

Airbus SE

Unaudited Condensed Interim IFRS Consolidated Financial Information

for the nine-month period ended 30 September 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 - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Revenue	7	35,155	30,161	10,518	11,213
Cost of sales		(28,606)	(27,524)	(8,730)	(9,528)
Gross margin	7	6,549	2,637	1,788	1,685
Selling expenses		(508)	(531)	(164)	(161)
Administrative expenses		(945)	(1,053)	(333)	(290)
Research and development expenses	8	(1,919)	(2,032)	(657)	(636)
Other income	9	216	99	58	31
Other expenses	9	(118)	(1,375)	(24)	(1,232)
Share of profit from investments accounted for under the equity method	10	32	(45)	33	(27)
Other income from investments	10	130	115	9	4
Profit (Loss) before financial result and income taxes		3,437	(2,185)	710	(626)
Interest income		48	101	16	19
Interest expense		(281)	(313)	(77)	(102)
Other financial result		61	(500)	(81)	(200)
Total financial result	11	(172)	(712)	(142)	(283)
Income taxes	12	(676)	197	(183)	133
Profit (Loss) for the period		2,589	(2,700)	385	(776)
Attributable to:					
Equity owners of the parent (Net income)		2,635	(2,686)	404	(767)
Non-controlling interests		(46)	(14)	(19)	(9)
Earnings per share		€	€	€	€
Basic	13	3.36	(3.43)	0.51	(0.98)
Diluted	13	3.35	(3.43)	0.51	(0.98)

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>	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Profit (Loss) for the period	2,589	(2,700)	385	(776)
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss:</i>				
Re-measurement of the defined benefit pension plans	2,801	(1,159)	363	(240)
Change in fair value of financial assets	(2)	(295)	43	10
Share of change from investments accounted for under the equity method	75	(90)	55	(12)
Income tax relating to items that will not be reclassified	(457)	254	(75)	43
<i>Items that may be reclassified to profit or loss:</i>				
Foreign currency translation differences for foreign operations	106	(146)	56	(82)
Change in fair value of cash flow hedges	(4,059)	(99)	(1,775)	2,137
Change in fair value of financial assets	(53)	(197)	(20)	26
Share of change from investments accounted for under the equity method	41	7	(4)	21
Income tax relating to items that may be reclassified	1,099	53	481	(546)
Other comprehensive income, net of tax	(449)	(1,672)	(876)	1,357
Total comprehensive income for the period	2,140	(4,372)	(491)	581
Attributable to:				
Equity owners of the parent	2,188	(4,362)	(464)	572
Non-controlling interests	(48)	(10)	(27)	9

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Unaudited Condensed Interim IFRS Consolidated Statement of Financial Position

<i>(In € million)</i>	Note	30 September 2021	31 December 2020
Assets			
Non-current assets			
Intangible assets	14	16,255	16,199
Property, plant and equipment	14	16,363	16,674
Investment property		40	2
Investments accounted for under the equity method	15	1,764	1,578
Other investments and other long-term financial assets	16	3,952	3,855
Non-current contract assets		94	48
Non-current other financial assets	19	920	3,483
Non-current other assets	20	530	483
Deferred tax assets		4,735	4,023
Non-current securities	22	5,502	5,350
Total non-current assets		50,155	51,695
Current assets			
Inventories	17	30,809	30,401
Trade receivables		4,740	5,132
Current portion of other long-term financial assets	16	499	468
Current contract assets		1,336	1,074
Current other financial assets	19	1,546	2,432
Current other assets	20	2,424	2,216
Current tax assets		466	620
Current securities	22	1,300	1,618
Cash and cash equivalents	22	14,854	14,439
Total current assets		57,974	58,400
Assets and disposal group of assets classified as held for sale	4	67	0
Total assets		108,196	110,095

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<i>(In € million)</i>	Note	30 September 2021	31 December 2020
Equity and liabilities			
Equity attributable to equity owners of the parent			
Capital stock		787	785
Share premium		3,708	3,599
Retained earnings		5,321	250
Accumulated other comprehensive income		(1,006)	1,853
Treasury shares		(23)	(42)
Total equity attributable to equity owners of the parent		8,787	6,445
Non-controlling interests		17	11
Total equity	21	8,804	6,456
Liabilities			
Non-current liabilities			
Non-current provisions	18	10,682	13,998
Long-term financing liabilities	22	13,025	14,082
Non-current contract liabilities		18,437	19,212
Non-current other financial liabilities	19	5,800	5,657
Non-current other liabilities	20	412	436
Deferred tax liabilities		513	451
Non-current deferred income		27	32
Total non-current liabilities		48,896	53,868
Current liabilities			
Current provisions	18	5,197	6,545
Short-term financing liabilities	22	1,898	3,013
Trade liabilities		11,037	8,722
Current contract liabilities		24,409	24,675
Current other financial liabilities	19	2,063	1,769
Current other liabilities	20	3,488	3,160
Current tax liabilities		1,809	1,311
Current deferred income		595	576
Total current liabilities		50,496	49,771
Disposal group of liabilities classified as held for sale		0	0
Total liabilities		99,392	103,639
Total equity and liabilities		108,196	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 - 30 September 2021	1 January - 30 September 2020
Operating activities			
Profit (Loss) for the period attributable to equity owners of the parent (Net income)		2,635	(2,686)
Loss for the period attributable to non-controlling interests		(46)	(14)
<i>Adjustments to reconcile profit for the period to cash provided by operating activities:</i>			
Depreciation and amortisation		1,641	2,044
Valuation adjustments		(507)	1,000
Deferred tax expense (income)		44	(373)
Change in income tax assets, income tax liabilities and provisions for income tax		649	393
Results on disposals of non-current assets		0	(4)
Results of investments accounted for under the equity method		(32)	45
Change in current and non-current provisions		(1,621)	1,288
Contribution to plan assets		(244)	(261)
Change in other operating assets and liabilities		830	(12,316)
Cash provided by (used for) operating activities		3,349	(10,884)
Investing activities			
Purchases of intangible assets, property, plant and equipment and investment property		(1,199)	(1,191)
Proceeds from disposals of intangible assets, property, plant and equipment and investment property		73	150
Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash)		(14)	(481)
Payments for investments accounted for under the equity method, other investments and other long-term financial assets		(321)	(407)
Proceeds from disposals of investments accounted for under the equity method, other investments and other long-term financial assets		238	335
Dividends paid by companies valued at equity		15	14
Change in securities		151	6,141
Cash (used for) provided by investing activities		(1,057)	4,561
Financing activities			
Change in financing liabilities		(2,380)	7,992
Changes in liability for puttable instruments		0	85
Changes in capital and non-controlling interests		133	83
Change in treasury shares		0	(4)
Cash (used for) provided by financing activities		(2,247)	8,156
Effect of foreign exchange rate changes on cash and cash equivalents		370	(220)
Net increase in cash and cash equivalents		415	1,613
Cash and cash equivalents at beginning of period		14,439	9,314
Cash and cash equivalents at end of period		14,854	10,927

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	(2,686)	(14)	(2,700)
Other comprehensive income	(1,676)	4	(1,672)
Total comprehensive income for the period	(4,362)	(10)	(4,372)
Capital increase	40	0	40
Share-based payment (IFRS 2)	32	0	32
Equity transaction (IAS 27)	189	5	194
Change in treasury shares	40	0	40
Balance at 30 September 2020	1,914	10	1,924
Balance at 1 January 2021	6,445	11	6,456
Profit for the period	2,635	(46)	2,589
Other comprehensive income	(447)	(2)	(449)
Total comprehensive income for the period	2,188	(48)	2,140
Capital increase	111	0	111
Share-based payment (IFRS 2)	57	0	57
Equity transaction (IAS 27)	(33)	54	21
Change in treasury shares	19	0	19
Balance at 30 September 2021	8,787	17	8,804

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 27 October 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.

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

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

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

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

On 27 May 2021, the Company provided suppliers with an update of its production plans based on its expectation that the commercial aircraft market may recover to pre-COVID levels between 2023 and 2025, led by the single-aisle segment. In anticipation of a continued recovering market, the Company confirmed an average A320 Family production rate of 45 aircraft per month in the fourth quarter of 2021 and called on suppliers to prepare for the future by securing a firm rate of 64 by the second quarter of 2023. The A220 monthly production rate is confirmed to rise to around 6 in early 2022. The A350 production rate is expected to increase to 6 by Autumn 2022 while A330 production is expected to remain at an average monthly production rate of two per month (see “– Note 26: Events after the Reporting Date”).

Year-to-date financials reflect deliveries as well as efforts on cost containment and competitiveness. Furthermore, the Company has performed a comprehensive review of charges recorded in 2020, taking into account the amended production rates and expected future deliveries. Consequently, the Company recorded € 0.4 billion of release of COVID-related provisions including restructuring.

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

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 30 September 2021.

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

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

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

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

The Company is mainly exposed to USD LIBOR under Airbus Bank loan assets portfolio for an amount of € 284 million (for a notional amount of US\$ 473 million) and the interest rate swaps based on USD LIBOR used in the hedge relationship, for an amount of € 84 million (for a notional amount of US\$ 1.5 billion) as developed under “– Note 38: Financial Instruments” of the IFRS Consolidated Financial Statements as of 31 December 2020.

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

Assets and Disposal Groups Classified as Held for Sale

As of 30 September 2021, the Company intends to divest one of its sites in France. The assets relative to this disposal have been reclassified to assets classified as held for sale for an amount of €67 million. The transaction is expected to be closed within the next twelve months.

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.

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

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

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

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

Business segment information for the nine-month period ended 30 September 2021 is as follows:

<i>(In € million)</i>	Airbus	Airbus Helicopters	Airbus Defence and Space	Eliminations	Consolidated Airbus
Total revenue	24,618	4,137	6,881	0	35,636
Internal revenue	(301)	(153)	(27)	0	(481)
Revenue	24,317	3,984	6,854	0	35,155
<i>thereof</i>					
<i>sales of goods at a point in time</i>	22,704	1,837	2,083	0	26,624
<i>sales of goods over time</i>	7	119	2,296	0	2,422
<i>services, including sales of spare parts</i>	1,606	2,028	2,475	0	6,109
Profit before financial result and income taxes (EBIT)	2,889	312	204	32	3,437
<i>thereof research and development expenses</i>	(1,584)	(177)	(169)	11	(1,919)
Interest result					(233)
Other financial result					61
Income taxes					(676)
Profit for the period					2,589

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Business segment information for the nine-month period ended 30 September 2020 is as follows:

<i>(In € million)</i>	Airbus	Airbus Helicopters	Airbus Defence and Space	Eliminations	Consolidated Airbus
Total revenue	20,271	3,623	6,936	0	30,830
Internal revenue	(425)	(201)	(43)	0	(669)
Revenue	19,846	3,422	6,893	0	30,161
<i>thereof</i>					
<i>sales of goods at a point in time</i>	18,133	1,486	1,703	0	21,322
<i>sales of goods over time</i>	24	137	2,747	0	2,908
<i>services, including sales of spare parts</i>	1,689	1,799	2,443	0	5,931
Profit (Loss) before financial result and income taxes (EBIT)	(2,399)	238	(36)	12	(2,185)
<i>thereof research and development expenses</i>	(1,674)	(196)	(177)	15	(2,032)
Interest result					(212)
Other financial result					(500)
Income taxes					197
Loss for the period					(2,700)

7. Revenue and Gross Margin

Revenue increased by € +4,994 million to € 35,155 million (first nine months 2020: € 30,161 million). The increase is mainly driven by Airbus (€ +4,471 million) reflecting higher aircraft deliveries.

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

<i>(In € million)</i>	1 January - 30 September 2021	1 January - 30 September 2020
Asia-Pacific	10,859	7,297
Europe	12,861	13,668
North America	6,546	5,179
Middle East	1,993	1,382
Latin America	514	619
Other countries	2,382	2,016
Total	35,155	30,161

The **gross margin** increased by € +3,912 million to € 6,549 million compared to € 2,637 million in the first nine months 2020. It mainly reflects higher aircraft deliveries at Airbus. In addition, in the first nine months 2020, Airbus was impacted by lower cost efficiency and recorded charges triggered by the COVID-19 pandemic. The gross margin rate increased from 8.7% to 18.6%.

The Company is organised to end the A380 deliveries by the end of 2021. As a consequence and in addition to the net charge recorded in 2018, the Company recorded a net charge of € 385 million in EBIT in 2020 as part of its continuous assessment of assets recoverability and review of onerous contract provision assumptions. In the first nine months 2021, a positive EBIT impact of € 190 million was recorded, mainly reflecting the release of provision on the former A380 Lagardère facility that will be used for the modernised A320 FAL.

As of 30 September 2021, the Company has delivered a total of 101 A400M aircraft including 4 aircraft in the first nine months 2021.

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

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

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

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

8. Research and Development Expenses

Research and development expenses decreased by € -113 million to € 1,919 million compared to € 2,032 million in the first nine months 2020.

9. Other Income and Other Expenses

Other income increased by € +117 million to € 216 million compared to € 99 million in the first nine months 2020.

Other expenses decreased by € -1,257 million to € -118 million compared to € -1,375 million in the first nine months 2020, mainly due to the restructuring provision recorded in response to the COVID-19 pandemic.

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** increased by € +92 million to € 162 million compared to € 70 million in the first nine months 2020. It includes dividends received from other investments classified at fair value through OCI for an amount of € 108 million (first nine months 2020: € 137 million).

11. Total Financial Result

Total financial result improved by € +540 million to € -172 million compared to € -712 million in the first nine months 2020. This is mainly due to the revaluation of certain equity investments (see “– Note 16: Other Investments and Other Long-Term Financial Assets”).

12. Income Taxes

The **income tax** expense amounts to € -676 million (first nine months 2020: income tax benefit of € +197 million) and corresponds to an effective income tax rate of 20.7%. This includes impacts on tax risk updates and the tax-free revaluation of certain equity investments under IFRS 9, partially offset by deferred tax asset impairments. Management will continue to assess its tax contingencies going forward, whose outcome could result in further financial impacts.

13. Earnings per Share

	1 January - 30 September 2021	1 January - 30 September 2020
Profit (Loss) for the period attributable to equity owners of the parent (Net income)	€ 2,635 million	€ (2,686) million
Weighted average number of ordinary shares	785,166,205	783,012,736
Basic earnings per share	€ 3.36	€ (3.43)

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 nine months 2021, the average price of the Company’s shares exceeded the exercise price of the share-settled Performance Units and therefore 475,755 shares were considered in the calculation of diluted earnings per share.

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

	1 January - 30 September 2021	1 January - 30 September 2020
Profit (Loss) for the period attributable to equity owners of the parent (Net income), adjusted for diluted calculation	€ 2,635 million	€ (2,686) million
Weighted average number of ordinary shares (diluted) ⁽¹⁾	785,641,960	783,012,736
Diluted earnings per share	€ 3.35	€ (3.43)

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

14. Intangible Assets and Property, Plant and Equipment

Intangible assets increased by € +56 million to € 16,255 million (prior year-end: € 16,199 million). Intangible assets mainly relate to goodwill of € 13,014 million (prior year-end: € 12,999 million).

Property, plant and equipment decreased by € -311 million to € 16,363 million (prior year-end: € 16,674 million). Property, plant and equipment include right-of-use assets for an amount of € 1,628 million as of 30 September 2021 (prior year-end: € 1,804 million).

15. Investments Accounted for under the Equity Method

Investments accounted for under the equity method increased by € +186 million to € 1,764 million (prior year-end: € 1,578 million). They mainly include the equity investments in ArianeGroup and MBDA.

16. Other Investments and Other Long-Term Financial Assets

<i>(In € million)</i>	30 September 2021	31 December 2020
Other investments	2,429	2,245
Other long-term financial assets	1,523	1,610
Total non-current other investments and other long-term financial assets	3,952	3,855
Current portion of other long-term financial assets	499	468
Total	4,451	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 € 806 million at 30 September 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 € 1,872 million as of 30 September 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 € 30,809 million (prior year-end: € 30,401 million) increased by € +408 million. This is mainly driven by Airbus Helicopters (€ +405 million) and Airbus Defence and Space (€ +330 million), partly offset by Airbus (€ -410 million). In Airbus Helicopters and Airbus Defence and Space, it reflects the delivery profile. In Airbus, the decrease mainly reflects the A380 deliveries and progressive winding down of the programme.

18. Provisions

<i>(In € million)</i>	30 September 2021	31 December 2020
Provisions for pensions	7,197	9,980
Other provisions	8,682	10,563
Total	15,879	20,543
<i>thereof non-current portion</i>	<i>10,682</i>	<i>13,998</i>
<i>thereof current portion</i>	<i>5,197</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 nine months 2021. The decrease amounts to € 2.8 billion recognised mainly in other comprehensive income and is subject to future volatility.

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

As of 30 September 2021 and 31 December 2020, the provision amounted to € 0.4 billion and € 1.0 billion respectively, reduced mainly by the costs incurred.

19. Other Financial Assets and Other Financial Liabilities

Other Financial Assets

<i>(In € million)</i>	30 September 2021	31 December 2020
Positive fair values of derivative financial instruments	892	3,451
Others	28	32
Total non-current other financial assets	920	3,483
Receivables from related companies	815	1,158
Positive fair values of derivative financial instruments	267	973
Others	464	301
Total current other financial assets	1,546	2,432
Total	2,466	5,915

Other Financial Liabilities

<i>(In € million)</i>	30 September 2021	31 December 2020
Liabilities for derivative financial instruments	1,895	1,834
European Governments' refundable advances	3,751	3,712
Others	154	111
Total non-current other financial liabilities	5,800	5,657
Liabilities for derivative financial instruments	1,369	983
European Governments' refundable advances	161	200
Liabilities to related companies	139	130
Others	394	456
Total current other financial liabilities	2,063	1,769
Total	7,863	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 nine months 2021, the European Governments' refundable advances remains at € 3,912 million (prior year-end: € 3,912 million).

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

20. Other Assets and Other Liabilities

Other Assets

<i>(In € million)</i>	30 September 2021	31 December 2020
Cost to fulfil a contract	278	282
Prepaid expenses	117	76
Others	135	125
Total non-current other assets	530	483
Value added tax claims	1,201	1,025
Cost to fulfil a contract	568	557
Prepaid expenses	261	191
Others	394	443
Total current other assets	2,424	2,216
Total	2,954	2,699

Other Liabilities

<i>(In € million)</i>	30 September 2021	31 December 2020
Others	412	436
Total non-current other liabilities	412	436
Tax liabilities (excluding income tax)	886	749
Others	2,602	2,411
Total current other liabilities	3,488	3,160
Total	3,900	3,596

21. Total Equity

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

<i>(In number of shares)</i>	30 September 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	(235,435)	(432,875)
Outstanding at end of period	785,785,381	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 € 8,787 million (prior year-end: € 6,445 million) representing an increase of € +2,342 million. This is due to a net income for the period of € 2,635 million and a decrease in other comprehensive income, principally related to the mark to market revaluation of the hedge portfolio of € -2,944 million partly offset by a change in actuarial gains and losses of € +2,412 million.

The **non-controlling interests ("NCI")** from non-wholly owned subsidiaries increased to € 17 million as of 30 September 2021 (prior year-end: € 11 million). These NCI do not have a material interest in the Company's activities and cash flows.

22. Net Cash

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

<i>(In € million)</i>	30 September 2021	31 December 2020
Cash and cash equivalents	14,854	14,439
Current securities	1,300	1,618
Non-current securities	5,502	5,350
Gross cash position	21,656	21,407
Short-term financing liabilities	(1,898)	(3,013)
Long-term financing liabilities	(13,025)	(14,082)
Total	6,733	4,312

The net cash position on 30 September 2021 amounted to € 6,733 million (prior year-end: € 4,312 million), with a gross cash position of € 21,656 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>	30 September 2021	31 December 2020
Bank account and petty cash	7,050	4,173
Short-term securities (at fair value through profit and loss)	7,222	9,654
Short-term securities (at fair value through OCI)	582	512
Others	0	100
Total cash and cash equivalents	14,854	14,439

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

Cash and cash equivalents have increased by € +0.5 billion from € 14.4 billion at 31 December 2020 to € 14.9 billion at 30 September 2021 and they include payments received in advance from certain customers.

The main variations are as follows:

Cash provided by operating activities amounted to € +3.3 billion in the first nine months 2021, mainly driven by a profit translated into cash partly offset by provision consumption related to the restructuring plan, a strong positive phasing impact from working capital including the net payment made to suppliers in anticipation at the end of 2020 and a positive impact by certain agreements reached with suppliers relating to negotiation on payment terms. Also, it reflects continued cash containment efforts.

Cash used for investing activities amounted to € -1.1 billion, mainly reflecting capital expenditures. The acquisition of real estate assets in the UK has negatively impacted cash used for investing activities, and also negatively impacted cash used for financing activities relating to the repayment of the existing lease liabilities.

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

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

Financing Liabilities

<i>(In € million)</i>	30 September 2021	31 December 2020
Bonds and commercial papers	11,110	12,032
Liabilities to financial institutions	424	418
Loans	72	94
Lease liabilities	1,419	1,538
Total long term financing liabilities	13,025	14,082
Bonds and commercial papers	0	1,075
Liabilities to financial institutions	29	111
Loans	95	94
Lease liabilities	231	260
Others ⁽¹⁾	1,543	1,473
Total short term financing liabilities	1,898	3,013
Total	14,923	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 € -1,057 million to € 13,025 million (prior year-end: € 14,082 million), mainly due to pre-payment of a US\$1 billion bond issued on 9 April 2013 in the US institutional market with an original maturity of ten years.

Short-term financing liabilities decreased by € -1,115 million to € 1,898 million (prior year-end: € 3,013 million), mainly due to the repayment of the exchangeable bonds to be convertible into Dassault Aviation shares issued on 14 June 2016 for an amount of € 1.0 billion.

23. Financial Instruments

The following table presents the composition of derivative financial instruments:

<i>(In € million)</i>	30 September 2021	31 December 2020
Non-current positive fair values	892	3,451
Current positive fair values	267	973
Total positive fair values of derivative financial instruments	1,159	4,424
Non-current negative fair values	(1,895)	(1,834)
Current negative fair values	(1,369)	(983)
Total negative fair values of derivative financial instruments	(3,264)	(2,817)
Total net fair values of derivative financial instruments	(2,105)	1,607

The total net fair value of derivative financial instruments decreased by € -3,712 million to € -2,105 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\$ 87.1 billion as at 30 September 2021 (prior year-end: US\$ 81.0 billion). The US dollar spot rate was 1.16 US\$/€ and 1.23 US\$/€ at 30 September 2021 and at 31 December 2020, respectively. The average US dollar hedge rate for the hedge portfolio of the Company remains at 1.26 US\$/€ as at 30 September 2021.

The Company has maintained its defined hedge accounting policies. In the first nine months 2021, the Company performed a roll-over campaign for a nominal amount of US\$ 4.9 billion to re-align the hedging portfolio to the last available long term delivery plan.

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

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 nine months 2021. As a result of this review no significant credit losses have been recorded in the first nine months 2021 (see "– Note 16: Other Investments and Other Long-Term Financial Assets").

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 nine 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>	30 September 2021		31 December 2020	
	Book Value	Fair Value	Book Value	Fair Value
Financing liabilities				
Bonds and commercial papers	(11,110)	(11,983)	(13,107)	(13,997)
Liabilities to financial institutions and others	(2,163)	(2,163)	(2,190)	(2,190)

Fair Value Hierarchy

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

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

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

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

<i>(In € million)</i>	30 September 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	1,916	0	513	2,429	1,780	0	465	2,245
Derivative instruments	0	1,159	0	1,159	0	4,424	0	4,424
Securities	6,802	0	0	6,802	6,968	0	0	6,968
Customer financing	0	0	150	150	0	0	237	237
Cash equivalents	7,222	582	0	7,804	9,654	512	0	10,166
Total	15,940	1,741	663	18,344	18,402	4,936	702	24,040
Financial liabilities measured at fair value								
Derivative instruments	0	(3,252)	(12)	(3,264)	0	(2,805)	(12)	(2,817)
Other financial liabilities	0	0	0	0	0	0	0	0
Total	0	(3,252)	(12)	(3,264)	0	(2,805)	(12)	(2,817)

There has been no material changes in the valuation of the Level 3 financial instruments during the first nine 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 30 September 2021.

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

24. Litigation and Claims

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

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

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.

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

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

The second Dutch claim relates to a demand letter sent by a foundation incorporated under the laws of the Netherlands, a purported representative of unnamed institutional and retail investors worldwide, threatening to file a class action before the Dutch courts. This second claim targets the Company, the Company's current and former directors and officers, and the Company's current and former auditors. It seeks unquantified damages.

Both claims allege that the Company violated its reporting obligations by failing to adequately inform investors and providing false or misleading information about its use of intermediaries and alleged corrupt practices, its related financial exposure, internal investigations and subsequent measures taken by the Company, and related criminal investigations, which allegedly impacted the Company's share price.

The Company believes it has solid grounds to defend itself against the allegations. The consequences of such litigation and the outcome of the proceedings cannot be fully assessed at this stage, but any judgement or decision unfavourable to the Company could have a material adverse impact on the Financial Statements, business and operations of the Company.

Air France Flight 447 Trial

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

Other Investigations

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

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

In 2019, the Company self-reported to German authorities potentially improper advance receipt and communication of confidential customer information by employees of Airbus Defence and Space GmbH. The information concerned relates to future German government procurement projects. The self-disclosure by the Company followed an internal review with the support of an external law firm. Both the German Ministry of Defence and the Munich public prosecutor opened an investigation into the matter. The investigation could have an impact on Airbus Defence and Space GmbH's and Airbus Secure Land Communications GmbH's ability to participate in future public procurement projects in Germany. This summer the Munich prosecution issued a penalty notice against Airbus Defence and Space GmbH for € 10 million for negligent violation of supervisory duties in connection with this matter. The Company continues to fully cooperate with relevant authorities.

25. Number of Employees

	Airbus	Airbus Helicopters	Airbus Defence and Space	Consolidated Airbus
30 September 2021	73,395	20,063	32,430	125,888
31 December 2020	78,487	20,026	32,836	131,349

26. Events after the Reporting Date

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

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