

# First half-year 2021 Financial Report

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## **Appendix: Review report of the independent auditor**

## 2021 Semi-annual report of the Board of Directors

### 1. Semi-annual report on activities

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#### Main events in the first half-year of 2021

For an overview of the main events that occurred during the first half of 2021 and their impact on the Unaudited Condensed Interim IFRS Consolidated Financial Information of the Company for the six-month period ended 30 June 2021 (the "Semi-Annual Financial Statements"), please refer to the press release, which was approved by the Board of Directors on 28 July 2021 and will be issued on 29 July 2021, available on Airbus' website [www.airbus.com](http://www.airbus.com).

For further information and detail regarding the Company's activities, finances, financing, risk factors and corporate governance, please refer to the Company's website [www.airbus.com](http://www.airbus.com) and the documents posted thereon.

#### Related party transactions

Please refer to the notes to the Semi-Annual Financial Statements attached hereto (see "– Note 5: Related Party Transactions").

### 2. Risk factors

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By systematically integrating Enterprise Risk Management ("ERM") across the company, the Company is mitigating risk and increasing opportunity, to support risk taking for value creation and competitiveness. Consequently, the Company has made ERM a key management process, carefully followed by the Board of Directors.

The ERM system plays a key role to:

- make the business more robust and predictable,
- support operational decision making,
- improve the business results,
- reduce the exposure level to risks,
- ensure Airbus ERM compliance regarding the Dutch Corporate Governance Code.

For a description of the Enterprise Risk Management system, the main risks and uncertainties please refer to the:

- a. Airbus SE Report of the Board of Directors 2020 (sections 4.5 and 4.6)  
(<https://www.airbus.com/content/dam/events/annual-general-meeting/AirbusSE-Board-Report-2020.pdf>), and
- b. Airbus SE Universal Registration Document (section "Risk Factors")  
([https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/AIRBUS-URD\\_2020\\_EV\\_2021\\_03\\_26\\_MEL.pdf](https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/AIRBUS-URD_2020_EV_2021_03_26_MEL.pdf))

### **3. Semi-Annual Financial Statements**

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The Semi-Annual Financial Statements, including the review report by Ernst & Young Accountants LLP, are attached hereto.

### **4. Statement of the Board of Directors**

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The Board of Directors of Airbus hereby declares that, to the best of its knowledge:

the Semi-Annual Financial Statements for the period ended 30 June 2021 give a true and fair view of the assets, liabilities, financial position and profits or losses of Airbus and undertakings included in the consolidation taken as a whole; and

this Semi-Annual Board Report (including the press release, which was approved by the Board of Directors on 28 July 2021 and will be issued on 29 July 2021) gives a true and fair view of the position as per the balance sheet date, and of the development and performance during the first half of the 2021 financial year and expected course of events of Airbus and undertakings included in the consolidation taken as a whole. This Semi-Annual Board Report has paid special attention to investments and circumstances upon which the development of revenues and profitability is dependent, as these have been described herein.

**28 July 2021,**

#### **The Board of Directors**

René Obermann, Chairman

Guillaume Faury, Chief Executive Officer

Victor Chu, Director

Jean-Pierre Clamadieu, Director

Ralph D. Crosby, Director

Lord Paul Drayson, Director

Mark Dunkerley, Director

Stephan Gemkow, Director

Catherine Guillouard, Director

María Amparo Moraleda Martínez, Director

Claudia Nemat, Director

Carlos Tavares, Director

# Airbus SE

## Unaudited Condensed Interim IFRS Consolidated Financial Information for the six-month period ended 30 June 2021

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# 1

## Airbus SE Unaudited Condensed Interim IFRS Consolidated Financial Statements

### Unaudited Condensed Interim IFRS Consolidated Income Statement

<i>(In € million)</i>	Note	1 January - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2021	1 April - 30 June 2020
<b>Revenue</b>	7	<b>24,637</b>	<b>18,948</b>	<b>14,177</b>	<b>8,317</b>
Cost of sales		(19,876)	(17,996)	(10,895)	(8,566)
<b>Gross margin</b>	7	<b>4,761</b>	<b>952</b>	<b>3,282</b>	<b>(249)</b>
Selling expenses		(344)	(370)	(174)	(170)
Administrative expenses		(612)	(763)	(272)	(370)
Research and development expenses	8	(1,262)	(1,396)	(642)	(733)
Other income	9	158	68	137	39
Other expenses	9	(94)	(143)	(68)	(129)
Share of profit from investments accounted for under the equity method	10	(1)	(18)	(10)	(3)
Other income from investments	10	121	111	12	(23)
<b>Profit (Loss) before financial result and income taxes</b>		<b>2,727</b>	<b>(1,559)</b>	<b>2,265</b>	<b>(1,638)</b>
Interest income		32	82	18	29
Interest expense		(204)	(211)	(108)	(113)
Other financial result		142	(300)	1	132
Total financial result	11	(30)	(429)	(89)	48
Income taxes	12	(493)	64	(318)	158
<b>Profit (Loss) for the period</b>		<b>2,204</b>	<b>(1,924)</b>	<b>1,858</b>	<b>(1,432)</b>
Attributable to:					
Equity owners of the parent (Net income)		2,231	(1,919)	1,869	(1,438)
Non-controlling interests		(27)	(5)	(11)	6
<b>Earnings per share</b>		<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Basic	13	2.84	(2.45)	2.38	(1.84)
Diluted	13	2.84	(2.45)	2.38	(1.84)

The accompanying notes are an integral part of these Unaudited Condensed Interim IFRS Consolidated Financial Statements.

## Unaudited Condensed Interim IFRS Consolidated Statement of Comprehensive Income

<i>(In € million)</i>	<b>1 January - 30 June 2021</b>	1 January - 30 June 2020	<b>1 April - 30 June 2021</b>	1 April - 30 June 2020
<b>Profit (Loss) for the period</b>	<b>2,204</b>	<b>(1,924)</b>	<b>1,858</b>	<b>(1,432)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss:</i>				
Re-measurement of the defined benefit pension plans	2,438	(919)	66	(2,498)
Change in fair value of financial assets	(45)	(305)	6	167
Share of change from investments accounted for under the equity method	20	(78)	3	(80)
Income tax relating to items that will not be reclassified	(382)	211	24	475
<i>Items that may be reclassified to profit or loss:</i>				
Foreign currency translation differences for foreign operations	50	(64)	(38)	(52)
Change in fair value of cash flow hedges	(2,284)	(2,236)	297	1,382
Change in fair value of financial assets	(33)	(223)	1	117
Share of change from investments accounted for under the equity method	45	(14)	43	6
Income tax relating to items that may be reclassified	618	599	(57)	(369)
<b>Other comprehensive income, net of tax</b>	<b>427</b>	<b>(3,029)</b>	<b>345</b>	<b>(852)</b>
<b>Total comprehensive income for the period</b>	<b>2,631</b>	<b>(4,953)</b>	<b>2,203</b>	<b>(2,284)</b>
Attributable to:				
Equity owners of the parent	2,652	(4,934)	2,207	(2,280)
Non-controlling interests	(21)	(19)	(4)	(4)

The accompanying notes are an integral part of these Unaudited Condensed Interim IFRS Consolidated Financial Statements.

## Unaudited Condensed Interim IFRS Consolidated Statement of Financial Position

<i>(In € million)</i>	Note	30 June 2021	31 December 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	14	16,223	16,199
Property, plant and equipment	14	16,526	16,674
Investment property		2	2
Investments accounted for under the equity method	15	1,687	1,578
Other investments and other long-term financial assets	16	3,935	3,855
Non-current contract assets		69	48
Non-current other financial assets	19	1,672	3,483
Non-current other assets	20	501	483
Deferred tax assets		4,194	4,023
Non-current securities	22	5,173	5,350
<b>Total non-current assets</b>		<b>49,982</b>	<b>51,695</b>
<b>Current assets</b>			
Inventories	17	29,791	30,401
Trade receivables		4,754	5,132
Current portion of other long-term financial assets	16	536	468
Current contract assets		1,215	1,074
Current other financial assets	19	1,537	2,432
Current other assets	20	2,898	2,216
Current tax assets		439	620
Current securities	22	1,607	1,618
Cash and cash equivalents	22	14,661	14,439
<b>Total current assets</b>		<b>57,438</b>	<b>58,400</b>
Assets and disposal group of assets classified as held for sale		0	0
<b>Total assets</b>		<b>107,420</b>	<b>110,095</b>

Airbus SE  
Unaudited Condensed Interim IFRS Consolidated Financial Information  
for the six-month period ended 30 June 2021

<i>(In € million)</i>	Note	30 June 2021	31 December 2020
<b>Equity and liabilities</b>			
<b>Equity attributable to equity owners of the parent</b>			
Capital stock		787	785
Share premium		3,708	3,599
Retained earnings		4,580	250
Accumulated other comprehensive income		205	1,853
Treasury shares		(23)	(42)
<b>Total equity attributable to equity owners of the parent</b>		<b>9,257</b>	<b>6,445</b>
Non-controlling interests		18	11
<b>Total equity</b>	<b>21</b>	<b>9,275</b>	<b>6,456</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current provisions	18	11,189	13,998
Long-term financing liabilities	22	13,054	14,082
Non-current contract liabilities		18,509	19,212
Non-current other financial liabilities	19	5,140	5,657
Non-current other liabilities	20	422	436
Deferred tax liabilities		480	451
Non-current deferred income		29	32
<b>Total non-current liabilities</b>		<b>48,823</b>	<b>53,868</b>
<b>Current liabilities</b>			
Current provisions	18	5,319	6,545
Short-term financing liabilities	22	1,902	3,013
Trade liabilities		10,565	8,722
Current contract liabilities		23,998	24,675
Current other financial liabilities	19	1,863	1,769
Current other liabilities	20	3,419	3,160
Current tax liabilities		1,606	1,311
Current deferred income		650	576
<b>Total current liabilities</b>		<b>49,322</b>	<b>49,771</b>
Disposal group of liabilities classified as held for sale		0	0
<b>Total liabilities</b>		<b>98,145</b>	<b>103,639</b>
<b>Total equity and liabilities</b>		<b>107,420</b>	<b>110,095</b>

The accompanying notes are an integral part of these Unaudited Condensed Interim IFRS Consolidated Financial Statements.



## Unaudited Condensed Interim IFRS Consolidated Statement of Cash Flows

<i>(In € million)</i>	Note	1 January - 30 June 2021	1 January - 30 June 2020
<b>Operating activities</b>			
Profit (Loss) for the period attributable to equity owners of the parent (Net income)		2,231	(1,919)
Loss for the period attributable to non-controlling interests		(27)	(5)
<i>Adjustments to reconcile profit for the period to cash provided by operating activities:</i>			
Depreciation and amortization		1,051	1,421
Valuation adjustments		(380)	608
Deferred tax expense (income)		129	(316)
Change in income tax assets, income tax liabilities and provisions for income tax		478	532
Results on disposals of non-current assets		(1)	(9)
Results of investments accounted for under the equity method		(6)	18
Change in current and non-current provisions		(1,328)	100
Contribution to plan assets		(175)	(203)
<b>Change in other operating assets and liabilities</b>		<b>740</b>	<b>(11,938)</b>
<b>Cash provided by (used for) operating activities</b>		<b>2,712</b>	<b>(11,711)</b>
<b>Investing activities</b>			
Purchases of intangible assets, property, plant and equipment and investment property		(802)	(933)
Proceeds from disposals of intangible assets, property, plant and equipment and investment property		43	165
Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash)		(7)	(481)
Payments for investments accounted for under the equity method, other investments and other long-term financial assets		(194)	(250)
Proceeds from disposals of investments accounted for under the equity method, other investments and other long-term financial assets		171	189
Dividends paid by companies valued at equity		15	12
Change in securities		182	5,732
<b>Cash (used for) provided by investing activities</b>		<b>(592)</b>	<b>4,434</b>
<b>Financing activities</b>			
Change in financing liabilities		(2,210)	7,600
Changes in liability for puttable instruments		0	78
Changes in capital and non-controlling interests		133	83
Change in treasury shares		0	(4)
<b>Cash (used for) provided by financing activities</b>		<b>(2,077)</b>	<b>7,757</b>
Effect of foreign exchange rate changes on cash and cash equivalents		179	130
<b>Net increase in cash and cash equivalents</b>		<b>222</b>	<b>610</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>14,439</b>	<b>9,314</b>
<b>Cash and cash equivalents at end of period</b>		<b>14,661</b>	<b>9,924</b>

The accompanying notes are an integral part of these Unaudited Condensed Interim IFRS Consolidated Financial Statements.

## Unaudited Condensed Interim IFRS Consolidated Statement of Changes in Equity

<i>(In € million)</i>	Equity attributable to equity owners of the parent	Non-controlling interests	Total Equity
<b>Balance at 1 January 2020</b>	<b>5,975</b>	<b>15</b>	<b>5,990</b>
Loss for the period	(1,919)	(5)	(1,924)
Other comprehensive income	(3,015)	(14)	(3,029)
Total comprehensive income for the period	(4,934)	(19)	(4,953)
Capital increase	40	0	40
Share-based payment (IFRS 2)	28	0	28
Equity transaction (IAS 27)	173	13	186
Change in treasury shares	40	0	40
<b>Balance at 30 June 2020</b>	<b>1,322</b>	<b>9</b>	<b>1,331</b>
<b>Balance at 1 January 2021</b>	<b>6,445</b>	<b>11</b>	<b>6,456</b>
Profit for the period	2,231	(27)	2,204
Other comprehensive income	421	6	427
Total comprehensive income for the period	2,652	(21)	2,631
Capital increase	111	0	111
Share-based payment (IFRS 2)	52	0	52
Equity transaction (IAS 27)	(22)	28	6
Change in treasury shares	19	0	19
<b>Balance at 30 June 2021</b>	<b>9,257</b>	<b>18</b>	<b>9,275</b>

The accompanying notes are an integral part of these Unaudited Condensed Interim IFRS Consolidated Financial Statements.

# 2

## Notes to the Airbus SE Unaudited Condensed Interim IFRS Consolidated Financial Statements

### 1. The Company

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The accompanying Unaudited Condensed Interim IFRS Consolidated Financial Statements present the financial position and the results of operations of **Airbus SE** together with its subsidiaries referred to as “the Company”, a European public limited-liability company (*Societas Europaea*) with its seat (*statutaire zetel*) in Amsterdam, The Netherlands, its registered address at Mendelweg 30, 2333 CS Leiden, The Netherlands, and registered with the Dutch Commercial Register (Handelsregister) under number 24288945. The Company's reportable segments are Airbus, Airbus Helicopters and Airbus Defence and Space (see “– Note 6: Segment Information”). The Company is listed on the European stock exchanges in Paris, Frankfurt am Main, Madrid, Barcelona, Valencia and Bilbao. The Unaudited Condensed Interim IFRS Consolidated Financial Statements were authorised for issue by the Company's Board of Directors on 28 July 2021.

### 2. Impact of the COVID-19 pandemic

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In 2020, the COVID-19 pandemic resulted in significant disruption to the Company's business operations and supply chain. For more details on the impact in 2020, please refer to the Company's IFRS Consolidated Financial Statements as of 31 December 2020.

New variants and the successive waves of the COVID-19 pandemic, the resulting health and economic crisis and actions taken in response to the spread of the pandemic, including government measures, lockdowns, travel limitations and restrictions, have resulted and may continue to result in significant disruption to the Company's business, operations and supply chain.

The aerospace industry including the financial health of operators, airlines, lessors and suppliers, commercial aircraft market, demand for air travel and commercial air traffic have been severely impacted by the COVID-19 pandemic and the resulting health and economic crisis. As a result, airlines have reduced capacity, grounded large portions of their fleets for over one year, sought to implement measures to reduce cash spending and secure liquidity. Some airlines are also seeking arrangements with creditors, restructuring or applying for bankruptcy or insolvency protection, which may have further consequences for the Company and its order book as well as other consequences resulting from the related proceedings.

On 21 January 2021, the Company announced its decision to update its production rates in response to the market environment. For its A320 Family aircraft, the new average production rates were expected to lead to a gradual increase in production from the current rate of 40 per month to 43 and 45, respectively in the third and fourth quarter of 2021. The A220 monthly production rate increased from four to five aircraft per month at the end of the first quarter of 2021. Widebody production was expected to remain stable at current levels. With these new rates, the Company intended to preserve its ability to meet customer demand while protecting its ability to further adapt as the global market evolves.

On 27 May 2021, the Company provided suppliers with an update of its production plans based on its expectation that the commercial aircraft market may recover to pre-COVID levels between 2023 and 2025, led by the single-aisle segment. In anticipation of a continued recovering market, the Company confirmed an average A320 Family production rate of 45 aircraft per month in the fourth quarter of 2021 and called on suppliers to prepare for the future by securing a firm rate of 64 by the second quarter of 2023. The A220 monthly production rate is confirmed to rise to around 6 in early 2022. The A350 production rate is expected to increase to 6 by Autumn 2022 while A330 production is expected to remain at an average monthly production rate of two per month.

The changes in the underlying assumptions used at 31 December 2020 related to traffic, estimated deliveries, forecasted gross margin and future cash-flows do not lead to significant variations regarding impairment or asset depreciation in the first half-year 2021.

The Company's business, results of operations and financial condition have been and will continue to be materially affected by the COVID-19 pandemic, and the Company continues to face significant risks and uncertainties. In addition to its impact on the financial viability of operators, airlines and lessors and the reduction of commercial air traffic, lockdowns, travel limitations and restrictions around the world have posed logistical challenges and may cause disruptions to the Company's business, its operations and supply chain. These measures have and may continue to adversely affect the Company's ability to deliver products and services as well as customers' ability to take delivery of aircraft.

The Company is monitoring the evolution of the COVID-19 pandemic and will continue to assess further impacts going forward. The main elements related to the Unaudited Condensed Interim IFRS Consolidated Financial Statements as of 30 June 2021 are detailed in the following sections.

## 2.1 Going concern and associated liquidity measures

In 2020, the Company announced measures to bolster its liquidity and balance sheet in response to the COVID-19 pandemic. For more details, please refer to the Company's IFRS Consolidated Financial Statements as of 31 December 2020.

In the first quarter 2021, due to uncertainties related to the length of the current outbreak and the recovery pattern of demand for aircrafts, the Company has decided to exercise the first extension option of six months of its € 6.2 billion Supplemental Liquidity Line.

As of 30 June 2021, the Company has a net cash position of € 6.5 billion with a total liquidity of € 33.7 billion before deducting short-term financing liabilities (see “– Note 22: Net Cash”).

Management considers the Company has sufficient resources to continue operating for at least 12 months and that there are no material uncertainties about the Company's ability to continue as a going concern.

## 2.2 Hedge accounting

The Company has maintained its defined hedge accounting policies. In the first half-year 2021, the Company performed a roll-over campaign for a nominal amount of US\$ 4.8 billion to re-align the hedging portfolio to the last available long term delivery plan.

In the Company's assessment the risk of aircraft rescheduling beyond the risk management and the risk of future cancellations, notably due to potential airlines default, have been included. On a quarterly basis, the Company reviews the underlying assumptions. As a result, € 70 million have been reclassified to financial result in the first half-year 2021, corresponding to transactions no longer expected to occur.

## 2.3 Expected credit loss

The Company has also considered the impact of COVID-19 pandemic on the expected credit loss of its financial instruments (mainly loans, trade and lease receivables). The amount and timing of the expected credit losses, as well as the probability assigned thereto, has been based on the available information at the end of the first half-year 2021. As a result of this review no significant credit losses have been recorded in the first half-year 2021 (see “– Note 16: Other Investments and Other Long-Term Financial Assets”).

# 3. Accounting Policies

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The Unaudited Condensed Interim IFRS Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board (“IASB”) as endorsed by the European Union (“EU”). They are prepared and reported in euro (“€”) and all values are rounded to the nearest million appropriately. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

These Unaudited Condensed Interim IFRS Consolidated Financial Statements are prepared in compliance with IAS 34 and should be read in conjunction with the IFRS Consolidated Financial Statements as of 31 December 2020. The Company's accounting policies and methods are unchanged compared to 31 December 2020. The implementation of other amended standards has no material impact on the Unaudited Condensed Interim IFRS Consolidated Financial Statements as of 30 June 2021.

## Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform – Phase 2”

Following the financial crisis, the reform and replacement of some benchmark interest rates such as LIBOR and other Interbank Offered Rates (“IBORs”) has become a priority for global regulators. There is still some uncertainty around the timing and precise nature of these changes.

The Company's treasury is managing the transition plan, so that the existing contracts that refer to LIBORs shall be adjusted to ensure contract continuity after cessation of relevant benchmarks and address term and credit differences between LIBORs and alternative reference rates. The changed reference rates will also impact systems, processes and risk and valuation models.

To manage the transition of the USD LIBOR-referenced derivatives contracts, the Company will adhere to the ISDA Fallback protocol that ensures an automatic transition on the official cessation date scheduled on 30 June 2023 as stated by the UK FCA (Financial Conduct Authority) on 5 March 2021. The official spread adjustment published by Bloomberg and fixed on 5 March 2021 (official announcement date of the LIBOR cessation) will apply. On USD LIBOR-referenced loan contracts, the Company will apply a similar transition scheme to the derivative contracts.

The Company is mainly exposed to USD LIBOR under Airbus Bank loan assets portfolio for an amount of € 288 million (for a notional amount of US\$ 473 million) and the interest rate swaps based on USD LIBOR used in the hedge relationship, for an amount of € 90 million (for a notional amount of US\$ 1.5 billion) as developed under “– Note 38: Financial Instruments” of the IFRS Consolidated Financial Statements as of 31 December 2020.

The Phase 2 amendments have no impact on these Unaudited Condensed Interim IFRS Consolidated Financial Statements as existing contracts continue to refer to LIBORs as of 30 June 2021.

## Use of Estimates and Judgements

In preparing the Unaudited Condensed Interim IFRS Consolidated Financial Statements, management makes assumptions and estimates. These estimates are revised if the underlying circumstances have evolved or in light of new information. The underlying assumptions used for the main estimates are similar to those described in the Company's IFRS Consolidated Financial Statements as of 31 December 2020.

The only exception is the estimate of income tax liabilities which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

## 4. Acquisitions and Disposals

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### Acquisitions

In 2020, Bombardier transferred its remaining shares in Airbus Canada Limited Partnership ("ACLP") to Airbus and Investissement Québec ("IQ"). As per the agreement, Airbus acquired an additional 29.64% of the issued shares in ACLP. This agreement brought the shareholdings in ACLP for Airbus and IQ to 75% and 25%, respectively.

Airbus paid to Bombardier a consideration of US\$ 591 million of which US\$ 531 million was received at closing and US\$ 60 million to be paid over the 2020-22 period under certain conditions. The agreement also provides for the cancellation of Bombardier warrants owned by Airbus, as well as releasing Bombardier of its future funding capital requirement to ACLP, previously performed through the non-voting participation Class B common units in ACLP.

The call rights of Airbus in respect of all IQ's interests in ACLP at fair market value have been extended by an additional three years to January 2026.

The effect of this equity transaction on the equity attributable to the owners of ACLP amounted to € -53 million.

As part of this transaction, Airbus, via its wholly owned subsidiary Stelia Aerospace, also acquired the A220 and A330 work package production capabilities from Bombardier in Saint Laurent, Québec. Under this non-material transaction, the fair value of the net assets acquired amounted to US\$ -4 million.

## 5. Related Party Transactions

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The Company has entered into various transactions with related entities; carried out in the normal course of business.

## 6. Segment Information

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The Company operates in three reportable segments which reflect the internal organisational and management structure according to the nature of the products and services provided.

- **Airbus** — Development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats, aircraft conversion and related services; development, manufacturing, marketing and sale of regional turboprop aircraft and aircraft components. It also includes the holding function of the Company and its bank activities.
- **Airbus Helicopters** — Development, manufacturing, marketing and sale of civil and military helicopters; provision of helicopter related services.
- **Airbus Defence and Space** — Military Aircraft design, development, delivery, and support of military aircraft such as combat, mission, transport and tanker aircraft and their associated services. Space Systems design, development, delivery, and support of full range of civil and defence space systems for telecommunications, earth observations, navigation, science and orbital systems. Connected Intelligence provision of services around data processing from platforms, secure communication and cyber security. In addition, the main joint ventures design, develop, deliver, and support missile systems as well as space launcher systems. Unmanned Aerial Systems design, development, delivery and service support.

On 21 April 2021, the Company presented its plans to create integrated aerostructures assembly companies in both France and Germany, and a third company as a new global player in the detail parts business, anchored in Germany.

The plans are subject to successful completion of the ongoing social process and have no impact on the segment structure described above.

Airbus SE  
Unaudited Condensed Interim IFRS Consolidated Financial Information  
for the six-month period ended 30 June 2021

The following tables present information with respect to the Company's business segments. As a rule, inter-segment transfers are carried out on an arm's length basis. Inter-segment sales predominantly take place between Airbus and Airbus Defence and Space and between Airbus Helicopters and Airbus. Consolidation effects are reported in the column "Eliminations".

The Company uses EBIT as a key indicator of its economic performance.

Business segment information for the six-month period ended 30 June 2021 is as follows:

<i>(In € million)</i>	Airbus	Airbus Helicopters	Airbus Defence and Space	Eliminations	<b>Consolidated Airbus</b>
Total revenue	17,813	2,594	4,538	0	24,945
Internal revenue	(189)	(103)	(16)	0	(308)
<b>Revenue</b>	<b>17,624</b>	<b>2,491</b>	<b>4,522</b>	<b>0</b>	<b>24,637</b>
<i>thereof</i>					
<i>sales of goods at a point in time</i>	16,568	1,079	1,285	0	18,932
<i>sales of goods over time</i>	3	80	1,593	0	1,676
<i>services, including sales of spare parts</i>	1,053	1,332	1,644	0	4,029
<b>Profit before financial result and income taxes (EBIT)</b>	<b>2,387</b>	<b>183</b>	<b>157</b>	<b>0</b>	<b>2,727</b>
<i>thereof research and development expenses</i>	(1,039)	(119)	(113)	9	(1,262)
Interest result					(172)
Other financial result					142
Income taxes					(493)
<b>Profit for the period</b>					<b>2,204</b>

Business segment information for the six-month period ended 30 June 2020 is as follows:

<i>(In € million)</i>	Airbus	Airbus Helicopters	Airbus Defence and Space	Eliminations	Consolidated Airbus
Total revenue	12,533	2,333	4,551	0	19,417
Internal revenue	(283)	(157)	(29)	0	(469)
<b>Revenue</b>	<b>12,250</b>	<b>2,176</b>	<b>4,522</b>	<b>0</b>	<b>18,948</b>
<i>thereof</i>					
<i>sales of goods at a point in time</i>	10,902	901	1,045	0	12,848
<i>sales of goods over time</i>	15	94	1,837	0	1,946
<i>services, including sales of spare parts</i>	1,333	1,181	1,640	0	4,154
<b>Profit before financial result and income taxes (EBIT)</b>	<b>(1,808)</b>	<b>152</b>	<b>73</b>	<b>24</b>	<b>(1,559)</b>
<i>thereof research and development expenses</i>	(1,146)	(140)	(119)	9	(1,396)
Interest result					(129)
Other financial result					(300)
Income taxes					64
<b>Loss for the period</b>					<b>(1,924)</b>

## 7. Revenue and Gross Margin

**Revenue** increased by € +5,689 million to € 24,637 million (first half-year 2020: € 18,948 million). The increase is mainly driven by Airbus (€ +5,374 million) reflecting higher aircraft deliveries.

Revenue by geographical areas based on the location of the customer is as follows:

<i>(In € million)</i>	<b>1 January - 30 June 2021</b>	1 January - 30 June 2020
Asia-Pacific	7,473	4,115
Europe	9,152	9,390
North America	4,659	2,947
Middle East	1,483	843
Latin America	298	286
Other countries	1,572	1,367
<b>Total</b>	<b>24,637</b>	<b>18,948</b>

The **gross margin** increased by € +3,809 million to € 4,761 million compared to € 952 million in the first half-year 2020. It mainly reflects higher aircraft deliveries at Airbus. In addition, in the first half-year 2020, Airbus was impacted by lower cost efficiency and recorded charges triggered by the COVID-19 pandemic. The gross margin rate increased from 5.0% to 19.3%.

Deliveries of the A380 will cease in 2022. As a consequence and in addition to the net charge recorded in 2018, the Company recorded a net charge of € 320 million in EBIT in 2020 as part of its continuous assessment of assets recoverability and review of onerous contract provision assumptions. In the first half-year 2021, a positive EBIT impact of € 172 million was recorded, mainly reflecting the release of provision on the former A380 Lagardère facility that will be used for the modernised A320 FAL.

As of 30 June 2021, the Company has delivered a total of 99 A400M aircraft including 2 aircraft in the first half-year 2021.

The COVID-19 pandemic is weighing on the performance of development, production, flight testing, aircraft delivery and retrofit activities. The Company has continued with development activities toward achieving the revised capability roadmap. Retrofit activities are progressing in close alignment with the customer.

In 2020, an update of the contract estimate at completion was performed and a charge of € 63 million recorded reflecting mainly the variation of price escalation indexes. Main year-end 2020 assumptions remain unchanged as of 30 June 2021.

Risks remain on the development of technical capabilities and associated costs, on aircraft operational reliability in particular with regard to power plant, on cost reductions and on securing export orders in time as per the revised baseline.

Defence export licences to Saudi Arabia were suspended by the German Government until 31 March 2020. A revised Estimate at Completion (EAC) for a customer contract was performed as of 31 December 2020, and the Company continues to engage with its customer to agree a way forward. The outcome of these negotiations is presently unclear but could result in further significant financial impacts. The year-end 2020 assessment remains unchanged as of 30 June 2021.

## 8. Research and Development Expenses

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**Research and development expenses** decreased by € -134 million to € 1,262 million compared to € 1,396 million in the first half-year 2020.

## 9. Other Income and Other Expenses

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**Other income** increased by € +90 million to € 158 million compared to € 68 million in the first half-year 2020.

**Other expenses** decreased by € -49 million to € -94 million compared to € -143 million in the first half-year 2020.

## 10. Share of Profit from Investments Accounted for under the Equity Method and Other Income from Investments

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**Share of profit from investments under the equity method** and **other income from investments** increased by € +27 million to € 120 million compared to € 93 million in the first half-year 2020. It includes dividends received from other investments classified at fair value through OCI for an amount of € 108 million (first half-year 2020: € 137 million).

## 11. Total Financial Result

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**Total financial result** improved by € +399 million to € -30 million compared to € -429 million in the first half-year 2020. This is mainly due to the revaluation of certain equity investments (see “– Note 16: Other Investments and Other Long-Term Financial Assets”).

## 12. Income Taxes

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The **income tax** expense amounts to € -493 million (first half-year 2020: income tax benefit of € +64 million) and corresponds to an effective income tax rate of 18.3%. This includes impacts on tax risk updates and the tax-free revaluation of certain equity investments under IFRS 9, partially offset by deferred tax asset impairments. Management will continue to assess its tax contingencies going forward, whose outcome could result in further financial impacts.

## 13. Earnings per Share

	1 January - 30 June 2021	1 January - 30 June 2020
Profit (Loss) for the period attributable to equity owners of the parent (Net income)	€ 2,231 million	€ (1,919) million
Weighted average number of ordinary shares	784,852,012	782,700,007
<b>Basic earnings per share</b>	<b>€ 2.84</b>	<b>€ (2.45)</b>

**Diluted earnings per share** – The Company’s dilutive potential ordinary shares are share-settled Performance Units relating to **Long-Term Incentive Plans (“LTIP”)**.

During the first half-year 2021, the average price of the Company’s shares exceeded the exercise price of the share-settled Performance Units and therefore 409,626 shares were considered in the calculation of diluted earnings per share.

As there was a loss in the first half-year 2020, the effect of potentially dilutive ordinary shares was anti-dilutive.

	1 January - 30 June 2021	1 January - 30 June 2020
Profit (Loss) for the period attributable to equity owners of the parent (Net income), adjusted for diluted calculation	€ 2,231 million	€ (1,919) million
Weighted average number of ordinary shares (diluted) <sup>(1)</sup>	785,261,638	782,700,007
<b>Diluted earnings per share</b>	<b>€ 2.84</b>	<b>€ (2.45)</b>

(1) In the first half-year 2021, dilution assumes conversion of all potential ordinary shares.

## 14. Intangible Assets and Property, Plant and Equipment

**Intangible assets** increased by € +24 million to € 16,223 million (prior year-end: € 16,199 million). Intangible assets mainly relate to goodwill of € 13,008 million (prior year-end: € 12,999 million).

**Property, plant and equipment** decreased by € -148 million to € 16,526 million (prior year-end: € 16,674 million). Property, plant and equipment include right-of-use assets for an amount of € 1,615 million as of 30 June 2021 (prior year-end: € 1,804 million).

## 15. Investments Accounted for under the Equity Method

**Investments accounted for under the equity method** increased by € +109 million to € 1,687 million (prior year-end: € 1,578 million). They mainly include the equity investments in ArianeGroup and MBDA.

## 16. Other Investments and Other Long-Term Financial Assets

<i>(In € million)</i>	30 June 2021	31 December 2020
Other investments	2,377	2,245
Other long-term financial assets	1,558	1,610
<b>Total non-current other investments and other long-term financial assets</b>	<b>3,935</b>	<b>3,855</b>
<b>Current portion of other long-term financial assets</b>	<b>536</b>	<b>468</b>
<b>Total</b>	<b>4,471</b>	<b>4,323</b>

**Other investments** mainly comprise the Company’s participations and include the remaining investment in Dassault Aviation (9.90%, prior year-end: 9.90%) amounting to € 821 million at 30 June 2021 (prior year-end: € 742 million).

**Other long-term financial assets** and the **current portion of other long-term financial assets** include other loans in the amount of € 1,827 million as of 30 June 2021 (prior year-end: € 1,841 million), and the sales financing activities in the form of finance lease receivables and loans from aircraft financing.

## 17. Inventories

**Inventories** of € 29,791 million (prior year-end: € 30,401 million) decreased by € -610 million. This is driven by Airbus (€ -1,288 million) partly offset by Airbus Helicopters (€ +407 million). In Airbus, the decrease mainly reflects lower inventory on the A350 programme as well as the A380 deliveries and progressive winding down of the programme.



## 18. Provisions

<i>(In € million)</i>	<b>30 June 2021</b>	31 December 2020
Provisions for pensions	7,569	9,980
Other provisions	8,939	10,563
<b>Total</b>	<b>16,508</b>	<b>20,543</b>
<i>thereof non-current portion</i>	<i>11,189</i>	<i>13,998</i>
<i>thereof current portion</i>	<i>5,319</i>	<i>6,545</i>

**Provisions for pensions** decreased mainly due to the increase of the discount rates in Germany, France, Canada and the UK during the first half-year 2021. The decrease amounts to € 2.5 billion recognised mainly in other comprehensive income and is subject to future volatility.

In September 2020, a restructuring provision was recognised in response to the COVID-19 pandemic under **other provisions** for an amount of € 1.2 billion including mainly the cost of voluntary and compulsory measures taking into account management's best estimate of the impact of the working time adaptation and government support measures. Workforce adaptation plan has been progressing as expected.

As of 30 June 2021 and 31 December 2020, the provision amounted to € 0.5 billion and € 1.0 billion respectively, reduced mainly by the costs incurred.

## 19. Other Financial Assets and Other Financial Liabilities

### Other Financial Assets

<i>(In € million)</i>	<b>30 June 2021</b>	31 December 2020
Positive fair values of derivative financial instruments	1,644	3,451
Others	28	32
<b>Total non-current other financial assets</b>	<b>1,672</b>	<b>3,483</b>
Receivables from related companies	846	1,158
Positive fair values of derivative financial instruments	374	973
Others	317	301
<b>Total current other financial assets</b>	<b>1,537</b>	<b>2,432</b>
<b>Total</b>	<b>3,209</b>	<b>5,915</b>

### Other Financial Liabilities

<i>(In € million)</i>	<b>30 June 2021</b>	31 December 2020
Liabilities for derivative financial instruments	1,258	1,834
European Governments' refundable advances	3,747	3,712
Others	135	111
<b>Total non-current other financial liabilities</b>	<b>5,140</b>	<b>5,657</b>
Liabilities for derivative financial instruments	1,206	983
European Governments' refundable advances	169	200
Liabilities to related companies	132	130
Others	356	456
<b>Total current other financial liabilities</b>	<b>1,863</b>	<b>1,769</b>
<b>Total</b>	<b>7,003</b>	<b>7,426</b>

In 2020, the Company has signed amendments to the French and Spanish A350 RLI contracts, leading to a re-measurement of the A350 RLI for an additional net amount of € 236 million in the third quarter, using an equivalent estimated market rate at the date of the amendments.

In the first half-year 2021, the European Governments' refundable advances increased by € +4 million to € 3,916 million (prior year-end: € 3,912 million).

The allocation of European Governments' refundable advances between non-current and current presented in the Unaudited Condensed Interim IFRS Consolidated Financial Statements ended 30 June 2021 is based on the applicable contractual repayment dates.

## 20. Other Assets and Other Liabilities

### Other Assets

<i>(In € million)</i>	<b>30 June 2021</b>	31 December 2020
Cost to fulfil a contract	270	282
Prepaid expenses	102	76
Others	129	125
<b>Total non-current other assets</b>	<b>501</b>	<b>483</b>
Value added tax claims	1,257	1,025
Cost to fulfil a contract	573	557
Prepaid expenses	563	191
Others	505	443
<b>Total current other assets</b>	<b>2,898</b>	<b>2,216</b>
<b>Total</b>	<b>3,399</b>	<b>2,699</b>

### Other Liabilities

<i>(In € million)</i>	<b>30 June 2021</b>	31 December 2020
Others	422	436
<b>Total non-current other liabilities</b>	<b>422</b>	<b>436</b>
Tax liabilities (excluding income tax)	848	749
Others	2,571	2,411
<b>Total current other liabilities</b>	<b>3,419</b>	<b>3,160</b>
<b>Total</b>	<b>3,841</b>	<b>3,596</b>

## 21. Total Equity

The Company's shares are exclusively ordinary shares with a par value of € 1.00. The following table shows the development of the number of shares issued and fully paid:

<i>(In number of shares)</i>	<b>30 June 2021</b>	31 December 2020
<b>Issued as at 1 January</b>	<b>784,149,270</b>	<b>783,173,115</b>
Issued for ESOP	1,871,546	976,155
<b>Issued at end of period</b>	<b>786,020,816</b>	<b>784,149,270</b>
Treasury shares	(237,813)	(432,875)
<b>Outstanding at end of period</b>	<b>785,783,003</b>	<b>783,716,395</b>

Holders of ordinary shares are entitled to dividends and to one vote per share at general meetings of the Company.

**Equity attributable to equity owners of the parent** (including purchased treasury shares) amounts to € 9,257 million (prior year-end: € 6,445 million) representing an increase of € +2,812 million. This is due to a net income for the period of € 2,231 million and an increase in other comprehensive income, principally related to a change in actuarial gains and losses of € +2,069 million partly offset by the mark to market revaluation of the hedge portfolio of € -1,639 million.

The **non-controlling interests ("NCI")** from non-wholly owned subsidiaries increased to € 18 million as of 30 June 2021 (prior year-end: € 11 million). These NCI do not have a material interest in the Company's activities and cash flows.

## 22. Net Cash

The net cash position provides financial flexibility to fund the Company's operations, to react to business needs and risk profile and to return capital to the shareholders. This flexibility has been essential in managing the Company's operations during the COVID-19 pandemic (see "– Note 2: Impact of the COVID-19 pandemic").

<i>(In € million)</i>	<b>30 June 2021</b>	31 December 2020
Cash and cash equivalents	14,661	14,439
Current securities	1,607	1,618
Non-current securities	5,173	5,350
<b>Gross cash position</b>	<b>21,441</b>	<b>21,407</b>
Short-term financing liabilities	(1,902)	(3,013)
Long-term financing liabilities	(13,054)	(14,082)
<b>Total</b>	<b>6,485</b>	<b>4,312</b>

The net cash position on 30 June 2021 amounted to € 6,485 million (prior year-end: € 4,312 million), with a gross cash position of € 21,441 million (prior year-end: € 21,407 million).

### Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

<i>(In € million)</i>	<b>30 June 2021</b>	31 December 2020
Bank account and petty cash	5,662	4,173
Short-term securities (at fair value through profit and loss)	8,419	9,654
Short-term securities (at fair value through OCI)	580	512
Others	0	100
<b>Total cash and cash equivalents</b>	<b>14,661</b>	<b>14,439</b>

Only securities with a maturity of three months or less from the date of the acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, are recognised in cash equivalents.

Cash and cash equivalents have increased by € +0.3 billion from € 14.4 billion at 31 December 2020 to € 14.7 billion at 30 June 2021 and they include payments received in advance from certain customers.

The main variations are as follows:

Cash provided by operating activities amounted to € +2.7 billion in the first half-year 2021, mainly driven by a profit translated into cash partly offset by provision consumption related to the restructuring plan, a strong positive phasing impact from working capital including the net payment made to suppliers in anticipation at the end of 2020 and a positive impact by certain agreements reached with suppliers relating to negotiation on payment terms. Also, it reflects continued cash containment efforts.

Cash used for investing activities amounted to € -0.6 billion. The acquisition of real estate assets in the UK has negatively impacted cash used for investing activities, and also negatively impacted cash used for financing activities relating to the repayment of the existing lease liabilities.

Cash used for financing activities amounted to € -2.1 billion and reflects the pre-payment of a US\$1 billion bond issued on 9 April 2013 and the repayment of the exchangeable bonds convertible into Dassault Aviation shares for an amount of € 1.0 bn.

Similar to previous years, the Company has supported its suppliers concerning supply chain financing arrangements.

## Financing Liabilities

<i>(In € million)</i>	30 June 2021	31 December 2020
Bonds and commercial papers	11,131	12,032
Liabilities to financial institutions	430	418
Loans	85	94
Lease liabilities	1,408	1,538
<b>Total long term financing liabilities</b>	<b>13,054</b>	<b>14,082</b>
Bonds and commercial papers	0	1,075
Liabilities to financial institutions	29	111
Loans	87	94
Lease liabilities	234	260
Others <sup>(1)</sup>	1,552	1,473
<b>Total short term financing liabilities</b>	<b>1,902</b>	<b>3,013</b>
<b>Total</b>	<b>14,956</b>	<b>17,095</b>

(1) Included in "others" are financing liabilities to joint ventures.

**Long-term financing liabilities**, mainly comprising of bonds and lease liabilities, decreased by € -1,028 million to € 13,054 million (prior year-end: € 14,082 million), mainly due to pre-payment of a US\$1 billion bond issued on 9 April 2013 in the US institutional market with an original maturity of ten years.

**Short-term financing liabilities** decreased by € -1,111 million to € 1,902 million (prior year-end: € 3,013 million), mainly due to the repayment of the exchangeable bonds to be convertible into Dassault Aviation shares issued on 14 June 2016 for an amount of € 1.0 bn.

## 23. Financial Instruments

The following table presents the composition of derivative financial instruments:

<i>(In € million)</i>	30 June 2021	31 December 2020
Non-current positive fair values	1,644	3,451
Current positive fair values	374	973
<b>Total positive fair values of derivative financial instruments</b>	<b>2,018</b>	<b>4,424</b>
Non-current negative fair values	(1,258)	(1,834)
Current negative fair values	(1,206)	(983)
<b>Total negative fair values of derivative financial instruments</b>	<b>(2,464)</b>	<b>(2,817)</b>
<b>Total net fair values of derivative financial instruments</b>	<b>(446)</b>	<b>1,607</b>

The total net fair value of derivative financial instruments decreased by € -2,053 million to € -447 million (prior year-end: € 1,607 million) as a result of the strengthened US dollar versus the euro associated with the mark to market valuation of the hedge portfolio.

The volume of hedged US dollar-contracts was US\$ 80.2 billion as at 30 June 2021 (prior year-end: US\$ 81.0 billion). The US dollar spot rate was 1.19 US\$/€ and 1.23 US\$/€ at 30 June 2021 and at 31 December 2020, respectively. The average US dollar hedge rate for the hedge portfolio of the Company remains at 1.26 US\$/€ as at 30 June 2021.

### Carrying Amounts and Fair Values of Financial Instruments

Fair values of financial instruments have been determined with reference to available market information at the end of the reporting period and the valuation methodologies as described in detail in Note 38.2 to the 2020 IFRS Consolidated Financial Statements. For the first half-year 2021, the Company has applied the same methodologies for the fair value measurement of financial instruments.

Carrying amount is a reasonable approximation of fair value for all classes of financial instruments listed in the first table of Note 38.2 to the 2020 IFRS Consolidated Financial Statements, with the exception of:

<i>(In € million)</i>	30 June 2021		31 December 2020	
	Book Value	Fair Value	Book Value	Fair Value
Financing liabilities				
Bonds and commercial papers	(11,131)	(11,989)	(13,107)	(13,997)
Liabilities to financial institutions and others	(2,183)	(2,183)	(2,190)	(2,190)

## Fair Value Hierarchy

Depending on the extent the inputs used to measure fair values rely on observable market data, fair value measurements may be hierarchised according to the following levels of input:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices that are observable for the asset or liability – fair values measured based on Level 2 input typically rely on observable market data such as interest rates, foreign exchange rates, credit spreads or volatilities;
- Level 3: inputs for the asset or liability that are not based on observable market data – fair values measured based on Level 3 input rely to a significant extent on estimates derived from the Company's own data and may require the use of assumptions that are inherently judgemental and involve various limitations.

The fair values disclosed for financial instruments accounted for at amortised cost reflect Level 2 input. Otherwise, the Company determines mostly fair values based on Level 1 and Level 2 inputs and to a lesser extent on Level 3 input.

The following table presents the carrying amounts of the financial instruments held at fair value across the three levels of the **fair value hierarchy**:

<i>(In € million)</i>	30 June 2021				31 December 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>								
Equity instruments	1,859	0	518	2,377	1,780	0	465	2,245
Derivative instruments	0	2,018	0	2,018	0	4,424	0	4,424
Securities	6,780	0	0	6,780	6,968	0	0	6,968
Customer financing	0	0	267	267	0	0	237	237
Cash equivalents	8,419	580	0	8,999	9,654	512	0	10,166
<b>Total</b>	<b>17,058</b>	<b>2,598</b>	<b>785</b>	<b>20,441</b>	<b>18,402</b>	<b>4,936</b>	<b>702</b>	<b>24,040</b>
<b>Financial liabilities measured at fair value</b>								
Derivative instruments	0	(2,449)	(15)	(2,464)	0	(2,805)	(12)	(2,817)
Other financial liabilities	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>(2,449)</b>	<b>(15)</b>	<b>(2,464)</b>	<b>0</b>	<b>(2,805)</b>	<b>(12)</b>	<b>(2,817)</b>

There has been no material changes in the valuation of the Level 3 financial instruments during the first half-year 2021.

As at 31 December 2020, the fair value of the written put options on non-controlling interests ("NCI puts") relating to ACLP was nil, mainly reflecting the latest projections on funding needs, slower ramp-up phasing and market projections. The fair value is unchanged as at 30 June 2021.

The fair value of these NCI puts are derived from a discounted cash flow analysis using the latest operating plan and a projection over the lifetime of the A220 programme.

## 24. Litigation and Claims

The Company is involved from time to time in various legal and arbitration proceedings in the ordinary course of its business, the most significant of which are described below. Other than as described below, the Company is not aware of any material governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened), during a period covering at least the previous twelve months which may have, or have had in the recent past significant effects on Airbus SE's or the Company's financial position or profitability.

If the Company concludes that the disclosures relative to contingent liabilities can be expected to prejudice seriously its position in a dispute with other parties, the Company limits its disclosures to the nature of the dispute.

### WTO

Although the Company is not a party, the Company is supporting the European Commission in litigation before the WTO. Following its unilateral withdrawal from the 1992 EU-US Agreement on Trade in Large Civil Aircraft, the US lodged a request on 6 October 2004 to initiate proceedings before the WTO in relation to alleged subsidies benefiting Airbus. On the same day, the EU launched a parallel WTO case against the US in relation to its subsidies to Boeing.

Following a series of interim WTO decisions, in October 2019 the WTO authorised the US to impose US\$ 7.5 billion in annual tariffs on EU imports. The US imposed 15% tariffs on new aircraft and manufacturing parts imported into the US. Similarly, in October 2020, the WTO authorised the EU to impose tariffs on US\$ 4 billion of US imports. The EU imposed 15% tariffs on new aircraft imported into the EU. In June 2021, the EU, the UK and the US agreed a new cooperative framework pursuant to which the parties would exchange information on government support to aviation and committed to suspending tariffs for five years. This agreement removes the threat of tariffs being re-imposed on Airbus aircraft and manufacturing parts in the foreseeable future.

## **Investigation by the UK SFO, France's PNF, US Departments of State and Justice and Related Commercial Litigation**

The Company reached final agreements ("the agreements") with the French Parquet National Financier ("PNF"), the UK Serious Fraud Office ("SFO"), and the US Department of Justice ("DoJ") resolving the authorities' investigations into allegations of bribery and corruption, as well as with the US Department of State ("DoS") and the DoJ to resolve their investigations into inaccurate and misleading filings made with the DoS pursuant to the US International Traffic in Arms Regulations ("ITAR"). The agreements were approved and made public on 31 January 2020.

Under the terms of the agreements, the Company agreed to pay penalties of € 3,597,766,766 plus interest and costs to the French, UK and US authorities. This was recognised in the Company's 2019 accounts. The settlements with each authority were as follows: PNF € 2,083,137,455, the SFO € 983,974,311, the DoJ € 526,150,496 and the DoS € 9,009,008 of which € 4,504,504 may be used for approved remedial compliance measures. All penalties have been paid, except for \$ 1 million that remains to be paid to the DoS by 28 January 2022.

Under the terms of the Convention judiciaire d'intérêt public ("CJIP") with the PNF, the Company has an obligation to submit its compliance programme to targeted audits carried out by the Agence Française Anticorruption ("AFA") over a period of three years.

Under the terms of the Deferred Prosecution Agreement ("DPA") with the SFO, no independent compliance monitor will be imposed on the Company in light of the continuing monitorship to be conducted by the AFA.

Under the terms of the DPA with the DoJ, no independent compliance monitor will be imposed on Airbus under the agreement with the DoJ, but the Company will periodically report on its continuing compliance enhancement progress during the three year term of the DPA and carry out further reviews as required by the DoJ.

The agreements result in the suspension of prosecution for a duration of three years whereupon the prosecutions will be extinguished if the Company complies with their terms throughout the period.

Under the terms of the Consent Agreement with the DoS, the DoS has agreed to settle all civil violations of the ITAR outlined in the Company's voluntary disclosures identified in the Consent Agreement, and the Company has agreed to retain an independent export control compliance officer, who will monitor the effectiveness of the Company's export control systems and its compliance with the ITAR for a duration of three years.

Any breach of the terms of the agreements by the Company could lead to rescission by the authorities of the terms of the agreements and reopening of the prosecutions. Prosecution could result in the imposition of further monetary penalties or other sanctions including additional tax liability and could have a material impact on the Financial Statements, business and operations of the Company.

In addition to any pending investigation in other jurisdictions, the factual disclosures made in the course of reaching the agreements may result in the commencement of additional investigations in other jurisdictions. Such investigations could also result in (i) civil claims or claims by shareholders against the Company, (ii) adverse consequences on the Company's ability to obtain or continue financing for current or future projects, (iii) limitations on the eligibility of group companies for certain public sector contracts, and/or (iv) damage to the Company's business or reputation via negative publicity adversely affecting the Company's prospects in the commercial market place.

Airbus will continue to cooperate with the authorities in the future, pursuant to the agreements and to enhance its strong Ethics & Compliance culture within the Company.

Several consultants and other third parties have initiated commercial litigation and arbitration against the Company seeking relief. The agreements reached with authorities may lead to additional commercial litigation and arbitration against the Company and tax liability in the future, which could have a material impact on the Financial Statements, business and operations of the Company.

## **Securities Litigation**

In August 2020, a putative class action lawsuit was filed in US federal court in the state of New Jersey against Airbus SE and members of its current and former management. The lawsuit was brought on behalf of alleged shareholders that purchased or otherwise acquired Airbus SE securities in the US between 24 February 2016 and 30 July 2020, and asserts violations of US securities laws. The complaint alleges that defendants made false and misleading statements or omissions concerning, among other things, the Company's agreements approved on 31 January 2020 with the French PNF, the UK SFO, the US DoJ and the US DoS as well as the Company's historic practices regarding the use of third party business partners and anti-corruption compliance. The lawsuit seeks unquantified damages. The Company believes it has solid grounds to defend itself against the allegations. The consequences of such litigation and the outcome of the proceedings cannot be fully assessed at this stage, but any judgement or decision unfavourable to the Company could have a material adverse impact on the Financial Statements, business and operations of the Company.

## Air France Flight 447 Trial

On 1 June 2009, an A330 operated by Air France flight AF447 from Rio de Janeiro to Paris disappeared over the Atlantic Ocean with 228 persons onboard. The wreckage was located in April 2011 after several search campaigns organised by the Bureau d'Enquêtes et d'Analyses (BEA), which published its final investigation report in July 2012. In the wake of the accident, the prosecutor in Paris opened an investigation for involuntary manslaughter and Airbus SAS was charged in March 2011. In September 2019, the investigating magistrates closed the investigation and dismissed all criminal charges after a thorough analysis of the technical and legal elements of the case. However, the Paris Court of Appeal overturned the magistrates' decision and ordered trial for involuntary manslaughter. The company appealed to the French Supreme Court. A criminal trial in the Paris Criminal Court and any judgment or decision unfavourable to the Company could result in damage to its business or reputation.

## Other Investigations

The Company is cooperating fully with the authorities in a judicial investigation in France related to Kazakhstan. In this spirit, the Company asked to be interviewed by the investigating magistrates and has been granted the status of "assisted witness" in the investigation.

In 2019, the Company self-reported to German authorities potentially improper advance receipt and communication of confidential customer information by employees of Airbus Defence and Space GmbH. The information concerned relates to future German government procurement projects. The self-disclosure by the Company followed an internal review with the support of an external law firm. Both the German Ministry of Defence and the Munich public prosecutor opened an investigation into the matter. The Company fully cooperated with relevant authorities. The investigation could have an impact on Airbus Defence and Space GmbH's and Airbus Secure Land Communications GmbH's ability to participate in future public procurement projects in Germany. Airbus Defence and Space GmbH expects to receive a penalty notice this summer. The amount is not expected to have a material impact on the Financial Statements of the Company.

## Other Disputes

In the course of a commercial dispute, the Company received a statement of claim by the Republic of China (Taiwan) alleging liability for refunding part of the purchase price of a large contract for the supply of missiles by subsidiary Matra Défense S.A.S., which the customer claims it was not obliged to pay. An arbitral award was rendered on 12 January 2018 with a principal amount of € 104 million plus interest and costs against Matra Défense S.A.S. Post-award proceedings have concluded, the amount of the award has been paid and the matter is now closed.

## 25. Number of Employees

	Airbus	Airbus Helicopters	Airbus Defence and Space	<b>Consolidated Airbus</b>
<b>30 June 2021</b>	73,650	19,978	32,422	<b>126,050</b>
31 December 2020	78,487	20,026	32,836	131,349

## 26. Events after the Reporting Date

There are no events after the reporting date.

## Independent auditor's review report

To: the shareholders and the board of directors of Airbus SE

### Our conclusion

We have reviewed the condensed interim IFRS consolidated financial information included in the accompanying first half-year 2021 financial report of Airbus SE, Amsterdam for the period 1 January 2021 to 30 June 2021.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim IFRS consolidated financial information of Airbus SE for the period from 1 January 2021 to 30 June 2021, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed interim IFRS consolidated financial information comprises:

- The condensed Interim IFRS consolidated statement of financial position as of 30 June 2021
- The following condensed interim IFRS consolidated statements for the period from 1 January 2021 to 30 June 2021: the income statement, the statements of comprehensive income, cash flows and changes in equity
- The notes comprising of a summary of the significant accounting policies and selected explanatory information

### Basis for our conclusion

We conducted our review in accordance with Dutch law including, Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement.

Our responsibilities under this standard are further described in the Our responsibilities for the review of the condensed interim IFRS consolidated financial information section of our report.

We are independent of Airbus SE in accordance with 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 assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Responsibilities of the board of directors for the condensed interim IFRS consolidated financial information

The board of directors is responsible for the preparation and presentation of the condensed interim IFRS consolidated financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Furthermore, the board of directors is responsible for such internal control as it determines is necessary to enable the preparation of the condensed interim IFRS consolidated financial information that is free from material misstatement, whether due to fraud or error.



#### Our responsibilities for the review of the condensed interim IFRS consolidated financial information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410. Our review included among others:

- Updating our understanding of the company and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed interim IFRS consolidated financial information where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of interim financial information
- Making inquiries of management and others within the company
- Applying analytical procedures with respect to information included in the condensed interim IFRS consolidated financial information
- Obtaining assurance evidence that the condensed interim IFRS consolidated financial information agrees with, or reconciles to, the company's underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed interim IFRS consolidated financial information
- Considering whether the condensed interim IFRS consolidated financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Amsterdam, 28 July 2021

Ernst & Young Accountants LLP

signed by N.M. Pul