First half-year 2020 Financial Report

Appendix: Review report of the independent auditor

2020 Semi-annual report of the Board of Directors

1. Semi-annual report on activities

Main events in the first half-year of 2020

For an overview of the main events that occurred during the first half of 2020 and their impact on the Unaudited Condensed Interim IFRS Consolidated Financial Information of the Company for the six-month period ended 30 June 2020 (the "Semi-Annual Financial Statements"), please refer to the press release, which was approved by the Board of Directors on 29 July 2020 and will be issued on 30 July 2020, available on Airbus' website www.airbus.com.

For further information and detail regarding the Company's activities, finances, financing, risk factors and corporate governance, please refer to the Company's website www.airbus.com and the documents posted thereon.

Related party transactions

Please refer to the notes to the Semi-Annual Financial Statements attached hereto (see "– Note 5: Related Party Transactions").

2. Risk factors

By systematically integrating Enterprise Risk Management ("ERM") across the company, the Company is mitigating risk and increasing opportunity, to support risk taking for value creation and competitiveness. Consequently, the Company has made ERM a key management process, carefully followed by the Board of Directors.

The ERM system plays a key role to:

- make the business more robust and predictable,
- support operational decision making,
- improve the business results,
- reduce the exposure level to risks,
- ensure Airbus ERM compliance regarding the Dutch Corporate Governance Code.

For a description of the Enterprise Risk Management system, the main risks and uncertainties please refer to the:

a. Airbus SE Report of the Board of Directors 2019 (sections 4.5 and 4.6)
(https://www.airbus.com/content/dam/events/annual-general-meeting/Report-of-the-Board-of-Directors-Airbus-SE-2019.pdf), and

b. Airbus SE Information Document (section "Risk Factors")
(https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/20200323_AirbusSE_2019Registration Document.pdf)

3. Semi-Annual Financial Statements

The Semi-Annual Financial Statements, including the review report by Ernst & Young Accountants LLP, are attached hereto.

4. Statement of the Board of Directors

The Board of Directors of Airbus hereby declares that, to the best of its knowledge:

the Semi-Annual Financial Statements for the period ended 30 June 2020 give a true and fair view of the assets, liabilities, financial position and profits or losses of Airbus and undertakings included in the consolidation taken as a whole; and

this Semi-Annual Board Report (including the press release, which was approved by the Board of Directors on 29 July 2020 and will be issued on 30 July 2020) gives a true and fair view of the position as per the balance sheet date, and of the development and performance during the first half of the 2020 financial year and expected course of events of Airbus and undertakings included in the consolidation taken as a whole. This Semi-Annual Board Report has paid special attention to investments and circumstances upon which the development of revenues and profitability is dependent, as these have been described herein.

29 July 2020,

The Board of Directors

René Obermann, Chairman

Guillaume Faury, Chief Executive Officer

Victor Chu, Director

Jean-Pierre Clamadieu, Director

Ralph D. Crosby, Director

Lord Paul Drayson, Director

Mark Dunkerley, Director

Stephan Gemkow, Director

Catherine Guillouard, Director

María Amparo Moraleda Martínez, Director

Claudia Nemat, Director

Carlos Tavares, Director

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

Contents

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Airbus SE Unaudited Condensed Interim IFRS Consolidated Financial Statements

Unaudited Condensed Interim IFRS Consolidated Income Statement

(In € million)	Note	**1 January - 30 June 2020**	1 January - 30 June 2019	**1 April - 30 June 2020**	1 April - 30 June 2019
Revenue	**7**	**18,948**	**30,866**	**8,317**	**18,317**
Cost of sales		(17,996)	(26,254)	(8,566)	(15,085)
Gross margin	**7**	**952**	**4,612**	**(249)**	**3,232**
Selling expenses		(370)	(460)	(170)	(248)
Administrative expenses		(763)	(774)	(370)	(402)
Research and development expenses	8	(1,396)	(1,423)	(733)	(769)
Other income	9	68	132	39	62
Other expenses	9	(143)	(63)	(129)	(42)
Share of profit from investments accounted for under the equity method	10	(18)	55	(3)	63
Other income from investments	10	111	14	(23)	16
Profit before financial result and income taxes		**(1,559)**	**2,093**	**(1,638)**	**1,912**
Interest income		82	91	29	35
Interest expense		(211)	(191)	(113)	(99)
Other financial result		(300)	(115)	132	(108)
Total financial result	11	(429)	(215)	48	(172)
Income taxes	12	64	(677)	158	(583)
(Loss) Profit for the period		**(1,924)**	**1,201**	**(1,432)**	**1,157**
Attributable to:					
Equity owners of the parent (Net income)		(1,919)	1,197	(1,438)	1,157
Non-controlling interests		(5)	4	6	0
Earnings per share		**€**	**€**	**€**	**€**
Basic	13	(2.45)	1.54	(1.84)	1.49
Diluted	13	(2.45)	1.53	(1.84)	1.48

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

(In € million)	**1 January - 30 June 2020**	1 January - 30 June 2019	**1 April - 30 June 2020**	1 April - 30 June 2019
(Loss) Profit for the period	**(1,924)**	**1,201**	**(1,432)**	**1,157**
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurement of the defined benefit pension plans	(919)	(2,946)	(2,498)	(2,327)
Change in fair value of financial assets	(305)	138	167	64
Share of change from investments accounted for under the equity method	(78)	(2)	(80)	(4)
Income tax relating to items that will not be reclassified	211	488	475	313
Items that may be reclassified to profit or loss:				
Foreign currency translation differences for foreign operations	(64)	14	(52)	(39)
Change in fair value of cash flow hedges	(2,236)	(286)	1,382	442
Change in fair value of financial assets	(223)	218	117	91
Share of change from investments accounted for under the equity method	(14)	6	6	(6)
Income tax relating to items that may be reclassified	599	49	(369)	(122)
Other comprehensive income, net of tax	**(3,029)**	**(2,321)**	**(852)**	**(1,588)**
Total comprehensive income for the period	**(4,953)**	**(1,120)**	**(2,284)**	**(431)**
Attributable to:				
Equity owners of the parent	(4,934)	(1,109)	(2,280)	(430)
Non-controlling interests	(19)	(11)	(4)	(1)

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

(In € million)	Note	**30 June 2020**	31 December 2019
Assets			
Non-current assets			
Intangible assets	14	16,484	16,591
Property, plant and equipment	14	16,936	17,294
Investment property		2	2
Investments accounted for under the equity method	15	1,489	1,626
Other investments and other long-term financial assets	16	3,550	4,453
Non-current contract assets		65	91
Non-current other financial assets	19	818	1,033
Non-current other assets	20	545	522
Deferred tax assets		5,997	5,008
Non-current securities	22	5,973	11,066
Total non-current assets		**51,859**	**57,686**
Current assets			
Inventories	17	37,524	31,550
Trade receivables		4,747	5,674
Current portion of other long-term financial assets	16	376	449
Current contract assets		1,184	1,167
Current other financial assets	19	1,865	2,060
Current other assets	20	2,311	2,423
Current tax assets		1,494	1,784
Current securities	22	1,587	2,302
Cash and cash equivalents	22	9,924	9,314
Total current assets		**61,012**	**56,723**
Assets and disposal group of assets classified as held for sale		0	0
Total assets		**112,871**	**114,409**

(In € million)	Note	**30 June 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		(296)	2,241
Accumulated other comprehensive income		(2,719)	(523)
Treasury shares		(42)	(82)
Total equity attributable to equity owners of the parent		**1,322**	**5,975**
Non-controlling interests		9	15
Total equity	**21**	**1,331**	**5,990**

Liabilities			
Non-current liabilities			
Non-current provisions	18	13,527	12,542
Long-term financing liabilities	22	13,441	8,189
Non-current contract liabilities		16,549	16,980
Non-current other financial liabilities	19	7,793	7,498
Non-current other liabilities	20	373	384
Deferred tax liabilities		423	398
Non-current deferred income		43	54
Total non-current liabilities		**52,149**	**46,045**

Current liabilities			
Current provisions	18	6,030	6,372
Short-term financing liabilities	22	4,629	1,959
Trade liabilities		10,590	14,808
Current contract liabilities		28,843	26,426
Current other financial liabilities	19	2,887	2,647
Current other liabilities	20	2,861	6,817
Current tax liabilities		3,025	2,780
Current deferred income		526	565
Total current liabilities		**59,391**	**62,374**
Disposal group of liabilities classified as held for sale		0	0
Total liabilities		**111,540**	**108,419**
Total equity and liabilities		**112,871**	**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

(In € million)	Note	**1 January - 30 June 2020**	1 January - 30 June 2019
Operating activities			
(Loss) Profit for the period attributable to equity owners of the parent (Net income)		**(1,919)**	**1,197**
(Loss) Profit for the period attributable to non-controlling interests		(5)	4
Adjustments to reconcile profit for the period to cash provided by operating activities:			
Depreciation and amortisation		1,421	1,262
Valuation adjustments		608	117
Deferred tax expense (income)		(316)	326
Change in income tax assets, income tax liabilities and provisions for income tax		532	330
Results on disposals of non-current assets		(9)	(50)
Results of investments accounted for under the equity method		18	(55)
Change in current and non-current provisions		100	(375)
Contribution to plan assets		(203)	(77)
Change in other operating assets and liabilities		**(11,938)**	**(6,088)**
Cash (used for) operating activities		**(11,711)**	**(3,409)**
Investing activities			
Purchases of intangible assets, property, plant and equipment and investment property		(933)	(914)
Proceeds from disposals of intangible assets, property, plant and equipment and investment property		165	91
Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash)		(481)	8
Payments for investments accounted for under the equity method, other investments and other long-term financial assets		(250)	(401)
Proceeds from disposals of investments accounted for under the equity method, other investments and other long-term financial assets		189	258
Dividends paid by companies valued at equity		12	48
Change in securities		5,732	399
Cash provided by (used for) investing activities		**4,434**	**(511)**
Financing activities			
Change in financing liabilities		7,600	644
Cash distribution to Airbus SE shareholders		0	(1,280)
Changes in liability for puttable instruments		78	179
Changes in capital and non-controlling interests		83	133
Change in treasury shares		(4)	4
Cash provided by (used for) financing activities		**7,757**	**(320)**
Effect of foreign exchange rate changes on cash and cash equivalents		130	52
Net increase (decrease) in cash and cash equivalents		**610**	**(4,188)**
Cash and cash equivalents at beginning of period		**9,314**	**9,428**
Cash and cash equivalents at end of period		**9,924**	**5,240**

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

(In € million)	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	1,197	4	1,201
Other comprehensive income	(2,306)	(15)	(2,321)
Total comprehensive income for the period	(1,109)	(11)	(1,120)
Cash distribution to shareholders / dividends to non-controlling interests	(1,280)	0	(1,280)
Capital increase	133	0	133
Share-based payment (IFRS 2)	60	0	60
Equity transaction (IAS 27)	24	14	38
Change in treasury shares	4	0	4
Balance at 30 June 2019	**7,434**	**(2)**	**7,432**
Balance at 1 January 2020	**5,975**	**15**	**5,990**
Loss for the period	(1,919)	(5)	(1,924)
Other comprehensive income	(3,015)	(14)	(3,029)
Total comprehensive income for the period	(4,934)	(19)	(4,953)
Capital increase	40	0	40
Share-based payment (IFRS 2)	28	0	28
Equity transaction (IAS 27)	173	13	186
Change in treasury shares	40	0	40
Balance at 30 June 2020	**1,322**	**9**	**1,331**

(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.

2

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 29 July 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. 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 June 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 June 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 June 2020 amounts to € 49.8 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 half-year 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 € -289 million for the investment in Dassault Aviation. The impact in OCI for € -433 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 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 half-year 2020 for an amount of € 1.2 billion, including an impairment of inventories considered at risk of € 299 million, additional provisions relating to A380 programme of € 276 million, a write-off of capitalised development costs of € 98 million, provisions for supplier commitments of € 150 million and provisions covering various commercial risks of approximately € 250 million.

2.5 Deferred taxes

As of 30 June 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 € 367 million in the first half-year 2020 including tax losses carried forward.

2.6 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 June 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 plans to review this position going forward to identify any potential trigger for hedge disqualification.

As part of the liquidity measures, the Company will implement roll-overs at historical rates in July 2020. 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.

2.7 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 half-year 2020. As a result of this review no significant credit losses have been recorded in the first half-year 2020 (see "- Note 16: Other Investments and Other Long-Term Financial Assets").

2.8 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 half-year 2020 amounting to € 0.9 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 June 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 six-month period ended 30 June 2020 is as follows:

(In € million)	Airbus	Airbus Helicopters	Airbus Defence and Space	Eliminations	**Consolidated Airbus**
Total revenue	12,533	2,333	4,551	0	19,417
Internal revenue	(283)	(157)	(29)	0	(469)
Revenue	**12,250**	**2,176**	**4,522**	**0**	**18,948**
thereof					
sales of goods at a point in time	*10,902*	*901*	*1,045*	*0*	*12,848*
sales of goods over time	*15*	*94*	*1,837*	*0*	*1,946*
services, including sales of spare parts	*1,333*	*1,181*	*1,640*	*0*	*4,154*
Profit (loss) before financial result and income taxes (EBIT)	**(1,808)**	**152**	**73**	**24**	**(1,559)**
thereof research and development expenses	*(1,146)*	*(140)*	*(119)*	*9*	*(1,396)*
Interest result					(129)
Other financial result					(300)
Income taxes					64
Loss for the period					**(1,924)**

Business segment information for the six-month period ended 30 June 2019 is as follows:

(In € million)	Airbus	Airbus Helicopters	Airbus Defence and Space	Eliminations	Consolidated Airbus
Total revenue	24,043	2,371	5,015	0	31,429
Internal revenue	(321)	(209)	(33)	0	(563)
Revenue	**23,722**	**2,162**	**4,982**	**0**	**30,866**
thereof					
sales of goods at a point in time	*22,031*	*944*	*1,448*	*0*	*24,423*
sales of goods over time	*14*	*128*	*2,068*	*0*	*2,210*
services, including sales of spare parts	*1,677*	*1,090*	*1,466*	*0*	*4,233*
Profit (loss) before financial result and income taxes (EBIT) (1)	**2,006**	**124**	**(15)**	**(22)**	**2,093**
thereof research and development expenses (1)	*(1,153)*	*(143)*	*(138)*	*11*	*(1,423)*
Interest result					(100)
Other financial result					(115)
Income taxes					(677)
Profit for the period					**1,201**

(1) Restated due to new segment presentation.

7. Revenue and Gross Margin

Revenue decreased by € -11,918 million to € 18,948 million (first half-year 2019: € 30,866 million). The decrease is mainly driven by Airbus (€ -11,472 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:

(In € million)	**1 January - 30 June 2020**	1 January - 30 June 2019
Asia-Pacific	4,115	10,811
Europe	9,390	9,699
North America	2,947	5,583
Middle East	843	2,723
Latin America	286	789
Other countries	1,367	1,261
Total	**18,948**	**30,866**

The **gross margin** decreased by € -3,660 million to € 952 million compared to € 4,612 million in the first half-year 2019. It mainly reflects lower deliveries and lower cost efficiency at Airbus. The gross margin rate decreased from 14.9% to 5.0%.

In the first half-year 2020, Airbus has delivered 23 A350 XWB aircraft. New order intakes, cancellations, delivery postponements and other contractual agreements to the end of June 2020 have been reflected in the financial statements.

Risks continue to be closely monitored in line with the schedule, aircraft performance and overall cost envelope, as per customer commitments. Despite the progress made, challenges remain with recurring cost convergence.

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 remeasurement 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 half-year 2020, the Company recorded an additional net charge of € 300 million in EBIT.

As of 30 June 2020, the Company has delivered a total of 91 A400M aircraft including 3 aircraft in the first half-year 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 June 2020. Impact of € 58 million at half-year 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 June 2020.

8. Research and Development Expenses

Research and development expenses decreased by € -27 million to € 1,396 million compared to € 1,423 million in the first half-year 2019.

9. Other Income and Other Expenses

Other income decreased by € -64 million to € 68 million compared to € 132 million in the first half-year 2019.

Other expenses increased by € +80 million to € -143 million compared to € -63 million in the first half-year 2019.

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 € +24 million to € 93 million compared to € 69 million in the first half-year 2019.

11. Total Financial Result

Total financial result deteriorated by € -214 million to € -429 million compared to € -215 million in the first half-year 2019. This is mainly due to the revaluation of certain equity investments (see "– Note 16: Other Investments and Other Long-Term Financial Assets), 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 € +64 million (first half-year 2019: € -677 million) corresponds to an effective income tax rate of 3.2% (first half-year 2019: 36.0%) driven by the negative pre-tax result in the first half-year 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 June 2020	1 January - 30 June 2019
(Loss) Profit for the period attributable to equity owners of the parent (Net income)	€ (1,919) million	€ 1,197 million
Weighted average number of ordinary shares	782,700,007	776,291,117
Basic earnings per share	**€ (2.45)**	**€ 1.54**

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 half-year 2020, the effect of potentially dilutive ordinary shares is anti-dilutive.

During the first half-year 2019, the average price of the Company's shares exceeded the exercise price of the share-settled Performance Units and therefore 921,803 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 half-year 2019, by adding back € 3 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 June 2020	1 January - 30 June 2019
(Loss) Profit for the period attributable to equity owners of the parent (Net income), adjusted for diluted calculation	€ (1,919) million	€ 1,200 million
Weighted average number of ordinary shares (diluted) (1)	782,700,007	782,235,910
Diluted earnings per share	**€ (2.45)**	**€ 1.53**

(1) In the first half-year 2019, dilution assumes conversion of all potential ordinary shares.

14. Intangible Assets and Property, Plant and Equipment

Intangible assets decreased by € -107 million to € 16,484 million (prior year-end: € 16,591 million). Intangible assets mainly relate to goodwill of € 13,029 million (prior year-end: € 13,019 million).

Property, plant and equipment decreased by € -358 million to € 16,936 million (prior year-end: € 17,294 million). Property, plant and equipment include right-of-use assets for an amount of € 1,651 million as of 30 June 2020 (prior year-end: € 1,543 million).

15. Investments Accounted for under the Equity Method

Investments accounted for under the equity method decreased by € -137 million to € 1,489 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

(In € million)	**30 June 2020**	31 December 2019
Other investments	1,830	2,516
Other long-term financial assets	1,720	1,937
Total non-current other investments and other long-term financial assets	**3,550**	**4,453**
Current portion of other long-term financial assets	**376**	**449**
Total	**3,926**	**4,902**

Other investments mainly comprise the Company's participations. The significant participations at 30 June 2020 include the remaining investment in Dassault Aviation (9.90%, prior year-end: 9.90%) amounting to € 679 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. For further information, see "– Note 26: Events after the Reporting Date".

Other long-term financial assets and the **current portion of other long-term financial assets** include other loans in the amount of € 1,868 million as of 30 June 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 € 37,524 million (prior year-end: € 31,550 million) increased by € +5,974 million. This is mainly driven by an increase in stored aircraft at Airbus (€ +5,233 million), 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

(In € million)	**30 June 2020**	31 December 2019
Provisions for pensions	9,210	8,353
Other provisions	10,347	10,561
Total	**19,557**	**18,914**
thereof non-current portion	*13,527*	*12,542*
thereof current portion	*6,030*	*6,372*

Provisions for pensions increased mainly due to the decrease of the discount rates in particular for the UK during the first half-year 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").

19. Other Financial Assets and Other Financial Liabilities

Other Financial Assets

(In € million)	**30 June 2020**	31 December 2019
Positive fair values of derivative financial instruments	779	996
Others	39	37
Total non-current other financial assets	**818**	**1,033**
Receivables from related companies	936	1,148
Positive fair values of derivative financial instruments	511	444
Others	418	468
Total current other financial assets	**1,865**	**2,060**
Total	**2,683**	**3,093**

Other Financial Liabilities

(In € million)	**30 June 2020**	31 December 2019
Liabilities for derivative financial instruments	3,899	2,434
European Governments' refundable advances	3,481	3,725
Others	413	1,339
Total non-current other financial liabilities	**7,793**	**7,498**
Liabilities for derivative financial instruments	1,889	1,560
European Governments' refundable advances	511	552
Liabilities to related companies	113	159
Others	374	376
Total current other financial liabilities	**2,887**	**2,647**
Total	**10,680**	**10,145**

The allocation of European Governments' refundable advances between non-current and current presented in the Unaudited Condensed Interim IFRS Consolidated Financial Statements ended 30 June 2020 is based on the applicable contractual repayment dates. The European Governments' refundable advances decreased by € -285 million to € 3,992 million (prior year-end: € 4,277 million), primarily related to the payments made on the A380 programme (see "– Note 7: Revenue and Gross Margin").

20. Other Assets and Other Liabilities

Other Assets

(In € million)	**30 June 2020**	31 December 2019
Cost to fulfil a contract	361	351
Prepaid expenses	77	86
Others	107	85
Total non-current other assets	**545**	**522**
Value added tax claims	556	1,252
Cost to fulfil a contract	648	626
Prepaid expenses	538	147
Others	569	398
Total current other assets	**2,311**	**2,423**
Total	**2,856**	**2,945**

Other Liabilities

(In € million)	**30 June 2020**	31 December 2019
Others	373	384
Total non-current other liabilities	**373**	**384**
Tax liabilities (excluding income tax)	215	614
Others	2,646	6,203
Total current other liabilities	**2,861**	**6,817**
Total	**3,234**	**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:

(In number of shares)	**30 June 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	(432,107)	(862,610)
Outstanding at end of period	**783,632,641**	**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 € 1,322 million (prior year-end: € 5,975 million) representing a decrease of € -4,653 million. This is due to a net loss for the period of € -1,919 million and a decrease in other comprehensive income, principally related to the mark to market revaluation of the hedge portfolio of € -1,665 million and a change in actuarial gains and losses of € -819 million.

The **non-controlling interests ("NCI")** from non-wholly owned subsidiaries decreased to € 9 million as of 30 June 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").

(In € million)	**30 June 2020**	31 December 2019
Cash and cash equivalents	9,924	9,314
Current securities	1,587	2,302
Non-current securities	5,973	11,066
Gross cash position	**17,484**	**22,682**
Short-term financing liabilities	(4,629)	(1,959)
Long-term financing liabilities	(13,441)	(8,189)
Total	**(586)**	**12,534**

The net debt position on 30 June 2020 amounted to € 586 million (prior year-end: net cash position of € 12,534 million), with a gross cash position of € 17,484 million (prior year-end: € 22,682 million).

Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

(In € million)	**30 June 2020**	31 December 2019
Bank account and petty cash	4,126	1,649
Short-term securities (at fair value through profit and loss)	5,288	7,014
Short-term securities (at fair value through OCI)	512	652
Others	(2)	(1)
Total cash and cash equivalents	**9,924**	**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

(In € million)	**30 June 2020**	31 December 2019
Bonds and commercial papers	11,606	6,491
Liabilities to financial institutions	425	244
Loans	145	156
Lease liabilities	1,265	1,298
Total long term financing liabilities	**13,441**	**8,189**
Bonds and commercial papers	2,740	0
Liabilities to financial institutions	222	106
Loans	134	127
Lease liabilities	252	262
Others (1)	1,281	1,464
Total short term financing liabilities	**4,629**	**1,959**
Total	**18,070**	**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 € +5,252 million to € 13,441 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 € +2,670 million to € 4,629 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:

(In € million)	**30 June 2020**	31 December 2019
Non-current positive fair values	779	996
Current positive fair values	511	444
Total positive fair values of derivative financial instruments	**1,290**	**1,440**
Non-current negative fair values	(3,899)	(2,434)
Current negative fair values	(1,889)	(1,560)
Total negative fair values of derivative financial instruments	**(5,788)**	**(3,994)**
Total net fair values of derivative financial instruments	**(4,498)**	**(2,554)**

The total net fair value of derivative financial instruments decreased by € -1,944 million to € -4,498 million (prior year-end: € -2,554 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$ 87.8 billion as at 30 June 2020 (prior year-end: US$ 97.1 billion). The US dollar spot rate was 1.12 US$/€ at 30 June 2020 and at 31 December 2019, respectively. The average US dollar hedge rate for the hedge portfolio of the Company remains at 1.23 US$/€ as at 30 June 2020.

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 half-year 2020, 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 37.2 to the 2019 IFRS Consolidated Financial Statements, with the exception of:

	30 June 2020		31 December 2019	
(In € million)	**Book Value**	**Fair Value**	Book Value	Fair Value
Financing liabilities				
Bonds and commercial papers	(14,346)	(14,411)	(6,491)	(6,696)
Liabilities to financial institutions and others	(2,207)	(2,206)	(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:**

	30 June 2020				31 December 2019			
(In € million)	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments	1,417	0	413	1,830	1,988	0	528	2,516
Derivative instruments	0	1,290	0	1,290	0	1,224	216	1,440
Securities	7,560	0	0	7,560	13,368	0	0	13,368
Customer financing	0	0	228	228	0	0	350	350
Cash equivalents	5,288	512	0	5,800	7,014	652	0	7,666
Total	**14,265**	**1,802**	**641**	**16,708**	**22,370**	**1,876**	**1,094**	**25,340**
Financial liabilities measured at fair value								
Derivative instruments	0	(5,791)	2	(5,789)	0	(3,974)	(20)	(3,994)
Other financial liabilities	0	0	(196)	(196)	0	0	(1,014)	(1,014)
Total	**0**	**(5,791)**	**(194)**	**(5,985)**	**0**	**(3,974)**	**(1,034)**	**(5,008)**

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

(In € million)	Derivatives	Participations	Customer financing	**Total**	Written put options on NCI interests	Commodity swap agreements	Total
Balance at 1 January 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	(122)	(338)	0	20	20
Equity	0	(115)	0	(115)	818	0	818
Settlements	0	0	0	0	0	2	2
Others	0	0	0	0	0	0	0
Balance at 30 June 2020	**0**	**413**	**228**	**641**	**(196)**	**2**	**(194)**

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 10.25% (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. Consequently, the EU initiated its request to impose countermeasures worth US$ 12 billion, commensurate with its estimate of the adverse effects caused by the US subsidies. The actual amount of duties to which the EU may be entitled will be determined at the conclusion of WTO arbitration proceedings. The imposition of equivalent or greater tariffs on aircraft imports into Europe is likely.

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 at Westminster Magistrates Court. The single charge against GPT relates to alleged historic corruption in the Kingdom of Saudi Arabia between 2007 and 2012. 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.

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.

On 17 September 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 announced their intention to open 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 June 2020	81,546	20,166	33,442	**135,154**
31 December 2019	80,985	20,024	33,922	134,931

26. Events after the Reporting Date

The Company has announced plans to adapt its global workforce and resize its commercial aircraft activity in response to the COVID-19 crisis. This adaptation is expected to result in a reduction of around 15,000 positions no later than summer 2021. The information and consultation process with social partners has begun with a view to reaching agreements for implementation starting in autumn 2020.

The details of this COVID-19 adaptation plan need to be finalised with social partners. While compulsory actions cannot be ruled out at this stage, the Company will work with its social partners to limit the impact of this plan by relying on all available social measures, including voluntary departures, early retirement, and long term partial unemployment schemes where appropriate.

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 the reduction of around 1,900 positions until the end of 2021, compared to March 2020.

The associated costs of defined measures for the Company, to be recognised as a provision when conditions will be fulfilled, are expected to range from approximately € 1.2 to 1.6 billion.

No provision has been recognised in respect of these restructuring plans as of 30 June 2020. A constructive obligation had not arisen as of 30 June 2020 as the Company had not announced the detailed features of the restructuring plans to the European Works Councils nor raised a valid expectation in those employees affected by the plans.

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.

On 21 July 2020, ACLP finalised the issuance of a US private placement of US$ 830 million (US$ 700 million for the upfront funding in July 2020 and US$ 130 million for the delayed funding in December 2020), with a maturity from 6 to 9 years.

On 29 July 2020, the SFO requisitioned (required) GPT to appear at Westminster Magistrates Court. The single charge against GPT relates to alleged historic corruption in the Kingdom of Saudi Arabia between 2007 and 2012.
For legal reasons, neither the Company nor GPT can comment further on it. Management believes the risk has been reasonably provisioned as at 30 June 2020.

On 24 July 2020, the Company announced it had reached agreement with the governments of France and Spain to make amendments to the A350 Repayable Launch Investment (RLI) contracts. The Company has decided to amend the French and Spanish contracts to what 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.

On 28 July 2020, the Company together with other industrial partners entered into a new investment fund established to support the aviation industry's supply chain as well as to aim at preserving the French know-how and competencies. The Company's commitment to this support fund amounts to € 116 million.

Independent auditor's review report

To: the shareholders and the board of directors of Airbus SE

Our conclusion

We have reviewed the condensed interim IFRS consolidated financial information included in the accompanying first half-year 2020 financial report of Airbus SE, Amsterdam for the period 1 January 2020 to 30 June 2020.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim IFRS consolidated financial information of Airbus SE for the period from 1 January 2020 to 30 June 2020, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed interim IFRS consolidated financial information comprises:

- The condensed Interim IFRS consolidated statement of financial position as of 30 June 2020
- The following condensed interim IFRS consolidated statements for the period from 1 January 2020 to 30 June 2020: the income statement, the statements of comprehensive income, cash flows and changes in equity
- The notes comprising of a summary of the significant accounting policies and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law including, Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the condensed interim IFRS consolidated financial information' section of our report.

We are independent of Airbus SE in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter relating to uncertainty about COVID-19

The developments around the COVID-19 pandemic have a profound impact on people, society and on the economy. This impacts operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The impact may continue to evolve, giving rise to complexity and inherent uncertainty. Airbus SE is confronted with this uncertainty as well.

The condensed interim IFRS consolidated financial information and our review report thereon reflect the conditions at the time of preparation, including the uncertainty and the impact on significant assumptions and estimations, that are disclosed in the notes to the condensed interim IFRS consolidated financial information in note 2 “Impact of the spread of the COVID-19 pandemic” and note 26 “Events after reporting date”. We draw attention to these disclosures.
Our conclusion is not modified in respect of this matter.

Responsibilities of the board of directors for the condensed interim IFRS consolidated financial information

The board of directors is responsible for the preparation and presentation of the condensed interim IFRS consolidated financial information in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union. Furthermore, the board of directors is responsible for such internal control as it determines is necessary to enable the preparation of the condensed interim IFRS consolidated financial information that is free from material misstatement, whether due to fraud or error.

Our responsibilities for the review of the condensed interim IFRS consolidated financial information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410.
Our review included among others:

- Updating our understanding of the company and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed interim IFRS consolidated financial information where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of interim financial information
- Making inquiries of management and others within the company
- Applying analytical procedures with respect to information included in the condensed interim IFRS consolidated financial information
- Obtaining assurance evidence that the condensed interim IFRS consolidated financial information agrees with, or reconciles to, the company’s underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle

- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed interim IFRS consolidated financial information
- Considering whether the condensed interim IFRS consolidated financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Amsterdam, 29 July 2020

Ernst & Young Accountants LLP

signed by A.A. van Eimeren