

Airbus SE

Unaudited Condensed Interim IFRS Consolidated Financial Information for the nine-month period ended 30 September 2020

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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 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Revenue	7	30,161	46,168	11,213	15,302
Cost of sales		(27,524)	(38,985)	(9,528)	(12,731)
Gross margin	7	2,637	7,183	1,685	2,571
Selling expenses		(531)	(674)	(161)	(214)
Administrative expenses		(1,053)	(1,153)	(290)	(379)
Research and development expenses	8	(2,032)	(2,150)	(636)	(727)
Other income	9	99	247	31	115
Other expenses	9	(1,375)	(116)	(1,232)	(53)
Share of profit from investments accounted for under the equity method	10	(45)	76	(27)	21
Other income from investments	10	115	18	4	4
(Loss) Profit before financial result and income taxes		(2,185)	3,431	(626)	1,338
Interest income		101	143	19	52
Interest expense		(313)	(266)	(102)	(75)
Other financial result		(500)	(110)	(200)	5
Total financial result	11	(712)	(233)	(283)	(18)
Income taxes	12	197	(1,024)	133	(347)
(Loss) Profit for the period		(2,700)	2,174	(776)	973
Attributable to:					
Equity owners of the parent (Net income)		(2,686)	2,186	(767)	989
Non-controlling interests		(14)	(12)	(9)	(16)
Earnings per share		€	€	€	€
Basic	13	(3.43)	2.81	(0.98)	1.27
Diluted	13	(3.43)	2.80	(0.98)	1.27

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 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
(Loss) Profit for the period	(2,700)	2,174	(776)	973
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss:</i>				
Re-measurement of the defined benefit pension plans	(1,159)	(4,323)	(240)	(1,377)
Change in fair value of financial assets	(295)	161	10	23
Share of change from investments accounted for under the equity method	(90)	(19)	(12)	(17)
Income tax relating to items that will not be reclassified	254	859	43	371
<i>Items that may be reclassified to profit or loss:</i>				
Foreign currency translation differences for foreign operations	(146)	70	(82)	56
Change in fair value of cash flow hedges	(99)	(3,982)	2,137	(3,696)
Change in fair value of financial assets	(197)	266	26	48
Share of change from investments accounted for under the equity method	7	4	21	(2)
Income tax relating to items that may be reclassified	53	993	(546)	944
Other comprehensive income, net of tax	(1,672)	(5,971)	1,357	(3,650)
Total comprehensive income for the period	(4,372)	(3,797)	581	(2,677)
Attributable to:				
Equity owners of the parent	(4,362)	(3,730)	572	(2,621)
Non-controlling interests	(10)	(67)	9	(56)

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	30 September 2020	31 December 2019
Assets			
Non-current assets			
Intangible assets	14	16,394	16,591
Property, plant and equipment	14	16,666	17,294
Investment property		2	2
Investments accounted for under the equity method	15	1,476	1,626
Other investments and other long-term financial assets	16	3,457	4,453
Non-current contract assets		58	91
Non-current other financial assets	19	1,332	1,033
Non-current other assets	20	535	522
Deferred tax assets		5,475	5,008
Non-current securities	22	5,514	11,066
Total non-current assets		50,909	57,686
Current assets			
Inventories	17	36,655	31,550
Trade receivables		4,860	5,674
Current portion of other long-term financial assets	16	402	449
Current contract assets		1,378	1,167
Current other financial assets	19	2,145	2,060
Current other assets	20	2,883	2,423
Current tax assets		1,493	1,784
Current securities	22	1,654	2,302
Cash and cash equivalents	22	10,927	9,314
Total current assets		62,397	56,723
Assets and disposal group of assets classified as held for sale		0	0
Total assets		113,306	114,409

Airbus SE
Unaudited Condensed Interim IFRS Consolidated Financial Information
for the nine-month period ended 30 September 2020

<i>(In € million)</i>	Note	30 September 2020	31 December 2019
Equity and liabilities			
Equity attributable to equity owners of the parent			
Capital stock		785	784
Share premium		3,594	3,555
Retained earnings		(1,252)	2,241
Accumulated other comprehensive income		(1,171)	(523)
Treasury shares		(42)	(82)
Total equity attributable to equity owners of the parent		1,914	5,975
Non-controlling interests		10	15
Total equity	21	1,924	5,990
Liabilities			
Non-current liabilities			
Non-current provisions	18	13,760	12,542
Long-term financing liabilities	22	13,973	8,189
Non-current contract liabilities		19,256	16,980
Non-current other financial liabilities	19	6,261	7,498
Non-current other liabilities	20	375	384
Deferred tax liabilities		370	398
Non-current deferred income		45	54
Total non-current liabilities		54,040	46,045
Current liabilities			
Current provisions	18	7,081	6,372
Short-term financing liabilities	22	4,364	1,959
Trade liabilities		9,526	14,808
Current contract liabilities		26,542	26,426
Current other financial liabilities	19	3,081	2,647
Current other liabilities	20	3,184	6,817
Current tax liabilities		2,892	2,780
Current deferred income		672	565
Total current liabilities		57,342	62,374
Disposal group of liabilities classified as held for sale		0	0
Total liabilities		111,382	108,419
Total equity and liabilities		113,306	114,409

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 2020	1 January - 30 September 2019
Operating activities			
(Loss) Profit for the period attributable to equity owners of the parent (Net income)		(2,686)	2,186
Loss for the period attributable to non-controlling interests		(14)	(12)
Adjustments to reconcile profit for the period to cash provided by operating activities:			
Depreciation and amortisation		2,044	1,992
Valuation adjustments		1,000	347
Deferred tax expense (income)		(373)	574
Change in income tax assets, income tax liabilities and provisions for income tax		393	158
Results on disposals of non-current assets		(4)	(69)
Results of investments accounted for under the equity method		45	(76)
Change in current and non-current provisions		1,288	(647)
Contribution to plan assets		(261)	(113)
Change in other operating assets and liabilities		(12,316)	(8,204)
Cash (used for) operating activities		(10,884)	(3,864)
Investing activities			
Purchases of intangible assets, property, plant and equipment and investment property		(1,191)	(1,457)
Proceeds from disposals of intangible assets, property, plant and equipment and investment property		150	109
Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash)		(481)	8
Proceeds from disposals of subsidiaries (net of cash)		0	(11)
Proceeds for investments accounted for under the equity method, other investments and other long-term financial assets		(407)	(700)
Proceeds from disposals of investments accounted for under the equity method, other investments and other long-term financial assets		335	422
Dividends paid by companies valued at equity		14	53
Change in securities		6,141	(18)
Cash provided by (used for) investing activities		4,561	(1,594)
Financing activities			
Change in financing liabilities		7,992	1,243
Cash distribution to Airbus SE shareholders		0	(1,280)
Changes in liability for puttable instruments		85	243
Changes in capital and non-controlling interests		83	133
Change in treasury shares		(4)	4
Cash provided by financing activities		8,156	343
Effect of foreign exchange rate changes on cash and cash equivalents		(220)	300
Net increase (decrease) in cash and cash equivalents		1,613	(4,815)
Cash and cash equivalents at beginning of period		9,314	9,428
Cash and cash equivalents at end of period		10,927	4,613

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 2019, as reported	9,724	(5)	9,719
Restatements ⁽¹⁾	(122)	0	(122)
Balance at 1 January 2019, restated	9,602	(5)	9,597
Profit for the period	2,186	(12)	2,174
Other comprehensive income	(5,916)	(55)	(5,971)
Total comprehensive income for the period	(3,730)	(67)	(3,797)
Cash distribution to shareholders / dividends to non-controlling interests	(1,280)	0	(1,280)
Capital increase	133	6	139
Share-based payment (IFRS 2)	67	0	67
Equity transaction (IAS 27)	(69)	78	9
Change in treasury shares	4	0	4
Balance at 30 September 2019	4,727	12	4,739
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

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

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 October 2020.

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

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

The aerospace industry, commercial aircraft market, commercial air traffic and demand for air travel have been severely impacted by the COVID-19 crisis. As a result, airlines have reduced capacity, grounded large portions of their fleets temporarily, sought to implement measures to reduce cash spending and secure liquidity. The Company may face additional risks and uncertainties resulting from future consequences of the health and economic crisis on airlines, lessors and other actors in the air transport industry.

On 23 March 2020, the Company withdrew its 2020 guidance due to the volatility of the situation.

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

The Company is monitoring the evolution of the COVID-19 pandemic and will continue to assess further impacts going forward. The main elements related to the consolidated financial statements considered as of 30 September 2020 are detailed in the following sections. A consistent set of assumptions has been applied for each of the below elements.

The Company’s business, results of operations and financial condition have been and will continue to be materially affected by the COVID-19 pandemic, and the Company continues to face significant risks and uncertainties related to the COVID-19 pandemic and its resulting health and economic crisis. For further information, please refer to Airbus SE’s 2019 Universal Registration Document dated 23 March 2020, including the Risk Factors section.

2.1 Going concern and associated liquidity measures

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

Based on the above, management considers the Company has sufficient resources to continue operating for at least 12 months.

2.2 Goodwill impairment

As a result of the deterioration in the economic environment and the uncertainty in the business outlook, the Company has performed an impairment test of goodwill, which led to no impairment being necessary as of 30 September 2020.

These tests have been performed in line with the methodology used for the annual impairment test of each of the Company's Cash Generating Units (CGUs). Cash flow projections are normally based on latest operative planning and expected cash flows beyond the planning horizon through a terminal value. In the current context management's best assessment of future production rates, aircraft deliveries and order in-take, together with mitigating actions that the Company may implement, have been used to derive cash flow projections for the years 2020 until 2024, and thereafter for the terminal value.

In addition, the Company performed a comparison with the fair value of each CGU derived from the market capitalisation. The market capitalisation as of 30 September 2020 amounts to € 48.6 billion and significantly exceeds the equity of the Company.

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

The Company's main investments have been impacted by the high volatility in financial markets in the first nine months 2020 with the variation recorded either through financial result or OCI. The impact in financial result amounts to € -136 million for a loan to OneWeb Communications and € -368 million for the investment in Dassault Aviation. The impact in OCI for € -455 million includes OneWeb Communications and other investments.

For further information on Dassault and OneWeb investments, please see "– Note 16: Other Investments and Other Long-Term Financial Assets".

2.4 Workforce adaptation

In June 2020 the Company announced plans to adapt its global workforce, principally in France, Germany, Spain and the UK, and resize its commercial aircraft activity in response to the COVID-19 crisis. This adaptation was initially expected to result in a reduction of around 15,000 positions no later than summer 2021. This number was subsequently reduced to approximately 13,000 positions reflecting departures which occurred after the initial announcement.

In addition, Airbus Defence and Space has entered the consultation process with the Company's European works council on the division's planned restructuring. The plan presented to the employee representatives foresees initially the reduction of around 1,900 positions until the end of 2021. This number was also subsequently reduced to approximately 1,600 positions reflecting departures which occurred after the initial announcement.

Working time adaptation and government support measures will lead to a further reduction in the number of departures.

As of 30 September 2020, a restructuring provision has been recognised for an amount of € 1.2 billion including mainly the cost of voluntary and compulsory measures taking into account management best estimates on the impact of the working time adaptation and government support measures. Total payments to employees affected by the plan would amount to approximately € 1.5 billion, including the settlement of other accrued employee benefits. The restructuring provision is based on the latest status of negotiation with social partners, and therefore may be reassessed.

2.5 Operational assets

Due to the COVID-19 triggering event, the Company has performed a comprehensive review of its operational assets and liabilities taking into account the amended production rates and expected future deliveries. This review has resulted in charges being recorded in the first nine months 2020 for an amount of € 1.3 billion, including an impairment of inventories considered at risk of € 351 million, additional provisions relating to A380 programme of € 279 million, a write-off of capitalised development costs of € 101 million, provisions for supplier commitments of € 145 million and provisions covering various commercial risks of approximately € 330 million.

2.6 Deferred taxes

As of 30 September 2020, the recoverability of deferred tax assets has been assessed based on the latest information available and resulting from the COVID-19 pandemic. This has led to deferred tax asset impairments amounting to € 471 million in the first nine months 2020 including tax losses carried forward.

2.7 Hedge accounting

The Company has maintained its hedge accounting policies as defined in the 2019 year-end financial statements. In the Company's assessment the risk of future cancellations that are not yet materialised has been included. When transactions are no longer expected to occur in accordance with the hedge designation, the accumulated gains or losses on the hedging instrument have been reclassified to financial result. The impact in financial result amounts to € -52 million as of 30 September 2020, mainly relating to the widebody programmes.

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

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

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

2.8 Expected credit loss

The Company has also considered the impact of COVID-19 pandemic on the expected credit loss of its financial instruments (mainly loans, trade and lease receivables). The amount and timing of the expected credit losses, as well as the probability assigned thereto, has been based on the available information at the end of the first nine months 2020. As a result of this review no significant credit losses have been recorded in the first nine months 2020 (see “- Note 16: Other Investments and Other Long-Term Financial Assets”).

2.9 Pensions

The COVID-19 pandemic has a significant impact on market fluctuations (mainly impacting the interest rates and asset market values) which has triggered the need for a re-measurement of the defined benefit obligation and pension plan assets. The increase on the net pension liability for the first nine months 2020 amounting to € 1.2 billion is recognised in other comprehensive income and is subject to future volatility (see “- Note 18: Provisions”).

3. Accounting Policies

The Unaudited Condensed Interim 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 2019. The Company’s accounting policies and methods are unchanged compared to 31 December 2019. The implementation of other amended standards has no material impact on the Unaudited Condensed Interim IFRS Consolidated Financial Statements as of 30 September 2020.

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 2019.

The exceptions are:

- estimates and judgements have been updated due to the COVID-19 outbreak (see “- Note 2: Impact of the spread of the COVID-19 pandemic”); and
- 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

On 12 February 2020, Bombardier transferred its remaining shares in **Airbus Canada Limited Partnership (“ACLP”)** to Airbus and Investissement Québec (“IQ”). As per the agreement, Airbus acquired an additional 29.64% of the issued shares in ACLP. This agreement brings the shareholdings in ACLP for Airbus and IQ to 75% and 25%, respectively.

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

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

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

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

5. Related Party Transactions

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

6. Segment Information

The Company operates in three reportable segments which reflect the internal organisational and management structure according to the nature of the products and services provided.

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

The following tables present information with respect to the Company's business segments. As a rule, inter-segment transfers are carried out on an arm's length basis. Inter-segment sales predominantly take place between Airbus and Airbus Defence and Space and between Airbus Helicopters and Airbus. The activities related to innovation and digital transformation, which were formerly reported in the column "Transversal/Eliminations", are now included in the business segment Airbus under the new segment structure. Consolidation effects will continue to be reported in the column "Eliminations".

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

Business segment information for the 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)

Business segment information for the nine-month period ended 30 September 2019 is as follows:

<i>(In € million)</i>	Airbus	Airbus Helicopters	Airbus Defence and Space	Eliminations	Consolidated Airbus
Total revenue	35,572	3,712	7,706	0	46,990
Internal revenue	(467)	(304)	(51)	0	(822)
Revenue	35,105	3,408	7,655	0	46,168
<i>thereof</i>					
<i>sales of goods at a point in time</i>	32,577	1,572	2,316	0	36,465
<i>sales of goods over time</i>	18	178	3,058	0	3,254
<i>services, including sales of spare parts</i>	2,510	1,658	2,281	0	6,449
Profit (loss) before financial result and income taxes (EBIT) ⁽¹⁾	3,165	203	83	(20)	3,431
<i>thereof research and development expenses ⁽¹⁾</i>	(1,735)	(216)	(216)	17	(2,150)
Interest result					(123)
Other financial result					(110)
Income taxes					(1,024)
Profit for the period					2,174

(1) Restated due to new segment presentation.

7. Revenue and Gross Margin

Revenue decreased by € -16,007 million to € 30,161 million (first nine months 2019: € 46,168 million). The decrease is mainly driven by Airbus (€ -15,259 million) reflecting lower deliveries in a difficult market environment (see “– Note 2: “Impact of the spread of the COVID-19 pandemic”), partly offset by a favourable foreign exchange impact.

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

<i>(In € million)</i>	1 January - 30 September 2020	1 January - 30 September 2019
Asia-Pacific	7,297	14,264
Europe	13,668	15,657
North America	5,179	8,211
Middle East	1,382	4,273
Latin America	619	1,263
Other countries	2,016	2,500
Total	30,161	46,168

The **gross margin** decreased by € -4,546 million to € 2,637 million compared to € 7,183 million in the first nine months 2019. It mainly reflects lower deliveries and lower cost efficiency at Airbus. The gross margin rate decreased from 15.6% to 8.7%.

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

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

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

In the first nine months 2020, the Company recorded an additional net charge of € 313 million in EBIT.

As of 30 September 2020, the Company has delivered a total of 93 A400M aircraft including 5 aircraft in the first nine months 2020.

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

In the fourth quarter 2019, an update of the contract estimate at completion was performed and an additional charge of € 1,212 million recorded. This reflected mainly the updated estimates on the export scenario during the launch contract phase as well as some cost increases in particular for retrofit and an updated view on applicable escalation. Main year-end 2019 assumptions remain unchanged as of 30 September 2020. Impact of € 59 million in the first nine months mainly reflects variation of price escalation indexes.

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

Due to the suspension of defence export licences to Saudi Arabia by the German Government until 31 March 2020, and the consequential inability of the Company to execute a customer contract, a revised Estimate at Completion (EAC) was performed as of 31 December 2019. As a result, a € 221 million impairment charge mainly on inventories on top of a € 112 million financial expense related to hedge ineffectiveness have been recognised in 2019. The Company is engaging with its customer to agree a way forward on this contract. The outcome of these negotiations is presently unclear but could result in significant further financial impacts. The year-end 2019 assessment remains unchanged as of 30 September 2020.

8. Research and Development Expenses

Research and development expenses decreased by € -118 million to € 2,032 million compared to € 2,150 million in the first nine months 2019.

9. Other Income and Other Expenses

Other income decreased by € -148 million to € 99 million compared to € 247 million in the first nine months 2019.

Other expenses increased by € +1,259 million to € -1,375 million compared to € -116 million in the first nine months 2019, mainly due to the restructuring provision recorded in the first nine months 2020 in response to the COVID-19 pandemic. For more details, see "– Note 2: "Impact of the spread of 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** decreased by € -24 million to € 70 million compared to € 94 million in the first nine months 2019.

11. Total Financial Result

Total financial result deteriorated by € -479 million to € -712 million compared to € -233 million in the first nine months 2019. This is mainly due to the revaluation of certain equity investments (see "– Note 16: Other Investments and Other Long-Term Financial Assets) and the re-measurement on the A350 Repayable Launch Investment ("RL") (see "– Note 19: Other Financial Assets and Other Financial Liabilities"), partly offset by the revaluation of the exchangeable bonds to be convertible into Dassault Aviation shares.

12. Income Taxes

The **income tax** benefit amounts to € +197 million (first nine months 2019: € -1,024 million). It corresponds to an effective income tax rate of 6.8% (first nine months 2019: 32.0%) driven by the negative pre-tax result in the first nine months 2020 offset by deferred tax asset impairments, tax-free revaluation of certain equity investments and tax risks updates.

13. Earnings per Share

	1 January - 30 September 2020	1 January - 30 September 2019
(Loss) Profit for the period attributable to equity owners of the parent (Net income)	€ (2,686) million	€ 2,186 million
Weighted average number of ordinary shares	783,012,736	776,697,534
Basic earnings per share	€ (3.43)	€ 2.81

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

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

During the first nine months 2019, the average price of the Company's shares exceeded the exercise price of the share-settled Performance Units and therefore 996,543 shares were considered in the calculation of diluted earnings per share. The dilutive effect of the convertible bond was also considered in the calculation of diluted earnings per share in the first nine months 2019, by adding back € 5 million of interest expense to the profit for the period attributable to equity owners of the parent and by including 5,022,990 of dilutive potential ordinary shares.

	1 January - 30 September 2020	1 January - 30 September 2019
(Loss) Profit for the period attributable to equity owners of the parent (Net income), adjusted for diluted calculation	€ (2,686) million	€ 2,191 million
Weighted average number of ordinary shares (diluted) ⁽¹⁾	783,012,736	782,717,067
Diluted earnings per share	€ (3.43)	€ 2.80

(1) In the first nine months 2019, dilution assumes conversion of all potential ordinary shares.

14. Intangible Assets and Property, Plant and Equipment

Intangible assets decreased by € -197 million to € 16,394 million (prior year-end: € 16,591 million). Intangible assets mainly relate to goodwill of € 13,017 million (prior year-end: € 13,019 million).

Property, plant and equipment decreased by € -628 million to € 16,666 million (prior year-end: € 17,294 million). Property, plant and equipment include right-of-use assets for an amount of € 1,605 million as of 30 September 2020 (prior year-end: € 1,543 million).

15. Investments Accounted for under the Equity Method

Investments accounted for under the equity method decreased by € -150 million to € 1,476 million (prior year-end: € 1,626 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 2020	31 December 2019
Other investments	1,773	2,516
Other long-term financial assets	1,684	1,937
Total non-current other investments and other long-term financial assets	3,457	4,453
Current portion of other long-term financial assets	402	449
Total	3,859	4,902

Other investments mainly comprise the Company's participations. The significant participations at 30 September 2020 include the remaining investment in Dassault Aviation (9.90%, prior year-end: 9.90%) amounting to € 600 million (prior year-end: € 968 million).

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

On 3 July 2020, OneWeb entered into an agreement with a consortium led by Her Majesty's Government HMG and Bharti Global Limited for the acquisition of the OneWeb business in connection with its court-supervised sale process. The transaction remains subject to regulatory approvals and customary closing conditions and is expected to close by the fourth quarter of 2020.

Other long-term financial assets and the **current portion of other long-term financial assets** include other loans in the amount of € 1,848 million as of 30 September 2020 (prior year-end: € 2,036 million), and the sales financing activities in the form of finance lease receivables and loans from aircraft financing.

17. Inventories

Inventories of € 36,655 million (prior year-end: € 31,550 million) increased by € +5,105 million. This is driven by Airbus (€ +4,169 million), mainly due to an increase in stored aircraft reflecting customer requests to defer deliveries, as well as other factors related to the ongoing COVID-19 pandemic (see "– Note 2: "Impact of the spread of the COVID-19 pandemic").

18. Provisions

<i>(In € million)</i>	30 September 2020	31 December 2019
Provisions for pensions	9,502	8,353
Other provisions	11,339	10,561
Total	20,841	18,914
<i>thereof non-current portion</i>	<i>13,760</i>	<i>12,542</i>
<i>thereof current portion</i>	<i>7,081</i>	<i>6,372</i>

Provisions for pensions increased mainly due to the decrease of the discount rates in particular for Germany and the UK during the first nine months 2020 and by the decline in plan assets value resulting from market volatility related to the ongoing COVID-19 pandemic (see "– Note 2: "Impact of the spread of the COVID-19 pandemic").

Other provisions increased mainly due to the restructuring provision recorded in the first nine months 2020 in response to the COVID-19 pandemic. For more details, see "– Note 2: "Impact of the spread of the COVID-19 pandemic".

19. Other Financial Assets and Other Financial Liabilities

Other Financial Assets

<i>(In € million)</i>	30 September 2020	31 December 2019
Positive fair values of derivative financial instruments	1,294	996
Others	38	37
Total non-current other financial assets	1,332	1,033
Receivables from related companies	1,036	1,148
Positive fair values of derivative financial instruments	675	444
Others	434	468
Total current other financial assets	2,145	2,060
Total	3,477	3,093

Other Financial Liabilities

<i>(In € million)</i>	30 September 2020	31 December 2019
Liabilities for derivative financial instruments	2,121	2,434
European Governments' refundable advances	3,779	3,725
Others	361	1,339
Total non-current other financial liabilities	6,261	7,498
Liabilities for derivative financial instruments	2,041	1,560
European Governments' refundable advances	470	552
Liabilities to related companies	122	159
Others	448	376
Total current other financial liabilities	3,081	2,647
Total	9,342	10,145

The Company has signed amendments to the French and Spanish A350 RLI contracts which the World Trade Organisation ("WTO") considers the appropriate interest rate and risk assessment benchmarks. The WTO has already ruled that RLI is a valid instrument for governments to partner with industry by sharing investment risks. This leads to a re-measurement of the A350 RLI for an additional net amount of € 236 million, using an equivalent estimated market rate at the date of the amendments.

Overall, the European Governments' refundable advances decreased by € -28 million to € 4,249 million (prior year-end: € 4,277 million), mainly due to payments made on the A380 programme offset by the re-measurement described above.

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 2020 is based on the applicable contractual repayment dates.

20. Other Assets and Other Liabilities

Other Assets

<i>(In € million)</i>	30 September 2020	31 December 2019
Cost to fulfil a contract	361	351
Prepaid expenses	74	86
Others	100	85
Total non-current other assets	535	522
Value added tax claims	1,209	1,252
Cost to fulfil a contract	636	626
Prepaid expenses	420	147
Others	618	398
Total current other assets	2,883	2,423
Total	3,418	2,945

Other Liabilities

<i>(In € million)</i>	30 September 2020	31 December 2019
Others	375	384
Total non-current other liabilities	375	384
Tax liabilities (excluding income tax)	874	614
Others	2,310	6,203
Total current other liabilities	3,184	6,817
Total	3,559	7,201

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 2020	31 December 2019
Issued as at 1 January	783,173,115	776,367,881
Issued for ESOP	891,633	1,784,292
Issued for convertible bond	0	5,020,942
Issued at end of period	784,064,748	783,173,115
Treasury shares	(433,996)	(862,610)
Outstanding at end of period	783,630,752	782,310,505

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

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to € 1,914 million (prior year-end: € 5,975 million) representing a decrease of € -4,061 million. This is due to a net loss for the period of € -2,686 million and a decrease in other comprehensive income, principally related to a change in actuarial gains and losses of € -1,028 million and a revaluation of financial assets of € -442 million.

The **non-controlling interests ("NCI")** from non-wholly owned subsidiaries decreased to € 10 million as of 30 September 2020 (prior year-end: € 15 million). These NCI do not have a material interest in the Company's activities and cash flows.

22. Net Cash / (Net Debt)

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 spread of the COVID-19 pandemic").

<i>(In € million)</i>	30 September 2020	31 December 2019
Cash and cash equivalents	10,927	9,314
Current securities	1,654	2,302
Non-current securities	5,514	11,066
Gross cash position	18,095	22,682
Short-term financing liabilities	(4,364)	(1,959)
Long-term financing liabilities	(13,973)	(8,189)
Total	(242)	12,534

The net debt position on 30 September 2020 amounted to € 242 million (prior year-end: net cash position of € 12,534 million), with a gross cash position of € 18,095 million (prior year-end: € 22,682 million).

Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

<i>(In € million)</i>	30 September 2020	31 December 2019
Bank account and petty cash	3,512	1,649
Short-term securities (at fair value through profit and loss)	6,903	7,014
Short-term securities (at fair value through OCI)	512	652
Others	0	(1)
Total cash and cash equivalents	10,927	9,314

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

Financing Liabilities

<i>(In € million)</i>	30 September 2020	31 December 2019
Bonds and commercial papers	11,491	6,491
Liabilities to financial institutions	1,017	244
Loans	110	156
Lease liabilities	1,355	1,298
Total long term financing liabilities	13,973	8,189
Bonds and commercial papers	2,542	0
Liabilities to financial institutions	219	106
Loans	111	127
Lease liabilities	253	262
Others ⁽¹⁾	1,239	1,464
Total short term financing liabilities	4,364	1,959
Total	18,337	10,148

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

Long-term financing liabilities, mainly comprising of bonds and lease liabilities, increased by € +5,784 million to € 13,973 million (prior year-end: € 8,189 million), mainly due to the issuance of two bonds for a total of € 6 billion. The first bond was split into a 5 year-maturity tranche of € 750 million with a coupon of 1.625%, an 8 year-maturity tranche of € 750 million with a coupon of 2.00% and a 12 year-maturity tranche of € 1 billion with a coupon of 2.375%.

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

Short-term financing liabilities increased by € +2,405 million to € 4,364 million (prior year-end: € 1,959 million). The increase in short-term financing liabilities is mainly related to the issuance of commercial papers and the reclassification of € 1 billion of exchangeable bonds from long-term to short-term due to maturity in June 2021.

23. Financial Instruments

The following table presents the composition of derivative financial instruments:

<i>(In € million)</i>	30 September 2020	31 December 2019
Non-current positive fair values	1,294	996
Current positive fair values	675	444
Total positive fair values of derivative financial instruments	1,969	1,440
Non-current negative fair values	(2,121)	(2,434)
Current negative fair values	(2,041)	(1,560)
Total negative fair values of derivative financial instruments	(4,162)	(3,994)
Total net fair values of derivative financial instruments	(2,193)	(2,554)

The total net fair value of derivative financial instruments increased by € +361 million to € -2,193 million (prior year-end: € -2,554 million) as a result of the weakened US dollar versus the euro associated with the mark to market valuation of the hedge portfolio.

The volume of hedged US dollar-contracts was US\$ 86.8 billion as at 30 September 2020 (prior year-end: US\$ 97.1 billion). The US dollar spot rate was 1.17 US\$/€ and 1.12 US\$/€ at 30 September 2020 and at 31 December 2019, respectively. The average US dollar hedge rate for the hedge portfolio of the Company increased to 1.25 US\$/€ as at 30 September 2020 compared to 1.23 US\$/€ as at 31 December 2019.

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 37.2 to the 2019 IFRS Consolidated Financial Statements. For the first nine months 2020, the Company has applied the same methodologies for the fair value measurement of financial instruments.

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Carrying amount is a reasonable approximation of fair value for all classes of financial instruments listed in the first table of Note 37.2 to the 2019 IFRS Consolidated Financial Statements, with the exception of:

<i>(In € million)</i>	30 September 2020		31 December 2019	
	Book Value	Fair Value	Book Value	Fair Value
Financing liabilities				
Bonds and commercial papers	(14,033)	(14,268)	(6,491)	(6,696)
Liabilities to financial institutions and others	(2,696)	(2,696)	(2,096)	(2,098)

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 2020				31 December 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments	1,341	0	432	1,773	1,988	0	528	2,516
Derivative instruments	0	1,969	0	1,969	0	1,224	216	1,440
Securities	7,168	0	0	7,168	13,368	0	0	13,368
Customer financing	0	0	239	239	0	0	350	350
Cash equivalents	6,903	512	0	7,415	7,014	652	0	7,666
Total	15,412	2,481	671	18,564	22,370	1,876	1,094	25,340
Financial liabilities measured at fair value								
Derivative instruments	0	(4,160)	(2)	(4,162)	0	(3,974)	(20)	(3,994)
Other financial liabilities	0	0	(189)	(189)	0	0	(1,014)	(1,014)
Total	0	(4,160)	(191)	(4,351)	0	(3,974)	(1,034)	(5,008)

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

<i>(In € million)</i>	Derivatives	Participations	Customer financing	Total	Written put options on NCI interests	Commodity swap agreements	Total
Balance at 1 January 2019	165	489	510	1,164	(2,300)	(26)	(2,326)
Business combination	0	0	0	0	0	0	0
Profit or loss	51	0	(160)	(109)	0	(12)	(12)
Equity	0	39	0	39	1,286	0	1,286
Settlements	0	0	0	0	0	18	18
Others	0	0	0	0	0	0	0
Balance at 31 December 2019	216	528	350	1,094	(1,014)	(20)	(1,034)
Business combination	0	0	0	0	0	0	0
Profit or loss	(216)	0	(111)	(327)	0	16	16
Equity	0	(96)	0	(96)	825	0	825
Settlements	0	0	0	0	0	2	2
Others	0	0	0	0	0	0	0
Balance at 30 September 2020	0	432	239	671	(189)	(2)	(191)

The financial liabilities measured at fair value and classified as Level 3 consist mainly of the written put options on non-controlling interests ("NCI puts") relating to ACLP. 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.

The decrease in the fair value of the NCI puts reflects the acquisition of NCI from Bombardier (see"- Note 4: Acquisitions and Disposals"). In addition, a post-tax WACC of 10.06% (prior year-end: 7.5%) is used to discount the forecasted cash flows taking into account the impacts of the COVID-19 pandemic and the specificities of the programme.

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.

WTO

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

Following a series of interim WTO panel decisions, in May 2018 the WTO held that the EU achieved compliance in respect of the majority of the subsidies at issue but considered that some remaining obligations required adjustments. The Company and the EU took corrective actions that were reviewed by a WTO panel. The decision of that panel is currently being appealed. In the meantime, the US requested authority to impose countermeasures worth US\$ 11.2 billion per year, commensurate with its estimate of the adverse effects caused by the EU subsidies. The WTO did not agree with the US estimate and authorised the US to impose US\$ 7.5 billion in annual countermeasures. The United States Trade Representative ("USTR") imposed tariffs on a range of imports to the US from the EU including 10% on the importation of large civil aircraft from the EU. Those tariffs went into effect on 18 October 2019. On 14 February 2020, the USTR announced the US is increasing the additional duty rate imposed on aircraft imported from the EU to 15%, effective 18 March 2020.

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

Several years of proceedings also identified significant unlawful support to Boeing. In March 2019, the WTO found that the steps by the US to address US subsidies to Boeing were inadequate. In October 2020, the WTO announced its decision to authorise the EU to impose US\$ 4 billion in annual countermeasures.

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

GPT

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

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

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

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

Eurofighter Austria

In 2017, the Austrian Federal Ministry of Defence raised criminal allegations against Airbus Defence and Space GmbH and Eurofighter Jagdflugzeug GmbH for wilful deception and fraud in the context of the sale of the Eurofighter aircraft to Austria and respective damage claims. After the Austrian Federal Ministry of Defence raised its criminal allegations, the Austrian public prosecutor opened investigations against Airbus Defence and Space GmbH, Eurofighter Jagdflugzeug GmbH and former and current employees of the two entities including related to the corresponding offset obligations. The Company has filed several submissions to the Austrian public prosecutor in response to the allegations of deception in the procurement of Eurofighter combat aircraft made by the Austrian Defence Minister. The Company is cooperating fully with the authorities.

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 has agreed to pay penalties of € 3,597,766,766 plus interest and costs to the French, UK and US authorities. This is recognised in the Company's 2019 accounts. The settlements with each authority are 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 \$3 million that remains to be paid to the DoS in installments 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, including the payment of penalties.

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

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

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

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

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

Securities Litigation

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

Other Investigations

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

In 2019, the Company self-reported to German authorities potentially improper advance receipt and communication of confidential customer information by employees of Airbus Defence and Space GmbH. The information concerned relates to two future German government procurement projects in the programme line Communications, Intelligence and Security. 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 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.

25. Number of Employees

	Airbus	Airbus Helicopters	Airbus Defence and Space	Consolidated Airbus
30 September 2020	80,619	20,120	33,332	134,071
31 December 2019	80,985	20,024	33,922	134,931

26. Events after the Reporting Date

In October 2020, the WTO announced its decision to authorise the EU to impose US\$ 4 billion in annual countermeasures (see “– Note 24: Litigation and Claims”).

On 21 October 2020, the Company has signed a new € 6 billion Revolving Syndicated Credit Facility partially terming out the € 15 billion credit facility by € 3 billion in order to refinance its existing € 3 billion Revolving Syndicated Facility.