# Financial Statements

## I 2021 I

*This document is a PDF version of the 2021 annual financial statements of Airbus SE including the independent auditor's report and has been prepared for ease of use. The 2021 annual financial statements and the independent auditor's report were made publicly available pursuant to section 5:25c of the Dutch Financial Supervision Act (Wet op het financieel toezicht), and were filed with Netherlands Authority for the Financial Markets in European single electronic reporting format ('the ESEF package') and are available on the AFM's website ((https://www.afm.nl/nl-nl/sector/registers/meldingenregisters/financiele-verslaggeving) as well as on Airbus SE's website (https://www.airbus.com/en/investors/financial-results-annual-reports).*

*In any case of discrepancies between this 'PDF format' and 'the ESEF package', the ESEF package prevails.*

# Financial Statements

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# Airbus SE
# IFRS Consolidated Financial Statements

## Airbus SE – IFRS Consolidated Income Statement for the years ended 31 December 2021 and 2020

| *(In € million)* | Note | **2021** | 2020 |
|---|---|---|---|
| **Revenue** | **12** | **52,149** | **49,912** |
| Cost of sales | | (42,518) | (44,250) |
| **Gross margin** | **12** | **9,631** | **5,662** |
| Selling expenses | | (713) | (717) |
| Administrative expenses | | (1,339) | (1,423) |
| Research and development expenses | 13 | (2,746) | (2,858) |
| Other income | 14 | 594 | 132 |
| Other expenses | 14 | (201) | (1,458) |
| Share of profit from investments accounted for under the equity method | 15 | 40 | 39 |
| Other income from investments | 15 | 76 | 113 |
| **Profit (Loss) before financial result and income taxes** | | **5,342** | **(510)** |
| Interest income | | 88 | 140 |
| Interest expense | | (334) | (411) |
| Other financial result | | (69) | (349) |
| Total financial result | 16 | (315) | (620) |
| Income taxes | 17 | (853) | (39) |
| **Profit (Loss) for the period** | | **4,174** | **(1,169)** |
| Attributable to | | | |
| Equity owners of the parent (Net income) | | 4,213 | (1,133) |
| Non-controlling interests | | (39) | (36) |
| **Earnings per share** | | **€** | **€** |
| Basic | 18 | 5.36 | (1.45) |
| Diluted | 18 | 5.36 | (1.45) |

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 2021 and 2020

| *(In € million)* | Note | **2021** | 2020 |
|---|---|---|---|
| **Profit (Loss) for the period** | | **4,174** | **(1,169)** |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified to profit or loss:* | | | |
| Re-measurement of the defined benefit pension plans | 31 | 2,613 | (1,537) |
| Income tax relating to re-measurement of the defined benefit pension plans | 17 | (368) | 359 |
| Change in fair value of financial assets | | (115) | (133) |
| Income tax relating to change in fair value of financial assets | 17 | 1 | 14 |
| Share of change from investments accounted for under the equity method | | 134 | (96) |
| *Items that may be reclassified to profit or loss:* | | | |
| Foreign currency translation differences for foreign operations | | 175 | (204) |
| Change in fair value of cash flow hedges | 37 | (5,131) | 3,648 |
| Income tax relating to change in fair value of cash flow hedges | 17 | 1,409 | (916) |
| Change in fair value of financial assets | | (103) | (61) |
| Income tax relating to change in fair value of financial assets | 17 | 25 | 9 |
| Share of change from investments accounted for under the equity method | | 33 | 51 |
| **Other comprehensive income, net of tax** | | **(1,327)** | **1,134** |
| **Total comprehensive income for the period** | | **2,847** | **(35)** |
| Attributable to: | | | |
| Equity owners of the parent | | 2,901 | (25) |
| Non-controlling interests | | (54) | (10) |

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 2021 and 2020

| *(In € million)* | Note | **2021** | 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 19 | 16,367 | 16,199 |
| Property, plant and equipment | 20 | 16,536 | 16,674 |
| Investment property | | 41 | 2 |
| Investments accounted for under the equity method | 9 | 1,672 | 1,578 |
| Other investments and other long-term financial assets | 21 | 4,001 | 3,855 |
| Non-current contract assets | 22 | 27 | 48 |
| Non-current other financial assets | 25 | 691 | 3,483 |
| Non-current other assets | 26 | 795 | 483 |
| Deferred tax assets | 17 | 4,323 | 4,023 |
| Non-current securities | 36 | 6,794 | 5,350 |
| **Total non-current assets** | | **51,247** | **51,695** |
| | | | |
| **Current assets** | | | |
| Inventories | 23 | 28,538 | 30,401 |
| Trade receivables | 22 | 5,063 | 5,132 |
| Current portion of other long-term financial assets | 21 | 537 | 468 |
| Current contract assets | 22 | 1,377 | 1,074 |
| Current other financial assets | 25 | 1,451 | 2,432 |
| Current other assets | 26 | 2,393 | 2,216 |
| Current tax assets | | 552 | 620 |
| Current securities | 36 | 1,317 | 1,618 |
| Cash and cash equivalents | 36 | 14,572 | 14,439 |
| **Total current assets** | | **55,800** | **58,400** |
| Assets and disposal group of assets classified as held for sale | | 0 | 0 |
| **Total assets** | | **107,047** | **110,095** |

| *(In € million)* | Note | **2021** | 2020 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Equity attributable to equity owners of the parent** | | | |
| Capital stock | | 787 | 785 |
| Share premium | | 3,712 | 3,599 |
| Retained earnings | | 6,834 | 250 |
| Accumulated other comprehensive income | | (1,822) | 1,853 |
| Treasury shares | | (45) | (42) |
| **Total equity attributable to equity owners of the parent** | | **9,466** | **6,445** |
| Non-controlling interests | | 20 | 11 |
| **Total equity** | 34 | **9,486** | **6,456** |

| | | | |
|---|---|---|---|
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Non-current provisions | 24 | 10,771 | 14,298 [(1)] |
| Long-term financing liabilities | 36 | 13,094 | 14,082 |
| Non-current contract liabilities | 22 | 18,620 | 19,212 |
| Non-current other financial liabilities | 25 | 6,562 | 5,657 |
| Non-current other liabilities | 26 | 583 | 436 |
| Deferred tax liabilities | 17 | 116 | 451 |
| Non-current deferred income | | 8 | 32 |
| **Total non-current liabilities** | | **49,754** | **54,168 [(1)]** |

| | | | |
|---|---|---|---|
| **Current liabilities** | | | |
| Current provisions | 24 | 4,510 | 6,245 [(1)] |
| Short-term financing liabilities | 36 | 1,946 | 3,013 |
| Trade liabilities | 22 | 9,693 | 8,722 |
| Current contract liabilities | 22 | 23,906 | 24,675 |
| Current other financial liabilities | 25 | 2,532 | 1,769 |
| Current other liabilities | 26 | 3,532 | 3,160 |
| Current tax liabilities | | 1,057 | 1,311 |
| Current deferred income | | 631 | 576 |
| **Total current liabilities** | | **47,807** | **49,471 [(1)]** |
| Disposal group of liabilities classified as held for sale | | 0 | 0 |
| **Total liabilities** | | **97,561** | **103,639** |
| **Total equity and liabilities** | | **107,047** | **110,095** |

(1) Previous year allocation between non-current and current provisions has been restated.

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 2021 and 2020

| *(In € million)* | Note | **2021** | 2020 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit (Loss) for the period attributable to equity owners of the parent (Net income) | | 4,213 | (1,133) |
| Loss for the period attributable to non-controlling interests | | (39) | (36) |
| *Adjustments to reconcile profit for the period to cash provided by operating activities:* | | | |
| Interest income | | (88) | (140) |
| Interest expense | | 334 | 411 |
| Interest received | | 111 | 82 |
| Interest paid | | (330) | (205) |
| Income tax expense | | 853 | 39 |
| Income tax paid | | (321) | 79 |
| Depreciation and amortisation | 11 | 2,325 | 2,831 |
| Valuation adjustments | | (863) | 95 |
| Results on disposals of non-current assets | | (116) | 9 |
| Results of investments accounted for under the equity method | | (40) | (39) |
| Change in current and non-current provisions | | (1,934) | 1,138 |
| Contribution to plan assets (1) | | (533) | (314) |
| **Change in other operating assets and liabilities** | | **1,067** | **(8,237)** |
| Inventories | | 2,405 | 152 |
| Trade receivables | | 379 | 351 |
| Contract assets and liabilities | | (2,326) | 848 |
| Trade liabilities | 22 | 194 | (5,523) |
| Other assets and liabilities | 25, 26 | 415 | (4,065) |
| **Cash provided by (used for) operating activities** | | **4,639** | **(5,420)** |
| **Investing activities** | | | |
| Purchases of intangible assets, property, plant and equipment, investment property | | (1,928) | (1,759) |
| Proceeds from disposals of intangible assets, property, plant and equipment and investment property | | 212 | 228 |
| Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash) | | (25) | (481) |
| Payments for investments accounted for under the equity method, other investments and other long-term financial assets | | (577) | (565) |
| Proceeds from disposals of investments accounted for under the equity method, other investments and other long-term financial assets | | 396 | 408 |
| Dividends paid by companies valued at equity | 9 | 79 | (8) |
| Disposals of non-current assets and disposal groups classified as assets held for sale and liabilities directly associated | | 310 | 0 |
| Payments for investments in securities | 36 | (3,049) | (337) |
| Proceeds from disposals of securities | 36 | 1,863 | 6,640 |
| **Cash provided by (used for) investing activities** | | **(2,719)** | **4,126** |

| *(In € million)* | Note | **2021** | 2020 |
|---|---|---|---|
| **Financing activities** | | | |
| Increase in financing liabilities | 36 | 0 | 7,102 |
| Repayment of financing liabilities | 36 | (2,295) | (445) |
| Cash distribution to Airbus SE shareholders | 34 | 0 | 0 |
| Payments for liability for puttable instruments | | 0 | 91 |
| Changes in capital and non-controlling interests | 34 | 138 | 89 |
| Change in treasury shares | | (22) | (4) |
| **Cash provided by (used for) financing activities** | | **(2,179)** | **6,833** |
| Effect of foreign exchange rate changes on cash and cash equivalents | | 392 | (414) |
| **Net increase in cash and cash equivalents** | | **133** | **5,125** |
| **Cash and cash equivalents at beginning of period** | | **14,439** | **9,314** |
| **Cash and cash equivalents at end of period** | 36 | **14,572** | **14,439** |

(1) In 2020, thereof € 331 million contributions for retirement and deferred compensation plans.

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 2021 and 2020

| | | 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 2020** | | **784** | **3,555** | **2,241** | **819** | **(2,521)** | **1,179** | **(82)** | **5,975** | **15** | **5,990** |
| Loss for the period | | 0 | 0 | (1,133) | 0 | 0 | 0 | 0 | (1,133) | (36) | (1,169) |
| Other comprehensive income | | 0 | 0 | (1,268) | (171) | 2,783 | (236) | 0 | 1,108 | 26 | 1,134 |
| Total comprehensive income for the period | | 0 | 0 | (2,401) | (171) | 2,783 | (236) | 0 | (25) | (10) | (35) |
| Capital increase | 34 | 1 | 44 | 0 | 0 | 0 | 0 | 0 | 45 | 0 | 45 |
| Share-based payment (IFRS 2) | 32 | 0 | 0 | 42 | 0 | 0 | 0 | 0 | 42 | 0 | 42 |
| Cash distribution to Airbus SE shareholders / Dividends paid to non-controlling interests | 34 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Equity transaction (IAS 27) | | 0 | 0 | 368 | 0 | 0 | 0 | 0 | 368 | 6 | 374 |
| Change in treasury shares | 34 | 0 | 0 | 0 | 0 | 0 | 0 | 40 | 40 | 0 | 40 |
| **Balance at 31 December 2020** | | **785** | **3,599** | **250** | **648** | **262** | **943** | **(42)** | **6,445** | **11** | **6,456** |
| Profit for the period | | 0 | 0 | 4,213 | 0 | 0 | 0 | 0 | 4,213 | (39) | 4,174 |
| Other comprehensive income | | 0 | 0 | 2,363 | (192) | (3,710) | 227 | 0 | (1,312) | (15) | (1,327) |
| Total comprehensive income for the period | | 0 | 0 | 6,576 | (192) | (3,710) | 227 | 0 | 2,901 | (54) | 2,847 |
| Capital increase | 34 | 2 | 113 | 0 | 0 | 0 | 0 | 0 | 115 | 0 | 115 |
| Share-based payment (IFRS 2) | 32 | 0 | 0 | 61 | 0 | 0 | 0 | 0 | 61 | 0 | 61 |
| Cash distribution to Airbus SE shareholders / Dividends paid to non-controlling interests | 34 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Equity transaction (IAS 27) | | 0 | 0 | (53) | 0 | 0 | 0 | 0 | (53) | 63 | 10 |
| Change in treasury shares | 34 | 0 | 0 | 0 | 0 | 0 | 0 | (3) | (3) | 0 | (3) |
| **Balance at 31 December 2021** | | **787** | **3,712** | **6,834** | **456** | **(3,448)** | **1,170** | **(45)** | **9,466** | **20** | **9,486** |

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

# 2

# Notes to the IFRS Consolidated Financial Statements

# 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 16 February 2022.

## 2. Impact of the COVID-19 pandemic

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

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

Airlines have reduced capacity, grounded portions of their fleets and sought to implement measures to reduce cash spending and secure liquidity. Some airlines have also sought arrangements with creditors, restructured or applied for bankruptcy or insolvency protection, which may have further consequences for the Company and its order book as well as other consequences resulting from the related proceedings.

In 2021, the commercial environment has shown signs of improvements, in particular an increase in air travel demand.

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

On 28 October 2021, the Company announced the A220 production rate, which was at 5 aircraft a month, is expected to increase to around rate 6 per month in early 2022, with a monthly production rate of 14 envisaged by the middle of the decade. On the A320 Family programme, the Company is working to secure the ramp up and is on trajectory to achieve a monthly rate of 65 aircraft by summer 2023. The recent commercial successes of the A330 programme enable a monthly rate increase from around 2 to almost 3 aircraft at the end of 2022. The A350 programme is expected to increase from around 5 to around 6 aircraft a month in early 2023.

Year-to-date financials reflect deliveries as well as efforts on cost containment and competitiveness. Furthermore, the Company has performed a comprehensive review of provisions and depreciations, taking into account the amended production rates and expected future deliveries. Consequently, the Company recorded € 0.6 billion of release of COVID-related provisions including restructuring in 2021.

In 2020, the review performed led to charges being recorded for an amount of € 1.3 billion and a restructuring provision for an amount of € 1.2 billion.

The Company is monitoring the evolution of the COVID-19 pandemic and will continue to assess further impacts going forward.

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.

# 3. Significant 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 2020. The implementation of other amended standards has no material impact on the Company's Consolidated Financial Statements as of 31 December 2021. The most significant 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.

Incurred inefficiency cost such as the unexpected cost of materials, labour hours expended or other resources consumed do not generate revenue as they do not contribute to the Company's progress in satisfying the performance 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 4: 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.

***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.

***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 finance costs and income taxes if the substance of the transaction is commercial (including sales financing transactions); and
- in finance costs 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".

# 4. 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:

***Impairment of long-life assets, work in progress and finished aircraft*** — 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. 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.

***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 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.

***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").

# 5. Change in Accounting Policies and Disclosures

The accounting policies applied by the Company in preparation of its 2021 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 2021 have no material impact on the Consolidated Financial Statements.

## New, Revised or Amended IFRSs Applied from 1 January 2021

### Amendments to IFRS 16 Leases: Covid-19- Related Rent Concessions beyond 30 June 2021

In March 2021, the IASB issued COVID-19-related Rent Concessions beyond 30 June 2021 to extend by another year the practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19.

The Company has applied in advance of its effective date the practical expedient retrospectively to all rent concessions that meet the conditions of the practical expedient and has accounted for them in the same manner as for a resolution of a contingency that fixes previously variable lease payments.

As such, the Company has not updated the discount rate used to re-measure the lease liability and used the re-measured consideration with a corresponding adjustment to the right-to-use. The Company re-assessed that the application of this amendment, with the extension of the relief until 30 June 2022, has still no material impact on the Consolidated Financial Statements as of 31 December 2021.

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

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

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

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

The Company is mainly exposed to USD LIBOR under Airbus Bank loan assets portfolio for an amount of € 301 million (for a notional amount of US$ 524 million) and the interest rate swaps based on USD LIBOR used in the hedge relationship, for an amount of € 64 million (for a notional amount of US$ 1.5 billion) as developed under "– Note 37: Financial Instruments".

The Phase 2 amendments have no impact on these Consolidated Financial Statements as existing contracts continue to refer to LIBORs as of 31 December 2021.

### Agenda Decision published by the IFRS Interpretation Committee ("IFRIC")

In April 2021, IFRIC published an agenda decision, "Configuration or Customisation Costs in a Cloud Computing Arrangement", which considered how an entity should account for configuration and customisation costs incurred in implementing these service arrangements. IFRIC concluded that these costs should be expensed, unless the criteria for recognising a separate asset are met. The Company is currently undertaking the analysis required to quantify the potential impact and assessing whether a change in accounting policy would be required or not.

### 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 2021 and have not been applied in preparing these Consolidated Financial Statements and early adoption is not planned:

| Standards and amendments | IASB effective date for annual reporting periods beginning on or after | Endorsement status |
|---|---|---|
| Amendments to IFRS 3: Reference to the Conceptual Framework | 1 January 2022 | Endorsed |
| Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use | 1 January 2022 | Endorsed |
| Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract | 1 January 2022 | Endorsed |
| Annual Improvements to IFRS Standards 2018–2020 | 1 January 2022 | Endorsed |
| IFRS 17 "Insurance Contracts" | 1 January 2023 | Endorsed |
| Amendments to IAS 1: Classification of Liabilities as Current or Non-current | 1 January 2023 | Not yet endorsed |
| Amendments to IAS 8: Definition of Accounting Estimates | 1 January 2023 | Not yet endorsed |
| Amendments to IAS 1: Disclosure of Accounting Policies | 1 January 2023 | Not yet endorsed |
| Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 | Not yet endorsed |
| Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information | 1 January 2023 | Not yet endorsed |

## 6. Climate impacts

Climate change may have a major impact on both the Company's industrial operations and its upstream and downstream value chain, including aircraft direct operations and the wider air transport ecosystem along with a strong influence on regulations and stakeholders expectations. Accordingly, climate-related risks can potentially affect the Company's business and competitiveness, its customers and other actors in the aviation industry. For further information on climate-related risks, please refer to the Report of the Board of Directors – 4.6 Risk Factors – "Climate-Related Risks". For more details on specific impacts, see "– Note 19: Intangible assets", "– Note 20: Property, Plant and Equipment" and "– Note 33: Remuneration".

The Company is committed to contributing to meeting the Paris Agreement targets and in taking a leading role in the decarbonisation of the aviation sector in cooperation with all stakeholders. For further information, please refer to the Report of the Board of Directors – 6.1 Non-Financial Information – 6.1.2 "Lead the Journey Towards Clean Aerospace".

The Company continuously assesses potential impacts of identified environmental risks and opportunities. As of 31 December 2021, to the best of the Company's judgement, there is no impact on the Company's assets and liabilities. The Company considered the assumptions related to the life cycle of its main programmes and the related impacts on long-lived assets impairments and concluded that there was no need for impairment. Similarly, the Company did not identify any need for revision to the useful lives of the property, plant and equipment and intangible assets.

The Company shares the EU's ambition to reach a net-zero carbon aviation ecosystem in Europe by 2050, and will contribute to the EU's "2030 Climate Target Plan". Further sustainability activities will continue to accelerate, especially with the objective to bring a zero emission commercial aircraft to market in 2035.

# 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)* | **2021** | 2020 |
| Fully consolidated entities | 178 | 177 |
| Investments accounted for under the equity method | | |
| in joint ventures | 57 | 58 |
| in associates | 23 | 25 |
| **Total** | **258** | **260** |

For more details related to unconsolidated and consolidated structured entities, see "– Note 27: Sales Financing Transactions".

## 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 significant 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

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

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

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

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

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

## 8.2 Disposals

On 15 December 2021, the Company divested to a 50% joint venture one of its sites in France. The assets relative to this disposal were previously classified as held for sale for an amount of € 67 million. The Company received a consideration of € 310 million and recognised a gain of € 122 million, reported in Airbus Defence and Space other income.

## 8.3 Cash Flows from Disposals including Assets and Disposal Groups Classified as Held for Sale

The following table provides details on cash flows from disposals (resulting in assets and liabilities disposed) of subsidiaries, joint ventures and businesses:

| *(In € million)* | **2021** | 2020 |
|---|---|---|
| Total selling price received by cash and cash equivalents | 310 | 0 |
| Cash and cash equivalents included in the disposed subsidiaries | 0 | 0 |
| **Total** | **310** | **0** |

The aggregate cash flows from assets and disposals groups classified as held for sale in 2021 result from the divestment of one of its sites in France.

# 9. Investments Accounted for under the Equity Method

| | 31 December | |
|---|---|---|
| *(In € million)* | **2021** | 2020 |
| Investments in joint ventures | 1,471 | 1,367 |
| Investments in associates | 201 | 211 |
| **Total** | **1,672** | **1,578** |

**Investments accounted for under the equity method** increased by € +94 million to € 1,672 million (2020: € 1,578 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)* | **2021** | 2020 |
|---|---|---|
| **Carrying amount of the investments at 1 January** | **1,367** | **1,444** |
| New joint ventures | 49 | 0 |
| Share of results from continuing operations | 73 | 31 |
| Share of other comprehensive income | 116 | (57) |
| Dividends received during the year | 6 | (49) |
| Changes in consolidation | (28) | 0 |
| Others | (112) | (2) |
| **Carrying amount of the investments at 31 December** | **1,471** | **1,367** |

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, all leading companies in their fields, such as: APP, Arianespace, Cilas, Eurockot, Eurocryospace, Europropulsion, Nuclétudes, Pyroalliance, Regulus, Sodern and Starsem. ArianeGroup inherits a rich portfolio of products and services, enabling it to deliver innovative and competitive solutions to numerous customers around the world.

The Company holds a 37.5% stake in **MBDA** at 31 December 2021, 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 group company 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)* | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 |
| Revenue | 3,129 | 2,718 | 4,234 | 3,592 | 707 | 398 |
| Depreciation and amortisation | (157) | (128) | (165) | (143) | 21 | (6) |
| Interest income | 1 | 9 | 8 | 5 | 0 | 0 |
| Interest expense | (12) | (27) | (13) | (17) | 0 | 0 |
| Income tax expense | 40 | 9 | (112) | (119) | 0 | 1 |
| Profit from continuing operations | (39) | (6) | 344 | 279 | (48) | (138) |
| Other comprehensive income | 15 | (14) | 266 | (157) | 0 | 0 |
| **Total comprehensive income (100%)** | **(24)** | **(20)** | **610** | **122** | **(48)** | **(138)** |
| Non-current assets | 6,129 | 6,111 | 2,727 | 2,687 | 267 | 262 |
| Current assets | 6,466 | 6,260 | 7,849 | 7,841 | 720 | 835 |
| *thereof cash and cash equivalents* | *1,223* | *642* | *2,819* | *2,851* | *6* | *9* |
| Non-current liabilities | 1,008 | 1,152 | 766 | 1,104 | 203 | 165 |
| *thereof non-current financial liabilities (excluding trade and other payables and provisions)* | *423* | *483* | *6* | *3* | *0* | *0* |
| Current liabilities | 7,451 | 7,075 | 8,733 | 8,821 | 662 | 901 |
| *thereof current financial liabilities (excluding trade and other payables and provisions)* | *129* | *53* | *21* | *27* | *0* | *0* |
| **Total equity (100%)** | **4,136** | **4,144** | **1,077** | **603** | **122** | **31** |
| Equity attributable to the equity owners of the parent | 4,126 | 4,144 | 1,077 | 603 | 122 | 31 |
| Non-controlling interests | 10 | 0 | 0 | 0 | 0 | 0 |

| | ArianeGroup | | MBDA | | ATR GIE | |
|---|---|---|---|---|---|---|
| *(In € million)* | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 |
| The Company's interest in equity on investee | 2,063 | 2,072 | 404 | 226 | 61 | 15 |
| Goodwill | 244 | 244 | 282 | 282 | 0 | 0 |
| PPA adjustments, net of tax | (1,519) | (1,519) | 0 | 0 | 0 | 0 |
| Airbus Defence and Space PPA (including 2016 Ariane 6 catch-up) | (121) | (71) | 0 | 0 | 0 | 0 |
| Contingent liability release adjustment | (36) | (36) | 0 | 0 | 0 | 0 |
| Fair value adjustments and modifications for differences in accounting policies | (101) | (23) | (10) | (10) | 0 | 0 |
| Dividend adjustment | 0 | 0 | 0 | 0 | 3 | 0 |
| Elimination of downstream inventory | 2 | 2 | 0 | 0 | (5) | (5) |
| **Carrying amount of the investment at 31 December** | **532** | **669** | **676** | **498** | **59** | **10** |

The development of these investments is as follows:

| | ArianeGroup | | MBDA | | ATR GIE | |
|---|---|---|---|---|---|---|
| *(In € million)* | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 |
| **Carrying amount of the investment at 1 January** | **669** | **699** | **498** | **450** | **10** | **106** |
| Share of results from continuing operations | (66) | (22) | 130 | 107 | (23) | (68) |
| Share of other comprehensive income | 5 | (8) | 99 | (57) | (4) | 5 |
| Dividends received during the year | 0 | 0 | (49) | 0 | 76 | (33) |
| Changes in consolidation | 5 | 0 | 0 | 0 | 0 | 0 |
| Others | (81) | 0 | (2) | (2) | 0 | 0 |
| **Carrying amount of the investment at 31 December** | **532** | **669** | **676** | **498** | **59** | **10** |

The Company's share of contingent liabilities and other commitments as of 31 December 2021 relating to MBDA is € 393 million (2020: € 450 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)* | **2021** | 2020 |
|---|---|---|
| **Carrying amount of the investment at 1 January** | **211** | **182** |
| Share of results from continuing operations | (33) | 8 |
| Share of other comprehensive income | 30 | 32 |
| Dividends received during the year | (6) | (44) |
| Changes in consolidation | 0 | 28 |
| Disposal of shares | 0 | 5 |
| Others | (1) | 0 |
| **Carrying amount of the investment at 31 December** | **201** | **211** |

The cumulative unrecognised comprehensive loss for these associates amounts to € -12 million and € -97 million as of 31 December 2021 and 2020, respectively (thereof € 85 million for the period).

# 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 |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| Total transactions with associates | 7 | 132 | 3 | 22 | 108 | 0 |
| Total transactions with joint ventures | 2,807 | 212 | 930 | 1,239 | 0 | 1,410 |
| **2020** | | | | | | |
| Total transactions with associates | 9 | 42 | 6 | 13 | 101 | 16 |
| Total transactions with joint ventures | 2,596 | 186 | 1,294 | 1,176 | 5 | 1,275 |

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

As of 31 December 2021, the Company granted guarantees of € 129 million to Air Tanker Group in the UK (2020: € 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 aircraft of more than 100 seats, aircraft conversion and related services; development, manufacturing, marketing and sale of regional turboprop aircraft and aircraft components. It also includes the holding function of the Company and its bank activities.
- **Airbus Helicopters** — Development, manufacturing, marketing and sale of civil and military helicopters; provision of helicopter related services.
- **Airbus Defence and Space** — Military Aircraft design, development, delivery, and support of military aircraft such as combat, mission, transport and tanker aircraft and their associated services. Space Systems design, development, delivery, and support of full range of civil and defence space systems for telecommunications, earth observations, navigation, science and orbital systems. Connected Intelligence provision of services around data processing from platforms, secure communication and cyber security. In addition, the main joint ventures design, develop, deliver, and support missile systems as well as space launcher systems. Unmanned Aerial Systems design, development, delivery and service support.

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

The plans have no impact on the segment structure described above (see "– Note 40: Events after the Reporting Date").

## 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 2021 is as follows:

| *(In € million)* | Airbus | Airbus Helicopters | Airbus Defence and Space | Eliminations | **Consolidated Airbus** |
|---|---|---|---|---|---|
| Total revenue | 36,164 | 6,509 | 10,186 | 0 | 52,859 |
| Internal revenue | (425) | (230) | (55) | 0 | (710) |
| **Revenue** | **35,739** | **6,279** | **10,131** | **0** | **52,149** |
| *thereof* | | | | | |
| *sales of goods at a point in time* | *33,455* | *3,298* | *3,076* | *0* | *39,829* |
| *sales of goods over time* | *20* | *192* | *3,557* | *0* | *3,769* |
| *services, including sales of spare parts* | *2,264* | *2,789* | *3,498* | *0* | *8,551* |
| **Profit before financial result and income taxes (EBIT)** | **4,175** | **535** | **568** | **64** | **5,342** |
| *thereof* | | | | | |
| *depreciation and amortisation* | *(1,616)* | *(184)* | *(525)* | *0* | *(2,325)* |
| *research and development expenses* | *(2,252)* | *(275)* | *(249)* | *30* | *(2,746)* |
| *share of profit from investments accounted for under the equity method* | *(29)* | *0* | *69* | *0* | *40* |
| *additions to other provisions* [(1)] | *(989)* | *(398)* | *(870)* | *27* | *(2,230)* |
| Interest result | | | | | (246) |
| Other financial result | | | | | (69) |
| Income taxes | | | | | (853) |
| **Profit for the period** | | | | | **4,174** |

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

Business segment information for the year ended 31 December 2020 is as follows:

| *(In € million)* | Airbus | Airbus Helicopters | Airbus Defence and Space | Eliminations | **Consolidated Airbus** |
|---|---|---|---|---|---|
| Total revenue | 34,250 | 6,251 | 10,446 | 0 | 50,947 |
| Internal revenue | (689) | (271) | (75) | 0 | (1,035) |
| **Revenue** | **33,561** | **5,980** | **10,371** | **0** | **49,912** |
| *thereof* | | | | | |
| *sales of goods at a point in time* | *31,331* | *3,144* | *2,921* | *0* | *37,396* |
| *sales of goods over time* | *37* | *273* | *4,084* | *0* | *4,394* |
| *services, including sales of spare parts* | *2,193* | *2,563* | *3,366* | *0* | *8,122* |
| **Profit (Loss) before financial result and income taxes (EBIT)** | **(1,330)** | **455** | **408** | **(43)** | **(510)** |
| *thereof* | | | | | |
| *depreciation and amortisation* | *(1,951)* | *(208)* | *(672)* | *0* | *(2,831)* |
| *research and development expenses* | *(2,436)* | *(273)* | *(225)* | *76* | *(2,858)* |
| *share of profit from investments accounted for under the equity method* | *(80)* | *6* | *113* | *0* | *39* |
| *additions to other provisions* | *(2,371)* | *(398)* | *(980)* | *(11)* | *(3,760)* |
| Interest result | | | | | (271) |
| Other financial result | | | | | (349) |
| Income taxes | | | | | (39) |
| **Loss for the period** | | | | | **(1,169)** |

| **Segment capital expenditures** | 31 December | |
|---|---|---|
| *(In € million)* | **2021** | 2020 |
| Airbus | 1,270 | 1,191 |
| Airbus Helicopters | 175 | 113 |
| Airbus Defence and Space | 483 | 455 |
| Eliminations | 0 | 0 |
| **Total capital expenditures** (1) | **1,928** | **1,759** |

(1) Excluding expenditure for leased assets.

| **Segment assets** | 31 December | |
|---|---|---|
| *(In € million)* | **2021** | 2020 |
| Airbus | 60,673 | 65,180 |
| Airbus Helicopters | 8,500 | 8,757 |
| Airbus Defence and Space | 17,081 | 16,701 |
| Eliminations | (6,765) | (6,593) |
| **Total segment assets** | **79,489** | **84,045** |
| **Unallocated** | | |
| Deferred and current tax assets | 4,875 | 4,643 |
| Securities | 8,111 | 6,968 |
| Cash and cash equivalents | 14,572 | 14,439 |
| Assets classified as held for sale | 0 | 0 |
| **Total assets** | **107,047** | **110,095** |

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".

| Segment order backlog | 31 December | | | |
|---|---|---|---|---|
| | **2021** | | 2020 | |
| | *(In € million)* | *(in %)* | *(In € million)* | *(in %)* |
| Airbus | 345,101 | 87 | 324,675 | 87 |
| Airbus Helicopters | 17,985 | 4 | 15,782 | 4 |
| Airbus Defence and Space | 36,131 | 9 | 33,505 | 9 |
| Eliminations | (778) | 0 | (835) | 0 |
| **Total** | **398,439** | **100** | **373,127** | **100** |

As of 31 December 2021, 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 2021 and 2020 respectively. Adjustments to the value of the backlog could result from changes in the transaction price. The backlog will mainly be released into revenue over a period of seven years.

The increase mainly reflects the strengthening of the US dollar. In Airbus, total gross commercial aircraft orders amount to 771 units (2020: 383 units) with net orders of 507 aircraft after cancellations (2020: 268 aircraft) and total deliveries amount to 611 units (2020: 566 units) as of 31 December 2021.

# 2.4 Airbus Performance

## 12. Revenue and Gross Margin

**Revenue** increased by € +2,237 million to € 52,149 million (2020: € 49,912 million). The increase is mainly driven by Airbus (€ +2,178 million) reflecting higher aircraft deliveries partly offset by an unfavourable foreign exchange impact.

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

| *(In € million)* | **2021** | 2020 |
|---|---|---|
| Asia-Pacific | 15,970 | 13,087 |
| Europe | 19,490 | 20,325 |
| North America | 10,546 | 8,688 |
| Middle East | 2,256 | 3,123 |
| Latin America | 980 | 983 |
| Other countries | 2,907 | 3,706 |
| **Total** | **52,149** | **49,912** |

The **gross margin** increased by € +3,969 million to € 9,631 million compared to € 5,662 million in 2020. It mainly reflects higher aircraft deliveries at Airbus as well as a release of COVID-related provisions for an amount of € 0.4 billion. In addition, in 2020, Airbus was impacted by lower cost efficiency and recorded charges of € 1.2 billion triggered by the COVID-19 pandemic. The gross margin rate increased from 11.3% to 18.5%.

The Company delivered the last A380 aircraft in 2021. As a consequence and in addition to the net charge recorded in 2018, the Company recorded a net charge of € 385 million in EBIT in 2020 as part of its continuous assessment of asset recoverability and review of onerous contract provision assumptions. In 2021, a positive EBIT impact of € 274 million was recorded, mainly reflecting the release of provision recorded in 2018 on the former A380 Lagardère facility that will be used for the modernised A320 FAL.

As of 31 December 2021, the Company has delivered a total of 105 A400M aircraft including 8 aircraft in 2021.

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

In 2020, an update of the contract estimate at completion was performed and a charge of € 63 million recorded reflecting mainly the variation of price escalation indexes. In 2021, an update of the contract estimate at completion has been performed and an additional charge of € 212 million has been recorded. This reflects mainly the updated estimates on the delivery pattern of the launch contract and the associated impact on unabsorbed costs.

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

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

## 13. Research and Development Expenses

**Research and development expenses** decreased by € -112 million to € 2,746 million compared to € 2,858 million in 2020.

## 14. Other Income and Other Expenses

**Other income** increased by € +462 million to € 594 million compared to € 132 million in 2020. In 2021, it includes the gain of € 122 million for the divestment of one of its sites to a joint venture (see "– Note 8: Acquisitions and Disposals").

**Other expenses** decreased by € -1,257 million to € -201 million compared to € -1,458 million in 2020, mainly due to the restructuring provision recorded in 2020 for an amount of € 1.2 billion in response to the COVID-19 pandemic.

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

| *(In € million)* | **2021** | 2020 |
|---|---|---|
| Share of profit from investments in joint ventures | 73 | 31 |
| Share of profit from investments in associates | (33) | 8 |
| **Share of profit from investments accounted for under the equity method** | **40** | **39** |
| **Other income from investments** | **76** | **113** |

**Share of profit from investments under the equity method** and **other income from investments** decreased by € -36 million to € 116 million compared to € 152 million in 2020. It includes dividends received from other investments classified at fair value through OCI for an amount of € 108 million (2020: € 137 million).

## 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)* | **2021** | 2020 |
|---|---|---|
| Interests on European Governments' refundable advances | (112) | (108) |
| Others | (134) | (163) |
| **Total interest result** (1) | **(246)** | **(271)** |
| Change in fair value measurement of financial instruments | (370) | 111 |
| Foreign exchange translations on monetary items | 53 | (28) |
| Unwinding of discounted provisions | (19) | (25) |
| Others | 267 | (407) |
| **Total other financial result** | **(69)** | **(349)** |
| **Total** | **(315)** | **(620)** |

(1) In 2021, the total interest income amounts to € 88 million (2020: € 140 million) for financial assets which are not measured at fair value through profit or loss. For financial liabilities which are not measured at fair value through profit or loss € -334 million (2020: € -411 million) are recognised as total interest expenses. Both amounts are calculated by using the effective interest method.

**Total financial result** improved by € +305 million to € -315 million compared to € -620 million in 2020. This is driven by the revaluation of certain equity investments (see "– Note 21: Other Investments and Other Long-Term Financial Assets"), compensated by a negative impact from revaluation of financial instruments. In addition, in 2020 it included the re-measurement on the A350 Repayable Launch Investment ("RLI") (see "– Note 25: Other Financial Assets and Other Financial Liabilities").

## 17. Income Taxes

The expense for income taxes is comprised of the following:

| *(In € million)* | **2021** | 2020 |
|---|---|---|
| Current tax expense | (348) | 227 |
| Deferred tax expense | (505) | (266) |
| **Total** | **(853)** | **(39)** |

Main income tax rates and main changes impacting the Company:

| *(Rate in %)* | **2021** | **2022** | **> 2022** |
|---|---|---|---|
| Netherlands [(1)] | 25.00 | 25.80 | 25.80 |
| France [(2)] | 28.41 | 25.83 | 25.83 |
| Germany | 30.00 | 30.00 | 30.00 |
| Spain | 25.00 | 25.00 | 25.00 |
| UK [(3)] | 19.00 | 19.00 | 25.00 |

(1) A tax law has been enacted in 2021 increasing the rate for income taxes to 25.80% in 2022 and beyond.
(2) In 2019, a tax law has been enacted changing the rate for income taxes to 28.41% in 2021 and 25.83% from 2022 and beyond.
(3) A tax law has been enacted in 2021 increasing the rate for income taxes to 25.00% from April 2023 and beyond.

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)* | **2021** | 2020 |
|---|---|---|
| Profit (Loss) before income taxes | 5,027 | (1,130) |
| Corporate income tax rate | 25.0% | 25.0% |
| Expected (expense) for income taxes | (1,257) | 283 |
| Effects from tax rate differentials / Change of tax rate | (103) | (4) |
| Capital gains and losses on disposals / mergers | 5 | (3) |
| Income from investment and associates | 23 | 24 |
| Tax credit | 53 | 13 |
| Change in valuation allowances [(1)] | 116 | (356) |
| Tax contingencies | 186 | 147 |
| Other non-deductible expenses and tax-free income | 124 | (143) |
| **Reported tax (expense)** | **(853)** | **(39)** |

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

The **income tax** expense amounts to € -853 million (2020: € -39 million) and corresponds to an effective income tax rate of 17.0%. This includes positive impacts from tax risk updates, the tax-free revaluation of certain equity investments under IFRS 9 and a net release of deferred tax asset impairments mainly due to an updated business outlook. Management will continue to assess its tax contingencies going forward, whose outcome could result in further financial impacts.

In 2020, the effective tax rate was mainly driven by the negative pre-tax result offset by deferred tax impairments and tax-free revaluation of certain equity investments.

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 2021, 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 € 145 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 2021** | 31 December 2020 |
|---|---|---|---|---|---|---|---|
| NOL | 372 | 3,224 | 338 | 1,417 | 2,934 | 8,285 | 7,625 |
| Trade tax loss carry forwards | 0 | 3,530 | 0 | 0 | 0 | 3,530 | 3,263 |
| Tax credit carry forwards | 0 | 0 | 216 | 0 | 5 | 221 | 279 |
| **Tax effect** | **96** | **1,010** | **300** | **354** | **759** | **2,519** | **2,283** |
| Valuation allowances | (13) | (984) | (207) | (85) | (712) | (2,001) | (1,927) |
| **Deferred tax assets on NOLs and tax credit carry forwards** | **83** | **26** | **93** | **269** | **47** | **518** | **356** |

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)* | **2021** | 2020 |
|---|---|---|
| **Net deferred tax assets at 1 January** | **3,572** | **4,610** |
| Deferred tax expense in income statement | (505) | (266) |
| Deferred tax recognised directly in AOCI | 1,435 | (893) |
| Deferred tax on remeasurement of the net defined benefit pension plans | (368) | 358 |
| Others | 73 | (237) |
| **Net deferred tax assets at 31 December** | **4,207** | **3,572** |

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

| *(In € million)* | **2021** | 2020 |
|---|---|---|
| Financial assets at fair value through OCI | (102) | (128) |
| Cash flow hedges | 1,323 | (86) |
| Deferred tax on remeasurement of the net defined benefit pension plans | 2,126 | 2,494 |
| **Total** | **3,347** | **2,280** |

Deferred income taxes as of 31 December 2021 are related to the following assets and liabilities:

| | 1 January 2021 | | Other movements | | Movement through income statement | | **31 December 2021** | |
|---|---|---|---|---|---|---|---|---|
| *(In € million)* | Deferred tax assets | Deferred tax liabilities | OCI / IAS 19 | Others[1] | R&D tax credits | Deferred tax benefit (expense) | **Deferred tax assets** | **Deferred tax liabilities** |
| Intangible assets | 186 | (489) | 0 | (71) | 0 | 72 | 249 | (551) |
| Property, plant and equipment | 30 | (313) | 0 | 67 | 0 | (548) | 49 | (813) |
| Investments and other long-term financial assets | 1,174 | (83) | 0 | 0 | 0 | 22 | 1,221 | (108) |
| Inventories | 3,088 | (1,603) | 0 | 21 | 0 | 659 | 3,658 | (1,493) |
| Receivables and other assets | 2,457 | (1,692) | (424) | 17 | 0 | (1,041) | 806 | (1,489) |
| Prepaid expenses | 0 | (2) | 0 | 0 | 0 | 10 | 11 | (3) |
| Provisions for retirement plans | 1,188 | 0 | (450) | 114 | 0 | 231 | 1,071 | 12 |
| Other provisions | 2,043 | (330) | 0 | 55 | 0 | (1,151) | 754 | (137) |
| Liabilities | 1,966 | (3,665) | 1,886 | (194) | 0 | 1,114 | 2,930 | (1,823) |
| Deferred income | 53 | (117) | 0 | 16 | 0 | (199) | (5) | (242) |
| NOLs and tax credit carry forwards | 2,283 | 0 | 0 | 50 | (24) | 210 | 2,519 | 0 |
| **Deferred tax assets (liabilities) before offsetting** | **14,468** | **(8,294)** | **1,012** | **75** | **(24)** | **(621)** | **13,263** | **(6,647)** |
| Valuation allowances on deferred tax assets | (2,602) | 0 | 55 | (37) | 59 | 116 | (2,409) | 0 |
| Set-off | (7,843) | 7,843 | 0 | 0 | 0 | 0 | (6,531) | 6,531 |
| **Net deferred tax assets (liabilities)** | **4,023** | **(451)** | **1,067** | **38** | **35** | **(505)** | **4,323** | **(116)** |

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

Deferred income taxes as of 31 December 2020 are related to the following assets and liabilities:

| | 1 January 2020 | | Other movements | | Movement through income statement | | **31 December 2020** | |
|---|---|---|---|---|---|---|---|---|
| *(In € million)* | Deferred tax assets | Deferred tax liabilities | OCI / IAS 19 | Others [1] | R&D tax credits | Deferred tax benefit (expense) | **Deferred tax assets** | **Deferred tax liabilities** |
| Intangible assets | 221 | (503) | 0 | (10) | 0 | (11) | 186 | (489) |
| Property, plant and equipment | 55 | (281) | 0 | (4) | 0 | (53) | 30 | (313) |
| Investments and other long-term financial assets | 1,897 | (38) | 0 | (14) | 0 | (754) | 1,174 | (83) |
| Inventories | 2,636 | (37) | 0 | (15) | 0 | (1,099) | 3,088 | (1,603) |
| Receivables and other assets | 1,937 | (1,310) | (1,086) | 53 | 0 | 1,171 | 2,457 | (1,692) |
| Prepaid expenses | 13 | 0 | 0 | 0 | 0 | (15) | 0 | (2) |
| Provisions for retirement plans | 961 | 0 | 451 | (16) | 0 | (208) | 1,188 | 0 |
| Other provisions | 2,026 | (557) | 0 | (4) | 0 | 248 | 2,043 | (330) |
| Liabilities | 1,528 | (3,642) | 160 | (83) | 0 | 338 | 1,966 | (3,665) |
| Deferred income | 19 | (236) | 0 | 2 | 0 | 151 | 53 | (117) |
| NOLs and tax credit carry forwards | 2,073 | 0 | 0 | (69) | (43) | 322 | 2,283 | 0 |
| **Deferred tax assets (liabilities) before offsetting** | **13,366** | **(6,604)** | **(475)** | **(160)** | **(43)** | **90** | **14,468** | **(8,294)** |
| Valuation allowances on deferred tax assets | (2,152) | 0 | (59) | 48 | (83) | (356) | (2,602) | 0 |
| Set-off | (6,206) | 6,206 | 0 | 0 | 0 | 0 | (7,843) | 7,843 |
| **Net deferred tax assets (liabilities)** | **5,008** | **(398)** | **(534)** | **(112)** | **(126)** | **(266)** | **4,023** | **(451)** |

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

## 18. Earnings per Share

| | **2021** | 2020 |
|---|---|---|
| Profit (Loss) for the period attributable to equity owners of the parent (Net income) | € 4,213 million | € (1,133) million |
| Weighted average number of ordinary shares | 785,326,074 | 783,178,191 |
| **Basic earnings per share** | **€ 5.36** | **€ (1.45)** |

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

During 2021, the average price of the Company's shares exceeded the exercise price of the share-settled Performance Units and therefore 575,926 shares were considered in the calculation of diluted earnings per share.

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

| | **2021** | 2020 |
|---|---|---|
| Profit (Loss) for the period attributable to equity owners of the parent (Net income), adjusted for diluted calculation | € 4,213 million | € (1,133) million |
| Weighted average number of ordinary shares (diluted) [1] | 785,902,000 | 783,178,191 |
| **Diluted earnings per share** | **€ 5.36** | **€ (1.45)** |

(1) In 2021, dilution assumes conversion of all potential ordinary shares.

# 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 3: Significant 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 2021 and 2020 comprise the following:

| | **31 December 2021** | | | 31 December 2020 | | |
|---|---|---|---|---|---|---|
| *(In € million)* | Gross amount | Amortisation / Impairment | Net book value | Gross amount | Amortisation / Impairment | Net book value |
| Goodwill | 14,072 | (1,044) | 13,028 | 14,039 | (1,040) | 12,999 |
| Capitalised development costs | 2,534 | (1,248) | 1,286 | 3,210 | (1,952) | 1,258 |
| Other intangible assets | 5,043 | (2,990) | 2,053 | 4,807 | (2,865) | 1,942 |
| **Total** | **21,649** | **(5,282)** | **16,367** | **22,056** | **(5,857)** | **16,199** |

### Net Book Value

| *(In € million)* | Balance at 1 January 2021 | Exchange differences | Additions | Changes in consolidation scope | Reclassi-fication | Disposals | Amortisation / Impairment | **Balance at 31 December 2021** |
|---|---|---|---|---|---|---|---|---|
| Goodwill | 12,999 | 28 | 1 | 0 | 0 | 0 | 0 | 13,028 |
| Capitalised development costs | 1,258 | 12 | 152 | 0 | (14) | (16) | (106) | 1,286 |
| Other intangible assets | 1,942 | 113 | 199 | (1) | 16 | (5) | (211) | 2,053 |
| **Total** | **16,199** | **153** | **352** | **(1)** | **2** | **(21)** | **(317)** | **16,367** |

| *(In € million)* | Balance at 1 January 2020 | Exchange differences | Additions | Changes in consolidation scope | Reclassi-fication | Disposals | Amortisation / Impairment | **Balance at 31 December 2020** |
|---|---|---|---|---|---|---|---|---|
| Goodwill | 13,019 | (30) | 10 | 0 | 0 | 0 | 0 | 12,999 |
| Capitalised development costs | 1,460 | (9) | 101 | 0 | 0 | (72) | (222) | 1,258 |
| Other intangible assets | 2,112 | (128) | 199 | 1 | (13) | 3 | (232) | 1,942 |
| **Total** | **16,591** | **(167)** | **310** | **1** | **(13)** | **(69)** | **(454)** | **16,199** |

**Intangible assets** increased by € +168 million to € 16,367 million (2020: € 16,199 million). Intangible assets mainly relate to goodwill of € 13,028 million (2020: € 12,999 million).

### Capitalised Development Costs

The Company has capitalised development costs in the amount of € 1,286 million as of 31 December 2021 (€ 1,258 million as of 31 December 2020), mainly for Airbus programmes (€ 676 million), Airbus Helicopters (€ 340 million) and Airbus Defence and Space (€ 271 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.

### 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 the groups of cash-generating units. 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 where a rate of 1% has been applied, 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.

The Company tested the intangible assets for which an indicator of impairment was identified. In particular, the Company tested the intangible assets associated with some aircraft programmes and concluded that no impairment was necessary.

As of 31 December 2021 and 2020, 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 2021** | 10,731 | 139 | 2,158 | 0 | **13,028** |
| Goodwill as of 31 December 2020 | 10,710 | 139 | 2,150 | 0 | 12,999 |

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

The annual impairment tests performed in 2021 led to no impairment charge. Sensitivities were also performed for growth rates (+ / - 1%) and discount rates (+ / - 1%), and in both cases led to no impairment charge.

### General Assumptions Applied in the Planning Process

The basis for determining the recoverable amount is the value in use of the CGUs. Generally, cash flow projections used for the Company's impairment testing are based on operative planning.

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

- increase of expected future labour expenses of 3.0% (2020: 1.5%);
- future interest rates projected per geographical market, for the European Monetary Union, the UK and the US;
- future exchange rate of 1.25 US$/€ (2020: 1.25 US$/€) 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 in individual CGUs.

### Airbus

- The planning takes into account both the current market condition and Airbus production rate, and includes management's best estimates of the progressive increase in aircraft deliveries over the operative planning period.
- In the absence of long-term financial reference, expected cash flows generated beyond the planning horizon are considered through a terminal value.
- 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 11.0% (2020: 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.
- In the absence of long-term financial reference, expected cash flows generated beyond the planning horizon are considered through a terminal value.
- Long-term commercial assumptions in respect of market share, deliveries and market value are based on the latest helicopter market forecast. This market has started to recover in 2021, but is expected to remain a challenging environment due to persistent economic uncertainties lengthening the sales cycle in particular in military due to budget allocation postponement or reduction, delayed growth of emerging markets especially in Asia, and the Oil and Gas downturn.
- Cash flows are discounted using a euro weighted pre-tax WACC of 9.3% (2020: 12.8%).

**Airbus Defence and Space**

- Overall the defence and space markets are expected to have a moderate growth during the period of the operative planning horizon.
- Business growth is underpinned by growing defence 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.
- Cash flows are discounted using a euro weighted pre-tax WACC of 8.3% (2020: 10.1%).

## 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 2021 and 2020 comprises the following:

| | **31 December 2021** | | | 31 December 2020 | | |
|---|---|---|---|---|---|---|
| *(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 | 10,344 | (5,324) | 5,020 | 9,767 | (5,086) | 4,681 |
| Technical equipment and machinery | 23,697 | (16,609) | 7,088 | 23,650 | (16,582) | 7,068 |
| Other equipment, factory and office equipment [(1)] | 3,853 | (3,013) | 840 | 3,699 | (2,888) | 811 |
| Construction in progress | 1,890 | 0 | 1,890 | 2,310 | 0 | 2,310 |
| Right-of-use assets [(2)] | 2,486 | (788) | 1,698 | 2,426 | (622) | 1,804 |
| **Total** | **42,270** | **(25,734)** | **16,536** | **41,852** | **(25,178)** | **16,674** |

(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 € 1,583 million.

**Net Book Value**

| *(In € million)* | Balance at 1 January 2021 | Exchange differences | Additions | Changes in consolidation scope | Reclassi-fication | Disposals | Depreciation / Impairment | **Balance at 31 December 2021** |
|---|---|---|---|---|---|---|---|---|
| Land, leasehold improvements and buildings, including buildings on land owned by others | 4,681 | 43 | 48 | 5 | 641 | (71) | (327) | **5,020** |
| Technical equipment and machinery | 7,068 | 106 | 225 | 1 | 1,038 | (66) | (1,284) | **7,088** |
| Other equipment, factory and office equipment | 811 | 14 | 150 | 2 | 66 | (7) | (196) | **840** |
| Construction in progress | 2,310 | 16 | 1,289 | 2 | (1,678) | (49) | 0 | **1,890** |
| Right-of-use assets | 1,804 | 59 | 240 | 0 | (96) | (49) | (260) | **1,698** |
| **Total** | **16,674** | **238** | **1,952** | **10** | **(29)** | **(242)** | **(2,067)** | **16,536** |

| (In € million) | Balance at 1 January 2020 | Exchange differences | Additions | Changes in consolidation scope | Reclassi-fication | Disposals | Depreciation / Impairment (1) | **Balance at 31 December 2020** |
|---|---|---|---|---|---|---|---|---|
| Land, leasehold improvements and buildings, including buildings on land owned by others | 4,823 | (37) | 104 | (7) | 168 | (44) | (326) | **4,681** |
| Technical equipment and machinery | 7,257 | (127) | 328 | (3) | 1,158 | (36) | (1,509) | **7,068** |
| Other equipment, factory and office equipment | 957 | (13) | 83 | 0 | 79 | (73) | (222) | **811** |
| Construction in progress | 2,714 | (11) | 1,008 | 2 | (1,364) | (39) | 0 | **2,310** |
| Right-of-use assets | 1,543 | (57) | 605 | 15 | (23) | (33) | (246) | **1,804** |
| **Total** | **17,294** | **(245)** | **2,128** | **7** | **18** | **(225)** | **(2,303)** | **16,674** |

(1) Accelerated depreciation previously included in onerous contract provision has been offset with the release of the provision in the presentation of the Consolidated Statement of Cash Flows for the year ended 2020.

**Property, plant and equipment** decreased by € -138 million to € 16,536 million (2020: € 16,674 million). Property, plant and equipment include right-of-use assets for an amount of € 1,698 million as of 31 December 2021 (2020: € 1,804 million).

Based on management's best estimate, there is no impact on the useful life of Property, plant and equipment resulting from the Company's journey towards sustainable aerospace.

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)* | **2021** | 2020 |
| France | 7,570 | 7,736 |
| Germany | 4,185 | 4,350 |
| UK | 1,604 | 1,615 |
| Spain | 1,273 | 1,350 |
| Other countries | 1,904 | 1,623 |
| **Total** | **16,536** | **16,674** |

### 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 € 22 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” (€ 598 million as of 31 December 2021, 2020: € 335 million).

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

| | 31 December | |
|---|---|---|
| *(In € million)* | **2021** | 2020 |
| Other investments | 2,511 | 2,245 |
| Other long-term financial assets | 1,490 | 1,610 |
| **Total non-current other investments and other long-term financial assets** | **4,001** | **3,855** |
| **Current portion of other long-term financial assets** | **537** | **468** |
| **Total** | **4,538** | **4,323** |

**Other investments** mainly comprise the Company’s participations and include the remaining investment in Dassault Aviation (9.90%, 2020: 9.90%) amounting to € 786 million at 31 December 2021 (2020: € 742 million).

In March 2020, **OneWeb Communications** filed under Chapter 11 of the US Bankruptcy Code. Consequently, the related financial assets were fully impaired, leading to a decrease in the fair value of the equity investment by € -137 million recorded through OCI and a depreciation of a loan by € -136 million recorded through financial result.

In November 2020, the US Bankruptcy Court entered an order issuing a final decree to allow a consortium of Her Majesty’s Government HMG and Bharti Global Limited to acquire the newly re-organised OneWeb.

As at 31 December 2021, the Company holds a minor investment in OneWeb which is accounted for at fair value.

**Other long-term financial assets** and the **current portion of other long-term financial assets** include other loans in the amount of € 1,909 million as of 31 December 2021 (2020: € 1,841 million), and the sales financing activities in the form of finance lease receivables and loans from aircraft financing.

## 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, impaired or amortised.

***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:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| *(In € million)* | Contract assets | Contract liabilities | Contract assets | Contract liabilities |
| Revenue recognised that was included in the contract liability balance at 1 January | - | (19,311) | - | (20,327) |
| Increases due to cash received, excluding amounts recognised as revenue (1) | - | 17,792 | - | 20,915 |
| Transfers from contract assets recognised at 1 January | (5,765) | - | (4,353) | - |
| Increase as a result of changes in the measure of progress | 6,045 | - | 4,188 | - |

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

As of 31 December 2021, trade receivables amounting to € 210 million (2020: € 189 million) will mature after more than one year.

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

| *(In € million)* | **2021** | 2020 |
|---|---|---|
| **Allowance balance at 1 January** | **(306)** | **(397)** |
| Utilisations / disposals and business combinations | 47 | 162 |
| Additions | (104) | (71) |
| **Allowance balance at 31 December** | **(363)** | **(306)** |

## Trade Liabilities

**Trade liabilities** of € 9,693 million (2020: € 8,722 million) increased by € +971 million, mainly in Airbus.

As of 31 December 2021, trade liabilities amounting to € 89 million (2020: € 67 million) will mature after more than one year.

# 23. Inventories

| | **31 December 2021** | | | 31 December 2020 | | |
|---|---|---|---|---|---|---|
| *(In € million)* | Gross amount | Write-down | Net book value | Gross amount | Write-down | Net book value |
| Raw materials and manufacturing supplies | 3,773 | (705) | 3,068 | 3,934 | (606) | 3,328 |
| Work in progress | 19,553 | (2,010) | 17,542 | 21,225 | (2,495) | 18,730 |
| Finished goods and parts for resale | 5,356 | (800) | 4,556 | 5,919 | (691) | 5,228 |
| Advance payments to suppliers | 3,491 | (119) | 3,372 | 3,173 | (58) | 3,115 |
| **Total** | **32,173** | **(3,634)** | **28,538** | **34,251** | **(3,850)** | **30,401** |

**Inventories** of € 28,538 million (2020: € 30,401 million) decreased by € -1,863 million. This is driven by Airbus (€ -1,944 million), and mainly reflects the delivery of the last A380 aircraft and the reduction in the widebodies inventory.

In 2021, write-downs of inventories in the amount of € -655 million (2020: € -950 million) are recognised in cost of sales, whereas reversal of write-downs amounts to € 459 million (2020: € 24 million). At 31 December 2021, € 16,564 million of work in progress and € 4,428 million of finished goods and parts for resale were carried at net realisable value.

Inventories recognised as an expense during the period amount to € 32,388 million (2020: € 32,985 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)* | **2021** | 2020 |
| Provisions for pensions | 7,072 | 9,980 |
| Other provisions | 8,209 | 10,563 |
| **Total** | **15,281** | **20,543** |
| *thereof non-current portion* | *10,771* | *14,298* (1) |
| *thereof current portion* | *4,510* | *6,245* (1) |

(1) Previous year allocation between non-current and current provisions has been restated.

As of 31 December 2021, **provisions for pensions** decreased mainly due to the change in financial assumptions of € 1,453 million reflecting the further strengthening of interest rates and increased inflation assumptions in Germany, France, Canada and the UK and the increase in plan assets of € 1,341 million.

**Other provisions** decreased mainly due to the restructuring provision recorded in 2020 in response to the COVID-19 pandemic and a decrease in provisions for onerous contracts due to the delivery of the last A380 aircraft, the utilisation and net presentation of the A400M programme losses against inventories and the reduction in the A220 programme.

Movements in other provisions during the year were as follows:

| *(In € million)* | Balance at 1 January 2021 | Exchange differences | Increase from passage of time | Additions | Reclassification/ Change in consolidated group | Used | Released | **Balance at 31 December 2021** |
|---|---|---|---|---|---|---|---|---|
| Onerous contracts | 3,026 | 87 | 0 | 371 | (271) | (782) | (182) | 2,249 |
| Outstanding costs | 1,320 | 4 | 0 | 456 | 0 | (345) | (59) | 1,376 |
| Aircraft financing risks (1) | 7 | 1 | 0 | 13 | 0 | (2) | (2) | 17 |
| Obligation from services and maintenance agreements | 553 | 0 | 9 | 16 | 0 | (33) | (54) | 491 |
| Warranties | 325 | 6 | (1) | 115 | 1 | (58) | (16) | 372 |
| Personnel-related provisions (2) | 1,905 | 3 | 1 | 394 | (264) | (1,023) | (247) | 769 |
| Litigation and claims (3) | 894 | 1 | 0 | 74 | (5) | (86) | (150) | 728 |
| Asset retirement | 185 | 2 | 2 | 4 | (1) | 0 | (41) | 151 |
| Other risks and charges | 2,348 | 5 | 0 | 787 | 4 | (481) | (607) | 2,056 |
| **Total** | **10,563** | **109** | **11** | **2,230** | **(536)** | **(2,810)** | **(1,358)** | **8,209** |

(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 2021 mainly include the delivery of the last A380 aircraft, 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".

***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

| (In € million) | 31 December 2021 | 2020 |
|---|---|---|
| Positive fair values of derivative financial instruments [(1)] | 664 | 3,451 |
| Others | 27 | 32 |
| **Total non-current other financial assets** | **691** | **3,483** |
| Receivables from related companies | 803 | 1,158 |
| Positive fair values of derivative financial instruments [(1)] | 341 | 973 |
| Others | 307 | 301 |
| **Total current other financial assets** | **1,451** | **2,432** |
| **Total** | **2,142** | **5,915** |

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

## Other Financial Liabilities

| (In € million) | 31 December 2021 | 2020 |
|---|---|---|
| Liabilities for derivative financial instruments [(1)] | 2,640 | 1,834 |
| European Governments' refundable advances [(2)] | 3,730 | 3,712 |
| Others | 192 | 111 |
| **Total non-current other financial liabilities** | **6,562** | **5,657** |
| Liabilities for derivative financial instruments [(1)] | 1,923 | 983 |
| European Governments' refundable advances [(2)] | 131 | 200 |
| Liabilities to related companies | 180 | 130 |
| Others | 298 | 456 |
| **Total current other financial liabilities** | **2,532** | **1,769** |
| **Total** | **9,094** | **7,426** |
| *thereof other financial liabilities due within 1 year* | *2,532* | *1,769* |

(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 decreased by € -5,165 million to € -3,558 million (2020: € 1,607 million) as a result of the strengthened US dollar versus the euro associated with the mark to market valuation of the hedge portfolio.

In 2021, the European Governments' refundable advances decreased by € -51 million to € 3,861 million (2020: € 3,912 million).

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

The allocation of European Governments' refundable advances between non-current and current presented in the Consolidated Financial Statements ended 31 December 2021 is based on the applicable contractual repayment dates.

# 26. Other Assets and Other Liabilities

## Other Assets

| | 31 December | |
|---|---|---|
| *(In € million)* | **2021** | 2020 |
| Cost to fulfil a contract | 301 | 282 |
| Prepaid expenses | 116 | 76 |
| Others | 378 | 125 |
| **Total non-current other assets** | **795** | **483** |
| Value added tax claims | 1,183 | 1,025 |
| Cost to fulfil a contract | 499 | 557 |
| Prepaid expenses | 392 | 191 |
| Others | 319 | 443 |
| **Total current other assets** | **2,393** | **2,216** |
| **Total** | **3,188** | **2,699** |

Non-current other assets include € 305 million of 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. These future payments are discounted to reflect specific contractual terms and repayment profile.

## Other Liabilities

| | 31 December | |
|---|---|---|
| *(In € million)* | **2021** | 2020 |
| Others | 583 | 436 |
| **Total non-current other liabilities** | **583** | **436** |
| Tax liabilities (excluding income tax) | 771 | 749 |
| Others | 2,761 | 2,411 |
| **Total current other liabilities** | **3,532** | **3,160** |
| **Total** | **4,115** | **3,596** |
| *thereof other liabilities due within 1 year* | *3,532* | *3,160* |

# 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, revenue 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 2021, the nominal value of asset value guarantees considered as variable considerations under IFRS 15 provided to beneficiaries amounts to € 381 million (2020: € 461 million), excluding € 9 million (2020: € 8 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 € 345 million (2020: € 403 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$ 0.5 billion (€ 0.4 billion) (2020: US$ 0.6 billion (€ 0.5 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 2021 the carrying amount of its loans from aircraft financing amounts to € 77 million (2020: € 224 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 2021 and 31 December 2020 are as follows:

| *(In € million)* | Aircraft under operating lease | Finance lease receivables |
|---|---|---|
| Not later than one year | 3 | 5 |
| Later than one year and not later than five years | 43 | 36 |
| Later than five years | 80 | 24 |
| **31 December 2021** | **126** | **65** |

| *(In € million)* | Aircraft under operating lease | Finance lease receivables |
|---|---|---|
| Not later than one year | 6 | 1 |
| Later than one year and not later than five years | 19 | 12 |
| Later than five years | 0 | 0 |
| **31 December 2020** | **25** | **13** |

### Customer Financing Cash Flows

Direct customer financing cash flows amount to € 28 million in 2021 (2020: € 124 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 2021 and 2020 are as follows:

| | **31 December 2021** | | | 31 December 2020 | | |
|---|---|---|---|---|---|---|
| *(In € million)* | Airbus | Airbus Helicopters | Total | Airbus | Airbus Helicopters | Total |
| Operating leases [1] | 105 | 13 | 118 | 30 | 13 | 43 |
| Finance leases and loans | 145 | 19 | 164 | 365 | 31 | 396 |
| Inventories | 11 | 0 | 11 | 10 | 0 | 10 |
| Other investments | 62 | 0 | 62 | 10 | 0 | 10 |
| **On-balance sheet customer financing** | **323** | **32** | **355** | **415** | **44** | **459** |
| Off-balance sheet customer financing | 41 | 26 | 67 | **12** | **2** | **14** |
| **Gross Customer Financing Exposure** | **364** | **58** | **422** | **427** | **46** | **473** |
| Collateral values | (282) | (58) | (340) | (241) | (38) | (279) |
| **Net exposure** | **82** | **0** | **82** | **186** | **8** | **194** |
| Operating leases | (7) | 0 | (7) | (22) | 0 | (22) |
| Finance leases and loans | (53) | 0 | (53) | (151) | (8) | (159) |
| On-balance sheet commitments - inventories | (6) | 0 | (6) | (6) | 0 | (6) |
| Off-balance sheet commitments - provisions [2] | (16) | 0 | (16) | (7) | 0 | (7) |
| **Asset impairments, fair value adjustments and provisions** | **(82)** | **0** | **(82)** | **(186)** | **(8)** | **(194)** |

(1) For 2021 and 2020, depreciation amounts to € 1 million and € 8 million respectively and related accumulated depreciation is € 8 million and € 21 million respectively.

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

# 2.6 Employees Costs and Benefits

## 28. Number of Employees

| | Airbus | Airbus Helicopters | Airbus Defence and Space | **Consolidated Airbus** |
|---|---|---|---|---|
| **31 December 2021** | 73,560 | 20,126 | 32,809 | **126,495** |
| 31 December 2020 | 78,487 | 20,026 | 32,836 | 131,349 |

## 29. Personnel Expenses

| *(In € million)* | **2021** | 2020 |
|---|---|---|
| Wages, salaries and social contributions | 12,913 | 11,799 |
| Net periodic pension cost [1] | 356 | 749 |
| **Total** | **13,269** | **12,548** |

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

## 30. Personnel-Related Provisions

Several German companies provide life-time working account models, being employee benefit plans with a promised return on contributions or notional contributions that qualify as **other long-term employee benefits** under IAS 19. The employees' periodical contributions into their life-time working accounts result in corresponding personnel expenses in that period, recognised in **other personnel charges**.

The decrease in **Restructuring measures/ pre-retirement part-time work** is mainly due to the restructuring provision recorded in 2020 in response to the COVID-19 pandemic.

| *(In € million)* | Balance at 1 January 2021 | Exchange differences | Increase from passage of time | Additions | Reclassification / Change in consolidated group | Used | Released | **Balance at 31 December 2021** |
|---|---|---|---|---|---|---|---|---|
| Restructuring measures / pre-retirement part-time work | 1,263 | 2 | 0 | 52 | (259) | (712) | (221) | 125 |
| Other personnel charges | 642 | 1 | 1 | 342 | (5) | (311) | (26) | 644 |
| **Total** | **1,905** | **3** | **1** | **394** | **(264)** | **(1,023)** | **(247)** | **769** |

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

As of 31 December 2021 and 31 December 2020, the restructuring provision in response to the COVID-19 pandemic amounted to € 0.1 billion and € 1.0 billion respectively. It reflects the utilisation of the restructuring provision for an amount of € 0.6 billion, the release of € 0.2 billion and € 0.2 billion reclassified to liabilities to reflect the progress of the plan.

## 31. Post-Employment Benefits

| | 31 December | |
|---|---|---|
| *(In € million)* | **2021** | 2020 |
| Provisions for retirement plans | 6,240 | 8,790 |
| Provisions for deferred compensation | 832 | 1,190 |
| **Retirement plans and similar obligations** | **7,072** | **9,980** |

### 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.

***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 different UK pension plans in which the Company investments participate are currently underfunded. Airbus Operations Ltd. (for its section of the Main Scheme) and BAE Systems (for the other schemes) have agreed with the trustees various measures designed to make good the underfunding. These include (i) regular contribution payments for active employees well above such which would prevail for funded plans and (ii) extra employers' contributions.

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, particular in the euro-denominated market environment, lead to a relatively high net pension liability. If the decline in returns of corporate bonds continues, the DBO will further 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 2021 are as follows:

| | Pension plans in | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Germany | | France | | UK | | Participation in BAE Systems Pension Scheme in the UK | | Canada | |
| *(Rate in %)* | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 |
| Discount rate | 1.1 | 0.5 | 1.0 | 0.4 | 2.0 | 1.5 | 1.9 | 1.4 | 3.3 | 2.8 |
| Rate of compensation increase | 2.8 | 2.8 | 2.5 | 2.5 | 3.3 | 2.6 | 3.1 | 2.6 | 2.9 | 2.8 |
| Rate of pension increase | 1.7 | 1.4 | 1.6 | 1.5 | 3.0 | 2.6 | 3.1 | 2.7 | 2.0 | 1.8 |
| Inflation rate | 1.7 | 1.4 | 1.6 | 1.5 | 3.2 | 2.7 | 3.2 | 2.8 | 2.0 | 1.8 |

***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. 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.

## Provision for retirement and deferred compensation plans

The development of the provision 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 provisions** |
| **Balance at 1 January 2020** | **17,025** | **3,991** | **21,016** | **(9,320)** | **(3,343)** | **(12,663)** | **8,353** |
| Service cost (including past service cost) | 590 | 72 | 662 | 0 | 0 | 0 | 662 |
| Interest cost and income | 168 | 76 | 244 | (95) | (62) | (157) | 87 |
| Remeasurements: actuarial (gains) and losses arising from | | | | | | | |
| changes in demographic assumptions | (69) | (3) | (72) | 0 | 0 | 0 | (72) |
| changes in financial assumptions | 1,645 | 578 | 2,223 | 0 | 0 | 0 | 2,223 |
| changes in experience adjustments | (106) | 27 | (79) | 0 | 0 | 0 | (79) |
| plan assets | 0 | 0 | 0 | (420) | (117) | (537) | (537) |
| Changes in consolidation, transfers and others | 11 | 0 | 11 | (45) | 0 | (45) | (34) |
| Benefits paid | (450) | (153) | (603) | 147 | 153 | 300 | (303) |
| Contributions by employer and other plan participants | 80 | 2 | 82 | (256) | (83) | (339) | (257) |
| Foreign currency translation adjustments | (116) | (220) | (336) | 93 | 180 | 273 | (63) |
| **Balance at 31 December 2020** | **18,778** | **4,370** | **23,148** | **(9,896)** | **(3,272)** | **(13,168)** | **9,980** |
| Service cost (including past service cost) | 225 | 66 | 291 | 0 | 0 | 0 | 291 |
| Interest cost and income | 118 | 61 | 179 | (69) | (45) | (114) | 65 |
| Remeasurements: actuarial (gains) and losses arising from | | | | | | | |
| changes in demographic assumptions | 48 | (6) | 42 | 0 | 0 | 0 | 42 |
| changes in financial assumptions | (1,378) | (75) | (1,453) | 0 | 0 | 0 | (1,453) |
| changes in experience adjustments | 95 | 44 | 139 | 0 | 0 | 0 | 139 |
| plan assets | 0 | 0 | 0 | (954) | (387) | (1,341) | (1,341) |
| Changes in consolidation, transfers and others | (12) | 0 | (12) | (14) | 0 | (14) | (26) |
| Benefits paid | (455) | (167) | (622) | 156 | 167 | 323 | (299) |
| Contributions by employer and other plan participants | 117 | 1 | 118 | (442) | (97) | (539) | (421) |
| Foreign currency translation adjustments | 163 | 304 | 467 | (134) | (238) | (372) | 95 |
| **Balance at 31 December 2021** | **17,699** | **4,598** | **22,297** | **(11,353)** | **(3,872)** | **(15,225)** | **7,072** |

In the figures shown in the table, amounts of € 2,503 million and € 1,682 million are included for the defined benefit obligation and plan assets for deferred compensation plans in Germany (2020: € 2,625 million and € 1,435 million).

The past service cost included in the service cost amounts to € -228 million and € 106 million as of 31 December 2021 and 2020, respectively. The employer contributions amount to € 533 million and € 6 million for other plan participants as of 31 December 2021 (2020: € 331 million and € 8 million respectively).

Additionally, the Company considers liabilities for lump sum payments (one-off payment or lump sum instalments) under the German P3 and APP pension arrangements in the total amount of € 172 million and € 150 million as of 31 December 2021 and 2020, respectively.

The funding of the plans is as follows:

| | 31 December | | | |
|---|---|---|---|---|
| | **2021** | | 2020 | |
| *(In € million)* | DBO | Plan assets | DBO | Plan assets |
| Unfunded pension plans | 1,406 | 0 | 1,716 | 0 |
| Funded pension plans (partial) | 20,891 | (15,225) | 21,432 | (13,168) |
| **Total** | **22,297** | **(15,225)** | **23,148** | **(13,168)** |

As of 31 December 2021, **provisions for pensions** decreased mainly due to the change in financial assumptions of € 1,453 million reflecting the further strengthening of interest rates and increased inflation assumptions in Germany, France, Canada and the UK and the increase in plan assets of € 1,341 million.

In 2021, contributions for retirement and deferred compensation plans amount to € 533 million. This consists of:

- payments made to the pension and deferred compensation plans of the Company of € 667 million (2020: € 250 million), mainly relating to the Contractual Trust Arrangement in Germany of € 431 million (2020: € 175 million) as well as to the Company UK scheme € 224 million (2020: € 55 million).
- withdrawals from the Contractual Trust Arrangement in Germany of € -230 million (2020: € 0 million)
- payments made to the participation in BAE Systems Pension Scheme in the UK of € 96 million (2020: € 81 million).

Contributions of approximately € 514 million are expected to be made in 2022.

The weighted average duration of the DBO for retirement plans and deferred compensation is 18 years at 31 December 2021 (31 December 2020: 19 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 | 51% | 11% | 38% |
| France | 99% | 0% | 1% |
| UK | 65% | 17% | 18% |
| Participation in BAE System Pension Scheme (Main Scheme) | 41% | 17% | 42% |
| Canada | 89% | 1% | 10% |

## Pension obligations by countries and type of plans

The split of the present value of DBO 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 | 81% | 19% | 81% | 19% |
| 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 2021:

| | Change in actuarial assumptions | Impact on DBO | |
|---|---|---|---|
| | | Change at 31 December | |
| | | **2021** | 2020 |
| Present value of the DBO | | 22,297 | 23,148 |
| Discount rate | Increase by 0.5%-point | (1,899) | (2,041) |
| | Decrease by 0.5%-point | 2,187 | 2,347 |
| Rate of compensation increase | Increase by 0.25%-point | 168 | 176 |
| | Decrease by 0.25%-point | (160) | (169) |
| Rate of pension increase | Increase by 0.25%-point | 438 | 449 |
| | Decrease by 0.25%-point | (420) | (431) |
| Life expectancy | Increase by one year | 654 | 718 |

Sensitivities are calculated based on the same method (present value of the DBO calculated with the projected unit 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:

| | **2021** | | | 2020 | | |
|---|---|---|---|---|---|---|
| *(In € million)* | Quoted prices | Unquoted prices | Total | Quoted prices | Unquoted prices | Total |
| Equity securities | | | | | | |
| Europe | 1,539 | 0 | 1,539 | 1,197 | 0 | 1,197 |
| Rest of the world | 408 | 0 | 408 | 356 | 0 | 356 |
| Emerging markets | 561 | 0 | 561 | 503 | 0 | 503 |
| Global | 2,896 | 693 | 3,589 | 2,820 | 194 | 3,014 |
| Bonds | 0 | 0 | | | | |
| Corporates | 3,125 | 283 | 3,408 | 3,001 | 271 | 3,272 |
| Governments | 2,393 | 0 | 2,393 | 2,332 | 0 | 2,332 |
| Pooled investments vehicles | 328 | 0 | 328 | 295 | 0 | 295 |
| Commodities | 0 | 0 | 0 | 0 | 0 | 0 |
| Hedge funds | 0 | 459 | 459 | 0 | 398 | 398 |
| Derivatives | 0 | (71) | (71) | 0 | (129) | (129) |
| Property | 0 | 723 | 723 | 0 | 464 | 464 |
| Cash and money market funds | 344 | 263 | 607 | 3 | 106 | 109 |
| Others | 0 | 1,281 | 1,281 | 0 | 1,357 | 1,357 |
| **Balance at 31 December** | **11,594** | **3,631** | **15,225** | **10,507** | **2,661** | **13,168** |

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 2021 consists of fixed income and equity instruments, although the Company also invests in property, commodities and hedge funds. 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.

## Provisions by countries

The amount recorded as provision for retirement and deferred compensation plans can be allocated to the countries as follows:

| | Pension plans of the Company | | | | | |
|---|---|---|---|---|---|---|
| *(In € million)* | Germany | France | UK | Canada | Participation in BAE Systems Pension Scheme in the UK | Total |
| DBO | 13,330 | 1,941 | 1,858 | 570 | 4,598 | 22,297 |
| Plan assets | 9,063 | 21 | 1,858 | 411 | 3,872 | 15,225 |
| **Recognised at 31 December 2021** | **4,267** | **1,920** | **0** | **159** | **726** | **7,072** |
| DBO | 14,317 | 2,274 | 1,646 | 541 | 4,370 | 23,148 |
| Plan assets | 8,179 | 22 | 1,358 | 337 | 3,272 | 13,168 |
| **Recognised at 31 December 2020** | **6,138** | **2,252** | **288** | **204** | **1,098** | **9,980** |

## 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 2021 amounted to € 983 million (2020: € 813 million).

# 32. Share-based Payment

***Share-based compensation*** — Since 2016, the Company operates 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 AGM.

In 2021, compensation expense for LTIPs (incl. Equity Pool) including the effect of the equity swaps amounted to € 36 million (2020: € -2 million), among which € 23 million for cash-settled plans (2020: € -9 million) and € 13 million for equity-settled plans (2020: € 7 million).

As of 31 December 2021, provisions of € 55 million (2020: € 59 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 (€ 112.36 as of 31 December 2021) and the lifetime of the units.

The fair value of units and shares granted in the frame of the LTIP 2021 plan is as follows:

| Expected vesting date<br>*(In € per unit / share granted)* | Fair value of Performance Shares |
|---|---|
| May 2025 - Performance Shares | 89.83 |

The principal characteristics of the LTIPs as at 31 December 2021 are summarised below:

| | LTIP 2016 [7] | | LTIP 2017 [8] | | LTIP 2018 [9] | | LTIP 2019 | | LTIP 2020 | | LTIP 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Grant date [1] | 25 October 2016 | | 30 October 2017 | | 30 October 2018 | | 29 October 2019 | | 28 October 2020 | | 15 December 2021 |
| | Performance Units and Performance Shares Plan | | | | | | | | | | |
| Units | Units | Shares | Units | Shares | Units | Shares | Units | Shares | Units | Shares | Shares |
| Number of units granted [2] | 615,792 | 621,198 | 421,638 | 425,702 | 278,376 | 281,181 | 247,508 | 247,508 | 420,004 | 420,004 | 520,870 |
| Fair value at grant date [3] | 45.13 / 44.71 | 45.15 | 74.83 / 71.69 | 76.76 | 84.09 / 83.28 | 85.01 | 112.83 / 108.44 | 112.92 | 51.04 / 46.98 | 55.49 | 89.83 |
| Fair Value of performance units as of 31 December 2021 [3] | 85.88 | - | 88.76 / 85.41 | - | 87.10 / 84.17 | - | 84.64 / 81.41 | - | 75.49 / 72.50 | - | - |
| Number of units/shares granted through Equity Pool [4] | 1,762 | 1,762 | 1,898 | 1,898 | 6,964 | 6,964 | 4,343 | 4,252 | 1,224 | 1,224 | 837 |
| Number of units outstanding [5] | 0 | 0 | 97,902 | 0 | 133,691 | 134,976 | 239,782 | 239,691 | 413,789 | 413,789 | 521,707 |
| Total number of eligible beneficiaries | 1,671 | | 1,601 | | 1,626 | | 1,576 | | 1,602 | | 1,770 |
| Vesting conditions | The Performance and Restricted Units and Performance Shares will vest if the participant is still employed by a company of the Group at the respective vesting dates. Performance Units and Shares will vest upon achievement of mid-term business performance. Vesting schedule is made up of two payments over two years. | | | | | | | | | | |
| Share price per unit limited at vesting dates to [6] | € 105.34 | - | € 147.62 | - | € 213.88 | - | € 244.12 | - | € 136.08 | - | - |
| Vesting dates | 50% in May 2020 and 50% expected in May 2021 | 100% in June 2020 | 50% each expected: in June 2021 in June 2022 | 100% in May 2021 | 50% each expected: in June 2022 in June 2023 | 100% expected in May 2022 | 50% each expected: in June 2023 in June 2024 | 100% expected in May 2023 | 50% each expected: in June 2024 in June 2025 | 100% expected in May 2024 | 100% expected in May 2025 |
| Number of vested units | 422,866 | 429,531 | 96,911 | 194,975 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

(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.

(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 € 52.67 (for LTIP 2016), € 73.81 (for LTIP 2017), € 106.94 (for LTIP 2018), € 122.06 (for LTIP 2019) and € 68.04 (for LTIP 2020).

(7) Based on performance achievement of 75% for Performance Units under LTIP 2016.

(8) Based on performance achievement of 50% for Performance Units under LTIP 2017.

(9) Based on performance achievement of 50% for Performance Units under LTIP 2018.

Additionally, the Board of Directors approved in 2021 the exceptional grant of 1,354 Restricted & Performance Units and 10,725 Restricted & Performance Shares under the Equity Pool with an average fair value of € 102.87. 2,017 Units and 3,758 Shares have vested in 2021. As of 31 December 2021, the number of units outstanding is 6,086 Units and 13,247 Shares.

### 32.2 ESOP

In 2021 and 2020, the Board of Directors approved a new ESOP scheme. Eligible employees were able to purchase a fixed number of previously unissued shares at fair market value (5, 15, 30, 50 or 100 shares in 2021, 5, 10, 15, 30 or 100 shares in 2020). The Company matched each fixed number of shares with a number of the Company free shares based on a determined ratio (4, 7, 10, 13 and 25 free shares, respectively in 2021, *versus* 4, 6, 7, 10 and 25 free shares, respectively in 2020). 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 17 February 2021 (2020: 12 February 2020) and amounted to € 93.90 (2020: € 136.60). 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 17 February 2021 (2020: 12 February 2020), resulting in a price of € 89.52 (2020: € 136.00).

In 2021, the Company issued and sold 1,442,645 ordinary shares (2020: 671,640) with a nominal value of € 1.00 each.

In 2021, the Company issued and distributed 491,775 matching ordinary shares (2020: 304,515) with a nominal value of € 1.00 each. Compensation expense (excluding social security contributions) of € 49 million (2020: € 34 million) was recognised in connection with ESOP in 2021.

## 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)* | **2021** | 2020 |
|---|---|---|
| **Executive Committee, including Executive Board Member** | | |
| Salaries and other short-term benefits (including bonuses) | 19.5 | 16.1 |
| Post-employment benefit costs | 5.2 | 4.8 |
| Share-based remuneration ("LTIP award", including associated hedge result) | 3.4 | 1.0 |
| Termination benefits (1) | 6.1 | 0 |
| Other benefits | 0.4 | 0.5 |
| Social charges (2) | 4.6 | 4.7 |
| **Non-Executive Board Members** | | |
| Short-term benefits (including social charges) | 2.0 | 2.2 |
| **Total expense recognised** | **41.2** | **29.3** |

(1) 2021 Termination benefits include the termination benefits paid in 2021 based on last information available and applicable law.

(2) 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 2021 for Executive Committee Members based on estimated performance achievement at year-end was € 11.4 million (2020: € 7.7 million).

In order to support the Company’s target of reducing $CO_2$ emissions by 40% 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 € 25.6 million at 31 December 2021 (2020: € 32.8 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.

In 2021, the Members of the Executive Committee were granted 66,575 Performance Shares (2020: 50,814 Performance Shares and 50,814 Performance Units). For LTIP 2021, the respective fair value of these Shares at grant date was € 6.5million (2020: € 7.6 million for both Performance Shares and Performance Units). As of 31 December 2021, provisions of € 5.4 million (2020: € 5.0 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 91,180 and 152,967 respectively at 31 December 2021 (2020: 133,966 Performance Units and 133,966 Performance Shares).

## 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 €)* | **2021** | 2020 |
|---|---|---|
| Base salary | 1,350,000 | 1,350,000 |
| Annual variable pay | 2,247,750 | 1,357,262 |
| Post-employment benefit costs | 1,138,794 | 1,179,332 |
| Share-based remuneration ("LTIP award") (1) | 822,906 | 206,337 |
| Termination benefits | 0 | 0 |
| Other benefits | 32,479 | 33,790 |
| Social charges (2) | 1,089,385 | 1,102,840 |

(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 depends 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 2021, the defined benefit obligation related to the frozen defined benefit commitment amounts to € 9,048,433 (€ 9,423,777 in 2020). This obligation has been accrued in the 2021 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.

For the fiscal year 2021, the cost related to the CEO’s pension rights accrued under Company’s plans during the year represented an expense of € 1,138,794 (versus an expense of € 1,179,332 in 2020).

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 2016 (1) | LTIP 2017 (1) | LTIP 2018 (1) | LTIP 2019 | LTIP 2020 | LTIP 2021 |
|---|---|---|---|---|---|---|
| Performance Units and Shares | 11,392 | 8,808 | 8,416 | 11,060 | 19,840 | 12,121 |
| Revaluation | 75% | 50% | 50% | 100% | 100% | 100% |
| Performance Units and Shares revalued | 8,544 | 4,404 | 4,208 | 11,060 | 19,840 | 12,121 |
| Vested in 2021 | | | | | | |
| in cash | 2,136 | 1,101 | 0 | 0 | 0 | 0 |
| in shares | 0 | 2,202 | 0 | 0 | 0 | 0 |
| Outstanding 2021 | | | | | | |
| in cash | 0 | 1,101 | 2,104 | 5,530 | 9,920 | 0 |
| in shares | 0 | 0 | 2,104 | 5,530 | 9,920 | 12,121 |
| Vesting schedule | | | | | | |
| Cash-settled units | For vesting dates, see "- Note 32.1: LTIP" | | | | | |
| Equity-settled units | May 2020 | May 2021 | May 2022 | May 2023 | May 2024 | May 2025 |

(1) 2016 to 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 2021, provisions of € 1,188,050 (2020: € 919,556) relating to Performance Units have been recognised. The pay-out from vested cash-settled LTIP in 2021 was € 324,504 (2020: € 401,261) 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 2021 amounted to € 32,479 (2020: € 33,790).

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:

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| *(In €)* | Fixum (1) | Attendance Fees (2) | Total | Fixum (1) | Attendance Fees (2) | Total |
| **Non-Executive Board Members** | | | | | | |
| René Obermann (3) | 210,000 | 90,000 | 300,000 | 117,738 | 76,250 | 193,988 |
| Victor Chu | 100,000 | 43,000 | 143,000 | 100,000 | 78,000 | 178,000 |
| Jean-Pierre Clamadieu (4) | 130,000 | 67,500 | 197,500 | 127,087 | 90,000 | 217,087 |
| Ralph D. Crosby Jr. | 100,000 | 61,000 | 161,000 | 100,000 | 83,000 | 183,000 |
| Lord Drayson | 120,000 | 49,500 | 169,500 | 120,000 | 80,000 | 200,000 |
| Mark Dunkerley (5) | 100,000 | 66,000 | 166,000 | 70,879 | 48,000 | 118,879 |
| Stephan Gemkow (5) | 100,000 | 63,000 | 163,000 | 70,879 | 58,000 | 128,879 |
| Catherine Guillouard | 130,000 | 67,500 | 197,500 | 130,000 | 93,000 | 223,000 |
| María Amparo Moraleda Martínez | 130,000 | 54,500 | 184,500 | 130,000 | 85,000 | 215,000 |
| Claudia Nemat | 100,000 | 56,500 | 156,500 | 100,000 | 80,000 | 180,000 |
| Carlos Tavares | 80,000 | 45,000 | 125,000 | 80,000 | 70,000 | 150,000 |
| | | | | | | |
| **Former Non-Executive Board Members** | | | | | | |
| Denis Ranque (6) | - | - | - | 61,731 | 35,000 | 96,731 |
| Hermann-Josef Lamberti (7) | - | - | - | 35,274 | 35,000 | 70,274 |
| **Total** | **1,300,000** | **663,500** | **1,963,500** | **1,243,588** | **911,250** | **2,154,838** |

(1) Fixum includes a base fee for Board membership and Committee membership within the Audit Committee, the Remuneration, Nomination and Governance Committee ("RNGC") and/or the Ethics, Compliance and Sustainability Committee ("ECSC") as the case may be. The fixum for the year 2021 was paid 50% in January 2021 and 50% in July 2021. The fixum for the year 2020 was paid 50% in January 2020 and 50% in July 2020.

(2) 2021 attendance fees include the Board attendance fees and the fees in relation to Audit Committee, RNGC and ECSC meetings. The Board attendance fees related to the first semester 2021 were paid in July 2021, those related to the second semester 2021 were paid in January 2022. The Committees' attendance fees related to full year 2021 were paid in January 2022.

(3) Chairman of the Board of Directors since 16 April 2020. Member of the Audit Committee until 16 April 2020. Member of the former Ethics & Compliance Committee between 30 July 2019 and 16 April 2020. As a reminder, René Obermann waived half of his 2020 remuneration (including fixum and attendance fees as Chairman of the Board).

(4) Member of the former Ethics & Compliance Committee until 16 April 2020. Chair of the ECSC since then.

(5) Member of the Board of Directors and of the Audit Committee since 16 April 2020.

(6) Chairman of the Board of Directors and of the former Ethics & Compliance Committee until 16 April 2020.

(7) Member of the Board of Directors and of the Audit Committee until 16 April 2020.

# 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)* | **2021** | 2020 |
|---|---|---|
| **Issued at 1 January** | **784,149,270** | **783,173,115** |
| Issued for ESOP | 1,934,420 | 976,155 |
| Issued for convertible bond | 0 | 0 |
| **Issued at 31 December** | **786,083,690** | **784,149,270** |
| Treasury shares | (454,735) | (432,875) |
| **Outstanding at 31 December** | **785,628,955** | **783,716,395** |

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

**Equity attributable to equity owners of the parent** (including purchased treasury shares) amounts to € 9,466 million (2020: € 6,445 million) representing an increase of € +3,021 million. This is due to a net income for the period of € +4,213 million and a decrease in other comprehensive income, principally related to the mark to market revaluation of the hedge portfolio of € -3,710 million partly offset by a change in actuarial gains and losses of € +2,363 million.

**Capital stock** comprises the nominal amount of shares outstanding. The addition to capital stock represents the contribution for exercised options by employees of € 1,934,420 (2020: € 976,155) 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 € +2,363 million in 2021 (2020: € -1,268 million).

On 23 March 2020, the Company has decided the withdrawal of 2019 dividend proposal with cash value of € 1.4 billion in response to the COVID-19 pandemic (see "– Note 2: Impact of the COVID-19 pandemic”). For the fiscal year 2021, the Company’s Board of Directors proposes a cash distribution payment of € 1.50 per share.

**Treasury shares** represent the amount paid or payable for own shares held in treasury. During 2021, the number of treasury stock held by the Company increased to 454,735 compared to 432,875 as of 31 December 2020, mainly due to the share buybacks partly offset by vested shares in 2021 under LTIP 2017 (see “– Note 32: Share-based Payment”). No shares were sold back to the market nor cancelled (2020: 0 shares).

On 14 April 2021, the AGM of the Company authorised the Board of Directors, for a period expiring at the AGM to be held in 2022, 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 0.14% 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.

Also on 14 April 2021, 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 € 20 million as of 31 December 2021 (2020: € 11 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 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 factors 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 | Negative | A-1 |
| Moody's Investors Services | A2 | Negative | P1 |
| Fitch Rating (unsolicited) | BBB+ | Stable | F1 |

The stand-alone rating reflects the Company's strong backlog providing revenue visibility, leading market position, operating performance, strong liquidity and solid balance sheet. It also reflects the Company's reaction to the COVID-19 pandemic, including the adaptation of the production rate to meet customer demand, cost reductions and cash containment measures, as well as the uncertainties related to the length of the outbreak and the recovery pattern of demand for aircrafts post outbreak. Finally, it reflects the management's focus on programmes 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.

A five year plan for rating and a value creation ambition is constructed annually, and 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 position provides financial flexibility to fund the Company's operations, to react to business needs and risk profile and to return capital to the shareholders.

| | 31 December | |
|---|---|---|
| *(In € million)* | **2021** | 2020 |
| Cash and cash equivalents | 14,572 | 14,439 |
| Current securities | 1,317 | 1,618 |
| Non-current securities | 6,794 | 5,350 |
| **Gross cash position** | **22,683** | **21,407** |
| Short-term financing liabilities | (1,946) | (3,013) |
| Long-term financing liabilities | (13,094) | (14,082) |
| **Total** | **7,643** | **4,312** |

The net cash position on 31 December 2021 amounted to € 7,643 million (2020: € 4,312 million), with a gross cash position of € 22,683 million (2020: € 21,407 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)* | **2021** | 2020 |
| Bank account and petty cash | 1,964 | 4,173 |
| Short-term securities (at fair value through profit or loss) | 12,075 | 9,654 |
| Short-term securities (at fair value through OCI) | 533 | 512 |
| Others | 0 | 100 |
| **Total cash and cash equivalents** | **14,572** | **14,439** |

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 € +0.2 billion from € 14.4 billion at 31 December 2020 to € 14.6 billion at 31 December 2021 and they include payments received in advance from certain customers.

The main variations are as follows:

Cash provided by operating activities amounted to € +4.6 billion in 2021, mainly driven by a profit translated into cash partly offset by provision consumption related to the restructuring plan, a positive impact from working capital which mainly reflects the delivery of the last A380 aircraft and the reduction in the widebodies inventory largely offset by a negative impact from contract assets and contract liabilities. In addition, it includes the net payment made to suppliers in anticipation and the negative impact due to the expiry of certain agreements reached with suppliers relating to payment terms.

Cash used for investing activities amounted to € -2.7 billion, mainly reflecting capital expenditures and securities. The acquisition of real estate assets in the UK has negatively impacted cash used for investing activities, and also negatively impacted cash used for financing activities relating to the repayment of the existing lease liabilities.

Cash used for financing activities amounted to € -2.2 billion and reflects the pre-payment of a US$1 billion bond issued on 9 April 2013 and the repayment of the exchangeable bonds convertible into Dassault Aviation shares for an amount of € 1.0 billion.

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

## 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 € 8,111 million and € 6,968 million as of 31 December 2021 and 2020, respectively. The security portfolio contains a non-current portion of € 6,794 million (2020: € 5,350 million), and a current portion of € 1,317 million (2020: € 1,618 million).

Included in the securities portfolio as of 31 December 2021 and 2020, respectively, are corporate and government bonds bearing either fixed rate coupons (€ 7,866 million nominal value; 2020: € 6,714 million) or floating rate coupons (€ 103 million nominal value; 2020: € 108 million), and foreign currency funds of fixed income funds (€ 2 million fair value; 2020: € 2 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 2021, securities for an amount of € 0 million were pledged as collateral for borrowings from banks (2020: € 99 million).

## 36.3 Financing Liabilities

***Financing liabilities*** comprise 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)* | **2021** | 2020 |
| Bonds and commercial papers | 11,061 | 12,032 |
| Liabilities to financial institutions | 467 | 418 |
| Loans | 75 | 94 |
| Lease liabilities | 1,491 | 1,538 |
| **Total long term financing liabilities** | **13,094** | **14,082** |
| Bonds and commercial papers | **0** | 1,075 |
| Liabilities to financial institutions | 26 | 111 |
| Loans | 96 | 94 |
| Lease liabilities | 245 | 260 |
| Others (1) | 1,579 | 1,473 |
| **Total short term financing liabilities** | **1,946** | **3,013** |
| **Total** | **15,040** | **17,095** |

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

**Long-term financing liabilities,** mainly comprising of bonds and lease liabilities, decreased by € -988 million to € 13,094 million (2020: € 14,082 million), mainly due to pre-payment of a US$1 billion bond issued on 9 April 2013 in the US institutional market with an original maturity of ten years.

**Short-term financing liabilities** decreased by € -1,067 million to € 1,946 million (2020: € 3,013 million), mainly due to the repayment of the exchangeable bonds to be convertible into Dassault Aviation shares issued on 14 June 2016 for an amount of € 1.0 billion.

Prior to 2021, the Company issued several euro-denominated bonds under its EMTN programme and three stand-alone US dollar-denominated bonds on the US institutional market under Rule 144A.

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 2021, there were no outstanding amounts under any of its commercial paper programmes.

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

| | Principal amount | Carrying amount (In € million) 31 December | | Issuance date | Coupon or interest rate | Effective interest rate | Maturity date | Additional features |
|---|---|---|---|---|---|---|---|---|
| | *(In million)* | **2021** | 2020 | | | | | |
| US$ Bond 10 years | US$ 1,000 | 0 | 845 | Apr 2013 | 2.70% | 2.77% | Apr 2023 | Interest rate swapped into 3M Libor +0.68% |
| EMTN 10 years | € 1,000 | 1,043 | 1,047 | Apr 2014 | 2.38% | 2.42% | Apr 2024 | Interest rate swapped into 3M Euribor +1.40% |
| EMTN 15 years | € 500 | 525 | 571 | Oct 2014 | 2.12% | 2.21% | Oct 2029 | Interest rate swapped into 3M Euribor +0.84% |
| EMTN 10 years | € 600 | 645 | 626 | May 2016 | 0.88% | 0.98% | May 2026 | Interest rate swapped into 3M Euribor +0.50% |
| EMTN 15 years | € 900 | 903 | 983 | May 2016 | 1.38% | 1.50% | May 2031 | Interest rate swapped into 3M Euribor +0.66% |
| EMTN 5 years | € 750 | 732 | 745 | Mar 2020 | 1.63% | 1.80% | April 2025 | Interest rate swapped into 3M Euribor +2.01% |
| EMTN 6 years | € 1,250 | 1,215 | 1,243 | June 2020 | 1.38% | 1.47% | June 2026 | Interest rate swapped into 3M Euribor +1.66% |
| EMTN 8 years | € 750 | 725 | 745 | Mar 2020 | 2.00% | 2.10% | April 2028 | Interest rate swapped into 3M Euribor +2.15% |
| EMTN 10 years | € 1,250 | 1,200 | 1,237 | June 2020 | 1.63% | 1.74% | June 2030 | Interest rate swapped into 3M Euribor +1.61% |
| EMTN 12 years | € 1,000 | 957 | 987 | June 2020 | 2.38% | 2.49% | April 2032 | Interest rate swapped into 3M Euribor +2.24% |
| EMTN 20 years | € 1,000 | 958 | 988 | Mar 2020 | 2.38% | 2.44% | June 2040 | Interest rate swapped into 3M Euribor +1.93% |
| Exchangeable bonds 5 years | € 1,078 | 0 | 1,075 | Jun 2016 | 0.00% | 0.33% | Jun 2021 | Exchangeable into Dassault Aviation shares at 1,306.25 per share and issued at 103.75% |
| US$ Bond 10 years | US$ 750 | 694 | 672 | Apr 2017 | 3.15% | 3.20% | Apr 2027 | Interest rate swapped into 3M Libor +0.87% |
| US$ Bond 30 years | US$ 750 | 731 | 667 | Apr 2017 | 3.95% | 4.02% | Apr 2047 | Interest rate swapped into 3M Libor +1.61% |
| ACLP Private placement | US$ 830 | 733 | 676 | July 2020, Dec 2020 | 1.98% - 2.54% | 2.77% - 3.09% | July 2026 to July 2029 | |
| **Bonds** | | **11,061** | **13,107** | | | | | |
| DBJ 10 years | US$ 300 | 0 | 81 | Jan 2011 | 3M US-Libor +1.15% | 4.84% | Jan 2021 | Interest rate swapped into 4.76% fixed |
| Others | | 493 | 448 | | | | | |
| **Liabilities to financial institutions** | | **493** | **529** | | | | | |

Reconciliation of liabilities arising from financing liabilities:

| | | | Non-cash movements | | | |
|---|---|---|---|---|---|---|
| *(In € million)* | Balance at 1 January 2021 | Cash flows | Changes in scope | Foreign exchange movements | Others [(1)] | **Balance at 31 December 2021** |
| Bonds and commercial papers | 13,107 | (1,903) | 0 | 168 | (311) | 11,061 |
| Liabilities to financial institutions | 529 | (48) | 0 | 12 | 0 | 493 |
| Loans | 188 | (23) | 0 | 6 | 0 | 171 |
| Finance lease liabilities | 1,798 | (400) | 0 | 58 | 280 | 1,736 |
| Others | 1,473 | 79 | 0 | 27 | 0 | 1,579 |
| **Total** | **17,095** | **(2,295)** | **0** | **271** | **(31)** | **15,040** |

(1) Included in “other assets and liabilities” in the Statements of Cash Flows.

# 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.

A few interest rate swaps that have been entered into as a hedge of certain of the Company variable rate debt (see "– Note 36.3: Financing Liabilities") are accounted for under the cash flow hedge model. Related fair value gains are recognised in OCI and reclassified to profit or loss when the hedged interest payments affect profit or loss.

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 2021 and 2020 is as follows:

| *(In € million)* | Total VaR | Equity price VaR | Currency VaR | Commodity price VaR | Interest rate VaR |
|---|---|---|---|---|---|
| **31 December 2021** | | | | | |
| Foreign exchange hedges for forecast transactions or firm commitments | 910 | 0 | 945 | 0 | 173 |
| Financing liabilities, financial assets (including cash, cash equivalents, securities and related hedges) | 127 | 58 | 68 | 0 | 110 |
| Finance lease receivables and liabilities, foreign currency trade payables and receivables | 52 | 0 | 39 | 0 | 39 |
| Commodity contracts | 3 | 0 | 0 | 3 | 0 |
| Equity swaps | 5 | 0 | 0 | 0 | 0 |
| Diversification effect | (162) | 2 | (125) | 0 | (169) |
| **All financial instruments** | **935** | **60** | **927** | **3** | **153** |
| **31 December 2020** | | | | | |
| Foreign exchange hedges for forecast transactions or firm commitments | 837 | 0 | 838 | 0 | 87 |
| Financing liabilities, financial assets (including cash, cash equivalents, securities and related hedges) | 137 | 120 | 96 | 0 | 35 |
| Finance lease receivables and liabilities, foreign currency trade payables and receivables | 39 | 0 | 35 | 0 | 24 |
| Commodity contracts | 3 | 0 | 0 | 3 | 0 |
| Equity swaps | 4 | 4 | 0 | 0 | 0 |
| Diversification effect | (214) | (1) | (201) | 0 | (54) |
| **All financial instruments** | **806** | **123** | **768** | **3** | **92** |

The increase of the total VaR as of 31 December 2021 is mainly attributable to the increase of the foreign exchange portfolio. The equity risk decrease is due to a lower volatility of shares prices over the year.

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 € 945 million (2020: € 838 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 (€ 6.0 billion as of 31 December 2021), the maturity of which has been extended to 21 October 2024, 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 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.

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 2021** | | | | | | | | |
| Non-derivative financial liabilities | (25,387) | (27,962) | (12,072) | (1,000) | (1,539) | (1,095) | (2,381) | (9,875) |
| Derivative financial liabilities | (4,563) | (6,193) | (1,887) | (1,661) | (1,245) | (728) | (440) | (232) |
| **Total** | **(29,950)** | **(34,155)** | **(13,959)** | **(2,661)** | **(2,784)** | **(1,823)** | **(2,821)** | **(10,107)** |
| **31 December 2020** | | | | | | | | |
| Non-derivative financial liabilities | (26,514) | (29,007) | (12,298) | (774) | (1,616) | (1,465) | (1,088) | (11,766) |
| Derivative financial liabilities | (2,817) | (2,420) | (955) | (712) | (659) | (79) | (11) | (4) |
| **Total** | **(29,331)** | **(31,427)** | **(13,253)** | **(1,486)** | **(2,275)** | **(1,544)** | **(1,099)** | **(11,770)** |

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 € -3,861 million at 31 December 2021 (€ -3,912 million at 31 December 2020) are not included.

***Lease liabilities***

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

| *(In € million)* | 31 December | |
|---|---|---|
| | **2021** | 2020 |
| Not later than one year | (245) | (260) |
| Later than one year and not later than five years | (758) | (925) |
| Later than five years | (1,043) | (1,004) |
| **Total undiscounted lease liabilities** | **(2,046)** | **(2,189)** |
| **Lease liabilities included in the statement of financial position** | **(1,736)** | **(1,798)** |
| Current | (245) | (260) |
| Non-current | (1,491) | (1,538) |

### 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:

(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;

(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 2021:

| *(In € million)* | Fair value through profit or loss | Fair value through OCI | Financial assets and liabilities at amortised cost: Amortised cost | Financial assets and liabilities at amortised cost: Fair value | **Financial instruments total**: Book value | **Financial instruments total**: Fair value |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Other investments and other long-term financial assets | | | | | | |
| Equity investments (1) | 1,033 | 1,478 | 0 | 0 | 2,511 | 2,511 |
| Customer financing | 118 | 0 | 0 | 0 | 118 | 118 |
| Other loans (2) | 0 | 0 | 1,909 | 1,909 | 1,909 | 1,909 |
| Trade receivables | 0 | 0 | 5,063 | 5,063 | 5,063 | 5,063 |
| Contract assets | 0 | 0 | 1,404 | 1,404 | 1,404 | 1,404 |
| Other financial assets | | | | | | |
| Derivative instruments | 1,005 | 0 | 0 | 0 | 1,005 | 1,005 |
| Non-derivative instruments | 0 | 0 | 1,137 | 1,137 | 1,137 | 1,137 |
| Securities | 0 | 8,111 | 0 | 0 | 8,111 | 8,111 |
| Cash and cash equivalents | 12,075 | 533 | 1,964 | 1,964 | 14,572 | 14,572 |
| **Total** | **14,231** | **10,122** | **11,477** | **11,477** | **35,830** | **35,830** |
| **Liabilities** | | | | | | |
| Financing liabilities | | | | | | |
| Bonds and commercial papers | 0 | 0 | (11,061) | (11,886) | (11,061) | (11,886) |
| Liabilities to financial institutions and others | 0 | 0 | (2,243) | (2,243) | (2,243) | (2,243) |
| Finance lease liabilities (2) | 0 | 0 | (1,736) | (1,736) | (1,736) | (1,736) |
| Other financial liabilities | | | | | | |
| Derivative instruments | (4,563) | 0 | 0 | 0 | (4,563) | (4,563) |
| European Governments' refundable advances (3) | 0 | 0 | (3,861) | (3,861) | (3,861) | (3,861) |
| Others | 0 | (16) | (654) | (654) | (670) | (670) |
| Trade liabilities | 0 | 0 | (9,693) | (9,693) | (9,693) | (9,693) |
| **Total** | **(4,563)** | **(16)** | **(29,248)** | **(30,073)** | **(33,827)** | **(34,652)** |

(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 € -3,861 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 2020:

| (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] | 967 | 1,278 | 0 | 0 | 2,245 | 2,245 |
| Customer financing | 237 | 0 | 0 | 0 | 237 | 237 |
| Other loans [2] | 0 | 0 | 1,841 | 1,841 | 1,841 | 1,841 |
| Trade receivables | 0 | 0 | 5,132 | 5,132 | 5,132 | 5,132 |
| Contract assets | 0 | 0 | 1,122 | 1,122 | 1,122 | 1,122 |
| Other financial assets | | | | | | |
| Derivative instruments | 4,424 | 0 | 0 | 0 | 4,424 | 4,424 |
| Non-derivative instruments | 0 | 0 | 1,491 | 1,491 | 1,491 | 1,491 |
| Securities | 0 | 6,968 | 0 | 0 | 6,968 | 6,968 |
| Cash and cash equivalents | 9,654 | 512 | 4,273 | 4,273 | 14,439 | 14,439 |
| **Total** | **15,282** | **8,758** | **13,859** | **13,859** | **37,899** | **37,899** |
| **Liabilities** | | | | | | |
| Financing liabilities | | | | | | |
| Bonds and commercial papers | 0 | 0 | (13,107) | (13,997) | (13,107) | (13,997) |
| Liabilities to financial institutions and others | 0 | 0 | (2,190) | (2,190) | (2,190) | (2,190) |
| Finance lease liabilities [2] | 0 | 0 | (1,798) | (1,798) | (1,798) | (1,798) |
| Other financial liabilities | | | | | | |
| Derivative instruments | (2,817) | 0 | 0 | 0 | (2,817) | (2,817) |
| European Governments' refundable advances [3] | 0 | 0 | (3,912) | (3,912) | (3,912) | (3,912) |
| Others | 0 | 0 | (697) | (697) | (697) | (697) |
| Trade liabilities | 0 | 0 | (8,722) | (8,722) | (8,722) | (8,722) |
| **Total** | **(2,817)** | **0** | **(30,426)** | **(31,316)** | **(33,243)** | **(34,133)** |

(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 € -3,912 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 2021 and 2020, respectively:

| | **2021** | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| *(In € million)* | **Level 1** | **Level 2** | **Level 3** | **Total** | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value | | | | | | | | |
| Equity Investments | 1,808 | 0 | 703 | 2,511 | 1,780 | 0 | 465 | 2,245 |
| Derivative instruments | 0 | 1,005 | 0 | 1,005 | 0 | 4,424 | 0 | 4,424 |
| Securities | 8,111 | 0 | 0 | 8,111 | 6,968 | 0 | 0 | 6,968 |
| Customer financing | 0 | 0 | 118 | 118 | 0 | 0 | 237 | 237 |
| Cash equivalents | 12,075 | 533 | 0 | 12,608 | 9,654 | 512 | 0 | 10,166 |
| **Total** | **21,994** | **1,538** | **821** | **24,353** | **18,402** | **4,936** | **702** | **24,040** |
| Financial liabilities measured at fair value | | | | | | | | |
| Derivative instruments | 0 | (4,485) | (78) | (4,563) | 0 | (2,805) | (12) | (2,817) |
| Other financial liabilities | 0 | 0 | (16) | (16) | 0 | 0 | 0 | 0 |
| **Total** | **0** | **(4,485)** | **(94)** | **(4,579)** | **0** | **(2,805)** | **(12)** | **(2,817)** |

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 2020** | **216** | **528** | **350** | **1,094** | **(1,014)** | **(20)** | **(1,034)** |
| Business combination | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit or loss | (216) | 0 | (113) | (329) | 0 | 6 | 6 |
| Equity | 0 | (63) | 0 | (63) | 1,014 | 0 | 1,014 |
| Settlements | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| Release | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Balance at 31 December 2020** | **0** | **465** | **237** | **702** | **0** | **(12)** | **(12)** |
| Business combination | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit or loss | 0 | 0 | (119) | (119) | 0 | (95) | (95) |
| Equity | 0 | 238 | 0 | 238 | (16) | 0 | (16) |
| Settlements | 0 | 0 | 0 | 0 | 0 | 29 | 29 |
| Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Balance at 31 December 2021** | **0** | **703** | **118** | **821** | **(16)** | **(78)** | **(94)** |

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

The Company has re-measured the written put options as at 31 December 2021 and the fair value amounts to € 16 million. The fair value of these NCI puts are derived from a discounted cash flow analysis using the latest operating plan and a projection over the lifetime of the A220 programme. In addition a post-tax WACC of 9.58% is used to discount the forecasted cash flows, taking into account the specificities of the programme (2020: 9.49%).

## Financial Assets Designated at Fair Value through Profit or Loss

The following types of financial assets held at 31 December 2021 and 2020, respectively, are designated at fair value through profit or loss:

| *(In € million)* | **Nominal amount at initial recognition at 31 December 2021** | **Fair value at 31 December 2021** | Nominal amount at initial recognition at 31 December 2020 | Fair value at 31 December 2020 |
|---|---|---|---|---|
| Designated at fair value through profit or loss at recognition: | | | | |
| Money market funds | 12,075 | 12,075 | 9,654 | 9,654 |
| Foreign currency funds of fixed income funds | 2 | 2 | 2 | 2 |
| **Total** | **12,077** | **12,077** | **9,656** | **9,656** |

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 2021 and 2020:

| | 31 December | | | | | |
|---|---|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 |
| *(Rate in %)* | € | | US$ | | £ | |
| 6 months | (0.49) | (0.45) | 0.29 | 0.22 | 0.52 | 0.15 |
| 1 year | (0.48) | (0.40) | 0.53 | 0.28 | 0.80 | 0.20 |
| 5 years | 0.01 | (0.49) | 1.35 | 0.43 | 1.13 | 0.19 |
| 10 years | 0.30 | (0.29) | 1.56 | 0.93 | 1.07 | 0.40 |

## 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 2021 and 2020, respectively:

| | | | | Related amounts not set off in Statement of Financial Position | | |
|---|---|---|---|---|---|---|
| *(In € million)* | Gross amounts recognised | Gross amounts recognised set off in the Financial Statements | Net amounts presented in the Financial Statements | Financial instruments | Cash collateral received | Net amount |
| **31 December 2021** | | | | | | |
| Financial asset | 802 | 0 | 802 | (788) | 0 | 14 |
| Financial liabilities | 4,156 | 0 | 4,156 | (788) | 0 | 3,368 |
| **31 December 2020** | | | | | | |
| Financial asset | 3,879 | 0 | 3,879 | (1,519) | (77) | 2,283 |
| Financial liabilities | 2,192 | 0 | 2,192 | (1,519) | 0 | 673 |

### 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:

| | Remaining period | | | | | | |
|---|---|---|---|---|---|---|---|
| *(In € million)* | 1 year | 2 years | 3 years | 4 years | 5 years | > 5 years | Total |
| **31 December 2021** | | | | | | | |
| Net forward and swap contracts | 21,225 | 17,923 | 17,102 | 10,899 | 8,161 | 7,233 | 82,543 |
| Foreign exchange options | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **31 December 2020** | | | | | | | |
| Net forward sales contracts | 15,609 | 12,308 | 10,427 | 8,716 | 6,685 | 14,791 | 68,536 |
| Foreign exchange options | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

The following table sets out the notional amount of foreign exchange hedges in place as of 31 December 2021 relating to the commercial activities of Airbus, and the average euro converted rates applicable to corresponding EBIT.

| *(In $ million)* | 2022 | 2023 | 2024 | 2025 | 2026+ | Total |
|---|---|---|---|---|---|---|
| **Total hedges** | **21,559** | **19,318** | **18,530** | **11,833** | **17,100** | **88,340** |
| Forward rates | | | | | | |
| €/US$ | 1.22 | 1.23 | 1.24 | 1.26 | 1.32 | 1.25 |
| £/US$ | 1.36 | - (1) | - (1) | - | - | 1.36 |

(1) Related volumes for the years 2023 and 2024 are remote.

In 2021 new hedge contracts of US$ 29.5 billion (2020: US$ 4.5 billion) were added at an average rate of 1.21 US$/€ (2020: 1.17 US$/€).

As of 31 December 2021, the total hedge portfolio with maturities up to 2028 amounts to US$ 88.3 billion (2020: US$ 81.0 billion) and covers a major portion of the foreign exchange exposure expected over the hedging horizon. The average US$/€ hedge rate of the US$/€ hedge portfolio until 2028 amounts to 1.25 US$/€ (2020: 1.26 US$/€).

| *(In £ million)* | 2022 | 2023 | 2024 | 2025 | 2026+ | Total |
|---|---|---|---|---|---|---|
| **Total hedges** | **891** | **770** | **674** | **407** | **273** | **3,015** |
| Forward rates | | | | | | |
| €/£ | 0.87 | 0.88 | 0.89 | 0.90 | 0.91 | 0.88 |

During the course of the year 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 2021** | | | | | | | | | |
| Interest rate contracts | 12 | 0 | 1,000 | 750 | 1,850 | 1,324 | 750 | 4,650 | 10,336 |
| Interest rate future contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **31 December 2020** | | | | | | | | | |
| Interest rate contracts | 109 | 0 | 815 | 1,000 | 0 | 600 | 1,222 | 1,400 | 5,146 |
| Interest rate future contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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 2021** | 20 | 21 | 3 | 0 | 0 | 44 |
| 31 December 2020 | 25 | 22 | 11 | 3 | 0 | 61 |

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 2021** | 18 | 17 | 18 | 10 | 0 | 63 |
| 31 December 2020 | 32 | 23 | 17 | 8 | 0 | 80 |

## 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 2021 and 31 December 2020:

| | 31 December | |
|---|---|---|
| | **2021** | 2020 |
| *(In € million)* | Hedge reserve | |
| **Opening balance** | **(262)** | **2,521** |
| Foreign exchange contracts | 5,279 | (3,161) |
| Others | 12 | (111) |
| **Changes in fair values** | **5,291** | **(3,272)** |
| Foreign exchange contracts | (64) | (484) |
| Others | (3) | 6 |
| **Amount reclassified to profit or loss (matured hedges)** | **(67)** | **(478)** |
| Foreign exchange contracts | (106) | 55 |
| Others | 1 | (4) |
| **Amount classified to profit or loss (inefficiency)** | **(105)** | **51** |
| **Tax impact** | **(1,409)** | **916** |
| **Closing balance** | **3,448** | **(262)** |

The following table presents the amounts relating to **items designated as hedging instruments and hedge ineffectiveness** for cash-flow hedges as of 31 December 2021:

| | 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 | 637 | (4,092) | 5,349 | (72) | (106) | (64) |
| Foreign exchange options | 0 | 0 | 0 | 2 | 0 | 0 |
| Embedded Derivatives | 0 | (40) | 30 | 0 | 0 | (3) |
| Interest rate risk | 0 | (1) | 0 | 0 | 0 | 0 |
| Commodity swap risk | 7 | (3) | (12) | 0 | 1 | 0 |
| Equity swap risk | 3 | (5) | (6) | 0 | 0 | 0 |
| **Total** | **647** | **(4,141)** | **5,361** | **(70)** | **(105)** | **(67)** |

The following table presents the amounts relating to **items designated as hedging instruments and hedge ineffectiveness** for cash-flow hedges as of 31 December 2020:

| | 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 | 3,840 | (2,530) | (6,087) | 2,934 | 55 | (483) |
| Foreign exchange options | 11 | (14) | 1 | (9) | 0 | (1) |
| Embedded Derivatives | 5 | 0 | (115) | 0 | 0 | 0 |
| Interest rate risk | 0 | (1) | (2) | 0 | 0 | 0 |
| Commodity swap risk | 14 | (27) | 6 | 0 | (4) | 6 |
| Equity swap risk | 0 | (16) | 0 | 0 | 0 | 0 |
| **Total** | **3,870** | **(2,588)** | **(6,197)** | **2,925** | **51** | **(478)** |

## 37.6 Net Gains or Net Losses

The Company's net gains or net losses recognised in profit or loss in 2021 and 2020, respectively, are as follows:

| *(In € million)* | **2021** | 2020 |
|---|---|---|
| Financial assets or financial liabilities at fair value through profit or loss | | |
| Held for trading | 404 | (117) |
| Designated on initial recognition | 188 | (277) |
| Financial assets at amortised cost | 283 | (598) |
| Financial assets at fair value through OCI (previously available-for-sale) | 20 | 75 |
| Financial liabilities measured at amortised cost | (700) | 266 |

Net losses of € -218 million (2020: € -194 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 2021 | 8.09 | 18.26 | 23.42 | 49.77 |
| Change in financial assets | 1.91 | (2.17) | (1.77) | (2.03) |
| Change in risk parameters | 2.08 | 4.65 | (2.88) | 3.85 |
| **At 31 December 2021** | **12.08** | **20.74** | **18.77** | **51.59** |

| | Stage 1 | Stage 2 | Stage 3 | |
|---|---|---|---|---|
| *(In € million)* | 12-month ECL (1) | Life-time ECL (1) | Credit impaired ECL(1) | **Total (1)** |
| At 1 January 2020 | 5.25 | 2.86 | 9.14 | 17.25 |
| Change in financial assets | 3.09 | 87.40 | 14.28 | 104.77 |
| Change in risk parameters | (0.25) | (72) | 0 | (72.25) |
| **At 31 December 2020** | **8.09** | **18.26** | **23.42** | **49.77** |

(1) restated.

The following table breaks down the **gross carrying amount of loans and receivables** as of 31 December 2021 and 2020, 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 2021** | | | | | | | | | | |
| Trade receivables | 3,518 | 3 | 356 | 485 | 135 | 220 | 72 | 635 | (361) | 5,063 |
| Contract assets | 1,406 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (2) | 1,404 |
| Others | 2,301 | 3 | 248 | 68 | 122 | 12 | 29 | 464 | (187) | 3,060 |
| **Total** | **7,225** | **6** | **604** | **553** | **257** | **232** | **101** | **1,101** | **(551)** | **9,528** |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **31 December 2020** | | | | | | | | | | |
| Trade receivables | 4,302 | 0 | 172 | 358 | 117 | 119 | 92 | 277 | (305) | 5,132 |
| Contract assets | 1,123 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1) | 1,122 |
| Others | 2,396 | 4 | 431 | 302 | 130 | 23 | 10 | 366 | (156) | 3,506 |
| **Total** | **7,821** | **4** | **603** | **660** | **247** | **142** | **102** | **643** | **(462)** | **9,760** |

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 2021 and 2020, respectively:

| *(In € million)* | **2021** | 2020 |
|---|---|---|
| Other loans | 0 | (143) |
| Trade receivables | (83) | (71) |
| Contract assets | (1) | 0 |
| **Total** | **(84)** | **(214)** |

# 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, the Company is not aware of any 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

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

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

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

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

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

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

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

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

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

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

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

## Securities Litigation

In August 2020, a putative class action lawsuit was filed in US federal court in the state of New Jersey against Airbus SE and members of its current and former management. The Company was served with the complaint in the fourth quarter of 2021. The lawsuit was brought on behalf of alleged shareholders that purchased or otherwise acquired Airbus SE securities in the US between 24 February 2016 and 30 July 2020, and asserts violations of US securities laws. The complaint alleges that defendants made false and misleading statements or omissions concerning, among other things, the Company's agreements approved on 31 January 2020 with the French PNF, the UK SFO, the US DoJ and the US DoS as well as the Company's historic practices regarding the use of third party business partners and anti-corruption compliance. The lawsuit seeks unquantified damages.

In addition, the Company received notification in August 2021 of two separate claims alleging similar facts as the US class action. Two claims have been filed in the Netherlands purportedly on behalf of Airbus investors.

The first Dutch claim was filed 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. This claim is now pending before the Amsterdam District Court.

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. A procedural hearing is scheduled for the second quarter of 2022.

Both claims allege that the Company violated its reporting obligations 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 related criminal investigations, which allegedly impacted the Company's share price.

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 flight AF447 from Rio de Janeiro to Paris disappeared over the Atlantic Ocean with 228 persons onboard. The wreckage was located in April 2011 after several search campaigns organised by the Bureau d'Enquêtes et d'Analyses (BEA), which published its final investigation report in July 2012. In the wake of the accident, the prosecutor in Paris opened an investigation for involuntary manslaughter and Airbus SAS was charged in March 2011. In September 2019, the investigating magistrates closed the investigation and dismissed all criminal charges after a thorough analysis of the technical and legal elements of the case. However, the Paris Court of Appeal overturned the magistrates' decision and ordered trial for involuntary manslaughter. The Company's appeal to the French Supreme Court has been dismissed. The trial is scheduled to take place in the fourth quarter of 2022. The criminal trial in the Paris Criminal Court and any judgment or decision unfavourable to the Company could result in damage to its business or reputation.

## Qatar Airways Commercial Litigation

Citing surface degradation on some of its A350 fleet and alleging an underlying “design defect”, Qatar Airways filed a legal claim against the Company in the London Commercial Court on 17 December 2021. The claim seeks (a) liquidated damages for aircraft grounded by the Qatar Civil Aviation Authority, (b) an order that Airbus must deliver a full root cause analysis for surface degradation issues, and (c) a declaration by the court that Airbus may not deliver any further A350 aircraft to Qatar Airways until alleged “design defects” are cured. The Company rejects Qatar Airways' mischaracterisation of the non-structural surface degradation and the attendant grounding of the aircraft, which underpin the claim. Accordingly, the Company will defend itself vigorously in the proceedings. 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 as well as its reputation.

## Other Investigations

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

The Company is also cooperating fully with the authorities in a judicial investigation in France related to Libya. In this spirit, the Company has responded voluntarily to requests for information.

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 2021 have been charged by EY to the Company, its subsidiaries and other consolidated entities:

| *(In € thousand)* | **2021** | 2020 |
|---|---|---|
| Audit of the Financial Statements | 10,265 | 11,386 |
| Other audit engagements | 284 | 308 |
| Tax services | 497 | 445 |
| Other non-audit services | 257 | 447 |
| **Total** | **11,303** | **12,586** |

Other audit firms have audit fees related to audit process, certification and examination of individual and consolidated accounts of € 5 million in 2021 (2020: € 5 million).

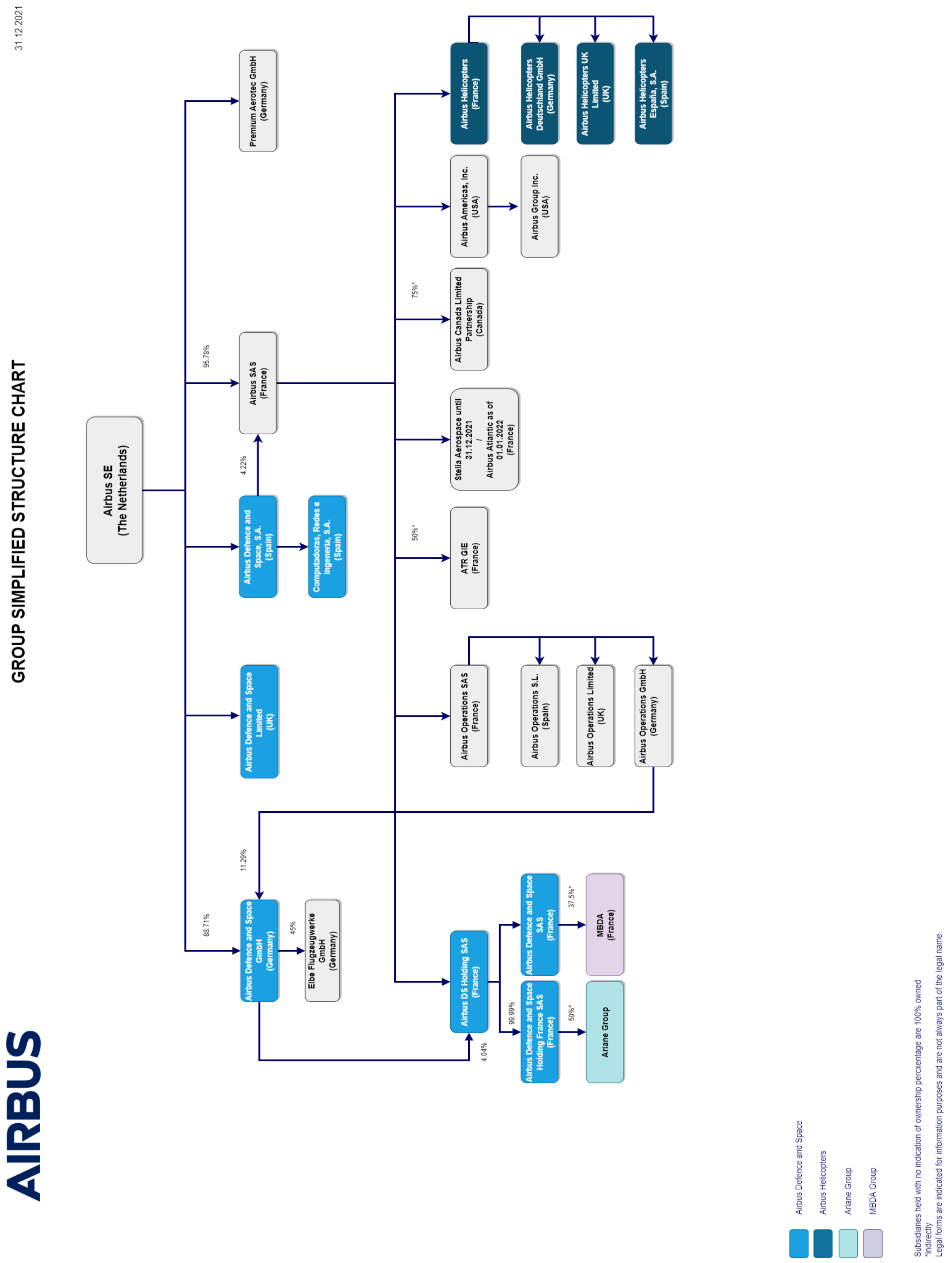
## 40. Events after the Reporting Date

Airbus Atlantic, a wholly-owned Airbus subsidiary, was officially established on 1 January 2022. The new company groups the strengths, resources and skills of Airbus's sites in Nantes and Montoir-de-Bretagne, the central functions associated with their activities, as well as the STELIA Aerospace sites worldwide.

This unification is part of the transformation project announced in April 2021, aimed at strengthening the value chain of aerostructure assembly within Airbus's industrial setup.

In addition, the Company has now reached a preliminary understanding concerning the establishment of a new aerostructures assembly company in Germany, as well as the future of the Detail Parts and sub-assembly activities at Premium AEROTEC. Some of the aerostructures assembly of aircraft fuselages, currently spread across the company and subsidiaries, could be merged and fully integrated into the Company as a core activity on 1 July 2022.

# 2.9 Appendix “Simplified Airbus Structure”




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

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# Independent auditor's report

To: the shareholders and Board of Directors of Airbus SE

## Report on the audit of the financial statements 2021 included in the annual report

### Our opinion

We have audited the financial statements 2021 of Airbus SE (the Company) based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Airbus SE as at 31 December 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
- The consolidated and company statement of financial position as at 31 December 2021
- The following statements for 2021: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of 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 start by determining materiality and identifying and assessing 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. The risk of not detecting a material misstatement resulting from fraud is inherently higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### Materiality

| | |
|---|---|
| Materiality | €261 million (2020: € 250 million) |
| Benchmark applied | 5% of "normalized" EBIT Adjusted. (2020: 5% of "normalized" EBIT Adjusted) |
| Explanation | We consider normalized EBIT Adjusted as the most appropriate benchmark as it best aligns with the expectations of those charged with governance at Airbus SE and in our assessment of users of the Company's financial statements.<br><br>In determining this year's materiality, we have considered the unique combination of macro-economic factors that led to disruption in demand as a result of the COVID-19 pandemic. We believe that in order to set materiality in the current uncertain economic times, we should account for what is expected to be a relatively temporary phenomenon. Whilst we considered alternative benchmarks to normalized EBIT Adjusted including revenue and total assets, we believe that a normalized EBIT Adjusted approach to materiality remains appropriate. This addresses the analysts' consensus that the Company's industry economics including demand will return to previous levels over time. The normalized EBIT Adjusted is based on an historic ratio between EBIT Adjusted and revenue. |

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit Committee of the Board of Directors (the Audit Committee) that misstatements in excess of € 13 million, that are identified during the audit if any, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### Scope of the group audit

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

Because we are ultimately responsible for the 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 or review 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: 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 by either EY or KPMG network firms or by both in the countries the entities involved are located.

Because of the continuing (international) travel restrictions and social distancing due to the COVID-19 pandemic, we needed to restrict or have been unable to visit the company and component auditors to discuss, amongst others, the business activities and the identified significant risks or to review and evaluate relevant parts of the component auditor's audit documentation and to discuss significant matters arising from that evaluation on site. Furthermore, we were forced to perform our procedures to an extent remotely due to the COVID-19 measures. In order to compensate for the limitations related to the absence of physical meetings and direct observation, we used predominantly communication technology and written information exchange, attended calls and video conferences with (local) management and local auditors throughout the audit and closing meetings, and reviewed partly remotely the component teams' working papers in order to obtain sufficient and appropriate audit evidence to provide a basis for our opinion.

In total the scope of our audit procedures covered 93% of total consolidated revenue, 92% of total consolidated assets and 86% of total consolidated EBIT and all adjustments to EBIT. The remaining 7% of revenues, 8% of total assets and 14% of total EBIT result from entities, none of which individually represents more than 1% of revenues or EBIT. For those entities, 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 programmes as well as targeted audit procedures regarding the risk of material misstatement due to non-compliance with laws and regulations. We assessed that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the aerospace industry. 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 team both at group level and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the aviation 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 objectives will be high on the public agenda in the next decades. Issues such as CO2 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 CO2 footprint.

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 are taken into account in estimates and significant assumptions as well as in the design of internal controls related to relevant estimates and assumptions by Airbus SE. Furthermore, we read the report of the Board of Directors and considered whether there is any material inconsistency between the non-financial information in section 4.6.4 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 programme 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 and/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.

**Our audit response related to fraud risks**

We identify and assess the risks of material misstatements of the financial statements due to fraud (also referred to as 'fraud risks' or 'risks of fraud' hereafter). 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 process for responding to the risks of fraud and monitoring the system of internal control and how the Audit Committee and the Ethics, Compliance and Sustainability Committee exercise oversight, as well as the outcomes. We refer to section 4.6 of the report of the Board of Directors for the risk assessment including the 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, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal 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, please 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.

As in all of our audits, we addressed the risks related to management override of controls and when identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. For the risk related to management override of controls we performed procedures to evaluate key accounting estimates for management override in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 4 "Key Estimates and Judgements" to the financial statements. We have also used data analytics to identify and address high-risk journal entries. This risk did however not require significant auditor's attention in addition to the following fraud risks identified during our audit:

| **Risks related to management override 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 in the determination of the provision for onerous contracts, specifically the contract margin, the impairment of assets especially related to the recoverability of key program assets and the program-related provisions and depreciations and considered whether the judgments and assumptions indicated a management override 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:<br>• "Estimations related to contract margin for the accounting of onerous contracts", and<br>• "Recoverability of key programme assets - long-lived assets and inventory". |

| **Risks of fraud in revenue recognition** | |
|---|---|
| Fraud risk | When identifying and assessing fraud risks, we presume 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 obligation satisfied overtime 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 for fraud or suspected fraud potentially material to the financial statements.

**Our audit response related to risks of non-compliance with laws and regulations**

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, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

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

| **Risk of non-compliance with anti-bribery and anti-corruption in connection with sales contracts** | |
|---|---|
| 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 fraud risks, we considered the risks of non-compliance with anti-bribery and anti-corruption legislation in high-risk countries, including the use of commercial intermediaries.<br>We refer to the discussion of legal risks in section 4.6.3 'Anti-Corruption Laws and Regulations' of the report of the Board of Directors. |
| Our audit approach | We performed amongst others the following audit procedures, directed specifically this fraud risk and designed and performed in conjunction with our in-house forensic specialists:<br>• We evaluated the tone set by management and the Board of Directors as well as the Company's approach in managing this risk.<br>• We evaluated the overall control environment and evaluated and tested the Company's policies and anti-bribery and anti-corruption procedures.<br>• We tested the selection process of commercial intermediaries, related contractual arrangements and payments to intermediaries.<br>• We maintained a high level of vigilance to possible indications of bribery and corruption whilst carrying out our other audit procedures.<br>• We tested journal entries and other transactions with unusual characteristics using amongst other data-analytics tools.<br>• We evaluated the activities and reporting of the monitor and assessed the incident reporting system of Airbus and follow up of material 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.

We assessed 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 in accordance with accounting standards. We also evaluated the appropriateness of the contingent liability disclosure (note 24) in the financial statements.

### Our audit response related to going concern

As disclosed in section in Note 2 "Impact of the COVID-19 pandemic" to the financial statement, 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 12 months. We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional scepticism. We considered whether the Board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all 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 significant doubts on the company's ability to continue as a going concern for the next 12 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 a 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.

The key audit matter "Litigation and claims and risk of non-compliance with laws and regulations" which was included in our last year's auditor's report, is not considered a key audit matter for 2021 as the deferred prosecution agreement was signed in 2020.

| Revenue recognition<br>(Reference is made to the disclosures on Note 3 "Significant Accounting Policies",<br>Note 4 "Key estimates and judgements", Note 11 "Segment Information" and<br>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.<br><br>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 as well as the cut-off risk on deliveries related to point in time contracts.<br><br>Furthermore, recognition of revenue includes significant judgements and estimates including whether or not the contracts contain multiple performance obligations which should be accounted for separately and including the determination of the most appropriate method for revenue recognition of these performance obligations. This comprises the identification of potential variable considerations reducing the consideration received, allocation of this consideration to the different performance obligations and assessing if the performance obligations are satisfied over time or at a point in time.<br>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, assessing 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, tested the operating effectiveness of internal controls related to the completeness, accuracy and timing |

| Revenue recognition<br>(Reference is made to the disclosures on Note 3 “Significant Accounting Policies”,<br>Note 4 “Key estimates and judgements”, Note 11 “Segment Information” and<br>Note 12 “Revenues and gross margin” of the financial statements) | |
|---|---|
| | 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 contracts), the completeness and valuation of the variable considerations included in the transaction price (notably for A400M contract) and the timing of transfer of control.<br><br>In order to evaluate the significant judgements and estimates made by management, we read supporting contractual agreements, met with sales representatives and programme teams to understand the nature of the various obligations to be rendered under the contract and discuss specific clauses that could prevent transfer of control (mostly for the sales of commercial aircrafts), 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-cost method for performance obligation recognized over time (notably for A400M development).<br><br>Finally, we determined that appropriate disclosures were made in the financial statements. |

| Estimations related to contract margin for the accounting of onerous contracts<br>(Reference is made to the disclosure on Note 3 “Significant Accounting Policies”,<br>Note 4 “Key estimates and judgements”, Note 12 “Revenues and gross margin” and<br>Note 25 “Provisions, contingent assets and contingent liabilities” of the financial statements) | |
|---|---|
| Risk | The Group owns a large portfolio of long-term contracts for which it needs to assess the contract margin in order to recognise a provision for onerous contract.<br><br>Provisions for onerous contracts such as for the A400M contract are recognized when it becomes probable that the present value of unavoidable costs of fulfilling the obligations under the contract exceeds the present value of economic benefits expected to be received under the contract.<br><br>The identification and determination of these contract margins and provisions for onerous contracts requires management’s significant judgement and assumptions associated with estimated revenue and costs at completion of the programme, 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 considered whether the judgments and assumptions indicated a management override that may represent a risk of material misstatement due to fraud. |
| Our audit approach | Our audit procedures included, amongst others, assessing 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. |

| Estimations related to contract margin for the accounting of onerous contracts (Reference is made to the disclosure on Note 3 “Significant Accounting Policies”, Note 4 “Key estimates and judgements”, Note 12 “Revenues and gross margin” and Note 25 “Provisions, contingent assets and contingent liabilities” of the financial statements) | |
|---|---|
| | We evaluated the design and implementation and where considered appropriate tested the operating effectiveness of internal controls for accounting for onerous contracts and for the assessment of the contract margin.<br>We also performed substantive procedures on individually significant programmes. 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 and completeness of the data used in developing these key estimates.<br><br>We also evaluated management’s assessment of key contract risks and opportunities to determine whether or not these are appropriately reflected in the cost to complete forecasts, paid specific attention to technical and market developments and ongoing negotiations with customers. We performed inquiries with the programme team and the Head of Programme in order to confirm our understanding on the programme status and associated risks which may affect total estimated costs to complete.<br><br>We challenged management’s assumptions by discussing and reviewing correspondence with customers, considered the accuracy and consistency of similar estimates made in previous years and corroborated the assumptions with the latest contractual information.<br><br>Finally, we determined that appropriate disclosures were made in the financial statements. |

| Recoverability of key programme assets - long-lived assets and inventory (Reference is made to the disclosures on Note 3 “Significant Accounting Policies”, Note 19 “Intangible Assets” and Note 21 “Property, Plant and Equipment” of the financial statements) | |
|---|---|
| Risk | Recoverability of finished aircraft and work in progress inventory, capitalized program development costs, other intangible assets and jigs and tools, needs to be tested if there is an indicator of impairment or the reversal thereof.<br>The main estimates to determine if an impairment of long-lived assets such as capitalized development costs, other intangible assets and jigs and tools has to be recognized are the future cash flows and the appropriate discount rates.<br>In case of order cancellation, some work in progress and finished aircraft may no longer be fully recoverable. Associated depreciations depend on the estimate of the selling price, remarketing costs and other costs.<br><br>Owing to the inherent uncertainty involved in forecasting future revenues and costs and interpreting contractual and commercial positions in determining impairments, especially in the COVID-19 context, this is a key audit area. We considered whether the judgments and assumptions indicated a management override that may represent a risk of material misstatement due to fraud.<br><br>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 |

| Recoverability of key programme assets - long-lived assets and inventory (Reference is made to the disclosures on Note 3 “Significant Accounting Policies”, Note 19 “Intangible Assets” and Note 21 “Property, Plant and Equipment” of the financial statements) | |
|---|---|
| | estimates. Climate change related estimation processes, measurement systems and reporting standards are expected to further develop and improve over time, which might result in changes of estimates. |
| Our audit approach | Our audit procedures included, amongst others, assessing the appropriateness of the Company’s accounting policies related to estimations for recoverability of assets according to IAS 36 “Impairment of assets” and IAS 2 “Inventories” and whether the accounting policies have been applied consistently or whether changes, if any, are appropriate in the circumstances.<br><br>We evaluated the design and implementation and where considered appropriate tested the operating effectiveness of internal controls for identifying and recording impairments of long-lived assets and depreciations of work-in-progress and finished aircrafts.<br><br>We evaluated the analysis performed by management regarding the indicators of impairment, considering future expected orders and deliveries. If indicators of impairment were identified, we tested the impairment tests performed by management by reviewing the integrity of the management’s impairment model. We assessed management’s assumptions for the discount rate, the determination of the forecasted revenue to be realized (including the timing of expected deliveries or services and estimated selling price), cost to be incurred (including any contractual penalties), 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 (price, growth rate for instance), and for the assumptions related to useful life of the program in the context of climate change. We also performed inquiry of the Programme Controller and Head of Programmes to confirm our understanding of the status of the programme.<br><br>We tested the valuation of work-in-progress and finished goods by evaluating management’s assumptions in the determination of likelihood of cancellation, future selling price, remarketing and other costs. We challenged management’s assumptions by discussing and reviewing correspondence with customers and comparing them with historical data, appraisers’ market value and agreements with customers.<br><br>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 38 “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 Euro and, to a lesser extent, in Pound Sterling. In response to these risks the Company uses financial instruments (mainly currency forwards) to mitigate the exposure to changes in market rates.<br>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 |

| Accounting for derivative financial instruments and hedge ineffectiveness (Reference is made to Note 38 “Financial instruments” of the financial statements) | |
|---|---|
| | absence of a reduction in the number of hedged aircrafts over the Foreign Exchange management hedging horizon.<br><br>The magnitude of the Company’s hedge portfolio entails a significant “mark to market” valuation risk. Furthermore, in the COVID-19 context, potential changes in the delivery assumptions related to aircraft cancelations, customer defaults and aircraft postponement beyond the Foreign exchange management hedging horizon could lead to disqualification of the associated cash-flow hedges and incorrect accounting. |
| Our audit approach | Our audit procedures included, amongst others, assessing 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.<br><br>For the audit of the foreign currency hedge portfolio, we used specialists who evaluated the design and implementation and where considered appropriate tested the operating effectiveness of controls around the Company’s central treasury system, independently calculated the valuation of the treasury portfolio by sample and evaluated the application of the cash flow hedge accounting rules.<br><br>We obtained counterparty confirmation of the outstanding financial instruments to verify the existence and ownership of the hedge portfolio.<br>Based on a sample of financial derivative instruments we assessed that the fair value of the financial instruments was correctly determined and no material exceptions were noted.<br><br>We verified the documentation of the hedged items supported by both the recoverable backlog and production rate over the Foreign Exchange management hedging horizon. We tested the highly probable assessment of future aircraft delivery performed by the Company and challenged key management assumptions pertaining to order cancellation, airline default and aircraft rescheduling risks.<br><br>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 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.

Our procedures, taking into account Alert 43 of the NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- Obtaining an understanding of the Company’s financial reporting process, including the preparation of the reporting package
- 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-IFRS 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 frameworks 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 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 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 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 with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our 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, 16 February 2022

Ernst & Young Accountants LLP

Signed by N.M. Pul

# IFRS Company Financial Statements

**I 2021 I**

# Financial Statements

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# Airbus SE
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## Airbus SE - IFRS Company Income Statement for the years ended 31 December 2021 and 2020

| *(In € million)* | Note | **2021** | 2020 |
|---|---|---|---|
| Operating income | | 53 | 3,757 |
| Operating expenses | | (113) | (159) |
| Income from investments | | 28 | 42 |
| Impairment of investments | 6, 9 | (21) | (187) |
| **Total operating result** | 6 | **(53)** | **3,453** |
| Interest income | | 63 | 142 |
| Interest expense | | (157) | (190) |
| Other financial result | | 32 | (248) |
| **Total financial result** | 7 | **(62)** | **(296)** |
| **Profit (Loss) before income taxes** | | **(115)** | **3,157** |
| Income Tax | 8 | 1 | (3) |
| **Profit (Loss) for the period** | | **(114)** | **3,154** |

## Airbus SE - IFRS Company Statement of Comprehensive Income for the years ended 31 December 2021 and 2020

| *(In € million)* | **2021** | 2020 |
|---|---|---|
| **Profit (Loss) for the period** | **(114)** | **3,154** |
| **Other comprehensive income** | | |
| *Items that may be reclassified to profit or loss:* | | |
| Change in fair value of financial assets | (80) | (52) |
| Change in fair value of cash flow hedges | 0 | 0 |
| **Other comprehensive income, net of tax** | **(80)** | **(52)** |
| **Total comprehensive income of the period** | **(194)** | **3,102** |

## Airbus SE - IFRS Company Statement of Financial Position for the years ended 31 December 2021 and 2021

| *(In € million)* | Note | **2021** | 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investments in subsidiaries and associates | 9 | 17,334 | 16,690 |
| Long-term financial assets | 10 | 1,389 | 1,345 |
| Non-current other financial assets | 10 | 2,931 | 2,424 |
| Non-current other assets | | 14 | 44 |
| Deferred tax assets | 8 | 0 | 0 |
| Non-current securities | 14 | 6,477 | 5,021 |
| | | **28,145** | **25,524** |
| **Current assets** | | | |
| Trade receivables | | 19 | 492 |
| Short-term financial assets | 10 | 9 | 122 |
| Current other financial assets | 10 | 1,981 | 1,136 |
| Current accounts Airbus companies | 10 | 11,239 | 11,167 |
| Current other assets | | 96 | 66 |
| Current securities | 14 | 1,245 | 1,592 |
| Cash and cash equivalents | 14 | 13,145 | 10,671 |
| | | **27,734** | **25,246** |
| **Total assets** | | **55,879** | **50,770** |

| | | | |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Stockholders' equity** | **13** | | |
| Capital stock | | 787 | 785 |
| Share premium | | 3,712 | 3,599 |
| Retained earnings | | 4,796 | 1,581 |
| Legal reserves | | 42 | 122 |
| Treasury shares | | (45) | (42) |
| Result of the year | | (114) | 3,154 |
| | | **9,178** | **9,199** |
| **Non-current liabilities** | | | |
| Long-term financing liabilities | 14 | 10,328 | 11,356 |
| Non-current other financial liabilities | 10 | 2,836 | 2,023 |
| Deferred tax liabilities | 8 | 0 | 27 |
| | | **13,164** | **13,406** |
| **Current liabilities** | | | |
| Short-term financing liabilities | 14 | 591 | 1,156 |
| Current accounts Airbus companies | 10 | 30,756 | 25,527 |
| Current other financial liabilities | 10 | 1,982 | 1,143 |
| Current other liabilities | | 208 | 339 |
| | | **33,537** | **28,165** |
| **Total equity and liabilities** | | **55,879** | **50,770** |

# Airbus SE - IFRS Company Statement of Cash Flows for the years ended 31 December 2021 and 2020

| *(In € million)* | Note | **2021** | 2020 |
|---|---|---|---|
| **Operating Activities** | | | |
| **Profit (Loss) for the period (Net income)** | | **(114)** | **3,154** |
| *Adjustments to reconcile profit for the period to cash provided by operating activities:* | | | |
| Interest income | | (63) | (142) |
| Interest expense | | 157 | 190 |
| Interest received | | 93 | 231 |
| Interest paid | | (205) | (172) |
| Tax expense (income) | | (1) | 3 |
| Results on disposal of assets | | 0 | 0 |
| Depreciation and amortisation | | 21 | 0 |
| Valuation adjustments | | (460) | 903 |
| Dividends received | | (17) | (42) |
| Change in current and non-current provisions | | 30 | 0 |
| **Change in other operating assets and liabilities** | | **440** | **(4,063)** |
| Trade receivables | | 483 | (469) |
| Trade liabilities | | (68) | 45 |
| Other assets and liabilities and others | | 25 | (3,639) |
| **Cash provided by (used for) operating activities** | | **(119)** | **62** |
| **Investing activities** | | | |
| Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash) | 9 | (550) | (56) |
| Payments for long-term financial assets | | (130) | (294) |
| Proceeds from long-term financial assets | | 504 | 383 |
| Proceeds from subsidiaries, joint ventures, businesses and non-controlling interests (net of cash) | | 2 | 7 |
| Dividends received | | 17 | 42 |
| Payments for investments in securities | | (2,890) | (157) |
| Proceeds from disposals of securities | | 1,730 | 6,508 |
| **Cash provided by (used for) investing activities** | | **(1,317)** | **6,433** |
| **Financing activities** | | | |
| Increase in financing liabilities | | 591 | 5,940 |
| Repayment of financing liabilities | | (1,985) | 0 |
| Change in current accounts Airbus companies | | 5,541 | (9,672) |
| Cash distribution to Airbus SE shareholders | | 0 | 0 |
| Changes in capital | | 134 | 89 |
| Change in treasury shares | | (22) | (4) |
| **Cash provided by (used for) financing activities** | | **4,259** | **(3,647)** |
| Effect of foreign exchange rate changes on cash and cash equivalents | | (349) | (306) |
| **Net increase in cash and cash equivalents** | | **2,474** | **2,542** |
| **Cash and cash equivalents at beginning of period** | | **10,671** | **8,129** |
| **Cash and cash equivalents at end of period** | **14** | **13,145** | **10,671** |

## Airbus SE - IFRS Company Statement of Changes in Equity for the years ended 31 December 2021 and 2020

| *(In € million)* | Note | Capital stock | Share premium | Retained earnings | Legal reserves(1) Financial assets at fair value | Legal reserves(1) Cash flow hedges | Treasury shares | **Total equity** |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2020** | | **784** | **3,555** | **1,539** | **174** | **0** | **(82)** | **5,970** |
| Profit for the period | | 0 | 0 | 3,154 | 0 | 0 | 0 | 3,154 |
| Other comprehensive income | | 0 | 0 | 0 | (52) | 0 | 0 | (52) |
| Total comprehensive income for the period | | 0 | 0 | 3,154 | (52) | 0 | 0 | 3,102 |
| Capital increase | | 1 | 44 | 0 | 0 | 0 | 0 | 45 |
| Share-based payment (IFRS 2) | | 0 | 0 | 42 | 0 | 0 | 0 | 42 |
| Cash distribution to Airbus SE shareholders | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in treasury shares | | 0 | 0 | 0 | 0 | 0 | 40 | 40 |
| **Balance at 31 December 2020** | | **785** | **3,599** | **4,735** | **122** | **0** | **(42)** | **9,199** |
| Profit (Loss) for the period | | 0 | 0 | (114) | 0 | 0 | 0 | (114) |
| Other comprehensive income | | 0 | 0 | 0 | (80) | 0 | 0 | (80) |
| Total comprehensive income for the period | | 0 | 0 | (114) | (80) | 0 | 0 | (194) |
| Capital increase | | 2 | 113 | 0 | 0 | 0 | 0 | 115 |
| Share-based payment (IFRS 2) | | 0 | 0 | 61 | 0 | 0 | 0 | 61 |
| Cash distribution to Airbus SE shareholders | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in treasury shares | 13 | 0 | 0 | 0 | 0 | 0 | (3) | (3) |
| **Balance at 31 December 2021** | | **787** | **3,712** | **4,682** | **42** | **0** | **(45)** | **9,178** |

(1) The distribution of legal reserves is restricted by Dutch law.

# 4

# Notes to the IFRS Company Financial Statements

## 4.1 Basis of Presentation

### 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 listed company in the form of a European public limited-liability company (Societas Europaea), legally seated in Amsterdam (current registered office at Mendelweg 30, 2333 CS Leiden, The Netherlands) and registered at the Dutch Commercial Register (Handelsregister) in The Hague 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 16 February 2022.

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

Regarding the impact of the COVID-19 pandemic, please refer to Note 2 "Impact of the COVID-19 pandemic" of the Consolidated Financial Statements.

### 3. Significant 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 13: Total Equity" to 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 2021 and issued but not yet applied please refer to "– Note 5: Change in Accounting Policies and Disclosures" of the Consolidated Financial Statements.

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. Further information about Share-based payment and Employee Stock Ownership Plans (ESOP) is presented in Note 33 and information about Remuneration is presented in Note 34 of the Consolidated Financial Statements.

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 2021 and have not been applied in preparing these Financial Statements and early adoption is not planned:

| Standards and amendments | IASB effective date for annual reporting periods beginning on or after | Endorsement status |
|---|---|---|
| Amendments to IFRS 3: Reference to the Conceptual Framework | 1 January 2022 | Endorsed |
| Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use | 1 January 2022 | Endorsed |
| Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract | 1 January 2022 | Endorsed |
| Annual Improvements to IFRS Standards 2018–2020 | 1 January 2022 | Endorsed |
| IFRS 17 "Insurance Contracts" | 1 January 2023 | Endorsed |
| Amendments to IAS 1: Classification of Liabilities as Current or Non-current | 1 January 2023 | Not yet endorsed |
| Amendments to IAS 8: Definition of Accounting Estimates | 1 January 2023 | Not yet endorsed |
| Amendments to IAS 1: Disclosure of Accounting Policies | 1 January 2023 | Not yet endorsed |
| Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 | Not yet endorsed |
| Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 -Comparative Information | 1 January 2023 | Not yet endorsed |

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

# 4. 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 4 "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 9 "Investments in Subsidiaries, Associates and Participations" of the Company Financial Statements.

# 5. Related Party Transactions

## Key Management Personnel

The details regarding the compensation of key management personnel are described in Note 10 "Related Party Transactions" 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 2021 and 2020:

| *(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 | Hedge relationships receivables at 31 December | Hedge relationships payables at 31 December |
|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | |
| Total transactions with subsidiaries | 103 | (314) | 11,258 | (29,369) | 1,290 | (591) (1) | 4,140 | (585) |
| Total transactions with associates | 37 | (1) | 0 | 0 | 108 | (1,410) | 0 | 0 |
| **2020** | | | | | | | | |
| Total transactions with subsidiaries | 3,825 | (479) | 11,617 | (24,426) | 1,366 | (3,793) | 945 | (2,185) |
| Total transactions with associates | 68 | (1) | 42 | 0 | 101 | (1,144) | 0 | 0 |

(1) due to the merge of Airbus Finance BV, the existing loans between Airbus SE and the subsidiary have been acquired and cancelled and the bonds of Airbus Finance BV from third parties have also been acquired (see "- Note 9: Investments in Subsidiaries, Associates and Participations)

For further information about granted guarantees to subsidiaries please refer to Note 11 "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 15.7 "Impairment Losses" of the Company Financial Statements.

# 4.2 Company Performance

## 6. Total Operating Result

| *(In € million)* | | **2021** | 2020 |
|---|---|---|---|
| **Operating income** | | **53** | **3,757** |
| Corporate services rendered to Airbus companies | | 53 | 3,757 |
| **Operating expenses** | | **(113)** | **(159)** |
| Service fees charged by Airbus companies | | (50) | (50) |
| Administrative expenses | | (63) | (109) |
| **Income from investments** | | **28** | **42** |
| Dividends received from Airbus companies | | 17 | 42 |
| Gain on disposal of investments | 9 | 11 | 0 |
| **Expense from investments** | | **(21)** | **(187)** |
| Impairment | 9 | (21) | (187) |
| **Total operating result** | | **(53)** | **3,454** |

Corporate services rendered to Airbus companies decreased by € 3,704 million to € 53 million (2020: € 3,757 million), mainly due to the agreement in 2020 with Airbus companies regarding the recharge of the penalties due to the French, UK and US authorities.

## 7. Total Financial Result

| *(In € million)* | | **2021** | 2020 |
|---|---|---|---|
| **Interest result** | | **(94)** | **(48)** |
| Interest income from securities measured at fair value through OCI | | 28 | 53 |
| Interest income (expenses) from securities measured at fair value through P&L | | (20) | 3 |
| Interest income on financial assets measured at amortised cost | | 55 | 86 |
| Interest expense on financial liabilities measured at amortised cost | | (157) | (190) |
| **Other financial result** | | **32** | **(249)** |
| Option liability exchangeable bond | | 0 | 77 |
| Change in fair value measurement of financial assets | 9 | 57 | (174) |
| Impairment and Expected Credit Loss | | 79 | (224) |
| Other[1] | | (104) | 72 |
| **Total financial result** | | **(62)** | **(297)** |

(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.

In November 2019, Airbus SE made further capital contribution and loan into Proj BV. Based on the latest developments, a re-assessment of the Proj BV financial assets was performed in December 2020 leading to a decrease in the fair value of the equity investment by € 187 million recorded through Profit and Loss, and an impairment of the loan by € 127 million recorded through financial result.

In February 2021, a debt forgiveness has been signed with Proj BV and a loss of € 164 million has been recorded through Financial Result. The impairment of the loan has been released for € 158 million.

## 8. Income Taxes

The Company is tax registered in the Netherlands. The Company is heading a fiscal unity, which also includes Airbus Group Finance B.V. until 31 December 2021 (see "- Note 9: Investments in Subsidiaries, Associates and Participations), Airbus Defence and Space Netherlands B.V. and 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.

The expense for income taxes is comprised of the following:

| *(In € million)* | **2021** | 2020 |
|---|---|---|
| Current tax income (expense) | 0 | 0 |
| Deferred tax income (expense) | 1 | (3) |
| **Total** | **1** | **(3)** |

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)* | **2021** | 2020 |
|---|---|---|
| Profit (loss) before income taxes | (115) | 3,157 |
| Corporate income tax rate | 25.0% | 25.0% |
| Expected income (expense) for income taxes | 29 | (789) |
| Effects from tax rate differentials / Change of tax rate | 3 | 0 |
| Non-taxable agreements reached with Airbus companies | 0 | 901 |
| Non-taxable income from investment and associates | 18 | (33) |
| Option liability exchangeable bond | 0 | 19 |
| Income from other companies within the fiscal unity | 0 | 0 |
| Impairment on investment and associates | 34 | (79) |
| Other non-deductible expenses and tax-free income | 22 | (22) |
| Changes in valuation allowances [1] | (105) | 0 |
| **Reported income (expense) for income taxes** | **1** | **(3)** |

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

Deferred income taxes as of 31 December 2021 are related to the following assets and liabilities:

| | 1 January 2021 | | Other movements | | Movement through income statement | **31 December 2021** | |
|---|---|---|---|---|---|---|---|
| *(In € million)* | Deferred tax assets | Deferred tax liabilities | OCI | Others | Deferred tax benefit (expense) | **Deferred tax assets** | **Deferred tax liabilities** |
| Securities | 0 | (41) | 26 | 0 | 0 | 0 | (15) |
| Financial instruments | 4 | 0 | 0 | 0 | 11 | 15 | |
| Net operating loss and tax loss carry forwards | 10 | 0 | 0 | 0 | (10) | 0 | 0 |
| **Deferred tax assets (liabilities) before offsetting** | **14** | **(41)** | **26** | **0** | **1** | **15** | **(15)** |
| Set-off | (14) | 14 | 0 | 0 | 0 | (15) | 15 |
| **Net deferred tax assets (liabilities)** | **0** | **(27)** | **26** | **0** | **1** | **0** | **0** |

Deferred income taxes as of 31 December 2020 are related to the following assets and liabilities:

| | 1 January 2020 | | Other movements | | Movement through income statement | **31 December 2020** | |
|---|---|---|---|---|---|---|---|
| *(In € million)* | Deferred tax assets | Deferred tax liabilities | OCI | Others | Deferred tax benefit (expense) | **Deferred tax assets** | **Deferred tax liabilities** |
| Securities | 0 | (50) | 9 | 0 | 0 | 0 | (41) |
| Financial instruments | 0 | (6) | 0 | 0 | 10 | 4 | 0 |
| Net operating loss and tax loss carry forwards | 22 | 0 | 0 | 0 | (12) | 10 | 0 |
| **Deferred tax assets (liabilities) before offsetting** | **22** | **(56)** | **9** | **0** | **(2)** | **14** | **(41)** |
| Set-off | (22) | 22 | 0 | 0 | 0 | (14) | 14 |
| **Net deferred tax assets (liabilities)** | **0** | **(34)** | **9** | **0** | **(2)** | **0** | **(27)** |

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

| | **31 December** | |
|---|---|---|
| *(In € million)* | **2021** | 2020 |
| Financial instrument at fair value through OCI | (15) | (41) |
| **Total** | **(15)** | **(41)** |

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

| | 31 December | |
|---|---|---|
| *(In € million)* | **2021** | 2020 |
| NOL | 292 | 38 |
| Tax credit carry forwards | 0 | 0 |
| **Tax effect** | **75** | **10** |
| Valuation allowances | (75) | 0 |
| **Deferred tax assets on NOLs and tax credit carry forwards** | **0** | **10** |

As of 1 January 2022, tax losses can be carried forward indefinitely but profits in one year which exceed € 1 million will only be offsettable for up to 50 per cent of that higher taxable profit against losses, minus an amount of € 1 million.

# 4.3 Operational Assets and Liabilities

## 9. Investments in Subsidiaries, Associates and Participations

| *(In € million)* | Subsidiaries | Associates | Participations | **Total** |
|---|---|---|---|---|
| **Balance at 1 January 2020** | **15,845** | **21** | **1,094** | **16,960** |
| Additions | 28 | 28 | 0 | 56 |
| Disposals | (7) | 0 | 0 | (7) |
| Impairment | (187) | 0 | 0 | (187) |
| Share-based payment (IFRS 2) | 42 | 0 | 0 | 42 |
| Fair value changes through Profit or Loss | 0 | 0 | (174) | (174) |
| **Balance at 31 December 2020** | **15,721** | **49** | **920** | **16,690** |
| Additions | 550 | 0 | 0 | 550 |
| Disposals | (3) | 0 | 0 | (3) |
| Impairment | (21) | 0 | 0 | (21) |
| Share-based payment (IFRS 2) | 62 | 0 | 0 | 62 |
| Fair value changes through Profit or Loss | 0 | 0 | 57 | 57 |
| **Balance at 31 December 2021** | **16,309** | **49** | **977** | **17,334** |

### 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 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 based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates. 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. The discounted cash flow method is particularly sensitive to the selected discount rates and estimates of future cash flows by management. Key assumptions used to determine the recoverable value of the CGU are the expected future labour expenses, future interest rates, future exchange rates to translate into euro the portion of future US dollar and pound sterling which are not hedged and the estimated growth rate of terminal values.

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 2021 led to an impairment charge of € 21 million (2020: € 187 million).

## Change of Investments in Subsidiaries and Associates

On 31 December 2021, Airbus SE merged with its wholly owned subsidiary Airbus Finance BV, under a universal title of succession. As a consequence, all assets and liabilities of the former Airbus Finance BV have been acquired by Airbus SE and recognized at book value, and a gain on the merger of € 10 million has been recorded though Profit and Loss.

On 16 December 2021, Airbus SE made a further capital contribution of € 500 million into Airbus Defence and Space GmbH.

On 21 September 2021, Airbus SE made a further capital contribution of € 21 million into Skytra Ltd.

During the year 2021, Airbus SE made further capital contributions into Airbus Ventures Fund II for a total amount of € 10 million (2020: € 15 million).

During the year 2021, Airbus SE made further capital contributions into Airbus Ventures Fund III for a total amount of € 18 million (2020: € 13 million). During the year 2021, new partner had invested into Airbus Venture Fund III for a total commitments of US$ 10 million. Consquently, Airbus SE now holds 61.5% of Airbus Venture Fund.

In November 2020, Cobham plc / Advent International sold its part in Air Tanker consortium to the other investors who jointly exercice their pre-emption right on a pro-rata basis (€ 28 million). Consequently, Airbus SE now holds 46% in Air Tanker Holdings and 29% in Air Tanker Services.

During the year 2020, Airbus SE made further capital contributions into Airbus Ventures Fund II for a total amount of € 15 million (2019: € 26 million).

During the year 2020, Airbus SE made further capital contributions into Airbus Ventures Fund III for a total amount of € 13 million (2019: € 23 million). During the year 2020, new partner had invested into Airbus Venture Fund III for total commitments of US$ 50 million. Consquently, Airbus SE now holds 66% of Airbus Venture Fund III (€ 7 million).

Information on principal investments of the Company:

| **2021** | 2020 | Company | Head office |
|---|---|---|---|
| % | | | |
| 100.00 | 100.00 | Aero Ré S.A. | Bertrange (Luxembourg) |
| 88.71 | 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) |
| 0.00 | 100.00 | Airbus Finance B.V.(1) | Leiden (Netherlands) |
| 0.00 | 100.00 | Airbus Group Limited(2) | London (UK) |
| 100.00 | 100.00 | Airbus Group Proj B.V. | Leiden (Netherlands) |
| 95.78 | 95.78 | Airbus S.A.S. | Toulouse (France) |
| 9.90 | 9.90 | Dassault Aviation S.A. | Paris (France) |
| 100.00 | 100.00 | Premium Aerotec GmbH | Augsburg (Germany) |

Percentages represent share held directly by Airbus SE

(1) Merge of Airbus Finance BV with Airbus SE in 2021

(2) Liquidation in 2021

# 10. Financial Assets and Financial Liabilities

Financial assets at 31 December 2021 and 2020:

| | 31 December | |
|---|---|---|
| *(In € million)* | **2021** | **2020** |
| Long-term loans Airbus companies [(1)] | 1,389 | 1,345 |
| Long-term loans external | 0 | 0 |
| Positive fair values of derivative financial instruments | 2,931 | 2,424 |
| **Non-current financial assets** | **4,320** | **3,769** |
| Positive fair values of derivative financial instruments | 1,981 | 1,136 |
| Current portion long-term loans Airbus companies | 9 | 122 |
| Current accounts Airbus companies [(1)] | 11,239 | 11,167 |
| **Current financial assets** | **13,229** | **12,425** |
| **Total** | **17,549** | **16,194** |

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

| | 31 December | |
|---|---|---|
| *(In € million)* | **2021** | **2020** |
| Negative fair values of derivative financial instruments | 2,836 | 2,023 |
| **Non-current financial liabilities** | **2,836** | **2,023** |
| Negative fair values of derivative financial instruments | 1,982 | 1,143 |
| Current accounts Airbus companies [(1)] | 30,756 | 25,527 |
| **Current financial liabilities** | **32,738** | **26,670** |
| **Total** | **35,574** | **28,693** |

(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.

# 11. Commitments and Contingencies

## Off-Balance Sheet Commitments

Airbus SE issued guarantees on behalf of Airbus companies in the amount of € 10,858 million (2020: € 8,181 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” and Note 37 “Financial Instruments” of the Group’s Consolidated Financial Statements.

On 8 December 2015, Airbus SE entered into a partnership agreement to establish a corporate venture capital fund, dubbed Airbus Group Ventures, as well as a technology and business innovation center in Silicon Valley with a total commitment amount of US$ 150 million. The remaining commitment is US$ 10 million at 31 December 2021.

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$ 49 million at 31 December 2021.

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

## 12. Number of Employees

The average number of the persons employed by the Company in 2021 was 1 (2020: 1). The employee is situated in the Netherlands.

# 4.5 Capital Structure and Financial Instruments

## 13. 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)* | **2021** | 2020 |
|---|---|---|
| **Issued as at 1 January** | **784,149,270** | **783,173,115** |
| Issued for ESOP | 1,934,420 | 976,155 |
| **Issued as at 31 December** | **786,083,690** | **784,149,270** |
| Treasury shares | (454,735) | (432,875) |
| **Outstanding at 31 December** | **785,628,955** | **783,716,395** |
| **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 € 1,934,420 (in 2020: € 976,155) 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 23 March 2020, the Company has decided the withdrawal of 2019 dividend proposal with cash value of € 1.4 billion in response to the COVID-19 pandemic (see "– Note 2: Impact of the COVID-19 pandemic"). For the fiscal year 2021, the Company's Board of Directors proposes a cash distribution payment of € 1.50 per share.

**Legal reserves** include:

- change from ***financial assets at fair value*** (see Note 15.2 "Carrying Amounts and Fair Values of Financial Instruments");
- change in fair value of derivatives designated as ***cash flow hedges*** (see Note 15.2 "Carrying Amounts and Fair Values of Financial Instruments").

According to Dutch law, the OCI is considered to be a Legal Reserve and therefore distribution is restricted.

**Treasury shares** represent the amount paid or payable for own shares held in treasury. During 2021, the number of treasury stock held by the Company increased to 454,735 compared to 432,875 as of 31 December 2020, mainly due to the share buybacks partly offset by vested shares in 2021 under LTIP 2017 (see "– Note 33: Share-based Payment" of the Consolidated Financial Statements). No shares were sold back to the market nor cancelled in 2021 (2020: 0 shares).

## Authorisations Granted by the Annual' General Meeting of Airbus SE Held on 14 April 2021

On 14 April 2021, the Annual General Meeting ("AGM") of the Company authorised the Board of Directors, for a period expiring at the AGM to be held in 2021, 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 0.14% of the Company's authorised share capital (see "– Note 33: 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 37.3: 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.

Also on 14 April 2021, 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 both the Board of Directors and the CEO, with powers of substitution, to establish the exact number of the relevant shares to be cancelled.

## 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 2021 and 2020 is as follows:

| *(In € million)* | **2021** | **2020** |
|---|---|---|
| **Consolidated equity** | **9,466** | **6,445** |
| OCI - Restatement of investments from Consolidated to Company Financial Statements | 1,864 | (1,731) |
| Retained Earnings - Restatement of investments from Consolidated to Company Financial Statements | (2,610) | 4,683 |
| Retained Earnings - Valuation investments at historical cost | 1,487 | 1,487 |
| Retained Earnings - Impairment of financial assets | (1,029) | (1,685) |
| **Company's equity** | **9,178** | **9,199** |

The difference between the net income according to the Consolidated Financial Statements and Company's Financial Statements for the year ended 31 December 2021 and 2020 is as follows:

| *(In € million)* | **2021** | 2020 |
|---|---|---|
| **Consolidated net income** | **4,213** | **(1,133)** |
| Income from investments according to Consolidated Financial Statements | (4,571) | 4,668 |
| Income from investments according to Company Financial Statements | 17 | 42 |
| Loss on / Impairment of financial assets | 244 | (412) |
| Other valuation differences | (17) | (22) |
| **Company's net income (Profit or loss for the period)** | **(114)** | **3,143** |

# 14. Cash, Securities and Financing Liabilities

## 14.1 Net Cash

| | 31 December | |
|---|---|---|
| *(In € million)* | **2021** | 2020 |
| Cash and cash equivalents | 13,145 | 10,671 |
| Current securities | 1,245 | 1,592 |
| Non-current securities | 6,477 | 5,021 |
| **Gross cash position** | **20,867** | **17,284** |
| Short-term financing liabilities | (591) | (1,156) |
| Long-term financing liabilities | (10,328) | (11,356) |
| **Total** | **9,948** | **4,772** |

The net cash position on 31 December 2021 amounted to € 9,948 million (2020: € 4,772 million), with a gross cash position of € 20,867 million (2020: € 17,284 million).

## 14.2 Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

| | 31 December | |
|---|---|---|
| *(In € million)* | **2021** | 2020 |
| Bank account and petty cash | 537 | 405 |
| Short-term securities (at fair value through profit or loss) | 12,075 | 9,654 |
| Short-term securities (at fair value through OCI) | 533 | 512 |
| Short-term investment (at amortised cost) | 0 | 100 |
| **Total cash and cash equivalents** | **13,145** | **10,671** |

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 € -119 million in 2021. See IFRS Company Statement of Cash Flows for the years ended 31 December 2021 and 2020.

Cash used for investing activities amounted to € -1,317 million, mainly reflecting the net investment in securities € 1,160 million.

Cash used for financing activities amounted to € 3,929 million and reflects the pre-payment of a US$ 1 billion bond issued on 9 April 2013 and the repayment of the exchangeable bonds convertible into Dassault Aviation shares for an amount of € 1.0 billion. See "– Note 14.4 Financing Liabilities".

## 14.3 Securities

| | 31 December | |
|---|---|---|
| *(In € million)* | **2021** | 2020 |
| Current securities at fair value through OCI | 1,245 | 1,592 |
| Non-current securities at fair value through OCI | 6,477 | 5,021 |
| **Total securities** | **7,721** | **6,613** |

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 € 7,721 million and € 6,613 million as of 31 December 2021 and 2020, respectively. The security portfolio contains a non-current portion of € 6,477 million (2020: € 5,021 million), and a current portion of € 1,245 million (2020: € 1,592 million).

Included in the securities portfolio as of 31 December 2021 and 2020, respectively, are corporate and government bonds bearing either fixed rate coupons (€ 7,497 million nominal value; 2020: € 6,357 million) or floating rate coupons (€ 50 million nominal value; 2020: € 50 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 2021, securities for an amount of € 0 million were pledged as collateral for borrowings from banks (2020: € 99 million).

## 14.4 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 joint ventures and other parties.

| | Principal amount | Carrying amount | | Coupon or interest rate | Effective interest rate | Maturity | Additional features |
|---|---|---|---|---|---|---|---|
| | | 31 December | | | | | |
| | *(In million)* | **2021** | 2020 | | | | |
| **Loans from Airbus Finance B.V.** | | | | | | | |
| AGFBV[(1)] 10 years (EMTN) | € 1,000 | € 0 | € 1,047 | 2.40% | 2.45% | Apr. 2024 | Interest rate swapped into 3M Euribor +0.68% |
| AGFBV[(1)] 15 years (EMTN) | € 500 | € 0 | € 571 | 2.15% | 2.24% | Oct. 2029 | Interest rate swapped into 3M Euribor +0.84% |
| AGFBV[(1)] 10 years (EMTN) | € 600 | € 0 | € 626 | 0.91% | 1.01% | May 2026 | Interest rate swapped into 3M Euribor +0.50% |
| AGFBV[(1)] 15 years (EMTN) | € 900 | € 0 | € 983 | 1.41% | 1.53% | May 2031 | Interest rate swapped into 3M Euribor +0.66% |
| AGFBV US$ Loan 10 years | US$ 1,000 | € 0 | € 845 | 2.72% | 2.80% | Apr. 2023 | Interest rate swapped into 3M US-Libor +0.68% |
| **Loans from financial institutions** | | | | | | | |
| DBJ 10 years | US$ 300 | € 0 | € 81 | 3M US-Libor +1.15% | 4.84% | Jan. 2021 | Interest rate swapped into 4.76% fixed |
| Airbus Bank GmbH | | € 591 | € 0 | | | | |
| **Bond** | | | | | | | |
| EMTN 10 years[(1)] | € 1,000 | € 1,043 | € 0 | 2.38% | 2.42% | Apr. 2024 | Interest rate swapped into 3M Euribor +1.40% |
| EMTN 15 years[(1)] | € 500 | € 525 | € 0 | 2.12% | 2.21% | Oct. 2029 | Interest rate swapped into 3M Euribor +0.84% |
| EMTN 10 years[(1)] | € 600 | € 645 | € 0 | 0.88% | 0.98% | May 2026 | Interest rate swapped into 3M Euribor +0.50% |
| EMTN 15 years[(1)] | € 900 | € 903 | € 0 | 1.38% | 1.50% | May 2031 | Interest rate swapped into 3M Euribor +0.66% |
| EMTN 5 years | € 750 | € 732 | € 745 | 1.63% | 1,80% | Apr. 2025 | Interest rate swapped into 3M Euribor +2.01% |

| | Principal amount *(In million)* | Carrying amount 31 December **2021** | 2020 | Coupon or interest rate | Effective interest rate | Maturity | Additional features |
|---|---|---|---|---|---|---|---|
| EMTN 6 years | € 1,250 | € 1 215 | € 1,243 | 1,38% | 1,47% | Jun. 2026 | Interest rate swapped into 3M Euribor +1.66% |
| EMTN 8 years | € 750 | € 725 | € 745 | 2.00% | 2.10% | Apr. 2028 | Interest rate swapped into 3M Euribor +2.15% |
| EMTN 10 years | € 1,250 | € 1,200 | € 1,237 | 1.63% | 1,74% | Jun. 2030 | Interest rate swapped into 3M Euribor +1.61% |
| EMTN 12 years | € 1,000 | € 957 | € 987 | 2,38% | 2.49% | Apr. 2032 | Interest rate swapped into 3M Euribor +2.24% |
| EMTN 20 years | € 1,000 | € 958 | € 988 | 2.38% | 2,44% | Jun. 2040 | Interest rate swapped into 3M Euribor +1.93% |
| Exchangeable bond 5 years | € 1,078 | € 0 | € 1,075 | 0.00% | 0.33% | June 2021 | Exchangeable into Dassault Aviation SA shares at € 1,306.25 per share and issued at 103.75% |
| US$ Bond 10 years | US$ 750 | € 694 | € 672 | 3.15% | 3.20% | Apr 2027 | Interest rate swapped into 3M Libor +0.87% |
| US$ Bond 30 years | US$ 750 | € 731 | € 667 | 3.95% | 4.02% | Apr 2047 | Interest rate swapped into 3M Libor +1.61% |
| **Total** | | **10,919** | **12,512** | | | | |
| Thereof non-current financing liabilities | | **10,328** | **11,356** | | | | |
| Thereof current financing liabilities | | **591** | **1,156** | | | | |

(1) due to the merge of Airbus Finance BV, the existing loans between Airbus SE and the subsidiary have been acquired and cancelled and the bonds of Airbus Finance BV from third parties have also been acquired (see “– Note 9: Investments in Subsidiaries, Associates and Participations”)

**Long-term financing liabilities**, mainly comprising bonds and liabilities to financial institutions, decreased by € 1,028 million to € 10,328 million (2020: € 11,356 million), mainly due to pre-payment of a US$1 billion bond issued on 9 April 2013 in the US institutional market with an original maturity of ten years.

**Short-term financing liabilities** decreased by € 565 million to € 591 million (2020: € 1,156 million), mainly due to the repayment of the exchangeable bonds to be convertible into Dassault Aviation shares issued on 14 June 2016 for an amount of € 1.0 billion and the repayment of the DBJ loan for an amount of US$ 100 million. As part of Group-wide liquidity management, Airbus SE agreed on a repo transaction (€ 591 million) with Airbus Bank to increase flexibility and short-term borrowing capacity over year-end. Additionally, the transaction supports the lending capacity of Airbus Bank to the economy. This particularly benefits the Airbus ecosystem through increased lending to Airbus customers and suppliers.

Prior to 2021, the Company issued several euro-denominated bonds under its EMTN programme and three stand-alone US dollar-denominated bonds on the US institutional market under Rule 144A.

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.

Reconciliation of liabilities arising from financing liabilities:

| (In € million) | Balance at 1 January 2021 | Cash flows | Non-cash movements: Fair value through profit or loss | Foreign exchange movements | Others [1] | **Balance at 31 December 2021** |
|---|---|---|---|---|---|---|
| Bonds and commercial papers | 8,358 | (1,078) | (46) | 102 | 2,992 | 10,328 |
| Liabilities to financial institutions | 81 | (82) | 0 | 1 | 0 | 0 |
| Loans from Subsidiaries | 4,073 | (233) | (279) | 10 | (2,979) | 591 |
| **Total** | **12,512** | **(1,394)** | **(325)** | **113** | **14** | **10,919** |

(1) due to the merge of Airbus Finance BV, the existing loans between Airbus SE and the subsidiary have been acquired and cancelled and the bonds of Airbus Finance BV from third parties have also been acquired (see "– Note 9: Investments in Subsidiaries, Associates and Participations")

| (In € million) | Balance at 1 January 2020 | Cash flows | Non-cash movements: Fair value through profit or loss | Foreign exchange movements | Others | **Balance at 31 December 2020** |
|---|---|---|---|---|---|---|
| Bonds and commercial papers | 2,435 | 5,940 | 83 | (113) | 13 | 8,358 |
| Liabilities to financial institutions | 89 | 0 | 0 | (8) | 0 | 81 |
| Loans from Subsidiairies | 4,056 | 0 | 89 | (75) | 3 | 4,073 |
| **Total** | **6,580** | **5,940** | **172** | **(196)** | **16** | **12,512** |

# 15. Information about Financial Instruments

## 15.1 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 10 "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 section 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.

A few interest rate swaps that have been entered into as a hedge of certain of the Company variable rate debt (see Note 37.3: "Financing Liabilities") are accounted for under the cash flow hedge model. Related fair value gains are recognised in OCI and reclassified to profit or loss when the hedged interest payments affect profit or loss. 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.

***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 within the Group'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 38.1 "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 2021 and 31 December 2020 is as follows:

| *(In € million)* | Total VaR | Equity price VaR | Currency VaR | Interest rate VaR |
|---|---|---|---|---|
| **31 December 2021** | | | | |
| Foreign exchange hedges | 8 | 0 | 8 | 1 |
| Financing liabilities, financial assets (including cash, cash equivalents, securities and related hedges) | 67 | 58 | 4 | 51 |
| Equity swaps | 5 | 5 | 0 | 0 |
| Diversification effect | (12) | (2) | (8) | (1) |
| **All financial instruments** | **68** | **61** | **4** | **51** |
| | | | | |
| **31 December 2020** | | | | |
| Foreign exchange hedges | 20 | 0 | 20 | 0 |
| Financing liabilities, financial assets (including cash, cash equivalents, securities and related hedges) | 88 | 63 | 17 | 43 |
| Equity swaps | 4 | 4 | 0 | 0 |
| Diversification effect | (25) | 0 | (35) | 0 |
| **All financial instruments** | **87** | **67** | **2** | **43** |

The decrease in the total VaR of €19 million (2020: € 87 million) is mainly attributable to the fall of FX treasury swap at Airbus SE level.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 theexternal 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 (€ 6.0 billion as of 31 December 2021), the maturity of which has been extended to 21 October 2024, in addition to the cash inflow generated by its operating business. For information on how the Group monitors and manages liquidity risk, please refer to Note 37.1 "Financial Risk Management" of the Consolidated Financial Statements.

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 2021** | | | | | | | | |
| Non-derivative financial liabilities | (10,919) | (13,162) | (803) | (211) | (1,211) | (937) | (2,025) | (7,975) |
| Derivative financial liabilities | (4,818) | (6,260) | (1,938) | (1,678) | (1,244) | (728) | (440) | (232) |
| **Total** | **(15,737)** | **(19,422)** | **(2,741)** | **(1,889)** | **(2,455)** | **(1,665)** | **(2,465)** | **(8,207)** |
| **31 December 2020** | | | | | | | | |
| Non-derivative financial liabilities | (12,512) | (14,656) | (1,390) | (230) | (1,045) | (1,208) | (934) | (9,847) |
| Derivative financial liabilities | (3,166) | (1,869) | (638) | (537) | (605) | (75) | (10) | (4) |
| **Total** | **(15,678)** | **(16,525)** | **(2,028)** | **(767)** | **(1,650)** | **(1,283)** | **(944)** | **(9,851)** |

### 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 2021, the trade receivables, neither past due nor impaired amount to € 19 million (in 2020: € 492 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 2021, an amount of € -1 million of impairment losses on financial assets is recognised in Profit and Loss (2020: € 224 million).

For further information relating to gross credit risk and impairment see "– Note 15.7: Impairment Losses".

## 15.2 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. The Company's financial liabilities include intragroup liabilities, obligations towards financial institutions and issued bonds. The Company has the same classification and accounting policies as the Group. 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 2021:

| (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 | 977 | 0 | 0 | 0 | **977** | **977** |
| Loans | 0 | 0 | 1,398 | 1,427 | **1,398** | **1,427** |
| Trade receivables | 0 | 0 | 19 | 19 | **19** | **19** |
| Other financial assets | | | | | | |
| Derivative instruments | 4,912 | 0 | 0 | 0 | **4,912** | **4,912** |
| Current account Group companies | 0 | 0 | 11,239 | 11,239 | **11,239** | **11,239** |
| Securities | 0 | 7,721 | 0 | 0 | **7,721** | **7,721** |
| Cash and cash equivalents | 12,075 | 533 | 537 | 537 | **13,145** | **13,145** |
| **Total** | **17,964** | **8,254** | **13,193** | **13,222** | **39,411** | **39,440** |
| **Liabilities** | | | | | | |
| Financing liabilities | | | | | | |
| Bonds and commercial papers | 0 | 0 | 10,328 | 11,145 | **10,328** | **11,145** |
| Liabilities to financial institutions and others | 0 | 0 | 0 | 0 | **0** | **0** |
| Internal loans payable | 0 | 0 | 591 | 0 | **591** | **0** |
| Other financial liabilities | | | | | | |
| Derivative instruments | 4,818 | 0 | 0 | 0 | **4,818** | **4,818** |
| Current accounts Group companies | 0 | 0 | 30,756 | 30,756 | **30,756** | **30,756** |
| **Total** | **4,818** | **0** | **41,675** | **41,901** | **46,493** | **46,719** |

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 2020:

| (In € million) | Fair value through profit or loss | Fair value through OCI | Financial assets and liabilities at amortised cost: Amortised cost | Financial assets and liabilities at amortised cost: Fair value | **Financial instrument Total: Book value** | **Financial instrument Total: Fair value** |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Other investments and long−term financial assets | | | | | | |
| Equity investments | 920 | 0 | 0 | 0 | **920** | **920** |
| Loans | 0 | 0 | 1,467 | 1,568 | **1,467** | **1,568** |
| Trade receivables | 0 | 0 | 492 | 492 | **492** | **492** |
| Other financial assets | | | | | | |
| Derivative instruments | 3,560 | 0 | 0 | 0 | **3,560** | **3,560** |
| Current account Group companies | 0 | 0 | 11,167 | 11,167 | **11,167** | **11,167** |
| Securities | 0 | 6,613 | 0 | 0 | **6,613** | **6,613** |
| Cash and cash equivalents | 9,654 | 512 | 494 | 494 | **10,660** | **10,660** |
| **Total** | **14,134** | **7,125** | **13,620** | **13,721** | **34,879** | **34,980** |
| **Liabilities** | | | | | | |
| Financing liabilities | | | | | | |
| Bonds and commercial papers | 0 | 0 | (8,358) | (9,185) | **(8,358)** | **(9,185)** |
| Liabilities to financial institutions and others | 0 | 0 | (81) | (82) | **(81)** | **(82)** |
| Internal loans payable | 0 | 0 | (4,073) | (4,106) | **(4,073)** | **(4,106)** |
| Other financial liabilities | | | | | | |
| Derivative instruments | (3,166) | 0 | 0 | 0 | **(3,166)** | **(3,166)** |
| Current accounts Group companies | 0 | 0 | (25,527) | (25,527) | **(25,527)** | **(25,527)** |
| **Total** | **(3,166)** | **0** | **(38,039)** | **(38,900)** | **(41,205)** | **(42,066)** |

## 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 2021 and 2020, respectively:

| | **2021** | | | 2020 | | |
|---|---|---|---|---|---|---|
| *(In € million)* | **Level 1** | **Level 2** | **Total** | Level 1 | Level 2 | Total |
| Financial assets measured at fair value | | | | | | |
| Equity instruments | 977 | 0 | 977 | 920 | 0 | 920 |
| Derivative instruments | 0 | 4,912 | 4,912 | 0 | 3,560 | 3,560 |
| Securities | 7,721 | 0 | 7,721 | 6,613 | 0 | 6,613 |
| Cash equivalents | 12,075 | 533 | 12,608 | 9,654 | 512 | 10,166 |
| **Total** | **20,773** | **5,445** | **26,218** | **17,187** | **4,072** | **21,259** |
| Financial liabilities measured at fair value | | | | | | |
| Derivative instruments | 0 | 4,818 | 4,818 | 0 | (3,166) | (3,166) |
| Other financial liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **0** | **4,818** | **4,818** | **0** | **(3,166)** | **(3,166)** |

### Financial Assets Designated at Fair Value through Profit or Loss

The following types of financial assets held at 31 December 2021 and 2020, respectively, are designated at fair value through profit or loss:

| | Nominal amount at initial recognition at | |
|---|---|---|
| *(In € million)* | **31 December 2021** | 31 December 2020 |
| Designated at fair value through profit or loss at recognition: | | |
| Money market funds (accumulating) | 12,075 | 9,654 |
| Securities | 0 | 0 |
| **Total** | **12,075** | **9,654** |

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

## 15.3 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 2021 and 31 December 2020, respectively:

| Derivative instruments | | | | Related amounts not set off in the Statement of Financial Position | | |
|---|---|---|---|---|---|---|
| *(In € million)* | Gross amounts recognised | Gross amounts recognised set off in the Financial Statements | Net amounts presented in the Financial Statements | Financial instruments | Cash collateral received | Net amount |
| **31 December 2021** | | | | | | |
| Financial assets | 1,060 | 0 | 1,060 | (835) | 0 | 225 |
| Financial liabilities | 4,230 | 0 | 4,230 | (835) | 0 | 3,395 |
| **31 December 2020** | | | | | | |
| Financial assets | 3,895 | 0 | 3,895 | (1,520) | (77) | (2,298) |
| Financial liabilities | 2,305 | 0 | 2,305 | (1,520) | 0 | 785 |

## 15.4 Notional Amounts of Derivative Financial Instruments

The notional amount of **interest rate contracts** are as follows, specified by year of expected maturity:

| | Remaining period | | | | | | | | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| *(In € million)* | 1 year | 2 years | 3 years | 4 years | 5 years | 6 years | 7 years | > 7 years | |
| **31 December 2021** | | | | | | | | | |
| Interest rate contracts | 0 | 0 | 1,000 | 750 | 1,850 | 1,324 | 750 | 4,650 | 10,324 |
| Interest rate future contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **31 December 2020** | | | | | | | | | |
| Interest rate contracts | 0 | 0 | 815 | 1,000 | 0 | 600 | 1,222 | 1,400 | 5,037 |
| Interest rate future contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

| | Remaining period | | | | | **Total** |
|---|---|---|---|---|---|---|
| *(In € million)* | 1 year | 2 years | 3 years | 4 years | > 4 years | |
| **31 December 2021** | 18 | 17 | 18 | 10 | 0 | 63 |
| **31 December 2020** | 32 | 23 | 17 | 8 | 0 | 80 |

## 15.5 Derivative Financial Instruments and Hedge Accounting Disclosure

The following table presents the amounts relating to items designated as hedging instruments, no hedge ineffectiveness as of 31 December 2021 under IFRS 9:

| | 31 December | | | |
|---|---|---|---|---|
| | **2021** | | **2020** | |
| | Carrying values | | Carrying values | |
| *(In € million)* | Asset | Liability | Asset | Liability |
| Foreign currency risk: | | | | |
| Net forward sales contracts | 0 | 0 | 0 | 0 |
| Foreign exchange options | 0 | 0 | 0 | 0 |
| Interest rate risk | 190 | 93 | 412 | 0 |
| Commodity swap risk | 0 | 0 | 0 | 0 |
| Equity swap risk | 0 | 0 | 0 | 0 |
| **Total** | **190** | **93** | **412** | **0** |

## 15.6 Net Gains or Net Losses

The Company's net gains or net losses recognised in profit or loss in 2021 and 2020, respectively are as follows:

| | 31 December | |
|---|---|---|
| *(In € million)* | **2021** | 2020 |
| Financial assets or financial liabilities at fair value through profit or loss: | | |
| Held for trading | 29 | 94 |
| Designated on initial recognition | 318 | (306) |
| Financial assets at amortised cost[(1)] | 268 | (330) |
| Financial assets at fair value through OCI | 20 | 75 |
| Financial assets at fair value through profit or loss | 57 | (174) |
| Financial liabilities measured at amortised cost | (737) | 423 |
| **Total** | **(45)** | **(218)** |

(1) Including impairment and Expected Credit Losses on Financial assets at amortised cost

## 15.7 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 2021 | 3.6 | 93.9 | 0.0 | 97.5 |
| Change in financial assets and risk parameters | 2.9 | (88.0) | 0.0 | (85.0) |
| **At 31 December 2021** | **6,7** | **5.9** | **0.0** | **12.5** |

| | Stage 1 | Stage 2 | Stage 3 | |
|---|---|---|---|---|
| *(In € million)* | 12-month ECL | Life-time ECL | Credit impaired ECL | **Total** |
| At 1 January 2020 | 4.4 | 0.3 | 0. 0 | 4.7 |
| Change in financial assets and risk parameters | (0.8) | 93.6 | 0.0 | 92.8 |
| **At 31 December 2020** | **3.6** | **93.9** | **0.0** | **97.5** |

The following **impairment losses** on financial assets are recognised in profit or loss in 2021 and 2020, respectively:

| *(In € million)* | **2021** | 2020 |
|---|---|---|
| Loans | 0 | (158) |
| Trade Receivables | 0 | 0 |
| **Total** | **0** | **(158)** |

For further information about the impairment on financial assets, please refer to Note 9 “Investments in Subsidiaries, Associates and Participations” of the Company Financial Statements.

# 4.6 Other Notes

## 16. Auditor Fees

Fees related to professional services rendered by the Company’s auditor, Ernst & Young Accountants LLP, for the fiscal year 2020 were € 2,521 thousand (in 2020: € 2,198 thousand). These fees relate to audit services only.

## 17. Events after the Reporting Date

No events after Reporting Date.

# 5
# 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 loss for the period of € -114 million as shown in the income statements for the financial year 2021 is to be added to retained earnings. For the fiscal year 2021, the Company's Board of Directors proposes a cash distribution payment of € 1.50 per share.