “Temporary Emergency Bridging Measure for Sustained Employment (NOW)” includes the compensation received from the Dutch State for the KLM Group’s labor expenses during the period from January 1 until September 30, 2021. This compensation amounts to €716 million (versus €626 million for the period from April 1 until September 30, 2020).

### Average number of employees

<b>Period from January 1 to September 30</b>	<b>2021</b>	<b>2020</b>
Flight deck crew	8,195	8,665
Cabin crew	20,075	22,221
Ground staff	46,145	51,236
Temporary employees	806	1,062
<b>Total*</b>	<b>75,221</b>	<b>83,184</b>

*\*Excluding partial activity impact*

The decrease in average headcount is mainly due to the implementation of restructuring plans in 2020 and 2021 (see note 8. Other non-current income and expenses).

# Air France-KLM Group

## 6. AMORTIZATION, DEPRECIATION AND PROVISIONS

<i>In € millions</i>	2021	2020
<b>Period from January 1 to September 30</b>		
<b>Amortization</b>		
Intangible assets	143	141
Flight equipment	752	852
Other property, plant and equipment	139	146
Right-of-Use assets	820	912
	<b>1,854</b>	<b>2,051</b>
<b>Depreciation and provisions</b>		
Inventories	12	15
Trade receivables	26	99
Risks and contingencies	(170)	(33)
	<b>(132)</b>	<b>81</b>
<b>Total</b>	<b>1,722</b>	<b>2,132</b>

## 7. OTHER INCOME AND EXPENSES

<i>In € millions</i>	2021	2020
<b>Period from January 1 to September 30</b>		
Capitalized production	486	441
Joint operation of routes	(4)	(7)
Operations-related currency hedges	11	72
Emission trade schemes (ETS)	(27)	(28)
Other	1	10
<b>Other income and expenses</b>	<b>467</b>	<b>488</b>

## 8. OTHER NON-CURRENT INCOME AND EXPENSES

<i>In € millions</i>	2021	2020
<b>Period from January 1 to September 30</b>		
Restructuring costs	55	(791)
Accelerated depreciation of fleet	(37)	(670)
Modification on pension plans	(956)	-
Disposal of subsidiaries and affiliates	25	(1)
Disposals of other assets	2	12
Other	5	(2)
<b>Other non-current income and expenses</b>	<b>(906)</b>	<b>(1,452)</b>

- **Period ended September 30, 2021**

### Restructuring costs

This line mainly includes a reversal of the voluntary departure plan provision for Air France ground staff, amounting to €86 million following an adjustment based on the definitive nominal roll and departure allowances, and an additional provision related to the voluntary departure plan for HOP! amounting to €(28) million.

### Impairment of fleet

This line includes the impact of the early phase-out of the twenty-five CRJ aircraft from the HOP! fleet for €(37) million. Depreciation slopes have been revised so that the net book value as of the date of the aircraft's phase-out expected in 2022 converges with the estimated market value.

# Air France-KLM Group

## Modifications to pension plans

Following the modification of KLM's Ground Staff pension plan (see note 1.2. Events that occurred in the period), the total impact of the de-recognition of the pension assets together with the additional contributions has been booked in "Other non-current income and expenses" and amounts to a charge of €938 million.

## Result on the disposal of subsidiaries and affiliates

This line corresponds to the capital gain on the disposal of a 15 percent shareholding in Servair on May 31, 2021 (see note 1.2. Events that occurred in the period).

- **Period ended September 30, 2020**

## Restructuring costs

As of September 30, 2020, this line mainly includes:

- the voluntary departure plan provision for KLM staff, amounting to €(178) million,
- the cost related to the project of collective mutual agreement on termination of contract ("Rupture Conventionnelle Collective") for Air France pilots and flight attendants, to the voluntary departure plan for Air France ground staff and the departure plan ("PDV-PSE") for HOP! employees amounting to €(573) million,
- the voluntary departure plan provision for Air France-KLM international commercial organization abroad for €(27) million.

## Impairment of fleet

As of September 30, 2020, this line relates to the impact of the phase-out of the A380, A340, B747 and CRJ fleet by Air France-KLM Group, following the drastic reduction in air traffic due to the Covid-19.

- **Phase-out of Air France's A380 aircraft**

The final phase-out of the nine aircraft in the A380 fleet announced on May 20, 2020, and initially planned for the end of 2022, had been brought forward to 2020. The related impact amounts to €(565) million as of September 30, 2020.

At the end of September 2020, five A380 aircraft were still owned and three are leased.

- **Phase-out of KLM's B747 aircraft**

A €19 million impairment had been recorded to revalue the eight KLM B747s at their estimated market value.

- **Phase-out of Air France's A340 aircraft**

A €72 million impairment had been recorded to revalue the four Air France A340 aircraft at their estimated market value following the phase-out decision on May 6, 2020. At the end of September 2020, three A340 aircraft were still owned.

- **Phase-out of HOP! CRJ aircraft**

This line included the impact of the early phase-out of the twenty-five CRJ aircraft from the HOP! fleet for €(14) million. Depreciation slopes had been revised so that the net book value as of the date of the aircraft's phase-out expected in 2022 converges with the estimated market value.

# Air France-KLM Group

## 9. NET COST OF FINANCIAL DEBT AND OTHER FINANCIAL INCOME AND EXPENSES

<i>In € millions</i>	<b>2021</b>	<b>2020</b>
<b>Period from January 1 to September 30</b>		
Income from marketable securities	(15)	(4)
Other financial income	17	22
<b>Financial income</b>	<b>2</b>	<b>18</b>
Interest on financial debt	(251)	(120)
Interest on lease debt	(180)	(193)
Capitalized interests	19	17
Other non-monetary items	(62)	(49)
Other financial expenses	(9)	(5)
<b>Gross cost of financial debt</b>	<b>(483)</b>	<b>(350)</b>
<b>Net cost of financial debt</b>	<b>(481)</b>	<b>(332)</b>
Foreign exchange gains (losses), net	(127)	108
Financial instruments and change in fair value of hedged shares	26	(568)
Net (charge)/release to provisions	(3)	(11)
Undiscounting of provisions	(85)	(124)
Other	(10)	(26)
<b>Other financial income and expenses</b>	<b>(199)</b>	<b>(621)</b>
<b>Total</b>	<b>(680)</b>	<b>(953)</b>

### *Financial income*

Financial income mainly consists in interest income on financial assets accounted at the effective interest rate.

### *Foreign exchange gain (losses)*

As of September 30, 2021, the foreign exchange result mainly includes an unrealized currency loss of €(198) million, composed of a €(183) million loss on return obligation liabilities in US dollars and provisions for the restitution of leased aircraft in US dollars.

As of September 30, 2020, the foreign exchange losses mainly include an unrealized currency gain of €95 million of which a €132 million gain on return obligation liabilities and provisions on aircraft in US dollars.

### *Financial instruments and change in fair value of hedged shares*

As of September 30, 2020, due to the significant reduction expected and realized in fuel consumption for 2020 and the beginning of 2021, this line included the impact of over-hedging, amounting to € (612) million recycled to the income statement. At the end of September 2020, an amount of € (500) million of these derivatives had been settled and € (112) million related to the period October 2020-March 2021.

### *Undiscounting of provision*

The rate used to undiscount the return obligation liability and provision for leased aircraft and other long term provisions is 3.4 percent in 2021 against 4.5 percent in 2020.

### *Other*

As of September 30, 2020, this line mainly included the premiums paid on the early reimbursement of a portion of the bonds with maturity dates in 2021 and 2022. The total amount of premiums was €22 million.

# Air France-KLM Group

## 10. INCOME TAXES

### 10.1. Income tax charge

<i>In € millions</i>	2021	2020
<b>Period from January 1 to September 30</b>		
<b>Current tax (expense) / income</b>	<b>(6)</b>	<b>67</b>
Change in temporary differences	261	38
(Use / de-recognition) / recognition of tax loss carry forwards	-	(347)
<b>Deferred tax income / (expense)</b>	<b>261</b>	<b>(309)</b>
<b>Total</b>	<b>255</b>	<b>(242)</b>

The current income tax charge relates to the amounts paid or payable in the short term to the tax authorities for the period, in accordance with the regulations prevailing in various countries and any applicable treaties.

- **French fiscal group**

In France, the corporate tax rate is 28.41 percent for 2021. The French Finance Act 2018 provides for a gradual reduction in the French corporate tax rate to 25.83 percent in 2022. Tax losses can be carried forward for an unlimited period. However, the amount of fiscal loss recoverable each year is limited to 50 percent of the profit for the period beyond the first million euros. The Group limits its recoverability horizon on the deferred tax losses of the French fiscal group to a period of five years, consistent with its strategic plan.

The deferred tax assets position on tax losses remains stable versus December 31, 2020 at €285 million resulting from the uncertainty induced by the current public health context leading the Group to keep its deferred tax asset recognition policy unchanged.

Subsequently, an amount of €495 million of deferred tax assets related to tax losses and temporary differences has not been recognized for the period ended September 30, 2021.

- **Dutch fiscal group**

In the Netherlands, the tax rate is 25 percent in 2021. Under income tax law in the Netherlands, the maximum future period for utilising tax losses carried forward is currently six years. As from January 1, 2022, this period will become indefinite for tax losses.

However, the amount of fiscal loss recoverable each year is limited to 50 percent of the profit for the period beyond the first million euros. The Dutch Parliament has not formalized these changes in the Dutch tax law yet.

As of September 30, 2021, the Dutch fiscal group has deferred taxes assets on fiscal losses amounting to €50 million, relating to an interest deduction allowance which can be carried forward indefinitely (€10 million as of December 31, 2020).

In addition, an amount of €234 million of deferred tax liabilities has been derecognized following the changes in the ground staff pension plan into a defined contributions plan (see note 1.2. Events that occurred in the period).

In view of the uncertainty surrounding the business outlook due to the health situation, the Group has limited the recognition of deferred tax assets for additional tax losses in the period. Subsequently, an amount of €96 million of deferred tax assets has not been recognized for the nine-month period ended September 30, 2021.

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## 10.2. Effective tax rate

The difference between the standard and effective tax rate applied in France is detailed as follows:

<i>In € millions</i>	<b>2021</b>	<b>2020</b>
<b>Period from January 1 to June 30</b>		
Income before tax	(3,406)	(5,788)
Standard tax rate in France	28.41%	32.02%
Theoretical tax calculated based on the standard tax rate in France	968	1,853
Differences in French / foreign tax rates	(60)	(120)
Non-deductible expenses or non-taxable income	(68)	(60)
Write-off of deferred tax assets	(584)	(1,858)
Impact of change in income-tax rate	-	(39)
CVAE impact	-	(10)
Other	(1)	(8)
<b>Income tax expenses</b>	<b>255</b>	<b>(242)</b>
Effective tax rate	7.5%	-4.2%

## 11. CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS

<i>In € millions</i>	<b>As of September 30, 2021</b>	<b>As of December 31, 2020</b>
Liquidity funds (SICAV) (assets at fair value through profit and loss)	4,399	4,267
Bank deposits and term accounts (assets at fair value through profit and loss)	970	654
Cash in hand	1,623	1,502
<b>Total cash and cash equivalents</b>	<b>6,992</b>	<b>6,423</b>
Bank overdrafts	(2)	(1)
<b>Cash, cash equivalents and bank overdrafts</b>	<b>6,990</b>	<b>6,422</b>

## 12. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AIR FRANCE-KLM SA

### 12.1 Capital increase

Following the realization of the capital increase on April 19, 2021, the Company's share capital has increased to €642,634,034 divided into 642,634,034 shares, each with a nominal value of €1 (see 1.2. Events that occurred in the period).

### 12.2 Breakdown of stock and voting rights

As of September 30, 2021, the issued capital of Air France-KLM is thus composed of 642,634,034 fully paid-up shares with a nominal value of €1. Each share is entitled to one vote. However since April 3, 2016, shareholders who have held their shares in registered form for at least two years benefit from double voting rights.



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The breakdown of stock and voting rights is as follows:

<i>In percentage(%)</i>	<b>September 30, 2021</b>		<b>December 31, 2020</b>	
	Capital	Voting rights	Capital	Voting rights
French State	28.6	28.5	14.3	20.9
China Eastern Airlines	9.6	11.5	8.8	12.8
Dutch State	9.3	13.9	14.0	10.2
Delta Airlines	5.8	8.7	8.8	12.8
Employees and former employees	2.5	3.7	3.7	5.4
Treasury shares	0.2	0.3	0.3	0.4
Other	44.0	33.4	50.1	37.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

The item "Employees and former employees" includes the shares held by employees and former employees identified in company mutual funds (FCPE).

## 12.3 Super-Subordinated Notes

On April 20, 2021, the Group issued €3 billion of Super-subordinated bond subscribed by the French State, to offset its direct loan of the same nominal amount (see note 1.2. Events that occurred in the period).

This non-monetary transaction is recorded in the Group's consolidated balance sheet as a reclassification to equity of €3 billion from the line "financial debt" (see note 13. Financial debt).

As of September 30, 2021, the accrued coupon amounts to €97 million.

## 12.4 Reserves and retained earnings

<i>In € millions</i>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Legal reserve	70	70
Pension defined benefit reserves <sup>(1)</sup>	(1,006)	(1,701)
Derivatives reserves <sup>(1)</sup>	260	18
Equity instruments reserves <sup>(1)</sup>	(53)	(52)
Other reserves	(8,593)	(1,227)
Net income (loss) – Equity holders of Air France-KLM	(3,161)	(7,078)
<b>Total</b>	<b>(12,483)</b>	<b>(9,970)</b>

(1) Net of the impact of deferred tax.

Following the transformation of the KLM Ground Staff pension plan, an amount of €204 million has been reclassified from the line Defined benefit pension reserves to the line Other reserves (see note 1.2. Events that occurred in the period).

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## 13. FINANCIAL DEBT

<i>In € millions</i>	As of September 30, 2021			As of December 31, 2020		
	Non current	Current	Total	Non current	Current	Total
Perpetual subordinated loan in Japanese yens <sup>(1)</sup>	154	-	154	158	-	158
Perpetual subordinated loan in Swiss francs <sup>(1)</sup>	346	-	346	347	-	347
OCEANE (convertible bonds) <sup>(1)</sup>	473	-	473	465	-	465
Bonds	2,036	-	2,036	1,229	289	1,518
Debt on financial leases with bargain option	2,989	419	3,408	2,908	604	3,512
Loans guaranteed by the French and the Dutch States <sup>(1)</sup>	4,705	-	4,705	4,685	-	4,685
States loan	278	-	278	3,278	-	3,278
Other debt	1,002	318	1,320	1,101	335	1,436
Accrued interest	1	95	96	-	90	90
<b>Total - Financial debt</b>	<b>11,984</b>	<b>832</b>	<b>12,816</b>	<b>14,171</b>	<b>1,318</b>	<b>15,489</b>

### Change in financial debt

<i>In € millions</i>	December 31, 2020	New financial debt(1)	Non monetary change	Reimbursement of financial debt	Currency translation adjustment	Other	September 30 2021
Perpetual subordinated loan in Japanese yens and Swiss francs	505	-	-	-	(5)	-	500
OCEANE	465	-	8	-	-	-	473
Bonds	1,518	800	-	(289)	7	-	2,036
Debt on financial leases with bargain option	3,512	365	22	(498)	9	(2)	3,408
Loans guaranteed by the French and the Dutch states	4,685	-	20	-	-	-	4,705
States loans	3,278	-	(3,000)	-	-	-	278
Other long-term debt	1,436	395	10	(536)	11	3	1,320
Accrued interest	90	-	9	-	-	(3)	96
<b>Total</b>	<b>15,489</b>	<b>1,560</b>	<b>(2,931)</b>	<b>(1,323)</b>	<b>22</b>	<b>(2)</b>	<b>12,816</b>

<sup>(1)</sup>The difference between the issuance of debt in the cash flow statement and the presentation in this table is explained by accrued interests being payable at the maturity date.

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## Maturity Analysis

The financial debt maturities breaks down as follows:

In € millions	As of September 30, 2021	As of December 31, 2020
Maturities in		
year Y	203	-
Y+1	1,127	1,318
Y+2	4,603	917
Y+3	1,338	4,542
Y+4	2,060	3,971
Over 4 years	3,485	4,741
<b>Total</b>	<b>12,816</b>	<b>15,489</b>

The KLM perpetual subordinated loan in Swiss francs and Japanese yens are included in the line “Over 4 years”.

## 14. NET DEBT

<i>In € millions</i>	<i>Notes</i>	September 30, 2021	December 31, 2020
Current and non-current financial debt	<i>13</i>	12,816	15,489
Repo triple A bonds		-	(84)
Current and non-current lease debt		3,560	3,264
Accrued interest		(112)	(107)
Deposits related to financial debt		(97)	(101)
Deposits related to lease debt		(86)	(80)
Derivatives impact on debt		(2)	27
<b>Gross financial debt (I)</b>		<b>16,079</b>	<b>18,408</b>
Cash and cash equivalents	<i>11</i>	6,992	6,423
Marketable securities <sup>(1)</sup>		193	193
Cash secured <sup>(1)</sup>		274	309
Triple A bonds <sup>(1)</sup>		501	518
Repo triple A bonds		-	(84)
Others		-	1
Bank overdrafts	<i>11</i>	(2)	(1)
<b>Liquidities net of undrawn credit lines (II)</b>		<b>7,958</b>	<b>7,359</b>
<b>Net debt (I-II)</b>		<b>8,121</b>	<b>11,049</b>

<sup>(1)</sup> Included in "Others financial assets".

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<i>In € millions</i>	September 30, 2021	December 31, 2020
<b>Opening net debt</b>	<b>11,049</b>	<b>6,147</b>
Operating free cash, cash flow excluding discontinued activities	202	4,721
Perpetual reclassified from equity	-	403
Coupons on perpetual reclassified from equity	-	26
Coupons on perpetual reclassified from financial debt	(3,000)	-
Increase of equity	(1,024)	-
Disposal of subsidiaries, of shares in non-controlled entities	(71)	(357)
Acquisition of subsidiaries, of shares in non-controlled entities	2	1
Lease debts (new and renewed contracts)	807	336
Unrealised exchange gains and losses on lease financial debts through OCI	117	(215)
Other non monetary variation of the net debt	14	27
Currency translation adjustment	15	(15)
Amortization of OCEANE optional part	8	11
Change in scope		(50)
Other	2	14
<b>Closing net debt</b>	<b>8,121</b>	<b>11,049</b>

## 15. DEFERRED REVENUE ON TICKET SALES

This line corresponds to the unused air tickets which will be recognized in revenues at the date of transportation. Due to the Covid-19 crisis and resulting borders closures, the Group has been forced to reduce capacity and cancel a significant number of flights. In such an eventuality, customers can either ask for the refund of their tickets or the issuance of a voucher.

As of September 30, 2021, this line includes:

- €301 million of air tickets (fare and carrier imposed charges) for which the date of transportation has passed and which are eligible for refunds versus €699 million as of December 31, 2020,
- €439 million of vouchers that can be used for future flights (or which can be refunded) versus €739 million as of December 31, 2020.

## 16. OTHER LIABILITIES

<i>In € millions</i>	As of September 30, 2021		As of December 31, 2020	
	Current	Non-current	Current	Non-current
Tax liabilities (including corporation tax)	680	1,151	565	625
Employee-related liabilities	939	1,427	1,134	545
Non-current asset payables	46	-	96	-
Deferred income	854	50	836	36
Prepayments received	345	-	342	-
Other	255	99	203	88
<b>Total</b>	<b>3,119</b>	<b>2,727</b>	<b>3,175</b>	<b>1,294</b>

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