Air France-KLM Group

UNAUDITED INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

January 1, 2020 – September 30, 2020

Air France-KLM Group

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Air France-KLM Group

CONSOLIDATED INCOME STATEMENT (unaudited)

In € millions **Period from January 1 to September 30**	***Notes***	**2020**	**2019 restated [(1)]**
Sales	***6***	**8,725**	**20,572**
Revenues		**8,725**	**20,572**
External expenses	***7***	(6,163)	(11,901)
Salaries and related costs	***8***	(4,224)	(6,031)
Taxes other than income taxes		(108)	(119)
Other income and expenses	***10***	488	742
EBITDA		**(1,282)**	**3,263**
Amortization, depreciation and provisions	***9***	(2,132)	(2,217)
Income from current operations		**(3,414)**	**1,046**
Sales of aircraft equipment		31	24
Other non-current income and expenses	***11***	(1,452)	(133)
Income from operating activities		**(4,835)**	**937**
Cost of financial debt	***12***	(350)	(332)
Income from cash and cash equivalents	***12***	18	40
Net cost of financial debt		***(332)***	***(292)***
Other financial income and expenses	***12***	(621)	(391)
Income before tax		**(5,788)**	**254**
Income taxes	***13***	(242)	(131)
Net income of consolidated companies		**(6,030)**	**123**
Share of profits (losses) of associates		(52)	14
Net income for the period		**(6,082)**	**137**
Non-controlling interests		*(4)*	*2*
Net income - Group part		*(6,078)*	*135*
Earnings per share – Equity holders of Air France-KLM (in euros)			
- basic		(14.22)	0.29
- diluted		(14.22)	0.28

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

(1)See note 2 in notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES (unaudited)

In € millions **Period from January 1 to September 30**	***Notes***	**2020**	**2019 restated [1]**
Net income for the period		**(6,082)**	**137**
Effective portion of changes in fair value hedge and cost of hedging recognized directly in other comprehensive income		(1,187)	118
Change in fair value and cost of hedging transferred to profit or loss		876	(57)
Currency translation adjustment		-	-
Deferred tax on items of comprehensive income that will be reclassified to profit or loss		84	(17)
Total of other comprehensive income that will be reclassified to profit or loss		***(227)***	***44***
Remeasurements of defined benefit pension plans	*19*	(319)	(320)
Fair value of equity instruments revalued through OCI		(29)	(19)
Deferred tax on items of comprehensive income that will not be reclassified to profit or loss		73	65
Total of other comprehensive income that will not be reclassified to profit or loss		***(275)***	***(274)***
Total of other comprehensive income, after tax		**(502)**	**(230)**
Recognized income and expenses		**(6,584)**	**(93)**
- Equity holders of Air France-KLM		(6,578)	(95)
- Non-controlling interests		(6)	2

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

[1] See note 2 in notes to the consolidated financial statements.

CONSOLIDATED BALANCE SHEET (unaudited)

Assets *In € millions*	***Notes***	**September 30, 2020**	**December 31, 2019**
Goodwill		216	217
Intangible assets		1,253	1,305
Flight equipment		11,009	11,334
Other property, plant and equipment		1,535	1,580
Right-of-use assets		4,789	5,173
Investments in equity associates		224	307
Pension assets	***19***	96	420
Other financial assets		1,004	1,096
Deferred tax assets		271	523
Other non-current assets	***17***	176	241
Total non-current assets		**20,573**	**22,196**
Other short-term financial assets		443	800
Inventories		561	737
Trade receivables	***16***	1,208	2,164
Other current assets	***17***	883	1,123
Cash and cash equivalents	***18***	5,917	3,715
Total current assets		**9,012**	**8,539**
Total assets		**29,585**	**30,735**

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

CONSOLIDATED BALANCE SHEET (unaudited) (continued)

Liabilities and equity *In € millions*	*Notes*	**September 30, 2020**	**December 31, 2019**
Issued capital		429	429
Additional paid-in capital		4,139	4,139
Treasury shares		(67)	(67)
Perpetual bonds		-	403
Reserves and retained earnings		(9,183)	(2,620)
Equity attributable to equity holders of Air France-KLM		**(4,682)**	**2,284**
Non-controlling interests		9	15
Total equity		**(4,673)**	**2,299**
Pension provisions	***19***	2,123	2,253
Return obligation liability and other provisions	***20***	3,712	3,750
Financial debt	***21***	10,814	6,271
Lease debt	***22***	2,634	3,149
Deferred tax liabilities		5	142
Other non-current liabilities	***25***	532	222
Total non-current liabilities		**19,820**	**15,787**
Return obligation liability and other provisions	***20***	1,573	714
Current portion of financial debt	***21***	2,179	842
Lease debt	***22***	961	971
Trade payables		1,555	2,379
Deferred revenue on ticket sales	***24***	2,794	3,289
Frequent flyer programs		913	848
Other current liabilities	***25***	4,462	3,602
Bank overdrafts	***18***	1	4
Total current liabilities		**14,438**	**12,649**
Total liabilities		**34,258**	**28,436**
Total equity and liabilities		**29,585**	**30,735**

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

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)

In € millions	Number of shares	Issued capital	Additional paid-in capital	Treasury shares	Perpetual	Reserves and retained earnings	Equity attributable to holders of Air France-KLM	Non-controlling interests	Total equity
December 31, 2018 restated [(1)]	**428,634,035**	**429**	**4,139**	**(67)**	**403**	**(3,118)**	**1,786**	**12**	**1,798**
Gain / (loss) on cash flow hedges	-	-	-	-	-	44	44	-	44
Fair value of equity instruments through OCI	-	-	-	-	-	(19)	(19)	-	(19)
Remeasurements of defined benefit pension plans	-	-	-	-	-	(255)	**(255)**	-	**(255)**
Currency translation adjustment	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	***(230)***	***(230)***	-	***(230)***
Net result for the period	-	-	-	-	-	135	**135**	2	**137**
Total of income and expenses recognized	-	-	-	-	-	**(95)**	**(95)**	**2**	**(93)**
OCEANE	-	-	-	-	-	35	**35**	-	**35**
Dividends paid and coupons on perpetual	-	-	-	-	-	(25)	**(25)**	(1)	**(26)**
Change in scope						1	**1**	-	**1**
Other	-	-	-	-	-	-	-	-	-
September 30, 2019 restated [(1)]	**428,634,035**	**429**	**4,139**	**(67)**	**403**	**(3,202)**	**1,702**	**13**	**1,715**
December 31, 2019	**428,634,035**	**429**	**4,139**	**(67)**	**403**	**(2,620)**	**2,284**	**15**	**2,299**
Gain / (loss) on cash flow hedges	-	-	-	-	-	(225)	(225)	(2)	(227)
Fair value of equity instruments through OCI	-	-	-	-	-	(22)	(22)	-	(22)
Remeasurements of defined benefit pension plans	-	-	-	-	-	(253)	(253)	-	(253)
Currency translation adjustment	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	***(500)***	***(500)***	***(2)***	***(502)***
Net result for the period	-	-	-	-	-	(6,078)	**(6,078)**	**(4)**	**(6,082)**
Total of income and expenses recognized	-	-	-	-	-	**(6,578)**	**(6,578)**	**(6)**	**(6,584)**
Perpetual bonds					(403)		**(403)**		**(403)**
Coupons on perpetual						(17)	**(17)**		**(17)**
Other	-	-	-	-	-	32	**32**	-	**32**
September 30, 2020	**428,634,035**	**429**	**4,139**	**(67)**	-	**(9,183)**	**(4,682)**	**9**	**(4,673)**

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

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

[(1)]See note 2 in notes to the consolidated financial statements.

Air France-KLM Group

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

Period from January 1 to September 30 *In € millions*	***Notes***	**2020**	**2019** **restated (1)**
Net income from continuing operations		(6,082)	137
Amortization, depreciation and operating provisions		2,132	2,217
Financial provisions		135	162
Loss (gain) on disposals of tangible and intangible assets		(43)	(34)
Loss (gain) on disposals of subsidiaries and associates		1	-
Derivatives – non monetary result		70	15
Unrealized foreign exchange gains and losses, net		(83)	223
Share of (profits) losses of associates		52	(14)
Deferred taxes		309	67
Impairment	***11***	670	-
Other non-monetary items		761	218
Financial capacity		**(2,078)**	**2,991**
(Increase) / decrease in inventories		134	(83)
(Increase) / decrease in trade receivables		823	(147)
Increase / (decrease) in trade payables		(792)	41
Increase / (decrease) in advanced ticket sales		(435)	327
Change in other receivables and payables		936	(54)
Change in working capital requirement		**666**	**84**
Net cash flow from operating activities (A)		**(1,412)**	**3,075**
Acquisition of subsidiaries, of shares in non-controlled entities		(1)	(1)
Purchase of property plant and equipment and intangible assets (B)	***15***	(1,654)	(2,295)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	***3.2***	357	8
Proceeds on disposal of property plant and equipment and intangible assets (C)		181	84
Dividends received		-	10
Decrease (increase) in net investments, more than 3 months		(9)	(9)
Net cash flow used in investing activities		**(1,126)**	**(2,203)**
Convertible bonds (OCEANE)		-	54
Issuance of debt	***21***	7,598	904
Repayment on debt	***21***	(2,202)	(560)
Payments on lease debts (D)	***22***	(662)	(748)
New loans		(28)	(43)
Repayment on loans		76	26
Dividends and coupons on perpetual paid		-	(1)
Net cash flow from financing activities		**4,782**	**(368)**
Effect of exchange rate on cash and cash equivalents and bank overdrafts (net of cash acquired or sold)		(39)	9
Change in cash and cash equivalents and bank overdrafts		**2,205**	**513**
Cash and cash equivalents and bank overdrafts at beginning of period	***18***	3,711	3,580
Cash and cash equivalents and bank overdrafts at end of period	***18***	5,916	4,093

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

(1) See note 2 in notes to the consolidated financial statements.

OPERATING FREE CASH-FLOW (UNAUDITED)

Period from January 1 to September 30 *in € millions*	***Notes***	**2020**	**2019** **restated** [1]
Net cash flow from operating activities	***A***	(1,412)	3,075
Purchase of property plant and equipment and intangible assets	***B***	(1,654)	(2,295)
Proceeds on disposal of property plant and equipment and intangible assets	***C***	181	84
Operating free cash flow	***23***	**(2,885)**	**864**
Payments on lease debts	***D***	**(662)**	**(748)**
Operating free cash flow adjusted		**(3,547)**	**116**

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

[1] See note 2 in notes to the consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

Air France-KLM Group

1. BUSINESS DESCRIPTION

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

The Group’s core business is network activities which includes passenger transportation on scheduled flights and cargo activities. The Group’s activities also include aeronautical maintenance, “low cost” passenger transportation (Transavia) and other air-transport-related activities.

The limited company Air France-KLM, domiciled at 2, rue Robert Esnault-Pelterie 75007 Paris, France, is the parent company of the Air France-KLM Group. Air France-KLM is listed for trading in Paris (Euronext) and Amsterdam (Euronext).

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

2. RESTATEMENT OF ACCOUNTS 2019

In the fourth quarter of 2019, the Air France-KLM Group implemented for the purpose of comparison the following changes retrospectively:

- Customer compensation

On September 17, 2019 the IFRS Interpretations Committee published a clarification of IFRS 15 concerning customer compensation for delays or cancellations. Obligations to compensate customers for delayed or cancelled flights are required to be recognized as variable compensation components within the meaning of IFRS 15, thus reducing the amount of revenue. Previously the Group had recognized these payments as costs in the income statement and, pursuant to the IFRIC decision, retrospectively changed the accounting method in the consolidated financial statements as of January 1, 2019.

- Component approach for Life Limited Parts

A Life Limited Part (LLP) is defined as a major engine part whose failure would jeopardize the engine’s operation. Consequently, as a precaution, engine manufacturers define limited useful lives in cycles beyond which the LLPs must be replaced.
The cost of a complete set of LLPs is significant and their useful lives (depending on the parts) range from 3,000 to 40,000 cycles (a cycle corresponds to one take-off and one landing).

Internal IT developments and data analytics have enabled the Group to improve its ability to track LLP accounting management more precisely. As a result, as of January 1, 2019, the Group has been able to implement the component approach for these spare parts. This means that their maintenance costs must be capitalized and amortized over the useful lives of the LLPs which are expressed in cycles.

In accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, these changes in accounting policies have been applied retrospectively to each previous period for which financial information is presented.

For comparison purposes, the interim financial consolidated data as of September 30, 2019 have been restated.

Air France-KLM Group

Impact on the consolidated income statement

In € million **Period from January 1 to September 30, 2019**	Published accounts	LLP componentization	Customer compensation	Restated accounts
Sales	**20,732**		**(160)**	**20,572**
External expenses	(12,050)	2	147	(11,901)
Salaries and related costs	(6,031)			(6,031)
Taxes other than income taxes	(119)			(119)
Other income and expenses	686	56		742
EBITDA	**3,218**	**58**	**(13)**	**3,263**
Amortization, depreciation and provisions	(2,221)	(9)	13	(2,217)
Income from current operations	**997**	**49**		**1,046**
Income from operating activities	**888**	**49**		**937**
Net cost of financial debt	(292)			(292)
Other financial income and expenses	(346)	(45)		(391)
Income before tax	**250**	**4**		**254**
Income taxes	(136)	5		(131)
Net income of consolidated companies	**114**	**9**		**123**
Net income in equity affiliates	14			14
Net income	**128**	**9**		**137**
Earnings per share (basic)	0.26	0.03		0.29
Earnings per share (diluted)	0.26	0.02		0.28

Impact on the consolidated statement of cash flows

In € million **Period from January 1 to September 30, 2019**	Published accounts	LLP componentization	Customer compensation	Restated accounts
Net income	128	9		137
Other items of the financial capacity	2,818	48	(12)	2,854
Financial capacity	**2,946**	**57**	**(12)**	**2,991**
Change in working capital requirement	72		12	84
Net cash flow from operating activities	**3,018**	**57**		**3,075**
Net cash flow used in investing activities	**(2,146)**	**(57)**		**(2,203)**
Net cash flow from financing activities	**(368)**			**(368)**
Effect of exchange rate on cash and cash equivalents and bank overdrafts	9			9
Change in cash and cash equivalents and bank overdrafts	**513**			**513**
Cash and cash equivalents and bank overdrafts at beginning of period	3,580			3,580
Cash and cash equivalents and bank overdrafts at end of period	4,093			4,093

3. SIGNIFICANT EVENTS

3.1. COVID-19

The worldwide spread of Covid-19 since the beginning of 2020 has had and continues to have a major impact on air traffic around the world. After the significant drop in traffic in the second quarter due to very stringent constraints on the movement of travelers worldwide, the recovery expected in the second semester has been delayed with the resurgence of Covid-19 end of summer.

The Group has already taken a number of strong measures to mitigate the effect of Covid-19 on our business and continues to closely monitor and evaluate further developments. These actions include, amongst others, a sharp reduction of the capacity offered of the network, structural changes to the fleet, securing cash and several cost savings.

Reduction in capacity offered

Available seat kilometers for the passenger network and Transavia business were down 57.8% in the third quarter 2020 compared to last year, resulting in a drop of 54.4% in the first nine months of 2020 compared to last year. As a consequence, the Group revenues amounted to €8,725 million, a decrease of 57.6% compared to last year, with Network revenues decreasing by 58.7%, Maintenance revenues by 40.7% and Transavia by 63.0%.

In parallel, the decrease of capacity related to Covid-19 consequences and some specific cost initiatives resulted in a reduction in the Group's external expenses to €6,163 million, down 48.2% versus last year. External expenses excluding fuel price are down 45.1% compared to last year. Fuel costs were down by 54.2%, in line with the capacity reduction. Indeed, the drop in fuel price has been partially neutralized by negative hedge results.
In addition, following the drastic reduction of fuel consumption, the Group had to terminate a large portion of the fuel hedge relationships leading to a loss of €612 million accounted for in "Other financial income and expenses" as of September 30, 2020.

Fleet

To better align our fleet with the lower passenger demand, Air France KLM has accelerated the phase-out of the A380, A340, B747, CRJ and ERJ145 aircraft from its fleet (see note 11 Other non-current income and expenses). These decisions will bring forward cost savings and efficiency gains due to operating fewer aircraft types.

Staff and cost reductions

Air France and its French subsidiaries implemented part-time activity and KLM, starting April 1, 2020, receives support from the Dutch State with the "Temporary Emergency Bridging Measure for Sustained Employment" (NOW). The Group's cost savings amounts around €1,350 million in the first nine months of 2020 and the impact has been accounted for in the "Salaries and other related costs".

Liquidity position

To preserve cash and improve the liquidity position, on 6 May 2020, the Air France-KLM Group signed the legal documentation relating to the financing for a total amount of 7 billion euros which has been approved by the European Commission on 4 May 2020 (see note 21.3 Financial support by the French and the Dutch State).

Back mid-March 2020, Air France-KLM drew down its revolving credit facilities for a total amount of €1.8 billion of which €1.1 billion was reimbursed on May 7, 2020 before the first drawdown of the funding package backed by the French State for Air France (see note 3.2 Events that occurred in the period).
On 25 June 2020, the Dutch State, Air France-KLM group and KLM have finalized an agreement on a financial support mechanism supported by the Dutch State for KLM for an amount of €3.4 billion (see note 3.2 Events that occurred in the period).

Besides, the Group reassessed capital expenditures and internal projects, deferred payment of the employee's profit sharing scheme, and variable wages and deferred payment of wage tax and social security contributions.

Despite these measures and in spite of a gradual resumption of activity, Air France-KLM's financial performance for the coming period will continue to be severely affected by a loss of revenue, sales of tickets and significant negative cash flows to an extent and for a duration that are currently uncertain.

Based on the liquidity analysis for the next 12 months, recovery plan and measures taken since the inception of the Covid-19 crisis, Air France-KLM Board approved the interim consolidated financial data as of September 30, 2020 according the going concern assumption. Air France KLM is considering scenarios for supporting the repayment of the State supports and manage its forthcoming equity situation.

Assets valuation

In the actual context, the Group paid also specific attention to the recoverability of its deferred tax assets (see note 13. Income tax).

3.2. Events that occurred in the period

Sales of Amadeus shares

On January 9, 2020, Air France-KLM sold its remaining shares in the Spanish company Amadeus IT Holding SA ("Amadeus"), for an amount of €356 million. The fair value of the shares stood at €360 million as of December 31, 2019. Since the entire 1.11 per cent Amadeus shareholding was covered by a hedge contract, the result of the transaction is nil in the income statement in 2020. The cash proceeds of €356 million are included in "Proceeds on disposal of subsidiaries, of shares in non-controlled entities" in the cash flow statement.

Issue of notes and tender offer on series of existing notes

On January 10, 2020, Air France-KLM issued a €750 million senior notes with a 5- year maturity and bearing coupon at an annual rate of 1.875%.

Part of the net proceeds of this issuance were used to fund, in whole or in part, the tender offer on existing notes launched by the Company on January 6, 2020 and finalized on January 14, 2020. On the existing notes brought to the tender offer, €350 million were accepted of which €311.2 million of notes with a maturity date in 2021 and €38.8 million of notes with maturity date on 2022.

Drawn down of revolving credit facility during the first quarter 2020

On March 13, 2020, Air France-KLM drawn down its revolving credit facility for a total amount of €1,1 billion divided into two tranches of €550 million each. On May 7, 2020, following the financial support package backed by the French State for Air France Group, Air France KLM reimbursed the €1.1 billion credit facility and terminated the revolving credit facility.

Furthermore, on March 19, 2020, KLM drew down its revolving credit facility concluded on May 23, 2018 for the full amount of €665 million. On August 26, 2020, this credit line facility contract has been replaced by the credit facility of the financial support package backed by the Dutch State for KLM Group.

Financial support package of €7.0 billion backed by the French State

On 6 May 2020, Air France-KLM Group signed the legal documentation relating to the financing for a total amount of 7 billion euros, announced in its press release of 24 April 2020 and approved by the European Commission on 4 May 2020. This financing intends to support the liquidity needs of Air France and its subsidiaries and includes two loans:

- A loan of € 4 billion, 90% guaranteed by the French State, provided by a syndicate of nine banks, with an initial 12-month maturity and a one-year or two-year extension option exercisable by Air France-KLM (see note 21.3 Financial support by the French and the Dutch State).
  As of September 30, 2020, Air France-KLM has withdrawn the 4 billion of the loan guaranteed by the French State.

- A subordinated shareholder loan of €3 billion, granted by the French State to Air France-KLM, with a maturity of four years, with two consecutive one-year extension options exercisable by Air France-KLM (see note 21.3 Financial support by the French and the Dutch State).

Financial support package of €3.4 billion backed by the Dutch State

On June 25, 2020, following discussions with the Dutch State and several international banking institutions, the Air France-KLM Group and KLM were able to finalize the various components of a financial support package.

It includes two loans for KLM and its subsidiaries:

- A revolving credit facility of €2.4 billion, 90% guaranteed by the Dutch State and a maturity of 5 years.
  On August 26, 2020, it has replaced the credit line drawn down on March 19, 2020 for €665 million.

- A direct loan of €1 billion, granted by the Dutch State to KLM, with a maturity of 5.5 years.
  Main conditions associated with the direct state loan are linked to the airline becoming more sustainable as well as the restored performance and competitiveness of KLM, including a comprehensive restructuring plan and contributions made by employees.
  On August 26, 2020, KLM received €277 million of this loan.

On October 1, 2020 KLM submitted its restructuring plan to the Netherlands Ministry of Finance. The presentation of this restructuring plan was a key condition in obtaining the aforementioned government loan and guarantees to the value of €3.4 billion. The plan outlines how KLM intends to fulfil the conditions imposed by the Netherlands government. The presentation of the plan is a very important milestone. Substantively, the plan includes elements such as the reassessment of strategy, cost-cutting initiatives, financial considerations and how KLM staff will contribute by way of reduced employment conditions. The plan is currently under review at the ministry. When approval of the plan is obtained from the ministry, KLM has the possibility to draw additional amounts under the financial support package.

Restructuring plan for Air France-KLM Group

To face the Covid-19 crisis and forecasts expecting a return at the same level of activity of 2019 in 2024, Air France KLM must accelerate its transformation to regain its competitiveness and strengthen its leading position in terms of sustainable development. In this context, Air France Group and KLM Group announced the restructuring of the company and a reduction of staff.

- **KLM Voluntary Resignation Scheme**

The Covid-19 has had a major impact on KLM and, to the contend with the reduction of workload expected until 2024, the option to leave the company on a voluntary basis with financial compensation was opened for KLM employees for a period starting June 1, 2020 and ending July 12, 2020. The 2020 Voluntary Resignation Scheme offers a financial incentive, the level of which depends on the number of years in service. Based on the 2,066 employees who have registered for the voluntary leave plan, KLM recorded a restructuring provision of €178 million as of September 30, 2020.

The option to leave the company on a voluntary basis with similar financial compensation was reopened, for specific divisions and departments in order to minimize involuntary dismissals, for a period starting October 19, 2020 and ending November 6, 2020. The related restructuring provision will be recorded in Q4 2020.

- **Air France Group**

In July 2020, Air France and HOP! announced their strategic orientations and planned to adapt their workforce in the coming months. Within the framework of these strategic orientations, the negotiations has been conducted by Air France and HOP! with their representatives of pilots, cabin crew, and ground staff.

During the meeting of the Social Economic Establishment Committee ("CSEE") Flight Operations of June 26, 2020, the management of Air France presented the mutual agreement on termination of contract ("RCC") for its pilots.

On July 6, 2020, during the meeting of the Social Economic Establishment Committee ("CSEE"), Flight Operations, the management of Air France presented the project of mutually agreement on termination of contract ("RCC") for flight attendants.

On July 24, 2020, during the meeting of the Social Economic Central Committee ("CSEC"), the management of Air France presented the project of voluntary departure plan for ground staff.

During the meeting of the Social Economic Committee of August 12 and 13, 2020, the management of HOP! presented the Departure Plan ("PDV-PSE") for ground staff, pilots and flight attendants.

The impact of these decisions is estimated at € (573) million and has been accounted for in "Other non-current income and expenses".

- **Air France-KLM International Commercial staff**

In July 2020, the management of Air France-KLM presented the project of reorganization of international commercial organization abroad. The impact of this decision is estimated at €(27) million and has been accounted for in "other non-current income and expenses".

3.3. Subsequent events

Redemption of the EUR 600 million undated deeply subordinated notes (of which EUR 403.3 million are outstanding) issued in 2015

Air France-KLM has decided to proceed with the redemption of all the outstanding perpetual subordinated notes issued in 2015 representing a total nominal amount of €403.3 million.
Redemption has been made on 1st October 2020 at par, i.e. €100,000 per note, plus interest accrued since the last date on which interest were paid under the notes (i.e. 1st October 2019) until the early redemption date (included). This amount and the related coupon (€ (25) million) has been reclassified from equity to short-term financial debt as of September 30, 2020.

4. ACCOUNTING POLICIES

4.1. Accounting principles

<u>**Accounting principles used for the consolidated financial statements**</u>

Pursuant to the European Regulation n° 1606/2002 of July 19, 2002, the consolidated financial statements of the Air France-KLM Group as of December 31, 2019 were established in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Commission on the date these consolidated financial statements were established.

The interim consolidated financial information as of September 30, 2020 must be read in connection with the annual consolidated financial statements for the year ended on December 31, 2019. It has been established in accordance with the accounting principles used by the Group for the consolidated financial statements 2019, except for standards and interpretations adopted by the European Union applicable as from January 1, 2020.

The interim consolidated financial information as of September 30, 2020 was approved by the Board of Directors on October 29, 2020.

Change in accounting principles

- **IFRS standards which are applicable on a mandatory basis to the 2020 financial statements**

Amendments to IAS 1"Presentation of financial statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors"

These amendments, which define the term materiality, give guidance on the information to be disclosed in the financial statements, based on its importance.

Amendments to IFRS 9 "Financial instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial instruments: Disclosures"

Since January 1, 2020, the Group has applied Phase 1 amendments to IFRS 9, IAS 39 and IFRS 7 released by the IASB in September 2019 as part of the interest-rate benchmarks reform (IBORs). These amendments allow the Group not to consider the uncertainties over the future of the interest-rate benchmarks in the assessment of hedging relationships and/or in the appraisal of the highly probable hedged flows, enabling to maintain the existing and future hedging relationships until the effective set up of these new interest-rate benchmarks.

The application of these amendments has no impact on the Group's financial statements as of January 1, 2020 and allows to continue with the hedge accounting of instruments indexed notably to Euribor and Libor US.

Foreign exchange rate and interest rate derivatives affected by this amendment are derivatives qualified as cash flow for the risk of interest and foreign exchange rate and are presented in the disclosures of the Group's financial statements as of December 31, 2019.

Amendments to IFRS 3 "Business Combinations"

The amendment provides changes in the definitions of the separate components of a business. Hence, an acquired set of activities must be substantive and, like the operating staff, able to create outputs.

The application of these amendments has no significant impact on the Group's interim financial consolidated data.

IFRS IC interpretations of the lease term (IFRS 16) and useful life of leasehold improvements (IAS 16)

This interpretation gives some clarification concerning the enforceable duration of indefinite lease contracts cancellable by either party, subject to prior notice, or concluded for an initial contractual term, and renewable by tacit agreement, unless terminated by either party.

This interpretation also gives clarification on the link between the enforceable lease term and useful life of leasehold improvements.

Amendments to IFRS 16 « Leases »
This amendment permits to lessees not to assess whether a rent concession occurring as a direct consequence of the Covid-19 pandemic is a lease modification.

This practical expedient allows the lessee to account for those rent concessions related to the Covid-19 pandemic as if they were not lease modifications and to recognize the impact of the rent concession in the result of the period. This practical expedient applies to rent concessions related to Covid-19 fulfilling the following conditions:
- the modification leads to a revision of the lease debt that is substantially the same or inferior to the initial lease debt immediately prior to the modification;
- the rents are initially owed by June 30, 2021 latest;
- there is no other substantial modification in the contract.

These amendments and this interpretation have no significant impact on the Group's interim financial consolidated data as of September 30, 2020.

- **Other texts potentially applicable to the Group, published by the IASB but not yet adopted by the European Union**

Amendments to IAS 1 "Presentation of financial statements"

(Effective for the accounting periods as of January 1, 2022)
These amendments clarify the classification of current or non-current liabilities and aim to promote a consistent approach to this classification.

Amendments to IAS 16 "Property, Plant and Equipment"

(Effective for accounting periods as of January 1, 2022)
These amendments aim at standardizing the accounting method for the proceeds and costs while an item of property, plant or equipment is in the testing phase.

Amendments to IFRS 3 "Business combinations"

(Effective for accounting periods as of January 1, 2022)
These amendments update the standard IFRS 3 following the publication of the new Conceptual Framework in March 2018.

This new conceptual framework effectively modified the definition of assets and liabilities which could have led to the derecognition of some types of liabilities immediately after an acquisition.

Reference to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or IFRIC 21 "Levies" must be made to identify the liabilities assumed in a business combination for transactions or other events falling within the scope of these texts.

The contingent assets acquired in a business combination shall not be accounted for.

Amendments to IAS 37 "Provisions, Contingent liabilities and Contingent Assets"

(Effective for accounting periods as of January 1, 2022)
These amendments standardize the identification and assessment practices related to the provisions for onerous contracts, especially regarding losses upon termination arising from contracts concluded with customers within the scope of IFRS 15 "Revenue from Contracts with Customers".

These amendments indicate that the costs, including in the assessment of the "cost of fulfilling a contract", are the costs that relate directly to the contract.

These amendments will apply to the contracts for which the entity has not yet fulfilled all its obligations as from the commencement date of the year of the first-time adoption.

Amendment to IFRS 9 "Financial instruments"

(Effective for accounting periods as of January 1, 2022)
The amendment to IFRS 9 is included in the annual improvements to IFRS standards 2018 – 2020.

The amendment indicates that the fees included in the 10 per cent test for assessing whether a financial liability must be derecognized are only the costs paid or fees received between the borrower and the lender, including those which are paid or received on the behalf of the other party.

Concerning the first adoption, the amendment to IFRS 9 will apply to financial liabilities that are modified or exchanged as from the commencement date of the earliest comparative period presented in the financial statements of the first adoption of the annual improvements to IFRS standards 2018 – 2020.

Amendments to IFRS 9 "Financial instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial instruments: Disclosures" and IFRS 16 "Leases"

(Effective for accounting periods as of January 1, 2021)
These amendments relate to the phase 2 of the interest rate benchmark reform (IBORs) and are applicable retrospectively.
They mainly address issues regarding the accounting treatment to apply if the basis for determining the contractual cash flows of financial assets or financial liabilities changes and the effects of these changes on the hedging relationships included in the scope of the IBORs reform. They also indicate the financial information to disclose relating to this reform and its accounting impacts as well as the accounting treatment of these changes applicable to the standards different from those, which are specific to financial instruments such as the standard for leases.

Amendments to IFRS 9 and IAS 39 mainly suggest to:
- manage changes linked to the IBOR reform by modifying the effective interest rate of the concerned financial assets and liabilities on a prospective basis, without impact on the net result;
- introduce some flexibilities in terms of the eligibility criteria for the fair value hedge or the cash flow hedge accounting in order to be able to maintain the relations in the scope of this reform.

These amendments apply to financial assets and liabilities for which contractual changes are a direct consequence of the interest rate reform, and insofar as the new basis for determining the contractual cash flows is economically similar to the previous one.

4.2. Preparation of interim financial consolidated data

Seasonality of the activity

Under normal circumstances, revenues and income from current operations are characterized by their seasonal nature related to a high level of activity from April 1 to September 30. This phenomenon varies in magnitude depending on the year. In accordance with IFRS, revenues and the related expenses are recognized over the period in which they are realized and incurred respectively.

Income taxes

The tax charge (current and deferred) is calculated by applying to the income before tax of the period the estimated annual average tax rate for the current year for each entity or fiscal group.

Retirement benefits

The net obligations concerning the defined-benefits schemes are revalued based on the discount rates and the fair-value of assets at interim closing dates. The net impact of these revaluations is recorded in other comprehensive income. Significant variation in discount rates can lead the Group to review other actuarial assumptions in order to maintain the overall consistency of the assumptions set.

Fuel hedging

The Group has implemented a policy to hedge fuel price risks and foreign exchange risks. The Group uses derivatives to hedge the price of fuel future purchases (by monthly time step), over a two-year rolling horizon, approximately.

Hedges are implemented based upon the forecasts of the first monthly future purchases, with a hedge ratio policy which corresponds to maximum 60% of the estimated consumption.

The Group applies the hedge accounting of future cash flows: the fair value of the derivative instruments qualifying as hedges is recognized in the balance sheet against the “other comprehensive income”. The amount recognized in the “other comprehensive income” is transferred to the income from current operations when the hedged item affects the net income.

The Group has adjusted its forecasts related to fuel purchases and has undesignated part of its hedging instruments. If the fuel purchase previously planned is still “highly probable”, the hedge accounting is continued.
Otherwise, the hedge accounting cannot be continued and the hedging instruments are undesignated:
- If the transaction is still probable, the change in fair value accumulated remains in the “other comprehensive income” (and will be transferred to the income from current operations at the time of the fuel purchase) and the future changes in fair value are recognized in the income statement as financial income and expenses.
- If the transaction is not probable anymore, the change in fair value accumulated is reclassified from the “other comprehensive income” to the financial result and the future changes in fair value are recognized in the income statement as financial income and expenses.

The hedging instruments are undesignated based upon the new forecasts of future fuel purchases in accordance with the hedge documentation. This documentation indicates that the first derivative implemented hedge the first fuel purchases of the month concerned.

4.3. Use of estimates

The preparation of the condensed interim consolidated financial statements in conformity with International Financial Reporting Standard IAS 34 “Interim Financial Statements” requires management to make estimates and use assumptions that affect the reported amounts in the financial statements at the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses. The significant areas of estimates described in the note 4 of the December 31, 2019 consolidated financial statements, concerned:
- Revenue recognition related to deferred revenue on ticket sales (see note 6)
- Flying Blue frequent flyer program
- Financial instruments (see note 12)
- Intangible assets
- Tangible assets
- Lease contracts (see note 22)
- Pension assets and provisions (see note 19)
- Return obligation liability and provision for leased aircraft (see note 20)
- Other provisions (see note 20)
- Current and deferred tax (see note 13)

The Group’s management makes these estimates and assessments continuously on the basis of its past experience and various other factors considered to be reasonable that provide the basis for these assumptions.

The interim financial consolidated data for the period have thus been established taking into consideration the current context of the sanitary crisis linked to Covid-19 and on the basis of financial parameters available at the closing date.

The amounts that will appear in its future consolidated financial statements may differ from these estimates as a result of changes in these assumptions or different conditions.

5. CHANGE IN THE CONSOLIDATION SCOPE

- **Nine-month period ended September 30, 2020**

No significant acquisitions or disposals took place during the nine-month period ended September 30, 2020

- **Nine-month period ended September 30, 2019**

No significant acquisitions or disposals took place during the nine-month period ended September 30, 2019

6. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

Business segments

The segment information is prepared on the basis of internal management data communicated to the Executive Committee, the Group's principal operational decision-making body.

The Group is organized around the following segments:

Network: The Passenger network and Cargo operating revenues primarily come from passenger transportation services on scheduled flights with the Group's airline code (excluding Transavia), including flights operated by other airlines under code-sharing agreements. They also include commissions paid by SkyTeam alliance partners, code-sharing revenues, revenues from excess baggage and airport services supplied by the Group to third-party airlines and services linked to IT systems.
Network revenues also include freight carried on flights operated under the codes of the airlines within the Group and flights operated by other partner airlines under code-sharing agreements. Other cargo revenues are derived principally from the sales of cargo capacity to third parties and the transportation of shipments on behalf of the Group by other airlines.

Maintenance: Maintenance operating revenues are generated through maintenance services provided to other airlines and customers worldwide.

Transavia: The revenues from this segment come from the "low-cost" activity realized by Transavia.

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

The results of the business segments are those that are either directly attributable or that can be allocated on a reasonable basis to these business segments. Amounts allocated to business segments mainly correspond to EBITDA, current operating income and income from operating activities. Other elements of the income statement are presented in the "non-allocated" column.

Inter-segment transactions are evaluated based on normal market conditions.

Geographical segments

• Activity by origin of sales area

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

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

Only segment revenue is allocated by geographical sales area.

• Activity by destination

Group activities by destination are broken down into seven geographic areas:

- Metropolitan France
- Europe (excluding France) and North Africa
- Caribbean, West Indies, French Guyana and Indian Ocean
- Africa (excluding North Africa), Middle East
- North America, Mexico
- South America (excluding Mexico)
- Asia and New Caledonia

6.1. Information by business segment

• Nine-month period ended September 30, 2020

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

Income from current operations at Maintenance is impacted around €(200) million by additional provisions (receivables, inventories, margin on long term contracts, onerous contracts).

• Nine-month period ended September 30, 2019 restated [(1)]

In € millions	Network	Maintenance	Transavia	Other	Non allocated	Total
Total sales	17,550	3,453	1,409	190	-	22,602
Intersegment sales	(34)	(1,830)	(3)	(163)	-	(2,030)
External sales	**17,516**	**1,623**	**1,406**	**27**	**-**	**20,572**
EBITDA	2,461	440	335	27	-	3,263
Income from current operations	712	170	158	6	-	1,046
Income from operating activities	655	143	158	(19)	-	937
Share of profits (losses) of associates	-	2	-	12	-	14
Net cost of financial debt and other financial income and expenses	-	-	-	-	(683)	(683)
Income taxes	-	-	-	-	(131)	(131)
Net income	**655**	**145**	**158**	**(7)**	**(814)**	**137**

[(1)] See note 2 in notes to the consolidated financial statements.

6.2. Information by geographical area

External sales by geographical area

- **Nine-month period ended September 30, 2020**

In € millions	Metropolitan France	Benelux	Europe (except France and Benelux)	Africa	Middle-Eastern gulf India (MEGI)	Asia Pacific	North America	West Indies Caribbean Guyana Indian Ocean South America (CILA)	Total
Transportation	1,912	778	1,540	410	221	630	824	438	6,753
Other sales	141	49	100	34	15	62	36	30	467
Total network	**2,053**	**827**	**1,640**	**444**	**236**	**692**	**860**	**468**	**7,220**
Transportation	61	418	24	2	1	1	1	-	508
Other sales	(2)	(2)	-	-	-	3	3	11	13
Total Transavia	**59**	**416**	**24**	**2**	**1**	**4**	**4**	**11**	**521**
Maintenance	456	449	17	-	-	1	40	-	963
Others	6	14	1	-	-	-	-	-	21
Total	**2,574**	**1,706**	**1,682**	**446**	**237**	**697**	**904**	**479**	**8,725**

- **Nine-month period ended September 30, 2019 restated (1)**

In € millions	Metropolitan France	Benelux	Europe (except France and Benelux)	Africa	Middle-Eastern gulf India (MEGI)	Asia Pacific	North America	West Indies Caribbean Guyana Indian Ocean South America (CILA)	Total
Transportation	4,780	1,875	3,544	836	426	1,627	2,626	1,038	16,752
Other sales	299	105	126	49	15	97	39	34	764
Total network	**5,079**	**1,980**	**3,670**	**885**	**441**	**1,724**	**2,665**	**1,072**	**17,516**
Transportation	418	832	136	10	12	4	7	3	1,422
Other sales	(11)	(11)	(2)	-	-	-	8	-	(16)
Total Transavia	**407**	**821**	**134**	**10**	**12**	**4**	**15**	**3**	**1,406**
Maintenance	928	599	19	-	-	2	75	-	1,623
Others	6	21	-	-	-	-	-	-	27
Total	**6,420**	**3,421**	**3,823**	**895**	**453**	**1,730**	**2,755**	**1,075**	**20,572**

(1) See note 2 in notes to the consolidated financial statements.

Traffic sales by geographical area of destination

- **Nine-month period ended September 30, 2020**

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

- **Nine-month period ended September 30, 2019**

In € millions	Metropolitan France	Europe (except France) North Africa	Caribbean, French Guyana, Indian Ocean	Africa (except North Africa) Middle East	North America, Mexico	South America, except Mexico	Asia, New Caledonia	Total
Network	1,267	3,778	1,245	2,152	3,718	1,631	2,961	16,752
Transavia	19	1,308	-	95	-	-	-	1,422
Total	**1,286**	**5,086**	**1,245**	**2,247**	**3,718**	**1,631**	**2,961**	**18,174**

7. EXTERNAL EXPENSES

In € millions **Period from January 1 to September 30**	**2020**	**2019 restated (1)**
Aircraft fuel	1,886	4,118
Chartering costs	181	407
Landing fees and air route charges	743	1,471
Catering	236	617
Handling charges and other operating costs	646	1,294
Aircraft maintenance costs	1,243	1,920
Commercial and distribution costs	291	783
Other external expenses	937	1,291
Total	**6,163**	**11,901**
Excluding aircraft fuel	*4,277*	*7,783*

(1) See note 2 in notes to the consolidated financial statements.

8. SALARIES AND NUMBER OF EMPLOYEES

Salaries and related costs

In € millions	**2020**	**2019**
Period from January 1 to September 30		
Wages and salaries	3,610	4,158
Social contributions	656	834
Pensions costs on defined contribution plans	399	507
Pensions costs of defined benefit plan	231	203
Cost of temporary employees	73	189
Profit sharing and payment linked with shares	-	84
Temporary Emergency Bridging Measure for Sustained Employment	(626)	-
Other	(119)	56
Total	**4,224**	**6,031**

The Group pays contributions to a multi-employer plan in France, the CRPN (public pension fund for crew). Since this multi-employer plan is assimilated with a French State plan, it is accounted for as a defined contribution plan in “pension costs on defined contribution plans”.

Following the impact of the Covid-19 public health crisis, starting from March 23, 2020 Air France and its main French subsidiaries implemented part-time activity for its employees. The impact of this measure amounts to 728 million euros, including 639 million euros allocated to the lines “Wages and salaries” and “Social contributions” and 89 million euros allocated in the line “Other” corresponding to the aid in relation with part-time activity for the month of September which has not been processed by the payroll and therefore not yet allocated to the line “Salaries”

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

Average number of employees

Period from January 1 to September 30	**2020**	**2019**
Flight deck crew	8,665	8,454
Cabin crew	22,221	22,515
Ground staff	51,236	52,073
Temporary employees	1,062	3,082
Total*	**83,184**	**86,124**

**Excluding part-time activity impact*

9. AMORTIZATION, DEPRECIATION AND PROVISIONS

In € millions **Period from January 1 to September 30**	**2020**	**2019 restated (1)**
Amortization		
Intangible assets	141	133
Flight equipment	852	929
Other property, plant and equipment	146	147
Right-of-Use assets	912	972
	2,051	**2,181**
Depreciation and provisions		
Inventories	15	19
Trade receivables	99	17
Risks and contingencies	(33)	-
	81	**36**
Total	**2,132**	**2,217**

(1) See note 2 in notes to the consolidated financial statements.

The variation on the provision "trade receivables" mainly relates to provision for maintenance receivables.

10. OTHER INCOME AND EXPENSES

In € millions **Period from January 1 to September 30**	**2020**	**2019 restated (1)**
Capitalized production	441	778
Joint operation of routes	(7)	(45)
Operations-related currency hedges	72	33
Emission trade schemes (ETS)	(28)	(42)
Other	10	18
Other income and expenses	**488**	**742**

(1) See note 2 in notes to the consolidated financial statements.

11. OTHER NON-CURRENT INCOME AND EXPENSES

In € millions **Period from January 1 to September 30**	**2020**	**2019**
Restructuring costs	(791)	(33)
Impairment of fleet	(670)	(100)
Modification on pension plans	-	(11)
Disposals of other assets	12	6
Other	(3)	5
Other non-current income and expenses	**(1,452)**	**(133)**

- **Nine-month period ended September 30, 2020**

Restructuring costs

As of September 30, 2020, this line mainly includes (see note 3.2 Events that occurred in the period):

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

Impairment of fleet

As of September 30, 2020, this line relates to the impact of the phase-out of the A380, A340, B747 and CRJ fleet by Air France-KLM Group, following the drastic reduction in air traffic due to the Covid-19 (see note 3.2 Events that occurred in the period).

- **Phase-out of the Air France A380 aircraft**

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

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

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

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

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

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

This line includes the impact of the early phase-out of the 25 CRJ aircraft from the HOP! fleet for €(14) million. Depreciation slopes have been revised so that the net book value as of the date of the aircraft's phase-out expected in 2022 converges with the estimated realizable value.

- **Nine-month period ended September 30, 2019**

Restructuring costs

These mainly included the impact relating to the voluntary departure plan for Air France ground staff.

Modification of pension plans

On February 22, 2019, an agreement was signed amending the retirement indemnities for Air France pilots retiring at 60 years or above, providing an advanced notice of at least 12 months is given, increasing the benefit obligation by €11 million.

Impairment of fleet

This line corresponds to the impact of the early phase-out of the A380 aircraft of Air France fleet. It includes the acceleration of the depreciation of these aircraft for € 25 million and the impairment of related assets for € 75 million

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

In € millions **Period from January 1 to September 30**	**2020**	**2019 restated** [1]
Income from marketable securities	(4)	2
Other financial income	22	38
Financial income	**18**	**40**
Interest on financial debt	(120)	(104)
Interest on lease debt	(193)	(207)
Capitalized interests	17	17
Other non-monetary items	(49)	(30)
Other financial expenses	(5)	(8)
Gross cost of financial debt	**(350)**	**(332)**
Net cost of financial debt	**(332)**	**(292)**
Foreign exchange gains (losses), net	108	(231)
Financial instruments and change in fair value of hedged shares	(568)	9
Net (charge)/release to provisions	(11)	(2)
Undiscounting of provisions	(124)	(160)
Other	(26)	(7)
Other financial income and expenses	**(621)**	**(391)**

(1) See note 2 in notes to the consolidated financial statements.

Financial income

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

Foreign exchange gain (losses)

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

As of September 30, 2019, the foreign exchange losses mainly included an unrealized currency loss of € (222) million of which € (135) million on return obligation liabilities and provisions on aircraft in US dollars and an unrealized € (100) million currency loss on financial debt in US dollar (€(33) million) and in Japanese Yen (€(67) million).

Financial instruments and change in fair value of hedged shares

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

As of September 30, 2019, this line mainly included a gain on the hedged Amadeus shares of 12 million.

Other

As of September 30, 2020, this line mainly includes premiums paid on early reimbursement on part of the bonds with maturity dates in 2021 and 2022. The total premium is €22 million (see note 3.2. Events that occurred in the period).

13. INCOME TAXES

13.1. Income tax charge

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

- **French fiscal group**

In France, the tax rate is 32.02 per cent and the French Finance Act 2018 provides for a gradual reduction in the French corporate tax rate to 25.83 per cent in 2022. Tax losses can be carried forward for an unlimited period. However, the amount of fiscal loss recoverable each year is limited to 50 per cent of the profit for the period beyond the first million euros. The Group limits its recoverability horizon on the deferred tax losses of the French fiscal group to a period of seven years, consistent with its operating visibility.

Following the current Covid-19 crisis, the prospects of recoverability within the seven-year horizon have been revised downwards leading to a write-off of €365 million of deferred tax assets for tax losses compared to the opening position of the fiscal year. Moreover, €1.313 million of deferred tax assets have not been recognized for the nine-month period ended September 30, 2020.

- **Dutch fiscal group**

In The Netherlands, the tax rate is 25 per cent in 2020 and would have been lowered to 21.7 per cent in 2021. Following the current COVID-19 crises the Dutch Government announced that the tax rate will remain 25 per cent going forward and that tax losses can be carried forward for an unlimited period. However, the amount of fiscal loss recoverable each year is limited to 50 per cent of the profit for the period beyond the first million euros. It is anticipated that these changes will be formalized before year-end 2020.

As of September 30, 2020 the Dutch fiscal group has deferred taxes assets on fiscal losses amounting to €19 million, relating to an interest deduction allowance which can be carried forward indefinitely. The deferred tax assets on fiscal loss excluding interest for the nine-month period ended September 30, 2020 amounted to €284 million. KLM has used the carry back facility from 2019, amounting to €82 million. The remaining €202 million of deferred tax assets has not been recognized.

13.2. Effective tax rate

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

In € millions **Period from January 1 to September 30**	**2020**	**2019 restated [1]**
Income before tax	(5,788)	254
Standard tax rate in France	32.02%	34.43%
Theoretical tax calculated based on the standard tax rate in France	1,853	(87)
Differences in French / foreign tax rates	(120)	46
Non-deductible expenses or non-taxable income	(60)	(86)
Impact of Effective Tax Rate	(1,493)	(5)
Write-off of deferred tax assets	(365)	3
Impact of change in income-tax rate	(39)	-
CVAE impact	(10)	(10)
Other	(8)	8
Income tax expenses	**(242)**	**(131)**
Effective tax rate	-4.2%	51.8%

[1] See note 2 in notes to the consolidated financial statements.

14. IMPAIRMENT

- **Year ended September 30, 2020**

The health crisis related to COVID-19 and its economic impact constitutes a trigger event for impairment. Thus, the Group has conducted a test of impairment as of June 30, 2020 using a bottom-up five-year strategic plan subject to the approval by the Board on July 30, 2020. This plan forecasts a return to the level of 2019 activity in 2024 and is subject to the uncertainties related to the current situation

The recoverable value of the CGU assets (Network, Maintenance and Transavia) has been determined by reference to their value in use as of May 31, 2020.
The discount rate used for the test corresponds to the Group's weighted average cost of capital (WACC). It has been reassessed at the end of May 2020 and stood at 6.6 per cent versus 5.9 per cent as at December 31, 2019.

After the aforementioned test, no impairment was recognized on the Group's CGUs, including with a WACC 50-basis point higher combined with a decrease of 100-basis point in the long-term growth rate or a decrease of 100-basis point in the target operating margin.

An update will conducted by the end of the year, in accordance with the 5-year plan prepared in Autumn 2020.

15. CAPITAL EXPENDITURES

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

In € millions	**2020**	**2019**
As of September 30		
Acquisition of flight equipment	1,366	1,836
Acquisition of other tangible assets	122	187
Acquisition of intangible assets	167	263
Accounts payable on acquisitions	(1)	9
Subtotal	**1,654**	**2,295**

16. TRADE ACCOUNTS RECEIVABLES

The details of trade accounts receivables are as follows:

In € millions	As of September 30, 2020	As of December 31, 2019
Airlines	362	553
Other clients:		
* Network	551	862
* Maintenance	541	804
* Other	37	118
Gross value	**1,491**	**2,337**
Opening valuation allowance	**(173)**	**(155)**
Charge to allowance	(117)	(39)
Use of allowance	4	18
Reclassification	1	3
Closing valuation allowance	**(283)**	**(173)**
Net value	**1,208**	**2,164**

The line "charge to allowance" mainly relates to maintenance receivables.

17. OTHER ASSETS

The details of other assets are as follows:

In € millions	As of September 30, 2020		As of December 31, 2019	
	Current	**Non-current**	**Current**	**Non-current**
Suppliers with debit balances	106	-	99	-
State receivables (including income tax)	184	-	224	-
Derivative instruments	100	174	258	238
Prepaid expenses	154	-	221	-
Other debtors	340	2	322	3
Gross value	**884**	**176**	**1,124**	**241**
Opening valuation allowance	**(1)**	**-**	**(1)**	**-**
Closing valuation allowance	**(1)**	**-**	**(1)**	**-**
Other	**883**	**176**	**1,123**	**241**

18. CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS

In € millions	As of September 30, 2020	As of December 31, 2019
Liquidity funds (SICAV) (assets at fair value through profit and loss)	2,964	1,268
Bank deposits and term accounts (assets at fair value through profit and loss)	1,057	1,599
Cash in hand	1,896	848
Total cash and cash equivalents	**5,917**	**3,715**
Bank overdrafts	(1)	(4)
Cash, cash equivalents and bank overdrafts	**5,916**	**3,711**

19. PENSION ASSETS AND PROVISIONS

As of September 30, 2020, the discount rates used by the companies to calculate the defined benefit obligations are the following:

	September 30, 2020	December 31, 2019
Euro zone – duration 10 to 15 years	0.62%	0.70 to 0.75%
Euro zone – duration 15 years and beyond	1.02%	1.15%

The inflation rates used are the following:

	September 30, 2020	December 31, 2019
Euro zone – duration 10 to 15 years	1.10%	1.30%
Euro zone – duration 15 years and beyond	1.25%	1.40%

The duration of between 10 and 15 years mainly concerns the plans located in France while the duration of 15 years and beyond mainly concerns the KLM ground staff plan located in The Netherlands.

Remeasurement of defined benefit pension plans is composed of:

	September 30, 2020	September 30, 2019
Impact of the change in discounting rate	336	1,945
Impact of the change in inflation rate	(193)	(447)
Difference between the expected and actual return on assets	176	(1,178)
Total	**319**	**320**

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

The impact of variations in discount rates on the defined benefit obligation has been calculated using the sensitivity analysis of the pension defined benefit obligation. The sensitivity analysis is outlined in note 29.2 of the annual financial statements as of December 31, 2019.

20. RETURN OBLIGATION LIABILITY AND OTHER PROVISIONS

In € millions	September 30, 2020			December 31, 2019		
	Non-current	Current	Total	Non-current	Current	Total
Return obligation liability on leased aircraft	3,158	200	3,358	3,209	167	3,376
Maintenance on leased aircraft	412	31	443	410	76	486
Restructuring	-	941	941	-	63	63
Litigation	57	357	414	59	353	412
Others	85	44	129	72	55	127
Total	**3,712**	**1,573**	**5,285**	**3,750**	**714**	**4,464**

21. FINANCIAL DEBT

In € millions		As of September 30, 2020			As of December 31, 2019		
	Notes	Non-current	Current	Total	Non-current	Current	Total
Perpetual subordinated loan in japonese yens	***21.1***	158	-	**158**	164	-	**164**
Perpetual subordinated loan in swiss francs	***21.1***	350	-	**350**	345	-	**345**
OCEANE (convertible bonds)		463	-	**463**	454	-	**454**
Bonds	***21.2***	1,228	717	**1,945**	1,128	-	**1,128**
Debt on financial leases with bargain option		3,178	470	**3,648**	2,938	547	**3,485**
Loans guaranteed by the French and the Dutch states	***21.3***	4,005	665	**4,670**	-	-	-
State loan	***21.3***	277		**277**			
Other debt		1,155	262	**1,417**	1,242	252	**1,494**
Accrued interest		-	65	**65**	-	43	**43**
Total - Financial debt		**10,814**	**2,179**	**12,993**	**6,271**	**842**	**7,113**

Change in financial debt

In € millions	December 31, 2019	New financial debt	Non monetary change	Reimbursement of financial debt	Currency translation adjustment	Other	September 30 2020
Perpetual subordinated loan in japonese yens and swiss francs	509	-	-	-	(1)	-	**508**
OCEANE	454	-	9	-	-	-	**463**
Bonds	1,128	744	-	(350)	(5)	428	**1,945**
Debt on financial leases with bargain option	3,485	679	20	(512)	(20)	(4)	**3,648**
Loans guaranteed by the French and the Dutch states	-	4,655	15	-	-	-	**4,670**
State loan		277					**277**
Other long-term debt	1,493	1,260	7	(1,340)	(3)	-	**1,417**
Accrued interest	44	-	21	-	-	-	**65**
Total	**7,113**	**7,615**	**72**	**(2,202)**	**(29)**	**424**	**12,993**

In € millions	December 31, 2018	New financial debt	Non monetary change	Reimbursement of financial debt	Currency translation adjustment	Other	December 31, 2019
Perpetual subordinated loan in japonese yens and swiss francs	572	-	-	(83)	20	-	**509**
OCEANE	-	446	8	-	-	-	**454**
Bonds	1,131	-	(1)	-	(2)	-	**1,128**
Debt on financial leases with bargain option	3,547	566	6	(619)	25	(40)	**3,485**
Other long-term debt	1,263	629	3	(454)	2	89	**1,494**
Accrued interest	46	-	13	-	-	(16)	**43**
Total	**6,559**	**1,641**	**29**	**(1,156)**	**45**	**33**	**7,113**

21.1 Perpetual subordinated debt

21.1.1 KLM Perpetual subordinated debt in Japanese Yen

The perpetual subordinated loan in Japanese Yen was provided to KLM in 1999 for a principal amount of JPY 30 billion.

As per August 28, 2019 KLM has partially redeemed JPY 10 billion, leaving the residual outstanding principal amount to JPY 20 billion, i.e €158 million as of September 30, 2020. As from this date, the fixed JPY interest rate was reset to 4% per annum applicable on residual notional amount.

This perpetual loan can be redeemed at KLM's discretion on each fifth anniversary of the first interest payment date, August 28, 1999. The next repayment option date at Par is therefore set on August 28, 2024. Note that an indemnity is due if the JPY loan is redeemed in another currency than JPY.

This loan debt is subordinated to all other existing and future debt at KLM.

21.1.2 KLM Perpetual subordinated debt in Swiss francs

The perpetual subordinated bond debt in Swiss francs was issued by KLM in two tranches, one in 1985 and one in 1986. The initial nominal amount for these two perpetual bonds combined was CHF 500 million. Over the years, KLM has proceed several partial buy back transactions to partially redeem debt. The total amount now outstanding is CHF 375 million, i.e. €350 million as of September 30, 2020.

Concerning the perpetual bond debt issued in 1985, KLM is entitled to early redeem at Par the then prevailing outstanding residual amount on each tenth anniversary of the interest payment date. The next "Call date" is February 12, 2025. The coupon reset date is fully aligned with the above mentioned frequency. If not Called, the next coupon reset date is set on February 12, 2025. The current outstanding coupon is 0.75% per annum.

Concerning the perpetual bond debt issued in 1986, KLM is entitled to early redeem at Par the outstanding residual amount on each fifth anniversary of the interest payment date. The next "Call date" is May 15, 2021. The Call price amount in 2001 was 101.75 per cent of the notional face value, and thereafter with a premium declining by 0.25 per cent on each fifth anniversary of the interest payment date. Therefore from May 15, 2036, the Call price amount will be set at Par. The fixed interest coupon is 5.75% per annum.

The bond debt is subordinated to all other existing and future KLM debts.

The two CHF perpetual bond debts are ranked "pari passu" with the JPY perpetual loan debt.

21.2 Bonds

21.2.1 Perpetual subordinated notes

Air France-KLM has decided to proceed with the redemption of all the outstanding perpetual subordinated notes issued in 2015 representing a total nominal amount of €403.3 million.
Redemption has been made on 1st October 2020 at par, i.e. €100,000 per note, plus interest accrued since the last date on which interest were paid under the notes (i.e. 1st October 2019) until the early redemption date (included). This amount and the related coupon (€ (25) million) has been reclassified from equity to short term bonds as of September 30, 2020.

21.2.2 Other bonds

Bond	Issuing date	Nominal amount (in millions)	Maturity date	Reimbursement date	Coupon
Bond issued in 2014	4 June 2014	€ 288	18 June 2021	-	3.875%
€ Bond issued in 2016	5 Oct. 2016	€ 360	5 Oct. 2022	-	3.75%
$ Bond issued in 2016[1]	12 Dec. 2016	$ 145	15 Dec. 2026	-	4.35%
€ Bond issued in 2020	10 Jan. 2020	€ 750	16 Jan. 2025	-	1,875%

(1) Bonds issued to Asian institutional investors via an unlisted private placement

On January 10, 2020, Air France-KLM issued €750 million senior notes with a 5- year maturity and bearing coupon at an annual rate of 1.875%.

A part of the net proceeds of this issuance has been used to fund the tender offer on existing notes launched by the Company on January 6, 2020 and finalized on January 14, 2020. On the existing notes brought to the tender offer, €350 million have been accepted of which €311.2 million of notes with a maturity date in 2021 and €38.8 million of notes with a maturity date in 2022.

21.3 Financial support by the French and the Dutch state

Financial support package of €7.0 billion backed by the French State

On 6 May 2020, Air France-KLM Group signed the legal documentation relating to the financing for a total amount of 7 billion euros. This financing includes two loans:

- A loan of € 4 billion, 90% guaranteed by the French State, with an initial 12-month maturity and a one-year or two-year extension option exercisable by Air France-KLM. The loan has a coupon at an annual rate equal to EURIBOR (floored at zero) plus a margin of 0.75% in the first year, 1.50% in the second year and 2.75% in the third year. The cost of the French State guarantee initially equals to 0.5% of the total amount of the loan and which will step up to 1% for each of the second and third years.
  The loan includes a mandatory partial early repayment of 75% of the any net new money raised by Air France-KLM or Air France from financial institutions or through debt capital markets, subject to some exceptions and a mandatory total early repayment notably in case of change of control of Air France-KLM or Air France.

- A subordinated shareholder loan of €3 billion, granted by the French State to Air France-KLM, with a maturity of four years, with two consecutive one-year extension options exercisable by Air France-KLM. This loan has a coupon payable annually or capitalizable at the discretion of Air France-KLM at a rate equal to EURIBOR 12 months (floored at zero) plus a margin of 7% for the first four years, 7.5% for the fifth and 7.75% for the sixth.
  This rate will be increased by 5.5% step up in case (i) the general assembly would not approve a capital increase proposed by the Board of Directors that would enable incorporation in the company's shareholder equity of all or part of the outstanding shareholder loan, (ii) the general assembly would approve, without the approval from the French State, a capital increase which would not enable the incorporation of all or part the outstanding shareholder loan in the company's shareholder equity or (iii) a third party, not acting in concert with the French State, would exceed, alone or in concert, the threshold of 20% of the capital of Air France-KLM.
  This loan is subordinated to the French State guaranteed bank loan and, in the event of receivership or liquidation, to all the Air France-KLM senior bond and bank debt, without prejudice of an incorporation of all or part the outstanding shareholder loan in the company's shareholder equity.

The company has undertaken not to pay dividends until these two loans have been repaid in full.

As of September 30, 2020, Air France KLM has drawn down the whole €4 billion of the bank loan guaranteed by the French State. It has been recorded at amortized cost based on a 3 year drawn down assumption and an Effective Interest Rate of 2.66 per cent.

Financial support package of €3.4 billion backed by the Dutch State

On 25 June 2020, the Dutch State, the Air France-KLM Group and KLM have finalized an agreement on a financial support mechanism supported by the Dutch State for the amount of €3.4 billion. This financial support package includes two loans for KLM and its subsidiaries:

- A revolving credit facility of €2.4 billion, for 90% guaranteed by the Dutch State and with a maturity of 5 years. This revolving credit facility has an interest of EURIBOR (floored at zero) plus a margin of 1.35%. The cost of the associated Dutch State guarantee equals to 0.50% in year 1, 1.00% in year 2 and 3 and 2.00% after year 3.

- A direct loan of €1 billion, granted by the Dutch State to KLM, with a maturity of 5.5 years and an interest of EURIBOR 12 months (floored at zero) plus a margin of 6.25% for year 1, 6.75% for year 2 and 3, and 7.75% for year 4 and 5. This loan is subordinated to the new revolving credit facility and any other outstanding unsecured debt of KLM.

Both the revolving credit facility and the direct loan will be drawn simultaneously on a pro rata basis.
KLM's first drawing under the new revolving credit facility amounts to €665 million. It has replaced the existing revolving credit facility drawn on 19 March 2020 (see note 21.5 Credit facilities).
KLM first drawing under the Dutch State loan is €277 million.

Main conditions associated with the direct state loan are linked to the airline becoming more sustainable as well as the restored performance and competitiveness of KLM, including a comprehensive restructuring plan and contributions made by employees. KLM has undertaken to suspend dividend payments to its shareholders until these two loans have been repaid in full.

On October 1, 2020 KLM submitted its restructuring plan to the Netherlands Ministry of Finance. The plan is currently under review at the ministry. When approval of the plan is obtained from the ministry, KLM has the possibility to draw additional amounts under the financial support package.

The European Commission has approved both the French and Dutch state aid respectively on May 4 and on July 13, 2020.

21.4 Maturity analysis

The financial debt maturities breaks down as follows:

In € millions	**As of September 30, 2020**	**As of December 31, 2019**
Maturities in		
quarter year Y (3 months)	610	-
Y+1	1,760	842
Y+2	959	1,250
Y+3	4,534	1,005
Y+4	970	523
Over 4 years	4,160	3,493
Total	**12,993**	**7,113**

As of September 30, 2020, the KLM perpetual subordinated loan are included over 4 years.

The portion with a maturity at less than 3 months includes the perpetual subordinated notes issued in 2015 and repaid October 1st, 2020 (see note 21.2.1 Perpetual subordinated notes).

The bonds issued in 2014 and 2016 will be reimbursed on their contractual maturity date (see note 21.2).

21.5 Credit lines

On March 13, 2020, Air France-KLM drew down its revolving credit facility concluded for a total amount of €1.1 billion divided into two tranches of €550 million each. The total amount was repaid on May 7, 2020 and the Group terminated the credit facility.

On March 19, 2020, KLM has drawn down for an initial period of 6 months its revolving credit facility concluded on May 23, 2018 for the full amount of €665 million. KLM’s new €2.4 billion revolving credit facility), 90% guarantee supported by the Dutch State (see note 21.3 Financial support by the French and the Dutch state, has replaced this credit line on August 26, 2020.

22. LEASE DEBT

The lease debt break down as follows:

In € millions	As of September 30, 2020			As of December 31 2019		
	Non current	Current	Total	Non current	Current	Total
Lease debt - aircraft	1,865	793	**2,658**	2,338	789	**3,127**
Lease debt - real estate	610	106	**716**	618	107	**725**
Lease debt - other	159	44	**203**	193	56	**249**
Accrued interest	-	18	**18**	-	19	**19**
Total - Lease debt	**2,634**	**961**	**3,595**	**3,149**	**971**	**4,120**

23. NET DEBT

In € millions	September 30, 2020	December 31, 2019
Current and non-current financial debt	12,993	7,113
Current and non-current lease debt	3,595	4,120
Accrued interest	(108)	(62)
Deposits related to financial debt	(225)	(227)
Deposits related to lease debt	(84)	(91)
Derivatives impact on debt	9	4
Gross financial debt (I)	**16,180**	**10,857**
Cash and cash equivalents	5,917	3,715
Marketable securities (1)	109	111
Cash secured (1)	309	300
Triple A bonds (1)	535	585
Others	3	3
Bank overdrafts	(1)	(4)
Net cash (II)	**6,872**	**4,710**
Net debt (I-II)	**9,308**	**6,147**

(1) Included in "others financial assets"

In € millions	September 30, 2020	December 31, 2019
Opening net debt	**6,147**	**6,164**
Operating free cash, cash flow excluding discontinued activities	2,885	(623)
Coupons on perpetual	26	26
Perpetual subordinated bond	403	-
Disposal of subsidiaries, of shares in non-controlled entities	(357)	(13)
Acquisition of subsidiaries, of shares in non-controlled entities	1	1
Lease debts (new and renewed contracts)	277	589
Unrealised exchange gains and losses on lease financial debts through OCI	(127)	13
Currency translation adjustment	20	48
OCEANE optional part	-	(54)
Amortization of OCEANE optional part	8	8
Other	25	(12)
Closing net debt	**9,308**	**6,147**

24. DEFERRED REVENUE ON TICKET SALES

This line corresponds to the unused air tickets which will be recognized in revenues at the date of transportation. The COVID-19 crisis and the lockdown of borders cause the Group to reduce the capacity and cancel an important number of flights. In that case, customers can either ask for the refund of the ticket or the issuance of a voucher. As of September 30, 2020, this line includes €787 million of air tickets (fare and carrier imposed charges) for which the date of transportation has passed and which are eligible to refund and € 913 million of vouchers that can be used for future flights.

25. OTHER LIABILITIES

In € millions	**As of September 30, 2020**		**As of December 31, 2019**	
	Current	**Non-current**	**Current**	**Non-current**
Tax liabilities	662	219	892	-
Employee-related liabilities	1,575	73	1,033	-
Non-current asset payables	83	-	96	-
Derivative instruments	686	121	154	107
Deferred income	845	26	739	17
Prepayments received	365	-	469	1
Other	246	93	219	97
Total	**4,462**	**532**	**3,602**	**222**

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