Annual Report

2024

Back on Track

KLM Royal Dutch Airlines

Contents

Key figures

2024 2023

Passengers

	TRAFFIC (millions of revenue passenger-kilometers, RPK)	CAPACITY (millions of available seat-kilometers, ASK)	PASSENGER LOAD FACTOR (%)	NUMBER OF PASSENGERS (x 1,000)	NET PROMOTER SCORE KLM + KLC	NET PROMOTER SCORE TRANSAVIA
2024	95,640	108,415	88.2	33,007	39	24
2023	92,652	106,336	87.1	30,332	39	32
Δ	+3.2%	+2.0%	+1.2%	+8.8%	—%	-25.7%

Cargo

	TRAFFIC (millions of revenue ton freight-kilometers, RTFK)	CAPACITY (millions of available ton freight-kilometer, AFTK)	CARGO LOAD FACTOR	WEIGHT OF CARGO CARRIED (in tons)
2024	3,391	6,052	56.0	438,004
2023	3,244	6,087	53.3	416,953
Δ	+4.5%	-0.6%	+5.1%	+5.0%

Financial performance

	REVENUES (€ x mln)	ADJUSTED EBITDA* (€ x mln)	PROFIT FOR THE YEAR (€ x mln)	ADJUSTED FREE CASH FLOW* (€ x mln)
2024	12,681	1,437	70	(766)
2023	12,050	1,572	714	340
Δ	+5.2%	-8.6%	-90.2%	-325.3%

* See Consolidated financial statements note 9. Alternative performance measures (APMs) for the reconciliation to the most directly comparable IFRS measure.

● 2024 ● 2023

Environment

All figures focus on KLM Group

	GHG EMISSION INTENSITY (grCO2 per RTK)	SHARE OF SAF CONSUMPTION (%)	% NEW GEN AIRCRAFT*
2024	883	1.7%	24.9%
2023	880	1.2%	16.1%
Δ	+0.3%	+42.9%	+54.5%

Social

	HEADCOUNT KLM GROUP STAFF	EMPLOYEE PROMOTOR SCORE KLM + KLC	ABSENTEEISM KLM + KLC
2024	36,071	42	7.6%
2023	35,145	28	8.0%
Δ	+2.6%	+50.4%	-5.0%

Governance

	BOARD OF MANAGING DIRECTOR MEMBERS	EXECUTIVE COMMITTEE	SUPERVISORY BOARD
Members 2024	5	16	9
Members 2023	5	16	9
% female	40%	25%	33.0%

Fleet KLM Group

	WIDE BODY	NARROW BODY	REGIONAL	CARGO
Number	66	93	61	4
Average age	11.9 years	14.3 years	8.3 years	24.7 years

* Metric includes entire fleet, including aircraft that are temporary out of operation. The following aircraft are considered to be new-generation aircraft: Boeing B787-9 and -10, Airbus A321neo and Embraer E195-E2.

Letter from the President

The demand for flying remains high. The human desire to travel is a fundamental aspect of our behaviour. Travel satisfies our need for exploration, connection, and growth, while contributing to economic, cultural, and personal growth. This universal inclination to travel is reflected in the growth of worldwide air travel demand in 2024 and it underscores the recovery and expansion of the airline industry. In 2024, global passenger traffic surpassed pre-pandemic levels.

At KLM, we witnessed this too. Our passengers still enjoy flying with us, and it is this customer journey that matters to us. The financial results of 2024 tell two distinct stories. On the one hand, a sustained and growing demand for airline tickets resulted in solid load factors and revenues. The operational performance showed clear improvement compared to 2023, which resulted in a decrease of flight cancellations and delays of 30 to 40 per cent. On the other hand, we were unable to optimally utilise our fleet, and we faced shortages of pilots and technicians. Geopolitical unrest significantly impacted our network planning. The inability to fly over Russia remained a challenge for our Asian destinations. Costs were rising faster than our income. The high inflation and increased labour costs caused significant challenges. External factors also play a role, such as the increase of airport charges, landing fees, and aviation taxes. Many of these cost increases are permanent. At the same time, to reduce our climate impact, we invest billions of euros in cleaner, quieter, and more efficient aircraft, while also enhancing products and services for our customers.

Balanced approach

In December 2024, the Dutch Government announced a plan to cap annual flights to and from Schiphol Airport to 478,000. KLM understands and supports the view that any negative impact of the airline industry on the environment must be reduced. That is why KLM is investing EUR 7 billion in quieter aircraft. We developed the plan ‘Schoner, stiller en zuiniger (cleaner, quieter, and more efficient)’. This plan complies with the principles of a balanced approach procedure to achieve the desired lower noise levels while maintaining the connectivity of the Netherlands with the world. I am pleased that a number of measures from the sector plan ‘cleaner, quieter, and more efficient’ have been adopted by the Dutch government. We believe in the strength of the Schiphol hub together with KLM’s worldwide network.

In our journey to become a stronger and more resilient KLM, we will continue to execute on our leading strategic pillars: Fly a great airline for our customers and employees, improve for the future, and innovate with technology.

Improve for the future

We are aware that we have an important task to contribute to the industry's effort to reduce the climate impact of aviation. We continue to work on our promise to make flying cleaner, quieter, and more fuel efficient. This is a complex challenge with still a long journey to follow. Our investments in fleet renewal are one of the first bigger cornerstones in this journey.

In addition, we invested in the electrification of our ground operations, the reduction of onboard waste using AI, and alternative aircraft fuels. Investing in affordable alternative aviation fuels will be an important lever in our sustainability challenge. We are already collaborating with partners to develop and scale up these technologies. To continue this work, I am proud to represent Air France-KLM Group as a co-chair and initiator of Project SkyPower, an initiative bringing together leaders from across the aviation value chain in Europe to help scale up the production of alternative fuels.

Level playing field

A trend is becoming visible in which national governments differentiate through taxes. We advocate a coherent global and European approach that supports a level playing field. KLM has played a pivotal role in driving the 'Ten Commitments of the Dutch Aviation Sector', which represent a unified pledge by airlines, airports, and other stakeholders in the Netherlands to prioritise sustainability, efficiency, and innovation.

Back on Track

Our industry is under pressure; the competition is fierce, and customers rightly expect a lot from us. In order to justify the investments in our fleet, products and services, and IT development, KLM must maintain its profitability. Cost savings and increased productivity are essential. In the autumn of 2024, we announced a package of measures in order to get KLM's financial position and operations 'Back on Track'. With this Back on Track programme, we not only aim to generate extra operational result in the short term, but we also lay the foundation for a strong financial performance and operational excellence in the long term. To finance our future investments we need to restore the balance between our income and expenses.

The measures we have taken as part of the Back on Track programme include increasing productivity and cost savings, restoring the capacity of KLM's network, increasing KLM's earning capacity, and reconsidering investments and business activities.

'Must-win battles'

Stabilising operations goes hand in hand with improving our financial results. We have taken significant steps to stabilise our operations with effect as we see an improved operational performance compared to 2023. In all the measures we have taken to improve our operational efficiency, we maintain an uncompromising focus on safety. Safety is the cornerstone of our operations. In everything we do, the safety of our customers and staff always remains our top priority. As one of the oldest airlines in the world, we have built a reputation for reliability and a proactive approach to safety in aviation, and we will continue to uphold this in the future.

We continued to invest in enhancements of products and services for our customers.

Marjan Rintel
President &
Chief Executive Officer

Investments in our products and services

We continued to invest in enhancements of products and services for our customers. Our newest travel class, Premium Comfort, is well appreciated by customers. In 2024, the introduction of Premium Comfort was completed on our entire Boeing 777s and 787s fleet. Our customer satisfaction scores show great appreciation for this enhancement. This is also true for our new business class seats, which offer more privacy and direct aisle access. In addition, the first A321neo entered into service at KLM in 2024. This new aircraft significantly reduces CO_2 emissions and reduces noise with 50% compared to its predecessor. On European routes, we will replace the Boeing 737s fleet by the A321neo aircraft. To meet growing customer demand, we continued to look at opportunities to expand KLM's global network. We announced a new catering product in Economy Class on European flights. Tests started in February 2025 to offer more buy-on-board options to our customers, meeting a long-cherished wish of our customers. KLM's excellent performance in service, customer experiences, sustainability, and safety were recognised by the APEX World Class Award 2025, which was awarded to us for the fourth consecutive year.

Outlook 2025

In 2025, we intend to navigate financial and operational challenges through cost management, fleet renewal, more sustainable practices, and strategically expanding markets while adapting to regulatory changes and competitive pressure.

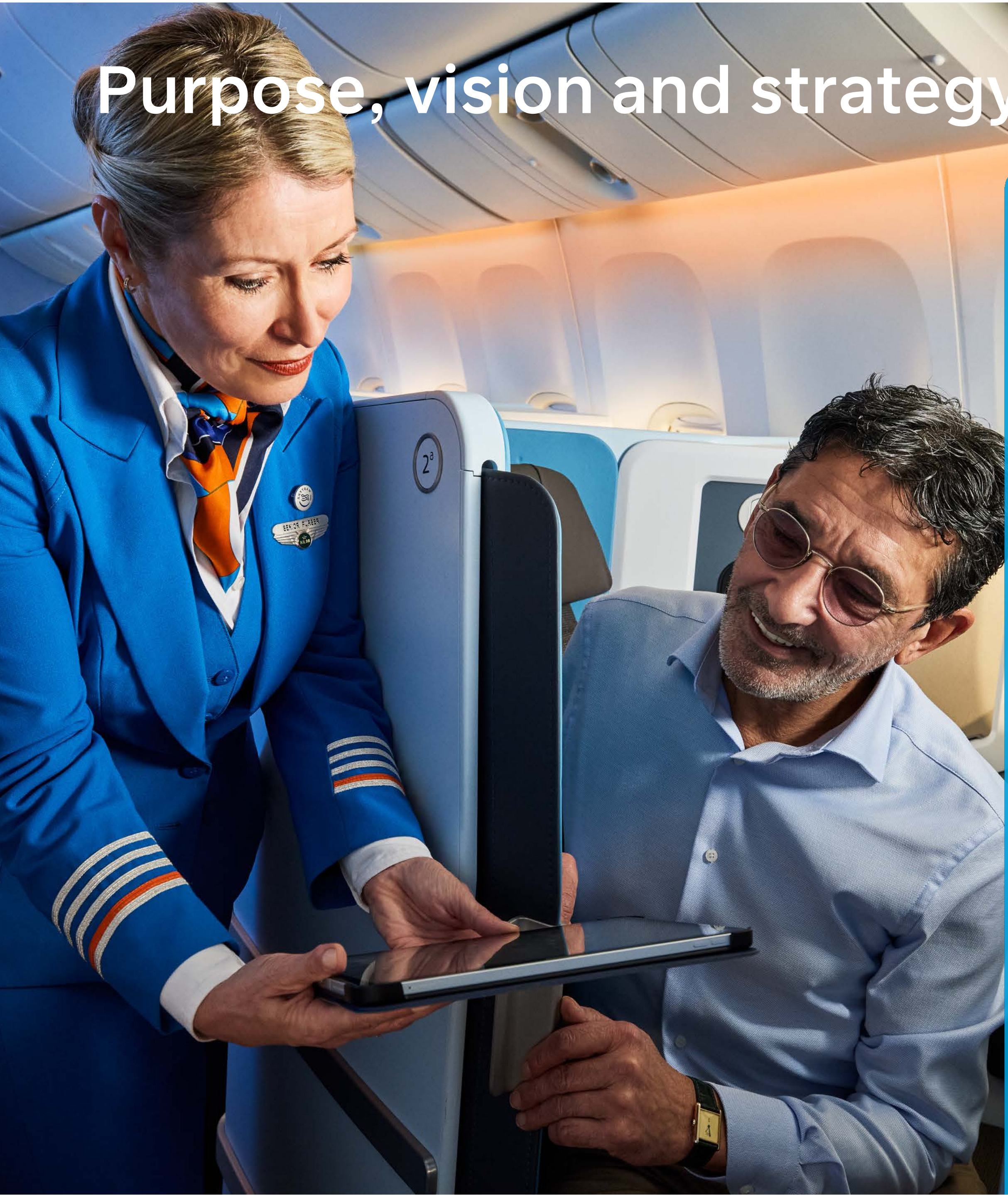
For 105 years, we have been flying from Schiphol, our home base, to connect the Netherlands with the rest of the world. For decades, the airline industry has been an important catalyst of economic growth, prosperity and social welfare in the Netherlands. KLM is proud of its contribution to this. Let us continue to cherish our strong network and Schiphol hub.

I want to thank our customers for flying with KLM. It is the loyalty of our customers that has made KLM reach its 105^{th} anniversary. I am grateful to our colleagues in the Netherlands, in international markets, and within the Air France-KLM Group for their dedication, commitment, believe and support and everything we have done together to pursue our purpose and create memorable experiences for our customers.

Marjan Rintel
President & CEO

About KLM

Purpose, vision and strategy



In 2024, KLM continued to build on its strategy, 'Pioneering to Become a Frontrunner in Sustainable Aviation,' a significant milestone in our commitment to work with industry partners in shaping the future of air travel. This forward-thinking strategy will guide our strategic initiatives, leveraging KLM's robust standing within the aviation sector and our inherent strengths. Rooted in our core purpose and vision, KLM is dedicated to advancing three strategic ambitions that will further drive our efforts in the coming years.

PURPOSE

Creating memorable experiences on the planet we care for

Our purpose entails the responsibility to make flying as sustainable as possible and with that it sets out the targets for the short and long term. Our passion for creating memorable experiences is rooted in our core values, being passionate, caring, innovative and responsible.

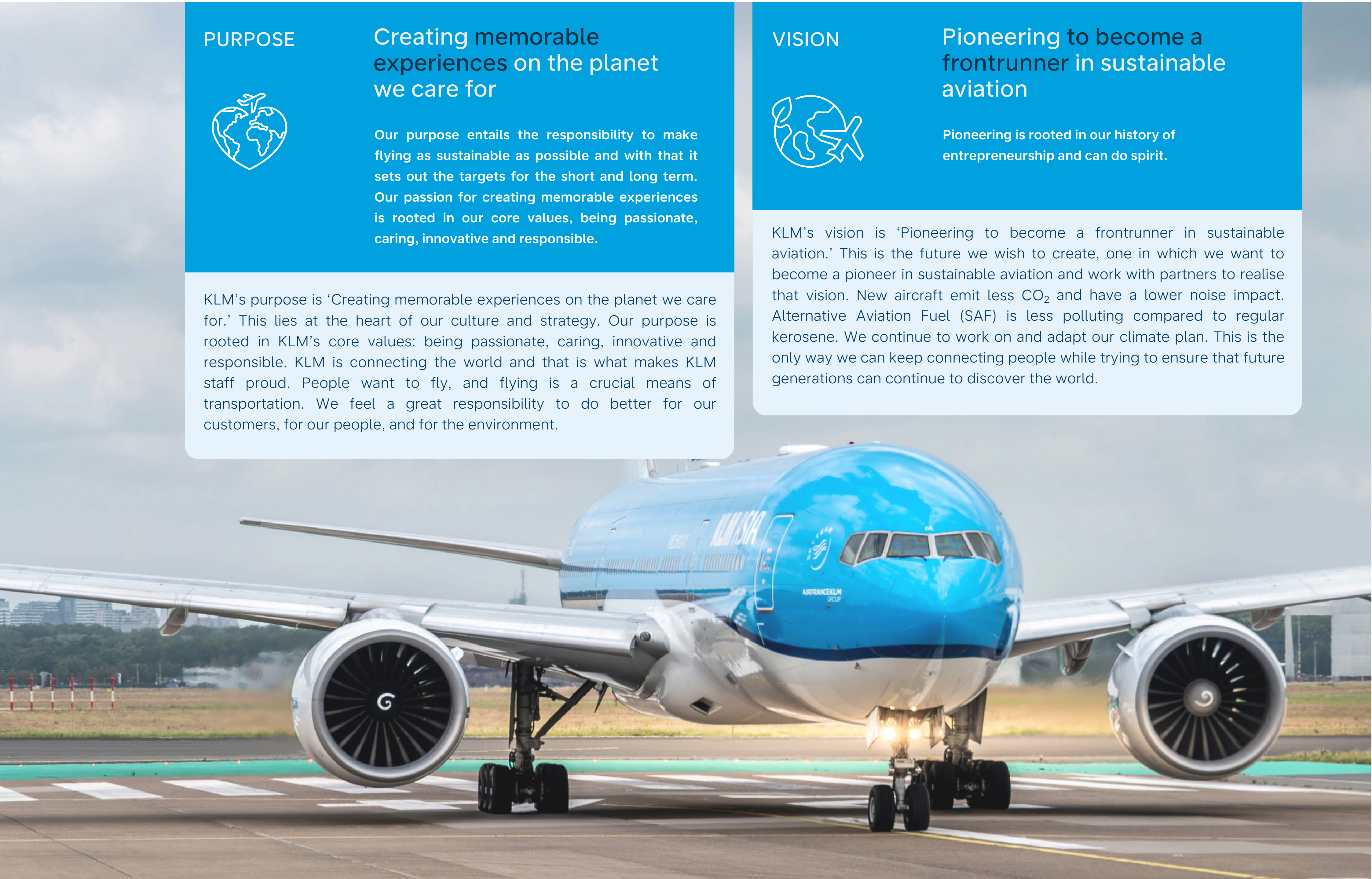
KLM's purpose is 'Creating memorable experiences on the planet we care for.' This lies at the heart of our culture and strategy. Our purpose is rooted in KLM's core values: being passionate, caring, innovative and responsible. KLM is connecting the world and that is what makes KLM staff proud. People want to fly, and flying is a crucial means of transportation. We feel a great responsibility to do better for our customers, for our people, and for the environment.

VISION

Pioneering to become a frontrunner in sustainable aviation

Pioneering is rooted in our history of entrepreneurship and can do spirit.

KLM's vision is 'Pioneering to become a frontrunner in sustainable aviation.' This is the future we wish to create, one in which we want to become a pioneer in sustainable aviation and work with partners to realise that vision. New aircraft emit less CO_2 and have a lower noise impact. Alternative Aviation Fuel (SAF) is less polluting compared to regular kerosene. We continue to work on and adapt our climate plan. This is the only way we can keep connecting people while trying to ensure that future generations can continue to discover the world.



CLIENTS & COLLEAGUES

Running a great airline for our customers and employees

By connecting people and businesses across the world and investing in our strong brand and propositions.

KLM has the aspiration to be the best choice for its customers and the best employer for its employees. We work every day to carry our customers safely around the globe. Thanks to our hub at Schiphol Airport and together with our airline partners, KLM connects customers to more than a thousand destinations. We are continuously improving the products and services for our customers. This is done through investments in our employees and our customer products. Employees are ensured a safe, diverse, and inclusive environment that offers meaningful work and opportunities for growth.

SUSTAINABILITY

Improve for the future

KLM feels a great responsibility to contribute to a better future.

We have an ambition to improve for the future. Step by step, trying to make flying cleaner, quieter, and more efficient. KLM wants to become a frontrunner in this area. To do so, we are taking steps to reduce fuel consumption and thus CO_2 emissions by introducing new and more efficient aircraft, by flying more efficiently, and by using more alternative aviation fuels (SAF). Reducing weight on board and the electrification of ground equipment also contribute to these goals. Meanwhile, we continue to search for and form partnerships to explore the future of flying, using innovative energy sources such as hydrogen and electricity. We are not yet where we would like to be, but the direction we want to go and the related goals are clear.

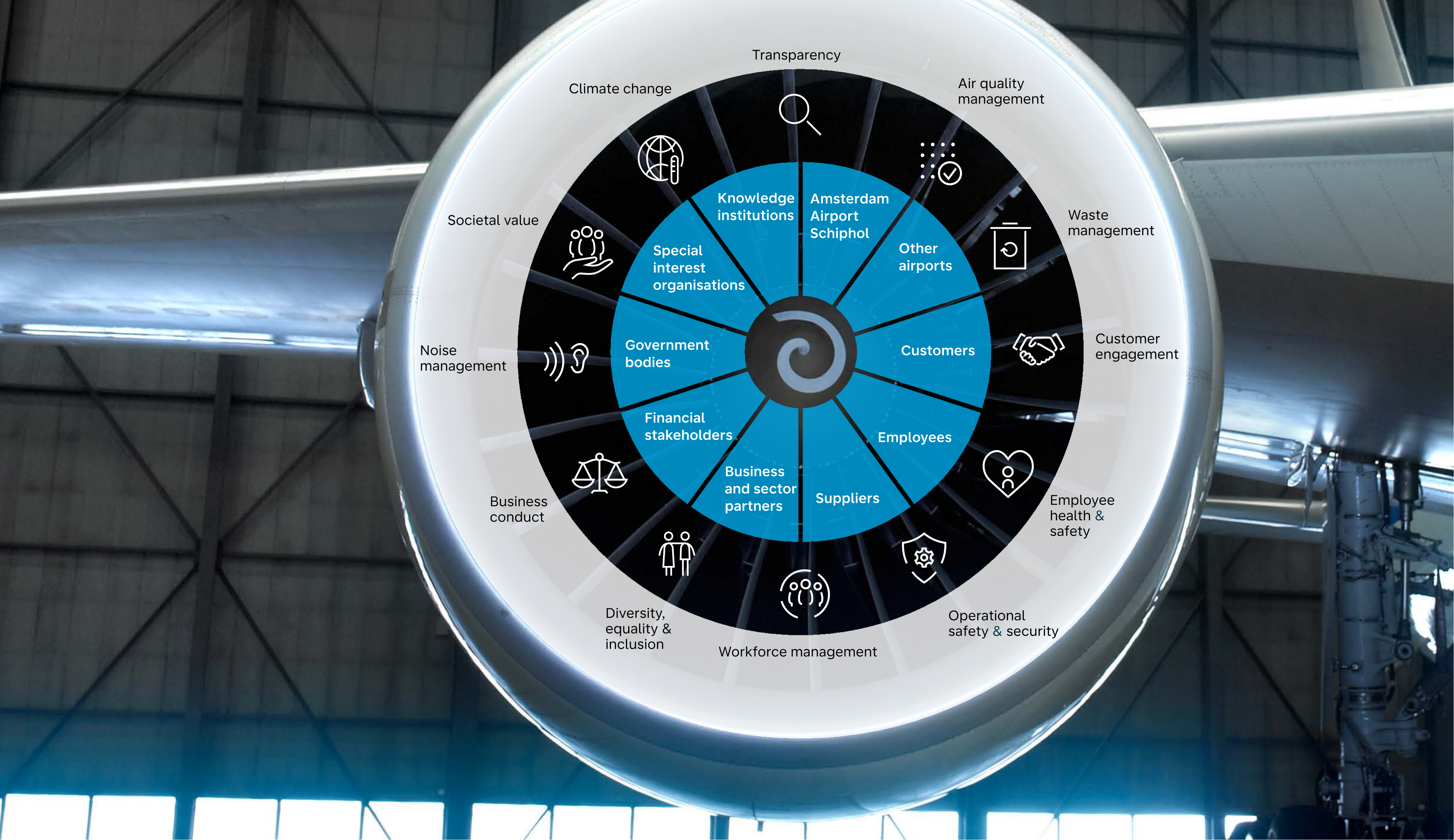
DIGITAL TRANSFORMATION

Innovate with technology

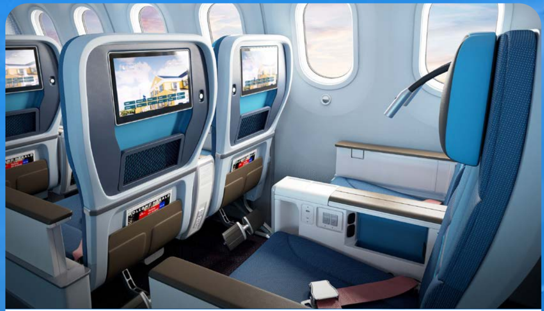
We adopt new technologies in our business and catalyse innovation in the airline industry.

To run a great airline and to contribute to a better future, KLM fosters digital transformation. By further investing in technologies, we will enhance future-proof digital capabilities. This will personalise the service to our customers, reduce costs, and increase operational efficiency. In addition, we will invest in autonomous operations and technology that decreases the strain on employees who do repetitive and physically demanding work.

Our stakeholders



Highlights 2024



Completion of the cabin conversions to Premium Comfort Class on all Boeing 777 and 787 aircraft

KLM celebrates its 105th anniversary and the release of the 105th KLM House, ‘The house on the three canals’

KLM wins the APEX World Class Award for the fourth consecutive year for achievements in customer experience, sustainability and safety

Introduction of the first Airbus A321neo at KLM
A milestone in cleaner, quieter, more efficient flight operations

Introduction of the first of 29 KLM electric tow trucks, electrifying just over 70 per cent of KLM’s ground operations

Anniversary of two first flights
The intercontinental flight (AMS - JKT) 100 years ago and the first trans-Atlantic flight (AMS - CUR) 90 years ago

Report of the Board of Managing Directors

Introduction

The Board of Managing Directors of KLM is entrusted with the strategic and operational management of the company. Their mandate includes ensuring the ongoing continuity and long term growth and value of KLM and its affiliated subsidiaries.

The Board of Managing Directors focuses on the execution of KLM's purpose, vision and strategy. Being part of the Air France-KLM Group, the Board of Managing Directors ensures that KLM contributes to Group results by meeting its business goals, environmental commitments, and customer satisfaction standards while navigating the challenges in the aviation sector.

In this report, the Board of Managing Directors highlights the most important developments that impacted KLM's business operations in 2024 and provides an overview of the airline's financial and operational performance, as well as important milestones and achievements during the year under review.

From left to right:
Mr. Barry ter Voert,
Mrs. Miriam Kartman,
Mrs. Marjan Rintel,
Mr. Maarten Stienen,
and Mr. Bas Brouns

Our performance in 2024

Our passenger network and Schiphol Airport hub

Schiphol Airport in the Netherlands is the connecting hub for KLM, facilitating our vast network of European and intercontinental flights. As one of Europe's busiest airports, the Schiphol Airport hub serves as a key transit point for passengers travelling all over the world from, to and via Amsterdam. In 2024, Schiphol Airport recorded 473,815 flight movements and hosted 66.8 million passengers. KLM Group accounted for 283,365 flight movements and welcomed 42.5 million passengers. Traditionally, thanks to its excellent infrastructure and good logistics, the Netherlands has a leading position as a trade and transit country in global transport flows. Aviation is an indispensable part and enabler of the Dutch economy.

Due to KLM's extensive international network, the Netherlands is one of the best-connected economic centres in the world, and millions of passengers fly with KLM each year to visit family and friends, for work, study or holiday. Dutch aviation creates significant employment opportunities across all job levels and makes it attractive for foreign companies to establish themselves in the Netherlands. According to figures of the Netherlands Foreign Investment Agency (NFIA), 17,500 companies have already chosen to do so. A study published by ATAG (Oxford Economics, 2020) shows that aviation contributes USD 30.2 billion to the Netherlands' GDP, providing 333,000 jobs, including catalytic effects.

Geopolitical tensions and airspace restrictions
The geopolitical turmoil significantly impacts KLM's network planning. The inability to fly over Russia remains a challenge for Asian destinations, leading to longer flying times to Japan, Korea, and Greater China. This results in a non-effective use of our fleet, a higher demand for pilots on flights to Asia, and reduced connectivity at Schiphol Airport, affecting the frequency of flights to and from these regions. Consequently, dependency on Middle Eastern flight zones has grown. Due to geopolitical developments involving Israel, Iraq, Iran, and Afghanistan, various scheduling adjustments have been made to ensure safe and reliable operations. KLM also suspended its Tel Aviv operations for most of 2024.
KLM continuously evaluates situations to ensure the safety of its customers and staff.

NETWORK

Passenger Activity

PASSENGERS (in millions)	33.0
DESTINATIONS	167
SOCIAL MEDIA CASES (in millions)	1.7
NET PROMOTER SCORE (NPS)	39
APPRECIATION CABIN CREW	77%
NET PROMOTER SCORE (NPS) FAILURE FREE PAX	69
NET PROMOTER SCORE (NPS) PREMIUM COMFORT CLASS, FAILURE-FREE PAX	74

Passenger Figures focus on KLM and KLM Cityhopper, unless indicated otherwise.

During the year, adjustments to the destination portfolio were necessary. Direct flights to Dresden, Graz, and Sandefjord were suspended as of summer 2024. Marseille was introduced as a new destination for KLM. As of October 2024, the transatlantic network was extended by launching direct flights between Amsterdam and Portland International Airport in Oregon.

General measures and regulations affecting the KLM network

The Dutch government has implemented a number of policies to mitigate the environmental impact of aviation, including noise reduction targets in the Schiphol Airport area. These policies affect KLM's network and operations. In December 2024, the Dutch government announced a plan to cap annual flights to and from Schiphol Airport to 478,000, starting in 2025. KLM fully supports the objective of reducing noise nuisance for residents in the vicinity of Schiphol Airport. However, KLM advocates achieving these noise reduction goals through investment in quieter aircraft rather than by limiting the number of flights. Accordingly, KLM is committing EUR 7 billion to the acquisition of quieter aircraft over the coming years. Additionally, KLM has proposed practical measures such as prioritizing the use of its newest and quietest aircraft during nighttime operations.

In collaboration with the Royal Schiphol Group and the broader aviation sector, KLM supports the introduction of tariff differentiation to incentivise the use of quieter aircraft, thereby contributing to the reduction of any noise nuisance.

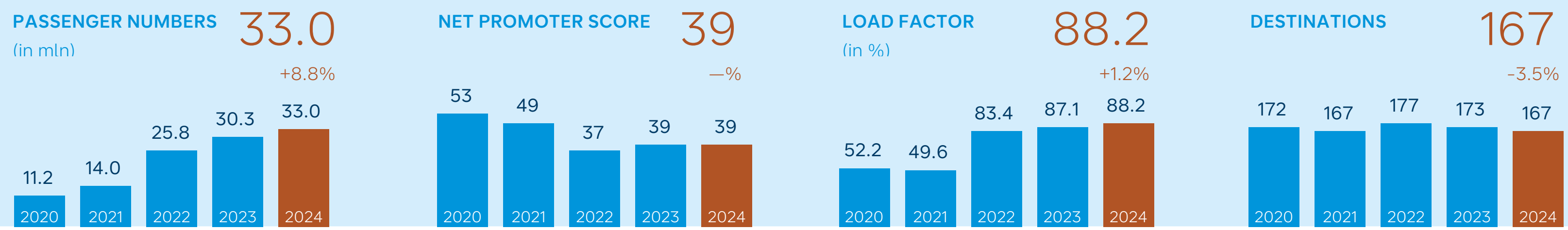
Additional flight tax

Over time, flight tax has structurally increased from EUR 7.95 to EUR 29.05 for each departing passenger from the Netherlands. The coalition agreement of the newly formed Dutch cabinet (2024) includes a provision for a structural increase in the national flight tax, differentiated by distance, amounting to an additional EUR 248 million annually. This new tax is scheduled to be implemented starting 2027. This cumulative imposition of taxes undermines the competitiveness of KLM as a Dutch airline compared to airlines with their home base in neighbouring countries, as passengers may choose to cross the border to fly from there at a lower cost.

As a member of the Sustainable Aviation Table, KLM is committed to contributing to innovative ideas to enhance the sustainability of the aviation industry, including the introduction of appropriate taxation measures. However, it is essential that such taxes incentivise and support the sustainability efforts to reduce climate impact made by individual airlines.

NETWORK

Passenger Activity



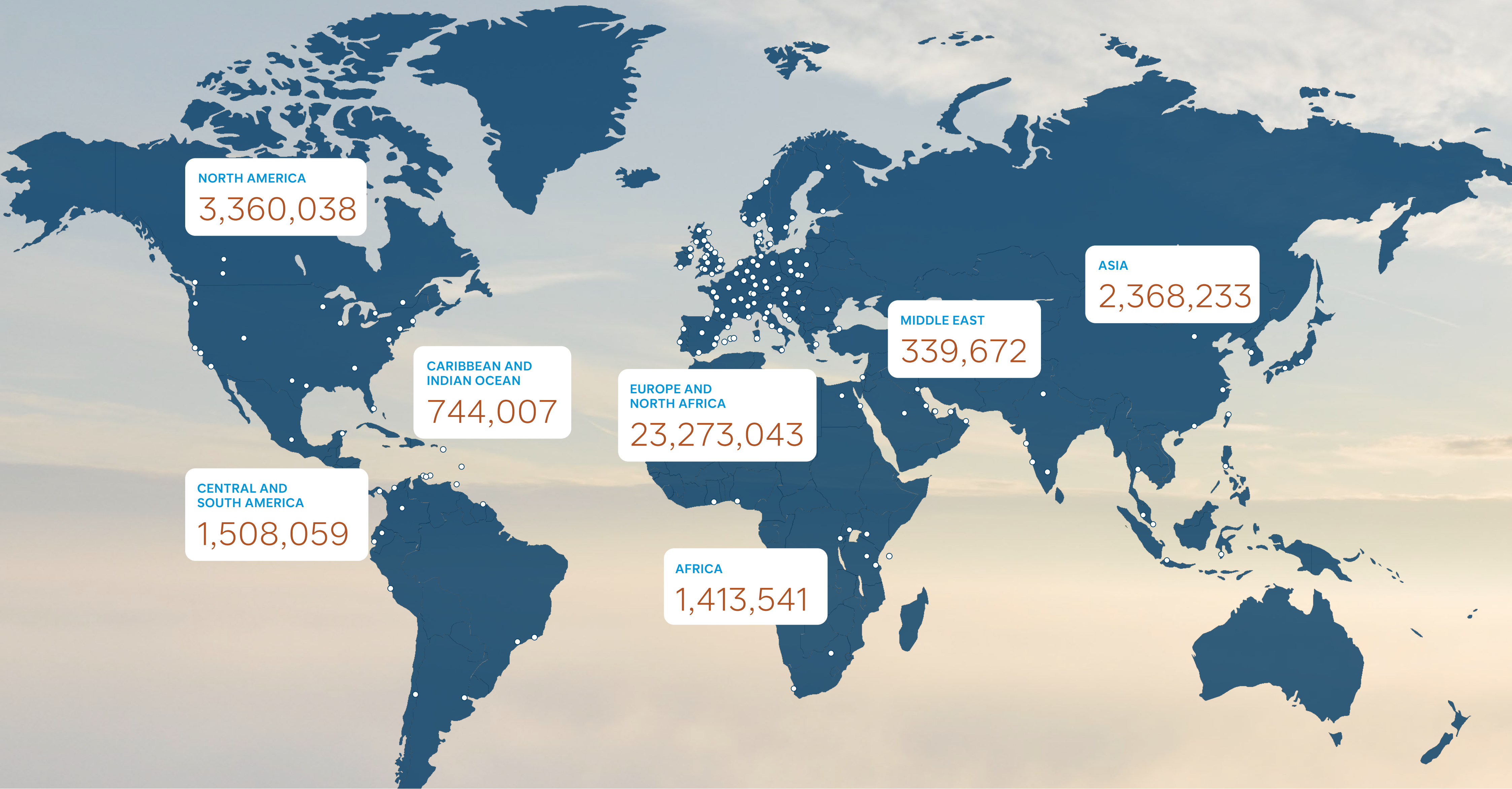
Passenger Figures focus on KLM and KLM Cityhopper, unless indicated otherwise.

Tariff increase Royal Schiphol Group

In October 2024, the Royal Schiphol Group announced its intention to raise its fees by 41 per cent in 2025 to finance its renovation and expansion plans, aimed at enhancing the overall traveller experience. It is evident that the Royal Schiphol Group must invest in upgrading and improving the airport to provide better services to its passengers and airlines, as well as to meet the needs of employees and third parties operating at Schiphol. Unfortunately, this increase follows a 40 per cent tariff spike over the past three years, positioning Schiphol Airport as the second most expensive airport in Europe. The proposed tariff increase is expected to lead to higher ticket prices in the years to come.

Our passenger network

number of passengers and destinations per continent



NETWORK

Cargo Activities

CARGO CARRIED (in tons)	DESTINATIONS SALES STATIONS	FULL FREIGHTER AIRCRAFT	WAREHOUSES (in m^2)	EMPLOYEES (FTE)
438,004	266	4	70,000	1,783

Cargo Activities

Cargo operations in 2024

For Air Cargo operations, the year started up slowly but ended strongly, with revenues peaking in the second half of 2024. This growth was primarily driven by e-commerce improvements and limited capacity offering in the market. Geopolitical tensions around the Red Sea and disruptions in ocean shipping boosted demand, especially in Asia.

Air Cargo operations maintained stable at Schiphol Airport. The introduction of the new operations legacy system, iCargo, is planned at both Paris Charles de Gaulle and Schiphol Airport. The rollout of iCargo at Charles de Gaulle is ongoing. The roll-out at Schiphol Airport will start in 2025.

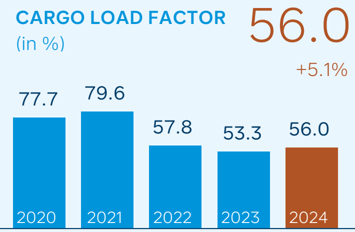
Early 2024, Air France-KLM and the French shipping group CMA-CGM Air Cargo mutually agreed to end their commercial agreement. The partnership with China Cargo Airlines was strengthened through a new Block Space Agreement.

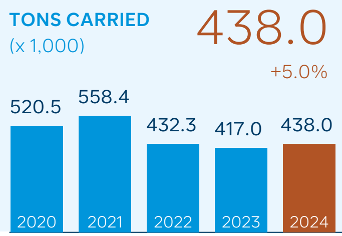
In the second half of the year, one of the Full Freighter services was repositioned from South America to Asia to capitalise on strong regional demand.

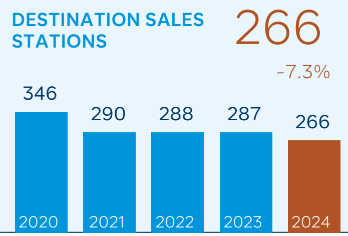
Air France-KLM Martinair Cargo facilitated the introduction of the A321neo with an innovative container for Express Services and was rewarded with a Global Innovation Award for enhanced e-tracking of containers. Other digital advancements included deploying a robust CRM tool at 30 per cent of the international stations and achieving 80 per cent online bookings via myCargo, Air Cargo's industry-leading platform.

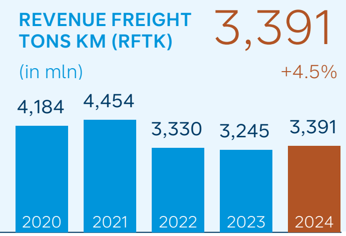
NETWORK

Cargo Activities









Engineering & Maintenance

Air France Industries (AFI) and KLM Engineering & Maintenance (E&M), together one of the world’s leading maintenance, repair, and overhaul (MRO) providers, maintain the aircraft fleet of Air France, KLM and around 200 third party-customers. In 2024, the priority focus of E&M was ensuring fleet availability and punctuality for KLM and improving service performance for its customers.

Personnel shortages and supply chain issues

In 2024, E&M faced challenges in the fields of shortages of licensed staff and disrupted supply chains, affecting KLM's operations. These issues put pressure on cash flow and impacted inventory and maintenance processes. Compared to last year, E&M revenues increased. The financial results were positive for most units and subsidiaries. However, rising costs were persistent and impacted the overall operational result for the financial year. Several improvement initiatives were launched to address operational and financial underperformance.

Increase in work for third-party customers

In 2024, E&M experienced growth in engine and component services work for third-party customers, welcoming new clients such as Air Canada, Air Europa, and Hawaiian Airlines. In October 2024, AFI and E&M expanded their existing collaboration with LOT Polish Airlines to include Quick Turn support for LOT's LEAP-1B engines. In November, AFI and E&M agreed with Smartwings Airlines to provide comprehensive maintenance for their LEAP-1B engines, including Quick Turn support. EPCOR, a subsidiary of AFI and E&M, secured a contract with Philippine Airlines for Auxiliary Power Unit maintenance on the A350 fleet and expanded capabilities by acquiring a maintenance license for the A350, with operations starting in July 2025.

E&M

Engineering & Maintenance

LEADING MULTI-PRODUCT MAINTENANCE, REPAIR & OVERHAUL (MRO) PROVIDER	CUSTOMERS	AIRCRAFT SUPPORTED
	200+	3000+

EMPLOYEES*	ENGINE SHOP VISITS*	A&C CHECKS*
4,924	104	392

AIR FRANCE Industries and KLM Engineering & Maintenance.
KLM Engineering & Maintenance only are indicated with a *.

Recruitment and training
To address the high demand for technical personnel, E&M maintained robust connections with schools and training institutes. Throughout the year, E&M actively participated in 60 open days and job fairs, while 72 E&M ambassadors visited schools to engage and inspire students about KLM's E&M operations.

In 2024, technical staff was recruited in preparation for the introduction of the A320/321neo. To further mitigate staff shortages, certified technicians from across the European Union were hired. Additionally, technical traineeships were launched, a new employer branding campaign was introduced, and the onboarding process was revamped to ensure a seamless integration of new employees.

Leisure (Transavia)

Transavia, the leading low-cost carrier in the Netherlands, focuses on leisure destinations across Europe, operating from Amsterdam, Rotterdam, Eindhoven, and Brussels (Belgium). Transavia will celebrate its 60th anniversary in 2025.

Performance in 2024

In 2024, Transavia exceeded EUR 1.3 billion in revenues. Spain emerged as the strongest market, accounting for over 40 per cent of overall capacity. Transavia experienced high yields and revenues per available seat, while bookings with Transavia Holidays, offering complete holiday packages, doubled. An overall load factor of 90.5 per cent was realised. Transavia welcomed over 9 million passengers in 2024.

New destinations

Four new destinations: Granada, Tbilisi, Oslo, and Tirana, were launched, expanding Transavia's network to 113 destinations and 166 routes. Preparations began for flights to Trieste and London in 2025. Operations in Brussels expanded to fifteen destinations. Due to geopolitical tensions in the Middle East, Transavia suspended all flights to Tel Aviv, Beirut, and Amman.

Downtime and disruptions

During the summer of 2024, Transavia faced supply chain issues. On top of the shortage of spare parts, limited crew availability and unforeseen weather conditions caused delays and cancellations. Necessary network adjustments affected customer appreciation during the summer period. The CrowdStrike outage in July 2024 affected operations. Despite these challenges, stability returned post-August, allowing progress on strategic priorities, including fleet renewal and sustainability initiatives. By the end of the year, also the passenger appreciation restored.

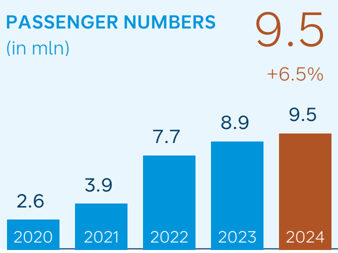
Good employership

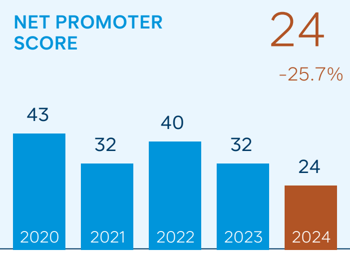
In 2024, Transavia enhanced its employee experience, entering into collective labour agreements and taking steps to promote diversity, equity, and inclusion and to empower staff for social impact.

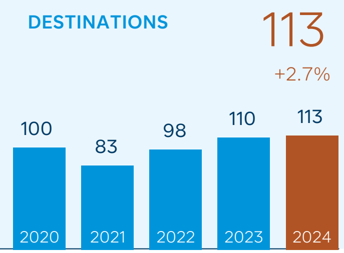
LEISURE

Transavia

LOW-COST CARRIER IN THE NETHERLANDS	PASSENGERS (in millions)	AIRCRAFT	DESTINATIONS	ROUTES	EMPLOYEES
#1	9.5	47	113	166	2,397







Traffic and Capacity

Passenger

	Passenger kilometers			Seat kilometers			Load factor	
In millions	2024	2023	% Change	2024	2023	% Change	2024 (%)	2023 (%)
Route areas								
Europe & North Africa	19,971	17,766	12.4	23,546	21,396	10.0	84.8	83.0
North America	24,209	23,597	2.6	27,357	26,876	1.8	88.5	87.8
Central and South America	14,078	14,996	-6.1	15,599	16,634	(6.2)	90.3	90.2
Asia and Middle East	21,379	18,964	12.7	23,986	21,982	9.1	89.1	86.3
Africa	10,244	11,141	-8.1	11,389	12,516	(9.0)	89.9	89.0
Caribbean and Indian Ocean	5,758	6,187	-6.9	6,538	6,933	(5.7)	88.1	89.2
Total	**95,640**	**92,652**	**3.2**	**108,415**	**106,336**	**2.0**	**88.2**	**87.1**

Cargo

	Traffic			Capacity			Load factor	
In million cargo ton-km	2024	2023	% Change	2024	2023	% Change	2024 (%)	2023 (%)
Route areas								
Europe & North Africa	3	9	-65.4	389	366	6.2	0.8	2.5
North America	755	737	2.5	1,470	1,480	-0.8	51.3	49.8
Central and South America	824	1,000	-17.6	1,385	1,696	-18.3	59.5	59.0
Asia and Middle East	1,042	772	34.9	1,434	1,142	25.6	72.6	67.6
Africa	688	661	4.0	1,040	1,064	-2.3	66.2	62.1
Caribbean and Indian Ocean	79	65	22.0	334	340	-2.0	23.7	19.1
Total	**3,391**	**3,244**	**4.5**	**6,052**	**6,087**	**-0.6**	**56.0**	**53.3**

Transavia

	Passenger kilometers			Seat kilometers			Load factor	
In millions	2024	2023	% Change	2024	2023	% Change	2024 (%)	2023 (%)
Route areas								
Europe & North Africa	18,091	17,010	6.4	19,982	18,753	6.6	90.5	90.7
Total	**18,091**	**17,010**	**6.4**	**19,982**	**18,753**	**6.6**	**90.5**	**90.7**

Financial key figures (KPIs)

● 2024 ● 2023

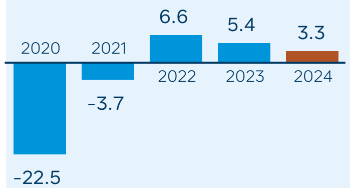
KPI	2024	2023	Δ
REVENUES	12,681	12,050	+5.2%
TOTAL EXPENSES*	11,244	10,478	+7.3%
AMORTISATION, DEPRECIATION, IMPAIRMENT AND MOVEMENTS IN PROVISIONS*	1,021	922	+10.7%
NET PROFIT FOR THE YEAR	70	714	-644
ADJUSTED INCOME FROM OPERATING ACTIVITIES*	416	650	-234
ADJUSTED EBITDA*	1,437	1,572	-8.6%
EQUITY	917	797	+120
AVERAGE CAPITAL EMPLOYED**	2,626	1,705	+54.0%
AS A % OF REVENUES	3.3	5.4	-2.1
NET DEBT/ ADJUSTED EBITDA*	1.6	0.9	deteriorated 0.7
AS A % OF TOTAL LONG-TERM LIABILITIES	15	13	+2
RETURN ON CAPITAL EMPLOYED (%)**	11.9	28.5	-16.6
EARNINGS PER ORDINARY SHARE (EUR)	1.47	15.23	-13.76
CASH FLOW FROM OPERATING ACTIVITIES**	962	1,275	-24.5%
CASH FLOW FROM INVESTING ACTIVITIES	-1,273	-507	+151.1%
FREE CASH FLOW**	-311	768	-140.5%
ADJUSTED FREE CASH FLOW*	-766	340	-325.3%

* See Consolidated financial statements note 9. Alternative performance measures (APMs) for the reconciliation to the most directly comparable IFRS measure.

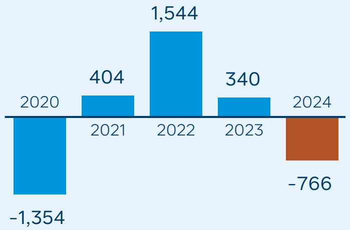
** See note 1.6 Restatement of 2023 financial statements.

Our financial performance

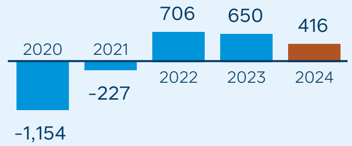
OPERATING MARGIN (in %) 3.3 Δ -2.1



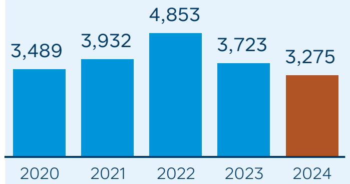
ADJUSTED FREE CASH FLOW (in € mln) (766) Δ -325.3%



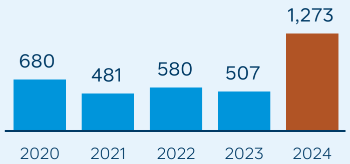
ADJUSTED INCOME FROM OPERATING ACTIVITIES (in € mln) 416 Δ -234



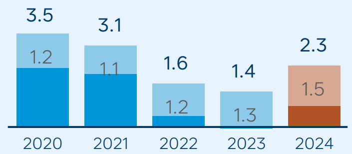
TOTAL AVAILABLE LIQUIDITY (in € mln) 3,275 Δ -12.0%



INVESTMENTS (in € mln) 1,273 Δ +151.1%



NET DEBT* (in € bln) 2.3 Δ +70.8%



* Net debt does not include deferred wage tax and social securities payments of in total EUR 834 million (2023: EUR 1.1 billion).

Balancing growth, resilience, and challenges

KLM's financial performance in 2024 demonstrated a mix of significant achievements and persistent challenges. The strategic initiatives and the measures that were taken to improve the operational performance have delivered revenue growth. However, rising internal and external costs put pressure on the margin. Operational challenges as well as the impact of geopolitical risks in Russia and the Middle East rendered KLM's financial and operational outlook challenging. To meet these challenges, KLM seriously reviewed its cost base in 2024 and continued to focus on optimising operations and restoring financial resilience. KLM is well aware that increasing capacity while maintaining competitive cost levels is a prerequisite for becoming future proof.

Revenue and profitability

Despite not yet reaching pre-COVID-19 capacity levels, KLM's revenue improved in 2024. At the end of 2024, Available Seat Kilometres (ASK) reached 89 per cent of pre-COVID-19 levels. Total revenue stands at EUR 12.7 billion, an increase of EUR 0.6 million compared to 2023 and EUR 1.6 billion above pre-pandemic levels. Improved revenues were driven by an improved passenger load factor of 88.2 per cent and strong passenger yields. However, profitability came under pressure due to rising unit costs, resulting in an adjusted income from operating activities (COI) of EUR 416 million, which is EUR 234 million below last year.

Cost pressures and operational challenges

In 2024, unit costs rose by 6.0 per cent, excluding ROX and fuel price. This increase was largely driven by higher external costs such as airport fees, taxes, air traffic control, and operational expenses along with higher labour costs resulting from collective labour agreements for cockpit, cabin, and ground staff. Operational challenges, including technical fleet issues and air traffic control delays further strained cost efficiency and production. With limited opportunities to increase yields and load factors, and revenue growth primarily reliant on capacity expansion, improving the cost base will be essential for sustaining profitability going forward.

Cash flow and capital expenditure

Investments in fleet renewal remain a cornerstone of KLM's strategy, supporting sustainability goals through CO_2 and noise reduction, while reducing operational costs by increasing aircraft capacity via up-gauging and improving fuel efficiency. However, disappointing operational margins, combined with an ambitious investment programme, resulted in a negative adjusted free cash flow of EUR 766 million.

Our near cash position, while still robust at EUR 2,135 million, declined by EUR 528 million compared to the beginning of the year, reflecting rising costs and ongoing capital expenditures. These investments, essential for fleet renewal and operational improvements, are long-term strategic drivers. However, these investments have placed significant pressure on our cash flow. Looking ahead, it is important to improve our operational cash flow to ensure KLM's future investment plans whilst maintaining financial flexibility.

Debt and equity

KLM's debt levels have increased, reflecting strategic borrowing for improvement and innovation initiatives. Net debt rose from EUR 1,354 million at year-end 2023 to EUR 2,313 million at year-end 2024. This increase underscores the need for disciplined financial management to sustain long-term stability. Equity grew from EUR 797 million at year-end 2023 to EUR 917 million at year-end 2024, but going forward KLM will need to strengthen its balance sheet and equity.

In 2024, an evaluation of the COVID-19 Dutch State Financial support package was carried out. KLM embraces the main conclusion of the evaluation, which confirms that the Dutch State Financial support package was utilised effectively, enabling KLM to weather the challenges of the COVID crisis. The Dutch State Financial support package allowed KLM to continue to contribute to the Dutch economy and to employment in the Netherlands. The governmental support was repaid ahead of schedule and with interest. KLM deeply appreciates the Dutch government's support. Looking ahead, KLM is committed to ensuring a cleaner, quieter, and stronger aviation sector.

Our Back on Track program

In 2024, KLM launched its 'Back on Track' program around five measures to improve profit and close the funding gap in 2025. Back on Track focuses on improving cost efficiency, optimising operations, and restoring financial resilience. Consequently, a series of cost-cutting measures was taken to enhance KLM's financial performance and address the rising operational expenses.

These measures are designed to improve KLM's short term EBIT results and aim for a structural profit margin of more than 8 per cent in the period between 2026 and 2028, which is in line with the ambition of Air France KLM. Despite these adjustments, KLM strives to protect jobs across the company as much as possible while navigating the challenges posed by rising cost. KLM prioritises the delivery of safe and rock-solid operations and aims to increase its capacity within the intercontinental network while also improving its financial health.

Focus on capacity restoration and solid financial margins

In the years to come, we will prioritise restoring long-haul capacity to pre-COVID-19 levels, supported by strong yields and disciplined cost management. These efforts aim to improve profitability and generate the cash flow necessary to safeguard critical investment plans, which are essential for building a sustainable and profitable future. With substantiated plans already in place, the focus has shifted to execution. This will enable KLM to improve its operational cash flow to safeguard investment plans while maintaining financial flexibility.

ESG Statement

The Corporate Sustainability Reporting Directive (CSRD) is a framework established by the European Union (EU) to standardise and enhance the disclosure of sustainability information by companies. The new regulations take effect for the first time relating to the 2024 financial year, with applicable annual reports to be published in 2025. KLM, a subsidiary of Air France-KLM S.A., a French société anonyme, registered at the Paris registry of commerce under number 552 043 002 and having its registered office located at 7 rue du cirque, 75008 Paris, is referring to the CSRD reporting of Air France-KLM S.A.

The sustainability statement for the 2024 financial year has been prepared and presented by Air France-KLM S.A. as of December 31, 2024, in compliance with the applicable European Sustainability Reporting Standards (ESRS standards), Article L. 233-28-4 of the French Commercial Code, and the Taxonomy regulation. This statement has been prepared on a consolidated basis, encompassing the same scope as the financial statements and including subsidiaries exempt from individual or consolidated sustainability reporting, notably Air France S.A. and KLM N.V.

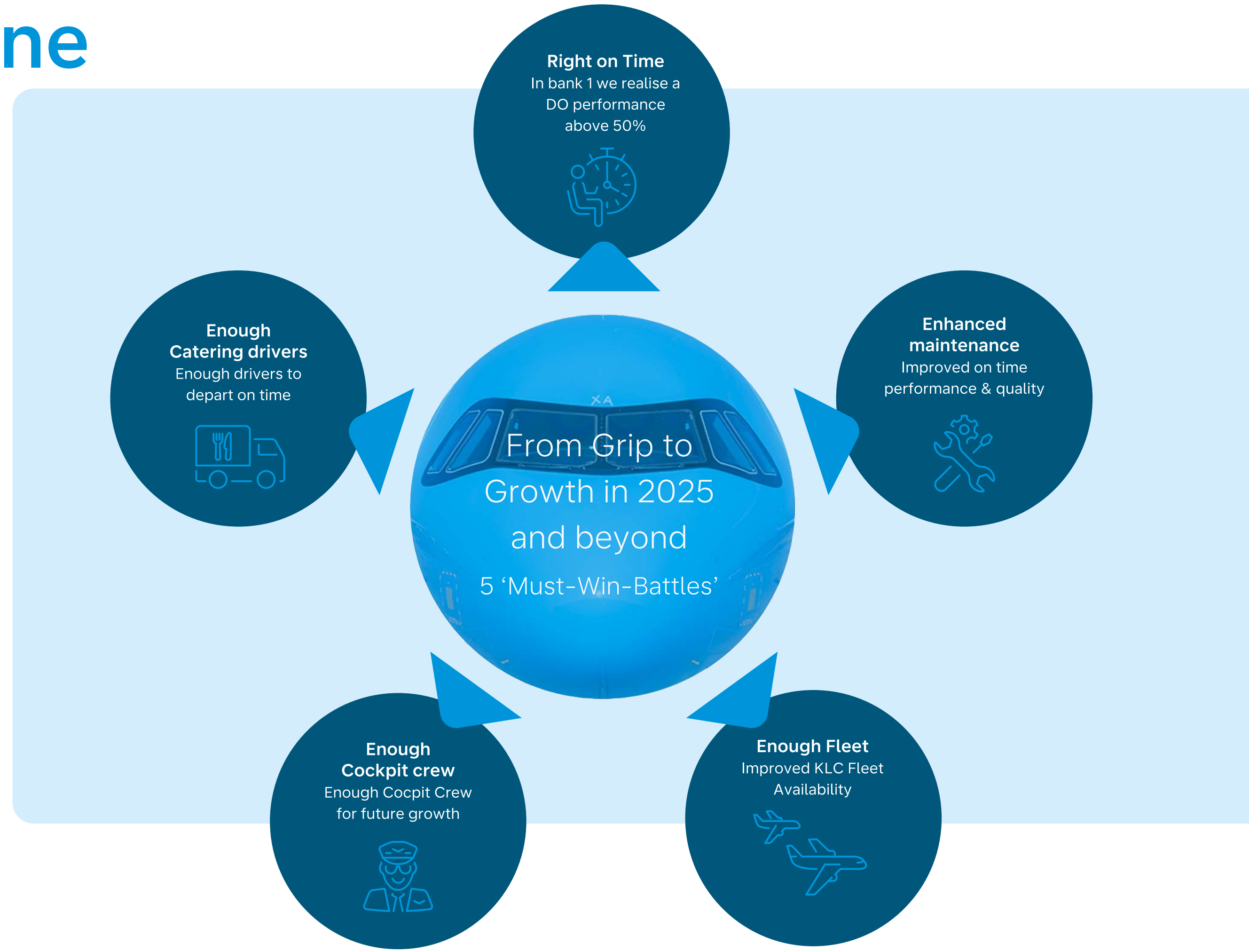
The Air France-KLM sustainability report was prepared in the context of the first year of the CSRD provisions' application. Air France-KLM have strived to apply the normative requirements set by the ESRS standards, as applicable at the time of the sustainability statement's preparation, based on the information available within the report's preparation timeframe.
In this context, Air France-KLM and KLM are committed to a process of continuous improvement in sustainability reporting. Based on best practices observed, future market recommendations, and ongoing developments in regulatory and normative provisions, Air France-KLM may need to review its reporting and communication practices in future sustainability reports. Any such developments will be explained and justified with full transparency.

The Air France-KLM report includes information related to the EU Taxonomy regulation.

KLM reports specific information regarding environmental, social, and governance-related KPIs in this annual report, included in the sections 'Our People', 'Improve for the Future', and 'Governance'. The non-financial information has not been audited nor subject to other assurance procedures.

For more detailed CSRD information, please refer to the Air France-KLM Group Universal Registration Document (URD): https://www.airfranceklm.com/en/finance/publications

Run a great airline



As one of our strategic pillars, KLM aims to be the best choice for its customers and the best employer for its employees. Every day, our staff works hard to carry our customers safely around the globe. Together with our airline partners, we connect customers to over a thousand destinations. At KLM, we are continuously improving products and services. We invest in our staff to ensure they work in a safe, diverse, and inclusive environment that offers meaningful work and opportunities for growth.

Significant steps were taken to stabilise and improve KLM's operational performance

Our five 'must-win battles'

KLM operations are the foundation of the company. Although progress had been made since 2023 and improvements were clearly visible in 2024, further improvements were still needed to further solidify our operations. For this purpose, KLM focused on five 'must-win battles.' These five must-win battles concentrate on having enough cockpit crew and ground personnel, having enough well equipped aircraft, enhanced maintenance and punctuality to effectively address KLM's operational constraints.

In 2024, significant steps were taken to stabilise and improve KLM's operational performance decreasing the number of flight cancellations and delays with 30 to 40 per cent. For example, KLM's fleet reserve was increased to avoid last-minute cancellations.
In addition, more catering and pushback drivers were hired, ensuring sufficient capacity within ground and baggage handling processes. As a result, the operational process was less affected by disruptions, leading to a better deployment of ground handling staff.
Major improvements were also implemented within Engineering & Maintenance to ensure timely and reliable maintenance. More staff and hangars were

made available for unforeseen maintenance. To mitigate staff shortages, work was outsourced to third parties, where feasible.

Apex World Class Award

In 2024, we continued to deliver on our purpose of 'creating memorable experiences on the planet we care for.' Winning the APEX World Class Award was a clear recognition for KLM's excellent service towards customers. The award, presented by the Airline Passenger Experience Association (APEX) in collaboration with YATES+, recognises airlines excelling in safety, well-being, sustainability, and overall passenger experience. KLM is the only European airline to have achieved this prestigious recognition for four times in a row.

During the year, significant investments were made that positively impacted the customer experience. By introducing next generation aircraft, KLM aims to boost travel comfort and passenger satisfaction.

Product and service enhancements

In 2024, the KLM brand platform 'Travel Well' was launched. Through this platform, with a new visual identity, KLM redefines travel. By enhancing the overall passenger experience and fostering meaningful connections, the qualitative aspects of travel are enhanced. During the year, significant investments were made that positively impacted the customer experience. By introducing next-generation aircraft, we aim to boost travel comfort and passenger satisfaction. For example, KLM's fleet was enriched with the introduction of the Airbus A321, the completion of the Premium Comfort Class, and the introduction of 100 per cent direct aisle seats in the World Business Class on the Boeing widebody fleet. All long-haul KLM aircraft, except the Airbus A330, now offer Premium Comfort Class. In addition, offerings in KLM's lounges at Schiphol Airport and in the World Business Class were renewed, and several enhancements were introduced to increase customer satisfaction.

The Schengen lounge at Schiphol Airport was refurbished, adding a dedicated space for top-tier customers.

Customer support and self-service options were made available to customers experiencing disruptions, including digitised hotel vouchers, enhanced self-rebooking options, and digital tokens for short connections. Together with authorities and partners, KLM showed its innovative spirit in a successful pilot on biometric boarding and border passage. The investments in products and services were clearly recognised by our customer, as customer satisfaction regained a solid 39 net promoter score.

Our people

Our People Strategy

Our people strategy aims to maintain a flexible and healthy workforce, inspire leaders, and create a safe and motivating work environment. In 2024, KLM faced significant challenges in the post-COVID-19 labour market, particularly in the field of pilots, technical staff, IT, and specialised ground handling staff. These staff shortages required a new approach to attracting and retaining staff. Several recruitment initiatives were launched, including a comprehensive employer branding strategy, a new career site, and a large-scale media campaign. These initiatives underscore KLM's dedication to innovate and enhance the recruitment processes, ensuring the attraction of new and talented staff. Additionally, these efforts facilitate the retention of skilled personnel, thereby maintaining our high operational standards.

KLM’s People Promises reflect KLM’s overall commitment to customers, employees, and society. These promises align with KLM’s core values of being passionate, caring, innovative and responsible, keeping people at the heart of its operations. The focus is on fostering a positive, inclusive, and empowering environment prioritising professional growth, inclusion, diversity, and well-being.

In 2024, KLM implemented measures to reduce absenteeism. By integrating advanced technologies, processes were streamlined, and employee workload was reduced. For example, to support cabin crew reintegrating into the work environment, KLM makes use of virtual reality. In addition, KLM Health Services offers absence management support for both physical and mental health issues, aiming to reduce absenteeism due to various causes. These initiatives are all part of out broader strategy to enhance the well-being of staff.

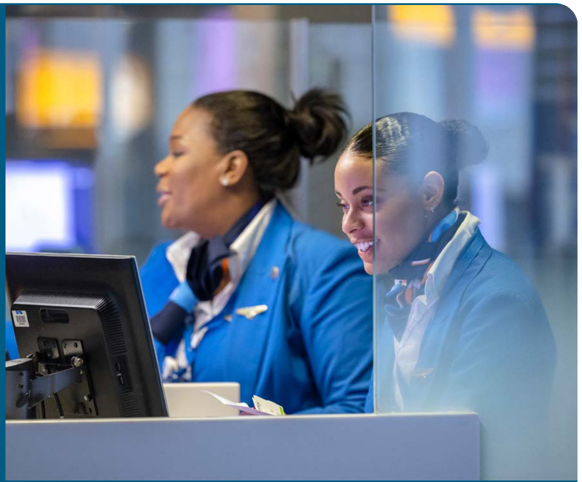
KLM aims to improve occupational safety by using technological aids and adjusting processes to reduce physical strain. In 2024, the focus was on reducing the workload in baggage handling. Based on a risk assessment and feedback from the Netherlands Labour Authority (NLA), KLM hired additional handlers, installed new lifting equipment, and used job rotation to reduce heavy lifting exposure. Challenges remain in reaching full utilisation of aids. Together with the Royal Schiphol Group, plans have been made in due course to fully robotise the baggage halls at Schiphol Airport.

KLM does not tolerate any unwanted behaviour, such as bullying, violence, or discrimination. In 2024, the focus was on preventing and responding to such misconduct. To increase psychosocial safety, KLM analysed associated risks and improved its policies. The safety app Speak Up, piloted in 2022, was expanded and can now also be used to report inappropriate conduct. The app can be applied by KLM staff and customers and in the near future, also subsidiaries and suppliers will be able to use it. To encourage positive behaviour throughout the company, a training on organisational behaviour management was developed.

KLM works proactively with the NLA to reduce exposure to (ultra-)fine particles from aircraft engines and diesel ground equipment. Our diesel ground fleet electrification again increased in 2024, and investments in lower-emission aircraft are ongoing. 2024 saw the launch of a health examination programme for ground employees and a study was made of a new operational concept to minimise exhaust exposure.

KLM has implemented strategic workforce planning to enhance efficiency and address staffing challenges. Key components include AI-powered scheduling software, optimising schedules across Ground Services, Engineering & Maintenance, and Cargo. This solution automates planning processes, ensuring compliance with labour laws, improving productivity, and reducing absenteeism. Strategic planning provides insights into skills gaps, enabling targeted interventions for alignment with long-term objectives. KLM is piloting skill mapping for staff, identifying gaps, and offering training and career recommendations to improve internal mobility and vacancy fulfilment. In addition, staffing pressures are alleviated by outsourcing non-critical functions.

KLM supports female leadership through initiatives like the Talent to the Top Charter and mentoring programmes. The 'Talent to the Top' Charter, signed by KLM's President & CEO in March 2019, contains guidelines and clear agreements that help KLM to purposefully work towards durable and effective results, improving gender equality, with progress monitored around defined criteria and an inter-company cross-mentoring programme for women. KLM continues to be affiliated with Talent to the Top and takes part in their annual mentoring and mentee programme.



In 2023, KLM achieved its gender diversity targets for the Supervisory Board and the Board of Managing Directors, with a 33.3 per cent female representation in the Supervisory Board and a 40 per cent female representation in the Board of Managing Directors. In 2024, KLM formulated new targets and is constantly working on its policies to meet and maintain these targets for the Executive population.

Leadership development and Employee Engagement

Leadership development is crucial to meet challenges in a changing landscape. We offer generic and theme-led leadership programmes for all levels, with a focus on developing skills.

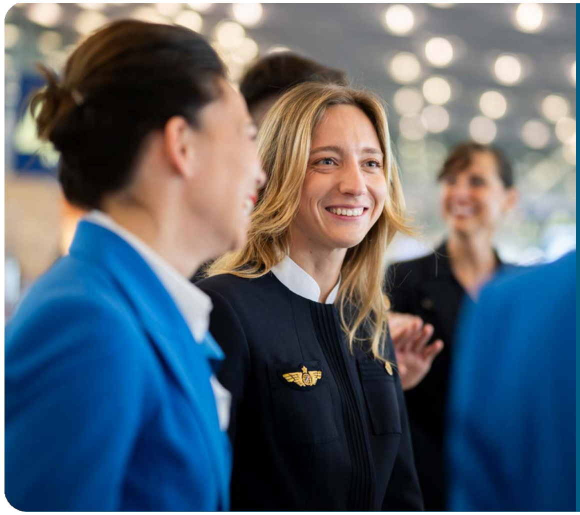
Within the KLM Group, policies are embedded and activities in the field of diversity, equity and inclusion are aligned. Being one of the largest employers in the Netherlands with approximately 70 nationalities represented, KLM is committed to fostering a diverse, inclusive environment, emphasising gender equality. The diversity and inclusion roadmap sets goals for diversity in senior management, inclusive leadership, culture building, and social impact. We aspire to have one-third of Executive Committee positions and 40 per cent of management roles filled by women by 2030. KLM ensures equal opportunities for people with disabilities, improving accessibility and launching awareness campaigns. Networks within KLM, such as Young KLM and Women on Board, provide critical input on policy development and support execution.

KLM's commitment to inclusion is recognised by the Workplace Pride Benchmark, which has led to KLM being awarded the Workplace Pride Ambassador status for the third consecutive year.

KLM is committed to more sustainable and flexible mobility options for employees. Eco-friendly transportation methods are encouraged by offering public transportation reimbursements and travel allowances favouring environmentally friendly modes of mobility, such as cycling.

To enhance comfort and support well-being, KLM introduced sneakers as an optional component of employee uniforms. As of May 2024, employees, including pilots, cabin crew, and ground staff, are allowed to wear sneakers with their uniforms. This policy responds to feedback seeking comfortable alternatives to traditional footwear. A test programme has indicated that sneakers positively contribute to well-being, aligning with contemporary uniform standards.

In June 2024, KLM replaced the weekly EPS measurement with 'KLM Connect.' KLM Connect is still a weekly pulse survey that measures employee engagement, while also tracking progress on the priorities identified in the 2023 Employee Survey at both KLM and divisional levels. The Engagement Index for KLM and KLM Cityhopper improved, with the Employee Promoter Score rising from 28 in 2023 to 42 in 2024.



Employee engagement is key to delivering exceptional service. To measure the level of employee engagement, KLM uses the Employee Promoter Score (EPS), the in-house equivalent of the Net Promoter Score, which measures the level of customer satisfaction. A rotating random selection of employees is regularly polled to ascertain whether they would recommend KLM as employers to their friends and family.
The method enables all employees to express themselves twice a year, and the results are shared with all staff.

Social key figures

2024 2023

All figures as per December 31, 2024.

KLM aims to facilitate its approximately 36,000 employees to be 'the best version of themselves' by creating an optimal, engaged, diverse, and inclusive workforce that can execute KLM's strategy. Whether it is by handling luggage, flying aircraft, serving customers, or maintaining engines, it is through our people that KLM's purpose of 'Creating memorable experiences on the planet we care for' comes alive.

	2024	2023	
HEADCOUNT KLM GROUP STAFF	36,071	35,145	Δ +2.6%
PERMANENT CONTRACTS KLM GROUP *	32,219	26,499	
HEADCOUNT KLM + KLC	27,052	25,899	Δ 4.5%
FEMALES IN TOP MANAGEMENT KLM GROUP (%) *	30.5%	29.5%	Target 2024: 30%
EMPLOYEE PROMOTER SCORE KLM + KLC	42	28	Target 2024: 36
ABSENTEEISM KLM + KLC	7.6%	8%	Target 2024: 7.4%

* The 2024 figure is based on the definition and scope used for CSRD reporting (based on headcount). The prior year figure (based on FTE) has not been adjusted.
** Based on the definition as included in the Revolving Credit Facility ('RCF').

Our fleet

KLM operates a fleet of 224 passenger and cargo aircraft that connect people, communities, and economies around the world. KLM is constantly upgrading the inflight experience and investing in quieter, more fuel-efficient aircraft.

Boeing 787	10	9 Dreamliner
Number of aircraft	11	13
Cruising speed (km/h)	920	920
Range (km)	9,900	11,500
Max. take-off weight (kg)	254,000	254,700
Maximum passengers	318	275
Total length (m)	68.30	62.80
Wingspan (m)	60.10	60.10
Personal inflight entertainment		
Wi-Fi on board		

Boeing 777-	300ER	200ER
Number of aircraft	16	15
Cruising speed (km/h)	920	900
Range (km)	12,000	11,800
Max. take-off weight (kg)	351,543	297,500
Maximum passengers	380	288
Total length (m)	73.86	63.80
Wingspan (m)	64.80	60.90
Personal inflight entertainment		
Wi-Fi on board		

Boeing 747-400ER Freighter	
Number of aircraft	3
Cruising speed (km/h)	920
Range (km)	11,500
Max. take-off weight (kg)	412,800
Max. freight (kg)	112,000
Total length (m)	70.67
Wingspan (m)	64.44

Airbus A330-	300	200
Number of aircraft	5	6
Cruising speed (km/h)	880	880
Range (km)	8,200	8,800
Max. take-off weight (kg)	233,000	233,000
Maximum passengers	292	264
Total length (m)	63.69	58.37
Wingspan (m)	60.30	60.30
Personal inflight entertainment		
Wi-Fi on board		

Airbus A321neo	
Number of aircraft KLM	4
Number of aircraft Transavia	7
Cruising speed (km/h)	840
Range (km)	4,500
Max. take-off weight (kg)	89,000
Maximum passengers	227/232
Total length (m)	44.51
Wingspan (m)	35.80

Boeing 737-900	
Number of aircraft	5
Cruising speed (km/h)	850
Range (km)	4,300
Max. take-off weight (kg)	76,900
Maximum passengers	188
Total length (m)	42.12
Wingspan (m)	35.80
Wi-Fi on board	

Boeing 737-	800	700
Number of aircraft KLM	31	6
Number of aircraft Transavia	40	0
Cruising speed (km/h)	850	850
Range (km)	4,200	3,500
Max. take-off weight (kg)	73,700	65,317
Maximum passengers	186	142
Total length (m)	39.47	33.62
Wingspan (m)	35.80	35.80
Wi-Fi on board		

Embraer 195-E2	
Number of aircraft	18
Cruising speed (km/h)	876
Range (km)	4,815
Max. take-off weight (kg)	56,700
Maximum passengers	132
Total length (m)	41.5
Wingspan (m)	35.12

Embraer	190	175
Number of aircraft	26	17
Cruising speed (km/h)	850	850
Range (km)	3,300	3,180
Max. take-off weight (kg)	45,000	36,500
Maximum passengers:	100	88
Total length (m)	36.25	31.68
Wingspan (m)	28.72	28.65

Fleet composition

KLM has a clear strategy to invest in a modern and fuel-efficient fleet that reduces noise and that is aligned with the markets and geographical focus areas served. The high-frequency European network is serviced by KLM Cityhopper using Embraer aircraft, and by KLM deploying larger Boeing 737s. In 2024, KLM began integrating Airbus A321neo aircraft for European routes, replacing the Boeing 737s.

The European network supports vital traffic to and from the Schiphol Airport hub, from where KLM operates intercontinental flights using Boeing 787s, 777s, and Airbus A330s. Transavia's fleet of Boeing 737s and Airbus A321neos operates a point-to-point network aimed at leisure travellers.

The KLM Group also manages four 747-400 Freighters, scheduled for replacement in 2027.

New medium-haul and long-haul passenger fleet

In 2022, KLM decided to replace the ageing Boeing 737s with Airbus A321neos and A320neos. The Airbus A321neos use 21 per cent less fuel per seat and have a 50 per cent smaller noise footprint.

In 2023, Air France-KLM ordered 50 Airbus A350s, with rights for 40 more, to replace the Boeing 777-200ERs, Airbus A330-200s, and A330-300s. The Airbus A350 consumes 25 per cent less fuel than equivalent-sized, previous-generation aircraft, with a noise footprint that is 49 per cent smaller than the A330-200. Preparations for the A350-900's arrival in spring 2026 have started. In 2024, KLM deployed new aircraft including one Boeing 787-10, four A321neos, and four Embraer 195-E2s. KLM Cityhopper phased out four leased Embraer 190s and temporarily stored four Embraer 195-E2s. Transavia received six A321neos and phased out all remaining 737-700s.

KLM Flight Academy, a KLM subsidiary that trains new pilots, invested in next-generation training aircraft, ordering 14 new models. By 2024, all 12 Diamond 40s and two Diamond 42s had been delivered. These aircraft produce less noise, emit less CO_2, and are technologically advanced, facilitating more sustainable and efficient training.

New cargo fleet

Air France-KLM Martinair Cargo will replace its KLM's Boeing 747s full freighter with Airbus A350Fs. These modern two-engine aircraft are 40 per cent more fuel-efficient, generate a 50 per cent smaller noise footprint, and cost less to maintain than the ageing four-engine 747s. These full freighters serve major freight routes. They complement KLM's cargo capacity in passenger aircraft bellies. Preparations are ongoing to ensure a smooth introduction of the new freighters in 2027.

Fleet composition KLM Group

Consolidated fleet as at December 31, 2024

		Average age in years	Owned	Finance leases*	Operating leases **/***	Total
Boeing 777-300ER	wide body	10.9	5	7	4	16
Boeing 777-200ER	wide body	19.9	10	2	3	15
Boeing 787-10	wide body	3.4	2	9	—	11
Boeing 787-9	wide body	8.0	—	4	9	13
Airbus A330-300	wide body	12.1	—	—	5	5
Airbus A330-200	wide body	18.8	6	—	—	6
Total wide body		**11.9**	**23**	**22**	**21**	**66**
Boeing 747-400ER Freighter	wide body	21.4	3	—	—	3
Boeing 747-400BC Freighter	wide body	34.5	1	—	—	1
Total cargo		**24.7**	**4**	**—**	**—**	**4**
Airbus A321neo	narrow body	0.2	—	1	3	4
Boeing 737-900	narrow body	22.8	5	—	—	5
Boeing 737-800	narrow body	18.0	14	2	15	31
Boeing 737-700	narrow body	14.8	6	—	—	6
Total narrow body		**16.6**	**25**	**3**	**18**	**46**
Embraer 195-E2	regional	1.9	—	—	18	18
Embraer 190	regional	13.1	13	4	9	26
Embraer 175	regional	7.5	3	14	—	17
Total regional		**8.3**	**16**	**18**	**27**	**61**
Airbus A321neo	narrow body	0.6	3	—	4	7
Boeing 737-800	narrow body	14.1	13	2	25	40
Total narrow body Transavia		**12.1**	**16**	**2**	**29**	**47**
Training aircraft			30	0	0	30
Total consolidated fleet		**12.1**	**114**	**45**	**95**	**254**

* With the implementation of IFRS 16, these aircraft are regarded as in substance purchases and therefore included as Owned aircraft in the financial statements .

** With the implementation of IFRS 16, these aircraft are recorded as Right of use assets in the financial statements.

*** Excluding 4 Embraer 195-E2 temporary out of service due to technical reasons and 1 Embraer 190 to be returned to lessor in 2025.

Improve for the future

The second strategic pillar for KLM relates to our ambition to improve for the future by making flying cleaner, quieter and more efficient. Our ambition is a derivative of the ambition of our parent company Air France-KLM's to reduce Greenhouse gas (GHG) emissions and to contribute to limiting the increase in the global average temperature well below 2°C above pre-industrial levels, in line with the Paris Agreement.

KLM has the aspiration to reduce its environmental footprint. Assessing its environmental impact, KLM has developed a future-oriented roadmap to reduce its emissions and alongside Air France, targets are set based on the Science Based Targets Initiative (SBTi), ensuring transparent sustainability efforts aligned with scientific standards. A Climate Action Plan outlines how KLM intends to achieve these targets. For more details, please refer to the CSRD compliant sustainability statements in the Air France-KLM URD.

Fleet renewal

Investing in a more fuel-efficient fleet is the most effective way to reducing our carbon footprint. KLM is in the process of acquiring modern, high-performance aircraft with significantly lower environmental impacts. Our objective is to have a fleet consisting of up to 80 per cent next generation aircraft by 2030. Next generation aircraft are estimated to reduce noise impact by approximately 30%-60% compared to equivalent sized previous generation aircraft.

Alternative Aviation Fuel (SAF)

SAF offers a viable alternative to kerosene, reducing emissions with at least 65% over its lifecycle compared to fossil fuel. By the end of 2024, KLM blended a rounded 2 per cent SAF[1], in accordance with the EU mandate that applies as from 2025. Alongside the mandatory SAF surcharge starting in 2025, we offer customers the option to voluntary contribute to extra SAF usage. Transavia also launched a SAF initiative for its customers, enabling passengers to opt for a SAF contribution.

While SAF is an integral part of our decarbonisation roadmap, most of the current supply is from a pathway known as HEFA (hydrotreated esters and fatty acids), which includes waste oils and fat, but quantities of these feedstocks are limited. To achieve the necessary scale level by 2050, we need production of alternative fuel sources as e-SAF, synthetic fuel derived from renewable energy. Air France-KLM is initiator and Marjan Rintel is co-chair of Project SkyPower. Project SkyPower is an initiative of 15 CEOs with representation from across the e-SAF ecosystem, with the aim to overcome barriers facing e-SAF in Europe and accelerate progress towards scaling this innovative fuel. SkyPower emphasises that e-SAF is crucial for the airline industry's emission reduction targets.

Operational measures

KLM optimises its operations both on the ground and in the air to reduce fuel consumption. In 2024, for example, we implemented OptiClimb on all KLM Cityhopper flights, advising pilots on optimal climb speeds to reduce fuel use and CO_2 emissions. Eco-piloting methods, such as optimised flight paths, single-engine taxiing, and continuous descent approaches also enhance fuel efficiency.

KLM's strategy aspiring to achieve zero emissions on the ground by 2030, includes electrifying equipment at Schiphol Airport, thereby reducing CO_2 emissions, and improving air quality for employees. By year-end, the electrification rate of ground support equipment (GSE) reached 69.2 per cent. The introduction of electric tow tractors and catering trucks (100 per cent electric) contribute to quieter and cleaner ground operations. To minimise ultrafine particulate exposure, the Sustainable Ground Movements programme, a task force of Schiphol Airport, LVNL, and KLM, are further exploring effective reduction methods.

[1] SAF stands for 'Sustainable Aviation Fuel', the term our industry uses to describe a better alternative to regular aviation fuel. To avoid misunderstanding , we prefer to call it 'alternative aviation fuel' because SAF still produces harmful emissions and is not fully sustainable.

In 2024, we began renovating our buildings and hangars to create a more sustainable real estate portfolio, starting with Hangar 10, where an advanced heat exchange system was installed to eliminate natural gas usage.

Waste and circularity

KLM aims to halve non-hazardous, non-separated waste from 2011 levels to 6,490 tons by 2030. In 2023, we updated our waste strategy, implementing recycling initiatives and minimising single-use plastics. AI driven meal predictions have reduced food waste by 63 per cent, saving over 100,000 kg of meals annually. Most of KLM's waste comes from intercontinental flights, which currently require incineration due to EU regulations. We are advocating for separation and recycling opportunities to reduce this waste stream.

Driving industry change

KLM is committed to fostering air travel with reduced climate impact, recognising the necessity of industry-wide change. We collaborate with businesses, researchers, institutions, and policymakers to drive regulatory changes, encourage facility investments, and ensure a level playing field for EU and non-EU airlines.
KLM participated in The Aviation Challenge 2024 with over 24 airlines contributing ideas on how to implement innovative sustainability concepts for the benefit of achieving our sustainability goals.

KLM's Zero Emission Aviation programme aims to enable flights powered by electricity and/or hydrogen and encompasses a range of initiatives that drive the industry change. In collaboration with our partners partners, KLM executed projects like AeroDelft and the Pipistrel electric test flight. We look forward to continue our journey in collaboration with our partners to generate traction in the industry and work towards acceleration of hydrogen aircraft operations across the EU.

Environmental key figures

● 2024 ● 2023

Figures focus on KLM Group, unless indicated otherwise. For more information on these metrics, reference is made to the AFKL URD.

	2024	2023	Δ
GHG EMISSION INTENSITY (grCO2 per RTK)	883	880	+0.3%
SHARE OF SAF CONSUMPTION (%)	1.7%	1.2%	+42.9%
GROUND SCOPE 1 CO_2 EMISSIONS* (in ktons CO2)	21	24	-14.0%
RESIDUAL WASTE NON-HAZARDOUS** (in tons)	13,241	6,657	
% NEW GENERATION AIRCRAFT***	24.9%	16.1%	+54.5%
ACOUSTIC PERFORMANCE % FLEET ICAO CHAPTER 14 ELIGIBILITY***	34%		

Environmental targets 2030

TARGET RELATIVE**** (grCO2 per RTK in 2030)	-30%
TARGET SAF USE	10%
TARGET TOTAL EMISSIONS OF GROUND OPERATIONS	0
TARGET NON-HAZARDOUS,NON-SEPARATED WASTE vs 2011*****	-50%

* Scope is KLM Netherlands ground operations (excluding subsidiaries).
** The 2024 figure is based on the definition and scope used for CSRD reporting. The prior year figure has not been adjusted.
*** Metric includes entire fleet, including aircraft that are temporarily out of operation. The following aircraft are considered to be new-generation aircraft: Boeing B787-9 and -10, Airbus A321neo and Embraer E195-E2.
**** The baseline in 2019 was 871 $grCO_2$ per RTK.
***** The 2011 baseline is of 12,980 metric tons.

Energy consumption and GHG emissions
(Selected metrics)

Scope 1
(in Ktons CO2)

FLIGHT OPS (fuel in Ktons)	2024	2023	Δ
Conventional Aviation Fuel	3,273	3,150	3.9%
SAF	57	49	17.1%
Scope 1 aviation fuel flight operations	10,360	9,972	3.9%
of which SAF savings	165	138	20.0%

GROUND OPS (in MWh)	2024	2023	Δ
Fossil fuel	22,061		
Renewable fuel	36,629		
Total ground fuel*	58,690	59,591	-1.5%
Natural Gas*	82,116	77,739	5.6%
Total ground ops Scope 1	25		
of which KLM Netherlands ground operations and buildings (excluding subsidiaries)	21	24	-14.0%

Scope 2
(in Ktons CO2)

	2024	2023	Δ
Electricity consumption in MWh (KLM owned buildings in NL)*	70,014	69,656	0.5%
Scope 2 Market based (KLM owned buildings in NL)	0	0	

Scope 3
(in Ktons CO2)

	2024	2023	Δ
Well To Wake flight ops fuel (scope 3.3)(in Ktons CO2)	2,637	2,538	3.9%

* Prior year reported MWh corresponds to the period October 2022 to September 2023.

Innovate with technology

As a legacy airline with a distinguished 105-year history, KLM faces the challenge of managing and upgrading older, outdated technologies. By investing in emerging technologies such as artificial intelligence, KLM is strengthening its digital capabilities, enhancing customer service personalisation, reducing costs, and boosting operational efficiency.

Additionally, KLM invests in autonomous operations and technology to alleviate employee strain from repetitive and physically demanding work.

Resilience of the IT landscape

Resilience of the IT landscape and applications is of utmost importance for an airline as business processes rely on IT. Safeguarding the stability of our applications and protection against all forms of cyber-attacks is therefore crucial. KLM is making substantial investments in upgrading its IT infrastructure and application landscape. Applications are being transitioned to both public and private cloud environments, leading to the planned closure of Air France-KLM data centres. In addition, KLM will be phasing out mainframe usage in the coming years, with planned investments focused on the renewal and modernisation of legacy applications, particularly within the domain of airline operations.

The renewal of the IT infrastructure and application landscape will take several years to implement. During this period, the investments in business innovation will continue. IT and tech innovations will be key in order to provide personalised service to customers, support staff, improve the reliability of airline operations, and lower cost levels. Examples of business innovations are the Destination Recommender, the CRM tool for our Cargo division, and the Autonomous Operations programme at E&M.

Destination Recommender

The Destination Recommender is a new feature available on KLM.com. It can be used by customers to find their holiday destination based on the description of their preferences. By using GenAI, the model proposes a selection of KLM destinations that meet customers' requirements for their next holiday.

Cargo customer relationship management tool

An example of a significant digitalisation milestone is myCargo, the robust customer relationship management tool for Cargo that was rolled out across 30 per cent of our global stations in 2024, representing 70 per cent of end users. A full rollout is planned for 2025. An industry-leading 80 per cent of bookings are now conducted online via the myCargo platform, which is enhanced with features such as Automated Allotment Booking, a booking fee introduction, and simplified dangerous goods (DGR) bookings.

E&M innovation and digital transformation

Our E&M division is committed to continuous innovation through its BrightSky initiative and other programmes, which strengthen its position in aircraft maintenance, repair, and overhaul, while also enhancing sustainability. E&M cooperates with KLM Cargo and Ground Services on transformation projects such as Autonomous Operations, using new technologies to increase productivity and ease work processes. The Autonomous Operations programme automates repetitive tasks, creating a more pleasant work environment. The Voice2Admin project, supported by GenAI, simplifies inspections using voice input, improving administrative task efficiency and the quality of the maintenance documentation and paper trail.

To achieve the challenging IT roadmap, it remains key that KLM has access to talent in a tight labour market. That is why KLM-IT changed its employer branding to better position KLM-IT as a tech-employer that supports the airline(s) in a meaningful transformation. In addition, the IT premises have been upgraded to offer our employees a great place to work.

KLM also successfully set up a nearshore location in Budapest with approximately 100 people under a local KLM contract. Finally, KLM works closely with its tech-partners, which have a strong staff base in India.

Risk management and control

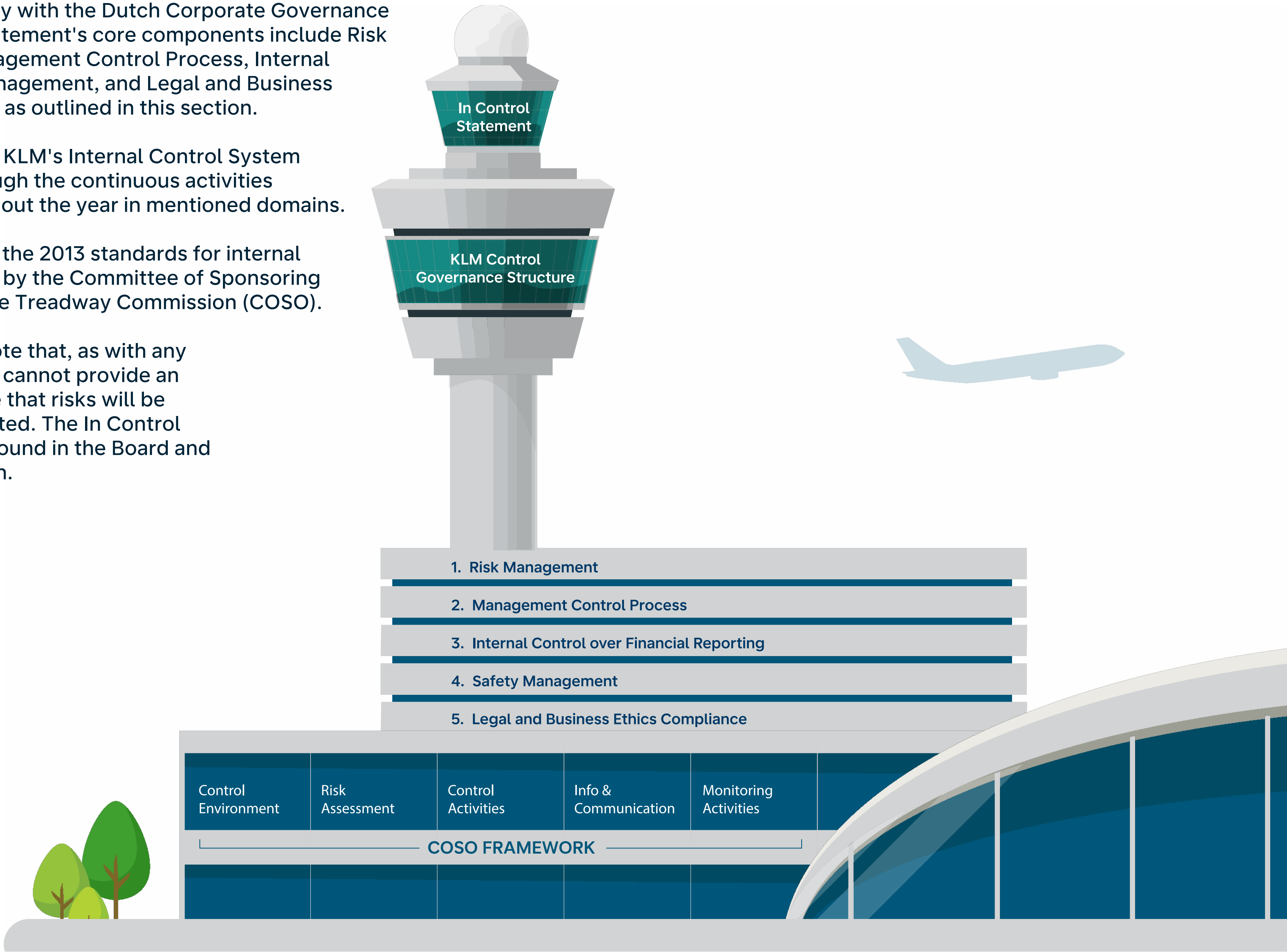
Risk management & control

KLM's In Control Statement is based on our voluntary aspiration to comply with the Dutch Corporate Governance Code 2022. The statement's core components include Risk Management, Management Control Process, Internal Control, Safety Management, and Legal and Business Ethics Compliance, as outlined in this section.

The cornerstone of KLM's Internal Control System is established through the continuous activities conducted throughout the year in mentioned domains.

KLM complies with the 2013 standards for internal control as set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

It is important to note that, as with any control system, we cannot provide an absolute guarantee that risks will be completely eliminated. The In Control Statement can be found in the Board and Governance section.



1. Risk factors

This section outlines the main risks to which KLM considers itself exposed – macro-economic and geopolitical risks, risks linked to the air transportation activity, risks linked to KLM Group's processes, legal and market risks – together with the management procedures implemented to mitigate these risks. The financial risks are elaborated on in note 21. Financial Risk Management and other notes are included in the consolidated financial statements. Other risks of which KLM is currently not aware, or risks that as of the date of this document are not considered to be amongst the most material, could also negatively affect our activities.

The principal risks are listed that, as of the date of this Annual Report, have the potential to affect the KLM Group's operations, financial standing, reputation, performance, and future prospects. These risks have been identified through the KLM Group's comprehensive risk mapping process, being part of the Air France-KLM Group risk mapping process, which assesses their severity and likelihood of occurrence, along with the mitigation strategies implemented to address them.

Risk appetite

KLM's risk appetite varies depending on the type of risk:

- **Geopolitical and macro-economic risks:** Accepting and managing geopolitical and macroeconomic risks is unavoidable, and operational agility is essential to adapt as circumstances require.
- **Risks relating to the air transportation activity:** KLM's operations encompass a wide range of activities. The company maintains a zero-risk tolerance regarding flight and operational safety. However, other operational risks are evaluated in the context of daily business activities. Additionally, the KLM Group has reviewed its strategy to adapt its business model, aiming to mitigate its impact on climate change and address the various climate-related risks that have been identified.
- **Risks relating to the Group's processes:** While KLM aims to minimize operational risks, cyber-criminality, and data security risks, it is necessary to acknowledge and accept that certain risks are unavoidable.
- **Working conditions and human capital development:** Employees are central to KLM's strength and KLM is averse to risks that could jeopardise that;
- **Non-compliance with regulations, including competition, data protection, trade compliance and export control, anti-corruption and duty of vigilance laws:** KLM is averse to risks that could jeopardise compliance with applicable external laws, and internal rules and regulations; and
- **Legal risks related to litigation:** KLM is averse to risks that could jeopardise compliance with applicable external laws, and internal rules and regulations.

1.1 Geopolitical and macro-economic risks

1.1.1. International tensions: closed borders, wars, terrorist attacks, political and social unrest, health crisis, etc.

Description of the risk: Multiple geopolitical factors may affect airspace access/closure and border controls: wars, including trade wars; crisis responses including those to public health; protectionism and nationalism; terrorist attacks and regional instability. Trade tensions have the potential to escalate, leading to the imposition of additional tariffs that may impact transatlantic and transpacific trade routes. In addition, a flagship carrier representing a nation may also experience specific tensions with worldwide and local communities and authorities.

Impact: Airspace/border closures could have a direct impact on airline operations and networks. Operations may need to be ceased or modified because of rapidly changing rules and conditions, causing inconveniences for passengers and additional operational complexity.

In certain regions, these risks have become a reality: European Union carriers are presently prohibited from using Russian airspace, necessitating extended flight paths to Asian destinations. Additionally, operational challenges are being influenced by instability in Africa and the Middle East.

Such closures and ad hoc changes could create additional complexity for operations and processes to ensure safe operations, leading to higher operating costs, a reduction in purchasing power and demand for travel. Furthermore, it may lead to an uneven competitive landscape and pose risks to the overall perception and brand image of our company.

Mitigation plan: Our mitigation plan includes capacity and network adjustments; an internal coordination working group; crisis management; resources reallocation; securing internal processes and procedures for cash management (capex, costs: internal and external) in response to liquidity issues; and internal tools and procedures, informing, securing and protecting employees in the event of an emergency. The Air France-KLM Group has no coverage in place for air transportation operating losses, but KLM is insured for the consequences of an attack on aircraft and subscribed to war and assimilated risks insurance.

1.1.2. Economic uncertainty

Description of the risk: Global economic activity is currently influenced by several significant factors: monetary policies implemented to manage rising inflation and public debt, market volatility exacerbated by varying dynamics across key economic regions (namely North America, Europe, and Asia), and the international tensions previously outlined (1.1.1.). Consequently, the economic outlook at both global and regional levels remains uncertain.

Impact: One direct impact could be lower government spending and higher taxation, putting company profitability and household budgets under pressure and thereby reducing demand for air transportation, both for leisure and business purposes. This is further fuelled by a higher than European average inflation in the Netherlands possibly leading to significant salary increases. Internal procurement may face intensified pressure from external stakeholders and suppliers, necessitating the renegotiation of contracts and rates. These factors collectively have the potential to escalate operational and infrastructure costs, while concurrently reducing revenue and profitability in the sectors of air transportation and air freight.

Mitigation plan: Our mitigation plan includes the agility to adapt our capacity, fleet, network and resources allocation; reviews of our prices and marketing offer; stronger procurement policies; focus on customers in economically thriving regions and focus on cost reduction measures.

1.1.3. Risks associated with fluctuations in oil and fuel prices

Description of the risk: Fuel is one of the largest costs for airlines, making fuel price volatility a significant risk for the air transportation industry:

- A sharp increase in fuel prices can have a material negative impact on the profitability of airlines, particularly if the economic environment does not enable them to adjust their pricing strategies;
- Similarly, a sharp decline in fuel prices is generally favourable for airline profitability. However, the ability of airlines to pass on a sharp decline in the fuel price in their fares is a factor of significant uncertainty.

The adoption of Alternative Aviation Fuel (SAF) is a key solution in the aviation sector's decarbonisation roadmap, and SAF mandates are gradually being introduced throughout Europe. SAF availability and SAF price uncertainty will become a critical risk in the coming years as it affects the ability to reduce carbon emissions and meet sustainability goals.

Impact: For the impact of risks relating to changes in oil and fuel prices, see note 13. Other (non-current) assets and liabilities for the fuel price sensitivity of KLM Group.

A potential lack of widespread SAF production and distribution between 2025 and 2030, and competition with other sectors working on their energy transitions, could result in higher costs.

In addition, a shortage of SAF may impact an airline's reputation, undermine customer confidence in its commitment to sustainability and threaten the realisation of its sustainability ambitions. The availability of SAF is therefore key to supporting the growth of the aviation industry while reducing its impact on the environment.

Mitigation plan: Insofar as possible, KLM seeks to protect itself from any further increases in oil prices, whilst remaining protected against downward risks. When necessary, it adapts its fares to reduce the impact of rising fuel prices.

In addition to fare adjustments and permanent efforts to reduce fuel consumption, KLM has implemented a policy of systematically hedging the fuel price risk defined by the Risk Management Committee (the RMC), presented to the Audit Committee and the Board of Managing Directors of the Company.

The hedging strategy:

- sets the time span of the hedges;
- sets the target hedging ratios to be reached for the coming quarters; and
- defines the instruments (swaps, forwards or option based) eligible for hedging pursuant to the accounting standards in force.

In respect of the application of IFRS 9, hedging by component has been applied since January 1, 2018. Since the Air France-KLM Group's fuel procurement is strongly correlated to the Jet Kerosene Cargoes CIF NWE Index, components specific to this fuel risk are used (Brent ICE, Gasoil

ICE, Jet CIF NWE) to align the fuel hedging accounting and the Air France-KLM Group's risk management policy more effectively.
Within the framework of a dynamic risk monitoring approach, the KLM Group tracks the following three indicators:

- maximum loss: capping the potential maximum loss;
- maximum gain: value of the portfolio prompting its restructuring;
- value at risk: enabling the measurement and monitoring of extreme risk scenarios; the level of this indicator is calculated and regularly analysed and may also trigger a restructuring of the portfolio.

In order to better cover the risk associated with the decoupling between indices reflecting the price of crude oil (Brent ICE) and indices reflecting the price of refined products (Gasoil ICE and Jet CIF NWE), the KLM Group has incorporated new hedging instruments on crack spreads.

The fuel hedging policy, in force since February 2021, has been updated and became effective during the first quarter of 2024. The hedging strategy, previously based on a rolling 12-month period, has been extended to cover 18 months.

To address the risk of difficulty in accessing a SAF supply, Air France-KLM Group began to collaborate with potential suppliers at an early stage, signing its first contract (not related to a test flight) in 2015.

Air France-KLM Group manages a portfolio of consortia, projects, and initiatives leading to long-term off take agreements with various optional conditions to secure the volumes of SAF needed to meet its 2030 ambition, while contending with the uncertainties that still prevail in this domain.
Air France-KLM Group works with governments and industry organizations to increase the availability and stability of the SAF supply chain.
It was a founding member of ACT, the Aviation Climate Taskforce, which aims to accelerate the development of synthetic fuel. At the European level, Air France-KLM Group has joined the Renewable Low Carbon Fuels Alliance, bringing together the aviation and sea transportation sectors to jointly boost the production and supply of renewable and low-carbon fuels.

Finally, Air France-KLM Group supports the development of industry-wide standards and certification processes for SAF to increase confidence and reduce uncertainty to help this new industry to develop. To ensure that the SAF projects selected have a minimal impact on the environment, Air France-KLM Group maintains a strict due diligence on the sustainability and RSB or ISCC certification of SAF sources.

To manage accessibility to SAF, in 2024 Air France-KLM Group continued to secure future SAF supplies by signing off take agreements and MoU's with SAF producers around the world, and by investing directly in SAF production capabilities. These long-term, strategic investments confirm the Group's commitment to supporting the emergence of a scalable network of SAF production capabilities in Europe and worldwide.

1.1.4. Changes in the competitive landscape for the air travel business

Description of the risk: The competitive landscape for air transportation is and will remain dynamic.
For example:

- Possible mergers and acquisitions could result in larger airline companies that are able to optimise networks, achieve economies of scale, and propose more routes and frequencies to customers;
- EU decarbonisation legislation (ReFuelEU and EU ETS) implies a significant cost increase for airlines with the majority of their operations in the European Economic Area, such as KLM.
  As decarbonisation legislation is less ambitious in most jurisdictions outside the EU, there is now an uneven playing field on energy costs;
- The aviation sector may be incentivised in certain countries or subject to different laws and regulations between jurisdictions, causing an uneven playing field. This risk is further exacerbated by several years of very high increases of airport charges at Schiphol Airport and the increase in aviation taxes in the Netherlands;
- Whereas many hub airports in Europe are constrained in terms of growth, or (as in the case of Schiphol Airport) may possibly even be facing a reduction in capacity, several hub airports outside Europe do have room to accommodate growth for their hub carriers.

Impact: Airlines not partaking in M&A face the risk of being marginalised as they are unable to benefit from the economies of scale that integrated counterparts are achieving.

Compared to non-European airlines, European airlines face the risk of being disadvantaged due to cost inequality caused by an uneven playing field, and due to growth constraints.

Mitigation plan: KLM addresses this risk by ensuring that its services continue to correspond to the market needs. Activities in this regard include R&D and innovation initiatives, commercial and competitive partnerships, membership of professional airline organisations and consolidation.

1.2. Risks relating to the air transportation activity

1.2.1. Risks related to airline safety

Description of the risk: Accident risk, with the possibility of damage to people and property, is inherent to air transportation. This is why airline activities – passenger and cargo transportation, aircraft maintenance – are regulated by a series of European regulatory provisions. KLM holds an air operator certificate granted by EU Regulation 1008/2008.

The national Civil Aviation Authority carries out a series of checks on the proper application of these rules covering notably the:

- designation of a senior executive and managers responsible for the principal operational functions;
- appropriate organisation of the flight, ground, cargo, and maintenance operations;
- deployment of a Safety Management System (SMS); and
- implementation of a quality assurance system.

Impact: The materialisation of accidents could have a significant negative impact on the lives of passengers and crew but also KLM's reputation and have legal or financial consequences.

Mitigation plan: For KLM, flight safety is the absolute priority. Safety is fundamental to maintaining the confidence of customers and staff, and is a day-to-day imperative that determines the KLM Group's activity and the long-term future of the air transportation industry.

All of KLM Group's businesses are subject to numerous checks and certifications. They meet extremely strict standards and the highest level of regulations in the industry, both at European level with the European Aviation Safety Agency (EASA), and globally with the International Air Transport Association (IATA), whose IOSA Operational Safety Audit is a benchmark within the industry and leads to certification which must be renewed every two years.The KLM IOSA audit was carried out successfully between October and November 2024 and the next IOSA renewal audit will take place at the end of 2026.

To reach the highest possible level of flight safety, each airline is obliged to update and reinforce its SMS, which defines in concrete terms the conditions for the implementation of its risk management system. Through the SMS, the risks related to operations are constantly monitored by learning from occurrences, watching for trends, and thorough predictive risk analyses of proposed changes to the operations. The SMS, which forms an integral part of the organisation, procedures, and corporate culture, is supported by a commitment made at the highest level of management, and by training and awareness-raising programmes for all staff. This risk is covered by the aviation insurance policies.

1.2.2. Climate-related risks

Description of the risk: Air France-KLM Group is aware of the physical and transitional risks associated with climate change and considers them to be a significant concern. Failure to anticipate and adapt to these risks voluntarily could have negative consequences on the company's financial performance and reputation. In 2023, Air France-KLM Group conducted a climate scenario analysis to gain a better understanding of the climate risk landscape. The analysis focused on identifying and assessing the physical and climate-transition-related risks facing the company across different timeframes. The physical risk component of this assessment focused on the company's main sites, exploring geographical regions around the world in which it operates that are projected to experience greater impacts. The effects of potential changes in policy, technologies, and markets were also examined.

Air France-KLM Group implemented the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and used the IPCC's Representative Concentration Pathways (RCP) scenarios to analyse the physical risks and the IPCC's Shared Socio-Economic Pathway (SSP) to analyse the transition risks.

The Climate Scenarios analysed included:

Climate Scenario	RCP	SSP
Orderly	RCP 2.6 – 1.5 °C	SSP 1 Sustainability
Disorderly	RCP 4.5 – 2 to 2.5 °C	SSP 2 Middle of the Road
Hot-House World	RCP 8.5 – 3.6 to 4.4 °C	SSP 5 Fossil-Fuelled Development

Impact

The scenario analysis led to the establishment of the following risk universe:

PHYSICAL RISKS

ACUTE

- Degradation/destruction of assets (airports, offices, warehouses, aircraft) due to more frequent and severe extreme weather events:
  - Flooding (tidal, fluvial, pluvial)
  - Cyclones
  - Wildfires
- Disruption of activity and increase in delays/rerouting due to more frequent storms and turbulences
- Degradation of working conditions for on-ground operations due to extreme temperatures and heatwaves
- Interruption of operations due to extreme temperatures causing heat buckling on runways
- Disruption of activity and increase in delays/rerouting due to increased snowfall and more frequent snowstorms
- Disruption of aircraft supply activities

CHRONIC

- Degradation of infrastructure (airports, offices, etc.) due to rising sea levels
- Restrictions on aircraft take-off weight due to increasing temperatures
- Disruption of take-off and landing schedule due to loss of visibility linked with changing humidity patterns
- Increased fuel consumption due to changing wind patterns
- Disruption of activity and increase in delays/rerouting due to more frequent icing risk
- Increase in air conditioning usage due to sustained rise in temperatures
- Low flows in the canals and acute climate events as main drivers of disruption in fuel and SAF supplies
- Negative impact on certain destinations' attractiveness due to very high risks of water stress

TRANSITION RISKS

POLICY AND LEGAL

General

- Increased pricing of GHG emissions
- Enhanced emission-reporting obligations
- (EU-ETS, CORSIA)
- Limits on licence to operate and ban on short-haul flights

SAF-related

- New carbon taxes or SAF mandates could increase the price of jet fuel
- Insufficient support from governments regarding SAF and synthetic fuel deployment

Aircraft-related

- Delayed regulations could slow the pace of development of new technologies (electric planes)
- Insufficient support regarding investments in fleet renewal

REPUTATIONAL

General

- Increased pressure from stakeholders and investors to achieve sustainability goals in a shorter period of time
- Increased exposure to greenwashing claims
- Increase in passenger injury risk

SAF-related

- Exposure to litigation linked with low credibility of SAF for decarbonisation or use of feedstock causing adverse environmental outcomes

Aircraft-related

- Limited social licence to consume renewable energy if not demonstrably additional

MARKET

General

- Lower demand due to modal shifts and sector stigmatisation
- Decrease in demand for short-haul flights due to increased remote working
- Increased cost of raw materials

SAF-related

- Inability to secure sufficient volumes and/or competitive prices for SAF to meet public targets Inability to secure synthetic fuel volumes

Aircraft-related

- Inability to access enough energy due to limited green hydrogen availability Inability to secure enough electric planes

TECHNOLOGY

General

- Substitution of existing products and services with lower emissions options
- Unsuccessful investment in new technologies
- Costs to transition to lower emissions technology

SAF-related

- Power-to-Liquid SAF and other SAF technology pathways do not deliver expected emission reductions
- Synthetic fuels technology pathway does not scale as expected

Aircraft-related

- Network limitations due to lack of required infrastructure
- Limited talent availability for maintenance and operation of next-generation aircraft

Mitigation plan: In order to mitigate the risks of climate change, KLM Group reviewed its strategy with the aim of adapting its business model to limit its impact on climate change and adapt to the different climate risks identified. This review has led to a Transition Plan focusing on decarbonisation. The plan is divided into two axes: A. Flight Operations and B. Ground Operations.

The Flight Operations axis is composed of six levers aimed at avoiding emissions by adapting the Air France-KLM Group's products, services, operations, and growth strategy; reducing emissions by fleet renewal, operational efficiency measures and jet fuel upstream efficiency; replacing fossil fuel by alternatives with lower GHG emissions; and finally removing CO_2 through offsetting.

As for the Ground Operations, the objective is to reduce emissions by having electrically powered ground equipment and launching a programme of energy efficiency measures to reduce energy consumption in buildings, including investment in electrically powered heating systems (heat exchange systems) for KLM buildings whenever possible.

KLM's ambition is aligned with the International Civil Aviation Association's (ICAO) long-term global aspirational goal of net-zero carbon emissions by 2050. To monitor the progress towards this ambition and of the Air France KLM Group Transition Plan, the Group has set the following target: reduction of 30 per cent in CO_2 emissions per RTK by 2030 compared to 2019 (scope 1 + scope 3 category 3).

To adapt to the already visible consequences of climate change, such as more frequent extreme weather events, KLM has a policy in place to ensure safe operational and passenger handling conditions. KLM regularly conducts comprehensive risk analyses to optimise these arrangements. The operation of a network balanced between the different continents and the flexibility related to the composition of the fleet make it possible to minimise the financial consequences of these impacts.

1.2.3. Noise management

Description of the risk: Noise management has become a regulatory topic in the ESRS standards falling under the CSRD. The ESRS Standard 2 on Pollution now considers noise a pollutant that can be harmful to human health and the environment.

In Europe, there are calls to implement activity restrictions at airports in response to increasing sensitivity to airport noise nuisance. Campaigns for a cap on the number of flights and regulatory restrictions, including curfews, have been launched by residents' associations at Schiphol Airport.

To address these concerns, the Dutch government has launched impact assessment procedures using a balanced approach developed by ICAO. This approach involves a scientific assessment of the noise pollution levels at airports, followed by an analysis of various reduction measures that can be taken, prioritising the best combination of cost-effective measures before introducing any restrictions on aircraft operations as a last resort. This balanced approach is the only regulatory means of introducing operating restrictions on the grounds of noise pollution.

The Dutch government has also been considering a further decrease of flight movements. Such legislation could lead to competitive distortions between airlines, especially if only applied to specific geographic areas.

Impact: Flight limitations present a significant risk to Air France-KLM Group's operations and revenue. Any changes to noise-related Landing Take-Off (LTO) charges could increase operational costs. Additionally, offering fewer flights may negatively impact the relationship with our customers and could lead to competitive distortions between airlines.

Mitigation plan: Air France-KLM actively collaborates with EU Member States and stakeholders to ensure compliance with the EU's Balanced Approach regulation, which aims to improve the noise environment around EU airports and promote greater compatibility between aviation activities and residential areas. In June 2023, KLM submitted a plan "Schoner, Stiller, Zuiniger ("Cleaner, quieter, more efficient"), calculated by the Netherlands Aerospace Centre (NLR), which offers a greater reduction in noise pollution at night (18 per cent), exceeding the Dutch Minister's target of 15 per cent.

KLM (and the Air France-KLM Group) also brought together a broad group of Dutch airlines, knowledge institutes, manufacturing industry, industry associations and trade unions (31 parties in total) and presented its vision entitled "Future-proof aviation for the Netherlands". The vision sets out 10 concrete commitments for the coming years, including commitments on noise.

KLM is also reducing noise pollution thanks to its fleet renewal policy. in addition the airlines in the KLM Group optimise flight routes and implement continuous descent procedures where possible. This significantly reduces noise pollution.

KLM is committed to supporting governments and air traffic control organisations in the rapid and widespread implementation of continuous descent procedures at all airports.

KLM contributes to airport noise taxes and levies in the Netherlands, which fund soundproofing for homes located around airports and compensation for the loss of property value around the airport.

For each of these procedures, KLM's experts are in constant dialogue with local authorities, airport community representatives and the authorities as part of dedicated working groups. In each case, KLM's approach aims to implement efficient solutions, which are of less impact on climate for the KLM Group airlines and satisfactory for residents.

1.2.4. Air pollution

Description of the risk: Air pollution is a health and environmental concern, related to the emissions of NO_x, SO_x, and Particulate Matter (PM).

Impact: KLM may face increased airport charges based on its nitrogen emissions both in the Netherlands and abroad.

Mitigation plan: The KLM Group monitors its atmospheric emissions for both flight and ground operations, including low-altitude emissions that impact air quality around airports.

The indicators cover emissions of SO_2 and NO_x, with most of these emissions coming from aircraft movements.

KLM is accelerating the development of SAF, which reduces particulate matter and NO_X and SO_X emissions. For its ground operations, KLM uses electric and more efficient vehicles powered by cleaner fuels while optimising its operational procedures for ground operations, including minimising taxiing time, taxiing with only one engine, and replacing APUs with electric GPUs.

Moreover, KLM is actively involved in research on pollutants. Together with Schiphol Airport, KLM is conducting an exploratory study into exposure to Ultrafine Particulates (UFPs) to gain more insight into the exposure of employees and the sources of this exposure.

1.2.5. Loss of flight slots or lack of access to flight slots

Description of the risk: Due to saturation, access to major airports is subject to obtaining slots allocated under the conditions defined by EU Regulation No. 95/93. In application of this text and by virtue of a historical precedence, the series of slots held by an aircraft operator is reserved for it from one season to the next if the latter operates at least 80 per cent of the relevant slots over the period in question. Below this threshold, the carrier loses unused slots, which are placed in a pool. Each year, the coordinator in charge of slot management is assigned the task of allocating released slots to operators who request them.

Impact: The loss of slots or the non-access to slots due to volume limitations or saturation could have an impact on the companies' results, in particularly the future profit generation capability. As a slot lost to a competitor is inherently difficult to recover, the lack of anticipation and adaptation could lead to a reduction in market share over time and therefore poses a threat on the earning capabilities.

Mitigation plan: KLM ensures compliance with the European Regulation on the allocation of slots, which provides that a carrier retains the use of these slots from one season to the next once they have been used 80 per cent of the time. Exceptions can be granted in exceptional circumstances. To this end, KLM closely monitors changes in demand. KLM is thus able to adapt its offer flexibly to the variables specific to each airport, thanks to the diversity of brands in its portfolio. KLM employs slot experts who continuously monitor and optimise KLM's slot portfolio towards the future.

1.2.6. Carbon credit risk

Description of the risk: KLM, as an airline that emits carbon dioxide, adheres to the regulatory framework aimed at reducing carbon emissions. This includes compliance with the EU Emissions Trading Scheme (EU ETS), which has applied to aviation since 2012. In December 2022, European institutions established the terms for the reform of the EU-ETS by revising Directive 2003/87/EC. They affirmed the intra-European scope of the EU-ETS, thereby strengthening the future role of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) in defining offset solutions for international flights. Additionally, they planned the gradual phase-out of free allowances allocated to air operators.

Starting in 2026, this new measure will require the KLM Group to purchase emission rights (credits) for all its flights within and to/from the European Union. However, the clarification of the reduction trajectory for free allowance allocation enables KLM to anticipate and manage the risk associated with this regulatory change effectively.

Impact: For the year ending December 31, 2024, the KLM Group's CO_2 emissions reached 10.3 million tons, of which 2.8 million tons were subject to the EU ETS requirement.

Mitigation plan: To minimise the consequences of the necessary strengthening of the European carbon market and to protect itself against a potential increase in the price of credits, KLM has implemented two types of measures.

On the one hand, KLM is responding through a proactive financial policy based on the purchase of forward credits. This carbon risk hedging measure is subject to regular review and validation by the Risk Management Committee.

On the other hand, the KLM Group aims to reduce its fuel consumption and carbon emissions, either on its own initiative within the framework of the Climate Plan, or in conjunction with the authorities (SESAR project, Single European Sky, air traffic control optimisation).

In addition, KLM uses an internal carbon price (price range) in its investment and project decision-making to consider the carbon risk in its decision-making scenarios. In view of these developments, KLM supports the initiative to design a mechanism to adjust carbon emissions at the European Union's borders. This essential measure targets counter-productive phenomena such as 'carbon leakage' that neutralise or even aggravate environmental impacts whilst maintaining a level playing field between airlines globally.

1.2.7. Reinforcement of passenger compensation rights

Description of the risk: The European Union has implemented a Community regulation (Regulation 261/2004) on passenger protection in the event of flight cancellations, delays, and denied boarding; it applies to all flights departing from an airport located within its territory, regardless of the nationality of the airline operating the flight. It also applies to flights arriving in its territory, only when they are operated by an airline from one of its Member States.

Over the years, airlines have experienced increasing costs associated with compliance and additional expenses related to passenger rights and accessibility requirements. Various jurisdictions have issued different rulings, and numerous decisions from the European Court of Justice since 2004 have limited the ability of air carriers to claim 'extraordinary circumstances' to avoid paying compensation as outlined in Regulation 261/2004. Consequently, the industry has sought amendments to these regulations. In March 2013, the European Commission (EC) proposed revisions to Regulation (EC) No 261/2004 and Regulation (EC) No 2027/97. The aim of the proposal is to ensure that air carriers offer a high level of protection for passengers during travel disruptions while maintaining a fair balance between passenger and industry interests. To achieve this, the EC suggested clarifying ambiguous areas, closing loopholes, simplifying complaint handling, better coordinating enforcement policies, and ensuring that airlines face realistic financial costs. On December 5, 2024, during a policy debate on air passengers' rights under the Hungarian Presidency, it became evident that there is renewed momentum to advance the 2013 Commission proposal. In light of these developments, we are reassessing together with Air France-KLM our stance on the EU 261 proposal to ensure an equitable balance between the interests of passengers and the industry.

Outside Europe, we observe a growing trend of legislation similar to Regulation 261/2004. For instance, in the USA, we are required to automatically refund passengers in the event of disruptions. In Canada, the Air Passenger Protection Regulations (APPR) apply. Additionally, several passenger rights laws are in force in countries such as Thailand, Mexico, Saudi Arabia, China, and Korea. The varying legislation and interpretations present challenges in managing customer claims and shaping our operational and commercial policies effectively.

Impact: Passenger rights requirements significantly influence KLM's operational and commercial policies. An increase in compensation regulations could substantially impact costs. This rise in expenses would exacerbate existing competitive disparities with airlines from non-EU countries, whose operations are often not subject to the same obligations. Furthermore, the widespread use of specialized companies to collect passenger compensation has made claim processing more complex and time-consuming.

These companies also take a significant portion of the compensation paid by the airline, further increasing the financial burden on KLM.

Mitigation plan: The Air France-KLM Group, including KLM, has restructured its organization and procedures to enhance its ability to manage passenger complaints effectively. The goal is to prevent disputes and ensure compliance with regulatory deadlines under all circumstances, including during major disruptions. This overhaul of operational processes has led to optimized decision-making, resulting in more intensive communication and prioritizing the processing of requests, benefiting our customers and partners. In terms of regulations, KLM adopts a proactive approach to gathering and utilizing information. Additionally, several projects have been launched to automate and digitize processes to improve our claims handling efficiency.
Access to databases updated by IATA enables KLM to take into account constant changes in regulations worldwide and to adopt the compliance measures it deems necessary.

1.2.8. Commitments vis-à-vis the European Commission

Description of the risk:

a. Merger Regulation and Cooperation Agreements:

In 2004, Air France and KLM made several commitments to comply with the European Commission's decision to authorize their merger. These commitments included provisions for making potential landing and take-off slots available to competitors at certain airports.

b. State Aid:

In 2020, the European Commission approved support measures to bolster KLM's liquidity under the COVID-19 State Aid rules. These measures included a EUR 2.4 billion revolving credit facility guaranteed by the Dutch State and a EUR 1 billion loan from the Dutch State, as per the decision on July 13, 2020.

Similar to many decisions regarding State Aid for airlines during the COVID-19 crisis, the European Commission's approval of support measures for KLM faced annulment proceedings initiated by Ryanair. On December 20, 2023, and February 7, 2024, the General Court of the European Union annulled these decisions. However, the European Commission readopted the Dutch measures to strengthen KLM's liquidity on July 10, 2024, through a single decision confirming their compatibility with European law.

Impact:

a. Merger regulation and cooperation agreements:

Failure to comply with merger control or antitrust commitments entails financial, reputational, and structural risk for Air France-KLM Group.

b. State Aid:

Uncertainty persists regarding the legal and financial ramifications of the annulment of the State Aid decisions until a final judgment is rendered. Nonetheless, all the aid provided has already been fully repaid in accordance with the associated conditions (commitments, behavioral measures, application of interest) within the relevant legal framework.

The potential indirect consequences of the annulment of the aforementioned State Aid could include the imposition of illegality interest.

Mitigation plan :

a. Merger regulation and cooperation agreements:

The Air France-KLM Group has determined that the potential consequences related to slot availability under the 2004 remedies remain manageable and do not impact the economic viability of the affected routes. Air France-KLM also maintains regular communication with the European Commission to discuss the necessity of upholding these commitments, which were established over sixteen years ago. Consequently, on February 24, 2023, the European Commission lifted the commitments made by Air France and KLM in 2004 concerning the Paris-Amsterdam route.

b. State Aid:

Throughout 2022 and 2023, KLM fully repaid the State Aid received for COVID-19 liquidity support. Consequently, KLM is no longer liable for any COVID-19 recapitalization aid and is therefore fully released from all associated undertakings and constraints.

The Air France-KLM Group, KLM, and Air France have filed three appeals with the Court of Justice of the European Union seeking to annul the three judgments of the General Court that overturned the decisions issued in December 2023 and February 2024. The European Commission has also filed three appeals against these judgments and re-approved KLM's liquidity support on July 10, 2024.

This new decision does not affect the appeals lodged by the European Commission, Air France, KLM, and the Air France-KLM Group against the General Court's rulings, which annulled the initial decisions on the grounds of incorrect determination of the beneficiary of these aid measures. The Court of Justice of the European Union has yet to rule on these appeals.

1.3. Risks relating to the Group's processes

1.3.1. Operational performance and customer risks

Description of the risk: For our customers, operational performance is a cornerstone of the product. Increasing congestion at airports and in airspace, along with increasingly complex regulations (e.g., security and safety), present a risk of sub-optimal operational performance. On top of this, there is potential social unrest, staff and material shortages within the airline industry, fleet unavailability (due to delays in deliveries, material shortages, and technical quality issues), and weather-related disturbances. These factors collectively pose a risk of sub-optimal operational performance or a lower standard of customer service.

Impact: This risk may result in higher operational performance costs and diminished customer satisfaction levels, potentially adversely affecting the KLM Group's reputation and revenue.

Mitigation plan: At KLM, the Operations Control Centre plays a central role in managing operations, ensuring disruptions are handled in an integrated manner. Numerous action plans are implemented to enhance operational excellence, manage and recover from service disruptions, ensure security, maintain network agility, manage the fleet, handle compensation procedures (EU 261), manage crew, and coordinate other critical internal and external resources. Coordination with key stakeholders, such as authorities and airports, is also prioritized. The objective is to minimize service disruptions, mitigate their impact on customers, enhance customer satisfaction, and reduce the costs associated with sub-optimal performance, particularly through continuous improvement projects at the hubs.

Concrete measures taken to mitigate the most immediate risks are:
- Adaptation of the number of spare aircraft to reduce flight cancellations;
- Improvement of key processes at the hub and international stations, in particular concerning passenger, baggage, and crew flows;
- Optimisation of the use of airport infrastructures in coordination with airport authorities; and
- Continuous coordination with ATC Control at Amsterdam (LVNL) to reduce the impact of ATC delays on departure and arrival punctuality.

In the event of a major incident, a crisis or emergency response organization can be activated to manage the situation effectively.

1.3.2. Failure of a critical IT system, IT risks and cyber-criminality

Description of the risk: Like any business that extensively utilizes modern communication and IT data processing technologies, KLM is exposed to the threat of cybercrime.

The significant reliance on IT and communication technologies renders airlines particularly vulnerable to cybercriminal activities.

Impact: Cybercrime and cyber-espionage encompass a variety of activities involving the misuse of data and interference with the integrity of the Air France-KLM Group Information System for personal, financial, psychological, or political purposes. If KLM fails to effectively counter such cyber threats, it could negatively impact the KLM Group's operations, reputation, revenues, costs, and overall performance.

Mitigation plan: To mitigate this risk, KLM allocates substantial resources to ensure business continuity, data protection, compliance with personal information security laws, and the safeguarding of both tangible and intangible assets at risk. To transfer part of this risk, KLM has also secured a cyber insurance policy.

Independent audits on IT security have been successfully conducted to refine our action plans. In 2024, these efforts were recognized with the award of the AirCyber certificate at the highest Gold level from Boost Aerospace. New processes and tools have been implemented to detect, protect, and promptly address any identified deviations or system vulnerabilities. The IT staff dedicated to cybersecurity receive continuous training to stay abreast of emerging threats. Additionally, the Executive Committee monitors the level of cyber awareness among staff and implements appropriate measures as needed.

1.3.3. Data security

Description of the risk: The airlines within the KLM Group collect personal data from both their customers and employees. Effective management of these assets necessitates rigorous oversight of the required data, with consistency and integrity posing ongoing challenges for IT projects and the operation of digital services. Frequent changes to applications and processes demand continuous adaptation of IT management tools and methods, in coordination with business units and third parties, to ensure compliance with regulatory and operational requirements.

Impact: If KLM fails to implement these frequent changes or to protect personal data in accordance with relevant laws and regulations, it could negatively impact KLM's operations, reputation, revenues, costs, and overall performance.

Mitigation plan: The IT division enforces security protocols designed to mitigate risks associated with new technologies, particularly mobile data terminals. Access controls for IT applications and computer files at each workstation, as well as oversight of data exchanged outside the company, adhere to national, European, and international standards. Regular awareness campaigns are conducted to educate staff on potential threats and promote best practices. Specialized companies and KLM's Internal Audit department routinely assess the effectiveness of the implemented solutions.

1.3.4. Business continuity and regulatory compliance

Description of the risk: IT systems, including the revenue management systems and booking systems used and the information they contain, may be exposed to risks concerning continuity of functioning, data security, and regulatory compliance. These risks have diverse origins both from the outside (for example the CrowdStrike incident in July 2024) as from within.

Impact: The materialisation of one of these risks could have an impact on the KLM Group's activities, reputation, revenues and costs, and ultimately its results.

Mitigation plan: KLM monitors the secure functioning of its IT systems on a permanent basis. Dedicated help centres and redundant networks guarantee the availability and accessibility of data and IT processing in the event of major incidents.

The infrastructures of the back-up operating centres and business continuity plans are tested regularly. The access controls to the IT systems and to the data exchanged within the company are governed by rules complying with international laws and standards. Companies specialising in IT security, Internal Audit, and Internal Control all regularly evaluate the relevance and effectiveness of the solutions in place.

The risk of damage to the IT facilities is covered by insurance policies.

1.4. Working conditions and human capital development

1.4.1. Social stability and employee engagement

Description of the risk: Since mid-2022, the airline industry has experienced a rise in air traffic, with KLM and its subsidiaries facing increased activity. Tight labour conditions and the company's transformation plan, set against an inflationary economy, may affect employee engagement, motivation, and commitment. This could lead to concerns about the financial recognition of their efforts and the future of the airline.

Impact: KLM recognises the constraints and risks to which it is exposed: social unrest and action could have a negative impact on its operations, profitability, and reputation.

Mitigation plan: KLM seeks to preserve cohesion by fostering a constructive and transparent workplace dialogue and by pursuing a policy based on respect and responsibility.

KLM also has a divisional approach to increase engagement. All divisions have chosen their own priorities, considering their specific circumstances and employee needs, which are measured on a weekly basis. Central support is offered to increase engagement in a consistent and structural manner.

Narrowing the gap between management and staff is key to understanding the needs and concerns of staff, which requires tackling any issues in a proactive manner and ensuring that employees are (intrinsically) motivated and enabled to contribute to the airline's objectives.

1.4.2. Key competencies and attractiveness

Description of the risk: Employees are central to KLM's strength. In the context of digitalisation, the use of artificial intelligence, and the need for adaptation, KLM prioritises the acquisition of new skills, boosting internal employability through talent development, and enhancing its appeal to attract top talent.

KLM observes the emergence of new motivations of its employees, such as meaningful work, flexibility at work, and work-life balance. Given the motivation of differentiating itself from the competition and reaching a high level of performance, KLM is facing challenges with a tight labour market and, in some areas, a lack of skilled talent.

Impact: A shortage of skills in areas such as Engineering, Maintenance, and IT could delay or raise the cost of transformation plans. For operational staff, tight labour conditions may cause workforce planning issues as activity levels increase.

Mitigation plan: KLM has an ambitious HR policy to strengthen its employer brand and develop the skills needed to meet strategic and operational goals. To attract and retain key profiles, KLM emphasises meaningful work and involves management teams in talent identification and succession planning. KLM has developed a multi-year recruitment strategy implementing the aforementioned ambitions.

KLM continues to invest in training and employee development thanks to dedicated dialogues and individual development plans aimed at supporting and opening career path opportunities. Any opportunities to receive subsidies for sustainable employability are fully deployed.

KLM has implemented a Strategic Workforce Planning methodology to enhance workforce planning, particularly for critical staff categories. Additionally, KLM has invested in Skill Mining to gain a comprehensive understanding of existing skills in the company and anticipate future skill gaps. KLM uses build-buy-borrow strategies to ensure the availability of skills is met in a variety of ways.

1.5. Non-compliance with regulations, including competition, data protection, trade compliance and export control, anti-corruption and duty of vigilance laws

Description of the risk: As the KLM Group operates globally, it must adhere to numerous and increasingly complex laws and regulations.

Certain laws necessitate dedicated monitoring and implementation programs, such as the French Duty of Vigilance Act and the French Anti-Corruption Act of December 9, 2016 (known as the Sapin 2 Law). Regulatory authorities monitor the existence and effectiveness of anti-corruption programs.

At the EU level, the Corporate Sustainability Due Diligence Directive (CSDDD), adopted in May 2024 and enforceable from 2027, will enhance the legal requirements of the existing duty of vigilance laws.

Organizations required to comply with these regulations, both internally and within their value chain, face increasing scrutiny from local authorities, NGOs, associations, and rating agencies.

As a listed company, Air France-KLM must also adhere to rules mandating notifications and registrations to prevent insider trading and market manipulation.

Impact: Non-compliance with such laws and regulations may lead to significant fines, damages, legal proceedings, jail sentences, reputational damage, the inability to participate in public tenders or to gain or renew approvals or licences from the authorities to conduct business, and so on.

The KLM Group has been involved in investigations in relation to anti-trust matters in the airfreight industry, initiated before the European Commission in December 2005, and in the passenger sector. See note 28. Contingent Assets and Liabilities.

Mitigation plan: The KLM Group establishes policies for each compliance area (competition, anti-corruption, securities trading compliance), outlining prohibited practices, sanctions, and rules that all employees must follow to ensure adherence to applicable laws. This documentation is regularly reviewed and updated.

The Group also initiates e-learning campaigns covering each compliance area for a broad range of employees, along with specific training programs for staff categories with high-risk exposure. A team of experts provides advice and guidance on contracts and projects.

Additionally, the KLM Group has implemented tools for screening contracting partners regarding ethics and trade sanctions, as well as monitoring transactions involving sensitive materials (military, dual-use).

An internal tool compiles insider lists, publishes ad hoc announcements related to privileged information and blackout periods, and disseminates information on relevant policies, projects, and applicable processes through corporate information letters.

1.6. Legal risks related to litigation

Description of the risk: In the ordinary course of business, companies within the KLM Group may become involved in legal, administrative, criminal, or arbitration proceedings. These proceedings can relate to civil liability, competition, compliance (ethics, data privacy, export control), industrial, fiscal, social, intellectual property claims, environmental issues, or discrimination. In some cases, substantial monetary claims have been or may be made against one or more KLM Group companies. The provisions KLM may record in its financial statements might not be sufficient, potentially having a material adverse effect on its business, financial position, results, and outlook. With the exception of the proceedings and litigation outlined in note 28. Contingent Assets and Liabilities, there are no other administrative, legal or arbitration proceedings (including, to KLM's knowledge, any proceedings under way or threats of proceedings) that could have or have recently had a material effect on KLM Group's financial position or profitability in the past twelve months.

New proceedings, stemming from existing proceedings or otherwise, related to risks already identified by KLM Group or to new risks, could be initiated against a KLM Group entity.

Impact: Should these proceedings result in an unfavourable outcome, there could be a significant adverse reputational effect on KLM Group's business, and also on its financial position, results, and outlook.

Mitigation plan: Training and guidelines are provided by the legal department to relevant teams to help them anticipate litigation risks based on experience and legislative changes. Ongoing procedures are regularly monitored and analysed by the legal department, with external legal counsel support when necessary.

Provisions may be recorded in KLM's financial statements for these disputes if needed. KLM regularly reassesses its financial exposure to pending proceedings and adjusts the corresponding provisions accordingly, to the best of its knowledge. These amounts are also reviewed and validated by the Statutory Auditors.

Certain risks associated with these procedures are covered, under specific conditions, by the insurance policies held by the Companies.

1.7. Assessment of going concern

Every year, KLM provides an extensive elaboration on the going concern analyses performed by the company. These analyses include the most important economic, financial, and business risks (many of them described in this chapter), the uncertainties in relation to them, and their potential impact on the financial robustness and going concern basis of the company.

In this context, scenario and sensitivity analyses were performed in the course of 2024. Various time horizons were considered and such analyses included trend and scenarios related to capacity constraints, volatility of fuel prices, changes in Schiphol Airport capacity, a possible recession, tight labour markets, and increasing labour costs.

The analyses were shared and discussed with the Audit Committee and the conclusions were shared with the Supervisory Board of KLM.

Several important observations following from these analyses include:

- In general, KLM has a solid financial risk profile as a result of a combination of developments and achievements;
- Positive yield developments, with revenues as well as yield above 2019 levels;
- KLM extended the maturity of its Revolving Credit Facility until 2028, and as per year-end still has EUR 1.1 billion available to draw down;
- Robust available cash position of EUR 2.1 billion (liquidity position of EUR 3.3 billion including the aforementioned Revolving Credit Facility and other credit lines);
- A positive equity position of EUR 917 million at the end of 2024;
- In October 2024, KLM announced firm measures to structurally strengthen its operational and financial position. These "Back on Track" measures include increasing productivity, simplifying the organisation, cutting costs, and deferring or postponing investments. With this total package of measures, KLM aims to improve its operating result by EUR 450 million in the short term;
- Strong fuel price fluctuations remain an important risk factor for KLM, also due to the fact that there is generally a delay in any impact on air transport prices. Also, the correlation between fuel price development and air transport price development may fluctuate over time, depending on many factors underlying the ever-changing supply-demand balance.

- KLM, in conjunction with Air France-KLM, has a policy in place to manage these risks that is set out in note 21. Financial Risk Management in the consolidated financial statements;
- In the financial sensitivity analyses performed, KLM assessed its flexibility in executing both committed and uncommitted investments as well as its funding capacity. This flexibility is an important factor in mitigating risks relating to financial continuity in longer periods of strong and unexpected downturns;
- KLM ensured that the scenario and financial sensitivity analyses were based on an up-to-date business plan, with realistic business and financial parameters;
- To compensate for business, economic, and geopolitical risks identified in the analyses, KLM aims to mitigate its financial risks as much as possible. These risks are inherent to our airline business and the underlying business activities. This conservative approach includes clear and stringent risk management policies in order to mitigate fuel price, currency and interest, refinancing, counterparty, and liquidity risks;
- KLM's approach to mitigate liquidity risk is based on maintaining sufficient liquidity in the form of daily available cash and cash equivalents as well as a committed standby revolving credit facility.
- With regard to the annual planning horizon, which has most emphasis in the context of this Annual Report, based on all information and analysis available and taking into account KLM's current liquidity position, the business outlook, the investment plan and its flexibility, fuel price sensitivity, the availability of funding (KLM can draw EUR 1 billion on a Revolving Credit Facility and EUR 0.1 billion on other credit lines per year end 2024), and KLM's redemption profile, the Board of Managing Directors concludes that there is no foreseeable reason to expect that the financial going concern of KLM is at stake in the next twelve months as of the date of publication of this Annual Report.

2. Risk management process

KLM Group's risk management process is designed to identify events that could potentially impact the Group's ability to achieve its objectives and to establish a comprehensive risk management and reporting system. This process enables various divisions and principal subsidiaries, as well as the Group Executive Committee, the Audit Committee, and the Compliance Committee, to monitor key strategic and operational risks, track their evolution over time, and assess the measures implemented to manage these risks. The objective is to create and preserve value while safeguarding the Group's assets and reputation.

Each Group entity is responsible for managing its risks and for producing regular reports.

The overall risk management process also serves as a basis for the Annual Report and makes a major contribution to establishing the annual audit program.

As a facilitator of risk management, KLM Group's Internal Audit Department ("Internal Audit") regularly evaluates the risk management process. Its conclusions are the subject of presentations to the Group Executive Committee and the Audit Committee, and for extra-financial risks to the Compliance Committee. The conclusions of the Compliance Committee are considered by Group Internal Audit in the risk presentations made to the Audit Committee.

The Risk Management Committee monitors the management of financial market risks that could have an impact on the financial statements (fuel price, currency exposure, interest rate risks) on a quarterly basis.

In addition to the usual insurance policies covering the industrial sites, the real estate assets, and the ancillary activities, the KLM Group's subsidiaries subscribe to specific airline insurance policies covering accidental or incidental damage to aircraft and the resulting costs, liability in relation to their passengers, and general liability to third parties in connection with their activities.

2.1. Identification and evaluation of the risks

Group Internal Audit has established and regularly updates risk mapping and risk universe procedures. The principal risks are categorised by nature and assessed in terms of their likelihood of occurrence and potential impact. For each identified risk, the corresponding risk management procedures are detailed, along with the residual risk remaining after considering the internal control measures that have been implemented.

2.1.1. Risk monitoring and reporting

Group Internal Audit produces a biannual report for the Group Executive Committee and the Audit Committee on the Group's operational risks. The Audit Committee may decide to draw specific points to the attention of the Board of Directors. Reporting on strategic risks is part of the Strategic process.

The operational risk reporting process follows a bottom-up process starting in the different KLM divisions and the principal subsidiaries. Every six months the Enterprise Risk Coordinators, who have been designated by the different businesses, entities, and subsidiaries, establish the risk sheets and send them to Internal Audit, Internal Audit being responsible for their consolidation at airline and Group level.

The risk sheets indicate and describe the inherent material risks, and the action plans implemented for their mitigation or neutralisation, together with an evaluation of their probability of occurrence and the resulting impact. The risk owners and those responsible for the procedures to control risks are specifically named. To ensure the reliability of the process, the risk sheets for each entity are systematically reviewed during regular meetings between Group Internal Audit and the relevant Executive Vice-Presidents.

The Group's operational risk sheets, which summarise the operational risks of the entities and highlight any new or withdrawn risks as well as significant changes, are approved by the Group Executive Committee before being presented to and reviewed by the Audit Committee.

2.1.2. Risk management as carried out by the Risk Insurance department

Within KLM, the Risk Insurance department identifies the insurable risks at the level of each group company. It focuses on risks that can be insured or risks that can be managed/mitigated by reducing both their likelihood and impact. This department is responsible for drawing up the insurance policies and contributes to the risk prevention recommendations.

3. Management control process

3.1. Management control cycle

KLM's organisation is structured based on the network business (in which both passenger and cargo activities are combined), E&M, leisure, central staff functions, and the subsidiaries controlled by KLM. The KLM budget and five-year plan process is fully aligned with Air France-KLM on common key assumptions, timing and review meetings. KLM's Corporate Control department manages this process for the three core business units and all subsidiaries, covering the entire business of KLM. A management report is prepared every month by each of the businesses and on KLM Group level, analysing the monthly development of the financial results in relation to the forecast, budget and previous year as well as the operational performance of the businesses and KLM Group. These management reports are discussed with responsible managers of the businesses and the Board of Managing Directors in regular review meetings. KLM's most significant subsidiaries are monitored through KLM's Corporate Strategy Department on a monthly basis. KLM Board members are represented in the management of the most significant subsidiaries.

3.2. Planning and control process

The planning and control process is based on the following three structural procedures:

- The Group Strategic Framework, which was updated in July 2024 in close cooperation with Air France-KLM and Air France;
- The corporate five-year plan that translates KLM's strategy into clear financial and non-financial objectives. The corporate budget for the next financial year is fully embedded in the first year of the corporate five-year plan. The budget is drawn up on a business level and consolidated at company level. The 2025 budget, which is included in the five-year plan, was approved before the start of the financial year 2025; and
- The regular review meetings on a business level, where the performance of the businesses is evaluated (and updated) in the context of the budget.

3.3. Accounting process and establishment of accounts

The Corporate Control department prepares monthly group financial information reports based on the information submitted by the businesses and subsidiaries. The Air France-KLM accounting manual is in compliance with IFRS. The subsidiaries follow Air France-KLM Group's accounting rules, methods, and frames of reference as laid down by the company, and the presentation of financial statements must be in the format provided by Air France-KLM. The consolidated and company financial statements are submitted twice a year (half-year and year-end) for review to the external auditors prior to their closure at a summary meeting. They are subsequently forwarded for discussion to the Audit Committee.

3.4. Management reporting process

The Corporate Control department coordinates the company's reporting process. At the beginning of the month, an estimate is prepared in a bottom-up process by the businesses and most significant subsidiaries based on the planned network activity information available for the previous month.

Once the accounting result is known, the Corporate Control department produces a monthly management report listing the main activity data, staff numbers, and financial data. In addition, each month, the Corporate Control department, together with the businesses and main subsidiaries, examines and analyses the financial performance for the month and evaluates the forecast for the coming months up to the end of the current financial year. The Corporate Controller reports monthly to the KLM Board of Managing Directors and on a bi-annual basis to the Audit Committee, focusing on the variances between actuals versus budget and forecast, explaining incidental results recorded during the month, and the variances in the full-year forecast.

4. Internal control

4.1. Internal control

KLM has a system of internal control in place to provide reasonable comfort regarding the reliability of accounting and financial information and to comply with applicable laws and regulations. The Corporate Internal Control Team supports and guides all activities related to the assessment of internal control activities. The principles are laid down in the Air France-KLM Internal Control Charter, which outlines the methodology to assess the effective implementation and functioning of internal controls. The Internal Control activities oversee the annual testing of the entity level controls, testing of the operational effectiveness of the transaction level controls, and testing of relevant IT general controls. The results are the cornerstones for signing the internal Document of Representation (DoR) by business executives and business controllers. Based on information provided in the DoR, the Internal Control reporting during the year and at year-end, Corporate Internal Control reports on the effectiveness of the internal control process as part of the In Control Statement.

4.2. Internal audit

KLM has an independent Internal Audit Function (IAF) to provide independent and objective assurance and consulting services designed to add business value and improve the organisation's operations by bringing a systematic and disciplined approach to evaluating and strengthening the effectiveness of decision-making, risk management, internal control, and governance processes. The IAF is subject to a regular external quality assessment by the Dutch and French affiliates of the worldwide Institute of Internal Auditors. The external quality assessment concluded in 2023 indicated that KLM Internal Audit is Generally Conformed on all the 10 Core Principles for the Professional Practices of Internal Auditing.

The IAF conducts engagements at KLM and Air France-KLM level at the request of the Air France-KLM and KLM Audit Committees, the Air France-KLM Group Executive Committee, the KLM Executive Committee, and the KLM Board of Managing Directors. An annual audit plan, covering the main processes and risks, is presented to the Boards and Executive Committees, and approved by the Audit Committees.

The IAF may perform various types of engagements:

- Assurance Audits including operational audits, information and communication technologies or electronic data processing audits, compliance audits or post audits;
- Consulting engagements;
- Fraud investigations and fraud risk assessments;
- Enterprise risk management assessments; and
- Other activities.

Engagements carried out are summarised in a report presenting the conclusions, a grading, and highlights of findings, risks, and related recommendations. Follow-up by business management is required and monitored. The KLM Internal Audit department reports the bi-annual outcome of the audits to the Board of Managing Directors and to the Audit Committee of the KLM Supervisory Board.

Internal Audit Charter

To provide the internal auditors with an adequate base, a KLM Group Internal Audit Charter is in place. This charter establishes the framework of the Internal Audit Function and contains the guidelines to which it adheres regarding:

- Internal audit mission and objective, scope of work, and types of work;
- Accountability, independence, and relationship with other assurance functions;
- Authority and ethics; and
- Applicable standards.

The KLM Group Internal Audit Charter is in line with the governance structure regarding the Internal Control Function, the Air France-KLM Group Internal Audit Charter, and the Dutch Corporate Governance Code.

5. Safety management

Safety management

With regard to System & Governance, for KLM, operational safety, and specifically flight safety, is of the utmost importance. It is crucial for maintaining the trust of both customers and staff, and imperative for the long-term viability of KLM's operations and the broader air transportation sector. Within the context of a complex and evolving environment, KLM is committed to upholding the highest safety standards. For this purpose, it has a Safety Management System (SMS) in place, which is based on KLM's safety policy, which has been formally approved by the Civil Aviation Authorities. It also supports its safety postholders through targeted measures.

KLM's Safety & Security policy gives guidance on how to maintain the highest levels of operational, occupational, and environmental safety and operational security within KLM. It has been signed by the Accountable Executive (COO) of KLM and by all Accountable Managers represented in the KLM Safety Review Board (SRB), including the accountable manager of subsidiary KLM Cityhopper.

KLM's SMS complies with relevant national and international legislation. The SMS is also based on the requirements of other regulatory systems, such as IOSA, ISAGO, and ISO 14001. The SMS encompasses all safety management system components and elements as defined in ICAO Doc 9859.

By means of the SMS, risks are predictively indicated and proactively eliminated or mitigated before accidents and incidents occur. The SMS is also used to continuously improve safety by collecting and analysing data, identifying hazards, threats, and safety issues, and assessing safety risks to ensure the optimal allocation of company resources.

Besides the general Safety & Security policy, more specific policies exist with regard to contracted activities, fatigue risk management, occupational safety and health, environment (including energy), and IT business continuity. These specific fields of safety form an integral part of KLM's SMS.

At KLM, the Corporate Safety Review Board (SRB), chaired by KLM's COO, meets every two months to monitor the safety performance against KLM's safety policy and objectives. At the highest level, the Management Team Operations, chaired by the COO, oversees safety performance within the functional areas and coordinates the assessment of addressed risks and the resolution of mitigation and corrective strategies. In addition, there are Health & Safety Action Groups (SAGs and HSAGs) in place, chaired by Nominated Persons and/or Heads of Divisions, to monitor health and safety in the functional areas across the company.

Safety manual and references

The SMS manual describes the integrated SMS system across the following KLM domains: Operational Safety, Occupational Safety, Environmental Safety, and Operational Security. The SMS assures the safe performance of all processes within these domains through the effective management of safety risk.
KLM's SMS is based on the following main internal and external frames of reference:

External frames of reference

- Statutory: European and Dutch regulations (including those for operational security) and general implementing regulations;
- Industry: IATA Operational Safety Audit (IOSA), a standard that ensures a transparent level of operational safety to enable codeshare operations without further audits on KLM and ICAO Doc 9859 for the Safety Management Manual;
- Environment: ISO 14001, a standard for monitoring environmental control and impact; and
- Energy management system requirements: ISO 50001.

Internal frames of reference

These are several variations of the external frames of reference adjusted to the company's own processes:

- Statutory: statutory manuals (operating manuals, maintenance manuals, quality manuals), and associated general procedures, which are usually formally validated by the supervisory authorities that issue approval certificates, such as CAA-NL and FAA;
- Quality manuals for environmental control; and
- Management system: the company's Safety Management System Manual (SMS manual) and associated general procedures.

Governance

Board and Governance

Koninklijke Luchtvaart Maatschappij N.V. (KLM) is a public limited liability company incorporated under Dutch law. KLM has a two-tier board structure consisting of a Board of Managing Directors and a Supervisory Board.

Being part of an international group, Air France-KLM, KLM is subject to the mitigated structure regime (as per Dutch company law, Book 2 Dutch Civil Code).

KLM's corporate governance is based on the applicable statutory requirements and on the company's Articles of Association. Although the Dutch Corporate Governance Code does not formally apply to KLM, KLM has voluntarily brought its corporate governance framework as far as possible in line with generally accepted principles of good governance, as laid down in the Code. KLM closely follows developments in corporate governance legislation to further improve its governance.

Shareholding structure

KLM's shareholding structure is outlined below. Depositary receipts of shares carry beneficial (economic) ownership, but no voting rights on the underlying KLM shares.

Air France-KLM holds:

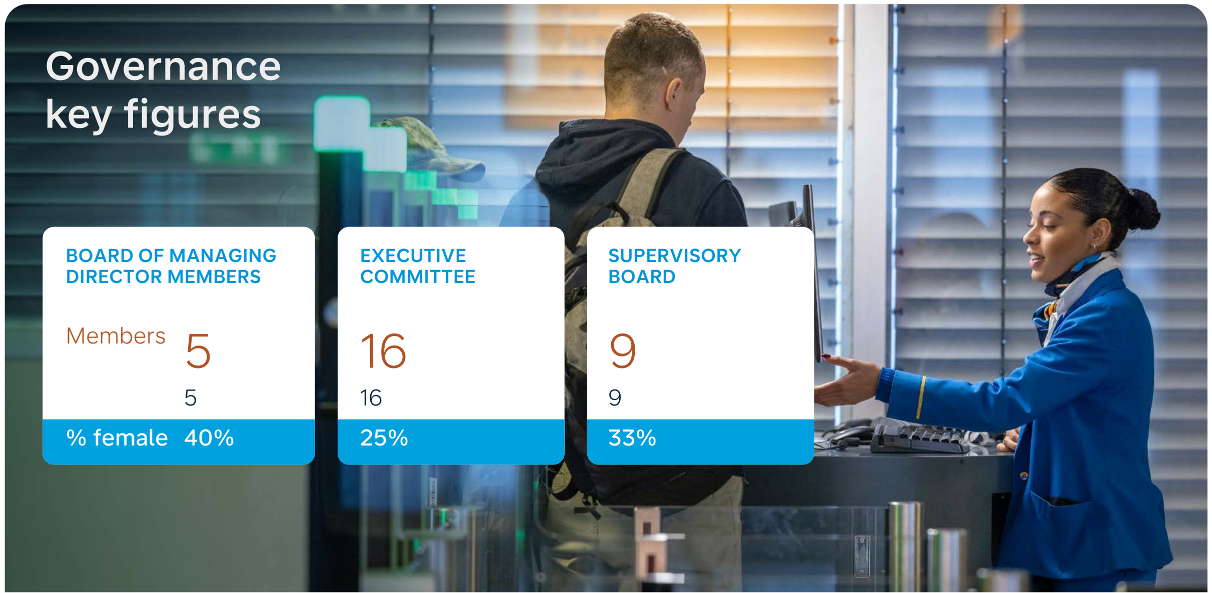
- All KLM priority shares;
- A number of the common shares-A, one common share-B, together with the priority shares representing 49 per cent of the voting rights in KLM;
- The depositary receipts issued by Stichting Administratiekantoor KLM (SAK I) on common shares-A and on the cumulative preference shares-A; and
- The depositary receipts issued by Stichting Administratiekantoor (SAK II) on the cumulative preference shares-C.

On December 31, 2024, SAK I held 33.59 per cent of the voting rights in KLM in the form of common shares-A and cumulative preference shares-A. SAK II holds 11.25 per cent of the voting rights in KLM based on cumulative preference shares-C. The Dutch State directly participates with cumulative preference shares-A, which represent 5.92 per cent of the voting rights.

Physical bearer share certificates issued by KLM

On July 21, 2005, all bearer shares in KLM's issued share capital were converted into registered shares pursuant to an amendment of the Articles of Association. To exercise the rights vested in the shares, holders of former bearer shares were required to hand in their bearer share certificates. Pursuant to an amendment of Section 2:82 of the Dutch Civil Code in 2019, a bearer share certificate that had not been handed in to KLM on or before December 31, 2020, became void and the share represented by the bearer share certificate was acquired by KLM for no consideration.

Shareholders who present their bearer share certificates to KLM within five years following the cut-off date of December 31, 2020 are entitled to receiving a replacement registered share.



It is important to note that any KLM shareholder who fails to submit their bearer share certificates by January 1, 2026 will forfeit their right to exchange these certificates for registered shares. For assistance in this matter, shareholders are encouraged to contact the company directly.

Air France-KLM

KLM and Air France share the same holding company, Air-France KLM S.A. The holding company's Board of Directors (Conseil d'Administration) has 19 members.

The Air France-KLM Board has five Dutch members, of which one is appointed upon nomination by the Dutch State and two upon nomination by the KLM Supervisory Board. The fourth Dutch member is the Chair of the KLM Supervisory Board. The fifth Dutch member joined the Air France-KLM Board as Director representing employees. KLM's President & CEO attends the Board meetings as permanent guest/observer.

Supervisory Board

The KLM Supervisory Board supervises the management conducted by the Board of Managing Directors and the general course of affairs, operational performance, and corporate governance of the company. It also provides the Board of Managing Directors with advice. The Supervisory Board oversees KLM Group's strategy and policies, and approves major management decisions. It further discusses companies' management of impact, risk, and opportunities relating to sustainability. For certain major resolutions by the Board of Managing Directors, approval of the Supervisory Board is required.

Pursuant to the Articles of Association, KLM's Supervisory Board shall consist of at least nine and at most eleven members. On December 31, 2024, KLM's Supervisory Board consisted of nine members. Supervisory Board members are appointed and reappointed by the General Meeting of Shareholders. The General Meeting of Shareholders may recommend candidates to the Supervisory Board, whereby the KLM Works Council has the legal right to recommend one third of the Supervisory Board members. Five members are appointed upon recommendation of Air France-KLM. The General Meeting of Shareholders may reject the nomination by an absolute majority of the votes cast, representing at least one third of the issued capital.

A Supervisory Board member is appointed for a term of four years and can be reappointed for another term of maximum four years. In the event of a reappointment after eight years of service, the Supervisory Board shall state the reasons for such a reappointment. The candidates are selected in accordance with the Supervisory Board's profile, which also includes its diversity policy.

KLM's VP Corporate Secretary & General Counsel acts as Secretary of the Supervisory Board. The Secretary ensures that the Supervisory Board acts in accordance with the law, KLM's articles of association, and its own regulations. In addition, the Secretary ensures timely and adequate provision of information to the Supervisory Board and assists the Chair of the Supervisory Board in the organisation of the Supervisory Board meetings.

Committees

The Supervisory Board, while maintaining overarching responsibility, has established three specialised committees to which it has delegated specific duties: the Audit Committee, the Remuneration Committee, and the Nomination Committee. Each of these committees operates under its own set of regulations that define, amongst other things, its composition, roles, and responsibilities.

Audit Committee

The Audit Committee is charged with monitoring KLM's financial accounting process, the efficiency of the internal control over financial reporting, the internal audit, and risk management systems. In addition, the Audit Committee prepares the selection of the external auditors and advises the Supervisory Board regarding the external auditors' nomination for appointment, reappointment, or dismissal. As of December 2023, the Audit Committee has been mandated by the Supervisory Board to supervise the management of KLM's sustainability impacts, risks, and opportunities.

The Audit Committee consists of Mr. Gagey, Mr. De Jager, and Mrs. Pellerin. Mr. Gagey chairs the Audit Committee.

Remuneration Committee

The Remuneration Committee is tasked with drafting a transparent and comprehensible proposal for the remuneration policy, including the compensation of individual members of the Board of Managing Directors. The committee is also responsible for making recommendations regarding the remuneration of individual members of the Supervisory Board.

In addition, the committee conducts performance evaluations of the members of the Board of Managing Directors, assessing their achievements against the collective and individual targets established for the financial year.

The Remuneration Committee consists of Mrs. Oudeman, Mr. Enaud, and Mr. Draijer. Mrs. Oudeman chairs the Remuneration Committee.

Nomination Committee

The Nomination Committee is entrusted with formulating the selection criteria and appointment procedures for members of the Supervisory Board and the Board of Managing Directors. Furthermore, the committee is responsible for assessing the size and composition of the Boards and the functioning of individual board members, drafting a plan for succession, making proposals for (re-)appointments, and preparing the decision-making process for the Supervisory Board.

The Nomination Committee consists of Mr. Draijer, Mr. Enaud, and Mrs. Oudeman. Mr. Draijer chairs the Nomination Committee.

Board of Managing Directors

The Board of Managing Directors is responsible for managing the company and monitoring all corporate governance activities. The members of the Board of Managing Directors drive the management's agenda and share responsibility for the continuity of KLM and sustainable long-term value creation. To fulfil their duties, each member must be guided by the best interests of KLM, its businesses, and its internal and external stakeholders. Regardless of the allocation of tasks among its members, the Board of Managing Directors acts as a single organ with collective responsibility. The Board of Managing Directors must keep the Supervisory Board fully informed on developments it may need to be aware of to adequately perform its supervision and advisory role.

In accordance with the Articles of Association, the Board of Managing Directors shall comprise a minimum of three Managing Directors. As of December 31, 2024, KLM's Board of Managing Directors has been composed of three statutory Managing Directors and two non-statutory members. Statutory Managing Directors are appointed and dismissed by the General Meeting of Shareholders, based on proposals made by the Supervisory Board. Non-statutory members, on the other hand, are appointed by the Board of Managing Directors. The statutory members of the Board of Managing Directors are appointed for a four-year term, unless determined otherwise by the General Meeting of Shareholders.

A statutory member of the Board of Managing Directors may be dismissed by the General Meeting of Shareholders, potentially upon a proposal from the Supervisory Board.
The Supervisory Board is responsible for appointing one of the members of the Board of Managing Directors as President & Chief Executive Officer (CEO) and may also designate one or more Managing Directors as Deputy CEO. Detailed information regarding the terms and conditions of service, as well as the remuneration of board members, can be found in the Remuneration Policy and Report section.

General Meeting of Shareholders

KLM shareholders exercise their rights through the Annual or Extraordinary General Meeting of Shareholders. The date, agenda, and location of the Annual General Meeting are announced in a national newspaper, and registered shareholders receive notification by letter.

The General Meeting of Shareholders holds significant powers, including the appointment, suspension, and dismissal of members of the Board of Managing Directors and the Supervisory Board. Additionally, it determines the remuneration policy for both boards, adopts the financial statements, discharges the Board of Managing Directors and the Supervisory Board from liability, and appoints external auditors.

Furthermore, any resolution by the Board of Managing Directors that involves a substantial change in the company's identity or character requires approval from the General Meeting of Shareholders. Amendments to the Articles of Association can only be adopted by the General Meeting of Shareholders.

A resolution to dissolve the company requires that at least three-quarters of the issued shares be represented at the General Meeting of Shareholders, with at least two-thirds of the votes cast in favour of the resolution. These powers are not exhaustive, and the exact procedures are detailed in KLM's Articles of Association. KLM's Annual General Meeting of Shareholders will be held on May 22, 2025.

A General Meeting of Shareholders may be convened by the Board of Managing Directors, President & Chief Executive Officer, the Supervisory Board, three Supervisory Board members, or the Meeting of Priority Shareholders, each of which has equal power to do so.

Staff participation

The KLM Board of Managing Directors, represented by the President & Chief Executive Officer, meets with the company's Works Council on a regular basis. During these meetings, a number of topics is discussed, such as operational challenges, developments in the area of people and the company's strategy and financial results.

The KLM Works Council has 25 members. In 2024, the KLM Works Council held 10 regular meetings in the presence of either the Chief Executive Officer or the Chief People Officer. The Works Council also engaged in direct dialogue with members of the Supervisory Board.

At Air France-KLM level, a European Works Council represents both KLM and Air France. This council focuses on issues that pertain to both Air France and KLM staff at European locations. The European Works Council held two regular and five select committee meetings in 2024.

Diversity

In accordance with Air France-KLM Group's diversity and inclusion ambition and belief that an effective policy of diversity and inclusion is key to the well-being of employees within the company, with positive impact on the performance of the organisation, KLM embraces a diverse and inclusive environment, emphasising gender equality. For further details, reference is made to the section 'Our people'.

Compliance and business ethics

KLM' Compliance & Business Ethics Framework requires leadership and staff to do business with loyalty, fairness, transparency, honesty, and integrity. It expects KLM leadership and staff to reach out, to take ownership, to be competent, to connect, to guide, to challenge, and to inspire each other in a joint effort to secure the integrity of the KLM organisation internally and vis-à-vis third parties that KLM deals with in its day-to-day business. The KLM Code of Conduct acts as a cornerstone, encapsulating the fundamental principles of business integrity that all KLM employees and management must adhere to. This document delineates the rules, standards, and expected behaviours, referencing underlying corporate compliance codes such as the Air France-KLM Anti-Corruption Code of Conduct, the Air France-KLM Gift & Hospitality Policy, the Air France-KLM Competition Law Compliance Manual, the KLM Compliance Charter, the KLM Anti-Fraud Policy, and the KLM Speak Up Policy. Designated employees are required to complete training on various compliance topics, such as competition law, anti-corruption law, trade compliance, and data protection. Relevant codes and regulations are accessible to all employees via the KLM intranet.

On behalf of the Board of Managing Directors, KLM's Compliance Committee monitors the effectiveness of the KLM Compliance & Business Ethics Framework. The Compliance Committee meets at least quarterly and updates the KLM Board of Managing Directors and the Supervisory Board on compliance performance, adherence to compliance, and compliance risks. KLM also maintains a dedicated compliance and business ethics team, with designated experts at both corporate and business levels tasked with the implementation and management of compliance programmes within the organisation.

Dutch Corporate Governance Code

KLM's corporate governance aligns with the generally accepted principles of good governance as outlined in the Dutch Corporate Governance Code, with a few exceptions noted below. The Board of Managing Directors, in collaboration with the Supervisory Board, has extensively discussed the impact of the Dutch Corporate Governance Code on KLM's corporate governance framework.

KLM deviates from the best practices described in the Code in a limited number of areas, adhering to the 'comply or explain' principle. These deviations are as follows:

- Regulations and other documents are not made available on the company website; however, they are accessible upon written request;
- The composition of the Supervisory Board does not fully comply with Best Practice Provision 2.1.7 sub i, which pertains to the independence of the Supervisory Board; and
- KLM is in the process of formalising its diversity and inclusion efforts and policies, as well as its procedures for stakeholder engagement, in line with Best Practice Provisions 2.1.5, 2.1.6, and 1.1.5, respectively.

These deviations are part of KLM's ongoing efforts to refine and enhance its corporate governance practices.

Dutch Tax Governance Code

KLM is one of the first companies that has embraced the new Dutch Tax Governance Code presented by the Confederation of Netherlands Industry and Employers (known as VNO NCW) in May 2022.

The Tax Governance Code not only includes relevant tax codes and principles, but is also more ambitious regarding the view that:

- Tax is not only a cost factor, but also a contribution to society;
- Tax rules must be interpreted in accordance with the spirit of the law;
- There needs to be restraint in the use of tax havens; and
- It is necessary to provide transparency, especially on taxes paid and collected.

The Tax Governance Code establishes a clear and transparent system, of which accountability and supervision of tax policies are integral elements. Similar to compliance with the Corporate Governance Code, accountability with regard to the Tax Governance Code is based on the principle of 'comply or explain'. This means that companies must render account for any principles in the Code where they are not, or not yet, compliant. This opens possibilities for the Board of Managing Directors and the Supervisory Board to initiate a dialogue on KLM's tax profile, and offers any interested party a much better understanding of the company's tax position and what and how it contributes to the societies in which it operates.

For the financial year 2024, KLM complied with all principles of the Code. Further information can be found in the 2024 tax contribution report available on KLM's website.

Conflict of interest

The handling of conflicts of interest between the company and members of the Board of Managing Directors or the Supervisory Board is governed by Dutch law, the relevant provisions of the Dutch Corporate Governance Code, and the regulations of the respective board. KLM's Articles of Association explicitly state that a Managing Director or member of the Supervisory Board may not participate in any discussion or decision-making on a subject in which he or she has a direct or indirect personal interest that conflicts with the interests of KLM and the business connected to it. A member of the Board of Managing Directors or the Supervisory Board is required to report any conflict of interest or potential conflict of interest that is of material significance to the company and/or to the member concerned, to the Chair of the Supervisory Board. Decisions to enter into transactions in which there are conflicts of interest with members of either board that are of material significance to the company require the approval of the Supervisory Board.

Internal regulations

The regulations adopted in respect of the Supervisory Board, the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Board of Managing Directors are reviewed regularly. The Supervisory Board Regulations, the profile of the Supervisory Board, the Board of Managing Directors Regulations, the Terms of Reference of the Audit Committee, the Nomination Committee, and the Remuneration Committee, and the rotation schedule, in so far as not published in this annual report, may all be viewed at the company's head office. Copies shall be made available to shareholders upon written request to the Company Secretary.

In Control Statement

KLM has experienced a year with significant challenges, with increases in ticket sales and revenue being offset by even steeper increases in costs, leading to significant pressure on margins and profitability. Overall revenues amounted to EUR 12.7 billion, which is a 5.2 per cent increase compared to 2023, whereas adjusted income from operating activities decreased from EUR 650 million in 2023 to EUR 416 million in 2024. Adjusted free cash flow was EUR 766 million negative for 2024 compared to EUR 340 million positive in 2023. KLM's cash position at year-end 2024 amounts to EUR 2.1 billion, excluding an undrawn Revolving Credit Facility of EUR 1.1 billion. The most significant cost increases are related to labour, flight-related costs, and maintenance, with 2024 characterised by shortages in staff, fleet availability, and components. In anticipation of (and response to) these results, the Back on Track program was launched in October 2024, with the aim of identifying improvement actions and initiatives across five pillars: productivity, increase operational capacity, increase revenue, capex optimisation and reconsider business mix.

During 2024, as part of KLM's internal risk management and control process, numerous activities were performed in relation to IT security, safety management, internal control, and compliance. Overall, the outcomes and progress to date give reasonable comfort in relation to KLM's Control Governance Structure.

In accordance with previous paragraphs on risk management and control, in addition to the assessment of going concern, all currently known circumstances taken into consideration, the Board of Managing Directors states to the best of its knowledge that:

- The Annual Report 2024 provides sufficient insights into potential material failings in the effectiveness of the internal risk management and control systems;
- The internal risk management and control systems of the company provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- The Annual Report 2024 states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the date of the Annual Report.

Board of Managing Directors

					
	Marjan E.F. Rintel	Maarten P.A. Stienen	Bas H.F. Brouns	Miriam I. Kartman	Barry A.M. ter Voert
	President and Chief Executive Officer	Managing Director and Chief Operating Officer	Managing Director and Chief Financial Officer	Chief People Officer & EVP Human Resources	Chief Experience Officer & EVP Business Development
	1967, Dutch	1974, Dutch	1971, Dutch	1965, Dutch	1971, Dutch
Appointed as	Statutory Board Member	Statutory Board Member	Statutory Board Member	Non-Statutory Board Member	Non-Statutory Board Member
First appointment/ current term	2022 / 2022 - 2026	2023 / 2023 - 2027	2024/ 2024 - 2028	n/a	n/a

Vice President Corporate Centre & General Counsel

Ingeborg Zikken

Vice President Corporate Centre & General Counsel

1973, Dutch

Supervisory Board

(situation as per December 31, 2024)





	Wiebe Draijer	François Enaud	Frederic Gagey	Jan-Kees de Jager	Christian Nibourel
	Chairman				
	1965, Dutch	1959, French	1956, French	1969, Dutch	1958, French
Appointed upon recommendation of		Air France-KLM	Air France-KLM	-	Air France-KLM
First appointment/ current term	2024 / 2024 - 2028	2016 / 2024 - 2026	2024 / 2024 - 2028	2019 / 2023 - 2027	2020 / 2024 - 2028
Current function/ Supervisory Board memberships and former functions*	› Chair of the Supervisory Board of the Dutch Cancer Society (KWF) › Member of the ‘Paleiscommissie’of the Royal Palace in Amsterdam › Member of the Air France-KLM Board of Directors › Former CEO of Rabobank › Former Chairman of the Social Economic Council (SER)	› President FE Development › Vice President GSF › Board Member of Talan, Visiativ, Isagri, Efeso and Taleo › Senior advisor of Towerbrook and Idi Co › President of ANSA › Former Group CEO Sopra Steria Group	› Chairman of the Board Servair Group › Member of the Board Barfield › Member of the Board - Director Air Cote d’Ivoire › Expert to Association des Transporteurs Aériens Francophones, ATAF › Former CFO Air France-KLM › Former CEO AIR FRANCE	› President and investor at Easygenerator › Investor and strategic advisor at Sana Commerce › Former CFO and Member of the Board of Managing Directors of Royal KPN N.V. › Former managing partner and CEO of ISM eCompany	› Chairman of Association de Garantie des Salaires › Former Chairman of Greater Paris Investment Agency › Chairman of INSA-Lyon › Chairman of ESSCA › Board Member of SMILE › President OneUp › Former CEO Accenture France-Benelux




	Marjan Oudeman	Fleur Pellerin	Benjamin Smith	Janine Vos
	1958, Dutch	1973, French	1971, Canadian	1972, Dutch
Appointed upon recommendation of	KLM's Works Council	AIR FRANCE KLM	AIR FRANCE KLM	KLM's Works Council
First appointment/ current term	2021 / 2021 - 2025	2018 / 2022 - 2026	2019 / 2023 - 2027	2019 / 2023 - 2027
Current function/ Supervisory Board memberships and former functions*	› Member of the Boards of UPM-Kymmene Corporation, SHV Holdings N.V., Solvay SA › Ao Former President of the Executive Board of Utrecht University › Former Member of the Board of Statoil ASA/Equinor ASA › Former Member of the Executive Committee of Tata Steel	› CEO Korelya Capital, Korelya Consulting and Korelya Fondateurs › Board Member of Ledger › Board Member of Synapse Medicine › Director of Eutelsat › Chair of the Credit Mutuel Alliance Fédérale Mission Committee › President of Canneseries Festival	› CEO of AIR FRANCE KLM › Member of AIR FRANCE Board of Directors › Director of Société AIR FRANCE › Vice-Chairman of WestJet Airlines Ltd's Board of Directors › Former President airlines and COO of Air Canada	› Member of the Managing Board and CHRO of Rabobank › Member of the Advisory Board SER Topvrouwen › Member of the Supervisory Board UNICEF Netherlands › Former CHRO of Royal KPN N.V.

Report from the Supervisory Board

105 years ago, KLM was founded by the young aviation pioneer Albert Plesman with the vision that 'the ocean of the air unites all people'. Over the past 105 years, KLM has developed into an airline with an entrepreneurial spirit and a global network.

All over the world, KLM has built an appealing brand that touches the heart of its customers. KLM connects with its customers by putting them first and by creating memorable experiences on the planet KLM cares for. The Supervisory Board is grateful to the founders, the stakeholders, and all employees of KLM who have contributed to the 105 years of history of KLM. The Supervisory Board has advised and supported the Board of Managing Directors in running a great airline for its customers and employees and made its contribution to achieving KLM's ambitions in the longer term.

The environment in which the Supervisory Board and its committees performed their roles in 2024 was marked by continuing geopolitical tensions, leading to political uncertainties, whereby economic measures were increasingly used as means of political pressure. In addition, concerns about climate change and its impact on the planet are increasing. The pressure from environmental action groups is significant, particularly in northwestern Europe and at KLM's home base in the Netherlands. Shortages in the supply chain as well as labour shortages lead to higher costs for airlines. KLM's homebase Schiphol Airport has become one of the most expensive airports within Europe, and a political discussion about implementing transfer taxes is ongoing.

Key topics 2024

Throughout 2024, the Supervisory Board engaged in comprehensive deliberations concerning the various developments and challenges faced by KLM. In light of these matters, the Board consistently underscored the significance of effective stakeholder management, emphasising the cultivation of strong relationships with national and European governments, as well as the media. This section presents an overview of the key topics addressed by the Supervisory Board during the year.

Operational challenges

The Supervisory Board was continuously updated on the operational situation within KLM and monitored the mitigation of the most important operational challenges. The operational performance remained a matter of concern throughout the year. KLM faced several operational disruptions, due to staff shortages, fleet availability issues, bad weather, Schiphol Airport runway maintenance, and geopolitical constraints. The Supervisory board noticed that, through a strict focus on the five operational 'must-win-battles' and through targeted labour campaigns, KLM improved its operational performance as from the spring holiday season onwards.

Sustainable long-term value creation

The Board of Managing Directors further detailed its roadmap to start working towards a cleaner, quieter, and improved business. New ways of working were introduced to bring fresh perspectives and valuable experiences. Within the context of all uncertainties in KLM's business environment, the viability of KLM's business model was reviewed. It was emphasised that KLM's strategic ambition is still supported by the existing business model of a hub-and-spoke carrier. The Supervisory Board, together with the Board of Managing Directors, assessed important topics that are preconditional for the viability of the business model. An update was shared on Air France-KLM Group's strategic plan, and the Supervisory Board was informed on the five-year outlook and the gap between the financial outlook and financial ambitions. It was concluded that because of continued external and internal challenges, and because of the high investment agenda for the years to come, additional financial measures would be needed. A deep dive was subsequently performed into proposed and potential moves to fill the gap between the financial outlook and the financial ambitions in the medium and long term.

Schiphol Airport capacity and the 'Balanced Approach'

The Supervisory Board was informed regularly on the government's intentions to reduce noise pollution around Schiphol Airport and the package of measures that was submitted to the European

Commission in Brussels under the Balanced Approach procedure. KLM fully accepts its responsibility and is committed to implementing balanced and effective measures to reduce noise impact for residents near Schiphol Airport. With the support of the Supervisory Board, in 2023, KLM already launched a plan to fly cleaner, quieter, and more efficiently. This plan consists of measures that will lead to the realisation of the government's noise reduction targets, making flying more in balance with its environment. The main pillar of this plan is an investment of EUR 7 billion in quieter and more efficient aircraft. The Supervisory Board has emphasised the importance of a proactive approach towards stakeholders. At the end of the year, the Dutch Cabinet took a decision about future flights to and from Schiphol Airport. The European Commission raised several concerns about the flight reducing packages of the Dutch Cabinet. The Supervisory Board, together with the Board of Managing Directors, will closely follow the flight reducing measures of the Dutch government, because it is crucial for the future of KLM, Dutch aviation, and the Dutch economy.

Financial performance and 'Back on Track'

Restoring KLM's profitability was a main theme that marked discussions in the Supervisory Board throughout the year. KLM operates in a highly competitive industry, which is still marked by supply constraints and shortages. Despite record revenues due to increased capacity and stable yield development, and despite improvements in operational performance, KLM's financial results came under pressure. The Supervisory Board, together with the Board of Managing Directors, thoroughly reflected on KLM's financial situation from a fundamental point of view with a long-term mindset. Investments in new and more efficient aircraft are key to realising KLM's ambitious sustainability targets. To justify a EUR 7 billion investment in new aircraft, KLM must improve its profit margin. To achieve the financial targets as set, additional measures will be needed to make KLM financially robust again.

The Supervisory Board was regularly updated on the progress of the Funding our Journey programme, which was launched at the end of 2023 to increase KLM's profitability through cost reduction and increased productivity. Despite making good progress on the Funding our Journey programme in 2024, KLM's short-term and medium-term profitability remained fragile. During the second half of the year, additional measures were therefore announced to strengthen KLM's operational and financial position and to close the gap between the financial outlook and the financial ambitions. 'Back on Track' was launched as the umbrella programme to deliver KLM's ambition and serve as a framework for all (earlier) initiatives to restore KLM's financial profitability. The Supervisory Board supported the Board of Managing Directors in defining scenarios going forward and balancing trade-offs. In addition, the Board of Managing Directors was challenged to find structural and fundamental solutions that will lead to a re-establishment of the business, adding to a long-term healthy financial position. The Supervisory Board shared the Board of Managing Directors' sense of urgency, underscoring the need for a strong execution commitment to 'Back on Track'.

Risk management

Throughout the year, the Supervisory Board paid close attention to the topic of risk management, as safety and zero tolerance to risk is inherent to the airline industry. KLM's Audit Committee takes responsibility for monitoring the adequacy of KLM's risk control system and prepares discussions in the Supervisory Board. KLM's internal audit function is firmly positioned within the organisation and creates conditions for effective interaction between the Board of Managing Directors, the Supervisory Board, and the Audit Committee. During the year, the Supervisory Board was regularly updated on KLM's financial, strategic, operational, and compliance risks and discussed the main risks and the shift of these risks because of the quickly changing circumstances in which the KLM Group operates. Particular attention was focused on the risks of fleet availability, geopolitical instability and terrorist attacks, and operational disturbances. During the year, the risk of health, motivation, work pressure, and key competences increased, becoming the most important risk. With more frequent cyber incidents occurring in 2024, the Supervisory Board remains vigilant to trends in cybersecurity and more specifically in the aviation industry. The Supervisory Board reviewed and challenged mitigating measures to protect the company from potential cybercrime.

Compliance and business ethics

Conducting KLM's business with integrity and in full respect of laws and regulations is becoming more and more important in a world where rules are changing fast, transparent global reporting requirements are increasing, and regulations are getting more complex. KLM's ambition is to continuously raise the maturity level of the various compliance domains. Within this context, KLM uses the guidance provided by the principles and best practices of the Dutch Corporate Governance Code.

Following the Company's Legal and Business Ethics Compliance Charter, the Supervisory Board monitored KLM's compliance with rules and regulations. During the February and the July meetings, the Supervisory Board was updated on the main activities per compliance domain and the outcome of speak-up reports. In addition, the Supervisory Board was regularly updated on the main investigations and litigations.

Self-evaluation

In accordance with the Dutch Corporate Governance Code and its own regulations, the Supervisory Board conducted a self-assessment in 2024. To facilitate the self-assessment, a digital questionnaire was sent to all individual Supervisory Board members, and the Chairman held interviews with the Supervisory Board members. The self-assessment focused on cooperation within the Supervisory Board and with the Board of Managing Directors, conduct, culture, and mutual interaction. Attention was also paid to the desired profile, composition, competencies, expertise, and future composition of the Supervisory Board. The conclusions drawn from the evaluation were discussed during the executive session of the March 2025 meeting.

Composition of the Supervisory Board

Effective as of the Annual General Meeting of Shareholders in 2024, Mr. 't Hart stepped down as Supervisory Board member, and as Chairman of the Supervisory Board respectively. Mr. Riolacci stepped down as Supervisory Board member, and as Chairman of the Audit Committee respectively. Upon the recommendation of KLM's Works Council, Mr. Draijer was appointed as Supervisory Board member for a first term of four years. Upon the recommendation of Air France-KLM, Mr. Gagey was appointed for a first term of four years. The Supervisory Board proposed the appointment of Mr. Draijer as Chairman. In accordance with the proposal of Air France-KLM, Mr. Enaud was reappointed for a third term of two years, and Mr. Nibourel was reappointed for a second term of four years.

The Supervisory Board expresses its gratitude to both Mr. 't Hart and Mr. Riolacci for their excellent and valuable contributions to the Company during their 10 respectively 8 years of service.

As of the Annual General Meeting of Shareholders in May 2025, the first term of Mrs. Oudeman will expire. The Works Council has the right to nominate a candidate for this position and has advised positively on her reappointment.

Independence

The Supervisory Board deems all but two of its members to be independent in accordance with the Dutch Corporate Governance Code. Mr. Smith, serving as Chief Executive Officer of Air France-KLM, and Mr. Gagey, in his capacity as former Chief Financial Officer of Air France-KLM, are not considered to be independent. It is noteworthy in this respect that Mr. Gagey resigned as Chief Financial Officer of the Air France-KLM Group in July 2021. During our Board meetings, meticulous attention is given to avoiding conflicts of interest in the decision-making process.

Committees

The Supervisory Board operates through three committees: the Audit Committee, the Remuneration Committee, and the Nomination Committee. Each committee is responsible for formulating policies and providing recommendations to assist the Supervisory Board in its decision-making. They regularly report on their activities to the full Supervisory Board. It is important to note that all members of the Supervisory Board are welcome to attend committee meetings, irrespective of their committee memberships.

Audit Committee

In 2024, the Audit Committee convened for three regular meetings and one extraordinary meeting. With the exception of one member, all Audit Committee members were present at each meeting. Additionally, the Chief Financial Officer, the Vice President Internal Audit, the Senior Vice President Corporate Control, the Vice President Reporting & Control, and the external auditors attended all Audit Committee sessions. At times, senior managers and financial experts from within KLM were also invited to participate in the Audit Committee's meetings.

The meeting held in February 2024 primarily focused on KLM's financial results of 2023 and the 2023 audit performed by KPMG/PwC. Furthermore, the Audit Committee discussed the KLM Group operational risk report, and the internal audit activity report for the period July-December 2023. During the July 2024 meeting, the Audit Committee discussed KLM's first half-year results. Particular attention was paid to the continuing changing operational landscape and the financial challenges ahead. Furthermore, the KPMG/PwC audit plan for the financial year 2024 was discussed and approved by the Audit Committee.

In addition, the progress on the implementation of the Corporate Sustainability Reporting Directive (CSRD) was discussed, given that KLM will report on this Directive to its listed parent company Air France-KLM starting 2025.
The meeting held in December 2024 was dedicated to discussing the 2025 budget, the financing and financial risk plan for 2025 and the 2024 KPMG/PwC management letter. The Audit Committee also discussed the KLM Group Fraud Risk report for the year 2024.

During the March 2025 meeting, KLM's financial results for 2024 were discussed. Furthermore, the summary of the internal audit activity report for the period July-December 2024 as well as KLM's Group Operational Risk report were discussed. At the end of March, an extra Audit Committee meeting was held to discuss the audit performed over KLM's Annual Report 2024 and the KPMG/PwC statutory audit report on KLM's annual results for 2024.

Remuneration Committee

In 2024, the Remuneration Committee convened eight meetings. All members attended all meetings. Further information on the work of the Remuneration Committee can be found in the Remuneration Policy and Report chapter of this annual report.

Nomination Committee

In 2024, the Nomination Committee met on three occasions during the year. During these meetings, the composition of the Supervisory Board and the Board of Managing Directors, including succession planning, was discussed.

Supervisory Board meetings

In 2024, the Supervisory Board held six regular and one extraordinary meeting. The meetings in February, April, July, and October concentrated on KLM's annual, quarterly, and semi-annual financial results. In June, the Supervisory Board convened for a strategy meeting to deliberate in-depth on key strategic themes, strategic challenges ahead, and the progress on the execution of the strategy. The July meeting marked the start of a new era, with Mr. Draijer and Mr. Gagey taking up the roles of Chairman of the Supervisory Board and Chairman of the Audit Committee respectively. The December meeting was dedicated to discussing KLM's five-year plan, including the budget for 2025 and the investment plan. The extraordinary meeting in September was required to ensure that the Supervisory Board was closely involved in the Board of Managing Directors' response and approach with regard to securing KLM's financial position and anticipating the financial challenges.

All meetings were in-person. Occasionally, Supervisory Board members participated digitally. Except for a limited number of occasions, and for valid reasons, most Supervisory Board members attended all meetings in 2024. The average attendance of the regular Supervisory Board meetings was more than 97 per cent.

The Board of Managing Directors kept the Supervisory Board well informed of developments between the meetings. Furthermore, the Chairman of the Supervisory Board met with the President & Chief Executive Officer to discuss progress made on topical issues when needed.

At the same time, the Chairman of the Audit Committee was in close contact with the Chief Financial Officer on topics related to KLM's financial position.

Financial Statements 2024

The Supervisory Board hereby presents the annual report and the financial statements for the financial year 2024. KPMG and PwC have audited the financial statements.
The Supervisory Board has discussed the financial statements and the annual report with the external auditors and the Board of Managing Directors. The unqualified auditors' report can be found in the Other Information section of the financial statements.

The Supervisory Board is satisfied that the annual report and the financial statements comply with all relevant requirements and proposes that the shareholders adopt the financial statements and endorse the Board of Managing Directors' conduct of KLM Group's affairs and the Supervisory Board's supervision thereof in the financial year 2024.

Distribution to shareholders

Article 32 of KLM's Articles of Association provides for the appropriation of profit. Paragraph 1 of that article gives the Meeting of Priority Shareholders (Air France-KLM) the right to set aside an amount of the disclosed profit to establish or increase reserves. The Meeting of Priority Shareholders may do so only after consultation with the Board of Managing Directors and the Supervisory Board.
For the financial year 2024, KLM will report a net profit of EUR 69 million, and its equity position increased to EUR 917 million as at December 31, 2024.

After having consulted both Boards and under the condition that the financial statements 2024 would be adopted by the Annual General Meeting of Shareholders on May 22, 2025, the Meeting of Priority Shareholders decided to add an amount of EUR 51,713,250 of the disclosed profits to the reserves.

This decision balances consideration of KLM's 2024 results, the financial situation of the company, its balance sheet and net debt/EBITDA ratio, specific required investment levels for the upcoming years, as well as uncertainties as regards revenue development and fuel prices and the competition expected to remain fierce.

In accordance with further provisions of Article 32, payments to holders of priority shares and holders of A and C cumulative preference shares will require an amount of EUR 2,874,857 related to the financial years 2023 and 2024. As a consequence of the foregoing, there will be EUR 14,362,893 or EUR 0.307 per A and B common share available for distribution to the ordinary shareholders.

As part of the COVID-19 Dutch State Financial support package the Dutch State imposed that no dividend may be distributed to the shareholders during the term of the State support. In addition, KLM received NOW support from 2020 through 2022 which also prohibits a distribution to the shareholders. As a result, no dividends or other distributions (either in cash or in kind) have been made or will be made to shareholders for the years 2020 through 2022.

Closing remarks

The Supervisory Board reflects on a dynamic year that has been both challenging and rewarding. Contemplating the state of the industry, the Supervisory Board observes an ever-changing landscape in which challenges faced cannot be weathered separately because they are part of the broader context KLM operates in. Despite the emerging challenges and uncertainties going forward, KLM kept working on delivering its promise to fly cleaner, quieter, and more efficiently. KLM's customer base remains strong. Investments were made in fleet renewal, much needed to guarantee a healthy future for KLM and its stakeholders. The arrival of the first Airbus A321neo aircraft at KLM is the best example of this. At the same time, the Supervisory Board is aware that cautiousness is warranted. Developments regarding cost, capacity, and profitability as well as internal and external uncertainties will expose KLM's financial position. The Supervisory Board is aware that 'Back on Track' will have a significant impact on the organisation and that restoring KLM's profitability is an ongoing process that is not only relevant for the year under review but will remain relevant for 2025 and beyond. The Supervisory Board is confident that KLM is on the right track and that KLM will find fundamental solutions that will lead to a healthy financial position.

On behalf of the Supervisory Board, I wish to express our true appreciation for the work of the Board of Managing Directors and the Executive team in realising KLM's strategic and business objectives. A special thank you to all KLM staff for their support, effort and engagement to KLM and its customers around the world.

Wiebe Draijer
Chairman

March 27, 2025

Remuneration report and policy

Remuneration policy for the Statutory Board of Managing Directors

General overview

Following three challenging years influenced by COVID-19 and the associated support measures, KLM terminated the Dutch State Financial support package on April 17, 2023. Consequently, KLM's remuneration policy was reinstated. During 2020, 2021 and 2022, the policy was not applied to variable income, and no short-term or long-term incentives were awarded. With no adjustments made since COVID-19, the Supervisory Board continued with its aspiration to further harmonise KLM's remuneration policy with the one applicable to Air France-KLM Group.

In April 2024, the Supervisory Board proposed an amendment to the long-term incentive plan, which was adopted by the General Meeting of Shareholders. This amendment increased the long-term incentive percentage for the KLM CEO to a maximum of 100 per cent of the fixed salary and for other statutory Board Members to a maximum of 50 per cent. This amendment became effective in 2024.

Process

With prior approval from the Meeting of Priority Shareholders of Air France-KLM, the Supervisory Board sets the remuneration and terms for individual statutory members of the Board of Managing Directors based on advice from the Remuneration Committee. This committee is responsible for formulating, implementing, and evaluating the remuneration policy.

Each year, the committee assesses whether changes are needed in the remuneration package, considering external benchmark data, inflation, developments in KLM's collective labour agreements, and amendments to the remuneration policy at Air France-KLM Group. The committee may use discretionary powers in the event that applying the policy would result in unfair outcomes. Any proposed changes are subject to approval by the Meeting of Priority Shareholders.

Objective of the policy

The primary goal of KLM's remuneration policy is to establish a clear and understandable remuneration structure that attracts and retains qualified Managing Directors while offering stimulating rewards. The policy aims to motivate Managing Directors to enhance KLM's performance and achieve long-term objectives within the Air France-KLM governance framework.

Structure of remuneration package

The remuneration package for KLM's Board of Managing Directors includes:

1. Base Salary: Designated to be around the median of benchmarked market level;
2. Short-term Incentive: Cash incentives linked to pre-agreed financial and non-financial performance targets; and
3. Long-term Incentive: Phantom shares for the KLM CFO and COO and Air France-KLM shares for KLM CEO, based on achieving predetermined long-term targets.

Additional provisions

Managing Directors may retain payments from other remunerated positions, with a maximum of two such positions allowed per director, subject to Supervisory Board approval. Payments from Supervisory Board memberships within KLM Group companies or other airline companies are due to KLM. Directors are also entitled to travel facilities comparable to those for KLM employees.

Pensions

KLM's pension policy provides a career average salary scheme for its Managing Directors. The short-term incentive (up to 30 per cent) is part of the pensionable income, capped at EUR 137,800 for 2024. Managing Directors receive an allowance for the portion of the base salary above this cap, which can be used as a premium (deposit) for a net pension scheme offered by KLM's pension fund.

Claw back clause and severance payment

The Supervisory Board has the authority to reclaim payments based on Article 2:135 sub 8 of the Dutch Civil Code. For Managing Directors hired from outside KLM, severance pay is limited to one year's base salary. For those promoted from within KLM, severance pay may be up to two years' base salary. The exact amount will consider their years of service at KLM.

This comprehensive remuneration policy ensures that KLM remains competitive in attracting and retaining top talent while aligning with general corporate governance standards and the broader Air France-KLM Group's standards and objectives.

Remuneration report of the Board of Managing Directors for the financial year 2024

The financial year 2024 has been a pivotal year for KLM, as it is now able to fully implement its remuneration policy without any legal constraints.

This follows a challenging period that affected the compensation of our Managing Directors.

The Supervisory Board carefully evaluated the roles and responsibilities of each Managing Director, considering inflation data, developments in KLM's collective labour agreements, and the progress of KLM 'Back on Track' measures. We are committed to adhering to our remuneration policy and believe that rewarding our management at a competitive level is essential for attracting and retaining top talent in the context of the larger social environment. Based on this thorough review, we established the remuneration packages for the KLM Board of Managing Directors for the entire year.

Employment contracts with statutory members of the Board of Managing Directors

Members of the Board of Managing Directors have indefinite employment contracts with KLM. Their appointments as Managing Directors are set for four years, ending at the first General Meeting of Shareholders in the fourth year after their appointment.

At the Annual General Shareholder meeting in April 2024, Mr. Swelheim's fixed-term appointment as Chief Financial Officer ended. He was succeeded by Mr. Brouns. The current overview of terms is as follows:

- Mrs. Rintel has an indefinite employment contract with a fixed-term appointment as Chief Executive Officer until the Annual General Shareholders Meeting in 2026.
- Mr. Brouns has an indefinite employment contract with a fixed-term appointment as Chief Financial Officer until the Annual General Shareholders Meeting in 2028.
- Mr. Stienen has an indefinite employment contract with a fixed-term appointment as Chief Operating Officer until the Annual General Shareholders Meeting in 2027.

Base salary

In line with KLM's remuneration policy, base salaries are designed to be around the median market level. However, a recent benchmark exercise revealed that the current base salaries of our Board of Managing Directors fall below this median.

For the year 2024, Mrs. Rintel received a base salary of EUR 600,000 (2023: EUR 600,000). Mr. Brouns received a base salary of EUR 227,213, proportionate to his appointment date of April 24, 2024. Mr. Stienen received a base salary of EUR 370,000 (2023: EUR 330,000).

Mr. Swelheim's contract ended on September 30, 2024. He received a redundancy package of EUR 800,000, based on his contract, reflecting his 20 years of service with KLM.

While our policy aims for salary levels close to external benchmarks, the current social context necessitates careful consideration. Consequently, the Supervisory Board has decided not to move the base salary towards the median in 2025.

Short-term incentives

The Remuneration Committee reviewed KLM's results against the agreed targets and concluded the following short-term incentive pay-outs, which were approved by the Supervisory Board:

- Mrs. Rintel: 51.3 per cent of base salary;
- Mr. Brouns: 33.2 per cent of base salary;
- Mr. Stienen: 30.7 per cent of base salary; and
- Mr. Swelheim 24.0 per cent of base salary pro-rated for the period January until October 2024.

No payments were made under the company wide profit-sharing scheme for 2024.

Long-term incentives

Under the long-term incentive plan for 2024-2027, the following phantom shares were conditionally granted to the Managing Directors:

- Mr. Brouns: 16,694 phantom shares; and
- Mr. Stienen: 18,717 phantom shares.

As part of the Air France-KLM Performance Share Plan, Mrs. Rintel, the KLM CEO, was granted 58,824 shares. These shares will be evaluated and vest in 2027.

Internal pay ratios
In line with the Dutch Corporate Governance Code, internal pay ratios are important for assessing the remuneration of the Board of Managing Directors. For 2024, the ratio between the CEO's annual total compensation and the average KLM employee's compensation was 8.8 (9.5 for 2023). The annual total compensation includes variable income and pension benefits.

Loans and advances
No loans or advances were granted to members of the Board of Managing Directors.

Further details of the 2024 remuneration received by the individual members of the Board of Managing Directors are presented in note 30. Statutory Board of Managing Directors Remuneration to the financial statements.

Remuneration policy for KLM's Supervisory Board
Since 2008, the remuneration policy for the Supervisory Board members has remained unchanged. During the COVID-19 period, the policy was not fully executed. However, following the termination of the Dutch State Financial support package by KLM in April 2023, the remuneration policy was reinstated.

The remuneration structure for the Supervisory Board members includes a fixed annual fee and an additional fee for each committee meeting attended.

A benchmark study executed at the beginning of 2024 by an independent party suggested a market-conform adjustment to reflect the time commitment and increased exposure for the individual Supervisory Board members.
As of May 2024, the General Meeting of Shareholders has approved and adopted the increase of the amounts included in the remuneration policy.

It is important to note that Supervisory Board members do not receive performance-related rewards, shares, or rights to shares as part of their remuneration. Nor are they granted loans, advances, or guarantees.

Remuneration 2024 KLM Supervisory Board
The remuneration structure for the Supervisory Board members and committees has been updated to reflect the following:

Supervisory Board Fixed Annual Fee:
- Chairman: EUR 50,000 (2023: EUR 42,500);
- Other Members: EUR 35,000 (2023: EUR 26,500).

Audit Committee Meeting Fee:
- Chairman: EUR 4,500 per meeting (2023: EUR 2,000);
- Other Members: EUR 2,300 per meeting (2023: EUR 1,000).

Remuneration and Nomination Committee Meeting Fee:
- Chairman: EUR 3,000 per meeting (2023: EUR 1,500);
- Other Members: EUR 2,000 per meeting (2023: EUR 1,000).

Additionally, Supervisory Board members are entitled to the travel facilities as outlined in the KLM employee travel regulations. For detailed information on the remuneration received by individual Supervisory Board members, please refer to note 29. Supervisory Board remuneration to the financial statements.

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

In EUR million	Note	2024	2023
		As at December 31,	
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**

In EUR million	Note	2024	2023
		As at December 31,	
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

In EUR million	Share capital	Share premium	Reserves	Retained earnings	Result for the year	Total	Non-controlling interests	Total equity
	Attributable to Company's equity holders							
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:

In EUR million	As at December 31, 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.

In EUR million	As at December 31, 2024 Assets Current	Assets Non-current	Liabilities Current	Liabilities 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	Non-current	Liabilities Current	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:

In EUR million	As at December 31, 2024 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	2024 Debt investments at amortised cost	2024 At fair value through profit or loss	2024 At fair value through OCI	2024 Total	2023 Debt investments at amortised cost	2023 At fair value through profit or loss	2023 At fair value through OCI	2023 Total
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**

In EUR million	As at December 31, 2024 Current	2024 Non-current	2023 Current	2023 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):

	As at December 31,	
in %	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

	As at December 31,	
In EUR million	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	Other provisions: Restructuring and voluntary leave	Other provisions: 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	Other provisions: Restructuring and voluntary leave	Other provisions: 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	As at December 31, 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:

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

Lease liabilities

In EUR million	As at December 31, 2024 Current	2024 Non-current	2023 Current	2023 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

	As at December 31,			
		2024		2023
In EUR million	Current	Non-current	Current	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**

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

39. Trade and other receivables

	As at December 31,	
In EUR million	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 .

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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

	As at December 31,			
		2024		2023
In EUR million	Current	Non-current	Current	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

	As at December 31,			
		2024		2023
In EUR million	Current	Non-current	Current	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 (Other provisions)	Legal Issues (Other provisions)	Restructuring and voluntary leave (Other provisions)	Other (Other provisions)	Total
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 (Other provisions)	Legal Issues (Other provisions)	Restructuring and voluntary leave (Other provisions)	Other (Other provisions)	Total
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.

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47. Trade and other payables

	As at December 31,	
In EUR million	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.

Other information

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.