Airbus Annual Report 2023

Financial Statements 2023

AIRBUS

Financial Statements

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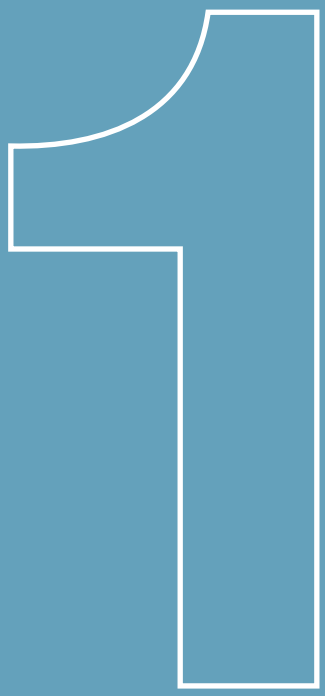
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Airbus SE – IFRS Consolidated Income Statement for the years ended 31 December 2023 and 2022

(In € million)	Note	**2023**	2022
Revenue	**12**	**65,446**	**58,763**
Cost of sales		(55,402)	(48,192)
Gross margin	**12**	**10,044**	**10,571**
Selling expenses		(867)	(788)
Administrative expenses		(1,654)	(1,452)
Research and development expenses	13	(3,257)	(3,079)
Other income	14	243	471
Other expenses	14	(209)	(590)
Share of profit from investments accounted for under the equity method	15	267	134
Other income from investments	15	36	58
Profit before financial result and income taxes		**4,603**	**5,325**
Interest income	16	728	180
Interest expense	16	(753)	(412)
Other financial result	16	191	(18)
Total financial result	16	166	(250)
Income taxes	17	(1,156)	(939)
Profit for the period		**3,613**	**4,136**
Attributable to			
Equity owners of the parent (Net income)		3,789	4,247
Non-controlling interests		(176)	(111)
Earnings per share		**€**	**€**
Basic	18	4.80	5.40
Diluted	18	4.80	5.39

The accompanying notes are an integral part of these Consolidated Financial Statements (IFRS).

Airbus SE – IFRS Consolidated Statement of Comprehensive Income for the years ended 31 December 2023 and 2022

(In € million)	Note	**2023**	2022
Profit for the period		**3,613**	**4,136**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement of the defined benefit pension plans	31	(29)	3,530
Income tax relating to re-measurement of the defined benefit pension plans	17	(240)	(320)
Change in fair value of financial assets		61	(446)
Income tax relating to change in fair value of financial assets	17	(8)	56
Share of change from investments accounted for under the equity method		(20)	241
Items that may be reclassified to profit or loss:			
Foreign currency translation differences for foreign operations		4	101
Change in fair value of cash flow hedges	37	3,298	(3,203)
Income tax relating to change in fair value of cash flow hedges	17	(904)	857
Change in fair value of financial assets		289	(723)
Income tax relating to change in fair value of financial assets	17	(3)	22
Share of change from investments accounted for under the equity method		(1)	122
Other comprehensive income, net of tax		**2,447**	**237**
Total comprehensive income for the period		**6,060**	**4,373**
Attributable to:			
Equity owners of the parent		6,216	4,485
Non-controlling interests		(156)	(112)

The accompanying notes are an integral part of these Consolidated Financial Statements (IFRS).

Airbus SE – IFRS Consolidated Statement of Financial Position for the years ended 31 December 2023 and 2022

(In € million)	Note	**2023**	2022
Assets			
Non-current assets			
Intangible assets	19	16,929	16,768
Property, plant and equipment	20	17,201	16,505
Investment property		35	37
Investments accounted for under the equity method	9	2,228	2,067
Other investments and other long-term financial assets	21	4,719	4,190
Non-current contract assets	22	26	26
Non-current other financial assets	25	922	781
Non-current other assets	26	1,854	1,872
Deferred tax assets	17	3,448	4,683
Non-current securities	36	7,508	6,013
Total non-current assets		**54,870**	**52,942**
Current assets			
Inventories	23	33,741	32,202
Trade receivables	22	4,725	4,953
Current portion of other long-term financial assets	21	795	665
Current contract assets	22	1,823	1,501
Current other financial assets	25	1,851	2,542
Current other assets	26	2,697	2,850
Current tax assets		546	704
Current securities	36	1,301	1,762
Cash and cash equivalents	36	16,469	15,823
Total current assets		**63,948**	**63,002**
Assets and disposal group of assets classified as held for sale		53	0
Total assets		**118,871**	**115,944**

(In € million)	Note	**2023**	2022
Equity and liabilities			
Equity attributable to equity owners of the parent			
Capital stock		791	789
Share premium		3,983	3,837
Retained earnings		15,616	13,408
Accumulated other comprehensive income		(2,305)	(5,016)
Treasury shares		(390)	(68)
Total equity attributable to equity owners of the parent		**17,695**	**12,950**
Non-controlling interests		35	32
Total equity	**34**	**17,730**	**12,982**
Liabilities			
Non-current liabilities			
Non-current provisions	24	5,667	6,896
Long-term financing liabilities	36	10,202	10,631
Non-current contract liabilities	22	23,961	22,044
Non-current other financial liabilities	25	6,715	10,117
Non-current other liabilities	26	450	498
Deferred tax liabilities	17	361	164
Non-current deferred income		35	17
Total non-current liabilities		**47,391**	**50,367**
Current liabilities			
Current provisions	24	4,161	4,127
Short-term financing liabilities	36	3,389	2,142
Trade liabilities	22	14,323	13,261
Current contract liabilities	22	24,537	23,869
Current other financial liabilities	25	2,569	4,073
Current other liabilities	26	3,507	3,803
Current tax liabilities		740	817
Current deferred income		450	503
Total current liabilities		**53,676**	**52,595**
Disposal group of liabilities classified as held for sale		74	0
Total liabilities		**101,141**	**102,962**
Total equity and liabilities		**118,871**	**115,944**

The accompanying notes are an integral part of these Consolidated Financial Statements (IFRS).

Airbus SE – IFRS Consolidated Statement of Cash Flows for the years ended 31 December 2023 and 2022

(In € million)	Note	**2023**	2022
Operating activities			
Profit for the period attributable to equity owners of the parent (Net income)		3,789	4,247
Loss for the period attributable to non-controlling interests		(176)	(111)
Adjustments to reconcile profit for the period to cash provided by operating activities:			
Interest income	16	(728)	(180)
Interest expense	16	753	412
Interest received		690	250
Interest paid		(606)	(322)
Income tax expense	17	1,156	939
Income tax paid		(544)	(790)
Depreciation and amortisation	11	2,242	2,716
Valuation adjustments		(541)	(569)
Results on disposals of non-current assets		64	25
Results of investments accounted for under the equity method	15	(267)	(133)
Change in current and non-current provisions	24	(114)	(1,016)
Contribution to plan assets	31	(668)	(601)
Change in other operating assets and liabilities		**1,205**	**1,421**
Inventories	23, 36	(1,854)	(3,218)
Trade receivables	22	258	(115)
Contract assets and liabilities	36	2,277	3,300
Trade liabilities	22, 36	1,421	3,309
Other assets and liabilities	25, 26	(897)	(1,855)
Cash provided by operating activities		**6,255**	**6,288**
Investing activities			
Purchases of intangible assets, property, plant and equipment, investment property	20	(3,051)	(2,464)
Proceeds from disposals of intangible assets, property, plant and equipment and investment property	20	75	101
Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash)	8	(65)	(188)
Payments for investments accounted for under the equity method, other investments and other long-term financial assets		(960)	(777)
Proceeds from disposals of investments accounted for under the equity method, other investments and other long-term financial assets		509	459
Dividends paid by companies valued at equity	9	150	100
Disposals of non-current assets and disposal groups classified as assets held for sale and liabilities directly associated	8	0	0
Payments for investments in securities	36	(2,700)	(1,851)
Proceeds from disposals of securities	36	1,914	1,507
Cash (used for) investing activities		**(4,128)**	**(3,113)**

(In € million)	Note	**2023**	2022
Financing activities			
Increase in financing liabilities	36	247	171
Repayment of financing liabilities	36	(52)	(1,348)
Cash distribution to Airbus SE shareholders	34	(1,421)	(1,181)
Dividends paid to non-controlling interests		0	(1)
Payments for liability for puttable instruments		138	135
Changes in capital and non-controlling interests	34	146	145
Change in treasury shares	34	(334)	(36)
Cash (used for) financing activities		**(1,276)**	**(2,115)**
Effect of foreign exchange rate changes on cash and cash equivalents		(201)	191
Net increase in cash and cash equivalents	**36**	**650**	**1,251**
Cash and cash equivalents at beginning of period	**36**	**15,823**	**14,572**
Cash and cash equivalents at end of period	**36**	**16,473**	**15,823**
thereof presented as cash and cash equivalents	*36*	*16,469*	*15,823*
thereof presented as part of disposal groups classified as held for sale	*8*	*4*	*0*

The accompanying notes are an integral part of these Consolidated Financial Statements (IFRS)

Airbus SE – IFRS Consolidated Statement of Changes in Equity for the years ended 31 December 2023 and 2022

		Equity attributable to equity holders of the parent									
					Accumulated other comprehensive income						
(In € million)	Note	Capital stock	Share premium	Retained earnings	Financial assets at fair value	Cash flow hedges	Foreign currency translation adjustments	Treasury shares	Total	Non-controlling interests	Total equity
Balance at 1 January 2022		**787**	**3,712**	**6,834**	**456**	**(3,448)**	**1,170**	**(45)**	**9,466**	**20**	**9,486**
Profit for the period		0	0	4,247	0	0	0	0	4,247	(111)	4,136
Other comprehensive income		0	0	3,432	(1,091)	(2,240)	137	0	238	(1)	237
Total comprehensive income for the period		0	0	7,679	(1,091)	(2,240)	137	0	4,485	(112)	4,373
Capital increase	34	2	125	0	0	0	0	0	127	0	127
Share-based payment (IFRS 2)	32	0	0	115	0	0	0	0	115	0	115
Cash distribution to Airbus SE shareholders / Dividends paid to non-controlling interests	34	0	0	(1,181)	0	0	0	0	(1,181)	(1)	(1,182)
Equity transaction (IAS 27)		0	0	(39)	0	0	0	0	(39)	125	86
Change in treasury shares	34	0	0	0	0	0	0	(23)	(23)	0	(23)
Balance at 31 December 2022		**789**	**3,837**	**13,408**	**(635)**	**(5,688)**	**1,307**	**(68)**	**12,950**	**32**	**12,982**
Profit for the period		0	0	3,789	0	0	0	0	3,789	(176)	3,613
Other comprehensive income		0	0	(284)	339	2,390	(18)	0	2,427	20	2,447
Total comprehensive income for the period		0	0	3,505	339	2,390	(18)	0	6,216	(156)	6,060
Capital increase	34	2	146	0	0	0	0	0	148	0	148
Share-based payment (IFRS 2)	32	0	0	168	0	0	0	0	168	0	168
Cash distribution to Airbus SE shareholders / Dividends paid to non-controlling interests	34	0	0	(1,421)	0	0	0	0	(1,421)	0	(1,421)
Equity transaction (IAS 27)		0	0	(44)	0	0	0	0	(44)	159	115
Change in treasury shares	34	0	0	0	0	0	0	(322)	(322)	0	(322)
Balance at 31 December 2023		**791**	**3,983**	**15,616**	**(296)**	**(3,298)**	**1,289**	**(390)**	**17,695**	**35**	**17,730**

The accompanying notes are an integral part of these Consolidated Financial Statements (IFRS).

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2.1 Basis of Preparation

1. The Company

The accompanying 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 11: Segment Information"). The Company is listed on the European stock exchanges in Paris, Frankfurt am Main, Madrid, Barcelona, Valencia and Bilbao. The IFRS Consolidated Financial Statements were authorised for issue by the Company's Board of Directors on 14 February 2024.

2. Geopolitical and Macroeconomic Environment

While 2023 saw the stabilisation of both inflation and the energy crisis, the Company observed an overall cost increase over its businesses (see "– Note 12: Revenues and Gross Margin"). On the other hand, the continued high interest rate environment resulted in an improved interest result (see "– Note 16: Total Financial Result").

The war in Ukraine has increased the Company's exposure to supply chain disruption risk given that part of the titanium used by the Company is sourced from Russia, both directly and indirectly through the Company's suppliers. As a consequence, a de-risking plan is being implemented to increase resilience. It consists in establishing alternatives to the current materials and parts references. This has prevented the Company from any production disruptions in 2023 and it is continuously being reviewed to avoid any shortage in the supply chain.

In 2023, the Company maintained compliance with all applicable regulations and sanctions on its facilities and operations in Russia. The Representative Office in Moscow was closed in August 2023, while the Airbus Russia affiliate (Airbus RUS) and the Space Division's two joint ventures in Russia, Energia Satellite Technologies and Synertech, are in the process of being closed.

The Company was also indirectly exposed to risk through the joint venture ArianeGroup, which had received advance payments from customers and also made advance payments to the Russian Soyuz program in relation to launches that were suspended. As of 31 December 2023, agreements have been reached with all the clients on pre-payments received.

Although the Company is operating in a complex global environment and continues to be affected by delays of materials and parts in 2023, it maintains its production ramp-up trajectory. The A220 ramp-up continues towards a monthly production rate of 14 aircraft in 2026, with a focus on the programme's industrial maturity and financial performance. On the A320 Family programme, production is progressing well towards the previously announced rate of 75 aircraft per month in 2026. In 2023, construction of the second A320 Final Assembly capacities in Tianjin (China) and Mobile (US) commenced and the new A320 Family Final Assembly Line in Toulouse delivered its first aircraft in December. The first customer A321XLR entered into the Final Assembly Line in December, with entry-into-service for the aircraft type expected to take place in Q3 2024. On widebody aircraft, the Company continues towards a monthly rate of four aircraft for the A330 in 2024 and rate 10 in 2026 for the A350.

3. Climate Impacts

Climate change may have a major impact on both the company's industrial operations and its upstream and downstream value chain. The impacts have been taken into account by the management when preparing the Consolidated Financial Statements. The Company follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to identify climate related risks and opportunities both transition and physical and establish a transition plan. The transition plan covers industrial operations, products and services, supply chain and employees and is consistent with the aviation sector's long-term aspirational decarbonisation goal of reaching net-zero carbon emissions by 2050.

Scope 1 & 2 represent around 0.2% of total emissions each. The Company's Scope 3 category 11 – Use of sold products – has been identified as highly material for the Company, representing above 90% of total emissions. The second most material was Category 1 – Purchased goods and services, representing around 2.5% of total emissions. CO_2 emissions from commercial aircraft in operation appear to be the most material category. In order to address the Company's carbon footprint, five strategic pathways that are part of the transition plan have been established. The strategic pathways focus on the following (i) renew current fleet with best-in-class aircraft (ii) developing and deploying SAF (all aircraft types compatible with up to 100% SAF by 2030) (iii) investing in technologies to reduce product emissions (iv) investing in smart air traffic management (ATM) solutions and optimised operations and (v) encouraging temporary CO_2 emission compensation schemes.

As of 31 December 2023, the impacts of the transition plan were included in the Financial Statements as well as the Company's Operative Plan.

Accordingly, research and development expenditures mostly relate to the latest generation commercial aircraft programmes which are more fuel-efficient than the previous generation, therefore offering an immediate potential for aviation decarbonisation when replacing a previous generation aircraft. Research and development costs also included significant expenses related to "zero direct tailpipe CO_2 emissions" technologies alongside research activities and technical work in order to reach the goal of obtaining certification for operating with up to 100% SAF for all current aircraft programmes before the end of the decade.

Furthermore, the Company invests in decarbonising its stationary sources (ground fixed assets) and mobile sources ("Beluga" air transport, flight operations and sea vessels). In 2023 above €30 million was invested in renewable energy, energy efficiency, biomass and industrial improvements, all of which are part of the Company's industrial decarbonisation roadmap. The internal carbon price, set at €150 per tonne of CO_2, is used to support decision making of the Company's capital expenditures investment taking into account CO_2 reduction impacts on operations.

In 2023 the Company invested more than €40 million in companies and partnerships (*e.g.* DG Fuel, JetZero, ZeroAvia and Hy24) in order to foster the hydrogen and SAF ecosystem readiness.

According to the assessment performed for both acute and chronic physical risk using the TCFD recommendations (*e.g.* extreme temperatures, flood sea level rise or water stress), medium or high probability of these risks materialising is seen around 2050 in the well below 2°C (WB2°C) scenario. In this scenario societies gradually adopt practices to enable the required levels of reduction of emissions, including increasing investment in and development of technologies that could reduce emissions of the transport sector and limit emissions growth. For the comprehensive list of climate-related risks considered and a full description of the climate scenarios, please refer to the Risk Factors section in the "Report of the Board of Directors – 4.6.4 Environment, human rights, health & safety risks – Climate-related risks". Policies to decarbonise are progressively introduced. The weighted average remaining useful life for the predominant portion of depreciable assets in France, Germany, UK, Spain, United States and Canada collectively constituting the majority of the Company's Property, Plant, and Equipment is approximately 14 years. As a result, the Company did not identify a need to change the assumption on the useful life of its Property, Plant and Equipment as the largest share of the assets will fully depreciate before 2050.

In January 2023, the Company received approval from the Science Based Targets initiative (SBTi) for its greenhouse gas emission (GHG) reduction near-term targets. These targets, in line with the Paris Agreement's objectives, are based on climate science and cover the full set of the Company's emissions. The Company intends to reduce its Scope 1 and Scope 2 industrial emissions by up to 63% by 2030, in line with a 1.5°C pathway. The Company also committed to reducing by 46% the greenhouse gas emissions intensity generated by its commercial aircraft in service (Scope 3 – Use of Sold Product) by 2035. Both targets are based on the 2015 year as a baseline. In 2023, scope 1 & 2 GHG emissions have decreased by around 15% *vs.* 2022, and 42% *vs.* baseline 2015 year.

In addition, verified carbon compensation schemes were purchased voluntarily in order to compensate for its residual Scope 1 and 2 emissions – around 725k tons of CO_2e.

Capitalised development costs

The Company estimates that there is no impact on the useful life of capitalised development costs as it believes that its latest generation commercial aircraft programmes, which represent a majority of its capitalised development costs, will play a pivotal role in achieving near term decarbonisation targets. This will be supported by the fleet renewal with latest generation aircraft which deliver significant CO_2 emissions savings when compared to previous generation aircraft. The Company's goal of obtaining certification for operating with up to 100% SAF for all current aircraft programmes before the end of the decade will further substantiate their useful life.

The Company's order book is composed almost entirely of these more fuel-efficient aircraft. Net orders, strengthening the order book in 2023, further demonstrate continuous demand for fuel efficient aircraft and their role in supporting the sector's decarbonisation ambitions.

The remaining portion of capitalised development costs relate to helicopter programmes that in 2023 saw strong demand and are planned to be capable of being operated with 100% SAF by 2030, satellite programmes as well as technologies such as High-Altitude Platform systems (HAPS). A significant share of these products plays an important role in supporting climate change monitoring and adaptation (*e.g.* earth observation satellites, search and rescue and firefighting helicopters as well as wildlife or environmental monitoring).

4. Material Accounting Policies

Basis of preparation — The Company's 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") and Part 9 of Book 2 of the Netherlands Civil Code. When reference is made to IFRS, this intends to be EU-IFRS.

The Consolidated Financial Statements have been prepared on a historical cost basis, unless otherwise indicated. 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.

The Company describes the accounting policies applied in each of the individual notes to the Financial Statements and avoids repeating the text of the standard, unless this is considered relevant to the understanding of the note's content. The Company's accounting policies and methods are unchanged compared to 31 December 2022. The implementation of other amended standards has no material impact on the Company's Consolidated Financial Statements as of 31 December 2023. The most material accounting policies are described below, and have been updated accordingly.

Revenue recognition — Revenue is recognised when the Company transfers control of the promised goods or services to the customer. The Company measures revenue, for the consideration to which the Company is expected to be entitled in exchange for transferring promised goods or services. Variable considerations are included in the transaction price when it is highly probable that there will be no significant reversal of the revenue in the future. The Company identifies the various performance obligations of the contract and allocates the transaction price to these performance obligations. Advances and pre-delivery payments (contract liabilities) are received in the normal course of business and are not considered to be a significant financing component as they are intended to protect the Company from the customer failing to complete its contractual obligations.

Revenue from the sale of commercial aircraft is recognised at a point in time (*i.e.* at delivery of the aircraft). The Company estimates the amount of price concession granted by the Company's engine suppliers to their customers as a reduction of both revenue and cost of sales.

An aircraft can remain in storage under a bill-and-hold arrangement. In such cases, revenue is recognised when the requirements for the transfer of control under a bill-and-hold arrangement are fulfilled.

Revenue from the sale of military aircraft, space systems and services — When control of produced goods or rendered services is transferred over time to the customer, revenue is recognised over time, *i.e.* under the percentage of completion method ("PoC" method).

The Company transfers control over time when:

- it produces a good with no alternative use and the Company has an irrevocable right to payment (including a reasonable margin) for the work completed to date, in the event of contract termination at the convenience of customers (*e.g.* Tiger contract); or
- it creates a good which is controlled by the customer as the good is created or enhanced (*e.g.* Eurofighter contracts, some border security contracts, A400M development); or
- the customer simultaneously receives and consumes the benefits provided by the Company (*e.g.* maintenance contracts).

For the application of the over time method (PoC method), the measurement of progress towards complete satisfaction of a performance obligation is based on inputs (*i.e.* cost incurred).

When none of the criteria stated above have been met, revenue is recognised at a point in time. For instance, revenue is recognised at the delivery of aircraft under IFRS 15 from the sale of military transport aircraft, from the A400M launch contract and most of NH90 serial helicopters' contracts.

Provisions for onerous contracts — The Company records provisions for onerous contracts when it becomes probable that the total contract costs will exceed total contract revenue. Before a provision for onerous contracts is recorded, the related assets under construction are measured at their net realisable value and written-off if necessary. Onerous contracts are identified by monitoring the progress of the contract together with the underlying programme status. An estimate of the related contract costs is made, which requires significant and complex assumptions, judgements and estimates related to achieving certain performance standards (see "– Note 5: Key Estimates and Judgements", "– Note 12: Revenue and Gross Margin" and "– Note 24: Provisions, Contingent Assets and Contingent Liabilities").

Research and development expenses — The costs for internally generated research are expensed when incurred. The costs for internally generated development are capitalised when:

- the product or process is technically feasible and clearly defined (*i.e.* the critical design review is finalised);
- adequate resources are available to successfully complete the development;
- the benefits from the assets are demonstrated (a market exists or the internal usefulness is demonstrated) and the costs attributable to the projects are reliably measured;
- the Company intends to produce and market or use the developed product or process and can demonstrate its profitability.

Income tax credits granted for research and development activities are deducted from corresponding expenses or from capitalised amounts when earned.

Capitalised development costs, are recognised either as intangible assets or when the related development activities lead to the construction of specialised tooling for production ("jigs and tools"), or involve the design, construction and testing of prototypes and models, as property, plant and equipment. Capitalised development costs are generally amortised over the estimated number of units produced. If the number of units produced cannot be estimated reliably, they are amortised over the estimated useful life of the internally generated intangible asset. Amortisation of capitalised development costs is recognised in cost of sales. In testing long-life assets such as jigs and tools and capitalised development costs for impairment, the Company makes estimates on the number and timing of aircraft units to be delivered in the future, the margin of these aircraft, and the discount rate associated with the aircraft programme.

Inventories are measured at the lower of acquisition cost (generally the average cost) or manufacturing cost and net realisable value. Manufacturing costs comprise all costs that are directly attributable to the manufacturing process, such as direct material and labour, and production related overheads (based on normal operating capacity and normal consumption of material, labour and other production costs), including depreciation charges. Net realisable value is the estimated selling price in the ordinary course of the business less the estimated costs to complete the sale. For aircraft that may need to be remarketed, the impairment of working progress and finished aircraft is assessed based on an estimation of the future selling price and associated remarketing costs.

Transactions in foreign currency, *i.e.* transactions in currencies other than the functional currency of an entity of the Company, are translated into the functional currency at the foreign exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are remeasured into the functional currency at the exchange rate in effect at that date. Except when deferred in equity as qualifying cash flow hedges (see "– Note 37: Financial Instruments"), these foreign exchange remeasurement gains and losses are recognised, in line with the underlying item:

– in profit before financial result and income taxes if the substance of the transaction is commercial (including sales financing transactions); and

– in financial result for financial transactions.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated into functional currency at the foreign exchange rate in effect at the date of the transaction. Translation differences on non-monetary financial assets and liabilities that are measured at fair value are reported as part of the fair value gain or loss. However, translation differences of non-monetary financial assets measured at fair value and classified as fair value through other comprehensive income ("OCI") are included in accumulated other comprehensive income ("AOCI").

Hedge accounting — Most of the Company's revenue is denominated in US dollar ("US$"), while a major portion of its costs are incurred in euro. The Company is significantly exposed to the risk of currency changes, mainly resulting from US$/€ exchange rates. Furthermore, the Company is exposed, though to a much lesser extent, to foreign exchange risk arising from costs incurred in currencies other than the euro and to other market risks such as interest rate risk, commodity price and equity price risk.

In order to manage and mitigate those risks, the Company enters into derivative contracts. The Company applies hedge accounting to its derivative contracts whenever the relevant IFRS criteria can be met. Hedge accounting ensures that derivative gains or losses are recognised in profit or loss (mainly in revenue) in the same period that the hedged items or transactions affect profit or loss.

The major portion of the Company's derivative contracts is accounted for under the cash flow hedge model. The fair value hedge model is used only for certain interest rate derivatives. Derivative contracts which do not qualify for hedge accounting are accounted for at fair value through profit or loss; any related gains or losses being recognised in financial result.

The Company's hedging strategies and hedge accounting policies are described in more detail in "– Note 37: Financial Instruments".

Leases — The Company assesses whether a contract is, or contains, a lease, at inception of the contract.

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets.

The Company recognises right-of-use assets at the commencement date of the lease, when the underlying asset is available for use. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The Company presents right-of-use assets within "Property, plant and equipment" and lease liabilities within "Financing liabilities" and classifies the principal portion of lease payments within financing activities and the interest portion within operating activities.

When the Company is the lessor, assets under operating leases are also included in "Property, plant and equipment". Lease income from operating leases is recognised on a straight-line basis over the term of the lease (see "– Note 20: Property, Plant and Equipment" "– Note 36.3: Financing Liabilities").

5. Key Estimates and Judgements

The preparation of the Company's Consolidated Financial Statements requires the use of estimates and assumptions. In preparing these Financial Statements, management exercises its best judgement based upon its experience and the circumstances prevailing at that time. The estimates and assumptions are based on available information and conditions at the end of the financial period presented and are reviewed on an ongoing basis. Key estimates and judgements that have a significant influence on the amounts recognised in the Company's Consolidated Financial Statements are mentioned below:

Revenue recognition for performance obligations transferred over time — The PoC method is used to recognise revenue for performance obligations transferred over time. This method places considerable importance on accurate estimates at completion as well as on the extent of progress towards completion. For the determination of the progress of the performance obligations, significant estimates include total contract costs, remaining costs to completion, total contract revenue, contract risks and other judgements.

The Company and its customer may agree to modify the scope or price of long-term contracts. Once the revised rights and obligations are agreed and enforceable, the Company estimates the change in the transaction price.

The management of the segments continually review all estimates involved in such performance obligations and adjusts them as necessary (see "– Note 22: Contract Assets and Contract Liabilities, Trade Receivables and Trade Liabilities").

Provisions — The evaluation of provisions, such as onerous contracts, program-related provisions and restructuring measures are based on best estimates. Onerous contracts are identified by monitoring the progress of the contract and the underlying programme performance. The associated estimates of the relevant contract costs require significant judgement related to performance achievements. Depending on the size and nature of the Company's contracts and related programmes, the extent of assumptions, judgements and estimates in these monitoring processes differs. In particular, the introduction of commercial or military aircraft programmes (*e.g.* A400M) or major derivative aircraft programmes involves an increased level of estimates and judgements associated with the expected development, production and certification schedules and expected cost components (see "– Note 24: Provisions, Contingent Assets and Contingent Liabilities").

In view of overall commercial relationships, contract adjustments may occur, and must be considered on a case-by-case basis.

Estimates and judgements are subject to change based on new information as contracts and related programmes progress. Furthermore, the complex design and manufacturing processes of the Company's industry require challenging integration and coordination along the supply chain including an ongoing assessment of suppliers' assertions which may additionally impact the outcome of these monitoring processes.

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision is at the best estimate of the anticipated costs and includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

Financial instruments fair value measurement using Level 3 inputs — The Company uses its judgement to select a valuation methodology and make assumptions in order to determine the fair value of financial instruments that are not traded in an active market and for which no inputs other than quoted prices are observable. Valuation techniques (including Discounted Cash Flow model) rely on market conditions available at the reporting period together with estimates derived from the Company's own data. Changes in assumptions may result in a significant change in the reported fair value measurement of these financial instruments (See "– Note 37.2: Carrying Amounts and Fair Values of Financial Instruments").

Non-current assets — Non-current other assets include payments to be made to Airbus by suppliers after aircraft delivery and are recorded as a reduction of cost of goods sold at the time of aircraft delivery. This valuation involves the use of judgement and is based on the best available estimate of the future aircraft operations, the pattern of future maintenance activity and escalation of costs of long-term contractual arrangement with suppliers. The impact of climate change is also considered when making these estimates. These future payments are discounted to reflect specific contractual terms and repayment profile. In making such estimates, Airbus relies on both management experience and industry regulations, however, these estimates can be subject to revision (see – "Note 26: Other Assets and Other Liabilities").

Hedge accounting — The hedge portfolio covers a large portion of the Company's highly probable forecasted transactions derived from its commercial activities. The Company makes estimates and judgement in assessing the highly probable criteria of the forecasted transactions, in order to anticipate future events, as risk of future cancellations of orders (see "– Note 37: Financial Instruments").

Employee benefits — The Company accounts for pension and other post-retirement benefits in accordance with actuarial valuations. These valuations rely on statistical and other factors in order to anticipate future events. The actuarial assumptions may differ materially from actual developments mainly due to changing market and economic conditions and therefore result in a significant change in post-retirement employee benefit obligations and the related future expenses (see "– Note 31: Post-Employment Benefits").

Legal contingencies — The Company is party to litigations related to a number of matters as described in "– Note 38: Litigation and Claims". The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of the Company. Management regularly analyses current information concerning these matters and provides provisions for probable cash outflows, including the estimate of legal expenses to resolve the matters. Internal and external lawyers are used for these assessments. In making the decision regarding the need for provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Airbus companies or the disclosure of any such suit or assertion, does not automatically indicate that a provision may be appropriate.

Income taxes — The Company operates and earns income in numerous countries and is subject to changing tax laws in multiple jurisdictions within these countries. Significant judgements are necessary in determining the worldwide income tax liabilities. Although management believes that it has made reasonable estimates about the final outcome of tax uncertainties, no assurance can be given that the final tax outcome of these matters will be consistent with what is reflected in the historical income tax provisions. At each end of the reporting period, the Company assesses whether the realisation of future tax benefits is probable to recognise deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to, among other things, benefits that could be realised from available tax strategies and future taxable income, as well as other positive and negative factors.

The recorded amount of total deferred tax assets could be reduced, through valuation allowances recognition, if estimates of projected future taxable income and benefits from available tax strategies are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilise future tax benefits. The basis for the recoverability test of deferred tax assets is the same as the Company's latest operative planning also taking into account certain qualitative aspects regarding the nature of the temporary differences. Qualitative factors include but are not limited to an entity's history of planning accuracy, performance records, business model, backlog, existence of long-term contracts as well as the nature of temporary differences (see "– Note 17: Income Taxes").

Other subjects that involve assumptions and estimates are further described in the respective notes (see "– Note 8: Acquisitions and Disposals", "– Note 19: Intangible Assets" and "– Note 22: Contract Assets, Contract Liabilities and Trade Receivables, and Trade Liabilities").

6. Change in Accounting Policies and Disclosures

The accounting policies applied by the Company in preparation of its 2023 year-end Consolidated Financial Statements are the same as applied for the previous year. Other than that, amendments, improvements to and interpretations of standards effective from 1 January 2023 have no material impact on the Consolidated Financial Statements.

New, Revised or Amended IFRSs Applied from 1 January 2023

Amendments to IAS 12 "Income Taxes – International Tax Reform – Pillar Two Model Rules"

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. As a consequence, no deferred tax assets or liabilities are recognised in the Consolidated Financial Statements as of 31 December 2023.

New, Revised or Amended IFRSs Issued but not yet Applied

A number of new or revised standards, amendments and improvements to standards as well as interpretations are not yet effective for the year-ended 31 December 2023 and have not been applied in preparing these Consolidated Financial Statements and early adoption is not planned:

Standards and related amendments	IASB effective date for annual reporting periods beginning on or after	Endorsement status
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	1 January 2024	Endorsed
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	1 January 2024	Endorsed
Amendments to IAS 1 "Non-current Liabilities with Covenants"	1 January 2024	Endorsed
Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures: Supplier Finance Arrangements" (1)	1 January 2024	Not yet endorsed
Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability"	1 January 2025	Not yet endorsed

(1) As of 31 December 2023, for additional information related to Supplier Finance Arrangements, see "– Note 22. Contract Assets and Contract Liabilities, Trade Receivables and Trade Liabilities".

2.2 Airbus Structure

7. Scope of Consolidation

Consolidation — The Company's Consolidated Financial Statements include the Financial Statements of Airbus SE and all material subsidiaries controlled by the Company. The Company's subsidiaries prepare their Financial Statements at the same reporting date as the Company's Consolidated Financial Statements (see Appendix "Simplified Airbus Structure" chart).

Subsidiaries are entities controlled by the Company including so-called structured entities, which are created to accomplish a narrow and well-defined objective. They are fully consolidated from the date control commences to the date control ceases.

The assessment of control of a structured entity is performed in three steps. In a first step, the Company identifies the relevant activities of the structured entities (which may include managing lease receivables, managing the sale or re-lease at the end of the lease and managing the sale or re-lease on default) and in a second step, the Company assesses which activity is expected to have the most significant impact on the structured entities' return. Finally, the Company determines which party or parties control this activity.

The Company's interests in equity-accounted investees comprise investments in associates and joint ventures. Such investments are accounted for under the equity method and are initially recognised at cost.

The Financial Statements of the Company's investments in associates and joint ventures are generally prepared for the same reporting period as for the parent company. Adjustments are made where necessary to bring the accounting policies and accounting periods in line with those of the Company.

PERIMETER OF CONSOLIDATION

	31 December	
(Number of companies)	**2023**	2022
Fully consolidated entities	175	179
Investments accounted for under the equity method		
in joint ventures	63	53
in associates	21	29
Total	**259**	**261**

8. Acquisitions and Disposals

Business combinations are accounted for using the acquisition method, as at the acquisition date, which is the date on which control is transferred to the Company.

The determination of the fair value of the acquired assets and the assumed liabilities which are the basis for the measurement of goodwill requires key estimates. Land, buildings and equipment are usually independently appraised while marketable securities are valued at market prices. If intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company either consults with an independent external valuation expert or develops the fair value internally, using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows.

These evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and the discount rate applied.

Loss of control, loss of joint control, loss of significant influence — Upon loss of control of a subsidiary, the assets and liabilities and any components of the Company's equity related to the subsidiary are derecognised. Any gain or loss arising from the loss of control is recognised within other income or other expenses in the Consolidated Income Statement. If the Company retains any interest in the previous subsidiary, such interest is measured at fair value at the date the control is lost.

Assets and liabilities of a material subsidiary for which a loss of control is highly probable are classified as assets and liabilities held for sale when the Company has received sufficient evidence that the loss of control will occur in the 12 months after the classification. These assets and liabilities are presented after elimination of intercompany transactions.

When the loss of significant influence or the loss of joint control of an investment accounted for under the equity method is highly probable and is expected to occur in the coming 12 months, this associate or joint venture is classified as an asset held for sale.

Sale of investment in an associate or joint venture — Any gain or loss arising from the disposal of investment accounted for under the equity method is recognised within share of profit from investments.

8.1 Acquisitions

On 20 June 2022, a Share Purchase Agreement was signed by the Company, Safran and Tikehau Capital for the acquisition of Aubert & Duval from Eramet. On 28 April 2023, the acquisition was finalised following the satisfaction of all conditions precedent including required regulatory approvals. Aubert & Duval is a strategic supplier providing high-performance steel, superalloy, aluminium or titanium parts to high-precision customers in aerospace and other industries. Aubert & Duval investment is owned equally by Airbus, Safran and Tikehau Capital and is accounted for under the equity method.

On 20 July 2022, Satair USA, Inc. signed a Membership Interest Purchase Agreement under which it acquired 100% of the shares of VAS Aero Services, LLC. VAS Aero Services provides aviation logistics and aftermarket services including end-of-life support. A preliminary goodwill of €67 million was recognised as of 31 December 2022. The one-year window period for the completion of the purchase price allocation ended in June 2023 which confirmed the preliminary goodwill assessment.

On 31 December 2022, Airbus Helicopters Deutschland GmbH acquired 100% of the shares of ZF Luftfahrttechnik GmbH. ZF Luftfahrttechnik was subsequently renamed Airbus Helicopters Technik GmbH. The company is a manufacturer of dynamic components for light and medium helicopters and a maintenance, repair, and overhaul service partner for helicopter fleet. The purchase price allocation ended on 31 December 2023 with a final goodwill of €45 million.

As of 31 December 2023, the total consideration paid for acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash) amounts to €-65 million (2022: -188 million).

8.2 Assets and Disposal Groups Classified as Held for Sale

As of 31 December 2023, the Company intends to divest one of its subsidiaries. The assets and liabilities relating to this disposal have been reclassified to assets classified as held for sale for a net amount of €-22 million. The transaction is expected to be closed in 2024.

9. Investments Accounted for under the Equity Method

	31 December	
(In € million)	**2023**	2022
Investments in joint ventures	1,830	1,686
Investments in associates	398	381
Total	**2,228**	**2,067**

Investments accounted for under the equity method increased by €+161 million to €2,228 million (2022: €2,067 million). They mainly include the equity investments in ArianeGroup, MBDA and ATR GIE.

9.1 Investments in Joint Ventures

The joint ventures in which the Company holds an interest are structured in separate incorporated companies. Under joint arrangement agreements, unanimous consent is required from all parties to the agreement for all relevant activities. The Company and its partners have rights to the net assets of these entities through the terms of the contractual agreements.

The Company's interest in its joint ventures, accounted for under the equity method, is stated in aggregate in the following table:

(In € million)	**2023**	2022
Carrying amount of the investments at 1 January	**1,686**	**1,471**
New joint ventures	109	0
Share of results from continuing operations	211	99
Share of other comprehensive income	(15)	173
Dividends received during the year	(136)	(99)
Capital increase (decrease)	(17)	36
Changes in consolidation	0	0
Others	(8)	6
Carrying amount of the investments at 31 December	**1,830**	**1,686**

The Company's individually material joint ventures are ArianeGroup, Paris (France), MBDA S.A.S., Paris (France), and ATR GIE, Blagnac (France), as parent companies of their respective groups. These joint venture companies are not publicly listed.

ArianeGroup is a 50% joint venture between the Company and Safran. ArianeGroup is the head company in a group comprising several subsidiaries and affiliates, such as: APP, Arianespace, Eurocryospace, Europropulsion, Nuclétudes, Pyroalliance, Regulus and Sodern. ArianeGroup inherits a rich portfolio of products and services, enabling it to deliver innovative and competitive solutions to numerous customers around the world. In 2022, ArianeGroup has been strongly impacted by the Ukraine crisis. All Soyuz flights operated by Arianespace and Starsem have been canceled since 24 February 2022 (see "– Note 2: Geopolitical and Macroeconomic Environment"). In 2023, ArianeGroup has announced the postponement of the inaugural flight of the Ariane 6 launcher. It is planned for the period between mid-June to end of July 2024.

The Company holds a 37.5% stake in **MBDA** at 31 December 2023, which is a joint venture between the Company, BAE Systems and Leonardo. MBDA offers missile systems capabilities that cover the whole range of solutions for air dominance, ground-based air defence and maritime superiority, as well as advanced technological solutions for battlefield engagement.

ATR GIE manufactures advanced turboprop aircraft. It is a 50% joint venture between Leonardo and the Company. Both Leonardo and the Company provide airframes which are assembled by ATR GIE in France. The members of ATR GIE are legally entitled exclusively to the benefits and are liable for the commitments of the joint venture. ATR GIE is obliged to transfer its cash to each member of the joint venture.

The following table summarises financial information for ArianeGroup, MBDA and ATR GIE based on their Consolidated Financial Statements prepared in accordance with IFRS:

	ArianeGroup		MBDA		ATR GIE	
(In € million)	**2023**	2022	**2023**	2022	**2023**	2022
Revenue	2,298	2,357	4,451	4,210	1,033	852
Depreciation and amortisation	(122)	(153)	(192)	(199)	(41)	3
Interest income	39	2	168	39	0	0
Interest expense	(16)	(23)	(13)	(25)	0	0
Income tax	4	(19)	(146)	(123)	(9)	(2)
Profit (loss) from continuing operations	(32)	19	498	386	24	(11)
Other comprehensive income	7	70	(49)	316	0	0
Total comprehensive income (100%)	**(26)**	**89**	**449**	**702**	**24**	**(11)**
Non-current assets	6,110	6,086	3,022	2,748	244	239
Current assets	7,362	6,841	10,111	8,160	719	785
thereof cash and cash equivalents	*1,219*	*1,409*	*4,740*	*2,987*	*9*	*4*
Non-current liabilities	1,116	909	166	206	95	75
thereof non-current financial liabilities (excluding trade and other payables and provisions)	*334*	*358*	*17*	*11*	*0*	*0*
Current liabilities	8,155	7,790	11,330	9,171	686	748
thereof current financial liabilities (excluding trade and other payables and provisions)	*85*	*59*	*749*	*22*	*0*	*0*
Total equity (100%)	**4,201**	**4,228**	**1,637**	**1,531**	**182**	**201**
Equity attributable to the equity owners of the parent	4,217	4,230	1,637	1,531	182	201
Non-controlling interests	(16)	(2)	0	0	0	0

	ArianeGroup		MBDA		ATR GIE	
(In € million)	**2023**	2022	**2023**	2022	**2023**	2022
The Company's interest in equity on investee	2,108	2,115	614	575	91	100
Goodwill	244	244	282	282	0	0
PPA adjustments, net of tax	(1,718)	(1,709)	0	0	0	0
Contingent liability release adjustment	(36)	(36)	0	0	0	0
Fair value adjustments and modifications for differences in accounting policies	(87)	(93)	(8)	(10)	0	0
Elimination of downstream inventory	2	2	0	0	0	(4)
Other	0	0	0	0	0	(3)
Carrying amount of the investment at 31 December	**513**	**523**	**888**	**847**	**91**	**93**

The development of these investments is as follows:

	ArianeGroup		MBDA		ATR GIE	
(In € million)	**2023**	2022	**2023**	2022	**2023**	2022
Carrying amount of the investment at 1 January	**523**	**532**	**847**	**676**	**93**	**59**
Share of results from continuing operations	(13)	(47)	186	146	12	(5)
Share of other comprehensive income	3	38	(20)	117	(2)	8
Dividends received during the year	0	0	(125)	(92)	0	0
Capital increase (decrease)	0	0	0	0	(16)	36
Changes in consolidation	0	0	0	0	0	0
Others	0	0	0	0	4	(5)
Carrying amount of the investment at 31 December	**513**	**523**	**888**	**847**	**91**	**93**

The Company's share of contingent liabilities and other commitments as of 31 December 2023 relating to MBDA is €438 million (2022: €500 million).

9.2 Investments in Associates

The Company's interests in associates, accounted for under the equity method, are stated in aggregate in the following table:

(In € million)	**2023**	2022
Carrying amount of the investment at 1 January	**381**	**201**
Share of results from continuing operations	56	35
Share of other comprehensive income	(4)	138
Dividends received during the year	(15)	(1)
Capital increase (decrease)	(23)	0
Changes in consolidation	0	6
Others	3	2
Carrying amount of the investment at 31 December	**398**	**381**

10. Related Party Transactions

(In € million)	Sales of goods and services and other income	Purchases of goods and services and other expenses	Receivables at 31 December	Liabilities at 31 December	Loans granted / Other receivables due at 31 December	Loans received / Other liabilities due at 31 December
2023						
Total transactions with associates	354	174	4	35	81	0
Total transactions with joint ventures	2,868	319	1,249	1,563	0	2,143
2022						
Total transactions with associates	20	177	2	(0)	96	32
Total transactions with joint ventures	3,073	206	1,273	1,199	2	1,692

Transactions with unconsolidated subsidiaries are immaterial to the Company's Consolidated Financial Statements.

As of 31 December 2023, the Company granted guarantees of €104 million to NHI Industries in France (2022: €225 million), there are no more guarantees granted to Air Tanker Group in the UK (2022: €129 million).

For information regarding the funding of the Company's pension plans, which are considered as related parties, see "– Note 31: Post-Employment Benefits".

The information relative to compensation and benefits granted to Members of the Executive Committee and Board of Directors are disclosed in "– Note 33: Remuneration".

2.3 Segment Information

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 passenger aircraft of more than 100 seats, freighter aircraft and regional turboprop aircraft and aircraft components; aircraft conversion and related services. 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 Air Systems design, development, delivery and support of manned and unmanned military air systems and their associated services. Space Systems design, development, delivery, and support of a broad 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 and space launcher systems.

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.

11. Segment Information

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 year-ended 31 December 2023 is as follows:

(In € million)	Airbus	Airbus Helicopters	Airbus Defence and Space	Eliminations	**Consolidated Airbus**
Total revenue	47,763	7,337	11,495	0	66,595
Inter-segment revenue	(787)	(300)	(62)	0	(1,149)
Revenue	**46,976**	**7,037**	**11,433**	**0**	**65,446**
thereof					
sales of goods at a point in time	*42,756*	*3,226*	*3,530*	*0*	*49,512*
sales of goods over time	*0*	*536*	*4,048*	*0*	*4,584*
services, including sales of spare parts	*4,220*	*3,275*	*3,855*	*0*	*11,350*
Profit before financial result and income taxes (EBIT)	**3,610**	**717**	**220**	**56**	**4,603**
thereof					
depreciation and amortisation	*(1,597)*	*(192)*	*(453)*	*0*	*(2,242)*
research and development expenses	*(2,698)*	*(335)*	*(275)*	*51*	*(3,257)*
share of profit from investments accounted for under the equity method	*17*	*4*	*245*	*1*	*267*
additions to other provisions [(1)]	*(1,076)*	*(479)*	*(1,181)*	*3*	*(2,733)*
Interest result					(25)
Other financial result					191
Income taxes					(1,156)
Profit for the period					**3,613**

(1) See "– Note 24: Provisions, Contingent Assets and Contingent Liabilities".

Business segment information for the year-ended 31 December 2022 is as follows:

(In € million)	Airbus	Airbus Helicopters	Airbus Defence and Space	Eliminations	**Consolidated Airbus**
Total revenue	41,428	7,048	11,259	0	59,735
Inter-segment revenue	(622)	(291)	(59)	0	(972)
Revenue	**40,806**	**6,757**	**11,200**	**0**	**58,763**
thereof					
sales of goods at a point in time	*37,681*	*3,429*	*3,369*	*0*	*44,479*
sales of goods over time	*18*	*310*	*4,115*	*0*	*4,443*
services, including sales of spare parts	*3,107*	*3,018*	*3,716*	*0*	*9,841*
Profit before financial result and income taxes (EBIT)	**4,800**	**639**	**(118)**	**4**	**5,325**
thereof					
depreciation and amortisation	*(1,571)*	*(189)*	*(961)*	*5*	*(2,716)*
research and development expenses	*(2,607)*	*(275)*	*(266)*	*69*	*(3,079)*
share of profit from investments accounted for under the equity method	*(4)*	*6*	*132*	*0*	*134*
additions to other provisions	*(1,035)*	*(342)*	*(788)*	*(19)*	*(2,184)*
Interest result					(232)
Other financial result					(18)
Income taxes					(939)
Profit for the period					**4,136**

Segment capital expenditures *(In € million)*	31 December	
	2023	2022
Airbus	2,053	1,730
Airbus Helicopters	221	183
Airbus Defence and Space	777	551
Eliminations	0	0
Total capital expenditures [1]	**3,051**	**2,464**

(1) Excluding expenditure for leased assets.

Segment assets *(In € million)*	31 December **2023**	 2022
Airbus	70,116	68,367
Airbus Helicopters	12,531	9,262
Airbus Defence and Space	20,952	17,835
Eliminations	(14,053)	(8,505)
Total segment assets	**89,546**	**86,959**
Unallocated		
Deferred and current tax assets	3,994	5,387
Securities	8,809	7,775
Cash and cash equivalents	16,469	15,823
Assets classified as held for sale	53	0
Total assets	**118,871**	**115,944**

Revenue by geographical areas is disclosed in "– Note 12: Revenue and Gross Margin". Property, plant and equipment by geographical areas is disclosed in "– Note 20: Property, Plant and Equipment".

	31 December			
	2023		2022	
Segment order backlog	*(In € million)*	*(In %)*	*(In € million)*	*(In %)*
Airbus	490,812	89	390,456	86
Airbus Helicopters	21,525	4	20,774	5
Airbus Defence and Space	42,195	8	38,426	9
Eliminations	(639)	0	(415)	0
Total	**553,893**	**100**	**449,241**	**100**

As of 31 December 2023, the total backlog represents the aggregate amount of the transaction price allocated to the unsatisfied and partially unsatisfied performance obligations to the Company's customers. Backlog commitments are relative to the Company's enforceable contracts with its customers where it is probable that the consideration will be collected. As a result, contractual rebates, engines concessions, and variable considerations are taken into consideration for measurement. Contracts stipulated in a currency different than the presentation currency are translated to euro using the spot rate as of 31 December 2023 and 2022 respectively. Adjustments to the value of the backlog could result from changes in the transaction price.

Order backlog valued at €554 billion at the end of 2023 (2022: €449 billion) with an order intake amounting to €186.5 billion (2022: €82.5 billion) and revenues to €65.4 billion (2022: €58.8 billion). The increase mainly reflects a book to bill of 2.8 partly offset by the weakening of the US dollar. In Airbus, total gross commercial aircraft orders amount to 2,319 units (2022: 1078 units) with net orders of 2,094 aircraft after cancellations (2022: 820 aircraft) and total deliveries amount to 735 units (2022: 661 units) as of 31 December 2023. In 2024, approximately 9% of the Airbus backlog in units is expected to be converted into revenues.

2.4 Airbus Performance

12. Revenue and Gross Margin

Revenue increased by €6,683 million to €65,446 million (2022: €58,763 million). The increase is mainly driven by higher aircraft deliveries of 735 aircraft (in 2022: 661 aircraft), paired with higher contributions from Airbus Defence and Space and strong services business in Airbus Helicopters.

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

(In € million)	**2023**	2022
Europe	25,733	24,261
Asia-Pacific	18,733	15,380
North America	13,784	13,549
Middle East	3,933	2,598
Latin America	1,737	2,086
Other countries	1,526	889
Total	**65,446**	**58,763**

The **gross margin** decreased by €-527 million to €10,044 million compared to €10,571 million in 2022. It is mainly driven by negative foreign exchange impacts (largely related to €-1.4 billion US dollar Working Capital mismatch impact year-on-year which mainly reflects the phasing impact arising from the difference between transaction date and delivery date), higher costs due to hiring linked to the production ramp-up and updated estimates at completion (EAC) of certain space programmes of -0.6 billion, partly offset by higher deliveries, strong services across the Company's segments and the release of compliance-related provisions. In 2022, it included a non-recurring positive impact related to the re-measurement of past service cost in the retirement obligations of €0.4 billion.

The gross margin rate decreased from 18.0% to 15.3%.

In 2023, the Company has delivered eight A400M aircraft.

The Company has continued with development activities towards achieving the revised capability roadmap. Retrofit activities are progressing in close alignment with the customer.

In 2022, an update of the contract estimate at completion was performed and an additional charge of €477 million recorded, mainly reflecting updated assumptions, including inflation and risks related to the remaining SOC3 contractual development milestones to be achieved. In 2023, an additional update of the contract estimate at completion has been performed and a net charge of €41 million recorded.

Risks remain on the qualification of technical capabilities and associated costs, on aircraft operational reliability, on cost reductions and on securing overall volume as per the revised baseline.

In addition, the updated EACs of certain space programmes led to a charge of €-0.6 billion as of 31 December 2023. This includes an updated assessment of assumptions and estimates related to the remaining revenue and costs to completion and the progress of the contracts together with the underlying programmes status (see "– Note 5: Key Estimates and Judgements").

In a notice of termination dated 9 June 2022, the Norwegian Defence Material Agency notified NHIndustries SAS ("NHI") of the Norwegian Ministry of Defence's decision to terminate its contract for the supply of 14 NH90 helicopters. In a press release dated 10 June 2022, NHI noted it "is extremely disappointed by the decision taken by the Norwegian Ministry of Defence and refutes the allegations being made against the NH90 as well as against [NHI]." NHI considers the termination to be legally groundless and reserves its right to take any necessary legal action to challenge it. The parties are working towards resolving this matter, with a mediation process having been initiated during the second quarter of 2023.

13. Research and Development Expenses

Research and development expenses increased by € +178 million to €3,257 million compared to €3,079 million in 2022 mainly due to ramp-up in activities to prepare the technologies of the future.

Research and development expenses mainly reflect the development of latest generation commercial aircraft programmes, including the A321 XLR and A350 Freighter.

14. Other Income and Other Expenses

Other income decreased by €-228 million to €243 million compared to €471 million in 2022. In 2022, it included an insurance income of €200 million linked to the launch failure of the two satellites Pléiades Neo 5 and 6 in December 2022 (see "– Note 20: Property, Plant and Equipment").

Other expenses decreased by €-381 million to €-209 million compared to €-590 million in 2022, mainly due to the impact of €-437 million linked to the launch failure of the two satellites Pléiades Neo 5 and 6 in December 2022 (see "– Note 20: Property, Plant and Equipment").

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

(In € million)	**2023**	2022
Share of profit from investments in joint ventures	211	99
Share of profit from investments in associates	56	35
Share of profit from investments accounted for under the equity method	**267**	**134**
Other income from investments	**36**	**58**

Share of profit from investments under the equity method and **other income from investments** increased by €+111 million to €303 million compared to €192 million in 2022, mainly linked to higher share of result from the Company's main joint ventures (ArianeGroup, MBDA and ATR GIE, see "Note 9.1 – Investments in Joint Ventures").

16. Total Financial Result

Interest income derived from the Company's asset management and lending activities is recognised as interest accrues, using the effective interest rate method.

(In € million)	**2023**	2022
Interest income	728	180
Interest expense	(753)	(412)
thereof Interests on European Governments' refundable advances	*(120)*	*(133)*
Total interest result	**(25)**	**(232)**
Change in fair value measurement of financial instruments	39	(346)
Foreign exchange translations on monetary items	37	(99)
Unwinding of discounted provisions	(3)	8
Others	118	419
Total other financial result	**191**	**(18)**
Total	**166**	**(250)**

Total financial result improved by €+416 million to €166 million compared to €-250 million in 2022. The financial result mainly reflects a positive impact from the revaluation of certain equity investments.

17. Income Taxes

The expense for income taxes is comprised of the following:

(In € million)	**2023**	2022
Current tax expense	(892)	(536)
Deferred tax expense	(264)	(403)
Total	**(1,156)**	**(939)**

Main income tax rates and main changes impacting the Company:

(Rate in %)	2022	2023	2024	> 2025
Netherlands	25.80	25.80	25.80	25.80
France	25.83	25.83	25.83	25.83
Germany	30.00	30.00	30.00	30.00
Spain	25.00	25.00	25.00	25.00
UK (1)	19.00	25.00	25.00	25.00

(1) A tax law has been enacted in 2022 increasing the rate for income taxes to 25.00% from April 2023 and beyond.

On 19 December 2023, the government of the Netherlands, where the parent company is incorporated, enacted the Pillar Two income taxes legislation effective from 1 January 2024. Based on its assessment, the Company does not expect a material exposure to Pillar Two.

The following table shows a reconciliation from the theoretical income tax (expense) using the Dutch corporate tax rate to the reported income tax (expense):

(In € million)	**2023**	2022
Profit before income taxes	4,769	5,075
Corporate income tax rate	25.8%	25.8%
Expected (expense) for income taxes	**(1,230)**	**(1,309)**
Effects from tax rate differentials / Change of tax rate	(45)	39
Capital gains and losses on disposals / mergers	20	0
Income from investment and associates	57	29
Tax credit	48	41
Change in valuation allowances [1]	(67)	53
Tax contingencies	76	156
Other non-deductible expenses and tax-free income	(15)	52
Reported tax (expense)	**(1,156)**	**(939)**

(1) Reassessments of the recoverability of deferred tax assets based on future taxable profits.

The income tax expense amounts to €-1,156 million (2022: €-939 million) and corresponds to an effective income tax rate of 24.2%. This includes impacts from the tax-free revaluation of certain equity investments under IFRS 9, tax risk updates and deferred tax assets impairments. As a result of a corporate reorganisation in Germany, a prior year deferred tax asset impairment was partially reversed for €237 million, out of which €160 million recorded in the income statement and €77 million in other comprehensive income.

As the Company controls the timing of the reversal of temporary differences associated with its subsidiaries (usually referred to as “outside basis differences”) arising from yet undistributed profits and changes in foreign exchange rates, it does not recognise a deferred tax liability. For temporary differences arising from investments in associates the Company recognises deferred tax liabilities. The rate used reflects the assumptions that these differences will be recovered from dividend distribution unless a management resolution for the divestment of the investment exists at the closing date. For joint ventures, the Company assesses its ability to control the distribution of dividends based on existing shareholder agreements and recognises deferred tax liabilities accordingly.

As of 31 December 2023, the aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, for which deferred tax liabilities have not been recognised, amounts to €230 million.

Deferred taxes on net operating losses ("NOLs"), trade tax loss carry forwards and tax credit carry forwards are:

(In € million)	France	Germany	Spain	UK	Other countries	**31 December 2023**	31 December 2022
NOL	48	2,732	95	1,465	4,193	8,533	8,161
Trade tax loss carry forwards	0	3,108	0	0	0	3,108	3,719
Tax credit carry forwards	0	0	215	0	1	216	225
Tax effect	**12**	**884**	**238**	**366**	**1,048**	**2,548**	**2,506**
Valuation allowances	(8)	(421)	(100)	(104)	(984)	(1,617)	(1,670)
Deferred tax assets on NOLs and tax credit carry forwards	**4**	**463**	**138**	**262**	**64**	**931**	**836**

NOLs, capital losses and trade tax loss carry forwards are indefinitely usable under certain restrictions in France, Germany, the UK and Spain. They are usable for 20 years in Canada. In Spain, R&D tax credit carry forwards will expire after 18 years.

Roll forward of deferred tax:

(In € million)	**2023**	2022
Net deferred tax assets at 1 January	**4,519**	**4,207**
Deferred tax expense in income statement	(264)	(403)
Deferred tax recognised directly in AOCI	(915)	935
Deferred tax on remeasurement of the net defined benefit pension plans	(240)	(320)
Others	(13)	100
Net deferred tax assets at 31 December	**3,087**	**4,519**

Details of deferred tax recognised cumulatively in equity are as follows:

(In € million)	**2023**	2022
Financial assets at fair value through OCI	(35)	(24)
Cash flow hedges	1,276	2,180
Deferred tax on remeasurement of the net defined benefit pension plans	1,566	1,806
Total	**2,807**	**3,962**

Deferred income taxes as of 31 December 2023 are related to the following assets and liabilities:

	1 January 2023	Other movements		Movement through income statement		**31 December 2023**
(In € million)	Deferred tax assets (liabilities)	OCI / IAS 19	Others [1]	R&D tax credits	Deferred tax benefit (expense)	**Deferred tax assets (liabilities)**
Intangible assets	(287)	0	3	0	(153)	(437)
Property, plant and equipment	(1,046)	0	(2)	0	944	(104)
Investments and other long-term financial assets	1,423	1	0	0	273	1,697
Inventories	2,642	0	0	0	543	3,185
Receivables and other assets	(1,414)	(70)	(145)	0	(36)	(1,665)
Prepaid expenses	10	0	0	0	(11)	(1)
Provisions for retirement plans	302	(298)	(2)	0	(366)	(364)
Other provisions	(53)	0	(7)	0	176	116
Liabilities	2,500	(925)	84	0	(1,492)	167
Deferred income	(33)	0	(1)	0	(150)	(184)
NOLs and tax credit carry forwards	2,506	0	(24)	(9)	75	2,548
Deferred tax assets (liabilities) before offsetting	**6,550**	**(1,292)**	**(94)**	**(9)**	**(197)**	**4,958**
Valuation allowances on deferred tax assets	(2,031)	137	58	32	(67)	(1,871)
Net deferred tax assets (liabilities)	**4,519**	**(1,155)**	**(36)**	**23**	**(264)**	**3,087**

(1) "Others" mainly comprises changes in the consolidation scope and foreign exchange rate effects.

Deferred income taxes as of 31 December 2022 are related to the following assets and liabilities:

	1 January 2022	Other movements		Movement through income statement		31 December 2022
(In € million)	Deferred tax assets (liabilities)	OCI / IAS 19	Others [1]	R&D tax credits	Deferred tax benefit (expense)	Deferred tax assets (liabilities)
Intangible assets	(302)	0	(26)	0	41	(287)
Property, plant and equipment	(764)	0	(1)	0	(281)	(1,046)
Investments and other long-term financial assets	1,113	0	6	0	304	1,423
Inventories	2,165	0	(1)	0	478	2,642
Receivables and other assets	(683)	1,986	4	0	(2,721)	(1,414)
Prepaid expenses	8	0	(1)	0	3	10
Provisions for retirement plans	1,083	(770)	43	0	(54)	302
Other provisions	617	0	24	0	(694)	(53)
Liabilities	1,107	(900)	(4)	0	2,297	2,500
Deferred income	(247)	0	2	0	212	(33)
NOLs and tax credit carry forwards	2,519	0	23	5	(41)	2,506
Deferred tax assets (liabilities) before offsetting	**6,616**	**316**	**69**	**5**	**(456)**	**6,550**
Valuation allowances on deferred tax assets	(2,409)	299	(20)	46	53	(2,031)
Net deferred tax assets (liabilities)	**4,207**	**615**	**49**	**51**	**(403)**	**4,519**

(1) "Others" mainly comprises changes in the consolidation scope and foreign exchange rate effects.

18. Earnings per Share

	2023	2022
Profit for the period attributable to equity owners of the parent (Net income)	€3,789 million	€4,247 million
Weighted average number of ordinary shares	788,720,779	787,080,579
Basic earnings per share	**€4.80**	**€5.40**

Diluted earnings per share – The Company's dilutive potential ordinary shares are equity-settled Performance Shares relating to **Long-Term Incentive Plans ("LTIP")**.

In 2023, a total of 1,039,820 equity-settled Performance Shares was considered in the calculation of diluted earnings per share. LTIP 2023 plan has been excluded from the calculation because of its antidilutive effect.

	2023	2022
Profit for the period attributable to equity owners of the parent (Net income), adjusted for diluted calculation	€3,789 million	€4,247 million
Weighted average number of ordinary shares (diluted)	789,760,599	787,753,485
Diluted earnings per share	**€4.80**	**€5.39**

2.5 Operational Assets and Liabilities

19. Intangible Assets

Intangible assets comprise (i) goodwill (see "– Note 7: Scope of Consolidation"), (ii) capitalised development costs (see "– Note 4: Material Accounting Policies") and (iii) other intangible assets, *e.g.* internally developed software and acquired intangible assets.

Intangible assets with finite useful lives are generally amortised on a straight-line basis over their respective estimated useful lives (three to ten years) to their estimated residual values.

31 December 2023 and 2022 comprise the following:

	31 December 2023			31 December 2022		
(In € million)	**Gross amount**	**Amortisation / Impairment**	**Net book value**	Gross amount	Amortisation / Impairment	Net book value
Goodwill	14,183	(1,042)	13,141	14,205	(1,040)	13,165
Capitalised development costs	3,165	(1,459)	1,706	2,801	(1,319)	1,482
Other intangible assets	5,305	(3,223)	2,082	5,350	(3,229)	2,121
Total	**22,653**	**(5,724)**	**16,929**	**22,356**	**(5,588)**	**16,768**

Net Book Value

(In € million)	Balance at 1 January 2023	Exchange differences	Additions	Changes in consolidation scope	Reclassification	Disposals	Amortisation / Impairment	**Balance at 31 December 2023**
Goodwill	13,165	(12)	0	(13)	0	0	0	13,141
Capitalised development costs	1,482	2	377	0	8	0	(164)	1,706
Other intangible assets	2,121	(52)	206	22	24	(8)	(230)	2,082
Total	**16,768**	**(62)**	**583**	**9**	**32**	**(8)**	**(394)**	**16,929**

(In € million)	Balance at 1 January 2022	Exchange differences	Additions	Changes in Consolidation scope	Reclassification	Disposals	Amortisation / Impairment	Balance at 31 December 2022
Goodwill	13,028	10	0	127	0	0	0	13,165
Capitalised development costs	1,286	(12)	319	0	(1)	0	(110)	1,482
Other intangible assets	2,053	89	160	159	5	(7)	(338)	2,121
Total	**16,367**	**87**	**479**	**286**	**4**	**(7)**	**(448)**	**16,768**

Intangible assets increased by €+161 million to €16,929 million (2022: €16,768 million). Intangible assets mainly relate to goodwill of €13,141 million (2022: €13,165 million). Based on management's best estimate, there is no impact on the useful life of capitalised development costs resulting from the Company's journey towards sustainable aerospace (see "– Note 3: Climate Impacts").

Capitalised Development Costs

The Company has capitalised development costs in the amount of €1,706 million as of 31 December 2023 (€1,482 million as of 31 December 2022), for Airbus programmes (€880 million), Airbus Defence and Space (€517 million) and Airbus Helicopters (€309 million).

Impairment Tests

Each year the Company assesses whether there is an indication that a non-financial asset or a cash generating unit ("CGU") to which the asset belongs may be impaired. In addition, intangible assets with an indefinite useful life, intangible assets not yet available for use and goodwill are tested for impairment annually, irrespective of whether there is any indication for impairment. An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of impairment testing, any goodwill is allocated to the CGU or group of CGUs in a way that reflects the way goodwill is monitored for internal management purposes.

The discounted cash flow method is used to determine the recoverable amount of a CGU or the group of CGUs to which goodwill is allocated. The discounted cash flow method is particularly sensitive to the selected discount rates and estimates of future cash flows by management. Discount rates are based on the weighted average cost of capital ("WACC") for a CGU or the groups of CGUs. The discount rates are calculated based on a risk-free rate of interest and a market risk premium. In addition, the discount rates reflect the current market assessment of the risks specific to each group of CGUs by taking into account specific peer group information on beta factors, leverage and cost of debt. Consequently, slight changes to these elements can materially affect the resulting valuation and therefore the amount of a potential impairment charge.

These estimates are influenced by several assumptions including the growth rate of CGUs used in the computation of the terminal value, the increase of deliveries in the coming years, the availability and composition of future defence and institutional budgets, and foreign exchange fluctuations or implications arising from the volatility of capital markets. Cash flow projections take into account past experience and represent management's best estimate of future developments which align with the Company's climate-related commitments.

The Company tested the intangible assets for which an indicator of impairment was identified. In particular, the Company tested the intangible assets associated with certain aircraft and space programmes and no material impairment was recorded.

As of 31 December 2023 and 2022, goodwill was allocated to CGUs or group of CGUs and is summarised in the following schedule:

(In € million)	**Airbus**	Airbus Helicopters	Airbus Defence and Space	Eliminations	Consolidated Airbus
Goodwill as of 31 December 2023	**10,803**	**184**	**2,154**	**0**	**13,141**
Goodwill as of 31 December 2022	10,816	199	2,150	0	**13,165**

The goodwill mainly relates to the creation of the Company in 2000 and the Airbus Combination in 2001.

The annual impairment tests performed in 2023 led to no impairment charge.

The Company performed sensitivity tests in order to confirm the recoverability of its long-lived assets, and no reasonably possible changes in the main assumptions used would cause the value in use of the goodwill to fall below its carrying value.

General Assumptions Applied in the Planning Process

The basis for determining the recoverable amount is the value in use of the CGUs.

Cash flow projections used for the impairment testing are based on both the operative planning which represents the Company's WB2°C scenario through embarking an array of investments and expenses, and management's best estimate of the impact of climate-related commitments over the long-term horizon. It incorporates the strategic pathways (see "Note – 3. Climate impacts") in its assumptions as well as investments to decarbonise mobile and stationary industrial operations.

The operative planning, is based on the following key assumptions which are relevant for all CGUs:

- increase of expected future labour expenses of 4.5% for 2024 including an inflation rate of 4.5%;
- future interest rates projected per geographical market, for the European Monetary Union, the UK and the US;
- future exchange rate of 1.125 US$/€ for 2024 to convert in euro the portion of future US dollar which is not hedged (see "– Note 37: Financial Instruments").

General economic data derived from external macroeconomic and financial studies have been used to derive the general key assumptions.

In addition to these general planning assumptions, the following additional CGU specific assumptions, which represent management's current best assessment as of the date of these Consolidated Financial Statements, have been applied.

Airbus

- The planning takes into account both the current market conditions and Airbus' production rate, and includes management's best estimates of the progressive increase in aircraft deliveries over the operative planning period.
- The period beyond the operative plan horizon was considered through long-term projections and a terminal value with a perpetual growth rate of 2%, aligned with Airbus SBTi commitments and the baseline for the WB2°C scenario.
- The carrying value and planned cash flows of the CGU Airbus are materially influenced due to the significant hedge portfolio.
- Cash flows are discounted using a euro weighted pre-tax WACC of 13.5% (2022: 14.1%).

Airbus Helicopters

- The planning takes into account the evolution of programmes based upon the current backlog and an assessment of order intake for platforms and services.
- Long-term commercial assumptions in respect of market share, deliveries and market value are based on the latest helicopter market forecast. The global helicopter market is demonstrating continued signs of recovering towards pre-COVID-19 levels, despite continued geopolitical instabilities and economic volatility. Over the next ten years, according to market forecasts, around 6,900 Civil & Parapublic helicopters and 6,800 Military helicopters are expected to be delivered globally.
- In the absence of long-term financial reference, expected cash flows generated beyond the planning horizon are considered through a terminal value with a perpetual growth rate of 1%.
- Cash flows are discounted using a euro weighted pre-tax WACC of 12.4% (2022: 13.1%).

Airbus Defence and Space

- Overall the defence and space markets are expected to have growth during the period of the operative planning horizon.
- Business growth is underpinned by growing defence and space opportunities. Underlying performance is improved by focusing on project delivery, cost control and efficiency.
- In the absence of long-term financial reference, expected cash flows generated beyond the planning horizon are considered through a terminal value, with a perpetual growth rate of 1%.
- Cash flows are discounted using a euro weighted pre-tax WACC of 11.2% (2022: 11.5%).

20. Property, Plant and Equipment

Property, plant and equipment is valued at acquisition or manufacturing costs less accumulated depreciation and impairment losses. Items of property, plant and equipment are generally depreciated on a straight-line basis. The following useful lives are assumed:

Buildings	10 to 50 years
Site improvements	6 to 30 years
Technical equipment and machinery	2 to 20 years
Jigs and tools (1)	5 years
Other equipment, factory and office equipment	2 to 10 years

(1) If more appropriate, jigs and tools are depreciated using the number of production or similar units expected to be obtained from the tools (sum-of-the-units method).

Property, plant and equipment as of 31 December 2023 and 2022 comprises the following:

	31 December 2023			31 December 2022		
(In € million)	**Gross amount**	**Depreciation / Impairment**	**Net book value**	Gross amount	Depreciation / Impairment	Net book value
Land, leasehold improvements and buildings, including buildings on land owned by others	10,948	(5,783)	5,165	10,536	(5,539)	4,997
Technical equipment and machinery	22,416	(15,587)	6,829	21,982	(15,286)	6,696
Other equipment, factory and office equipment (1)	3,955	(3,108)	847	3,932	(3,107)	825
Construction in progress	2,720	0	2,720	2,241	0	2,241
Right-of-use assets (2)	2,616	(975)	1,641	2,578	(832)	1,746
Total	**42,654**	**(25,453)**	**17,201**	**41,269**	**(24,764)**	**16,505**

(1) Includes the net book value of aircraft under operating lease (see "– Note 27: Sales Financing Transactions").
(2) The net book value of Land and Buildings under Right-of-use assets amounts to €1,493 million.

Net Book Value

(In € million)	Balance at 1 January 2023	Exchange differences	Additions	Changes in consolidation scope	Reclassification	Disposals	Depreciation / Impairment	**Balance at 31 December 2023**
Land, leasehold improvements and buildings, including buildings on land owned by others	4,997	5	109	3	379	(23)	(306)	5,165
Technical equipment and machinery	6,696	(19)	442	9	841	(19)	(1,119)	6,829
Other equipment, factory and office equipment	825	(6)	131	5	96	(15)	(190)	847
Construction in progress	2,241	(1)	1,766	0	(1,264)	(22)	0	2,720
Right-of-use assets	1,746	(24)	181	12	(26)	(30)	(218)	1,641
Total	**16,505**	**(45)**	**2,629**	**29**	**26**	**(109)**	**(1,833)**	**17,201**

(In € million)	Balance at 1 January 2022	Exchange differences	Additions	Changes in Consolidation scope	Reclassification	Disposals	Depreciation / Impairment	Balance at 31 December 2022
Land, leasehold improvements and buildings, including buildings on land owned by others	5,020	(20)	21	4	227	(21)	(234)	4,997
Technical equipment and machinery	7,088	10	310	2	942	(44)	(1,612)	6,696
Other equipment, factory and office equipment	840	10	299	6	62	(215)	(177)	825
Construction in progress	1,890	(5)	1,479	0	(1,123)	0	0	2,241
Right-of-use assets	1,698	33	308	0	(29)	(40)	(224)	1,746
Total	**16,536**	**28**	**2,417**	**12**	**79**	**(320)**	**(2,247)**	**16,505**

Property, plant and equipment increased by €+696 million to €17,201 million (2022: €16,505 million). Property, plant and equipment include right-of-use assets for an amount of €1,641 million as of 31 December 2023 (2022: €1,746 million).

For details on assets related to lease arrangements on sales financing, see "– Note 27: Sales Financing Transactions".

Property, Plant and Equipment by Geographical Areas

	31 December	
(In € million)	**2023**	2022
France	7,919	7,423
Germany	4,286	4,124
UK	1,478	1,433
Spain	1,285	1,267
United States	868	791
Canada	438	421
Other countries	927	1,046
Total	**17,201**	**16,505**

The Company as lessee

The Company leases mainly real estate assets, cars and equipment (such as land, warehouses, storage facilities and offices).

Short-term leases and leases of low-value assets refer mainly to IT equipment (*e.g.* printers, laptops and mobile phones) and other equipment.

The Company incurred interest expense on lease liabilities of €37 million. The expense in relation to short-term and low-value assets is insignificant.

There are no significant variable lease payments included in the Company's lease arrangements.

The discount rate used to determine the right-of-use asset and the lease liability for each country and leased asset is calculated based on the incremental borrowing rate at inception of the lease. The Company calculated the rate applicable to each lease contract on the basis of the lease duration.

The maturity analysis of lease liabilities, based on contractual undiscounted cash flows is shown in "– Note 37.1: Financial Risk Management".

Real estate leases

The Company leases land and buildings mainly for its operational business warehouses including logistic facilities, offices, production halls and laboratories. The major leases are located in France, Germany, the US, Canada and China. As lease contracts are negotiated on an individual basis, lease terms contain a wide range of different terms and conditions. Leases are typically made for a fixed period of 3-25 years and may include extension, termination and other options, which provide operational flexibility to the Company.

Vehicle leases

The Company leases cars for management and other functions. Vehicle leases typically run for an average period of three years and do not provide renewal options.

Other leases

The Company also leases IT equipment, machinery and other equipment that combined are insignificant to the total leased asset portfolio.

Off-Balance Sheet Commitments

Commitments related to property, plant and equipment comprise contractual commitments for future capital expenditures and contractual commitments for purchases of "Land, leasehold improvements and buildings including buildings on land owned by others" (€1,345 million as of 31 December 2023, 2022: €1,144 million).

21. Other Investments and Other Long-Term Financial Assets

	31 December	
(In € million)	**2023**	2022
Other investments	2,798	2,641
Other long-term financial assets	1,921	1,549
Total non-current other investments and other long-term financial assets	**4,719**	**4,190**
Current portion of other long-term financial assets	**795**	**665**
Total	**5,514**	**4,855**

Other investments mainly comprise the Company's participations and include the remaining investment in Dassault Aviation (9.90%, 2022: 9.90%) amounting to €1,483 million at 31 December 2023 (2022: €1,309 million).

Other long-term financial assets and the **current portion of other long-term financial assets** include other loans in the amount of €2,601 million as of 31 December 2023 (2022: €2,129 million), and the sales financing activities in the form of finance lease receivables and loans from aircraft financing. The increase is mainly reflecting additional loans in Airbus bank.

22. Contract Assets and Contract Liabilities, Trade Receivables and Trade Liabilities

Contract assets represent the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned by something other than the passage of time (*e.g.* revenue recognised from the application of the PoC method before the Company has a right to invoice).

Contract liabilities represent the Company's obligation to transfer goods or services to a customer for which the Company has received consideration, or for which an amount of consideration is due from the customer (*e.g.* advance payments received).

Net contract assets and contract liabilities are determined for each contract separately. For serial contracts, contract liabilities are presented in current contract liabilities, if revenues are expected within the next twelve months or material expenses for the manufacturing process have already occurred. For long-term production contracts (*e.g.* governmental contracts such as A400M, Tiger, NH90), contract liabilities are classified as current when the relating inventories or receivables are expected to be recognised within the normal operating cycle of the long-term contract.

Trade receivables arise when the Company provides goods or services directly to a customer with no intention of trading the receivable. Trade receivables include claims arising from revenue recognition that are not yet settled by the debtor. Trade receivables are initially recognised at their transaction prices and are subsequently measured at amortised cost less any allowances for impairment. Gains and losses are recognised in the Consolidated Income Statement when the receivables are derecognised and impaired.

Impairment and allowances of trade receivables and contract assets are measured at an amount equal to the life-time expected loss as described in "– Note 37: Financial Instruments".

Contract Assets, Contract Liabilities and Trade Receivables

Significant changes in contract assets and contract liabilities during the period are as follows:

	2023		2022	
(In € million)	**Contract assets**	**Contract liabilities**	Contract assets	Contract liabilities
Revenue recognised that was included in the contract liability balance at 1 January	-	(26,175)	-	(23,494)
Increases due to cash received, excluding amounts recognised as revenue (1)	-	29,198	-	26,797
Transfers from contract assets recognised at 1 January	(2,168)	-	(2,798)	-
Increase as a result of changes in the measure of progress	2,509	-	3,034	-

(1) Including final payments received from customers and others parties in anticipation.

As of 31 December 2023, trade receivables amounting to €227 million (2022: €301 million) will mature after more than one year.

The respective movement in the allowance for expected credit losses in respect of trade receivables and contract assets during the period was as follows:

(In € million)	**2023**	2022
Allowance balance at 1 January	**(380)**	**(363)**
Utilisations / disposals and business combinations	86	56
Additions	(65)	(73)
Allowance balance at 31 December	**(359)**	**(380)**

Trade Liabilities

Trade liabilities of €14,323 million (2022: €13,261 million) increased by €+1,062 million, mainly driven by higher volume in Airbus due to ramp-up.

As of 31 December 2023, trade liabilities amounting to €87 million (2022: €86 million) will mature after more than one year.

Similar to previous years, the Company has supported its suppliers concerning supply chain financing arrangements. As of 31 December 2023, these arrangements have no impact in the Consolidated Financial Statements. The range of payment due dates is not impacted by the supplier finance arrangements. The Company evaluates such suppliers' early payment arrangements with a financing third party against a number of indicators to assess whether the payable continues to hold the characteristics of a trade payable or should be classified as borrowings; these indicators include whether the payment terms exceed customary payment terms in the industry. As of 31 December 2023, the payables subject to supplier financing arrangements do not meet the criteria to be reclassified as borrowings.

23. Inventories

	31 December 2023			31 December 2022		
(In € million)	**Gross amount**	**Write-down**	**Net book value**	Gross amount	Write-down	Net book value
Raw materials and manufacturing supplies	5,025	(739)	4,286	4,387	(643)	3,744
Work in progress	20,648	(1,091)	19,558	20,484	(1,229)	19,255
Finished goods and parts for resale	5,169	(1,273)	3,896	5,218	(1,060)	4,158
Advance payments to suppliers	6,061	(60)	6,001	5,114	(69)	5,045
Total	**36,904**	**(3,163)**	**33,741**	**35,203**	**(3,001)**	**32,202**

Inventories of €33,741 million (2022: €32,202 million) increased by €+1,539 million. This is mostly driven by work in progress, raw materials and manufacturing supplies resulting in inventory build up to support the ramp-up, partially offset by less finished goods reflecting higher deliveries. Advance payments made to suppliers increased by €+956 million to €6,001 million (2022: 5,045 million) largely due to payments made to suppliers to support Airbus' ramp-up and de-risk the supply chain.

In 2023, write-downs of inventories in the amount of €-782 million (2022: €-394 million) are recognised in cost of sales, whereas reversal of write-downs amounts to €149 million (2022: €243 million). At 31 December 2023, €18,973 million of work in progress and €3,883 million of finished goods and parts for resale were carried at net realisable value.

Inventories recognised as an expense during the period amount to €41,644 million (2022: €35,710 million).

24. Provisions, Contingent Assets and Contingent Liabilities

Provisions — The determination of provisions, e.g. for onerous contracts, program-related provisions, warranty costs, restructuring measures and legal proceedings is based on best estimates.

In general, in the aerospace sector, the contractual and technical parameters considered for provision calculations are complex. Hence uncertainty exists with regard to the timing and amounts of expenses to be taken into account.

	31 December	
(In € million)	**2023**	2022
Provisions for pensions	2,715	3,509
Other provisions	7,113	7,514
Total	**9,828**	**11,023**
thereof non-current portion	*5,667*	*6,896*
thereof current portion	*4,161*	*4,127*

As of 31 December 2023, provisions for pensions amount to €2.7 billion (2022: €3.5 billion). The decrease mainly reflects the improved performance on plan assets and additional funding put in place in 2023 partly offset by the decrease of the discount rates in Germany, France, Canada and the UK (see "– Note 31: Post-Employment Benefits").

As of 31 December 2023, a non-current asset of €0.4 billion (2022: €0.6 billion) is accounted for to reflect the surplus in two pension funds in the UK, the Airbus Section of the participation in BAE Systems Pension Scheme and the Company UK Pension Scheme (see "– Note 26: Other Assets and Other Liabilities").

The French pension reform signed into law in April 2023 and accounted for as a plan amendment did not have any material impact on the Company's Consolidated Financial Statements.

Other provisions decreased mainly due to the utilisation of provisions for onerous contracts related to the A400M and A220 programmes and the release and utilisation of compliance-related provisions. This is partly offset by additional provisions related to the updates of certain space programmes (see "– Note 12: Revenue and Gross Margin").

Movements in other provisions during the year were as follows:

(In € million)	Balance at 1 January 2023	Exchange differences	Increase from passage of time	Additions	Reclassification / Change in consolidated group	Used	Released	**Balance at 31 December 2023**
Onerous contracts	1,808	(27)	0	527	(55)	(558)	(57)	1,638
Outstanding costs	1,374	(1)	(1)	562	0	(396)	(106)	1,432
Aircraft financing risks [1]	5	0	0	0	0	0	(3)	2
Obligation from services and maintenance agreements	384	0	12	65	0	(72)	(88)	301
Warranties	397	(3)	2	148	0	(71)	(78)	395
Personnel-related provisions [2]	743	(3)	5	453	4	(363)	(65)	774
Litigation and claims [3]	331	0	0	84	(5)	(124)	(183)	103
Asset retirement	147	0	5	5	0	0	(23)	134
Others risks and charges	2,325	1	(1)	889	(11)	(380)	(489)	2,334
Total	**7,514**	**(31)**	**22**	**2,733**	**(69)**	**(1,964)**	**(1,092)**	**7,113**

(1) See "– Note 27: Sales Financing Transactions".
(2) See "– Note 30: Personnel-Related Provisions".
(3) See "– Note 38: Litigation and Claims".

Provisions for onerous contracts in 2023 mainly include the utilisation and net presentation of the A400M programme losses against inventories and the reduction in the A220 programme.

Personnel-related provisions include restructuring provisions and other personnel charges. For more details, see "– Note 30: Personnel-Related Provisions".

Provisions for litigation and claims decreased mainly due to the release of compliance-related provisions for an amount of €0.1 billion.

Contingent assets and contingent liabilities — The Company is exposed to technical and commercial contingent obligations due to the nature of its businesses. To mitigate this exposure, the Company has subscribed a Global Aviation Insurance Programme ("GAP"). Information required under IAS 37 "Provisions, Contingent Assets and Contingent Liabilities" is not disclosed if the Company concludes that disclosure can be expected to prejudice seriously its position in a dispute with other parties.

For other contingent liabilities, see "– Note 38: Litigation and Claims" and "– Note 12: Revenue and Gross Margin" (mainly A400M programme).

Other commitments include contractual guarantees and performance bonds to certain customers as well as commitments for future capital expenditures and amounts which may be payable to commercial intermediaries if future sales materialise.

25. Other Financial Assets and Other Financial Liabilities

Other Financial Assets

	31 December	
(In € million)	**2023**	2022
Positive fair values of derivative financial instruments [1]	897	753
Others	25	28
Total non-current other financial assets	**922**	**781**
Receivables from related companies	1,252	1,104
Positive fair values of derivative financial instruments [1]	330	1,141
Others	269	297
Total current other financial assets	**1,851**	**2,542**
Total	**2,773**	**3,323**

(1) See "– Note 37: Financial Instruments".

Other Financial Liabilities

	31 December	
(In € million)	**2023**	2022
Liabilities for derivative financial instruments [1]	2,859	6,163
European Governments' refundable advances [2]	3,671	3,717
Others	185	237
Total non-current other financial liabilities	**6,715**	**10,117**
Liabilities for derivative financial instruments [1]	1,891	3,450
European Governments' refundable advances [2]	185	140
Liabilities to related companies	183	186
Others	310	297
Total current other financial liabilities	**2,569**	**4,073**
Total	**9,284**	**14,190**

(1) See "– Note 37: Financial Instruments".
(2) Refundable advances from European Governments are provided to the Company to finance research and development activities for certain projects on a risk-sharing basis, *i.e.* they are repaid to the European Governments subject to the success of the project.

The total net fair value of derivative financial instruments increased by €+4,196 million to €-3,523 million (2022: €-7,719 million) as a result of the reduction of the volume of financial instruments and the weakening of the US dollar (see "– Note 37.4: Notional Amounts of Derivative Financial Instruments").

In 2023, the European Governments' refundable advances remained stable at €3,856 million (2022: €3,857 million).

The allocation of European Governments' refundable advances between non-current and current presented in the Consolidated Financial Statements ended 31 December 2023 is based on the applicable contractual repayment dates.

26. Other Assets and Other Liabilities

Other Assets

	31 December	
(In € million)	**2023**	2022
Cost to fulfil a contract	468	337
Prepaid expenses	129	149
Others [1]	1,257	1,386
Total non-current other assets	**1,854**	**1,872**
Value added tax claims	1,600	1,732
Cost to fulfil a contract	460	448
Prepaid expenses	174	161
Others [1]	463	509
Total current other assets	**2,697**	**2,850**
Total	**4,551**	**4,722**

(1) As of 31 December 2023, other assets include €874 million of payments to be made to Airbus by suppliers after aircraft delivery (2022: €673 million). They are recorded as a reduction of cost of goods sold at the time of aircraft delivery. These future payments are discounted to reflect specific contractual terms and repayment profile.
As of 31 December 2023, a non-current asset of €373 million (2022: €642 million) is accounted for to reflect the surplus in two pension funds in the UK. The change of €-269 million is mainly explained by actuarial losses on pension obligations from financial assumptions of €-204 million and from experience adjustments of €-75 million as well as the actuarial losses related to the performance of assets of €-124 million. It is partly offset by the contributions to plan assets of €163 million. (see "– Note 24: Provisions, Contingent Assets and Contingent Liabilities").

Other Liabilities

	31 December	
(In € million)	**2023**	2022
Others [1]	450	498
Total non-current other liabilities	**450**	**498**
Tax liabilities (excluding income tax)	740	1,082
Others [1]	2,767	2,721
Total current other liabilities	**3,507**	**3,803**
Total	**3,957**	**4,301**

(1) "Others" mainly comprises tax (excluding income tax) and personnel liabilities (*e.g.* Salaries, Social insurance contribution, Liabilities from personnel restructuring).

27. Sales Financing Transactions

Sales financing — With a view to facilitating aircraft sales for Airbus and Airbus Helicopters, the Company may enter into either on-balance sheet or off-balance sheet sales financing transactions.

On-balance sheet transactions where the Company is lessor are classified as operating leases, finance leases and loans, inventories and to a minor extent, equity investments:

(i) operating leases – Aircraft leased out under operating leases are included in property, plant and equipment at cost less accumulated depreciation (see "– Note 20: Property, Plant and Equipment"). Rental income from operating leases is recorded as revenue on a straight-line basis over the term of the lease;

(ii) finance leases and loans – When, pursuant to a financing transaction, substantially all the risks and rewards of ownership of the financed aircraft reside with a third party, the transaction is characterised as either a finance lease or a loan. In such instances, revenues from the sale of the aircraft are recorded upon delivery, while financial interest is recorded over time as financial income. The outstanding balance of principal is recorded on the Statement of Financial Position (on-balance sheet) in long-term financial assets, net of any accumulated impairments;

(iii) inventories – Second-hand aircraft acquired as part of a commercial buyback transaction, returned to Airbus after a payment default or at the end of a lease agreement are classified as inventories held for resale if there is no subsequent lease agreement in force (see "– Note 23: Inventories").

Off-balance sheet commitments — Financing commitments are provided to the customer either as backstop commitments before delivery, asset value guarantees at delivery or counter guarantees:

(i) backstop commitments are guarantees by Airbus, made when a customer-order is placed, to provide financing to the customer in the event that the customer fails to secure sufficient funding when payment becomes due under the order. Such commitments are not considered to be part of Gross Customer Financing Exposure as (i) the financing is not in place, (ii) commitments may be transferred in full or part to third parties prior to delivery, (iii) past experience suggests it is unlikely that all such proposed financings actually will be implemented and, (iv) Airbus retains the asset until the aircraft is delivered and does not incur an unusual risk in relation thereto. In order to mitigate customer credit risks for Airbus, such commitments typically contain financial conditions, such as condition precedents, which guaranteed parties must satisfy in order to benefit therefrom;

(ii) asset value guarantees are guarantees whereby Airbus guarantees a portion of the value of an aircraft at a specific date after its delivery. Airbus considers the financial risks associated with such guarantees to be acceptable, because (i) the guarantee only covers a tranche of the estimated future value of the aircraft, and its level is considered prudent in comparison to the estimated future value of each aircraft, and (ii) the exercise dates of outstanding asset value guarantees are distributed through 2031.

As of 31 December 2023, the nominal value of asset value guarantees considered as variable considerations under IFRS 15 provided to beneficiaries amounts to €151 million (2022: €247 million), excluding €9 million (2022: €9 million) where the risk is considered to be remote. The present value of the risk inherent in asset value guarantees where a settlement is being considered probable is fully provided for and included in the total of contract liabilities for an amount of €127 million (2022: €236 million) (see "– Note 22: Contract Assets, Contract Liabilities and Trade Receivables, and Trade Liabilities").

Exposure — In terms of risk management, the Company manages its gross exposure arising from its sales financing activities ("Gross Customer Financing Exposure") separately for (i) customer's credit risk and (ii) asset value risk.

Gross Customer Financing Exposure is the sum of (i) the book value of operating leases before impairment, (ii) the outstanding principal amount of finance leases or loans due before impairment, (iii) the guaranteed amounts under financial guarantees (iv) the book value of second-hand aircraft for resale before impairment, and (v) the outstanding value of any other investment in sales financing structured entities before impairment. This Gross Customer Financing Exposure may differ from the value of related assets on the Company's Statement of Financial Position and related off-balance sheet contingent commitments, mainly because (i) assets are recorded in compliance with IFRS, but may relate to transactions that are financed on a limited recourse basis and (ii) the carrying amount of the assets on the Consolidated Statement of Financial Position may have been adjusted for impairment losses.

Gross Customer Financing Exposure amounts to US$ 0.4 billion (€0.3 billion) (2022: US$ 0.4 billion (€0.3 billion)).

Net exposure is the difference between Gross Customer Financing Exposure and the collateral value. Collateral value is assessed using a dynamic model based on the net present value of expected future receivables, expected proceeds from resale and potential cost of default. This valuation model yields results that are typically lower than residual value estimates by independent sources in order to allow for what management believes is its conservative assessment of market conditions and for repossession and transformation costs. The net exposure is provided for by way of impairment losses and other provisions.

Impairment losses and provisions — For the purpose of measuring an impairment loss, each transaction is tested individually. Impairment losses relating to aircraft under operating lease and second-hand aircraft for resale (included in inventory) are recognised for any excess of the aircraft's carrying amount over the higher of the aircraft's value in use and its fair value less cost to sell. Finance leases and loans are measured at fair value, based on the present value of estimated future cash flows (including cash flows expected to be derived from a sale of the aircraft). Under its provisioning policy for sales financing risk, Airbus and Airbus Helicopters record provisions as liabilities for estimated risk relating to off-balance sheet commitments.

Security — Sales financing transactions, including those that are structured through structured entities, are generally collateralised by the underlying aircraft. Additionally, the Company benefits from protective covenants and from security packages tailored according to the perceived risk and the legal environment.

The Company endeavours to limit its sales financing exposure by sharing its risk with third parties usually involving the creation of a structured entity. Apart from investor interest protection, interposing a structured entity offers advantages such as flexibility, bankruptcy remoteness, liability containment and facilitating sell-downs of the aircraft financed. An aircraft financing structured entity is typically funded on a non-recourse basis by a senior lender and one or more providers of subordinated financing. When the Company acts as a lender to such structured entities, it may take the role of the senior lender or the provider of subordinated loan. The Company consolidates an aircraft financing structured entity if it is exposed to the structured entity's variable returns and has the ability to direct the relevant remarketing activities. Otherwise, it recognises only its loan to the structured entity under other long-term financial assets. At 31 December 2023 the carrying amount of its loans from aircraft financing amounts to €85 million (2022: €49 million). This amount also represents the Company's maximum exposure to loss from its interest in unconsolidated aircraft financing structured entities.

On-Balance Sheet Operating and Finance Leases

The **future minimum operating lease payments** (undiscounted) **due from customers** to be included in revenue, and the **future minimum lease payments** (undiscounted) **from investments in finance leases** to be received in settlement of the outstanding receivable at 31 December 2023 and 31 December 2022 are as follows:

(In € million)	Aircraft under operating lease	Finance lease receivables
Not later than one year	6	5
Later than one year and not later than five years	6	35
Later than five years	81	18
31 December 2023	**93**	**58**

(In € million)	Aircraft under operating lease	Finance lease receivables
Not later than one year	10	6
Later than one year and not later than five years	48	35
Later than five years	72	21
31 December 2022	**130**	**62**

Customer Financing Cash Flows

Direct customer financing cash flows amount to €-436 million in 2023 (2022: €-146 million).

Customer Financing Exposure

The on-balance sheet assets relating to sales financing, the off-balance sheet commitments and the related financing exposure (not including asset value guarantees) as of 31 December 2023 and 2022 are as follows:

	31 December 2023			31 December 2022		
(In € million)	**Airbus**	**Airbus Helicopters**	**Total**	Airbus	Airbus Helicopters	Total
Operating leases [1]	93	0	93	102	0	102
Finance leases and loans	122	17	139	101	31	132
Inventories	49	0	49	37	0	37
Other investments	42	0	42	66	0	66
On-balance sheet customer financing	**306**	**17**	**323**	**306**	**31**	**337**
Off-balance sheet customer financing	**6**	**2**	**8**	**6**	**2**	**8**
Gross Customer Financing Exposure	**312**	**19**	**331**	**312**	**33**	**345**
Collateral values	(252)	(19)	(271)	(262)	(33)	(295)
Net exposure	**60**	**0**	**60**	**50**	**0**	**50**
Operating leases	0	0	0	0	0	0
Finance leases and loans	(54)	0	(54)	(40)	0	(40)
On-balance sheet commitments – inventories	(5)	0	(5)	(5)	0	(5)
Off-balance sheet commitments – provisions [2]	(1)	0	(1)	(5)	0	(5)
Asset impairments, fair value adjustments and provisions	**(60)**	**0**	**(60)**	**(50)**	**0**	**(50)**

(1) For 2023 and 2022, depreciation amounts to €5 million and €11 million respectively and related accumulated depreciation is €17 million and €14 million respectively.
(2) See "– Note 24: Provisions, Contingent Assets and Contingent Liabilities".

2

2.6 Employees Costs and Benefits

28. Number of Employees

	Airbus	Airbus Helicopters	Airbus Defence and Space	Consolidated Airbus
31 December 2023	**90,032**	**22,336**	**35,525**	**147,893**
31 December 2022	79,134	20,803	34,330	**134,267**

As of 31 December 2023, the total number of employees amounts to 147,893 (2022: 134,267). The increase mainly reflects ramp-up activities and perimeter changes.

29. Personnel Expenses

(In € million)	**2023**	2022
Wages, salaries and social contributions	14,965	13,509
Net periodic pension cost [1]	414	136
Total	**15,379**	**13,645**

(1) See "– Note 31: Post-Employment Benefits".

30. Personnel-Related Provisions

(In € million)	Balance at 1 January 2023	Exchange differences	Increase from passage of time	Additions	Reclassification / Change in consolidated group	Used	Released	**Balance at 31 December 2023**
Restructuring measures / pre-retirement part-time work	91	(2)	1	36	4	(37)	(17)	76
Other personnel charges	652	(1)	4	417	0	(326)	(48)	698
Total	**743**	**(3)**	**5**	**453**	**4**	**(363)**	**(65)**	**774**

Other personnel charges of €695 million (2022: €652 million) are mainly related to short-term employee benefits.

31. Post-Employment Benefits

	31 December	
(In € million)	**2023**	2022
Provisions for retirement plans	2,554	3,302
Provisions for deferred compensation	161	207
Retirement plans and similar obligations	**2,715**	**3,509**

In addition, a non-current asset of €373 million has been accounted for to reflect the surplus in two pension funds in the UK, the Airbus Section of the participation in BAE Systems Pension Scheme and the Company UK Pension Scheme (see "– Note 26: Other Assets and Other Liabilities").

Plans description

When Company employees retire, they receive indemnities as stipulated in retirement agreements, in accordance with regulations and practices of the countries in which it operates.

Provision for deferred compensation represents obligations that arise if employees elect to convert part of their remuneration or bonus into an equivalent commitment for deferred compensation which is treated as a defined benefit post-employment plan.

France — The French pension system is operated on a "pay as you go" basis. Besides the basic pension from the French social security system, each employee is entitled to receive a complementary pension from defined contribution schemes AGIRC-ARRCO (*Association pour le régime de retraite complémentaire des salariés* and *Association générale des institutions de retraite des cadres*). Moreover, French law stipulates that employees are paid retirement indemnities in the form of lump sums on the basis of the length of service, which are considered as defined benefit obligations.

In 2023 the Company implemented a new funding vehicle in the form of an insurance contract to partially fund the retirement indemnities obligations.

Germany — The Company has a pension plan (P3) for executive and non-executive employees in place. Under this plan, the employer provides contributions for the services rendered by the employees, which are dependent on their salaries in the respective service period. These contributions are converted into components which become part of the accrued pension liability at the end of the year. Total benefits are calculated as a career average over the entire period of service. Certain employees that are not covered by this plan receive retirement indemnities based on salary earned in the last year or on an average of the last three years of employment. For some executive employees, benefits are dependent on the final salary of the respective individual at the date of retirement and the time period served as an executive.

In 2018, Airbus introduced the new Airbus Pensions Plan ("APP") with security-linked benefits in Germany, which all new entrants after 1 January 2018 will join. Accordingly, the existing pension plan has been closed for new entrants. As of 1 January 2019, deferred compensation, which is financed by the employees, is offered exclusively in APP for all employees. In 2020 the Company transferred about half of the active population of the P3 plan into APP. With effect as of 1 January 2020 these employees will accrue future benefits under APP but not in P3 anymore. Benefits related to past service are not affected by this transfer.

Parts of the pension obligation in Germany are funded by assets invested in specific funding vehicles. Besides a relief fund ("Unterstützungskasse"), the Company has implemented a Contractual Trust Arrangement. The Contractual Trust Arrangement structure is that of a bilateral trust arrangement. Assets that are transferred to the relief fund and the Contractual Trust Arrangement qualify as plan assets under IAS 19.

In the trust arrangements between the trust and the participating companies a minimum funding requirement is stipulated for the portion of the obligation for deferred compensation, which is not protected by the pension guarantee association or Pensions-Sicherungs Verein in case of an insolvency of the subsidiaries concerned. Some portions of the obligation must be covered with securities in the same amount, while other portions must be covered by 115%.

United Kingdom — The Company UK Pension Scheme ("the Scheme") was implemented by Airbus Defence and Space Ltd., Stevenage (UK) as the principal employer. This plan comprises all eligible employees of Airbus Defence and Space Ltd. as well as all personnel, who were recruited by one of the Company subsidiaries located in the UK and participating in the scheme. The major part of the obligation is funded by scheme assets due to contributions of the participating companies. The Scheme is a registered pension scheme under the Finance Act 2004. The trustee's only formal funding objective is the statutory funding objective under the Pensions Act part 3 2004, which is to have sufficient and appropriate assets to cover the Scheme's obligations. Since 1 November 2013, this plan is generally closed for joiners, who participate in a separate defined contribution plan.

Moreover, the Company participates in the UK in several funded trustee-administered pension plans for both executive and non-executive employees with BAE Systems being the principal employer. The Company's most significant investments in terms of employees participating in these BAE Systems UK pension plans is Airbus Operations Ltd. Participating Airbus Operations Ltd. employees have continued to remain members in the BAE Systems UK pension plans due to the UK pension agreement between the Company and BAE Systems and a change in the UK pensions legislation enacted in April 2006.

For the most significant of these BAE Systems Pension Schemes, the Main Scheme, BAE Systems, the Company and the scheme Trustees agreed on a sectionalisation, which was implemented on 1 April 2016. Although BAE Systems remains the only principal employer of the Scheme, the Company has obtained powers in relation to its section which are the same as if it were the principal employer.

Based on the funding situation of the respective pension schemes, the pension plan trustees determine the contribution rates to be paid by the participating employers to adequately fund the schemes. The latest funding valuation for the Main Scheme has been conducted in 2023 and the Main Scheme is currently in a surplus situation.

In the event that an employer who participates in the BAE Systems pension schemes fails or cannot be compelled to fulfil its obligations as a participating employer, the remaining participating employers are obliged to collectively take on its obligations.

The Company considers the likelihood of this event as remote. However, for the Main Scheme the Company considers that its obligation is in principle limited to that related to its section.

In addition, the Company has two guarantees to cover its obligation towards the Scheme and the BAE Systems pension schemes. To mitigate its exposure, the first guarantee covers an amount up to GBP 1.25 billion for an unlimited period of time while the second one covers an uncapped amount terminating in 2046, respectively for the Scheme and the BAE Systems Pension Schemes.

Canada — Airbus Canada Limited Partnership sponsors defined benefit plans for its salaried, hourly and executive employees. In 2020, Airbus acquired Stelia Aeronautics Saint-Laurent Inc. which sponsors a defined benefit plan for its salaried and hourly employees.

Actuarial risks for the Company

The Defined Benefit Obligation ("DBO") exposes the Company to actuarial risks, including mainly the following ones:

Market price risk — The return on plan assets is assumed to be the discount rate derived from AA-rated corporate bonds. If the actual return rate of plan assets is lower than the applied discount rate, the net liability increases accordingly. Moreover, the market values of the plan assets are subject to volatility, which also impacts the net liability.

Interest rate risk — The level of the DBO is significantly impacted by the applied discount rate. The low interest rates in recent years, particular in the euro-denominated market environment, lead to a relatively high net pension liability. If there is again a decline in returns of corporate bonds, the DBO will increase in future periods, which might only be offset partially by the positive development of market values of those corporate bonds included in plan assets. Generally, the pension obligation is sensitive to movements in the interest rate leading to volatile results in the valuation.

Inflation risk — The pension liabilities can be sensitive to movements in the inflation rate, whereby a higher inflation rate could lead to an increasing liability. Since some pension plans are directly related to salaries, increases in compensations could result in increasing pension obligations. For the deferred compensation plan P3, which is financed by the employees a fixed interest rate has been agreed.

Longevity risk — The pension liabilities are sensitive to the life expectancy of its members. Rising life expectancies lead to an increase in the valuation of the DBO.

Main average assumptions

The weighted average assumptions used in calculating the actuarial values of the most significant retirement plans as of 31 December 2023 are as follows:

	Pension plans in									
	Germany		France		UK		Participation in BAE Systems Pension Scheme in the UK		Canada	
(Rate in %)	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Discount rate	3.4	3.6	3.4	3.7	4.5	4.8	4.5	5.0	4.6	5.3
Rate of compensation increase	3.4	3.4	3.0	3.0	3.2	3.3	3.2	3.4	3.0	3.0
Rate of pension increase	2.4	2.4	2.1	2.1	2.9	3.0	3.0	3.1	2.0	2.0
Inflation rate	2.4	2.4	2.1	2.1	3.0	3.2	3.1	3.3	2.0	2.0

Discount rate — For Germany and France, the Company derives the discount rate used to determine the DBO from yields on high quality corporate bonds with an AA rating. The determination of the discount rate is based on the iBoxx € Corporates AA bond data and uses the granularity of single bond data in order to receive more market information from the given bond index. The discount rate for the estimated duration of the respective pension plan is then extrapolated along the yield curve. In the UK, it is determined with reference to the full yield curve of AA-rated sterling-denominated corporate bonds of varying maturities. In Canada the discount rate is determined based on the yield of corporate bonds with AA rating. The salary increase rates are based on long-term expectations of the respective employers, derived from the assumed inflation rate and adjusted by promotional or productivity scales.

Rate of pension increase — Rates for pension payment increases are derived from the respective inflation rate for the plan.

Inflation rates — Inflation rate for German and French plans corresponds to the expected long-term increase in cost of living. In the UK, the inflation assumptions are derived by reference to the difference between the yields on index-linked and fixed-interest long-term government bonds.

Mortality tables — For the calculation of the German pension obligation, the "2018 G" mortality tables (generation tables) as developed by Professor Dr. Klaus Heubeck are applied, while the disability rates of the Heubeck Tables have been reduced to 30%, to align with actual observation.

For the UK schemes, the Self-Administered Pensions S2 mortality tables based on year of birth (as published by the Institute of Actuaries) is used in conjunction with the results of an investigation into the actual mortality experience of scheme members. In France, Institute for French Statistics ("INSEE") tables are applied.

Funded status for retirement and deferred compensation plans

The development of the funded status for retirement and deferred compensation plans is set out below:

	DBO			Plan assets			
(In € million)	Pension plans of the Company	Participation in BAE Systems Pension Scheme in the UK	Total	Pension plans of the Company	Participation in BAE Systems Pension Scheme in the UK	Total	Total Funded status
Balance at 1 January 2022	**17,699**	**4,598**	**22,297**	**(11,353)**	**(3,872)**	**(15,225)**	**7,072**
Service cost (including past service cost)	(25)	72	47	0	0	0	47
Interest cost and income	217	85	302	(141)	(72)	(213)	89
Remeasurements: actuarial (gains) and losses arising from							
changes in demographic assumptions	141	(3)	138	0	0	0	138
changes in financial assumptions	(5,246)	(2,056)	(7,302)	0	0	0	(7,302)
changes in experience adjustments	613	370	983	0	0	0	983
plan assets	0	0	0	1,911	740	2,651	2,651
Changes in consolidation, transfers and others	(34)	0	(34)	9	0	9	(25)
Benefits paid	(442)	(121)	(563)	159	121	280	(283)
Contributions by employer and other plan participants	80	1	81	(348)	(254)	(602)	(521)
Foreign currency translation adjustments	(67)	(178)	(245)	80	183	263	18
Balance at 31 December 2022	**12,936**	**2,768**	**15,704**	**(9,683)**	**(3,154)**	**(12,837)**	**2,867**
Service cost (including past service cost)	282	38	320	0	0	0	320
Interest cost and income	454	138	592	(342)	(156)	(498)	94
Remeasurements: actuarial (gains) and losses arising from							
changes in demographic assumptions	(7)	15	8	0	0	0	8
changes in financial assumptions	365	172	537	0	0	0	537
changes in experience adjustments	(209)	101	(108)	0	0	0	(108)
plan assets	0	0	0	(515)	107	(408)	(408)
Changes in consolidation, transfers and others	(67)	0	(67)	(12)	0	(12)	(79)
Benefits paid	(437)	(113)	(550)	156	113	269	(281)
Contributions by employer and other plan participants	80	1	81	(567)	(107)	(674)	(593)
Foreign currency translation adjustments	16	57	73	(23)	(65)	(88)	(15)
Balance at 31 December 2023	**13,413**	**3,177**	**16,590**	**(10,986)**	**(3,262)**	**(14,248)**	**2,342**

The figures shown in the table include the surplus in two pension funds in the UK, resulting from a defined benefit obligation and assets of €4,360 million and €4,733 million that have been accounted as a non-current asset.

In the figures shown in the table, amounts of €1,873 million and €1,712 million are included for the defined benefit obligation and plan assets for deferred compensation plans in Germany (2022: €1,715 million and €1,508 million).

The past service cost included in the service cost amounts to €-6 million and €-400 million as of 31 December 2023 and 2022, respectively. The employer contributions amount to €668 million and €6 million for other plan participants as of 31 December 2023 (2022: €595 million and €6 million respectively).

Additionally, the Company considers liabilities for lump sum payments (one-off payment or lump sum instalments) under the German P3 pension arrangement in the total amount of €194 million and €183 million as of 31 December 2023 and 2022, respectively.

The funding of the plans is as follows:

	31 December			
	2023		2022	
(In € million)	**DBO**	**Plan assets**	DBO	Plan assets
Unfunded pension plans	368	0	873	0
Funded pension plans (partial)	16,222	(14,248)	14,831	(12,837)
Total	**16,590**	**(14,248)**	**15,704**	**(12,837)**

As of 31 December 2023, **provisions for pensions** decreased by €-794 million. It mainly reflects the actuarial gains related to the strong performance of assets of €533 million and the contributions to plan assets of €505 million. It is partly offset by the actuarial losses on pension obligations from financial assumptions of €334 million, driven by the decrease in the discount rates.

The French pension reform signed into law in April 2023 and accounted for as a plan amendment did not have any material impact on the Company's Consolidated Financial Statements.

In 2023, employer contributions for retirement and deferred compensation plans amount to €668 million. This consists of:

– payments made to the pension and deferred compensation plans of the Company in Germany, UK and Canada of €247 million (2022: €342 million), mainly relating to a Contractual Trust Arrangement in Germany of €171 million (2022: €171 million), the relief fund in Germany of €0 million (2022: €99 million) and the Company UK scheme of €57 million (2022: €57 million);

– payments made of €314 million (2022: €0 million) to partially fund the retirement indemnities provisions in France;

– payments made to the participation in BAE Systems Pension Scheme in the UK of €107 million (2022: €254 million).

Contributions of approximately €500 million are expected to be made in 2024.

The weighted average duration of the DBO for retirement plans and deferred compensation is 15 years at 31 December 2023 (31 December 2022: 15 years).

Pension obligations by countries and type of beneficiaries

The split of the DBO for retirement plans and deferred compensation between active, deferred and pensioner members for the most significant plans is as follows:

	Active	Deferred	Pensioner
Germany	45%	10%	45%
France	99%	0%	1%
UK	50%	20%	30%
Participation in BAE System Pension Scheme (Main Scheme)	37%	14%	49%
Canada	82%	2%	16%

Pension obligations and plan assets by countries and type of plans

The split of the pension obligations and plan assets for retirement plans and deferred compensation for the most significant plans is as follows:

	Present value of DBO		Plan assets	
	Retirement plans	Deferred Compensation plans	Retirement plans	Deferred Compensation plans
Germany	82%	18%	80%	20%
France	100%	0%	100%	0%
UK	100%	0%	100%	0%
Participation in BAE System Pension Scheme (Main Scheme)	100%	0%	100%	0%
Canada	100%	0%	100%	0%

Pension obligations sensitivity to main assumptions

The following table shows how the present value of the DBO of retirement plans and deferred compensation would have been influenced by changes in the actuarial assumptions as set out for 31 December 2023:

	Change in actuarial assumptions	Impact on DBO	
		Change at 31 December	
		2023	2022
Present value of the DBO		16,590	15,704
Discount rate	Increase by 0.5%-point	(1,109)	(1,051)
	Decrease by 0.5%-point	1,242	1,178
Rate of compensation increase	Increase by 0.25%-point	88	84
	Decrease by 0.25%-point	(83)	(80)
Rate of pension increase	Increase by 0.25%-point	246	259
	Decrease by 0.25%-point	(238)	(250)
Life expectancy	Increase by one year	394	366

Sensitivities are calculated based on the same method (present value of the DBO calculated with the projected unit credit method) as applied when calculating the post-employment benefit obligations. The sensitivity analyses are based on a change of one assumption while holding all other assumptions constant. This is unlikely to occur in practice and changes of more than one assumption may be correlated leading to different impacts on the DBO than disclosed above. If the assumptions change at a different level, the effect on the DBO is not necessarily in a linear relation.

Plan assets allocation

The fair value of the plan assets for retirement plans and deferred compensation can be allocated to the following classes:

	2023			2022		
(In € million)	**Quoted prices**	**Unquoted prices**	**Total**	Quoted prices	Unquoted prices	Total
Equity securities						
Europe	475	0	475	565	0	565
Rest of the world	167	0	167	128	0	128
Emerging markets	206	0	206	417	0	417
Global	1,195	976	2,171	1,959	898	2,857
Bonds						
Corporates	3,842	1,027	4,869	2,502	1,114	3,616
Governments	3,067	0	3,067	2,370	0	2,370
Pooled investments vehicles	640	0	640	725	0	725
Commodities	0	0	0	0	0	0
Hedge funds	0	0	0	0	0	0
Derivatives	0	(14)	(14)	0	(278)	(278)
Property	0	935	935	0	767	767
Cash and money market funds	320	193	513	202	144	346
Others	0	1,219	1,219	0	1,324	1,324
Balance at 31 December	**9,912**	**4,336**	**14,248**	**8,868**	**3,969**	**12,837**

The majority of funded plans apply broadly an asset-liability matching framework. The strategic asset allocation of the plans takes into account the characteristics of the underlying obligations. Investments are widely diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2023 consists of fixed income and equity instruments, although the Company also invests in property, private markets and other alternatives. The Company reassesses the characteristics of the pension obligations from time to time or as required by the applicable regulation or governance framework. This typically triggers a subsequent review of the strategic asset allocation.

Funded status by countries

The funded status for retirement and deferred compensation plans can be allocated to the countries as follows:

(In € million)	Pension plans of the Company				Participation in BAE Systems Pension Scheme in the UK	Total
	Germany	France	UK	Canada		
DBO	10,360	1,353	1,183	517	3,177	16,590
Plan assets	8,768	333	1,471	414	3,262	14,248
Balance at 31 December 2023	**1,592**	**1,020**	**(288)**	**103**	**(85)**	**2,342**
DBO	10,157	1,243	1,100	436	2,768	15,704
Plan assets	7,957	19	1,356	351	3,154	12,837
Balance at 31 December 2022	**2,200**	**1,224**	**(256)**	**85**	**(386)**	**2,867**

Contributions to defined contribution plans

Employer's contribution to state and private pension plans, mainly in Germany and France, are to be considered as defined contribution plans. Contributions in 2023 amounted to €723 million (2022: €894 million).

32. Share-based Payment

Share-based compensation — From 2016 to 2020, the Company operated a ***Performance Units and Performance Shares Plan***. *Performance Units qualify as a* ***cash-settled share-based payment plan*** *under IFRS 2 and Performance Shares qualify as an* ***equity-settled share-based payment plan*** *under IFRS 2*.

Since 2021, the Company operates only a Performance Shares Plan.

Plans granting Restricted Units, Performance Units and/or Performance Shares are also mentioned as "LTIP" in the following notes.

Since 2018, the Company operates also exceptional grants of Performance and Restricted Units as well as Performance and Restricted Shares under an Equity Pool. Such exceptional grants are validated by specific resolutions from the Board of Directors and qualify as cash-settled or equity-settled share-based payment plans under IFRS 2. Accounting principles and methodology are the ones applied for LTIP as described below.

For cash-settled plans, provisions for associated services received are measured at fair value by multiplying the number of units expected to vest with the fair value of one LTIP unit at the end of each reporting period, taking into account the extent to which the employees have rendered service to date. Changes of the fair value are recognised as personnel expenses of the period, leading to a re-measurement of the provision. The fair value of Performance Units is re-measured at each closing date as far as they are not paid.

For equity-settled plans, compensation expense is measured at the grant date at the fair value by multiplying the number of shares expected to vest by the fair value of one LTIP share taking into account the extent to which the employees have rendered service to date. The compensation expense is accounting for over the vesting period of each LTIP equity-settled plans.

The fair value of each LTIP share (equity or cash-settled plans) is determined using a forward pricing model and is based on publicly available risk-free rate, volatility and dividend rate.

Besides the equity-settled plans described above, the **Employee Share Ownership Plan ("ESOP")** is an additional equity-settled share-based payment plan. Under this plan, the Company offers its employees Airbus SE shares at fair value matched with a number of free shares based on a determining ratio. The fair value of shares provided is reflected as personnel expenses in the Company's Consolidated Income Statement with a corresponding increase in equity.

32.1 LTIP

The Company hedges the share price risk inherent in the cash-settled LTIP units by entering into equity swaps where the reference price is based on the Airbus SE share price. To the extent that cash-settled LTIP units are hedged, compensation expense recognised for these units will effectively reflect the reference price fixed under the equity swaps. In order to avoid any dilution of its current shareholders out of equity-settled LTIP units, the Company used to perform share buybacks to meet its obligations to its employees, following the decisions of the Board of Directors and approval of the Annual General Meeting ("AGM").

In 2023, compensation expenses for LTIPs (incl. Equity Pool) including the effect of the equity swaps amounted to €72 million (2022: €49 million), among which €22 million for cash-settled plans (2022: €21 million) and €50 million for equity-settled plans (2022: €28 million).

As of 31 December 2023, provisions of €72 million (2022: €57 million) relating to LTIP units (cash-settled) have been accounted for.

The lifetime of the Performance Units as well as Performance Shares is contractually fixed (see the description of the respective tranche in the following table). For the units, the measurement is next to other market data, mainly affected by the share price as of the end of the reporting period (€139.78 as of 29 December 2023) and the lifetime of the units.

The fair value of units and shares granted in the frame of the LTIP 2023 plan is as follows:

Expected vesting date *(In € per unit / share granted)*	Fair value of Performance Shares
May 2027 – Performance Shares	141.80

The principal characteristics of the LTIPs as at 31 December 2023 are summarised below:

	LTIP 2018 (7)		LTIP 2019 (8)		LTIP 2020 (9)		LTIP 2021	LTIP 2022	LTIP 2023
Grant date (1)	30 October 2018		29 October 2019		28 October 2020		15 December 2021	14 December 2022	14 December 2023
Performance Units and Performance Shares Plan									
Units/Shares	Units	Shares	Units	Shares	Units	Shares	Shares	Shares	Shares
Number of units / shares granted (2)	278,376	281,181	247,508	247,508	420,004	420,004	520,870	649,373	558,055
Fair value at grant date (3)	84.09 / 83.28	85.01	112.83 / 108.44	112.92	51.04 / 46.98	55.49	89.83	110.85	141.80
Fair Value of Performance Units as of 31 December 2023 (3)	-	n.a.	125.20 / 137.30	n.a.	128.00 / 116.48	n.a.	n.a.	n.a.	n.a.
Number of units / shares granted through Equity Pool (4)	6,664	6,664	4,343	4,252	2,473	2,473	19,693	19,747	-
Number of units / shares outstanding (5)	-	-	55,050	-	575,805	575,805	512,255	658,409	558,055
Total number of eligible beneficiaries	1,626		1,576		1,603		1,785	1,579	1,581
Vesting conditions	The Performance Units and Performance Shares will vest if the participant is still employed by a company of the Group at the respective vesting dates and upon achievement of mid-term business performance. Vesting schedule is made up of two payments over two years for units, one date of delivery for shares.								
Limited Share price per unit at vesting dates to (6)	€213.88	n.a.	€244.12	n.a.	€136.08	n.a.	n.a.	n.a.	n.a.
Expected Vesting dates	50% each in June 2022 and June 2023	100% in May 2022	50% each in June 2023 and in June 2024	100% in May 2023	50% each in June 2024 and in June 2025	100% Expected in May 2024	100% in May 2025	100% in May 2026	100% in May 2027
Number of accelerated vested units / shares (10)	-	-	-	-	404	404	247	-	-
Number of vested units / shares	130,089	132,120	55,982	109,802	-	-	-	-	-

(1) Date, when the vesting conditions were determined.
(2) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT of the Company) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).
(3) Values are provided for units corresponding per vesting date.
(4) Mirroring the respective plan rules and regulations, but granted at a different date based on specific Board of Directors' resolutions.
(5) Including shares granted through the Equity Pool, if applicable and applicable performance achievement as per footnote 7,8,9 below.
(6) Corresponds to 200% of the respective reference share price. Overall, the pay-out for Performance Units is limited to a total amount of 250% of the units originally granted, each valued with the respective reference share price of €73.81 (for LTIP 2017), €106.94 (for LTIP 2018), €122.06 (for LTIP 2019), €68.04 (for LTIP 2020).
(7) Based on performance achievement of 50% for Performance Units under LTIP 2018.
(8) Based on performance achievement of 50% for Performance Units under LTIP 2019.
(9) Based on performance achievement of 150% for Performance Units under LTIP 2020.
(10) Accelerated vesting following the death of a beneficiary.

Additionally, the Board of Directors approved in 2023 the exceptional grant of 988 Restricted Units and 23,414 Restricted Shares (2022: 1,836 Units and 47,035 Shares) under the Equity Pool with an average fair value of €115.28. In 2023, 1,138 Units and 14,117 Shares have vested (2022: 4,826 Units and 2,165 Shares).

The number of units granted under the Equity Pool and outstanding as of 31 December 2023 is 1,419 Units and 63,368 Shares (2022: 1,836 Units and 56,857 Shares).

32.2 ESOP

In 2023, the Board of Directors approved a new ESOP scheme, like in 2022.

Eligible employees were able to purchase a fixed number of previously unissued shares at fair market value (5, 10, 15, 30, 60 or 100 shares in 2023 and 2022). The Company matched each fixed number of shares with a number of the Company free shares based on a determined ratio (5, 9, 12, 20, 35 and 55 free shares, respectively in 2023 and 2022). During a custody period of at least one year, employees are restricted from selling the shares, but have the right to receive all dividends paid. Employees who directly purchased the Airbus SE shares have, in addition, the ability to vote at the Annual Shareholder Meetings. The subscription price was equal to the closing price at the Paris stock exchange on 15 February 2023 (2022: 16 March 2022) and amounted to €119.06 (2022: €106.82). Investing through a mutual fund led to a price which corresponds to the average price at the Paris stock exchange during the 20 trading days immediately preceding 15 February 2023 (2022: 16 February 2022), resulting in a price of €116.68 (2022: €114.01).

In 2023, the Company issued and sold 1,314,184 ordinary shares (2022: 1,296,252) with a nominal value of €1.00 each.

In 2023, the Company issued and distributed 876,419 matching ordinary shares (2022: 824,793) with a nominal value of €1.00 each. Compensation expense (excluding social security contributions) of €118 million (2022: €82 million) was recognised in connection with ESOP in 2023.

33. Remuneration

33.1 Remuneration – Executive Committee

The Company's key management personnel consists of Members of the Executive Committee and Non-Executive Board Members. The Chief Executive Officer ("CEO"), who chairs the Executive Committee, is the sole Executive Board Member. The annual remuneration and related compensation costs of the key management personnel as expensed in the respective year can be summarised as follows:

(In € million)	**2023**	2022
Executive Committee, including Executive Board Member		
Salaries and other short-term benefits (including bonuses)	18.3	19.4
Post-employment benefit costs	2.4	4.0
Share-based remuneration ("LTIP award", including associated hedge result)	9.5	4.1
Termination benefits	0	0
Other benefits	0.3	0.3
Social charges (1)	5.7	6.0
Non-Executive Board Members		
Short-term benefits (including social charges)	3.1	2.3
Total expense recognised	**39.3**	**36.1**

(1) Costs of benefits provided through applicable mandatory collective and social security plans are accounted for among social charges.

Salaries and Other Short-Term Benefits (Including Bonuses)

The amount of bonuses is based on estimated performance achievement as at the balance sheet date and difference between previous year estimation and actual pay-out in the current year. Outstanding short-term benefits (bonuses) at year-end 2023 for Executive Committee Members based on estimated performance achievement at year-end was €9.5 million (2022: €10.2 million).

In order to support the Company's target of reducing its Scope 1 and 2 carbon emissions by 63% by 2030, the Board of Directors decided to translate this ambition into a concrete objective and include the CO_2 reduction target in the collective variable remuneration of the CEO and all executives.

Post-Employment and Other Long-Term Benefits

The post-employment and other long-term benefits defined obligation for the Executive Committee, including the CEO, amounted to €15.0 million at 31 December 2023 (2022: €16.7 million). The disclosed post-employment and other long-term benefits reflect the total outstanding balance for all Executive Committee Members in charge at the end of the respective balance sheet date.

Share-Based Remuneration ("LTIP Award")

The share-based payment expenses result from not yet forfeited units and shares granted to the Executive Committee Members under the Company's LTIP which are re-measured at fair value according to the methodology described in "– Note 32: Share-based Payment".

For LTIP 2023, the Members of the Executive Committee were granted 65,939 Performance Shares (2022: 70,562). The respective fair value of these Shares at grant date was €10.3 million (2022: €8.8 million).

As of 31 December 2023, provisions of €8.6 million (2022: €5.4 million) relating to LTIP have been recognised. The total number of outstanding Performance Units and Performance Shares granted to the current Members of the Executive Committee amounted to 70,992 and 273,325 respectively at 31 December 2023 (2022: 81,183 Performance Units and 206,211 Performance Shares).

In 2023, the expenses related to share based remuneration have significantly increased *versus* 2022 due to (i) the significant Airbus share price increase (from €111.02 end of 2022 to €139.78 end of 2023) which impacted the Performance Units plans and (ii) the higher performance achievement of unvested LTIP plan considered in the 2023 expense than the one for unvested LTIP plan considered in the 2022 expense which had been negatively impacted by the Covid.

Termination Benefits

The following benefits apply to Executive Committee Members, except the CEO.

In the case of contract termination, the Executive Committee Members are entitled to an indemnity equal to 1.5 times the Total Target Remuneration (defined as Base Salary and target Annual Variable Remuneration) with respect to applicable local legal requirements, if any.

This will not apply if the Executive Committee mandate is terminated for cause, in case of dismissal, if the Executive Committee Member resigns or has reached retirement age.

The Executive Committee Members' contract includes a non-compete clause which applies for a minimum of one year and can be extended at the Company's initiative for a further year. The Board of Directors has the discretion to waive or invoke the extension of the non-compete clause when legally or contractually possible. The compensation for each year that the non-compete clause applies is equal to 50% of the last Total Annual Remuneration (defined as Base Salary and Annual Variable Remuneration most recently paid) with respect to applicable local legal requirements, if any.

Past LTIP awards may be maintained in full or prorated, in such cases as in case of retirement or if a mandate is not renewed by the Company without cause, pro rata being based on the presence in the Company during performance periods. The vesting of past LTIP awards follows the plans' rules and regulations and is not accelerated in any case. LTIP awards are forfeited for Executives who leave the Company on their own initiative, but this is subject to review by the Board of Directors.

The termination benefits include assumptions about all effective, known or planned terminations to date.

Other Benefits

Other benefits include expenses for Executive Committee Members' medical, death and disability coverage, company car and other usual facilities as applicable.

33.2 Remuneration – CEO

The annual remuneration and related compensation costs of the CEO as expensed in the respective year can be summarised as follows:

(In €)	**2023**	2022
Base salary	1,485,000	1,485,000
Annual variable pay	1,945,350	2,008,800
Post-employment benefit costs	(1,049,054)	1,385,222
Share-based remuneration ("LTIP award") (1)	1,997,522	1,082,668
Termination benefits	0	0
Other benefits	34,969	32,734
Social charges (2)	1,312,061	1,357,922

(1) Expense related to share-based payment plans as recognised in the annual period (service period) including the result from the hedge of cash-settled share-based payment (see "– Note 32: Share-Based Payment").
(2) Social charges depend on the applicable regulation to the CEO. In France, social charges comprise benefits accrued through mandatory collective and state plans such as pension, death and disability or medical coverage.

Annual Variable Pay

The annual variable pay is based on estimated performance achievement as at the balance sheet date and difference between the previous year's estimation and actual pay-out in the current year.

Post-Employment Benefit Costs

Post-employment benefit costs relate to the aggregated amount of current service and interest costs for defined benefit plan and company cost for contributions base plans.

Following the Board decision approved in the AGM 2020, the CEO pension rights are accrued through a defined contributions plan from 1 January 2020, which coexists with the former defined benefit pension plan.

The accrued pension rights under the former defined benefit plan have been frozen at the end of 2019 and remain unvested until the retirement date of the CEO. The pension rights arising from the Company's defined contribution plan are deducted from the frozen defined pension rights.

As of 31 December 2023, the defined benefit obligation related to the frozen defined benefit commitment amounts to €3,875,518 (2022: €6,895,263). This obligation has been accrued in the 2023 Consolidated Financial Statements and will be updated annually up to the retirement date of the CEO considering additional service cost and future changes on economic assumptions or other factors like salary increase.

The decrease in the defined benefit obligation is mainly due to the change in retirement age following the pension reform in France in 2023. This change has been considered as a plan amendment and leads to the recognition of a profit in EBIT.

For the fiscal year 2023, the cost related to the CEO's pension rights accrued under Company's plans during the year represented a net profit of €1,049,054 composed by an expense of €1,404,951 and the effect of the French pension reform leading to a release of provision of €2,454,006 (2022: expense of €1,385,222).

The annual cost of pension rights accrued under applicable mandatory collective and state pension plans are accounted for among social charges.

Share-based Remuneration

The table below gives an overview of the interests of the CEO, under the various LTIPs of the Company:

Granted Date	LTIP 2018 (1)	LTIP 2019	LTIP 2020	LTIP 2021	LTIP 2022	LTIP 2023
Performance Units and Shares	8,416	11,060	19,840	12,121	14,115	11,619
Revaluation	50%	50%	150%	100%	100%	100%
Performance Units and Shares revalued	4,208	5,531	29,760	12,121	14,115	11,619
Vested in 2023						
in cash	1,052	1,383	-	-	-	-
in shares	-	2,765	-	-	-	-
Outstanding 2023						
in cash	-	1,383	14,880	-	-	-
in shares	-	-	14,880	12,121	14,115	11,619
Vesting schedule						
Cash-settled units	For vesting dates, see "– Note 32.1: LTIP"					
Equity-settled units	May 2022	May 2023	May 2024	May 2025	May 2026	May 2027

(1) 2018 awards were granted before the appointment of the CEO and could vest during the CEO's mandate.

Vesting of all Performance Units and Performance Shares granted to the CEO is subject to performance conditions.

As of 31 December 2023, provisions of €2,074,739 (2022: €1,301,397) relating to Performance Units have been recognised. The pay-out from vested cash-settled LTIP in 2023 was €304,862 (2022: €226,388) excluding social charges.

Termination Benefits

The termination benefit applicable to the CEO is described in the Company's Remuneration policy.

Other Benefits

As stipulated in the Company's Remuneration Policy, the benefits offered to the CEO are similar to the benefits granted to other executives of the Company and comprise, among other matters, medical, death and disability coverage (both through the French social security system and mandatory collective Company's plans), a company car and usual facilities. Costs of benefits provided through applicable mandatory collective and social security plans are accounted for among social charges. The monetary value of other benefits provided to the CEO in 2023 amounted to €34,969 (2022: €32,734).

The Company has not provided any loans to, advances to and guarantees on behalf of the CEO.

33.3 Remuneration – Board of Directors

The remuneration of the Non-Executive Members of the Board of Directors was as follows:

	2023			2022		
(In €)	**Fixum [1]**	**Attendance Fees [2]**	**Total**	Fixum [1]	Attendance Fees [2]	Total
Non-Executive Board Members						
René Obermann	515,000 [3]	105,000	620,000 [3]	225,000	135,000	360,000
Victor Chu	150,000	62,000	212,000	100,000	66,000	166,000
Jean-Pierre Clamadieu	220,000	76,000	296,000	140,000	96,500	236,500
Ralph D. Crosby, Jr.	150,000	70,000	220,000	100,000	100,000	200,000
Mark Dunkerley	190,000	94,000	284,000	124,420	112,000	236,420
Stephan Gemkow	160,000	76,000	236,000	110,000	98,000	208,000
Catherine Guillouard	220,000	63,000	283,000	140,000	98,000	238,000
Amparo Moraleda	220,000	69,500	289,500	140,000	103,000	243,000
Claudia Nemat	150,000	56,500	206,500	100,000	76,500	176,500
Irene Rummelhoff	150,000	55,000	205,000	72,100	75,000	147,100
Antony Wood [4]	141,050	70,000	211,050	3,913	10,000	13,913
Former Non-Executive Board Members						
Lord Drayson [5]	-	-	-	33,811	15,000	48,811
Carlos Tavares [6]	-	-	-	22,541	5,000	27,541
Total	**2,266,050**	**797,000**	**3,063,050**	**1,311,785**	**990,000**	**2,301,785**

(1) Fixum includes a base fee for Board membership and the relevant Committee membership as the case may be (Audit Committee, Remuneration, Nomination and Governance Committee ("RNGC"), Ethics, Compliance and Sustainability Committee ("ECSC")). The fixum for the year 2023 was paid 50% in January 2023 and 50% in July 2023. The fixum for the year 2022 was paid 50% in January 2022 and 50% in July 2022 except in relation to the *ad hoc* Committee for which the full amount was paid in January 2023.
(2) 2023 attendance fees include the Board of Directors attendance fees and the fees in relation to the relevant Committee (Audit Committee, RNGC and ECSC) meetings. The Board of Directors attendance fees related to the first semester 2023 were paid in July 2023, those related to the second semester 2023 were paid in January 2024. The Committees' attendance fees related to the full year 2023 were paid in January 2024.
(3) Amount before donation by the Chairman of the portion exceeding his fixed remuneration received in 2022.
(4) Member of the Audit Committee since 19 April 2023.
(5) Member of the Board of Directors, the RNGC and the ECSC until 12 April 2022.
(6) Member of the Board of Directors until 12 April 2022.

2.7 Capital Structure and Financial Instruments

34. Total Equity

34.1 Equity Attributable to Equity Owners of the Parent

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:

(In number of shares)	**2023**	2022
Issued at 1 January	**788,205,008**	**786,083,690**
Issued for ESOP	2,254,426	2,121,318
Issued at 31 December	**790,459,434**	**788,205,008**
Treasury shares	(3,037,467)	(647,500)
Outstanding at 31 December	**787,421,967**	**787,557,508**

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 €17,695 million (2022: €12,950 million) representing an increase of €+4,745 million. This is mainly due to the net income for the period of € +3,789 million and the mark to market revaluation of the hedge portfolio of €2,390 million partly offset a dividend payment of €-1,421 million (€1.80 per share).

Capital stock comprises the nominal amount of shares outstanding. The addition to capital stock represents the contribution for exercised options by employees of €2,254,426 (2022: €2,121,318) in compliance with the implemented ESOPs.

Share premium mainly results from contributions in kind in the course of the creation of the Company, cash contributions from the Company's initial public offering, capital increases and reductions due to the issuance and cancellation of shares.

Retained earnings include mainly the profit for the period and the changes in other comprehensive income from remeasurements of the defined benefit pension plans net of tax which amounts to €-284 million in 2023 (2022: € +3,432 million).

On 19 April 2023, the Annual General Meeting ("AGM") decided to distribute a gross amount of €1.80 per share, which was paid on 27 April 2023. For the fiscal year 2023, the Board of Directors will propose the payment of a dividend of €1.80 per share and a special dividend of €1.00 per share to the 2024 Annual General Meeting taking place on 10 April 2024. The proposed payment date is 18 April 2024.

Treasury shares represent the amount paid or payable for own shares held in treasury. During 2023, the number of treasury stock held by the Company increased to 3,037,467 compared to 647,500 as of 31 December 2022, mainly due to the share buybacks partly offset by vested shares in 2023 under LTIP 2019 (see "– Note 32: Share-based Payment"). No shares were sold back to the market nor cancelled (2022: 0 shares).

On 19 April 2023, the AGM of the Company authorised the Board of Directors, for a period expiring at the AGM to be held in 2024, to issue shares and to grant rights to subscribe for shares in the Company's share capital for the purpose of:

- ESOPs and share-related LTIPs, provided that such powers shall be limited to an aggregate of 0.18% of the Company's authorised share capital (see "– Note 32: Share-based Payment");
- funding the Company and its subsidiaries, provided that such powers shall be limited to an aggregate of 0.3% of the Company's authorised share capital (see "– Note 36.3: Financing Liabilities").

For each operation, such powers shall not extend to issuing shares or granting rights to subscribe for shares if there is no preferential subscription right and for an aggregate issue price in excess of €500 million per share issuance.

On 19 April 2023, the AGM authorised the Board of Directors for an 18-month period to repurchase up to 10% of the Company's issued share capital at a price per share not less than the nominal value and not more than the higher of the price of the last independent trade and the highest current independent bid on the trading venues of the regulated market of the country in which the purchase is carried out.

Furthermore, the AGM authorised the Board of Directors to determine on a case-by-case basis the share repurchase programmes to be implemented by the Company, if any.

34.2 Non-Controlling Interests

The **non-controlling interests ("NCI")** from non-wholly owned subsidiaries increased to €35 million as of 31 December 2023 (2022: €32 million). These NCI do not have a material interest in the Company's activities and cash flows.

35. Capital Management

The Company seeks to maintain a strong financial profile to safeguard its going concern, financial flexibility as well as shareholders', credit rating agencies', credit investors' and other stakeholders' confidence in the Company. Consequently, operating liquidity is of great importance.

As part of its capital management, it is one of the Company's objectives to maintain a strong credit rating by institutional rating agencies. This enables the Company to contain its cost of capital which positively impacts its stakeholder value (entity value). Next to other non-financial parameters, the credit rating is based on financial indicators such as cash flow, profitability, leverage ratios and liquidity ratios. The Company monitors these ratios to keep them in a range compatible with a strong rating.

Rating agency	Long-term rating	Outlook	Short-term rating
Standard and Poor's	A	Stable	A-1
Moody's Investors Services	A2	Stable	P1
Fitch Rating (unsolicited)	A-	Stable	F1

The stand-alone rating reflects the Company's strong backlog providing revenue visibility, dominant market position in the single-aisle market, operating performance and overall its strong positioning to benefit from the recovery in air travel demand. It also reflects Airbus' exceptional liquidity, solid balance sheet as well as its prudent financial policy. Finally, it reflects the management's focus on programme execution, profitability and cash generation improvement.

In accordance with the Company's conservative financial policy, a strong rating is key to maintain a wide array of funding sources at competitive conditions, to have broad access to long-term hedging and to strengthen the Company's position as a financially sound counterparty for its customers and suppliers.

Every year, the Company constructs a five-year plan used to assess its financial flexibility at current ratings and a value creation ambition. It is composed of (i) EBIT and (ii) Free Cash Flow, which is defined as Cash provided by operating activities and Cash used for investing activities less Change of securities, Contribution to plan assets for pensions, realised Treasury swaps and bank activities.

The Company uses the WACC to determine the Net Present Value ("NPV"), which is used for any investment decision.

The Company also monitors the level of dividends paid to its shareholders.

The Company generally satisfies its obligations arising from **ESOPs** and Share Incentive Plans ("SIPs") by issuing new shares. In order to avoid any dilution of its current shareholders out of **LTIPs**, the Company performs share buybacks to meet its obligations to its employees, following the decisions of the Board of Directors and approval of the AGM. Apart from this purpose, the Company generally does not trade with treasury shares.

The Company complies with the capital requirements under applicable law and its Articles of Association.

36. Net Cash

The net cash is comprised of the following elements:

	31 December	
(In € million)	**2023**	2022
Cash and cash equivalents	16,469	15,823
Current securities	1,301	1,762
Non-current securities	7,508	6,013
Gross cash position	**25,278**	**23,598**
Short-term financing liabilities	(3,389)	(2,142)
Long-term financing liabilities	(10,202)	(10,631)
Interest rate contracts [1]	(961)	(1,394)
Total	**10,726**	**9,431**

(1) The Company has decided to refine the net cash definition to include interest rate contracts related to fair value hedges, which is also reflected in the 2022 balance.

The net cash position on 31 December 2023 amounted to €10,726 million (2022: €9,431 million), with a gross cash position of €25,278 million (2022: €23,598 million).

Derivative instruments recognised on the Company's Statement of Financial Position consist of (i) instruments that are entered into as hedges of the Company's operating activities or interest result, and (ii) embedded foreign currency derivatives that arise from separating the foreign currency component from certain operating contracts. Cash flows resulting from the settlement of these derivatives are therefore recorded as part of cash flow from operations. Similarly, financial assets and liabilities arising from customer financing activities and refundable advances from European Governments are considered part of operating activities and related cash flows are hence recognised as cash flows from operating activities.

36.1 Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

	31 December	
(In € million)	**2023**	2022
Bank account and petty cash	3,050	3,687
Short-term securities (at fair value through profit or loss)	12,409	11,135
Short-term securities (at fair value through OCI)	1,010	1,001
Total cash and cash equivalents	**16,469**	**15,823**

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 €+0.7 billion from €15.8 billion at 31 December 2022 to €16.5 billion at 31 December 2023. They include payments received in advance from certain customers and payments made to suppliers in anticipation.

The main variations are as follows:

Cash provided by operating activities amounts to €+6.3 billion in 2023, primarily driven by a profit translated into cash and a positive impact from working capital. The latter is driven by larger contract liabilities reflecting higher advance payments including significant and anticipated pre-delivery payments from certain customers, partly offset by increase in inventory and a net negative impact from payments made to suppliers in anticipation.

Cash used for investing activities amounts to €-4.1 billion, mainly reflecting capital expenditures and investments in securities.

Cash used for financing activities amounts to €-1.3 billion and include mainly the cash distribution to Airbus SE shareholders of €-1.4 billion.

36.2 Securities

The majority of the Company's securities consists of debt securities and are classified at fair value through OCI (see "– Note 37.2: Carrying Amounts and Fair Values of Financial Instruments").

The Company's securities portfolio amounts to €8,809 million and €7,775 million as of 31 December 2023 and 2022, respectively. The security portfolio contains a non-current portion of €7,508 million (2022: €6,013 million), and a current portion of €1,301 million (2022: €1,762 million).

Included in the securities portfolio as of 31 December 2023 and 2022, respectively, are corporate and government bonds bearing either fixed rate coupons (€9,156 million nominal value; 2022: €8,368 million) or floating rate coupons (€0 million nominal value; 2022: €32 million).

When the Company enters into securities lending or other financing activities that involve the pledging of securities as collateral, the securities pledged continue to be recognised on the balance sheet. As of 31 December 2023 and 2022, they were no securities pledged as collateral for borrowings from banks.

36.3 Financing Liabilities

Financing liabilities include debt obligations towards financial institutions, issued corporate bonds, deposits made by customers of Airbus Bank, borrowings received from joint ventures and other parties as well as finance lease liabilities. Financing liabilities are recorded initially at the fair value of the proceeds received, net of transaction costs incurred. Subsequently, financing liabilities are measured at amortised cost, using the effective interest rate method with any difference between proceeds (net of transaction costs) and redemption amount being recognised in total finance income (cost) over the period of the financing liability.

Financing liabilities to financial institutions may include liabilities from securities lending transactions. In securities lending transactions, the Company receives cash from its counterparty and transfers the securities subject to the lending transaction as collateral. The counterparty typically has the right to sell or repledge the securities pledged. The amount of cash received is recognised as a financing liability. The securities pledged are not derecognised, but remain on the Company's Statement of Financial Position.

	31 December	
(In € million)	**2023**	2022
Bonds and commercial papers	8,250	8,681
Liabilities to financial institutions	323	383
Loans	233	75
Lease liabilities	1,396	1,492
Total long-term financing liabilities	**10,202**	**10,631**
Bonds and commercial papers	817	0
Liabilities to financial institutions	1	27
Loans	81	83
Lease liabilities	221	242
Others [1]	2,269	1,790
Total short-term financing liabilities	**3,389**	**2,142**
Total	**13,591**	**12,773**

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

Long-term financing liabilities, mainly comprising of bonds and lease liabilities, decreased by €-429 million to €10,202 million (2022: €10,631 million), mainly due to bonds reclass to short-term liabilities (EMTN 10 years) partly offset by the increase in the value of bonds.

Short-term financing liabilities increased by €+1,247 million to €3,389 million (2022: €2,142 million) mainly due to the EMTN 10 years reclass in long-term financing liabilities and financing liabilities to joint ventures.

The Company has several euro-denominated bonds issued under its EMTN programme, two stand-alone US dollar-denominated bonds issued on the US institutional market under Rule 144A and one US Private Placement, outstanding as of 31 December 2023.

The Company can issue **commercial papers** under its €11 billion Negotiable European Commercial Paper ("NEuCP") programme, its €4 billion Euro Commercial Paper ("ECP") programme and its $3 billion US Commercial Paper programme.

As of 31 December 2023, there were no outstanding amounts under any of its commercial paper programmes.

On 31 January 2023, the Company signed a lease agreement with Mobile Airport Authority for a new Final Assembly Line in Mobile, Alabama. As the lease has not yet commenced, no lease liability was recognised as of 31 December 2023, and no lease payments were made. Accordingly, this transaction had no impact neither on the IFRS Consolidated Financial Statement of Cash Flows nor on the Consolidated Statement of Financial Position as of 31 December 2023. In accordance with IFRS 16 and the Company's accounting policies for the classification of interests' cash flows, payments to be made over the lease term will be recognised in financing cash flows and operating cash flows for respectively the principal and interest payments' portions of the lease liability. According to the current project plan, the first tranche of the project is expected to enter into service in 2024 for a corresponding amount of around US$0.4 billion. The future discounted cash outflows amount to US$1 billion, are funded through bonds issued by the lessor and fully guaranteed by the Company as of 31 December 2023.

The terms and repayment schedules of these bonds and loans are as follows:

	Principal amount *(In million)*	Carrying amount *(In € million)* 31 December		Issuance date	Coupon or interest rate	Effective interest rate	Maturity date	Additional features
		2023	2022					
EMTN 15 years	€500	469	444	Oct 2014	2.12%	2.21%	Oct 2029	Interest rate swapped into 3M Euribor +0.84%
EMTN 10 years	€823	817	799	Apr 2014	2.38%	2.42%	Apr 2024	Interest rate swapped into 3M Euribor +1.40%
EMTN 10 years	€461	436	419	May 2016	0.88%	0.98%	May 2026	Interest rate swapped into 3M Euribor +0.50%
EMTN 15 years	€900	793	737	May 2016	1.38%	1.50%	May 2031	Interest rate swapped into 3M Euribor +0.66%
EMTN 5 years	€561	535	515	Mar 2020	1.63%	1,80%	April 2025	Interest rate swapped into 3M Euribor +2.01%
EMTN 8 years	€611	546	512	Mar 2020	2.00%	2.10%	April 2028	Interest rate swapped into 3M Euribor +2.15%
EMTN 12 years	€1,000	822	754	Mar 2020	2,38%	2.49%	April 2032	Interest rate swapped into 3M Euribor +2.24%
EMTN 20 years	€1,000	706	646	June 2020	2.38%	2,44%	Jun. 2040	Interest rate swapped into 3M Euribor +1.93%
EMTN 6 years	€894	832	792	June 2020	1,38%	1,47%	Jun. 2026	Interest rate swapped into 3M Euribor +1.66%
EMTN 10 years	€1,250	1,068	989	June 2020	1.63%	1,74%	Jun. 2030	Interest rate swapped into 3M Euribor +1.61%
US$ Bond 10 years	US$750	641	653	Apr 2017	3.15%	3.20%	Apr 2027	Interest rate swapped into 1D SOFR
US$ Bond 30 years	US$750	651	643	Apr 2017	3.95%	4.02%	Apr 2047	Interest rate swapped into 1D SOFR +0.31%
ACLP Private placement	US$830	751	778	July 2020, Dec 2020	1.98%-2.54%	2.77%-3.09%	July 2026 to July 2029	
Bonds		**9,067**	**8,681**					
European Investment Bank	€165	165	0	Dec 2023	3M Euribor +0.498%	3M Euribor +0.498%	Dec. 2038	
KfW Bank	€50	48	0	July 2023	3M Euribor +0.59%	3M Euribor +0.59%	Jul. 2029	
Others		111	410					
Liabilities to financial institutions		**324**	**410**					
Total		**9,391**	**9,091**					
Thereof non-current financing liabilities		*8,574*	*9,091*					
Thereof current financing liabilities		*817*	*0*					

Reconciliation of liabilities arising from financing liabilities as of 31 December 2023 is as follows:

(In € million)	Balance at 1 January 2023	Cash flows	Non-cash movements			**Balance at 31 December 2023**
			Changes in scope	Foreign exchange movements	Others	
Bonds and commercial papers	8,681	12	0	(75)	449	9,067
Liabilities to financial institutions	410	(59)	0	(2)	(25)	324
Loans	158	29	0	0	127	314
Finance lease liabilities	1,734	(267)	0	(23)	173	1,617
Others	1,790	480	0	(2)	1	2,269
Total	**12,773**	**195**	**0**	**(102)**	**725**	**13,591**

Reconciliation of liabilities arising from financing liabilities as of 31 December 2022 is as follows:

(In € million)	Balance at 1 January 2022	Cash flows	Non-cash movements			Balance at 31 December 2022
			Changes in scope	Foreign exchange movements	Others	
Bonds and commercial papers	11,061	(989)	0	126	(1,517)	8,681
Liabilities to financial institutions	493	(83)	0	0	0	410
Loans	171	(63)	49	1	0	158
Finance lease liabilities	1,736	(262)	0	32	228	1,734
Others	1,579	220	0	(9)	0	1,790
Total	**15,040**	**(1,177)**	**49**	**150**	**(1,289)**	**12,773**

37. Financial Instruments

37.1 Financial Risk Management

By the nature of its activities, the Company is exposed to a variety of financial risks: (i) market risks, in particular foreign exchange risk, but also interest rate risk, equity price risk and commodity price risk, (ii) liquidity risk and (iii) credit risk. The Company's overall financial risk management activities focus on mitigating unpredictable financial market risks and their potential adverse effects on the Company's operational and financial performance.

The financial risk management of the Company is generally carried out by the Treasury department of the Company under policies approved by the Board of Directors or by the Chief Financial Officer. The identification, evaluation and hedging of the financial risks is in the joint responsibility of several established specific committees such as the Foreign Exchange Committee and the Asset Liability Management Committee, including the Company business segments.

The Company uses financial derivatives solely for risk mitigating purposes ("hedging") and applies hedge accounting for a significant portion of its hedging portfolio.

Market Risk

Foreign exchange risk — Foreign exchange risk arises when future commercial transactions or firm commitments, recognised monetary assets and liabilities and net investments in foreign operations are denominated in a currency that is not the entity's functional currency.

The Company manages a long-term hedge portfolio with maturities of several years covering its net exposure to US dollar sales, mainly from the commercial activities of Airbus. This hedge portfolio covers a large portion of the Company's firm commitments and highly probable forecasted transactions.

For Airbus, the highly probable criteria of the underlying foreign currency exposure of cash flow hedges is assessed based on the IFRS15 backlog value analysis. This consists in reducing the contractual firm backlog by all deliveries which cannot be considered as highly probable due to the existence of either cancellation rights, risk of bankruptcy or other risk of order restructuring. The latter assessments is taking into account customers' situation and commercial aspects. The resulting backlog is further adjusted to the foreign exchange management hedging horizon. The highly probable underlying foreign currency exposure is then capped to the production plan when applicable.

Most of the Company's revenue is denominated in US dollars, while a major portion of its costs is incurred in euro and to a lesser extent in other foreign currencies. Consequently, to the extent that the Company does not use financial instruments to hedge its exposure resulting from this currency mismatch, its profits will be affected by changes in the €/US$ exchange rate. As the Company intends to generate profits primarily from its operations rather than through speculation on exchange rate movements, it uses hedging strategies to manage and minimise the impact of exchange rate fluctuations on these profits.

With respect to its commercial aircraft products, as of 30 June 2018, the Company adopted a new hedge strategy to hedge its net exposure (US dollar revenue less US dollar cost) resulting from commercial aircraft deliveries of specific aircraft types. The strategy more closely aligns hedge accounting with risk management activities.

Under the new strategy the foreign exchange derivatives used as hedging instruments are designated as a hedge of a portion of the cash flows received for each of a number of deliveries of a specific aircraft type that are expected to occur in a given month and hence will allow the hedge result to move along with the hedged deliveries in the event of a shift in deliveries.

If such a shift in hedged deliveries occurs, hedge ineffectiveness will arise to the extent the maturities of the hedging instrument and the expected timing of the hedged cash flows are no longer perfectly aligned. In order to minimise such ineffectiveness, the Company will close the timing gap by rolling over hedges to new maturities, using foreign exchange swap contracts.

In addition, the Company will designate the risk of changes in the spot element as the hedged risk in order to eliminate the ineffectiveness resulting from changes in forward points between different maturities. The forward element will be accounted for as a cost of hedging similar to the time value of options.

Until 30 June 2018, the Company typically hedged firmly committed sales in US dollar using a "first flow approach". Under that approach, the foreign currency derivatives the Company entered into were designated as a hedge of the first US dollar inflows received from the customer at aircraft delivery in a given month. The strategy implied that only a portion of the expected monthly customer payments made at aircraft delivery were hedged and that a reduction of monthly cash inflows as a result of postponements or order cancellations had no impact on the effectiveness of the hedge as long as the actual gross US dollar cash inflows received at aircraft delivery in a particular month exceeded the portion designated as being hedged in that month. According to the prospective application requirement of IFRS 9, the fair values of the legacy portfolio in place at inception of the new strategy continue to be assigned to the previous first flow hedge regime and remain in the hedge reserve in OCI, to be recognised in profit or loss only at maturity of the originally hedged cash flows (unless those cash flows are no longer expected to occur).

As a result of prospective application, the hedging instruments designated under the new strategy had a non-zero fair value at hedge inception, which might create some small ineffectiveness.

Another source of ineffectiveness is the counterparty credit risk inherent in the hedge portfolio. As such, credit risk is absent from the hedged cash flows. However, since netting arrangements are in place with all the hedge counterparties and the Company has a policy of trading with investment grade counterparties only, the credit risk arising from its hedging instruments, and associated changes in credit risk, have historically been negligible and are expected to remain so.

The Company also hedges its expected foreign currency exposure arising from US dollar or pound sterling cash outflows in the commercial aircraft business on a first outflow basis, though to a much lesser extent than US dollar cash inflows.

In military aircraft and non-aircraft businesses, the Company hedges inflows and outflows in foreign currencies from firmly committed or highly probable forecast sales and purchase contracts. Here, foreign currency derivatives are typically contracted in lower volumes; they may be accounted for using a first flow approach or are designated as hedges of specific agreed milestone payments. The amount of the expected flows to be hedged can cover up to 100% of the equivalent of the net US dollar exposure at inception. The coverage ratio considers the variability in the range of potential outcomes taking into account macroeconomic movements affecting spot rates and interest rates as well as the robustness of the commercial cycle.

In situations where the payment dates for hedged firmly committed cash flows are not fixed and subject to potentially significant delays, the Company may use rollover strategies, usually involving foreign exchange swaps.

For all foreign currency hedges of future cash flows which qualify for hedge accounting under IFRS 9, the Company uses the cash flow hedge model, which requires (i) recognising the effective portion of the fair value changes of the hedging derivatives in equity (within OCI) and (ii) recognising the effect of the hedge in profit or loss when the hedged cash flows affect profit or loss.

In addition, the Company hedges currency risk arising from financial assets or liabilities denominated in currencies other than the euro, including foreign currency receivable and payable accounts, as well as foreign currency denominated funding transactions or securities. The Company applies hedge accounting if a mismatch in terms of profit or loss recognition of the hedging instrument and hedged item would otherwise occur. Frequently, however, the currency-induced gains or losses of the hedging instrument and the hedged item match in terms of profit or loss recognition ("natural hedge"), so no hedge accounting is required. Sometimes such gains or losses may end up in different sections of the income statement (such as operating profit for the hedged item and financial result for the hedging instrument). If so, the Company may choose to present the gains or losses of both the hedging instrument and the hedged item in the same income statement line item if certain formal requirements are met.

As hedging instruments, the Company primarily uses foreign currency forwards, foreign currency options and to a minor extent non-derivative financial instruments. A hedge ratio of 1:1 is applied by the Company.

The Company also has foreign currency derivative instruments which are embedded in certain purchase contracts denominated in a currency other than the functional currency of any substantial party to the contract, principally in US dollar and pound sterling. If such embedded derivatives are required to be accounted for separately from the host purchase contract, related gains or losses are generally recognised in other financial result. However, if the embedded derivatives qualify for hedge accounting, the Company might choose to designate them as a hedging instrument in a hedge of foreign currency risk, in which case they are accounted for under the cash flow hedge model as described above.

Interest rate risk — The Company uses an asset-liability management approach with the objective to limit its interest rate risk. It undertakes to match the risk profile of its interest-bearing assets with those of its interest-bearing liabilities. The remaining net interest rate exposure is managed through several types of interest rate derivatives, such as interest rate swaps and interest rate futures contracts, in order to minimise risks and financial impacts.

The vast majority of related interest rate hedges qualify for hedge accounting, and most of them are accounted for under the fair value hedge model. As a result, both the fair value changes of these derivatives and the portion of the hedged items' fair value change that is attributable to the hedged interest rate risk are recognised in profit or loss, where they offset to the extent the hedge is effective.

The Company has applied the relief introduced by the amendments made to IFRS 9 in September 2019 on hedge accounting, having the effect that the IBOR reform should not cause hedge accounting to terminate.

The Company invests in financial instruments such as overnight deposits, certificates of deposits, commercial papers, other money market instruments and short-term as well as medium-term bonds. For its financial instruments portfolio, the Company has an Asset Liability Management Committee in place that meets regularly and aims to limit the interest rate risk on a fair value basis through a value-at-risk approach, from which results a hedge ratio that is however not actively steered.

Commodity price risk — The Company is exposed to risk relating to fluctuations in the prices of commodities used in the supply chain. It manages these risks in the procurement process and to a certain extent uses derivative instruments in order to mitigate the risks associated with the purchase of raw materials. To the extent that the gains or losses of the derivative and those of the hedged item or transaction do not match in terms of profit or loss, the Company applies cash flow hedge accounting to the derivative instruments, with a hedge ratio of 1:1.

Equity price risk — The Company is to a small extent invested in equity securities mainly for operational reasons. Its exposure to equity price risk is hence limited. Furthermore, it is exposed under its LTIP to the risk of the Company share price increases. The Company limits these risks through the use of equity derivatives that qualify for hedge accounting and have been designated as hedging instruments in cash flow hedges, with a hedge ratio of 1:1.

Sensitivities of market risks — The approach used to measure and control market risk exposure of the Company's financial instrument portfolio is, amongst other key indicators, the value-at-risk model ("VaR"). The VaR of a portfolio is the estimated potential loss that will not be exceeded over a specified period of time (holding period) from an adverse market movement with a specified confidence level. The VaR used by the Company is based upon a 95% confidence level and assumes a five-day holding period. The VaR model used is mainly based on the so-called "Monte-Carlo-Simulation" method. The model generates a wide range of potential future scenarios for market price movements by deriving the relevant statistical behaviour of markets for the portfolio of market data from the previous two years and observed interdependencies between different markets and prices.

The Company's VaR computation includes the Company's financial debt, short-term and long-term investments, foreign currency forwards, swaps and options, commodity contracts, finance lease receivables and liabilities, foreign currency trade liabilities and receivables and contract assets.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations, including the following:

– a five-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period;

– a 95% confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a 5% statistical probability that losses could exceed the calculated VaR;

– the use of historical data as a basis for estimating the statistical behaviour of the relevant markets and finally determining the possible range of future outcomes out of this statistical behaviour may not always cover all possible scenarios, especially those of an exceptional nature.

The Company uses VaR amongst other key figures in order to determine the riskiness of its financial instrument portfolio and in order to optimise the risk-return ratio of its financial asset portfolio. Further, its investment policy defines a VaR limit for the total portfolio of cash, cash equivalents and securities. The total VaR as well as the different risk-factor specific VaR figures of this portfolio are measured and serve amongst other measures as a basis for the decisions of the Company's Asset Liability Management Committee.

A summary of the VaR position of the Company financial instruments portfolio at 31 December 2023 and 2022 is as follows:

(In € million)	Total VaR	Equity price VaR	Currency VaR	Commodity price VaR	Interest rate VaR
31 December 2023					
Foreign exchange hedges for forecast transactions or firm commitments	801	0	911	0	165
Financing liabilities, financial assets (including cash, cash equivalents, securities and related hedges)	230	70	210	0	74
Finance lease receivables and liabilities, foreign currency trade payables and receivables	81	0	39	0	79
Commodity contracts	6		1	6	0
Equity swaps	2	2	0	0	0
Diversification effect	(479)	(1)	(409)	0	(152)
All financial instruments	**641**	**71**	**752**	**6**	**166**
31 December 2022					
Foreign exchange hedges for forecast transactions or firm commitments	1,450	0	1,535	0	238
Financing liabilities, financial assets (including cash, cash equivalents, securities and related hedges)	268	67	225	0	80
Finance lease receivables and liabilities, foreign currency trade payables and receivables	130	0	83	0	112
Commodity contracts	2	0	0	2	0
Equity swaps	2	2	0	0	0
Diversification effect	(584)	(1)	(472)	0	(139)
All financial instruments	**1,268**	**68**	**1,371**	**2**	**291**

As of 31 December 2023, the total VaR amounts to €641 million (2022: €1,268 million). The decrease is mainly attributable to the currency and interest rate volatilities reduction in comparison to the exceptional levels in 2022.

The Company uses its derivative instruments entirely for hedging purposes. As a result, the respective market risks of these hedging instruments are – depending on the hedges' actual effectiveness – offset by corresponding opposite market risks of the underlying forecast transactions, assets or liabilities. Under IFRS 7, the underlying forecast transactions do not qualify as financial instruments and are therefore not included in the tables shown above. Accordingly, the VaR of the foreign exchange hedging portfolio in the amount of €911 million (2022: €1,535 million) cannot be considered as a risk indicator for the Company in the economic sense.

Liquidity Risk

The Company's policy is to maintain sufficient cash and cash equivalents at any time to meet its present and future commitments as they fall due. It manages its liquidity by holding adequate volumes of liquid assets and maintains a committed revolving credit facility, in addition to the cash inflow generated by its operating business. The Company continues to keep the focus on low counterparty risk within its asset portfolio. In addition, it maintains a set of other funding sources, and accordingly may raise loans from commercial banks and Development Finance Institutions and issue bonds, notes and commercial papers or enter into security lending agreements. Adverse changes in the capital markets could increase its funding costs and limit its financial flexibility.

In particular, Airbus signed on 5 July 2022 a €8 billion Sustainability Linked Revolving Syndicated Credit Facility in order to refinance its €6 billion existing facility signed in 2020.

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.

Further, the management of the vast majority of the Company's liquidity exposure is centralised by a daily cash concentration process. This process enables it to manage its liquidity surplus as well as its liquidity requirements according to the actual needs of its subsidiaries. In addition, management monitors the Company's liquidity reserve as well as the expected cash flows from its operations.

The contractual maturities of the Company's financial liabilities, based on undiscounted cash flows and including interest payments, if applicable, are as follows:

(In € million)	Carrying amount	Contractual cash flows	< 1 year	1 year - 2 years	2 years - 3 years	3 years - 4 years	4 years - 5 years	> 5 years
31 December 2023								
Non-derivative financial liabilities	(28,593)	(30,889)	(18,205)	(1,234)	(1,855)	(1,183)	(1,107)	(7,303)
Derivative financial liabilities	(4,750)	(5,876)	(1,963)	(1,173)	(886)	(860)	(144)	(850)
Total	**(33,343)**	**(36,765)**	**(20,168)**	**(2,407)**	**(2,741)**	**(2,043)**	**(1,251)**	**(8,153)**
31 December 2022								
Non-derivative financial liabilities	(26,753)	(29,230)	(15,885)	(1,791)	(936)	(1,760)	(1,192)	(7,666)
Derivative financial liabilities	(9,613)	(10,861)	(3,538)	(2,647)	(1,610)	(1,118)	(537)	(1,411)
Total	**(36,366)**	**(40,091)**	**(19,423)**	**(4,438)**	**(2,546)**	**(2,878)**	**(1,729)**	**(9,077)**

Non-derivative financial liabilities included in the table above comprise financing liabilities as presented in "– Note 37.2: Carrying Amounts and Fair Values of Financial Instruments". Due to their specific nature, namely their risk-sharing features and uncertainty about the repayment dates, the European Governments' refundable advances, which amount to €-3,856 million at 31 December 2023 (€-3,857 million at 31 December 2022) are not included.

Lease liabilities

The maturity analysis of lease liabilities, based on contractual undiscounted cash flows is as follows:

	31 December	
(In € million)	**2023**	2022
Not later than one year	(222)	(241)
Later than one year and not later than five years	(769)	(747)
Later than five years	(982)	(1,036)
Total undiscounted lease liabilities	**(1,973)**	**(2,024)**
Lease liabilities included in the statement of financial position	**(1,617)**	**(1,734)**
Current	(221)	(242)
Non-current	(1,396)	(1,492)

Credit Risk

The Company is exposed to credit risk to the extent of non-performance by either its customers (*e.g.* airlines) or its counterparts with regard to financial instruments or issuers of financial instruments for gross cash investments. However, it has policies in place to avoid concentrations of credit risk and to ensure that credit risk is limited.

As far as central treasury activities are concerned, credit risk resulting from financial instruments is managed by the Company. In order to ensure sufficient diversification, a credit limit system is used.

The Company monitors the performance of the individual financial instruments and the impact of market developments on their performance and takes appropriate action on foreseeable adverse development based on pre-defined procedures and escalation levels.

Sales of products and services are made to customers after having conducted appropriate internal credit risk assessment. In order to support sales, primarily at Airbus, Airbus Helicopters and ATR, the Company may agree to participate in customer financing, on a case-by-case basis either directly or through guarantees provided to third parties. In determining the amount and terms of the financing transaction, the Company takes into account the airline's credit rating and economic factors reflecting the relevant financial market conditions, together with appropriate assumptions as to the anticipated future value of the financed asset.

The booked amount of financial assets represents the maximum credit exposure. The credit quality of financial assets can be assessed by reference to external credit rating (if available) or internal assessment of customers' creditworthiness *e.g.* airlines by way of internal risk pricing methods. For further information relating to gross credit risk and impairment see "– Note 37.7: Impairment Losses".

37.2 Carrying Amounts and Fair Values of Financial Instruments

Financial instruments — The Company's financial assets mainly consist of cash, short to medium-term deposits and securities. Its financial liabilities include trade liabilities, obligations towards financial institutions, issued bonds and refundable advances from European Governments. All purchases and sales of financial assets are recognised on the settlement date according to market conventions.

Financial assets at amortised cost — This category comprises assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. It includes trade receivables.

Financial assets at fair value through OCI — This category comprises:

a) (i)equity investments that are not held for trading. With the exception of dividends received, the associated gains and losses (including any related foreign exchange component) are recognised in OCI. Amounts presented in OCI are not subsequently transferred to profit or loss on derecognition of the equity investment nor in the event of an impairment;

b) (ii)debt instruments where contractual cash flows are solely payments of principal and interest, and that are held both for sales and collecting contractual cash flows. Changes in their fair value other than impairment losses and foreign exchange gains and losses on monetary items are recognised directly within AOCI. Upon disposal of such financial assets, the cumulative gain or loss previously recognised in equity is recorded as part of other income (other expenses) from investments in the Consolidated Income Statement for the period. Interest earned on the investment are presented as interest income in the Consolidated Income Statement using the effective interest method. Dividends earned on investment were recognised as other income (other expenses) from investments in the Consolidated Income Statement when the right to the payment had been established.

Financial assets at fair value through profit or loss — This category comprises all other financial assets (*e.g.* derivative instruments) that are to be measured at fair value (including equity investments for which the Company did not elect to present changes in fair value in OCI).

The Company assigns its financial instruments into classes based on their balance sheet category.

The following table presents the carrying amounts and fair values of financial instruments by class and by IFRS 9 measurement category as of 31 December 2023:

(In € million)	Fair value through profit or loss	Fair value through OCI	Financial assets and liabilities at amortised cost		Financial instruments total	
			Amortised cost	Fair value	**Book value**	**Fair value**
Assets						
Other investments and other long-term financial assets						
Equity investments [1]	1,627	1,171	0	0	2,798	2,798
Customer financing	116	0	0	0	116	116
Other loans [2]	0	0	2,601	2,601	2,601	2,601
Trade receivables	0	0	4,725	4,725	4,725	4,725
Contract assets	0	0	1,849	1,849	1,849	1,849
Other financial assets						
Derivative instruments	1,227	0	0	0	1,227	1,227
Non-derivative instruments	0	0	1,546	1,546	1,546	1,546
Securities	0	8,809	0	0	8,809	8,809
Cash and cash equivalents	12,409	1,010	3,050	3,050	16,469	16,469
Total	**15,379**	**10,990**	**13,771**	**13,771**	**40,140**	**40,140**
Liabilities						
Financing liabilities						
Bonds and commercial papers	0	0	(9,067)	(9,470)	(9,067)	(9,470)
Liabilities to financial institutions and others	0	0	(2,907)	(2,907)	(2,907)	(2,907)
Finance lease liabilities [2]	0	0	(1,617)	(1,617)	(1,617)	(1,617)
Other financial liabilities						
Derivative instruments	(4,750)	0	0	0	(4,750)	(4,750)
European Governments' refundable advances [3]	0	0	(3,856)	(3,856)	(3,856)	(3,856)
Others	0	(86)	(592)	(592)	(678)	(678)
Trade liabilities	0	0	(14,323)	(14,323)	(14,323)	(14,323)
Total	**(4,750)**	**(86)**	**(32,362)**	**(32,765)**	**(37,198)**	**(37,601)**

(1) Other than those accounted for under the equity method.
(2) The carrying amounts are used as reasonable fair value approximations.
(3) The European Governments' refundable advances of €-3,856 million are measured at amortised cost. Fair values cannot be reliably measured because their risk sharing nature and the uncertainty of the repayment dates give rise to a broad range of reasonable fair value estimates and make it impossible to reasonably assess the probabilities of the various estimates within the range. This may change and reliable fair value measures become available as the related programmes approach the end of production.

The following table presents the carrying amounts and fair values of financial instruments by class and by IFRS 9 measurement category as of 31 December 2022:

(In € million)	Fair value through profit or loss	Fair value through OCI	Financial assets and liabilities at amortised cost		Financial instruments total	
			Amortised cost	Fair value	Book value	Fair value
Assets						
Other investments and other long-term financial assets						
Equity investments [1]	1,474	1,166	0	0	2,640	2,640
Customer financing	86	0	0	0	86	86
Other loans [2]	0	0	2,129	2,129	2,129	2,129
Trade receivables	0	0	4,953	4,953	4,953	4,953
Contract assets	0	0	1,527	1,527	1,527	1,527
Other financial assets						
Derivative instruments	1,894	0	0	0	1,894	1,894
Non-derivative instruments	0	0	1,429	1,429	1,429	1,429
Securities	0	7,775	0	0	7,775	7,775
Cash and cash equivalents	11,135	1,001	3,687	3,687	15,823	15,823
Total	**14,589**	**9,942**	**13,725**	**13,725**	**38,256**	**38,256**
Liabilities						
Financing liabilities						
Bonds and commercial papers	0	0	(8,681)	(9,071)	(8,681)	(9,071)
Liabilities to financial institutions and others	0	0	(2,358)	(2,358)	(2,358)	(2,358)
Finance lease liabilities [2]	0	0	(1,734)	(1,734)	(1,734)	(1,734)
Other financial liabilities						
Derivative instruments	(9,613)	0	0	0	(9,613)	(9,613)
European Governments' refundable advances [3]	0	0	(3,857)	(3,857)	(3,857)	(3,857)
Others	0	(83)	(636)	(636)	(719)	(719)
Trade liabilities	0	0	(13,261)	(13,261)	(13,261)	(13,261)
Total	**(9,613)**	**(83)**	**(30,527)**	**(30,917)**	**(40,223)**	**(40,613)**

(1) Other than those accounted for under the equity method.
(2) The carrying amounts are used as reasonable fair value approximations.
(3) The European Governments' refundable advances of €-3,857 million are measured at amortised cost. Fair values cannot be reliably measured because their risk sharing nature and the uncertainty of the repayment dates give rise to a broad range of reasonable fair value estimates and make it impossible to reasonably assess the probabilities of the various estimates within the range. This may change and reliable fair value measures become available as the related programmes approach the end of production.

Fair Value Hierarchy

Fair value of financial instruments — The fair value of quoted investments is based on current market prices. If the market for financial assets is not active, or in the case of unlisted financial instruments, the Company determines fair values by using generally accepted valuation techniques on the basis of market information available at the end of the reporting period. Derivative instruments are generally managed on the basis of the Company's net exposure to the credit risk of each particular counterparty and fair value information is provided to the Company's key management personnel on that basis. For these derivative instruments, the fair value is measured based on the price that would be received to sell a net long position, or transfer a net short position, for a particular credit risk exposure as further described below.

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 for the three levels of the **fair value hierarchy** as of 31 December 2023 and 2022, respectively:

	2023				2022			
(In € million)	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity Investments	2,084	0	714	2,798	1,896	0	744	2,640
Derivative instruments	0	1,227	0	1,227	0	1,894	0	1,894
Securities	8,809	0	0	8,809	7,775	0	0	7,775
Customer financing	0	0	116	116	0	0	86	86
Cash equivalents	12,409	1,010	0	13,419	11,135	1,001	0	12,136
Total	**23,302**	**2,237**	**830**	**26,369**	**20,806**	**2,895**	**830**	**24,531**
Financial liabilities measured at fair value								
Derivative instruments	0	(4,750)	0	(4,750)	0	(9,529)	(84)	(9,613)
Other financial liabilities	0	0	(86)	(86)	0	0	(83)	(83)
Total	**0**	**(4,750)**	**(86)**	**(4,836)**	**0**	**(9,529)**	**(167)**	**(9,696)**

The development of financial instruments of Level 3 is as follows:

(In € million)	Derivatives	Participations	Customer financing	Total	Written put options on NCI interests	Commodity swap agreements	Total
Balance at 1 January 2022	**0**	**703**	**118**	**821**	**(16)**	**(78)**	**(94)**
Business combination	0	0	0	0	0	0	0
Profit or loss	0	0	(32)	(32)	0	(98)	(98)
Equity	0	41	0	41	(67)	0	(67)
Settlements	0	0	0	0	0	92	92
Release	0	0	0	0	0	0	0
Balance at 31 December 2022	**0**	**744**	**86**	**830**	**(83)**	**(84)**	**(167)**
Business combination	0	0	0	0	0	0	0
Profit or loss	0	0	30	30	0	84	84
Equity	0	(31)	0	(31)	(3)	0	(3)
Settlements	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0
Balance at 31 December 2023	**0**	**714**	**116**	**830**	**(86)**	**0**	**(86)**

As at 31 December 2023, the fair value of the written put options on non-controlling interests ("NCI puts") relating to ACLP amounts to €86 million (2022: €83 million) and includes an additional funding of ACLP by IQ in 2023.

The fair value of these NCI puts is derived from a discounted cash flow analysis using the latest operating plan and a projection over the lifetime of the A220 programme. In addition, a post-tax WACC of 9.30% is used to discount the forecasted cash flows, taking into account the specificities of the programme (2022: 9.74%).

Financial Assets Designated at Fair Value through Profit or Loss

The following types of financial assets held at 31 December 2023 and 2022, respectively, are designated at fair value through profit or loss:

(In € million)	**Nominal amount at initial recognition at 31 December 2023**	**Fair value at 31 December 2023**	Nominal amount at initial recognition at 31 December 2022	Fair value at 31 December 2022
Designated at fair value through profit or loss at recognition:				
Money market funds	12,410	12,410	11,135	11,135
Foreign currency funds of fixed income funds	0	0	0	0
Total	**12,410**	**12,410**	**11,135**	**11,135**

The Company manages these assets and measures their performance on a fair value basis.

Fair Value Measurement Method

The Company uses the following methods to measure fair values:

Equity instruments — The fair values of listed equity instruments reflect quoted market prices. For non-listed equity investments for which quoted market prices are not available, the Company determines the fair values using valuation methods such as net asset values, discounted cash flow method or a comparable valuation technique.

Customer financing assets and other loans — The carrying amounts reflected in the annual accounts are used as a proxy for fair value.

Contract assets, trade receivables and other receivables — The carrying amounts reflected in the annual accounts are used as reasonable estimates of fair value because of the relatively short period between the receivables' origination and their maturity.

Securities — The fair values of securities reflect their quoted market price at the end of the reporting period.

Cash and cash equivalents — include cash in hand, cash in banks, checks, fixed deposits as well as commercial papers and money market funds. The carrying amounts reflected in the annual accounts are used as reasonable estimates of fair value because of the relatively short period between the origination of the instrument and its maturity or due date. The fair value of commercial papers is determined based on Level 2 input by discounting future cash flows using appropriate interest rates. The fair values of money market funds are determined by reference to their quoted market price.

Derivatives — The fair values of derivative instruments reflect quoted market prices, where available, but in most cases are determined using recognised valuation techniques such as option-pricing models (*e.g.* Black & Scholes model) and discounted cash flow models. The valuation is based on observable market data such as currency rates, currency forward rates, interest rates and yield curves, commodity forward prices as well as price and rate volatilities obtained from recognised vendors of market data. Furthermore, to the extent that these instruments are subject to master netting arrangements and similar agreements and managed on the basis of net credit exposure, their fair values reflect credit and debit value adjustments based on the net long or net short position that the Company has with each counterparty. Except for certain short-term commodity contracts and derivatives presented in the Level 3 section above, derivative fair values are measured based on Level 2 input.

Financing liabilities — The fair values disclosed for financing liabilities, other than those of issued bonds and commercial papers, are determined based on Level 2 input by discounting scheduled or expected cash flows using appropriate market interest rates. The fair values disclosed for the issued EMTN and US dollar bonds reflect public price quotations that qualify as Level 1 input. For issued commercial papers, the carrying amounts reflected in the annual accounts are used as reasonable estimates of fair value because of the relatively short period between the origination of these instruments and their maturity.

Trade liabilities and current other financial liabilities — For the same reason as trade receivables, carrying amounts are used as reasonable fair value approximations for trade liabilities and current other financial liabilities.

The following interest rate curves are used in the determination of the fair value in respect of the derivative financial instruments as of 31 December 2023 and 2022:

	31 December					
	2023	2022	**2023**	2022	**2023**	2022
(Rate in %)	€		US$		£	
6 months	3.65	2.39	5.15	4.75	5.14	4.03
1 year	3.12	2.80	4.78	4.79	4.67	4.30
5 years	2.01	2.62	3.55	3.66	3.20	3.81
10 years	2.04	2.58	3.47	3.47	3.10	3.44

37.3 Potential Effect of Set-Off Rights on Recognised Financial Assets and Liabilities

The Company reports all its financial assets and financial liabilities on a gross basis. With each derivative counterparty there are master netting agreements in place providing for the immediate close-out of all outstanding derivative transactions and payment of the net termination amount in the event a party to the agreement defaults or another defined termination event occurs. Furthermore, securities lending transactions are accounted for as collateralised borrowings. As a result, the securities pledged as collateral continue to be recognised on the balance sheet and the amount of cash received at the outset of the transaction is separately recognised as a financial liability. The following tables set out, on a counterparty specific basis, the potential effect of master netting agreements and collateralised borrowings on the Company's Financial Position, separately for financial assets and financial liabilities that were subject to such agreements as of 31 December 2023 and 2022, respectively:

(In € million)	Gross amounts recognised	Gross amounts recognised set off in the Financial Statements	Net amounts presented in the Financial Statements	Related amounts not set off in Statement of Financial Position		Net amount
				Financial instruments	Cash collateral received	
31 December 2023						
Financial asset	1,180	0	1,180	(1,170)	0	**10**
Financial liabilities	4,710	0	4,710	(1,170)	0	**3,540**
31 December 2022						
Financial asset	1,821	0	1,821	(1,820)	0	**1**
Financial liabilities	9,449	0	9,449	(1,820)	0	**7,629**

37.4 Notional Amounts of Derivative Financial Instruments

The contract or notional amounts of derivative financial instruments shown below do not necessarily represent amounts exchanged by the parties and, thus, are not necessarily a measure for the exposure of the Company through its use of derivatives.

The notional amounts of **foreign exchange derivative financial instruments** are as follows, specified by year of expected maturity:

(In € million)	Remaining period						
	1 year	2 years	3 years	4 years	5 years	> 5 years	Total
31 December 2023							
Net forward and swap contracts	17,470	13,559	11,002	8,122	4,885	(22)	**55,016**
31 December 2022							
Net forward sales contracts	20,076	18,636	12,128	8,100	7,284	1,201	**67,425**

The following table sets out the notional amount of foreign exchange hedges in place as of 31 December 2023 relating to the commercial activities of Airbus, and the average euro converted rates applicable to corresponding EBIT.

(In $ million)	2024	2025	2026	2027	2028+	Total
Total hedges	**21,548**	**16,594**	**13,303**	**9,701**	**5,949**	**67,097**
Forward rates						
€/US$	1.21	1.21	1.25	1.30	1.27	1.24

In 2023 new hedge contracts of US$12.2 billion (2022: US$7.5 billion) were added at an average rate of 1.11 US$/€(2022: 1.12 US$/€).

As of 31 December 2023, the total hedge portfolio with maturities up to 2029 amounts to US$67.1 billion (2022: US$76.4 billion) and covers a significant portion of the foreign exchange exposure expected over the hedging horizon. The average US$/€ hedge rate of the US$/€ hedge portfolio until 2029 amounts to 1.24 US$/€(2022: 1.24 US$/€).

(In £ million)	2024	2025	2026	2027	2028+	Total
Total hedges	**1,020**	**794**	**701**	**475**	**414**	**3,405**
Forward rates						
€/£	0.88	0.90	0.91	0.92	0.93	0.90

Since 2021, €/£ hedges were implemented in order to cover the GBP exposure of the Company.

The notional amounts of **interest rate contracts** are as follows:

	Remaining period								
(In € million)	1 year	2 years	3 years	4 years	5 years	6 years	7 years	> 7 years	Total
31 December 2023									
Interest rate contracts	823	561	1,355	1,357	611	500	1,250	3,579	**10,036**
31 December 2022									
Interest rate contracts	0	823	561	1,355	1,406	611	500	4,150	**9,406**

Please also refer to "– Note 36.3: Financing Liabilities".

The notional amounts of **commodity contracts** are as follows:

	Remaining period					
(In € million)	1 year	2 years	3 years	4 years	> 4 years	Total
31 December 2023	122	74	31	0	0	**228**
31 December 2022	13	4	0	0	0	**17**

The notional amounts of **equity swaps** are as follows:

	Remaining period					
(In € million)	1 year	2 years	3 years	4 years	> 4 years	Total
31 December 2023	41	34	0	0	0	**75**
31 December 2022	17	22	14	0	0	**53**

37.5 Derivative Financial Instruments and Hedge Accounting Disclosure

The following table presents the **reconciliation of AOCI**, net of tax, resulting from cash flow hedge accounting as of 31 December 2023 and 31 December 2022:

	31 December	
	2023	2022
(In € million)	Hedge reserve	
Opening balance	**5,688**	**3,448**
Foreign exchange contracts	(1,374)	5,575
Others	(7)	34
Changes in fair values	**(1,381)**	**5,609**
Foreign exchange contracts	(2,072)	(2,358)
Others	(4)	(7)
Amount reclassified to profit or loss (matured hedges)	**(2,076)**	**(2,365)**
Foreign exchange contracts	165	(146)
Others	0	(1)
Amount classified to profit or loss (inefficiency)	**165**	**(147)**
Tax impact	**902**	**(857)**
Closing balance	**3,298**	**5,688**

The following table presents the amounts relating to **items designated as hedging instruments and hedge ineffectiveness** for cash flow hedges as of 31 December 2023:

	Carrying values		OCI			
(In € million)	Asset	Liability	Changes in values of the hedging instrument	Other changes in value of the hedge reserve	Hedge inefficiency recorded in financial result	Amounts reclassified from hedge reserve to profit or loss
Foreign currency risk						
Net forward sales contracts	986	(3,529)	(2,369)	995	165	(2,072)
Foreign exchange options	0	0	0	0	0	0
Embedded Derivatives	0	(37)	(12)	0	0	(4)
Interest rate risk	0	0	0	0	0	0
Commodity swap risk	1	0	5	0	0	0
Equity swap risk	10	1	0	0	0	0
Total	**997**	**(3,565)**	**(2,376)**	**995**	**165**	**(2,076)**

The following table presents the amounts relating to **items designated as hedging instruments and hedge ineffectiveness** for cash flow hedges as of 31 December 2022:

	Carrying values		OCI			
(In € million)	Asset	Liability	Changes in values of the hedging instrument	Other changes in value of the hedge reserve	Hedge inefficiency recorded in financial result	Amounts reclassified from hedge reserve to profit or loss
Foreign currency risk						
Net forward sales contracts	1,492	(7,643)	4,429	1,146	(146)	(2,358)
Foreign exchange options	0	0	0	0	0	0
Embedded Derivatives	0	(60)	36	0	0	(7)
Interest rate risk	0	0	0	0	0	0
Commodity swap risk	6	0	(2)	0	(1)	0
Equity swap risk	1	(4)	0	0	0	0
Total	**1,499**	**(7,707)**	**4,463**	**1,146**	**(147)**	**(2,365)**

37.6 Net Gains or Net Losses

The Company's net gains or net losses recognised in profit or loss in 2023 and 2022, respectively, are as follows:

(In € million)	**2023**	2022
Financial assets or financial liabilities at fair value through profit or loss		
Held for trading	182	497
Designated on initial recognition	(110)	95
Financial assets at amortised cost	(63)	(232)
Financial assets at fair value through OCI (previously available-for-sale)	(66)	55
Financial liabilities measured at amortised cost	263	(75)

Net losses of €-350 million (2022: €-1,169 million) are recognised directly in equity relating to financial assets at fair value.

Interest income from financial assets or financial liabilities through profit or loss is included in net gains or losses.

37.7 Impairment Losses

Loss allowances — For its portfolio of debt instruments including bonds, term deposits and commercial papers, the Company measures loss allowances at an amount that represents credit losses resulting from default events that are possible within the next 12 months, unless the credit risk on a financial instrument has increased significantly since initial recognition. In the event of such significant increase in credit risk the Company measures loss allowances for that financial instrument at an amount equal to its life-time expected losses, *i.e.* at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument.

The Company applies the low credit risk exemption allowing the Company to assume that there is no significant increase in credit risk since initial recognition of a financial instrument, if the instrument is determined to have low credit risk at the reporting date. Similarly, the Company has determined that its trade receivables and contract assets generally have low credit risk. The Company applies the simplified approach permitted by IFRS 9 of measuring expected credit losses of trade receivables and contract assets on a lifetime basis from initial recognition.

Investment grade instruments — The Company considers a significant increase in credit risk to have occurred, if there is a downgrade by four notches such that the instrument moves into a high yield bucket as a direct result of the downgrade. With respect to instruments that were high yield at initial recognition, a downgrade by four notches is considered as a significant increase in credit risk.

	Stage 1	Stage 2	Stage 3	
(In € million)	12-month ECL	Life-time ECL	Credit impaired ECL	Total
At 1 January 2023	17.22	8.35	26.71	52.28
Change in financial assets	(0.83)	10.11	27.08	36.36
Change in risk parameters	(8.09)	4.55	(4.08)	(7.62)
At 31 December 2023	**8.30**	**23.01**	**49.71**	**81.02**

	Stage 1	Stage 2	Stage 3	
(In € million)	12-month ECL	Life-time ECL	Credit impaired ECL	Total
At 1 January 2022	12.08	20.74	18.77	51.59
Change in financial assets	3.82	(5.44)	(1.47)	(3.09)
Change in risk parameters	1.32	(6.95)	9.41	3.78
At 31 December 2022	**17.22**	**8.35**	**26.71**	**52.28**

The following table breaks down the **gross carrying amount of loans and receivables** as of 31 December 2023 and 2022, separately showing those that are impaired, renegotiated or past due:

(In € million)	Not past due	Renegotiated / not past due / not impaired	Gross impaired	Past due ≤ 3 months	Past due > 3 and ≤ 6 months	Past due > 6 and ≤ 9 months	Past due > 9 and ≤ 12 months	Past due > 12 months	Impairment	**Total**
31 December 2023										
Trade receivables	3,620	0	249	410	127	101	125	452	(359)	4,725
Contract assets	1,850	0	0	0	0	0	0	0	(1)	1,849
Others	2,934	1	147	337	134	32	50	700	(191)	4,144
Total	**8,404**	**1**	**396**	**747**	**260**	**134**	**175**	**1,152**	**(551)**	**10,717**

(In € million)	Not past due	Renegotiated / not past due / not impaired	Gross impaired	Past due ≤ 3 months	Past due > 3 and ≤ 6 months	Past due > 6 and ≤ 9 months	Past due > 9 and ≤ 12 months	Past due > 12 months	Impairment	Total
31 December 2022										
Trade receivables	3,727	0	376	373	147	132	99	479	(380)	4,953
Contract assets	1,528	0	0	0	0	0	0	0	(1)	1,527
Others	2,552	2	93	131	391	116	7	452	(188)	3,556
Total	**7,807**	**2**	**469**	**504**	**538**	**248**	**106**	**931**	**(569)**	**10,036**

The management believes that the unimpaired amounts that are past due are still collectible in full, based on historic payment behaviour and analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The following **impairment losses** on financial assets are recognised in profit or loss in 2023 and 2022, respectively:

(In € million)	**2023**	2022
Trade receivables	(19)	(65)
Contract assets	0	0
Total	**(19)**	**(65)**

2.8 Other Notes

38. Litigation and Claims

Litigation and claims — Various legal actions, governmental investigations, proceedings and other claims are pending or may be instituted or asserted in the future against the Company. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with certainty. Provisions have been accounted for in accordance with IFRS criteria. It is reasonably possible that the final resolution of some of these matters may require the Company to make expenditures, in excess of established provisions over an extended period of time and in a range of amounts that cannot be reasonably estimated. The term "reasonably possible" is used herein to mean that the chance of a future transaction or event occurring is more than remote but less than likely.

The Company is involved from time to time in various governmental, legal and arbitration proceedings in the ordinary course of its business, the most significant of which are described below. Other than as described below, there are no material governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) 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.

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

During 2023, the various proceedings in relation to the final agreements ("the agreements") reached 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), and the US Department of State ("DoS") and the DoJ (resolving their investigations into inaccurate and misleading filings made with the DoS pursuant to the US International Traffic in Arms Regulations ("ITAR")), were concluded.

The agreements were approved and made public on 31 January 2020. Under their terms, 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, and all penalties have been paid. 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 could be used for approved remedial compliance measures.

Under the terms of the *Convention judiciaire d'intérêt public* ("CJIP") with the PNF, the Company had 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 was imposed on the Company in light of the continuing monitorship conducted by the AFA.

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

The agreements resulted in the suspension of prosecution for a duration of three years. This deferral period ended on 31 January 2023. On 13 February 2023, the SFO gave notice to the Company discontinuing the prosecution. On 17 March 2023, the PNF gave notice of the same with receipt of the *Constat de l'extinction de l'action publique*. On 28 July 2023 the DoJ filed a motion to dismiss which was granted by the court on 10 August 2023. With receipt of the aforementioned notices, the CJIP with the PNF, the DPA with the SFO and the DPA with the DoJ were formally concluded.

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

As a result of the Company's decision to redirect export control compliance resources to ensure compliance with export control restrictions and international sanctions announced against Russia, Belarus and certain Russian entities and individuals following Russia's invasion of Ukraine on 24 February 2022, the Company asked the DoS to extend the Consent Agreement an additional nine months from its original expiration date, and the DoS granted this extension. On 26 October 2023, the Company received notice from the DoS of the closure of the Consent Agreement based on the fulfilment of its terms.

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 marketplace.

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

In the wake of the agreements and settlements described above, several consultants and other third parties 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 2021 the Company received notification of two separate claims and in March 2022 of a third claim, each filed in the Netherlands purportedly on behalf of Airbus investors. These claims (the "Dutch claims") assert that the Company violated its reporting obligations, allegedly leading to an impact on the Company's share price, by failing to adequately inform investors and providing false or misleading information about its use of intermediaries and alleged corrupt practices, its related financial exposure, internal investigations and subsequent measures taken by the Company, and the related criminal investigations leading to the Company's agreements approved on 31 January 2020 with the French PNF, the UK SFO, the US DoJ and the US DoS.

The first Dutch claim was filed with the Amsterdam District Court in August 2021 by a special purpose vehicle incorporated under the laws of Guernsey, an assignee purportedly representing numerous private shareholders and institutional investors, seeking a declaratory judgment with damages to be assessed in follow on proceedings.

The second Dutch claim was filed in December 2021 following a demand letter sent by a foundation incorporated under the laws of the Netherlands, a purported representative of unnamed institutional and retail investors worldwide, starting a class action against the Company before the Dutch courts. This second Dutch claim targets the Company, certain of the Company's current and former directors and officers, and the Company's current and former auditors.

The third Dutch claim was a class action filed in April 2022 against the Company by a foundation incorporated under the laws of the Netherlands. In accordance with Dutch procedural law, the two Dutch class action claims are treated jointly as one case.

The Dutch claims followed the filing in 2020 of a putative class action lawsuit in US federal court in the state of New Jersey, against Airbus SE and members of its current and former management. The US complaint asserted violations of US securities laws, alleging 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 matter was fully and finally settled on 30 September 2022 in exchange for a payment in the amount of $5 million USD without any acknowledgement of liability.

On 30 August 2023, the first Dutch claim was dismissed on the merits, with the plaintiff appealing this dismissal on 29 November 2023. On 20 September 2023, the second and third Dutch claims were dismissed on procedural grounds, which plaintiffs appealed on 19 December 2023. The calendar for appeal proceedings on both matters extends at least to 2025 and could take longer.

The Company cannot exclude the possibility that additional claims are filed related to this subject matter attempting different theories of recovery in the same or different jurisdictions.

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 judgment 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 as 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 a trial for involuntary manslaughter. The Company's appeal to the French Supreme Court was dismissed. Following a trial in the fourth quarter of 2022, the Paris Criminal Court announced on 17 April 2023 that all criminal charges against the Company were dismissed but sustained certain civil liability claims. On 26 April 2023, the Paris General Prosecutor filed an appeal of the dismissal of criminal charges against Airbus and Air France. As a consequence, there will be a full retrial of the matter, which the Company expects will be scheduled to take place in 2024 or 2025.

Grand Canyon Helicopter Accident

On 10 February 2018, a fatal accident occurred in the Grand Canyon at a site called Quartermaster in Arizona involving an EC130 B4 helicopter operated by Papillon Helicopters impacting the canyon floor and catching fire, leading to five fatalities and two severely injured persons. Following the accident, product liability claims were filed in Nevada state court in the US, including claims by the estate and parents of a deceased passenger and by the injured pilot of the helicopter. On 6 May 2023 the claim of the pilot was settled, with no admission of liability on behalf of the Company. In January 2024, the last remaining claim with a passenger family was settled, with no admission of liability on behalf of the Company, in the amount of $100 million USD, shared between Airbus Helicopters and Papillon Helicopters.

Other Investigations

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 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. In 2021 the Munich prosecution issued a penalty notice against Airbus Defence and Space GmbH for €10 million for negligent violation of supervisory duties in connection with this matter. The Company continues to fully cooperate with relevant authorities.

39. Auditor Fees

With reference to Section 2:382a (1) and (2) of the Netherlands Civil Code, the following fees for the financial year 2023 have been charged by EY to the Company, its subsidiaries and other consolidated entities:

(In € thousand)	**2023**	2022
Audit of the Financial Statements	12,656	11,975
Other audit engagements	798	485
Tax services	233	316
Other non-audit services	3,691	793
Total	**17,378**	**13,569**

Other audit firms have audit fees related to audit process, certification and examination of individual and consolidated accounts of €8 million in 2023 (2022: €7 million).

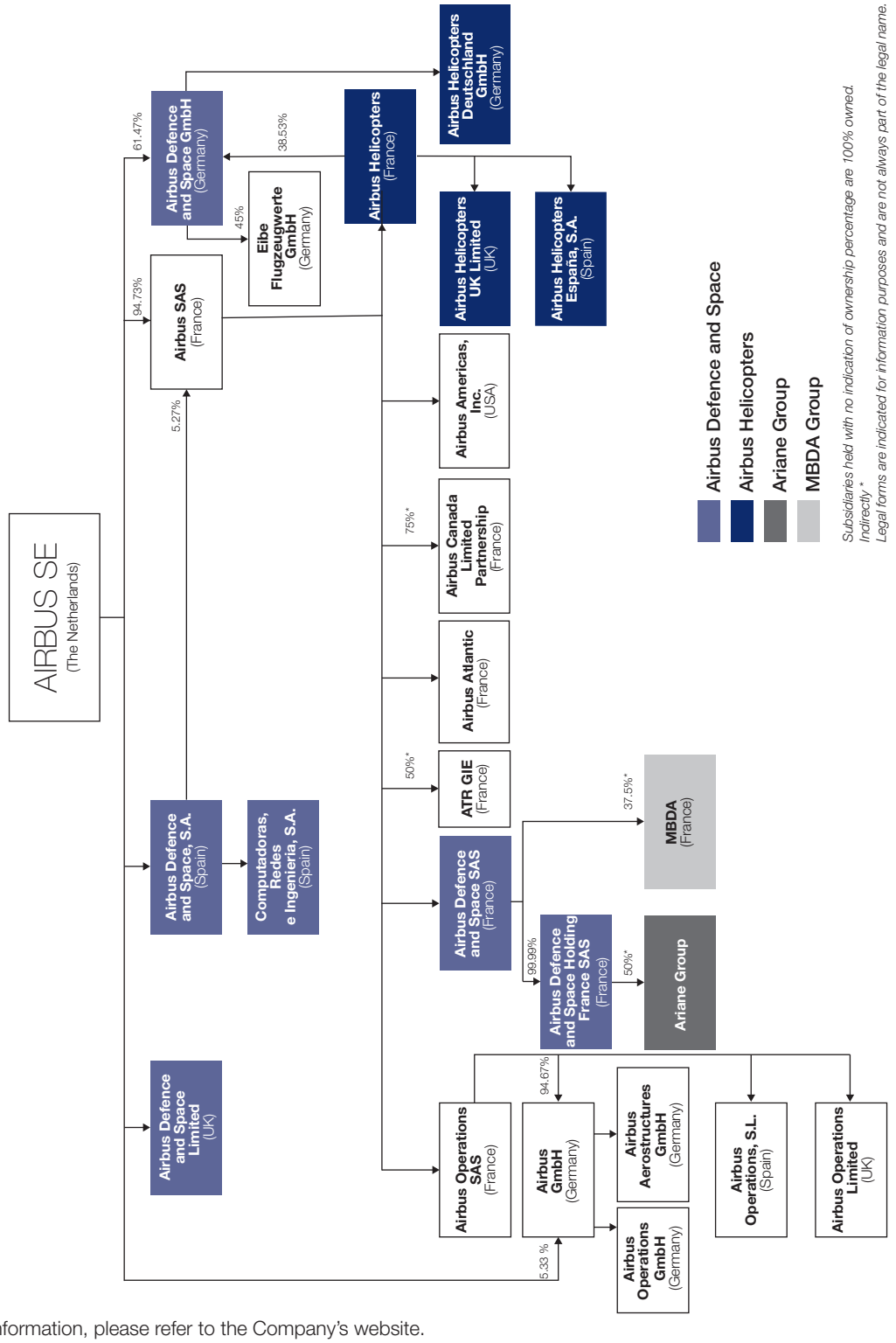
40. Events after the Reporting Date

Airbus U.S. Space & Defense, Inc. acquired from Eutelsat OneWeb its 50% share of the Airbus OneWeb Satellites (AOS) joint venture, making Airbus the 100% owner of AOS and the satellite manufacturing facility in Merritt Island, Florida. The Airbus OneWeb Satellites joint venture, established in 2016, built more than 600 satellites at the rate of two per day for the OneWeb first generation constellation, currently operating on-orbit.

Airbus Helicopters has signed an agreement to acquire Aerovel, the maker of Flexrotor, a small tactical unmanned aerial system designed for intelligence, surveillance, target acquisition and reconnaissance (ISTAR) missions at sea and over land. Aerovel, based in Bingen, Washington, will remain a US-owned company and will continue to collaborate with the US DoD under Airbus' Special Security Agreement (SSA). The acquisition is subject to regulatory approvals and customary closing conditions, with closing expected in 2024.

2.9 Appendix

2.9.1 "Simplified Airbus structure"



For further information, please refer to the Company's website.

Independent auditor's report

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

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of Airbus SE (the Company) based in Amsterdam, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Airbus SE as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and IFRS company statement of financial position as at 31 December 2023
- The following statements for 2023: the consolidated and IFRS company income statement, the consolidated and IFRS company statements of comprehensive income, changes in equity and cash flows
- The notes comprising material accounting policy information 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 Airbus SE in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, 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.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

The Company is globally active in developing, producing and delivering aeronautics and aerospace products and related services. The Company is structured in segments, and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment. We refer to the key audit matters for those areas.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€292 million (2022: €281 million)
Benchmark applied	5% of EBIT Adjusted (2022: 5% of EBIT Adjusted)
Explanation	We consider EBIT Adjusted as the most appropriate benchmark as it best aligns with the financial performance expectations of those charged with governance at Airbus SE and in our assessment of users of the Company's financial statements.

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 board of directors that any misstatements in excess of €15 million (5% of materiality mentioned above), that are identified during the audit, would be reported to them, as well as any smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Airbus SE is at the head of a group of entities. The financial information of the group is included in the consolidated financial statements.

Because we are ultimately responsible for our opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit had to be carried out on the complete set of financial information or on specific items.

The entities are grouped by the Company into three business segments (divisions): Airbus, Airbus Helicopters and Airbus Defence and Space. The audit of the three segments is performed jointly by EY and KPMG. The audits of the entities in scope are performed in the countries these entities are located in, by either EY or KPMG network firms or by both.

In total the scope of our audit procedures covered 95% of total consolidated revenue, 93% of total consolidated assets and 100% of total consolidated EBIT and all adjustments to EBIT. For the remaining entities making up 5% of revenues and 7% of total assets, we performed, amongst others, analytical procedures to corroborate our assessment that the financial statements are free from material misstatements.

We executed an audit plan that includes participation in risk assessment and planning discussions, setting the direction of the group audit work (including instructions to the divisional and entity auditors), reviewing and discussing the planned audit approach, obtaining an understanding of the financial reporting process and performing procedures on the group consolidation, participating in the evaluation of key accounting topics, reviewing the financial statements and participating in meetings with the management of the Company and its divisions. In our audit instructions, we also included targeted audit procedures regarding the risks of material misstatement associated with the key programs as well as targeted audit procedures regarding the risk of material misstatement due to non-compliance with laws and regulations. We furthermore executed file reviews at division level.

By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group level, division level and at in-scope component level included the appropriate skills and competences which are needed for the audit of the financial statements of this listed company in the aerospace industry.

We involved several EY specialists to assist the audit team, including specialists from our tax, actuarial, treasury, valuation and forensic departments.

Our focus on climate risks and the energy transition

Climate change and energy transition are high on the public agenda. Issues such as CO_2 reduction (potentially) impact financial reporting, as these issues entail risks for the business operation,
the valuation of assets (stranded assets) and provisions or the sustainability of the business model
and access to financial markets of companies with a larger CO_2 footprint. The Company reported in Section 4.6.4 of the report of the board of directors how they addressed the climate related risks.
In Section 6.1.2 of the report of the board of directors, the Company discloses its assessment, implementation plans and ambitions in connection to climate-related risks and the effects of energy transition.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition and the Company's implementation plans and ambitions in this regard, are taken into account in estimates and significant assumptions, as well as in the design of controls related to relevant estimates and assumptions. Furthermore, we read the report of the board of directors and considered whether there is any material inconsistency between the non-financial information and the financial statements.

Our audit procedures to address the assessed climate-related risks and the possible effects of the energy transition did not result in a key audit matter. However, we describe the audit procedures responsive to the assessed risk such as the valuation of long-lived assets in the description of our audit approach for the key audit matter Recoverability of key program assets - long-lived assets.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect all fraud or non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. 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 override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud (also referred to as fraud risks or risks of fraud). During our audit, we obtained an understanding of the Company and its environment and the components of the system of internal control, including the risk assessment process and the process for responding to the risks of fraud and monitoring the system of internal control, as well as the outcomes. We also considered how the audit committee and the Ethics, Compliance and Sustainability Committee exercise oversight on behalf of the board of directors.
We refer to Section 4.6 of the report of the board of directors for the risk assessment including the assessment of risk of fraud that might result in non-compliance with anti-corruption laws and regulation.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistleblower procedures and incident registration.
We evaluated the design and the implementation and, where considered appropriate in the context of our audit of the financial statements, tested the operating effectiveness of controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic and legal specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud or non-compliance with laws and regulations is present. For our audit response related to the risk of non-compliance with laws and regulations, including bribery and corruption, we refer to the next section.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed, amongst others, procedures regarding the evaluation of key accounting estimates for management override in particular relating to important judgment areas as disclosed in Note 5 Key Estimates and Judgements to the financial statements. We have also used data analytics to identify and address high-risk journal entries and evaluated the business rationale
(or the lack thereof) of any significant extraordinary transactions, including those with related parties.

In addition, we identified the following fraud risks requiring significant attention during our audit:

Risks related to management override of controls in the determination of margin at completion and recoverability of key program assets	
Fraud risk	In our audit we gave significant attention to the judgments and assumptions made by management in the determination of the provision for onerous contracts, specifically the contract margin, the impairment of assets especially related to the recoverability of assets for key programs and the program-related provisions and depreciations, and considered whether the judgments and assumptions indicated a management override of controls that may represent a risk of material misstatement due to fraud.
Our audit approach	We describe the audit procedures responsive to the assessed risk of fraud in the description of our audit approach for the key audit matters: • Estimations related to revenues and costs at completion for the accounting of onerous contracts and material over time contracts • Recoverability of key program assets - long-lived assets

Risks of fraud in revenue recognition	
Fraud risk	When identifying and assessing fraud risks, we presumed that there are risks of fraud in revenue recognition. In our audit we gave significant attention to the cut-off risk of cost incurred for performance obligations satisfied over time and the cut-off risk on transfer of control for performance obligations satisfied at a point in time.
Our audit approach	We describe the audit procedures responsive to the risks of fraud in revenue recognition in the description of our audit approach for the key audit matter Revenue recognition.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal, compliance, human resources and divisional directors) and the board of directors.

The fraud risks we identified, enquiries and other available information did not lead to specific indications of fraud or suspected fraud potentially material to the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board of directors, reading minutes, reading of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures. Specifically, we have evaluated that the disclosures in
note 38 of the financial statements reflect the current status of the most significant investigations regarding suspected breaches of law and regulations. We also evaluated the appropriateness of the contingent liability disclosure (note 24) in the financial statements.

We identified the following risk of non-compliance and performed the following specific procedures:

Risk of non-compliance with anti-bribery and anti-corruption legislation	
Risk	A part of the Company's business is characterized by competition for contracts with customers in high-risk countries and which are often directly or indirectly associated with governments. In obtaining these contracts, the Company uses commercial intermediaries in a number of territories. In identifying and assessing risks, taking into account the amounts paid, we considered the risks of non-compliance with anti-bribery and anti-corruption legislation in high-risk countries, including the use of commercial intermediaries, to be an inherent risk. We refer to the discussion of legal risks in Section 4.6.3 of the report of the board of directors.
Our audit approach	We performed amongst others the following audit procedures, directed specifically to this risk and designed and performed in conjunction with our in-house forensic specialists: • We evaluated the tone set by management and the board of directors as well as the Company's approach in managing this risk. • We evaluated the overall control environment and evaluated the Company's policies and anti-bribery and anti-corruption procedures. • We made inquiries of the audit committee, as well as the Company's internal and external legal advisors as to the areas of potential or suspected breaches of law and regulations relating to bribery, including the status of ongoing investigations. To corroborate the results of those inquiries, we corroborated information received with objective evidence, third parties and we reviewed related documentation. • We tested the selection process of commercial intermediaries, related contractual arrangements and payments to intermediaries. • We maintained a high level of vigilance to possible indications of bribery and corruption whilst carrying out our other audit procedures. • We tested journal entries and other transactions with unusual characteristics using amongst other data-analytics tools. • We evaluated the activities and reporting of the monitor and assessed the incident reporting system of Airbus and follow-up on the most relevant incidents.

We also read and evaluated lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in Note 35 Capital Management and Note 37 Financial Instruments to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board of directors made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next twelve months.

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional skepticism. We considered whether the board of directors' going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern for the next twelve months. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the board of directors. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matters did not change.

Revenue recognition (Reference is made to the disclosures on Note 4 Material accounting policy information, Note 5 Key Estimates and Judgements, Note 11 Segment Information and Note 12 Revenues and Gross Margin of the financial statements)	
Risk	The Group revenue recognition is complex due to its wide range of activities (including the sale of commercial aircraft and helicopters, sale of military aircraft and helicopters, sale of space systems, and services), its various types of contracts including non-standard clauses and the duration of some contracts including long-term development activities. When identifying and assessing fraud risks, we presume that there are risks of fraud in revenue recognition relating to the estimates of margin at completion and cut-off of costs incurred related to over time contracts (notably for A400M development and space systems contracts) as well as the cut-off risk on deliveries related to point in time contracts. Furthermore, recognition of revenue includes significant management judgments and estimates including whether the contracts contain multiple performance obligations which should be accounted for separately and the determination of the most appropriate method for revenue recognition of these performance obligations. Recognition of revenues comprises the identification of potential variable considerations reducing the consideration received, allocation of these considerations to the different performance obligations and assessing if the performance obligations are satisfied over time or at a point in time.

Revenue recognition (Reference is made to the disclosures on Note 4 Material accounting policy information, Note 5 Key Estimates and Judgements, Note 11 Segment Information and Note 12 Revenues and Gross Margin of the financial statements)	
	In particular, the amount of revenue and profit recognized in a year for performance obligations satisfied at a point in time, is dependent on the transfer of control. For performance obligations satisfied over time, this is dependent on the assessment of the stage of completion of performance obligations, as well as estimated total revenues and estimated total costs. The Company uses costs incurred as the method for determining stage of completion.
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of the Company's accounting policies related to revenue recognition according to IFRS15 "Revenue from contracts with customers" and whether the accounting policies have been applied consistently or whether changes, if any, are appropriate in the circumstances. In addition, we evaluated the design and implementation and, where considered appropriate in the context of our audit of the financial statements, tested the operating effectiveness of controls related to the completeness, accuracy and timing of the revenue recognized. We selected individual revenue transactions to assess proper identification of the performance obligations in the contracts and allocation of the consideration amongst the performance obligation (such as the A400M contract and space systems contracts), the completeness and valuation of the variable considerations included in the transaction price (notably for A400M contract and space systems contracts) and the timing of transfer of control. In order to evaluate the significant judgments and estimates made by management, we read supporting contractual agreements, met with sales representatives and program teams to understand and validate the nature of the various obligations to be rendered under the contract and identify and discuss specific clauses that could prevent transfer of control (mostly for the sales of commercial aircraft), obtained evidence of transfer of control such as proof of delivery, tested the costs incurred, examined computation of costs progression and assessed the reasonableness of the estimated cost to complete included in the cost-to-come method for performance obligation recognized over time (notably for A400M development and space systems contracts). We also evaluated the potential impact of the uncertain geopolitical environment including the war in Ukraine and its related sanctions, and the Company's assessment thereof. Finally, we determined that appropriate disclosures were made in the financial statements.

Estimations related to revenues and costs at completion for the accounting of onerous contracts and material over time contracts (Reference is made to the disclosure on Note 4 Material Accounting Policies, Note 5 Key Estimates and Judgements, Note 12 Revenues and Gross Margin and Note 24 Provisions, Contingent Assets and Contingent Liabilities of the financial statements)	
Risk	The Group has a large portfolio of long-term contracts for which it needs to assess the revenues and costs at completion in order to recognize a provision for onerous contract if needed, and to account for revenue related to material over time contracts. Provisions for onerous contracts such as for the A400M contract are recognized when it becomes probable that the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under the contract. The identification and determination of the provisions for onerous contracts and revenue recognition of over time contracts require management's significant judgment and assumptions associated with estimated revenue and costs at completion of the program, the achievement of technical milestones, production plan, performance guarantees as well as key risks such as expected outcome from ongoing negotiations with customers, penalties for delay or technical non-compliance. We also considered the potential risk of management override of controls or other inappropriate influence over the financial reporting process.
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of the Company's accounting policies related to estimations for onerous contracts according to IAS 37 "Provisions, contingent liabilities and contingent assets" and whether the accounting policies have been applied consistently or whether changes, if any, are appropriate in the circumstances. We evaluated the design and implementation and, if considered appropriate in the context of our audit of the financial statements, tested the operating effectiveness of controls for accounting for onerous contracts and for the assessment of revenues and costs at completion. We also performed substantive procedures on individually significant programs. We evaluated management's assumptions in the identification and determination of, amongst others, the stage of completion of a project and estimates to complete for both revenue and costs. We tested the costs incurred to date and the accuracy or appropriateness, and completeness of the data used in developing these key estimates. We also evaluated management's assessment of key contract risks and opportunities to determine whether these are appropriately reflected in the total estimated costs at completion, paid specific attention to technical and market developments including inflation risks and ongoing litigations, contractual obligations and negotiations with customers. We performed inquiries with the program teams and Heads of Programs in order to confirm our understanding of the program status and associated risks which may affect total estimated costs at completion.

Estimations related to revenues and costs at completion for the accounting of onerous contracts and material over time contracts (Reference is made to the disclosure on Note 4 Material Accounting Policies, Note 5 Key Estimates and Judgements, Note 12 Revenues and Gross Margin and Note 24 Provisions, Contingent Assets and Contingent Liabilities of the financial statements)	
	We challenged management's key assumptions by discussing and reviewing correspondence with customers, considered the accuracy or appropriateness, and consistency of similar estimates made in previous years and corroborated the key assumptions with the latest contractual information. Finally, we determined that appropriate disclosures were made in the financial statements.

Recoverability of key program assets - long-lived assets (Reference is made to the disclosures on Note 4 Material Accounting Policies, Note 19 Intangible Assets and Note 20 Property, Plant and Equipment of the financial statements)	
Risk	Recoverability of capitalized program development costs, other intangible assets and jigs and tools (long-lived assets) needs to be tested if there is an indicator of impairment or the reversal thereof. The main estimates to determine if an impairment of long-lived assets has to be recognized are the future cash flows and the appropriate discount rates. Due to the inherent uncertainty involved in forecasting future revenues and costs and interpreting contractual and commercial positions in determining impairments especially for material early-stage/multi-year programs, this is a key audit area. We considered whether the key judgments and assumptions indicated a management override of controls that may represent a risk of material misstatement due to fraud. Inherent uncertainties also include that new or amended climate change related laws and regulations, political decisions and/or social context may result in the need to revise existing estimates. Climate change related estimation processes, measurement systems and reporting standards are expected to further develop over time, which also might result in changes in estimates.
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of the Company's accounting policies related to estimations for recoverability of assets according to IAS 36 "Impairment of assets" and IAS 38 "Intangible assets" and evaluating whether the accounting policies have been applied consistently or whether changes, if any, are appropriate in the circumstances. We evaluated the design and implementation and, if considered appropriate in the context of our audit of the financial statements, tested the operating effectiveness of controls for identifying and recording impairments of long-lived assets.

Recoverability of key program assets - long-lived assets (Reference is made to the disclosures on Note 4 Material Accounting Policies, Note 19 Intangible Assets and Note 20 Property, Plant and Equipment of the financial statements)	
	We evaluated the analysis performed by management regarding indicators of impairment, considering notably future expected orders and deliveries. If an indicator of impairment was identified, we evaluated the integrity of management's impairment model. For long-lived assets, we evaluated management's assumptions for the discount rate, the determination of the forecasted revenue (including the timing of expected deliveries or services and estimated selling price), cost to be incurred (including any contractual penalties or inflation impact), the expected gross margin, including performing sensitivity analysis to evaluate the impact of changing some assumptions such as the discount rate or key business parameters (a.o. price, growth rate), and for the assumptions related to useful life of the program in the context of climate change. We also performed inquiry of the Program Controller and Head of Programs to confirm our understanding of the status of the program. Finally, we determined that appropriate disclosures were made in the financial statements.

Accounting for derivative financial instruments and hedge ineffectiveness (Reference is made to Note 37 Financial Instruments of the financial statements)	
Risk	The Company operates in a business environment that is exposed to currency volatility. A significant portion of the Company's revenue is denominated in US dollars, while a major part of its costs is incurred in Euros and, to a lesser extent, in Pound Sterling. In response to these currency risks the Company uses financial instruments (currency forwards) to mitigate the exposure to changes in currency rates. The Company applies cash-flow hedge accounting. The accounting policy allows the Company to re-position the foreign currency hedges and avoid hedge disqualification when a hedged aircraft is postponed. This is conditioned by the Company's ability to demonstrate the absence of a reduction in the number of hedged aircraft over the foreign currency exchange management hedging horizon. The magnitude of the Company's hedge portfolio entails a significant "mark to market" valuation risk. Furthermore, potential changes in the delivery assumptions related to aircraft cancellations, customer defaults and aircraft postponement beyond the foreign currency exchange management hedging horizon could lead to disqualification of the associated cash-flow hedges and incorrect accounting.

Accounting for derivative financial instruments and hedge ineffectiveness (Reference is made to Note 37 Financial Instruments of the financial statements)	
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of the Company's accounting policies related to valuation of financial instruments and hedge accounting according to IFRS 9 "Financial Instruments" and IFRS 13 "Fair Value Measurement" and whether the accounting policies have been applied consistently or whether changes, if any, are appropriate in the circumstances. With the involvement of our Treasury specialists, we evaluated the design and implementation and if considered appropriate in the context of our audit of the financial statements, tested the operating effectiveness of controls around the Company's central treasury system. We independently calculated the valuation of the treasury portfolio and evaluated the application of the cash flow hedge accounting rules. To the extent we considered appropriate in the context of our audit of the financial statements, we obtained counterparty confirmation of the outstanding financial instruments to verify the existence and ownership of the hedge portfolio. Based on a sample of financial derivative instruments we evaluated whether the fair value of the financial instruments was correctly determined. We verified the documentation of the hedged items supported by both the recoverable backlog and forecasted production rates over the foreign currency exchange management hedging horizon. We tested the highly probable assessment of future aircraft delivery as performed by the Company and challenged key management assumptions pertaining to order cancellation, airline default and aircraft rescheduling risks. Finally, we determined that appropriate disclosures were made in the financial statements.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's 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
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-Section 2 of the Dutch Civil Code for the remuneration report

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 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information as required by Part 9 of Book 2 of the Dutch Civil Code and for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-Section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the general meeting as auditor of Airbus SE on 28 April 2016, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

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 audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

Airbus SE has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Airbus SE, complies in all material respects with the RTS on ESEF.

The board of directors is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the board of directors combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N “Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument” (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the Company's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
  - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors and the audit committee for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee of the board of directors 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.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included amongst others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- 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 the Company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the audit committee of the board of directors regarding, amongst 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 board of directors in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the audit committee of the board of directors 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 board of directors, we determine the key audit matters as those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 15 February 2024

Ernst & Young Accountants LLP

signed by N.M. Pul

Chapter



3

Airbus SE IFRS Company Financial Statements

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IFRS Company Income Statement for the Years Ended 31 December 2023 and 2022

(In € million)	Note	**2023**	2022
Operating income		65	73
Operating expenses		(79)	(74)
Income from investments		7,477	219
Impairment of investments	7, 10	(19)	0
Total operating result	**7**	**7,444**	**218**
Interest income		1,015	311
Interest expense		(1,744)	(468)
Other financial result		167	391
Total financial result	**8**	**(562)**	**234**
Profit (Loss) before income taxes		**6,882**	**452**
Income Taxes	9	2	(17)
Profit (Loss) for the period		**6,884**	**435**

IFRS Company Statement of Comprehensive Income for the Years Ended 31 December 2023 and 2022

(In € million)	**2023**	2022
Profit (Loss) for the period	**6,884**	**435**
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Change in fair value of financial assets	280	(676)
Other comprehensive income, net of tax	**280**	**(676)**
Total comprehensive income of the period	**7,164**	**(241)**

IFRS Company Statement of Financial Position for the Years Ended 31 December 2023 and 2022

(In € million)	Note	**2023**	2022
Assets			
Non-current assets			
Investments in subsidiaries and associates	10	20,145	20,270
Long-term financial assets	11	4,497	2,040
Non-current other financial assets	11	2,280	4,233
Non-current other assets		18	14
Deferred tax assets	9	0	0
Non-current securities	15	6,986	5,662
Total non-current assets		**33,926**	**32,219**
Current assets			
Trade receivables		12	28
Short-term financial assets	11	73	35
Current other financial assets	11	2,029	3,596
Current accounts Airbus companies	11	4,663	9,670
Current other assets		167	139
Current securities	15	1,162	1,692
Cash and cash equivalents	15	14,618	13,283
Total current assets		**22,724**	**28,443**
Total assets		**56,650**	**60,662**
Equity and liabilities			
Stockholders' equity	**14**		
Capital stock		791	789
Share premium		3,983	3,837
Retained earnings		2,798	3,616
Legal reserves		(354)	(634)
Treasury shares		(390)	(68)
Result of the year		6,884	435
Total equity		**13,712**	**7,975**
Non-current liabilities			
Long-term financing liabilities	15	7,719	7,903
Non-current other financial liabilities	11	3,243	5,653
Deferred tax liabilities	9	0	0
Total non-current liabilities		**10,962**	**13,556**
Current liabilities			
Short-term financing liabilities	15	818	0
Current accounts Airbus companies	11	28,938	35,355
Current other financial liabilities	11	2,049	3,602
Current other liabilities		171	174
Total current liabilities		**31,976**	**39,131**
Total equity and liabilities		**56,650**	**60,662**

IFRS Company Statement of Cash Flows for the Years Ended 31 December 2023 and 2022

(In € million)	Note	**2023**	2022
Operating Activities			
Profit (Loss) for the period (Net income)		**6,884**	**435**
Adjustments to reconcile profit for the period to cash provided by operating activities:			
Interest income		(1,015)	(311)
Interest expense		1,744	468
Interest received		974	342
Interest paid		(1,701)	(476)
Tax expense (income)	9	(3)	17
Impairment of Investments	10	19	0
Valuation adjustments		(132)	(561)
Dividends income		(7,474)	(194)
Change in current and non-current provisions		(5)	10
Change in other operating assets and liabilities		**(10)**	**(117)**
Trade receivables		15	(9)
Trade liabilities		(6)	(44)
Other assets and liabilities and others		(19)	(64)
Cash provided by (used for) operating activities		**(718)**	**(387)**
Investing activities			
Acquisitions of subsidiaries, joint ventures, businesses and Participations (net of cash)		(765)	(2,374)
Payments for long-term financial assets		(2,957)	(1,581)
Proceeds from long-term financial assets		422	954
Proceeds from subsidiaries, joint ventures, businesses and participations (net of cash)		1,206	43
Dividends received		7,474	194
Payments for investments in securities		(2,316)	(1,674)
Proceeds from disposals of securities		1,749	1,382
Cash provided by (used for) investing activities		**4,813**	**(3,056)**
Financing activities			
Increase in financing liabilities		213	0
Repayment of financing liabilities		0	(1,569)
Change in current accounts Airbus companies [(1)]		(1,206)	6,075
Cash distribution to Airbus SE shareholders		(1,421)	(1,181)
Changes in capital		161	140
Change in treasury shares		(334)	(36)
Cash provided by (used for) financing activities		**(2,587)**	**3,429**
Effect of foreign exchange rate changes on cash and cash equivalents		(173)	152
Net increase in cash and cash equivalents		**1,335**	**138**
Cash and cash equivalents at beginning of period		**13,283**	**13,145**
Cash and cash equivalents at end of period	**15**	**14,618**	**13,283**

(1) Airbus SE maintains current accounts with group entities. Total assets and total liabilities in this regard are presented in the balance sheet. The changes in these current accounts are presented net in the Company statement of Cash Flows as reflecting the changes in net cash-pool position for the company.

IFRS Company Statement of Changes in Equity for the Years Ended 31 December 2023 and 2022

(In € million)	Note	Capital stock	Share premium	Retained earnings	Legal reserves [1]		Treasury shares	Total equity
					Financial assets at fair value	Cash flow hedges		
Balance at 1 January 2022		**787**	**3,712**	**4,682**	**42**	**0**	**(45)**	**9,178**
Profit (Loss) for the period		0	0	435	0	0	0	435
Other comprehensive income		0	0	0	(676)	0	0	(676)
Total comprehensive income for the period		*0*	*0*	*435*	*(676)*	*0*	*0*	*(241)*
Capital increase		2	125	0	0	0	0	127
Share-based payment (IFRS 2)		0	0	115	0	0	0	115
Cash distribution to Airbus SE shareholders		0	0	(1,181)	0	0	0	(1,181)
Change in treasury shares		0	0	0	0	0	(23)	(23)
Balance at 31 December 2022		**789**	**3,837**	**4,051**	**(634)**	**0**	**(68)**	**7,975**
Profit (Loss) for the period		0	0	6,884	0	0	0	6,884
Other comprehensive income		0	0	0	280	0	0	280
Total comprehensive income for the period		*0*	*0*	*6,884*	*280*	*0*	*0*	*7,164*
Capital increase	14	2	146	0	0	0	0	148
Share-based payment (IFRS 2)		0	0	168	0	0	0	168
Cash distribution to Airbus SE shareholders	14	0	0	(1,421)	0	0	0	(1,421)
Change in treasury shares	14	0	0	0	0	0	(322)	(322)
Balance at 31 December 2023		**791**	**3,983**	**9,682**	**(354)**	**0**	**(390)**	**13,712**

(1) The distribution of Legal Reserves, when positive, is restricted by Dutch law.

Chapter



4

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4.1 Basis of Preparation

1. The Company

The Company's principal activity is acting as a holding and management company for the subsidiaries of **Airbus SE**, 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 is listed on the European stock exchanges in Paris, Frankfurt am Main, Madrid, Barcelona, Valencia and Bilbao. The IFRS Financial Statements were authorised for issue by the Company's Board of Directors on 14 February 2024.

2. Geopolitical and Macroeconomic Environment

Regarding the impact of changes in the macroeconomic environment, please refer to "– Note 2: Geopolitical and Macroeconomic Environment" of the Consolidated Financial Statements.

3. Climate impacts

Climate change may have a major impact on both the Company's industrial operations and its upstream and downstream value chains, including aircraft direct operations and the wider air transport ecosystem. Regarding the Climate impacts please refer to "– Note 3: Climate impacts" of the Consolidated Financial Statements.

4. Material Accounting Policies

Basis of preparation — The Company's 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") and with Part 9 of Book 2 of the Netherlands Civil Code. 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.

In the Company Financial Statements of Airbus SE, unless otherwise disclosed, the same accounting principles have been applied as set out in the Notes to the Consolidated Financial Statements, except for the valuation of the investments as presented under investments in subsidiaries and associates in the Company Financial Statements. These policies have been consistently applied to all years presented.

In the Company Financial Statements, the investments in subsidiaries and associates are recorded at acquisition cost.In the Company Income Statement, dividends received from investments are recorded as dividend income.

Due to this application, the Company equity and net result are not equal to the consolidated equity and net result. A reconciliation of the total shareholders' equity and profit for the period is presented in "– Note 14: Total Equity" of the Company Financial Statements.

The Company Financial Statements have been prepared on a historical cost basis, except for the equity instruments, securities and derivative instruments that have been measured at fair value.

Regarding the application of new, revised or amended IFRS issued and applying from 1 January 2023 and issued but not yet applied please refer to "– Note 6: Change in Accounting Policies and Disclosures" of the Consolidated Financial Statements.

Amendments to IAS 12 "Income Taxes – International Tax Reform – Pillar Two Model Rules"

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. As a consequence, no deferred tax assets or liabilities are recognised in the Company Financial Statements as of 31 December 2023.

In addition, no material changes are expected in the Company Financial Statements of Airbus SE from the implementation of the new standards not yet applied. A number of new or revised standards, amendments and improvements to standards as well as interpretations are not yet effective for the year ended 31 December 2023 and have not been applied in preparing these Financial Statements and early adoption is not planned:

Standards and related amendments	IASB effective date for annual reporting periods beginning on or after	Endorsement status
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	1 January 2024	Endorsed
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	1 January 2024	Endorsed
Amendments to IAS 1 "Non-current Liabilities with Covenants"	1 January 2024	Endorsed
Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments : Disclosures: Supplier Finance Arrangements"	1 January 2024	Not yet endorsed
Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability"	1 January 2025	Not yet endorsed

The information with regard to Capital Management is disclosed in "– Note 35: Capital Management", further information about Litigation and Claims refers to "– Note 38: Litigation and Claims" and Events after the Reporting Date are disclosed in "– Note 40: Events after the Reporting Date" of the Consolidated Financial Statements.

Further information about Share-based payment and Employee Stock Ownership Plans (ESOP) is presented in "– Note 32: Share-Based Payment" and "– Note 33: Remuneration" of the Consolidated Financial Statements.

Unless reference is made to the accounting policies described in the Consolidated Financial Statements, the main accounting policies applied in the preparation of these Company Financial Statements are described in each accounting area. These accounting policies have been consistently applied to all financial years presented, unless otherwise stated.

5. Key Estimates and Judgements

The preparation of the Company Financial Statements requires the use of estimates and assumptions. In preparing these Financial Statements, management exercises its best judgement based upon its experience and the circumstances prevailing at that time. The estimates and assumptions are based on available information and conditions at the end of the financial period presented and are reviewed on an ongoing basis.

The details regarding the use of estimates and judgements are described in "– Note 5: Key Estimates and Judgements" of the Consolidated Financial Statements.

Key accounting estimates and judgements affecting the assessment and measurement of impairment are included in "– Note 10: Investments in Subsidiaries, Associates and Participations" of the Company Financial Statements.

6. Related Party Transactions

Key Management Personnel

The details regarding the compensation of key management personnel are described in "– Note 33: Remuneration" of the Consolidated Financial Statements.

Intercompany Transactions

A comprehensive exchange of internal services between the subsidiaries of a multinational corporation like Airbus SE is common practice. In its responsibility as holding company to manage its subsidiaries and to assist the business activities conducted by Airbus companies and its subsidiaries, Airbus SE applies transfer prices for its business activities in conformity with market levels and in accordance with national and international tax requirements (arm's length principle).

The following table discloses the related party intercompany transactions in 2023 and 2022:

	2023		2022	
(In € million)	**Total transactions with subsidiaries**	**Total transactions with associates**	Total transactions with subsidiaries	Total transactions with associates
Sales of goods and services and other income [1]	7,939	22	377	9
Purchase of goods and services and other expenses	(1,227)	(63)	(265)	(9)
Receivables at 31 December	4,675	1	9,698	1
Liabilities at 31 December	(26,804)	(2,135)	(34,101)	(1)
Loans granted / Other receivables due at 31 December	3,530	86	1,971	87
Loans received / Other liabilities due at 31 December	0	(1,813)	0	(1,255)
Hedge relationships receivables at 31 December	0	0	7,081	0
Hedge relationship payables at 31 December	0	0	(770)	0

(1) mainly including dividends received for €7,474 million.

For further information about granted guarantees to subsidiaries please refer to "– Note 12: Commitments and Contingencies" of the Company Financial Statements.

For further information about the impairment and the expected credit losses on receivables, please refer to "– Note 16.7: Impairment Losses" of the Company Financial Statements.

4.2 Company Performance

7. Total Operating Result

(In € million)	Note	2023	2022
Operating income		**65**	**73**
Corporate services rendered to Airbus companies		65	73
Operating expenses		**(79)**	**(74)**
Service fees charged by Airbus companies		(26)	(17)
Administrative expenses		(53)	(57)
Income from investments		**7,477**	**219**
Dividends received from Airbus companies		7,474	194
Gain on disposal of investments		3	25
Expense from investments		**(19)**	**0**
Impairment	10	(19)	0
Total operating result		**7,444**	**218**

Corporate services rendered to Airbus companies decreased by €-8 million to €65 million (2022: €73 million). In 2023, Airbus SE received a dividend from Airbus SAS of €7,383 million.

8. Total Financial Result

(In € million)	Note	2023	2022
Interest result		**(729)**	**(157)**
Interest income from securities measured at fair value through OCI		148	35
Interest income (expenses) from securities measured at fair value through P&L		358	75
Interest income on financial assets measured at amortised cost		509	201
Interest expense on financial liabilities measured at amortised cost		(1,744)	(468)
Other financial result		**167**	**391**
Change in fair value measurement of financial assets	11	163	464
Impairment and Expected Credit Loss	17	2	5
Others [(1)]		2	(78)
Total financial result		**(562)**	**234**

(1) Other includes various amounts such as foreign exchange result and bank fees.

The Company is acting as a financial market agent on behalf of its subsidiaries, therefore the fair value changes of derivatives are reported on a net basis.

9. Income Taxes

The Company is tax registered in the Netherlands. The Company is heading a fiscal unity, which also includes Airbus Defence and Space Netherlands B.V. Until 31 December 2021 Airbus Group Finance B.V. was included (see "– Note 10: Investments in Subsidiaries, Associates and Participations" of the Company Financial Statements). Therefore, the Company is severally and jointly liable for income tax liabilities of the fiscal unity as a whole.

Income taxes — The tax expense for the year comprises deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly in Other Comprehensive Income.

The amount of income tax included in the Income Statement is determined in accordance with the rules established by the tax authorities in the Netherlands, based on which income taxes are payable or recoverable.

Deferred tax assets and/or liabilities, arising from temporary differences between the carrying amounts of assets and liabilities and the tax base of assets and liabilities, are calculated using the substantively enacted tax rates expected to apply when they are realised or settled. Deferred tax assets are recognised if it is probable that they will be realised.

On 19 December 2023, the government of the Netherlands, where the parent company is incorporated, enacted the Pillar Two income taxes legislation effective from 1 January 2024. Based on its assessment, the Company does not expect a material exposure to Pillar Two.

The expense for income taxes is comprised of the following:

(In € million)	**2023**	2022
Current tax income (expense)	2	(2)
Deferred tax income (expense)	0	(15)
Total	**2**	**(17)**

The following table shows reconciliation from the theoretical income tax (expense) using the Dutch corporate tax rate to the reported income tax (expense):

(In € million)	**2023**	2022
Profit (loss) before income taxes	6,882	452
Corporate income tax rate	25.8%	25.8%
Expected income (expense) for income taxes	**(1,776)**	**(117)**
Effects from tax rate differentials / Change of tax rate	0	0
Non-taxable income from investment and associates	1,970	170
Income from other companies within the fiscal unity	(1)	(1)
Impairment on investment and associates	0	0
Other non-deductible expenses and tax-free income	(2)	(3)
Changes in valuation allowances [(1)]	(190)	(66)
Reported income (expense) for income taxes	**2**	**(17)**

(1) Reassessment of recoverability of deferred tax assets based on future taxable profits.

Deferred income taxes as of 31 December 2023 are related to the following assets and liabilities:

	1 January 2023		Other movements		Movement through income statement	31 December 2023	
(In € million)	Deferred tax assets	Deferred tax liabilities	OCI	Others	Deferred tax benefit (expense)	**Deferred tax assets**	**Deferred tax liabilities**
Securities	164	0	(73)	0	0	91	0
Financial instruments	125	(18)	0	0	187	307	(13)
Net operating loss and tax loss carry forwards	60	0	0	0	8	68	0
Deferred tax assets (liabilities) before offsetting	**349**	**(18)**	**(73)**	**0**	**195**	**466**	**(13)**
Valuation allowances on deferred tax assets	(331)	0	73	0	(195)	(453)	0
Set-off	(18)	18	0	0	0	(13)	13
Net deferred tax assets (liabilities)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Deferred income taxes as of 31 December 2022 are related to the following assets and liabilities:

	1 January 2022		Other movements		Movement through income statement	31 December 2022	
(In € million)	Deferred tax assets	Deferred tax liabilities	OCI	Others	Deferred tax benefit (expense)	Deferred tax assets	Deferred tax liabilities
Securities	0	(15)	179	0	0	164	0
Financial instruments	44	0	0	0	63	125	(18)
Net operating loss and tax loss carry forwards	75	0	0	0	(15)	60	0
Deferred tax assets (liabilities) before offsetting	**119**	**(15)**	**179**	**0**	**47**	**349**	**(18)**
Valuation allowances on deferred tax assets	(104)	0	(164)	0	(63)	(331)	0
Set-off	(15)	15	0	0	0	(18)	18
Net deferred tax assets (liabilities)	**0**	**0**	**15**	**0**	**(15)**	**0**	**0**

Details of net deferred taxes recognised cumulatively in equity are as follows:

	31 December	
(In € million)	**2023**	2022
Financial instrument at fair value through OCI	0	0
Total	**0**	**0**

Deferred taxes on net operating losses ("NOLs"), trade tax loss carry forwards and tax credit carry forwards are:

	31 December	
(In € million)	**2023**	2022
NOLs	263	231
Tax credit carry forwards	0	0
Tax effect	**68**	**60**
Valuation allowances	(68)	(60)
Deferred tax assets on NOLs and tax credit carry forwards	**0**	**0**

As of 1 January 2023, tax losses can be carried forward indefinitely but profits in one year which exceed €1 million will only be offsettable for up to 50 percent of that higher taxable profit against losses, minus an amount of €1 million.

4.3 Operational Assets and Liabilities

10. Investments in Subsidiaries, Associates and Participations

(In € million)	Subsidiaries	Associates	Participations	Total
Balance at 1 January 2022	**16,309**	**49**	**977**	**17,334**
Additions	2,369	0	5	2,374
Disposals	(18)	0	0	(18)
Impairment	0	0	0	0
Share-based payment (IFRS 2)	115	0	0	115
Fair value changes through Profit or Loss	0	0	464	464
Balance at 31 December 2022	**18,775**	**49**	**1,446**	**20,270**
Additions	791	0	0	791
Disposals	(1,228)	0	0	(1,228)
Impairment	(19)	0	0	(19)
Share-based payment (IFRS 2)	168	0	0	168
Fair value changes through Profit or Loss [(1)]	0	0	163	163
Balance at 31 December 2023	**18,487**	**49**	**1,609**	**20,145**

(1) For more details, please refer to "– Note 21: Other Investments and Other Long-Term Financial Assets" of the Consolidated Financial Statements.

Investments in Subsidiaries, Associated Companies and Participations

Investments in subsidiaries and associated companies are stated at cost, less impairment. Dividend income from the Company's subsidiaries and associated companies is recognised when the right to receive payment is established.

The participations are stated at fair value with mainly changes in fair value recognised in Profit and Loss.

For the purpose of impairment testing all consolidated subsidiaries are allocated to cash generating units ("CGU") in a way they are monitored for internal management purposes. At each balance sheet date, the Company reviews whether there is an indication that a CGU to which its investments in subsidiaries and associated companies belong to are impaired.

An indication for impairment of the investments in subsidiaries and associated companies may include, respectively, management's downward adjustment of the strategic plan, a significant decrease in the share price of a publicly listed company or a significant decrease in future sales. Further indications for impairment of its investments may include other areas where observable data indicates that there is a measurable decrease in the estimated future cash flows. These determinations require significant judgement. In making this judgement, management evaluates, among other factors, the financial performance of and business outlook for its investments, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If any indication for impairment exists, the recoverable amount of the investments is estimated in order to determine the amount, if any, of the impairment loss. An investment is impaired if its recoverable amount is lower than its carrying value. The recoverable amount is defined as the higher of an investment's fair value less costs of disposal and its value in use.

The determination of the investment's value in use is based on calculations using pre-tax cash flow projections. The discounted cash flow method is used to determine the recoverable amount of a CGU to which its investments in subsidiaries and associated companies belong. Refer to "– Note 19: Intangible assets" of the Consolidated Financial Statements for more details on key assumptions used.

If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. Any impairment loss is recognised immediately in the Income Statement.

Impairment losses recognised in prior periods shall be reversed only if there has been a change in the estimates or external market information used to determine the investment's recoverable amount since the last impairment loss was recognised. The recoverable amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The annual impairment test performed in 2023 led to an impairment charge of €19 million (2022: €0 million).

Change of Investments in Subsidiaries and Associates

In January 2023, Airbus SE made a capital contribution of €160 million in Aerore S.A.

On 9 October 2023, Airbus SE acquired the remaining shares of Airbus Defence and Space GmbH for an amount of €572 million. In December 2023 Airbus Helicopter SAS entered into the capital of Airbus Defence and Space GmbH in the frame of internal restructuring. The company remained indirectly fully owned by Airbus SE.

During the last quarter of 2023, Airbus Defence and Space GmbH distributed its free capital reserve to Airbus SE for an amount of €1,200 million.

Airbus SE increased its contribution to Skytra for an amount of €19 million fully impaired.

During the year 2023, Airbus SE made other contributions to participations and subsidiaries for a total amount of €12 million.

Information on principal investments of the Company:

2023	2022		
%		Company	Head office
100.00	100.00	Aero Ré S.A.	Bertrange (Luxembourg)
61.47	88.71	Airbus Defence and Space GmbH	Taufkirchen (Germany)
100.00	100.00	Airbus Defence and Space Limited	Stevenage (UK)
100.00	100.00	Airbus Defence and Space Netherlands B.V.	Leiden (Netherlands)
100.00	100.00	Airbus Defence and Space S.A.	Madrid (Spain)
100.00	100.00	Airbus Bank GmbH	Munich (Germany)
94.73	94.73	Airbus S.A.S.	Toulouse (France)
10.24	9.90	Dassault Aviation S.A.	Paris (France)
5.33	5.33	Premium Aerotec GmbH	Augsburg (Germany)
8.33	8.33	MIRIS	Brussels (Belgium)

(1) Percentages represent share held directly by Airbus SE.

11. Financial Assets and Financial Liabilities

Financial assets at 31 December 2023 and 2022:

	31 December	
(In € million)	**2023**	2022
Long-term loans Airbus companies [1]	4,497	2,040
Positive fair values of derivative financial instruments	2,280	4,233
Non-current financial assets	**6,777**	**6,273**
Positive fair values of derivative financial instruments	2,029	3,596
Current portion long-term loans Airbus companies	73	35
Current accounts Airbus companies [1]	4,663	9,670
Current financial assets	**6,765**	**13,301**
Total	**13,542**	**19,574**

(1) The receivables from subsidiaries include mainly transactions in connection with the cash pooling in the Company. Terms and conditions are in agreement with the prevailing market environment.

Financial liabilities at 31 December 2023 and 2022:

	31 December	
(In € million)	**2023**	2022
Negative fair values of derivative financial instruments	3,243	5,653
Non-current financial liabilities	**3,243**	**5,653**
Negative fair values of derivative financial instruments	2,049	3,602
Current accounts Airbus companies [1]	28,938	35,355
Current financial liabilities	**30,987**	**38,957**
Total	**34,230**	**44,610**

(1) The liabilities to subsidiaries include mainly transactions in connection with the cash pooling in Airbus SE. Terms and conditions are in agreement with the prevailing market environment.

12. Commitments and Contingencies

Off-Balance Sheet Commitments

Airbus SE issued guarantees on behalf of Airbus companies in the amount of €11,947 million (2022: €10,508 million). The commitments of these companies to third parties mainly relate to their operating business as described in "– Note 20: Property, Plant and Equipment", "– Note 27: Sales Financing Transactions", "– Note 37: Financial Instruments" and "– Note 36.3: Financing Liabilities" of the Consolidated Financial Statements.

On 8 December 2015, Airbus SE entered into a partnership agreement to establish a corporate venture capital fund, dubbed Airbus Venture Fund II with a total commitment amount of US$150 million. The remaining commitment is US$6 million at 31 December 2023.

On 1 April 2019, Airbus SE entered into a partnership agreement with effective date 1 July 2019 to establish a venture capital fund, dubbed Airbus Ventures Fund III, with a total commitment amount of US$100 million. The remaining commitment is US$16 million at 31 December 2023.

On 22 October 2022, Airbus SE entered into a partnership agreement to establish a venture capital fund, dubbed Airbus Venture Fund IV, with a total commitment amount of US$75 million. The remaining commitment is US$64 million at 31 December 2023.

In addition, the Company has two guarantees to cover its obligation towards the Scheme and the BAE Systems pension schemes. To mitigate its exposure, the first guarantee covers an amount up to GBP 1.25 billion for an unlimited period of time while the second one covers an uncapped amount terminating in 2046, respectively for the Scheme and the BAE Systems Pension Schemes.

4.4 Employees

13. Number of Employees

The average number of the persons employed by the Company in the Netherlands in 2023 was 19 (2022: 0).

4.5 Capital Structure and Financial Instruments

14. Total Equity

Airbus SE'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:

(In number of shares)	**2023**	2022
Issued as at 1 January	**788,205,008**	**786,083,690**
Issued for ESOP	2,254,426	2,121,318
Issued as at 31 December	**790,459,434**	**788,205,008**
Treasury shares	(3,037,467)	(647,500)
Outstanding at 31 December	**787,421,967**	**787,557,508**
Authorised shares	**3,000,000,000**	**3,000,000,000**

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

Capital stock comprises the nominal amount of shares outstanding. The addition to capital stock represents the contribution for exercised options by employees of €2,254,426 (in 2022: €2,121,318) in compliance with the implemented Stock Option Plans and the Employee Stock Ownership Plans ("ESOP").

Share premium mainly results from contributions in kind in the course of the creation of the Company, cash contributions from the Initial Public Offering, capital increases and reductions due to the issuance and cancellation of shares.

Retained earnings include mainly the profit of the period and cash dividend payments to Airbus SE shareholders.

On 19 April 2023, the Annual General Meeting ("AGM") decided to distribute a gross amount of €1.80 per share, which was paid on 27 April 2023. For the fiscal year 2023, the Board of Directors will propose the payment of a dividend of €1.80 per share and a special dividend of €1.00 per share to the 2024 Annual General Meeting taking place on 10 April 2024. The proposed payment date is 18 April 2024.

Legal reserves include:

- change from ***financial assets at fair value*** (see "– Note 16: Information about Financial Instruments" of the Company Financial Statements);
- change in fair value of derivatives designated as ***cash flow hedges*** (see "– Note 16: Information about Financial Instruments" of the Company Financial Statements).

According to Dutch law, Legal reserves cannot be distributed for dividend purposes when positive.

Treasury shares represent the amount paid or payable for own shares held in treasury. During 2023, the number of treasury stock held by the Company increased to 3,037,467 compared to 647,500 as of 31 December 2022, mainly due to the share buybacks partly offset by vested shares in 2023 under LTIP 2019 (see "– Note 32: Share-based Payment" of the Consolidated Financial Statements). No shares were sold back to the market nor cancelled in 2023 (2022: 0 shares).

Authorisations Granted by the Annual' General Meeting of Airbus SE Held on 19 April 2023

On 19 April 2023, the AGM of the Company authorised the Board of Directors, for a period expiring at the AGM to be held in 2024, to issue shares and to grant rights to subscribe for shares in the Company's share capital for the purpose of:

- ESOPs and share-related LTIPs, provided that such powers shall be limited to an aggregate of 0.18% of the Company's authorised share capital (see "– Note 32: Share-Based Payment" of the Consolidated Financial Statements);
- funding the Company and its subsidiaries, provided that such powers shall be limited to an aggregate of 0.3% of the Company's authorised share capital (see "– Note 36.3: Financing Liabilities" of the Consolidated Financial Statements).

For each operation, such powers shall not extend to issuing shares or granting rights to subscribe for shares if there is no preferential subscription right and for an aggregate issue price in excess of €500 million per share issuance.

Also on 19 April 2023, the AGM authorised the Board of Directors for an 18 months period to repurchase up to 10% of the Company's issued share capital at a price per share not less than the nominal value and not more than the higher of the price of the last independent trade and the highest current independent bid on the trading venues of the regulated market of the country in which the purchase is carried out.

Furthermore, the AGM authorised the Board of Directors to determine on a case-by-case basis the share repurchase programmes to be implemented by the Company, if any.

Reconciliation Consolidated to Company Equity and Net Income

The difference between the total shareholders' equity according to the Consolidated Financial Statements and Company's Financial Statements as at 31 December 2023 and 2022 is as follows:

(In € million)	**2023**	2022
Consolidated equity	**17,695**	**12,950**
OCI – Restatement of investments from Consolidated to Company Financial Statements	1,951	4,382
Retained Earnings – Restatement of investments from Consolidated to Company Financial Statements	(6,398)	(9,819)
Retained Earnings – Valuation investments at historical cost	1,487	1,487
Retained Earnings – Impairment of financial assets	(1,023)	(1,025)
Company's equity	**13,712**	**7,975**

The difference between the net income according to the Consolidated Financial Statements and Company's Financial Statements for the year-ended 31 December 2023 and 2022 is as follows:

(In € million)	**2023**	2022
Consolidated net income	**3,789**	**4,247**
Income from investments according to Consolidated Financial Statements	(4,357)	(4,012)
Income from investments according to Company Financial Statements	7,452	200
Loss on / Impairment of financial assets	0	0
Other valuation differences	0	0
Company's net income (Profit or loss for the period)	**6,884**	**435**

15. Cash, Securities and Financing Liabilities

15.1 Net Cash

	31 December	
(In € million)	**2023**	2022
Cash and cash equivalents	14,618	13,283
Current securities	1,162	1,692
Non-current securities	6,986	5,662
Gross cash position	**22,766**	**20,637**
Short-term financing liabilities [1]	(818)	0
Long-term financing liabilities [1]	(7,719)	(7,903)
Interest rate swap	(961)	(1,394)
Total	**13,268**	**11,340**

(1) Including €8 million of lease liabilities.

The net cash position on 31 December 2023 amounted to €13,268 million (2022: €11,340 million), with a gross cash position of €22,766 million (2022: €20,637 million).

15.2 Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

	31 December	
(In € million)	**2023**	2022
Bank account and petty cash	1,198	1,147
Short-term securities (at fair value through profit or loss)	12,410	11,135
Short-term securities (at fair value through OCI)	1,010	1,001
Total cash and cash equivalents	**14,618**	**13,283**

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.

The main variations are as follows:

Cash provided by operating activities amounted to €-718 million in 2023.

Cash used for investing activities amounted to €4,813 million, mainly reflecting dividends received of €7,474 million.

Cash used for financing activities amounted to €-2,587 million and mainly reflects the decrease in current accounts Airbus companies €-1,206 million and the dividend payment €-1,421 million (see IFRS Company Statement of Cash Flows for the years ended 31 December 2023 and 2022).

15.3 Securities

	31 December	
(In € million)	**2023**	2022
Current securities (at fair value through OCI)	1,162	1,692
Non-current securities (at fair value through OCI)	6,986	5,662
Total securities	**8,148**	**7,354**

The majority of the Company's securities consists of debt securities and are classified at fair value through OCI (see "– Note 37.2: Carrying Amounts and Fair Values of Financial Instruments" of the Consolidated Financial Statements).

The Company's securities portfolio amounts to €8,148 million and €7,354 million as of 31 December 2023 and 2022, respectively. The security portfolio contains a non-current portion of €6,986 million (2022: €5,662 million), and a current portion of €1,162 million (2022: €1,692 million).

Included in the securities portfolio as of 31 December 2023 and 2022, respectively, are corporate and government bonds bearing either fixed rate coupons (€8,496 million nominal value; 2022: €7,953 million) or floating rate coupons (€0 million nominal value; 2022: €0 million).

When the Company enters into securities lending or other financing activities that involve the pledging of securities as collateral, the securities pledged continue to be recognised on the balance sheet. As of 31 December 2023 and 2022, there were no securities pledged as collateral for borrowings from banks.

15.4 Financing Liabilities

Current and non-current classification — A financial asset or liability is classified as current if it is settled within 12 months after the reporting date, and as non-current otherwise.

Financing liabilities comprise obligations towards financial institutions, issued corporate bonds, and borrowing received from associates and other parties.

	Principal amount *(In million)*	Carrying amount *(In € million)* 31 December **2023**	2022	Coupon or interest rate	Effective interest rate	Maturity	Additional features
Bonds							
EMTN 15 years	€500	469	444	2.12%	2.21%	Oct. 2029	Interest rate swapped into 3M Euribor +0.84%
EMTN 10 years	€823	817	799	2.38%	2.42%	Apr. 2024	Interest rate swapped into 3M Euribor +1.40%
EMTN 10 years	€461	436	419	0.88%	0.98%	May 2026	Interest rate swapped into 3M Euribor +0.50%
EMTN 15 years	€900	793	737	1.38%	1.50%	May 2031	Interest rate swapped into 3M Euribor +0.66%
EMTN 5 years	€561	535	515	1.63%	1,80%	Apr. 2025	Interest rate swapped into 3M Euribor +2.01%
EMTN 8 years	€611	546	512	2.00%	2.10%	Apr. 2028	Interest rate swapped into 3M Euribor +2.15%
EMTN 12 years	€1,000	822	754	2,38%	2.49%	Apr. 2032	Interest rate swapped into 3M Euribor +2.24%
EMTN 6 years	€894	832	792	1,38%	1,47%	Jun. 2026	Interest rate swapped into 3M Euribor +1.66%
EMTN 10 years	€1,250	1,068	989	1.63%	1,74%	Jun. 2030	Interest rate swapped into 3M Euribor +1.61%
EMTN 20 years	€1,000	706	646	2.38%	2,44%	Jun. 2040	Interest rate swapped into 3M Euribor +1.93%
US$ Bond 10 years	US$750	641	653	3.15%	3.20%	Apr 2027	Interest rate swapped into 1D SOFR
US$ Bond 30 years	US$750	651	643	3.95%	4.02%	Apr 2047	Interest rate swapped into 1D SOFR +0.31%
Loans to financial institutions							
European Investment Bank	€165	165	0	3M Euribor +0.498%	3M Euribor +0.498%	Dec. 2038	
KfW Bank	€50	48	0	3M Euribor +0.59%	3M Euribor +0.59%	Jul. 2029	
Total		**8,528**	**7,903**				
Thereof non-current financing liabilities		*7,711*	*7,903*				
Thereof current financing liabilities		*817*	*0*				

Long-term financing liabilities, mainly comprising bonds and liabilities to financial institutions, decreased by €-192 million to €7,711 million (2022: €7,903 million), mainly due to a transfer in short term of a EMTN maturing in 2024, new loans from financial institutions (€213 million), and the increase in values of bonds linked to higher interest rates (see "– Note 16: Information about Financial Instruments" of the Company Financial Statements).

Short-term financing liabilities increased by €817 million to €817 million (2022: €0 million), mainly due to the EMTN 10 Years maturing in 2024.

The Company can issue commercial papers under its €11 billion Negotiable European Commercial Paper ("NEuCP") programme, its €4 billion Euro Commercial Paper ("ECP") programme and its US$3 billion US Commercial Paper programme.

As of 31 December 2023, there were no outstanding amounts under any of its Commercial Paper Programme.

(In € million)	Balance at 1 January 2023	Cash flows	Non-cash movements			**Balance at 31 December 2023**
			Fair value through profit or loss	Foreign exchange movements	Others	
Bonds and commercial papers	7,903	0	449	(49)	12	8,315
Liabilities to financial institutions	0	213	0	0	0	213
Loans from Subsidiaries	0	0	0	0	0	0
Total	**7,903**	**213**	**449**	**(49)**	**12**	**8,528**

(In € million)	Balance at 1 January 2022	Cash flows	Non-cash movements			Balance at 31 December 2022
			Fair value through profit or loss	Foreign exchange movements	Others	
Bonds and commercial papers	10,328	(978)	(1,517)	80	(10)	7,903
Liabilities to financial institutions	0	0	0	0	0	0
Loans from Subsidiaries	591	(591)	0	0	0	0
Total	**10,919**	**(1,569)**	**(1,517)**	**80**	**(10)**	**7,903**

16. Information about Financial Instruments

16.1 Financial Risk Management

The Company acts as an intermediary for its subsidiaries when they wish to enter into derivative contracts to hedge against foreign exchange risk or other market risks such as interest rate risk, commodity price risk or equity price risk. The Company's practice is to set up a derivative contract with a subsidiary and at the same time enter into a back-to-back derivative transaction with a bank. Contracts with subsidiaries being thus mirrored (on a one-to-one basis) by contracts with banks, the Company's net exposure is virtually zero. There are, however, a few derivative contracts the Company holds in order to hedge its own market risk exposure.

As the Company's back-to-back hedge contracts are entered into with different counterparties, their fair values are reflected separately in the statement of Financial Position and recognised as other financial assets and financial liabilities as disclosed in "– Note 11: Financial assets and liabilities" of the Company Financial Statements.

In the Income Statement, the results of the back-to-back hedge transactions, both realised and unrealised, are presented on a net basis as the Company acts as an agent for its subsidiaries.

The Company's overall financial risk management activities and their objectives are described in detail in "– Note 37.1: Financial Risk Management" of the Consolidated Financial Statements.

Market Risk

Foreign exchange risk — The Company manages a long–term hedge portfolio with maturities of several years for its subsidiaries, mainly Airbus, and to a small extent for its joint ventures or associates. This hedge portfolio covers a large portion of Airbus' firm commitments and highly probable forecast transactions. As explained above, owing to the Company's back-to-back approach, its own exposure to foreign exchange risk is very limited.

Interest rate risk — The Company uses an asset-liability management approach with the objective to limit its interest rate risk. It undertakes to match the risk profile of its interest-bearing assets with those of its interest-bearing liabilities. The remaining net interest rate exposure is managed through several types of interest rate derivatives, such as interest rate swaps and interest rate futures contracts, in order to minimise risks and financial impacts.

The vast majority of related interest rate hedges qualify for hedge accounting, and most of them are accounted for under the fair value hedge model. As a result, both the fair value changes of these derivatives and the portion of the hedged items' fair value change that is attributable to the hedged interest rate risk are recognised in Profit and Loss, where they offset to the extent the hedge is effective. The Company has applied the relief introduced by the amendments made to IFRS 9 in September 2019 on hedge accounting, having the effect that the IBOR reform should not cause hedge accounting to terminate.

The Company invests in financial instruments such as overnight deposits, certificates of deposits, commercial papers, other money market instruments and short-term as well as medium-term bonds. For its financial instruments portfolio, the Company has an Asset Liability Management Committee in place that meets regularly and aims to limit the interest rate risk on a fair value basis through a value-at-risk approach, from which results a hedge ratio that is however not actively steered.

Commodity price risk — The Company manages a hedge portfolio for its subsidiaries. Owing to the Company's back-to-back approach, its own exposure to commodity exchange risk is very limited.

Equity price risk — The Company is to a small extent invested in equity securities mainly for operational reasons. Its exposure to equity price risk is hence limited. Furthermore, it is exposed under its LTIP to the risk of the Company share price increases.

Sensitivities of market risks — The approach used to measure and control market risk exposure within the Company's financial instrument portfolio is amongst other key indicators the value−at−risk ("VaR"). For information about VaR and the approach used by the Company to assess and monitor sensitivities of market risks please refer to "– Note 37.1: Financial Risk Management" of the Consolidated Financial Statements.

The Company is part of the Group risk management process, which is more fully described in "– Note 37.1: Financial Risk Management" of the Consolidated Financial Statements.

A summary of the VaR position of the Company's financial instruments portfolio at 31 December 2023 and 31 December 2022 is as follows:

(In € million)	Total VaR	Equity price VaR	Currency VaR	Interest rate VaR
31 December 2023				
Foreign exchange hedges	11	0	12	1
Financing liabilities, financial assets (including cash, cash equivalents, securities and related hedges)	150	70	29	141
Equity swaps	1	1	0	0
Diversification effect	(15)	(1)	(25)	(1)
All financial instruments	**147**	**70**	**16**	**141**
31 December 2022				
Foreign exchange hedges	20	0	19	1
Financing liabilities, financial assets (including cash, cash equivalents, securities and related hedges)	194	66	18	175
Equity swaps	2	2	0	0
Diversification effect	(29)	0	(34)	(2)
All financial instruments	**187**	**68**	**3**	**174**

The decrease in the total VaR of €40 million (2022: €119 million) is mainly attributable to the interest rate volatility stabilisation after an exceptional year 2022. The derivative instruments entered into with external counterparties are passed on a 1:1 basis to Airbus entities. As a result, the respective market risks of the external derivative instruments are offset by corresponding opposite market risks of intragroup transactions.

Liquidity Risk

The Company's policy is to maintain sufficient cash and cash equivalents at any time to meet its present and future commitments as they fall due. It manages its liquidity by holding adequate volumes of liquid assets and maintains a committed revolving credit facility, in addition to the cash inflow generated by its operating business. The Company continues to keep within its asset portfolio the focus on low counterparty risk. In addition, it maintains a set of other funding sources, and accordingly may raise loans from commercial banks and Development Finance Institutions and issue bonds, notes and commercial papers or enter into security lending agreements. Adverse changes in the capital markets could increase its funding costs and limit its financial flexibility. For further information relating to Commercial Paper Programme (see "– Note 15.4: Financing Liabilities" of the Company Financial Statements).

In particular, Airbus signed on 5 July 2022 a €8 billion Sustainability Linked Revolving Syndicated Credit Facility in order to refinance its €6 billion existing facility signed in 2020.

Further, the management of the vast majority of the Company's liquidity exposure is centralised by a daily cash concentration process. This process enables it to manage its liquidity surplus as well as its liquidity requirements according to the actual needs of its subsidiaries. In addition, management monitors the Company's liquidity reserve as well as the expected cash flows from its operations.

The contractual maturities of the Company financial liabilities, based on undiscounted cash flows and including interest payments, if applicable, are as follows:

(In € million)	Carrying amount	Contractual cash flows	< 1 year	1 year -2 years	2 years -3 years	3 years -4 years	4 years -5 years	More than 5 years
31 December 2023								
Non-derivative financial liabilities [1]	(37,475)	(40,094)	(29,957)	(738)	(1,522)	(830)	(741)	(6,306)
Derivative financial liabilities	(5,292)	(6,388)	(2,200)	(1,294)	(926)	(1,051)	(56)	(861)
Total	**(42,767)**	**(46,482)**	**(32,157)**	**(2,032)**	**(2,448)**	**(1,881)**	**(797)**	**(7,167)**
31 December 2022								
Non-derivative financial liabilities [1]	(43,258)	(46,785)	(35,553)	(1,021)	(740)	(1,524)	(856)	(7,091)
Derivative financial liabilities	(9,255)	(11,631)	(3,867)	(2,866)	(1,690)	(1,090)	(706)	(1,412)
Total	**(52,513)**	**(58,416)**	**(39,420)**	**(3,887)**	**(2,430)**	**(2,614)**	**(1,562)**	**(8,503)**

(1) Current accounts Group companies are included in "Non-derivative financial liabilities" and have a maturity less than one year.

Credit Risk

The Company is exposed to credit risk to the extent of non-performance by its counterparts with regard to financial instruments or issuers of financial instruments for gross cash investments. However, it has policies in place to avoid concentrations of credit risk and to ensure that credit risk is limited.

As far as central treasury activities are concerned, credit risk resulting from financial instruments is managed by the Company. In order to ensure sufficient diversification, a credit limit system is used.

The Company monitors the performance of the individual financial instruments and the impact of market developments on their performance and takes appropriate action on foreseeable adverse development based on pre-defined procedures and escalation levels.

Sales of products and services are made to customers after having conducted appropriate internal credit risk assessment.

The booked amount of financial assets represents the maximum credit exposure. The credit quality of financial assets can be assessed by reference to external credit rating (if available) or internal assessment of customers' creditworthiness by way of internal risk pricing methods.

In 2023, the trade receivables, neither past due nor impaired amount to €12 million (in 2022: €28 million).

The Company measures loss allowances at an amount that represents credit losses resulting from default events that are possible within the next 12 months, unless the credit risk on a financial instrument has increased significantly since initial recognition, as described in "– Note 37.7: Impairment losses" of the Consolidated Financial Statements. In 2023, an amount of €2 million of impairment gain on financial assets is recognised in Profit and Loss (2022: €5 million).

16.2 Carrying Amounts and Fair Values of Financial Instruments

Financial instruments — The Company's financial assets mainly consist of cash, short to medium-term deposits, securities and derivatives. The Company's financial liabilities include intragroup liabilities, obligations towards financial institutions, issued bonds and derivatives. The Company has the same classification and accounting policies as in the Consolidated Financial Statements. Please refer to "– Note 37.1: Financial Risk Management" of the Consolidated Financial Statements for more information.

The Company classifies its financial assets in one of the following categories: (i) at fair value through OCI, (ii) at fair value through profit and loss and (iii) at amortised cost. Classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company assigns its financial instruments (excluding its at-cost investments, which are outside the scope of IFRS 9 "Financial Instruments") into classes based on their category in the Statement of Financial Position.

The following table presents the carrying amounts and fair values of financial instruments by class and by IFRS 9 measurement category as of 31 December 2023:

			Financial assets and liabilities at amortised cost		Financial instrument Total	
(In € million)	Fair value through profit or loss	Fair value through OCI	Amortised cost	Fair value	**Book value**	**Fair value**
Assets						
Other investments and long−term financial assets						
Equity investments	1,609	0	0	0	1,609	1,609
Loans	0	0	4,570	4,816	4,570	4,816
Trade receivables	0	0	12	12	12	12
Other financial assets						
Derivative instruments	4,310	0	0	0	4,310	4,310
Current account Group companies	0	0	4,663	4,663	4,663	4,663
Securities	0	8,148	0	0	8,148	8,148
Cash and cash equivalents	12,410	1,010	1,198	1,198	14,618	14,618
Total	**18,329**	**9,158**	**10,443**	**10,689**	**37,930**	**38,176**
Liabilities						
Financing liabilities						
Bonds and commercial papers	0	0	8,315	8,767	8,315	8,767
Liabilities to financial institutions	0	0	213	220	213	220
Other financial liabilities						
Derivative instruments	5,292	0	0	0	5,292	5,292
Current accounts Group companies	0	0	28,938	28,938	28,938	28,938
Trade liabilities	0	0	11	11	11	11
Total	**5,292**	**0**	**37,477**	**37,936**	**42,769**	**43,228**

The following table presents the carrying amounts and fair values of financial instruments by class and by IFRS 9 measurement category as of 31 December 2022:

(In € million)	Fair value through profit or loss	Fair value through OCI	Financial assets and liabilities at amortised cost		Financial instrument Total	
			Amortised cost	Fair value	Book value	Fair value
Assets						
Other investments and long−term financial assets						
Equity investments	1,446	0	0	0	1,446	1,446
Loans	0	0	2,075	2,194	2,075	2,194
Trade receivables	0	0	28	28	28	28
Other financial assets						
Derivative instruments	7,829	0	0	0	7,829	7,829
Current account Group companies	0	0	9,670	9,670	9,670	9,670
Securities	0	7,354	0	0	7,354	7,354
Cash and cash equivalents	11,135	1,001	1,146	1,146	13,282	13,282
Total	**20,410**	**8,355**	**12,919**	**13,038**	**41,684**	**41,803**
Liabilities						
Financing liabilities						
Bonds and commercial papers	0	0	7,903	8,356	7,903	8,356
Internal loans payable	0	0	0	0	0	0
Other financial liabilities						
Derivative instruments	9,255	0	0	0	9,255	9,255
Current accounts Group companies	0	0	35,355	35,355	35,355	35,355
Trade liabilities (1)	0	0	18	18	18	18
Total	**9,255**	**0**	**43,276**	**43,729**	**52,531**	**52,984**

(1) 2022 figures restated in accordance with 2023 presentation.

Fair Value Hierarchy

For further details please refer to "– Note 37.2: Carrying Amounts and Fair Values of Financial Instruments" of the Consolidated Financial Statements.

The fair values disclosed for financial instruments accounted for at amortised cost reflect Level 2 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** as of 31 December 2023 and 2022, respectively:

	2023			2022		
(In € million)	**Level 1**	**Level 2**	**Total**	Level 1	Level 2	Total
Financial assets measured at fair value						
Equity instruments	1,609	0	1,609	1,446	0	1,446
Derivative instruments	0	4,310	4,310	0	7,829	7,829
Securities	8,148	0	8,148	7,354	0	7,354
Cash equivalents	12,410	1,010	13,420	11,135	1,001	12,136
Total	**22,167**	**5,320**	**27,487**	**19,935**	**8,830**	**28,765**
Financial liabilities measured at fair value	0	0	0	0	0	0
Derivative instruments	0	5,292	5,292	0	9,255	9,255
Total	**0**	**5,292**	**5,292**	**0**	**9,255**	**9,255**

Financial Assets Designated at Fair Value through Profit or Loss

The following types of financial assets held at 31 December 2023 and 2022, respectively, are designated at fair value through profit or loss:

	Nominal amount at initial recognition at	
(In € million)	**31 December 2023**	31 December 2022
Designated at fair value through profit or loss at recognition:		
Money market funds (accumulating)	12,410	11,135
Total	**12,410**	**11,135**

The Company manages these assets and measures their performance on a fair value basis.

16.3 Potential Effect of Set-Off Rights on Recognised Financial Assets and Liabilities

The Company reports all its financial assets and financial liabilities on a gross basis. With each derivative counterparty there are master netting agreements in place providing for the immediate close-out of all outstanding derivative transactions and payment of the net termination amount in the event a party to the agreement defaults or another defined termination event occurs. The following tables set out, on a counterparty specific basis, the potential effect of master netting agreements on the Company's financial position, separately for financial assets and financial liabilities that were subject to such agreements as of 31 December 2023 and 31 December 2022, respectively:

Derivative instruments *(In € million)*	Gross amounts recognised	Gross amounts recognised set off in the Financial Statements	Net amounts presented in the Financial Statements	Related amounts not set off in the Statement of Financial Position		Net amount
				Financial instruments	Cash collateral received	
31 December 2023						
Financial assets	4,310	0	4,310	(1,676)	0	**2,634**
Financial liabilities	5,292	0	5,292	(1,676)	0	**3,616**
31 December 2022						
Financial assets	7,829	0	7,829	(1,410)	0	**6,419**
Financial liabilities	9,255	0	9,255	(1,410)	0	**7,845**

16.4 Notional Amounts of Derivative Financial Instruments

The notional amount of **interest rate contracts** are as follows, specified by year of expected maturity:

	Remaining period								
(In € million)	1 year	2 years	3 years	4 years	5 years	6 years	7 years	> 7 years	Total
31 December 2023	911	654	1,365	1,426	621	524	1,250	3,629	**10,380**
31 December 2022	42	922	703	1,367	1,475	654	517	4,200	**9,880**

The notional amounts of **equity swaps** are as follows:

	Remaining period					
(In € million)	1 year	2 years	3 years	4 years	> 4 years	Total
31 December 2023	41	34	0	0	0	**75**
31 December 2022	17	22	14	0	0	**53**

16.5 Derivative Financial Instruments and Hedge Accounting Disclosure

The following table presents the amounts relating to items designated as hedging instruments:

	31 December			
	2023		2022	
	Carrying values		Carrying values	
(In € million)	**Asset**	**Liability**	Asset	Liability
Foreign currency risk	0	0	0	0
Interest rate risk	(21)	982	0	1,394
Commodity swap risk	0	0	0	0
Equity swap risk	0	0	0	0
Total	**(21)**	**982**	**0**	**1,394**

16.6 Net Gains or Net Losses

The Company's net gains or net losses recognised in profit or loss in 2023 and 2022, respectively are as follows:

	31 December	
(In € million)	**2023**	2022
Financial assets or financial liabilities at fair value through profit or loss:		
Held for trading	30	(46)
Designated on initial recognition	(193)	142
Financial assets at amortised cost [1]	(49)	(90)
Financial assets at fair value through OCI	(66)	55
Financial assets at fair value through profit or loss	163	464
Financial liabilities measured at amortised cost	286	(111)
Total	**171**	**414**

(1) Including impairment and Expected Credit Losses on Financial assets at amortised cost.

16.7 Impairment Losses

Loss allowances — For its portfolio of debt instruments including bonds, term deposits and commercial papers, the Company measures loss allowances at an amount that represents credit losses resulting from default events that are possible within the next 12 months, unless the credit risk on a financial instrument has increased significantly since initial recognition. In the event of such significant increase in credit risk the Company measures loss allowances for that financial instrument at an amount equal to its life-time expected losses, *i.e.* at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument.

The Company applies the low credit risk exemption allowing the Company to assume that there is no significant increase in credit risk since initial recognition of a financial instrument, if the instrument is determined to have low credit risk at the reporting date. Similarly, the Company has determined that its trade receivables generally have low credit risk. The Company applies the simplified approach permitted by IFRS 9 of measuring expected credit losses of trade receivables on a lifetime basis from initial recognition.

Investment grade instruments — The Company considers a significant increase in credit risk to have occurred, if there is a downgrade by four notches such that the instrument moves into a high yield bucket as a direct result of the downgrade. With respect to instruments that were high yield at initial recognition, a downgrade by four notches is considered as a significant increase in credit risk.

	Stage 1	Stage 2	Stage 3	
(In € million)	12-month ECL	Life-time ECL	Credit impaired ECL	**Total**
At 1 January 2023	8	0	0	8
Change in financial assets and risk parameters	(1)	0	0	(1)
At 31 December 2023	**7**	**0**	**0**	**7**

	Stage 1	Stage 2	Stage 3	
(In € million)	12-month ECL	Life-time ECL	Credit impaired ECL	Total
At 1 January 2022	7	6	0	13
Change in financial assets and risk parameters	1	(6)	0	(5)
At 31 December 2022	**8**	**0**	**0**	**8**

There are no significant impairment on Financial Assets recognised in Profit and Loss in 2023 and 2022 respectively.

4.6 Other Notes

17. Auditor Fees

Fees related to professional services rendered by the Company's auditor, Ernst & Young Accountants LLP, for the fiscal year 2023 were €0.7 million (in 2022: €0.8 million) and the fees related to professional services rendered other EY member firms €2.3 million (in 2022: €1.9 million). These fees relate to audit services only.

18. Events after the Reporting Date

Regarding the events after the reporting date, please refer to "– Note 40: Events after the Reporting Date" of the Consolidated Financial Statements.

Chapter

5

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Other Supplementary Information

1. Appropriation of Result

Articles 30 and 31 of the Articles of Association provide that the Board of Directors shall determine which part of the result shall be attributed to the reserves. The General Meeting of Shareholders may dispose of a reserve only upon a proposal of the Board of Directors and to the extent it is permitted by law and the Articles of Association. Dividends may only be paid after adoption of the annual accounts from which it appears that the shareholders' equity of the Company is more than the amount of the issued and paid-in part of the capital increased by the reserves that must be maintained by law.

It will be proposed at the Annual General Meeting of Shareholders that the gain for the period of €6,884 million as shown in the income statements for the financial year 2023 is to be added to retained earnings. For the fiscal year 2023, the Board of Directors will propose the payment of a dividend of €1.80 per share and a special dividend of €1.00 per share.



Designed & published by LABRADOR +33 (0)1 53 06 30 80

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