

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS**

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

**January 1, 2022 – June 30, 2022**

# Air France-KLM Group

## Table of contents

CONSOLIDATED INCOME STATEMENT (unaudited) .....	- 3 -
CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES (unaudited).....	- 4 -
CONSOLIDATED BALANCE SHEET (unaudited) .....	- 5 -
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited) .....	- 7 -
CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited).....	- 8 -
OPERATING FREE CASH-FLOW (UNAUDITED).....	- 9 -
1. BUSINESS DESCRIPTION .....	- 11 -
2. RESTATEMENT OF ACCOUNTS 2021 .....	- 11 -
3. SIGNIFICANT EVENTS .....	- 12 -
3.1. Going concern .....	- 12 -
3.2. Events that occurred in the period.....	- 13 -
3.3. Subsequent events .....	- 15 -
4. ACCOUNTING PRINCIPLES .....	- 15 -
5. CHANGE IN THE CONSOLIDATION SCOPE .....	- 16 -
6. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA .....	- 16 -
6.1. Information by business segment .....	- 17 -
6.2. Information by geographical area.....	- 18 -
7. EXTERNAL EXPENSES .....	- 19 -
8. SALARIES AND NUMBER OF EMPLOYEES .....	- 20 -
9. AMORTIZATION, DEPRECIATION AND PROVISIONS .....	- 21 -
10. OTHER CURRENT OPERATING INCOME AND EXPENSES .....	- 21 -
11. SALES OF AERONAUTICAL ASSETS AND OTHER NON-CURRENT INCOME AND EXPENSES ..	- 21 -
-	
12. NET COST OF FINANCIAL DEBT AND OTHER FINANCIAL INCOME AND EXPENSES.....	- 23 -
13. INCOME TAXES .....	- 24 -
13.1. Income tax charge .....	- 24 -
13.2. Deferred tax recorded in equity (equity holders of Air France-KLM).....	- 25 -
13.3. Effective tax rate .....	- 25 -
14. EARNINGS PER SHARE .....	- 25 -
14.1 Income for the period – Equity holders of Air France-KLM per share .....	- 25 -
14.2 Non-dilutive instruments .....	- 26 -
14.3 Instruments issued after the closing date.....	- 26 -
15. TANGIBLE ASSETS AND RIGHT-OF-USE ASSETS .....	- 27 -
16. CAPITAL EXPENDITURES .....	- 27 -
17. CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS .....	- 28 -
18. PENSION PROVISIONS .....	- 28 -
19. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AIR FRANCE-KLM SA.....	- 29 -
19.1 Capital increase and impact on additional paid-in capital .....	- 29 -
19.2 Breakdown of stock and voting rights.....	- 29 -
19.3 Perpetual.....	- 29 -
19.4 Reserves and retained earnings .....	- 30 -
20. RETURN OBLIGATION LIABILITY AND PROVISION FOR LEASED AIRCRAFT AND OTHER PROVISIONS .....	- 30 -
20.1. Provisions .....	- 30 -
20.2 Contingent liabilities .....	- 32 -
21. FINANCIAL LIABILITIES .....	- 33 -
21.1 OCEANE.....	- 34 -
21.2 Bonds.....	- 34 -
21.3 Financial support from the French and Dutch states .....	- 35 -
21.4 Other debt.....	- 35 -
21.5 Maturity analysis .....	- 35 -
21.6 Credit lines .....	- 35 -
22. LEASE DEBT .....	- 36 -
23. NET DEBT .....	- 36 -
24. OTHER LIABILITIES.....	- 37 -
25. FLIGHT EQUIPMENT ORDERS.....	- 38 -
26. RELATED PARTIES .....	- 39 -

# Air France-KLM Group

## CONSOLIDATED INCOME STATEMENT (unaudited)

<i>In € millions</i>			
<b>Period from January 1 to June 30</b>	<i>Notes</i>	<b>2022</b>	<b>2021 restated <sup>(1)</sup></b>
<b>Revenues</b>		<b>11,152</b>	<b>4,910</b>
External expenses	<i>7</i>	(7,080)	(3,592)
Salaries and related costs	<i>8</i>	(3,343)	(2,406)
Taxes other than income taxes		(80)	(69)
Other current operating income and expenses	<i>10</i>	503	280
<b>EBITDA</b>		<b>1,152</b>	<b>(877)</b>
Amortization, depreciation and provisions	<i>9</i>	(1,116)	(1,057)
<b>Income from current operations</b>		<b>36</b>	<b>(1,934)</b>
Sales of aircraft equipment	<i>11</i>	39	(14)
Other non-current income and expenses	<i>11</i>	(15)	(853)
<b>Income from operating activities</b>		<b>60</b>	<b>(2,801)</b>
Cost of financial debt	<i>12</i>	(277)	(339)
Income from cash and cash equivalents	<i>12</i>	-	3
<b>Net cost of financial debt</b>		<b>(277)</b>	<b>(336)</b>
Other financial income and expenses	<i>12</i>	(286)	(85)
<b>Income before tax</b>		<b>(503)</b>	<b>(3,222)</b>
Income taxes	<i>13</i>	278	263
<b>Net income of consolidated companies</b>		<b>(225)</b>	<b>(2,959)</b>
Share of profits (losses) of associates		(1)	(16)
<b>Net income for the period</b>		<b>(226)</b>	<b>(2,975)</b>
<i>Non-controlling interests</i>		2	(3)
<i>Net income - Group part</i>		(228)	(2,972)
Earnings per share – Equity holders of Air France-KLM (in euros)			
- basic	<i>14</i>	(0.42)	(5.87)
- diluted		(0.42)	(5.87)

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

<sup>(1)</sup> See note 2 in notes to the consolidated financial statements.

# Air France-KLM Group

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

<i>In € millions</i>			
<b>Period from January 1 to June 30</b>	<i>Notes</i>	<b>2022</b>	<b>2021 restated <sup>(1)</sup></b>
<b>Net income for the period</b>		<b>(226)</b>	<b>(2,975)</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		823	389
Change in fair value and cost of hedging transferred to profit or loss		(647)	(53)
Exchange difference resulting from the translation		8	-
Deferred tax on items of comprehensive income that will be reclassified to profit or loss	<i>13.2</i>	(48)	(91)
<b>Total of other comprehensive income that will be reclassified to profit or loss</b>		<b>136</b>	<b>245</b>
Remeasurements of defined benefit pension plans	<i>18</i>	415	693
Fair value of equity instruments revalued through OCI		(4)	1
Deferred tax on items of comprehensive income that will not be reclassified to profit or loss	<i>13.2</i>	(21)	(170)
<b>Total of other comprehensive income that will not be reclassified to profit or loss</b>		<b>390</b>	<b>524</b>
<b>Total of other comprehensive income, after tax</b>		<b>526</b>	<b>769</b>
<b>Recognized income and expenses</b>		<b>300</b>	<b>(2,206)</b>
- Equity holders of Air France-KLM		298	(2,205)
- Non-controlling interests		2	(1)

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

<sup>(1)</sup> See note 2 in notes to the consolidated financial statements.

# Air France-KLM Group

## CONSOLIDATED BALANCE SHEET (unaudited)

<b>Assets</b>		<b>June 30,</b>	<b>December 31,</b>
<i>In € millions</i>	<i>Notes</i>	<b>2022</b>	<b>2021</b>
Goodwill		223	222
Intangible assets		1,213	1,235
Flight equipment	<i>15</i>	10,521	10,466
Other property, plant and equipment	<i>15</i>	1,358	1,402
Right-of-use assets	<i>15</i>	5,439	5,148
Investments in equity associates		108	109
Other non-current financial assets		1,064	951
Non-current derivatives financial assets		304	143
Deferred tax assets	<i>13</i>	494	278
<b>Total non-current assets</b>		<b>20,724</b>	<b>19,954</b>
Assets held for sale		78	74
Other current financial assets		589	484
Current derivatives financial assets		954	469
Inventories		654	567
Trade receivables		2,045	1,511
Other current assets		1,133	966
Cash and cash equivalents	<i>17</i>	8,173	6,658
<b>Total current assets</b>		<b>13,626</b>	<b>10,729</b>
<b>Total assets</b>		<b>34,350</b>	<b>30,683</b>

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

# Air France-KLM Group

## CONSOLIDATED BALANCE SHEET (unaudited) (continued)

<b>Liabilities and equity</b>		<b>June 30,</b>	<b>December 31,</b>
<i>In € millions</i>	<i>Notes</i>	<b>2022</b>	<b>2021</b>
Issued capital	<i>19.1</i>	2,571	643
Additional paid-in capital	<i>19.1</i>	5,217	4,949
Treasury shares		(25)	(25)
Perpetual	<i>19.3</i>	1,389	3,151
Reserves and retained earnings	<i>19.4</i>	(12,349)	(12,542)
<b>Equity attributable to equity holders of Air France-KLM</b>		<b>(3,197)</b>	<b>(3,824)</b>
Non-controlling interests		10	8
<b>Total equity</b>		<b>(3,187)</b>	<b>(3,816)</b>
Pension provisions	<i>18</i>	1,558	1,939
Non-current return obligation liability and other provisions	<i>20</i>	4,272	4,055
Non-current financial liabilities	<i>21</i>	10,568	11,274
Non-current lease debt	<i>22</i>	3,335	2,924
Non-current derivatives financial liabilities		1	25
Deferred tax liabilities	<i>13</i>	3	1
Other non-current liabilities	<i>24</i>	2,465	2,555
<b>Total non-current liabilities</b>		<b>22,202</b>	<b>22,773</b>
Current return obligation liability and other provisions	<i>20</i>	838	885
Current financial liabilities	<i>21</i>	1,079	1,215
Current lease debt	<i>22</i>	851	825
Current derivatives financial liabilities		42	46
Trade payables		2,821	1,850
Deferred revenue on ticket sales		4,938	2,644
Frequent flyer programs		868	888
Other current liabilities	<i>24</i>	3,896	3,369
Bank overdrafts	<i>17</i>	2	4
<b>Total current liabilities</b>		<b>15,335</b>	<b>11,726</b>
<b>Total liabilities</b>		<b>37,537</b>	<b>34,499</b>
<b>Total equity and liabilities</b>		<b>34,350</b>	<b>30,683</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, 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>
Change in accounting policy			-	-	-	-	76	76	-	76
<b>January 1, 2021 - restated <sup>(1)</sup></b>		<b>428,634,035</b>	<b>429</b>	<b>4,139</b>	<b>(25)</b>	<b>-</b>	<b>(9,894)</b>	<b>(5,351)</b>	<b>9</b>	<b>(5,342)</b>
<i>Other comprehensive income</i>			-	-	-	-	767	767	2	769
Net result for the period			-	-	-	-	(2,972)	(2,972)	(3)	(2,975)
<b>Total of income and expenses recognized</b>			-	-	-	-	<b>(2,205)</b>	<b>(2,205)</b>	<b>(1)</b>	<b>(2,206)</b>
Capital increase		213,999,999	214	810	-	-	-	1,024	-	1,024
Perpetual			-	-	-	3,000	(4)	2,996	-	2,996
Coupons on perpetual			-	-	-	42	(42)	-	-	-
Other			-	-	-	-	(2)	(2)	-	(2)
<b>June 30, 2021 - restated <sup>(1)</sup></b>		<b>642,634,034</b>	<b>643</b>	<b>4,949</b>	<b>(25)</b>	<b>3,042</b>	<b>(12,147)</b>	<b>(3,538)</b>	<b>8</b>	<b>(3,530)</b>
<b>December 31, 2021</b>		<b>642,634,034</b>	<b>643</b>	<b>4,949</b>	<b>(25)</b>	<b>3,151</b>	<b>(12,542)</b>	<b>(3,824)</b>	<b>8</b>	<b>(3,816)</b>
<i>Other comprehensive income</i>			-	-	-	-	526	526	-	526
Net result for the period			-	-	-	-	(228)	(228)	2	(226)
<b>Total of income and expenses recognized</b>			-	-	-	-	<b>298</b>	<b>298</b>	<b>2</b>	<b>300</b>
Capital increase	3.2	1,927,902,102	1,928	268	-	-	-	2,196	-	2,196
Perpetual bonds	3.2		-	-	-	(1,631)	-	(1,631)	-	(1,631)
Coupons on perpetual	3.2		-	-	-	(131)	(105)	(236)	-	(236)
<b>June 30, 2022</b>		<b>2,570,536,136</b>	<b>2,571</b>	<b>5,217</b>	<b>(25)</b>	<b>1,389</b>	<b>(12,349)</b>	<b>(3,197)</b>	<b>10</b>	<b>(3,187)</b>

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

<sup>(1)</sup> See note 2 in notes to the consolidated financial statements.

# Air France-KLM Group

## CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

Period from January 1 to June 30	<i>Notes</i>	2022	2021
<i>In € millions</i>			<i>restated<sup>(1)</sup></i>
Net income		(226)	(2,975)
Amortization, depreciation and operating provisions	<i>9</i>	1,116	1,057
Financial provisions	<i>12</i>	69	58
Loss (gain) on disposals of tangible and intangible assets		(40)	14
Loss (gain) on disposals of subsidiaries and associates	<i>11</i>	-	(26)
Derivatives – non monetary result		(20)	(29)
Unrealized foreign exchange gains and losses, net		240	86
Impairment		17	15
Other non-monetary items		(90)	762
Share of (profits) losses of associates		1	16
Deferred taxes	<i>13</i>	(282)	(265)
<b>Financing capacity</b>		<b>785</b>	<b>(1,287)</b>
(Increase) / decrease in inventories		(79)	12
(Increase) / decrease in trade receivables		(437)	(268)
Increase / (decrease) in trade payables		971	138
Increase / (decrease) in advanced ticket sales		2,276	489
Change in other assets and liabilities		104	749
<b>Change in working capital requirement</b>		<b>2,835</b>	<b>1,120</b>
<b>Net cash flow from operating activities (A)</b>		<b>3,620</b>	<b>(167)</b>
Acquisition of subsidiaries, of shares in non-controlled entities		-	2
Purchase of property plant and equipment and intangible assets (B)	<i>16</i>	(1,491)	(1,099)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities		-	71
Proceeds on disposal of property plant and equipment and intangible assets (C)	<i>11</i>	476	565
Decrease (increase) in net investments, more than 3 months		6	85
Dividends received		1	-
<b>Net cash flow used in investing activities</b>		<b>(1,008)</b>	<b>(376)</b>
Increase of equity	<i>3.2</i>	1,551	1,024
Perpetual	<i>3.2</i>	(993)	-
Coupons on perpetual	<i>3.2</i>	(229)	-
Issuance of debt	<i>21</i>	552	690
Repayment on debt	<i>21</i>	(1,415)	(1,135)
Payments on lease debts (D)	<i>22</i>	(442)	(433)
New loans		(175)	(37)
Repayment on loans		16	44
<b>Net cash flow from financing activities</b>		<b>(1,135)</b>	<b>153</b>
Effect of exchange rate on cash and cash equivalents and bank overdrafts (net of cash acquired or sold)		40	1
<b>Change in cash and cash equivalents and bank overdrafts</b>		<b>1,517</b>	<b>(389)</b>
Cash and cash equivalents and bank overdrafts at beginning of period	<i>17</i>	6,654	6,422
Cash and cash equivalents and bank overdrafts at end of period	<i>17</i>	8,171	6,033
Income tax (paid) / reimbursed (flow included in operating activities)		50	57
Interest paid (flow included in operating activities)		(291)	(320)
Interest received (flow included in operating activities)		(8)	(5)

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

<sup>(1)</sup> See note 2 in notes to the consolidated financial statements.



# Air France-KLM Group

## OPERATING FREE CASH-FLOW (UNAUDITED)

<b>Period from January 1 to June 30</b>	<i>Notes</i>	<b>2022</b>	<b>2021</b>
<i>in € millions</i>			
Net cash flow from operating activities	<i>A</i>	3,620	(167)
Purchase of property plant and equipment and intangible assets	<i>B</i>	(1,491)	(1,099)
Proceeds on disposal of property plant and equipment and intangible assets	<i>C</i>	476	565
<b>Operating free cash flow</b>	<i>23</i>	<b>2,605</b>	<b>(701)</b>
<b>Payments on lease debts</b>	<i>D</i>	<b>(442)</b>	<b>(433)</b>
<b>Operating free cash flow adjusted</b>		<b>2,163</b>	<b>(1,134)</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL  
STATEMENTS**

# Air France-KLM Group

## 1. BUSINESS DESCRIPTION

As used herein, the term "Air France-KLM" refers to Air France-KLM SA, a limited liability company organized under French law. The term "Group" is represented by the economic definition of Air France-KLM and its subsidiaries. The Group is headquartered in France and is one of the largest airlines in the world. The Group's core business is network activities which includes passenger transportation on scheduled flights and cargo activities. The Group's activities also include aeronautics maintenance, leisure passenger transportation (Transavia) and other air-transport-related activities.

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

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

## 2. RESTATEMENT OF ACCOUNTS 2021

Since January 1, 2021, the Air France-KLM Group has applied the IFRIC decision relating to IAS 19 "Employee benefits", described in note 5.1 Accounting policies of the notes to the consolidated financial statements of December 31, 2021.

This change has been applied retrospectively to the financial information presented in the prior periods in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The impacts on the comparative periods are presented below.

Only the items impacted by the changes in accounting policies are presented.

### Impact on the consolidated income statement

In € millions	Published accounts	IFRIC IAS 19	Restated accounts
<b>Period from January 1 to June 30, 2021</b>			
Salaries and related costs	(2,403)	(3)	(2,406)
<b>EBITDA</b>	<b>(874)</b>	<b>(3)</b>	<b>(877)</b>
<b>Income from current operations</b>	<b>(1,931)</b>	<b>(3)</b>	<b>(1,934)</b>
<b>Income from operating activities</b>	<b>(2,798)</b>	<b>(3)</b>	<b>(2,801)</b>
<b>Income before tax of consolidated companies</b>	<b>(3,219)</b>	<b>(3)</b>	<b>(3,222)</b>
Income taxes	262	1	263
<b>Net income of consolidated companies</b>	<b>(2,957)</b>	<b>(2)</b>	<b>(2,959)</b>
<b>Net income</b>	<b>(2,973)</b>	<b>(2)</b>	<b>(2,975)</b>
Earnings per share (basic)	(5.86)	(0.01)	(5.87)
Earnings per share (diluted)	(5.86)	(0.01)	(5.87)

# Air France-KLM Group

## Impact on the consolidated statement of recognized income and expenses

In € millions	Published accounts	IFRIC IAS 19	Restated accounts
<b>Period from January 1 to June 30, 2021</b>			
<b>Net income for the period</b>	<b>(2,973)</b>	<b>(2)</b>	<b>(2,975)</b>
<b>Recognized income and expenses</b>	<b>(2,204)</b>	<b>(2)</b>	<b>(2,206)</b>
• Equity holders of Air France-KLM	(2,203)	(2)	(2,205)
• Non-controlling interests	(1)	-	(1)

## Impact on the consolidated balance sheet

In € millions	Published accounts	IFRIC IAS 19	Restated accounts
<b>Balance sheet as of June 30, 2021</b>			
<b>Asset</b>	<b>30,010</b>	<b>(29)</b>	<b>29,981</b>
Deferred tax assets	269	(29)	240
<b>Equity and liabilities</b>	<b>30,010</b>	<b>(29)</b>	<b>29,981</b>
Pension provisions	2,119	(103)	2,016
Reserves and retained earnings	(12,221)	74	(12,147)
Equity	(3,604)	74	(3,530)
• Holders of Air France-KLM	(3,612)	74	(3,538)
• Non-controlling interests	8	-	8

## Impact on the consolidated statement of cash flows

In € millions	Published accounts	IFRIC IAS 19	Restated accounts
<b>Period from January 1 to June 30, 2021</b>			
Net income	(2,973)	(2)	(2,975)
Other non-monetary items	759	3	762
Deferred taxes	(264)	(1)	(265)
<b>Financing capacity</b>	<b>(1,287)</b>	<b>-</b>	<b>(1,287)</b>

## 3. SIGNIFICANT EVENTS

### 3.1. Going concern

Since the beginning of 2020, the worldwide spread of COVID-19 has had a major impact on air traffic around the world. The very stringent conditions on global travel adopted by many countries as of March 2020 resulted in a drastic reduction in air traffic. The recovery began in the second half of 2021 and continues to do so extensively through the first half of 2022.

In addition, the Ukrainian crisis is having an impact on the Group's business, which has announced that it has suspended services and overflights to Ukraine and Russia in February 2022 until further notice. These routes represented less than 1% of the Group's Network business in terms of revenue. The impact of route extensions to China, Japan and South Korea is also currently limited due to a more limited recovery in traffic in this geographical area. The Group's maintenance activities for Russian airlines have also been suspended, generating a minor impact in terms of operating margin. Finally, although the Ukrainian crisis is pushing oil prices to high levels, the Group's fuel hedging policy as well as the applied tariff surcharge allow to limit the impact on the Group's consolidated financial statements as of June 30, 2022.

The recovery is reflected in different elements:

- Available seat-kilometers for the Passenger network and Transavia were 75 percent higher in the first half of the year compared to the first half of the year of 2021 in response to the resumption of demand, and has reached 79 percent of the first half year of 2019 level for Passenger network and a slightly higher capacity vs. 2019 for Transavia.

## Air France-KLM Group

- Revenue per passenger-kilometers jumped by 228 percent in the first half year of 2022 compared to the first half year of 2021. The cargo business continued to benefit from a buoyant environment with available ton-kilometers up 19 per cent compared to the first half year of 2021. As a result, total revenues increased by 127 percent compared to last year and amounted to €11.152 million.
- Passenger capacity for the third quarter of 2022 is expected to be between 80% and 85% of the capacity of the third quarter of 2019, between 85 and 90% for the fourth quarter of 2022 (vs. fourth quarter of 2019) and Transavia capacity is expected to be higher than in 2019.

In parallel, external expenses amount to €(7,080) million, an increase of 97 percent compared to 2021, mainly because of fuel costs. Fuel costs amount to €(2,858) million as of June 30, 2022 against €(982) million as of June 30, 2021, an increase of 191 percent due to changes in capacity and higher fuel prices. Excluding fuel, external expenses increased only by 62 percent vs.2021.

Due to the resumption of activity, the Dutch government has terminated the "Temporary Emergency Bridging Measures for Sustained Employment" (NOW) program in the Netherlands as of March 31, 2022. The impact of this measure represents €138 million euro at June 30, 2022, compared to €570 million at June 30, 2021. At the same time, partial activity in France, implemented as from March 23, 2020, amount to €116 million as of June 30, 2022 compared to €456 million as of June 30, 2021.

### *Liquidity position*

As of June 30, 2022, the Group's total liquidity amounted to €11.9 billion, of which €9.4 billion in net cash excluding undrawn credit lines (see note 23. Net debt) and €2.5 billion in undrawn credit lines (see note 21.6 Credit Lines).

The Dutch State aid has been repaid in full during the first half of 2022 for a total amount of €942 million. The Air France-KLM capital increase of June 16, 2022 for a total amount of €2,256 million (see note 3.2. Significant events during the period below) enabled the partial redemption of the subordinated notes held by the French State for a nominal amount of 1,631 million euros. These transactions contributed to strengthening the Group's balance sheet and equity.

At the same time, the Group is continuing to work on various additional options to restore Air France's company equity to the legally required level.

### *Going concern*

In determining the appropriate basis for preparing the interim consolidated financial statements for the period ended June 30, 2022, the going concern has been assessed by evaluating the financial forecasts over a time horizon of at least one year and by analyzing, in particular, the commercial position of the Group within the context of the Covid-19 pandemic and the Ukrainian crisis.

As mentioned above, the Group had total cash at hand of €11.9 billion as of June 30, 2022 (see the "*Liquidity position*" paragraph), an improvement of €1.7 billion compared to December 31, 2021.

Furthermore, despite the uncertainties related to the current context, the improvement of the sanitary situation since the end of 2021 as well as of the cash position, the partial reimbursement of states financial supports, the continuing recovery of activity and the limited impact of the Ukrainian crisis on the consolidated financial statements as of June 30, 2022 have led to the preparation of the consolidated financial statements as of June 30, 2022 on a going-concern basis, in accordance with the approach taken for the consolidated financial statements as of December 31, 2021. (see note 4.1 related to consolidated financial statement as of December 31, 2021).

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

### **Air France-KLM Group capital increase**

On the May 24, 2022, Air France-KLM group announced the launch of a capital increase with preferential subscription rights for an amount of €2.256 million, to be subscribed in cash and/or by offsetting claims.

## Air France-KLM Group

The gross proceeds of the capital increase amounted to €2,256 million (of which €1,611 million subscribed in cash), including issue premium, corresponding to the issue of 1,928 million new shares (the "New Shares") at a subscription price of €1.17 per share. Net of issuance fees, the proceeds amounted to €2,196 million (of which €1,551 million subscribed in cash). Following settlement and delivery of the Rights Issue of the capital increase on June 16, 2022, the share capital of Air France-KLM was increased to 2,570,536,136 shares with a nominal value of €1 each.

The French state, participated on an irreducible basis to the full extent of its Rights, corresponding to a subscription of 551,404,728 New Shares. Its shareholding remains unchanged. This subscription was carried out by way of offsetting a portion of the subordinated notes issued in April 2021.

The Dutch state participated on an irreducible basis to the full extent of its Rights, corresponding to a subscription of 180,000,000 New Shares. Its shareholding remains unchanged.

CMA CGM became a new shareholder with a subscription of 231,348,252 New Shares on an irreducible basis (via the exercise of the preferential subscription rights acquired from China Eastern Airlines, Delta Airlines, FCPEs and the market), corresponding to 9.0% of the Company's capital following the capital increase.

China Eastern Airlines and Delta Air Lines participated in the Rights Issue on a cash-neutral basis, subscribing to 58,763,343 and 35,873,772 New Shares respectively by using the net proceeds from selling part of their Rights to CMA CGM. This brings their respective shareholdings to 4.7% and 2.9% of the Company's share capital.

Following this capital increase, in order to ensure that the rights of the OCEANE bondholders are maintained in accordance with the applicable legal and regulatory provisions and the terms and conditions of the OCEANE bonds, the conversion/exchange ratio has been adjusted as from June 16, 2022 from a parity of 1 Air France-KLM share per OCEANE bond to a parity of 1.783 Air France-KLM share per OCEANE bond.

### **Evolution on perpetual owned by the French State**

As of April 20, 2022, the Group paid the accrued interest on perpetual bonds held by the French State for a total amount of €218 million.

In addition, part of the net proceeds of the June 16, 2022 capital increase was used to the redemption of the perpetual bonds in two parts:

- The French State has subscribed by way of set-off against a part of the claim held in connection with the perpetual bonds for a nominal amount of €638 million plus accrued coupon of €7 million;
- An amount of €993 million in nominal value plus the accrued coupon on 2022 for an amount of €11 million was repaid with the proceeds of the capital increase subscribed in cash.

### **Repayment of the guaranteed credit line and the loan granted by the Dutch State to KLM**

Respectively, on May 3 and June 3, 2022, KLM repaid €311 million and €354 million under its credit line guaranteed by the Dutch State (see note 33.3 Financial support from the French and Dutch States to the consolidated financial statements at December 31, 2021). Upon completion of the transaction, the full credit line has been repaid.

On June 30, 2022, KLM repaid in full the loan guaranteed by the Dutch State for €277 million.

Following these transactions, KLM retains a credit line of €2.4 billion (€723 million from the direct loan and €1,735 million the credit line from the banks, guaranteed by the Dutch State) at its disposal.

### **Signature of purchase contracts of A320neo**

End of February 2022, purchases contracts of 100 Airbus A320neo Family aircraft were signed between Airbus and KLM N.V., Transavia Netherlands and Transavia France. This signature has been followed, early July 2022, by the signing of an agreement with CFM International for the engine configuration of this future fleet of aircraft.

# Air France-KLM Group

## Appeal against the European Commission's decision in the air cargo sector rejected

On March 30, 2022, Air France – KLM has taken note of the EU General Court's judgement on the appeal filed against the decision of the European Commission of March 17, 2017 for practices considered to be anti-competitive in the air cargo sector.

The practices in question date back more than twenty years ago and had already been condemned in a decision of the European Commission in 2010 but annulled by the General Court of the European Union in 2015 due to a contradiction between the grounds and the operative part of the decision. As of June 8, 2022 the Group has appealed to the European Union Court of Justice (see note 20.1.4 Litigation concerning antitrust laws in the airfreight industry).

Provisions of €354 million including interest accounted for in the financial statements as of June 30, 2022 are in accordance with these fines.

## 3.3. Subsequent events

### Definitive agreement with Apollo for a EUR 500 million investment into an ad hoc operating affiliate of Air France owning spare engines

On July 13 2022, Air France-KLM and Apollo Global Management signed a definitive agreement for Apollo-managed funds and entities to make a €500 million investment into an ad hoc operating affiliate of Air France that will own a pool of spare engines dedicated to the airline's Engineering and Maintenance activities.

Apollo affiliated entities will subscribe to perpetual bonds issued by the ad hoc operating affiliate, which will be accounted for as equity. The perpetual bonds will bear an interest rate of 6% for the first 3 years, and gradual step ups and caps will be applied thereafter. Air France will have the ability to redeem the bonds at any time after the third year. The transaction, expected to close end of July 2022 will be recorded over the third quarter of 2022.

## 4. 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, 2021 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 condensed interim consolidated financial statements as of June 30, 2022 have been prepared in accordance with IAS 34 "Interim financial reporting".

The accounting policies applied for the condensed interim consolidated financial statements as at June 30, 2022 are consistent with those applied for the financial statements as at December 31, 2021, with the exception of the standards and interpretations adopted by the European Union that are applicable as of January 1, 2022.

The impact of the application of the Agenda Decision on "Accounting for customisation and/or configuration costs in SaaS contracts" is currently being assessed. Any changes resulting from the application of this IFRS IC decision will be accounted for retrospectively in accordance with IAS 8 on changes in accounting policies.

Regarding the implementation of the amendments to IAS 37 relating to the treatment of onerous contracts, no contract has been identified as being in the scope of this amendment. 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. A study carried out within the Group on the implementation of these amendments concludes that there are no impact on the Group's financial statements at 30 June 2022.

The preparation of the condensed interim consolidated financial statements in accordance with IFRS requires Group's management to make estimates and assumptions that affect the amounts recognised in the primary financial statements and accompanying notes at the reporting date.

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;

## Air France-KLM Group

- 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 condensed interim consolidated financial statements for the period have thus been established taking into consideration the current context and on the basis of financial parameters available at the closing date.

The condensed interim consolidated financial statements as of June 30, 2022 were approved by the Board of Directors on July 28, 2022.

### 5. CHANGE IN THE CONSOLIDATION SCOPE

#### • Six-month period ended June 30, 2022

No significant change in scope took place during the six-month period ended June 30, 2022.

#### • Six-month period ended June 30, 2021

No significant change in scope took place during the six-month period ended June 30, 2021.

### 6. 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-sharing agreements. They also include 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 "leisure" activity realized by Transavia.

**Other:** The revenues from this segment come from various services provided by the Group and not covered by the three segments mentioned above.

The results of the business segments are those that are either directly attributable or that can be allocated on a reasonable basis to these business segments. Amounts allocated to business segments mainly correspond to 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.



# Air France-KLM Group

## Geographical segments

### • Activity by origin of sales area

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

- France, including French overseas departments
- Benelux, including Dutch Caribbean & Surinam
- 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

## 6.1. Information by business segment

### • Six-month period ended June 30, 2022

<i>In € millions</i>	Network	Maintenance	Transavia	Other	Non allocated	Total
Total sales	9,665	1,742	850	105	-	12,362
Intersegment sales	(18)	(1,100)	-	(92)	-	(1,210)
<b>External sales</b>	<b>9,647</b>	<b>642</b>	<b>850</b>	<b>13</b>	-	<b>11,152</b>
EBITDA	943	196	1	12	-	1,152
Income from current operations	43	101	(110)	2	-	36
Income from operating activities	75	100	(110)	(5)	-	60
Share of profits (losses) of associates	-	2	-	(3)	-	(1)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(563)	(563)
Income taxes	-	-	-	-	278	278
<b>Net income</b>	<b>75</b>	<b>102</b>	<b>(110)</b>	<b>(8)</b>	<b>(285)</b>	<b>(226)</b>

# Air France-KLM Group

• Six-month period ended June 30, 2021 restated <sup>(1)</sup>

<i>In € millions</i>	Network	Maintenance	Transavia	Other	Non allocated	Total
Total sales	4,232	1,302	163	72	-	5,769
Intersegment sales	(11)	(788)	-	(60)	-	(859)
<b>External sales</b>	<b>4,221</b>	<b>514</b>	<b>163</b>	<b>12</b>	-	<b>4,910</b>
EBITDA	(896)	121	(122)	20	-	(877)
Income from current operations	(1,715)	(10)	(218)	9	-	(1,934)
Income from operating activities	(2,338)	(278)	(218)	33	-	(2,801)
Share of profits (losses) of associates	-	3	-	(19)	-	(16)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(421)	(421)
Income taxes	-	-	-	-	263	263
<b>Net income</b>	<b>(2,338)</b>	<b>(275)</b>	<b>(218)</b>	<b>14</b>	<b>(158)</b>	<b>(2,975)</b>

<sup>(1)</sup> See note 2 in notes to the consolidated financial statements.

## 6.2. Information by geographical area

### External sales by geographical area

• Six-month period ended June 30, 2022

<i>In € millions</i>	France, including French overseas departments	Benelux, including Dutch Caribbean & Surinam	Europe (except France and Benelux)	Rest of the world	Total
Transportation	2,662	1,152	2,179	3,214	9,207
Other sales	146	109	73	112	440
<b>Total network</b>	<b>2,808</b>	<b>1,261</b>	<b>2,252</b>	<b>3,326</b>	<b>9,647</b>
Transportation	290	485	73	15	863
Other sales	(4)	(8)	(1)	-	(13)
<b>Total Transavia</b>	<b>286</b>	<b>477</b>	<b>72</b>	<b>15</b>	<b>850</b>
Maintenance	315	262	12	53	642
Others	3	9	1	-	13
<b>Total</b>	<b>3,412</b>	<b>2,009</b>	<b>2,337</b>	<b>3,394</b>	<b>11,152</b>

• Six-month period ended June 30, 2021 restated <sup>(1)</sup>

<i>In € millions</i>	France, including French overseas departments	Benelux, including Dutch Caribbean & Surinam	Europe (except France and Benelux)	Rest of the world	Total
Transportation	1,090	413	978	1,418	3,899
Other sales	131	49	70	72	322
<b>Total network</b>	<b>1,221</b>	<b>462</b>	<b>1,048</b>	<b>1,490</b>	<b>4,221</b>
Transportation	61	88	13	1	163
Other sales	-	-	-	-	-
<b>Total Transavia</b>	<b>61</b>	<b>88</b>	<b>13</b>	<b>1</b>	<b>163</b>
Maintenance	294	171	14	35	514
Others	3	10	(1)	-	12
<b>Total</b>	<b>1,579</b>	<b>731</b>	<b>1,074</b>	<b>1,526</b>	<b>4,910</b>

<sup>(1)</sup>The format for the presenting activities by zone of origin of sales has been revised to take into account the Group's new commercial organization.

# Air France-KLM Group

## Traffic sales by geographical area of destination

- Six-month period ended June 30, 2022

<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	580	2,089	856	1,291	2,338	1,092	961	9,207
Transavia	56	757	-	50	-	-	-	863
<b>Total</b>	<b>636</b>	<b>2,846</b>	<b>856</b>	<b>1,341</b>	<b>2,338</b>	<b>1,092</b>	<b>961</b>	<b>10,070</b>

- Six-month period ended June 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	300	551	384	772	800	480	612	3,899
Transavia	17	142	-	4	-	-	-	163
<b>Total</b>	<b>317</b>	<b>693</b>	<b>384</b>	<b>776</b>	<b>800</b>	<b>480</b>	<b>612</b>	<b>4,062</b>

## 7. EXTERNAL EXPENSES

<i>In € millions</i>	2022	2021
<b>Period from January 1 to June 30</b>		
Aircraft fuel	2,858	982
Chartering costs	193	147
Landing fees and air route charges	784	460
Catering	319	126
Handling charges and other operating costs	722	402
Aircraft maintenance costs	1,118	792
Commercial and distribution costs	384	131
Other external expenses	702	552
<b>Total</b>	<b>7,080</b>	<b>3,592</b>
<i>Excluding aircraft fuel</i>	<i>4,222</i>	<i>2,610</i>

A portion of external expenses (notably aircraft fuel costs, purchases and aircraft maintenance costs) is subject to fluctuation in the US dollar.

# Air France-KLM Group

## 8. SALARIES AND NUMBER OF EMPLOYEES

### Salaries and related costs

<i>In € millions</i>	<b>2022</b>	<b>2021</b>
<b>Period from January 1 to June 30</b>		<b>restated<sup>(1)</sup></b>
Wages and salaries	2,441	2,131
Social contributions	447	404
Pensions costs on defined contribution plans	383	264
Pensions costs of defined benefit plan	68	136
Cost of temporary employees	76	27
Profit sharing and payment linked with shares	-	(25)
Temporary Emergency Bridging Measure for Sustained Employment (NOW)	(138)	(570)
Other	66	39
<b>Total</b>	<b>3,343</b>	<b>2,406</b>

<sup>(1)</sup> See note 2 in notes to the consolidated financial statements.

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 June 30, 2022, the impact of these measures amounts to €116 million (€456 million as of June 30, 2021).

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, 2022. Due to the recovery of activity, the Dutch government has terminated this program as of March 31, 2022. This compensation in 2022 amounts to €138 million (versus €570 million for the period from January 1 until June 30, 2021).

### Average number of full time equivalents

<b>Period from January 1 to June 30</b>	<b>2022</b>	<b>2021</b>
Flight deck crew	8,112	8,223
Cabin crew	20,262	19,980
Ground staff	43,610	46,972
Temporary staff	1,735	625
<b>Total*</b>	<b>73,719</b>	<b>75,800</b>

\*Excluding partial activity effect

The decrease is mainly due to the completion of the restructuring plans implemented in the years 2020 and 2021 (see note 12. Other non-current income and expenses of the notes to the consolidated financial statements as of December 31, 2021).

# Air France-KLM Group

## 9. AMORTIZATION, DEPRECIATION AND PROVISIONS

<i>In € millions</i>	<b>2022</b>	<b>2021</b>
<b>Period from January 1 to June 30</b>		
<b>Amortization</b>		
Intangible assets	91	96
Flight equipment	551	480
Other property, plant and equipment	89	91
Right-of-Use assets	580	524
	<b>1,311</b>	<b>1,191</b>
<b>Depreciation and provisions</b>		
Inventories	(12)	12
Trade receivables	(55)	13
Risks and contingencies	(128)	(159)
	<b>(195)</b>	<b>(134)</b>
<b>Total</b>	<b>1,116</b>	<b>1,057</b>

The changes in provisions are mainly due to reversals related to aircraft restitutions.

## 10. OTHER CURRENT OPERATING INCOME AND EXPENSES

<i>In € millions</i>	<b>2022</b>	<b>2021</b>
<b>Period from January 1 to June 30</b>		
Capitalized production	500	290
Joint operation of routes	1	(2)
Operations-related currency hedges	37	3
Emission trade schemes (ETS)	(31)	(15)
Other	(4)	4
<b>Other income and expenses</b>	<b>503</b>	<b>280</b>

## 11. SALES OF AERONAUTICAL ASSETS AND OTHER NON-CURRENT INCOME AND EXPENSES

<i>In € millions</i>	<b>2022</b>	<b>2021</b>
<b>Period from January 1 to June 30</b>		
Sales and leaseback	38	(18)
Other aeronautical assets	1	4
<b>Sales of aeronautical assets</b>	<b>39</b>	<b>(14)</b>
Restructuring costs	5	86
Impairment of fleet and other assets	(17)	(15)
Modification on pensions plans	-	(938)
Disposals of subsidiaries and affiliates	-	26
Disposals of other assets	1	-
Others	(4)	(12)
<b>Other non-current income and expenses</b>	<b>(15)</b>	<b>(853)</b>

# Air France-KLM Group

- **Six-month period ended June 30, 2022**

## **Sales and leaseback**

The impact of aircraft sales and leasebacks sales has led to a gain of €38 million and a result on disposal of €438 million in the cash flow statement as of June 30, 2022.

## **Impairment of fleet**

This line includes the difference between the initial depreciation plan and the accelerated depreciation following the early phase-out of the CRJ aircraft from the Hop! fleet for €(8) 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. As of June 30, 2022, 9 CRJ are still in the Group's fleet.

- **Six-month period ended June 30, 2021**

## **Sales and leaseback**

The impact of aircraft sales and leasebacks sales has led to an expense of €(18) million as of June 30, 2021 and a result on disposal of €533 million in the cash flow statement.

## **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 a nominal roll and departure allowances.

## **Impairment of fleet**

This line includes the difference between the initial depreciation plan and the accelerated depreciation following the early phase-out of the CRJ aircraft from the Hop! fleet for €(13) 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. As of June 30, 2021, 20 CRJ were still in the Group's fleet.

## **Modifications to pension plans**

Following the modification of KLM's Ground Staff pension plan, 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% shareholding in Servair on May 31, 2021.

# Air France-KLM Group

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

<i>In € millions</i>	2022	2021
<b>Period from January 1 to June 30</b>		
Income from marketable securities	(11)	(9)
Other financial income	11	12
<b>Financial income</b>	<b>-</b>	<b>3</b>
Interest on financial liabilities	(150)	(177)
Interest on lease debt	(128)	(120)
Capitalized interests	14	13
Other non-monetary items	(8)	(49)
Other financial expenses	(5)	(6)
<b>Gross cost of financial debt</b>	<b>(277)</b>	<b>(339)</b>
<b>Net cost of financial debt</b>	<b>(277)</b>	<b>(336)</b>
Foreign exchange gains (losses), net	(236)	(41)
Financial instruments and change in fair value of hedged shares	20	22
Net (charge)/release to provisions	(4)	(2)
Undiscounting of provisions	(66)	(56)
Other	-	(8)
<b>Other financial income and expenses</b>	<b>(286)</b>	<b>(85)</b>
<b>Total</b>	<b>(563)</b>	<b>(421)</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 June 30, 2022, the foreign exchange result includes an unrealized currency loss of €(267) million, mainly composed of a €(281) million loss on return obligation liabilities and provisions on leased aircraft in US dollars.

As of June 30, 2021, the foreign exchange losses mainly include an unrealized currency loss of €(97) million of which an €(96) million loss on return obligation liabilities and provisions on leased aircraft in US dollars.

### *Undiscounting of provision*

The rate used to undiscount the long-term return obligation liability and provision for leased aircraft and other provisions is 3.6% in 2022 against 3.4% in 2021.

# Air France-KLM Group

## 13. INCOME TAXES

### 13.1. Income tax charge

<i>In € millions</i>	<b>2022</b>	<b>2021</b>
<b>Period from January 1 to June 30</b>		<b>restated <sup>(1)</sup></b>
<b>Current tax (expense) / income and other taxes</b>	<b>(4)</b>	<b>(2)</b>
Change in temporary differences	(12)	265
(Use / de-recognition) / recognition of tax loss carry forwards	294	-
<b>Deferred tax income / (expense)</b>	<b>282</b>	<b>265</b>
<b>Total</b>	<b>278</b>	<b>263</b>

<sup>(1)</sup> See note 2 in notes to the consolidated financial statements.

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 25.83 per cent for 2022 (versus 28.41 per cent for 2021). 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, 2021 at €285 million, the underlying assumptions having not changed.

Subsequently, an amount of €155 million of deferred tax assets related to tax losses and temporary differences has not been recognized for the six-month period ended June 30, 2022 (including €126 million through income statement).

- **Dutch fiscal group**

In the Netherlands, the tax rate is 25.8 per cent in 2022 (versus 25 per cent in 2021). Under income tax law in the Netherlands, the maximum future period for utilising tax losses carried forward is indefinite as from January 1, 2022.

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.

In view of the recovery in activity and the medium and long-term outlook, the Group has recognized deferred tax assets for an amount of €294 million as of June 30, 2022. The deferred tax assets position for tax losses and deductible financial interests was therefore increased to €351 million (versus €57 million as of December 31, 2021).



# Air France-KLM Group

## 13.2. Deferred tax recorded in equity (equity holders of Air France-KLM)

<i>In € millions</i>	2022	2021
<b>Period from January 1 to June 30</b>		
<b>Other comprehensive income that will be reclassified to profit and loss</b>	<b>(48)</b>	<b>(91)</b>
Gain and loss on cash flow hedge	(48)	(91)
<b>Other comprehensive income that will not be reclassified to profit and loss</b>	<b>(21)</b>	<b>(170)</b>
Equity instruments	1	-
Pensions	(22)	(170)
<b>Total</b>	<b>(69)</b>	<b>(261)</b>

## 13.3. Effective tax rate

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

<i>In € millions</i>	2022	2021
<b>Period from January 1 to June 30</b>		<b>restated <sup>(1)</sup></b>
Income before tax	(503)	(3,222)
Standard tax rate in France	25.83%	28.41%
Theoretical tax calculated based on the standard tax rate in France	130	915
Differences in French / foreign tax rates	(2)	(61)
Non-deductible expenses or non-taxable income	(13)	(47)
Change in recognized/(unrecognized) deferred tax	168	(526)
CVAE impact	(2)	-
Other	(3)	(18)
<b>Income tax</b>	<b>278</b>	<b>263</b>
Effective tax rate	55.3%	8.2%

<sup>(1)</sup> See note 2 in notes to the consolidated financial statements.

## 14. EARNINGS PER SHARE

### 14.1 Income for the period – Equity holders of Air France-KLM per share

#### Reconciliation of income used to calculate earnings per share

The results used to calculate earnings per share are as follows:

#### **Results used for the calculation of basic earnings per share:**

<i>In € millions</i>	2022	2021
<b>As of June 30</b>		<b>restated <sup>(1)</sup></b>
Net income for the period – Equity holders of Air France-KLM	(228)	(2,972)
Coupons on perpetual	(105)	(42)
<b>Basic net income for the period – Equity holders of Air France-KLM</b>	<b>(333)</b>	<b>(3,014)</b>

<sup>(1)</sup> See note 2 in notes to the consolidated financial statements.

The earnings per share before dilution (basic earnings per share) corresponds to the net result divided by the weighted average number of shares in circulation during the financial year, excluding the weighted average number of treasury shares.

# Air France-KLM Group

Since the perpetual subordinated loan is considered to be preferred shares, the coupons are included in the basic earnings per share.

- **Results used for the calculation of diluted earnings per share:**

<i>In € millions</i>	<b>2022</b>	<b>2021</b>
<b>As of June 30</b>		<b>restated <sup>(1)</sup></b>
Basic net income for the period – Equity holders of Air France-KLM	(333)	(3,014)
<b>Net income for the period – Equity holders of Air France-KLM (taken for calculation of diluted earnings per share)</b>	<b>(333)</b>	<b>(3,014)</b>

<sup>(1)</sup> See note 2 in notes to the consolidated financial statements.

For the calculation of the diluted earnings per share, the weighted average number of shares in circulation is adjusted for the potential dilutive effect of all equity instruments issued by the Group, in particular stock option plans and performance shares. The dilution resulting from the exercise of stock option plans and performance shares is based on the IAS 33 methodology.

## Reconciliation of the number of shares used to calculate earnings per share

<b>As of June 30</b>	<b>2022</b>	<b>2021</b>
<b>Weighted average number of:</b>		
- Ordinary shares issued	802,404,926	514,712,247
- Treasury stock held regarding stock option plan	(1,116,420)	(1,116,420)
- Other treasury stock	(91,585)	(91,585)
<b>Number of shares used to calculate basic earnings per share</b>	<b>801,196,921</b>	<b>513,504,242</b>
<b>Number of ordinary and potential ordinary shares used to calculate diluted earnings per share</b>	<b>801,196,921</b>	<b>513,504,242</b>

On June 16, 2022, following the realization of the capital increase of Air France-KLM group, the exercise parity of securities giving access to the Group capital has been adjusted (see note 21.1 OCEANE). The potential conversion of OCEANEs, now representing 49,748,883 shares (compared to 27,901,785 shares as of June 30, 2021), and its impacts on net income, have not been taken into account. The ordinary shares potentially created would indeed not have decreased the earning per share or increased the loss per share.

The change in the number of ordinary shares issued is explained by a capital increase detailed in note 19.1 Capital increase and impact on additional paid-in capital. A proration has been applied to take into account the date of the operation (June 16, 2022).

As of June 30, 2022, taking into account the above items, the basic earnings per share amounts to €(0.42) and the diluted earnings per share amounts to €(0.42).

## 14.2 Non-dilutive instruments

The Air France-KLM Group held no non-dilutive instruments as of June 30, 2022.

## 14.3 Instruments issued after the closing date

No instruments were issued subsequent to the closing date.

# Air France-KLM Group

## 15. TANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

<i>In € millions</i>	As of June 30, 2022			As of December 31, 2021		
	Gross value	Depreciation	Net Value	Gross value	Depreciation	Net Value
Owned aircraft	17,020	(9,305)	7,715	16,785	(9,068)	7,717
Assets in progress	1,283	-	1,283	1,243	-	1,243
Other	2,551	(1,028)	1,523	2,547	(1,041)	1,506
<b>Flight equipment</b>	<b>20,854</b>	<b>(10,333)</b>	<b>10,521</b>	<b>20,574</b>	<b>(10,109)</b>	<b>10,466</b>
Land and buildings	2,755	(1,947)	808	2,739	(1,912)	827
Equipment and machinery	1,075	(854)	221	1,059	(829)	230
Assets in progress	128	-	128	129	-	129
Other	1,049	(848)	201	1,077	(861)	216
<b>Other tangible assets</b>	<b>5,007</b>	<b>(3,649)</b>	<b>1,358</b>	<b>5,004</b>	<b>(3,602)</b>	<b>1,402</b>
<b>Total</b>	<b>25,861</b>	<b>(13,982)</b>	<b>11,879</b>	<b>25,578</b>	<b>(13,711)</b>	<b>11,868</b>
Aircraft			2,718			2,476
Maintenance			2,081			1,898
Land and real estate			592			608
Other			48			166
<b>Total right-of-use assets</b>			<b>5,439</b>			<b>5,148</b>

## 16. CAPITAL EXPENDITURES

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

<i>In € millions</i>	2022	2021
<b>As of June 30,</b>		
Acquisition of flight equipment	1,326	871
Acquisition of other tangible assets	51	50
Acquisition of other intangible assets	106	133
Change in accounts payable on acquisitions	8	45
<b>Total</b>	<b>1,491</b>	<b>1,099</b>

# Air France-KLM Group

## 17. CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS

<i>In € millions</i>	As of June 30, 2022	As of December 31, 2021
Liquidity funds (SICAV) (assets - debt instruments)	4,929	3,688
Bank deposits and term accounts (assets - debt instruments)	1,275	1,113
Cash in hand	1,969	1,857
<b>Total cash and cash equivalents</b>	<b>8,173</b>	<b>6,658</b>
Bank overdrafts	(2)	(4)
<b>Cash, cash equivalents and bank overdrafts</b>	<b>8,171</b>	<b>6,654</b>

## 18. PENSION PROVISIONS

As of June 30, 2022, the discount rates used by the companies to calculate the defined benefit obligations are the following:

	June 30, 2022	December 31, 2021
Euro zone – duration 10 to 15 years	3.08%	0.90%
UK – duration 20 years and more	3.69%	1.85%

The inflation rates used are the following:

	June 30, 2022	December 31, 2021
Euro zone – duration 10 to 15 years	2.45%	2.15%
UK – duration 20 years and more	3.40%	3.55%

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

As of June 30 2022, the remeasurement of defined benefit pension obligation is composed of:

	June 30, 2022	June 30, 2021
Derecognition of the KLM Ground Staff	-	671
Impact of the change in discount rate	671	119
Impact of the change in inflation rate	(63)	(137)
Difference between the expected and actual return on assets	(193)	40
<b>Total</b>	<b>415</b>	<b>693</b>

(Increase in the net Defined Benefit Obligation) / Decrease of the net Defined Benefit Obligation.

The impact of variations in discount rates on the defined benefit obligation has been calculated using the sensitivity analysis of the defined benefit pension obligation. The sensitivity analysis is outlined in note 28.2 of the financial statements for the financial year ended December 31, 2021.

As of June 30, 2021, following the change of the KLM Ground staff pension plan to a defined contribution plan (see note 4.2 Events that occurred in the period of the financial statements for the financial year ended December 31, 2021), pension assets, based on the actuarial assumptions as of May 31, 2021, amounted to €875 million (before tax) including an increase of €671 million since December 31, 2020, related to the increase in discount rates and a return on funds exceeding expectations. This asset has been derecognized in “Other non-current income and expenses” in the consolidated income statement.

# Air France-KLM Group

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

### 19.1 Capital increase and impact on additional paid-in capital

Following the realization of the capital increase on June 16, 2022, the Company's share capital has increased to €2,570,536,136 divided into 2,570,536,136 shares, each with a nominal value of €1 (see 3.2. Events that occurred in the period).

As of June 30, 2022, the additional paid-in capital amounts to €5,217 million, an increase of €268 million following the capital increase.

### 19.2 Breakdown of stock and voting rights

As of June 30, 2022, the issued capital of Air France-KLM is thus composed of 2,570,536,136 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.

The breakdown of stock and voting rights is as follows:

<i>In percentage(%)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
	Capital	Voting rights	Capital	Voting rights
French State	28.6	28.5	28.6	28.2
Dutch State	9.3	10.7	9.3	13.8
CMA CGM	9.0	8.3	-	-
China Eastern Airlines	4.7	5.6	9.6	11.4
Delta Airlines	2.9	4.0	5.8	8.7
Employees and former employees	1.2	1.6	2.5	3.6
Treasury shares	-	0.1	0.2	0.3
Other	44.3	41.2	44.0	34.0
<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).

### 19.3 Perpetual

On April 20, 2021, the Group issued €3 billion of perpetual super-subordinated bonds subscribed by the French State, to offset its direct loan of the same nominal amount (see note 4.2 Events occurring during the period of the consolidated financial statements as of December 31, 2021).

This non-monetary transaction has been accounted in the Group's consolidated balance sheet as a reclassification to equity of €3 billion from the line "financial liabilities".

On April 20, 2022, the Group paid the accrued coupon on the perpetual subordinated notes held by the French State for a total amount of €218 million (see note 3.2. Events that occurred in the period), of which €151 million for the accrued coupon as of December 31, 2021 and €67 million for the accrued coupon at the payment date.

On June 16, 2022, following the realization of the capital increase of Air France KLM Group, the perpetual subordinated notes held by the French State have been partially redeemed, for a total amount of €1,649 million, of which €1,631 million in nominal value and €18 million in accrued coupons (see note 3.2. Events that occurred in the period).

As of June 30, 2022, the accrued coupon on the perpetual subordinated amounts to €20 million.

# Air France-KLM Group

## 19.4 Reserves and retained earnings

<i>In € millions</i>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Legal reserve	70	70
Defined pension benefit reserves <sup>(1)</sup>	(507)	(899)
Derivatives reserves <sup>(1)</sup>	327	199
Equity instruments reserves <sup>(1)</sup>	(56)	(54)
Other reserves	(11,955)	(8,566)
Net income (loss) – Group share	(228)	(3,292)
<b>Total</b>	<b>(12,349)</b>	<b>(12,542)</b>

(1) Net of the impact of deferred tax.

## 20. RETURN OBLIGATION LIABILITY AND PROVISION FOR LEASED AIRCRAFT AND OTHER PROVISIONS

<i>In € millions</i>	<b>June 30, 2022</b>			<b>December 31, 2021</b>		
	<b>Non current</b>	<b>Current</b>	<b>Total</b>	<b>Non current</b>	<b>Current</b>	<b>Total</b>
Return obligation liability on leased aircraft	3,637	451	4,088	3,433	376	3,809
Maintenance on leased aircraft	133	30	163	128	24	152
Restructuring	-	286	286	-	416	416
Litigation	402	18	420	405	19	424
Others	100	53	153	89	50	139
<b>Total</b>	<b>4,272</b>	<b>838</b>	<b>5,110</b>	<b>4,055</b>	<b>885</b>	<b>4,940</b>

### 20.1. Provisions

#### 20.1.1. Return obligation liability and provision on leased aircraft

The movements in return obligation liabilities and provisions (revaluation of future costs and change in discount rate) are booked in the components corresponding to the potential and restoration work performed on leased aircraft and recorded in the right-of-use assets. The effects of accretion and foreign exchange translation of return obligation liabilities and provisions recorded in local currencies are recognized in “Other financial income and expenses” (see note 12. Net cost of financial debt and other financial income and expenses).

The discount rate used to calculate these restitution liabilities and provisions relating to leased aircraft, determined on the basis of a short-term risk-free rate increased by a spread on risky debt (used for companies with high financial leverage), is 3.6 per cent as of June 30, 2022 as December 31, 2021.

#### 20.1.2. Restructuring provisions

The movements in restructuring provisions with a significant impact on the income statement are accounted for in “Other non-current income and expenses” (see note 11. Other non-current income and expenses).

#### 20.1.3. Litigation

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

Provisions for litigation with third parties also include provisions for tax risks. Such provisions are set up when the Group considers that the tax authorities, within the framework of tax audits, could reasonably challenge a tax position adopted by the Group or one of its subsidiaries.

# Air France-KLM Group

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

## 20.1.4. Litigation concerning antitrust laws in the airfreight industry

Air France, KLM and Martinair, a wholly-owned subsidiary of KLM since January 1, 2009, have been involved, since February 2006, with up to twenty-five other airlines in investigations initiated by the antitrust authorities in several countries, with respect to allegations of anti-competitive agreements or concerted actions in the air freight industry.

As of December 31, 2021, most of these investigations had been terminated following the entry into plea agreements between the three companies of the Group and the appropriate competition authorities, providing for the payment of settlement amounts or fines, with the exception of the proceedings initiated by the European Commission, and by the Swiss antitrust authority, which are still pending.

In Europe, the decision of the European Commission of 2010 against eleven air cargo carriers, including the companies of the Group, Air France, KLM and Martinair, was annulled by the General Court of the European Union on December 16, 2015 because it contained a contradiction regarding the exact scope of the practices sanctioned. On March 17, 2017, the European Commission issued a new decision against the aforementioned cargo carriers, including Air France, KLM and Martinair. The total amount of fines imposed in respect of this decision at the Air France-KLM Group level was €339 million. This amount was slightly reduced by €15.4 million as compared to the initial decision owing to a lower fine for Martinair due to technical reasons. On May 29 and 30, 2017, the Group companies filed an appeal against this decision before the General Court of the European Union. The hearings before the General Court took place on June and July 2019.

Decision from the General Court in March 2022 confirmed the fines against Air France-KLM group companies. The Group companies appealed in June 2022 to the European Union Court of Justice, decision expected in 16-24 months. The Group has maintained a provision covering the total amount of these fines.

In Switzerland, Air France and KLM are challenging a decision imposing a €4 million fine before the relevant court. The Group has provisioned the totality of this fine.

As of June 30, 2022, the total amount of provisions in connection with proceedings, which have yet to give rise to definitive decisions amounts to €354 million.

## 20.1.5. Case brought against KLM by (former) Martinair Cargo pilots

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

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

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

In 2021, KLM has booked a provision for a total amount of €22 million, unchanged in 2022.

## 20.1.6. Other provisions

Other provisions relate principally to provisions for onerous contracts, provisions for the portion of CO2 emissions not covered by the free allocation of quotas and provisions for the dismantling of buildings.

# Air France-KLM Group

## 20.2 Contingent liabilities

The Group is involved in several governmental, judicial and arbitration procedures for which in most cases provisions have not been recorded in the financial statements in accordance with the applicable accounting rules. Indeed, with respect to most cases the Group is not in a position at this stage in these procedures, to give a reliable estimate of the potential loss that could be incurred in connection with these disputes.

### 20.2.1. Litigations concerning antitrust laws in the airfreight industry

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

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

Although significant amounts have been reported by the media, plaintiffs are mostly claiming for unspecified and/or insufficiently substantiated damages against defendants taken as a whole (and not individually) and the EU decision to which the plaintiffs refer to is still not definitive.

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

### 20.2.2. Litigations concerning antitrust laws in the passenger sector

#### Canada

A civil class action was reinitiated in 2013 by claimants in Ontario against seven airlines including Air France and KLM. The plaintiffs allege that the defendants participated in a conspiracy in the passenger air transport service from Canada on the cross-Atlantic routes, for which they are claiming damages. Air France and KLM strongly deny any participation in such a conspiracy. After the courts dismissed that case in the US, the plaintiffs have not taken any steps to move the case forward here since 2013. Based upon external counsel advice, this file is considered as closed now.

### 20.2.3. Other litigations

#### Rio-Paris AF447 flight

On March 28, 2011, Air France and Airbus were indicted for manslaughter of the 228 victims who died in the crash of the AF 447 Rio-Paris flight on June 1, 2009.

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

The Public Prosecutor's Office and most of the civil parties (including the Pilots' associations and unions) appealed this decision. The Paris Court of Appeals ruled on May 12, 2021, referring Airbus and Air France to the Criminal Court. Following the rejection by the Court of Cassation on August 26, 2021 of the appeal filed by Air France and Airbus, the case is now under the jurisdiction of the Criminal Court.

#### US Department of Justice investigation related to United States Postal Service

In March 2016, the US Department of Justice (DOJ) informed Air France and KLM of a civil inquiry regarding contracts with the United States Postal Service for the international transportation of mail by air. In September 2016, a Civil Information Demand from the DOJ has been received seeking certain information relating to these contracts. The DOJ has indicated it is investigating potential violations of the False Claims Act. Air France and KLM have settled the case with DoJ in July 2022 for an aggregate amount of \$3.9 million (€3.6 million).



## Air France-KLM Group

Except for the matters specified under the paragraphs 20.1 and 20.2, the Group is not aware of any governmental, judicial or arbitration dispute or proceedings (including any proceedings of which the issuer is aware, or that are pending or threatened against it) that could have a significant impact on the Group's financial position, earnings, assets, liabilities or profitability, for a period covering at least the past twelve months.

### 21. FINANCIAL LIABILITIES

<i>In € millions</i>	As of June 30, 2022				As of December 31, 2021		
	Notes	Non current	Current	Total	Non current	Current	Total
Perpetual subordinated loan in Yen		141	-	<b>141</b>	153	-	<b>153</b>
Perpetual subordinated loan in Swiss francs		377	-	<b>377</b>	363	-	<b>363</b>
OCEANE (convertible bonds)	<i>21.1</i>	481	-	<b>481</b>	476	-	<b>476</b>
Bonds	<i>21.2</i>	1,690	361	<b>2,051</b>	1,678	361	<b>2,039</b>
Debt on financial leases with bargain option		3,113	449	<b>3,562</b>	2,901	404	<b>3,305</b>
Loans guaranteed by the French and the Dutch States	<i>21.3</i>	3,619	-	<b>3,619</b>	4,310	-	<b>4,310</b>
State loans	<i>21.3</i>	-	-	-	278	-	<b>278</b>
Other financial liabilities	<i>21.4</i>	1,146	164	<b>1,310</b>	1,114	340	<b>1,454</b>
Accrued interest		1	105	<b>106</b>	1	110	<b>111</b>
<b>Total - Financial liabilities</b>		<b>10,568</b>	<b>1,079</b>	<b>11,647</b>	<b>11,274</b>	<b>1,215</b>	<b>12,489</b>

# Air France-KLM Group

## Change in financial liability

<i>In € millions</i>	December 31, 2021	New financial liabilities	Non monetary change	Reimbursement of financial liabilities	Currency translation adjustment	Other	June 30 2022
Perpetual subordinated loan in Japanese yens and Swiss francs	516	-	-	-	1	1	<b>518</b>
OCEANE	476	-	5	-	-	-	<b>481</b>
Bonds	2,039	-	-	-	12	-	<b>2,051</b>
Debt on financial leases with bargain option	3,305	476	10	(228)	(1)	1	<b>3,563</b>
Loans guaranteed by the French and the Dutch states	4,310	-	(27)	(665)	-	1	<b>3,619</b>
States loans	278	-	-	(277)	-	(1)	-
Other financial liabilities	1,454	76	17	(245)	8	(1)	<b>1,309</b>
Accrued interest	111	-	231	-	-	(236)	<b>106</b>
<b>Total</b>	<b>12,489</b>	<b>552</b>	<b>236</b>	<b>(1,415)</b>	<b>20</b>	<b>(235)</b>	<b>11,647</b>

## 21.1 OCEANE

On March 20, 2019, Air France-KLM issued 27,901,785 bonds convertible and/or exchangeable for new or existing Air France-KLM shares (OCEANE) with a maturity date fixed at March 25, 2026 for a total nominal amount of €500 million. Each bond has a nominal value of €17.92. The annual coupon amounts to 0.125 per cent.

Following the realization of the capital increase of Air France KLM Group on June 16, 2022, to ensure that the rights of the OCEANE bond holders are maintained in accordance with the applicable legal and regulatory provisions and the terms and conditions of the OCEANE bonds, the conversion/exchange ratio has been adjusted as from June 16, 2022 from a parity of 1 Air France KLM share per OCEANE bond to a parity of 1.783 Air France KLM share per OCEANE bond (see note 3.2. Events that occurred in the period). This operation had no impact on the value recorded under financial liabilities.

Upon issue of these convertible bonds, Air France-KLM recorded a debt of €446 million, corresponding to the present value of future payments of interest and nominal discounted at the rate of a similar bond without a conversion option. The option value, calculated by deducting this debt value from the total nominal amount of the issue (i.e. €500 million), was recorded in equity.

As of June 30 2022, the debt value amount to €481 million.

## 21.2 Bonds

Bond	Issuing date	Amount issued (in millions)	Maturity date	Reimbursement date	Coupon
€ Bond issued in 2016	Oct 5, 2016	€ 361	Oct 12, 2022	-	3.75%
\$ Bond issued in 2016 <sup>(1)</sup>	Dec 9, 2016	\$ 145	Dec 15, 2026	-	4.35%
€ Bond issued in 2020	Jan, 10 2020	€ 750	Jan 16, 2025	-	1,875%
€ Bond issued in 2021	July 1, 2021	€ 300	July 1, 2024	-	3,00%
€ Bond issued in 2021	July 1, 2021	€ 500	July 1, 2026	-	3,875%

<sup>(1)</sup> Bonds issued to Asian institutional investors via an unlisted private placement.

# Air France-KLM Group

## 21.3 Financial support from the French and Dutch states

As of June 30 2022, KLM has fully repaid the amounts drawn under the credit line and the guaranteed loan of the financial assistance provided by the Dutch State in 2020 (see note 33.3 Financial support from the French and Dutch States in the notes to the financial statements as of 31 December 2021) for a total amount of 942 million euros.

## 21.4 Other debt

Other debt breaks down as follows:

<i>In € millions</i>	<b>As of June 30, 2022</b>	<b>As of December 31, 2021</b>
Reservation of ownership clause and mortgage debt	836	1,038
Other debt	474	416
<b>Total</b>	<b>1,310</b>	<b>1,454</b>

## 21.5 Maturity analysis

The financial liabilities maturities breaks down as follows:

<i>In € millions</i>	<b>As of June 30, 2022</b>	<b>As of December 31, 2021</b>
Maturities in		
year Y (6 months)	768	-
Y+1	1,514	1,215
Y+2	2,785	1,401
Y+3	2,815	2,767
Y+4	1,159	3,470
Over 4 years	2,606	3,636
<b>Total</b>	<b>11,647</b>	<b>12,489</b>

As of June 30, 2022, the KLM perpetual subordinated loan in Swiss francs and Japanese yens are included in the line "Over 4 years".

The bonds issued in 2016, 2020 and 2021 will be reimbursed on their contractual maturity dates (see note 21.2 Bonds).

## 21.6 Credit lines

As of June 30 2022, having repaid €277 million of the credit lines as part of the aid provided by the Dutch State (see note 21.3 Financial support from the French and Dutch states), KLM still retains a credit line of €2.4 billion (of which €723 million for the direct loan and €1.735 million from the banks).

No new credit lines have been subscribed for the first semester of 2022.

# Air France-KLM Group

## 22. LEASE DEBT

The lease debt breaks down as follows:

<i>In € millions</i>	As of June 30, 2022			As of December 31, 2021		
	Non current	Current	Total	Non current	Current	Total
Lease debt - aircraft	2,608	699	<b>3,307</b>	2,166	653	<b>2,819</b>
Lease debt - aeronautical spare parts	71	28	<b>99</b>	72	38	<b>110</b>
Lease debt - real estate	620	106	<b>726</b>	634	107	<b>741</b>
Lease debt - other	36	2	<b>38</b>	52	10	<b>62</b>
Accrued interest	-	16	<b>16</b>	-	17	<b>17</b>
<b>Total - Lease debt</b>	<b>3,335</b>	<b>851</b>	<b>4,186</b>	<b>2,924</b>	<b>825</b>	<b>3,749</b>

## 23. NET DEBT

<i>In € millions</i>	June 30, 2022	December 31, 2021
Current and non-current financial liabilities	11,647	12,489
Current and non-current lease debt	4,186	3,749
Accrued interest	(122)	(128)
Deposits related to financial liabilities	(96)	(99)
Deposits related to lease debt	(96)	(85)
Derivatives impact on debt	(60)	(14)
<b>Gross financial liabilities (I)</b>	<b>15,459</b>	<b>15,912</b>
Cash and cash equivalents	8,173	6,658
Marketable securities <sup>(1)</sup>	85	189
Cash secured <sup>(1)</sup>	424	324
Triple A bonds <sup>(1)</sup>	743	529
Bank overdrafts	(2)	(4)
<b>Net cash (II)</b>	<b>9,423</b>	<b>7,696</b>
<b>Net debt (I-II)</b>	<b>6,036</b>	<b>8,216</b>

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

# Air France-KLM Group

<i>In € millions</i>	<b>June 30, 2022 6 months</b>	<b>December 31, 2021 12 months</b>
<b>Opening net debt</b>	<b>8,216</b>	<b>11,049</b>
Operating free cash flow	(2,605)	(231)
Capital increase	(1,551)	(1,024)
Coupons on perpetual reclassified from equity	229	-
Perpetual reclassified from financial liabilities	-	(2,997)
Perpetual repayment	993	-
Disposal of subsidiaries, of shares in non-controlled entities	-	(75)
Acquisition of subsidiaries, of shares in non-controlled entities	-	2
Lease debts (new and renewed contracts)	637	1,150
Unrealised exchange gains and losses on lease financial debts through OCI	186	159
Impact of derivatives on net debt	(36)	(22)
Impact of Effective Interest Rate methodology on State loan	(5)	126
Currency translation adjustment	(19)	42
Amortization of OCEANE optional part	5	11
Other non-monetary variations of the net debt	(14)	26
<b>Closing net debt</b>	<b>6,036</b>	<b>8,216</b>

## 24. OTHER LIABILITIES

<i>In € millions</i>	<b>As of June 30, 2022</b>		<b>As of December 31, 2021</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Tax liabilities	1,224	948	794	1,060
Employee-related liabilities	1,043	1,365	960	1,355
Non-current asset payables	63	-	70	-
Deferred income	806	42	873	43
Prepayments received	393	-	390	-
Other	367	110	282	97
<b>Total</b>	<b>3,896</b>	<b>2,465</b>	<b>3,369</b>	<b>2,555</b>

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

# Air France-KLM Group

## 25. FLIGHT EQUIPMENT ORDERS

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

<i>In € millions</i>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
2 <sup>nd</sup> semester year Y (6 months)	1,197	-
Year Y+1	1,755	1,653
Year Y+2	1,804	1,253
Year Y+3	1,686	1,165
Year Y+4	1,177	822
> Year Y+4	2,402	212
<b>Total</b>	<b>10,021</b>	<b>5,105</b>

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

The number of aircraft under firm order as of June 30, 2022 increased by 95 units compared with December 31, 2021 and stood at 182 aircraft. This change are explained by the delivery of 9 aircraft over the period and a 104 aircraft on order.

The Group has indeed announced a firm order of 100 aircraft of Airbus A320neo family for its subsidiaries KLM and Transavia (see note 3.2 Events that occurred in the period), and 4 aircraft Airbus A350F Cargo for Air France.

### **Long-haul fleet (passenger)**

The Group took delivery of five Airbus A350-900s.

### **Medium-haul fleet**

The Group took delivery of four Airbus A220-300s.

The Group's commitments concern the following aircraft:

## Air France-KLM Group

Aircraft type	To be delivered in	2 <sup>nd</sup> semester Y (6 months)	Y+1	Y+2	Y+3	Y+4	Beyond Y+4	Total
<b><u>Long-haul fleet – passenger</u></b>								
A350	As of June 30, 2022	2	7	6	5	-	-	20
	As of December 31, 2021	-	7	5	6	5	2	25
B787	As of June 30, 2022	4	2	2	-	-	-	8
	As of December 31, 2021	-	4	2	2	-	-	8
<b><u>Long-haul fleet – cargo</u></b>								
A350F	As of June 30, 2022	-	-	-	-	-	4	4
	As of December 31, 2021	-	-	-	-	-	-	-
<b><u>Medium-haul fleet</u></b>								
A320neo	As of June 30, 2022	-	-	-	7	15	37	59
	As of December 31, 2021	-	-	-	-	-	-	-
A321neo	As of June 30, 2022	-	-	9	7	13	12	41
	As of December 31, 2021	-	-	-	-	-	-	-
A220	As of June 30, 2022	11	15	12	12	-	-	50
	As of December 31, 2021	-	15	15	12	12	-	54
<b>Total</b>	<b>As of June 30, 2022</b>	<b>17</b>	<b>24</b>	<b>29</b>	<b>31</b>	<b>28</b>	<b>53</b>	<b>182</b>
	<b>As of December 31, 2021</b>	<b>-</b>	<b>26</b>	<b>22</b>	<b>20</b>	<b>17</b>	<b>2</b>	<b>87</b>

## 26. RELATED PARTIES

The main significant changes in the related parties in the first half of 2022 are as follows:

### CMA-CGM

CMA-CGM company, following its acquisition of a stake in the Air France KLM Group at the time of the Group's capital increase on June 16, 2022, appointed Mr. Rodolphe Saadé as its representative in the Group's Board of Directors. Mr. Rodolphe Saadé's term of office as director took effect on July 15, 2022, following the obtaining of authorizations from the competent authorities. The business flows existing as of June 30, 2022 between Air France KLM and CMA-CGM are carried out under normal and current conditions, and their amounts are not significant.

### French and Dutch States

The payment of coupons and the partial redemption of the perpetual subordinated notes held by the French State resulted in a decrease in the amount presented in note 42.2 of the notes to the consolidated financial statements at December 31, 2021 on the line "Perpetual" by an overall amount of €1,762 million.

In addition, on June 30, 2022, KLM fully repaid the loan granted by the Dutch State, reducing the amount presented in note 42.2 of the notes to the consolidated financial statements as of December 31, 2021, on the line "Other non-current financial liabilities" to zero.