# Airbus SE
# Unaudited Condensed
# IFRS Consolidated Financial Information
# for the year ended 31 December 2020

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# Airbus SE
# Unaudited Condensed
# IFRS Consolidated Financial Statements

## Unaudited Condensed
## IFRS Consolidated Income Statement

| *(In € million)* | Note | **2020** | 2019 |
|---|---|---|---|
| **Revenue** | **7** | **49,912** | **70,478** |
| Cost of sales | | (44,250) | (59,973) |
| **Gross margin** | **7** | **5,662** | **10,505** |
| Selling expenses | | (717) | (908) |
| Administrative expenses | 8 | (1,423) | (5,217) |
| Research and development expenses | 9 | (2,858) | (3,358) |
| Other income | 10 | 132 | 370 |
| Other expenses | 10 | (1,458) | (356) |
| Share of profit from investments accounted for under the equity method | 11 | 39 | 299 |
| Other income from investments | 11 | 113 | 4 |
| **(Loss) Profit before financial result and income taxes** | | **(510)** | **1,339** |
| Interest income | | 140 | 228 |
| Interest expense | | (411) | (339) |
| Other financial result | | (349) | (164) |
| Total financial result | 12 | (620) | (275) |
| Income taxes | 13 | (39) | (2,389) |
| **Loss for the period** | | **(1,169)** | **(1,325)** |
| | | | |
| Attributable to: | | | |
| Equity owners of the parent (Net income) | | (1,133) | (1,362) |
| Non-controlling interests | | (36) | 37 |
| | | | |
| **Earnings per share** | | **€** | **€** |
| Basic | 14 | (1.45) | (1.75) |
| Diluted | 14 | (1.45) | (1.75) |

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

# Unaudited Condensed IFRS Consolidated Statement of Comprehensive Income

| *(In € million)* | Note | **2020** | 2019 |
|---|---|---|---|
| **Loss for the period** | | **(1,169)** | **(1,325)** |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified to profit or loss:* | | | |
| Re-measurement of the defined benefit pension plans | | (1,537) | (2,669) |
| Change in fair value of financial assets | | (133) | 267 |
| Share of change from investments accounted for under the equity method | | (96) | (130) |
| Income tax relating to items that will not be reclassified | | 373 | 410 |
| *Items that may be reclassified to profit or loss:* | | | |
| Foreign currency translation differences for foreign operations | | (204) | 54 |
| Change in fair value of cash flow hedges | | 3,648 | (1,434) |
| Change in fair value of financial assets | | (61) | 136 |
| Share of change from investments accounted for under the equity method | | 51 | 3 |
| Income tax relating to items that may be reclassified | | (907) | 342 |
| **Other comprehensive income, net of tax** | | **1,134** | **(3,021)** |
| **Total comprehensive income for the period** | | **(35)** | **(4,346)** |
| Attributable to: | | | |
| Equity owners of the parent | | (25) | (4,364) |
| Non-controlling interests | | (10) | 18 |

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

# Unaudited Condensed IFRS Consolidated Statement of Financial Position

| *(In € million)* | Note | **2020** | 2019 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 15 | 16,199 | 16,591 |
| Property, plant and equipment | 15 | 16,674 | 17,294 |
| Investment property | | 2 | 2 |
| Investments accounted for under the equity method | 16 | 1,578 | 1,626 |
| Other investments and other long-term financial assets | 17 | 3,855 | 4,453 |
| Non-current contract assets | | 48 | 91 |
| Non-current other financial assets | 21 | 3,483 | 1,033 |
| Non-current other assets | 22 | 483 | 522 |
| Deferred tax assets | | 4,023 | 5,008 |
| Non-current securities | 24 | 5,350 | 11,066 |
| **Total non-current assets** | | **51,695** | **57,686** |
| | | | |
| **Current assets** | | | |
| Inventories | 18 | 30,401 | 31,550 |
| Trade receivables | | 5,132 | 5,674 |
| Current portion of other long-term financial assets | 17 | 468 | 449 |
| Current contract assets | | 1,074 | 1,167 |
| Current other financial assets | 21 | 2,432 | 2,060 |
| Current other assets | 22 | 2,216 | 2,423 |
| Current tax assets | | 620 | 1,784 |
| Current securities | 24 | 1,618 | 2,302 |
| Cash and cash equivalents | 24 | 14,439 | 9,314 |
| **Total current assets** | | **58,400** | **56,723** |
| Assets and disposal group of assets classified as held for sale | | 0 | 0 |
| **Total assets** | | **110,095** | **114,409** |

| *(In € million)* | Note | **2020** | 2019 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Equity attributable to equity owners of the parent** | | | |
| Capital stock | | 785 | 784 |
| Share premium | | 3,599 | 3,555 |
| Retained earnings | | 250 | 2,241 |
| Accumulated other comprehensive income | | 1,853 | (523) |
| Treasury shares | | (42) | (82) |
| **Total equity attributable to equity owners of the parent** | | **6,445** | **5,975** |
| Non-controlling interests | | 11 | 15 |
| **Total equity** | **23** | **6,456** | **5,990** |

| | | | |
|---|---|---|---|
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Non-current provisions | 19 | 13,998 | 12,542 |
| Long-term financing liabilities | 24 | 14,082 | 8,189 |
| Non-current contract liabilities | 20 | 19,212 | 16,980 |
| Non-current other financial liabilities | 21 | 5,657 | 7,498 |
| Non-current other liabilities | 22 | 436 | 384 |
| Deferred tax liabilities | | 451 | 398 |
| Non-current deferred income | | 32 | 54 |
| **Total non-current liabilities** | | **53,868** | **46,045** |

| | | | |
|---|---|---|---|
| **Current liabilities** | | | |
| Current provisions | 19 | 6,545 | 6,372 |
| Short-term financing liabilities | 24 | 3,013 | 1,959 |
| Trade liabilities | 20 | 8,722 | 14,808 |
| Current contract liabilities | 20 | 24,675 | 26,426 |
| Current other financial liabilities | 21 | 1,769 | 2,647 |
| Current other liabilities | 22 | 3,160 | 6,817 |
| Current tax liabilities | | 1,311 | 2,780 |
| Current deferred income | | 576 | 565 |
| **Total current liabilities** | | **49,771** | **62,374** |
| Disposal group of liabilities classified as held for sale | | 0 | 0 |
| **Total liabilities** | | **103,639** | **108,419** |
| **Total equity and liabilities** | | **110,095** | **114,409** |

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

# Unaudited Condensed
# IFRS Consolidated Statement of Cash Flows

| *(In € million)* | Note | **2020** | 2019 |
|---|---|---|---|
| **Operating activities** | | | |
| Loss for the period attributable to equity owners of the parent (Net income) | | (1,133) | (1,362) |
| (Loss) Profit for the period attributable to non-controlling interests | | (36) | 37 |
| *Adjustments to reconcile profit for the period to cash provided by operating activities:* | | | |
| Interest income | | (140) | (228) |
| Interest expense | | 411 | 339 |
| Interest received | | 82 | 151 |
| Interest paid | | (205) | (187) |
| Income tax expense | | 39 | 2,389 |
| Income tax paid | | 79 | (1,476) |
| Depreciation and amortization | | 2,831 | 2,927 |
| Valuation adjustments | | 95 | 600 |
| Results on disposals of non-current assets | | 9 | (77) |
| Results of investments accounted for under the equity method | | (39) | (299) |
| Change in current and non-current provisions | | 1,138 | 475 |
| Contribution to plan assets (1) | | (314) | (1,752) |
| **Change in other operating assets and liabilities** | | **(8,237)** | **2,216** |
| Inventories | | 152 | 117 |
| Trade receivables | | 351 | 29 |
| Contract assets and liabilities | | 848 | 1,297 |
| Trade liabilities | 20 | (5,523) | (1,625) |
| Other assets and liabilities | 21, 22 | (4,065) | 2,398 |
| **Cash provided by (used for) operating activities** | | **(5,420)** | **3,753** |
| **Investing activities** | | | |
| Purchases of intangible assets, property, plant and equipment, investment property | | (1,759) | (2,340) |
| Proceeds from disposals of intangible assets, property, plant and equipment and investment property | | 228 | 112 |
| Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash) | | (481) | 8 |
| Payments for investments accounted for under the equity method, other investments and other long-term financial assets | | (565) | (952) |
| Proceeds from disposals of investments accounted for under the equity method, other investments and other long-term financial assets | | 408 | 358 |
| Dividends paid by companies valued at equity | | (8) | 210 |
| Disposals of non-current assets and disposal groups classified as assets held for sale and liabilities directly associated | | 0 | 137 |
| Payments for investments in securities | 24 | (337) | (2,861) |
| Proceeds from disposals of securities | 24 | 6,640 | 2,464 |
| **Cash provided by (used for) investing activities** | | **4,126** | **(2,864)** |

| *(In € million)* | Note | **2020** | 2019 |
|---|---|---|---|
| **Financing activities** | | | |
| Increase in financing liabilities | 24 | 7,102 | 402 |
| Repayment of financing liabilities | 24 | (445) | (562) |
| Cash distribution to Airbus SE shareholders | | 0 | (1,280) |
| Payments for liability for puttable instruments | | 91 | 319 |
| Changes in capital and non-controlling interests | 23 | 89 | 194 |
| Change in treasury shares | | (4) | (31) |
| **Cash provided by (used for) financing activities** | | **6,833** | **(958)** |
| Effect of foreign exchange rate changes on cash and cash equivalents | | (414) | (45) |
| **Net increase (decrease) in cash and cash equivalents** | | **5,125** | **(114)** |
| **Cash and cash equivalents at beginning of period** | | **9,314** | **9,428** |
| **Cash and cash equivalents at end of period** | 24 | **14,439** | **9,314** |

(1) Thereof € 331 million contributions for retirement and deferred compensation plans in 2020 (2019: € 1,758 million).

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

# Unaudited Condensed
# IFRS Consolidated Statement of Changes in Equity

| | Equity attributable to equity holders of the parent | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Accumulated other comprehensive income | | | | | | |
| *(In € million)* | 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 2019, as reported** | **777** | **2,941** | **5,923** | **492** | **(1,473)** | **1,115** | **(51)** | **9,724** | **(5)** | **9,719** |
| Restatements [(1)] | 0 | 0 | (122) | 0 | 0 | 0 | 0 | (122) | 0 | (122) |
| **Balance at 1 January 2019, restated [(1)]** | **777** | **2,941** | **5,801** | **492** | **(1,473)** | **1,115** | **(51)** | **9,602** | **(5)** | **9,597** |
| Loss for the period | 0 | 0 | (1,362) | 0 | 0 | 0 | 0 | (1,362) | 37 | (1,325) |
| Other comprehensive income | 0 | 0 | (2,345) | 327 | (1,048) | 64 | 0 | (3,002) | (19) | (3,021) |
| Total comprehensive income for the period | 0 | 0 | (3,707) | 327 | (1,048) | 64 | 0 | (4,364) | 18 | (4,346) |
| Capital increase | 7 | 614 | 0 | 0 | 0 | 0 | 0 | 621 | 0 | 621 |
| Share-based payment (IFRS 2) | 0 | 0 | 76 | 0 | 0 | 0 | 0 | 76 | 0 | 76 |
| Cash distribution to Airbus SE shareholders / Dividends paid to non-controlling interests | 0 | 0 | (1,280) | 0 | 0 | 0 | 0 | (1,280) | 0 | (1,280) |
| Equity transaction (IAS 27) | 0 | 0 | 1,351 | 0 | 0 | 0 | 0 | 1,351 | 2 | 1,353 |
| Change in treasury shares | 0 | 0 | 0 | 0 | 0 | 0 | (31) | (31) | 0 | (31) |
| **Balance at 31 December 2019** | **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 | 1 | 44 | 0 | 0 | 0 | 0 | 0 | 45 | 0 | 45 |
| Share-based payment (IFRS 2) | 0 | 0 | 42 | 0 | 0 | 0 | 0 | 42 | 0 | 42 |
| Cash distribution to Airbus SE shareholders / Dividends paid to non-controlling interests | 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 | 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** |

(1) Opening balance figures are restated due to the application of IFRIC 23.

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

# 2

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

## 1. The Company

The accompanying Unaudited Condensed IFRS Consolidated Financial Statements present the financial position and the results of operations of **Airbus SE** together with its subsidiaries referred to as "the Company", a European public limited-liability company (*Societas Europaea*) with its seat (*statutaire zetel*) in Amsterdam, The Netherlands, its registered address at Mendelweg 30, 2333 CS Leiden, The Netherlands, and registered with the Dutch Commercial Register (Handelsregister) under number 24288945. The Company's reportable segments are Airbus, Airbus Helicopters and Airbus Defence and Space (see "– Note 6: Segment Information"). The Company is listed on the European stock exchanges in Paris, Frankfurt am Main, Madrid, Barcelona, Valencia and Bilbao. The Unaudited Condensed IFRS Consolidated Financial Statements were authorised for issue by the Company's Board of Directors on 17 February 2021.

## 2. Impact of the COVID-19 pandemic

The COVID-19 pandemic, the resulting health and economic crisis and actions taken in response to the spread of the pandemic, including government measures and travel limitations and restrictions, have resulted in significant disruption to the Company's business operations and supply chain. A number of measures have been taken by the Company to implement stringent health and safety procedures while taking account of stock levels and production lead-times.

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

On 8 April 2020, the Company announced its decision to adapt commercial aircraft production rates to 40 per month for the A320 Family, 2 per month for A330 and 6 per month for A350 in response to the new COVID-19 market environment. Subsequently, the rate for A350 was further reduced to 5 per month. This represented a reduction of the March 2020 pre-COVID-19 average rates of roughly one third. With these new rates, the Company intends to preserve its ability to meet customer demand while protecting its ability to further adapt as the global market evolves.

The Company is monitoring the evolution of the COVID-19 pandemic and will continue to assess further impacts going forward. The main elements related to the consolidated financial statements considered as of 31 December 2020 are detailed in the following sections. A consistent set of assumptions has been applied for each of the below elements.

The Company's business, results of operations and financial condition have been and will continue to be materially affected by the COVID-19 pandemic, and the Company continues to face significant risks and uncertainties related to the COVID-19 pandemic and its resulting health and economic crisis.

### 2.1 Going concern and associated liquidity measures

On 23 March 2020, the Company has announced measures to bolster its liquidity and balance sheet in response to the COVID-19 pandemic, including a new € 15 billion credit facility partially termed out by bond and USPP issuances, the withdrawal of 2019 dividend proposal with cash value of € 1.4 billion, the suspension of voluntary top up pension funding and strong focus on support to customers and delivery. In parallel, governmental partners have supported the aerospace sector since the beginning of the crisis either through direct support to airlines and suppliers, or through partial unemployment schemes. With these decisions, the Company has available liquidity to cope with additional cash requirements, including the amended production rates as described above.

On 21 October 2020, the Company signed a new € 6 billion Revolving Syndicated Credit Facility also partially terming out the € 15 billion credit facility by € 3 billion in order to refinance its existing € 3 billion Revolving Syndicated Facility (see "– Note 24: Net Cash").

As of 31 December 2020, the Company has a net cash position of € 4.3 billion with a total liquidity of € 33.6 billion, before deducting short-term financing liabilities.

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

## 2.2 Goodwill impairment

As a result of the deterioration in the economic environment and the uncertainty in the business outlook, the Company has performed impairment tests of goodwill throughout the year and also as at 31 December 2020, which leads to no impairment being necessary (see "– Note 15: Intangible Assets and Property, Plant and Equipment").

These tests have been performed in line with existing methodology for each of the Company's Cash Generating Units (CGUs). Cash flow projections are based on latest operative planning and expected cash flows beyond the planning horizon through a terminal value. The latest operative planning includes management's best assessment of future production rates, aircraft deliveries and order in-take, together with any mitigating actions that the Company may implement. These have been used to derive cash flow projections for the years 2021 until 2025, and thereafter for the terminal value.

In addition, the Company performed a comparison with the fair value of each CGU derived from the market capitalisation. The market capitalisation as of 31 December 2020 amounts to € 70.4 billion and significantly exceeds the equity of the Company.

## 2.3 Other Investments and Other Long-Term Financial Assets / Joint Ventures

The Company's main investments have been impacted by the high volatility in financial markets in 2020 with the variation recorded either through financial result or OCI. The impact in financial result amounts to € -136 million for a loan to OneWeb Communications and € -226 million for the investment in Dassault Aviation. The impact in OCI for € -206 million includes the investment in OneWeb Communications and other investments.

For further information on Dassault and OneWeb investments, please see "– Note 17: Other Investments and Other Long-Term Financial Assets".

## 2.4 Workforce adaptation

In June 2020, Airbus announced plans to adapt its global workforce, principally in France, Germany, Spain and the UK, and resize its commercial aircraft activity in response to the COVID-19 crisis. This adaptation was expected to result in a reduction of around 15,000 positions no later than summer 2021.

Working time adaptation and mitigation measures supported by the governments have reduced the number of positions subject to the restructuring plan. Taking into consideration the actual departures since the initial announcement, the remaining number of positions subject to the restructuring plan amounts to approximately 6,100 as of 31 December 2020, including pre-retirement headcount under German Altersteilzeit ("ATZ").

In addition, Airbus Defence and Space completed the consultation process with the Company's European works council on the division's planned restructuring. The plan presented to the employee representatives initially foresaw the reduction of around 1,900 positions including pre-retirement headcount under German Altersteilzeit ("ATZ") until the end of 2021. However this number was also subsequently reduced to approximately 1,400 positions reflecting departures which occurred after the initial announcement.

On November 2020, a reconciliation of Interest Agreement involving approximately 100 positions has been signed in Germany within Airbus Helicopters and hence, a provision has been recorded accordingly.

As of 30 September 2020, a restructuring provision was recognised 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. Total payments to employees affected by the plan would amount to approximately € 1.5 billion, including the settlement of other accrued employee benefits.

As of 31 December 2020, the provision amounts to € 1.0 billion, reduced mainly by the costs incurred in the fourth quarter.

## 2.5 Operational assets

The Company has performed a comprehensive review of its operational assets and liabilities taking into account the amended production rates and expected future deliveries. This review has resulted in charges being recorded in 2020 for an amount of € 1.3 billion, including an impairment of inventories considered at risk of € 355 million, additional provisions relating to A380 programme of € 279 million, a write-off of capitalised development costs of € 101 million, provisions for supplier commitments of € 157 million and provisions covering various commercial risks of approximately € 401 million.

## 2.6 Deferred taxes

As of 31 December 2020, the recoverability of deferred tax assets has been assessed based on the latest operating planning and resulting from the COVID-19 pandemic. This has led to deferred tax asset impairments amounting to € 356 million in 2020 including tax losses carried forward (see "– Note 13: Income Taxes").

## 2.7 Hedge accounting

The Company has maintained its hedge accounting policies as defined in the 2019 year-end financial statements. In the Company's assessment the risk of future cancellations that are not yet materialised has been included. When transactions are no longer expected to occur in accordance with the hedge designation, the accumulated gains or losses on the hedging instrument have been reclassified to financial result. The impact in financial result amounts to € -48 million as of 31 December 2020, mainly relating to the widebody programmes.

The increase of the counterparty credit risk and credit spread is included in the determination of the fair value of the hedges and had limited impact on the measurement of hedge ineffectiveness.

The Company performed a material roll-over campaign for a nominal amount of US$ 31 billion in the third quarter to re-align the hedging portfolio to the last available long term delivery plan, including roll-overs at historical rates for a nominal amount of US$ 8 billion in July 2020 as part of the liquidity measures. In this way, the Company mitigates the cash flow impacts occurring when the gains or losses on the forward hedges do not coincide with the currency gains or losses on the underlying commercial transactions.

In the Company's assessment the risk of aircraft rescheduling beyond the risk management and the risk of future cancellations, notably due to potential airlines default, have been included. The Company will continue to review this position going forward to identify any potential trigger for hedge disqualification.

### 2.8 Expected credit loss

The Company has also considered the impact of COVID-19 pandemic on the expected credit loss of its financial instruments (mainly loans, trade and lease receivables). The amount and timing of the expected credit losses, as well as the probability assigned thereto, has been based on the available information at the end of 2020. As a result of this review no significant credit losses have been recorded in 2020 (see "- Note 17: Other Investments and Other Long-Term Financial Assets").

### 2.9 Pensions

The COVID-19 pandemic has a significant impact on market fluctuations (mainly impacting the interest rates and asset market values). The increase on the net pension liability for 2020 amounting to € 1.6 billion is recognised mainly in other comprehensive income and is subject to future volatility (see "– Note 19: Provisions").

## 3. Accounting Policies

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

The Company's accounting policies and methods are unchanged compared to 31 December 2019. The implementation of other amended standards has no material impact on the Unaudited Condensed IFRS Consolidated Financial Statements as of 31 December 2020.

### Impact of the initial application of COVID-19-related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued COVID-19-related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The Company has elected to apply the amendment to IFRS 16 in advance of its effective date. The Company has applied 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 assessed that the application of this amendment has no material impact on the Unaudited Condensed IFRS Consolidated Financial Statements as of 31 December 2020.

### 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 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 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.

The Company is mainly exposed to LIBORs under Airbus Bank loan assets portfolio for an amount of € 309 million (for a notional amount of US$ 530 million) and the interest rate swaps based on USD-Libor used in the hedge relationship.

### Use of Estimates and Judgements

In preparing the Unaudited Condensed IFRS Consolidated Financial Statements, management makes assumptions and estimates. These estimates are revised if the underlying circumstances have evolved or in light of new information. The underlying assumptions used for the main estimates are similar to those described in the Company's IFRS Consolidated Financial Statements as of 31 December 2019.

The exception is estimates and judgements have been updated due to the COVID-19 outbreak (see "– Note 2: Impact of the COVID-19 pandemic").

# 4. Acquisitions and Disposals

**Acquisitions**

On 12 February 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 brings 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 amounts to € -53 million.

As part of this transaction, Airbus, via its wholly owned subsidiary Stelia Aerospace, has 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 amount to US$ -4 million.

**Disposals**

On 23 December 2019, the Company finalised the sale of **PFW Aerospace GmbH** to Hutchinson Holding GmbH. Since 2011, Airbus held 74.9 % in PFW Aerospace GmbH, a key supplier in the aerospace industry, while Safeguard held the remaining 25.1%. Airbus received a consideration of € 103 million and recognised a gain of € 57 million, reported in other income. Assets and liabilities of the disposed company were previously classified as held for sale.

On 30 July 2019, the Company sold its shares in **Alestis Aerospace S.L.** to Aciturri Aeronáutica S.L., a company headquartered in Miranda de Ebro, Spain. The Company recognised a gain for an amount of € 45 million in Airbus. Assets and liabilities of the disposed company were previously classified as held for sale.

# 5. Related Party Transactions

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

# 6. 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.

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. The activities related to innovation and digital transformation, which were formerly reported in the column "Transversal/Eliminations", are now included in the business segment Airbus under the new segment structure. Consolidation effects will continue to be 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 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 research and development expenses* | *(2,436)* | *(273)* | *(225)* | *76* | *(2,858)* |
| Interest result | | | | | (271) |
| Other financial result | | | | | (349) |
| Income taxes | | | | | (39) |
| **Loss for the period** | | | | | **(1,169)** |

Business segment information for the year ended 31 December 2019 is as follows:

| *(In € million)* | Airbus | Airbus Helicopters | Airbus Defence and Space | Eliminations | Consolidated Airbus |
|---|---|---|---|---|---|
| Total revenue | 54,775 | 6,007 | 10,907 | 0 | 71,689 |
| Internal revenue | (696) | (429) | (86) | 0 | (1,211) |
| **Revenue** | **54,079** | **5,578** | **10,821** | **0** | **70,478** |
| *thereof* | | | | | |
| *sales of goods at a point in time* | *50,577* | *2,924* | *3,457* | *0* | *56,958* |
| *sales of goods over time* | *21* | *278* | *3,942* | *0* | *4,241* |
| *services, including sales of spare parts* | *3,481* | *2,376* | *3,422* | *0* | *9,279* |
| **Profit before financial result and income taxes (EBIT) [(1)]** | **1,794** | **414** | **(881)** | **12** | **1,339** |
| *thereof research and development expenses* [(1)] | *(2,816)* | *(291)* | *(302)* | *51* | *(3,358)* |
| Interest result | | | | | (111) |
| Other financial result | | | | | (164) |
| Income taxes | | | | | (2,389) |
| **Loss for the period** | | | | | **(1,325)** |

(1) Restated due to new segment presentation.

# 7. Revenue and Gross Margin

**Revenue** decreased by € -20,566 million to € 49,912 million (2019: € 70,478 million). The decrease is mainly driven by Airbus (€ -20,518 million) reflecting lower deliveries of 566 aircraft (in 2019: 863 aircraft) in line with the production adaptation plan set out in April 2020 in response to the COVID-19 pandemic (see "– Note 2: Impact of the COVID-19 pandemic").

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

| *(In € million)* | **2020** | 2019 |
|---|---|---|
| Asia-Pacific | 13,087 | 22,625 |
| Europe | 20,325 | 22,591 |
| North America | 8,688 | 12,036 |
| Middle East | 3,123 | 7,053 |
| Latin America | 983 | 1,851 |
| Other countries | 3,706 | 4,322 |
| **Total** | **49,912** | **70,478** |

The **gross margin** decreased by € -4,843 million to € 5,662 million compared to € 10,505 million in 2019. It mainly reflects lower deliveries and lower cost efficiency at Airbus. The gross margin rate decreased from 14.9% to 11.3%.

As of 31 December 2018, the Company's largest A380 operator reviewed its aircraft fleet strategy going forward and concluded it is forced to restructure and reduce its A380 order by 39 aircraft. As a consequence of this decision, deliveries of the A380 will cease in 2022.

At year-end 2018, the Company impaired specific A380 assets in the amount of € 167 million, recognised an onerous contract provision for an amount of € 1,257 million and updated the measurement of refundable advances including interest accretion for a total amount of € 1,426 million. As a consequence, the recognition of the onerous contract provision as well as other specific provisions and the re-measurement of the liabilities affected the consolidated income statement before taxes by a net € 463 million in EBIT and positively impacted the other financial result by € 177 million.

In 2019, the Company recorded an additional net charge of € 99 million in EBIT as part of its continuous assessment of assets recoverability and quarterly review of onerous contract provision assumptions. In 2020, the Company recorded an additional net charge of € 320 million in EBIT.

As of 31 December 2020, the Company has delivered a total of 97 A400M aircraft including 9 aircraft in 2020.

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

In the fourth quarter 2019, an update of the contract estimate at completion was performed and an additional charge of € 1,212 million recorded. This reflected mainly the updated estimates on the export scenario during the launch contract phase as well as some cost increases in particular for retrofit and an updated view on applicable escalation. In 2020, an update of the contract estimate at completion confirmed the 2019 position. A charge of € 63 million has been recorded in 2020 reflecting mainly the variation of price escalation indexes.

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.

Due to the suspension of defence export licences to Saudi Arabia by the German Government until 31 March 2020, and the consequential inability of the Company to execute a customer contract, a revised Estimate at Completion (EAC) was performed as of 31 December 2019. As a result, a € 221 million impairment charge mainly on inventories on top of a € 112 million financial expense related to hedge ineffectiveness has been recognised in 2019. In the fourth quarter 2020 the Company updated its contract estimate at completion which confirms the 2019 assessment. The Company continues to engage with its customer to agree a way forward on this contract. The outcome of these negotiations is presently unclear but could result in further significant financial impacts.

## 8. Administrative Expenses

**Administrative expenses** decreased by € -3,794 million to € 1,423 million (2019: € 5,217 million), mainly due to the final agreements reached in 2019 with the French Parquet National Financier (PNF), the U.K. Serious Fraud Office (SFO) and the U.S. Department of State (DoS).

## 9. Research and Development Expenses

**Research and development expenses** decreased by € -500 million to € 2,858 million compared to € 3,358 million in 2019.

## 10. Other Income and Other Expenses

**Other income** decreased by € -238 million to € 132 million compared to € 370 million in 2019.

**Other expenses** increased by € +1,102 million to € -1,458 million compared to € -356 million in 2019, mainly due to the restructuring provision recorded in 2020 in response to the COVID-19 pandemic. For more details, see "– Note 2: Impact of the COVID-19 pandemic".

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

**Share of profit from investments under the equity method** and **other income from investments** decreased by € -151 million to € 152 million compared to € 303 million in 2019.

## 12. Total Financial Result

**Total financial result** deteriorated by € -345 million to € -620 million compared to € -275 million in 2019. This is driven by a decrease of € -160 million in interest result and the re-measurement on the A350 Repayable Launch Investment ("RLI") (see "– Note 21: Other Financial Assets and Other Financial Liabilities").

## 13. Income Taxes

The **income tax** expense amounts to € -39 million (2019: € -2,389 million). It corresponds to an effective income tax rate of -3.5 % driven by the negative pre-tax result in 2020 offset by deferred tax impairments and tax-free revaluation of certain equity investments.

## 14. Earnings per Share

| | **2020** | 2019 |
|---|---|---|
| Loss for the period attributable to equity owners of the parent (Net income) | € (1,133) million | € (1,362) million |
| Weighted average number of ordinary shares | 783,178,191 | 777,039,858 |
| **Basic earnings per share** | **€ (1.45)** | **€ (1.75)** |

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

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

| | **2020** | 2019 |
|---|---|---|
| Loss for the period attributable to equity owners of the parent (Net income), adjusted for diluted calculation | € (1,133) million | € (1,362) million |
| Weighted average number of ordinary shares (diluted) | 783,178,191 | 777,039,858 |
| **Diluted earnings per share** | **€ (1.45)** | **€ (1.75)** |

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

**Intangible assets** decreased by € -392 million to € 16,199 million (2019: € 16,591 million). Intangible assets mainly relate to goodwill of € 12,999 million (2019: € 13,019 million).

The annual impairment tests performed in 2020 led to no impairment charge.

**Property, plant and equipment** decreased by € -620 million to € 16,674 million (2019: € 17,294 million). Property, plant and equipment include right-of-use assets for an amount of € 1,804 million as of 31 December 2020 (2019: € 1,543 million).

## 16. Investments Accounted for under the Equity Method

**Investments accounted for under the equity method** decreased by € -48 million to € 1,578 million (2019: € 1,626 million). They mainly include the equity investments in ArianeGroup, MBDA and ATR GIE.

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

| | 31 December | |
|---|---|---|
| *(In € million)* | **2020** | 2019 |
| Other investments | 2,245 | 2,516 |
| Other long-term financial assets | 1,610 | 1,937 |
| **Total non-current other investments and other long-term financial assets** | **3,855** | **4,453** |
| **Current portion of other long-term financial assets** | **468** | **449** |
| **Total** | **4,323** | **4,902** |

**Other investments** mainly comprise the Company's participations and include the remaining investment in Dassault Aviation (9.90%, 2019: 9.90%) amounting to € 742 million at 31 December 2020 (2019: € 968 million).

In December 2019, a reassessment of the OneWeb financial assets was performed leading to a decrease in the fair value of the equity investment by € 45 million recorded through OCI, and a depreciation of a loan by € 31 million recorded through financial result.

In March 2020, **OneWeb Communications** filed under Chapter 11 of the U.S 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.

On 3 July 2020, OneWeb entered into an agreement with a consortium led by Her Majesty's Government HMG and Bharti Global Limited for the acquisition of the OneWeb business in connection with its court-supervised sale process. On 20 November 2020, OneWeb announced the achievement of all regulatory approvals together with its emergence from Chapter 11 of the U.S Bankruptcy Code.

The completion of the transaction has no material impact on the Unaudited Condensed IFRS Consolidated Financial Statements as of 31 December 2020.

**Other long-term financial assets** and the **current portion of other long-term financial assets** include other loans in the amount of € 1,841 million as of 31 December 2020 (2019: € 2,036 million), and the sales financing activities in the form of finance lease receivables and loans from aircraft financing.

## 18. Inventories

**Inventories** of € 30,401 million (2019: € 31,550 million) decreased by € -1,149 million. This is driven by Airbus (€ -746 million), and mainly reflects a decrease in work in progress in line with the production adaptation plan as well as A380 ramp down, partly offset by an increase in stored aircraft reflecting customer requests to defer deliveries, as well as other factors related to the ongoing COVID-19 pandemic (see "– Note 2: Impact of the COVID-19 pandemic").

## 19. Provisions

| | 31 December | |
|---|---:|---:|
| *(In € million)* | **2020** | 2019 |
| Provisions for pensions | 9,980 | 8,353 |
| Other provisions | 10,563 | 10,561 |
| **Total** | **20,543** | **18,914** |
| *thereof non-current portion* | *13,998* | *12,542* |
| *thereof current portion* | *6,545* | *6,372* |

**Provisions for pensions** — As of 31 December 2020, the change in actuarial assumptions resulted overall in a total net increase in pension liability of € 1,627 million, principally reflecting the weakening of interest rates in Germany, France, Canada and the UK partly compensated by the performance of the asset market values, resulting from market volatility related to the ongoing COVID-19 pandemic (see "– Note 2: Impact of the COVID-19 pandemic").

**Other provisions** increased mainly due to the restructuring provision recorded in 2020 in response to the COVID-19 pandemic (see "– Note 2: Impact of the COVID-19 pandemic"), partly offset by a decrease in provisions for onerous contracts due to the utilisation and net presentation of the A380, A400M and A220 programme losses against inventories.

## 20. Contract Assets and Contract Liabilities, Trade Receivables and Trade Liabilities

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

| | **2020** | | **2019** | |
|---|---:|---:|---:|---:|
| *(In € million)* | Contract assets | Contract liabilities | Contract assets | Contract liabilities |
| Revenue recognised that was included in the contract liability balance at 1 January | - | (20,327) | - | (37,303) |
| Increases due to cash received, excluding amounts recognised as revenue | - | 20,915 (1) | - | 38,312 |
| Transfers from contract assets recognised at 1 January | (4,353) | - | (3,436) | - |
| Increase as a result of changes in the measure of progress | 4,188 | - | 3,941 | - |

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

As of 31 December 2020, trade receivables amounting to € 189 million (2019: € 203 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)* | **2020** | 2019 |
|---|---|---|
| **Allowance balance at 1 January** | **(397)** | **(269)** |
| Utilisations / disposals and business combinations | 162 | 39 |
| Additions | (71) | (167) |
| **Allowance balance at 31 December** | **(306)** | **(397)** |

**Trade liabilities** of € 8,722 million (2019: € 14,808 million) decreased by € -6,086 million, mainly in Airbus. This is in line with the production adaptation plan set out in April 2020 in response to the COVID-19 pandemic (see "– Note 2: Impact of the COVID-19 pandemic") and includes payments made to suppliers in anticipation.

As of 31 December 2020, trade liabilities amounting to € 67 million (2019: € 107 million) will mature after more than one year.

## 21. Other Financial Assets and Other Financial Liabilities

### Other Financial Assets

| | 31 December | |
|---|---|---|
| *(In € million)* | **2020** | 2019 |
| Positive fair values of derivative financial instruments | 3,451 | 996 |
| Others | 32 | 37 |
| **Total non-current other financial assets** | **3,483** | **1,033** |
| Receivables from related companies | 1,158 | 1,148 |
| Positive fair values of derivative financial instruments | 973 | 444 |
| Others | 301 | 468 |
| **Total current other financial assets** | **2,432** | **2,060** |
| **Total** | **5,915** | **3,093** |

### Other Financial Liabilities

| | 31 December | |
|---|---|---|
| *(In € million)* | **2020** | 2019 |
| Liabilities for derivative financial instruments | 1,834 | 2,434 |
| European Governments' refundable advances | 3,712 | 3,725 |
| Others | 111 | 1,339 |
| **Total non-current other financial liabilities** | **5,657** | **7,498** |
| Liabilities for derivative financial instruments | 983 | 1,560 |
| European Governments' refundable advances | 200 | 552 |
| Liabilities to related companies | 130 | 159 |
| Others | 456 | 376 |
| **Total current other financial liabilities** | **1,769** | **2,647** |
| **Total** | **7,426** | **10,145** |

The total net fair value of derivative financial instruments increased by € +4,161 million to € +1,607 million (2019: € -2,554 million) as a result of the weakened US dollar versus the euro associated with the mark to market valuation of the hedge portfolio.

As of 31 December 2020, the total hedge portfolio with maturities up to 2027 amounts to US$ 81.0 billion (2019: US$ 97.1 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 2027 amounts to 1.26 US$/€ (2019: 1.23 US$/€) and for the US$/£ hedge portfolio until 2024 amounts to 1.37 US$/£ (2019: 1.37 US$/£).

The Company has signed amendments to the French and Spanish A350 RLI contracts which the World Trade Organisation ("WTO") considers the appropriate interest rate and risk assessment benchmarks. The WTO has already ruled that RLI is a valid instrument for governments to partner with industry by sharing investment risks. This leads 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.

Overall, the European Governments' refundable advances decreased by € -365 million to € 3,912 million (2019: € 4,277 million), mainly due to payments made on the A380 programme for an amount of € -505 million offset by the re-measurement described above.

The allocation of European Governments' refundable advances between non-current and current presented in the Unaudited Condensed IFRS Consolidated Financial Statements ended 31 December 2020 is based on the applicable contractual repayment dates.

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

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 9.49% (2019: 7.5%) is used to discount the forecasted cash flows taking into account the impacts of the COVID-19 pandemic and the specificities of the programme.

## 22. Other Assets and Other Liabilities

### Other Assets

| | 31 December | |
|---|---|---|
| *(In € million)* | **2020** | 2019 |
| Cost to fulfil a contract | 282 | 351 |
| Prepaid expenses | 76 | 86 |
| Others | 125 | 85 |
| **Total non-current other assets** | **483** | **522** |
| Value added tax claims | 1,025 | 1,252 |
| Cost to fulfil a contract | 557 | 626 |
| Prepaid expenses | 191 | 147 |
| Others | 443 | 398 |
| **Total current other assets** | **2,216** | **2,423** |
| **Total** | **2,699** | **2,945** |

### Other Liabilities

| | 31 December | |
|---|---|---|
| *(In € million)* | **2020** | 2019 |
| Others | 436 | 384 |
| **Total non-current other liabilities** | **436** | **384** |
| Tax liabilities (excluding income tax) | 749 | 614 |
| Others | 2,411 | 6,203 |
| **Total current other liabilities** | **3,160** | **6,817** |
| **Total** | **3,596** | **7,201** |

## 23. Total Equity

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

| *(In number of shares)* | **2020** | 2019 |
|---|---|---|
| **Issued as at 1 January** | **783,173,115** | **776,367,881** |
| Issued for ESOP | 976,155 | 1,784,292 |
| Issued for convertible bond | 0 | 5,020,942 |
| **Issued at 31 December** | **784,149,270** | **783,173,115** |
| Treasury shares | (432,875) | (862,610) |
| **Outstanding at 31 December** | **783,716,395** | **782,310,505** |

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 € 6,445 million (2019: € 5,975 million) representing an increase of € +470 million. This is mainly due to an increase in other comprehensive income, principally related to the mark to market revaluation of the hedge portfolio of € +2,783 million offset by a change in actuarial gains and losses of € -1,268 million, further compensated by a net loss for the period of € -1,133 million.

The **non-controlling interests ("NCI")** from non-wholly owned subsidiaries decreased to € 11 million as of 31 December 2020 (2019: € 15 million). These NCI do not have a material interest in the Company's activities and cash flows.

# 24. Net Cash

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

| | 31 December | |
|---|---|---|
| *(In € million)* | **2020** | 2019 |
| Cash and cash equivalents | 14,439 | 9,314 |
| Current securities | 1,618 | 2,302 |
| Non-current securities | 5,350 | 11,066 |
| **Gross cash position** | **21,407** | **22,682** |
| Short-term financing liabilities | (3,013) | (1,959) |
| Long-term financing liabilities | (14,082) | (8,189) |
| **Total** | **4,312** | **12,534** |

The net cash position on 31 December 2020 amounted to € 4,312 million (2019: € 12,534 million), with a gross cash position of € 21,407 million (2019: € 22,682 million).

## Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

| | 31 December | |
|---|---|---|
| *(In € million)* | **2020** | 2019 |
| Bank account and petty cash | 4,173 | 1,649 |
| Short-term securities (at fair value through profit and loss) | 9,654 | 7,014 |
| Short-term securities (at fair value through OCI) | 512 | 652 |
| Others | 100 | (1) |
| **Total cash and cash equivalents** | **14,439** | **9,314** |

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.

## Securities

The Company's securities portfolio amounts to € 6,968 million and € 13,368 million as of 31 December 2020 and 2019, respectively. The security portfolio contains a non-current portion of € 5,350 million (2019: € 11,066 million), and a current portion of € 1,618 million (2019: € 2,302 million).

## Financing Liabilities

| | 31 December | |
|---|---|---|
| *(In € million)* | **2020** | 2019 |
| Bonds and commercial papers | 12,032 | 6,491 |
| Liabilities to financial institutions | 418 | 244 |
| Loans | 94 | 156 |
| Lease liabilities | 1,538 | 1,298 |
| **Total long term financing liabilities** | **14,082** | **8,189** |
| Bonds and commercial papers | 1,075 | 0 |
| Liabilities to financial institutions | 111 | 106 |
| Loans | 94 | 127 |
| Lease liabilities | 260 | 262 |
| Others (1) | 1,473 | 1,464 |
| **Total short term financing liabilities** | **3,013** | **1,959** |
| **Total** | **17,095** | **10,148** |

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

**Long-term financing liabilities**, mainly comprising of bonds and lease liabilities, increased by € +5,893 million to € 14,082 million (2019: € 8,189 million), mainly due to the issuance of two bonds for a total of € 6 billion. The first bond was split into a 5 year-maturity tranche of € 750 million with a coupon of 1.625%, an 8 year-maturity tranche of € 750 million with a coupon of 2.00% and a 12 year-maturity tranche of € 1 billion with a coupon of 2.375%.

The second bond was split into a 6 year-maturity tranche of € 1.25 billion with a coupon of 1.375%, a 10 year-maturity tranche of € 1.25 billion with a coupon of 1.625% and a 20 year-maturity tranche of € 1 billion with a coupon of 2.375%.

**Short-term financing liabilities** increased by € +1,054 million to € 3,013 million (2019: € 1,959 million). The increase in short-term financing liabilities is mainly related to the reclassification of € 1 billion of exchangeable bonds from long-term to short-term due to maturity in June 2021.

# 25. Litigation and Claims

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

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

## WTO

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

Following a series of interim WTO panel decisions, in May 2018 the WTO held that the EU achieved compliance in respect of the majority of the subsidies at issue but considered that some remaining obligations required adjustments. The Company and the EU took corrective actions that were reviewed by a WTO panel. The decision of that panel is currently being appealed. In the meantime, the WTO authorised the US to impose US$ 7.5 billion in annual countermeasures. The United States Trade Representative ("USTR") imposed tariffs on a range of imports to the US from the EU including 10% on the importation of large civil aircraft from the EU. Those tariffs went into effect on 18 October 2019. On 18 March 2020, the US increased the additional duty rate imposed on aircraft imported from the EU to 15%. On 12 January 2021, the US imposed an additional tariff of 15% on imports of aircraft manufacturing parts from certain Member States of the EU delivered to the US.

The tariffs could have a material impact on the financial statements, business and operations of the Company. Duties on the importation of Airbus products into the US could result in (i) increased costs for the aerospace and airline industries as well as other industries that rely on air transport, (ii) weakening demand for new aircraft and negatively affecting the financial condition of air carriers and lessors, (iii) decisions to defer, reject or reschedule the delivery of new aircraft or limit the routes upon which new aircraft will be used, (iv) increased costs to consumers, and/or (v) damage to the Company's business or reputation via negative publicity adversely affecting the Company's prospects in the commercial market place.

Several years of proceedings also identified significant unlawful support to Boeing. In March 2019, the WTO found that the steps by the US to address US subsidies to Boeing were inadequate. In October 2020, the WTO announced its decision to authorise the EU to impose US$ 4 billion in annual countermeasures. In November 2020, the EU imposed tariffs on a range of imports to the EU from the US including 15% on the importation of large civil aircraft from the US.

The respective WTO authorisations to impose tariffs will remain valid until the EU or the US prove to the WTO that they are in full compliance, or until both parties agree to settle the dispute.

## GPT

In August 2012, the UK Serious Fraud Office ("SFO") announced that it had opened a formal criminal investigation in relation to GPT Special Project Management Ltd ("GPT"). GPT is a UK company that operated in the Kingdom of Saudi Arabia which the Company acquired in 2007. GPT is now an indirect subsidiary of Airbus Defence and Space. It ceased operations in April 2020.

The SFO's investigation related to contractual arrangements that had been put in place prior to GPT's acquisition by the Company, but which continued thereafter.

On 29 July 2020, the SFO requisitioned (required) GPT to appear in court, and a series of hearings have followed. The single charge against GPT relates to alleged historic corruption in the Kingdom of Saudi Arabia between 2007 and 2012. No plea has yet been entered. For legal reasons, neither the Company nor GPT can comment further on it.

On 31 January 2020 the Company reached a final agreement with investigating authorities in France, the UK and the US in relation to all wrongdoing alleged against the Company and its controlled subsidiaries, with the exception of the pre-existing and separate investigation into GPT. The Deferred Prosecution Agreement of 31 January 2020 mentioned below under "Investigation by the UK SFO, France's PNF, US Departments of State and Justice and Related Commercial Litigation" is not affected in any way by the prosecution of GPT.

## Eurofighter Austria

In 2017, the Austrian Federal Ministry of Defence raised criminal allegations against Airbus Defence and Space GmbH and Eurofighter Jagdflugzeug GmbH for wilful deception and fraud in the context of the sale of the Eurofighter aircraft to Austria and respective damage claims. After the Austrian Federal Ministry of Defence raised its criminal allegations, the Austrian public prosecutor opened investigations against Airbus Defence and Space GmbH, Eurofighter Jagdflugzeug GmbH and former and current employees of the two entities including related to the corresponding offset obligations. The Company has filed several submissions to the Austrian public prosecutor in response to the allegations of deception in the procurement of Eurofighter combat aircraft made by the Austrian Defence Minister. Since the result of the investigations by the Austrian public prosecutor did not confirm the allegations of wilful deception and fraud, the Austrian authorities accordingly terminated the investigations against Airbus Defence and Space GmbH and Eurofighter Jagdflugzeug GmbH.

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

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

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

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

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

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

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

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

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

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

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

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

## Securities Litigation

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

### Other Investigations

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

In 2019, the Company self-reported to German authorities potentially improper advance receipt and communication of confidential customer information by employees of Airbus Defence and Space GmbH. The information concerned relates to two future German government procurement projects in the programme line Connected Intelligence. The self-disclosure by the Company follows an ongoing internal review with the support of an external law firm. Both the German Ministry of Defence and the Munich public prosecutor opened an investigation into the matter. The Company will continue to fully cooperate with relevant authorities. The investigation could have an impact on Airbus Defence and Space GmbH's and Airbus Secure Land Communications GmbH's ability to participate in future public procurement projects in Germany and may have other legal consequences.

### Other Disputes

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

## 26. Number of Employees

| | Airbus | Airbus Helicopters | Airbus Defence and Space | **Consolidated Airbus** |
|---|---|---|---|---|
| **31 December 2020** | 78,487 | 20,026 | 32,836 | **131,349** |
| 31 December 2019 | 80,985 | 20,024 | 33,922 | 134,931 |

## 27. Events after the Reporting Date

In response to the market environment, the Company is updating its production rate planning.

For its A320 Family aircraft, the new average production rates will now lead to a gradual increase in production from the current rate of 40 per month to 43 and 45, respectively in the third and fourth quarter of 2021. The A220 monthly production rate will increase from four to five aircraft per month from the end of the first quarter of 2021. Widebody production is expected to remain stable at current levels.