

**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 – March 31, 2021

Air France-KLM Group

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Air France-KLM Group

CONSOLIDATED INCOME STATEMENT (unaudited)

<i>In € millions</i>			
Period from January 1 to March 31	<i>Notes</i>	2021	2020
Sales	<i>3</i>	2,161	5,020
Revenues		2,161	5,020
External expenses	<i>4</i>	(1,698)	(3,396)
Salaries and related costs	<i>5</i>	(1,166)	(1,916)
Taxes other than income taxes		(41)	(56)
Other income and expenses	<i>7</i>	117	287
EBITDA		(627)	(61)
Amortization, depreciation and provisions	<i>6</i>	(552)	(754)
Income from current operations		(1,179)	(815)
Sales of aircraft equipment		(3)	(1)
Other non-current income and expenses	<i>8</i>	(4)	(45)
Income from operating activities		(1,186)	(861)
Cost of financial debt	<i>9</i>	(189)	(102)
Income from cash and cash equivalents	<i>9</i>	1	7
Net cost of financial debt		(188)	(95)
Other financial income and expenses	<i>9</i>	(90)	(666)
Income before tax		(1,464)	(1,622)
Income taxes	<i>10</i>	(11)	(173)
Net income of consolidated companies		(1,475)	(1,795)
Share of profits (losses) of associates		(7)	(8)
Net income from continuing operations		(1,482)	(1,803)
Net income for the period		(1,482)	(1,803)
<i>Non-controlling interests</i>		<i>(1)</i>	<i>(2)</i>
<i>Net income - Group part</i>		<i>(1,481)</i>	<i>(1,801)</i>
Earnings per share – Equity holders of Air France-KLM (in euros)			
- basic		(3.46)	(4.22)
- diluted		(3.46)	(4.22)

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

Air France-KLM Group

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES (unaudited)

<i>In € millions</i>		
Period from January 1 to March 31	2021	2020
Net income for the period	(1,482)	(1,803)
Cash flow hedges and cost of hedging		
Effective portion of changes in fair value hedge and cost of hedging recognized directly in other comprehensive income	114	(1,506)
Change in fair value and cost of hedging transferred to profit or loss	9	586
Currency translation adjustment	1	-
Deferred tax on items of comprehensive income that will be reclassified to profit or loss	(33)	185
Total of other comprehensive income that will be reclassified to profit or loss	91	(735)
Remeasurements of defined benefit pension plans ⁽¹⁾	420	495
Fair value of equity instruments revalued through OCI	(3)	(23)
Deferred tax on items of comprehensive income that will not be reclassified to profit or loss	(100)	(66)
Total of other comprehensive income that will not be reclassified to profit or loss	317	406
Total of other comprehensive income, after tax	408	(329)
Recognized income and expenses	(1,074)	(2,132)
- Equity holders of Air France-KLM	(1,074)	(2,130)
- Non-controlling interests	-	(2)

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⁽¹⁾ Remeasurement of defined benefit pension plans is composed of €120 million related to the difference between the expected and actual return on assets (March 2020: €(1 099) million) and €300 million related to the change in actuarial assumptions (March 2020: €1 594 million).

Air France-KLM Group

CONSOLIDATED BALANCE SHEET (unaudited)

Assets		March 31,	December 31,
<i>In € millions</i>	<i>Notes</i>	2021	2020
Goodwill		221	215
Intangible assets		1,259	1,230
Flight equipment		10,800	11,031
Other property, plant and equipment		1,476	1,548
Right-of-use assets		4,795	4,678
Investments in equity associates		223	230
Pension assets		551	211
Other financial assets		808	795
Derivatives		101	92
Deferred tax assets		257	282
Other non-current assets		3	4
Total non-current assets		20,494	20,316
Other short-term financial assets		615	607
Derivatives		262	160
Inventories		529	543
Trade receivables		1,340	1,248
Other current assets		1,017	914
Cash and cash equivalents	<i>11</i>	5,059	6,423
Total current assets		8,822	9,895
Total assets		29,316	30,211

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

Air France-KLM Group

CONSOLIDATED BALANCE SHEET (unaudited) (continued)

Liabilities and equity		March 31,	December 31,
<i>In € millions</i>	<i>Notes</i>	2021	2020
Issued capital		429	429
Additional paid-in capital		4,139	4,139
Treasury shares		(25)	(25)
Perpetual bonds		-	-
Reserves and retained earnings		(11,045)	(9,970)
Equity attributable to equity holders of Air France-KLM		(6,502)	(5,427)
Non-controlling interests		9	9
Total equity		(6,493)	(5,418)
Pension provisions		2,105	2,147
Return obligation liability and other provisions		3,780	3,670
Financial debt	<i>12</i>	14,238	14,171
Lease debt		2,599	2,425
Derivatives		56	122
Deferred tax liabilities		136	22
Other non-current liabilities	<i>15</i>	1,760	1,294
Total non-current liabilities		24,674	23,851
Return obligation liability and other provisions		1,342	1,337
Current portion of financial debt	<i>12</i>	1,325	1,318
Lease debt		831	839
Derivatives		92	363
Trade payables		1,372	1,435
Deferred revenue on ticket sales	<i>14</i>	2,233	2,394
Frequent flyer programs		917	916
Other current liabilities	<i>15</i>	3,019	3,175
Bank overdrafts	<i>11</i>	4	1
Total current liabilities		11,135	11,778
Total liabilities		35,809	35,629
Total equity and liabilities		29,316	30,211

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

Air France-KLM Group

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)

In € millions

	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
December 31, 2019	428,634,035	429	4,139	(67)	403	(2,620)	2,284	15	2,299
<i>Other comprehensive income</i>		-	-	-	-	(329)	(329)	-	(329)
Net result for the period		-	-	-	-	(1,801)	(1,801)	(2)	(1,803)
Total of income and expenses recognized		-	-	-	-	(2,130)	(2,130)	(2)	(2,132)
Other		-	-	-	-	18	18	-	18
March 31, 2020	428,634,035	429	4,139	(67)	403	(4,732)	172	13	185
December 31, 2020	428,634,035	429	4,139	(25)	-	(9,970)	(5,427)	9	(5,418)
<i>Other comprehensive income</i>		-	-	-	-	407	407	1	408
Net result for the period		-	-	-	-	(1,481)	(1,481)	(1)	(1,482)
Total of income and expenses recognized		-	-	-	-	(1,074)	(1,074)	-	(1,074)
Other		-	-	-	-	(1)	(1)	-	(1)
March 31, 2021	428,634,035	429	4,139	(25)	-	(11,045)	(6,502)	9	(6,493)

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

The amounts included in other comprehensive income are presented net of deferred tax.

Air France-KLM Group

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

Period from January 1 to March 31	Notes	2021	2020
<i>In € millions</i>			
Net income from continuing operations		(1,482)	(1,803)
Amortization, depreciation and operating provisions		553	754
Financial provisions		27	51
Loss (gain) on disposals of tangible and intangible assets		3	1
Derivatives – non monetary result		(41)	432
Unrealized foreign exchange gains and losses, net		125	142
Share of (profits) losses of associates		7	8
Deferred taxes		7	166
Impairment	8	8	21
Other non-monetary items		3	48
Financial capacity		(790)	(180)
(Increase) / decrease in inventories		8	22
(Increase) / decrease in trade receivables		(72)	596
Increase / (decrease) in trade payables		(85)	(309)
Increase / (decrease) in advanced ticket sales		(153)	179
Change in other receivables and payables		210	(26)
Change in working capital requirement		(92)	462
Net cash flow from operating activities (A)		(882)	282
Acquisition of subsidiaries, of shares in non-controlled entities		(4)	(1)
Purchase of property plant and equipment and intangible assets (B)		(466)	(869)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities		-	356
Proceeds on disposal of property plant and equipment and intangible assets (C)		220	11
Decrease (increase) in net investments, more than 3 months		1	-
Net cash flow used in investing activities		(249)	(503)
Issuance of debt	12	302	2,710
Repayment on debt	12	(331)	(588)
Payments on lease debts (D)		(216)	(249)
New loans		(18)	(7)
Repayment on loans		20	4
Dividends and coupons on perpetual paid		-	-
Net cash flow from financing activities		(243)	1,870
Effect of exchange rate on cash and cash equivalents and bank overdrafts (net of cash acquired or sold)		7	(3)
Change in cash and cash equivalents and bank overdrafts		(1,367)	1,646
Cash and cash equivalents and bank overdrafts at beginning of period	11	6,422	3,711
Cash and cash equivalents and bank overdrafts at end of period	11	5,055	5,357

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

Air France-KLM Group

OPERATING FREE CASH-FLOW (UNAUDITED)

Period from January 1 to March 31	<i>Notes</i>	2021	2020
<i>in € millions</i>			
Net cash flow from operating activities	<i>A</i>	(882)	282
Purchase of property plant and equipment and intangible assets	<i>B</i>	(466)	(869)
Proceeds on disposal of property plant and equipment and intangible assets	<i>C</i>	220	11
Operating free cash flow	<i>13</i>	(1,128)	(576)
Payments on lease debts	<i>D</i>	(216)	(249)
Operating free cash flow adjusted		(1,344)	(825)

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

**NOTES TO THE INTERIM CONSOLIDATED
FINANCIAL INFORMATION**

Air France-KLM Group

1. SIGNIFICANT EVENTS

1.1. COVID-19

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 stringent conditions on worldwide travel adopted by many countries from March 2020 has resulted in a drastic air traffic reduction in 2020. Since early January 2021, further measures have been 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, limiting again the airline traffic.

The Group has already taken a number of strong measures to mitigate the effect of Covid-19 on its business and continues to closely monitor and evaluate further developments. These actions include, amongst others, a substantial reduction in network capacity, structural changes to the fleet, salary moderation, staff reductions and cash preservation.

Reduction in capacity and costs

Available seat-kilometers for the Passenger network and Transavia were down by 48.6% and available ton-kilometers for Cargo decreased by 16% in the first quarter 2021 compared to first quarter 2020. Consequently, the Group's revenues amounted to €2,161 million, a decrease of 56.9% compared to last year.

In parallel, the reduction in capacity and traffic linked to the Covid-19 crisis and the specific cost-saving initiatives led to a decline in the Group's external expenses including fuel to €1,698 million, i.e. a 50% reduction compared to the first quarter of 2020.

Within external expenses, fuel costs amounted at €463 million, a drop by 60.9% versus 2020, following the reduction in capacity and a lower jet fuel price.

The salaries and related costs amounted at €1,166 million in the first quarter 2021, down 39.1% compared to last year, resulting from staff reductions and the State supports on salaries.

Indeed, as of March 23, 2020, Air France and its French subsidiaries implemented partial activity measures ("Activité Partielle") and KLM received support from the Dutch government thanks to "Temporary Emergency Bridging Measures for Sustained Employment" (NOW), applicable from March 1, 2020.

These measures has a positive impact of around €543 million for the first quarter of 2021. The impact has been booked under Salaries and related costs (see Note 5. Salaries and number of employees).

In 2020, the Air France KLM Group also announced and implemented restructuring, staff reduction plans and structural changes to fleet (see Note 2.2. Events occurring during the period of notes to consolidated financial statements of December 31, 2020).

Liquidity position

As of March 31, 2021, the Group's liquidity position consisted of total cash of €8.47 billion, of which €6.01 billion in liquidity (see Note 13. Net debt) and €2.46 billion in undrawn credit lines (see Note 30 Financial debt of notes to consolidated financial statements of December 31, 2020).

In April 2021, the Group's liquidity position has been improved by €1 billion thanks to the Air France-KLM Group capital-strengthening measures (see note 1.3. Subsequent events).

In addition, the Group stick with their measures initiated in 2020 to defer non-essential capital expenditures and internal projects and defer payment of the wage tax, social contributions and aeronautical charges.

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 significant fall in revenue, lost ticket sales and substantially negative cash flows 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 first semester ended March 31, 2021, going concern has been appreciated 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 cash of €8.47 billion at March 31, 2021.

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The 2021 budget, as modelled by the management and approved by the Board of Directors, assumes a gradual ramp-up in passenger demand with a stronger recovery in traffic in the second part of year thanks to the vaccination roll-out.

This plan will ensure a level of liquidity considered to be adequate thanks to the following elements:

- 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 continued specific mechanisms from the French and Dutch governments to partially cover staff costs through the “NOW” program in the Netherlands and the Long-Term Partial Activity (“APLD”) in France;
- A high level of variable costs linked to a reduction in capacity;
- The reduction in the capital expenditure plans;
- The systematic refinancing secured by assets of new aircraft delivered from manufacturers

Based on these financial forecasts, the banking covenants applicable in 2021, including the €2.46 billion Revolving Credit Facility at the level of KLM (see note 30. Financial Debt of notes to consolidated financial statements of December 31, 2020), are met.

In addition, in April 2021, Air France-KLM Group has announced capital-strengthening measures. They allow to increase the stockholders’ equity, provide further liquidity and secure access to additional financing secured by assets.

Lastly, and more generally, the French and Dutch States have shown their support to enable Air France and KLM to weather the current difficulties.

Based on the liquidity analysis for the next 12 months, recovery plan and measures taken since the inception of the Covid-19 crisis, the interim consolidated financial information has been prepared on the basis of going concern principle.

1.2. Events that occurred in the period

Long-term partial activity agreement

During the first semester 2021, Air France and some affiliates have finalized the agreements with representative trade unions allowing the use of the Long Term Partial Activity (APLD) for a maximum period of 24 months.

Approval of Hop ! departure plan

As part of its restructuring, HOP! has launched a departure plan (“PDV-PSE”) (see note 2.2 Events occurring during the period of notes to consolidated financial statements of December 31, 2020). On February 16, 2021, HOP! received a request from the French Labour Ministry (DIRECCTE) to amend some measures of the plan concerning flight crew. This request does not call into question either the company's transformation plan or the appropriateness of the provision accounted for in the financial statements as of March 31, 2021.

Additional restructuring KLM

On January 21, 2021, the KLM Group announced that given the ongoing COVID-19 crisis and related reduced workload, between 800 to 1,000 additional jobs will need to be reduced. It concerns approximately 500 jobs within cabin, 100 at cockpit and between 200 and 400 within the ground domain

Air France-KLM Group

1.3. Subsequent events

Air France-KLM Group capital-strengthening measures

On April 5, 2021, the Air France-KLM Group's Board of Directors has approved the following plan in relation to Air France, which has been validated by the European Commission in its decision to authorize €4 billion French State measures to recapitalize Air France and its Holding company.

- A capital increase for an amount up to €1 billion, without preferential subscription rights but with a priority period for the existing shareholders, within the limits of the nineteenth resolution approved at the Annual General Meeting on May 26, 2020, allowing existing shareholders to not be diluted, by subscribing shares during the priority period up to their stake in Air France-KLM's share capital.
- Simultaneously, the conversion of fully drawn of €3 billion French State loan into perpetual hybrid bonds instrument ("Super Subordinated Notes").

Additionally, the French state-backed loan of €4 billion has been extended with a final maturity date in 2023. The Dutch State-backed loan of €2.4 billion has a maturity date in 2025. These elements enable smoothen the debt redemption profile of the Group and the airlines, with a smooth extension of the debt maturity profile of the Group.

The European Commission, following commitments made by Air France to release up to 18 take-off and landing rights (slots) at Paris-Orly airport, has approved these measures. Other general commitments were made, including restrictions on acquisitions, share buy-backs dividend distributions and executive management's remuneration.

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

On April 19, 2021, the Group has announced the success of 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).

This operation improves the Group's equity accounting standards, and bring the same amount of new money to the Group for the benefit of Air France.

The capital increase results in the issuance of 213,999,999 new shares (the "New Shares") at a price per share of €4.84, representing approximately 50% of the Company's existing share capital.

As per their subscription commitments, and given the allotment scale of reducible orders, the French State and China Eastern Airlines subscribed in the context of the priority period respectively 122,560,251 New Shares (i.e. 57% of the total amount of the Capital Increase) and 23,944,689 New Shares (i.e. 11% 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 place in the United States.

Following the completion of the capital increase, the Company's share capital has increased to €642,634,034 divided in 642,634,034 shares, each with a nominal value of €1 (see press release on Air France KLM website of April 19, 2021).

On April 20, 2021, the €3 billion direct loan provided by the French State to Air France via Air France-KLM late in May 2020 have been converted into Super-Subordinated Notes of the same nominal amount, improving the Group's equity by €3 billion with no cash impact, while increasing the Group's flexibility in its debt redemption profile. This issue will be composed of three tranches with a perpetual maturity and a nominal amount of €1 billion each, with respective first redemption options (Call) at 4, 5 and 6 years (see press release on Air France KLM website of April 21, 2021).

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2. ACCOUNTING PRINCIPLES

Pursuant to the European Regulation n° 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 March 31, 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 applies the amendments to IFRS 9, IFRS 7 and IFRS 16 in connection with "Phase 2" of the interest rate reform. The application of these amendments has no impact on the Group's accounts.

The preparation of the 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 and the reported amounts of revenues and expenses at the closing date of the period ending March 31, 2021. The main areas of estimates relate to:

- the revenue recognition related to deferred revenue on ticket sales;
- the Flying Blue frequent flyer program;
- the financial instruments;
- the intangible and tangible assets;
- the lease contracts;
- the employee benefits;
- the return obligation liability and provision for leased aircraft;
- the other provisions; and
- the 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 provide the basis for these assumptions. The interim financial consolidated data for the period have thus been established taking into consideration the current context of the sanitary crisis linked to Covid-19 and on the basis of financial parameters available at the closing date.

The interim consolidated financial information as of March 31, 2021 has been reviewed by the Board of Directors on May 5, 2021.

Air France-KLM Group

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 Passenger network and Cargo operating revenues 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-sharing agreements. They also include commissions paid by SkyTeam alliance partners, code-sharing 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-sharing 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 "low-cost" 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 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 eight geographical areas:

- Metropolitan France
- Benelux
- Europe (excluding France and Benelux)
- Africa
- Middle East, Gulf, India (MEGI)
- Asia-Pacific
- North America
- Caribbean, West Indies, French Guyana, Indian Ocean, South America (CILA)

Only segment revenue is allocated by geographical sales area.

• Activity by destination

Group activities by destination are broken down into seven geographic 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

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3.1. Information by business segment

• Three-month period ended March 31, 2021

<i>In € millions</i>	Network	Maintenance	Transavia	Other	Non allocated	Total
Total sales	1,864	622	37	36	-	2,559
Intersegment sales	(6)	(363)	-	(29)	-	(398)
External sales	1,858	259	37	7	-	2,161
EBITDA	(621)	56	(77)	15	-	(627)
Income from current operations	(1,060)	(8)	(120)	9	-	(1,179)
Income from operating activities	(1,066)	(9)	(120)	9	-	(1,186)
Share of profits (losses) of associates	-	1	-	(8)	-	(7)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(278)	(278)
Income taxes	-	-	-	-	(11)	(11)
Net income	(1,066)	(8)	(120)	1	(289)	(1,482)

• Three-month period ended March 31, 2020

<i>In € millions</i>	Network	Maintenance	Transavia	Other	Non allocated	Total
Total sales	4,285	1,138	242	53	-	5,718
Intersegment sales	(7)	(645)	-	(46)	-	(698)
External sales	4,278	493	242	7	-	5,020
EBITDA	(143)	98	(20)	4	-	(61)
Income from current operations	(729)	(3)	(82)	(1)	-	(815)
Income from operating activities	(775)	(3)	(82)	(1)	-	(861)
Share of profits (losses) of associates	-	1	-	(9)	-	(8)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(761)	(761)
Income taxes	-	-	-	-	(173)	(173)
Net income	(775)	(2)	(82)	(10)	(934)	(1,803)

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3.2. Information by geographical area

External sales by geographical area

- Three-month period ended March 31, 2021

<i>In € millions</i>	Metropo- litan France	Benelux	Europe (except France and Benelux)	Africa	Middle- Eastern gulf India (MEGI)	Asia Pacific	North America	West Indies Caribbean Guyana Indian Ocean South America (CILA)	Total
Transportation	466	188	425	122	70	184	147	110	1,712
Other sales	29	9	38	13	8	24	14	11	146
Total network	495	197	463	135	78	208	161	121	1,858
Transportation	14	20	3	-	-	-	-	-	37
Other sales	-	-	-	-	-	-	-	-	-
Total Transavia	14	20	3	-	-	-	-	-	37
Maintenance	153	83	6	-	-	1	16	-	259
Others	2	5	-	-	-	-	-	-	7
Total	664	305	472	135	78	209	177	121	2,161

- Three-month period ended March 31, 2020

<i>In € millions</i>	Metropo- litan France	Benelux	Europe (except France and Benelux)	Africa	Middle- Eastern gulf India (MEGI)	Asia Pacific	North America	West Indies Caribbean Guyana Indian Ocean South America (CILA)	Total
Transportation	1,220	491	933	210	119	311	543	243	4,070
Other sales	81	36	32	14	5	24	11	5	208
Total network	1,301	527	965	224	124	335	554	248	4,278
Transportation	57	141	26	2	1	1	1	-	229
Other sales	-	-	(2)	-	-	3	2	10	13
Total Transavia	57	141	24	2	1	4	3	10	242
Maintenance	236	227	5	-	-	-	25	-	493
Others	1	6	-	-	-	-	-	-	7
Total	1,595	901	994	226	125	339	582	258	5,020

Air France-KLM Group

Traffic sales by geographical area of destination

- Three-month period ended March 31, 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	120	200	193	339	340	239	281	1,712
Transavia	4	31	-	2	-	-	-	37
Total	124	231	193	341	340	239	281	1,749

- Three-month period ended March 31, 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	307	794	416	611	830	478	634	4,070
Transavia	3	204	-	22	-	-	-	229
Total	310	998	416	633	830	478	634	4,299

4. EXTERNAL EXPENSES

<i>In € millions</i>	2021	2020
Period from January 1 to March 31		
Aircraft fuel	463	1,185
Chartering costs	69	89
Landing fees and air route charges	215	387
Catering	58	164
Handling charges and other operating costs	191	359
Aircraft maintenance costs	345	614
Commercial and distribution costs	59	194
Other external expenses	298	404
Total	1,698	3,396
<i>Excluding aircraft fuel</i>	<i>1,235</i>	<i>2,211</i>

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5. SALARIES AND NUMBER OF EMPLOYEES

Salaries and related costs

<i>In € millions</i>	2021	2020
Period from January 1 to March 31		
Wages and salaries	1,065	1,392
Social contributions	203	257
Pensions costs on defined contribution plans	121	170
Pensions costs of defined benefit plan	74	76
Cost of temporary employees	12	55
Profit sharing and payment linked with shares	(14)	-
Temporary Emergency Bridging Measure for Sustained Employment	(320)	-
Other	25	(34)
Total	1,166	1,916

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, starting from March 23, 2020 Air France and its main French subsidiaries implemented part-time activity for its employees.

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

As of March 31, 2021, the impact of this measure amounts to €223 million, including €212 million allocated to the lines “Wages and salaries” and “Social contributions” and €11 million allocated in the line “Other” corresponding to the aid in relation with part-time activity for the month of March which has not been processed by the payroll and therefore not yet allocated to the line “Salaries” (vs. €49 million as of March 31, 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 March 31, 2021. This compensation amounts to €320 million.

Average number of employees

Period from January 1 to March 31	2021	2020
Flight deck crew	8,252	8,732
Cabin crew	19,971	22,149
Ground staff	47,714	52,115
Temporary employees	537	2,398
Total*	76,474	85,394

**Excluding part-time activity impact*

Air France-KLM Group

6. AMORTIZATION, DEPRECIATION AND PROVISIONS

<i>In € millions</i>	2021	2020
Amortization		
Intangible assets	48	47
Flight equipment	241	319
Other property, plant and equipment	45	48
Right-of-Use assets	259	329
	593	743
Depreciation and provisions		
Inventories	7	9
Trade receivables	13	1
Risks and contingencies	(61)	1
	(41)	11
Total	552	754

7. OTHER INCOME AND EXPENSES

<i>In € millions</i>	2021	2020
Period from January 1 to March 31		
Capitalized production	127	245
Joint operation of routes	(1)	(2)
Operations-related currency hedges	2	42
Emission trade schemes (ETS)	(6)	(13)
Other	(5)	15
Other income and expenses	117	287

8. OTHER NON-CURRENT INCOME AND EXPENSES

<i>In € millions</i>	2021	2020
Period from January 1 to March 31		
Restructuring costs	(1)	1
Impairment of fleet	(8)	(46)
Other	5	-
Other non-current income and expenses	(4)	(45)

- **Three-month period ended March 31, 2021**

Impairment of fleet

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

As of March 31, 2021, this item mainly includes the impact of the early phase-out of the CRJs from the HOP! fleet for €(6) million. The depreciation slopes have been revised so that the net book value at the date of the aircraft's phase out in 2022 converges with the estimated realizable value (see note 2. Significant events of the consolidated financial statements as of December 2020).

Air France-KLM Group

- **Three-month period ended March 31, 2020**

Impairment of fleet

➤ **Phase-out of A380 aircraft**

This line corresponds to the impact of the early phase-out of the A380 aircraft of Air France fleet, announced in 2019. It includes the acceleration of the depreciation of these aircraft for €25 million

➤ **Phase-out of B747 aircraft**

This line corresponds to the impact of the impairment of the eight grounded B747 aircraft in KLM fleet for €21 million resulting from the drastic reduction, due to the COVID-19, of flight activities.

Air France-KLM Group

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

<i>In € millions</i>	2021	2020
Period from January 1 to March 31		
Income from marketable securities	(4)	(1)
Other financial income	5	7
Financial income	1	7
Interest on financial debt	(106)	(30)
Interest on lease debt	(60)	(65)
Capitalized interests	6	6
Other non-monetary items	(27)	(13)
Other financial expenses	(2)	-
Gross cost of financial debt	(189)	(102)
Net cost of financial debt	(188)	(95)
Foreign exchange gains (losses), net	(98)	(148)
Financial instruments and change in fair value of hedged shares	35	(450)
Net (charge)/release to provisions	-	(2)
Undiscounting of provisions	(27)	(42)
Other	-	(24)
Other financial income and expenses	(90)	(666)
Total	(278)	(761)

Financial income

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

Foreign exchange gain (losses)

As of March 31, 2021, the foreign exchange losses mainly include an unrealized currency loss of €(138) million which corresponds to a loss on return obligation liabilities and provisions on aircraft in US dollars.

As of March 31, 2020, the foreign exchange losses mainly included an unrealized currency loss of €147 million of which €79 million loss on return obligation liabilities and provisions on aircraft in US dollars, and an unrealized €54 million currency loss on financial debt in US dollar (€32 million), in Swiss francs (€23 million) and in Japanese Yen (€9 million).

Financial instruments and change in fair value of hedged shares

As of March 31, 2020, following the expected significant drop in fuel consumption, this line included the impact of over-hedging in the amount of €(455) million, of which €(231) million for the Air France Group and €(224) million for the KLM Group, recycled to the income statement.

Undiscounting of provision

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

Other

As of March 31, 2020, this line mainly included premiums paid on early reimbursement on part of the bonds with maturity dates in 2021 and 2022. The total premium was €21 million.

Air France-KLM Group

10. INCOME TAXES

10.1. Income tax charge

<i>In € millions</i>	2021	2020
Period from January 1 to March 31		
Current tax (expense) / income	(3)	(7)
Change in temporary differences	(8)	93
(Use / de-recognition) / recognition of tax loss carry forwards	-	(259)
Deferred tax income / (expense) from continuing operations	(8)	(166)
Total	(11)	(173)

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 tax rate is 28.41 per cent for 2021. The French Finance Act 2018 provides for a gradual reduction in the French corporate tax rate to 25.83 per cent 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 per cent 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 €284 million. An amount of €279 million of deferred tax assets has not been recognized for the three-month period ended March 31, 2021.

- **Dutch fiscal group**

In The Netherlands, the tax rate is 25 per cent in 2021. It would have been lowered to 21.7 per cent in 2021 but following the current COVID-19 crisis, the Dutch Government announced that the tax rate remains 25 per cent going forward and that tax losses could be carried forward indefinitely. 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 is likely to become indefinite for tax losses.

However, the amount of fiscal loss recoverable each year is limited to 50 per cent 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 March 31, 2021, the Dutch fiscal group has deferred taxes assets on fiscal losses amounting to €15 million, relating to an interest deduction allowance which can be carried forward indefinitely (€10 million as of December 31, 2020). An amount of €113 million of deferred tax assets has not been recognized for the three-month period ended March 31, 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>	2021	2020
Period from January 1 to March 31		
Income before tax	(1,464)	(1,622)
Standard tax rate in France	28.41%	32.02%
Theoretical tax calculated based on the standard tax rate in France	416	519
Differences in French / foreign tax rates	(18)	(47)
Non-deductible expenses or non-taxable income	(18)	(16)
Write-off of deferred tax assets	(392)	(619)
Impact of change in income-tax rate	-	(5)
CVAE impact	(1)	(4)
Other	2	(1)
Income tax expenses	(11)	(173)
Effective tax rate	-0.8%	-10.6%

11. CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS

<i>In € millions</i>	As of March 31, As of December 31,	
	2021	2020
Liquidity funds (SICAV) (assets at fair value through profit and loss)	3,173	4,267
Bank deposits and term accounts (assets at fair value through profit and loss)	445	654
Cash in hand	1,441	1,502
Total cash and cash equivalents	5,059	6,423
Bank overdrafts	(4)	(1)
Cash, cash equivalents and bank overdrafts	5,055	6,422

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12. FINANCIAL DEBT

<i>In € millions</i>	As of March 31, 2021			As of December 31, 2020		
	Non current	Current	Total	Non current	Current	Total
Perpetual subordinated loan in japanese yens	154	-	154	158	-	158
Perpetual subordinated loan in swiss francs	338	-	338	347	-	347
OCEANE (convertible bonds)	468	-	468	465	-	465
Bonds	1,235	289	1,524	1,229	289	1,518
Debt on financial leases with bargain option	3,040	562	3,602	2,908	604	3,512
Loans guaranteed by the French and the Dutch States	4,698	-	4,698	4,685	-	4,685
States loan	3,278	-	3,278	3,278	-	3,278
Other debt	1,027	317	1,344	1,101	335	1,436
Accrued interest	-	157	157	-	90	90
Total - Financial debt	14,238	1,325	15,563	14,171	1,318	15,489

Air France-KLM Group

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	March 31 2021
Perpetual subordinated loan in japanese yens and swiss francs	505	-	-	-	(13)	-	492
OCEANE	465	-	3	-	-	-	468
Bonds	1,518	-	-	-	6	-	1,524
Debt on financial leases with bargain option	3,512	227	4	(149)	(7)	15	3,602
Loans guaranteed by the French and the Dutch states	4,685	-	13	-	-	-	4,698
State loan	3,278	-	-	-	-	-	3,278
Other long-term debt	1,436	79	1	(182)	10	-	1,344
Accrued interest	90	-	(3)	-	-	70	157
Total	15,489	306	18	(331)	(4)	85	15,563

⁽¹⁾ 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

<i>In € millions</i>	December 31, 2019	New financial debt ⁽¹⁾	Non monetary change	Reimbursement of financial debt	Currency translation adjustment	Other	December 31, 2020
Perpetual subordinated loan in japanese yens and swiss francs	509	-	-	-	(4)	-	505
OCEANE	454	-	11	-	-	-	465
Bonds	1,128	744	1	(753)	(11)	409	1,518
Debt on financial leases with bargain option	3,485	776	23	(584)	(47)	(141)	3,512
Loans guaranteed by the French and the Dutch states	-	4,657	28	-	-	-	4,685
State loan	-	3,278	-	-	-	-	3,278
Other long-term debt	1,494	2,002	3	(2,052)	(11)	-	1,436
Accrued interest	43	-	(19)	-	-	66	90
Total	7,113	11,457	47	(3,389)	(73)	334	15,489

⁽¹⁾ 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

For more information, please refer to note 30 Financial debt of notes to consolidated financial statements of December 31, 2020.

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12.1 Maturity analysis

The financial debt maturities breaks down as follows:

In € millions	As of March 31, 2021	As of December 31, 2020
Maturities in		
year Y (9 months)	1,167	-
Y+1	966	1,318
Y+2	4,559	917
Y+3	3,999	4,542
Y+4	2,025	3,971
Over 4 years	2,847	4,741
Total	15,563	15,489

As of March 31, 2021, the KLM perpetual subordinated loan in Swiss francs and Japanese yens are included in the line “over 4 years”.

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13. NET DEBT

<i>In € millions</i>	March 31, 2021	December 31, 2020
Current and non-current financial debt	15,563	15,489
Repo triple A bonds	(83)	(84)
Current and non-current lease debt	3,430	3,264
Accrued interest	(174)	(107)
Deposits related to financial debt	(102)	(101)
Deposits related to lease debt	(83)	(80)
Derivatives impact on debt	15	27
Gross financial debt (I)	18,566	18,408
Cash and cash equivalents	5,059	6,423
Marketable securities ⁽¹⁾	215	193
Cash secured ⁽¹⁾	286	309
Triple A bonds ⁽¹⁾	540	518
Repo triple A bonds	(83)	(84)
Others	-	1
Bank overdrafts	(4)	(1)
Net cash (II)	6,013	7,359
Net debt (I-II)	12,553	11,049

(1) Included in "others financial assets"

<i>In € millions</i>	March 31, 2021	December 31, 2020
Opening net debt	11,049	6,147
Operating free cash, cash flow excluding discontinued activities	1,128	4,721
Perpetual reclassified from equity	-	403
Coupons on perpetual reclassified from equity	-	26
Disposal of subsidiaries, of shares in non-controlled entities	-	(357)
Acquisition of subsidiaries, of shares in non-controlled entities	4	1
Lease debts (new and renewed contracts)	269	336
Unrealised exchange gains and losses on lease financial debts through OCI	85	(215)
Currency translation adjustment	(6)	(15)
Amortization of OCEANE optional part	3	11
Other	(11)	14
Closing net debt	12,553	11,049

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14. DEFERRED REVENUE ON TICKET SALES

This line corresponds to the unused air tickets which will be recognized in revenues at the date of transportation. The COVID-19 crisis and the lockdown of borders cause the Group to reduce the capacity and cancel an important number of flights. In that case, customers can either ask for the refund of the ticket or the issuance of a voucher. As of March 31, 2021, this line includes €532 million of air tickets (fare and carrier imposed charges) for which the date of transportation has passed and which are eligible to refund versus €699 million as of December 31, 2020, and €642 million of vouchers that can be used for future flights (or which can be refunded) versus €739 million as of December 31, 2020.

15. OTHER LIABILITIES

<i>In € millions</i>	As of March 31,		As of December 31,	
	Current	Non-current	Current	Non-current
Tax liabilities	545	718	565	625
Employee-related liabilities	1,016	890	1,134	545
Non-current asset payables	57	-	96	-
Deferred income	842	36	836	36
Prepayments received	345	-	342	-
Other	214	116	203	88
Total	3,019	1,760	3,175	1,294

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