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***Air France-KLM S.A.***

*Statutory Auditors' report  
on the financial statements*

Financial year ended December 31, 2020  
Air France-KLM S.A.  
2, rue Robert Esnault-Pelterie – 75007 Paris  
*This report contains 11 pages*



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*This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.  
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.  
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

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## **Air France-KLM S.A.**

Registered office: 2, rue Robert Esnault-Pelterie, 75007 Paris  
Share capital: €.428 634 035

## **Statutory auditors' report on the financial statements**

Year ended December 31, 2020

To the Shareholders

### **Opinion**

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying financial statements of Air France KLM S.A. for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

### **Basis for Opinion**

#### ***Audit Framework***

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

## ***Independence***

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

## **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 to the financial statements which describes the material uncertainty resulting from events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **Justification of Assessments - Key Audit Matters**

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, and in addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

## ***Long-term investments (Notes 1 (long-term investments), 9, 14 to the statutory financial statements)***

### **Risk identified**

As at December 31, 2020, long-term investments amounted to a net value of €4,661 million of total assets of €13,729 million. They are recorded at their acquisition cost net of any

impairment, based on their fair value taking into account their share of shareholders' equity, profitability outlook and reference stock market values.

The fair value estimate of these long-term investments requires management to exercise judgment in its choice of items considered according to the nature of the investments concerned. Such items may correspond, to historical items (for certain entities shareholders' equity, and for others average stock market price over the last month), or forecast items (profitability outlook and the economic environment in the countries considered).

We considered the determination of the fair value of long-term investments to be a key audit matter because of i) uncertainties inherent to certain assumptions and particularly the achievement of forecasts, and ii) the potential importance of a reversal or recognition of impairment of long-term investments in the Company's accounts.

### **Our response**

To assess the reasonableness of estimated fair value of long term investments, based on the information communicated to us, our procedures mainly consisted in verifying that the estimate of the values determined by management were based on an appropriate justification of the valuation method and figures used, and according to the investments concerned:

*For valuations based on historical items:*

- verifying that the shareholders' equity used is consistent with the financial statements of the entities audited or subjected to analytical procedures and that any equity adjustments have been appropriately documented.

*For valuations based on forecast items:*

- obtaining the profitability outlook for the entities concerned;
- assessing the consistency of the assumptions adopted with the economic environment on the reporting dates;
- comparing the forecasts adopted for prior periods with actual outcomes in order to assess the extent of achievement of past objectives;
- verifying that the value resulting from cash flow forecasts was adjusted for the debt of the entity considered;
- verifying the arithmetical accuracy of the computed fair values.

In addition to assessing the fair values of long-term investments, our work also consisted in assessing the collectibility of associated receivables based on our analysis of the long-term investments.

***Provisions and contingent liabilities concerning anti - trust laws (Notes 17 and 18 to the financial statements)***

## **Risk identified**

Air France-KLM is involved in several governmental, judicial or arbitration procedures and litigations, particularly concerning anti-trust laws. The outcome of these procedures and litigations depends on future events, and the Company's estimates are inherently based on the use of management assumptions and assessments.

We considered the measurement of the litigation provisions to be a key audit matter due to the uncertainty surrounding the outcome of current procedures, the high degree of management estimates and judgment and the potentially material nature of the impact of provision amounts on net income and equity should these estimates change.

## **Our response**

We specifically assessed the estimates and assumptions adopted by the Company in determining the need to recognize a provision and where applicable its amount.

Based on discussions with the Company, we familiarized ourselves with the latter's analysis of the risks and status of each significant litigation, whether reported or potential.

We assessed the items justifying the recognition or not of a provision. We examined the lawyers' replies to your enquiries, familiarized ourselves with the exchanges between the Company, its lawyers and other parties to the suits and considered any new developments up to the issue date of our report.

Based on these items, we conducted a critical review of the estimates and positions adopted by management.

We also assessed the appropriateness of the disclosures in Notes 17 and 18 to the financial statements.

## **Specific Verifications**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

## ***Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders***

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-4 of the French Commercial Code (*Code de commerce*).



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### ***Information relating to corporate governance***

We attest that the section related to the governance of the management report of the Board of Directors' contains the information required by Articles L.225-37-4, L22-10-10 and L.22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the Directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies included in the scope of the consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

Concerning the information relating to the items that your Company considered likely to have an impact in the event of a public takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the underlying documents which have been communicated to us. Based on these procedures, we have no observations to make on this information.

### ***Other information***

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.



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## Report on Other Legal and Regulatory Requirements

### *Format of presentation of the financial statements intended to be included in the Annual Financial Report*

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Director, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

### *Appointment of the Statutory Auditors*

We were appointed as Statutory Auditors of Air France – KLM by the Shareholders' Meeting of September 25, 1998 for Deloitte & Associés and September 25, 2002 for KPMG Audit, Department of KPMG S.A..

As of December 31, 2020, Deloitte & Associés and KPMG Audit, Department of KPMG S.A. were in the 23<sup>rd</sup> year and 19<sup>th</sup> year of total uninterrupted engagement, which are the 22<sup>nd</sup> year and 19<sup>th</sup> year since securities of the Company were admitted to trading on a regulated market, respectively.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.



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The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

## Statutory Auditors' Responsibilities for the Audit of the Financial Statements

### *Objectives and audit approach*

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. 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.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains 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 the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's 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 the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.



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- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.



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### *Report to the Audit Committee*

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, le 18 février 2021

Les Commissaires aux comptes

KPMG Audit  
*Département de KPMG S.A.*

Deloitte & Associés

*French original signed by*

Valérie Besson  
*Associée*

Eric Dupré  
*Associé*

Pascal Colin  
*Associé*

Guillaume Crunelle  
*Associé*