Financial statements 2024

Consolidated statement of profit or loss

In EUR million	Note	2024	2023
Revenues	2	**12,681**	**12,050**
External expenses	3	(7,825)	(7,280)
Employee compensation and benefit expenses *	4/9	(3,954)	(3,554)
Other income and expenses *	5/9	489	839
EBITDA *	9	**1,391**	**2,055**
Depreciation, amortisation, impairment and provisions *	6/9	(999)	(916)
Income from operating activities *	9	**392**	**1,139**
Cost of financial debt	7	(201)	(207)
Income from cash, cash equivalents and deposits	7	83	82
Net cost of financial debt		**(118)**	**(125)**
Other financial income and expenses	7	(181)	(67)
Income before tax		**93**	**947**
Income tax income/(expense)	8	(31)	(238)
Net income after tax		**62**	**709**
Share of results of equity accounted investees		8	5
Net profit for the year		**70**	**714**

In EUR million	Note	2024	2023
Attributable to:			
Equity holders of the company		69	713
Non-controlling interests		1	1
		70	**714**
Net profit attributable to equity holders of the Company		69	713
Dividend on priority shares		-	-
Net profit available for holders of ordinary shares		**69**	**713**

Income from operating activities*	9	**392**	**1,139**
Total APM adjustments income from operating activities *	9	24	(489)
Adjusted income from operating activities (as per Air France-KLM Group reporting) *	9	**416**	**650**

* See note 9. Alternative performance measures (APMs) for the reconciliation from EBITDA to adjusted EBITDA of EUR 1,437 million positive (2023: EUR 1,572 million positive) and adjusted income from operating activities of EUR 416 million positive (2023: EUR 650 million positive).

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

Consolidated statement of comprehensive income

In EUR million	2024	2023
Profit for the year	**70**	**714**
Cash flow hedges:		
- Effective portion of changes in fair value of cash flow hedges recognised directly in OCI	14	(26)
- Change in fair value transferred to profit or loss	34	(54)
Exchange differences on translation foreign operations	5	1
Tax on items of comprehensive income that will be reclassified to profit or loss	(14)	21
Total of comprehensive income/(expense) that will be reclassified to profit or loss	**39**	**(58)**
Remeasurement of defined benefit pension plans	7	-
Fair value of equity instruments revalued through OCI	7	(2)
Tax on items of comprehensive income that will not be reclassified to profit or loss	(1)	(1)
Total of comprehensive income/(expense) that will not be reclassified to profit or loss	**13**	**(3)**
Total of comprehensive income/(expense) after tax	**52**	**(61)**
Recognised income and expenses	**122**	**653**

The split of the recognised income and expenses is as follows:

In EUR million	2024	2023
Equity holders of the company	121	652
Non-controlling interests	1	1
Total	**122**	**653**

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

Consolidated balance sheet

Before proposed appropriation of the result for the year		As at December 31,	
In EUR million	Note	2024	2023
Assets			
Non-current assets			
Property, plant and equipment	10	5,756	5,288
Leases	11	2,094	1,703
Intangible assets	12	496	475
Investments accounted for using the equity method		26	22
Other non-current assets	13	251	152
Other non-current financial assets	14	990	898
Deferred tax assets	8	266	287
Pension assets	24	49	36
		9,928	**8,861**
Current assets			
Other current assets	13	284	205
Other current financial assets	14	183	254
Inventories	15	335	332
Current tax receivables	8	6	20
Trade and other receivables	16	1,232	1,288
Cash and cash equivalents	17	1,057	1,603
		3,097	**3,702**
Total assets		**13,025**	**12,563**

		As at December 31,	
In EUR million	Note	2024	2023
Equity			
Capital and reserves			
Share capital	18	125	125
Share premium		474	474
Reserves	18	530	452
Retained earnings		(285)	(972)
Result for the year		69	713
Total attributable to Company's equity holders		**913**	**792**
Non-controlling interests		4	5
Total equity		**917**	**797**
Liabilities			
Non-current liabilities			
Financial debt	19	1,711	1,751
Lease debt	11	1,160	983
Other non-current liabilities	13	777	1,005
Other non-current financial liabilities	20	716	628
Deferred income	23	-	224
Deferred tax liabilities	8	3	-
Provisions for employee benefits	24	239	231
Return obligation liability and other provisions	25	1,530	1,231
		6,136	**6,053**
Current liabilities			
Trade and other liabilities	26	2,714	2,879
Financial debt	19	292	223
Lease debt	11	337	285
Other current liabilities	13	70	74
Other current financial liabilities	20	295	197
Deferred income	23	1,772	1,560
Provisions for employee benefits	24	20	23
Return obligation liability and other provisions	25	472	472
		5,972	**5,713**
Total liabilities		**12,108**	**11,766**
Total equity and liabilities		**13,025**	**12,563**

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

Consolidated statement of changes in equity

Attributable to Company's equity holders								
In EUR million	Share capital	Share premium	Reserves	Retained earnings	Result for the year	Total	Non-controlling interests	Total equity
As at January 1, 2024	**125**	**474**	**452**	**(972)**	**713**	**792**	**5**	**797**
Transfer to retained earnings	–	–	–	713	(713)	–	–	–
Other	–	–	–	–	–	–	(2)	(2)
Contributions	**–**	**–**	**–**	**713**	**(713)**	**–**	**(2)**	**(2)**
Net gain/(loss) from cash flow hedges	–	–	48	–	–	48	–	48
Fair value of equity instruments revalued through OCI	–	–	7	–	–	7	–	7
Exchange differences on translation foreign operations	–	–	5	–	–	5	–	5
Remeasurement of defined benefit pension plans	–	–	7	–	–	7	–	7
Transfer to/(from) retained earnings	–	–	26	(26)	–	–	–	–
Deferred tax on items taken directly to or transferred from equity	–	–	(15)	–	–	(15)	–	(15)
Net income/(expense) recognised directly in OCI	**–**	**–**	**78**	**(26)**	**–**	**52**	**–**	**52**
Profit for the year	–	–	–	–	69	69	1	70
Movement recognised income/(expenses)	**–**	**–**	**78**	**(26)**	**69**	**121**	**1**	**122**
Dividends paid	–	–	–	–	–	–	–	–
As at December 31, 2024	**125**	**474**	**530**	**(285)**	**69**	**913**	**4**	**917**

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

Attributable to Company's equity holders								
In EUR million	Share capital	Share premium	Reserves	Retained earnings	Result for the year	Total	Non-controlling interests	Total equity
As at January 1, 2023	**125**	**474**	**473**	**(1,683)**	**743**	**132**	**4**	**136**
Transfer to retained earnings	-	-	-	743	(743)	-	-	-
Fair value related to Air France-KLM S.A. Employee Share Purchase Plan	-	-	8	-	-	8	-	8
Contributions	**-**	**-**	**8**	**743**	**(743)**	**8**	**-**	**8**
Net gain/(loss) from cash flow hedges	-	-	(80)	-	-	(80)	-	(80)
Fair value of equity instruments revalued through OCI	-	-	(2)	-	-	(2)	-	(2)
Exchange differences on translation foreign operations	-	-	1	-	-	1	-	1
Remeasurement of defined benefit pension plans	-	-	-	-	-	-	-	-
Transfer to/(from) retained earnings	-	-	32	(32)	-	-	-	-
Deferred tax on items taken directly to or transferred from equity	-	-	20	-	-	20	-	20
Net income/(expense) recognised directly in OCI	**-**	**-**	**(29)**	**(32)**	**-**	**(61)**	**-**	**(61)**
Profit for the year	-	-	-	-	713	713	1	714
Movement recognised income/(expenses)	**-**	**-**	**(29)**	**(32)**	**713**	**652**	**1**	**653**
Dividends paid	-	-	-	-	-	-	-	-
As at December 31, 2023	**125**	**474**	**452**	**(972)**	**713**	**792**	**5**	**797**

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

Consolidated cash flow statement

In EUR million	Note	2024	2023 Restated ***
Profit for the year		70	714
Adjustments for:			
Depreciation, amortisation and impairment	6	1,056	979
Changes in provisions	6	(32)	2
Net cost of financial debt		118	125
Results of investees		(7)	(5)
Results on sale of equity accounted investees		(2)	-
Changes in pensions		2	(3)
Changes in deferred tax	8	8	189
Other changes		94	(500)
Net cash flow from operating activities before changes in working capital		**1,307**	**1,501**
Changes in:			
(Increase) / decrease in inventories		(13)	(76)
(Increase) / decrease in trade receivables		123	(158)
Increase / (decrease) in advances ticket sales		(4)	17
Increase / (decrease) in trade payables		(82)	(21)
(Increase) / decrease in other receivables and other payables		(369)	12
Change in working capital requirement		**(345)**	**(226)**
Net cash flow from operating activities		**962**	**1,275**
Purchase of intangible fixed assets	12	(109)	(97)
Purchase of aircraft	10	(1,085)	(897)
Proceeds on disposal of aircraft		4	25
Purchase of other tangible fixed assets	10	(158)	(92)
Proceeds on disposal of other (in-)tangible fixed assets	5/6	75	554
Investments in equity accounted investees		(1)	(1)
Proceeds on sale of equity accounted investees		8	-
Dividends received		4	1
Interest received		63	61
Proceeds on / (purchase of) short-term deposits and commercial paper		40	(44)
Net cash flow used in investing activities		**(1,159)**	**(490)**

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

In EUR million	Note	2024	2023 Restated ***
Proceeds from long-term debt	20	496	401
Repayment on long-term debt	20	(343)	(451)
Payments on lease debt	11	(301)	(275)
Proceeds from long-term receivables		(148)	(283)
Repayment on long-term receivables		154	117
Purchase of minority interest without change in control		(1)	—
Dividend paid		(1)	—
Interest paid		(217)	(214)
Net cash flow used in financing activities		**(361)**	**(705)**
Effect of exchange rates on cash and cash equivalents		12	(10)
Change in cash and cash equivalents		**(546)**	**70**
Cash and cash equivalents at beginning of period		1,603	1,533
Cash and cash equivalents at end of period *	17	1,057	1,603
Change in cash and cash equivalents		**(546)**	**70**
Income tax (paid) / reimbursed (flow included in net cash flow from operating activities)	8	(9)	(108)
Current tax income / (expense) (flow included in net cash flow from operating activities)	8	(23)	(49)

In EUR million	2024	2023 Restated ***
Net cash flow from operating activities	962	1,275
Net cash flow used in investing activities (excluding investments in and proceeds on sale of equity accounted investees, dividends received, interest received and proceeds of / (purchase of) short-term deposits and commercial paper)	(1,273)	(507)
Free cash flow	**(311)**	**768**
Net interest	(154)	(153)
Payments on lease debt	(301)	(275)
Adjusted free cash flow**	**(766)**	**340**

* including near cash (other highly liquid investments, such as Triple A bonds, long-term deposits and commercial paper with an original maturity between 3 and 12 months) amounts to EUR 2,135 million as at December 31, 2024 (December 31, 2023 EUR 2,663 million).

** See note 9. Alternative performance measures (APMs)

*** See note 1.6 Restatement of 2023 financial statements

Notes to the consolidated financial statements

1. Basis of preparation

Koninklijke Luchtvaart Maatschappij N.V. (the "Company" or "the Group") is a public limited liability company incorporated and domiciled in the Netherlands. The Company's registered office is located in Amstelveen.

The Company is a subsidiary of Air France-KLM S.A. ("Air France-KLM"), a company incorporated in France. The Company financial statements are included in the financial statements of Air France-KLM which can be obtained from the Air France-KLM Group website. Air France-KLM's shares are quoted on the Paris and Amsterdam stock exchanges.

These financial statements have been authorised for issue by the Board of Managing Directors on March 27, 2025 and will be submitted for approval to the Annual General Meeting (AGM) of shareholders on May 22, 2025.

1.1 Accounting principles

The consolidated financial statements have been prepared in conformity with IFRS Accounting Standards as adopted by the European Union and effective at the reporting date December 31, 2024. The consolidated financial statements have also been prepared in accordance with Section 362(9) of Book 2 of the Dutch Civil Code. As permitted by Section 402 of Book 2 of the Dutch Civil Code the Company statement of profit or loss has been presented in condensed form. In addition, where possible, alignment has been strived with the external reporting of its ultimate parent company, Air France-KLM S.A.

All amounts (unless specified otherwise) are stated in millions of Euros (EUR million). Amounts in the notes may not add up precisely to the totals provided.

Material accounting policies

The consolidated financial statements are prepared on historical cost basis unless stated otherwise. The material accounting policies applied in the preparation of the consolidated financial statements are set out below and in the respective notes. These policies have been consistently applied to all the years presented in these financial statements, unless stated otherwise.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Cash flow statement

The cash flow statement is prepared using the indirect method. Changes in balance sheet items that have not resulted in cash flows such as translation differences, financial debts and fair value changes have been eliminated for the purpose of preparing this statement. Interest paid is included in financing activities and interest received is included in investing activities. Dividends paid to ordinary shareholders, if any, are included in financing activities. Dividends received, if any, are classified as investing activities.

IFRS standards which are applicable on a mandatory basis to the 2024 financial statements

- Amendments to IAS1 "Presentation of Financial Statements and notes". These amendments are related to the classification of the liabilities in current liability or non-current liability, mostly for the non-current liability with covenants. These amendments precise that only the covenants of which an entity is required to comply with, no later than the closing date, have an incidence on the classification of a debt in current or non-current. The classification is not impacted when the right to postpone the payment of a debt for at least 12 months, depend on the respect of a covenant at a date later than the closing date. The Group carried out a review of the terms of each significant loan, drawn or not. No loans have been reclassified following this review.
- Amendments to IFRS 16 "Leases". These amendments « Lease Liability in a Sale and Leaseback" bring clarifications on the valuation post sales and leaseback transactions, when the initial sale of the underlying asset corresponds to the criteria of IFRS15 for being compatibilized as a sale. These amendments precise how to evaluate the lease debt, resulting of

these transactions in presence of variable leases that do not depend on an index or a rate. The Group applies this amendment since January 1, 2024, without observing any significant retroactive impact.

OECD Pillar Two model rules. The Air France-KLM Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in France and the Netherlands and has come into effect from January 1, 2024. Safe harbour provisions exist to defer the application by up to 3 years based on simplified calculations updated at each year-end.
Based on simplified calculations no additional tax expense has been recorded as at December 31, 2024.

IFRS standards applicable in the future
KLM is currently assessing the impact of IFRS 18 "Presentation and Disclosures in Financial Statements". The impact of the application of other standards and applications respectively published by IASB (International Accounting Standards Board) and IFRS IC (Interpretation Committee) not yet effective as of December 31, 2024 are expected to be non significant.

Assessment of going concern
As per the date of this 2024 Annual Report an assessment of going concern has been performed. Based on all information and analysis available and taking into account the current liquidity position and business outlook the Board of Managing Directors concludes that there are no triggers that might impair the going concern assumption and as such the going concern assumption is applied.

1.2 Use of estimates and the judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.
Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from the estimates.

The preparation of these financial statements also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the consolidated financial statements, are disclosed further in the following notes:

- the valuation of revenue related to passenger tickets and freight airwaybills issued and not used: note 2. Segment reporting;
- hypothesis used for impairment testing of non financial assets, including assumptions about climate issues: note 6. Depreciation, amortisation, impairments and movements in provision;
- useful lives of property, plant and equipment: note 10. Property, plant and equipment;
- the valuation of return obligation liabilities and other provisions: note 25. Return obligation liability and other provisions.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1.3 Consolidation principles

Subsidiaries
In conformity with IFRS 10 "Consolidated Financial Statements", the Group's consolidated financial statements comprise the financial statements for all entities that are controlled directly or indirectly by the Group, irrespective of its level of participation in the equity of these entities. The companies over which the Group exercises control are fully consolidated.

An entity is controlled when the Group has power over it, is exposed or has rights to variable returns from its involvement in this entity, and has the ability to use its power to influence the amounts of these returns. The determination of control takes into account the existence of potential voting rights if they are substantive, meaning they can be exercised in time when decisions about the relevant activities of the entity need to be taken. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control begins until the date this control ceases.

Non-controlling interests are presented within equity and on the statement of profit or loss separately from Company's equity holders and the Group's net result, under the line "non-controlling interests".

The effects of a buyout of non-controlling interests in a subsidiary already controlled by the Group and divestment of a percentage interest without loss of control are recognised in equity. In a partial disposal resulting in loss of control, the retained equity interest is remeasured at fair value at the date of loss of control. The gain or loss on the disposal will include the effect of this remeasurement and the gain or loss on the sale of the equity interest, including all the items initially recognised in equity and reclassified to profit or loss.

Intra-group operations

All intra-group balances and transactions, including income, expenses and dividends are fully eliminated. Profits or losses resulting from intra-group transactions are also eliminated. Gains and losses realised on internal sales with associates and jointly-controlled entities are eliminated, to the extent of the Group's interest in the entity, providing there is no impairment.

1.4 Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at the exchange rate of the related hedge, if applicable. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Group companies

The financial statements of Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate;
- The statement of profit or loss and the cash flow statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting translation differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity.

When losing control, such exchange differences are recycled from equity and recognised in the statement of profit or loss as part of the gain or loss on sale.

The exchange rates used for the most significant currencies were as follows:

In EUR	Balance Sheet as at December 31, 2024	Average in Statement of profit or loss 2024	Balance Sheet as at December 31, 2023
1 US dollar (USD)	0.96	0.92	0.90
1 Pound sterling (GBP)	1.21	1.18	1.15
100 Japanese yen (JPY)	0.61	0.61	0.64

1.5 Sustainability development and climate

Climate change is a major concern for the air transport industry, and for the Air France-KLM Group, of which the Company is a subsidiary, in particular. Attitudes towards the acceptability of air transport growth are evolving both at the political level and in society at large. The Netherlands have implemented policies aimed at ensuring the transition to a carbon-neutral society by 2050, in line with the European Unions strategy in this domain, reflected in the commitments made by the Company to the Dutch Government.

The Company, in close cooperation with the Air France-KLM Group, intends to be a key player in the sustainable transformation of its activities and aims to take a leading role and influence in the decarbonization of air transport.

The Company plays an active role in advancing the ambition of Net Zero emissions by 2050 as an industry, and is committed to science-based targets in line with the SBTi criteria approved in November 2022. The Group's environmental efforts are summarised in a Climate Action Plan, with the objective of reducing the intensity of greenhouse gases, in particular by progressively incorporating sustainable aviation fuel (SAF) and investing in the renewal of the Group's fleet with new generation aircraft emitting up to 25% less CO_2 per passenger kilometer.

The Group's financial statements integrate climate change and sustainability issues in various items as described below.

Valuation of assets and consideration of environmental risks and commitments

The impact of climate change in the short to medium term has been taken into account in preparing the Groups financial statements for the year ending December 31, 2024.

The impacts of expected or probable regulatory changes are included in the KLM Groups five-year plan, notably the rising cost of carbon credits and CO_2 offsetting under European (EU-ETS) and international (CORSIA) mechanisms, the increasing trajectory of SAF incorporation, the Groups ability to pass on additional costs in ticket prices, the acceptability of air transport and its effect on demand reflected in the long term growth rate of its activities and the investments and depreciation linked to the fleet renewal plan, in line with the CO_2 emission reduction targets.

These elements are consequently taken into account in the assumptions used to test the recoverable value of assets. See note 6. Depreciation, amortisation, impairments and movements in provision

In 2024, the environmental impacts have not led to the recognition of any impairment or accelerated depreciation of assets.

Sustainable investments and financings

The Group has committed to reduce its CO_2 emissions per RTK (scopes 1 and 3.3) by 30% by 2030 compared to 2019. Currently, one of the most impactful ways to reduce the carbon footprint is to invest in a more fuel-efficient fleet. The Group is focusing on simplifying and rationalising its fleet to make it more competitive. The Group's transformation is therefore continuing with the phase in of more modern, high-performance aircraft with a significantly lower environmental impact and a reduced noise footprint. Pursuing its fleet renewal plan, the Group will continue to receive new generation aircraft over the next few years.

The decarbonisation of the Groups activities is also reflected in investments in materials and equipment designed to reduce its environmental footprint. In order to adapt its business to climate change and in particular emissions for ground operations, the Group is pursuing a sustainable investment policy and is notably investing in fully electric ramp equipment (vehicles, tractors and loading equipment) and the energy renovation of its buildings.

In April 2023, the Company signed an ESG KPI-Linked Revolving Credit Facilities ("RCF") with a pool of international financial institutions, for a total amount of EUR 1 billion.

Sustainable Aviation Fuel (SAF)

As part of its decarbonisation objectives, the Group has developed a progressive and proactive SAF purchasing policy for the coming years.

To cover the additional costs incurred by SAF purchases, the Group introduced a specific surcharge on tickets departing from the Netherlands as from January 1, 2022. In addition, voluntary contribution mechanisms enable the Group's customers to contribute financially to the supply and use of SAF beyond the regulatory incorporation.

In order to secure its purchases of SAF, the Air France-KLM Group signed several contracts with the suppliers Nesté, DG Fuels, SkyNRG and TotalEnergies.

As part of its decarbonization strategy, KLM has entered into SAF supply contracts with the following partners:

- Neste: The contract covers 0.3 million tons of SAF over the period 2025 – 2030;
- DG Fuels: The contract covers 0.2 million tons of SAF over the period 2027 to 2036;
- SkyNRG: the contract covers 0.8 million tons of SAF over the period 2027 to 2037; and
- TotalEnergies: the contract provides up to 0.6 million tons of SAF over the period 2025 to 2035.

Emission allowances

Since January 1, 2012, airlines have been subject to the Emission Trading Scheme (EU-ETS) regulations for all flights to or from the European Economic Area. As such, the Group must purchase CO_2 allowances, in addition to the free allowances, to offset its emissions.

The Group accounts for these purchased CO_2 quotas as other assets, see note 13. Other (non-current) assets and liabilities. To meet its obligation to surrender the allowances corresponding to its emissions, the Company recorded expenses (see note 3. External Expenses). The obligation to surrender allowances valued at acquisition cost for rights acquired (including free allowances) is recorded as provisions, see note 25. Return obligation liability and other provisions.

Starting 2024 airlines can apply for CO_2 allowances based on their usage of SAF. CO_2 quotas to be received over 2024 under this SAF Allowances scheme (part of EU-ETS) have not been taken into account, as the implementation of this scheme is still on going and the impact cannot be estimated.

1.6 Restatement of 2023 financial statements due to change in accounting policy

The net cost of financial debt of KLM Group is detailed in note 7. Net cost of financial debt and mainly comprises income from cash and cash equivalents, interest on financial liabilities, interest on lease liabilities and capitalized interest and may be cash or non-cash related items.

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

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

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

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

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

The impacts on the comparative periods for the impacted items of the cash flow statement are presented below:

Period from January 1 to December 31, 2023

In EUR million	Published accounts	Change in accounting treatment	Restated accounts
Net cost of financial debt		125	125
Other changes	-526	26	-500
Net cash flow from operation activities before changes in working capital	**1,350**	**151**	**1,501**
(increase) / decrease in other receivables and other payables	10	2	12
Change in working capital requirement	**-228**	**2**	**-226**
Net cash flow from operating activities	**1,122**	**153**	**1,275**
Interest received		61	61
Net cash flow used in investing activities	**(551)**	**61**	**(490)**
Interest paid		-214	-214
Net cash flow used in financing activities	**(491)**	**(214)**	**(705)**

2. Segment reporting

Accounting policy

The Company defines its primary segments on the basis of the Group's internal organisation, main revenue generating activities and the manner in which the Board of Managing Directors manages operations.

The Group has as its principal businesses: network activities, which include air transport of passengers and cargo activities, aircraft maintenance, leisure and any other activities linked to air transport.

Operating segments

The activities of each segment are as follows:

Network

Includes air transport of passengers and cargo activities:
- Passenger main activity is the transportation of passengers on scheduled flights that have the Company's airline code. Passenger revenues include receipts from passengers for excess baggage and other ancillary revenues. Other passenger revenues are derived from commissions from SkyTeam alliance partnership arrangements and revenues from block-seat sales; and
- Cargo activities relate to the transportation of freight on flights under the Company's code and the sale of cargo capacity to third parties.

Maintenance

Maintenance revenues are generated through maintenance services (engine services, component services and airframe maintenance) provided to other airlines and clients around the world.

Leisure

This segment covers primarily the provision of charter flights and (low-cost) scheduled flights operated by transavia.com.

Other

This segment covers primarily catering and handling services to third-party airlines and clients around the world.

Geographical segments

Revenues are allocated to geographical segments on the basis of destination as follows:
- Direct flights: Revenue is allocated to the geographical segment in which the destination falls; and
- Flights with stopovers: Revenue is allocated to the geographical segments in which the various sections of the route fall in accordance with IATA guidelines (based on weighted Passenger-kilometers).

The greater part of the Group's assets comprises aircraft and other assets that are located in the Netherlands. Inter-segment revenues are determined using the prices actually used for invoicing. These prices have been determined on a consistent basis.

Revenues

Network

Revenues from air transport transactions, which consist of passenger and freight transportation, are recognised when the transportation service is provided, net of any discounts granted. Revenues include (fuel) surcharges paid by passengers.

The Group applies the exemption provided by IFRS 15 which allows the balance of the outstanding transactions to remain unspecified as well as their planned recognition date for the performance obligations related to contracts with an initial term set at one year or less. If the tickets are not used, the performance obligations related to passenger and freight transportation generally expire within one year.

Legally enforced compensations to passenger after irregularities in the fulfilment of the revenue generating performance obligations under IFRS 15, including those from EU261 regulations, are recorded as revenue deducting. The Group recognises a corresponding amount in liabilities for future refunds to passengers.

Passenger ticket taxes calculated on ticket sales are collected by the Group and paid to the airport authorities. Taxes are recorded as a liability until such time as they are paid to the relevant airport authority as a function of the chargeability conditions (on ticket issuance or transportation).

The Group considers that the company that issues the airway bill acts as principal since the latter has control over the achievement of the performance obligation. When the Group issues freight airway bills for its goods carried by another carrier (airline company or road carrier), the Group acts as principal. Therefore, at the time of transportation the Group recognises as revenue the amount invoiced to the customer in its entirety and recognises as chartering costs the amounts invoiced by the other carrier for the service provision.

Maintenance contracts

The main types of contracts with customers identified within the Group are:

Sales of maintenance and support contracts

Some maintenance and support contracts cover the airworthiness of engines, equipment or airframes. The invoicing of these contracts is based on the number of flight hours or landings of the goods concerned by these contracts. The different services included within each of these contracts consist of a unique performance obligation due to the existing interdependence between the services within the execution of these contracts. The revenue is recognised: (i) if the level of completion can be measured reliably; (ii) if costs incurred and costs to achieve the contract can be measured reliably. As there is a continuous transfer of the control of these services, the revenue from these contracts is recognised as the costs are incurred. As long as the margin on the contract cannot be measured in a reliable manner, the revenue will only be recognised at the level of the costs incurred. Forecast margins on the contracts are assessed through the forecast future cash flows that take into account the obligations and factors inherent to the contracts as well as other internal parameters to the contract selected using historical and/or forecast data. These forecast margins are regularly reviewed. If necessary, provisions are recorded as soon as any losses on completion of contracts are identified. Amounts invoiced to customers, and therefore mostly collected, which are not yet recognised as revenue, are recorded as liabilities on contracts (deferred revenue) on the balance sheet. Inversely, any revenue that has been recognised but not yet invoiced is recorded under assets on the balance sheet.

Sales of spare parts repair and labour - Time & Material contracts

These services which relate to engines, equipment or airframes, an airframe being an aircraft without engines and equipment, are generally short-term. They consist of a unique performance obligation. The revenue is recognised as costs are incurred.

Accounting estimates and judgements

Valuation of Network revenues

Both passenger tickets and freight airway bills are recorded as “advance ticket sales” upon the sale. The booking of this revenue known as “ticket breakage” is deferred until the transportation date initially foreseen. This revenue is calculated by applying statistical rates on tickets issued and unused. These rates are regularly updated and adjusted for non-recurring and specific events that may have an impact on passengers’ behaviour based on management’s judgement.

Operating segments reporting

In EUR million	2024 Network	Maintenance	Leisure	Other	Eliminations	Total
Revenues						
Revenues External	10,245	1,080	1,334	22	–	12,681
Revenues Internal	83	1,174	3	257	(1,517)	–
Total revenue	**10,328**	**2,254**	**1,337**	**279**	**(1,517)**	**12,681**
Adjusted EBITDA*	1,108	154	146	29	–	1,437
APM adjustments to EBITDA*	(45)	(1)	–	–	–	(46)
Adjusted income from current activities	336	35	40	5	–	416
APM adjustments to income from operating activities*	(26)	(1)	1	2	–	(24)
Financial Income and expenses						(299)
Income tax income/(expense)						(31)
Share of results of equity shareholdings						8
Profit for the year						**70**
Amortisation, depreciation and movements in provision	(753)	(120)	(105)	(21)	–	(999)
Other financial income and expenses	(155)	(5)	(34)	13	–	(181)

In EUR million	As at December 31, 2024 Network	Maintenance	Leisure	Other	Eliminations	Total
Assets						
Intangible assets	158	300	35	3	–	496
Flight equipment	3,731	811	553	–	–	5,095
Other property, plant and equipment	284	361	5	11	–	661
Right-of-use assets	1,539	169	384	2	–	2,094
Trade receivables	475	142	12	1	–	630
Other assets	3,115	609	295	30	–	4,049
Total assets	**9,302**	**2,392**	**1,284**	**47**	**–**	**13,025**
Additions to fixed assets	810	195	207	–		
Liabilities						
Deferred revenues on sales	1,574	188	210	–	–	1,972
Other liabilities	6,251	2,349	1,486	50	–	10,136
Total liabilities	**7,825**	**2,537**	**1,696**	**50**	**–**	**12,108**

In EUR million	2023 Network	Maintenance	Leisure	Other	Eliminations	Total
Revenues						
Revenues External	9,932	921	1,176	21	-	12,050
Revenues Internal	89	972	1	230	(1,292)	-
Total revenue	**10,021**	**1,893**	**1,177**	**251**	**(1,292)**	**12,050**
Adjusted EBITDA*	1,293	146	108	25	-	1,572
APM adjustments to EBITDA*	484	(1)	-	-	-	483
Adjusted income from current activities	555	71	22	2	-	650
APM adjustments to income from operating activities*	478	-	1	10	-	489
Financial Income and expenses						(192)
Income tax income/(expense)						(238)
Share of results of equity shareholdings						5
Profit for the year						**714**
Amortisation, depreciation and movements in provision	(721)	(74)	(84)	(37)	-	(916)
Other financial income and expenses	(23)	(14)	(3)	(27)	-	(67)

In EUR million	As at December 31, 2023 Network	Maintenance	Leisure	Other	Eliminations	Total
Assets						
Intangible assets	163	282	27	3	-	475
Flight equipment	3,560	710	418	-	-	4,688
Other property, plant and equipment	280	306	4	10	-	600
Right-of-use assets	1,274	133	295	1	-	1,703
Trade receivables	519	153	34	1	-	707
Other assets	3,471	566	222	131	-	4,390
Total assets	**9,267**	**2,150**	**1,000**	**146**	**-**	**12,563**
Additions to fixed assets	700	93	105	-		
Liabilities						
Deferred revenues on sales	1,593	183	199	-	-	1,975
Other liabilities	5,799	2,336	1,603	53	-	9,791
Total liabilities	**7,392**	**2,519**	**1,802**	**53**	**-**	**11,766**

* See note 9. Alternative performance measures (APMs) for the reconciliation to adjusted EBITDA and adjusted income from operating activities. Also see the Alternative performance measures section in the Notes to the Consolidated financial statements.

Geographical segments reporting

In EUR million	Revenues by destination 2024 Europe, North Africa	Caribbean, Indian Ocean	Africa, Middle East	Americas Polynesia	Asia, New Caledonia	Total
Scheduled passenger	2,959	483	948	2,915	1,452	8,757
Other passenger revenues	92	15	30	92	46	275
Total passenger revenues	**3,051**	**498**	**978**	**3,007**	**1,498**	**9,032**
Scheduled cargo	5	29	229	447	277	987
Other cargo revenues	-	7	53	102	64	226
Total cargo revenues	**5**	**36**	**282**	**549**	**341**	**1,213**
Total network revenues	**3,056**	**534**	**1,260**	**3,556**	**1,839**	**10,245**
Maintenance	1,080	-	-	-	-	1,080
Other revenues	1,356	-	-	-	-	1,356
Total maintenance and other	**2,436**	**-**	**-**	**-**	**-**	**2,436**
Total revenues by destination	**5,492**	**534**	**1,260**	**3,556**	**1,839**	**12,681**

In EUR million	Revenues by destination 2023 Europe, North Africa	Caribbean, Indian Ocean	Africa, Middle East	Americas Polynesia	Asia, New Caledonia	Total
Scheduled passenger	2,738	490	1,022	2,972	1,324	8,546
Other passenger revenues	70	12	26	76	34	218
Total passenger revenues	**2,808**	**502**	**1,048**	**3,048**	**1,358**	**8,764**
Scheduled cargo	7	25	227	524	184	967
Other cargo revenues	2	5	47	109	38	201
Total cargo revenues	**9**	**30**	**274**	**633**	**222**	**1,168**
Total network revenues	**2,817**	**532**	**1,322**	**3,681**	**1,580**	**9,932**
Maintenance	921	-	-	-	-	921
Other revenues	1,197	-	-	-	-	1,197
Total maintenance and other	**2,118**	**-**	**-**	**-**	**-**	**2,118**
Total revenues by destination	**4,935**	**532**	**1,322**	**3,681**	**1,580**	**12,050**

Geographical analysis of assets: the major revenue-earning asset of the Group is the fleet, the majority of which are registered in the Netherlands. Since the Group's fleet is employed flexibly across its worldwide route network, there is no suitable basis of allocating such assets and related liabilities to geographical segments.

3. External Expenses

Accounting policy

External expenses are recognised in the statement of profit or loss using the matching principle which is based on a direct relationship between cost incurred and obtaining income related to the operation. Any deferral of cost in view of applying the matching principle is subject to these costs meeting the criteria for recognising them as an asset on the balance sheet. In order to minimise the financial risks involved with such transactions the Company makes use of financial derivatives such as fuel forward contracts, foreign currency options and swaps. The gains and losses arising from the use of the derivatives are included in these costs.

In EUR million	2024	2023
Aircraft fuel	2,682	2,838
CO2 quotas costs	152	99
Sustainable Aviation Fuel (SAF) costs	85	85
Chartering costs	264	221
Landing fees and route charges	891	815
Catering	248	225
Handling charges and other operating costs	722	633
Aircraft maintenance costs	1,429	1,103
Commercial and distribution costs	448	438
Insurance	27	27
Rentals and maintenance of housing	179	173
Sub-contracting	246	239
Other external expenses	452	384
Total	**7,825**	**7,280**

Aircraft fuel expenses include an amount of EUR 26 million negative (2023 EUR 18 million negative), which was transferred from other comprehensive income to the consolidated statement of profit or loss.

Aircraft fuel expenses include a net amount of EUR 2 million positive (2023 EUR 1 million) related to fuel delivered to SkyTeam partners at Schiphol. The net amount consists of EUR 235 million cost (2023 EUR 272 million) and EUR 237 million income (2023 EUR 271 million).

4. Employee Compensation and Benefit Expenses

Accounting policy

Short-term employee benefits are expensed when the related services are provided. A liability is recognised for the amount expected to be paid when the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The accounting policies applied by the Group to recognize its defined obligations in accordance with IAS 19 (revised) are detailed in note 24. Provisions for employee benefits.

In EUR million	2024	2023
Wages and salaries	3,009	2,735
NOW subsidy	-	(1)
Social security premiums other than for state pension plans	328	285
Voluntary leave and restructuring plans	9	6
Share-based remuneration	-	1
Air France-KLM employee share plan	-	8
Hired personnel	243	214
Pension and early-retirement plan costs	344	290
Post-employment medical benefit costs	1	1
Other long-term employee benefit costs	20	15
Total	**3,954**	**3,554**

For the 2024 and 2023 voluntary leave and restructuring plans expenses, reference is made to note 9. Alternative performance measures (APMs). For the 2023 Air France-KLM employee share plan expenses, reference is made to note 18. Equity.

Under the Long-Term Incentive (LTI) plans 2019, 2023 and 2024, executive employees of KLM (excluding the Statutory Board of Managing Directors) have 36,574 phantom shares as at December 31, 2024. The phantom shares granted in a year will vest after three years if the predetermined LTI plan criteria are met. The evaluation and subsequent vesting will only take place after three years. Subject to restrictions relating to the prevention of insider-trading, phantom shares may be exercised at any time between the third and the fifth anniversary of the day of grant. After five years any then outstanding phantom shares are forfeited. The related expense is shown on the line Share-based remuneration in above table.

Pension and early-retirement plan cost comprises:

In EUR million	2024	2023
Defined benefit plans	11	11
Defined contribution plans	333	279
Total	**344**	**290**

Defined benefit plans and early-retirement plan cost comprises:

In EUR million	2024	2023
Current service cost	8	7
Interest expense	22	22
Interest income	(20)	(19)
Administration cost	1	1
Total	**11**	**11**

In 2024 the defined benefit cost recognised in profit or loss for the major defined benefit plans recognised in the statement of profit or loss amounted to EUR 11 million (2023 EUR 11 million) and the total contributions paid by the Group amounted to EUR 6 million (2023 EUR 8 million). The 2024 contributions paid include additional deficit funding for the Dutch KLM plans amounting to EUR nil million (2023 EUR nil million) and in the United Kingdom amounting to EUR 5 million (2023 EUR 5 million). The Group's projected defined benefit plans and early retirement plan cost for 2025 amounts to EUR 9 million. The Group's expected cash contributions for these plans amounts to EUR 1 million.

Post-employment medical benefits cost comprises:

In EUR million	2024	2023
Interest cost	1	1
Total	**1**	**1**

Other long-term employee benefits comprise:

In EUR million	2024	2023
Current service cost	4	4
Interest cost	4	4
Immediate recognition of (gains)/losses	12	7
Total	**20**	**15**

Number of full-time equivalent employees:

		2024		2023
	KLM Group	KLM N.V.	KLM Group	KLM N.V.
Average for year				
Flight deck crew	3,671	2,214	3,505	2,089
Cabin crew	8,533	6,621	8,283	6,469
Ground staff	18,260	13,832	17,398	13,112
Total	**30,464**	**22,667**	**29,186**	**21,670**

		2024		2023
	KLM Group	KLM N.V.	KLM Group	KLM N.V.
Average for year				
The Netherlands	27,349	20,585	26,194	19,662
Outside the Netherlands	3,115	2,082	2,992	2,008
Total	**30,464**	**22,667**	**29,186**	**21,670**

		2024		2023
	KLM Group	KLM N.V.	KLM Group	KLM N.V.
As at December 31,				
Flight deck crew	3,774	2,296	3,571	2,126
Cabin crew	8,467	6,773	8,138	6,469
Ground staff	18,406	13,944	17,884	13,504
Total	**30,647**	**23,013**	**29,593**	**22,099**

5. Other Income and Expenses

Accounting policy
Capitalised production are the costs incurred for projects that meet the requirements to be capitalised as an (in)tangible asset.

In EUR million	2024	2023
Capitalised production	473	312
Operating currency hedging recycling	5	49
Result sale of Flying Blue program	–	489
Other income and expenses	11	(11)
Total	**489**	**839**

2024 other income relates to the net balance of settlements of claims. Reference is made to note 9. Alternative performance measures (APMs).

For the 2023 sale of Flying Blue program reference is made to note 9. Alternative performance measures (APMs).

6. Depreciation, amortisation, impairments and movements in provision

Accounting policy

Reference is made to note 10. Property, plant and equipment and 12. Intangible assets respectively for more details on the Group's accounting policy in relation to depreciation and amortisation.

An impairment loss is recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs), which correspond to the Group's Business segments.
The recoverable amount is the higher of its fair value less cost to sell and its value in use. To determine the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs (or groups of CGUs) and then, to reduce the carrying amount of the other assets in the CGU on a pro-rata basis.

Accounting estimates and judgements

Impairment of assets

Factors may exist which require the recognition of an impairment of certain assets and/or CGUs. Such impairment is based on estimates of the fair value less cost to sell and the value in use. The fair value less cost to sell is derived from assumptions in relation to the possible selling price of a certain asset. The value in use is based on the discounted value of the cash flows that the asset/CGU is expected to generate in the future. These future cash flows are based on the business plans for the coming years. The value in use also takes into account possible adverse developments, which may lead to impairment. It is possible that the Group may have to recognise additional impairment charges in the future as a result of changes in (market) conditions that may take place in future periods.

In EUR million	2024	2023
Amortisation of intangible assets	83	64
Depreciation of flight equipment	500	461
Depreciation of other property and equipment	60	67
Amortisation of right of use assets	412	387
Sale of assets	(24)	(65)
Movements in provisions	(32)	2
Total	**999**	**916**

For the sale of assets reference is made to note 9. Alternative performance measures (APMs).

As per December 31, 2024 no impairment triggers have been identified.

7. Net cost of financial debt

Accounting policy

Cost of financial debt includes interest on loans of third parties, financial debt and on lease debt using the effective interest rate method. Interest income from cash and cash equivalents includes interest on loans, interest-bearing marketable securities, short-term bank deposits and money at call. Interest income is recognised on an accrual basis.

Foreign exchange gains and losses resulting from the translation of transactions in foreign currencies and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Fair value gains/losses represent the increases/decreases during the year in the fair values of assets and liabilities, excluding derivative financial instruments designated as cash flow hedges.

In EUR million	2024	2023
Cost of financial debt		
Loans from third parties	37	44
Interest on financial debt	52	56
Interest on lease debt	76	77
Other interest expenses	36	30
Total	**201**	**207**
Income from cash, cash equivalents and deposits		
Finance income	(83)	(82)
Total	**(83)**	**(82)**
Net cost	**118**	**125**

Other interest expense mainly relates to the interest on the COVID-19 related deferred payments for wage tax and social securities charges. For more information reference is made to note 13. Other (non-current) assets and liabilities.

In EUR million	2024	2023
Foreign currency exchange gains/(losses)	7	9
Fair value gains/(losses)	(81)	7
Other financial income and expenses	(107)	(83)
Total	**(181)**	**(67)**

The fair value results recorded in the financial year mainly consist of the unrealised revaluation of other balance sheet items amounting to EUR 79 million negative (2023: EUR 6 million positive), the ineffective/time value portion of fuel, interest rate and foreign currency exchange derivatives for EUR 2 million negative (2023: EUR 1 million positive) and revaluation of Air France-KLM S.A. shares for 1 million negative (2023: EUR 1 million positive).

Other financial income and expenses includes additions of EUR 98 million (2023: EUR 70 million) to (maintenance) provisions resulting from the discounting effect in provision calculations.

8. Income tax

Accounting policy

Income taxes represent the sum of current and deferred corporate income taxes. A current tax payable or receivable is based on the taxable profit or loss for the year, calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes

Deferred taxes are recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and for tax purposes, as well as on tax losses carried forward. They are calculated on the basis of the tax rates that have been enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised for all deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except to the extent that is not probable that the temporary difference will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be realised.

A deferred tax liability is recognised for all taxable temporary differences associated with the fiscal reinvestment reserve, investments in subsidiaries, associates and interests in joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and current income tax for the financial year is as follows:

In EUR million	2024	2023
Deferred tax income/(expense) relating to the origination and reversal of temporary differences and tax losses	(8)	(189)
Current tax income/(expense)	(23)	(49)
Total	**(31)**	**(238)**

The applicable average tax rate in the Netherlands for the financial year 2024 is 25.8% (2023: 25.8%).

The average effective tax rate is reconciled to the applicable tax rate in the Netherlands as follows:

in %	2024	2023
Applicable average tax rate in The Netherlands	25.8	25.8
Non-deductible expenses	(0.3)	(1.8)
Increase/Reduction tax rate	0.2	(0.6)
Foreign taxes	5.7	0.9
Deferred tax asset recognised	–	1.6
Other	1.9	(0.8)
Total	**33.3**	**25.1**

The gross movement in the deferred/current income tax account is as follows:

In EUR million	2024	2023
As at January 1,	**307**	**411**
Income statement (expense)/income	(31)	(238)
Tax credited/(charged) to equity	(15)	20
Other movements	(1)	6
Payment current income tax	9	108
As at December 31,	**269**	**307**

The split between current income tax assets/(liabilities) and deferred tax assets/(liabilities) is as follows:

	As at December 31,	
In EUR million	2024	2023
Current income tax (liability)/asset Dutch tax fiscal unity	6	20
Deferred tax (liability)/asset other tax jurisdictions	(3)	1
Deferred tax (liability)/asset Dutch tax fiscal unity	266	286
Total	**269**	**307**

Following the 2024 fiscal profits, the Dutch KLM tax fiscal unity also has a current tax receivable of EUR 6 million as per December 31, 2024 (December 31, 2023 EUR 20 million receivable), which is shown as a current asset in KLM Group's balance sheet.

The maximum future period for utilising tax losses carried forward is indefinite under income tax law in the Netherlands for the KLM income tax fiscal unity. However, utilising tax losses carried forward is limited to 50% of taxable profits per year. Current income tax has to be paid over the other 50% of taxable profits per year. Also in the United Kingdom, the maximum future period for utilising tax losses carried forward is indefinite. In 2024 the Dutch income tax rate remained at 25.8% and the UK income tax rate remained at 25%.

Since 2023 the company made significant profits and expects to achieve fiscal profits going forward. Consequently the Group has, in line with IAS 12, a deferred tax asset for all unused operating losses as per December 31, 2024. Taking into account the 2024 fiscal profits, the tax losses carried forward, amounts to EUR 1,215 million as per December 31, 2024 (December 31, 2023 EUR 1,288 million) and the related deferred tax asset is EUR 314 million as per December 31, 2024 (December 31, 2023 EUR 332 million).

Further, as per December 31, 2023 a deferred tax liability related to the fiscal reinvestment reserve of EUR 489 million has been recognised, which pertains to the result of the 2023 sale of assets of the Flying Blue program (reference is made to note 9. Alternative performance measures (APMs)). This resulted in a deferred tax liability of EUR 114 million as per December 31, 2024 (December 31, 2023 EUR 126 million). In 2024 this fiscal reinvestment reserve has been fully filled with 2024 investments in assets with the same or shorter useful life as the sold Flying Blue program with a maximum of 10 years.

The amounts of deferred tax assets recognised in the KLM income tax fiscal unity in the Netherlands are included in the deferred tax asset line within non-current assets on the balance sheet. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The Group includes a fully consolidated Cell in Harlequin Insurance PCC Limited – Cell K16, St. Peter Port (Guernsey). Respective income from the Cell is also included in the taxable basis of the KLM income tax fiscal unity in the Netherlands.

The deferred tax (liability)/asset of the Dutch tax fiscal unity is built up as follows:

	As at December 31,	
In EUR million	2024	2023
Deferred tax assets		
Deferred tax assets to be recovered in 12 months or less	63	68
Deferred tax assets to be recovered after more than 12 months	203	218
Total	**266**	**286**
Deferred tax liabilities		
Deferred tax liabilities to be settled in 12 months or less	-	-
Deferred tax liabilities to be settled over more than 12 months	-	-
Total	**-**	**-**
Total	**266**	**286**

The movements in deferred tax assets, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

In EUR million	Tax losses	Deductible interest expenses carried forward	Re-investment reserve account	Provisions for employee benefits	Other tangible fixed assets	Derivative financial instruments	Pensions and benefits	Other	Total
As at January 1, 2024	**332**	**-**	**(126)**	**1**	**47**	**7**	**23**	**3**	**287**
Income statement (charge)/ credit	(18)	-	12	(3)	7	-	-	(6)	(8)
Tax credited/(charged) to equity	-	-	-	(1)	-	(20)	(1)	7	(15)
Other	-	-	-	-	-	-	-	(1)	(1)
As at December 31, 2024	**314**	**-**	**(114)**	**(3)**	**54**	**(13)**	**22**	**3**	**263**

In EUR million	Tax losses	Deductible interest expenses carried forward	Re-investment reserve account	Provisions for employee benefits	Other tangible fixed assets	Derivative financial instruments	Pensions and benefits	Other	Total
As at January 1, 2023	**388**	**15**	**-**	**2**	**41**	**-**	**23**	**3**	**472**
Income statement (charge)/ credit	(56)	(15)	(126)	-	6	-	-	2	(189)
Tax credited/(charged) to equity	-	-	-	(1)	-	-	-	(8)	(9)
Other	-	-	-	-	-	7	-	6	13
As at December 31, 2023	**332**	**-**	**(126)**	**1**	**47**	**7**	**23**	**3**	**287**

The movements in deferred tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

In EUR million	Derivative financial instruments	Pensions and benefits	Total
As at January 1, 2024	-	-	-
Tax credited/(charged) to equity	-	-	-
Other	-	-	-
As at December 31, 2024	-	-	-

In EUR million	Derivative financial instruments	Pensions and benefits	Total
As at January 1, 2023	22	-	22
Tax credited/(charged) to equity	(29)	-	(29)
Other	7	-	7
As at December 31, 2023	-	-	-

The amounts of deferred tax assets recognised in the other tax jurisdictions (i.e. in the United Kingdom) and in Dutch subsidiaries not included in KLM income tax fiscal unity in the Netherlands are included in the deferred tax asset line within non-current assets on the balance sheet. Of the total amount involved, being EUR 3 million, EUR nil million is expected to be recovered in 12 months or less and EUR 3 million is expected to be recovered after more than 12 months. An amount of EUR 6 million negative relates to taxes on remeasurement via other comprehensive income of defined benefit pension plans and will not be recycled through the statement of profit or loss.

The Group has tax loss carry forwards in the United Kingdom in the amount of EUR 5 million (December 31, 2023 EUR 5 million) as well as deductible temporary differences in the amount of EUR 22 million (December 31, 2023 EUR 28 million) for which no deferred tax asset has been recognised, due to the uncertainty whether there are sufficient future tax profits against which such temporary differences and tax losses can be utilised.

9. Alternative performance measures (APMs)

Accounting policy

The Group considers it relevant to the understanding of its financial performance to use certain alternative performance measures (APMs) not defined by IFRS. These APMs should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. APMs do not have standardised meaning under IFRS and therefore may not be comparable to similar measures presented by other companies.

In addition APMs are also important for the Group given that these provide alignment with the understanding of the financial performance and external reporting of its ultimate parent company, Air France-KLM S.A.

Adjusted EBITDA and adjusted income from operating activities

To provide clear reporting on the development of the business, APM adjustments are made that impact EBITDA and income from operating activities.

Adjusted EBITDA (Adjusted Earnings Before Interests, Taxes, Depreciation, Amortisation, Impairment and provisions): by extracting the main line of the statement of profit or loss which does not involve cash disbursement (“Amortisation, depreciation, impairments and provisions”) from income from operating activities, adjusted EBITDA provides a simple indicator of the Group’s cash generation on operational activities. Elements that have less predictive value due to their nature, frequency and/or materiality to arrive at adjusted EBITDA are:

- Income from sale of Flying Blue;
- Restructuring costs;
- Infrequent elements such as modification or derecognition of a pension plan and recognition of provisions for litigation.

Elements that have less predictive value due to their nature, frequency and/or materiality to arrive at adjusted income from operating activities are:

- Result on sales of aircraft, other flight equipment and disposals of other (intangible) assets;
- Impairment of assets
- Accelerated aircraft phase-out;
- Income from the disposal of subsidiaries and affiliates;
- Infrequent elements such as the recognition of badwill in the statement of profit or loss.

Adjusted free cash flow

In addition to provide clear reporting on the development of the business, APM adjustments are also made that impact the adjusted free cash flow. A reconciliation of this APM to the most directly comparable IFRS measures can be found in the Consolidated cash flow statement.
Free cash flow corresponds to the net cash flow from operating activities net of purchase of (prepayments in) aircraft, property plant and equipment and intangible assets less the proceeds on the disposal of aircraft, property plant and equipment and intangible assets. It does not include investments in and proceeds on sale of equity accounted investees, dividends received, interest received, proceeds on / (purchase of) short-term deposits and commercial paper and net cash flow from operating activities of discontinued operations.

Adjusted free cash flow: this corresponds to free cash flow minus net interest payments and repayment of lease debts.

Near cash

Also near cash is mentioned in the Consolidated cash flow statement. Near cash corresponds to financial assets that can be transferred to cash on short notice without significant penalty. This includes cash and cash equivalent and other highly liquid investments, such as Triple A bonds, long-term deposits and commercial paper, with an original maturity between 3 and 12 months.

Adjusted EBITDA and adjusted income from operating activities

In EUR million	Note	2024	2023
Income from operating activities		392	1,139
Amortisation, depreciation, impairment and movement in provisions	6	999	916
EBITDA		**1,391**	**2,055**
APM adjustments to EBITDA:			
Voluntary leave and restructuring plans	4	9	6
Result sale of Flying Blue program	5	-	(489)
Expenses related to renegotiation of a contract	5	39	-
Sale of subsidiary (KLM Equipment Services B.V.)	5	(2)	-
Total APM adjustments to EBITDA		**46**	**(483)**
Adjusted EBITDA		**1,437**	**1,572**

In EUR million	Note	2024	2023
Income from operating activities		**392**	**1,139**
APM adjustments to income from operating activities:			
Total APM adjustments to EBITDA		46	(483)
Result of sale of assets	6	(24)	(65)
Movement in provisions	6	2	59
Total APM adjustments		**24**	**(489)**
Adjusted income from operating activities		**416**	**650**

The 2024 APM adjustments show an overall amount of EUR 24 million negative (2023: EUR 489 million positive). The definition of APMs was not adjusted in 2024.

The 2024 APM adjustments to EBITDA mainly relates to a compensation to be paid by KLM as part of the renegotiation of a contract of EUR 39 million and voluntary leave plans of EUR 9 million.

The 2024 APM adjustments to income from operating activities mainly relates to the release of maintenance and phase out provision related to the conversion of a Right-of-use asset to in substance purchase of an aircraft of EUR 16 million and the profit on the sale of London Heathrow slots of EUR 5 million.

The 2023 APM adjustments to EBITDA mainly relates to the profit on the sale of the Flying Blue program for an amount of EUR 489 million, to the, in 2023, new established Air France-KLM sister company, Flying Blue Miles S.A.S., in France. This sale in line with IFRS 15 has been valued at arm's length basis by an external valuation. The related cash has been received in full in 2023. Reference is made to note 23. Deferred income and note 31. Related Party Transactions. In addition it also includes voluntary leave plans amounting to EUR 6 million.

The 2023 APM adjustments to income from operating activities mainly relates to the profit on the sale of London Heathrow slots of EUR 31 million, release of maintenance and phase out provision related to the conversion of Right-of-use assets to in substance purchases of aircraft of EUR 22 million, sale of land and buildings of EUR 10 million and others EUR 2 million.

Near cash

The table below shows the total of Cash and Cash equivalents and near cash:

		As at December 31,	
In EUR million	note	2024	2023
Cash and cash equivalents	17	**1,057**	**1,603**
Main part of bonds, long-term deposits, other loans and receivables	14	1,024	966
Short term deposits and commercial paper	14	54	94
Total near cash		**1,078**	**1,060**
Total		**2,135**	**2,663**

10. Property, plant and equipment

Accounting policy

Property, plant and equipment are recorded at cost, including prepayments, less accumulated depreciation and any accumulated impairment loss. Flight equipment acquired in foreign currency is translated at the exchange rate applicable at the date of acquisition or the hedged rate where a hedging instrument has been used. Manufacturers' discounts are deducted from the acquisition cost.

Aircraft fixtures and fittings and initial potentials to be restored on aircraft by major maintenance operations, which include major engine parts whose failure would jeopardise the engine's operation defined as 'life limited parts', are classified as separate components from the airframe and depreciated separately.
The cost of major maintenance operations (such as airframes, engines and life limited parts), which are carried out in accordance with specifications and schedules defined by manufacturers and regulating authorities, are capitalised when incurred. Other maintenance costs are expensed as incurred.
Property, plant and equipment are depreciated to estimated residual values using the straight-line method over average estimated useful lives in the profit or loss. Land is not depreciated.

During the annual operational planning cycle, the Group reviews the depreciation methods, useful lives and residual values and, if necessary, amends these.

As prepayment on investments are not financed by specific borrowings, the capitalization of borrowing costs is based on the average borrowing rate for the period.

The useful lives of property, plant and equipment are as follows:

Category	Useful life (years)
Aircraft	20 to 25
Aircraft fixtures and fittings, major maintenance components and spare parts	3 to 25
Land	Not depreciated
Buildings	20 to 40
Equipment and fittings	3 to 15
Other property and equipment	5 to 20

Impairment of assets

In accordance with IAS 36 "Impairment of Assets", the Group's tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Reference is made to note 6. Depreciation, amortisation, impairments and movements in provision for more details on the Group's accounting policy in relation to impairments.

Accounting estimates and judgements

Useful lives of property, plant and equipment

The carrying amount of flight equipment and other property and equipment is determined by using estimates of the depreciation periods, which are derived from the expected technical and economic useful life of the assets involved. Due to advancing technology, evolving market circumstances and changes in the use of the assets involved, the expected technical and economic life of the asset may be subject to alteration.

In EUR million	Flight equipment: Owned aircraft	Flight equipment: Other flight equipment	Flight equipment: Total	Other property and equipment: Land and buildings	Other property and equipment: Equipment and fittings	Other property and equipment: Other property and equipment	Other property and equipment: Total	Prepayments	Total
Historical cost									
As at January 1, 2024	5,156	2,992	8,148	742	247	364	1,353	744	10,245
Additions	-	220	220	-	1	-	1	1,049	1,270
Disposals	(26)	(294)	(320)	(9)	(1)	(41)	(51)	-	(371)
Reclassifications	265	550	815	33	9	10	52	(1,041)	(174)
Other movements	-	16	16	-	-	(6)	(6)	138	148
As at December 31, 2024	**5,395**	**3,484**	**8,879**	**766**	**256**	**327**	**1,349**	**890**	**11,118**
Accumulated depreciation and impairment									
As at January 1, 2024	2,775	1,323	4,098	426	176	257	859	-	4,957
Depreciation	224	276	500	30	11	19	60	-	560
Disposals	(26)	(259)	(285)	(8)	(1)	(20)	(29)	-	(314)
Reclassifications	2	145	147	19	-	(10)	9	(156)	-
Other movements	-	3	3	1	-	(1)	-	156	159
As at December 31, 2024	**2,975**	**1,488**	**4,463**	**468**	**186**	**245**	**899**	**-**	**5,362**
Net carrying amount									
As at January 1, 2024	**2,381**	**1,669**	**4,050**	**316**	**71**	**107**	**494**	**744**	**5,288**
As at December 31, 2024	**2,420**	**1,996**	**4,416**	**298**	**70**	**82**	**450**	**890**	**5,756**

Prepayments includes an amount of EUR 148 million related to assets under construction (2023 : EUR 134 million).

In EUR million	Flight equipment: Owned aircraft	Flight equipment: Other flight equipment	Flight equipment: Total	Other property and equipment: Land and buildings	Other property and equipment: Equipment and fittings	Other property and equipment: Other property and equipment	Other property and equipment: Total	Prepayments	Total
Historical cost									
As at January 1, 2023	4,968	2,773	7,741	774	289	345	1,408	463	9,612
Additions	-	160	160	-	1	1	2	835	997
Disposals	(18)	(207)	(225)	(61)	(44)	(5)	(110)	-	(335)
Reclassifications	206	266	472	25	1	23	49	(693)	(172)
Other movements	-	-	-	4	-	-	4	139	143
As at December 31, 2023	**5,156**	**2,992**	**8,148**	**742**	**247**	**364**	**1,353**	**744**	**10,245**
Accumulated depreciation and impairment									
As at January 1, 2023	2,556	1,226	3,782	440	214	237	891	(78)	4,595
Depreciation	219	242	461	32	11	24	67	-	528
Disposals	-	(204)	(204)	(51)	(43)	(6)	(100)	-	(304)
Reclassifications	-	59	59	4	(6)	2	-	(59)	-
Other movements	-	-	-	1	-	-	1	137	138
As at December 31, 2023	**2,775**	**1,323**	**4,098**	**426**	**176**	**257**	**859**	**-**	**4,957**
Net carrying amount									
As at January 1, 2023	**2,412**	**1,547**	**3,959**	**334**	**75**	**108**	**517**	**541**	**5,017**
As at December 31, 2023	**2,381**	**1,669**	**4,050**	**316**	**71**	**107**	**494**	**744**	**5,288**

Property, plant and equipment include assets which are held as security for mortgages and loans as follows:

In EUR million	As at December 31, 2024	2023
Aircraft	82	88
Land and buildings	102	111
Other property and equipment	32	35
Total	**216**	**234**

Borrowing cost capitalised during the year amounts to EUR 25 million (2023 EUR 16 million). The interest rate used to determine the amount of borrowing cost to be capitalised was 4.64% (2023 3.76%).

Land and buildings include buildings located on land which has been leased on a long-term basis. The book value of these buildings at December 31, 2024 amounts to EUR 185 million (December 31, 2023 EUR 198 million).

11. Leases

Accounting policy

Lease contracts

Lease contracts as defined by IFRS 16 “Leases”,
are recorded in the balance sheet, which leads to the recognition of:
- An asset representing a right-of-use of the asset leased during the lease term of the contract; and
- A liability related to the payment obligation.

Arrangements with the following financing features are not eligible to an accounting treatment according to IFRS 16:
- The lessor has legal ownership retention as security against repayment and interest obligations;
- The airline initially acquired the aircraft or took a major share in the acquisition process from the Original Equipment Manufacturers; and
- In view of the contractual conditions, it is (virtually) certain that the aircraft will be purchased at the end of the lease term.

Since these financing arrangements are “in substance purchases” and not leases, the related liability is considered as a financial debt under IFRS 9 and the asset, as an owned asset, according to IAS 16 Property, plant and equipment.

Measurement of the right-of-use asset

At the commencement date, the right-of-use asset is measured at cost and comprises:
- The amount of the initial measurement of the lease liability, to which is added, if applicable, any lease payments made at or before the commencement date, less any lease incentives received, and any initial direct costs;
- Estimated costs for restoration and dismantling of the leased asset according to the terms of the contract. At the date of the initial recognition of the right-of-use asset, the lessee adds to its costs, the discounted amount of the restoration and dismantling costs through a return obligation liability as described in the paragraph on “Return obligation liability on leased aircraft”. These costs also include restoration obligations with regard to engines, airframe and life limited parts.

Following the initial recognition, the right-of-use asset must be depreciated over the useful life of the underlying assets. This is the lease term for the rental component, flight hours or expected period until engine removal for the component relating to engine maintenance or on a straight-line basis for the component relating to the airframe until the date of the next major overhaul, for life limited parts over the lease term for wide body aircraft and over the time until the maintenance event in which they are replaced for narrow body aircraft. Reference is made to note 6. Depreciation, amortisation, impairments and movements in provision for more details on the Group’s accounting policy in relation to impairments.

Measurement of the lease liability

At the commencement date, the lease liability is recognised for an amount equal to the present value of the lease payments over the lease term. Amounts involved in the measurement of the lease liability are:
- Fixed payments (including in-substance fixed payments; meaning that even if they are variable in form, they are in-substance unavoidable);
- Variable lease payments that depend on an index or a rate, initially measured using the index or the rate in force at the lease commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise this option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The interest cost for the period as well as variable payments, not taken into account in the initial measurement of the lease liability and incurred over the relevant period are recognised as costs.

Types of capitalised lease contracts

Aircraft lease contracts

For the aircraft lease contracts fulfilling the capitalisation criteria defined by IFRS 16, the lease term corresponds to the duration of the contracts signed except in cases where the Group is reasonably certain of exercising the renewal options contractually foreseen. The accounting treatment of the maintenance obligations related to leased aircraft is outlined in the paragraph “Return obligation liability on leased aircraft”.
The discount rate used to calculate the lease debt corresponds, for each aircraft, to the implicit rate determined by the contractual elements and residual market values. This rate is based on the readily availability of current and future data concerning the value of aircraft.

Real-estate lease contracts

Based on its analysis, the Group has identified lease contracts according to the standard concerning surface areas rented in its hubs, lease contracts on building dedicated to the maintenance business, customised lounges in airports other than hubs and lease contracts on office buildings, including leasehold land when applicable.

The lease term corresponds to the non-terminable period. The discount rate used to calculate the lease debt is determined, for each asset, according to the incremental borrowing rate at the signature debt.
The incremental borrowing rate is the rate that the lessee would pay to borrow the required funds to purchase the asset over a similar term, with a similar security and in a similar economic environment.

Types of non-capitalised lease contracts

The Group applies the short-term lease recognition exemption to its leases with a duration equal to or less than 12 months. In addition, the Group applies the recognition exemption for lease contracts for which the underlying assets have a low value (value equal to or less than EUR 5,000).

Sale and leaseback transactions

The Group qualifies as sale and leaseback transactions, operations which lead to a sale according to IFRS 15 “Revenue from Contracts with Customers”. More specifically, a sale is considered as such if there is no repurchase option on the goods at the end of the lease term.

Sale according to IFRS 15

If the sale by the vendor-lessee is qualified as a sale according to IFRS 15, the vendor-lessee must:

(a) de-recognise the underlying asset; and
(b) recognise a right-of-use asset equal to the retained portion of the net carrying amount of the asset.

No sale according to IFRS 15

If the sale by the vendor-lessee is not qualified as a sale according to IFRS 15, the seller-lessee shall continue to recognise the transferred asset on its balance sheet and recognises a financial liability equal to the transfer proceeds.

Leases

In EUR million	Aircraft	Maintenance	Land & Real Estate	Others	Total
As at January 1, 2024	**909**	**615**	**133**	**46**	**1,703**
New contracts	302	139	2	14	457
Renewal or extension options	69	69	14	2	154
Disposals	–	(16)	–	–	(16)
Reclassifications	(1)	209	–	(1)	207
Depreciation	(232)	(145)	(20)	(15)	(412)
Other movements	–	–	1	–	1
As at December 31, 2024	**1,047**	**871**	**130**	**46**	**2,094**

In EUR million	Aircraft	Maintenance	Land & Real Estate	Others	Total
As at January 1, 2023	**840**	**601**	**136**	**29**	**1,606**
New contracts	181	62	3	26	272
Renewal or extension options	113	(29)	13	5	102
Disposals	–	(48)	–	–	(48)
Reclassifications	(4)	162	–	–	158
Depreciation	(221)	(133)	(19)	(14)	(387)
As at December 31, 2023	**909**	**615**	**133**	**46**	**1,703**

The table below indicates the rents resulting from lease and service contracts which are not capitalised:

	As at December 31,	
In EUR million	2024	2023
Variable rents	33	5
Short-term rents	117	108
Low value rents	5	3
Total	**155**	**116**

Lease liabilities

In EUR million	As at December 31, 2024 Current	2024 Non-current	2023 Current	2023 Non-current
Aircraft	271	903	231	752
Real estate	16	144	14	152
Others	44	113	35	79
Accrued interest	6	–	5	–
Total	**337**	**1,160**	**285**	**983**

Change in lease debt:

In EUR million	Aircraft	Real estate	Others	Accrued interest	Total
As at January 1, 2024	983	166	114	5	1,268
New contracts and renewals of contracts	372	11	88	–	471
Payment of lease debt	(234)	(17)	(50)	–	(301)
Currency translation adjustment	55	–	6	–	61
Other	–	–	(3)	1	(2)
As at December 31, 2024	**1,176**	**160**	**155**	**6**	**1,497**

In EUR million	Aircraft	Real estate	Others	Accrued interest	Total
As at January 1, 2023	960	167	100	5	1,232
New contracts and renewals of contracts	294	16	50	–	360
Payment of lease debt	(226)	(16)	(33)	–	(275)
Currency translation adjustment	(47)	–	(3)	–	(50)
Other	2	(1)	–	–	1
As at December 31, 2023	**983**	**166**	**114**	**5**	**1,268**

The lease debt maturity breaks down as follows:

In EUR million	As at December 31, 2024	2023
Less than 1 year	408	354
Between 1 and 2 years	336	299
Between 2 and 3 years	265	240
Between 3 and 4 years	187	185
Between 4 and 5 years	125	119
Over 5 years	430	298
Total	**1,751**	**1,495**

The lease debt split between principal and interest is as follows:

In EUR million	As at December 31, 2024	2023
Principal	1,497	1,269
Interest	254	226
Total	**1,751**	**1,495**

12. Intangible assets

Accounting policy

Goodwill
Goodwill arises from business combinations and is initially measured as the excess of the sum of the consideration transferred and the fair value of the Group's share of the identifiable assets acquired and the liabilities assumed. Goodwill is subsequently measured at cost less accumulated impairment losses. The useful life of goodwill is indefinite.

Computer software
Computer software is stated at historical cost less accumulated amortisation and accumulated impairment losses. For internally developed software, only the costs incurred in the software development phase are capitalised as an intangible asset. Amortisation takes place over the estimated useful lives (mainly 5 years and with a maximum of 20 years) of the software using the straight-line method. The useful life of each software application is determined separately. Amortisation commences when the software is taken into use.

During the annual operational planning cycle, the Group reviews the amortisation methods, useful lives and residual values and, if necessary, amends these.

Impairment of assets
Goodwill, internally developed software and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Goodwill is allocated to the relevant CGU and software to the CGU which uses the software. Reference is made to note 6. Depreciation, amortisation, impairments and movements in provision for more details on the Group's accounting policy in relation to impairments.

In EUR million	Goodwill	Software	Software under development	Total
Historical cost				
As at January 1, 2024	47	778	197	1,022
Additions	-	1	109	110
Reclassification	-	194	(195)	(1)
Disposals	-	(2)	(9)	(11)
Others	-	5	-	5
As at December 31, 2024	**47**	**976**	**102**	**1,125**
Accumulated amortisation and impairment				
As at January 1, 2024	31	516	-	547
Amortisation	-	83	-	83
Disposals	-	(1)	-	(1)
As at December 31, 2024	**31**	**598**	**-**	**629**
Net carrying amount				
As at January 1, 2024	**16**	**262**	**197**	**475**
As at December 31, 2024	**16**	**378**	**102**	**496**

In EUR million	Goodwill	Software	Software under development	Total
Historical cost				
As at January 1, 2023	47	743	166	956
Additions	–	–	97	97
Reclassification	–	60	(62)	(2)
Disposals	–	(25)	(4)	(29)
As at December 31, 2023	**47**	**778**	**197**	**1,022**
Accumulated amortisation and impairment				
As at January 1, 2023	31	477	–	508
Amortisation	–	64	–	64
Disposals	–	(25)	–	(25)
As at December 31, 2023	**31**	**516**	**–**	**547**
Net carrying amount				
As at January 1, 2023	**16**	**266**	**166**	**448**
As at December 31, 2023	**16**	**262**	**197**	**475**

Main part of the software and software under development relates to internally developed software. As at December 31, 2024, software additions mainly relate to commercial, operational and aircraft maintenance systems.

13. Other (non-current) assets and liabilities

Accounting policy

Derivative financial instruments and hedge accounting
Derivative financial instruments are recognised initially (trade date), and are subsequently re-measured, at fair value. Fair values are obtained from quoted market prices in active markets or by using valuation techniques where an active market does not exist.

Valuation techniques include discounted cash flow models and option pricing models as appropriate.

All derivatives are presented as assets when their fair value is positive and as liabilities when their fair value is negative.

All derivative financial instruments are held for hedging purposes. It is KLM's policy not to hold derivative financial instruments for trading purposes. The derivatives, which do not qualify for hedge accounting, are described as items not qualifying for hedge accounting in these notes to the financial statements.

Categories of hedging transactions
Derivatives are used to hedge the risks associated with changes in interest rates, foreign currency rates, fuel prices and Emission Trading Scheme (ETS).

Forward currency contracts and options are used to hedge exposure to exchange rate movements. The Group also uses interest rate swaps to manage its exposure to interest rate risk. Finally, the exposure to fuel price risks is covered by swaps or options on jet fuel and fuel related indices such as Gasoil and Brent. The risk related to ETS is hedged by forwards.

Most of these derivatives are classified as hedging instruments if the derivative is eligible as a hedging instrument and if the hedging relationships are documented as required by IFRS 9 "Financial Instruments".

These derivative instruments are recorded on the Group's consolidated balance sheet at their fair value, adjusted for the market value of the Group's credit risk (DVA) and the credit risk of the counterparty (CVA). The calculation of the credit risk follows a common model based on default probabilities from CDS counterparties. The method of accounting for changes in fair value depends on the classification of the derivative instruments.
Hedging transactions fall into two categories:
1. Fair value hedges; and
2. Cash flow hedges.

Most of the aircraft lease contracts are denominated in US dollars. The Group put in place a cash flow from these lease contracts as hedging instruments in cash flow hedges with its US dollars revenues as hedged items. The effective portion of the foreign exchange revaluation of the lease debt in US dollars at the closing date is recorded in "other comprehensive income". This amount is recycled from equity and recorded as part of revenues when the hedged item is recognised.

1. Fair value hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit or loss, together with changes in the fair value of the asset or liability or group thereof that are attributable to the hedged risk.

2. Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. Any gain or loss relating to an ineffective portion is recognised immediately in the statement of profit or loss.
Amounts accumulated in equity are recycled to the statement of profit or loss in the periods in which the hedged item will affect profit or loss. However, when a forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge effectiveness testing

At inception of the hedge and on an on-going basis at each reporting date or on a significant change in circumstances (whichever comes first), the following elements will be assessed:

- Economic relationship: hedge ratio should be aligned with Group guidelines;
- In case of a significant change in circumstances the following elements will be assessed;
- Credit risk: change in credit risk of the hedging instrument or the hedge item must not be of such magnitude that it dominates the value change that results from the economic hedge relationship; and
- Need for rebalancing.

The documentation at inception of each hedging relationship sets out how it is assessed whether the hedging relationship meets the hedge effectiveness requirements.

If the hedge relationship no longer meets the criteria for hedge accounting, is sold, is terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecasted transaction affects profit or loss. If the forecasted transaction is no longer expected to occur, then the balance in equity is recognised immediately in profit or loss.

	As at December 31, 2024			
		Assets		Liabilities
In EUR million	Current	Non-current	Current	Non-current
Exchange rate risk hedges				
Fair value hedges	36	10	(8)	(1)
Cash flow hedges	33	20	(11)	(2)
Items not qualifying for hedge accounting	7	4	–	–
Total	**76**	**34**	**(19)**	**(3)**
Interest rate risk hedges				
Fair value hedges	–	–	–	–
Cash flow hedges	22	4	–	(4)
Items not qualifying for hedge accounting	–	4	–	–
Total	**22**	**8**	**–**	**(4)**
Commodity risk hedges				
Cash flow hedges	5	1	(41)	(2)
Items not qualifying for hedge accounting	–	–	–	–
Total	**5**	**1**	**(41)**	**(2)**
Total derivative financial instruments	**103**	**43**	**(60)**	**(9)**
Others	181	208	(10)	(768)
Total	**284**	**251**	**(70)**	**(777)**

In EUR million	As at December 31, 2023 Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current
Exchange rate risk				
Fair value hedges	24	-	(8)	(4)
Cash flow hedges	11	-	(23)	(13)
Items not qualifying for hedge accounting	1	-	(1)	-
Total	**36**	**-**	**(32)**	**(17)**
Interest rate risk				
Fair value hedges	-	-	-	-
Cash flow hedges	2	13	-	(3)
Items not qualifying for hedge accounting	1	-	-	-
Total	**3**	**13**	**-**	**(3)**
Commodity risk hedges				
Cash flow hedges	14	-	(37)	(1)
Items not qualifying for hedge accounting	-	-	-	-
Total commodity risk hedges	**14**	**-**	**(37)**	**(1)**
Total derivative financial instruments	**53**	**13**	**(69)**	**(21)**
Others	152	139	(5)	(984)
Total	**205**	**152**	**(74)**	**(1,005)**

Exposure to exchange rate risk

In the frame of cash flow hedges, maturities relate to realisation dates of hedged items. Therefore, amounts of fair value presented in equity are recycled in the statement of profit or loss at realisation dates of hedged items.

The types of derivatives used, their nominal amounts and fair values are as follows:

In EUR million	As at December 31, 2024 Nominal amount	<1 year	>1 year and <2 years	>2 years and <3 years	>3 years and <4 years	>4 years and <5 years	> 5 years	Fair Value
Fair value hedges								
Forward purchases								
USD	1,304	910	103	14	61	45	171	46
Forward sales								
USD	439	408	31	–	–	–	–	(9)
Total	**1,743**	**1,318**	**134**	**14**	**61**	**45**	**171**	**37**
Cash flow hedges								
Options								
CHF	–	–	–	–	–	–	–	–
GBP	90	–	90	–	–	–	–	–
Forward purchases								
USD	987	609	378	–	–	–	–	52
GBP	15	15	–	–	–	–	–	–
Forward sales								
CAD	–	–	–	–	–	–	–	–
GBP	257	223	34	–	–	–	–	(12)
JPY	–	–	–	–	–	–	–	–
SGD	–	–	–	–	–	–	–	–
USD	3	3	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–
Total	**1,352**	**850**	**502**	**–**	**–**	**–**	**–**	**40**
Items not qualifying for hedge accounting								
Forward purchases								
GBP	–	–	–	–	–	–	–	–
JPY	19	19	–	–	–	–	–	–
USD	170	99	56	15	–	–	–	11
Forward sales								
USD	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–
Total	**189**	**118**	**56**	**15**	**–**	**–**	**–**	**11**
Total	**3,284**	**2,286**	**692**	**29**	**61**	**45**	**171**	**88**

The total fair value hedges of EUR 37 million positive relates to exchange rate hedging on future fleet purchases denominated in USD. Fair value adjustments included on the carrying amount of the hedge items amount to EUR 38 million negative and are recognised in the balance sheet in the line item property, plant and equipment. The related costs of hedging amount to EUR 5 million negative and are recorded in other comprehensive Income.

The total cash flow hedges of EUR 40 million positive relates to exchange rate hedging on operational exposures. The cash flow hedge reserve relating to the outstanding hedges amounts to EUR 40 million. An amount of EUR nil million is included in the cash flow hedge reserve relating to hedges that are unwound in 2024 (2023: EUR nil million).

Exposure to interest rate risk

In the frame of cash flow hedges, maturities relate to realisation dates of hedged items. Therefore, amounts of fair value presented in equity are recycled in the statement of profit or loss at realisation dates of hedged items.

	As at December 31, 2024							
In EUR million	Nominal amount	<1 year	>1 year and <2 years	>2 years and <3 years	>3 years and <4 years	>4 years and <5 years	> 5 years	Fair Value
Fair value hedges								
Swaps	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Cash flow hedges								
Swaps	610	353	70	34	31	30	92	22
Total	**610**	**353**	**70**	**34**	**31**	**30**	**92**	**22**
Items not qualifying for hedge accounting								
Swaps	34	22	12	–	–	–	–	4
Total	**34**	**22**	**12**	**–**	**–**	**–**	**–**	**4**
Total	**644**	**375**	**82**	**34**	**31**	**30**	**92**	**26**

The total cash flow hedges of EUR 22 million positive relates to interest rate hedging on borrowings. The cash flow hedge reserve relating to the outstanding hedges amounts to EUR 14 million.

Exposure to commodity risk

In the frame of cash flow hedges, maturities relate to realisation dates of hedged items. Therefore, amounts of fair value presented in equity are recycled in the statement of profit or loss at realisation dates of hedged items.

In the normal course of its business, the Group conducts transactions on petroleum product markets in order to effectively manage the price risks related to its purchases of fuel.

The nominal amounts of the Group's commitments on the crude and refined oil markets are shown below:

	As at December 31, 2024							
In EUR million	Nominal amount	<1 year	>1 year and <2 years	>2 years and <3 years	>3 years and <4 years	>4 years and <5 years	> 5 years	Fair Value
Cash flow hedges								
Swaps	278	241	37	-	-	-	-	-
Options	516	483	33	-	-	-	-	(37)
Total	**794**	**724**	**70**	**-**	**-**	**-**	**-**	**(37)**
Items not qualifying for hedge accounting								
Swaps	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**794**	**724**	**70**	**-**	**-**	**-**	**-**	**(37)**

The total cash flow hedges of EUR 37 million negative relate to commodity price risk hedging on fuel and carbon certificate purchases. The cash flow hedge reserve relating to the outstanding hedges amounts to EUR 12 million. The related costs of hedging amount to EUR 30 million positive and are recorded in other comprehensive income.

Valuation methods for financial assets and liabilities at their fair value

Fair value hierarchy

Based on the requirements of IFRS 9, the fair values of financial assets and liabilities are classified following a scale that reflects the nature of the market data used to make the valuations. This scale has three levels of fair value:

- Level 1: Fair value calculated from the exchange rate/price quoted on an active market for identical instruments;
- Level 2: Fair value calculated from valuation methods based on observable data such as the prices of similar assets and liabilities or scopes quoted on an active market; or
- Level 3: Fair value calculated from valuation methods which rely completely or in part on non-observable data such as prices on an inactive market or valuation based on multiples for non-quoted securities.

The Group uses available market information and appropriate valuation techniques to determine the fair values of financial instruments. However, judgment is required to interpret market data and to determine fair value. Management believes that the carrying value of financial assets and financial liabilities with a maturity of less than one year approximates their fair value.

These financial assets and liabilities include cash and cash equivalents, trade accounts receivable and trade accounts payable.

The breakdown of the Group's financial assets and derivative instruments, based on the three classification levels, is as follows:

	As at December 31, 2024			
In EUR million	Level 1	Level 2	Level 3	Total
Financial assets held for trading				
Shares	13	30	-	43
Assets at fair value through profit or loss				
Deposits and liquidity funds	-	972	-	972
Marketable securities	1,023	54	-	1,077
Derivatives instruments (asset and liability)				
Currency exchange derivatives	-	88	-	88
Interest rate derivatives	-	26	-	26
Commodity derivatives	-	(37)	-	(37)

No significant changes in levels of hierarchy, or transfers between levels, have occurred in the reporting period. For the explanation of the three classification levels, reference is made to "fair value hierarchy" paragraph in the accounting policies for the balance sheet section.

Sensitivity analysis

The sensitivity is calculated solely on the valuation of derivatives at the closing date of the period presented. The hypotheses used are coherent with those applied in the financial year ended as at December 31, 2024.

The impact on "reserves" corresponds to the sensitivity of effective fair value variations for instruments and is documented in the hedged cash flow (options intrinsic value, fair value of closed instruments). The impact on the "income for tax" corresponds to the sensitivity of ineffective fair value variations of hedged instruments (principally time value of options) and fair value variations of transactions instruments. For fuel, the downward and upward sensitivity are not symmetrical when taken into account the utilisation, in respect of the policy of optional hedged instruments in which the risk profile is not linear. For further information reference is made to note 21. Financial Risk Management.

Fuel price sensitivity

The impact on "income before tax" and "reserves" of the variation of +/- USD 10 on a barrel of Brent is presented below:

	As at December 31,			
	2024		2023	
In EUR million	Increase of 10 USD	Decrease of 10 USD	Increase of 10 USD	Decrease of 10 USD
Income before tax	-	-	-	-
Reserves	148	(161)	89	(90)

The fuel price sensitivity is only calculated on the valuation of derivatives at the closing date of each period presented.

Currency sensitivity
Values as of the closing date of all monetary assets and liabilities in other currencies are as follows:

	As at December 31,			
		2024		2023
In EUR million	Monetary Assets	Monetary Liabilities	Monetary Assets	Monetary Liabilities
USD	866	643	653	551
JPY	–	145	–	151
CHF	–	409	–	416
GBP	–	–	45	–

The amounts of monetary assets and liabilities disclosed above do not include the effect of derivatives. The impact on "change in value of financial instruments" and on "reserves" of the variation of a 10% weakening in exchange rates in absolute value relative to the Euro is presented below:

	As at December 31,					
			2024			2023
In EUR million	USD	JPY	GBP	USD	JPY	GBP
Income before tax	(21)	11	–	(10)	12	(4)
Reserves	(93)	–	29	(126)	–	35

The impact on "change in value of financial instruments on financial income and expenses" consists of:
› Change in value of monetary assets and liabilities (in accordance with IAS 21, including the effect of fair value and cash flow hedges);
› Changes in time value of currency exchange options (recognised in financial income);
› The changes in fair value of derivatives for which fair value hedges accounting is applied or no hedging accounting is applied.

The impact on "reserves" is explained by the change in exchange rates on changes in fair value of currency derivatives qualified for cash flow hedging, recognised in "reserves".

Interest rate sensitivity
The Group is exposed to the risk of changes in market interest rates. The variation of 100 basis points of interest rates would have an impact on income before tax of EUR nil million for 2024 (EUR nil million for 2023).

Others
Other (non-current) assets in 2023 and 2024 mainly relates to CO2 quotas purchased on the market. As per December 31, 2024 an amount of EUR 158 million of the CO2 quotas are collateralized. Other (non-current) liabilities in 2024 and 2023 mainly relates to deferred payments for wage tax and social securities. Following the COVID-19 crisis, the Dutch Government issued a number of measures to support Dutch companies, such as deferral of wage tax and social securities payments for the period between March 2020 and October 2021. As from October 1, 2022, the Group pays the related deferred payments over a period of 60 months. As per December 31, 2024 the related undiscounted non-current deferred payments amount to EUR 541 million (December 31, 2023 EUR 835 million). As per December 31, 2024 the current deferred payments amount to EUR 293 million (December 31, 2022 EUR 282 million) and is included in note 26. Trade and other liabilities in the line Taxes and social security payments.

14. Other (non-current) financial assets

Accounting policy

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Financial assets are classified into one of three measurement categories:

- Amortised cost;
- Fair value through profit or loss (FVPL); or
- fair value through other comprehensive income (FVOCI).

The classification is based on the business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

For financial assets at amortised cost, the Group applies the effective interest rate method and amortises the transaction cost, discounts or other premiums included in the calculation of the effective interest rate over the expected life of the instrument.

In EUR million	Debt investments at amortised cost (2024)	At fair value through profit or loss (2024)	At fair value through OCI (2024)	Total (2024)	Debt investments at amortised cost (2023)	At fair value through profit or loss (2023)	At fair value through OCI (2023)	Total (2023)
As at January 1,	**990**	**128**	**34**	**1,152**	**829**	**83**	**34**	**946**
Additions and loans granted	131	2	1	134	278	8	1	287
Loans and interest repaid	(152)	(8)	-	(160)	(115)	(2)	-	(117)
Interest accretion	21	-	-	21	21	-	-	21
Foreign currency translation differences	38	-	-	38	(20)	-	-	(20)
Other movements	19	(39)	8	(12)	(3)	39	(1)	35
As at December 31,	**1,047**	**83**	**43**	**1,173**	**990**	**128**	**34**	**1,152**

	As at December 31,			
	2024		2023	
In EUR million	Current	Non-current	Current	Non-current
Debt investments at amortised cost				
Bonds, long-term deposits, other loans and receivables	125	922	158	832
Total	**125**	**922**	**158**	**832**
At fair value through profit or loss				
Deposits and commercial paper with original maturity 3-12 months	54	-	94	-
Deposits on operating leased aircraft	4	24	2	30
Air France-KLM S.A. shares	-	1	-	2
Total	**58**	**25**	**96**	**32**
At fair value through OCI				
Kenya Airways Ltd. shares	-	13	-	10
Other non-consolidated entities	-	30	-	24
Total	**-**	**43**	**-**	34
Total	**183**	**990**	**254**	**898**

Deposits on operating leased aircraft are not interest bearing.

The Group's stake in Kenya Airways Ltd. is 7.76% as at December 31, 2024 (December 31, 2023 7.76%). The Group has no significant influence on Kenya Airways and due to its strategic intention it is regarded as a financial asset at fair value through other comprehensive income under IFRS 9.

The carrying amounts of financial assets denominated in currencies other than the Euro are as follows:

In EUR million	As at December 31, 2024	2023
USD	866	667
GBP	-	45
Kenyan shilling	13	10
Total	**879**	**722**

The interest-bearing financial assets have fixed interest rates. The weighted average effective interest rates at the balance sheet date are as follows:

	As at December 31,			
	2024		2023	
in %	EUR	USD	EUR	USD
Debt investments at amortised cost	2.6	2.0	1.7	2.7

The triple A bonds and long-term deposits are held as a natural accounting hedge to mitigate the effect of foreign exchange movements relating to financial debt. Except as described below these securities are at the free disposal of the Company. Access to triple A bonds and long-term deposits, loans and receivables amounting to EUR 215 million (December 31, 2023 EUR 209 million) is restricted.

The maturities of debt investments are as follows:

In EUR million	As at December 31, 2024	2023
Debt investments at amortised cost		
Less than 1 year	125	158
Between 1 and 2 years	346	161
Between 2 and 3 years	255	332
Between 3 and 4 years	74	123
Between 4 and 5 years	50	28
Over 5 years	197	188
Total	**1,047**	**990**

The fair values of the financial assets are as follows:

In EUR million	As at December 31, 2024	2023
Debt investments at amortised cost		
Bonds, long-term deposits, loans and receivables	1,047	990
At fair value through profit or loss		
Restricted deposit EU Cargo claim	54	54
Deposits	-	40
Deposits on operating leased aircraft	28	32
Air France-KLM S.A. shares	1	2
Total	**83**	**128**
At fair value through OCI		
Kenya Airways Ltd. shares	13	10
Other non-consolidated entities	30	24
Total	**43**	**34**
Total	**1,173**	**1,152**

The fair values listed above have been determined as follows:

- Triple A bonds and long-term deposits: The fair values are based on the net present value of the anticipated future cash flows associated with these instruments;
- Deposits and commercial paper: The carrying amounts approximate fair value because of the short maturity of these deposits and commercial paper;
- Kenya Airways Ltd. shares: Quoted price as at close of business on December 31, 2024 and December 31, 2023;
- Air France-KLM S.A. shares: Quoted price as at close of business on December 31, 2024 and December 31, 2023;
- Other assets: The carrying amounts approximate fair value because of the short maturity of these instruments or, in the case of equity instruments that do not have a quoted price in an active market, the assets are carried at cost.

The contractual re-pricing dates of the Group's interest bearing assets are as follows:

In EUR million	As at December 31, 2024	2023
Less than 1 year	179	253
Between 1 and 2 years	346	161
Between 2 and 3 years	255	332
Between 3 and 4 years	74	123
Between 4 and 5 years	50	28
Over 5 years	199	188
Total	**1,103**	**1,085**

15. Inventories

Accounting policy

Inventories consist primarily of expendable aircraft spare parts, fuel stock and other supplies and are stated at the lower of cost and net realisable value. Cost, representing the acquisition cost, is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

In EUR million	As at December 31, 2024	2023
Maintenance inventories - net		
Maintenance inventories	348	314
Allowance for obsolete inventories	(94)	(86)
Total	**254**	**228**
Other sundry inventories (among others fuel)	81	104
Total	**335**	**332**

16. Trade and other receivables

Accounting policy

Trade receivables are initially recorded at fair value. They are subsequently measured at amortised cost using the effective interest rate method, less a loss allowance. Regarding the impairment of trade receivables, the Group has chosen the simplified method approach. Considering its business and risks, trade receivables have already been depreciated to the same level equal to the expected loss.

The Group considers that the change in credit risk on the non-current financial assets since their initial recognition is limited due to the criteria defined (e.g. type of instrument, counterparty rating, and maturity).
The impairment recorded by the Group consists of the expected credit loss over the 12 months following the closing date.

In EUR million	As at December 31, 2024	2023
Trade receivables		
Trade receivables	680	784
Expected credit loss	(50)	(64)
Total	**630**	**720**
Other receivables		
Air France-KLM group companies	88	110
Maintenance contract customers	75	103
Taxes and social security premiums	46	48
Other receivables	169	76
Prepaid expenses	224	231
Total	**602**	**568**
Total	**1,232**	**1,288**

In EUR million	As at December 31, 2024	2023
< 90 days	622	671
90-180 days	8	16
180-360 days	–	15
> 360 days	–	18
Total trade receivables	**630**	**720**

In 2024 an EUR 13 million decrease (December 31, 2023 EUR 10 million decrease) of provision trade receivables has been recorded in other income and expenses in the Consolidated statement of profit or loss.

Maintenance contract assets to date for contracts in progress at December 31, 2024 amounted to EUR 75 million (December 31, 2023 EUR 103 million). Advances received for maintenance contracts in progress at December 31, 2024 amounted to EUR 191 million (December 31, 2023 EUR 185 million).

17. Cash and cash equivalents

Accounting policy

Cash and cash equivalents are short-term (original maturity of three months or less), highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

They include cash in hand, deposits that can be withdrawn at any time from the bank without a penalty and bank overdrafts. Bank overdrafts are shown under “Financial liabilities” in “Current liabilities” in the balance sheet. Cash and cash equivalents are stated in the balance sheet at fair value.

In EUR million	As at December 31, 2024	2023
Cash at bank and in hand	85	103
Short-term deposits	972	1,500
Total	**1,057**	**1,603**

The effective interest rates on short-term deposits are in the range from 2.57% to 5.32% (2023 range 1.52% to 5.62%). The short-term deposits are invested in money market instruments or in liquid funds with daily access to cash.

The part of cash at bank and in hand held in currencies other than the Euro is as follows:

In EUR million	As at December 31, 2024	2023
USD	25	24
GBP	2	3
Other currencies	19	11
Total	**46**	**38**

The fair value of cash and cash equivalents does not differ materially from the book value.

18. Equity

Accounting policy

Share capital represents the nominal value of the Company's shares. Share premium is the excess of the amount received by the Company over and above the nominal value of its shares issued.

Authorised share capital

On December 30, 2022, the 149,998,125 ordinary shares have been split into 149,998,124 A ordinary shares and 1 B ordinary share. This did not change the total authorised share capital, which is unchanged since April 1, 2004.

The authorised share capital of the Company is summarised in the following table:

	As at December 31, 2024		
	Par value per share (in EUR)	Number of shares	Amount in EUR 1,000
Priority shares	2.00	1,875	4
A Ordinary shares	2.00	149,998,124	299,996
B Ordinary shares	2.00	1	-
A Cumulative preference shares	2.00	37,500,000	75,000
B Preference shares	2.00	75,000,000	150,000
C Cumulative preference shares	2.00	18,750,000	37,500
Total			**562,500**

Issued share capital

No changes, other than the split in the authorised share capital as per December 30, 2022 as mentioned above, have occurred in the issued share capital since April 1, 2004. All issued shares are fully paid.

	As at December 31,			
	2024		2023	
	Number of shares	Amount in EUR 1,000	Number of shares	Amount in EUR 1,000
Included in equity				
Priority shares	1,312	3	1,312	3
A Ordinary shares	46,809,698	93,619	46,809,698	93,619
B Ordinary shares	1	-	1	-
A Cumulative preference shares	8,812,500	17,625	8,812,500	17,625
C Cumulative preference shares	7,050,000	14,100	7,050,000	14,100
Total	**62,673,511**	**125,347**	**62,673,511**	**125,347**

The rights, preferences and restrictions attaching to each class of shares are as follows:

Priority shares

All priority shares are held by Air France-KLM S.A. Independent rights attached to the priority shares include the power to determine or approve:

a. To set aside an amount of the profit established in order to establish or increase reserves (art. 32.1 Articles of Association (AoA));
b. That the reserve and dividend policy of the Company may only be amended with the prior approval of the Supervisory Board and the meeting of priority shareholders (art. 32.4 AoA);
c. Distribution of interim dividends, subject to the approval of the Supervisory Board (art. 32.6 AoA);
d. Distribution to holders of common shares out of one or more of the freely distributable reserves, subject to the approval of the Supervisory Board (art. 32.7 AoA);
e. Transfer of priority shares (art. 14.2 AoA).

Before submission to the General Meeting of Shareholders prior approval of the holder of the priority shares is required for:

a. Issuance of shares (art. 5.4 AoA);
b. Limitation of or exclusion from pre-emptive rights of the holders of other classes of shares (art. 5.4 AoA);
c. Repurchase of own shares (art. 10.2 AoA);
d. Alienation of own priority shares and C cumulative preference shares (art. 11.2 AoA);
e. Reduction of the issued share capital (art. 11.3 AoA);
f. Remuneration and conditions of employment of the Managing Directors (art. 17.4 AoA);
g. Amendments of the Articles of Association and/or dissolution of the Company (art. 41.1 AoA).

A Cumulative preference shares, B Preference shares, C Cumulative preference shares and Ordinary shares

Following amendments in the Articles of Association as per December 30, 2022, the A and C Cumulative preference shares have, under IFRS, been reclassified from Other financial liabilities to Share capital. This since the Board of Managing Directors and/or Supervisory Board, like for the aforementioned priority shares, has an unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation in line with IAS 32.19.

Holders of preference and ordinary shares are entitled to attend and vote at shareholders meetings. Each share entitles the holder to one vote.

As at December 31, 2024 the State of the Netherlands held 3,708,615 A cumulative preference shares to which a voting right attaches of 5.9%. This has not changed since financial year 2006/07. For details of the right to dividend distributions attaching to each class of share see the section Other information.

The movements in the reserves are as follows:

In EUR million	Hedging reserve	Remeasurement of defined benefit pension	Translation reserve	Other reserve	Total
As at January 1, 2024	**(42)**	**(6)**	**10**	**490**	**452**
Gains/(losses) from cash-flow hedges	55	-	-	-	55
Exchange differences on translating foreign operations	-	-	5	-	5
Remeasurement of defined benefit pension plans	-	7	-	-	7
Transfer to/ (from) retained earnings	-	-	-	26	26
Tax on items taken directly to or transferred from equity	(14)	(1)	-	-	(15)
As at December 31, 2024	**(1)**	**-**	**15**	**516**	**530**

In EUR million	Hedging reserve	Remeasurement of defined benefit pension	Translation reserve	Other reserve	Total
As at January 1, 2023	**19**	**(5)**	**9**	**450**	**473**
Gains/(losses) from cash-flow hedges	(82)	-	-	-	(82)
Exchange differences on translating foreign operations	-	-	1	-	1
Remeasurement of defined benefit pension plans	-	-	-	-	-
Transfer to/ (from) retained earnings	-	-	-	32	32
Fair value related to Air France-KLM S.A. Employee Share Purchase Plan	-	-	-	8	8
Tax on items taken directly to or transferred from equity	21	(1)	-	-	20
As at December 31, 2023	**(42)**	**(6)**	**10**	**490**	**452**

Remeasurement of defined benefit plans

Comprises all actuarial gains and losses related to the remeasurement of defined benefit plans.

The volatility from the main KLM pension plans has reduced significantly after the transfer to a collective defined contribution pension schemes for cockpit crew and cabin crew in 2017 and ground staff in 2021. However, the volatility in the value of fuel derivatives and the remeasurement of current defined benefit pension plans remains for other smaller KLM Group defined benefit pension plans. The non-cash changes in pension obligations together with the level of plan assets linked to the changes in actuarial assumptions that need to be recognised in the Company's equity do not directly affect the statement of profit or loss.

For an elucidation on the remaining volatility of smaller KLM Group defined pension plans and equity, reference is made to the paragraph Risks linked to the impact of external economic factors on equity and Risks linked to pension plans in the Risks and risk management section.

The legal reserves consist of the following items:

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Currency hedges
Most of the aircraft lease contracts are denominated in US dollars. The Group designates the cash flows from these lease contracts as hedging instruments in cash flow hedges with its US dollars revenues as hedged items. This limits the volatility of the foreign exchange variation resulting from the currency related revaluation of its lease debt. The effective portion of the foreign exchange revaluation of the lease debt in US dollars at the closing date is recorded in “other comprehensive income”. This amount is recycled in revenues when the hedged item is recognised. This also included the fair value changes in equity investments which are deemed to be business investments.

Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the consolidated figures of non-Euro foreign subsidiaries, as well as from the translation of the Company’s net investment in foreign associates and jointly controlled entities.

Other reserve
The other reserve relates to development cost incurred on computer software and prepayments thereon amounting to EUR 481 million as at December 31, 2024 (December 31, 2023 EUR 459 million) and investments accounted for using the equity method amounting to EUR 26 million as at December 31, 2024 (December 31, 2023 EUR 22 million) as required by Article 365.2 of Book 2 of the Dutch Civil Code.

In October 2023 Air France-KLM S.A. launched “Partners for the future”, an Air France-KLM Group employee share purchase plan. Eligible employees were able to subscribe at a 30% discounted price with the benefit of a matching contribution from the Air France-KLM Group. In line with IFRS 2, the related non-cash discount and matching contribution expenses, amounting to EUR 8 million, for KLM Group employees participating in this employee share purchase were recorded as employee compensation and benefit expenses (reference is made to note 4. Employee Compensation and Benefit Expenses and benefit expenses and credited to Other reserves. In December 2023 all participating KLM Group employees paid for the Air France-KLM shares, which can be traded after December 21, 2028.

19. Financial debt

Accounting policy

Financial liabilities are initially recognised at fair value, including transaction costs. Subsequently, they are, with the exception of derivative financial instruments, carried at amortised cost calculated using the effective interest rate method. Under this principle, any redemption and issue costs, are recorded as debt in the balance sheet and amortised as financial income or expense over the life of the loans.

Financial liabilities are derecognised when the Group's obligations specified in the contract expire or are discharged or cancelled. Any costs that were attributable to financial liabilities are expensed through the statement of profit or loss.

	As at December 31,					
			2024			2023
In EUR million	Future minimum lease payment	Future finance charges	Total financial lease liabilities	Future minimum lease payment	Future finance charges	Total financial lease liabilities
Current						
Within 1 year	344	52	292	294	71	223
Total	**344**	**52**	**292**	**294**	**71**	**223**
Non-current						
Between 1 and 2 years	336	45	291	329	62	267
Between 2 and 3 years	317	37	280	317	53	264
Between 3 and 4 years	214	30	184	306	44	262
Between 4 and 5 years	248	27	221	206	37	169
Over 5 years	793	58	735	873	84	789
Total	**1,908**	**197**	**1,711**	**2,031**	**280**	**1,751**
Total	**2,252**	**249**	**2,003**	**2,325**	**351**	**1,974**

The financial debt relates exclusively to aircraft leasing, for which KLM has the option to purchase the aircraft at the amount specified in each contract once the lease expires. The lease agreements provide for either fixed or floating interest payments. Where the agreements are subject to a floating interest rate, this is normally the 3 or 6 month EURIBOR or the USD LIBOR rate.
The average interest rate, without taking into account the impact of hedging (and the deferred benefits arising from sale and leaseback transactions) is 2.66% (average fixed rate 1.73%, average floating rate 4.70%). Taking into account the impact of hedging the average interest rate is 2.57% (average fixed rate 2.04%, average floating rate 4.98%). After hedging 82% of the outstanding lease liabilities have a fixed interest rate.

The carrying amount for the financial debt approximates the fair value as at December 31, 2024. The fair value of the financial liabilities is based on the net present value of the anticipated future cash flows associated with these instruments. For the lease liabilities deposits are held. Reference is made to note 14. Other (non-current) financial assets.

20. Other financial liabilities

Accounting policy
Reference is made to note 19. Financial debt.

In EUR million	2024	2023
As at January 1,	**825**	**1,000**
Additions and loans received	305	(13)
Loans repaid	(110)	(184)
Foreign currency translation differences	(9)	7
Other changes	–	15
As at December 31,	**1,011**	**825**

The other financial liabilities comprise:

	As at December 31,			
		2024		2023
In EUR million	Current	Non-current	Current	Non-current
Subordinated perpetual loans	–	521	–	533
Other loans (secured/unsecured)	295	195	197	95
Total	**295**	**716**	**197**	**628**

The remaining maturity of financial liabilities is as follows:

In EUR million	2024	2023
Less than 1 year	295	197
Between 1 and 2 years	–	93
Between 2 and 3 years	–	2
Between 3 and 4 years	–	–
Between 4 and 5 years	195	–
Over 5 years	521	533
Total	**1,011**	**825**

2024 update of the revolving credit facility

On April 17, 2023 KLM agreed a new revolving credit facility of EUR 1 billion with a consortium of 14 Dutch and international banks. The revolving credit facility accommodates to increase the facility to EUR 1.2 billion. At the same date the COVID-19 related Dutch State support package was cancelled by KLM.

Interest of the new revolving credit facility is based on EURIBOR + margin of 1.70% per annum. At any time an event of default is continuing the margin will be 2.10% per annum.

On April 17, 2024 KLM executed the extension option for one year, extending to a 2028 maturity. KLM has the option to extend that for one additional year. Some financial covenants are applicable:

- Interest Coverage Ratio (ICR), defined as consolidated EBITDA to consolidated net cost of financial debt. The ICR is calculated over a period of 12 months ending on the testing date. The ICR should be greater than 2.5;
- Asset Cover (AS), defined as the ratio of consolidated unsecured assets to consolidated unsecured net debt. The AS calculation should not be between 0 and 1; and
- Guarantee Cover (GC), defined as, that at all times, the aggregate EBITDA, the aggregate revenues and the aggregates gross assets of the Company, (excluding intragroup), exceeds 75 per cent of the the aforementioned KLM Group consolidated parameters.

In addition some Environmental, Social and Governance ('ESG') dedicated indicators, related to reduction of the unit CO_2 emission, increase of the share of SAF and increase of females in management positions, are applicable. This results in a financing cost margin adjustment mechanism (upward or downward) conditional to the independent achievement of these dedicated indicators.

As per December 31, 2024 these financial covenants and ESG dedicated indicators are met and no amounts have been drawn under the revolving credit facility.

In addition KLM has three other credit facilities totalling to EUR 140 million, with an average remaining maturity of 2 years.

Subordinated perpetual loans

The subordinated perpetual loans are subordinated to all other existing and future KLM debts. The subordinations are equal in rank. Under certain circumstances, KLM has the right to redeem the subordinated perpetual loans, with or without payment of a premium.

As per August 28, 2019 KLM has reduced the principal amount of the Japanese Yen subordinated perpetual loan to JPY 20 billion (EUR 164 million) by repaying JPY 10 billion to the lender. As from this date a fixed JPY interest of 4.0% is applicable.

The Swiss Franc subordinated perpetual loans amounting to CHF 375 million, being EUR 398 million as at December 31, 2024 (December 31, 2023 EUR 405 million) are listed on the SWX Swiss Exchange, Zurich.

The carrying amounts of financial liabilities denominated in currencies other than the Euro are as follows:

In EUR million	2024	2023
CHF	398	405
JPY	123	128
Total	**521**	**533**

Other loans

On December 31, 2024, KLM has a portfolio of other loans amounting to EUR 490 million (December 31, 2023 EUR 292 million). Other loans mainly consist of unsecured bilateral loans, repo transactions on CO_2 quotas with margin calls triggered if the fair value of the underlying changes more than EUR 10 million and mortgage loans. Other loans either carry a fixed interest rate or a floating interest rate based on EURIBOR, ESTR or USD LIBOR. The outstanding other loans on December 31, 2024 have a maximum remaining maturity of 5 years.

The fair values of financial liabilities are as follows:

In EUR million	2024	2023
Subordinated perpetual loans	451	444
Other loans (secured/unsecured)	490	292
Total	**941**	**736**

The fair value of the financial liabilities is based on the net present value of the anticipated future cash flows associated with these instruments. The exposure of the Group's borrowing interest rate changes and the contractual re-pricing dates are as follows:

	As at December 31,	
In EUR million	2024	2023
<1 year	490	265
>1 year and < 5 years	–	27
> 5 years	521	533
Total	**1,011**	**825**

The effective interest rates at the balance sheet date, excluding the effect of derivatives, are as follows:

	2024		2023	
in %	EUR	Other	EUR	Other
Subordinated perpetual loans	–	4	–	4
Other loans	4	–	5	–

The interest rates of the subordinated perpetual loans and other loans, taking into account the effect of derivatives, are as follows:

In EUR million	Variable interest loans	Fixed interest loans	Average variable %-rate	Average fixed %-rate	Average %-rate
Subordinated perpetual loans	–	521	–	4.27%	4.27%
Other loans	468	22	4.44%	0.21%	4.25%

The variable interest rates are based on EURIBOR or the USD LIBOR rate.

The total financial liabilities are as follows:

In EUR million	Note	As at December 31, 2024	2023
Financial debt	19	292	223
Lease debt	11	337	285
Other financial liabilities	20	295	197
Total current		**924**	**705**
Financial debt	19	1,711	1,751
Lease debt	11	1,160	983
Other financial liabilities	20	195	95
Perpetual subordinated loan stock in YEN	20	123	128
Perpetual subordinated loan stock in Swiss francs	20	398	405
Total non-current		**3,587**	**3,362**
Total		**4,511**	**4,067**

The total movements in financial liabilities are as follows:

	Note 19	Note 20		Note 11	Note 20	
In EUR million	Financial debt	Other financial liabilities	Subtotal	Lease debt	Perpetual subordinated loan stock	Total
As at January 1, 2024	**1,974**	**292**	**2,266**	**1,268**	**533**	**4,067**
New financial debt	191	305	496	471	–	967
Reimbursment of financial debt	(233)	(110)	(343)	(301)	–	(644)
Currency translation differences	32	3	35	61	(12)	84
Other	39	–	39	(2)	–	37
As at December 31, 2024	**2,003**	**490**	**2,493**	**1,497**	**521**	**4,511**

21. Financial Risk Management

Risk management organisation and hedging policy
Market risk coordination and management is the responsibility of the Risk Management Committee (RMC), which is composed of the Chief Financial Officer and Vice President Financial Operations of Air France-KLM and the Chief Financial Officers and Vice Presidents Corporate Finance & Treasury of Air France and of KLM and the airline directors fuel. The RMC meets each quarter to review internal reporting of the risks relating to the fuel and carbon price, the principal currency exchange rates and interest rates, and to decide on the hedging to be implemented: targets for hedging ratios, the rolling periods for these targets and, potentially, the preferred types of hedging instrument.
The aim is to reduce the exposure of Air France-KLM and, thus, to preserve budgeted profit margins. The RMC also defines the counterparty-risk policy.

The decisions made by the RMC are implemented by the treasury and fuel departments within each airline, in compliance with the procedures governing the delegation of powers. In-house procedures governing risk management prohibit speculation. Regular meetings are held between the fuel, treasury departments and Chief Financial Officers of KLM and Air France in order to exchange information concerning matters such as hedging instruments used, strategies planned and counterparties.

The treasury departments of each company circulate information on the level of cash and cash equivalents to their respective executive managements on a daily basis.

Every month, a detailed report including, among other information, interest rate and currency positions, the portfolio of hedging instruments, a summary of investments and financing by currency, ETS information and the monitoring of risk by counterparty is transmitted to the executive managements.
The instruments used are forwards, swaps and options.
The execution of fuel and carbon hedging is the responsibility of the airlines fuel departments, which are also in charge of purchasing fuel for physical delivery. A weekly report, enabling the evaluation of the net-hedged fuel cost of the current financial year and the two following ones, is supplied to the executive managements.

This mainly covers the valuation of all positions, the hedge percentages, the breakdown of instruments, the underlying used, average hedge levels, the resulting net prices and stress scenarios and market commentary.
Furthermore, a weekly Air France-KLM report consolidates the figures from the two main airlines relating to fuel hedging and to physical cost. The instruments used are swaps, options and combinations of both.

Financial Risk Management
The Group is exposed to the following financial risks:
1. Market risk;
2. Credit risk; and
3. Liquidity and solvency risk.

1. Market risk
The Group is exposed to market risks in the following areas:
a. Currency risk;
b. Interest rate risk; and
c. Fuel & carbon price risk.

a. Currency risk
Most of KLM, revenues are generated in euros. However, because of its international activities, KLM incurs a foreign exchange risk. The principal exposure is to the US dollar, and then, to a lesser extent, to British pound sterling and the Japanese yen. Thus, any changes in the exchange rates for these currencies relative to the euro may have an impact on KLM’s financial results.

With regard to the US dollar, since expenditures such as fuel, fleet investments, right-of-use leases or component cost exceed the level of revenue, KLM is a net buyer. This means that any significant appreciation in the US dollar against the euro could result in a negative impact on the Group’s activity and financial results. Conversely, KLM is a net seller of the Japanese yen and of British pound sterling, the level of revenues in these currencies exceeds expenditures. As a result, any significant decline in these currencies relative to the euro could have a negative effect on the Group’s activity and financial results. In order to reduce its currency exposure, Air France-KLM has adopted hedging strategies. Both KLM and Air France currency hedge progressively their net exposure over a rolling 24-month period.

Aircraft are often purchased in US dollars, meaning that KLM is highly exposed to a rise in the dollar against the euro for its fleet and fleet related investments. The hedging policy prescribes the progressive and systematic implementation of currency hedging between the date of the aircraft order and their delivery date.

Despite this active hedging policy, not all exchange rate risks are covered. KLM might then encounter currency risks, which could have a negative impact on KLM business and financial results.
For the currency sensitivity analysis reference is made to note 13. Other (non-current) assets and liabilities.

b. Interest rate risk

At both KLM and Air France, most financial debt is contracted in floating-rate instruments in line with market practice. KLM uses swap strategies to convert a significant proportion of their floating-rate debt into fixed rates.

c. Fuel & carbon price risk

Risks linked to the jet fuel and carbon price are hedged within the framework of a hedging strategy aligned for the whole of Air France-KLM.

Following IFRS 9 the fuel hedging strategy of the Group involves components of non-financial items (crude oil and gasoil are specified as components of jet fuel prices). These components are considered as separately identifiable and reliably measurable as required by IFRS 9.
Main characteristics of the fuel hedge strategy:
- Hedge horizon: a maximum of six quarters rolling;
- Maximum hedge percentage, to reach at the end of the current quarter:
  Quarter underway: 70% of the volumes consumed;
  Quarter 1 and 2: 70% of the volumes consumed;
  Quarter 3: 55% of the volumes consumed;
  Quarter 4: 40% of the volumes consumed;
  Quarter 5: 25% of the volumes consumed; and
  Quarter 6: 10% of the volumes consumed.
- Increment of maximum coverage ratios: 15% by quarter;
- Underlyings: Brent, Gas Oil and Jet Fuel;
- Hedging instruments: Swap, call, call spread, three ways, four ways and collar. These hedging instruments must be eligible hedging instruments in accordance with IFRS 9.

For the fuel price sensitivity analysis on outstanding financial instruments reference is made to note 13. Other (non-current) assets and liabilities.
The carbon exposure is related to the EU, UK and Swiss ETS. The price exposure is managed by hedging with carbon forwards to two years ahead:
- Year underway: 100% of the expected carbon emission;
- Year 1: 100% of the expected carbon emission;
- Year 2: 25-50% of the expected carbon emission.

The hedge relationship for carbon exposure is assessed as effective per December 31, 2024.

2. Credit risk

Credit risks arise from various activities including investing and operational activities as well as hedging activities with regard to financial instruments. The risk is the loss that could arise if a counterpart were to default in the performance of its contractual obligations. The Group has established credit limits, based on geographical and counterparty risk, for its external parties, in order to mitigate the credit risk. These limits are determined on the basis of ratings from rating agencies.

KLM identified the following exposure to counterparty risk:

	As at December 31, 2024
LT Rating from agencies	Total exposure in EUR millions
AAA	637
AA+	168
AA-	222
A+	328
A	694
Total	**2,049**

At December 31, 2024, the exposure consists of the fair market value of marketable securities, deposits and bonds.

3. Liquidity and solvency risk

Liquidity and solvency risk is related to the risk that the Group might be unable to obtain the financial resources it requires to meet its short- and long-term obligations on time. All anticipated and potential cash flows are reviewed regularly.

These include, amongst other, operational cash flows, capital expenditures and financing cash flows. The objective is to have sufficient liquidity, including committed credit facilities, available that are adequate for the liquidity requirements for the short- and long-term. KLM has sufficient undrawn standby facilities available to manage liquidity risk. Furthermore, KLM has unencumbered fleet assets available for financing.

22. Net Debt

Accounting policy

Reference is made to note 19. Financial debt

	As at December 31,	
In EUR million	2024	2023
Current and non-current financial debt	4,493	4,062
Financial debt	**4,493**	**4,062**
Cash and cash equivalents	1,057	1,603
Restricted deposits	35	40
Cross currency element of CCIR swaps	10	5
Near cash *	1,078	1,060
Financial assets	**2,180**	**2,708**
Total	**2,313**	**1,354**

In EUR million	2024	2023
As at January 1,	**1,354**	**1,628**
Adjusted free cash flow	766	(340)
Repayment lease debt	(301)	(275)
New lease debt	471	360
Fin. activities in investing cash flow excluding interest	(11)	-
Other (including currency translation adjustment)	34	(19)
As at December 31,	**2,313**	**1,354**

* See note 9. Alternative performance measures (APMs)

Total net debt does not include the non-current and current deferred wage tax and social securities payments of in total EUR 834 million (December 31, 2023 EUR 1,117 million). Reference is made to the “Others” paragraph in note 13. Other (non-current) assets and liabilities.

23. Deferred income

Accounting policy

Advance ticket sales

Upon issuance, both Passenger and Cargo sales, including fuel and security surcharges, are recorded as deferred income under Advance ticket sales.

These will be recognised in revenues at the date of transportation.

Flying Blue frequent flyer program

Air France-KLM has a common frequent flyer program "Flying Blue". This program allows members to acquire "miles" as they fly with KLM, Air France or with other partner companies, such as credit card companies, hotel chains and car rental firms. These miles entitle members to a variety of benefits such as discounts on and free flights with the two airlines.

Miles are considered as separate elements of a sale of a ticket with multiple elements and one part of the price of the initial sale of the ticket is allocated to these Miles and deferred until the Group's commitments relating to these Miles have been met.

The deferred amount due in relation to the acquisition of Miles by members is estimated:
› According to the fair value of the Miles, defined as the amount for which the benefits could be sold separately;
› After taking into account the redemption rate, corresponding to the probability that the Miles will be used by members, using a statistical method.

With regard to the re-invoicing of Miles between the partners in the program, the margins realized on sales of these Miles are recorded immediately in the income statement.

In 2023 Air France-KLM Group incorporated a new company for its Flying Blue program, Flying Blue Miles S.A.S, in France (FBM). KLM sold its Flying Blue activities to this new sister company within the Air France-KLM Group for an amount of EUR 489 million (reference is made to note 9. Alternative performance measures (APMs) and note 31. Related Party Transactions). Air France also sold its Flying Blue activities to FBM.

As from December 1, 2023 all Flying Blue activities are recorded at FBM, being the exclusive issuer of miles (earn) for the Air France-KLM Group and partner companies. KLM still has a deferred income in its balance sheet as shown on the line Flying Blue frequent flyer program in below table. Going forward this deferred income will be settled with FBM, when Flying Blue members use these miles for qualifying flights (for which FBM buys tickets from KLM) and/or at partner companies. This will be the case until this deferred income is nil at KLM's balance sheet, which is expected to be the case in the course of 2025.

	As at December 31,			
	2024		2023	
In EUR million	Current	Non-current	Current	Non-current
Advance ticket sales	1,628	-	1,464	-
Sale and leaseback transactions	7	-	15	-
Flying Blue frequent flyer program	133	-	77	222
Others	4	-	4	2
Total	**1,772**	**-**	**1,560**	**224**

24. Provisions for employee benefits

Accounting policy

Pensions and other post-employment benefits

Pensions and other post-employment benefits relate to provisions for benefits (other than termination benefits) which are payable to employees on retirement. The provisions cover defined benefit pension plans, early-retirement schemes and post-employment medical benefits available to employees.

The amount recognised as a liability or an asset for post-employment benefits at the balance sheet date is the net total of:

- The present value of the defined benefit obligations at the balance sheet date; and
- Minus the fair value of the plan assets at the balance sheet date.

The actuarial gain and losses are recognised immediately in other comprehensive income.

Other long-term employment benefits

The provision for other long-term employment benefits relates to benefits (other than pensions and other post-employment benefits and termination benefits) which do not fall within twelve months after the end of the period in which the employees render the related service.

- The provision mainly covers jubilee benefits.
- The benefits are unfunded.

	As at December 31,	
In EUR million	2024	2023
Liabilities		
Pension and early-retirement obligations	118	119
Post-employment medical benefits	16	16
Other long-term employment benefits	118	111
Termination benefits	7	8
Total	**259**	**254**

The current and non-current split of the provisions is as follows:

	As at December 31,	
In EUR million	2024	2023
Current	**20**	**23**
Non-current		
Pension and early-retirement obligations	109	109
Post-employment medical benefits	15	15
Other long-term employment benefits	107	99
Termination benefits	8	8
Total	**239**	**231**
Total	**259**	**254**

	As at December 31,	
In EUR million	2024	2023
Assets		
Pension assets non-current portion	49	36
Total	**49**	**36**

Pension plans

The Company sponsors a number of pension plans for employees world-wide, of which the main defined benefit plan relates to the United Kingdom.

These world-wide plans are funded through separate pension funds which are governed by independent boards and are subject to supervision of the local regulatory authorities. In addition to these plans there are various relatively insignificant defined benefit and defined contribution plans for employees located in- and outside the Netherlands. All major KLM pension plans in the Netherlands qualify as a defined contribution scheme (collective defined contribution). In 2024 no KLM Group pension plans have been derecognised.

2024 developments

In 2024 plan assets decreased with EUR 8 million (from EUR 436 million end 2023 to EUR 428 million end 2024) and pension obligations went down by EUR 22 million (from EUR 519 million end 2023 to EUR 497 million end 2024).The KLM UK pension plan pension asset increased to EUR 49 million as per end 2024 compared to EUR 36 million as per end 2023.

Assumptions used for provisions for employee benefits

The provisions were calculated using actuarial methods based on the following assumptions (weighted averages for all plans):

in %	As at December 31, 2024	2023
Weighted average assumptions used to determine benefit obligations		
Discount rate for year-ended	4.59	4.33
Rate of compensation increase	2.02	2.38
Rate of price inflation	3.11	3.08
Weighted average assumptions used to determine net cost		
Discount rate for year ended	4.33	4.40
Rate of compensation increase	2.38	2.48
Rate of price compensation	3.08	3.21

The Company refines its calculations, by retaining the adequate flows, on the discount rate used for the service-cost calculation. In the Euro zone, this leads to the use of a discount rate of 0.10% higher for the service-cost calculation compared to the one used for the discount of the benefit obligation.

Recognition of pension assets and liabilities in the balance sheet

In EUR million	As at December 31, 2024	2023
Present value of wholly or partly funded obligations	497	519
Fair value of plan assets	(428)	(436)
Net liability relating pension and other post-retirement obligations	**69**	**83**

The funds together have a liability totalling EUR 69 million as at December 31, 2024 (December 31, 2023 a liability of EUR 83 million), consisting of a pension asset of EUR 49 million and pension obligations of EUR 118 million.

No limit (i.e. after the impact of IAS 19 and IFRIC 14 “The limit on a defined benefit asset, minimum funding requirements and their interaction” on IAS 19) on the pension asset recognised in the balance sheet is applied since, based on the current financing agreement between the KLM UK pension plan and the Company, future economic benefits are available in the form of an unconditional right to a refund assuming gradual settlement of the plan liabilities over time until the last member has left the plan. This corresponds to the situation described in IFRIC 14,11.b, under which a refund is considered available to an entity. This pension asset recognised is not readily available for the Company, but is, with reference to IFRIC 14.8, considered available even if it is not realisable immediately at the end of the financial year.

The accounting standards require management to make assumptions regarding variables such as discount rate, rate of compensation increase and mortality rates. Periodically, management consults with external actuaries regarding these assumptions. Changes in these key assumptions and in financing agreements between the KLM UK pension plan and the Company can have a significant impact on the net pension assets (IFRIC 14).

The movements in the present value of wholly or partly funded obligations in the year are as follows:

In EUR million	2024	2023
As at January 1,	**519**	**493**
Current service cost	8	8
Interest expense	22	22
Actuarial losses/(gains) demographic assumptions	(8)	1
Actuarial losses/(gains) financial assumptions	(36)	8
Actuarial losses/(gains) experience adjustments	7	9
Benefits paid from plan/company	(33)	(29)
Exchange rate changes	18	7
As at December 31,	**497**	**519**

The movements in the fair value of assets of the wholly or partially funded pension plans in the year can be summarised as follows:

In EUR million	2024	2023
As at January 1,	**436**	**403**
Interest income	20	19
Return on plan assets excluding interest income	(31)	17
Employer contributions	6	8
Benefits paid from plan / company	(23)	(20)
Exchange rate changes	20	9
As at December 31,	**428**	**436**

The experience adjustments are as follows:

	As at December 31,	
In EUR million	2024	2023
Benefit obligation	7	9
Plan asset	(31)	17

The sensitivity of the defined benefit cost recognised in profit or loss and the defined benefit obligation to variation in the discount rate is:

	As at December 31,	
In EUR million	2024	2023
0.25% increase in the discount rate		
Impact on service cost	-	-
Impact on defined benefit obligation	(15)	(17)
0.25% decrease in the discount rate		
Impact on service cost	-	-
Impact on defined benefit obligation	16	18

The sensitivity of the defined benefit cost recognised in profit or loss and the defined benefit obligation to variation in the salary increase is:

	As at December 31,	
In EUR million	2024	2023
0.25% increase in the salary increase		
Impact on service cost	-	-
Impact on defined benefit obligation	4	4
0.25% decrease in the salary increase		
Impact on service cost	-	-
Impact on defined benefit obligation	(4)	(4)

The sensitivity of the defined benefit cost recognised in profit or loss and the defined benefit obligation to variation in the pension increase rate is:

	As at December 31,	
In EUR million	2024	2023
0.25% increase in the pension increase rate		
Impact on service cost	-	-
Impact on defined benefit obligation	6	7
0.25% decrease in the pension increase rate		
Impact on service cost	10	10
Impact on defined benefit obligation	(6)	(7)

The major categories of assets as a percentage of the total pension plan assets are as follows:

	As at December 31,	
in %	2024	2023
Debt securities	75	58
Real estate	3	6
Equity securities	1	15
Insurance contracts	22	21

Debt securities are primarily composed of listed government bonds (inflation linked and fixed interest), at least rated BBB, and invested in Europe, the United States of America and emerging countries. Real estate is primarily invested (listed and unlisted) in Europe and the United States of America. Equity securities are mainly listed and invested in Europe, the United States of America and emerging countries. Insurance contract relates to insured annuity policies at an insurance company in the United Kingdom regarding the KLM UK pension plan.

Post-employment medical benefits

This provision relates to the obligation the Company has to contribute to the cost of employees' medical insurance after retirement in the United States of America and Canada.

	As at December 31,	
In EUR million	2024	2023
Present value of unfunded obligations	16	16
Net liability relating pension and other post-retirement obligations	**16**	**16**

The movements in the present value of wholly or partly funded obligations in the year are as follows:

In EUR million	2024	2023
As at January 1,	**16**	**18**
Interest expense	1	1
Actuarial losses/(gains) demographic assumptions	(1)	-
Actuarial losses/(gains) financial assumptions	1	(1)
Actuarial losses/(gains) experience adjustments	(1)	-
Benefits paid from plan/company	(1)	(1)
Exchange rate changes	1	(1)
As at December 31,	**16**	**16**

The provisions were calculated using actuarial methods based on the following assumptions (weighted averages for all plans):

	As at December 31,	
in %	2024	2023
Weighted average assumptions used to determine benefit obligations		
Discount rate for year	5.50	6.30
Weighted average assumptions used to determine net cost		
Discount rate for year	6.30	5.85
Medical cost trend rate assumptions used to determine net cost *		
Immediate trend rate Pre 65	10.40	10.40
Immediate trend rate Post 65	10.40	10.40
Ultimate trend rate	3.60	3.60
Year that the rate reaches ultimate trend rate	2073	2073

*The rates shown are the weighted averages for the United States of America and Canada

Other long-term employee benefits

	As at December 31,	
In EUR million	2024	2023
Jubilee benefits	60	61
Other benefits	58	50
Total	**118**	**111**

The current and non-current split of the other long-term employee benefits is as follows:

In EUR million	As at December 31, 2024	2023
Current	**11**	**12**
Non-current		
Jubilee benefits	54	54
Other benefits	53	45
Total	**107**	**99**
Total	**118**	**111**

The provision for jubilee benefits covers bonuses payable to employees when they attain 25 and 40 years of service.
The provision other benefits mainly relates to the own risk carrier long-term disability plan.

25. Return obligation liability and other provisions

Accounting policy

Return obligation liability on leased aircraft

The Group recognises return obligation liabilities in respect of the required restoration or reinstalment obligations within the framework of the lease of aircraft to lessors. The constitution of these return obligation liabilities depends on the type of restoration or reinstalment obligations to fulfil before returning these aircraft to the lessors: overhaul and restoration work as well as airframe and engine potential reconstitution. These return obligation liabilities also consist of compensation paid to lessors in respect of wear or tear of the life limited parts in the engines for wide body aircraft. If during the lease term life limited parts need to be replaced for wide body aircraft these will be recorded as expense when incurred, as such replacements do not take place within planned major engine overhaul within the lease term.

Overhaul and restoration works

Costs resulting from work required to be performed just before returning aircraft to the lessors, such as painting of the shell or aircraft overhaul are recognised as return obligation liabilities as of the inception of the contract. The counterpart of this return obligation liability is booked as a complement through the initial book value of the aircraft right-of-use assets. This complement to the right-of-use asset is depreciated over the lease term. This liability is valued on commencement date at the discounted value of the expected cost of restoration. At the same time, and for the same value, an additional asset component is recognised in the right-of-use asset for the aircraft lease on commencement date, which is depreciated over the lease term.

Airframe and engine potentials reconstitution

The airframe and the engine potentials are recognised as a complement to the right-of-use assets since they are considered as full-fledged components, distinct from the physical components which are the engine and the airframe. These components are the counterparts of the return obligation liability, recognised at the inception of the contract. When maintenance events aimed at reconstituting these potentials take place, the costs incurred are capitalised. These potentials are depreciated over the period of use of the underlying assets, which is flight hours for the engine potentials component, straight-line for the airframe potentials component, or over the time until the maintenance event in which they are replaced for life limited parts for narrow body aircraft.
This liability is valued on commencement date at the discounted value of the expected cost of reinstatement or compensation of the used productive potentials (both related to expected cost of the maintenance event required to reinstate the used potentials).

Other provisions

Provisions are recognised when:

- There is a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of economic benefits will be required to settle the obligation; and
- A reliable estimate of the amount of the obligation can be made.

The provisions are carried at face value unless the effect of the time value of money is material, in which case the amount of the provision is the present value of the expenditures expected to settle the obligation.
The effect of the time value of money is presented as a component of financial income.

Accounting estimates and judgements

Return obligation liability and other provisions

A return obligation liability and/or a provision will be recognised in the balance sheet when the Group has a present legal or constructive obligation to a third party as a result of a past event and it is probable that an outflow of economic benefits will require settling the obligation.

Management must make estimates and assumptions as at the balance sheet date concerning the probability that a certain obligation will materialise as well as the amount that is likely to be paid. Future developments, such as changes in market circumstances, or changes in legislation and judicial decisions may cause the actual obligation to diverge from the provision.

The Group is involved in legal disputes and proceedings. Management decides on a case-by-case basis whether a provision is necessary based on actual circumstances. This assessment comprises both a determination of the probability of a successful outcome of the legal action and the expected amount payable.

In EUR million	Return obligation liability on leased aircraft	Maintenance liability on leased aircraft	Other provisions: Legal and civil litigations	Other provisions: Restructuring and voluntary leave	Other provisions: Other	Total
As at January 1, 2024	**66**	**1,270**	**239**	**4**	**124**	**1,703**
Additions and increases	6	–	4	13	157	180
Unused amounts reversed	–	–	–	(3)	(1)	(4)
Used during year	(4)	(31)	(61)	(9)	(108)	(213)
New/ Changes in lease contracts	(2)	158	–	–	3	159
Foreign currency translation differences	1	76	–	–	1	78
Accretion impact	3	95	–	–	–	98
Other changes	–	1	–	–	–	1
As at December 31, 2024	**70**	**1,569**	**182**	**5**	**176**	**2,002**

The current and non-current breakdown for return obligation liability and other provisions is as follows:

In EUR million	Return obligation liability on leased aircraft	Maintenance liability on leased aircraft	Other provisions: Legal and civil litigations	Other provisions: Restructuring and voluntary leave	Other provisions: Other	Total
Non-current	63	1,456	–	–	11	1,530
Current	7	113	182	5	165	472
Total	**70**	**1,569**	**182**	**5**	**176**	**2,002**

In EUR million	Return obligation liability on leased aircraft	Maintenance liability on leased aircraft	Other provisions: Legal and civil litigations	Restructuring and voluntary leave	Other	Total
As at January 1, 2023	**73**	**1,326**	**179**	**7**	**99**	**1,684**
Additions and increases	4	1	61	6	100	172
Unused amounts reversed	-	-	(1)	-	(6)	(7)
Used during year	(3)	(39)	-	(10)	(67)	(119)
New/ Changes in lease contracts	(7)	(35)	-	-	(2)	(44)
Foreign currency translation differences	(1)	(41)	-	-	-	(42)
Accretion impact	-	68	-	-	-	68
Other changes	-	(10)	-	1	-	(9)
As at December 31, 2023	**66**	**1,270**	**239**	**4**	**124**	**1,703**

The current and non-current breakdown for return obligations liability and other provisions is as follows:

In EUR million	Return obligation liability on leased aircraft	Maintenance liability on leased aircraft	Other provisions: Legal and civil litigations	Restructuring and voluntary leave	Other	Total
Non-current	57	1,169	-	-	5	1,231
Current	9	101	239	4	119	472
Total	**66**	**1,270**	**239**	**4**	**124**	**1,703**

Return obligation and maintenance liabilities on leased aircraft
The movements in return obligation and maintenance liabilities (escalation 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 right-of-use assets. Effects of accretion and foreign exchange translation of return obligation liabilities recorded in local currencies are recognised in Other financial income and expenses (see note 7. Net cost of financial debt).

The discount rate used to calculate these restitution liabilities 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 6.8% as of December 31, 2024 versus 7.3% as of December 31, 2023.

Other provisions

Legal and civil litigations
The provision as at December 31, 2024 mainly relates to Cargo anti-trust investigations in Europe for KLM and Martinair and a court case brought against KLM by (former) Martinair pilots. For more details, reference is made to note 28. Contingent Assets and Liabilities.

Restructuring and voluntary leave
In 2024 only small additional expenses related to some small voluntary leave plans have been recorded. The provision as at December 31, 2024 fully relates to the remaining expected cash out for these voluntary leave plans. Reference is made to note 4. Employee Compensation and Benefit Expenses and note 9. Alternative performance measures (APMs).

Other
Other provisions include provisions for CO_2 (to cover the cost of CO_2 quotas to be surrendered in respect of emissions made), onerous contracts (third party maintenance contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it), onerous leases of aircraft and site restoration cost for land and buildings under long-term lease agreements.

26. Trade and other liabilities

Accounting policy
Reference is made to note 19. Financial debt.

	As at December 31,	
In EUR million	2024	2023
Trade payables	1,017	1,097
Amounts due to Air France-KLM Group companies	135	147
Taxes and social security premiums	883	898
Other payables	518	554
Accrued liabilities	161	183
Total	**2,714**	**2,879**

The line Taxes and social security premiums include the current deferred payments for wage tax and social securities amounting to EUR 293 million as per December 31, 2024 (December 31, 2023 EUR 282 million). Reference is made to note 13. Other (non-current) assets and liabilities.

27. Commitments

As at December 31, 2024, KLM has commitments for previously placed orders amounting to EUR 7,441 million (December 31, 2023 EUR 8,102 million). EUR 7,216 million of this amount (December 31, 2023 EUR 7,818 million) relates to future owned and new right-of-use aircraft of which EUR 1,061 million is due in 2025. In the amount for new right-of-use aircraft EUR 247 million relates to future interest.

The balance of the commitments as at December 31, 2024 amounting to EUR 225 million (December 31, 2023 EUR 284 million) mainly relates to property, plant and equipment and SAF supply contracts.

As at December 31, 2024 prepayments on aircraft have been made, amounting to EUR 717 million (December 31, 2023 EUR 651 million) and are included in the prepayments net carrying amount in note 10. Property, plant and equipment.

28. Contingent Assets and Liabilities

Accounting policy

Contingent assets are possible assets that arise from past events, whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within our control. They are only disclosed if the inflow of economic benefit is probable.

Contingent liabilities are disclosed when the Group has:

- a possible obligation as a result of pas events, whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within our control; or
- a present obligation as a result of past events that is not recognised because it is not probable that an outflow of economic benefits will be required to settle the obligation or the amount of the obligation cannot be estimated reliably.

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.

Antitrust investigations and civil litigation

a. Actions instigated by the EU Commission and several competition authorities in other jurisdictions for alleged cartel activity in air cargo transport.

Air France, KLM and Martinair 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 airfreight 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 Air France-KLM Group and the appropriate competition authorities, providing for the payment of settlement amounts or fines, with the exception of the proceeding initiated by the European Commission which is still pending.

In Europe, the decision of the European Commission of 2010 against eleven air cargo carriers, including the companies of the Air France-KLM 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 for KLM and Martinair was EUR 142.6 million.
This amount was slightly reduced by EUR 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, Air France, KLM and Martinair filed an appeal against this decision before the General Court of the European Union. The hearings before the General Court took place in June and July 2019.

The decision from the General Court in March 2022 confirmed the fines against Air France, KLM and Martinair. The aforementioned companies appealed in June 2022 to the European Court of Justice. Hearings were held before the European Court of Justice on April 19, 2024. The Advocate General subsequently issued an opinion, in which it proposed to the Court to dismiss the appeal, on September 5, 2024. Final judgement of the European Court of Justice is expected to be issued in 2025. As of December 31, 2024, KLM and Martinair have maintained a provision of EUR 159 million (including accrued interest) covering the total amount of these fines.

b. Related civil lawsuits

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.

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

c. Other

Case brought against State Aid Decision

In 2020 the European Commission approved under the State Aid rules, the revolving credit facility of EUR 2.4 billion guaranteed by the Dutch State and a EUR 1 billion loan from the Dutch State to KLM. Like most of the decisions with respect to airlines receiving State Aid in the context of the COVID-19 crisis, the European Commission's decisions granting support measures to KLM, but also Air France and Air France-KLM have been subject to annulment proceedings brought by Ryanair. The General Court of the European Union annulled in May 2021 the European Commission decision based on failure to state reasons. The European Commission corrected this failure by a decision on July 16, 2021. Ryanair also initiated annulment proceedings against the July 16, 2021 decision. The General Court of the European Union annulled this decision on February 7, 2024. Also, the Air France and Air France-KLM decisions of May 4, 2020 and April 5, 2021 providing a loan guaranteed by the French State in the amount of EUR 4 billion, a EUR 3 billion loan from the French State and the recapitalization aid to Air France-KLM and Air France were annulled, but on December 20, 2023.

Until a final decision or judgment is obtained, there is still uncertainty as to the legal and financial consequences of the annulment of decisions to grant State Aid. However, the aid granted has already been repaid in full compliance with the constrains linked (commitments, behavioural measures, application of interests) to the applicable legal framework. The potential indirect consequences of the cancellation of the above mentioned State Aid could include in particular, the demand for illegality interest.

In order to protect its interests, Air France-KLM, Air France and KLM as well as the European Commission each lodged appeals against the judgments of the General Court of the European Union, annulling the above mentioned decisions. On July 10, 2024 the European Commission re-approved in a single decision the Dutch and French aid measures to provide liquidity support to the Air France-KLM Group in particular to its subsidiaries KLM and Air France and confirmed their compatibility with European Law. This new decision has no impact on the appeals lodged by the European Commission, Air France, KLM and Air France-KLM against the judgements of the General Court of the European Union, which annulled the European Commission's initial decisions. The European Court of Justice has yet to rule on those appeals. The European Commission may also decide, if necessary, to initiate a formal examination procedure, during which Air France-KLM, Air France and KLM will defend its interest to the best of their ability.

Case brought against KLM by (former) Martinair pilots

In 2015, a case was brought against KLM by a number of (former) Martinair airline pilots, hereafter called "Vrachtvliegers". In 2016 and 2018, the District Court and Court of Appeal ruled in favour 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 favour of the plaintiffs, the former Martinair pilots, ruling that the transfer of the cargo department qualifies as a transfer of undertaking.
According to the ruling the rights and obligations under the employment contracts of 116 Martinair pilots automatically transfer to KLM as per January 1, 2014. The Court of Appeal rejected the plaintiffs' claim to also transfer the rights regarding seniority accrued at Martinair.

Vrachtvliegers filed complaints on August 8, 2021 at the Supreme Court claiming that the rights regarding seniority accrued at Martinair should transfer to KLM. On June 24, 2022, the General Attorney has given the advice to the Supreme Court that the complaints should be rejected. On January 20, 2023, the Supreme Court ruled that this claim is denied, except for one part of the verdict. The Supreme Court ruled that the motivation was not conclusive on the item that seniority does not transfer in case of redundancy.

The pilots also started a new court case about the implementation by KLM of the "transfer of undertaking". The hearing took place on November 15, 2023. The court rendered a decision on January 11, 2024, in which all claims have been declined except that seniority built up within Martinair should be respected in case of dismissal (which is in line with current law). The majority (232 pilots) of the Vrachtvliegers filed for appeal to the verdict. It is too early to indicate the chances in appeal. In 2021, KLM recorded a provision for a total amount of EUR 22 million, which is unchanged in 2024.

Other
The Company and certain of its subsidiaries are involved as defendant in litigation relating to competition issues, commercial transactions and labour relations. Although the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, it is the opinion of the Company's management that, with the exception of the matters discussed before, the outcome of any such claims, either individually or on a combined basis, will not have a material adverse effect on the Company's consolidated financial position, but could be material to the consolidated results of operations of the Company for a particular period.

Site cleaning up cost
The Group owns a number of Cargo and Maintenance buildings situated on various parcels of land which are the subject of long lease agreements.

At the expiry of each of these agreements the Company has the following options:
1. To demolish the buildings and clean up the land prior to return to the lessor;
2. To transfer ownership of the building to the lessor; or
3. To extend the lease of the land.

No decision has been taken regarding the future of any of the buildings standing on leased land. Therefore, it cannot be determined whether it is probable that site cleaning up cost will be incurred and to what extent. Accordingly, no provision for such cost has been established.

Guarantees
Bank guarantees and corporate guarantees given by the Company on behalf of the Company, subsidiaries, unconsolidated companies and third parties, amount to EUR 40 million as at December 31, 2024 (December 31, 2023 EUR 39 million).

Section 403 guarantees
General guarantees as defined in Book 2, Section 403 of the Dutch Civil Code have been issued by the Company on behalf of several subsidiaries in the Netherlands. The liabilities of these consolidated companies to third parties amount to EUR 475 million as at December 31, 2024 (December 31, 2023 EUR 471 million).

Contingent assets
Other litigation
The Company and certain of its subsidiaries are involved as plaintiff in litigation relating to commercial transactions and tax disputes. Although the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, it is the opinion of the Company's management that the outcome of any such claims, either individually or on a combined basis, will not have a material favourable effect on the Company's consolidated financial position, but could be material to the consolidated results of operations of the Company for a particular period.

29. Supervisory Board remuneration

	2024			2023		
In EUR	As Supervisory Board member	As Committee member	Total	As Supervisory Board member	As Committee member	Total
W. Draijer (as from April 24, 2024)	34,341	9,000	43,341	-	-	-
C.C. 't Hart (until April 24, 2024)	13,784	9,500	23,284	42,500	14,000	56,500
F. Enaud	32,875	16,000	48,875	26,500	14,000	40,500
F.N.P. Gagey (as from April 24, 2024)	24,038	9,000	33,038	-	-	-
J.C. de Jager	32,875	1,000	33,875	26,500	4,000	30,500
C. Nibourel	32,875	-	32,875	26,500	-	26,500
M.J. Oudeman	32,875	21,500	54,375	26,500	18,000	44,500
F. Pellerin	32,875	5,600	38,475	26,500	4,000	30,500
P.F. Riolacci (until April 24, 2024)	8,837	2,000	10,837	26,500	8,000	34,500
B. Smith	-	-	-	-	-	-
B.J. Vos	32,875	-	32,875	26,500	-	26,500
Total	**278,250**	**73,600**	**351,850**	**228,000**	**62,000**	**290,000**

The remuneration paid to the Supervisory Board is not linked to the Company's results.

Mr. Smith, in his capacity as Chief Executive Officer of Air France-KLM, does not receive a remuneration for his KLM Supervisory Board membership.

For further information on the remuneration policy relating to Supervisory Board members, see the Remuneration Policy and Report in the Board and Governance section.

Other transactions with Supervisory Board members
Apart from the transactions described above there were no other transactions such as loans or advances to or from or guarantees given on behalf of members of the Supervisory Board.

30. Statutory Board of Managing Directors Remuneration

Total remuneration (base salary, short- and long-term incentive plan and pensions)

In EUR	2024	2023
M.E.F. Rintel	1,211,315	1,228,009
M.P.A. Stienen	629,041	562,858
B.H.F. Brouns (as from April 24, 2024)	430,259	-
E.R. Swelheim (until October 1, 2024) *	520,936	826,441
P.J.Th. Elbers (until October 1, 2022) **	-	26,974
R.M. de Groot (until October 1, 2022) **	-	2,795
Total	**2,791,551**	**2,647,077**

* 2024: Mr. Swelheim's fixed-term appointment as Chief Financial Officer and as statutory director ended at the Annual General Shareholder meeting on April 24, 2024. His employment contract ended at September 30, 2024. Mr Swelheim received a redundancy package based on his contract reflecting his 20 years of service with KLM. which amounted to EUR 800,000. The Company recorded a tax levy of EUR 162,108 as required pursuant to Article 32bb under the Dutch payroll tax law. Including the aforementioned 2024 amounts the total 2024 statutory Board of Managing Directors cost is EUR 3,753,659.

** 2023: In 2023 payments were made to Mr. Elbers following the pay out of the phantom shares grant related to the financial years 2017, 2018 and 2019 at the Air France-KLM share price of September 5, 2022. Also 14,990 Air France-KLM shares granted in 2019 under the Air France-KLM specific long-term incentive plan and partially vested in April 2022, have been paid out in cash in September 2023. The related 2023 cost for the Company are included in above table. On the 2023 payments to Mr. Elbers, the Company paid a 2023 tax levy of EUR 75,654 as required pursuant to Article 32bb under the Dutch payroll tax law. In addition the Company paid EUR 11,762 on statutory interest in 2023 related to the 2022 tax levy to the Dutch tax authorities. Including the aforementioned 2023 tax levy and statutory interest the total 2023 statutory Board of Managing Directors cost is EUR 2,734,493.

Base salary

In EUR	2024	2023
M.E.F. Rintel	600,000	600,000
M.P.A. Stienen	360,000	330,000
B.H.F. Brouns (as from April 24, 2024)	227,213	-
E.R. Swelheim (until October 1, 2024)	307,308	409,744
Total	**1,494,521**	**1,339,744**

Short-term incentive plan

In EUR	2024	2023
M.E.F. Rintel	307,800	299,730
M.P.A. Stienen	113,590	102,096
B.H.F. Brouns (as from April 24, 2024)	109,560	—
E.R. Swelheim (until October 1, 2024)	73,754	134,763
Total	**604,704**	**536,589**

As from April 17, 2023, the remuneration policy is applied again, grandfathering the conditions of the Dutch State support package until that date.

Other allowances and benefits in kind

The members of the statutory Board of Managing Directors were entitled to other allowances and benefits including a company car and customary plans such as disability insurance and a fixed monthly allowance of EUR 440 for business expenses not otherwise reimbursed.

Pensions

As per the remuneration policy the total pension benefits for the statutory Board of Managing Directors, like for other KLM employees with a salary above the fiscal regime of EUR 137,800 (2024), consist of two parts: 1) pension cost and 2) pension allowance.

Annual variations are based on the pension calculations as provided for in the Algemeen Pensioenfonds KLM. These annual variations in costs have been included.

Pension cost (post-employment benefit)

In EUR	2024	2023
M.E.F. Rintel	35,552	33,233
M.P.A. Stienen	37,274	34,790
B.H.F. Brouns (as from April 24, 2024)	27,972	-
E.R. Swelheim (until October 1, 2024)	27,972	34,868
Total	**128,770**	**102,891**

Pension allowance (short-term benefit)

Given the Dutch fiscal regime the members of the statutory Board of Managing Directors receive a pension allowance for the pensionable salary above EUR 137,800 (2024). This gross pension allowance can, after deduction of applicable wage taxes, either be used to participate in the KLM net pension savings scheme (defined contribution plan) at the Algemeen Pensioenfonds KLM or be paid out as net allowance. This scheme is similar to that of all other employees with a salary above the pensionable salary threshold.

In EUR	2024	2023
M.E.F. Rintel	170,889	167,909
M.P.A. Stienen	76,084	64,526
B.H.F. Brouns (as from April 24, 2024)	28,458	-
E.R. Swelheim (until October 1, 2024)	96,446	127,461
Total	**371,877**	**359,896**

External Supervisory Board memberships

According to the remuneration policy the statutory Board of Managing Directors may retain payments they receive from other remunerated positions with a maximum number of 2 positions per Managing Director. The amount ceded to the Company amounts to EUR 20,000 (December 31, 2023 EUR 15,000) and concerns a remunerated position in connection with Supervisory Board membership in Transavia.

Other transactions with members of the statutory Board of Managing Directors

Apart from the transactions described above there were no other transactions such as loans or advances to or from or guarantees given on behalf of members of the statutory Board of Managing Directors.

Long-term incentive plan

In general, as an incentive to make a longer-term commitment to the Company, under the Air France-KLM LTI plan the KLM CEO is entitled to a number of Air France-KLM shares. The shares granted in a year will vest after three years if the predetermined LTI plan criteria are met. The evaluation and subsequent vesting will only take place after three years.

This longer commitment is also applicable under the KLM LTI scheme, by granting phantom shares to members of the statutory Board of Managing Directors (excluding the CEO) on the basis of their reaching agreed personal performance targets. This KLM LTI plan, for the current members of the statutory Board of Managing Directors (excluding the CEO), has been, simplified and aligned with the Air France-KLM LTI plan, retroactively as from 2023. The phantom shares granted in a year will vest after three years if the predetermined LTI plan criteria are met. The evaluation and subsequent vesting will only take place after three years. Subject to restrictions relating to the prevention of insider-trading, phantom shares may be exercised at any time between the third and the fifth anniversary of the day of grant. After five years any then outstanding (phantom) shares are forfeited.

Total outstanding under the Air France-KLM and KLM LTI scheme

Grant related to financial year	Grant based on	Number of (phantom) shares granted as per December 31, 2024	Vesting date	Expiry Date
M.E.F. Rintel				
2023	Air France-KLM LTI plan	26,517	Apr 2026	
2024	Air France-KLM LTI plan	58,824	Apr 2027	
	Total Air France-KLM LTI plan	**85,341**		
M.P.A. Stienen				
2023	KLM LTI plan	6,266	Apr 2026	Apr 2028
2024	KLM LTI plan	18,717	Apr 2027	Apr 2029
	Total	**24,983**		
B.H.F. Brouns				
(as from April 24, 2024)				
2023	KLM LTI plan	375	Apr 2026	Apr 2028
2024	KLM LTI plan	16,694	Apr 2027	Apr 2029
	Total	**17,069**		
	Total KLM LTI PLAN	**42,052**		

Total outstanding phantom shares under the former KLM LTI scheme

Under the former KLM LTI scheme phantom shares vested over a three year period. The table below shows the 2024 movements of the phantom shares under the former KLM LTI scheme of current and former statutory Board of Managing Directors, including the settlement of the grant related to financial year 2019 and 2023, for the former statutory Board of Managing Director. It also shows the December 31, 2024, position of the current member of the statutory Board of Managing Directors with respect to the phantom shares granted and vested under the former KLM LTI scheme pertaining to financial year 2019.

Grant related to financial year	Number granted based on phantom shares regulation	Expiry date	Number of phantom shares forfeited	Number of phantom shares exercised	Average share price at exercise	Number of phantom shares conditional	Number of phantom shares vested	Total outstanding as at December 31, 2024
M.P.A Stienen								
2018	188	1-Apr-24	43	145	10.33	-	-	-
2019	188	1-Apr-25	73	-	-	-	115	115
2020, 2021 and 2022	nil							
	376		**116**	**145**		**-**	**115**	**115**
E.R. Swelheim								
(until October 1, 2024)								
2018	2,922	1-Apr-24	661	2,261	10.33	-	-	-
2019	6,094	1-Apr-25	2,366	3,728	9.02	-	-	-
2020, 2021 and 2022	nil							
2023	7,780	1-Apr-28	1,976	5,804	9.02	-	-	-
	16,796		**5,003**	**11,793**		**-**	**-**	**-**
Total	**17,172**		**5,119**	**11,938**		**-**	**115**	**115**

No grantings have taken place for the years that relate to the performance of financial years 2020, 2021 and 2022.

Cost of Air France-KLM shares and phantom shares are based on IFRS accounting standards and does not reflect the value of the Air France-KLM and phantom shares at the vesting date.

Cost in 2024 for Mrs. Rintel of EUR 91,794 positive relate to the granted 2023 and 2024 Air France-KLM LTI plan. The 2023 cost of EUR 121,857 positive relate to cost of the granted 2023 Air France-KLM LTI plan and the non-cash cost (discount and matching contribution expenses) related to the 2023 Air France-KLM Group employee share purchase plan.
For Mr. Stienen the 2024 cost of EUR 36,813 positive (2023: EUR 26,116 positive) relate to the granted 2023 and 2024 phantom shares and the annual technical revaluation of the phantom shares portfolio following the 2024 decrease of the Air France-KLM share price. For Mr. Brouns the 2024 cost of EUR 31,776 positive relate to the granted 2023 and 2024 phantom shares and the annual technical revaluation of the phantom shares portfolio following the 2024 decrease of the Air France-KLM share price. For Mr. Swelheim EUR 11,496 positive (2023: EUR 114,325 positive) relates to the cost of all sold phantom shares under the former KLM LTI scheme and other small settlements.

In 2023, Mrs. Rintel and Mr. Swelheim acquired, respectively 279 and 1,954 Air France-KLM shares under the Air France-KLM Group employee share purchase plan. Under this plan the shares can be traded after December 21, 2028. As at December, 31 2024, Mr. Stienen and Brouns did not hold any Air France-KLM shares.

31. Related Party Transactions

The Group has interests in various associates in which it has either significant influence in but not control or joint control over operating and financial policy. As part of its business operations, the Group enters into transactions with related parties which are negotiated at commercial conditions and prices and are not more favourable than those which would have been negotiated with third parties on an arm's length basis.

In February 2019 the State of the Netherlands acquired a 14.0% stake in the Group's ultimate parent company, Air France-KLM S.A. As a result the State of the Netherlands and Royal Schiphol Group, being a State-owned entity, are regarded as related parties as from 2019. As per December 31, 2024, the State of the Netherlands has a 9.1% stake in Air France-KLM S.A. in addition, the Dutch Government is a direct shareholder in KLM N.V. (reference is made to note 18. Equity).

Transactions conducted with the Dutch State are limited to normal economic transactions, taxation and other administrative relationships, with the exception of items specifically disclosed in this note. Normal economic transactions mainly relate to air transport and are entered into under the same commercial and market terms that apply to non-related parties.

The transactions with Royal Schiphol Group relate to land and property rental agreements and airport and passenger related fees. In addition Royal Schiphol Group collects airport fees on their behalf.

As from December 1, 2023 all Flying Blue activities are recorded at FBM, being the exclusive issuer of miles (earn) for the Air France-KLM Group and partner companies. Reference is made to note 23. Deferred income.

The following transactions were carried out with related parties:

In EUR million	2024	2023
Sales of goods and services		
Air France-KLM Group companies	379	760
Associates	-	-
Other related parties	141	122
Purchases of goods and services		
Air France-KLM Group companies	352	349
Associates	-	-
Other related parties	283	305

The 2023 sales of goods and services amounting to EUR 760 million, mainly relates to the profit on the sale of the Flying Blue program for an amount of EUR 489 million, to the new established Air France-KLM company, Flying Blue Miles S.A.S. (see note 9. Alternative performance measures (APMs) and note 23. Deferred income). The related cash has been fully received in 2023.

For details of the year-end balances of amounts due to and from related parties see notes 16. Trade and other receivables and 26. Trade and other liabilities. In 2023 and 2024 no dividends have been received from jointly controlled entities interests.

For information relating to transactions with members of the Supervisory Board and statutory Board of Managing Directors, see notes 29. Supervisory Board remuneration and 30. Statutory Board of Managing Directors Remuneration. For information relating to transactions with pension funds for the Group's employees see note 24. Provisions for employee benefits.

32. Subsidiaries

The following is a list of the Company's significant subsidiaries as at December 31, 2024:

Name	Country of incorporation	Ownership interest in %	Proportion of voting power held in %
Transavia Airlines C.V.	the Netherlands	100	100
Martinair Holland N.V.	the Netherlands	100	100
KLM Cityhopper B.V.	the Netherlands	100	100
KLM Cityhopper UK Ltd.	United Kingdom	100	100
KLM UK Engineering Ltd.	United Kingdom	100	100
European Pneumatic Component Overhaul & Repair B.V.	the Netherlands	100	100
KLM Catering Services Schiphol B.V.	the Netherlands	100	100
KLM Flight Academy B.V.	the Netherlands	100	100
KLM Health Services B.V.	the Netherlands	100	100
Cygnific B.V.	the Netherlands	100	100

The full list of the Company's subsidiaries, associates, jointly controlled entities and non-controlling interests has been, in line with Section 379 and Section 414 of Book 2 of the Dutch Civil Code, filed at the Chamber of Commerce together with this Annual Report.

33. Subsequent events

KLM to reduce 250 office jobs
On January 29, 2025 KLM announced a reduction of 250 jobs in non-operational roles. All related domains have to prepare a specific plan, which will be discussed with the Works Council. KLM will try to avoid forced lay-offs, although KLM cannot rule this out in advance. This event does not have an impact on the 2024 financial statements.

Company balance sheet

Before proposed appropriation of the result for the year

In EUR million	Note	December 31, 2024	December 31, 2023
Assets			
Non-current assets			
Property, plant and equipment	35	4,597	4,300
Leases	36	1,206	1,029
Intangible assets	12	449	436
Investments accounted for using the equity method	37	819	745
Other non-current assets	13	256	148
Other non-current financial assets	38	752	648
Deferred tax assets	45	294	297
Pension assets	24	12	9
		8,385	**7,612**
Current assets			
Other current assets	13	293	203
Other current financial assets	38	146	182
Inventories	15	231	252
Current tax receivables	45	5	20
Trade and other receivables	39	1,723	1,989
Cash and cash equivalents	40	361	764
		2,759	**3,410**
Total assets		**11,144**	**11,022**

In EUR million	Note	December 31, 2024	December 31, 2023
Equity			
Capital and reserves			
Share capital	41	125	125
Share premium		474	474
Reserves	41	530	452
Retained earnings		(285)	(972)
Result for the year		69	713
Total attributable to Company's equity holders		**913**	**792**
Liabilities			
Non-current liabilities			
Financial debt	42	1,509	1,516
Lease debt	36	609	576
Other non-current liabilities	13	745	942
Other non-current financial liabilities	43	682	579
Deferred income	44	-	224
Return obligation liability and other provisions	46	1,206	954
		4,751	**4,791**
Current liabilities			
Trade and other payables	47	2,770	3,077
Financial debt	42	235	186
Lease debt	36	216	187
Other current liabilities	13	107	76
Other current financial liabilities	43	290	190
Deferred income	44	1,563	1,361
Return obligation liability and other provisions	46	299	362
		5,480	**5,439**
Total liabilities		**10,231**	**10,230**
Total equity and liabilities		**11,144**	**11,022**

The accompanying notes are an integral part of these Company financial statements

Company statement of profit or loss

In EUR million	2024	2023
Profit from investments accounted for using equity method after taxation	105	64
(Loss)/profit of KLM N.V. after taxation	(36)	649
Profit for the year after taxation	**69**	**713**

The accompanying notes are an integral part of these Company financial statements

Notes to the Company financial statements

34. Basis of Preparation

The Company financial statements are part of the 2024 financial statements of KLM Royal Dutch Airlines (the "Company").

Assessment of going concern
Regarding the assessment of going concern as at the date of this Annual Report reference is made to the Assessment of going concern paragraph in Note 1.1. to the consolidated financial statements.

Principles for the measurement of assets and liabilities and the determination of the result
In determining the principles to be used for the recognition and measurement of assets and liabilities and the determination of the result for its separate financial statements, the Company makes use of the option provided in Section 362 (8) of Book 2 of the Dutch Civil Code. This section permits companies to apply the same principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the Company financial statements as those applied for the consolidated EU-IFRS financial statements.

The Company makes use of the option provided in Section 402 of Book 2 of the Dutch Civil Code. This section permits companies to present a condensed company statement of profit or loss given that the Company's financial information is consolidated in the Consolidated financial statements of the ultimate parent company Air France-KLM S.A.

Subsidiaries are accounted for using the equity method and investments accounted for using the equity method, over which significant influence is exercised, are stated on that basis. The share in the result of these investments comprises the share of the Company in the result of these investments. Results on transactions, where the transfer of assets and liabilities between the Company and its investments and mutually between these investments themselves, are not incorporated insofar as they can be deemed to be unrealised.

All amounts (unless specified otherwise) are stated in millions of Euros (EUR million).

For notes and/or details, which are not explained in the notes to the Company financial statements reference is made to the notes and/or details of the Consolidated financial statements.

35. Property, plant and equipment

In EUR million	Flight equipment			Other property and equipment					
	Owned aircraft	Other flight equipment	Total	Land and buildings	Equipment and fittings	Other property and equipment	Total	Prepayments	Total
Historical cost									
As at January 1, 2024	4,279	2,348	6,627	698	176	320	1,194	620	8,441
Additions	-	205	205	-	-	-	-	726	931
Disposals	-	(256)	(256)	(10)	(1)	(40)	(51)	-	(307)
Reclassifications	148	455	603	31	7	19	57	(781)	(121)
Other movements	1	-	1	-	-	(5)	(5)	153	149
As at December 31, 2024	**4,428**	**2,752**	**7,180**	**719**	**182**	**294**	**1,195**	**718**	**9,093**
Accumulated depreciation and impairment									
As at January 1, 2024	2,376	1,020	3,396	394	127	225	746	-	4,142
Depreciation	179	205	384	28	7	16	51	-	435
Disposals	-	(222)	(222)	(8)	-	(19)	(27)	-	(249)
Reclassifications	-	148	148	19	-	-	19	(167)	-
Other movements	-	-	-	1	-	-	1	167	168
As at December 31, 2024	**2,555**	**1,151**	**3,706**	**434**	**134**	**222**	**790**	**-**	**4,496**
Net carrying amount									
As at January 1, 2024	**1,903**	**1,328**	**3,231**	**304**	**49**	**95**	**448**	**620**	**4,299**
As at December 31, 2024	**1,873**	**1,601**	**3,474**	**285**	**48**	**72**	**405**	**718**	**4,597**

In EUR million	Flight equipment: Owned aircraft	Flight equipment: Other flight equipment	Flight equipment: Total	Other property and equipment: Land and buildings	Other property and equipment: Equipment and fittings	Other property and equipment: Other property and equipment	Other property and equipment: Total	Prepayments	Total
Historical cost									
As at January 1, 2023	4,091	2,171	6,262	730	220	304	1,254	409	7,925
Additions	-	155	155	-	-	-	-	662	817
Disposals	-	(185)	(185)	(61)	(41)	(5)	(107)	-	(292)
Reclassifications	188	207	395	25	(3)	21	43	(590)	(152)
Other movements	-	-	-	4	-	-	4	139	143
As at December 31, 2023	**4,279**	**2,348**	**6,627**	**698**	**176**	**320**	**1,194**	**620**	**8,441**
Accumulated depreciation and impairment									
As at January 1, 2023	2,200	954	3,154	410	166	208	784	(73)	3,865
Depreciation	176	190	366	29	8	20	57	-	423
Disposals	-	(184)	(184)	(51)	(41)	(5)	(97)	-	(281)
Reclassifications	-	60	60	4	(6)	2	-	(59)	1
Other movements	-	-	-	2	-	-	2	132	134
As at December 31, 2023	**2,376**	**1,020**	**3,396**	**394**	**127**	**225**	**746**	**-**	**4,142**
Net carrying amount									
As at January 1, 2023	**1,891**	**1,217**	**3,108**	**320**	**54**	**96**	**470**	**482**	**4,060**
As at December 31, 2023	**1,903**	**1,328**	**3,231**	**304**	**49**	**95**	**448**	**620**	**4,299**

The assets include assets which are held as security for mortgages and loans as follows:

In EUR million	As at December 31, 2024	2023
Aircraft	82	88
Land and buildings	102	111
Other property and equipment	32	35
Total	**216**	**234**

Borrowing cost capitalised during the year amounted to EUR 18 million (2023 EUR 13 million). The interest rate used to determine the amount of borrowing cost to be capitalised was 4.64% (2023: 3.76%).

Land and buildings include buildings located on land which has been leased on a long-term basis. The book value of these buildings as at December 31, 2024 was EUR 185 million (December 31, 2023 EUR 198 million).

36. Leases

In EUR million	Aircraft	Maintenance	Land & Real Estate	Others	Total
As at January 1, 2024	**446**	**430**	**109**	**44**	**1,029**
New contracts	88	78	2	12	180
Renewal or extension options	44	38	12	2	96
Disposals	-	-	-	-	-
Reclassifications	(1)	184	-	-	183
Amortisation	(126)	(125)	(16)	(15)	(282)
As at December 31, 2024	**451**	**605**	**107**	**43**	**1,206**

In EUR million	Aircraft	Maintenance	Land & Real Estate	Others	Total
As at January 1, 2023	**511**	**398**	**110**	**28**	**1,047**
New contracts	-	25	3	24	52
Renewal or extension options	74	(1)	12	4	89
Disposals	-	(29)	-	-	(29)
Reclassifications	(3)	137	-	1	135
Amortisation	(136)	(100)	(16)	(13)	(265)
As at December 31, 2023	**446**	**430**	**109**	**44**	**1,029**

The table below indicates the rents resulting from lease and service contracts which are not capitalised:

	As at December 31,	
In EUR million	2024	2023
Variable rents	33	8
Short-term rents	116	105
Low value rents	5	3
Total	**154**	**116**

Lease liabilities

	As at December 31,			
		2024		2023
In EUR million	Current	Non-current	Current	Non-current
Aircraft	155	379	136	372
Real estate	14	119	12	127
Others	43	111	35	77
Accrued Interest	4	-	4	-
Total	**216**	**609**	**187**	**576**

Change in lease debt:

In EUR million	Aircraft	Real estate	Others	Accrued interest	Total
As at January 1, 2024	**508**	**139**	**112**	**4**	**763**
New contracts and renewals of contracts	132	9	86	-	227
Payment of lease debt	(129)	(15)	(50)	-	(194)
Currency translation adjustment	23	-	6	-	29
As at December 31, 2024	**534**	**133**	**154**	**4**	**825**

In EUR million	Aircraft	Real estate	Others	Accrued interest	Total
As at January 1, 2023	**603**	**139**	**98**	**4**	**844**
New contracts and renewals of contracts	74	14	50	-	138
Payment of lease debt	(137)	(13)	(33)	-	(183)
Currency translation adjustment	(32)	(1)	(3)	-	(36)
As at December 31, 2023	**508**	**139**	**112**	**4**	**763**

The lease debt maturity breaks down as follows:

In EUR million	As at December 31, 2024	2023
Less than 1 year	267	238
Between 1 and 2 years	223	206
Between 2 and 3 years	171	166
Between 3 and 4 years	103	123
Between 4 and 5 years	53	68
Over 5 years	179	137
Total	**996**	**938**

The lease debt split between principal and interest is as follows:

In EUR million	As at December 31, 2024	2023
Principal	825	763
Interest	171	175
Total	**996**	**938**

37. Investments accounted for using the equity method

In EUR million	As at December 31, 2024	2023
Subsidiaries	793	723
Associates	18	14
Jointly controlled entities	8	8
Total	**819**	**745**

Investments in subsidiaries

In EUR million	2024	2023
As at January 1,	**723**	**641**
Investments	-	33
Share of profit/(loss) after taxation	97	59
OCI movement	22	(5)
Dividends received	(48)	-
Foreign currency translation differences	5	1
Other movements	(6)	(6)
As at December 31,	**793**	**723**

For the list of the Group's significant subsidiaries see note 32. Subsidiaries.

38. Other (non-current) financial assets

In EUR million	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Debt investments at amortised cost				
Bonds, long-term deposits, loans and receivables	96	700	132	603
Total	**96**	**700**	**132**	**603**
At fair value through profit or loss				
Deposits and commercial paper with original maturity 3-12 months	50	-	50	-
Deposits on operating leased aircraft	-	13	-	13
Air France-KLM S.A. shares	-	1	-	2
Total	**50**	**14**	**50**	**15**
At fair value through OCI				
Kenya Airways Ltd. shares	-	13	-	10
Other non-consolidated entities	-	25	-	20
Total	**-**	**38**	**-**	**30**
Total	**146**	**752**	**182**	**648**

As at December 31,

For details about the Company's stake in Kenya Airways see note 14. Other (non-current) financial assets

39. Trade and other receivables

In EUR million	As at December 31, 2024	2023
Trade receivables		
Trade receivables	642	719
Expected credit loss	(48)	(61)
Total	**594**	**658**
Other receivables		
Subsidiaries	686	864
Air France-KLM group companies	74	96
Associates and jointly entities	1	1
Maintenance contract customers	70	97
Taxes and social security premiums	36	40
Other receivables	109	64
Prepaid expenses	153	169
Total	**1,129**	**1,331**
Total	**1,723**	**1,989**

Maintenance contract assets to date for contracts in progress at December 31, 2024 amounted to EUR 66 million (December 31, 2023 EUR 78 million). Advances received for maintenance contracts in progress at December 31, 2024 amounted to EUR 125 million (December 31, 2023 EUR 122 million). The maturity of trade and other receivables is within one year.

40. Cash and cash equivalents

	As at December 31,	
In EUR million	2024	2023
Cash at bank and in hand	52	45
Short-term deposits	309	719
Total	**361**	**764**

The effective interest rates on short-term deposits are in the range from 2.57% to 5.32% (2023 range 1.52% to 5.62%). The short-term deposits are invested in money market instruments or in liquid funds with daily access to cash.

41. Equity

For details of the Company's share capital and movements in other reserves, see note 18. Equity to the consolidated financial statements. For details of the Company's equity, see the consolidated statement of changes in equity.

The Company has other reserves relating to hedging, remeasurement of defined benefit plans, translation and other legal reserves. Reference is made to note 18. Equity .

.

42. Financial debt

	As at December 31,	
In EUR million	2024	2023
Current portion	235	186
Non-current portion	1,509	1,516
Total	**1,744**	**1,702**

43. Other financial liabilities

In EUR million	As at December 31, 2024 Current	2024 Non-current	2023 Current	2023 Non-current
Subordinated perpetual loans	-	521	-	533
Other loans (secured/unsecured)	290	161	190	46
Total	**290**	**682**	**190**	**579**

For details about the other financial liabilities see note 20. Other financial liabilities.

44. Deferred income

In EUR million	As at December 31, 2024 Current	2024 Non-current	2023 Current	2023 Non-current
Advance ticket sales	1,419	-	1,267	-
Sale and leaseback transactions	7	-	13	-
Flying Blue frequent flyer program	133	-	77	222
Others	4	-	4	2
Total	**1,563**	**-**	**1,361**	**224**

45. Income tax

The gross movement in the deferred/current income tax account is as follows:

In EUR million	2024	2023
As at January 1,	**317**	**399**
Income statement (expense)/income	3	(225)
Tax credited/(charged) to equity	(15)	21
Payment current income tax	9	108
Other movements	(15)	14
As at December 31,	**299**	**317**

The split between current income tax assets/(liabilities) and deferred tax assets/(liabilities) is as follows:

	As at December 31,	
In EUR million	2024	2023
Current income tax assets/(liabilities)	5	20
Deferred tax assets	294	297
Total	**299**	**317**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	As at December 31,	
In EUR million	2024	2023
Deferred tax assets		
Deferred tax assets to be settled in 12 months or less	63	68
Deferred tax assets to be settled after 12 months	231	229
	294	**297**
Deferred tax liabilities		
Deferred tax liabilities to be settled in 12 months or less	-	-
Deferred tax liabilities to be settled after 12 months	-	-
	-	**-**
Total	**294**	**297**

The movements in deferred tax assets, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

In EUR million	Tax losses	Deductible interest expenses carried forward	Re-investment reserve account	Other tangible fixed assets	Derivative financial instruments	Pensions and benefits	Other	Total
As at January 1, 2024	**353**	**-**	**(126)**	**47**	**8**	**1**	**14**	**297**
Income statement (charge)/ credit	13	-	12	7	-	-	(5)	27
Tax credited/(charged) to equity	-	-	-	-	(20)	(1)	6	(15)
Other	(15)	-	-	-	-	19	(19)	(15)
As at December 31, 2024	**351**	**-**	**(114)**	**54**	**(12)**	**19**	**(4)**	**294**

In EUR million	Tax losses	Deductible interest expenses carried forward	Re-investment reserve account	Other tangible fixed assets	Derivative financial instruments	Pensions and benefits	Other	Total
As at January 1, 2023	**388**	**15**	**-**	**41**	**-**	**1**	**15**	**460**
Income statement (charge)/ credit	(49)	(15)	(126)	6	-	-	8	(176)
Tax credited/(charged) to equity	-	-	-	-	-	-	(8)	(8)
Other	14	-	-	-	8	-	(1)	21
As at December 31, 2023	**353**	**-**	**(126)**	**47**	**8**	**1**	**14**	**297**

The movements in deferred tax liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

In EUR million	Derivative financial instruments	Total
As at January 1, 2024	**–**	**–**
Income statement (charge)/ credit	–	–
Tax credited/(charged) to equity	–	–
Other	–	–
As at December 31, 2024	**–**	**–**

In EUR million	Derivative financial instruments	Total
As at January 1, 2023	**22**	**22**
Income statement (charge)/ credit	–	–
Tax credited/(charged) to equity	(29)	(29)
Other	7	7
As at December 31, 2023	**–**	**–**

Tax fiscal unity
The Company, together with other subsidiaries in the Netherlands, has entered into a fiscal unity for the purpose of filing consolidated corporation tax and VAT returns. As a result, every legal entity in this tax group is jointly and severally liable for the tax debts of all the legal entities forming the group.

For more information regarding the tax position see note 8. Income tax.

46. Return obligation liability and other provisions

In EUR million	Return obligation liability on leased aircraft	Maintenance liability on leased aircraft	Other provisions: Employee Benefit	Other provisions: Legal Issues	Other provisions: Restructuring and voluntary leave	Other provisions: Other	Total
As at January 1, 2024	**46**	**829**	**137**	**195**	**3**	**106**	**1,316**
Additional provisions and increases in existing provisions	2	-	23	3	11	109	148
Unused amounts reversed	-	-	-	-	(3)	-	(3)
Used during year	-	-	(16)	(34)	(9)	(91)	(150)
New/changes in lease contract	(1)	82	3	-	-	3	87
Foreign currency translation differences	1	47	1	-	-	1	50
Accretion impact	2	57	-	-	-	-	59
Other changes	-	-	(2)	-	-	-	(2)
As at December 31, 2024	**50**	**1,015**	**146**	**164**	**2**	**128**	**1,505**

The current and non-current breakdown for return obligations liability and other provisions is as follows:

In EUR million	Return obligation liability on leased aircraft	Maintenance liability on leased aircraft	Other provisions: Employee Benefit	Other provisions: Legal Issues	Other provisions: Restructuring and voluntary leave	Other provisions: Other	Total
Non-current	50	1,015	133	-	-	8	1,206
Current	-	-	13	164	2	120	299
Total	**50**	**1,015**	**146**	**164**	**2**	**128**	**1,505**

In EUR million	Return obligation liability on leased aircraft	Maintenance liability on leased aircraft	Employee Benefit	Legal Issues	Restructuring and voluntary leave	Other	Total
				Other provisions			
As at January 1, 2023	**52**	**874**	**139**	**160**	**6**	**90**	**1,321**
Additional provisions and increases in existing provisions	2	-	17	35	6	82	142
Unused amounts reversed	-	-	-	-	-	(7)	(7)
Used during year	(3)	(23)	(14)	-	(10)	(59)	(109)
New/changes in lease contract	-	(30)	(1)	-	-	-	(31)
Foreign currency translation differences	(1)	(25)	(2)	-	-	-	(28)
Accretion impact	-	46	-	-	-	-	46
Other changes	(4)	(13)	(2)	-	1	-	(18)
As at December 31, 2023	**46**	**829**	**137**	**195**	**3**	**106**	**1,316**

The current and non-current breakdown for return obligations liability and other provisions is as follows:

In EUR million	Return obligation liability on leased aircraft	Maintenance liability on leased aircraft	Employee Benefit	Legal Issues	Restructuring and voluntary leave	Other	Total
				Other provisions			
Non-current	43	792	114	-	-	5	954
Current	3	37	23	195	3	101	362
Total	**46**	**829**	**137**	**195**	**3**	**106**	**1,316**

For details about the Return obligation liability and other provisions see note 25. Return obligation liability and other provisions.

.

47. Trade and other payables

In EUR million	As at December 31, 2024	2023
Trade payables	832	946
Amounts due to subsidiaries	565	662
Amounts due to Air France-KLM Group companies	124	143
Taxes and social security premiums	752	773
Employee related liabilities	242	290
Accrued liabilities	164	156
Other payables	91	107
Total	**2,770**	**3,077**

48. Subsequent events

KLM to reduce 250 office jobs

On January 29, 2025 KLM announced a reduction of 250 jobs in non-operational roles. All related domains have to prepare a specific plan, which will be discussed with the Works Council. KLM will try to avoid forced lay-offs, although KLM cannot rule this out in advance. This event does not have an impact on the 2024 financial statements.

Other notes
KLM N.V. is the head of both the KLM income tax and value added tax fiscal unity of KLM N.V. and its Dutch subsidiaries.

For information relating to contingency assets and liabilities, including guarantees, see note 28. Contingent Assets and Liabilities. In addition the Company, as parent company of Transavia Airlines C.V., issued a letter that the Company provides such financial support as is necessary to enable Transavia Airlines C.V. to continue as going concern and to meet all their liabilities as they fall due, at least for the next twelve months after the date of this Annual Report.

The Company makes use of the exemption provided in Section 382a (3) of Book 2 of the Dutch Civil Code. This section permits companies to not disclose the statutory audit fees, given that these are included in the Consolidated financial statements of the ultimate parent company Air France-KLM S.A.

For information relating to the Supervisory Board and statutory Board of Managing Directors remuneration see notes 29 and 30.

Amstelveen, March 27, 2025

The statutory Board of Managing Directors

Marjan. E.F. Rintel
Maarten P.A. Stienen
Bas H.F. Brouns

The Supervisory Board

Wiebe Draijer
François Enaud
Frédéric N.P. Gagey
Jan Kees de Jager
Christian Nibourel
Marjan Oudeman
Fleur Pellerin
Benjamin Smith
Janine Vos

Other information

Independent auditors' report

To: the General Meeting of Shareholders and the Supervisory Board of Koninklijke Luchtvaart Maatschappij N.V. ("KLM Royal Dutch Airlines")

Report on the audit of the financial statements 2024 included in the Annual Report

Our opinion

In our opinion:
- the accompanying consolidated financial statements give a true and fair view of the financial position of KLM Royal Dutch Airlines together with its subsidiaries as at December 31, 2024 and of its result and its cash flows for the period January 1, 2024 to December 31, 2024 in accordance with IFRS Accounting Standards as adopted by the European Union ('EU') and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of KLM Royal Dutch Airlines as at December 31, 2024 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2024 of KLM Royal Dutch Airlines ('KLM' or the 'Company') based in Amstelveen. The financial statements include the consolidated and the company financial statements.
The consolidated financial statements comprise:
- the consolidated balance sheet as at December 31, 2024;
- the following consolidated statements for the year ended December 31, 2024: profit or loss, comprehensive income, changes in equity and cash flows; and
- the notes comprising a summary of the material accounting policies and other explanatory information.

The company financial statements comprise:
- the Company balance sheet as at December 31, 2024;
- the Company statement of profit or loss for the year ended December 31, 2024; and
- the notes comprising a summary of accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of KLM in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach regarding fraud risks and the audit approach related to going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Summary

Materiality
› Materiality of EUR 100 million › 0.8% of total revenues

Group audit
› Performed substantive procedures for 87% of total assets › Performed substantive procedures for 98% of total revenues

Risk of material misstatements related to Fraud, NOCLAR and Going concern
› Fraud and non-compliance with laws and regulations ('Noclar') related risks: we identified the risk of management override of controls, bribery and corruption risk due to business with sales agents and revenue recognition as fraud risks. › Going concern: no risk of material misstatement with regards to the going concern basis of financial reporting identified.

Key audit matters
› Sustainable business model of KLM › Fraudulent revenue recognition due to fictitious revenue

Opinion
Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 100 million (2023: EUR 80 million). The materiality is determined with reference to the relevant benchmark revenues, of which it represents 0.8% (2023: 0.7%). We consider revenues as the most appropriate benchmark because of the needs of the stakeholders. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit Committee and Supervisory Board that misstatements identified during our audit in excess of EUR 5.0 million (2023: EUR 4.0 million) would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

KLM heads a group of components and has four principal business segments: network activities, which include air transport of passengers and cargo, aircraft maintenance, leisure, and other activities linked to air transport. The financial information of this group is included in the financial statements of KLM.

This year, we applied the revised group auditing standard in our audit of the financial statements. The revised standard emphasises the role and responsibilities of the group auditor. The revised standard contains new requirements for the identification and classification of components, scoping, and the design and performance of audit procedures across the group.

We performed risk assessment procedures throughout our audit to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements. To appropriately respond to those assessed risks, we planned and performed further audit procedures, either at component level or centrally. We identified 9 components associated with a risk of material misstatement and were involved at all component levels. We set component performance materiality levels considering the component's size and risk profile.

We have performed substantive procedures for 98% of Group total revenues and 87% of Group total assets. At group level, we assessed the aggregation risk in the remaining financial information and concluded that there is less than reasonable possibility of a material misstatement.

In supervising and directing our component auditors, we:
- held risk assessment discussions with the component auditors to obtain their input to identify matters relevant to the group audit;
- issued group audit instructions to component auditors on the scope, nature and timing of their work, and received written communication about the results of the work they performed;
- held meetings with all component auditors in person and/or virtually to discuss relevant developments, understand and evaluate their work and attend meetings with local management;

- inspected the work performed by all component auditors and evaluated the appropriateness of audit procedures performed and conclusions drawn from the audit evidence obtained, and the relation between communicated findings and work performed. In our inspection we mainly focused on key audit matters, significant risks and key judgement areas.

We consider that the scope of our group audit forms an appropriate basis for our audit opinion. Through performing the procedures mentioned above we obtained sufficient and appropriate audit evidence about the Group's financial information to provide an opinion on the financial statements as a whole.

Audit response in relation to fraud and non-compliance with laws and regulations

The Board of Managing Directors performs a fraud risk assessment and describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations and the Supervisory Board reflects on this.

As part of our audit, we have gained insights into KLM's business operations and environment and assessed the design and implementation of KLM's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing KLM's code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with the Board of Managing Directors, the Audit Committee and other relevant functions, such as Internal Audit and KLM's Legal and Compliance Counsel. We also incorporated elements of unpredictability in our audit. As part of our audit procedures, we:

- assessed other positions held by members of the Board of Managing Directors and/or other employees and paid special attention to procedures and governance/compliance in view of possible conflicts of interest;
- assessed, together with our forensics specialists, KLM's fraud and non-compliance evaluation and incorporated relevant risks of material misstatements in our audit;
- evaluated investigation reports on indications of possible fraud and non-compliance; and
- evaluated legal confirmation letters.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to KLM and identified the following areas as those most likely to have a material effect on the financial statements:

Firstly, KLM is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, KLM is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following laws and regulations as those most likely to have such an effect:

- anti-bribery and corruption laws and regulations;
- trade sanctions and export controls laws and regulations;
- data privacy and cyber security regulations;
- anti-competition laws and regulations; and
- act on aviation included in Dutch Law.

Based on the above and on the auditing standards, we identified the following fraud risks, and responded as follows:

Management override of controls

Risk:

- Management is in a unique position to perpetrate fraud because of management's ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

Our procedures primarily consisted of:

- we assessed the design and the implementation of internal controls that mitigate fraud risks with respect to journal entries;
- we performed data analyses on journal entries based on high-risk criteria. Where applicable, we performed additional audit procedures to address each identified risk, including evaluating the business rationale of the transactions;

- we evaluated key estimates and judgements for bias by management, such as estimates related to unearned passenger revenues, including retrospective reviews where needed;
- we assessed the material post-closing adjustments and the appropriateness of the accounting for transactions that are outside KLM's normal course of business, or are otherwise unusual (if any);
- we evaluated whether the selection and application of accounting policies by KLM, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting; and
- performed fraud inquiries of management and others within the Company as to their knowledge, awareness, concerns regarding fraud.

Bribery and corruption risk due to business with sales agents

Risk:

- Historically KLM engaged sales agents in order to obtain and/or secure maintenance contracts. This involves risks related to non-compliance with laws and regulations regarding bribery and corruption.

Responses:

Our procedures primarily consisted of:

- evaluating the design and implementation of internal controls, policies and procedures in relation to entering into contracts with sales agents;
- we performed inquiries of management, and where appropriate, head of internal audit, compliance officer, and head of legal affairs, about the corruption risk and anti-corruption program;
- we performed audit procedures on commission and payments to agents, among others, by testing transactions back to source information and assessing the due diligence procedures performed by the Company; and
- we obtained written management representations that all known instances and non-compliance with laws and regulations have been disclosed.

Revenue recognition

Risks:

- Fraudulent revenue recognition due to fictitious revenue.

Responses:

- Our procedures to address the identified risk of fraudulent revenue recognition have been covered in a key audit matter. We refer to the key audit matter for our responses and our observations thereon.

We communicated our risk assessment, audit responses and results to the Board of Managing Directors and the Audit Committee of the Supervisory Board.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Board of Managing Directors has performed its going concern assessment as included in the "Assessment of going concern paragraph" in the notes to the consolidated financial statements and has not identified any going concern risks. Our main procedures to assess the Board of Managing Directors' assessment were:

- we considered whether the Board of Managing Directors' assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we inquired and challenged the Board of Managing Directors regarding the most important assumptions underlying its going concern assessment. Amongst other, whether the assessment included the impact of the climate action plan, geopolitical unrest and macro-economic uncertainties;
- we assessed KLM's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks;
- we evaluated KLM's 2025 budget and 5-year plan, including the cash flow forecast for at least 12 months from the date of the authorisation of the financial statements taken into account current developments in the industry such as the investments to be made for new fleet and all relevant information of which we are aware as a result of our audit;
- we inspected the financing agreements that could lead to going concern risks; and
- we performed inquiries of the Board of Managing Directors as to its knowledge of going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on the Board of Managing Directors' going concern assessment.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Managing Directors and the Audit Committee of the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year the key audit matter with respect to sale of the Flying Blue frequent flyer program is not included, as this was specifically related to an event that occurred in prior year.

Sustainable business model of KLM

Description

The Company continues facing macro-economic, environmental and geopolitical challenges that directly impact its current business model. These challenges include risks related to an increased focus on the transition towards a more sustainable aviation, fleet availability, labour shortages, the intended reduction of flight movements at Schiphol Airport, persistent global supply chain issues and significant cost increases related to KLM's operations. KLM assessed its current business model and issued a strategy and a climate action plan to safeguard the sustainability of its business model and the outcome thereof has been embedded in KLM's 2025 budget and 5-year plan. Furthermore, KLM announced the 'Back on Track' program including measures to achieve strong financial performance and operational excellence. Through this program, management aims to improve its operating result on the short term and finance future investments to fly cleaner, quieter, and more fuel efficient.

These risks and management's actions could have an impact on the Company's financial position, results and ability to finance future investments. We therefore focused on matters which require judgement, such as future scenarios including the impact of KLM's climate action plan as well as the 'Back on Track' program, which may affect valuation of aircraft and other non-current assets in the 2024 financial statements.

Sustainable business model of KLM

Our response

Our procedures primarily consisted of:

- made inquiries of management and the Audit Committee of the Supervisory Board to understand the assessment of the potential impact of aforementioned developments and risks on KLM's financial statements in relation to the background of KLM's business and operations and position in the aviation sector;
- inquiring and challenging management on the effects of the KLM strategy and its climate action plan on the financial position, results and cash flow forecasting, in particular on reasonableness of assumptions applied in the future scenarios which include potential changes in regulations regarding carbon credit prices and CO2 compensation, potential changes in capacity and productivity, investments for KLM's fleet renewal program, depreciation periods, lease contracts, the use of Alternative Aviation Fuel ('SAF') and on the related disclosures;
- obtaining KLM's 2025 budget, 5-year plan and the 'Back on Track' program and evaluating the assumptions and judgments applied by management, investment in and valuation of aircraft and other non-current assets, by amongst others evaluating the appropriateness of management's sensitivity analyses of reasonable profit forecasts and liquidity;
- inspecting the Board of Managing Directors and Audit Committee meeting minutes to determine any climate-related matters impacting KLM's current or future business strategy and or operations;
- furthermore, we have read the 'Other information' with respect to these developments, including the risks as included in the Annual Report and considered whether such information contains material inconsistencies with the financial statements or our knowledge obtained through the audit. The extent of the procedures we performed over 'Other information' is further described in section 'Report on the other information in the Annual Report' of our report.

Sustainable business model of KLM

Our observation

The results of our procedures were satisfactory, and we conclude that the related disclosures are adequate. We note that these disclosures are balanced in the current circumstances and forecasts were made based on the current available information of the Company's operations and its environment. We expect that these disclosures will continue to evolve to reflect the impact of these challenges and risks on the Company's future operations and financial performance.

Fraudulent revenue recognition due to fictitious revenue

Description

The revenue related to KLM's ordinary activities is recognized when the transportation and/or maintenance services are provided to customers in accordance with IFRS 15, as disclosed in paragraph 'revenues' of the section accounting policies for the statement of profit or loss. There are opportunities and incentives for management to overstate revenues of the current financial year.

We considered fraudulent revenue recognition to be a key audit matter as there may be a tendency to record fictitious revenue, in particular in the transactions in the last period of the financial year. This resulted in a risk that revenue might be overstated.

Fraudulent revenue recognition due to fictitious revenue

Our response

Our procedures primarily consisted of:

- evaluation of the design and implementation of controls around revenues that we considered the most relevant in determining the appropriate timing of revenue recognition;
- inquiring several individuals involved in the financial reporting process whether there have been any instances of overrides of controls through recording of journal entries or other adjustments;
- assessing whether revenue was appropriately recognised in line with IFRS 15 requirements. For selected sales transactions recognised around year-end we inspected supporting documentation for example, passenger tickets, airway-bills, flight information and maintenance contracts;
- assessing underlying data and assumptions of accounting estimates for biases that could result in a material misstatement due to fraud related to the issued but unused passenger tickets;
- analysing manual revenue journal entries by comparing it to the nature and extent of the manual journal entries in last year;
- assessing the appropriateness of high-risk manual revenue journal entries in December 2024 and January 2025, primarily focusing on the possibility of improper shifting of revenue from January 2025 to December 2024; and
- assessing the appropriateness of disclosures in note 2 and 23 to the consolidated financial statements.

Our observation

Our audit procedures did not reveal indications and/or reasonable suspicion of fraudulent revenue recognition. The results of our procedures performed regarding fraudulent revenue recognition due to fictitious revenue are satisfactory and the related disclosures (note 2 and 23) are adequate.

Report on the other information included in the Annual Report

In addition to the financial statements and our auditors' report thereon, the Annual Report contains other information. This includes all information in the Annual Report in addition to the financial statements and our auditors' report thereon.
Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the Report of the Managing Directors and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Managing Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

KLM engaged us, KPMG Accountants N.V. and PricewaterhouseCoopers Accountants N.V., to perform a joint audit. We were engaged by the General Meeting of Shareholders as auditors of KLM, on April 24, 2024, for the audit of the year 2024, whereby KPMG Accountants N.V. has operated as statutory joint auditor since financial year 2005. PricewaterhouseCoopers Accountants N.V. operated as statutory joint auditor since financial year 2022.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Managing Directors and the Supervisory Board for the financial statements

The Board of Managing Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Managing Directors is responsible for such internal control as the Board of Managing Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Board of Managing Directors, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Managing Directors is responsible for assessing KLM's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Managing Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Managing Directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The Board of Managing Directors should disclose events and circumstances that may cast significant doubt on KLM's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in appendix this auditors' report. This description forms part of our auditors' report.

Maastricht-Airport, March 27, 2025	Amsterdam, March 27, 2025
KPMG Accountants N.V.	PricewaterhouseCoopers Accountants N.V.
M.E.H. Smeets RA	F.S. van der Ploeg RA

Appendix:
Description of our responsibilities for the audit of the financial statements

Appendix

In addition to what is included in our auditors' report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KLM's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managing Directors;
- concluding on the appropriateness of the Board of Managing Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on KLM's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause a company to cease to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are ultimately responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit. We have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Audit Committee of the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Audit Committee of the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditors' report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee of the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Five-year financial summary

In EUR million	2024	2023	2022	2021	2020
Consolidated statement of profit or loss					
Passenger	9,032	8,764	7,210	3,109	2,518
Cargo	1,213	1,168	1,748	1,980	1,535
Other revenues	2,436	2,118	1,721	976	1,067
Revenues	12,681	12,050	10,679	6,065	5,120
Expenses*	(11,244)	(10,478)	(9,001)	(5,370)	(5,195)
Adjusted EBITDA*	1,437	1,572	1,678	695	(75)
Amortisation, depreciation, impairment and movement in provisions*	(1,021)	(922)	(972)	(922)	(1,079)
Adjusted income from operating activities*	416	650	706	(227)	(1,154)
Total APM adjustments*	(24)	489	37	(949)	(191)
Income from operating activities	392	1,139	743	(1,176)	(1,345)
Financial income and expenses	(299)	(192)	(304)	(340)	(340)
Pre-tax income	93	947	439	(1,516)	(1,685)
Income tax expenses	(31)	(238)	305	255	136
Net result after taxation of consolidated companies	62	709	744	(1,261)	(1,549)
Share of results of equity shareholdings	8	5	-	3	3
Profit/(loss) for the year	**70**	**714**	**744**	**(1,258)**	**(1,546)**
Consolidated balance sheet					
Current assets	3,097	3,702	3,364	2,525	1,937
Non-current assets	9,928	8,861	8,539	8,100	8,510
Total assets	**13,025**	**12,563**	**11,903**	**10,625**	**10,447**
Current liabilities	5,972	5,713	5,267	3,882	3,800
Non-current liabilities	6,136	6,053	6,500	7,438	6,762
Group equity	917	797	136	(695)	(115)
Total equity and liabilities	**13,025**	**12,563**	**11,903**	**10,625**	**10,447**

* See note 9. Alternative performance measures (APM) for the reconciliation to adjust EBITDA and adjusted income from operating activities.

In EUR million	2024	2023	2022	2021	2020
Key financial figures (KLM Group)					
Adjusted income from operating activities for the year as percentage of revenues*	3.3	5.4	6.6	(20.7)	(30.2)
Earnings per ordinary share (EUR)	1.47	15.23	15.87	(26.90)	(33.05)
Capital expenditures (net)	(1,273)	(507)	(580)	(481)	(681)
Net debt/adjusted EBITDA ratio	1.6	0.7	1.0	4.5	47.4
Dividend per ordinary share (EUR)	0.307	-	-	-	-
Average number of staff (KLM Group)					
(in FTE)					
The Netherlands	27,349	26,194	24,525	23,705	26,866
Outside the Netherlands	3,115	2,992	2,899	2,902	3,102
Employed by KLM	30,464	29,186	27,424	26,607	29,968
Total agency staff	2,105	1,966	1,561	837	772
Total KLM Group	32,569	31,152	28,985	27,444	30,740
Traffic (KLM Company)					
Passenger kilometers**	95,640	92,652	82,289	40,912	33,873
Revenue ton freight kilometers**	2,611	3,244	2,353	3,333	3,020
Passenger load factor (%)	88.2	87.1	83.4	49.6	52.2
Cargo load factor (%)	53.1	49.4	53.4	79.6	77.7
Number of passengers (x 1,000)	33,007	30,332	25,838	14,039	11,231
Weight of cargo carried (kilograms)**	336	305	306	412	371
Average distance flown per passenger (in kilometers)	2,898	3,055	3,185	2,914	3,016
Capacity (KLM Company)					
Available seat kilometers**	108,415	106,336	98,660	82,452	64,842
Available ton freight kilometers**	4,914	4,779	4,402	4,155	3,882
Kilometers flown**	447	416	378	322	271
Blockhours (x 1,000)	673	627	561	465	390
Yield (KLM Company)					
Yield (in cents):					
Passenger (per RPK)	9.2	9.2	8.6	7.3	7.1
Cargo (per RTK)	29.1	29.8	42.7	37.3	31.8

* See note 9. Alternative performance measures (APM) for the reconciliation to adjusted EBITDA and adjusted income from operating activities.

** in millions

Provisions of the articles of association on the distribution of profit

UNOFFICIAL TRANSLATION OF ARTICLE 32 OF THE ARTICLES OF ASSOCIATION OF KLM ROYAL DUTCH AIRLINES

1. Out of the profit established in the adopted financial statements, an amount may first be set aside by the meeting of priority shareholders in order to establish or increase reserves. The meeting of priority shareholders shall only do so after consultation of the Board of Managing Directors and the Supervisory Board.
2. So far as possible and permitted by law and these Articles of Association the remainder of the profit shall be distributed as follows:

a. the holders of priority shares shall receive first the statutory interest percentage prevailing on the last day of the fiscal year concerned, with a maximum of five per cent (5%) of the paid up amount per priority share; if and to the extent that the profit is not sufficient to make the full aforementioned distribution on the priority shares, in subsequent years a distribution to the holders of priority shares shall first be made to recompense this shortfall entirely before the following paragraph may be given effect;

b. next the holders of cumulative preference shares-A shall receive six per cent (6%) of the par value of their cumulative preference shares-A or - in the case of not fully paid-up shares - of the obligatory amount paid thereon; if and to the extent that the profit is not sufficient to make the full aforementioned distribution on the cumulative preference shares-A, in subsequent years a distribution to the holders of cumulative preference shares-A shall be made to recompense this shortfall entirely before the following paragraph may be given effect;

c. next the holders of preference shares-B shall receive five per cent (5%) of the par value of their preference shares-B or - in the case of not fully paid-up shares - of the amount obligatorily paid thereon;

d. next the holders of preference shares-B shall receive one half per cent (0.5%) of the par value of their shares or - in the case of not fully paid-up shares - of the amount obligatorily paid thereon for each per cent of the ratio (expressed as a percentage) of the profit to the operating revenues mentioned in the adopted consolidated profit and loss account, with the understanding that this dividend percentage shall not be in excess of five per cent (5%) of the nominal amount of the issued common shares;

e. subsequently, on each cumulative preference share-C of a series a dividend shall be paid which is equal to a percentage of the amount which has been paid up on the share, calculated by taking the arithmetic average of the effective yield on the Government loans to be described below under letter (f), as published in the Officiële Prijscourant of Euronext Amsterdam N.V. for the last five (5) stock exchange days prior to the day on which a cumulative preference share-C of the series in question was issued for the first time, possibly increased by a supplement established by the Board of Managing Directors and approved by the Supervisory Board and the meeting of priority shareholders in the amount of a maximum of one hundred and thirty-five (135) basic points, depending on the market circumstances which shall prevail at that time, which supplement may be different for each series;

f. government loans mentioned under the letter (e) of this paragraph shall be deemed to mean the Government loans to the debit of the State of The Netherlands with a (remaining) life of seven to eight years. If the effective yield on these Government loans has not been published in the Officiële Prijscourant of Euronext Amsterdam N.V., as the time of the calculation of the dividend percentage, then the Government loans referred to under the letter (e) shall be deemed to be the Government loans to the debit of the State of The Netherlands with a (remaining) life which is as close as possible to a (remaining) life of seven to eight years, the effective yield of which has been published in the Officiële Prijscourant of Euronext Amsterdam N.V. at the time of the calculation of the dividend percentage as stated above, on the proviso that the maximum (remaining) life is eight years;

g. on the date on which the cumulative preference shares-C of the series in question have been outstanding for eight years, for the first time, and thereafter every subsequent eight years, the dividend percentage of cumulative preference shares-C of the series in question will be adjusted to the effective yield of the Government loans referred to in the preceding subparagraphs which is valid at that time, calculated in the manner as

described in the foregoing, but on the proviso that the average referred to shall be calculated over the last five (5) exchange days prior to the day as of which the dividend percentage shall be adjusted, possibly increased by a supplement established by the Board of Managing Directors and approved by the Supervisory Board and the meeting of priority shareholders in the amount of a maximum of one hundred and thirty-five (135) basic points, depending on the market circumstances which shall prevail at that time, which supplement may be different for each series. If the dividend percentage is adjusted in the course of a financial year, then for the calculation of the dividend over that financial year, the percentage which applied before the adjustment shall apply up to the day of adjustment, and as from that day, the adjusted percentage;
if and to the extent that profit is not sufficient to make full payment of the dividend on the cumulative preference shares-C referred to in this paragraph, in subsequent years a distribution to the holders of cumulative preference shares-C shall be made to recompensate this shortfall entirely before the following paragraph may be given effect. For the application of the provisions stated under this present letter (h), the holders of the various series of cumulative preference shares-C shall receive equal treatment. No further payment shall be made on the cumulative preference shares-C than those determined in this Article, in Article 11 paragraph 6 and in Article 42; interim payments made in accordance with the provisions of paragraph 6 of this Article for a financial year will be deducted from the payments made pursuant to this paragraph;

h. if, in the financial year for which the payment referred to above takes place, the amount paid in on the cumulative preference shares-C of a certain series has been reduced, the payment will be reduced by an amount equal to the aforementioned percentage of the amount of the reduction calculated from the time of the reduction;
i. if the profits over a financial year have been established and in that financial year one or more cumulative preference shares-C have been withdrawn with repayment, then those who were listed in the registry referred to in Article 9 as holders of those cumulative preference shares-C at the time of such withdrawal shall have an inalienable right to payment of profits as described hereinafter. The profits which are to be paid (if possible) to such a holder of cumulative preference shares-C shall be equal to the amount of the payment to which such a holder would be entitled to the grounds of the provisions of this paragraph if, at the time at which profits were determined, he were still a holder of the aforementioned cumulative preference shares-C calculated in proportion to the duration of the period during which he was a holder of those cumulative preference shares-C in said financial year, from which payment shall be deducted the amount of the payment which was made pursuant to the provisions of Article 32;
j. if, in the course of a given financial year, issuance of cumulative preference shares-C has taken place, then for that financial year the dividend on the shares in questions will be decreased in proportion to the time passed until the first day of issuance;
k. the remainder will be received by the holders of common shares in proportion to the par value of their common shares to the extent the general meeting of shareholders does not make further appropriations for reserves in addition to any reserves established pursuant to paragraphs 1 and 2 of this Article.

3. The Board of Managing Directors, with the approval of the Supervisory Board, resolves on distributions at the expense of the share premium reserve maintained for the holder of the common share-B. Until the share premium reserve maintained for the holder of the common share-B has been distributed in full, the Company shall not make any other distribution (neither from profit nor at the expense of the reserves nor in the context of a repurchase or withdrawal of shares) on common shares.
4. The reserve and dividend policy of the Company may only be amended with the prior approval of the Supervisory Board and the meeting of priority shareholders.
5. On the recommendation of the Board of Managing Directors and after approval of such recommendation by the Supervisory Board and the meeting of priority shareholders, the general meeting of shareholders may decide that payments to shareholders shall be wholly or partly effected by issuing shares of the same type of capital stock of the Company as the type of the shares to which these payments relate.
6. As far as possible and subject to the approval of the Supervisory Board, the meeting of priority shareholders may resolve to distribute one or more interim dividends against the expected dividend, provided that an interim statement of assets and liabilities demonstrates that the Company meets the requirements of Article 105, paragraph 2 Book 2 of the Dutch Civil Code. This interim statement of assets and liabilities shall be drawn up, signed and made public according to the specifications contained in paragraph 4 of the statutory provision mentioned above.
7. Subject to the approval of the Supervisory Board, the meeting of priority shareholders may, to the extent possible and permitted by law and these Articles of Association, resolve to make a distribution to the holders of common shares out of one or more of the freely distributable reserves with the exception of the share premium reserves.

8. Subject to the approval of the Supervisory Board, the meeting of priority shareholders may, to the extent possible and permitted by law and these Articles of Association, decide to make, as an advance payment on the distribution referred to in paragraph 2 of this Article, distributions out of the freely distributable reserves, with the exception of the share premium reserves.
9. No other distributions than the distributions provided for in this Article and in Article 42 are made on the priority shares and preference shares.

Appropriation of profit and distribution to shareholders

It is proposed that the net profit for 2024 amounting to EUR 68,951,000 be appropriated as follows:

(In EUR)	
Retained earnings	**51,713,250**
Dividend distributions	
Priority shareholders 2023 (5%)	794
Priority shareholders 2024 (5%)	794
A cumulative preference shareholder 2023 (6%)	1,057,500
A cumulative preference shareholder 2024 (6%)	1,057,500
C cumulative preference shareholder 2023 (2.69%)	379,135
C cumulative preference shareholder 2024 (2.69%)	379,135
A and B ordinary shareholders 2024	14,362,893
Total dividend distributions	**17,237,750**
Total transfer to reserves	**68,951,000**

Glossary of terms and definitions

Adjusted EBITDA
EBITDA adjusted for alternative performance measures (APMs) not defined by IFRS. See note 9. Alternative performance measures (APMs) in the Consolidated financial statements.

Adjusted free cash flow
Free cash flow minus net interest payments and redemption payments on lease debt.

Adjusted income from operating activities
Income from operating activities adjusted for alternative performance measures (APMs) not defined by IFRS. See note 9. Alternative performance measures (APMs) in the Consolidated financial statements.

Alternative performance measures (APMs)
The Group considers it relevant to the understanding of its financial performance to use certain APMs not defined by IFRS. These APMs should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. APMs do not have standardised meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. See note 9. Alternative performance measures (APMs) in the Consolidated financial statements.

Available Seat Kilometer (ASK)
One aircraft seat flown a distance of one kilometer.

Available Ton Freight Kilometer (ATFK)
One metric ton (1,000 kilograms) cargo capacity flown a distance of one kilometer.

Average capital employed
The sum of property, plant and equipment, right-of-use assets, intangible assets, investments accounted for using the equity method, other financial assets (excluding shares, marketable securities and financial deposits), minus related provisions (excluding for pensions, cargo litigation and restructuring) and working capital (excluding market value of derivatives). The capital employed for the year is obtained by taking the average of the year and previous year capital employed.

Cargo load factor
Total Revenue Ton Freight Kilometers (RTFK) expressed as a percentage of the total Available Ton Freight Kilometers (ATFK).

Codesharing
Service offered by KLM and another airline using the KL code and the code of the other airline.

Earnings per ordinary share
The profit or loss attributable to ordinary equity holders divided by the weighted average number of ordinary shares outstanding.

EBITDA
The earnings before interests, taxes, depreciation, amortisation, impairment and movements in provisions. EBITDA provides a simple indicator of the cash generation during the year.

Free cash flow
This corresponds to the net cash flow from operating activities minus the net cash flow used in investing activities (excluding investments in and proceeds on sale of equity accounted investees, dividends received, interest received and proceeds of short-term deposits and commercial paper).

Net debt
The sum of current and non-current financial liabilities, current and non-current loans from parent company, current and non-current finance lease obligations, current and non-current lease debt, less cash and cash equivalents, short-term deposits and commercial paper and held-to-maturity financial assets.

Passenger load factor
Total Revenue Passenger Kilometers (RPK) expressed as a percentage of the total Available Seat Kilometers (ASK).

Revenue Passenger Kilometer (RPK)
One passenger flown a distance of one kilometer.

Revenue Ton Freight Kilometer (RTFK)
One metric ton (1,000 kilograms) of cargo flown a distance of one kilometer.

Return on capital employed
The sum of income from current operations minus dividends received, the share of results in equity shareholdings and after taxation divided by the average capital employed.

Warning about forward-looking statements

This annual report contains, and KLM and its representatives may make, forward-looking statements, either orally or in writing, about KLM and its business. Forward-looking statements generally can be identified by the use of terms such as 'ambition', 'may', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'believe', 'plan', 'seek', 'continue' or similar terms. These forward-looking statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate management's beliefs, and assumptions made by management about future events. Any such statement is qualified by reference to the following cautionary statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside of our control and are difficult to predict, that may cause actual results to differ materially from any future results expressed or implied from the forward-looking statements. These statements are not guarantees of future performance and involve risks and uncertainties including:

- The airline pricing environment;
- Competitive pressure among companies in our industry;
- An economic downturn;
- Political unrest throughout the world;
- Changes in the cost of fuel or the exchange rate of the euro to the US dollar and other currencies;
- Governmental and regulatory actions and political conditions, including actions or decisions by courts and regulators or changes in applicable laws or regulations (or their interpretations), including laws and regulations governing the structure of the combination, the right to service current and future markets and laws and regulations pertaining to the formation and operation of airline alliances;
- Developments affecting labour relations;
- The outcome of any material litigation;
- Future demand for air travel;
- Future load factors and yields;
- Industrial actions or strikes by KLM employees, Air France employees or employees of our suppliers or airports;
- Developments affecting our airline partners;
- The effects of terrorist attacks, the possibility or fear of such attacks and the threat or outbreak of epidemics (such as the COVID-19 pandemic), hostilities or war, including the adverse impact on general economic conditions, demand for travel, the cost of security and the cost and availability of aviation insurance coverage and war risk coverage;
- The effects of natural disasters and extreme weather conditions;
- Changing relationships with customers, suppliers and strategic partners; and
- Developments in any of these areas, as well as other risks and uncertainties detailed from time to time in the documents we file with or furnish to relevant agencies, could cause actual outcomes and results to differ materially from those that have been or may be projected by or on behalf of us. We caution that the foregoing list of important factors is not exhaustive. Additional information regarding the factors and events that could cause differences between forward-looking statements and actual results in the future is contained in our filings. We do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Royal Dutch Airlines

Headoffice
Amsterdamseweg 55
1182 GP Amstelveen
the Netherlands

Postal address
P.O. Box 7700
1117 ZL Schiphol
the Netherlands

Telephone
+31 20 649 9123

Internet
www.klm.com

Registered under number
33014286 in the Trade Register of
the Chamber of Commerce
and Industry Amsterdam,
the Netherlands.