

Airbus SE

Unaudited Condensed Interim IFRS Consolidated Financial Information for the three-month period ended 31 March 2021

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Airbus SE Unaudited Condensed Interim IFRS Consolidated Financial Statements

Unaudited Condensed Interim IFRS Consolidated Income Statement

<i>(In € million)</i>	Note	1 January - 31 March 2021	1 January - 31 March 2020
Revenue	7	10,460	10,631
Cost of sales		(8,981)	(9,430)
Gross margin	7	1,479	1,201
Selling expenses		(170)	(200)
Administrative expenses		(340)	(393)
Research and development expenses	8	(620)	(663)
Other income	9	21	29
Other expenses	9	(26)	(14)
Share of profit from investments accounted for under the equity method	10	9	(15)
Other income from investments	10	109	134
Profit before financial result and income taxes		462	79
Interest income		14	53
Interest expense		(96)	(98)
Other financial result		141	(432)
Total financial result	11	59	(477)
Income taxes	12	(175)	(94)
Profit (Loss) for the period		346	(492)
Attributable to:			
Equity owners of the parent (Net income)		362	(481)
Non-controlling interests		(16)	(11)
Earnings per share		€	€
Basic	13	0.46	(0.61)
Diluted	13	0.46	(0.61)

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

Unaudited Condensed Interim IFRS Consolidated Statement of Comprehensive Income

<i>(In € million)</i>	Note	1 January - 31 March 2021	1 January - 31 March 2020
Profit (Loss) for the period		346	(492)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement of the defined benefit pension plans		2,372	1,579
Change in fair value of financial assets		(51)	(472)
Share of change from investments accounted for under the equity method		17	2
Income tax relating to items that will not be reclassified		(406)	(264)
<i>Items that may be reclassified to profit or loss:</i>			
Foreign currency translation differences for foreign operations		88	(12)
Change in fair value of cash flow hedges		(2,581)	(3,618)
Change in fair value of financial assets		(34)	(340)
Share of change from investments accounted for under the equity method		2	(20)
Income tax relating to items that may be reclassified		675	968
Other comprehensive income, net of tax		82	(2,177)
Total comprehensive income for the period		428	(2,669)
Attributable to:			
Equity owners of the parent		445	(2,654)
Non-controlling interests		(17)	(15)

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

Unaudited Condensed Interim IFRS Consolidated Statement of Financial Position

<i>(In € million)</i>	Note	31 March 2021	31 December 2020
Assets			
Non-current assets			
Intangible assets	14	16,249	16,199
Property, plant and equipment	14	16,768	16,674
Investment property		2	2
Investments accounted for under the equity method	15	1,666	1,578
Other investments and other long-term financial assets	16	3,935	3,855
Non-current contract assets		46	48
Non-current other financial assets	20	1,710	3,483
Non-current other assets	21	523	483
Deferred tax assets		4,498	4,023
Non-current securities	23	5,121	5,350
Total non-current assets		50,518	51,695
Current assets			
Inventories	17	31,186	30,401
Trade receivables		5,045	5,132
Current portion of other long-term financial assets	16	491	468
Current contract assets		1,505	1,074
Current other financial assets	20	1,649	2,432
Current other assets	21	2,802	2,216
Current tax assets		618	620
Current securities	23	1,456	1,618
Cash and cash equivalents	23	15,973	14,439
Total current assets		60,725	58,400
Assets and disposal group of assets classified as held for sale		0	0
Total assets		111,243	110,095

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for the three-month period ended 31 March 2021

<i>(In € million)</i>	Note	31 March 2021	31 December 2020
Equity and liabilities			
Equity attributable to equity owners of the parent			
Capital stock		787	785
Share premium		3,727	3,599
Retained earnings		2,617	250
Accumulated other comprehensive income		(41)	1,853
Treasury shares		(42)	(42)
Total equity attributable to equity owners of the parent		7,048	6,445
Non-controlling interests		16	11
Total equity	22	7,064	6,456
Liabilities			
Non-current liabilities			
Non-current provisions	18	11,640	13,998
Long-term financing liabilities	23	14,041	14,082
Non-current contract liabilities		18,539	19,212
Non-current other financial liabilities	20	5,524	5,657
Non-current other liabilities	21	421	436
Deferred tax liabilities		549	451
Non-current deferred income		27	32
Total non-current liabilities		50,741	53,868
Current liabilities			
Current provisions	18	6,104	6,545
Short-term financing liabilities	23	2,934	3,013
Trade liabilities	19	11,226	8,722
Current contract liabilities		25,391	24,675
Current other financial liabilities	20	2,172	1,769
Current other liabilities	21	3,473	3,160
Current tax liabilities		1,539	1,311
Current deferred income		599	576
Total current liabilities		53,438	49,771
Disposal group of liabilities classified as held for sale		0	0
Total liabilities		104,179	103,639
Total equity and liabilities		111,243	110,095

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

Unaudited Condensed Interim IFRS Consolidated Statement of Cash Flows

<i>(In € million)</i>	Note	1 January - 31 March 2021	1 January - 31 March 2020
Operating activities			
Profit (Loss) for the period attributable to equity owners of the parent (Net income)		362	(481)
Profit (Loss) Profit for the period attributable to non-controlling interests		(16)	(11)
<i>Adjustments to reconcile profit for the period to cash provided by operating activities:</i>			
Depreciation and amortization		597	828
Valuation adjustments		(37)	272
Deferred tax expense (income)		(62)	(7)
Change in income tax assets, income tax liabilities and provisions for income tax		227	(11)
Results of investments accounted for under the equity method		(9)	15
Change in current and non-current provisions		(442)	(315)
Contribution to plan assets		(175)	(132)
Change in other operating assets and liabilities		1,040	(7,772)
Cash provided by (used for) operating activities		1,485	(7,614)
Investing activities			
Purchases of intangible assets, property, plant and equipment and investment property		(460)	(453)
Proceeds from disposals of intangible assets, property, plant and equipment and investment property		32	12
Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash)		(7)	(479)
Payments for investments accounted for under the equity method, other investments and other long-term financial assets		(84)	(147)
Proceeds from disposals of investments accounted for under the equity method, other investments and other long-term financial assets		70	99
Dividends paid by companies valued at equity		0	0
Change in securities		421	1,150
Cash provided by (used for) investing activities ⁽¹⁾		(28)	182
Financing activities			
Change in financing liabilities		(341)	4,254
Changes in liability for puttable instruments		0	81
Changes in capital and non-controlling interests		133	0
Change in treasury shares		0	(4)
Cash provided by (used for) financing activities ⁽¹⁾		(208)	4,331
Effect of foreign exchange rate changes on cash and cash equivalents		285	135
Net increase (decrease) in cash and cash equivalents		1,534	(2,966)
Cash and cash equivalents at beginning of period		14,439	9,314
Cash and cash equivalents at end of period		15,973	6,348

(1) 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.

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

Unaudited Condensed Interim IFRS Consolidated Statement of Changes in Equity

<i>(In € million)</i>	Equity attributable to equity owners of the parent	Non-controlling interests	Total Equity
Balance at 1 January 2020	5,975	15	5,990
Loss for the period	(481)	(11)	(492)
Other comprehensive income	(2,173)	(4)	(2,177)
Total comprehensive income for the period	(2,654)	(15)	(2,669)
Share-based payment (IFRS 2)	24	0	24
Equity transaction (IAS 27)	176	11	187
Change in treasury shares	(4)	0	(4)
Balance at 31 March 2020	3,517	11	3,528
Balance at 1 January 2021	6,445	11	6,456
Profit for the period	362	(16)	346
Other comprehensive income	83	(1)	82
Total comprehensive income for the period	445	(17)	428
Capital increase	130	0	130
Share-based payment (IFRS 2)	45	0	45
Equity transaction (IAS 27)	(17)	22	5
Change in treasury shares	0	0	0
Balance at 31 March 2021	7,048	16	7,064

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

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

1. The Company

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

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.

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

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

On 21 January 2021, the Company announced its decision to update its production rates in response to the market environment. For its A320 Family aircraft, the new average production rates are now expected to lead to a gradual increase in production from the current rate of 40 per month to 43 and 45, respectively in the third and fourth quarter of 2021. The A220 monthly production rate increased from four to five aircraft per month at the end of the first quarter of 2021. Widebody production is expected to remain stable at current levels. 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 has not identified any significant changes to the underlying assumptions used at 31 December 2020 related to traffic, estimated deliveries, forecasted gross margin and future cash-flows that would lead to significant variations regarding impairment or asset depreciation in the first three months 2021.

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

The Company is monitoring the evolution of the COVID-19 pandemic and will continue to assess further impacts going forward. The main elements related to the Unaudited Condensed Interim IFRS Consolidated Financial Statements as of 31 March 2021 are detailed in the following sections.

2.1 Going concern and associated liquidity measures

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

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

As of 31 March 2021, the Company has a net cash position of € 5.6 billion with a total liquidity of € 34.8 billion before deducting short-term financing liabilities.

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

2.2 Hedge accounting

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

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

2.3 Expected credit loss

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

2.4 Pensions

The COVID-19 pandemic has a significant impact on market fluctuations (mainly impacting the interest rates and asset market values). The decrease on the net pension liability for the first three months 2021 amounting to €2.4 billion is recognised mainly in other comprehensive income and is subject to future volatility (see "- Note 18: Provisions").

3. Accounting Policies

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

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

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\$ 530 million) and the interest rate swaps based on USD LIBOR used in the hedge relationship as developed under "- Note 38: Financial Instruments" of the IFRS Consolidated Financial Statements as of 31 December 2020.

The Phase 2 amendments have no impact on these Unaudited Condensed Interim IFRS Consolidated Financial Statements as existing contracts continue to refer to LIBORs as of 31 March 2021.

Use of Estimates and Judgements

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

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

4. Acquisitions and Disposals

Acquisitions

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

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

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

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

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

5. Related Party Transactions

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. Consolidation effects are reported in the column "Eliminations".

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

Airbus SE
Unaudited Condensed Interim IFRS Consolidated Financial Information
for the three-month period ended 31 March 2021

Business segment information for the three-month period ended 31 March 2021 is as follows:

<i>(In € million)</i>	Airbus	Airbus Helicopters	Airbus Defence and Space	Eliminations	Consolidated Airbus
Total revenue	7,272	1,177	2,115	0	10,564
Internal revenue	(46)	(50)	(8)	0	(104)
Revenue	7,226	1,127	2,107	0	10,460
<i>thereof</i>					
<i>sales of goods at a point in time</i>	6,770	461	542	0	7,773
<i>sales of goods over time</i>	1	41	783	0	825
<i>services, including sales of spare parts</i>	455	625	782	0	1,862
Profit before financial result and income taxes (EBIT)	343	62	17	40	462
<i>thereof research and development expenses</i>	(520)	(55)	(47)	2	(620)
Interest result					(82)
Other financial result					141
Income taxes					(175)
Profit for the period					346

Business segment information for the three-month period ended 31 March 2020 is as follows:

<i>(In € million)</i>	Airbus	Airbus Helicopters	Airbus Defence and Space	Eliminations	Consolidated Airbus
Total revenue	7,569	1,202	2,111	0	10,882
Internal revenue	(126)	(106)	(19)	0	(251)
Revenue	7,443	1,096	2,092	0	10,631
<i>thereof</i>					
<i>sales of goods at a point in time</i>	6,572	459	495	0	7,526
<i>sales of goods over time</i>	7	41	866	0	914
<i>services, including sales of spare parts</i>	864	596	731	0	2,191
Profit before financial result and income taxes (EBIT)	57	53	(53)	22	79
<i>thereof research and development expenses</i>	(543)	(75)	(51)	6	(663)
Interest result					(45)
Other financial result					(432)
Income taxes					(94)
Loss for the period					(492)

7. Revenue and Gross Margin

Revenue decreased by €-171 million to €10,460 million (first three months 2020: €10,631 million). The decrease is mainly driven by Airbus (€-217 million) reflecting lower volume in services.

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

<i>(In € million)</i>	1 January - 31 March 2021	1 January - 31 March 2020
Asia-Pacific	3,437	2,428
Europe	3,830	4,659
North America	1,297	2,216
Middle East	349	521
Latin America	153	129
Other countries	1,394	678
Total	10,460	10,631

The **gross margin** increased by €+278 million to €1,479 million compared to €1,201 million in the first three months 2020. It mainly reflects a better mix at Airbus and a favourable foreign exchange impact. The gross margin rate increased from 11.3% to 14.1%.

Deliveries of the A380 will cease in 2022. As a consequence and in addition to the net charge recorded in 2018, the Company recorded a net charge of €320 million in EBIT in 2020 as part of its continuous assessment of assets recoverability and review of onerous contract provision assumptions. In the first three months 2021, the Company recorded an additional net charge of €15 million in EBIT.

As of 31 March 2021, the Company has delivered a total of 98 A400M aircraft including 1 aircraft in the first three months 2021.

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 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. The year-end 2020 assessment remains unchanged as of 31 March 2021.

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

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

8. Research and Development Expenses

Research and development expenses decreased by € -43 million to € 620 million compared to € 663 million in the first three months 2020.

9. Other Income and Other Expenses

Other income decreased by € -8 million to € 21 million compared to € 29 million in the first three months 2020.

Other expenses increased by € +12 million to € -26 million compared to € -14 million in the first three months 2020.

10. 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 € -1 million to € 118 million compared to € 119 million in the first three months 2020. It includes dividends received from other investments classified at fair value through OCI for an amount of € 108 million (first three months 2020: € 137 million).

11. Total Financial Result

Total financial result improved by € +536 million to € 59 million compared to € -477 million in the first three months 2020. This is mainly due to the revaluation of certain equity investments.

12. Income Taxes

The **income tax** expense amounts to € -175 million (first three months 2020: € -94 million). It corresponds to an effective income tax rate of 33.6%, mainly driven by deferred tax asset impairments.

13. Earnings per Share

	1 January - 31 March 2021	1 January - 31 March 2020
Profit (Loss) for the period attributable to equity owners of the parent (Net income)	€ 362 million	€ (481) million
Weighted average number of ordinary shares	783,986,683	782,298,786
Basic earnings per share	€ 0.46	€ (0.61)

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

During the first three months 2021, the average price of the Company's shares exceeded the exercise price of the share-settled Performance Units and therefore 542,184 shares were considered in the calculation of diluted earnings per share.

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

	1 January - 31 March 2021	1 January - 31 March 2020
Profit (Loss) for the period attributable to equity owners of the parent (Net income), adjusted for diluted calculation	€ 362 million	€ (481) million
Weighted average number of ordinary shares (diluted) ⁽¹⁾	784,528,867	782,298,786
Diluted earnings per share	€ 0.46	€ (0.61)

(1) In the first three months 2021, dilution assumes conversion of all potential ordinary shares.

14. Intangible Assets and Property, Plant and Equipment

Intangible assets decreased by € -50 million to € 16,249 million (prior year-end: € 16,199 million). Intangible assets mainly relate to goodwill of € 13,010 million (prior year-end: € 12,999 million).

Property, plant and equipment increased by € +94 million to € 16,768 million (prior year-end: € 16,674 million). Property, plant and equipment include right-of-use assets for an amount of € 1,708 million as of 31 March 2021 (prior year-end: € 1,804 million).

15. Investments Accounted for under the Equity Method

Investments accounted for under the equity method increased by € +88 million to € 1,666 million (prior year-end: € 1,578 million). They mainly include the equity investments in ArianeGroup, MBDA and ATR GIE.

16. Other Investments and Other Long-Term Financial Assets

<i>(In € million)</i>	31 March 2021	31 December 2020
Other investments	2,284	2,245
Other long-term financial assets	1,651	1,610
Total non-current other investments and other long-term financial assets	3,935	3,855
Current portion of other long-term financial assets	491	468
Total	4,426	4,323

Other investments mainly comprise the Company's participations and include the remaining investment in Dassault Aviation (9.90%, prior year-end: 9.90%) amounting to € 785 million at 31 March 2021 (prior year-end: € 742 million).

Other long-term financial assets and the **current portion of other long-term financial assets** include other loans in the amount of € 1,877 million as of 31 March 2021 (prior year-end: € 1,841 million), and the sales financing activities in the form of finance lease receivables and loans from aircraft financing.

17. Inventories

Inventories of € 31,186 million (prior year-end: € 30,401 million) increased by € +785 million. This mainly relates to an increase in stored aircraft at Airbus reflecting customer requests to defer deliveries.

18. Provisions

<i>(In € million)</i>	31 March 2021	31 December 2020
Provisions for pensions	7,593	9,980
Other provisions	10,151	10,563
Total	17,744	20,543
<i>thereof non-current portion</i>	<i>11,640</i>	<i>13,998</i>
<i>thereof current portion</i>	<i>6,104</i>	<i>6,545</i>

Provisions for pensions decreased mainly due to the increase of the discount rates in Germany, France, Canada and the UK during the first three months 2021, resulting from market volatility related to the ongoing COVID-19 pandemic (see "– Note 2: "Impact of the COVID-19 pandemic").

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

As of 31 March 2021 and 31 December 2020, the provision amounted to € 0.7 billion and € 1.0 billion respectively, reduced mainly by the costs incurred.

19. Contract Liabilities and Trade Liabilities

Contract liabilities include final payments received from customers and other parties in anticipation.

Trade liabilities of € 11,226 million (prior year-end: € 8,722 million) increased by € +2,504 million, mainly in Airbus. In the first three months 2021, cash provided by operating activities has been positively impacted by certain agreements reached with suppliers relating to negotiation on payment terms, and by the payments made to suppliers in anticipation as at 31 December 2020.

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

20. Other Financial Assets and Other Financial Liabilities

Other Financial Assets

<i>(In € million)</i>	31 March 2021	31 December 2020
Positive fair values of derivative financial instruments	1,680	3,451
Others	30	32
Total non-current other financial assets	1,710	3,483
Receivables from related companies	809	1,158
Positive fair values of derivative financial instruments	508	973
Others	332	301
Total current other financial assets	1,649	2,432
Total	3,359	5,915

Other Financial Liabilities

<i>(In € million)</i>	31 March 2021	31 December 2020
Liabilities for derivative financial instruments	1,645	1,834
European Governments' refundable advances	3,730	3,712
Others	149	111
Total non-current other financial liabilities	5,524	5,657
Liabilities for derivative financial instruments	1,322	983
European Governments' refundable advances	191	200
Liabilities to related companies	129	130
Others	530	456
Total current other financial liabilities	2,172	1,769
Total	7,696	7,426

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

In the first three months 2021, the European Governments' refundable advances increased by € +9 million to € 3,921 million (prior year-end: € 3,912 million).

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

21. Other Assets and Other Liabilities

Other Assets

<i>(In € million)</i>	31 March 2021	31 December 2020
Cost to fulfil a contract	285	282
Prepaid expenses	109	76
Others	129	125
Total non-current other assets	523	483
Value added tax claims	1,249	1,025
Cost to fulfil a contract	560	557
Prepaid expenses	456	191
Others	537	443
Total current other assets	2,802	2,216
Total	3,325	2,699

Other Liabilities

<i>(In € million)</i>	31 March 2021	31 December 2020
Others	421	436
Total non-current other liabilities	421	436
Tax liabilities (excluding income tax)	967	749
Others	2,506	2,411
Total current other liabilities	3,473	3,160
Total	3,894	3,596

22. Total Equity

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

<i>(In number of shares)</i>	31 March 2021	31 December 2020
Issued as at 1 January	784,149,270	783,173,115
Issued for ESOP	1,871,546	976,155
Issued at end of period	786,020,816	784,149,270
Treasury shares	(433,062)	(432,875)
Outstanding at end of period	785,587,754	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 € 7,048 million (prior year-end: € 6,445 million) representing an increase of € +603 million. This is due to a net income for the period of € 362 million and an increase in other comprehensive income, principally related to a change in actuarial gains and losses of € +1,977 million partly offset by the mark to market revaluation of the hedge portfolio of € -1,922 million.

The **non-controlling interests** ("NCI") from non-wholly owned subsidiaries increased to € 16 million as of 31 March 2021 (prior year-end: € 11 million). These NCI do not have a material interest in the Company's activities and cash flows.

23. Net Cash

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

<i>(In € million)</i>	31 March 2021	31 December 2020
Cash and cash equivalents	15,973	14,439
Current securities	1,456	1,618
Non-current securities	5,121	5,350
Gross cash position	22,550	21,407
Short-term financing liabilities	(2,934)	(3,013)
Long-term financing liabilities	(14,041)	(14,082)
Total	5,575	4,312

The net cash position on 31 March 2021 amounted to € 5,575 million (prior year-end: € 4,312 million), with a gross cash position of € 22,550 million (prior year-end: € 21,407 million).

Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

<i>(In € million)</i>	31 March 2021	31 December 2020
Bank account and petty cash	5,810	4,173
Short-term securities (at fair value through profit and loss)	9,478	9,654
Short-term securities (at fair value through OCI)	670	512
Others	15	100
Total cash and cash equivalents	15,973	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.

Financing Liabilities

<i>(In € million)</i>	31 March 2021	31 December 2020
Bonds and commercial papers	12,057	12,032
Liabilities to financial institutions	426	418
Loans	96	94
Lease liabilities	1,462	1,538
Total long term financing liabilities	14,041	14,082
Bonds and commercial papers	1,077	1,075
Liabilities to financial institutions	29	111
Loans	90	94
Lease liabilities	240	260
Others ⁽¹⁾	1,498	1,473
Total short term financing liabilities	2,934	3,013
Total	16,975	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 € -41 million to € 14,041 million (prior year-end: € 14,082 million).

Short-term financing liabilities decreased by € -79 million to € 2,934 million (prior year-end: € 3,013 million).

24. Financial Instruments

The following table presents the composition of derivative financial instruments:

<i>(In € million)</i>	31 March 2021	31 December 2020
Non-current positive fair values	1,680	3,451
Current positive fair values	508	973
Total positive fair values of derivative financial instruments	2,188	4,424
Non-current negative fair values	(1,645)	(1,834)
Current negative fair values	(1,322)	(983)
Total negative fair values of derivative financial instruments	(2,967)	(2,817)
Total net fair values of derivative financial instruments	(779)	1,607

The total net fair value of derivative financial instruments decreased by € -2,386 million to € -779 million (prior year-end: € 1,607 million) as a result of the strengthened US dollar versus the euro associated with the mark to market valuation of the hedge portfolio.

The volume of hedged US dollar-contracts was US\$ 79.8 billion as at 31 March 2021 (prior year-end: US\$ 81.0 billion). The US dollar spot rate was 1.17 US\$/€ and 1.23 US\$/€ at 31 March 2021 and at 31 December 2020, respectively. The average US dollar hedge rate for the hedge portfolio of the Company remains at 1.26 US\$/€ as at 31 March 2021.

Carrying Amounts and Fair Values of Financial Instruments

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

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

<i>(In € million)</i>	31 March 2021		31 December 2020	
	Book Value	Fair Value	Book Value	Fair Value
Financing liabilities				
Bonds and commercial papers	(13,134)	(13,848)	(13,107)	(13,997)
Liabilities to financial institutions and others	(2,139)	(2,139)	(2,190)	(2,190)

Fair Value Hierarchy

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

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

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

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

<i>(In € million)</i>	31 March 2021				31 December 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments	1,809	0	475	2,284	1,780	0	465	2,245
Derivative instruments	0	2,188	0	2,188	0	4,424	0	4,424
Securities	6,577	0	0	6,577	6,968	0	0	6,968
Customer financing	0	0	264	264	0	0	237	237
Cash equivalents	9,478	670	0	10,148	9,654	512	0	10,166
Total	17,864	2,858	739	21,461	18,402	4,936	702	24,040
Financial liabilities measured at fair value								
Derivative instruments	0	(2,952)	(15)	(2,967)	0	(2,805)	(12)	(2,817)
Other financial liabilities	0	0	0	0	0	0	0	0
Total	0	(2,952)	(15)	(2,967)	0	(2,805)	(12)	(2,817)

There has been no material changes in the valuation of the Level 3 financial instruments during the first three months 2021.

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

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

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 in relation to alleged subsidies benefiting Airbus. On the same day, the EU launched a parallel WTO case against the US in relation to its subsidies to Boeing.

Following a series of interim WTO decisions, in October 2019 the WTO authorised the US to impose US\$ 7.5 billion in annual tariffs on EU imports. The US imposed 15% tariffs on new aircraft and manufacturing parts imported into the US. Similarly, in October 2020, the WTO authorised the EU to impose tariffs on US\$ 4 billion of US imports. The EU imposed 15% tariffs on new aircraft imported into the EU. In March 2021, the EU and the US announced they would suspend all tariffs related to the WTO aircraft disputes for a four-month period.

Tariffs could have a material impact on the Financial Statements, business and operations of the Company and could result in (i) increased costs for the aerospace industry, (ii) weakening demand for new aircraft, (iii) decisions to defer, reject or reschedule the delivery of new aircraft, and/or (iv) damage to the Company's business or reputation.

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. On 28 April 2021, GPT entered a guilty plea and a sentence was handed down of a fine of £ 28,124,920 plus £ 2,200,000 in costs. For legal reasons, neither the Company nor GPT can comment further on it.

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 by the guilty plea and sentencing of GPT.

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

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

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

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

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

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

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

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

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

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

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

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

Securities Litigation

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

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 March 2021	75,159	19,871	32,784	127,814
31 December 2020	78,487	20,026	32,836	131,349

27. Events after the Reporting Date

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.

This followed the Company's decision to place fuselage aerostructures assembly at the heart of its industrial system in order to reinforce its value stream management and prepare the Company for its short and long-term future.

The plans are subject to successful completion of the ongoing social process.