



2022 ANNUAL FINANCIAL REPORT

The English language version of this report is a free translation from the original, which was prepared in French language. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

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Declaration of the person responsible for the report

I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and income or loss of the company and all the other entities included in the scope of consolidation, and that the enclosed directors'

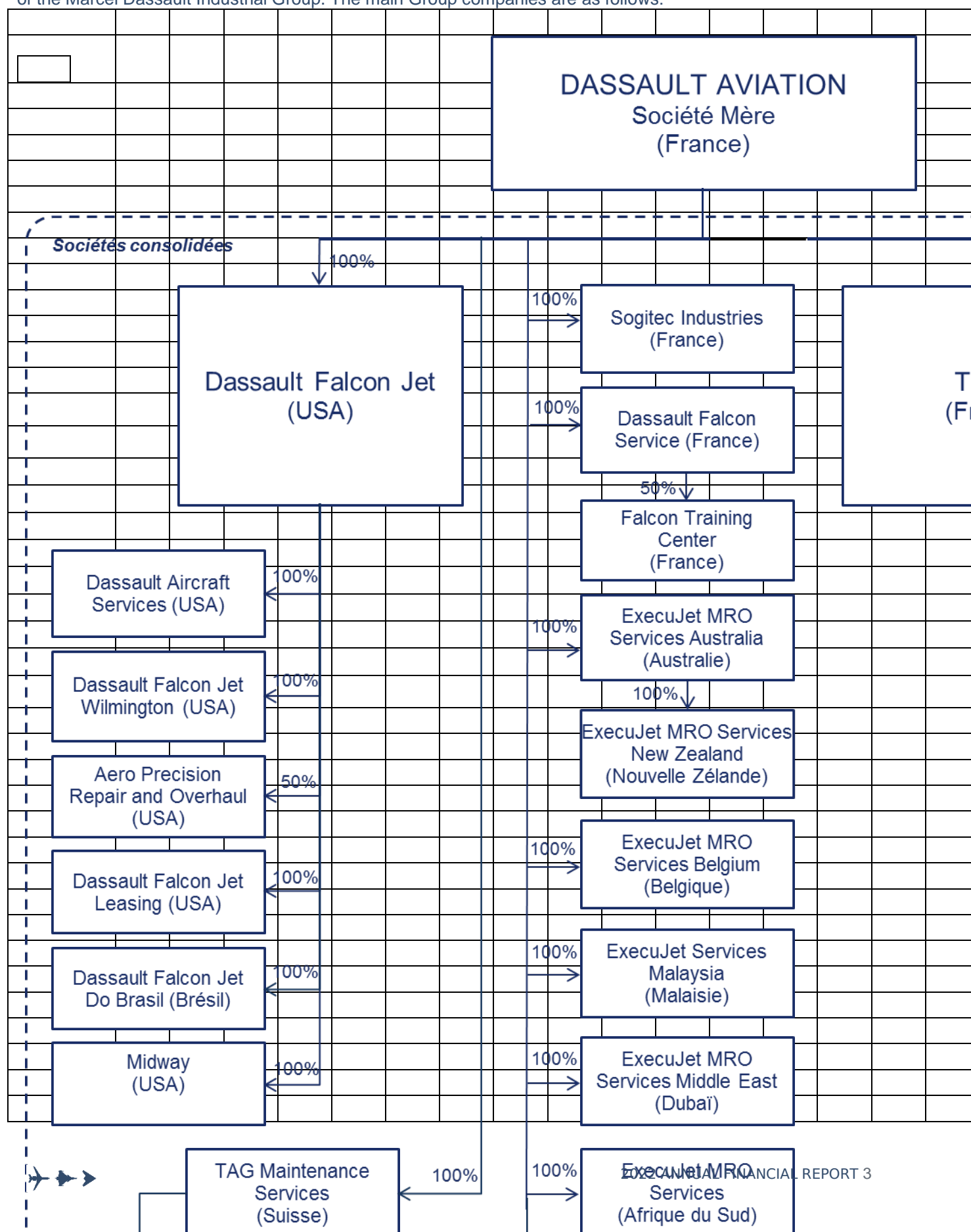
report presents a fair view of the development of the business, performance and financial situation of the company and of all the other companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

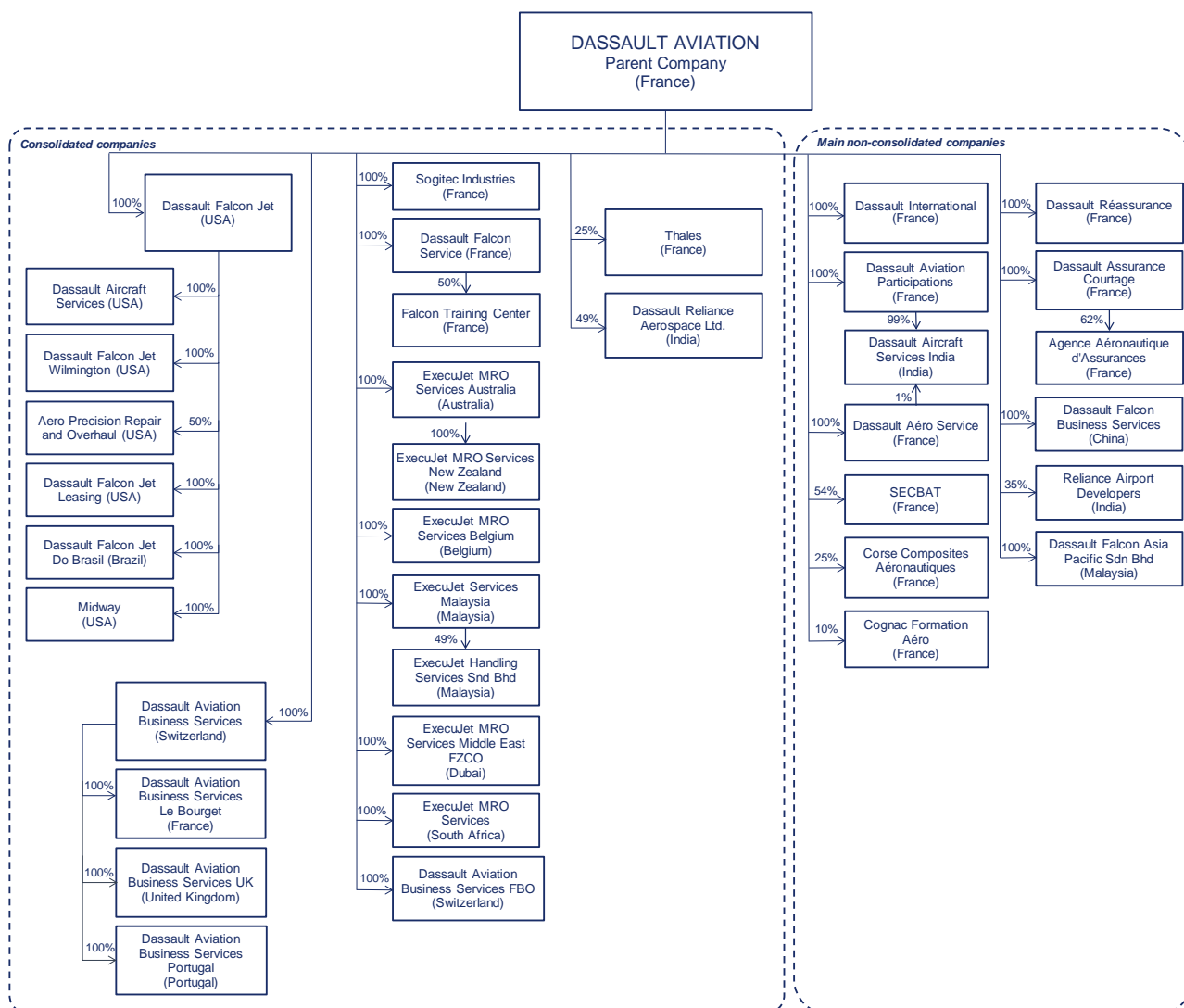
Paris, March 8, 2023

Éric Trappier
Chairman and Chief Executive Officer

Group structure as of December 31, 2022

The Dassault Aviation Group is an international group that encompasses most of the aeronautical business of the Marcel Dassault Industrial Group. The main Group companies are as follows:





Detailed information on the main Group companies is given in paragraph 1.3 of the Directors' Report.

The list of consolidated entities is presented in Note 2, "Scope of consolidation", to the consolidated financial statements.

Board of Directors as of December 31, 2022

Honorary Chairman

Charles Edelstenne

Chairman of the Board of Directors

Éric Trappier

Directors

Besma Boumaza

Thierry Dassault

Charles Edelstenne

Marie-Hélène Habert

Henri Proglio

Lucia Sinapi-Thomas

Stéphane Marty

Executive Management

Chief Executive Officer

Éric Trappier

Chief Operating Officer

Loïc Segalen

Executive Committee as of December 31, 2022

Chairman of the Committee

Éric Trappier, Chairman and Chief Executive Officer,

Loïc Segalen, Chief Operating Officer,

Carlos Brana, Senior Executive Vice-President, Civil Aircraft,

Bruno Chevalier, Senior Executive Vice-President, Military Customer Support,

Bruno Coiffier, Senior Executive Vice-President, Procurement and Purchasing,

Denis Dassé, Chief Financial Officer,

Jean-Marc Gasparini, Senior Vice-President, Military and Space Programs,

Florent Gateau, Senior Executive Vice-President, Total Quality,

Gérard Giordano*, Senior Vice-President, Sales,

Bruno Giorgianni, Executive Committee Secretary and Senior Vice-President, Public Affairs and Security,

Valérie Guillemet, Senior Vice-President, Human Resources,

Richard Lavaud, Senior Executive Vice-President, International,

Nicolas Mojaïsky, Senior Executive Vice-President, Engineering,

Frédéric Petit, Senior Vice-President, Falcon Programs,

Ary Plagnol, Senior Executive Vice-President, Industrial Operations,

Jean Sass**, Senior Executive Vice-President, IT and Chief Digital Officer.

* Following the retirement of Gérard Giordano, Jean-Marie Albertini took over as Senior Vice-President, Sales, from January 3, 2023,

** Following the retirement of Jean Sass, Laurent Bendavid took over as Senior Executive Vice-President, IT and Chief Digital Officer from February 1, 2023.

Government Commissioner

Mr. Jean-Luc Sourdois, French Armed Forces General Inspector

Auditors

Mazars S.A., represented by Mr. Mathieu Mougard, partner

PricewaterhouseCoopers Audit S.A., represented by Mr. Édouard Demarcq, partner

Directors' report

Dear Shareholders,

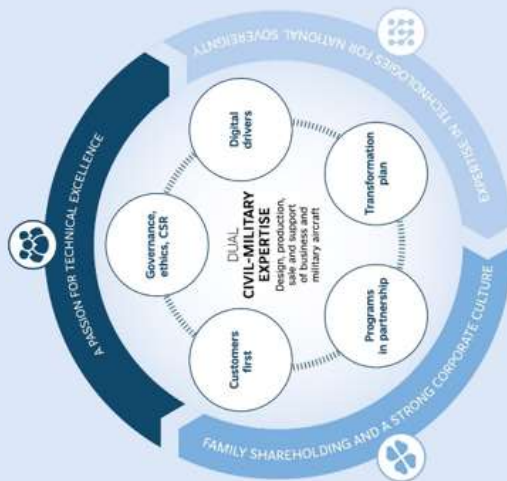
Before submitting the company and consolidated financial statements for the year ended December 31, 2022, and the appropriation of earnings, we would like to take this opportunity to present our consolidated results, the activities of the Group and of the Parent Company during the past year, their future prospects and the other information required by law.

Resources

| | |
|---|---------------|
| Human | 12 768 |
| Employees, including 78% in France | |
| 14 years | |
| Average seniority | |
| Expertise | |
| A design office recognized for its expertise | |
| A century of experience | |
| Knowledge | |
| 18 | |
| Specialized facilities, including 13 in France | |
| A global network of service centers | |
| Corporate | |
| 500 | |
| Partner companies | |
| Environmental | |
| ISO 14001 | |
| A certification policy encompassing the main plants | |
| Financial | |
| €6,006 million | |
| Total equity | |

Dassault Aviation

Shaping the futur



True to the passion for aircraft and the sense of social responsibility bequeathed to it by its founder Marcel Dassault, Dassault Aviation continues to pursue its mission as an innovative industrial architect, contributing, through its expertise, to the safety, autonomy and sustainable economic development of the key actors shaping a world on the move.

2022 Achievements

| | |
|--|--------------|
| Human | 1 564 |
| New hires, including 370 women | |
| Executive | |
| FCAS/NGF | |
| Design study for a demonstrator | |
| F4 | |
| Ongoing work on new Rafale standard | |
| Industrial | |
| 14 | |
| Rallies delivered | |
| 1 000 | |
| Combat aircraft supported | |
| Regional development | |
| 3D printing cluster developed in the Auvergne-Rhône-Alpes region | |
| Technical and aeronautical engineering training in India | |
| Efficiency | |
| 8,4% | |
| Electricity consumption compared to 2019 | |
| Financial | |
| €830 million | |
| Adjusted net income | |

| | |
|--|--|
| Financial and other contributions 2022 | |
| Federal and local | |
| €145 million | |
| Corporate income tax, of which €130 million (90%) in France | |
| Employees | |
| €214 million | |
| Value sharing | |
| €60 769 | |
| Cross-shareholding compensation, excluding profit-sharing and incentive payments | |
| Shareholders | |
| €249 million | |
| Dividends ⁽¹⁾ | |
| Industry | |
| At the head of a strategic French ecosystem | |
| Core shareholder in Thales | |
| Society | |
| Inclusion, humanitarian and cultural activities | |
| Harvet, Elies budget, FOA, ADOSM, Ordre de la Libération, Ordre des Ailes de France, EETAE, AEN, Musée de la Marine, Cultivate Women in Business, Arkema Food Bank, American Red Cross, Muscular Dystrophy Association | |
| Sustainable development | |
| Contribution to 8 United Nations sustainable development goals (SDG) | |

⁽¹⁾ Prepared at the Annual General Meeting of Shareholders on May 18, 2023.



BACKGROUND

Despite the particularly challenging environment, the Group managed to cope with a succession of crises throughout the year. The most significant of these was the war in Ukraine and the mutual sanctions imposed by Europe and Russia. The Group has adhered scrupulously to these: our operations in Russia (the Moscow office and the DFS maintenance subsidiary) have stopped doing business. The sanctions have had an impact on the business of our service centers in Europe.

Supply chains, particularly in the aviation sector, have been affected by successive crises: war and the consequences of sanctions, as well as other geopolitical tensions and the lingering Covid-19 crisis, have led to shortages of components and raw materials, the return of inflation, rising energy prices and fears over energy supply. Added to the mix is a tight labor market. These crises have destabilized our suppliers, directly impacting our supplies, production and development.

Yet the global economy has proved resilient and the business jet market was buoyant for most of the year, albeit with a slowdown toward the end of the year.

On that basis, Dassault Aviation has demonstrated its resilience with record order intake. The resulting backlog is at a historically high level and will provide the Group with several years of business.

1. DASSAULT AVIATION GROUP

1.1. Results

1.1.1. Key figures

| | 2022 | 2021 |
|--|---|---|
| Order intake | EUR 20,954 million 92 Rafale <i>of which 92 Rafale Export</i> Phase 1B FCAS demonstrator 64 Falcon | EUR 12,080 million 49 Rafale <i>of which 37 Rafale Export and 12 Rafale France</i> BALZAC support contract 51 Falcon |
| <u>Adjusted</u> net sales (*) | EUR 6,929 million 14 Rafale <i>of which 13 Rafale Export and 1 Rafale France</i> 32 Falcon | EUR 7,233 million 25 Rafale <i>of which 25 Rafale Export</i> 30 Falcon |
| Backlog <i>as of December 31</i> | EUR 35,008 million 164 Rafale <i>of which 125 Rafale Export and 39 Rafale France</i> 87 Falcon | EUR 20,762 million 86 Rafale <i>of which 46 Rafale Export and 40 Rafale France</i> 55 Falcon |
| <u>Adjusted</u> operating income(*) | EUR 572 million | EUR 527 million |
| <u>Adjusted</u> operating margin | 8.3% of net sales | 7.3% of net sales |
| Research and Development | EUR 572 million 8.3% of net sales | EUR 551 million 7.6% of net sales |
| <u>Adjusted</u> net income (*) | EUR 830 million | EUR 693 million |
| <u>Adjusted</u> net margin | 12.0% of net sales | 9.6% of net sales |
| Earnings per share | EUR 9.99 per share | EUR 8.34 per share |
| Available cash <i>as of December 31</i> | EUR 9,529 million | EUR 4,879 million |
| Dividends | EUR 249 million EUR 3.00 per share | EUR 208 million EUR 2.49 per share |
| Employee profit-sharing and incentives incl. 20% employer's corresponding tax <i>Headcount as of December 31</i> | EUR 210 million 12,768 | EUR 139 million 12,371 |

NB: Dassault Aviation recognizes Rafale Export contracts in their entirety (including the Thales and Safran parts).

Main IFRS aggregates (see reconciliation table below)

| | | |
|-----------------------------------|-------------------|-------------------|
| (*) Consolidated net sales | EUR 6,950 million | EUR 7,246 million |
| (*) Consolidated operating income | EUR 591 million | EUR 545 million |
| (*) Consolidated net income | EUR 716 million | EUR 605 million |



1.1.2. Definition of alternative performance indicators

To reflect the Group's actual economic performance, and for monitoring and comparability reasons, the Group presents an income statement adjusted with the following elements:

- gains and losses resulting from the exercise of hedging instruments, which do not qualify for hedge accounting under IFRS standards. This income, presented as financial income in the consolidated financial statements, is reclassified as net sales and thus as operating income in the adjusted income statement,
- the valuation of foreign exchange derivatives which do not qualify for hedge accounting, by neutralizing the change in fair value of these instruments (the Group considering that gains or losses on hedging should only impact income as commercial flows occur), with the exception of derivatives allocated to hedge balance-sheet positions whose change in fair value is presented as operating income,
- amortization of assets valued as part of the purchase price allocation (business combinations), known as "PPA"
- adjustments made by Thales in its financial reporting.

The Group also presents the "available cash" indicator, which reflects the amount of the Group's total liquidities, net of financial debt. It covers the following balance sheet items:

- cash and cash equivalents,
- other current financial assets,
- financial debt, excluding lease liabilities.

The calculation of this indicator is detailed in the consolidated financial statements (see Note 9).

Only consolidated financial statements are audited by statutory auditors. Adjusted financial data are subject to the verification procedures applicable to all information provided in the annual report.

1.1.3. Impact of the adjustments

The impact in 2022 of adjustments to income statement aggregates is presented below:

| (in thousands of euros) | 2022 consolidated income statement | Foreign exchange derivatives | | PPA | Adjustments applied by Thales | 2022 adjusted income statement |
|---|---|----------------------------------|-------------------------|--------------|-------------------------------------|---|
| | | Foreign exchange gain/loss | Change in fair value | | | |
| Net sales | 6,949,916 | -14,459 | -6,618 | | | 6,928,839 |
| Operating income | 591,403 | -14,459 | -7,771 | 3,142 | | 572,315 |
| Net financial income/expense | -11,557 | 14,459 | 8,280 | | | 11,182 |
| Share in net income of equity associates | 282,349 | | | 3,128 | 108,023 | 393,500 |
| Income tax | -145,970 | | -131 | -652 | | -146,753 |
| Net income | 716,225 | | 378 | 5,618 | 108,023 | 830,244 |
| <i>Group share of net income</i> | <i>716,225</i> | | <i>378</i> | <i>5,618</i> | <i>108,023</i> | <i>830,244</i> |
| Group share of net income per share (in euros) | 8.62 | | | | | 9.99 |

The impact in 2021 of adjustments to income statement aggregates is presented below:

| (in thousands of euros) | 2021 consolidate d income statement | Foreign exchange derivatives | | PPA | Adjustments applied by Thales | 2021 adjusted income statement |
|---|--|----------------------------------|-------------------------|--------------|-------------------------------------|---|
| | | Foreign exchange gain/loss | Change in fair value | | | |
| Net sales | 7,246,197 | -13,005 | -686 | | | 7,232,506 |
| Operating income | 545,069 | -13,005 | -8,655 | 3,349 | | 526,758 |
| Net financial income/expense | -68,512 | 13,005 | 29,604 | | | -25,903 |
| Share in net income of equity associates | 271,611 | | | 3,003 | 67,102 | 341,716 |
| Income tax | -142,776 | | -5,614 | -735 | | -149,125 |
| Net income | 605,392 | 0 | 15,335 | 5,617 | 67,102 | 693,446 |
| <i>Group share of net income</i> | <i>605,392</i> | <i>0</i> | <i>15,335</i> | <i>5,617</i> | <i>67,102</i> | <i>693,446</i> |
| Group share of net income per share (in euros) | 7.28 | | | | | 8.34 |

1.1.4. Order intake

2022 order intake was **EUR 20,954 million** versus EUR 12,080 million in 2021. **Export** order intake represented **90%**.

Recent year figures are as follows, in millions of euros:

| | 2022 | 2021 | 2020 |
|---------------------------|---------------|--------|-------|
| Defense | 17,510 | 9,165 | 1,546 |
| Defense Export | 15,657 | 6,173 | 224 |
| Defense France | 1,853 | 2,992 | 1,322 |
| Falcon | 3,444 | 2,915 | 1,917 |
| Total order intake | 20,954 | 12,080 | 3,463 |
| % Export | 90% | 74% | 41% |

The order intake is composed entirely of firm orders.

Defense programs

In 2022, **Defense order intake** totaled **EUR 17,510 million**, compared with EUR 9,165 million in 2021.

The **Defense Export** figure was **EUR 15,657 million** in 2022, versus EUR 6,173 million in 2021. This historic amount is due to the 92 Rafale ordered in 2022: 80 Rafale for the United Arab Emirates, 6 for Greece and 6 for Indonesia. In 2021, we recorded orders from Egypt for 30 Rafale – followed by an order for an additional aircraft to complete the original order from 2015, from Greece for 6 new and 12 pre-owned Rafale (which we bought back from the French Air and Space Force), and a support contract for Croatia following its acquisition of 12 pre-owned Rafale directly from the French government.

The **Defense France portion** amounted to **EUR 1,853 million** in 2022, compared with EUR 2,992 million in 2021. Specifically, we secured the order for phase 1B of the demonstrator of the Future Combat Air System (FCAS). In 2021, it had mainly included the order for 12 Rafale and the 14-year “Balzac” support contract for the Mirage 2000 (excluding engines).

Falcon programs

In 2022, **64 Falcon orders** (net of canceled Russian aircraft) were recorded, compared with 51 in 2021. Order intake totaled **EUR 3,444 million**, versus EUR 2,915 million in 2021. The growth in orders is being driven by the vibrant business jet market.

1.1.5. Adjusted net sales

Net sales for 2022 were **EUR 6,929 million** versus EUR 7,233 million in 2021. **Export** represented **82%**.

Recent year figures are as follows, in **millions of euros**:

| | 2022 | 2021 | 2020 |
|---------------------------------|--------------|-------|-------|
| Defense | 4,825 | 5,281 | 3,263 |
| Defense Export | 3,616 | 4,549 | 2,699 |
| Defense France | 1,209 | 732 | 564 |
| Falcon | 2,104 | 1,952 | 2,226 |
| Total adjusted net sales | 6,929 | 7,233 | 5,489 |
| % Export | 82% | 89% | 89% |

Defense programs

In 2022, **14 Rafale (13 Export and 1 France)** were delivered, compared with the guidance of 13. 25 Rafale Export had been delivered in 2021.

Defense **net sales** in 2022 were **EUR 4,825 million** versus EUR 5,281 million in 2021.

The **Defense Export share** was **EUR 3,616 million** versus EUR 4,549 million in 2021. This decrease is largely due to the delivery of 13 Rafale Export, whereas 25 Rafale Export were delivered in 2021.

The **Defense France share** was **EUR 1,209 million** versus EUR 732 million in 2021. In 2022, Defense France net sales mainly include the delivery of a Rafale after a four-year hiatus, at the request of the French State for budgetary reasons, the mid-life refurbishment of the Mirage 2000D, maintenance services (Rafale under the Ravel contract, Mirage 2000 under the Balzac contract and ATL2 under the Ocean contract) and support for other aircraft in service.

Falcon programs

32 Falcon were delivered in 2022, compared with the guidance of 35, versus 30 deliveries in 2021.

Falcon net sales in 2022 totaled **EUR 2,104 million**, versus EUR 1,952 million in 2021. The increase is mainly due to the number of Falcon delivered (32 vs. 30).

The “book-to-bill ratio” of the Group (order intake/net sales) is 3.02 for 2022.



1.1.6. Backlog

The **consolidated backlog** as of December 31, 2022 (determined in accordance with IFRS 15) was **EUR 35,008 million**, versus EUR 20,762 million as of December 31, 2021. The backlog has evolved as follows:

| As of December 31 | 2022 | 2021 | 2020 |
|-----------------------|---------------|--------|--------|
| Defense | 30,318 | 17,633 | 13,748 |
| <i>Defense Export</i> | 21,915 | 9,874 | 8,249 |
| <i>Defense France</i> | 8,403 | 7,759 | 5,499 |
| Falcon | 4,690 | 3,129 | 2,147 |
| Total backlog | 35,008 | 20,762 | 15,895 |
| % Export | 72% | 58% | 59% |

The backlog as of December 31, 2022 consists of the following:

- **Defense Export: EUR 21,915 million** versus EUR 9,874 million as of December 31, 2021. This figure notably includes 125 new Rafale and 6 pre-owned Rafale in 2022, compared with 46 new Rafale and 6 pre-owned Rafale as of December 31, 2021,
- **Defense France: EUR 8,403 million** versus EUR 7,759 million as of December 31, 2021. This figure mainly comprises 39 Rafale (vs. 40 at the end of December 2021), the support contracts for the Rafale (Ravel), Mirage 2000 (Balzac) and ATL2 (Ocean), the Rafale F4 standard and the order for phase 1B of the demonstrator of the FCAS.
- **Falcon** (including the Albatros and Archange mission aircraft): **EUR 4,690 million** versus EUR 3,129 million as of December 31, 2021. It includes 87 Falcon, compared with 55 as of December 31, 2021.

Additional information on the backlog can be found in Note 25 to the consolidated financial statements.

1.1.7. Adjusted results

Adjusted operating income

Adjusted operating income for 2022 was **EUR 572 million**, compared with EUR 527 million in 2021.

Research and development costs totaled EUR 572 million in 2022 and accounted for 8.3% of net sales, as against EUR 551 million and 7.6% of net sales in 2021. These amounts reflect the self-funded R&D effort focused on the Falcon 6X and Falcon 10X programs.

Adjusted operating margin stood at **8.3%**, as against 7.3% in 2021, up despite the increase in R&D expenses due to the quality of performance of the contracts.

The foreign exchange hedging rate was **USD 1.19/EUR** in 2022, as in 2021.

Adjusted financial income

2022 adjusted financial income was **EUR 11 million** compared to EUR -26 million in 2021. Although the financing component recognized under long-term military contracts continues to have an unfavorable impact on net financial income, the financial income generated by the plan assets subscribed for by the Group, amid a sharp increase in cash flow and favorable interest rate movements, has contributed to the significant improvement in net financial income.



Adjusted net income

Adjusted net income for 2022 was up 20% at **EUR 830 million**, compared with EUR 693 million in 2021. Thales' contribution to the Group's net income was EUR 386 million, versus EUR 336 million in 2021.

As a result, **adjusted net margin** was **12.0%** in 2022, as against 9.6% in 2021. This increase is due to the growth in operating income and net financial income and the contribution of equity associates.

Net income per share for 2022 was **EUR 9.99**, compared with EUR 8.34 in 2021.

1.1.8. Consolidated key figures under IFRS

Consolidated operating income (IFRS)

Consolidated operating income for 2022 was **EUR 591 million**, compared with EUR 545 million in 2021.

R&D costs totaled EUR 572 million in 2022 and accounted for 8.2% of consolidated net sales (EUR 6,950 million), as against EUR 551 million and 7.6% of consolidated net sales in 2021. These amounts reflect the self-funded R&D effort focused on the Falcon 6X and Falcon 10X programs.

Consolidated operating margin stood at **8.5%**, as against 7.5% in 2021, up despite the increase in R&D expenses due to the quality of performance of the contracts.

Consolidated financial income (IFRS)

Consolidated financial income for 2022 was **EUR -12 million**, compared with EUR -69 million in 2021. Although the financing component recognized under long-term military contracts continues to have an unfavorable impact on net financial income, the financial income generated by the plan assets subscribed for by the Group, amid a sharp increase in cash flow and favorable interest rate movements, has contributed to the significant improvement in net financial income. The improvement in net financial income was also due to the less pronounced negative impact of the change in market value of hedging instruments which do not qualify for hedge accounting under IFRS.

Consolidated net income (IFRS)

Consolidated net income for 2022 was **EUR 716 million**, compared with EUR 605 million in 2021. Thales' contribution to the Group's net income was EUR 275 million, versus EUR 266 million in 2021.

As a result, **consolidated net margin** was **10.3%** in 2022, as against 8.4% in 2021. This increase is due to the growth in operating income and net financial income and the contribution of equity associates.

Consolidated net income per share for 2022 was **EUR 8.62**, compared with EUR 7.28 in 2021

1.1.9. Value Sharing

The Board of Directors decided to propose to the Annual General Meeting a dividend distribution, in 2023, of **EUR 3.00 per share**, corresponding to a total of **EUR 249 million**, i.e. a payout of 30%. The dividend per share is computed on the basis of the number of shares as of December 31st, 2022, netted of the number of shares cancelled as per the decision of the Board of March 8th, 2022.

For 2022, the Group has paid **EUR 4 million** in value sharing bonus and will pay **EUR 210 million** in employee profit-sharing and incentives, including 20% employer's corresponding tax, whereas the application of the legal formula would have resulted in a EUR 38 million payment (including the corresponding tax).

Dividends per share over the five last years are outlined in Note 32 to the Parent Company Financial Statements.

1.1.10. Financial reporting

IFRS 8 “Operating Segments” requires the presentation of information per segment according to internal management criteria.

The entire activity of the Dassault Aviation Group relates to the aerospace domain. Internal reporting to the Chairman and Chief Executive Officer, and to the Chief Operating Officer, used for strategy and decision-making, does not include a performance analysis under IFRS 8 at a lower level than this sector.

1.2. Financial structure

1.2.1. Available cash

The Group uses a specific indicator called “Available cash”, which reflects the amount of total cash available to the Group, net of financial debts. It includes the following balance sheet items: cash and cash equivalents, current financial assets and financial debt, excluding lease liabilities. The calculation of this indicator is detailed in the consolidated financial statements (see Note 9 of the December 31, 2022, consolidated financial statements).

The Group’s available cash stands at **EUR 9,529 million**, an increase of EUR 4,650 million from December 31, 2021. This increase is mainly due to advances received over the period, particularly for Export contracts (including from the United Arab Emirates), and the resilience of the Falcon commercial business. Working capital requirement as of December 31, 2022 generated cash flow of EUR 5,672 million: advances received under long-term contracts, including Defense Export, will finance the performance of these contracts over the next few years.

1.2.2. Consolidated balance sheet

Total equity stood at **EUR 6,006 million** as of December 31, 2022, versus EUR 5,300 million as of December 31, 2021. This increase is largely due to the results for the period.

Borrowings and financial debt stood at EUR 234 million as of December 31, 2022, compared with EUR 226 million as of December 31, 2021. Borrowings and financial debt include locked-in employees’ profit-sharing funds, for EUR 98 million, and lease liabilities, for EUR 136 million.

Inventories and work-in-progress rose to EUR 3,922 million as of December 31, 2022, compared with EUR 3,480 million as of December 31, 2021. The increase of EUR 442 million in inventories and work-in-progress is mainly linked to the performance of Defense contracts and the ramp-up of the Falcon 6X.

Advances and progress payments received on orders, net of advances and progress payments paid, rose by EUR 5,020 million as of December 31, 2022. This was mainly due to advances received for Export contracts (including from the United Arab Emirates) and the resilience of the Falcon commercial business.

Derivative financial instruments had a market value of EUR -88 million as of December 31, 2022, compared with EUR -81 million as of December 31, 2021. The change in the US dollar rate between December 31, 2022 and December 31, 2021 (USD 1.067/EUR as of 12/31/2022 versus USD 1.133/EUR as of 12/31/2021) was offset by an improvement in the average rate of our currency hedging portfolio.

1.3. Group structure

Dassault Aviation, the Parent Company, plays a predominant role in the Group structure.

The holding percentages are stated in the 2022 Annual Financial Report, in the notes to the Group’s consolidated financial statements, Note 2 – Scope of consolidation.

1.3.1. Consolidated subsidiaries and companies

Dassault Falcon Jet Corp. (DFJ) (United States) markets Falcon on the American continent and is responsible for interior fittings. The company is headquartered in Teterboro, New Jersey, and industrial activities are located in Little Rock, Arkansas.

The principal subsidiaries of DFJ are:

- Dassault Aircraft Services Corp. (United States), promotion of aviation maintenance and service sales in the United States,
- Aero Precision Repair And Overhaul Company Inc. (APRO) (United States) (held 50/50 with Safran Landing Systems Miami, Inc.), repair and maintenance of landing gear and flight controls,
- Midway Aircraft Instrument Corp. (United States), overhaul and repair of civil aviation equipment for French equipment manufacturers,
- Dassault Falcon Jet Do Brasil Ltda (Brazil), aviation services and maintenance,
- Dassault Falcon Jet Leasing LLC (United States), company that holds the Falcon financing structures.
- Dassault Falcon Jet – Wilmington Corp. (United States), aviation services and maintenance, This subsidiary has ceased operating.

Sogitec Industries (France) designs, produces and distributes simulation tools.

Dassault Falcon Service (DFS) (France), located in Le Bourget and Mérignac, contributes to Falcon's after-sales service through its Falcon maintenance centers. DFS has ceased operations at Moscow-Vnukovo airport (Russia). DFS also leases and manages Falcon as a Public Passenger Transport activity.

DFS owns 50% of Falcon Training Center (France), which provides Falcon training at Le Bourget.

Dassault Aviation Business Services, DABS (formerly TAG Maintenance Services), based in Geneva and operating in the aviation maintenance sector. DABS holds the following subsidiaries:

- Dassault Aviation Business Services Portugal (Portugal; a wholly owned subsidiary of DABS),
- Dassault Aviation Business Services UK (United Kingdom; a wholly owned subsidiary of DABS),
- Dassault Aviation Business Services Le Bourget (France; a wholly owned subsidiary of DABS).

Dassault Aviation Business Services FBO (formerly Dassault Aviation Business Services), based in Geneva, operates in the airport services sector.

ExecuJet operates in the aviation maintenance sector.

This network is composed of the following subsidiaries:

- ExecuJet MRO Services Belgium (Belgium),
- ExecuJet MRO Services Australia (Australia),
 - ExecuJet MRO Services New Zealand (New Zealand, a wholly owned subsidiary of ExecuJet MRO Services Australia),
- ExecuJet MRO Services (South Africa),
- ExecuJet MRO Services Malaysia (Malaysia),
 - ExecuJet Handling Services (Malaysia), a subsidiary of ExecuJet MRO Services Malaysia, which has a 49% stake,
- ExecuJet MRO Services Middle East (United Arab Emirates).

Dassault Reliance Aerospace Limited (India), a company 49% held by Dassault Aviation, which assembles and produces military and civil aerospace parts and subassemblies,

Thales (France), a group listed on Euronext Paris, operates in the aviation, aerospace, defense and security markets. Its activities are described in its Universal Registration Document.

1.3.2. Non-consolidated subsidiaries and holdings

The main non-consolidated holdings of the Group are:

- GIE Rafale International (France), coordination of feasibility and definition studies for Rafale combat aircraft (60% owned, with the other 40% equally held by Thales and Safran Aircraft Engines),
- GIE French Defense Aeronautical Institute (FDAl) (France), a service provider in the domain of military aircraft mechanics training (owned 50/50 with Défense Conseil International),
- Dassault Assurances Courtage, Dassault-Réassurance and Agence Aéronautique d'Assurances (France), insurance and reinsurance brokerage,
- Corse Composites Aéronautiques (France), production of composite aviation parts, particularly for its corporate shareholders (Airbus, Latécoère, Safran and Dassault Aviation),
- SECBAT (France), responsible for cooperation in the Atlantic maritime patrol program (PATMAR),
- Cognac Formation Aéro (France), training of fighter pilots.

The Group is present in India:

- Dassault Aircraft Services India, which is responsible for promoting the Group's business in India and is 100% held by Dassault Aviation Participations (France),
- Reliance Airport Developers, a company 35% held by Dassault Aviation, which operates in the management and development of airport infrastructure.

The Group is also present in Asia through Dassault Falcon Business Services (China) and Dassault Falcon Asia Pacific (Malaysia).

1.3.3. Branch

The Group has branch in Cairo (Egypt), Doha (Qatar) and Athens (Greece) and an important office in the United Arab Emirates.

1.4. Related-party transactions

The 2022 related parties are identical to those identified in 2021. Some subsidiaries are related with the Parent Company via development and equipment supply contracts, along with software and associated services contracts.

The transactions that occurred during 2022 are specified under Note 27 to the consolidated financial statements.

1.5. Group activities

The highlights for 2022 were:

- order intake at an all-time high of EUR 21.0 billion (156 aircraft: 92 Rafale Export and 64 Falcon),
- revenue of EUR 6.9 billion (46 aircraft: 13 Rafale Export, 1 Rafale France and 32 Falcon),
- historic backlog: EUR 35.0 billion (251 aircraft: 125 Rafale Export, 39 Rafale France and 87 Falcon),
- the agreement on the development of demonstrator of the FCAS: Dassault Aviation is recognized as the lead architect of the NGF, thereby protecting its intellectual property.



1.5.1. Program development

Defense programs

Rafale

In export, the highlights for 2022 were:

- T0 of the contract for 80 Rafale for the United Arab Emirates. This historic contract is the culmination of a relationship built on trust between the United Arab Emirates and Dassault Aviation that dates back more than 45 years. It will provide years of work,
- the signing and entry into force of a contract for an additional six new Rafale for Greece,
- the signing of a contract for 42 Rafale (6+36) for Indonesia and the entry into force of the contract for the first 6 Rafale, the following 36 Rafale awaiting entry into force. Indonesia is the seventh export country for the Rafale and the first buyer of new Rafale that was not already a Dassault Aviation customer,
- the delivery of 13 Rafale Export to India, Qatar and Greece,
- continued development of the Export market (Colombia, Rafale Marine India, etc.).

In France:

- delivery of 1 Rafale France end of 2022 after a four-year hiatus, at the request of the French State for budgetary reasons,
- the continuation of development work on the F4 standard and acceptance of the first milestones,
- the preparation of the order for tranche 5 for 42 aircraft (30 planned initially, plus 12 to replace the aircraft sold by France to Croatia) expected in late 2023,
- the upgrade to “all Rafale” announced by the French President during his address to the military.

Future Combat Air System (FCAS)

The FCAS consists of creating a combat system built around a New Generation Fighter (NGF) combining piloted platforms (current and future generation fighters, tankers, AWACS) and drones. France has been designated lead nation on the project and Dassault Aviation lead contractor on the NGF.

Phase 1A of the FCAS demonstrator was completed at the start of the second half of 2022.

Following intense discussions both between manufacturers and with the governments of the three nations, the conditions were met allowing Dassault Aviation to sign the contract for the next three-year phase (phase 1B). Dassault Aviation is recognized as lead architect of the NGF protecting its intellectual property. The contract was awarded at the end of 2022.

Dassault Aviation is lead architect of pillar 1, the NGF, and is involved (as co-contractor or sub-contractor) in pillars 3, 4, 5 and 7, as well as in item 0 (continuation of joint concept studies with the military).

Eurodrone (Medium Altitude Long-Endurance drone)

On February 24, 2022, Airbus and the Organization for Joint Armament Cooperation (OCCAR) signed the Eurodrone contract relative to the development, the production and the 5 year maintenance of 20 systems.

Airbus Defence and Space GmbH signed the contract as prime contractor, on behalf of the three main contractors, Airbus Defence and Space SAU in Spain, Dassault Aviation in France and Leonardo SpA in Italy.

OCCAR represents the first four countries to order: Germany, France, Italy and Spain.

Dassault Aviation is in charge of flight control and mission communication systems.



Multi-mission aircraft

For the multi-mission aircraft, the following key events took place in 2022.

For France:

- Albatros: continued development of the “AVSIMAR” (maritime surveillance and response aircraft) on a Falcon 2000LXS platform (for the record: 7 aircraft are on order, with an option for a further 5; proposal for a 13th aircraft sent in May 2022 at the customer’s request),
- Archange: continued development of the strategic intelligence aircraft based on a Falcon 8X platform (for the record: two aircraft are on order, with an option for one more).
- ATL2: the sixth modernized aircraft has been delivered to the French Defense Procurement Agency (DGA) and modifications are under way for the seventh (the last aircraft modernized by Dassault Aviation),
- Future maritime patrol aircraft (PATMAR): launch of the architectural design based on the Falcon 10X in January 2023 (in competition with Airbus).

For Export:

- the order for four Falcon 2000LXS for the South Korean Air Force,
- the Japan Coast Guard received its sixth and final Falcon 2000 for maritime surveillance.

Commercial prospectations are ongoing.

Falcon programs

In 2022, we recorded 64 orders (net of canceled Russian aircraft) and delivered 32 Falcon (compared with the guidance of 35), versus 51 orders and 30 deliveries in 2021.

The Falcon market was active, despite a slowdown in sales toward the end of the year. Business aviation traffic remained higher than in 2019, but had leveled off by the end of the year. The market for pre-owned aircraft was dynamic, although inventories had increased by the end of the year.

We are continuing to enhance the Falcon range with the preparation for the entry into service of the Falcon 6X in mid-2023, the continued development of the Falcon 10X and the continuous improvement of aircraft in service with the new EASy IV avionics proposed for the Falcon 7X/8X and the Falcon Privacy Suite module proposed for the Falcon 8X (and for the Falcon 6X and Falcon 10X).

Falcon 6X

The Falcon 6X program has passed all the technical stages with a view to its entry into service in mid-2023.

- Preparation for entry into service in mid-2023:
 - 3 development aircraft with a total of more than 400 flights (1,100 flight hours) since its first flight. During testing, the aircraft demonstrated excellent flight behavior and performance, in line with expectations,
 - a four-week “World Tour” took place over the summer covering 50 destinations.
- Industrial ramp-up at a time of supply chain difficulties:
 - aircraft no. 4 was unveiled with its cabin layout at the EBACE and NBAA trade shows,
 - the first production aircraft are undergoing interior fit-out in Little Rock, Arkansas,
 - the PW812D engine has been certified by the FAA and EASA.
- Award-winning cabin design:
 - the Falcon 6X cabin has received several awards for its design (including the Red Dot Award and the International Yacht and Aviation Award for Interior Design).



Falcon 10X

The development of the Falcon 10X continues:

- This brand new aircraft is characterized by its long range (7,500 nm, for example New York to Shanghai, Los Angeles to Sydney, or Paris to Santiago de Chile) and the size of its cabin, which is the most spacious on the market (receiving a Red Dot Award & Good Design Award in May and December 2022), while maintaining the operational capabilities of the Falcon family. It will offer a level of modularity which is unparalleled in its class in terms of layout.
- It is fitted with two Rolls Royce Pearl 10X 100% SAF-compatible engines. It has a top speed of 0.925 Mach and can land and take off on short runways, such as at London City Airport,
- It features innovations and technologies, some of which are borrowed from our military aircraft (smart throttle controlling the two engines, recovery mode, composite wingbox, dual head-up display for primary flight data, etc.) and a state-of-the-art cockpit.

Program status:

- the aircraft's specification is in the process,
- continued testing of the Pearl 10X engine with the first flight on a flying test bench scheduled for the first half of 2023.

Sustainability

- the Falcon range is compatible with fuels containing up to 50% SAF, the production and distribution network of which is expanding. The Falcon 10X will be 100% SAF compatible as soon as it enters service.
- a SAF plan was launched in July 2022 with three objectives: to reduce the Company's direct emissions, to prepare for 100% SAF capability for the Falcon 6X (CORAC framework) and Falcon 10X, and to communicate on our strategy,
- Dassault Aviation is developing an innovative flight plan optimization tool to reduce fuel consumption and CO₂ emissions,
- the Company shares the ICAO objective for civil aviation to reach net zero by 2050 and actively participates in French, European and international environmental research programs for greener aviation.

Aviation bashing

Aviation is under criticism since 4 years and business jets are targeted since mid-2022 in Europe and especially in France (*Flygskam* and Jet bashing).

Business Aviation represent 2% of global aviation CO₂ emissions, or 0.04% of global CO₂ emissions; Aviation is committed since 2009 in reaching net-zero by 2050.

One year of global 2,100 Falcon fleet utilization is equivalent to 24 hours of global video streaming, 5 hours of worldwide truck traffic or 2.5 days of the German thermic power plants.

All Falcon models are certified to fly with SAF / Kerosene mixes up to 50%: current Sustainable Aviation Fuel supplies allow to reduce CO₂ emissions by 80% to 90% compared to kerosene. In 2022, Dassault Aviation operated 179 flights using 30% SAF mixes, the ones currently available on the market.

Dassault Aviation takes part in research programs in France (CORAC) and in Europe (Clean Aviation) in order to reduce fuel consumption through optimizing the Aircraft design.

Make in India

In 2022, the Group continued to ramp up the activities transferred to India. For the Falcon 2000LXS, it is producing T12 forward sections, T3 forward tanks and T4 sections, and for the Rafale, windshields, canopies, flight control surfaces and engine doors.

The Group is also continuing to:

- develop an Indian supply chain (primary parts, tools, struts, cans, etc.),
- expand the engineering center in Pune,
- run the Dassault Skill Academy (a vocational training program for aeronautical fitters and a prestigious higher education pathway).

1.5.2. Military support and Falcon support

Military support

In 2022, support for aircraft in service in the fleets of our military customers remained at the requisite level, despite the succession of crises.

The highlights this year were:

- continued support for the use of Egyptian, Qatari, Indian and Greek Rafale,
- nominal progress in the development of logistical support for the 12 Rafale aircraft destined for Croatia (preparation of user training and implementation of fleet support),
- performance of the integrated support contract for the Rafale (RAVEL), in line with the Rafale availability targets of the French Air and Space Force and Naval Air Force.
- continued performance of the integrated support contract for the ATL2 (OCEAN). The availability targets have been met and new modernized ATL2 are gradually entering service,
- the implementation of the integrated support contract for the Mirage 2000 (BALZAC) since it was awarded on January 1, 2022. Our technical and logistics teams are in place on the Luxeuil and Nancy bases and on the AIA site in Clermont-Ferrand,
- negotiation of the Alphajet integrated support contract,
- the first training courses for French Rafale technicians and managers from the French Air and Space Force at the CTC (Conversion Training Center),
- continued support for all Mirage 3, Mirage F1, Mirage 2000 and Alphajet export fleets.

Falcon support

In terms of Falcon support, 2022 saw:

- the French government award Dassault Aviation the seven-year support contract for its Falcon aircraft in September 2022, in partnership with Dassault Falcon Service and Sabena Technics at the Villacoublay base,
- the network of maintenance centers, now comprising more than 60 sites worldwide:
 - in 2023, a maintenance hub will open in Dubai, while in 2024, maintenance centers will open in Melbourne (Florida) and Kuala Lumpur,
 - the Wilmington site has ceased operating.

The sanctions imposed on Russia have taken a toll on the maintenance center business in Europe.

- the resumption of in-person seminars worldwide,
- continued support for our customers through the Falcon Response offering, with two dedicated Falcon 900,
- preparation for the entry into service of the Falcon 6X within our global network of maintenance centers and with CAE for the training of mechanics and crew,
- continued engineering activities to support aircraft in service and to develop the Falcon 10X.



1.6. Research and development

Most of our research and development focuses on the development of the Falcon 6X, the Falcon 10X and the Rafale, particularly its future standards, and the FCAS.

The Group is also keen to improve existing products and pave the way for future products, continually striving to reduce environmental impacts while offering its customers increasing levels of service and efficiency with unparalleled safety.

Dassault Aviation is involved in the European Clean Sky 2 project and the Clean Aviation program, which will get under way in early 2023. Dassault Aviation is coordinating a project on the technical principles of requirements and how to comply with the future regulations needed to certify disruptive aircraft with a view to decarbonizing air transport.

Since 2008, Dassault Aviation has also been a member of CORAC (COncil pour la Recherche Aéronautique Civile – the French Civil Aviation Research Council), under the aegis of which leading manufacturers have drafted plans as part of the “France 2030” investment plan, which replaces the “France Relance” recovery plan.

Within these European and national frameworks, we are actively working on developing technologies to improve environmental performance. In addition, Dassault Aviation is committed to working with regional ecosystems, mainly around its various facilities, with the support of the European Regional Development Fund (ERDF). Projects include composite technologies in the Nouvelle-Aquitaine region and additive manufacturing in the Auvergne-Rhône-Alpes region.

More specifically, this research and innovation work includes technological development projects and concepts such as:

- reducing the weight of primary structures with new materials and processes (new metal alloys, composites),
- reducing the weight of certain equipment and additional components (metal additive manufacturing, thermoplastics),
- consolidating the principles of design and manufacture of surfaces with increased laminar flow and performance, achievable due to the drag reduction thus obtained,
- exploring how the flight controls can control a wing which is more elongated and therefore more efficient, but also more flexible and more prone to flutter,
- the use of Sustainable Aviation Fuels (SAF), which must be compatible with fuel systems and engines when blended with conventional kerosene at high percentage levels, with a view to achieving 100% SAF operation in the medium term,
- optimized flight planning and management to reduce fuel consumption (and therefore CO₂) and optimize take-off and landing trajectories to reduce external noise,
- research into concepts and technologies for the reduction of noise at source, which must not increase aircraft mass and/or aerodynamic drag,
- reduction of pilot workload as part of this optimization process, and development of protective features for piloting systems,
- optimization of the cabin air system to maximize passenger comfort and reduce health risks.

In addition, we are continuing to make a significant effort to increase the efficiency and reduce the environmental footprint from design, production processes and maintenance services by using the tools offered by digital technology:

- co-engineering methods are tested and implemented to ensure the best trade-offs between design, production and support,
- optimization of the entire testing process (new types of instrumentation, processing and data analysis) and hybridization of simulation models and test data should reduce the number of development flight tests and the processing cycle for any adjustments,
- advances in digital technology should make it easier to demonstrate why the aircraft meets the certification criteria,



- optimizing the production cycle involves research into eco-design, new materials, additive manufacturing and waste recycling, and finding alternative solutions for treating and protecting parts from corrosion, such as the removal of chromates and baths in the processes,
- the development of algorithms for automated fleet data processing should increase predictive maintenance capabilities,
- introducing methodologies for learning more effective operating concepts (combat system).

We plan to strengthen our scientific and industrial collaboration on methods and tools for the development, validation, verification and qualification of reliable artificial intelligence (AI) functions. We are already working with the academic community and innovative companies as part of innovation ecosystems such as the one organized during the Man-Machine Teaming (MMT) advanced study program, or with technology research institutes coordinating at the national level the European movement for trusted and sovereign AI.

To strike a balance between short-cycle innovations and technological developments over the long term, we are working on architectures that can effectively integrate changes and disruptions, while meeting the highest safety requirements. With our InnovLab process, we are continuing our rapid-application proof of concept (feasibility) demonstrations. Several of them have been launched as part of the network-based innovation process that networks creative laboratory initiatives to foster their collaborative work. We pay particular attention to relationships with a dynamic start-up ecosystem.

Work is continuing at the MOLIERE joint research laboratory with two universities on innovative functional materials for aviation. Initial results are promising and additional support has been received from the AID (Agence d'Innovation de Défense – French Defense Innovation Agency) since early 2022.

1.7. Transformation plan: “Leading Our Future”

The “Leading Our Future” transformation plan aims at modernizing our infrastructure, methods and processes to improve our competitiveness, develop, produce and support aircraft with reduced cycles and costs, and better meet the expectations of our current and future civil and military customers by drawing on the know-how of the Company's employees.

Thanks to the investment made in the Leading Our Future plan, we were able to put in place the new methodological framework, new collaborative platforms and modernized infrastructure and facilities. Some programs in development and in service are already using these assets.

Using this framework, we will continue developing the Company's transformation plan in order to meet our target of achieving supply chain continuity in all our processes and business lines until our products and services are delivered to customers.

Continuity:

- between the different business lines involved in the value chain,
- between the different processes equipped,

via a reference data model that supports all stakeholders (internal and external) and provides daily management indicators.

With this transformation plan, the Company can meet today's challenges while preparing for future. It is based on:

- employee training and guidance,
- enhanced methods using digital technology in particular,
- modernization of our production facilities.

The digital transformation is continuing with:

- the pursuit of the implementation of 3DEXperience,
- the Sovereign Cloud – implementation of the Dassault Systèmes 3DEXperience Cloud solution as part of the RAVEL and FCAS support contract programs, and further development of the 3DEXperience™ Big Data Dassault Aviation/Dassault Systèmes platform, which in 2022 opened up to users from the French Air and Space Force, particularly for RAVEL,
- Data Act – action by the European Commission which will enable us to protect our intellectual property and prevent cyber risks,
- SAP Production rolled out at all sites in France (except Istres).

In 2022, we continued our efforts to modernize production facilities, particularly to ensure the ramp-up of our production lines and to accommodate the first testbed facilities and first parts to supply the Falcon 10X assembly line:

- Argonay: production of the first parts for the Falcon 10X using additive layer manufacturing (ALM). For this production line, integrated teams from the engineering department and industrial operations ensured that overall product performance and production schedules were optimized,
- Cergy: the production schedule envisages delivery of the building in the second half of 2023,
- Martignas: finalization of the building for assembly of the Falcon 10X wingbox in 2023,
- Mérignac: new buildings and transfers of production from Biarritz to Mérignac are under consideration,
- Istres: expansion plans to accommodate the Falcon 10X are under way,
- Seclin: inauguration on September 23, 2022 of the plant extension (the site furthest upstream in the industrial cycle: ultra-modern facilities and improvement of the environmental footprint),
- Saint-Cloud: renovations are in progress.

1.8. Total quality

The objective of the Dassault Aviation's total quality is to ensure right from the start that the quality of our products and services fully meets the expectations of our customers.

Delivering quality products and services also contributes to the safety and airworthiness of our aircraft.

In 2022, an organization was set up to manage Corporate Social Responsibility (CSR) in order to strengthen our approach in view of the challenges facing the Company and the associated risks. It brings together the actions identified by the CSR policy and actors from the various business lines involved in the projects selected. This organization will be responsible for environmental activities, striving for continuous improvement in the environmental performance of our products and operations. We are also committed to workplace health and safety, with the aim of ensuring a high quality, safe and healthy work environment for the Company's employees.

Total quality objectives are shared with all Dassault Aviation employees. Achieving them is possible because people at the company embody the culture of quality, and because our efficient management and quality assurance system is universally applied.

Thanks to its integrated management system, Dassault Aviation holds the following certification:

- ISO 9001, EN 9100 and AQAP 2110, for the development, production and maintenance of our products and services,
- ISO 14001, for the environment.

In addition, it has successfully passed the 2022 certification follow-up audits by Bureau Veritas.



The Company's organization and management system have also allowed it to hold design, production and maintenance airworthiness approvals for its civil and military aircraft. These approvals, which were issued by the French, British, European, American and Chinese airworthiness authorities, are a recognition of Dassault Aviation's ability to design, produce and maintain civil and military aircraft in compliance with the airworthiness requirements applicable to us.

This year, to support new developments, production and support for our aircraft in service, we strengthened our approach to quality assurance and problem-solving through:

- APQP (Advanced Product Quality Planning), which encourages collaborative work and focuses, very early in the process, on the management of product and process risks,
- trouble-shooting methods that diagnose problems and ensure that corrective and preventive measures are taken (8D/9S methods, QR-QC (Quick Response – Quality Control),
- monitoring and support for suppliers in difficulty.

2. RISK FACTORS

This chapter describes the main risks to which the Dassault Aviation Group is exposed. Some of the risks listed are covered in the Non-Financial Performance Declaration (“NFPD”) in Chapter 4 of this report.

The Group is exposed to various risks and uncertainties which may affect its activities, reputation or ability to achieve its objectives.

These various factors are taken into account using a comprehensive risk management system in order to:

- continually identify the sources of risk at the earliest possible opportunity so that the consequences can be better managed,
- map the risks each year across all of the Group’s functions, under the aegis of the Corporate Risk Committee.

The risks described are the most significant net risks, categorized by residual importance (high/medium/low) following measures to mitigate them. For each risk, its impact is combined with its probability of occurrence or its short/medium/long-term nature.

SUMMARY OF MATERIAL RISKS

| Exposure to risk | Identified Risk | Risk Category |
|------------------|--|--|
| High | ○ Dependence on supply chain | Operational risks |
| | ○ Program management | Operational risks |
| | ○ Cyber risks for IT systems | Operational risks |
| | ○ Security risks | Operational risks |
| | ○ Global economic and geopolitical environment | Economic and Market risks |
| Medium | ○ Markets | Economic and Market risks |
| | ○ Risks related to personnel | Operational risks |
| | ○ Environmental risks | Operational risks |
| | ○ Corporate social responsibility | Reputational, regulatory and legal risks |
| | ○ Protection of intellectual property | Reputational, regulatory and legal risks |
| | ○ Market (exchange rate risk) | Financial and market risks |
| Low | ○ Implementation of Make In India | Operational risks |
| | ○ Compliance | Reputational, regulatory and legal risks |
| | ○ Financial (liquidity and treasury; loans and counterparties) | Financial and market risks |
| | ○ Inadequate coverage | Insurance |

2.1. Economic and market risks

Market risks

The recovery of the civil aviation market, which began in 2021, became more concrete in 2022, driven by the modernization of our range and the expansion of our network of service centers. However, the situation looked more uncertain in the second half of 2022 (developments in the Ukraine conflict and the global economic situation), with a downturn in the pre-owned market toward the end of the year potentially jeopardizing the recovery. In addition, some entities in our maintenance network in Europe have been significantly affected by the loss of Russian customers. Our operations in Russia, our Moscow office and the DFS maintenance subsidiary have stopped doing business.

In the highly competitive civil aviation market, our competitors continue to benefit from favorable economic factors and flexibility due to their location in the dollar zone.

To address this, we are pursuing our efforts to innovate and expand our Falcon range, as well as streamline our production and reduce costs.

In addition, mindful of our customers' carbon footprint, we are fully engaged with the industry's commitments to the environmental transition, following the Paris Agreement on carbon neutrality by 2050. Our strategy includes the use of sustainable alternative fuels, the production and distribution network of which is expanding. In the short term, we are continuing to look at optimizing aircraft already in operation, as well as researching innovation solutions for our projects. In the medium term, Dassault Aviation is taking into account the tightening of French and European environmental regulations associated with climate change (measures adopted are detailed in Section 4.7). This complex regulatory environment could potentially lead to risks of competitiveness and distortion of competition.

In the defense sector, the export situation is benefiting from the geopolitical context. The search for Rafale contracts remains an ongoing challenge to synchronize production, while the launch of demonstrators remains essential for future programs.

Risks related to the global economic and geopolitical environment

The nature of Dassault Aviation Group's business exposes it to risks related to the uncertainties and volatility of the global economy, as well as political instability. The war in Ukraine, which Russia started on February 24, 2022, triggered a major crisis in the aviation sector, leading to shortages and putting significant pressure on supplies. The risk is that it could have a lasting impact on the Company and its partners, sub-contractors and customers. The regulations adopted by the European Union and the United States are strictly enforced by the Company, especially the ban on commercial transactions and the restriction on financial transactions with sanctioned persons or entities.

The Group generates a significant part of its business from government customers, and particularly from defense contracts. Public spending on these types of contracts depends on political and economic factors, which are likely to influence opportunities.

In the field of business aviation, customers are sensitive to the global economic situation and their financing capacity may depend on it.

2.2. Operational risks

Risks of dependence on the Supply Chain

The contribution of suppliers makes up a significant part of our products. As a result, supplier performance (price, quality and lead time) feeds into the Group's performance, and the failure of a supplier could jeopardize our programs and deliveries.

As our production depends on an adequate supply for our production lines, any instability or supplier default could lead to significant disruption, delays, or even production line shutdowns.

In 2022, the structural and financial consequences of the various crises were acutely felt by our suppliers. This represents a major risk, exacerbated by the ramp-up in our production and in the aviation sector more generally.

The two Covid-19 crises and the Ukraine conflict have led to significant pressures on supplies. Added to the current difficulties (repayment of state aid, restructuring, actual or potential shortages of certain components and raw materials, increase in the cost of money and energy) are efforts to decarbonize and the increasing risk of cyber attacks. These factors significantly weaken the supply chain.

Similarly, any delay or failure by our partners or suppliers in terms of development could pose major risks for our programs under development.

There are different kinds of supplier risk:

- structural risks (financial soundness or changes in equity ownership),
- operational risks (technical failures, quality issues, supply disruptions, delivery delays, cyberattacks, etc.),
- compliance risks (legal, regulatory, etc.) and export bans,
- global risks (geopolitical, natural disasters, pandemics, etc.).

These risks are addressed during Supplier Risk Committee meetings, which examine suitable preventive or corrective measures to meet the needs of our production lines.

Risks related to program management

The timescales required for the development and production of our products, the complexity of aviation technology, our safety requirements and the existence of long-term contractual obligations expose our programs to risks that it is essential to manage in order to meet our schedules and customer commitments and thus protect our net sales.

As an industrial architect and integrator, we must manage a multitude of partners and suppliers while observing technical, legal and financial constraints, particularly in relation to contracts involving transfers of technology.

Our R&D investments, technical and technological choices, and program innovations must satisfy our customers' long-term operational needs and expectations, while integrating the requirements of increasingly stringent environmental emission standards for civil aircraft (noise, NOx, CO₂, etc.).

To adapt to the market environment, we need to have flexible and responsive production lines, including within our supply chain, to ensure that our potential is in line with our production commitments and that we can cater to customer demand.

Since 2020, the implementation of our programs has been affected by successive Covid-19 crises followed by the Ukraine conflict, leading to increased economic and calendar risks.

Cyber risks for IT systems

Since 2020, the cyber exposure of companies has increased and the risk of attacks has become much greater for the Group and its supply chain in particular.

Since any IT system failure can result in data loss and business disruption, the Group has procedures in place and has taken steps to protect itself against the risk of its IT systems being attacked.

Because the human factor is a major issue in cybersecurity, regular efforts are made to raise awareness and remind employees and partners of the need for vigilance.

Our surveillance and protection systems are continually being adapted at Group level in response to the changing threat. Communications infrastructure and systems have evolved in view of the need to work and interact online within a secure environment. The safeguards put in place and the architecture adopted by the Group have protected us from the main threats.

Our recovery plan in the event of system shutdown is tested annually to ensure the continuity of our operations.

Effective IT protection also requires all sub-contractors in the supply chain to have robust systems. To that end, an agreement was signed at the end of 2019 between the French Ministry of Armed Forces and the defense industry, calling on the latter to supply the armed forces with equipment that is more resistant to cyberattack.

The Group has also factored in the changing threat to onboard systems, the services offered to our customers, and our production facilities.

Security risks

The alert level in France and abroad remains very high. The Company has remained and will continue to remain extremely vigilant against this threat, since in the current geostrategic context, damage to our reputation, our industrial operations and the use of our fighter jets could seek to undermine national military sovereignty.

The Group's personnel and its industrial, technical and scientific assets are safeguarded by systematic site access control procedures, physical protection systems, operational assessment of suppliers and a "security" step in the recruitment process. The blurring of private and work lives caused by the organizational changes put in place since 2020 has prompted greater awareness about the importance of protective measures.

The security risk is also addressed by protecting our IT systems. The gradual introduction of remote working has significantly increased exposure to the risk of industrial espionage, particularly through attempts to steal data by phishing or other Trojan horses.

Employees are made aware of the cyber risk and radicalization in the workplace, as well as procedures to remind "travelers" of the precautions necessary for a safe trip.

Risks related to personnel

Risks related to the Group's attractiveness and the development and retention of talent (see NFPD)

The Group's performance is highly dependent on its ability to recruit, retain and grow the talent necessary to manage and develop programs. The loss of our technical skills is a risk as they are our main asset and guarantee the quality expected by our customers.

The competitive environment requires the adaptation and continuous improvement of our organizational structure. Dassault Aviation has implemented a variety of support and training initiatives with its employees for all projects in its Transformation Plan.

Risks related to occupational health and safety (see NFPD)

The activities of the Dassault Aviation Group can lead to various situations in which the health and safety of its staff could be at risk. A systematic policy of reducing occupational risks and improving working conditions has been in place for several years. The measures taken are described in Section 4.6.

Risks related to social movements

The persistence of inflation and the retirement reform project are causing a widespread social risk in France. Social tensions could have an impact on our production.

Environmental risks

The Group complies with the national and international regulations applicable in the countries in which it operates, as well as standards relating to the environmental performance of its products and activities.

Risks of pollution or damage to the environment

In terms of environmental risk control, the Environmental Management System (EMS) includes a risk analysis deployed in Dassault Aviation facilities and in its major subsidiaries.

No court has ever found the Group guilty of pollution or ordered it to pay compensation to repair damage caused to the environment. In 2022, the Group did not have to recognize any environmental liabilities.

The preventive measures taken are described in §4.7

Regarding the environmental risk of classified installations, Dassault Aviation is only required to provide financial security for one of its facilities (Decree No. 2012-633 of May 3, 2012).

Risks related to the consequences of climate change (see NFPD)

Due to its geographical location, the Group has low exposure to the physical consequences of climate change, whether for its industrial sites or supply chain, which are mainly European and North American. The Group's only facility exposed to the risk of tornadoes, in Little Rock, Arkansas, has put in place a business continuity plan.

The fight against climate change is one of the European and national strategic ambitions, with a target of net zero carbon emissions by 2050 and ambitious intermediate targets in 2030 and 2040. The International Civil Aviation Organization (ICAO) has adopted those targets in environmental standards incorporated into our product design requirements. This allows us to mitigate the transition risk associated with climate change.

The measures taken are described in Section 4.7.

Risks related to the implementation of Make In India

The Group launched Make in India in view of the offset obligations linked to India's contract for the purchase of 36 Rafale. Our Nagpur plant delivers fuselage sections for the Falcon 2000 and Rafale parts.

The growth of the business, which has been significantly affected by the crisis situation in recent years, also depends on our local supply chain extending to new suppliers.

2.3. Reputational, regulatory and legal risks

2.3.1. Corporate social responsibility

The Group may be exposed to potential risks resulting from its products, activities or practices. To protect itself from risks that could have a lasting impact on its image, the Group has put in place organizational measures and tools consistent with the risks identified. It has also established various operating procedures and issued guidance on best practice. These measures form part of its strategy on corporate social responsibility.

Most of these risks are regulated, and some are included in the Non-Financial Performance Declaration ("NFPD") in Chapter 4 of this report.

2.3.2. Compliance

The nature of the Group's business means that it is subject to an extremely diverse and continually changing legal and regulatory framework with increasingly stringent requirements:

- in terms of product airworthiness, with aircraft program developments being regulated at the national, European and international level,
- in terms of employees (see §4.5) and the protection of personal data;
- in terms of the environment and occupational health and safety (see §4.6);
- in terms of customs, economic, ethics, tax and financial regulations.

Other regulations, at times extra-territorial in nature (particularly from the United States), create additional constraints and uncertainties (embargoes, restrictive financial and/or commercial measures, ITAR, ethics, etc.).

This complex regulatory environment has the potential to cause compliance risks and risks of obsolescence (particularly among certain suppliers and sub-contractors, with the associated costs and lead times), competitiveness or distortion of competition.

To mitigate this risk, the Group has established a compliance program to ensure strict compliance with laws and regulations.

2.3.3. Protection of intellectual property

Innovation has become an essential tool to guarantee the success of the Company's products.

The protection of Dassault Aviation's intellectual property and know-how, principally via secrecy, patents, copyright and trademarks, is a major challenge in the protection of its assets. In particular, Dassault Aviation uses intellectual property rights to protect its technology, to prevent competitors from using that protected technology, and to remain competitive. Regarding the FCAS/NGF contract, the Company has sought to guard against the risk of technology leakage.

Dassault Aviation has always focused on protecting its innovations and its know-how through confidentiality. Employees are encouraged to take the necessary measures to avoid any inadvertent disclosure. Some of our innovations remain secret and evidence of their creation is produced, if necessary. Other innovations are patented, particularly in the context of the Company's civil and military programs.

The portfolio of Dassault Aviation patents continues to grow. It comprises French or foreign patents filed in strategic countries. Trademarks are also filed regularly to protect the names of the Company's leading products and services in the countries where it operates. Awareness-raising sessions focusing on intellectual property and confidentiality are organized for the employees concerned to ensure they are able to actively protect technological assets.

Employees are encouraged to create inventions through a pay policy that has been tailored accordingly. An "Intellectual Property Committee" meets regularly to decide on the necessary protections for the Company's strategic inventions.

2.4. Financial and market risks

Financial risks

Cash and liquidity risks

The Group investment portfolio is primarily composed of time deposit, debt securities and others securities with no significant risk of impairment.

Treasury and investment portfolio allow the Group to face its commitments without liquidity risk.

Credit and counterparty risks

The Group performs its cash and foreign exchange transactions with recognized financial institutions. It divides its investments and bank accounts among the various selected institutions.

The Group limits counterparty risk by conducting most of its sales in cash and ensuring that the loans granted to a limited number of customers are secured by export insurance guarantees (Bpifrance Assurance Export) or collateral. The manufacturing risk is also guaranteed with Bpifrance Assurance Export for major military export contracts.

Additional information is available in Notes 8 “Trade and other receivables” and 24.2 “Management of credit and counterparty risks” to the consolidated financial statements.

Market risks

Foreign exchange risks

The Group is exposed to a foreign exchange risk through the Parent Company’s Falcon sales, which are virtually all denominated in US dollars. The Parent Company’s foreign exchange risk is partly hedged by its purchases in dollars, and partly by the use of forward currency contracts and options⁽¹⁾. This risk is permanent, taking into account exchange rate fluctuations and volatility. This is a significant risk for the Group, since the measures put in place to limit this risk are not sufficient to make the net risk zero (periods not covered by hedges, possible financial impact of hedges already taken in the event of reversal of market assumptions).

(1) A sensitivity analysis of the hedge portfolio can be found in Note 24.3 “Management of market risks”.

For the sale of our military aircraft, movements in the dollar exchange rate can affect our competitiveness, since we are compared to our competitors in this currency.

Embraer shares

The Parent Company owns Embraer shares. Embraer is listed on the Brazilian market and is stated in the Group’s financial statements on the basis of its market value at the balance sheet closing date, in Brazilian reais converted into euros. The value of the shares may therefore fluctuate according to the exchange rate between these two currencies.

In addition, the Group is exposed to a risk related to fluctuations in Embraer’s share price. A sensitivity analysis can be found in Note 24.3.4 “Risks related to Embraer shares.”

2.5. Insurance

The Legal Affairs and Insurance Department implements the risk transfer policy of the Dassault Aviation Group defined by the Executive Management.

Coverage of all the risks generated by the aeronautical activities of Dassault Aviation and its subsidiaries (work-in-progress, changing aircraft, civil liability after delivery, maintenance and logistical support, etc.) constitutes the largest item of the insurance budget.

Coverage is obtained from a broad panel of insurers and reinsurers that specialize in the aviation industry and offer high solvency margins to ensure they are able to handle any long-term claims.

The Group’s sites, as well as its industrial facilities, are insured for fire and other risks.

The Legal Affairs and Insurance Department oversees a regular audit program of the Group’s sites. It disseminates the risk prevention and industrial facilities protection policy to reduce the frequency and intensity of accidental risks. To do this, it relies on the specialized engineers of the property damage insurer.

Other programs are purchased in order to reduce risks not related to aviation activity: general civil liability, environmental damage, the fleet of vehicles, construction sites including assembly and testing and the civil liability of corporate officers and directors.

The Legal Affairs and Insurance Department ensures that the Group's insurance coverage constantly adapts to changes in its structure and business, especially in the context of the Transformation Plan "Leading Our Future," recent acquisitions in aircraft maintenance and in support of its international developments.

Dassault Assurances Courtage and Agence Aéronautique d'Assurances are involved in the placement of risks. Dassault-Réassurance handles the subscription of reinsurance portions for the Group's aviation and fire risks.

3. INTERNAL AUDITING AND RISK MANAGEMENT PROCEDURES

3.1. Internal auditing objectives

The purpose of the internal auditing procedures set up in our Company is to:

- ensure that the conducting of operations and management actions, and the behavior of staff fall within the framework defined by Executive Management, applicable laws and regulations, and our Company's internal values and rules,
- verify that the information provided and communications addressed to the Board of Directors and to the General Meetings are reliable and give a true and fair view of the Company's activity.

One of the main purposes of the internal auditing system is to anticipate and control the risks resulting from the Company's activity and risks of error or fraud, particularly with respect to finance and accounting. However, as with any control system, it cannot provide absolute assurance that these risks have been totally eliminated.

3.2. Environment and general organization of internal auditing

Internal auditing reference documents

The Company's internal auditing is guided by the following reference documents:

- the Quality Manual, which describes the Company processes,
- the Organization Manual, which describes the tasks and organization of each department,
- the economic and financial data management procedure described in the Quality Manual for accounting and financial activities,
- an Anticorruption Code and an Internal Alert Procedure complete the processes that already exist,
- a Supplier Vigilance Plan.

Dassault Aviation also draws on the AMF reference framework of July 22, 2010.

Internal control activities are performed by each and every department.

Control of subsidiaries

The Parent Company maintains an effective presence on the Boards of Directors and management bodies of its subsidiaries.

Periodic directors' reports are prepared by each subsidiary for the Parent Company.

Internal auditing

Attached to the Total Quality Management Department, the Internal Audit and Risk Department is tasked with assessing risk management and internal auditing processes.

The Internal Audit and Risk Director reports to Executive Management on the results of the audits and the recommendations implemented. The Internal Audit Director also presents the Internal Audit plan to Executive Management for approval prior to its implementation.

The Audit Committee meets with the Internal Audit and Risk Director and examines the Group's major risks, the audit plan and the findings of the audits.

External auditing factors

The Company operates in a particular external auditing environment due to its French government contracts and aviation activity:

- the calculation of our cost price components (hourly rates, procurement and non-production expenses) as well as the cost prices of our activities related to French government contracts are examined by the French Defense Procurement Agency (DGA),



- in the field of military aviation, product monitoring, our acknowledgment of design skills and our acknowledgment of skill in the production of Rafale for Export is overseen by the DGA,
- the Company, in the field of civil aviation, possesses design, production and maintenance certifications. These certifications are subject to ongoing monitoring by the airworthiness authorities that have issued them:
 - the French Civil Aviation Authority (DGAC),
 - the European Aviation Safety Agency (EASA),
 - the Federal Aviation Administration (FAA),
 - Other foreign authorities.

The Parent Company and its subsidiaries DFJ and DFS are EN 9100-, ISO 9001- and ISO 14001-certified. Audits conducted in 2022 by outside organizations confirmed the compliance of our management systems with the requirements of the standards.

3.3. Risk management procedures

The risk management organization detailed in Chapter 2 of this report is based on a risk mapping updated by each of the Company's major departments and primary subsidiaries of the Group for the activities that concern them.

Each of the risks identified in this mapping, whatever its nature, has been assessed according to its seriousness and its frequency of occurrence. The procedures for handling risks are also recorded in this mapping.

The risk management procedures are defined and applied by the departments of the Company.

In particular, Program risk control at Dassault Aviation is performed through regular risk reviews organized by the Program Departments with the Operational Departments.

Risks are monitored at the various stages in a product's life cycle for various reviews. The purpose of these reviews is to identify new risks and monitor and reduce existing risks.

The Total Quality Management Department, through the Internal Audit and Risk Department, notifies Executive Management of risks by transmitting the list of most critical risks identified.

Finally, the Risk Committee's mission, based on risk mapping and a campaign of interviews with all Departments, is to:

- validate the identified risks, their classification and the risk reduction actions carried out,
- ensure that new risks are identified, taken into account and their financial impacts measured.

To this end, the Committee conducts interviews with senior directors of the Company who are responsible for updating the risk map.

The Committee also ensures that the risk management system is taken into account in its subsidiaries.

It is chaired by the Senior Executive Vice President, Total Quality, assisted by the Director of Internal Audit and Risks, secretary of the Committee, and reports to the Executive Management.

3.4. Internal auditing procedures for financial and accounting purposes

Organization of the financial and accounting function

This function, described in the Quality Manual, is managed by the Finance Department for both the Parent Company and Group consolidation. This aforesaid function consists of:

- validating and auditing the Company's financial and accounting information system, implemented by Information Systems General Management,
- updating the consolidation software configuration used by the Parent Company and its subsidiaries.

General references

The financial statements are prepared in accordance with:

- the accounting standards applicable to French companies:
 - Accounting Standards Authority (ANC) Regulation 2014-03,
 - subsequent opinions and recommendations of the ANC.
- the international standards for the measurement and presentation of IFRS financial information in force as of December 31, 2022, as adopted by the European Union, which must be applied for fiscal periods beginning on or after January 1, 2022, for the consolidated financial statements,
- the operating and control procedures described in the economic and financial data management procedure, supplemented by the special procedures for the preparation of company and half-yearly financial statements of the Parent Company and the Consolidated Group. These procedures and the IT applications used by the finance and accounting department are regularly reviewed by the Statutory Auditors in connection with their annual certification of the financial statements.

Financial and accounting information process

In 2022, the Finance Department centralized the accounting data and produced the financial statements for the Parent Company and the Group.

It distributed a schedule of the tasks and controls to be performed at each period-end to the relevant persons in the Parent Company and subsidiaries. This schedule indicated the start date for the Statutory Auditors' certification procedures at approximately six weeks prior to the Board meeting at which the financial statements are submitted for approval.

In parallel, the reports and financial statements are checked by a review committee, independent of the teams participating in the drafting of these documents.

3.5. 2022 actions

The Internal Audit and Risks Department and the Total Quality Management Department continued to monitor the internal audit procedures for all parties involved by using the risk mapping that was updated during the year.

They performed the audits in order to verify the proper application of the internal auditing procedures.

3.6. 2023 action plan

For 2023, the Internal Audit Department and the Total Quality Management Department are tasked with continuing the audits that ensure oversight of internal controls and risk management, and the proper application of procedures.

4. NON-FINANCIAL PERFORMANCE DECLARATION (“NFPD”)

4.1. General Policy and Sustainable Development Goals (SDGs)

Since joining the United Nations Global Compact in 2003, Dassault Aviation has committed itself to an active Corporate Social Responsibility (CSR) policy. This policy, which has been enhanced over time, demonstrates the Group’s commitment to its employees, environment and suppliers.

Built on current CSR issues and backed by industry standards and rules, Dassault Aviation’s CSR policy is built on five pillars.



With this approach, Dassault Aviation is putting the social, environmental, and societal aspects of its business first.

The commitments thus made at the Group level reflect the sustainable development challenges adopted by the UN in 2015. The actions taken in this respect mostly contribute to 8 of the 17 Sustainable Development Goals (SDGs).

Contribution of the Dassault Aviation Group to the Sustainable Development Goals

PEACE, JUSTICE AND STRONG INSTITUTIONS

The zero tolerance policy, the strengthening of procedures and resources for fighting against corruption characterize our search for rigorous business ethics.

CLIMATE ACTION

The innovations made by Dassault Aviation's teams on its activities and products, both on technological research and optimization of flight or on SAF use, contribute to reduce the air sector impact on the climate.

GOOD HEALTH AND WELL-BEING

The Dassault Aviation Group, through its CSR policy, is committed to the well-being of its employees, the workplace conditions improvement and the occupational risks reduction.

GENDER EQUALITY

Convinced that diversity is a major issue and a performance factor for the company, we affirm our commitment to promote diversity and gender equality at work.



4.2. CSR organization

Following on from the changes in 2021, Dassault Aviation adapted its organizational structure in 2022 with the creation of a Group CSR Department, responsible for defining a CSR policy based on the main issues and risks identified and for overseeing its application.

The CSR Department relies on a network of CSR officers assigned to each department of the Parent Company and each Group subsidiary.

4.3. Listening to the Company's stakeholders and meeting their expectations

Listening to external and internal stakeholders and meeting their expectations is of fundamental importance for Dassault Aviation.

One of our chief concerns is listening to our customers; trade shows and customer days are an opportunity to do precisely that.

Events are also held regularly with our shareholders and suppliers.

We are actively involved in aviation industry bodies both in France (GIFAS, UIMM, AFEP, AFNOR, etc.) and internationally (ICAO, GAMA, EBAA, ASD, IAEG, IAQG, etc.).

We also maintain close ties with the academic community and with students in aeronautical disciplines through the various initiatives carried out (see Section 4.5.1 "Attracting and retaining talent").

Listening to our internal stakeholders is equally important. It is facilitated by meetings of the central or local Economic and Social Committee (CSE), of the central or local Health, Safety and Working Conditions Committee (CSSCT), commissions and thematic committees (economic, training, employment/gender equality surveys, disability, etc.), or at various annual events.

The special relationships we forge with our stakeholders enable us to identify their expectations and factor them into our products, services and CSR policy.

4.4. Identification of non-financial risks




To identify and prioritize non-financial issues and risks, which are the building blocks of the CSR policy, the Parent Company performs a materiality assessment assisted by the network of CSR officers. The assessment includes:

- mapping of the main company risks (see Section 2 Risk factors),
- CSR issues identified for aerospace companies by the Sustainability Accounting Standards Board (SASB),
- a summary of CSR issues identified in a panel of comparable national and international companies in terms of activity,
- a non-financial risk assessment that takes into account the impact of issues for both Dassault Aviation and its stakeholders.

The materiality assessment was updated in late 2022 in view of the new requirements of future European regulations.



Following this identification, the following issues and risks were selected in the Non-Financial Performance Declaration:

| Challenges | Risk factors (risk exposure) | Policies | 2022 key performance indicators (reference 2019) | Sustainable Development Goals (SDGs) affected |
|---|--|---|---|---|
| Attractiveness, employment and skills | Section 2.2 Risks related to personnel (moderate) | Section 4.5 | % of staff trained: 69% |   |
| Health, safety and workplace conditions | Section 2.2 Risks related to personnel (moderate) | Section 4.6 | Frequency rate of work-related accidents: 7.13 (target: 7.50) Severity rate of work-related accidents: 0.39 (target: 0.33) |   |
| Climate change | Section 2.2 Environmental risks (moderate) | Section 4.7.1 Section 4.7.2 Section 4.7.4 | Energy consumption by source: - Gas: -14.2% (target in 2024: -8.0%) - Electricity: -8.4% (target in 2024: -8.0%) Greenhouse gas emissions (scope 1 excluding kerosene and scope 2): -19.2% (target in 2024: -8.0%) |   |
| Traceability and obsolescence of hazardous substances | Section 2.3.2 Compliance (low) | Section 4.7.2 | Number of substituted hazardous products: 405 |   |
| <i>supply chain:</i> customer duty | Section 2.3.1 Corporate social responsibility (moderate) | Section 4.8.3 Section 4.8.6 | % of new suppliers processed: 100% (target: 100%) % of suppliers with potential risks: 0.6% |   |
| Business ethics | Section 2.3.1 Corporate social responsibility (moderate) | Section 4.8.7 Section 4.8.8 | Number of acts of corruption: 0 (target: 0) Number of people trained: 770 (1638 since 2018) |  |

4.5. Offering an attractive and motivating employment model

Contribution to SDGs



The development of the Dassault Aviation Group is based on the quality and commitment of its people. They are its main source of wealth. This principle is enshrined in the Code of Ethics.

| Changes in registered headcount | Headcount as at 12/31/2022 | Headcount as at 12/31/2021 |
|--|-----------------------------------|-----------------------------------|
| Dassault Aviation Parent Company | 9,201 | 8,815 |
| Dassault Falcon Jet | 1,878 | 1,846 |
| Dassault Falcon Service | 556 | 570 |
| Sogitec | 272 | 250 |
| DABS FBO/DABS (formerly TMS) | 434 | 455 |
| ExecuJet | 427 | 435 |
| Total | 12,768 | 12,371 |

| Changes in active headcounts | Headcount as at 12/31/2022 | Headcount as at 12/31/2021 |
|-------------------------------------|-----------------------------------|-----------------------------------|
| Dassault Aviation Parent Company | 8,825 | 8,481 |
| Dassault Falcon Jet | 1,862 | 1,831 |
| Dassault Falcon Service | 500 | 519 |
| Sogitec | 262 | 242 |
| DABS FBO/DABS (formerly TMS) | 416 | 441 |
| ExecuJet | 419 | 405 |
| Total | 12,284 | 11,919 |

More than 97% of the Group's employees are on open-ended contracts.

The geographical distribution of the Group's headcount is as follows:



4.5.1. Attracting and retaining talent

The Group's Companies invest in preparing the talent who will join us after they complete their studies.

To that end, the Group works in tandem with the academic community, focusing on two key areas: training and research.

In this context, the Group's Companies:

- support students during their studies through internships, work-study programs and France's international business volunteer program (VIE – *Volontariat International en Entreprise*). In 2022, the Group's Companies took on 364 interns (25 VIE (*Volontariat International en Entreprise* – International Volunteers in Business)) and nearly 296 work-study students, thus demonstrating our willingness to support the training of young people in our businesses and facilitate their entry into professional life,
- participate in consultations on how to adapt curricula to the medium and long-term needs of the aviation industry. These consultations are carried out within professional bodies such as GIFAS, and with educational institutions and organizations (engineering colleges, universities, vocational high schools),
- encourage their staff to take part in vocational or multidisciplinary courses and examination boards and to supervise technical projects,
- make their recruiters available to educational institutions several times a year to prepare future graduates for recruitment interviews,
- promote an awareness of our business lines by organizing meetings (forums, Group presentations, etc.) and visits to our sites for pupils, students and their advisors (teachers, career counselors, principals, etc.). Targeted actions for middle school and high school students have been carried out to foster diversity within technical and scientific professions.

We also contribute to the general skills development of future technicians, engineers and researchers by creating or participating in teaching and research chairs. This takes the form of financial support, which we supplement with the participation of our experts in the development of educational and research projects for the benefit of the academic and scientific community.

The Indian government-approved Dassault Skill Academy was created in 2018 to develop new training courses in India for the aviation industry. It was designed to be a two-year training course equivalent to the French professional aviation diploma (Baccalauréat professionnel aéronautique). Since the start of the 2019/2020 school year, the training has been based in a public high school in Nagpur (Maharashtra State). Since then, all graduates have been recruited by various aviation companies in Maharashtra and Telangana. The high school teachers were trained by French teachers and are now qualified to take over.

Within higher education, networks of excellence have been set up, forging links between Indian engineering colleges and schools in France in partnership with Dassault Aviation. Under these programs, Indian students are selected from within these schools and come to France to do their final year. An academic semester at one of the Group's French partners followed by an internship at Dassault Aviation is the best way of preparing them for recruitment at DRAL, giving them a taste of the products, tools, processes and the Dassault culture in general.

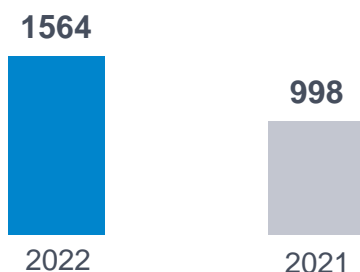
To enhance its employer brand image, the Group has bolstered its presence on social media and become more vocal about its recruitment needs, increasing the number of actions to be more visible at a national and local level.

As a result of these initiatives, Dassault Aviation was ranked once again this year as France's third-best industrial employer of students and graduates in the Industry sector (excluding the automotive and pharmaceutical sectors), according to students and young professionals who have graduated from France's prestigious *grandes écoles* (2022 EPOKA survey in partnership with L'Étudiant & Harris Interactive).

The Parent Company also came fifth in the Universum ranking of the 130 best places to work according to engineering students. This cements the Company's position as one of the top 10 companies as voted for by students at France's leading engineering colleges over the last decade.

Despite the pressures on the job market in 2022, the Group continued recruiting by seeking the best possible match between costs, headcount and skills requirements.

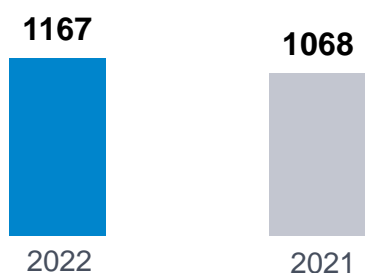
As a result of this policy, 1,564 employees were recruited in 2022.



To facilitate the integration of their new hires, the Group's Companies have put in place programs that explain their business, set-up and operation.

Recruitment and onboarding initiatives are essential. They help prepare for the future and facilitate the intergenerational transfer of skills.

Employees leaving the Group



Among employees leaving the Group, the resignation rate is around 3.2% of the workforce.

4.5.2. Development and transfer of skills

Individual development of each employee is an essential condition of collective success. With more than 69% of employees trained in 2022, the Group has demonstrated its commitment to maintaining and developing its employees' skills.

Vocational training

As a result of the pandemic in 2020 and 2021, the Group's companies opted to significantly expand distance learning in the skills development plan. These measures also address the constraints of geographical dispersion and optimize future skills development for employees. The initiatives took into account the operational needs of the Group's Companies, the development of the roles and technologies, and individual development preferences. Professional training represents 255,365 hours of training.

Dassault Falcon Jet also relies on a tuition assistance plan to enable its employees to join a higher education program that will develop their skills. This program, directly related to the position held by the employee, reflects his or her career development prospects. A total of 329 employees have benefited from this scheme since it was set up.



Skills Conservatory

Dassault Aviation continued the transformation of its skills conservatory, which began in 2017. Alongside the design and implementation of technical modules, the conservatory offers vocational training courses (training courses for assemblers, process planners, pipe fitters, etc.). The conservatory also offers training courses that create synergy between businesses that work together on platforms, such as “Industrialization: from Conception to Completion.” These sessions supplement employees’ initial training with the specific skills necessary to perpetuate Dassault Aviation’s expertise.

Strengthening the Group’s management

Strengthening its management is a priority for the Dassault Aviation Group, which guides the development of its managers throughout their career. The Dassault Institute has continued to develop and hold training courses for the Group’s French subsidiaries. In 2022, 297 Group managers or future managers were trained.

In 2022, DABS launched a program called “Shaping our Future.” This took the form of development workshops based on four pillars: management, communication, culture and values. In total, 80% of managers have benefited from this. The scheme will continue in 2023.

4.5.3. Promoting diversity and equal opportunities

The Group promotes diversity in the workplace and is highly committed to the principles of non-discrimination. Firmly believing that diversity is a major issue and a performance factor for the company, the Group restates its commitment to preventing discrimination and is committed to promoting equal opportunities and treatment in compliance with national regulations.

This commitment is reflected in the signing of company-level agreements in the following areas:

- professional equality between women and men,
- employment and retention in employment of persons with disabilities,
- careers of staff representatives.

Professional equality between women and men

The Group pursues its policy of developing gender balance in the company by implementing actions aimed at improving gender diversity, particularly in the management, technical, industrial and aircraft maintenance professions.

The Group is facing the issue of fewer women enrolling in technical and industrial training courses. The development of scientific and technical careers among women is therefore an important issue.

Various initiatives are aimed at girls in middle school and high school to encourage them to take vocational courses relevant to the aviation sector; Dassault Aviation is a founding member of the association “Elles bougent” (“Girls on the Move”).

On March 8, 2022, Dassault Aviation signed the charter “Féminisons les métiers de l’aéronautique et du spatial” (“Women in the aeronautics and space industry”). Signatories to the charter can share best practices and take part in initiatives organized by Airemploi to showcase career opportunities in the aviation industry and debunk stereotypes and prejudices. By signing the charter, Dassault Aviation has underlined its commitment to gender diversity within the industry.

As a result of the Group’s proactive policy, women made up 24% of all recruits in 2022.

Women account for 18.6% of the Group's workforce, a slight increase from 2021.



The Group also pays particular attention to the training and development of women's careers, helping to promote them to positions of responsibility, particularly in management and senior management.

The Group is also mindful of gender equality in its compensation and promotion policies. The French Companies have a compiled gender equality score of 87 out of 100. This is well above the regulatory threshold of 75.

The Group's French Companies all have an agreement on gender equality and equal pay. Priority is given to initiatives to recruit women in all professional categories and to support their career development so that they can go on to hold positions of responsibility.

Employment and retention in employment of persons with disabilities

The Group continues its policy of recruitment and retention of persons with disabilities. The Group's French Companies all have an agreement on hiring and retaining people with disabilities.

Regular communication initiatives are carried out, particularly with the academic community, local organizations for the employment of disabled people and disability-friendly companies. The Group's Companies participate in specialized forums and organize awareness-raising actions with employees and recruiters.

Dassault Aviation is a member of the association Hanvol, which offers a unique training scheme for the return to work of disabled people with diverse backgrounds and skills but a shared goal: to work in the aerospace sector.

Concrete measures are being taken to modify workstations and to facilitate and encourage formal recognition of the status of employees with disabilities and renewal of that recognition. The Group relies on cooperation between its HR teams, medical professionals from occupational health services, EHS staff and ergonomists to institute the necessary initiatives and arrangements to retain employees with disabilities. The Parent Company has earmarked an annual budget of EUR 400,000 for the period 2021-2023.

In December 2022, an awareness campaign on hearing impairment took place at all nine of the Parent Company's facilities. The campaign featured role plays, quizzes, tests and demonstrations of adaptation solutions to raise awareness about deafness. It was an opportunity to teach employees simple ways to be more inclusive.

The Group is also committed to ensuring that employees with disabilities benefit from the same opportunities for pay increases and career advancement as other employees.

In late 2022, the Dassault Aviation Group employed 578 disabled workers, compared to 510 in 2021. The Group has a disabled employment rate of nearly 6% across the three entities, in compliance with French employment law.

Careers of staff representatives

Dassault Aviation and Dassault Falcon Service are implementing agreements signed in 2019 on social dialog to facilitate the functioning of union organizations and staff representative institutions. More specifically, those agreements provide a career monitoring mechanism for the careers of staff representatives to ensure equal treatment.

Furthermore, the French Companies of the Group give employee representative institutions many additional resources compared to those provided for by law.

4.5.4. Offering attractive compensation and benefits

The Dassault Aviation Group is committed to attracting talent and keeping its employees highly motivated by offering them stimulating projects along with an attractive compensation policy.

This compensation policy rewards and inspires loyalty among its employees, while adapting to the economic situation and the economic environment to maintain the Group's competitiveness in a highly competitive market. Employee retention is illustrated by the average length of service of 14 years.

The average annual salary of Group employees in 2022 was EUR 60,769.

The average annual gross salary for a non-managerial employee is of EUR 37,781 in 2022, which is 1.9 times the French minimum wage (SMIC). To this is added any team bonuses and overtime (or other...) which represent on average nearly 10% of the salary.

Dassault Aviation has a redistribution policy that is fully in keeping with its value-sharing philosophy. Dassault Aviation has chosen not to have a share award policy; instead it has opted for a direct contribution to the company's performance through an attractive redistribution policy based on profit-sharing and incentive schemes. The Group's French Companies have signed profit-sharing opt-out agreements and particularly advantageous incentive agreements, enabling employees to have a share in the profits. In all, 78% of the Group's employees benefit from these schemes. The amounts awarded over the last five years have represented on average 3,1 months of salary for the employees of Dassault Aviation Parent Company.

The average annual salary of the Group's French Companies, including profit-sharing and incentives, was EUR 68,894. For Dassault Aviation, minimum wage is at EUR 36,743, including the Profit-sharing policy paid in 2023 relative to 2022, and EUR 34,494, including the Profit-sharing policy paid in average for the last 5 years.

These companies also promote employee savings by offering company savings plans with a wide choice of investments, as well as a group pension plan.

In 2022, almost 68% of employees in the Group's French subsidiaries received a bonus to boost their purchasing power, taking into account rising inflation and energy costs. These bonuses have represented a total amount of 4 million euros.

The Group offers all its employees medical cover.

In addition, the new collective agreement for the metallurgy sector signed on February 7, 2022 between the UIMM, CFDT, CFE-CGC and FO brought forward the effective date of the change in social protection and the contributions structure to January 1, 2023. In September 2022, the Company signed a new agreement on supplementary pension provision with unanimous support from the representative trade unions. With the increase in employer contributions, this agreement offers:

- a significant improvement in benefits;
- harmonization of benefits regardless of employee status;
- a reduction in employee contributions;
- the creation of a Dassault Aviation social action fund.

The Group's French Companies paid more than EUR 28 million (i.e. more than 5% of the payroll) to the social and economic committees at their facilities, enabling employees to enjoy numerous social and cultural activities. The budget will also fund various sports associations for the benefit of all employees who want to play sports or do physical exercise.

4.5.5. Constructive employee relations

The Group has an employee relations policy which is built on trust, compromise, and mutual respect.

Trade unions representing the professional interests of employees are present in all French subsidiaries and DFJ Do Brasil. They cover more than 79% of the Group's workforce.

In Group entities with employee representative bodies, regular negotiations give rise to constructive social dialog based on the search for collective agreement.

In 2022, 22 agreements and amendments were signed. These covered topics such as working hours, pay, pensions, gender equality, profit-sharing, incentives and permanent part-time work.

Regular constructive discussions with the social partners mean that any crises that the Group faces can be dealt with. The Covid-19 crisis had a particular impact on 2020 and 2021. In 2022, talks continued with the social partners on the consequences of the pandemic and the introduction of the energy saving plan imposed by national governments at a time of global conflict.

This social dialog within the Group helps to maintain a climate conducive to the proper functioning of the Companies. For the French Companies, more than 120 meetings were held between the Management and members of the social and economic committees and more than 40 meetings between the Management and the Health, Safety and Working Conditions Committees. Social dialog is also expressed at joint committee meetings during which plans for the organization of the Group's Companies, questions of employment and gender equality, and issues around health, safety and working conditions are discussed. This social agenda provides a framework for employee relations and allows staff representatives to stay up to date on the issues facing the Group.

In addition, some Group entities that do not have staff representatives have set up direct communication channels with senior management.

4.6. Ensuring a high-quality, safe and healthy work environment

Contribution to SDGs



4.6.1. Fostering an effective culture of prevention throughout the company

The Group continued developing a safety culture in 2022, in line with the CSR policy defined in 2020. This involves the sustainability of practices and tools that promote proactive management of occupational safety and health and the training and awareness of prevention actors.

Since 2022, the Parent Company has had a fully operational environment, health and safety (EHS) training course for new managers, consisting of four modules. EHS aspects are being gradually incorporated into vocational training courses so that they can be applied in practice.

In this respect, Dassault Aviation has designed an EHS management framework built around four levels of maturity, in line with the ISO 45001 and ISO 14001 standards. Today, the Parent Company is close to reaching level 3 of the framework ("mature"), which was the target originally set for the end of 2023.

In 2022, Dassault Falcon Service became ISO 45001 certified.

4.6.2. Continuing to reduce occupational risks and improve working conditions

Controlling the risk of workplace accidents and occupational diseases means reducing physical and chemical risks.

Actions to manage chemical risk are ongoing. In 2022, projects were carried out to boost collective protection measures, including the installation of bonding booths for canopies and windshields, the use of additional extractor hoods and the improvement of machine suction.

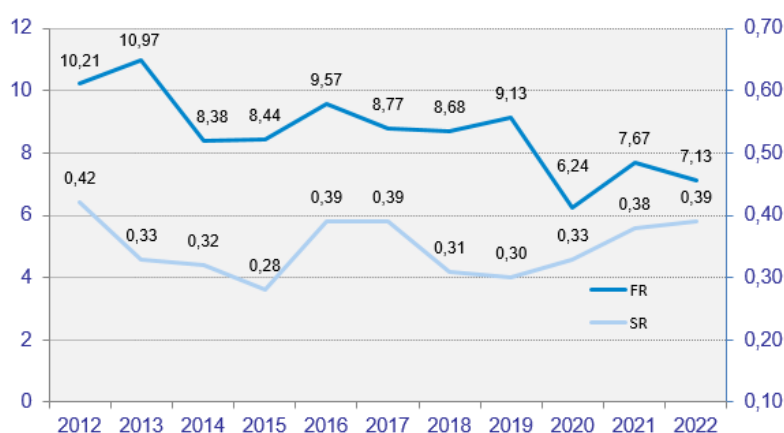
Efforts continued to make working at height and load handling safer, eliminating the risk of falling during operations related to fixed points on aircraft, ensuring that this work is carried out safely on the Falcon production line or on the roofs of buildings, and designing or modifying fixtures and tools to avoid load handling on aircraft production lines.

Group-wide, absenteeism in 2022 was 112,843 days from all causes, compared with 97,186 in 2021, excluding maternity and parental leave.

The number of work-related accidents with lost time was 140 in 2022. The corresponding number of days lost was 7,737 days.

The Group frequency rate¹ (FR) fell from 7.67 to 7.13 in 2022.

The severity rate² (SR) rose from 0.38 to 0.39.



¹ The frequency rate represents the number of accidents with lost time of more than one day that occurred over a 12-month period per million hours of work.

² The severity rate represents the number of days lost per 1,000 hours worked

In 2022, 15 occupational illnesses were identified by the various competent authorities, compared with 20 in 2021. These were primarily musculoskeletal disorders.

4.6.3. Developing quality of life at work and fostering employee well-being

Ergonomics and working conditions

To promote a culture of ergonomics and ensure that ergonomic considerations are factored into new projects and programs, training courses are held with a view to expanding the network of ergonomics officers at Dassault Aviation facilities: almost 80 ergonomics officers have been trained across all sites.

Ergonomics are taken into account in the industrialization phase via a specific “EHS/ergonomics” training module delivered by the Dassault Aviation conservatory; this is an integral part of the vocational course for process planners and toolmakers. A total of 51 employees have been trained since it was set up in 2021.

Lastly, a network of 15 trainers specializing in risk prevention during physical activities and in body posture and movement provide training at the Parent Company’s facilities. In 2022, 106 employees attended these training courses, learning about what actions they can take to prevent musculoskeletal disorders.

At the same time, the workplace transformation to take more account of ergonomics continued in 2022, focusing on:

- reducing the risk of accidents linked to manual load handling by purchasing suitable equipment (trolleys, stacker trucks, lifting platforms, hoists, etc.), reorganizing storage facilities, and redesigning tools to make them more lightweight,
- addressing the causes of musculoskeletal disorders (setting up and equipping workstations, workbenches and desks so that they can be raised, lowered and/or reclined, using pivotable tripods and acquiring exoskeletons for the thumb, neck and arms/shoulders),
- accommodating disabilities; adapting workstations, purchasing suitable equipment, etc.

A workstation survey was carried out in 2022 to map the Parent Company’s facilities and ensure that employees with a physical impairment can continue working.

During the introduction of remote working, employees were issued with a special guide on the ergonomic aspects of working from home.

At the same time, prospective studies are still under way to introduce an automated postural stress assessment system.

Preventing psychosocial risks

The pandemic has led to a renewed focus on psychosocial risks. In 2021, the Parent Company introduced a system for assessing collective psychosocial risks in the workplace in order to gauge the risk and take the necessary corrective measures. The system supplements the detection and monitoring of individual psychosocial risks carried out by internal or inter-company occupational health services.

Dassault Aviation has an agreement in place with the Psychological Support and Resources Institute (IAPR), which offers a listening and support system for employees who are victims of workplace stress and psychological trauma.

To prevent harassment, sexist behavior, sexual assault and discrimination at work, the Group’s companies have introduced internal mechanisms for identifying and dealing with problematic situations. Formalized procedures have been published, notably at Dassault Aviation and ExecuJet, covering more than 75% of employees.

An awareness campaign on the prevention of sexual assault, sexist behavior, sexual harassment, bullying and discrimination at work is in place for more than 72% of the Group’s employees.



In 2022, the Parent Company also arranged meetings when employees could exercise their right of direct and collective expression and discuss with their manager what actions could be taken to work together better. Nearly 400 meetings were held in 2022. This process will continue in 2023.

Quality of life at work

The Group has long encouraged a work/life balance, particularly through schemes to help parents.

Some Group Companies provide access to an inter-company crèche.

Since 2021, Dassault Aviation has been trialing a digital and physical corporate concierge scheme, offering employees local services that are readily accessible and that help them manage personal tasks. Following positive feedback, the schemes were made permanent in 2022.

Working hours also contribute to quality of life at work. Tailoring working hours to accommodate the personal needs of individual employees leads to a more flexible organization and improves shift management within the Group's French Companies. All Group Companies offer part-time hours, subject to the manager's approval. More than 78% of the Group's workforce has a "working time account" to help employees manage their annual leave.

In 2022, fresh from the experience of the pandemic, the Group's French Companies signed company-level agreements on remote working, balancing personal and professional life while maintaining collective efficiency.

Medical monitoring of employees

The Dassault Aviation Group has autonomous occupational health services or assistance programs at all of its sites.

Employees in high-risk positions or who are expatriates or on mission receive specific monitoring and specialized support.

Prevention and awareness campaigns, local or Group-wide, are organized, periodically or occasionally, on a variety of themes:

- influenza (awareness campaign and free vaccinations),
- heat wave-related risks,
- low back pain and injuries from carrying heavy loads,
- addiction (tobacco, alcohol, psychotropic products, games, cyberdependency),
- aid for ending addictions,
- food hygiene,
- psychosocial risks,
- cardiovascular diseases,
- organ donation,
- sleep disorders.

4.7. Improving the environmental performance of our activities and products

Contribution to SDGs



The environment is the core focus of Dassault Aviation's CSR policy. The aim is to reduce the footprint of the Group's products and activities, while mitigating the risks of pollution and environmental damage. The policy takes the form of an environmental methodology ("Eco-démarche") consisting of projects and actions to improve environmental performance throughout the life cycle of our products.

Reducing our environmental footprint means factoring EHS requirements into aircraft development programs, into contracts with suppliers and partners, into the search for new processes and materials, into plans for new infrastructure or production facilities, and into the operational support given to our customers.

The Group has been committed to this proactive environmental approach for more than 15 years, relying to that end on the ISO 14001 management standard. The Group's research offices and production facilities are certified. This includes all Dassault Aviation sites, the Dassault Falcon Jet facility in Little Rock and the Dassault Falcon Service locations in Le Bourget and Mérignac. Together the certified sites represent almost 90% of the Company's total workforce.

Sogitec's facilities have begun the certification process.

4.7.1. Factoring eco-design into the search for innovative technical solutions

Over the past 40 years, technological progress with regard to engine efficiency, aerodynamics and weight saving has reduced fuel consumption, CO₂ emissions and noise levels from our aircraft.

The Group is continuing on this path, both in the search for technological innovations and in the optimization of the aircraft in operation.

To support this strategy, the Group has long embraced the goals set in 2000 by the Advisory Council for Aeronautics Research in Europe (ACARE), and participates in European studies that contribute to them, such as the CleanSky program and its successor, Clean Aviation.

In France, Dassault Aviation, as a member of the Civil Aviation Research Guidance Council (CORAC), is involved in the studies conducted in that framework. Dassault Aviation is also on the steering committee for the air transport value chain (Article 301 of the French Climate and Resilience Act).

In 2021, Dassault Aviation reaffirmed its commitment ahead of COP 26 by signing "The Sustainability of Aviation – Update" statement with six other major aviation players (Airbus, Boeing, GE Aviation, Pratt & Whitney, Rolls Royce and Safran), recognizing the shared goal of achieving net zero carbon emissions by 2050. In October 2022, ICAO invited Member States to achieve the same target for international civil aviation.

Environmental footprint of aircraft

The environmental footprint is modeled using a life-cycle analysis (LCA) approach, in accordance with ISO 14040 and ISO 14044, for the Falcon 8X, Falcon 7X and Falcon 2000. The modeling identifies the impact of each stage in the aircraft's life cycle, from the extraction of raw materials to its end-of-life solution. Various indicators are used: the potential for global warming, the depletion of natural resources, the depletion of the ozone layer, the potential for acidification and the eutrophication of water.



These studies show that aircraft use accounts for more than 95% of greenhouse gas emissions over the entire life cycle, while highlighting the significant contribution of the kerosene production phase. On that basis, Dassault Aviation has directed most of its efforts toward improving energy efficiency during the operational phase and promoting the use of sustainable aviation fuels (SAF).

The long service life of aircraft (potentially more than 30 years) means that life cycle constraints must be anticipated in the design phase. To achieve this, Dassault Aviation takes an innovative approach, supported by efficient digital industrial processes such as Product Lifecycle Management.

The aircraft sold by Dassault Aviation are repairable throughout their operation and offer significant end-of-life recyclability potential (85%, according to the ISO 22 628 standard defining the calculation methodology for road vehicles, in the absence of a similar standard for aircraft). This is due to the reusable equipment and the materials used, such as aluminum and other metals.

Technological aircraft innovation

Dassault Aviation is engaged in European and national initiatives (Clean Sky and Clean Aviation) and leads or participates in concept and development studies in conjunction with the entire aviation sector.

These studies relate to:

- reducing the weight of primary structures with new materials and processes (new metal alloys, composites),
- reducing the weight of some complete equipment and components and lowering the “buy to fly ratio,” i.e., the ratio between the quantity of materials of a part and the quantity of materials purchased and transported to make it (metal additive manufacturing, thermoplastics),
- consolidating the principles of design and manufacture of surfaces with increased laminar flow and performance, achievable due to the drag reduction thus obtained,
- using sustainable aviation fuels, which must be compatible with fuel systems and engines when blended with conventional kerosene at high percentage levels, with the aim of achieving 100% SAF operation,
- preparing and managing missions to reduce fuel consumption,
- optimizing take-off and landing trajectories to reduce ground noise,
- researching concepts and technologies for noise reduction at source, without adversely affecting aircraft mass and/or aerodynamic drag.

In addition, work on the “certifiability” of disruptive technologies, with specific demonstrations and associated numerical modeling, will take place as part of Clean Aviation’s Concerto project, coordinated by Dassault Aviation in partnership with the European Aviation Safety Agency (EASA).

Methods and processes

The Dassault Aviation Group is pursuing its efforts to improve efficiency and reduce the environmental footprint of its design methods, production processes and maintenance services by harnessing the tools offered by digital technology:

- optimization of the entire testing process (new types of instrumentation, processing and data analysis) and hybridization of simulation models and test data are expected must reduce the number of development flight tests and the processing cycle for any adjustments,
- advances in digital technology help demonstrate why the aircraft meets the certification criteria,
- efforts to optimize the production cycle are taking the form of research into new materials, additive manufacturing and waste recycling, including composites,
- automated fleet data processing should increase predictive maintenance capabilities.

Optimization of aircraft in operation

Dassault Aviation relies on the discussions and demonstrations conducted as part of the Single European Sky ATM Research (SESAR) program to take full advantage of the technological gains across all aircraft operations and to reduce its footprint.

The integration of advanced technologies on board the Falcon already optimizes flight paths. This includes such features as the digitization of dialog between pilots and air controllers, automatic digital aircraft position communication, and the on-board advanced vision system that allows for low visibility approaches.

In addition, Dassault Aviation contributes to the development of mission preparation and management tools optimized to minimize consumption and therefore CO₂ emissions.

An optimization guide (Falcon Service Advisory) is also available for all Falcon fleet operators in service. It identifies best practices to minimize fuel consumption of aircraft in service. Pilots working for our Falcon customers are made aware of these best practices and environmental issues at special meetings or at events during international trade shows and forums.

Sustainable Aviation Fuel (SAF)

Falcon models are SAF compatible and certified for a blend limit of 50%. Dassault Aviation is working with the engine and equipment manufacturers of its aircraft currently in development to validate the feasibility of 100% SAF in its new models. The same goal is shared by the VOLCAN project, in which Dassault Aviation is involved in partnership with Airbus, ONERA, Safran and the DGAC (Direction Générale de l'Aviation Civile – the French Civil Aviation Authority).

The overall reduction in CO₂ emissions over the life cycle of SAF (production followed by use in flight) is close to 80-90%, according to international benchmarks. During their combustion, SAF also release fewer pollutants into the atmosphere, such as sulfur, and could help to limit the production of condensation trails.

SAF supply chains are taking shape. Dassault Aviation is committed to promoting the use of SAF in its own operations and in those of its customers, working closely with GAMA, NBAA and EBAA.

In 2022, as part of its carbon emissions reduction pathway, Dassault Aviation launched an “SAF plan” for its aviation business. Since then, most of the flights operated by Dassault Aviation from Le Bourget airport have run on a fuel containing nearly 30% SAF, a percentage well above the minimum legal requirements (1% in 2022, according to the French Climate and Resilience Law (*Loi Climat et Résilience*)). At the same time, Dassault Aviation is planning for this sustainable fuel to be used as standard from 2023 for its flights departing from Mérignac, Istres and Little Rock in the United States. The third phase will take place in 2024 for the rest of the Group's sites.

A total of 179 flights were operated on that basis in 2022, representing a reduction of 253 TCO₂eq.

Dassault Aviation has been a member of the RLCF (Renewable and Low-Carbon Fuels Value Chain Industrial Alliance) since its creation in 2022. The alliance, launched by the European Commission, is the industrial pillar of the ReFuelEU Aviation initiative, which aims to phase in SAF by 2050.

4.7.2. Reducing our environmental footprint according to the principles of the circular economy

As part of its CSR policy, Dassault Aviation has set three-year targets for reducing its environmental footprint. The desired performance improvement targets energy consumption, water consumption, air emissions and waste recovery.



The targets initially set for 2021-2023 based on the available performance analysis were revised in 2022 to reflect guidance on energy saving from the French government.

| Themes | | Group performance | | | |
|---|---|-----------------------------|---------------------|---------------------|----------------------------------|
| | | 2024 targets (Ref. 2019) | 2022 | 2021 | Like-for-like change since 2019* |
| Optimize consumption of resources | Electricity (GJ) | -8% | 500,331 | 503,054 | -8.4% |
| | Self-produced renewable electricity (GJ) | 40,000 | Not available** | Not available** | NA |
| | Gas (GJ) | -8% | 309,344 | 376,686 | -14.2% |
| | Other sources – heating oil and diesel (GJ) | Stability | 7,799 | 4,392 | -46.7% |
| | TOTAL | -8% | 817,474 | 884,133 | -10.9% |
| | Kerosene (GJ) | NA | 506,992 | 581,922 | NA |
| | SAF 30% (m3) | 2,900 | 369 | 0 | NA |
| | Water (m3) | Stability | 230,401 | 219,719 | -10% |
| Minimize the use of hazardous chemicals | Hazardous products removed or substituted | NA | 405 (since 2013) | 395 (since 2013) | 49 |
| Reduce waste generation and discharges into the water and air | VOC (T) | Stability | 110 | 106 | -26.3% |
| | Non-hazardous waste (T) | Stability | 6,205 | 5,556 | -12.8% |
| | Hazardous waste (T) | Stability | 1,424 | 1,462 | -47.4% |
| | Total waste (T) | Stability | 7,629 | 7,018 | -21.9% |

*The subsidiaries DABS and ExecuJet have only been consolidated since 2020, so there is no reference data for 2019.

**Production began in 2022 and is currently in the test phase; consolidated data are expected in 2023.

Energy consumption

The energy management system is integrated with the ISO 14001 certified environmental management system. There is no plan for ISO 50001 certification.

A network of energy experts, trained in 2022, was set up at the Parent Company level to improve energy performance management and the rollout of improvements, particularly those resulting from the energy audits carried out at Dassault Aviation facilities in late 2019. The next energy audits are planned for 2023.

Energy is mostly consumed within the framework of the industrial activity of the production sites (electricity and gas), and the aviation activity (kerosene).

Electricity consumption has fallen as a result of the energy-saving efforts made by all of the Group's entities, including behavioral change, reducing equipment operating ranges, optimizing temperatures in server rooms, installing LED lighting and optimizing consumption management.



Gas consumption is also down owing to the beneficial impact of actions taken as part of the energy saving plan to reduce temperatures inside buildings and recover heat from server rooms. The mild start to the winter in France also helped.

In response to the appeal from the French government, a large-scale energy saving plan was launched in September 2022. The aim is to reach the target of 10% less consumption by 2024 relative to the base year (2019). Coordinated by an energy saving manager appointed at Group level and by energy saving advisors at each French facility, the plan focuses on several areas:

- reducing electricity and gas consumption by following government guidance on heating and air conditioning,
- optimizing the energy efficiency of systems and equipment such as technical aeration plants, compressors, datacenters and computer workstations,
- switching from conventional lighting to LED lighting,
- introducing technical energy management and technical building management as standard at all facilities,
- producing renewable energy by installing photovoltaic panels at all facilities where this is technically feasible.

In October, an awareness-raising campaign was launched to facilitate buy-in and rally all employees behind these goals, both within the company and outside it.

The initial results of this energy saving plan can be seen in the consumption data. The plan will reach its full potential by 2024.

Nearly 60% of other combustion energies are consumed by a single site following its relocation in 2022 to new premises, resulting in the use of heating oil. The remaining consumption is linked to the use of diesel during operational testing of the sprinkler system motor pump units.

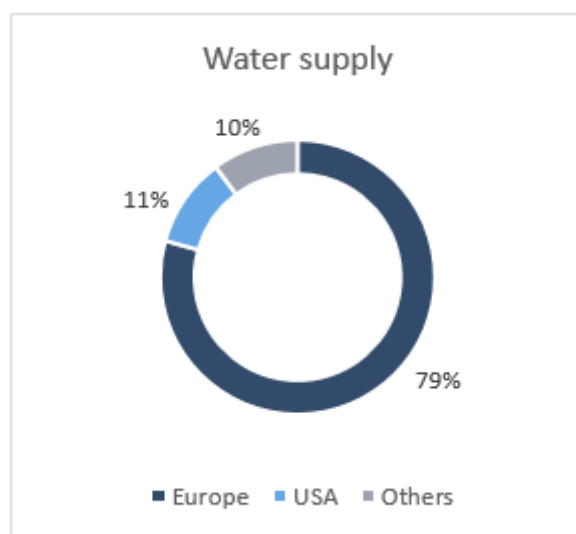
As part of the “Leading Our Future” transformation plan, energy and environmental performance is systematically sought in the interests of economic balance. New building designs factor in the requirements of the applicable French thermal regulations.

Aircraft fuel consumption (kerosene and SAF) has fallen as a result of fewer Rafale being delivered in 2022 than in 2021, together with the associated reduction in pilot training.

Water consumption

Since Dassault Aviation’s facilities are mostly located in regions without water stress (France, United Kingdom, Switzerland, United States, etc.); it has access to a sufficient quantity and quality of water. Consumption in countries with high levels of water stress is limited and applies only to DABS Portugal and to ExecuJet in the United Arab Emirates and South Africa.

Work to identify risks related to climate change adaptation was undertaken by the Group at the end of 2022 and will continue in 2023. At the end of this project, special attention will be paid to facilities exposed to risks related to high water stress.



Most water comes from public water supply networks, and to a lesser extent from groundwater pumping (nearly 6.9% in 2022). Most water is used for non-industrial purposes.

In 2022, water consumption was down by almost 10% on a like-for-like basis relative to 2019. This was due to the introduction of remote working, a partial move away from irrigating green spaces, the installation of flow restrictors in toilets and the fixing of leaks.

The main objective over the next few years is to maintain the current level of water consumption, since most of the gains were achieved in the past (consumption of more than 700,000 m³ before the 2000s for the Parent Company alone).

Raw materials

Aluminum, titanium, steel and composites are the materials most widely used for the manufacturing of our products. By weight, aluminum is the predominant material used in the structure of our aircraft. For example, it accounts for more than 75% of the structural weight of a Falcon 8X, 80% of which is derived from recycled raw materials.

The search for a reduction in raw material consumption is a permanent objective, which includes:

- the development of new technologies, such as composite or direct plastic and metal fabrication, which consumes less raw material. The Group's main direct metal fabrication unit is now fully operational at the Argonay facility,
- the use of centralized platforms to regulate raw material volumes consumed,
- selective sorting of scrap metal and composites, and returning them to the raw materials value chain, according to circular economy principles. Dassault Aviation helped to set up a composite waste recycling process in France in 2022.

Paper consumption has fallen by more than 35% since 2019.

Chemicals

For several years, actions aimed at limiting the use of hazardous chemicals have been carried out for CMR products (Carcinogens, Mutagens, Reprotoxics) subject to the REACH regulation (chromates, nonylphenols, siloxanes, terphenyls, etc.).

The modernization of the machinery fleet and the changes in processes favored by the "Leading Our Future" transformation plan contribute to the optimization of the quantities of chemicals used.

This optimization involves the qualification and deployment of alternative processes such as: replacement of chemical machining by mechanical machining, removal of chromates in surface treatment processes (Anodic Chromic Oxidation replaced by Anodic Sulfuric Oxidation, stripping without chrome VI) and in paint primers, and removal of octylphenols from sealants.

New regulatory challenges in the years ahead are being monitored, particularly with regard to substances that are candidates for REACH authorization (e.g. terphenyls, bisphenol A, lead, etc.), as well as those associated with the overhaul of European chemicals regulations (REACH, F-GAS, ODS, etc.), which are part of the Chemical Strategy for Sustainability. A Chemical Product Unit has been in place for more than ten years to advise on new substances/products used in production or maintenance. This makes it possible to select, early on, the least hazardous chemicals for our industrial processes and to anticipate regulations so as to avoid the risks of obsolescence in the long term.

Since 2013, 405 hazardous products have been removed, replaced or are being substituted.

At the same time, Dassault Aviation informs its customers about the presence of hazardous substances in aircraft via REACH – Article 33 declarations and maintenance manuals that specify the substances contained in certain aircraft components (chromates, lead, cadmium, bisphenol A, terphenyl, etc.). The potential risk during specific operations is thus identified, allowing the appropriate measures to be taken depending on local regulations.

Wastewater

The production sites likely to generate industrial wastewater are equipped with detoxification stations or wastewater treatment installations of the “zero liquid discharge” type. For heavy metals, these installations have discharge rates lower than the value limits set by the regulations.

Out of all the sites involved in the monitoring of the Release of Hazardous Substances in Water (RSDE), only Mérignac is subject to continuous regulatory monitoring.

Volatile Organic Compounds (VOCs) and other atmospheric releases (excluding GHGs)

Production activities require the implementation of chemical products, including solvent-based paints and cleaning products that emit VOCs. These VOC emissions are monitored under solvent management and facility emission control plans.

The 26.3% decrease in emissions compared with 2019 is the result of using products containing fewer solvents and efforts to avoid their evaporation.

Fight against food waste and insecurity

The Group has not identified any challenges for this issue.

Waste

The 2022 fiscal year saw the resumption of activity, leading to an increase in the production of non-hazardous, mainly metal waste. However, the total quantity of waste produced remains 22% lower than in 2019.

Development of the circular economy

| Themes | | 2023 targets (Ref: 2019) | Group performance | | |
|---|--------------------------------|--------------------------------|-------------------|------|--|
| | | | 2022 | 2021 | Like-for-like change since 2019* |
| Developing the circular economy, in particular through the recovery of waste | % recovery total waste | 80.0 | 86.0 | 80.1 | +10.0 |
| | % recovery non-hazardous waste | 90.0 | 90.7 | 83.5 | +4.8 |
| | % recovery hazardous waste | 50.0 | 65.3 | 67.2 | +17.1 |

*The subsidiaries DABS and ExecuJet have only been consolidated since 2020, so there is no reference data for 2019.

According to the principles of the circular economy, sites identify their hazardous and non-hazardous waste streams and seek the most suitable recovery and disposal solutions for their local environment, such as new recycling channels for furniture, sorting densification and landfill limitation.

The increasing integration of composite materials in aircraft provides significant weight saving, which means a reduction in CO₂ emissions during the operational phase. The waste generated by these new activities is now recycled within a special system set up in 2022.

Three main channels are used for the recycling and recovery of our waste:

- recycling of metal, paper, cardboard, plastics and composites,
- energy recovery, the main sector for hazardous waste and mixed non-hazardous industrial waste,
- bio-waste recovery.

4.7.3. Keeping industrial accident risks to a minimum

In order to prevent accidental pollution, the sites are equipped with oil separators, fitted dumping areas and containment basins for fire-extinguishing water.

Sites located over water tables have instituted monitoring of the water quality (piezometer) when their activities so require.

Each site has a collection area specifically designed for the storage of its waste to avoid accidental pollution.

Soil pollution diagnostics are carried out prior to civil engineering works or when land or buildings are sold. If historical pollution is identified, technical solutions are put in place to render the soil compatible with the intended use.

The risks of fire and explosion are assessed in each facility, and are covered by action plans to minimize them. The actions carried out as part of these plans include risk segregation, automatic fire detection and protection, and organizational measures.

The Group's French industrial sites are subject to ICPE (Classified Installations for the Protection of Environment) legislation. They hold the required administrative authorizations and none are classified as SEVESO.

4.7.4. Strengthening the company's low-carbon plan in response to climate change

Tackling climate change is a priority for the Company's CSR policy. GHG emissions reduction targets are set over three-year periods.

To align those targets with the 2050 trajectory, in 2021 Dassault Aviation worked with an expert company in this field. Accessible climate scenarios and the associated action plans are being rolled out.

| | | Group performance | | | |
|-----------------------------|------------------------|-----------------------------|------------------------------|------------------------------|--|
| Themes | | 2024 targets (Ref. 2019) | 2022 (TCO ₂ e) | 2021 (TCO ₂ e) | Like-for-like change since 2019* |
| Control GHG emissions | Scope 1 Non-kerosene | -8% | 19,681 | 21,906 | -9.3% |
| | Scope 1 Kerosene + SAF | NA | 34,310 | 39,382 | -8.9% |
| | Scope 2 | -8% | 18,406 | 19,793 | -27.8% |

*The subsidiaries DABS and ExecuJet have only been consolidated since 2020, so there is no reference data for 2019.

Scope 1 and 2 emissions

The greenhouse gases taken into account are those covered by the Kyoto Protocol. Their emissions are expressed in metric tons of CO₂ equivalent. Emissions are calculated in accordance with the GHG Protocol.

Greenhouse Gas (GHG) emissions are derived for scope 1 from direct emissions from the Group's air activity, combustion plants, the use of company vehicles and refrigerant leaks.

Year on year, scope 1 emissions are down due to the reduction in industrial energy consumption resulting from the launch of the energy saving plan and the implementation of the first phase of the SAF plan.

Dassault Aviation has decided to speed up the replacement of its fleet of company and service vehicles above and beyond the regulatory requirements laid down in the French Mobility Orientation Law (*Loi sur l'Orientation des Mobilités*). The fleet, historically composed of diesel and gasoline vehicles, is thus transitioning toward hybrid and electric vehicles. Unfortunately, the current situation with electronic components is hampering this process, since a significant proportion of vehicles ordered in 2022 cannot be delivered until 2023.

At the end of 2022, low-emission electric and hybrid vehicles made up more than 23% of the company car fleet.

In parallel with the replacement of the vehicle fleet, a network of more than 400 charging points is also under construction, most of which should be available for use in 2023.

Emissions associated with kerosene combustion are directly related to aircraft activity. The Company's SAF plan implemented since July 2022 (see Section 4.7.1) will contribute significantly to the mitigation of these emissions. For the first phase in 2022, the process of reducing carbon emissions began for flights departing from Le Bourget (decrease of 253 TCO₂eq).

As in previous years, CO₂ emissions reports required for the Emissions Trading Scheme were produced for the Group's aviation business in France, Switzerland and the United Kingdom.

Scope 2 emissions from electricity consumption fell in 2022. The replacement of energy-intensive equipment (e.g. lighting, engines and compressors) has continued. This has been facilitated by the use of Energy Savings Certificates both in new buildings and in buildings undergoing refurbishment or maintenance.



In accordance with regulatory requirements, the last GHG assessments and energy audits were carried out at eligible sites in France at the end of 2019. The next audits are planned for 2023.

Scope 3 indirect emissions

In 2021 and 2022, Dassault Aviation carried out studies to identify decarbonization opportunities for its indirect emissions that could contribute to its low-carbon strategy.

Purchases of products and services

This category was quantified using the methodology developed by the IAEG (International Aerospace Environmental Group) as part of the low-carbon plan.

Initiatives have also been launched to raise the awareness of the supply chain to climate and environmental issues, including through specific contractual clauses and a supplier approval process incorporating environmental aspects.

Dassault Aviation is a signatory to a commitment charter on relations between customers and suppliers in the aviation industry. As such, the company contributes to the work led by GIFAS (French Aerospace Industries Group) to rally the industry behind the shared goals of reducing the carbon footprint of aviation.

Dassault Aviation is involved in IAEG Working Group 11 (WG11), which is tasked with rolling out ESG (environmental, social and governance) standards within the aviation supply chain. The selected platform, which will allow the evaluation and sharing of information on supplier practices, includes a carbon component.

Upstream and downstream freight transport

Logistics platforms contribute to the optimization of transport flows and the associated CO₂ emissions. For example, the new Cestas platform, which became operational in late 2022, uses electric trucks.

Business travel

Despite the resumption following the end of Covid restrictions, the travels are still lower than those of 2019. The intensive use of collaborative tools and videoconferencing is contributing to this decline.

The Parent Company's travel policy encourages the use of trains for journeys of less than three hours, and airlines with a carbon offsetting policy for air travel.

Under the terms of vehicle rental agreements for business trips, electric vehicles must be provided wherever possible.

Use of Falcon products sold

The reduction in fuel consumption and the resulting carbon footprint is a historic concern of Dassault Aviation. Falcon aircraft are recognized as being among the least-emitting aircraft on the market with an equivalent range. To go further, many actions are being taken both in the technical and operational fields and in alternative fuels (see Section 4.7.1).

Modeling studies of emissions from Falcon aircraft delivered during the year are ongoing, according to the "GHG Protocol" method, taking into account the ramp-up of the SAF. Indeed, given the significant potential for reducing the carbon emissions of these fuels, the progressive use of the different generations of SAF in the air activity of business aviation makes it possible to consider a significant reduction of the carbon footprint over the aircraft lifetime.

Travel to and from work

Several actions undertaken in connection with mobility plans are helping to mitigate carbon emissions for this category. Among the main contributors to mitigation are:

- the formalization of remote working,
- the use of low-carbon individual means of transport,
- the construction of bicycle parks.

Dassault Aviation has launched a mobility project at each of its French facilities based on an employee survey conducted in the first quarter of 2022. The results of this survey inform the approach to the Quality of Life at Work.

Impacts of climate change

Work to identify the physical risks related to climate change adaptation was undertaken by the Group at the end of 2022 and will continue in 2023 with the help of a company specializing in this area. The aim of this work is to identify whether the sites of the Dassault Aviation Group, its subsidiaries and its supply chain are exposed to climate risk either currently or in the medium and long term using climate modeling scenarios. Actions to reduce the environmental footprint of the Group's products and activities help mitigate the transition risks linked to climate change described in Chapter 2 "Risk factors", particularly market risks.

European Green Taxonomy

Regulatory context

To promote transparency and a long-term vision of economic activities and to direct capital flows toward sustainable investments, the European Union has created a common classification system for business activities to identify economic activities considered sustainable. This system is defined in Regulation (EU) 2020/852 of June 18, 2020 (the "Taxonomy Regulation").

To determine whether an activity can be considered sustainable (aligned), it must:

- contribute substantially to one or more of the following environmental objectives:
 - climate change mitigation,
 - climate change adaptation,
 - the sustainable use and protection of water and marine resources,
 - the transition to a circular economy,
 - pollution prevention and control,
 - the protection and restoration of biodiversity and ecosystems,
- comply with technical screening criteria established by the Commission,
- not significantly harm any of the environmental objectives,
- be carried out in alignment with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including the declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), the eight fundamental conventions of the ILO and the International Bill of Human Rights (minimum social guarantees).

For 2022 (2023 publication), companies must disclose the share of their net sales, capital expenditure and operating expenditure associated with "eligible" (i.e. classified in the European Taxonomy) and "aligned" or "sustainable" (according to the rules listed above) economic activities.

In addition, only activities contributing to the first two climate objectives are included at this stage in the analysis (climate change mitigation and adaptation), as delegated acts on the other four environmental objectives are yet to be published.

Scope of analysis

The net sales, capital expenditure and operating expenditure considered cover all the activities of the Dassault Aviation Group and correspond to the scope of consolidation of the financial statements defined in Note 2 of the 2022 consolidated financial statements.

As a result, the ratio calculations presented below do not take into account the entities over which the Dassault Aviation Group has joint control or significant influence, in accordance with the delegated act referred to in Article 8 of the Taxonomy Regulation published on July 6, 2021.

Eligible and aligned activities under the taxonomy

The Dassault Aviation Group has reviewed its activities in all sectors defined in Annexes I and II of the Delegated Act relating to the climate component of the taxonomy.

In the absence of a delegated act for the aviation sector, the net sales of the Dassault Aviation Group are not eligible. Capital expenditure (CapEx) and operating expenditure (OpEx) related to the Group's main economic activities cannot be considered eligible. Consequently, the analysis of the eligibility and alignment of CapEx and OpEx focused exclusively on "individual measures" enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, as defined in the Taxonomy Regulation.

After selecting the relevant macro-sectors (transport and construction), all investments and current expenditure were assessed to identify the most significant eligible activities for the Group, as well as those meeting the alignment criteria.

| Area | Eligible activities | Taxonomy activity |
|--------------|---|-------------------|
| Transport | Transport by motorbikes, passenger cars and light commercial vehicles | 6.5 |
| Construction | Renovation of existing buildings | 7.2 |
| | Installation, maintenance and repair of energy efficiency equipment | 7.3 |
| | Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) | 7.4 |
| | Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings | 7.5 |
| | Installation, maintenance and repair of renewable energy technologies | 7.6 |
| | Building acquisition and ownership | 7.7 |

The alignment analysis was carried out in accordance with the Taxonomy Regulation to ensure that the individual expenses met all the criteria:

- Substantial contribution to one or more of the climate objectives and compliance with technical screening criteria (analysis of energy labels and technical documents of vehicles with low CO₂ emissions and insulation, air conditioning and heating systems);
- No significant harm to other environmental objectives, including climate change adaptation (see Section 4.7.4);
- Compliance with minimum social guarantees (see Sections 4.8.7 and 4.8.8).

Procedures for determining eligibility and alignment ratios

The financial ratios were defined in accordance with the definitions given in Annex I to the Delegated Act of July 6, 2021.

With regard to net sales:

- in the absence of a delegated act for the aviation sector, no net sales were considered eligible.

With regard to capital expenditure (CapEx):

- The denominator is taken directly from the Group's IFRS consolidated financial statements (after elimination of intra-group transactions). The scope covered corresponds to the entire scope of the consolidated financial statements, excluding associates and joint ventures accounted for using the equity method. Capital expenditure includes inflows of property, plant and equipment and intangible assets during the fiscal year under review, before depreciation, amortization and revaluation, and inflows of property, plant and equipment and intangible assets from business combinations.
- The numerator includes the share of capital expenditure related to the eligible and/or aligned activities identified.

In total, eligible CapEx is valued at EUR 64.7 million and represents 29.3% of Group CapEx (totaling EUR 221 million – see Note 4 to the consolidated financial statements). The alignment rate was 2.5%.

With regard to operating expenditure (OpEx):

- The denominator is taken directly from the Group's IFRS consolidated financial statements (after elimination of intra-group transactions). The scope covered corresponds to the entire scope of the consolidated financial statements, excluding associates and joint ventures accounted for using the equity method. The denominator covers direct non-capitalized costs that relate to research and development, building renovation, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets.
- For the numerator, and in the absence of a delegated act for the aviation sector, the only eligible and potentially aligned OpEx are expenditure on building renovation, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets. This expenditure seems insignificant (around 1.1%) in relation to the Group's overall operating expenditure (see consolidated income statement). Consequently, the Group considers that the eligible OpEx is not material for its business model and its business sector¹.

¹ Pursuant to Commission Delegated Regulation 2021/2178 of July 6, 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.



Share of net sales

| | | | | | | |
|--------------------|--|---|-------|--|--|------|
| Share of net sales | Substantial contribution criteria | Biodiversity and ecosystem (%) | | | | |
| | | Pollution (%) | | | | |
| | | Circular economy (%) | | | | |
| | | Water and marine resources (%) | | | | |
| | | Climate change adaptation (%) | | | | |
| | | Climate change mitigation (%) | | | | |
| | DNSH | Biodiversity and ecosystem | | | | |
| | | Pollution | | | | |
| | | Circular economy | | | | |
| | | Water and marine resources | | | | |
| | | Climate change adaptation | | | | |
| | | Climate change mitigation | | | | |
| | Minimum guarantees | Share of net sales aligned with the taxonomy Year N-1 (%) | | | | |
| | | Share of net sales aligned with the taxonomy Year N (%) | | | | |
| | | Category (enabling activity) | | | | |
| | | Category (transitional activity) | | | | |
| | | Minimum guarantees | | | | |
| | | Share of net sales aligned with the taxonomy Year N-1 (%) | | | | |
| | | Share of net sales aligned with the taxonomy Year N (%) | | | | |
| | Economic activity | Code(s) | | | | |
| | | Absolute net sales (EUR million) | | | | |
| | | Share of net sales (%) | | | | |
| | | A. ACTIVITIES ELIGIBLE FOR TAXONOMY | | | | |
| | | A.1 Sustainable activities | | | | |
| | | Net sales from sustainable activities (A.1) | 0 | | | |
| | A.2 Activities eligible for the taxonomy but not sustainable | Net sales from sustainable activities (A.2) | 0 | | | |
| | | Total (A.1 + A.2) | 0 | | | |
| | | B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY | | | | |
| | B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY | Net sales from activities not eligible for the taxonomy (B) | 6,950 | | | 100% |
| | | Total (A+B) | 6,950 | | | 100% |



Share of CapEx

| Economic activity | Code(s) | Absolute CapEx (EUR million) | CapEx share (%) | Substantial contribution criteria | | | | | | DNSH | | | | | | Minimum guarantees | Share of CapEx aligned with the taxonomy Year N (%) | Share of CapEx aligned with the taxonomy Year N-1 (%) | Category (enabling activity) | Category (transitional activity) |
|-------------------|---------|------------------------------|-----------------|-----------------------------------|-------------------------------|--------------------------------|----------------------|---------------|--------------------------------|---------------------------|---------------------------|----------------------------|------------------|-----------|----------------------------|--------------------|---|---|------------------------------|----------------------------------|
| | | | | Climate change mitigation (%) | Climate change adaptation (%) | Water and marine resources (%) | Circular economy (%) | Pollution (%) | Biodiversity and ecosystem (%) | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystem | | | | | |
| | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | |

| A. ACTIVITIES ELIGIBLE FOR TAXONOMY | | | | | | | | | | | | | | | | | | | | |
|---|--|--|--|-------|-------|------|---|---|---|---|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|
| A.1 Sustainable activities | | | | | | | | | | | | | | | | | | | | |
| 6.5 - Transport by motorcycles, passenger cars and light commercial vehicles | | | | 0.2 | 0.1% | 100% | - | - | - | - | N/A | Yes | N/A | Yes | Yes | N/A | Yes | 0.1% | N/A | Yes |
| 7.3 - Installation, maintenance and repair of energy efficiency equipment | | | | 2.3 | 1.0% | 100% | - | - | - | - | N/A | Yes | N/A | N/A | Yes | N/A | Yes | 1.0% | Yes | N/A |
| 7.5 - Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings | | | | 2.8 | 1.3% | 100% | - | - | - | - | N/A | Yes | N/A | N/A | N/A | N/A | Yes | 1.3% | Yes | N/A |
| 7.6 - Installation, maintenance and repair of renewable energy technologies | | | | 0.2 | 0.1% | 100% | - | - | - | - | N/A | Yes | N/A | N/A | N/A | N/A | Yes | 0.1% | Yes | N/A |
| CapEx of sustainable activities (A.1) | | | | 5.5 | 2.5% | 100% | - | - | - | - | | | | | | | | 2.5% | | |
| A.2 Activities eligible for the taxonomy but not sustainable | | | | | | | | | | | | | | | | | | | | |
| 6.5 - Transport by motorcycles, passenger cars and light commercial vehicles | | | | 0.6 | 0.3% | | | | | | | | | | | | | | | |
| 7.2 - Renovation of existing buildings | | | | 3.1 | 1.4% | | | | | | | | | | | | | | | |
| 7.3 - Installation, maintenance and repair of energy efficiency equipment | | | | 4.8 | 2.2% | | | | | | | | | | | | | | | |
| 7.7 - Building acquisition and ownership | | | | 50.7 | 22.9% | | | | | | | | | | | | | | | |
| CapEx of non-sustainable activities (A.2) | | | | 59.2 | 26.8% | | | | | | | | | | | | | | | |
| Total (A.1 + A.2) | | | | 64.7 | 29.3% | | | | | | | | | | | | | | | |
| B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY | | | | | | | | | | | | | | | | | | | | |
| CapEx of activities not eligible for the taxonomy (B) | | | | 156.3 | 70.7% | | | | | | | | | | | | | | | |
| Total (A+B) | | | | 221 | 100% | | | | | | | | | | | | | | | |



4.7.5. Biodiversity

Preservation of biodiversity is taken into account when challenges require it. Accordingly, whenever new buildings are constructed at the Group's facilities, action is taken to avoid and mitigate any impacts on biodiversity.

Where avoidance and mitigation are insufficient, environmental offsetting measures are used, such as reforestation or restoration of wetlands and habitats of protected species.

4.7.6. Respect for animal welfare and responsible food

The Dassault Aviation Group's activities have no significant impact in these areas.

4.8. Adopting a responsible approach

Contribution to SDGs



4.8.1. Safety culture

Airworthiness and Safety

The Group works closely with the French and international airworthiness authorities, both civil and military. It has set up an organization to meet airworthiness requirements in design, production, maintenance and training for civil (PART 21, PART or FAR 145) and military (EMAR 21-G and EMAR/FR 145) aircraft.

The Group is regularly audited by the authorities (the French Department of Civil Aviation, the French Defense Procurement Agency, etc.), which verify compliance with the regulations on design, production and testing, maintenance, and safety management.

In an ongoing effort to improve the safety of its civil and military aircraft, Dassault Aviation has introduced a Safety Management System (SMS) based on ICAO recommendations, covering the entire aircraft life cycle.

An Executive Aviation Safety Officer coordinates the Safety Management System, promotes the safety culture and provides an independent assessment of all flight safety issues for civil and military aircraft and related activities for the entire Company and its subsidiaries.

The SMS was implemented by DFJ and DRAL in 2022.

Safety and Security

The Safety/Security organization within the Company is structured around three areas:

- Defense and Industry Security aimed at protecting the Company's assets (tangible and intangible), natural persons (employees) and legal persons (image, reputation).
- Information System Security (ISS), relating to the protection of digital assets, IT systems, personal data and intellectual property rights.
- Product Safety, covering protection with regard to aircraft safety, continuity of flight operations, operational maintenance of aircraft, continuity of service to Falcon passengers and the property of product users, such as personal data.



For each area, an executive officer from the Parent Company is appointed to oversee the activities.

4.8.2. Military aircraft production and export policy

Dassault Aviation designs, manufactures, sells and supports military aircraft (Rafale, Mirage, ATL2, multi-mission Falcon).

Linked to the government's foreign and defense policy, the production and export of war materiel are activities:

- strictly regulated by French laws (since the Second World War),
- carried out in accordance with European and international commitments entered into by France.

Companies involved in the manufacture or sale of war materiel may not do business unless they have authorization from the State and are under its control.

In the interests of sovereignty, the State has granted authorization to Dassault Aviation for the manufacture and sale of military aircraft. It also grants it export licenses through a robust and strictly enforced procedure.

On that basis, Dassault Aviation:

- has a manufacturing and trade authorization granted by the French Ministry of Armed Forces for a maximum period of five years; the authorization is renewable, if necessary following investigation by the police, gendarmerie and prefecture in the areas where its plants are located,
- cooperates with regular site inspections and document checks carried out by officials from the relevant ministries,
- includes on its Board of Directors a government commissioner appointed by order of the French Ministry of Armed Forces,
- carries out its design and production under the supervision and/or project management of the DGA (Direction générale de l'armement du ministère des Armées – French Defense Procurement Agency).

For exports of war materiel in particular, two general principles apply in France:

- principle of prohibition: arms exports are prohibited, unless an exemption is granted by the State and subject to its control (there is no freedom of enterprise or trade in this respect); the exemption is applied by granting export licenses for war materiel;
- principle of interministerial coordination: the Prime Minister bears ultimate responsibility for export controls.

By law, the State is responsible for the evaluation of France's military customers via a strict authorization process overseen by three regulatory bodies:

- the CIEEMG (Commission interministérielle pour l'étude de l'exportation des matériels de guerre – Interministerial Commission for Scrutiny of War Materiel Exports); the interministerial aspect ensures that export license applications undergo proper scrutiny¹;
- the SGDSN;
- the DGA.

The provisions of Articles L. 2335-1 et seq. of the French Defense Code define the legal framework for authorization.

Export transactions are examined retrospectively to ensure that they comply with the authorization granted by the CIEEMG. This procedure, which contributes to the robustness of the scrutiny process, includes manufacturers' compliance with any conditions imposed when the export license was issued.

¹ The CIEEMG examines applications for export and transfer licenses from manufacturers. The Commission, chaired by the SGDSN (Secrétariat général de la défense et de la sécurité nationale – Secretariat-General for Defense and National Security), brings together representatives of the French Minister for Defense, Minister for Foreign Affairs and Minister for the Economy. Where appropriate, favorable opinions expressed by the CIEEMG may be accompanied by conditions, as well as the requirement for a non-re-export clause and an end-use certificate. The Prime Minister's decision, taken on the advice of the CIEEMG, is notified to Customs, which then issues any approved licenses.

Consequently, the selection and evaluation of military customers, as well as the export of military aircraft manufactured by Dassault Aviation (with the associated after-sales support), are subject to the strict supervision of the French authorities. They have the sovereign power to decide in which countries and under what conditions Dassault Aviation is authorized to enter into a contract with a military customer of the State.

Interestingly, the Rafale aircraft of the French Air and Space Force and the French Navy contribute to the French nuclear deterrence policy through their ability to deploy the ASMP-A nuclear missile. This capability and this missile cannot be exported, in compliance with France's non-proliferation commitments.

The French Parliament is kept regularly informed of the activities of defense companies during parliamentary debates and through the publication of an annual report that addresses the need for transparency. The French Senate and National Assembly also hold select committee hearings at which defense company executives are asked questions. The Chairman and Chief Executive Officer of Dassault Aviation attends such hearings several times a year.

4.8.3. Upgrading our approach to sustainable procurement

Due to the specific features of its sector of activity, and in accordance with its purchasing policy, Dassault Aviation is committed to sustainability processes in the choice of its partners.

In the framework of its industrial and purchasing activities, the Dassault Aviation Group:

- supplies, manufactures and integrates all the constituent elements of its aircraft,
- builds the interior fittings of Falcon business jets according to its customers' requirements,
- controls its supply chain,
- installs replacement and maintenance equipment that ensures the best service for customers,
- ensures the operational availability of the aircraft,

These activities are based on an extensive supply chain with a strong national component, with a significant economic and social impact at the territorial level.

SMEs and intermediate-sized enterprises

Against the backdrop of an economic crisis, Dassault Aviation:

- is involved, under the aegis of GIFAS, in monitoring the actions implemented within the framework of the "Charter of commitment on customer and supplier relations within the French aeronautics sector,"
- is continuing to support its suppliers, focusing on financial aspects such as reducing payment times.

For several decades, the Dassault Aviation Group has worked with and supported a broad network of aerospace companies and contributes to the evolution of many SMEs. The very nature of Dassault Aviation's products and the related services entails a long-term relationship with its suppliers.

Active participation in professional bodies such as GIFAS allows Dassault Aviation to support SMEs and intermediate-sized enterprises in the French aerospace supply chain in their plans to improve competitiveness and reduce their environmental footprint.

Dassault Aviation is a signatory to the SME Defense Pact membership agreement with the French Ministry of the Armed Forces, thereby affirming its commitment to advancing the French SMEs and ETIs in the Defense sector, and to strengthening good business practices.

In the prospective countries, Dassault Aviation involves SMEs and intermediate-sized enterprises in cooperation and offsets.

Purchasing policy

Dassault Aviation's purchasing policy is designed to secure the Group's supply chain by improving the structural assessment of suppliers. This assessment is performed when referencing or monitoring a supplier to ensure that it is maintained in compliance with the guidelines. Structural risks are now taken into consideration in the Purchasing Policy.

The supplier approval procedure has been in place since 2007. It has been changed to include the provisions relating to the "Sapin 2" and "Duty of Vigilance" laws.

To allow the referencing of a supplier, a structural assessment consists of four components:

- Financial health,
- Safety / Compliance / Anti-Corruption,
- Environment, Health and Safety,
- Human Rights and Fundamental Freedoms.

Supplier monitoring, which takes into account these same themes, is performed regularly through semi-annual campaigns, or when a significant event occurs.

For example, Dassault Aviation carried out almost 500 structural analyses of 100% of new suppliers approved in 2022.

The collaborative work with suppliers is based on the deployment of the "BoostAeroSpace/Air Supply" digital platform, which is the aviation industry standard. Dassault Aviation is reinforcing this approach with the commitments set out in the recovery plan and the Supplier Charter.

Dassault Aviation pays particular attention to the management and performance of its supply chain, particularly through the supply chain committee, on which the company's senior executives sit (Executive Vice-Presidents for Purchasing, Total Quality and Industrial Operations) and which defines the strategy in this area.

Volume of purchases

In 2022, the order commitments of the Dassault Aviation Group were in the region of EUR 4.8 billion.

France accounts for almost 72% of purchases.

4.8.4. Territorial influence

The Dassault Aviation Group has a significant French and international territorial network:

- Dassault Aviation: nine sites in France,
- Dassault Falcon Service: two sites in France,
- Sogitec: two sites in France,
- Dassault Falcon Jet and its subsidiaries: five sites, four in the United States, and one in Brazil,
- Dassault Aviation Business Services: four sites in Europe,
- ExecuJet MRO Services: nine main sites, one in South Africa, two in Belgium, one in Malaysia, one in the United Arab Emirates and four in Australia/New Zealand,
- Dassault Reliance Aerospace Limited: one site in India.

The Falcon maintenance subsidiaries also have several international technical divisions which are not listed because their size does not warrant it.

All these entities rely on a large number of suppliers who contribute to the local economy.

Dassault Aviation is a certified Approved Economic Operator.

The Group actively participates in local bodies, competitiveness clusters and regional professional bodies:

- In France: Chambers of Commerce and Industry, Territorial Economic and Social Councils, Environment Committees, Aerospace Valley, SAFE in Provence-Alpes-Côte d'Azur, BAAS, Aérocampus, ESTIA campus, Agency for Development and Innovation (ADI), Alpha Route des Lasers (Alpha RLH), Bordeaux Technowest, PDIE and AEROTEAM in the Nouvelle Aquitaine region and ASTech in Ile-de-France,
- In the United States: Little Rock Regional Chamber of Commerce, State of Arkansas Work-force Development, Delaware River Administration, and the Arkansas, Delaware and New Jersey Economic Advisory Committees.

For the record, Dassault Aviation is implementing a memorandum of understanding for the industrialization of additive manufacturing applied to aeronautics (memorandum signed on November 5, 2018 with the Auvergne-Rhône-Alpes region in France). The Aéroprint project puts a premium on excellence. All public and private stakeholders in Auvergne-Rhône-Alpes are sharing their expertise and know-how to create, with the support of the region, a benchmark additive manufacturing line.

4.8.5. Inclusion, humanitarianism and culture

Through sponsorship agreements and charitable actions, the Dassault Aviation Group supported various non-profit organizations in 2022, including: Hanvol, Elles bougent, Fondation des Œuvres Sociales de l'Air, Association pour le Développement des Œuvres Sociales de la Marine, Aviation Sans Frontières, Rêves de Gosses (flying experiences for children with disabilities), Course du Cœur (organ donation), Ordre de la Libération, Fondation des Ailes de France, École d'Enseignement Technique de l'Armée de l'Air et de l'Espace, Association des Anciens de l'École Navale, Musée de la Marine, Cultivate Women in Business, Women in Aviation, Habitat for Humanity, Arkansas Food Bank, American Red Cross, Muscular Dystrophy Association.

4.8.6. Duty of care

With its Code of Ethics and decision to support the UN Global Compact in 2003, Dassault Aviation affirmed its commitment in this area very early on.

A system for assessing the risks at Group level (see Section 3.3 Risk management procedures) identifies the main risks and manages their potential consequences for the company and its stakeholders.

In parallel with this system, a Group-wide vigilance plan was drawn up in 2017 to assess the risks of serious breaches in the areas of the environment, occupational health and safety, human rights and fundamental freedoms. The plan covers all suppliers with whom the Group has an established business relationship.

General framework

Through its organization and internal processes (Human Resources, EHS, Ethics and Compliance, etc.), Dassault Aviation takes into account the risks generated by its activities and services that come under its duty of care.

The risks of serious breaches directly related to the Group's activities are addressed by the Company Risk Committee.

An evaluation and monitoring mechanism for production sub-contractors, which was extended to Europe and India in 2019 and covers environmental and occupational health and safety risks, is also in place. Since it was established, 250 production sub-contractors have been evaluated, with 34 identified as being at risk. Those sub-contractors have undergone surveillance audits and taken part in awareness-raising.

The subsidiaries of the network of service centers were also evaluated on this basis.



Specific framework supplementing the Duty of Care law

An additional vigilance plan, in accordance with the requirements of Law No. 2017-399 of March 27, 2017 relating to the duty of care, is in place to deal with the Group's supply chain and identify suppliers at potential risk.

The main components of this vigilance plan are:

- risk mapping by country, taking into consideration environmental criteria, rights and freedoms of work, and health, safety and working conditions. It is based on global indicators published periodically by specialized organizations such as Yale University, UNICEF and ILO,
- risk mapping by activity (industrial, tertiary, completion, infrastructure, etc.),
- a risk assessment by supplier, incorporated into the approval and oversight process, based on standardized IAEG and GIFAS questionnaires and questionnaires specific to the company,
- an onsite evaluation process that may result in an audit for high-risk subsidiaries and suppliers,
- a mechanism for the internal reporting of potentially risky situations detected among suppliers that gives anyone outside the Company an additional opportunity to use one of the existing means of communication to submit any reports. This is part of the Company's whistleblowing procedure,
- a "vigilance" commission which examines aggregated reports.

The vigilance plan has been implemented within the main subsidiaries: Dassault Falcon Service, Sogitec and Dassault Falcon Jet.

| Themes | | Group performance | | |
|---|--|---|------------|------------|
| | | Objective | 2022 | 2021 |
| Anticipate supplier risks, especially for sub-contracted activities | Number of suppliers processed | All suppliers in the process of approval or follow-up | 533 (100%) | 594 (100%) |
| | % of suppliers with a high-risk location or business | - | 20% | 22% |
| | % of progress in the assessments of production sub-contractors at risk | 100% | 87.5% | 93.2% |
| | % of suppliers with a negative opinion | - | 0.6% | 1% |
| Anticipate the supplier risks of subsidiaries | Number of suppliers processed by subsidiaries | - | 240 | 1,782 |

Since the scheme was introduced in 2018, the Group has not detected any supplier with an immediate significant risk. Nevertheless, among the assessments carried out, a few suppliers had weaknesses in one of the areas assessed. They are placed under supervision and action is taken (e.g. on-site audits) proportionate to the risk identified. Five audits were carried out in 2022.

In parallel, a campaign to raise buyers' awareness of CSR issues was carried out to enhance their contribution to risk management. This module, which is part of the Purchasing training course, has raised awareness among 121 buyers since 2021.

The Total Quality Management Department coordinates the vigilance plan and ensures the correct operation and effectiveness of the process in place. In 2021, an audit was conducted by the Internal Audit and Risks Department of Dassault Aviation on the Parent Company's compliance with Law 2017-399 of March 27, 2017, governing the Duty of Care.

Conflict minerals (tin, tungsten, tantalum and gold)

Although Dassault Aviation does not source minerals directly, the Company is particularly vigilant about the origin of certain minerals (such as tin, tungsten, tantalum and gold) used in its products, in accordance with US regulations derived from the Dodd-Frank Act and Regulation (EU) 2017/821.

To share information with its customers, Dassault Aviation has set up an organization to compile information from its supply chain on the provenance of such minerals. This topic is included in the supplier evaluation questionnaire during the accreditation stage. In addition, a CMRT (Conflict Minerals Reporting Template) has been collected annually since 2020, mainly from electronics suppliers likely to use these minerals in the manufacture of their components (369 suppliers questioned).

We also collected information on other controversial minerals (cobalt, mica) using the EMRT (Extended Minerals Reporting Template) and CRT (Cobalt Reporting Template).

In 2022, we received 392 supplier reports (271 CMRT and 121 EMRT or CRT). For 2023, the aim is to compile information on cobalt systematically and to expand the panel of suppliers targeted.

4.8.7. Respect for human rights

The Group addresses the risks related to respect for human rights and is committed to respecting those rights through its Code of Ethics, its internal organization and its vigilance plan, which details the measures put in place to prevent and mitigate the risks around human rights in compliance with international conventions and the French Duty of Care Law (*Loi sur le Devoir de Vigilance*) of March 27, 2017.

The Dassault Aviation Group, whose main facilities are located in France and the United States, is committed to the respect of all national and international laws and regulations regarding human rights, especially as regards occupational health and safety of employees and non-discrimination in the workplace. It acts in conformity with the Universal Declaration of Human Rights, and the provisions of the OECD and the International Labour Organization relating to Human Rights.

Dassault Aviation joined the UN Global Compact in 2003 and adopted the 10 principles, including the principle relating to Human Rights.

The Dassault Aviation Group has a Group Code of Ethics that reflects these commitments. This Charter is available on the Dassault Aviation website and on the Dassault Aviation Intranet; it is always distributed to new hires.

The Code also pays particular attention to respect for human rights and fundamental labor rights and to the proper application of essential principles:

- non-discrimination on grounds of origin, morals, gender, sexual orientation, disability, political or religious opinions, trade union membership;
- respect for the individual and his or her private life;
- maintenance of a safe working environment and conditions (see Section 4.6).

In accordance with our General Purchasing Conditions, our suppliers and service providers undertake to comply with our Code of Ethics when they execute their orders.

Since 2017, under our purchasing and supply chain security policy, the evaluation procedure for suppliers and sub-contractors has included criteria for evaluating respect for human rights. They are evaluated on the basis of a completed questionnaire, the answers to which will allow Dassault Aviation to decide whether to embark on a business relationship with them.

Lastly, the Ethics and Compliance Department handles any reports of violations of the law and international conventions on human rights, as part of its internal whistleblowing procedure.

4.8.8. Preventing risks of corruption and upholding business ethics

The Group addresses the risks of corruption and takes appropriate measures to prevent and detect, in France and abroad, acts of corruption or influence peddling in accordance with Law 2016-1691 of December 9, 2016 on transparency, the fight against corruption and modernization of the economy.

Dassault Aviation has chosen to entrust an independent body, the Ethics and Compliance Department, with the implementation and supervision of the anti-corruption system. This department reports directly to the Chairman and Chief Executive Officer. Within the Dassault Aviation Group and its subsidiaries, this department ensures that the Company fulfills its legal and regulatory requirements.

Strict business ethics

Through its Code of Ethics, the Dassault Aviation Group asserts the values that serve to unite the actions of all its employees. This charter also sets out a code of conduct that the Group applies with its customers, partners, suppliers and sub-contractors. It is supplemented by an anti-corruption code and an anti-corruption guide describing real-life situations that employees might encounter.

Observing a strict code of ethics, the Group commits to acting in accordance with the Convention of the Organization for Economic Cooperation and Development (OECD), the United Nations Convention and national laws.

In addition, Dassault Aviation is a signatory to numerous international commitments on the prevention of corruption (Global Compact, Common Industry Standards, Global Principles). It is also a member of several associations and forums on ethical business conduct and corporate responsibility at the national, European and international levels (see website www.dassault-aviation.com, Ethics section). Dassault Aviation is a member of the IFBEC (International Forum on Business Ethical Conduct) and adheres to the standards of the ASD (AeroSpace and Defence Industries Association of Europe) with a view to maintaining its anti-corruption system at the highest level.

A training policy for all staff

The Ethics and Compliance Department organizes specific training sessions for the managers and personnel most exposed to risks of corruption and influence peddling. The purpose of this training is to give staff the essential tools to detect potential risks and instruct them in the vigilance and behavior required in such situations.

In 2022, post-Covid, the Ethics and Compliance Department embarked on an ambitious training plan resulting in 770 staff being trained that year.

The content of each session is set in consultation with the Ethics and Compliance Department and the concerned department. A specialized law firm was required for the most exposed groups. These sessions must allow the fundamental principles of the Sapin 2 Law to be acquired based on concrete situations. In addition to longer training sessions for targeted functions at risk according to the anti-corruption risk map, the Ethics and Compliance Department organizes awareness sessions for less exposed staff. These awareness sessions enable it to reach out to more employees on anti-corruption issues.

Since 2018, 1,638 employees exposed to corruption risks have been trained in the fundamental principles of the Sapin 2 Law and combating corruption. An e-learning module intended for all employees is being prepared for launch in 2023, to extend prevention to corruption risks.

A robust compliance system

For many years, the Dassault Aviation Group has implemented strict internal procedures to prevent corruption and ensure the integrity, business ethics and reputation of the Group in its industrial and commercial relations.

Pursuant to the Sapin 2 Law of December 9, 2016 concerning the fight against corruption and the modernization of economic life, the Dassault Aviation Group supplemented and strengthened its process to prevent and detect corruption and influence peddling at the level of both the Parent Company and its subsidiaries under the leadership of the Chairman and Chief Executive Officer who promotes a zero-tolerance policy.

The Ethics and Compliance Department is tasked with implementing and auditing procedures related to the fight against corruption and influence peddling. As a result, risk maps on the fight against corruption and influence peddling have been developed and deployed within the Group in consultation with the various operational units and are regularly updated. These risk maps are designed to identify, analyze and prioritize the risks of the Group's exposure to corruption and influence peddling, taking into account internal processes, risks factors, the nature of the civil and military activities, and the geographical areas in which the company operates. These maps serve as the basis for the Group's compliance policy, which led the Dassault Aviation Group to strengthen existing anti-corruption procedures.

An Anti-Corruption Code specifically dedicated to the prevention of and fight against corruption is in place in the Dassault Aviation Group alongside the Code of Ethics. This Code defines and illustrates the different types of employee behavior to be proscribed as likely to constitute acts of bribery or influence peddling. It is integrated into the internal rules of Dassault Aviation's various sites. Any violation is therefore punishable. The Anti-Corruption Code is supplemented by an Anti-Corruption Guide consisting of practical examples and scenarios.

Since the "Whistleblower" law of March 21, 2022, the Internal Whistleblowing Procedure allowing employees and external contractors to report any breach of the Code of Ethics and Anti-Corruption Code has been extended to the reporting of any crime or offense, including human rights abuses. The Ethics and Compliance Department is responsible for receiving and processing internal whistleblowing reports. For this purpose, a dedicated email address with an encryption system guaranteeing confidentiality is available to all employees. In fiscal year 2022, no acts of corruption or influence peddling were brought to the attention of the Ethics and Compliance Department.

The procedures for evaluating the situation of customers, suppliers, sub-contractors and consultants in the light of the risk map have been strengthened. Before the Dassault Aviation Group agrees to do business with them, special committees are tasked with going through the various stages to ensure that they comply with its business ethics.

Special internal and external accounting control procedures intended to ensure that the books, ledgers and accounts do not mask acts of corruption or influence peddling are deployed within the Finance Department, thus reinforcing existing procedures implemented by the Ethics and Compliance Department.

Throughout fiscal year 2022, the Ethics and Compliance Department conducted follow-up and audit missions as part of the evaluation procedure for tier 1 suppliers and sub-contractors, civil aircraft customers and consultants. It also handled accounting procedures in association with the Financial Department. These follow-up missions confirmed that evaluation procedures covering the Sapin 2 Law had been put in place and were working.

The compliance program deployed by Dassault Aviation and its subsidiaries demonstrates our commitment to effectively combating corruption and influence peddling.

A page dedicated to the Ethics and Compliance Department is available on the Parent Company intranet site. This page outlines the company's policy on business ethics, provides details of contacts within the Ethics and Compliance Department, and gives a list of reference documents (in French and English), including the Anti-Corruption Code, the Anti-Corruption Guide and the Internal Whistleblowing Procedure.

A page dedicated to ethics and compliance is also accessible on the Group's website.

4.8.9. Fight against tax avoidance

The Dassault Aviation Group complies with the tax regulations in force and, as such, pays taxes and social security contributions in the countries in which its industrial operations are based.

4.9. Complying with European, national and local regulations

Contribution to SDGs



The main Group entities have regulatory oversight systems that make it possible to identify or anticipate the requirements applicable to their activities and carry out compliance actions when it is necessary.

In 2022, several major regulatory measures on climate change and sustainability were drafted and published:

- delegated acts on the climate component of the European environmental taxonomy,
- draft Corporate Sustainability Reporting Directive (CSRD),
- “Fit for 55” legislative package,
- new draft EU directive on corporate due diligence and corporate accountability (Corporate Sustainability Due Diligence Directive), etc.

To supplement the regulatory oversight systems put in place, Dassault Aviation participates in activities, studies and work carried out by aerospace organizations. This enables the Group to anticipate the regulations applicable to its activities.

5. DASSAULT AVIATION, Parent Company

5.1. Activities

The activities of Dassault Aviation (Parent Company), particularly in the area of programs development, Research & Development, and production, have been presented to you within the framework of the Group's activities.

5.2. Results

5.2.1. Order intake

Parent Company **order intake in 2022** was **EUR 17,860 million**, compared with EUR 11,074 million in 2021. Export order intake represented 90%.

Changes were as follows, in **millions of euros**:

| | 2022 | 2021 | 2020 |
|----------------|---------------|--------|-------|
| Defense | 15,377 | 8,955 | 1,536 |
| <i>Export</i> | 13,855 | 6,109 | 278 |
| <i>France</i> | 1,522 | 2,846 | 1,258 |
| Falcon | 2,483 | 2,119 | 1,369 |
| Total | 17,860 | 11,074 | 2,905 |
| % Export | 90% | 73% | 33% |

The order intake is composed entirely of firm orders.

Defense programs

In 2022, **Defense order intake** totaled **EUR 15,377 million**, compared with EUR 8,955 million in 2021.

The Defense Export share was **EUR 13,855 million** in 2022, versus EUR 6,109 million in 2021. This historic amount is due to the 92 Rafale ordered in 2022: 80 Rafale for the United Arab Emirates, 6 for Greece and 6 for Indonesia. In 2021, we recorded orders from Egypt for 30 Rafale – followed by an order for an additional aircraft to complete the original order from 2015, from Greece for 6 new and 12 pre-owned Rafale (which we bought back from the French Air and Space Force), and a support contract for Croatia following its acquisition of 12 pre-owned Rafale directly from the French government.

The **Defense France** amounted to **EUR 1,522 million** in 2022, compared with EUR 2,846 million in 2021. Specifically, we secured the order for phase 1B of the demonstrator of the Future Combat Air System (FCAS). In 2021, it had mainly included the order for 12 Rafale and the 14-year “Balzac” support contract for the Mirage 2000 (excluding engines).

Falcon programs

In 2022, **63 Falcon orders** (net of canceled Russian aircraft) were recorded, compared with 49 in 2021. Order intake totaled **EUR 2,483 million**, versus EUR 2,119 million in 2021. The growth in orders is being driven by the recovery of business jet market.



5.2.2. Net sales

Net sales in 2022 totaled **EUR 6,305 million**, versus EUR 6,358 million in 2021.

Changes were as follows, in **millions of euros**:

| | 2022 | 2021 | 2020 |
|----------------|--------------|-------|-------|
| Defense | 4,778 | 5,042 | 3,146 |
| <i>Export</i> | 3,607 | 4,369 | 2,638 |
| <i>France</i> | 1,171 | 673 | 508 |
| Falcon | 1,527 | 1,316 | 1,671 |
| Total | 6,305 | 6,358 | 4,817 |
| % Export | 81% | 88% | 88% |

Defense programs

14 Rafale (13 Export and 1 France) were delivered. 25 Rafale Export were delivered in 2021.

Defense **net sales** in 2022 were **EUR 4,778 million** versus EUR 5,042 million in 2021.

The **Defense Export share** was **EUR 3,607 million** versus EUR 4,369 million in 2021. This decrease is largely due to the delivery of 13 Rafale Export, whereas 25 Rafale Export were delivered in 2021.

The **Defense France share** was **EUR 1,171 million** versus EUR 673 million in 2021. In 2022, Defense France net sales mainly include the delivery of a Rafale after a four-year hiatus, at the request of the French State for budgetary reasons, the mid-life refurbishment of the Mirage 2000D, maintenance services (Rafale under the Ravel contract, Mirage 2000 under the Balzac contract and ATL2 under the Ocean contract) and support for other aircraft in service.

Falcon programs

33 Falcon were delivered in 2022, compared with 29 in 2021.

Falcon net sales in 2022 totaled **EUR 1,527 million**, versus EUR 1,316 million in 2021. The increase is primarily due to the number of Falcon aircraft delivered (33 vs. 29).

5.2.3. Backlog

The **backlog** of the Parent Company as of December 31, 2022 was **EUR 31,237 million**, compared with EUR 19,482 million at December 31, 2021.

| As of December 31 | 2022 | 2021 | 2020 |
|-----------------------|---------------|--------|--------|
| Defense | 27,222 | 16,623 | 12,711 |
| <i>Defense Export</i> | 19,519 | 9,271 | 7,531 |
| <i>Defense France</i> | 7,703 | 7,352 | 5,180 |
| Falcon | 4,015 | 2,859 | 2,032 |
| Total backlog | 31,237 | 19,482 | 14,743 |
| % Export | 71% | 57% | 58% |



The backlog as of December 31, 2022 consists of the following:

- **Defense Export: EUR 19,519 million** versus EUR 9,271 million as of December 31, 2021. This figure notably includes 125 new Rafale and 6 pre-owned Rafale, compared with 46 new Rafale and 6 pre-owned Rafale as of December 31, 2021,
- **Defense France: EUR 7,703 million** versus EUR 7,352 million as of December 31, 2021. This figure mainly comprises 39 Rafale (vs. 40 at the end of December 2021), the support contracts for the Rafale (Ravel), M2000 (Balzac) and ATL2 (Ocean), the Rafale F4 standard and the order for phase 1B of demonstrator of the FCAS.
- **Falcon** (including the Albatros and Archange mission aircraft): **EUR 4,015 million** versus EUR 2,859 million as of December 31, 2021. It includes 84 Falcon, compared with 54 as of December 31, 2021.

5.2.4. Net income

Net income for 2022 was EUR 540 million, compared to EUR 364 million in 2021.

In 2023, employees will receive EUR 168 million on 2022 profit-sharing and incentive plans, including:

- profit-sharing: EUR 148 million
- incentive plan: EUR 20 million

These figures account for 30% of salaries in 2022. The application of the legal mandatory profit-sharing formula would have resulted in a payment for 2022 of EUR 30 million.

5.2.5. Allocation of earnings

If you approve the accounts for fiscal year 2022, we propose that you allocate the net earnings for the year of EUR 540,142,424.46, plus retained earnings from previous fiscal years, i.e., EUR 3,182,626,036.94, less the dividends applied to shares other than treasury shares(*), to the retained earnings balance.

(*) The amount of dividends which, in accordance with the provisions of the fourth paragraph of Article L. 225-210 of the French Commercial Code, may not be paid to the treasury shares held by the Company, will be reallocated to the retained earnings account.

5.2.6. Five-year summary

The Dassault Aviation five-year summary is shown in Note 32 to the annual financial statements.

5.2.7. Tax consolidation

Our Company opted for the tax consolidation scheme in 1999. Since January 1, 2012, the Group's tax consolidation scope includes Dassault Aviation, Dassault Aéro Service and Dassault Aviation Participations. A tax integration agreement, tacitly renewable for five-year periods, was signed with these companies.

5.3. Risk management

The risks and uncertainties to which the Company is exposed are the same as those outlined regarding the Group in Section 2 "Risk factors" above, since the Parent Company plays a predominant role within the scope of consolidation.

5.4. Terms of payment

In application of the law, Dassault Aviation implemented the necessary procedures to assure payment to its suppliers at EOM (End-Of-Month) +45 days. The composition of unpaid past-due supplier invoices received by the balance sheet date was as follows (in millions of euros, VAT excluded):

| Late payment tranches | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 days and over | Total |
|--|--------------|---------------|----------------------|------------------|---------------------|
| Number of invoices involved | | | 2,704 ^(*) | | |
| Total amount of invoices involved (before VAT) | 13.7 | 9 | | | 22.7 ^(*) |
| % of FY purchases (before VAT) | 0.27% | 0.18% | | | 0.45% |

^(*) 4,808 invoices for EUR 36 million excluded as related to disputes

Contractual payment terms: EOM + 45 days.

The composition as of December 31, 2022 of unpaid past-due invoices issued by the closing date was as follows (in millions of euros, VAT excluded):

| Late payment tranches | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 days and over | Total |
|--|--------------|---------------|---------------|------------------|-------|
| Number of invoices involved | | | 8,178 | | |
| Total amount of invoices involved (before VAT) | 336.9 | 41 | 36.4 | 130.7 | 545 |
| % of FY net sales (before VAT) | 5.34% | 0.65% | 0.58% | 2.07% | 8.64% |

Payment terms: defined in the General Purchasing Conditions

5.5. Shareholder information

5.5.1. Capital structure

As of December 31, 2022, the share capital of the Company is EUR 66,789,624. It is divided into 83,487,030 shares, each with a par value of EUR 0.80. The shares are listed on the regulated "Euronext Paris" market in Compartment A, International Securities Identification Number (ISIN): FR0014004L86. They are eligible for the Deferred Settlement Service (SRD). Following the increase in its free float, in 2016 Dassault Aviation joined the following stock market indices: Sociétés des Bourses Françaises 120 (SBF 120) and the Morgan Stanley Capital International World (MSCI World).

As of December 31, 2022, the shareholding of Dassault Aviation is as follows:

| Shareholders | Number of shares | % | Exercisable voting rights (2) | % |
|---------------------|-------------------|----------------|-------------------------------|----------------|
| GIMD | 51,960,760 | 62.24% | 103,921,520 | 77.05% |
| Float | 22,561,478 | 27.02% | 22,672,236 | 16.81% |
| Airbus SE | 8,275,290 | 9.91% | 8,275,290 | 6.14% |
| Treasury shares (1) | 689,502 | 0.83% | 0 | 0.00% |
| TOTAL | 83,487,030 | 100.00% | 134,869,046 | 100.00% |

⁽¹⁾ shares recorded in the "fully registered shares" account, without voting rights.

⁽²⁾ Pursuant to the "Florange" Law, and in the absence of contrary provisions in the bylaws of Dassault Aviation, shares held in a registered account for more than two years are entitled to double voting rights.

5.5.2. Information on capital, shareholders and voting rights

Direct or indirect shareholdings in the Company of which it is aware, pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code, are shown in the table above.

As of December 31, 2022, 23,257 shares (0.03% of the capital) were held by one of the corporate investment funds whose members are current or former employees of the Company.

Pursuant to Law No. 2014-384 of March 29, 2014, "seeking to reconquer the real economy," and since April 3, 2016, shares issued by the Company and held in a registered account for two years or more are entitled to double voting rights.

The Company has not issued any securities representative of its current capital.

The Company did not create any stock options in 2022.

The General Meeting of May 11, 2021 authorized the Board of Directors to allocate, in one or more stages, free existing shares of the Company (to the benefit of Company employees or certain employee categories it may determine, and to the benefit of eligible corporate officers of the Company).

This authorization is valid for a period of 38 months from the Annual General Meeting and concerns a maximum of 278,000 shares⁽¹⁾ representing 0.33% of the capital as of May 11, 2021. It states that the Board of Directors shall determine the identity of the beneficiaries of such allocations and, as required, the conditions and the criteria for allocating the shares, as well as the vesting and lock-in period of those shares.

⁽¹⁾ *proforma, following the 10-for-1 stock split*

Pursuant to this authorization (see Table 6 of the Report on Corporate Governance), on March 3, 2022 the Board of Directors decided to award 20,000 performance shares to the Chairman and Chief Executive Officer and 14,500 performance shares to the Chief Operating Officer.

Said shares will become vested (between 0% and 112%) provided the following performance criteria are met:

- adjusted Group operating margin,
- qualitative assessment of individual performance.

In addition, the same Board Meeting defined the following other conditions:

- a one-year vesting period, ending on March 2, 2023 (evening),
- presence in the workforce at the end of the vesting period,
- a one-year holding period for beneficiaries, starting from March 3rd, 2023, and ending March 2nd, 2024,



- from March 3rd, 2024, the retention of 20% of those shares for the duration of their term of office.

The General Meeting has not agreed to delegate any authority or powers to the Board of Directors regarding capital increases.

Since the General Meeting of May 20, 2015, there has been a statutory obligation to provide information on the crossing of ownership thresholds. This applies to any fraction held that is equal to or greater than 1% of the capital and voting rights of the Company, and any multiple of that percentage, which exceeds or falls below those thresholds.

The Company's bylaws do not include any restrictions on the exercise of voting rights or on the transfer of shares.

No shareholder has special control rights. In particular, there is no shareholding system offering employees specific control.

5.5.3. Securities transactions by corporate officers

The securities transactions executed in 2022 by corporate officers consisted of the acquisition of performance shares on March 4, 2022 (see Report on Corporate Governance).

No other acquisition or sale of Dassault Aviation shares was executed by corporate officers. Such transactions, when they occur, must be reported to the AMF and the Company, pursuant to the provisions of Article L. 621-18-2 of the French Monetary and Financial Code and Articles 223-22-A et seq. of the AMF General Regulation.

5.5.4. Shareholders' agreements

There is no shareholders' agreement between Groupe Industriel Marcel Dassault (GIMD) and Airbus Group SE. However, the following two agreements are in place:

a) Agreement between the French government, Airbus SE and Airbus SAS:

Pursuant to Article L. 233-11 of the French Commercial Code, the Company has been informed by the French Commissioner of State Holdings that on June 21, 2013, the French government signed a shareholders' agreement with Airbus SE and Airbus SAS that established concerted action with respect to Dassault Aviation. This agreement provides as follows:

- Airbus may exercise its voting rights in General Meetings following consultation with the French government,
- the French government is granted the right of first refusal and the right of first offer should Airbus seek to dispose of all or part of its shares in the stock of Dassault Aviation.

Airbus SE, which also signed the agreement, is bound by these commitments.

b) Agreement between the French Government and GIMD:

In application of Article L. 233-11 of the French Commercial Code, the Company was informed by GIMD that, on November 28, 2014, the French Government signed an agreement with GIMD, which would enter into force on December 2, 2014. The purpose of this agreement is to confer on the French Government preemptive rights in case of transfer of Dassault Aviation shares by GIMD that would drop below the 40% threshold in Dassault Aviation capital, and in case of any subsequent shares transfers below this threshold.

This agreement does not constitute a concerted action between the French government and GIMD, each remaining at total liberty to manage its shareholding and exercise its voting rights.

These two agreements have no impact on the Company's governance.

GIMD holds the majority of the capital and voting rights in Dassault Aviation.

5.5.5. Implementation of a share buyback program

To allow Dassault Aviation to trade its own shares on the market or off-market, the Annual General Meeting of May 18, 2022 authorized a new share buyback program, identical to those in place since 2014.

This new authorization, valid for a period of 18 months as of May 18, 2022 (until November 17, 2023 inclusive), terminates, on the date it was implemented by the Board of Directors on July 20, 2022, the share buyback program previously authorized by the Annual General Meeting on May 11, 2021, for the unused portion of that program.

This share buyback program is in compliance with the provisions of Articles L. 22-10-62 et seq. of the French Commercial Code and European Regulation 596/2014 of April 16, 2014.

This share buyback authorization may be used by the Board of Directors for the following objectives:

- to cancel shares in order to increase the profitability of shareholders' equity and earnings per share,
- to ensure market trading or liquidity of Dassault Aviation stock through an investment services provider under a liquidity contract compliant with an ethics charter recognized by the French Financial Markets Authority (the "AMF"),
- to transfer or allocate shares to employees and corporate officers of the Company and/or of associated companies under the terms and conditions stipulated by law, particularly in case of the exercising of stock options or a bonus issue of existing shares, or by the sale and/or top-up of existing shares in an employee stock ownership scheme,
- to retain the shares with a view to subsequent use, to remit them as payment or in exchange, including as part of any external growth transactions, for up to 5% of the share capital,
- to remit the shares upon exercise of rights attached to debt securities convertible to Dassault Aviation shares,
- to implement any market practice that would be recognized by the law or by the French Financial Markets Authority (the "AMF").

The acquisition, disposal or transfer of shares as described above may be carried out by any means compatible with applicable law and regulations, including as part of a negotiated trade.

The authorization given by the Annual General Meeting to the Board of Directors entitles Dassault Aviation to buy its own shares, up to a limit of 10% of its capital, for a unit price capped at EUR 170 exclusive of acquisition costs, subject to adjustments linked to corporate actions, particularly through the incorporation of reserves and bonus allocation of shares and/or stock split or reverse stock split.

The maximum amount to be used to buy back the Company's shares is EUR 1,419,279,510; this condition is combined with the condition for a 10% cap on the Company's capital.

The General Meeting conferred all powers to the Board of Directors, with an option to subdelegate in the cases authorized by the law, to decide to act on this authorization, place any stock market or off-market orders, sign any agreements, draw up any documents including information documents, set the terms for the Company's market or off-market dealings, as well as the terms and conditions for acquisition and disposal of shares, file any declarations, including to the AMF, set the terms and conditions protecting, where necessary, the rights of the holders of securities giving access to the capital, of options to subscribe for or buy shares, or of rights to allocate performance shares in accordance with legal, regulatory or contractual provisions, fulfill any formalities and, in general, do whatever is necessary to complete such transactions.

The General Meeting also conferred all powers to the Board of Directors if the law or the French Financial Markets Authority (the "AMF") were to extend or add to the objectives authorized for the share buyback program, in order to bring to public attention, within applicable legal and regulatory terms and conditions, any amendments with regard to the program's objectives.

At its meeting of July 20, 2022, the Board of Directors implemented the new share buyback program and delegated powers to the Chairman and Chief Executive Officer to conduct any transaction under the conditions set by the Annual General Meeting.

Under this program, a mandate was given to an investment service provider and 409,072 shares (0.49% of the capital) were acquired in the second half of 2022 at an average price of EUR 130.47, or a cumulative gross amount of EUR 53,372,631. Trading fees amounted to EUR 37,361.

Prior to the implementation of this share buyback program, the Company held – after the distribution in 2022 of 29,700 shares (0.04% of the capital) as 2021 performance shares – 280,430 shares (0.34% of the capital) acquired under a previous buyback program. These shares were set aside for the distribution of performance shares and the potential arrangement of a liquidity contract to stimulate the market or ensure the liquidity of the stock through an investment service provider.

As of December 31, 2022, the Company held 689,502 of its own shares (0.83% of the capital) for a gross purchase value of EUR 80,854,770.54.

On March 8, 2023, the Board of Directors decided to set aside the 409,072 shares acquired for cancellation and to reduce the capital by EUR 327,257.60 by canceling those shares. It delegated powers to the Chairman and Chief Executive Officer for the actual implementation of the capital reduction.

In order to allow the Company to act at any time with regard to its own shares, on March 8, 2023, the Board of Directors proposed to the General Meeting of May 16, 2023, that a new share buyback program be launched with a maximum price per share fixed at EUR 200, other conditions remaining unchanged (Resolution 15).

Pursuant to the provisions of Articles L. 225-211 and R. 225-160 of the French Commercial Code, the Company maintains registers of the purchase and sale of shares acquired and sold in the context of its share buyback program.

5.5.6. Authorization of reduction in the Company's share capital

On May 18, 2022, the General Meeting authorized the Board of Directors, on the same terms as the authorizations granted since 2019, to:

- reduce its share capital by way of cancellation, in one or more stages, of all or some of the shares acquired by the Company under a share buyback program, limited to 10% of the capital per 24-month period,
- allocate the difference between the buyback value of canceled shares and their nominal value to premiums and available reserves.

To this end, the General Meeting has granted all powers to the Board of Directors to set the terms and conditions for any capital reductions consecutive to any cancellation operations decided upon.

This authorization was given for a period that expires at the end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2022.

There was no cancellation of shares in 2022. On March 8, 2023, the Board of Directors decided to cancel 409,072 Dassault Aviation shares acquired under the buyback program authorized by the General Meeting on May 18, 2022 (see paragraph 5.5.5 above).

In order to allow the Company to reduce its share capital at any time, the Board of Directors, at its meeting of March 8, 2023, recommended to the Annual General Meeting of May 16, 2023 that it authorize the Board to reduce the Company's share capital by the cancellation of shares purchased or to be purchased under a share buyback program (Resolution 16).

5.5.7. Significant agreements entered into by the Company

The Company did not enter into any major agreement that would be amended or automatically terminated in the event of a change in control of the Company.

However, in such a case, the National Defense contracts entered into with the French government would be reexamined by the French Ministry of Defense, which could require that all or some of these contracts be transferred to another French company for reasons of national interest.

There is no agreement offering compensation for:

- members of the Board of Directors, should they resign or be dismissed,
- employees, should they resign or be dismissed unjustifiably and without proper cause, or should their employment contract be terminated due to a takeover, over and above the provisions of the collective bargaining agreement.

6. PROPOSED RESOLUTIONS

The resolutions submitted to your vote concern the following points:

Resolutions for the Ordinary General Meeting

- **Approval of company and consolidated financial statements**

First of all, you are asked to approve the annual financial statements of the Parent Company (Resolution 1), which show a net profit of EUR 540,142,424.46, and the consolidated financial statements, which show a consolidated net profit of 716,225 thousand for the fiscal year ended December 31, 2022 (Resolution 2).

Those financial statements were approved by the Board of Directors on March 8, 2023 after prior examination by the Audit Committee. They were the subject of unqualified opinions from the Statutory Auditors, which can be found in the 2022 Annual Report.

- **Allocation and distribution of the net income of the Parent Company**

It is proposed that net income for the fiscal year, plus the retained earnings from prior years, which constitute a total distributable amount of EUR 3,722,768,461.40, be allocated for the distribution of a dividend for fiscal year 2022 in the amount of EUR 3.00 per share, with the remaining balance to retained earnings (Resolution 3).

The dividend would be paid on May 23, 2023.

- **Approval of the elements of compensation paid or allocated for fiscal year 2022**

In accordance with Article L. 22-10-34 I and L. 22-10-34 II of the French Commercial Code, you are asked to approve the elements of compensation of all directors, for the fiscal year ended December 31, 2022, mentioned in Article L. 22-10-9 I of the French Commercial Code (Resolution 4), except for the aforementioned elements concerning the Chairman and Chief Executive Officer, Mr. Éric Trappier, and the Chief Operating Officer, Mr. Loïc Segalen (Resolutions 5 and 6), for the financial year ended December 31, 2021.

These items are presented in paragraph 2.1 of the Report on Corporate Governance.

- **Approval of the 2023 compensation policy**

Pursuant to Article L. 22-10-8 II of the French Commercial Code, the Board of Directors submits for the approval of the Annual General Meeting the 2023 compensation policy for directors (Resolution 7), for the Chairman and Chief Executive Officer (Resolution 8), and for the Chief Operating Officer (Resolution 9).

These elements were agreed by the Board of Directors on March 8, 2023 and are presented in paragraph 2.2 of the Report on Corporate Governance.

- **Re-election of four directors**

Since the terms of office of Lucia Sinapi-Thomas, Charles Edelstenne, Thierry Dassault and Éric Trappier expire at the end of the Annual General Meeting, it is proposed that they be re-elected for four years (Resolutions 10 to 13).

- **Approval of the related-party agreement for the acquisition by Dassault Aviation of land in Mérignac and Martignas from GIMD**

After having read the Statutory Auditors' special report on related-party agreements referred to in Articles L. 225-38 et seq. of the French Commercial Code, the Annual General Meeting is called upon to approve the agreement concerning the acquisition by Dassault Aviation of land in Mérignac and Martignas from GIMD.

This agreement was authorized by the Board of Directors at its meeting on March 3, 2022 (Resolution 14).

- **Authorization to be given to the Board of Directors to allow the Company to purchase its own shares under a share buyback program**

Companies whose shares are admitted to trading on a regulated market are allowed to purchase their own shares if they are authorized by the General Meeting of Shareholders.

Under Article L. 22-10-62 et seq. of the French Commercial Code and the provisions of European Regulation 596/2014 of April 16, 2014, we ask you to reauthorize the Board of Directors to implement a share buyback

program for a period of 18 months.

The share buyback program would enable the Company:

- 1) to cancel shares in order to increase the return on equity and earnings per share (subject to adopting Resolution 16),
- 2) to transfer or allocate shares to employees and corporate officers of the Company and/or of associated companies under the terms and conditions stipulated by law, particularly in case of the exercising of stock options or allocation of existing performance shares, or by the sale and/or top-up of existing shares in an employee stock ownership scheme,
- 3) to ensure market trading or liquidity of Dassault Aviation stock through an investment services provider under a share liquidity contract compliant with an ethics charter recognized by the French Financial Markets Authority,
- 4) to retain the shares with a view to subsequent use, to remit them as payment or in exchange, including as part of any external growth transactions, for up to 5% of the share capital,
- 5) to remit the shares upon exercise of rights attached to debt securities convertible to Dassault Aviation shares,
- 6) to implement any market practice recognized by the law or by the French Financial Markets Authority.

The Board could proceed with the buyback of Dassault Aviation shares within the statutory limit of 10% of the Dassault Aviation share capital.

The maximum buyback price would be EUR 200 per share. Considering the number of shares of the capital as of December 31st, 2022, decreased by the number of shares cancelled through the capital reduction decided by the Board of March 8th, 2023, the maximum number of share possibly acquired is of 8,307,295, i.e. a maximum investment of EUR 1,661,559,000.

This authorization would take effect at the next meeting of the Board of Directors which would decide whether to implement the new share buyback program, on which date the under-used portion of the share buyback program previously authorized by the Annual General Meeting of May 18, 2022 (Resolution 15) would be terminated.

Resolutions for the Extraordinary General Meeting

- **Authorization to be given to the Board of Directors to reduce the Company's share capital by cancellation of shares purchased or to be purchased under the scope of a share buyback program**

Pursuant to the provisions of Article L. 22-10-62 of the French Commercial Code, the Annual General Meeting is asked to authorize the Board of Directors, with the option of sub-delegation, to:

- reduce its capital by way of cancellation, in one or more stages, of all or some of the shares acquired by the Company under its share buyback program, limited to 10% of the capital per 24-month period,
- allocate the difference between the buyback value of canceled shares and their nominal value to premiums and available reserves.

This new authorization would be granted for a period that expires at the end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2023.

As of May 16, 2023, it would render the similar authorization granted by the Annual General Meeting of May 18, 2022 ineffective for the under-used portion (Resolution 16).

7. CONCLUSION AND OUTLOOK

The Board of Directors, under the chairmanship of Éric Trappier, approved the 2022 accounts.

The war in Ukraine has featured prominently over the past year, not least because of the human consequences it has taken since it first started. Our thoughts are with the Ukrainian people. It also serves as a reminder to EU countries that armed conflicts are not consigned to the past and that we must be prepared for them. This is why President Macron, who was re-elected in April 2022, is calling for a war economy to be established. France's Military Procurement Law, which will be enacted in 2023, should reflect that mindset.

Apart from the war in Ukraine, 2022 saw a succession of crises (persistence of the Covid-19 pandemic, particularly in Asia, geopolitical crises, shortages of raw materials, inflation, energy supply, social unrest). These crises have destabilized our suppliers, directly impacting our supplies, production and development. Supply chains were severely affected in 2022 and remain under significant pressure, particularly in the aviation sector.

The focus on environmental issues has sometimes resulted in hostility toward business aviation ("Aviation bashing"), even as the Group is committed into an active policy in Corporate Social Responsibility – CSR – aiming at improving the environmental performance of our activities (energy sobriety) and our products (ecoconception, use of Sustainable Aviation Fuel for our Falcon) and actively participates in research initiatives aimed at decarbonizing aviation.

Like 2021, 2022 was a historic year for order intake (EUR 21.0 billion and 156 aircraft – 92 Rafale Export and 64 Falcon). As a result, our backlog is the largest in the Group's history: EUR 35.0 billion (251 aircraft – 125 Rafale Export, 39 Rafale France and 87 Falcon), Net sales totaled EUR 6.9 billion and we delivered 46 aircraft: 13 Rafale Export, 1 Rafale France and 32 Falcon. Lastly, concerning the FCAS, the agreement on the development of the demonstrator (detailed specifications) establishes the role of Dassault Aviation as lead architect of the New Generation Fighter (NGF). This is good news for our engineering department, since the agreement protects our intellectual property.

In the military sector, 2022 saw:

- the commercial success of the Rafale for export, notably with
 - the entry in the order book of the contract for 80 Rafale for the United Arab Emirates following receipt of the first advance,
 - the signing of contracts for 42 Rafale (6+36) for Indonesia. The first advance has been received for the first six aircraft, which have been included in 2022 order intake. The entry into force of the contract for the additional 36 Rafale is pending,
 - the sale to Greece of an additional six new Rafale.

As a result, Rafale order intake in 2022 equals 92 aircraft (80 for the United Arab Emirates, 6 for Indonesia and 6 for Greece). The backlog as of December 31, 2022 now includes 164 new Rafale (125 Export, 39 France),

- the delivery of 13 Rafale to our export customers (Greece, India and Qatar),
- resumption of the delivery of Rafale to France, with one aircraft accepted in 2022. This delivery follows a four-year hiatus, at the request of the French State for budgetary reasons,
- the continuation of development work on the Rafale F4 standard,
- for the FCAS, of which Dassault Aviation is leader for the NGF demonstrator, the first phases of work on the demonstrator (Phase 1A) were completed in 2022. Dassault Aviation and Airbus have reached an agreement, allowing phase 1B to be awarded. Dassault Aviation is prime contractor and architect of pillar 1, the NGF, and is involved (as co-contractor or sub-contractor) in pillars 3, 4, 5 and 7, as well as in item 0 (continuation of technical operational studies with the military),
- work has begun on the Eurodrone contract. Dassault Aviation is responsible in particular for flight controls and mission communications, as a sub-contractor of Airbus Defence and Space.
- regarding the Falcon multi-mission aircraft, development work is continuing on the Archange (Falcon 8X) and Albatros (Falcon 2000LXS) programs. Our business development efforts resulted in order intake for 4 Falcon 2000LXS for the South Korean Air Force ; architectural study of the Futur PATMAR, based on Falcon 10X, has been launched in January 2023, (in competition with Airbus),

- the vertically integrated contracts signed with France for the Rafale (Ravel), Mirage 2000 (Balzac) and the ATL2 (Ocean) are continuing, with performance exceeding the contractual targets.

In the civil aviation segment, 64 Falcon were ordered and 32 Falcon were delivered in 2022. The business aviation market was dynamic, despite the slowdown observed at the end of the year. The year also saw:

- the continuation of development efforts on the Falcon 6X and 10X:
 - the Falcon 6X is continuing its test flight campaign and certification process. This aircraft will enter service in mid-2023. It was unveiled at the EBACE and NBAA trade shows and is continuing to be ramped up,
 - the Falcon 10X reached several milestones in 2022 (industrialization of its first parts, wing tests). A full-scale mock-up was unveiled at the EBACE and NBAA trade shows.
- the award to Dassault Falcon Service of a support contract for France's Falcon aircraft,
- the expansion of the network of service centers, with the upcoming opening of service centers in Dubai in 2023 and in Melbourne (Florida) and Kuala Lumpur in 2024. Wilmington service center has ceased its operations,
- the Company's commitment to the decarbonization of its Falcon aircraft, in particular with:
 - preparation for the expansion of Falcon SAF capability. The Falcon 10X will be natively 100% SAF compatible as soon as it enters service,
 - the launch of the "SAF plan," which envisages the ambitious use of SAF for internal flights,
 - the development of a flight plan optimization tool.

The backlog as of December 31, 2022 is 87 new Falcon, compared with 55 at the end of 2021.

In a tight labor market, the Group recruited more than 1,500 people in 2022 and is continuing to increase the number of female employees. This strategic recruitment drive is backed by an attractive employment model in which – true to the ideals of Serge and Marcel Dassault – the distribution of value is a core part of its DNA (profit sharing and incentive scheme and value sharing bonus).

In the continuity of the elapsed year, our objectives for 2023 are:

- secure the supply chain,
- Rafale: to perform current contracts and continue business development,
- secure the French Tranche 5 order of 42 Aircraft,
- military developments: to continue the programs under way and prepare future standards,
- military aircraft support and availability: to continue to meet our commitments close to the armed forces staff and their needs,
- Falcon: to obtain certification and ensure that the Falcon 6X enters service, pursue the development of the Falcon 10X and continue to drive sales,
- civil aircraft support and availability: improve the global Falcon after sale network,
- energy transition: to continue our efforts to reduce our environmental impact,
- Make in India: to continue ramping up the activities transferred to India,
- FCAS / NGF: to launch phase 1B and prepare Phase 2 (flight)



The Guidance for 2023 is to deliver 15 Rafale and 35 Falcon. Net sales will be down compared to 2022.

The Board of Directors would like to congratulate all the Group's employees for the past year's success and express its confidence in achieving the objectives for the coming year.

This Directors' Report may contain forward-looking statements which represent objectives and cannot be construed as forecasts regarding the Company's results or any other performance indicator. The actual results may differ significantly from the forward-looking statements due to various risks and uncertainties, as described in this report.

Appendix to the Directors' Report

Indicators

In accordance with Order No. 2017-1180 of July 19, 2017 and Decree No. 2017-1265 of August 9, 2017, the Directors' Report includes a non-financial performance declaration (NFPD) containing the following information:

- Social information,
- Environmental information,
- Information relating to respect for Human Rights,
- Information relating to the fight against corruption,
- Information relating to the fight against tax avoidance.

Scope of consolidation of the non-financial performance declaration

The scope of the NFPD is based on the financial consolidation scope. However, due to restricted activity and/or workforce or the absence of control by Dassault Aviation, some subsidiaries have not been included. Therefore, the following were excluded:

- Dassault Reliance Aerospace Ltd, Thales, Falcon Training Center and Aero Precision Repair & Overhaul Co., Inc., in which Dassault Aviation's stake is 50% or less,
- Dassault Falcon Jet Leasing Ltd (a wholly owned subsidiary of Dassault Falcon Jet Corporation), Dassault Falcon Jet Wilmington and ExecuJet MRO Services Middle East LLC, which had no significant CSR activity.

Audit and consolidation of the NFPD

Each published indicator is subject to a reporting protocol detailing the definition of the indicator, the scope and the calculation methodology. Indicators are calculated on the basis of a calendar year (from January 1 to December 31).

Taking into account the mode of data gathering and the locations of the subsidiaries, the reporting scope may vary according to the indicators. Certain indicators cannot be consolidated due to the differences in regulations between the countries.

Under the framework of ISO 14001 certification, reporting procedures for environmental indicators are applied by the Parent Company.

Social and Human Resources Data

The NFPD includes Dassault Aviation's policy on gender equality and equal pay, which the Board of Directors is required to deliberate under Article L. 225-37-1 of the French Commercial Code.

The social data of this report is based on fact sheets and methodology sheets that form the reference base for reporting social data of the Dassault Aviation Group, in force in 2022. The defined indicators are in compliance with national regulations.

The following details are given for the following indicators:

- Employment:
 - Registered headcount: all employees registered in the workforce as of December 31, regardless of the duration and nature of their employment contract (CDI, CDD, professional training contracts and apprentices). The departures on December 31, temporary workers, interns and subcontractors are excluded from this count.
 - Active headcount: registered headcount less suspended contracts (sabbatical leave, business creation leave, other unpaid leave, uncompensated illnesses, disabilities, parental leave, end-of-career leave) and professionalization and apprenticeship contracts.
- absenteeism: the causes of absences taken into account for the absenteeism indicator are sickness, stoppages for work-related accidents and accidents when traveling to/from work, and unjustified absences. The indicated number of days are normal working days,
- departures and dismissals: contractual terminations are to be counted as departures but are not counted

within the number of dismissals,

- Group compensation: the average annual compensation is a gross compensation that includes the base salary, the 13th month and the seniority bonus, excluding other bonuses,
- Parent Company compensation: the average annual compensation is a gross figure that includes the base salary, the 13th month and the seniority bonus, excluding other bonuses, plus profit-sharing and incentive schemes,
- training hours: work-study training hours recorded in the training plan as well as the in-school training hours of professional development contracts are also taken into account. Training hours in the workplace are also taken into account when they are part of a training program with precise formal monitoring.

Training hours also include the theoretical hours envisaged in the sponsorship program set up within some Group entities. Dassault Aviation pays particular attention to monitoring the effective implementation of this program and will continue to enhance this monitoring in 2023.

Training hours in the form of e-learning or telephone-based language learning count in full as soon as the employee logs on, depending on what has been agreed with the training body. Employees are sent reminders to encourage them to complete the training hours that have been allocated to them.

Certain temporary difficulties were experienced in 2022 with the service provider managing the administrative aspects of training for the parent company. Those difficulties may have had an impact on data entry in SAP. The issues were resolved by the end of 2022.

Environmental Data

The environmental indicators and the associated generation methods are subject to descriptive methodological procedures both for the Parent Company and for its subsidiaries.

These procedures are included in the documentation repository of the Parent Company and distributed to the various entities contributing to the generation of these indicators.

The year 2020, disrupted by the Covid-19 crisis, is not representative of the Company's activities. The year 2019 was therefore chosen as the reference year. In addition, the reporting of subsidiaries DABS and Execujet has only been effective since 2020, year of their integration into the Group.

Changes in environmental indicators having as reference the year 2019 are therefore only available on the consolidated scope Parent Company, DFS, Sogitec and DFJ.

The balances are produced per calendar year and consolidated, when the data so allows, against invoices and meter readings for the period from January to December. Unavailable information relating to the last months of the year is estimated by comparison with the equivalent months of the previous year or based on the average for the same month of the last three years, or by any other relevant method due to the unrepresentativeness of data for 2020 and 2021, which were disrupted by Covid-19.

The data for year n-1, estimated at the time of publication of that financial year, are likely to change in the publication of the report for year n, after receiving the actual data.

The consumption of kerosene for maintenance activities is calculated on the basis of the purchased, non-reinvoiced fuel.

The consumption of kerosene for production activities includes both civil and military aircraft.

Scope 3 sources of greenhouse gas emissions were analyzed and retained in the non-financial performance declaration if they were assessed as significant, or as non-significant but with accessible decarbonization levers. This analysis and qualitative reporting are based on the comprehensive carbon footprint assessment carried out in 2021 on 2019 data with the help of a specialist firm.

Information relating to respect for Human Rights

Dassault Aviation is committed to respecting human rights through its Code of Ethics, internal organization, the evaluation and monitoring of its suppliers, and the various international texts we adhere to. The measures taken to further this commitment are detailed in Section 4.8.

Information relating to the fight against corruption

In accordance with Article 17 of Law No. 2016-1691 of December 9, 2016 respecting transparency, the fight against corruption and the modernization of economic life, Dassault Aviation takes measures to prevent and detect, in France and abroad, acts of corruption or influence peddling.

Information relating to the fight against tax avoidance

Dassault Aviation complies with the tax regulations in force and, as such, pays taxes in the countries in which it operates its industrial activity.

External Verification

The non-financial data contained in the Non-Financial Performance Declaration and the methods used to compile and validate the data were subjected to an external audit by the independent third party Mazars.

Report of one of the Statutory Auditors, appointed as independent third party, on the consolidated non-financial statement

For the year ended December 31, 2022

To the Shareholders,

In our capacity as Statutory Auditor of Dassault Aviation, appointed as independent third party and accredited by COFRAC under number 3-1058 (scope of accreditation available at www.cofrac.fr), we have conducted procedures to express a limited assurance conclusion on the historical information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the company's procedures (hereinafter the "Guidelines"), for the year ended 31 December 2022 (hereinafter the "Information" and the "Statement", respectively), presented in the Director's report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Conclusion

Based on our procedures as described in the section "Nature and scope of procedures" and the evidence we have obtained, no material misstatements have come to our attention that cause us to believe that the non-financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Comments

Without calling into question the conclusion expressed above and in accordance with the provisions of Article A. 225-3 of the Commercial Code, we make the following comments:

- the monitoring of key performance indicators related to training contains a degree of heterogeneity due to program's differences and data collection systems put in place within the Group's entities. These differences are specified in a methodology note, available in the appendix to this Director's report.

Preparation of the consolidated non-financial statement

The absence of a generally accepted and commonly used reference framework or established practices on which to base the assessment and measurement of Information enables the use of different but acceptable measurement techniques that may impact comparability between entities and over time.

Accordingly, the Information must be read and interpreted with reference to the Guidelines, the material elements of which are available on the company's website.

Limits inherent in the preparation of the information relating to the Statement

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

Responsibility of the Company

The Board of Directors is responsible for:

- selecting or determining the appropriate criteria for the preparation of the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented with respect to these risks as well as the outcomes of these policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- implementing such internal control as it determines is necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the company's Guidelines as referred to above.

Responsibility of the statutory auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the historical information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks.

As it is our responsibility to issue an independent conclusion on the Information prepared by management, we are not authorized to participate in the preparation of the Information, as this could compromise our independence.

It is not our responsibility to provide a conclusion on:

- the company's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the duty of vigilance and the fight against corruption and tax evasion);
- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des commissaires aux comptes*) relating to this engagement and acting as the verification program and with the international standard ISAE 3000 (revised).

Independence and quality control

Our independence is defined by Article L. 822-11 of the French Commercial Code and French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des commissaires aux comptes*) relating to this engagement.

Means and resources

Our work engaged the skills of four people between November 2022 and February 2023 and took a total of four weeks.

We conducted some fifteen interviews with the people responsible for preparing the Statement, representing in particular the environment health and safety, human resources, purchasing and ethics departments.

Nature and scope of procedures

We planned and performed our work taking account of the risk of material misstatement of the Information.

We consider that the procedures conducted in exercising our professional judgement enable us to express a limited assurance conclusion:

- we familiarized ourselves with all companies in the consolidation scope and the description of the principal risks;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- we verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of the principal risks associated with the activities of all the consolidated entities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
 - o assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
 - o corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1. Concerning certain risks (e.g. EHS regulatory compliance, traceability and obsolescence of hazardous substances, in the supply chain: customer duty and ethical business conduct), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities.
- we verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.
- we obtained an understanding of internal control and risk management procedures implemented by the company and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;

- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
 - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
 - substantive tests, on a sample basis and using other selection methods, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities⁵ and covered between 17.2% and 100% of the consolidated data selected for these tests.
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures conducted in a limited assurance review are substantially less extensive than those required to issue a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des commissaires aux comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, March 7, 2023

One of the statutory auditors,

Mazars

Mathieu Mougard
Partner

Souad El Ouazzani
CSR & Sustainable Development Partner

⁵ Istres, Martignas and Saint-Cloud Dassault Aviation sites



Appendix 1: The most important information

| <i>Enjeux</i> | <i>Indicateur clé de performance</i> | <i>Niveau d'assurance</i> |
|---|--|---------------------------|
| Traceability and hazardous substances' obsolescence | Number of hazardous products substituted | Limited assurance. |
| Employment and skills | Workforce | |
| | Percentage of employees trained | |
| Health, safety and working conditions | Frequency rate of work-related accidents | |
| | Severity rate of accidents at work | |
| Climate changes | Energy consumption by source | |
| | Greenhouse gas emissions, scopes 1 and 2 | |
| Supply Chain : customer duty | Percentage of new supplier assessed | |
| | Percentage of suppliers with potential risks | |
| Ethical business conduct | Number of corruption | |
| | Number of training offered | |
| | Number of employees trained | |

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Report on corporate governance

Dear Shareholders,

The purpose of this report is to update you about the corporate governance of Dassault Aviation (hereinafter the “Company”), the policy relating to the corporate officers’ compensation, and the components of that compensation.

Prepared in application of Articles L. 225-37 et seq. and L. 22-10-8 et seq of the French Commercial Code, it is presented to you along with the Directors’ Report. The Legal Affairs and Insurance Department and the Financial Department carried out preparatory checks on the drafting of said report, which was then reviewed by the statutory auditors as part of their due diligence and approved by the Board of Directors on March 8, 2023.

1. CORPORATE GOVERNANCE

1.1. Corporate governance guidelines

Standard of reference for corporate governance used by Dassault Aviation

In accordance with Article L. 22-10-10 4° of the French Commercial Code, Dassault Aviation decided in 2021, after reviewing the provisions of the current corporate governance codes issued by AFEP-MEDEF and Middelnext, that those codes do not constitute its corporate governance guidelines.

- The Company does not refer to the aforementioned codes as a result of its specific situation and in particular due to:
 - the family nature of its shareholding structure since its beginning, with a majority of the shares held by GIMD, a company owned by the Dassault family, which is a full-fledged stakeholder in the Company's strategic choices,
 - its uniqueness, which is the distinctive feature of Dassault Aviation's pioneering role in the implementation of certain practices, especially in the area of labor relations, such as paid vacations and profit-sharing and incentive schemes,
 - its simple, centralized and reactive organization,
 - its story marked by the high stability of its management team, with five Chairmen and Chief Executive Officers since the post-war period, in line with the long cycles specific to its industry sector,
 - a rigorous culture that guides its operations on a day-to-day basis.
- The Company's governance is based on the following principles:
 - the desire to foster a stable shareholding structure, reflecting its nature as a family business with long-term shareholder investment,
 - a skilled, experienced Board of Directors with in-depth knowledge of the business,
 - the striving for balance on the Board of Directors, with members from the family circle, independent directors and a director representing employees,
 - the ambition for diversity and gender parity in the composition of the Board of Directors, with balanced representation of women and men on the Board of Directors,
 - the transparency of the corporate officers' compensation.

Furthermore, Dassault Aviation has decided to adopt a certain number of governance rules in addition to the legal requirements:

- the Board of Directors' internal regulations posted on the Company's website (www.dassault-aviation.com), which specifies the operating rules governing the Board of Directors,
- a specific definition of independence (see paragraph 1.2 "Composition of the Board of Directors"),
- the introduction of specific rules concerning the identification and prevention of conflicts of interest on the Board of Directors, supplementing the Internal Charter on related-party agreements (see paragraph 1.4 "Conditions for preparing and organizing the work of the Board of Directors"),
- the staggered renewal of directors' terms of office (see paragraph 1.2 "Composition of the Board of Directors"),
- detailed information communicated to shareholders when Directors are appointed or reappointed (see paragraph 1.2 "Composition of the Board of Directors"),



- the ownership by each director of a minimum number of shares to be retained as registered shares throughout his or her term of office (see paragraph 1.2 “Composition of the Board of Directors”),
- a reminder to directors of the qualities required and of the rules of professional ethics for the performance of their duties (this information is available in the Board of Directors’ internal regulations available on the Company’s website www.dassault-aviation.com),
- a minimum of two meetings per year of the Board of Directors and the Audit Committee, given the Group’s long business cycles (see paragraph 1.4 “Conditions for preparing and organizing the work of the Board of Directors”),
- the suspension of the employment contracts of corporate officers.

Lastly, with regard to the executive corporate officers’ compensation, the Company applies all provisions of the laws in force.

1.2. Composition of the Board of Directors

As of the date of this report, the Board of Directors is composed of eight members with the experience and expertise required to fulfill their office: Éric Trappier (Chairman and Chief Executive Officer) and Charles Edelstenne (Honorary Chairman), Besma Boumaza, Marie-Hélène Habert and Lucia Sinapi-Thomas, Thierry Dassault, Henri Proglio and Stéphane Marty (director representing employees), with renewable four-year terms of office.

The table below shows the expiration dates of the terms of office of the directors, which are renewed on a staggered basis.

COMPOSITION OF THE BOARD OF DIRECTORS on 12/31/2022

| Name | Office | Age at 12/31/2022 | Independent director | First term of office | Expiration of current term | Years of service on the Board |
|---------------------|---|----------------------|-------------------------|-------------------------|----------------------------------|-------------------------------------|
| Éric Trappier | Chairman and Chief Executive Officer Director | 62 | | 2013 | 2023 | 10 |
| | | | | 2012 | 2023 | |
| Charles Edelstenne | Honorary Chairman Director Member of the Audit Committee | 84 | | 1989 | 2023 | 33 |
| Thierry Dassault | Director | 65 | | 2021 | 2023 | 1 |
| Marie-Hélène Habert | Director | 57 | | 2014 | 2026 | 8 |
| Besma Boumaza | Director | 46 | yes | 2021 | 2024 | 1 |
| Henri Proglio | Director Chairman of the Audit Committee | 73 | yes | 2008 | 2026 | 14 |
| Lucia Sinapi-Thomas | Director Member of the Audit Committee | 58 | yes | 2014 | 2023 | 8 |
| Stéphane Marty | Director representing employees | 64 | | 2021 | 2026 | 2 |

The aforementioned directors are all of French nationality.

At December 31, 2022, the directors are aged between 46 and 84 with an average age of 64. This includes the director representing employees.

Three women currently sit on the Board of Directors, out of a total of seven members (excluding the director representing employees, in accordance with the law). This equates to a percentage of 43% women, which is above the legal requirement of 40% set by Article L. 225-18-1 of the French Commercial Code, as referred to in Article L. 22-10-3 of the French Commercial Code, concerning gender-balanced representation on Boards of Directors.

Independence of Directors

Dassault Aviation recognizes the importance of having a number of independent directors on its Board of Directors. The Group considers a director to be independent if he or she has no vested interests and contributes, through his or her skills and freedom of judgment, to the Board's ability to perform its duties. To be classified as independent, directors must not be in a position likely to alter their freedom of judgment or place them in a real or potential conflict of interest.

The status of independent director is reviewed annually and when a new director is appointed or their term of office is renewed, in view of following formal criteria:

1. not have been an employee or have held an executive position within the Company or a company controlled by it in the five preceding years,
2. not being a corporate officer of a company in which the Company directly or indirectly holds a directorship, or in which an employee designated as such or a corporate officer of the Company holds a directorship,
3. not being or representing a major shareholder,
4. not being or representing, in a significant way, a commercial (customer, supplier) or financial partner (investment banker, commercial banker), stakeholder or consultant,
5. not be closely related to a major shareholder or executive member,
6. not have been a statutory auditor of the Company.

The Board of Directors may find that a director who does not meet these criteria is nevertheless independent.

The outcomes of this review are communicated to the shareholders annually in the present Report on Corporate Governance and prior to any vote on the first appointment or reappointment of a director.

The table below summarizes the outcome of the independence review of each of the directors concerned according to the criteria set out above:

| | Besma Boumaza | Lucia Sinapi Thomas | Henri Proglio |
|--|---------------|---------------------|---------------|
| 1 - not have been an employee or have held an executive position in the five preceding years | ✓ | ✓ | ✓ |
| 2 - does not exercise cross mandates | ✓ | ✓ | ✓ |
| 3 - not representation of a major shareholder | ✓ | ✓ | ✓ |
| 4 - no close relationship with a commercial or financial partner | ✓ | ✓ | ✓ |
| 5 - not be closely related to a major shareholder or executive member | ✓ | ✓ | ✓ |
| 6 - not have been a statutory auditor of the Company | ✓ | ✓ | ✓ |

At its meeting on March 8, 2023, the Board of Directors confirmed, following consideration, that Besma Boumaza, Lucia Sinapi-Thomas and Henri Proglio were independent directors in accordance with the Company's independence criteria. The three independent directors out of a total of seven board members (excluding the director representing employees) represent 43% of the Board of Directors (which is above the legal requirement of one independent director).

Information for shareholders in the event of the appointment of a director or renewal of his or her term of office

Whenever a director is appointed or reappointed, shareholders are provided with detailed information on his or her education and professional experience, which, in addition to his or her personal qualities and values, reflects his or her skill and ability to serve out that term of office.

Director representing employees

The director representing employees, Stéphane Marty, was reappointed on July 10, 2022, for a four-year term of office.

Directors' share ownership obligation

In accordance with Article 15 of the Company's Articles of Association and Article 4 of the Board of Directors' internal regulations, each director, with the exception of the director representing employees in accordance with the law, is required to own a minimum of two hundred and fifty shares (pro forma after the division of the par value of the shares) in registered form throughout his or her entire term of office. The number of shares held as of December 31, 2022 by each director is specified in paragraph 1.3 "List of Offices held and duties performed by corporate officers in 2022".

1.3. List of offices held and duties performed by corporate officers in 2022

Honorary Chairman

Charles Edelstenne

| Director | Offices held and duties performed in other companies during the last fiscal year |
|---|---|
| Honorary Chairman | |
| Member of the Audit Committee | <ul style="list-style-type: none"> • President of Groupe Industriel Marcel Dassault SAS • Chairman of the Board of Directors and Director of Dassault Systèmes SE* • Director and Member of the Strategy and CSR Committee of Thales SA* • Director, Chairman of the Governance Committee and Member of the Compensation Committee of Carrefour SA* |
| Date of first appointment as director: January 27, 1989 | <ul style="list-style-type: none"> • President and Director of Dassault Médias SAS • President and Director of Groupe Figaro SASU • Chief Executive Officer of Dassault Wine Estates SASU • President of Rond Point Immobilier SAS • General Manager of Rond Point Investissements EURL • President of Société du Figaro SAS • Director of Dassault Falcon Jet Corporation (USA) • Chairman of the Board of Directors and Director of Sitam Belgique SA (Belgium) • Honorary Chairman of GIFAS |
| Expiration of current term: General Meeting of 2023 | <ul style="list-style-type: none"> • General Manager of Arie SC • General Manager of Arie 2 SC • General Manager of Nili SC • General Manager of Nili 2 SC • General Manager of SCI de Maison-Rouge • Director of Monceau Dumas SICAV |
| Number of shares held: 670 | |

Offices held and duties performed that have expired in the last five fiscal years

- Chief Executive Officer and Member of the Supervisory Board of Groupe Industriel Marcel Dassault SAS
- Director of Dassault International (USA)
- Director of Sogitec Industries SA
- Director of Lepercq, de Neuflize and Co Corp.
- Director of SABCA SA* (Belgium)
- President of Rond-Point Holding SAS
- Chairman and Chief Executive Officer of Dassault Médias SA

*listed company



Chairman and Chief Executive Officer

Éric Trappier

Chairman and Chief Executive Officer Offices held and duties performed in other companies during the last fiscal year

| | |
|--|---|
| Date of first appointment as director: December 18, 2012 | <ul style="list-style-type: none"> • Director and Member of the Governance and Compensation Committee of Thales SA* • Chairman and Director of Dassault Falcon Jet Corporation (USA) • Director of Dasbat Aviation LLC (UAE) • Chairman and Director of Dassault Reliance Aerospace Ltd (India) • Honorary Chairman of GIFAS • Member of the Board of Directors of the ASD • Chairman of the CIDEF • Chairman of the UIMM |
|--|---|

Expiration of term of office as director:

General Meeting of 2023

Offices held and duties performed that have expired in the last five fiscal years

| | |
|--|--|
| Date of first appointment as Chairman and CEO: January 9, 2013 | <ul style="list-style-type: none"> • Senior Vice-Chairman and Chairman of GIFAS • Chairman of the Defense Committee and President of the ASD • President and Director of Dassault International (USA) • Chairman of the CIDEF • Director of Sogitec Industries SA |
|--|--|

Expiration of term of office as Chairman and CEO:

General Meeting of 2023

Number of Dassault Aviation shares held:

68,160

*listed company



Directors

Thierry Dassault

| Director | Offices held and duties performed in other companies during the last fiscal year |
|---|--|
| Date of first appointment as director: April 12, 2021 | <ul style="list-style-type: none"> Chief Operating Officer and Member of the Supervisory Board of Groupe Industriel Marcel Dassault SAS Member of the Supervisory Board of Rond Point Immobilier SAS Member of the Supervisory Board of Immobilière Dassault SA* Director of Artcurial SA Director of Dassault Médias SAS Member of the Board of Directors of Groupe Figaro SASU General Manager of T.D.H. SC General Manager of GOYA SCI General Manager of TCBD & Fils SC Member of the Supervisory Board of Particulier et Finances Editions SAS General Manager of Falke SC Permanent representative of T.D.H. on the Board of Directors of Halys SAS Permanent representative of T.D.H. on the Board of Directors of Wallix Group SA (formerly If Research – Wallix SAS) Director of Sitam Belgique SA (Belgium) Director of Royal Hotel, Winter & Gstaad Palace AG (Switzerland) Chairman of the Board and Director of Dassault Immobilier Canada Inc. (formerly Dassault Real Estate Canada Inc.) General Manager of T&C Collection SC Director of the CDEFQ (Cercle des Dirigeants d'Entreprise Franco-Québécois) Member of the Supervisory Board of Taittinger CCVC SAS Member of the Strategy Committee of YouScribe SAS Member of the Supervisory Board of Scarcell Therapeutics SAS Vice-Chairman of the Executive Committee of the Fondation du Rein Director and Secretary General of the Fondation Serge Dassault Director of the Fondation Recherche Alzheimer |
| Expiration of term of office as director: General Meeting of 2023 | |
| Number of Dassault Aviation shares held: 1,320 | |

Offices held and duties performed that have expired in the last five fiscal years

- Chairman of the Supervisory Board of Groupe Industriel Marcel Dassault SAS
- Chairman of the Supervisory Board of Rond Point Immobilier SAS
- Permanent representative of T.D.H. on the Board of Directors of TwoOnPark SAS
- Chairman of the Board of Directors and Director of Keynectis SA
- Director and Non-voting Board Member of Gaumont SA
- Non-voting Board member of Immobilière Dassault SA*
- Member of the Supervisory Board of Particulier et Finances Editions SA
- Permanent representative of T.D.H. on the Supervisory Board of Wallix Group SA (formerly If Research – Wallix SAS)

*listed company



Marie-Hélène Habert

Director

Offices held and duties performed in other companies during the last fiscal year

Date of first appointment as director:

May 15, 2014

Expiration of term of office as director:

General Meeting of 2026

Number of Dassault Aviation shares held: 250

- Chairman of the Supervisory Board and Member of the Supervisory Board of Groupe Industriel Marcel Dassault SAS
- Chairman of the Supervisory Board and Member of the Supervisory Board of Rond Point Immobilier SAS
- Vice-Chairman of the Supervisory Board and Member of the Supervisory Board of Immobilière Dassault SA*
- Director of Dassault Systèmes SE*
- Director, Member of the Human Resources and CSR Committee and Member of the Strategy Committee of Biomérieux SA*
- Director of Artcurial SA
- President and Director of the Fondation Serge Dassault
- President and Member of the Strategy Committee of Habert Dassault Finance SAS
- General Manager of Duquesne SCI
- General Manager of H. Investissements SARL
- Director of Siparex Associés SA
- General Manager of HDH Immo SCI
- Director of the Fondation Fondamental

Offices held and duties performed that have expired in the last five fiscal years

- Chairman of the Supervisory Board of Groupe Industriel Marcel Dassault SAS
- Chairman of the Supervisory Board of Rond Point Immobilier SAS
- General Manager of HDH SC
- Vice-Chairman of Habert Dassault Finance SAS

Besma Boumazza

Independent Director

Offices held and duties performed in other companies during the last fiscal year

Date of first appointment as director:

April 12, 2021

Expiration of term of office as director:

General Meeting of 2024

Number of Dassault Aviation shares held: 250

- Chairman of the Board of Directors, Chief Executive Officer, Director and permanent representative of Sodetis on the Board of Société Française de Participations et d'Investissements Européens SA
- Director and permanent representative of Sodetis on the Board of Société Française de Promotion Touristique et Hôtelière SA
- President of Actimos SAS
- Director of Chammans SA
- President of Soparac SAS
- General Manager of Le Hameau SCI
- Permanent representative of Sodetis and permanent representative of Société de Participation de l'Île de France on the Board of Compagnie Générale de Restauration et de Services SA
- Permanent representative of Soparac on the Board of Accor Afrique Services (Morocco)
- Permanent representative of Soparac on the Board of Tunisia Hotels and Resort (Tunisia)
- Permanent representative of Soparac on the Board of Accor Hotels Algérie (Algeria)

Offices held and duties performed that have expired in the last five fiscal years

- Permanent representative of Soparac in the company DEVIMCO

*listed company

Henri Proglio

| | |
|---|---|
| Independent Director | Offices held and duties performed in other companies during the last fiscal year |
| Chairman of the Audit Committee | <ul style="list-style-type: none"> Non-voting Board member, Member of the Compensation Committee and Member of the Strategy Committee of Natixis SA* Honorary Chairman of EDF SA* President of Henri Proglio Consulting SAS President of HJF Development SAS Director of Atalian SAS Director of Akkuyu Nuclear JSC (Turkey) Director of ABR Management (Russia) Director of Fomentos de Construcciones y Contratas (Spain) General Manager of SCI du 19 janvier General Manager of SCI La Tramontane |
| Date of first appointment as director: April 23, 2008 | |
| Expiration of term of office as director: General Meeting of 2026 | Offices held and duties performed that have expired in the last five fiscal years |
| Number of Dassault Aviation shares held: 270 | <ul style="list-style-type: none"> Director of Natixis SA* |

Lucia Sinapi-Thomas

| | |
|---|--|
| Independent Director | Offices held and duties performed in other companies during the last fiscal year |
| Member of the Audit Committee | <ul style="list-style-type: none"> Director representing employee shareholders and Member of the Compensation Committee of Capgemini SE* Executive Director of Capgemini Ventures Chairman of the Supervisory Board of the Capgemini FCPE Member of the Supervisory Board of the ESOP Capgemini FCPE Director, Member of the Nomination and Compensation Committee and Member of the Strategy Committee of Bureau Veritas SA* Director of Azqore (Switzerland) |
| Date of first appointment as director: May 15, 2014 | |
| Expiration of term of office as director: General Meeting of 2023 | Offices held and duties performed that have expired in the last five fiscal years |
| Number of Dassault Aviation shares held: 260 | <ul style="list-style-type: none"> Chief Executive Officer of Capgemini Outsourcing Services SAS Director of Capgemini Polska Sp.z o.o. (Poland) Executive Director of Capgemini Business Platforms Chief Executive Officer of Sogeti France SAS Chairman of PROSODIE SAS (Luxembourg) Member of the Audit and Risk Committee of Bureau Veritas SA* Director of SOGETI NORGE A/S (Norway) Director of Capgemini Danmark A/S (Denmark) Chairman of Capgemini Employees Worldwide SAS Director of SOGETI SVERIGE MITT AB (Sweden) Director of Capgemini Business Services Guatemala SA Director of SOGETI SVERIGE AB (Sweden) Director of FIFTY FIVE GENESIS PROJECT INC. (USA) |

*listed company



Stéphane Marty

| | |
|---|--|
| Director representing employees | Offices held and duties performed in other companies during the last fiscal year <ul style="list-style-type: none"> Member of the Supervisory Board of the Dassault Aviation Gestion FCPE |
| Date of first appointment as director: January 1, 2021 | Offices held and duties performed that have expired in the last five fiscal years <ul style="list-style-type: none"> Chairman of the Supervisory Board of the Dassault Aviation Gestion FCPE |
| Expiration of term of office as director: July 10, 2026 | |
| Number of Dassault Aviation shares held: none | |

Chief Operating Officer

Loïc Segalen

| | |
|--|---|
| Chief Operating Officer | Offices held and duties performed in other companies during the last fiscal year <ul style="list-style-type: none"> Director and Member of the Audit and Accounts Committee of Thales SA* Director of Dassault Falcon Jet Corporation (USA) Director of Sitam Belgique SA (Belgium) Deputy Chairman of GIFAS |
| Date of first appointment as Chief Operating Officer: January 9, 2013 | Offices held and duties performed that have expired in the last five fiscal years <ul style="list-style-type: none"> Vice President and Director of Dassault International (USA) Director of Sogitec Industries SA Director of Midway Aircraft Instrument Corporation (USA) Director and Member of the Audit Committee of SABCA SA* (Belgium) Director of SABCA Limburg (Belgium) |
| Expiration of term of office as Chief Operating Officer: General Meeting of 2023 | |
| Number of Dassault Aviation shares held: 57,020 | |

*listed company



1.4. Conditions for preparing and organizing the work of the Board of Directors

Directors' information

To ensure the attendance of Directors at Board meetings, the Board of Directors determines the meeting schedule of the Board of Directors and the Audit Committee from one year to the next. This schedule is updated and regular reminders are sent to participants by the Secretary to the Board of Directors.

The Board of Directors meets at least twice a year to approve the company and interim financial statements and as often as required in the interests of the Company.

The notices of Board meetings specifying the agenda are sent to the directors, the statutory auditors and the Government Commissioner at least one week in advance, except in case of emergencies.

Prior to each Board meeting, the Chairman of the Board of Directors ensures that each director receives a complete, relevant, balanced file of information with a sufficient period of time, except in case of emergencies, to enable him or her to prepare for said meeting.

The statutory auditors and the Government Commissioner receive the same documents as the Directors.

Activities of the Board of Directors in 2022

In 2022, the Board of Directors met twice, on March 3 and July 20.

The average attendance rate at Board meetings was 93.75%.

In addition, the Board of Directors supervised the implementation of the strategies chosen and reviewed the Company's general operations. In particular, the Board of Directors:

- analyzed the amount for order intake, the order book and net sales, and self-financed consolidated research and development,
- monitored the roll-out of civil and military programs,
- set the medium-term strategy in the civil and military domains,

In addition, the Board of Directors:

- approved the fiscal year 2021 company and consolidated financial statements,
- convened the shareholders at the Annual General Meeting of May 18, 2022,
- approved the financial statements for the first half-year of 2022,
- finalized the Parent company's forward-looking management documents in March and July 2022, and reviewed the budgets for self-financed technology investments and industrial investments,
- carried out the annual review of related-party agreements approved in previous fiscal years,
- was informed by the Chairman and Chief Executive Officer of the amount of sureties, endorsements and guarantees granted for commitments by controlled subsidiaries,
- authorized the signing of the agreement for the acquisition by Dassault Aviation from GIMD of land close to the Mérignac and Martignas facilities for EUR 4.7 million,
- approved the wording of the half-yearly and annual financial press releases,
- reminded the directors of their obligation to refrain from trading the Company's shares when financial statements or financial communications are being approved, to declare their transactions to the Autorité des Marchés Financiers (AMF) and to retain their shares in a registered form,
- evaluated the performance criteria relating to performance shares granted in 2021 and noted the acquisition of said shares by their beneficiaries at the end of the vesting period,
- conducted another performance share plan by preparing the list of beneficiaries and defining the conditions under which their shares become fully vested (achievement of performance criteria, vesting and holding periods, employment on the day the shares become fully vested), with delegation to the Chairman and Chief Executive Officer of all powers to implement the allocation of performance shares,



- conducted an assessment of the performance criterion for additional pension rights, for the 2021 fiscal year, for executive corporate officers that was consistent with legal requirements,
- set the performance criterion for additional pension rights for the 2022 fiscal year,
- approved the compensation to be allocated and paid in fiscal year 2021 to the Chairman and Chief Executive Officer, the Chief Operating Officer and the directors,
- set the principles of compensation for the Chairman and Chief Executive Officer, the Chief Operating Officer and the Directors for fiscal year 2022,
- put the new share buyback program into effect and sub-delegated to the Chairman and Chief Executive Officer the powers to perform any transaction under that program, subject to the conditions set by the General Meeting.

Audit Committee

Pursuant to the order (“Ordonnance”) of December 8, 2008, which transposed Directive 2006/43/EC of May 17, 2006 on statutory audits of company and consolidated financial statements, on July 22, 2009 the Board of Directors established an Audit Committee.

In 2022, the Audit Committee met twice: on February 28 for the 2021 financial statements and on July 19 for the financial statements for the first half of 2022. The attendance rate of Committee members at meetings in 2022 was 100%.

The Audit Committee consists of Henri Proglio, Chairman, Charles Edelstenne and Lucia Sinapi-Thomas. They were appointed because of the expertise they received from their academic training, their experience in finance and accounting for listed companies, and their time as members of executive management. All three are non-executive directors.

This composition meets the requirements of the aforementioned order (“Ordonnance”). The Board of Directors considered that Lucia Sinapi-Thomas and Henri Proglio met the independence criteria set forth in paragraph 1.2 above.

The Audit Committee is responsible for monitoring:

- the procedure for preparing the financial information,
- the effectiveness of the risk management and internal auditing systems,
- the auditing of the company and consolidated financial statements by the statutory auditors,
- the independence of the statutory auditors.

The Audit Committee meets at least twice a year. Participants, including the statutory auditors, are notified of this via a schedule set from one year to the next. The schedule is sent to all participants and meeting reminders are sent by the Secretary of the Board of Directors.

The Audit Committee:

- examined the company and consolidated financial statements for the 2021 fiscal year, the financial statements for the first half of 2022, the Parent company’s forward-looking management documents and the main events of the relevant year or half-year,
- reviewed the risk factors, the internal auditing and the risk management of the Directors’ report,
- met with the statutory auditors, with no Company representatives being present, after examining the conclusions of their work and their declaration of independence,
- reviewed the annual feedback on the assessment carried out by the Financial Department and the Legal Affairs and Insurance Department on related-party agreements,
- reviewed the Risk Committee’s summary, the 2022 audit plan, the update on 2021 actions and the follow-up on actions from the 2019 and 2020 audits,
- reported back on its work to the Board of Directors.

Board of Directors’ internal regulations

In addition to the Articles of Association, which set out the Company’s rules of operation, the Board meeting of July 25, 2012 approved the Board of Directors’ internal regulations, which allow in particular directors to take part in meetings (debating and voting) by means of telecommunications that are compliant with applicable regulations. On March 4, 2021, the Board of Directors approved a new version of the Board of Directors’ internal regulations.

The Board of Directors' internal regulations are available for viewing online on the Company's website at www.dassault-aviation.com.

Prevention and management of conflicts of interest

With respect to the prevention and management of conflicts of interest, directors are required to inform the Board of Directors of any situation of potential or actual conflict of interest between them and the corporate interests of Dassault Aviation and must, where applicable, refrain from attending the discussions and abstain from voting on the corresponding deliberation at the meeting.

In particular, at any time, the participation of any director in a transaction in which Dassault Aviation has a direct interest or of which he or she became aware as a director shall be brought to the attention of the Board of Directors prior to its conclusion.

In addition, GIMD, as the majority shareholder of Dassault Aviation, takes care to prevent potential conflicts of interest with respect to the Directors appointed on its proposal.

As of the date of this report and to the best of the Company's knowledge, there is no potential conflict of interest between the duties of the directors with respect to Dassault Aviation and their private interests.

These measures are supplemented by the Internal Charter on related-party agreements and agreements relating to current operations and concluded under normal conditions described in paragraph 1.5 of this report.

Prevention and management of insider dealing

In accordance with the provisions resulting from the European Regulation of April 16, 2014, on market abuse and the AMF Guide for ongoing information and the management of inside information, published on October 26, 2016, and updated on October 29, 2021, the Company established procedures for "blackout periods" (periods when transactions involving the shares issued by the Company are prohibited), which begin at least 30 days before the publication of the company annual and half-yearly financial statements. When the Company publishes financial press releases after the close of the stock market, the date of publication is included in the blackout period.

Every year, the directors are informed by letter of the calendar of "black-out periods" for the coming year.

The financial calendar is published online on the Company's website at the start of each financial period.

In addition, the list of permanent and occasional insiders is reviewed quarterly and at any other time as needed.

1.5. Related-party agreements

Agreements between a shareholder of the Company and one of its subsidiaries

Pursuant to Article L. 225-37-4-2° of the French Commercial Code, must be mentioned in the Report on Corporate Governance, agreements entered into, directly or indirectly or by proxy:

- between one of the corporate officers or shareholders of Dassault Aviation holding a fraction greater than 10% of the voting rights,
- and a controlled company by Dassault Aviation under Article L. 233-3 of the French Commercial Code, with the exception of "agreements representing a current transaction entered into under normal terms and conditions."



To the Company's knowledge, there is no agreement:

- between a corporate officer of Dassault Aviation or GIMD, which holds more than 10% of the voting rights in Dassault Aviation,
- and Dassault Falcon Jet (or one of its subsidiaries), Dassault Falcon Service, Sogitec Industries or any other controlled company by Dassault Aviation under Article L. 233-3 of the French Commercial Code, that would not constitute a current transaction concluded under normal terms and conditions.

Internal Charter on related-party agreements and agreements relating to current operations and concluded on normal terms and conditions

In accordance with Law No. 2019-486 of May 22, 2019 on the growth and transformation of companies, so-called "Pacte", the Board of Directors of the Company established a procedure for regularly assessing whether agreements deemed to be current fulfill the following two conditions: relate to current transactions and be entered into under normal conditions.

This procedure, as expressed in an Internal Charter, was approved by the Dassault Aviation Board of Directors on February 26, 2020 and has been applicable since that date. It is based on the joint evaluation by the Financial Department and the Legal Affairs and Insurance Department of the Company, followed by the Audit Committee.

1.6. Methods of the exercise of Executive Management

In accordance with the laws in force, the possibility of separating the duties of Chairman of the Board of Directors and of Chief Executive Officer was introduced into the Company's Articles of Association during the General Meeting of April 25, 2002.

On April 25, 2002, the Board of Directors decided that the Chairman of the Board of Directors would be responsible for the Executive Management of the Company.

This was because the Board of Directors had chosen the Executive Management option that it deemed best suited to the Company's specific features. The decision was therefore made not to separate the duties of Chairman of the Board of Directors and of Chief Executive Officer.

Since January 9, 2013, the Chairman and Chief Executive Officer has been assisted by a Chief Operating Officer.

This mode of Executive Management was maintained by the Board of Directors on May 16, 2019, when it also renewed the terms of the Chairman and Chief Executive Officer and of the Chief Operating Officer for four years with the same powers.

1.7. Powers of the Chairman and Chief Executive Officer

The powers of the Chairman and Chief Executive Officer are not limited by the Company's Articles of Association nor by the Board of Directors, in the decisions appointing him and subsequently renewing his term of office.

The Chairman of the Board of Directors organizes and directs the work of the Board, reporting back on this to the General Meeting. The Chairman executes the decisions of the Board. He sees to it that the Company management bodies run smoothly and ensures that the directors are able to fulfill their duties.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company. The Chief Executive Officer therefore exercises his powers with no limitations other than those set forth by the applicable regulations concerning the powers attributed expressly by law to General Meetings of shareholders and to the Board of Directors.

1.8. Powers of the Chief Operating Officer

The Chief Operating Officer assists the Chairman and Chief Executive Officer. With respect to third parties, he has the same powers as the Chief Executive Officer.

1.9. Executive Committee

Presided over by the Chairman and Chief Executive Officer, the Executive Committee includes the persons in charge of the Company's various departments.

As of December 31, 2022, it consisted of:

- Éric Trappier, Chairman and Chief Executive Officer,
- Loïc Segalen, Chief Operating Officer,
- Carlos Brana, Senior Executive Vice-President, Civil Aircraft,
- Bruno Chevalier, Senior Executive Vice-President, Military Customer Support,
- Bruno Coiffier, Senior Executive Vice-President, Procurement and Purchasing,
- Denis Dassé, Chief Financial Officer,
- Jean-Marc Gasparini, Senior Vice-President, Military and Space Programs,
- Florent Gateau, Senior Executive Vice President, Total Quality,
- Gérard Giordano*, Senior Vice-President, Sales,
- Bruno Giorgianni, Executive Committee Secretary and Senior Vice-President, Public Affairs and Security,
- Valérie Guillemet, Senior Vice-President, Human Resources,
- Richard Lavaud, Senior Executive Vice-President, International,
- Nicolas Mojaïsky, Senior Executive Vice-President, Engineering,
- Frédéric Petit, Senior Vice-President, Falcon Programs,
- Ary Plagnol, Senior Executive Vice-President, Industrial Operations,
- Jean Sass**, Senior Executive Vice-President, IT and Chief Digital Officer.

* Following the retirement of Gérard Giordano, Jean-Marie Albertini took over as Senior Vice-President, Sales, from January 3, 2023,

** Following the retirement of Jean Sass, Laurent Bendavid took over as Senior Executive Vice-President, IT and Chief Digital Officer from February 1, 2023.

The Executive Committee covers all subjects related to running and operating the different aspects of the Company. It meets once per week.

1.10. Gender parity on the management bodies (information referred to in Article L. 22-10-10 2° of the French Commercial Code)

Our Company is mainly masculine due to the highly industrial and technical nature of its activity. Women represent between 15% and 20% of the engineering schools' population.

Being conscious of the importance of gender parity, the Company has adopted a proactive policy for hiring women, which has been strengthened since 2010 with quantified recruitment targets. Over a 10-year period, this has increased the percentage of women, from 16.5% to 19.1% in 2022.

At December 31, 2022, women account for 14% of the most senior positions (position IIIB and above) and 7% of management positions. The Company has set quantitative and qualitative objectives to improve this situation:

- continue with educational cooperation schemes to promote careers in aeronautics and encourage young women to enter this field,
- 25% of hires for executive employees must be female, to take advantage of their skills and increase the percentage of women,
- improve the presence of women in the chain of command, in management positions and in positions of responsibility,
- ensure each year that the gender parity is respected in the distribution of individual increases and promotions,



- converge toward an equivalent average length of time between two promotions between male and female executive employees in the PIIIA, PIIIB and PIIC positions in the metallurgy engineer and executive classification grid.

In addition, promotions to the highest levels of responsibility are subject to an annual review by the Executive Management to ensure that women are properly represented.

1.11. General Meeting of shareholders

Specific conditions governing shareholders' attendance at the General Meeting

Admission

The conditions governing shareholders' attendance at General Meetings are set forth in Articles 29 and 31 of the Articles of Association. These conditions are as follows:

- the right to attend General Meetings is subject to:
 - o for holders of registered shares, registration in the registered shareholder accounts held by the Company,
 - o for holders of bearer shares, registration in the bearer shareholder accounts held by the authorized intermediary (bank, financial institution or investment service provider) and production of a shareholding certificate issued by the intermediary,
- the period during which these formalities must be completed is two business days before the General Meeting, in accordance with the provisions of Decree No. 2014-1466 of December 8, 2014,
- the Board of Directors retains the right to accept the attendance certificate after the above deadline,
- shareholders may be represented by proxy according to legal and regulatory conditions.

Notification of the designation and revocation of the authorized representative may be made either on paper or by electronic means. In the latter case, the shareholder's signature may constitute in practice a reliable means of identification guaranteeing his/her link to the associated document, and may in particular consist of a login and password.

These conditions are reiterated in the meeting notice and the final notice of the General Meeting that are published in the BALO (Bulletin des Annonces Légales Obligatoires) and made available online on the Company's website.

Voting rights

Subject to special circumstances set forth by law, all members present at the General Meeting have as many votes, without limitation, as the number of fully paid-up shares they own or represent.

Since April 3, 2016, the shares issued by the Company registered in nominal accounts for more than two years receive double voting rights.

Voting is performed by the raising of hands and/or use of voting slips.

A secret ballot may be requested, either by the Board of Directors or by shareholders representing at least one quarter of the share capital, subject to the submission of written notification to the Board of Directors or the authority convening the meeting at least three days prior to the General Meeting.

Shareholders may also vote by correspondence in accordance with the legal conditions.

Furthermore, the Articles of Association of the Company state that:

- voting may be performed using OCR slips or electronically,
- shareholders may also, if the Board has so decided upon convening the meeting, vote by any means of telecommunication that enables them to be identified, subject to and according to the procedures provided for by applicable laws and regulations.

Convening of General Meetings of Shareholders

General Meetings of Shareholders are called by the Board of Directors in accordance with applicable laws and regulations. All shareholders, regardless of the number of shares they own, may take part. The date of each Annual General Meeting is provided on the Company's website (www.dassault-aviation.com) approximately six months in advance.

No later than 21 days before the General Meeting, the documentation may be viewed on the aforementioned website in the Finance/General Meetings section.

The results of the vote on the resolutions and the minutes of the General Meeting are also placed online within 15 days following the meeting.

After two General Meetings held behind closed doors and in view of the changes in the pandemic situation, shareholders were able to physically attend the General Meeting of May 18, 2022.

2. COMPENSATION OF CORPORATE OFFICERS

This report is prepared pursuant to Articles L. 22-10-8 et seq. of the French Commercial Code.

2.1 Compensation paid to directors and corporate officers in 2022

Compensation of Charles Edelstenne, Honorary Chairman

- for GIMD, which controls Dassault Aviation:

Charles Edelstenne received gross compensation of EUR 1,016,179 in his capacity as Chairman.

He had a chauffeur-driven company car (benefit in kind valued at EUR 10,326) and reimbursement of actual costs incurred in connection with his functions.

- for Dassault Aviation:

Charles Edelstenne received EUR 44,000 gross in compensation: EUR 38,000 gross as a member of the Board of Directors and EUR 6,000 gross as a member of the Audit Committee.

- for other French and foreign companies of the Dassault Aviation Group:

Charles Edelstenne received EUR 41,558 gross in compensation in France as a member of the Board of Directors of Dassault Falcon Jet and EUR 37,750 gross in compensation as a member of the Board of Directors of Thales.

Supplementary pension

Dassault Aviation agreed to pay a supplementary pension to Charles Edelstenne. It represents a gross amount of EUR 308,660 per year (before revaluation).

However, at the end of his term of office as Chairman and Chief Executive Officer of Dassault Aviation in January 2013, Charles Edelstenne did not retire from his positions at Dassault Systèmes and GIMD. He cannot therefore draw on his statutory pension.

Consequently, in spite of its commitment, Dassault Aviation has had to postpone the payment of this pension.

Compensation of Directors

Thierry Dassault, Director

- for GIMD, which controls Dassault Aviation:

Thierry Dassault received gross compensation of EUR 20,000 as a member of the Supervisory Board and EUR 217,414 annual gross as an employee.

- for Dassault Aviation:

Thierry Dassault received EUR 33,000 gross in compensation as a member of the Board of Directors.

Compensation of Marie-Hélène Habert, director

- for GIMD, which controls Dassault Aviation:

Marie-Hélène Habert received gross compensation of EUR 40,000 as a member of the Supervisory Board and, as Director of Communications and Sponsorship, a gross annual amount of EUR 385,384.

She enjoyed the use of a company car (benefit in kind valued at EUR 1,584).

- for Dassault Aviation:

Marie-Hélène Habert received EUR 38,000 gross in compensation as a member of the Board of Directors.

Compensation of Henri Proglio, director

- for Dassault Aviation:

Henri Proglio received EUR 50,000 gross in compensation: EUR 38,000 gross as a member of the Board of Directors and EUR 12,000 gross as a member of the Audit Committee, double compensation for the Chairman of the Audit Committee.

For the other French and foreign companies of the Dassault Aviation Group, Henri Proglio did not receive any compensation or benefits in kind.

Compensation of Lucia Sinapi-Thomas, director

- for Dassault Aviation:

Lucia Sinapi-Thomas received EUR 44,000 gross in compensation: EUR 38,000 gross as a member of the Board of Directors and EUR 6,000 gross as a member of the Audit Committee.

For the other French and foreign companies of the Dassault Aviation Group, Lucia Sinapi-Thomas did not receive any compensation or benefits in kind.

Besma Boumaza, Director

- for Dassault Aviation:

Besma Boumaza received EUR 38,000 gross in compensation as a member of the Board of Directors.

For the other French and foreign companies of the Dassault Aviation Group, Besma Boumaza did not receive any compensation or benefits in kind.

Stéphane Marty, director

- for Dassault Aviation:

Stéphane Marty received EUR 38,000 gross in compensation as a member of the Board of Directors.

For the other French and foreign companies of the Dassault Aviation Group, Stéphane Marty did not receive any compensation (other than as an employee of the Parent company) or benefits in kind.

The total compensation awarded and paid to all directors on the basis of their terms on the Board of Directors of Dassault Aviation during fiscal year 2022 is presented in Table 3 later in this section. These items are subject to the approval of the General Meeting of Shareholders (Resolution 4, as presented in the paragraph "Presentation of resolutions submitted to shareholder vote" below).

Compensation of corporate officers in 2022

Éric Trappier, Chairman and Chief Executive Officer

- for Dassault Aviation:

Éric Trappier received gross annual fixed compensation as Chairman and Chief Executive Officer of EUR 1,678,171 gross, an increase of 3.08% from 2021.

His compensation does not include any variable or exceptional compensation.

He was not awarded any stock options.

At its meeting of March 3, 2022, the Board of Directors allotted him 20,000 performance shares (subject to performance conditions). These performance shares were valued in the financial statements as of December 31, 2022, at EUR 121.70 per share, or EUR 2,434,000 in aggregate for 20,000 performance shares. These shares accounted for 0.02% of the capital as of December 31, 2022.

He does not benefit as an corporate officer from any compensation linked to the cessation of his term of office.

He had a chauffeur-driven company car (benefit in kind valued at EUR 10,275) and reimbursement of actual costs incurred in connection with his functions.

As Chairman of the Board of Directors (double remuneration), he received compensation of EUR 76,000 gross. This consisted of EUR 56,000 as the fixed portion of his compensation for 2022 as Chairman of the Board of Directors, and EUR 20,000 as the variable portion of his compensation for 2021, paid in 2022 following approval by the General Meeting of May 18, 2022.

He will receive compensation of EUR 20,000 gross as the variable portion of the 2022 annual compensation awarded to him as Chairman of the Board of Directors of Dassault Aviation, subject to approval by the Ordinary General Meeting of Shareholders to be held on May 16, 2023 (Resolution 5, as presented below in the paragraph entitled "Presentation of resolutions submitted to shareholder vote").

On January 9, 2013, the date of his appointment as Chairman and Chief Executive Officer, the employment contract of Éric Trappier was suspended due to:

- his length of service of 28 years in the Company on the date of his appointment as Chairman and Chief Executive Officer in January 2013,
- the desire of the Company to use internal promotion in the appointment of executive corporate officers, entrusting these responsibilities to experienced executives with deep knowledge of the industry and the aviation sector.

The decision to suspend his employment contract was consistent with the AMF's position in its reports on corporate governance in relation to the contracts of executive corporate officers.

He has the supplementary retirement plan provided for the members of the Executive Committee and the flight crew.

This plan, which has been applicable since January 1, 2020, complies with Order ("Ordonnance") No. 2019-697 of July 3, 2019 and allows for the annual acquisition of additional pension benefits equal to 2% of annual gross compensation, subject to performance conditions defined each year by the Board of Directors. The amount for 2022 was EUR 33,769.

During his term of office, the Chairman and Chief Executive Officer also has the benefit of health and welfare plans applicable to all executive employees of the Company.

The Chairman and Chief Executive Officer has not entered into a service agreement directly or indirectly with Dassault Aviation or one of its subsidiaries.

The tables below show the Chairman and Chief Executive Officer's salary ratios in relation to the average and median compensation of Dassault Aviation employees.

Éric Trappier

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------|---------|---------|---------|---------|
| Compensations ratios | | | | | |
| relative to average wages (parent Company) ^(*) | 23,8 | 22,7 | 22,7 | 26,8 | 25,5 |
| relative to median wages (parent Company) ^(*) | 29,0 | 27,6 | 27,4 | 32,4 | 30,8 |
| Annual growth | | | | | |
| of the compensation of Éric Trappier | 2,2% | 2,9% | 2,0% | 1,8% | 3,0% |
| of the average compensation of employees ^(*) | 3,8% | 7,9% | 1,9% | -13,8% | 8,3% |
| Adjusted net income in EUR thousands | 681 138 | 814 035 | 395 623 | 693 446 | 830 244 |
| change from previous year | 39% | 20% | -51% | 75% | 20% |

^(*) including profit-sharing and incentive schemes.

However, including the valuation of the performance shares allotted to Éric Trappier in the context of the capital association process, it would affect the salary ratios as follows:

Éric Trappier

| | 2018 | 2019 | 2020 | 2021 | 2022 ^(**) |
|---|---------|---------|---------|---------|----------------------|
| Compensations ratios | | | | | |
| relative to average wages (parent Company) ^(*) | 40,4 | 41,5 | 38,7 | 47,5 | 60,6 |
| relative to median wages (parent Company) ^(*) | 49,1 | 50,4 | 46,7 | 57,4 | 73,3 |
| Annual growth | | | | | |
| of the compensation of Éric Trappier | 17,2% | 10,9% | -4,9% | 4,9% | 38,4% |
| of the average compensation of employees ^(*) | 3,8% | 7,9% | 1,9% | -13,8% | 8,3% |
| Adjusted net income in EUR thousands | 681 138 | 814 035 | 395 623 | 693 446 | 830 244 |
| change from previous year | 39% | 20% | -51% | 75% | 20% |

^(*) including profit-sharing and incentive schemes.

^(**) on the basis of the shares allocated.

- for other French and foreign companies of the Dassault Aviation Group:

Éric Trappier received EUR 41,558 gross in compensation in France as a member of the Board of Directors of Dassault Falcon Jet and EUR 38,250 gross in compensation as a member of the Board of Directors of Thales.

Loïk Segalen, Chief Operating Officer

- for Dassault Aviation:

Loïk Segalen received gross annual fixed compensation as Chief Operating Officer of EUR 1,484,636, an increase of 3.08% from 2021.

His compensation does not include any variable or exceptional compensation.

He was not awarded any stock options.

At its meeting of March 3, 2022, the Board of Directors allotted him 14,500 performance shares (subject to performance conditions). These performance shares were valued in the financial statements as of December 31, 2022 at EUR 121.70 per share, or EUR 1,764,650 in aggregate for 14,500 performance shares. These shares accounted for 0.016% of the capital as of December 31, 2022.



He does not benefit as an corporate officer from any compensation linked to the cessation of his term of office.

He had a chauffeur-driven company car (benefit in kind valued at EUR 9,201) and reimbursement of actual costs incurred in connection with his functions.

On January 9, 2013, the date of his appointment as Chief Operating Officer, the employment contract of Loïk Segalen was suspended due to:

- his length of service of 27 years with the Company on the date of his appointment as Chief Operating Officer in January 2013,
- the desire of the Company to use internal promotion in the appointment of executive corporate officers, entrusting these responsibilities to experienced executives with deep knowledge of the industry and the aviation sector.

The decision to suspend his employment contract was consistent with the AMF's position in its reports on corporate governance in relation to the contracts of executive corporate officers.

He has the supplementary retirement plan provided for the members of the Executive Committee and the flight crew.

This plan, which has been applicable since January 1, 2020, complies with Order ("Ordonnance") No. 2019-697 of July 3, 2019 and allows for the annual acquisition of additional pension benefits equal to 2% of annual gross compensation, subject to performance conditions defined each year by the Board of Directors. The amount for 2022 was EUR 29,877.

During his term of office, the Chief Operating Officer also benefits from health and welfare plans applicable to all executive employees of the Company.

The Chief Operating Officer has not entered into a service agreement directly or indirectly with Dassault Aviation or one of its subsidiaries.

The tables below show the Chief Operating Officer's salary ratios in relation to the average and median compensation of Dassault Aviation employees.

| Loïk Segalen | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------|---------|---------|---------|---------|
| Compensations ratios | | | | | |
| relative to average wages (parent Company) ^(*) | 20,1 | 19,2 | 19,2 | 22,7 | 21,6 |
| relative to median wages (parent Company) ^(*) | 24,4 | 23,3 | 23,2 | 27,4 | 26,1 |
| Annual growth | | | | | |
| of the compensation of Loïk Segalen | 2,6% | 3,0% | 2,0% | 1,9% | 3,1% |
| of the average compensation of employees ^(*) | 3,8% | 7,9% | 1,9% | -13,8% | 8,3% |
| Adjusted net income in EUR thousands | 681 138 | 814 035 | 395 623 | 693 446 | 830 244 |
| change from previous year | 39% | 20% | -51% | 75% | 20% |

^(*) including profit-sharing and incentive schemes.

However, including the valuation of the performance shares allotted to Loïk Segalen in the context of the capital association process, it would affect the salary ratios as follows:

| Loïk Segalen | 2018 | 2019 | 2020 | 2021 | 2022 ^(**) |
|---|---------|---------|---------|---------|----------------------|
| Compensations ratios | | | | | |
| relative to average wages (parent Company) ^(*) | 34,2 | 35,0 | 32,2 | 39,2 | 47,1 |
| relative to median wages (parent Company) ^(*) | 41,6 | 42,5 | 38,9 | 47,4 | 56,9 |
| Annual growth | | | | | |
| of the compensation of Loïk Segalen | 15,6% | 10,3% | -6,1% | 4,9% | 30,1% |
| of the average compensation of employees ^(*) | 3,8% | 7,9% | 1,9% | -13,8% | 8,3% |
| Adjusted net income in EUR thousands | 681 138 | 814 035 | 395 623 | 693 446 | 830 244 |
| change from previous year | 39% | 20% | -51% | 75% | 20% |

^(*) including profit-sharing and incentive schemes.

^(**) on the basis of the shares allocated.

- for other French and foreign companies of the Dassault Aviation Group:

Loïk Segalen received EUR 41,558 gross in compensation in France as a member of the Board of Directors of Dassault Falcon Jet and EUR 37,000 gross in compensation as a member of the Board of Directors of Thales.

Summary tables of compensation of corporate officers and directors

Table 1 Summary table of compensation due and options and shares granted to each executive corporate officer (in EUR)

| | 2022 | 2021 |
|--|-----------|-----------|
| Éric Trappier, Chairman and Chief Executive Officer | | |
| Compensation paid during the fiscal year (breakdown in table 2) | 1,764,446 | 1,713,820 |
| Value of year-on-year variable compensation granted during the fiscal year | - | - |
| Value of stock options granted during the fiscal year | - | - |
| TOTAL | 1,764,446 | 1,713,820 |
| Loïk Segalen, Chief Operating Officer | | |
| Compensation paid during the fiscal year (breakdown in table 2) | 1,493,837 | 1,449,203 |
| Value of year-on-year variable compensation granted during the fiscal year | - | - |
| Value of stock options granted during the fiscal year | - | - |
| TOTAL | 1,493,837 | 1,449,203 |



Valuation of shares granted to each executive corporate officer (in EUR)

| | 2022 | 2021 |
|---|-----------|-----------|
| Éric Trappier, Chairman and Chief Executive Officer Value of performance shares granted during the fiscal year (see table 6) | 2,434,000 | 1,320,000 |
| Loïc Segalen, Chief Operating Officer Value of performance shares granted during the fiscal year (see table 6) | 1,764,650 | 1,056,000 |

Table 2 Summary table of compensation paid to each executive corporate officer (in EUR)

| | 2022 - amounts | | 2021 - amounts | |
|--|------------------|-----------------------|------------------|-----------------------|
| | Attributed | Paid | Attributed | Paid |
| Éric Trappier, Chairman and Chief Executive Officer | | | | |
| Fixed compensation | 1,678,171 | 1,678,171 | 1,628,053 | 1,628,053 |
| Annual variable compensation | - | - | - | - |
| Exceptional compensation | - | - | - | - |
| Compensation for the term of office of Chairman of the Board of Directors ⁽¹⁾ | 76,000 | 76,000 ⁽²⁾ | 76,000 | 76,000 ⁽³⁾ |
| Benefits in kind | 10,275 | 10,275 | 9,767 | 9,767 |
| TOTAL | 1,764,446 | 1,764,446 | 1,713,820 | 1,713,820 |
| Loïc Segalen, Chief Operating Officer | | | | |
| Fixed compensation | 1,484,636 | 1,484,636 | 1,440,265 | 1,440,265 |
| Annual variable compensation | - | - | - | - |
| Exceptional compensation | - | - | - | - |
| Compensation for the term of office of a director ⁽¹⁾ | - | - | - | - |
| Benefits in kind | 9,201 | 9,201 | 8,938 | 8,938 |
| TOTAL | 1,493,837 | 1,493,837 | 1,449,203 | 1,449,203 |

⁽¹⁾ Éric Trappier and Loïc Segalen each received EUR 41,558 gross in compensation in their capacity as members of the Board of Directors of Dassault Falcon Jet. Éric Trappier and Loïc Segalen also received compensation in their capacity as members of the Board of Directors of Thales of EUR 38,250 and EUR 37,000, respectively.

⁽²⁾ including EUR 20,000 as the variable portion of the annual compensation awarded to him as Chairman of the Board of Directors of Dassault Aviation, which will be paid to him in 2023 following approval by the Ordinary General Meeting of May 16, 2023.

⁽³⁾ including EUR 20,000 as the variable portion of the annual compensation awarded to him as Chairman of the Board of Directors of Dassault Aviation, which was paid to him in 2022 following approval by the Ordinary General Meeting of May 18, 2022.

Table 3 Compensation received by non-executive corporate officers for serving on the Board of Directors (in EUR)

| Non-executive corporate officers | Amounts allocated in 2022 (Gross) | Amounts paid in 2022 (Gross) | Amounts allocated in 2021 (Gross) | Amounts paid in 2021 (Gross) |
|---|-----------------------------------|------------------------------|-----------------------------------|------------------------------|
| Charles Edelstenne ⁽¹⁾ | | | | |
| Compensation | 44,000 | 44,000 | 44,000 | 44,000 |
| Other compensation | - | - | - | - |
| Olivier Dassault ⁽²⁾ | | | | |
| Compensation | - | - | 28,000 | 28,000 |
| Other compensation | - | - | - | - |
| Catherine Dassault ⁽³⁾ | | | | |
| Compensation | - | - | 28,000 | 28,000 |
| Other compensation | - | - | - | - |
| Thierry Dassault | | | | |
| Compensation | 33,000 | 33,000 | 30,000 | 30,000 |
| Other compensation | - | - | - | - |
| Marie-Hélène Habert | | | | |
| Compensation | 38,000 | 38,000 | 38,000 | 38,000 |
| Other compensation | - | - | - | - |
| Besma Boumaza | | | | |
| Compensation | 38,000 | 38,000 | 30,000 | 30,000 |
| Other compensation | - | - | - | - |
| Mathilde Lemoine ⁽⁴⁾ | | | | |
| Compensation | - | - | 38,000 | 38,000 |
| Other compensation | - | - | - | - |
| Henri Proglia ⁽⁵⁾ | | | | |
| Compensation | 50,000 | 50,000 | 50,000 | 50,000 |
| Other compensation | - | - | - | - |
| Lucia Sinapi-Thomas ⁽⁶⁾ | | | | |
| Compensation | 44,000 | 44,000 | 44,000 | 44,000 |
| Other compensation | - | - | - | - |
| Stéphane Marty | | | | |
| Compensation | 38,000 salary | 38,000 salary | 38,000 salary | 38,000 salary |
| Other compensation | | | | |
| TOTAL | 285,000 | 285,000 | 368,000 | 368,000 |

⁽¹⁾ including EUR 6,000 in 2022 and 2021 for the Audit Committee.

In addition, in 2022, Charles Edelstenne received EUR 41,558 gross in compensation as a member of the Board of Directors of Dassault Falcon Jet (versus

EUR 39,656 gross in 2021) and EUR 35,750 gross in compensation as a member of the Board of Directors of Thales (versus EUR 39,500 gross in 2021).

⁽²⁾ director until March 7, 2021.

⁽³⁾ director until April 12, 2021.

⁽⁴⁾ director until September 28, 2021.

⁽⁵⁾ including EUR 12,000 in 2022 and 2021 for the Audit Committee.

⁽⁶⁾ including EUR 6,000 in 2022 and 2021 for the Audit Committee.



Table 4 Options to subscribe for or purchase shares allocated during the fiscal year to each executive corporate officer by the issuer and by any Group company

N/A

Table 5 Options to subscribe for or purchase shares exercised during the fiscal year by each executive corporate officer

N/A

Table 6 Performance shares awarded during the fiscal year to each corporate officer by the issuer or any Group company

| | Plan name and date | Number of performance shares awarded during 2022 | Value of shares (in EUR) ⁽¹⁾ | Vesting date | Date of availability | Performance conditions |
|---------------|------------------------|--|---|--------------|----------------------|------------------------|
| Éric Trappier | 2022 Shares 03/03/2022 | 20,000 ⁽²⁾ | 2,434,000 | 03/03/2023 | 03/03/2024 | yes |
| Loïc Segalen | 2022 Shares 03/03/2022 | 14,500 ⁽²⁾ | 1,764,650 | 03/03/2023 | 03/03/2024 | yes |
| TOTAL | | 34,500⁽²⁾ | | | | |

⁽¹⁾ price of EUR 121.70 per share (IFRS 2).

⁽²⁾ the total number of shares vested is capped at 112% of the number of shares allocated at the Board of Directors' meeting of March 3, 2022.

Table 7 Performance shares that became available during the fiscal year for each executive corporate officer

NB: the number of shares indicated in the table below is restated pro forma following the 10-for-1 stock split carried out in 2021.

| | Plan name and date | Number of shares that became available during fiscal year 2022 | Vesting conditions |
|---------------|------------------------|--|--|
| Éric Trappier | 2020 Shares 02/26/2020 | 13,380 | Shares vested after a vesting period of one year and subject to performance conditions |
| Loïc Segalen | 2020 Shares 02/26/2020 | 10,700 | Shares vested after a vesting period of one year and subject to performance conditions |
| TOTAL | | 24,080 | |

Table 8 History of allocations of options to subscribe for or purchase shares – Information on subscription or purchase options

N/A

Table 9 Stock options allocated to the ten employees who are not corporate officers holding the most options and options exercised by these employees.

N/A

Table 10 History of performance share awards

NB: the number of shares indicated in the table below is restated pro forma following the 10-for-1 stock split carried out in 2021.

| | 2018 Shares | 2019 Shares | 2020 Shares | 2021 Shares | 2022 Shares |
|---|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Date of General Meeting | 09/23/2015 | 05/24/2018 | 05/24/2018 | 05/24/2018 | 05/11/2021 |
| Date of Board of Directors meeting | 03/07/2018 | 02/27/2019 | 02/26/2020 | 03/04/2021 | 03/03/2022 |
| Total number of shares allocated | 15,750 | 20,250 | 22,500 | 27,000 | 34,500 |
| corporate officers | 15,750 | 20,250 | 22,500 | 27,000 | 34,500 |
| • Éric Trappier | 8,500 | 11,000 | 12,500 | 15,000 | 20,000 |
| • Loïc Segalen | 7,250 | 9,250 | 10,000 | 12,000 | 14,500 |
| Vesting date of shares | 03/07/2019 | 02/27/2020 | 03/04/2021 | 03/04/2022 | 03/03/2023 |
| End date of holding period | 03/06/2020 | 02/26/2021 | 03/03/2022 | 03/03/2023 | 03/02/2024 |
| Performance conditions | yes | yes | yes | yes | yes |
| Number of shares acquired | 15,750 | 21,790 ⁽¹⁾ | 24,080 ⁽²⁾ | 29,700 ⁽³⁾ | 38,364 ⁽⁴⁾ |
| corporate officers | 15,750 | 21,790 | 24,080 | 29,700 | 38,364 |
| • Éric Trappier | 8,500 | 11,840 | 13,380 | 16,500 | 22,240 |
| • Loïc Segalen | 7,250 | 9,950 | 10,700 | 13,200 | 16,124 |
| Cumulative number of canceled or expired shares | 0 | 0 | 0 | 0 | 0 |

⁽¹⁾ Based on the performance criteria recorded by the Board of Directors on February 26, 2020, the number of vested shares (capped at 112%) represents 107.6% of the shares awarded.

⁽²⁾ Based on the performance criteria recorded by the Board of Directors on March 4, 2021, the number of vested shares (capped at 112%) represents 107.0% of the shares awarded.

⁽³⁾ Based on the performance criteria recorded by the Board of Directors on March 3, 2022, the number of vested shares (capped at 112%) represents 110.0% of the shares awarded.

⁽⁴⁾ Based on the performance criteria recorded by the Board of Directors on March 8, 2023, the number of vested shares (capped at 112%) represents 111.2% of the shares awarded.



Table 11 Other information on the executive corporate officers

| Executive corporate officers | Employment contract | Supplementary pension plan | Compensation or benefits payable or likely to be payable due to termination or change of office | Compensation for non-compete agreement |
|---|---------------------|----------------------------|---|--|
| Éric Trappier Chairman and Chief Executive Officer <i>start of term: 01/09/2013</i> <i>end of term: General Meeting of 2023</i> | yes ⁽¹⁾ | yes | no ⁽²⁾ | no |
| Loïc Segalen Chief Operating Officer <i>start of term: 01/09/2013</i> <i>end of term: General Meeting of 2023</i> | yes ⁽¹⁾ | yes | no ⁽²⁾ | no |

⁽¹⁾ employment contract suspended as of January 9, 2013,

⁽²⁾ at the end of their terms of office, corporate officers receive retirement allowances according to the rules applicable to employees in their category, it being understood that depending on the formula chosen, the seniority taken into account may cover the years during which their employment contract was suspended.

2.2 Compensation policy for corporate officers and directors in 2023

The purpose of this paragraph is to set forth the components of the compensation policy for directors and executive corporate officers for 2023. This compensation policy is subject to the approval of the Ordinary General Meeting of Shareholders (Resolutions 7, 8 and 9 as described in the paragraph "Presentation of resolutions submitted to shareholder vote" below).

Pursuant to Article L. 22-10-8 paragraph II of the French Commercial Code, we confirm that the payment of variable and exceptional compensation elements is contingent on approval by the Ordinary General Meeting of the compensation elements of the persons concerned.

Compensation policy for Directors

Compensation is allocated annually according to the following principles:

- for the Board of Directors:
 - o fixed compensation of EUR 28,000,
 - o variable compensation of EUR 10,000 multiplied by the attendance rate at meetings,

these amounts are doubled for the Chairman of the Board of Directors,

- for the Audit Committee: variable compensation only dependent on attendance at meetings of EUR 3,000 per meeting (double for the Chairman).

The overall amount authorized by the General Meeting of May 15, 2014 (EUR 444,000) was not modified.

In addition, each Director is covered by a Directors' and Officers' liability insurance policy (known in French as RCMS). This policy covers all managers and corporate officers of the Company and its subsidiaries.

Compensation policy for corporate officers

The principles of the compensation policy for the Chairman and Chief Executive Officer and the Chief Operating Officer were established by the Board of Directors.

The compensation of the Chairman and Chief Executive Officer and of the Chief Operating Officer consists of fixed compensation.

This compensation changes according to the increase policy for executive employees of the Company resulting from the Annual Mandatory Negotiations, unless decided otherwise by the Board of Directors.

In 2023, the Chairman and Chief Executive Officer and the Chief Operating Officer, under their respective mandates, will not receive:

- any variable or exceptional compensation,
- any stock options,
- any private unemployment insurance,
- any severance packages,
- any special supplementary pensions.

In 2023, the Chairman and Chief Executive Officer and the Chief Operating Officer will receive performance shares.

On March 8, 2023, the Board of Directors decided to award them 23,000 and 16,900 shares respectively. These shares will become vested provided the following performance criteria are met:

- adjusted Group operating margin,
- two aspects of corporate social responsibility, namely:
 - o the increase in the number of female employees,
 - o the low-carbon plan,
- qualitative assessment of individual performance.

Furthermore, the Board of Directors has determined the following additional conditions:

- a vesting period of one year, expiring on March 7, 2024 inclusive,
- presence in the workforce at the end of the vesting period,
- a one-year holding period, beginning on March 8, 2024 and ending on March 7, 2025 inclusive,
- starting on March 8, 2025, retention by the corporate officers of 20% of those shares for the duration of their term of office.

In addition, the 2023 Share plan prohibits executive corporate officers who have been granted performance shares from using risk hedging until after the end of the holding period.

The employment contracts of the Chairman and Chief Executive Officer and of the Chief Operating Officer have been suspended. Upon effective reinstatement of the contracts, they will recover the rights of salaried senior executives in their category, according to the Company's rules, which will be revalued at the date of termination of their term of office by the average percentage increase in executive salaries during the period of suspension of the employment contract.

In particular, upon effective reinstatement of their contracts, the Chairman and Chief Executive Officer and the Chief Operating Officer shall be subject to the conditions of severance pay applicable to employees of their category in accordance with Company rules, it being specified that, depending on the formula chosen, the seniority taken into account may cover the years during which their employment contract was suspended, like the other employees.

For supplementary pensions, they are eligible for:

- the rights acquired under the plan applicable to executive employees of the Company, which have been frozen as of December 31, 2017,
- the rights acquired in 2018 and 2019 under the pension plan established on January 1, 2018, which is applicable to members of the Executive Committee and to the Company's flight crew currently grounded in accordance with order ("Ordonnance") No. 2019-697 of July 3, 2019 regarding supplementary defined-benefit pensions,
- the rights acquired under the plan applicable as of January 1, 2020 to members of the Executive Committee and the Company's flight crew, which provides for the annual vesting of additional pension rights equal to 2% of gross annual compensation, subject to performance conditions defined each year by the Board of Directors, which shall duly note the achievement thereof.



In addition, the Chairman and Chief Executive Officer and the Chief Operating Officer, like the Directors, are each covered by a Directors' and Corporate Officers' Liability Insurance policy (known in French as RCMS). This policy covers all managers and corporate officers of the Company and its subsidiaries.

Finally, the Chairman and Chief Executive Officer and Chief Operating Officer shall each receive, during the performance of their terms of office, a chauffeur-driven company car, reimbursement of the actual expenses incurred in their duties, and health and welfare plans applicable to all of the Company's executive employees.

Presentation of resolutions submitted to shareholder vote

The "Sapin 2" Law introduced a new shareholder consultation regime for the compensation of corporate officers, as amended by order ("Ordonnance") No. 2019-1234 of November 27, 2019, and supplemented by Decree No. 2019-1235 of the same day.

Shareholders are called upon to express an opinion in two stages:

- vote after the fact (referred to as an "ex-post vote"): the compensation elements paid or attributed to directors and corporate officers during the past fiscal year, as presented in the Report on Corporate Governance, shall be subject to the approval of the shareholders.
- advance vote on compensation policy (referred to as an "ex-ante" vote): the compensation policy for directors and corporate officers, as presented in the Report on Corporate Governance, shall be subject to the approval of the shareholders,

Consequently, the following resolutions will be submitted for your approval:

- Approval of compensation elements paid or allocated during fiscal year 2022 to the directors as presented in the Report on Corporate Governance in paragraph 2.1 "Compensation paid to directors and corporate officers in 2022" (Resolution 4),
- Approval of compensation elements paid or allocated during fiscal year 2022 to the Chairman and Chief Executive Officer as presented in the Report on Corporate Governance in paragraph 2.1 "Compensation paid to directors and corporate officers in 2022" (Resolution 5),
- Approval of compensation elements paid or allocated during fiscal year 2022 to the Chief Operating Officer as presented in the Report on Corporate Governance in paragraph 2.1 "Compensation paid to directors and corporate officers in 2022" (Resolution 6),
- Approval of the 2023 compensation policy for the directors as presented in the Report on Corporate Governance in paragraph 2.2 "Compensation policy for corporate officers and directors in 2023" (Resolution 7),
- Approval of the 2023 compensation policy for the Chairman and Chief Executive Officer as presented in the Report on Corporate Governance in paragraph 2.2 "Compensation policy for corporate officers and directors in 2023" (Resolution 8),
- Approval of the 2023 compensation policy for the Chief Operating Officer as presented in the Report on Corporate Governance in paragraph 2.2 "Compensation policy for corporate officers and directors in 2023" (Resolution 9).

3. INFORMATION MENTIONED IN ARTICLE L. 22-10-11 OF THE FRENCH COMMERCIAL CODE

The information set forth in this Article is contained in paragraph 5.5 of the accompanying Directors' Report, to which this report is attached. Both these reports are included in the 2022 Annual Financial Report, which has been published electronically and filed with the AMF by our distributor "Intrado." They are published online on our Company website in the Finance/Publications section.

The Board of Directors



**CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022**

ASSETS

| (in EUR thousands) | Notes | 12/31/2022 | 12/31/2021 |
|---|-------|-------------------|-------------------|
| Goodwill | 3 | 65,957 | 65,957 |
| Intangible assets | 4 | 54,730 | 62,377 |
| Property, plant and equipment | 4 | 1,201,456 | 1,139,299 |
| Equity associates | 5 | 2,351,141 | 2,095,582 |
| Other non-current financial assets | 6 | 178,463 | 191,081 |
| Deferred tax assets | 20 | 392,849 | 389,443 |
| Non-current assets | | 4,244,596 | 3,943,739 |
| Inventories and work-in-progress | 7 | 3,922,158 | 3,480,409 |
| Contract assets | 14 | 3,790 | 6,489 |
| Trade and other receivables | 8 | 1,780,885 | 2,416,299 |
| Advances and progress payments to suppliers | 14 | 2,938,414 | 1,390,293 |
| Derivative financial instruments | 24 | 23,086 | 802 |
| Other current financial assets | 9 | 5,646,045 | 955,281 |
| Cash and cash equivalents | 9 | 3,980,527 | 4,022,551 |
| Current assets | | 18,294,905 | 12,272,124 |
| Total assets | | 22,539,501 | 16,215,863 |

EQUITY AND LIABILITIES

| (in EUR thousands) | Notes | 12/31/2022 | 12/31/2021 |
|---|-------|-------------------|-------------------|
| Capital | 10 | 66,790 | 66,790 |
| Consolidated reserves and retained earnings | | 5,956,392 | 5,240,191 |
| Currency translation adjustments | | 63,243 | 23,894 |
| Treasury shares | 10 | -80,855 | -30,393 |
| Total attributable to the owners of the parent company | | 6,005,570 | 5,300,482 |
| Non-controlling interests | | 0 | 0 |
| Equity | | 6,005,570 | 5,300,482 |
| Long-term borrowings and financial debt | 11 | 190,689 | 185,502 |
| Deferred tax liabilities | 20 | 2,978 | 4,482 |
| Non-current liabilities | | 193,667 | 189,984 |
| Contract liabilities | 14 | 12,759,411 | 7,289,333 |
| Trade and other payables | 13 | 1,353,760 | 1,201,204 |
| Tax and social security liabilities | 13 | 347,000 | 326,328 |
| Short-term borrowings and financial debt | 11 | 42,963 | 40,852 |
| Provisions for contingencies and charges | 12 | 1,726,111 | 1,786,231 |
| Derivative financial instruments | 24 | 111,019 | 81,449 |
| Current liabilities | | 16,340,264 | 10,725,397 |
| Total equity and liabilities | | 22,539,501 | 16,215,863 |

INCOME STATEMENT

| (in EUR thousands) | Notes | 2022 | 2021 |
|---|-------|------------------|------------------|
| Net sales | 15 | 6,949,916 | 7,246,197 |
| Other revenue | 16 | 151,439 | 105,779 |
| Change in work-in-progress | | 175,948 | 98,869 |
| Purchases consumed | | -4,954,073 | -4,967,165 |
| Personnel expenses (1) | | -1,400,785 | -1,276,437 |
| Taxes and other contributions | | -64,642 | -60,805 |
| Depreciation and amortization | 4 | -174,530 | -151,835 |
| Net allocations/reversals of provisions | 12 | -78,383 | -454,640 |
| Other operating income and expenses | 17 | -13,487 | 5,106 |
| Operating income | | 591,403 | 545,069 |
| Cost of net financial debt | | 7,806 | -809 |
| Other financial income and expenses | | -19,363 | -67,703 |
| Net financial income/expense | 19 | -11,557 | -68,512 |
| Share in net income of equity associates | 5 | 282,349 | 271,611 |
| Income tax | 20 | -145,970 | -142,776 |
| Net income | | 716,225 | 605,392 |
| <i>Attributable to the owners of the parent company</i> | | 716,225 | 605,392 |
| <i>Attributable to non-controlling interests</i> | | 0 | 0 |
| Earnings per share (in EUR) | 21 | 8.62 | 7.28 |
| Diluted earnings per share (in EUR) | 21 | 8.62 | 7.28 |

(1) personnel expenses include incentive schemes and profit-sharing (EUR -175,375 thousand in 2022 and EUR -115,462 thousand in 2021) as well as contributions paid to French pension plans, comparable to defined contribution plans (EUR -102,193 thousand in 2022 and EUR -98,210 thousand in 2021).

STATEMENT OF RECOGNIZED INCOME AND EXPENSE

| (in EUR thousands) | Notes | 2022 | 2021 |
|--|-------|----------------|----------------|
| Net income | | 716,225 | 605,392 |
| Derivative financial instruments (1) | 24 | 994 | -131,784 |
| Deferred taxes | 20 | -256 | 34,189 |
| Currency translation adjustments | | 49,061 | 59,777 |
| Equity associates, net | 5 | -15,032 | -10,192 |
| Items to be subsequently recycled to P&L | | 34,767 | -48,010 |
| Other non-current financial assets | 6 | -31,748 | 25,508 |
| Actuarial adjustments on pension benefit obligations | 12 | 140,964 | 108,863 |
| Deferred taxes | 20 | -31,632 | -31,837 |
| Equity associates, net | 5 | 133,376 | 190,121 |
| Items that will not be recycled to P&L | | 210,960 | 292,655 |
| Income and expense recognized directly through equity | | 245,727 | 244,645 |
| Recognized income and expense | | 961,952 | 850,037 |
| <i>Attributable to the owners of the parent company</i> | | <i>961,952</i> | <i>850,037</i> |
| <i>Attributable to non-controlling interests</i> | | <i>0</i> | <i>0</i> |

(1) the amounts stated represent the change in the market value over the period for instruments that qualify for hedge accounting. They are not representative of the actual gain/loss that will be recognized when the hedges are exercised.

STATEMENT OF CHANGES IN EQUITY

| (in EUR thousands) | Capital | Consolidated reserves and retained earnings | | Currency translation adjustments | Treasury shares | Total attributable to owners of the parent company | Non-controlling interests | Total equity |
|--|---------------|--|----------------------------------|----------------------------------|-----------------|--|---------------------------|------------------|
| | | Additional paid-in capital, consolidated income and other reserves | Derivative financial instruments | | | | | |
| As of 12/31/2020 | 66,790 | 4,531,018 | 49,230 | -54,334 | -32,753 | 4,559,951 | 0 | 4,559,951 |
| <i>Net income for the year</i> | | 605,392 | | | | 605,392 | | 605,392 |
| <i>Income and expense recognized directly through equity</i> | | 292,655 | -126,238 | 78,228 | | 244,645 | | 244,645 |
| Recognized income and expense | | 898,047 | -126,238 | 78,228 | | 850,037 | | 850,037 |
| Dividends paid | | -102,308 | | | | -102,308 | | -102,308 |
| Share-based payments (1) | | 2,388 | | | | 2,388 | | 2,388 |
| Movements on treasury shares (1) | | -2,360 | | | 2,360 | 0 | | 0 |
| Other changes (2) | | -9,586 | | | | -9,586 | | -9,586 |
| As of 12/31/2021 | 66,790 | 5,317,199 | -77,008 | 23,894 | -30,393 | 5,300,482 | 0 | 5,300,482 |
| <i>Net income for the year</i> | | 716,225 | | | | 716,225 | | 716,225 |
| <i>Income and expense recognized directly through equity</i> | | 210,960 | -4,582 | 39,349 | | 245,727 | | 245,727 |
| Recognized income and expense | | 927,185 | -4,582 | 39,349 | | 961,952 | | 961,952 |
| Dividends paid | | -207,184 | | | | -207,184 | | -207,184 |
| Share-based payments (1) | | 3,378 | | | | 3,378 | | 3,378 |
| Movements on treasury shares (1) | | -2,911 | | | -50,462 | -53,373 | | -53,373 |
| Other changes (2) | | 315 | | | | 315 | | 315 |
| As of 12/31/2022 | 66,790 | 6,037,982 | -81,590 | 63,243 | -80,855 | 6,005,570 | 0 | 6,005,570 |

(1) see Note 10.

(2) other changes notably include the impact associated with the change in Thales' integration percentage, resulting from Thales' share buyback programs, as well as the impact from the change in scope. In 2021, other changes included the impact of including Dassault Reliance Aerospace Ltd in the scope of consolidation.



CASH FLOW STATEMENT

| (in EUR thousands) | Notes | 2022 | 2021 |
|--|-------|-------------------|------------------|
| I - Net cash flows from operating activities | | | |
| Net income | | 716,225 | 605,392 |
| Elimination of net income of equity associates, net of dividends received | 5 | -136,885 | -164,021 |
| Elimination of gains and losses from disposals of non-current assets | 17 | 2,284 | 2,906 |
| Change in the fair value of derivative financial instruments | 24 | 8,280 | 29,604 |
| Change in fair value of other current and non-current financial assets | 6, 9 | -2,629 | 3,080 |
| Tax expense (including deferred taxes) | 20 | 145,970 | 142,776 |
| Allocations to and reversals of depreciation, amortization and provisions (excluding those related to working capital requirement) | 4, 12 | 197,398 | 615,251 |
| Other items | 10 | 3,363 | 2,388 |
| Net cash from operating activities before working capital changes and taxes | | 934,006 | 1,237,376 |
| Income taxes paid | 20 | -178,019 | -191,846 |
| Change in inventories and work-in-progress (net) | 7 | -419,043 | -67,224 |
| Change in contract assets | 14 | 3,014 | 3,840 |
| Change in trade and other receivables (net) | 8 | 686,654 | -1,014,383 |
| Change in advances and progress payments to suppliers | 14 | -1,547,992 | 358,632 |
| Change in contract liabilities | 14 | 5,461,136 | 1,050,452 |
| Change in trade and other payables | 13 | 151,198 | 273,075 |
| Change in tax and social security liabilities | 13 | 19,017 | 12,905 |
| Increase (-) or decrease (+) in working capital requirement | | 4,353,984 | 617,297 |
| Total I | | 5,109,971 | 1,662,827 |
| II - Net cash flows from investing activities | | | |
| Change, as acquisition cost, of other current financial assets | 9 | -4,692,781 | -90,031 |
| Purchases of intangible assets and property, plant and equipment | 4 | -175,021 | -172,781 |
| Increase in other non-current financial assets | 6 | -20,104 | -1,660 |
| Disposals of or reductions in non-current assets | | 2,382 | 54,409 |
| Net cash from acquisitions and disposals of subsidiaries (1) | | 0 | -3,573 |
| Total II | | -4,885,524 | -213,636 |
| III - Net cash flows from financing activities | | | |
| Buyback of treasury shares (2) | 10 | -53,373 | 0 |
| Increase in financial debt | 11 | 21,763 | 43,647 |
| Repayment of financial debt | 11 | -60,564 | -100,881 |
| Dividends paid during the year | 22 | -207,184 | -102,308 |
| Total III | | -299,358 | -159,542 |
| IV - Impact of exchange rate fluctuations | | 32,887 | 36,619 |
| Change in net cash and cash equivalents (I+II+III+IV) | | -42,024 | 1,326,268 |
| Opening net cash and cash equivalents | 9 | 4,022,551 | 2,696,283 |
| Closing net cash and cash equivalents | 9 | 3,980,527 | 4,022,551 |

(1) in 2021, the amount corresponds to the capital increase of Dassault Reliance Aerospace Ltd, which the Group accounts for using the equity method.

(2) see Note 10.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 1 - Accounting principles

1.1. General principles

On March 8, 2023, the board of directors closed and authorized the publication of the Dassault Aviation consolidated financial statements for the year ended December 31, 2022. These consolidated financial statements will be submitted for approval to the Annual General Meeting on May 16, 2023.

Dassault Aviation Group consolidated financial statements are prepared in accordance with IFRS standards, amendments and interpretations as adopted by the European Union and applicable at the closing date.

1.1.1. Impact of the conflict between Ukraine and Russia

The war in Ukraine, which Russia started on February 24, 2022, triggered a major crisis in the aviation sector, leading to shortages and putting significant pressure on supplies. The risk is that it could have a lasting impact on the Group and its partners, sub-contractors and customers. The regulations adopted by the European Union and the United States are strictly enforced by the Group, especially the ban on commercial transactions and the restriction on financial transactions with sanctioned persons or entities. Some entities in the maintenance network in Europe have been significantly affected by the loss of Russian customers. Operations in Russia, the Moscow office and the Dassault Falcon Service maintenance subsidiary, have stopped doing business.

As of December 31, the effects of the Russia-Ukraine conflict had no material impact on the Group's financial statements.

1.1.2. Changes in 2022 to the accounting standards applicable to Dassault Aviation

Standards, amendments and interpretations whose application has become mandatory as of January 1, 2022

Since January 1, 2022, the Group has applied the following standards, amendments and interpretations:

- amendment to IAS 16 "Property, Plant and Equipment," on proceeds before intended use,
- amendment to IFRS 3 "Business Combinations," updating the reference to the conceptual framework,
- amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets," on the costs to be taken into account to determine whether the contract is onerous,
- annual improvements to IFRS 2018-2020.

These texts have no material impact on the Group's consolidated financial statements.

Standards, amendments and interpretations whose application is mandatory after January 1, 2022

The following texts have still not been applied in advance by the Group when that option was offered.

The main texts adopted by the European Union whose application is mandatory after January 1, 2022 are as follows:

- amendments to IAS 12 on deferred tax related to assets and liabilities arising from a single transaction,
- amendments to IAS 8 "Definition of Accounting Estimates,"
- amendments to IAS 1 "Presentation of Financial Statements" on significant accounting policies disclosures.

The main texts published by the IASB and not yet adopted by the European Union are the amendments to IAS 1 "Presentation of Financial Statements," on the classification of liabilities as current or non-current liabilities, and to IFRS 16 "Leases," on the lease liability in a sale and leaseback.

The potential impacts of these texts on the Group's financial statements are currently being assessed.



1.1.3. Accounting choices and management estimates

To prepare the Group's financial statements, Management is required to make estimates and issue assumptions that could have an impact on the amounts entered in the balance sheet and in the income statement.

These estimates concern, in particular:

- the results of contracts in progress,
- the calculation of provisions for contingencies and charges and provisions for impairment,
- the calculation of development costs that meet capitalization criteria,
- the recoverability of deferred tax assets.

These estimates are calculated by taking into account past experience, elements known at the closing date and any reasonable change assumptions.

The estimates used by the Group to prepare the financial statements take into account the risks induced by climate change whether physical, regulatory or related to customer expectations and sector commitments. Their impact on cash flow has been integrated into the business plans of the cash-generating units concerned.

Subsequent results may therefore differ from such estimates.

1.1.4. Presentation of the consolidated financial statements

Consolidated balance sheet items are presented as current/non-current. The Group's activities have long operating cycles. As a result, the assets/liabilities generally realized in the context of the operating cycle (inventories and work-in-progress, contract assets and liabilities, receivables, payables, etc.) are presented in the consolidated balance sheet as current assets and liabilities, without distinction between the amount due within one year and the amount due at more than one year.

Consolidated income statement items are presented by nature.

Net operating income represents all income and expenses not arising from financial activities, equity associates, discontinued operations or operations being sold, and income taxes. It is composed of two separate parts: current operating income and other non-current income and expenses. Only significant unusual items are recorded in other non-current income and expenses.

1.1.5. Segment reporting

IFRS 8, "Operating Segments," requires the presentation of information according to internal management criteria. The activity of the Dassault Aviation Group relates entirely to the aerospace domain. Internal reporting to the chairman and chief executive officer and to the chief operating officer, used for strategy and decision-making, does not include a performance analysis, under IFRS 8 terms, at a lower level than this sector.

1.2. Consolidation principles and methods

1.2.1. Scope and methods of consolidation

Companies under exclusive control

Companies over which Dassault Aviation exercises exclusive control, directly or indirectly, are fully consolidated if their relative significance justifies it.

Companies under significant influence

Companies over which Dassault Aviation exercises significant influence, directly or indirectly, are consolidated using the equity method if their relative significance justifies it.

Companies under joint control

Joint arrangements classified as joint ventures are accounted for using the equity method if their relative significance justifies it.

Consolidation thresholds

For the application of the factor of relative significance, a company controlled by the Group or in which it has significant influence is included in the scope of consolidation if all of the following criteria are met:

- total assets and liabilities exceed 2% of the Group total,
- total net sales exceed 2% of the Group total,
- equity exceeds 3% of the Group total.

Entities can be consolidated by a management decision even though they do not meet the criteria previously defined. As of December 31, 2022, all non-consolidated companies do not collectively exceed the thresholds described above.

Elimination of inter-company transactions

All material inter-company transactions and internal margins included in non-current assets, inventories and work-in-progress are eliminated.

1.2.2. Closing date

The majority of companies close their fiscal year on December 31.

1.2.3. Conversion of financial statements of non-euro area subsidiaries

The currency used in the preparation of the consolidated financial statements is the euro.

The financial statements of non-euro area subsidiaries are translated as follows:

- assets and liabilities are translated at the year-end rate,
- the income statement is translated at the average annual rate.

Currency translation adjustments are recognized in equity and do not impact the income statement.

1.3. Valuation principles

1.3.1. Goodwill and business combinations

Business combinations are recognized under the acquisition method as described in IFRS 3. Under this method, the Group recognizes the identifiable assets acquired and liabilities assumed at their fair value on the acquisition date.



Goodwill, which reflects the difference between the acquisition cost of investments and the share of the revalued net assets, is recognized:

- immediately as a loss when it is negative,
- on the asset side of the balance sheet when it is positive:
 - under Goodwill if the acquired company is fully consolidated,
 - under Equity associates if the acquired company is consolidated under the equity method.

The allocation of the purchase price is finalized within a maximum period of one year from the date of acquisition.

Goodwill is not amortized but is subject to annually impairment tests (see Note 1.3.3. Impairment and recoverable value).

Acquisition-related costs (valuation fees, consulting fees, etc.) are recognized under operating income as incurred.

1.3.2. Intangible assets and property, plant and equipment

Accounting principles

Intangible assets and property, plant and equipment are recognized at acquisition or production cost, less accumulated depreciation or amortization and impairment. Each identified component of an intangible asset or item of property, plant and equipment is recognized and depreciated and amortized separately.

The rights of use relating to leases as defined by IFRS 16 are recorded on the balance sheet at the lease contract conclusion for the discounted value of future lease payments. Contracts within the scope of IFRS 16 are mainly related to real estate leases (land and buildings). The terms selected generally correspond to the firm duration of the contract unless an intention to renew or terminate the contract is known. The Group applies the two exemptions provided for by the standard (leases of less than 12 months and leases for low-value assets).

Depreciation and amortization are calculated using the straight-line method. No residual value is taken into account, except for aircraft.

Property, plant and equipment and intangible assets are depreciated and amortized over their estimated useful lives. Useful lives are reviewed at each year-end for material assets.

In accordance with IAS 38 "Intangible Assets" concerning development costs, the Group determines the development phase of its programs that meets the criteria for capitalization. Development costs are capitalized if they satisfy the following three determining criteria:

- the technical criterion is met when the period for validation of results after the maiden flight has elapsed without questioning the project,
- the economic criterion is validated by the orders placed or options obtained on the date the technical criterion is considered satisfied,
- the financial information reliability criterion is satisfied for significant programs because the information system differentiates between research and development phases. If such a distinction cannot be made, as may be the case for minor developments (e.g. modification, improvement, etc.), those development costs are not capitalized.

The asset must generate clearly identifiable future economic benefits attributable to a specific product.

Capitalized development costs are valued at the production cost. They are amortized on the basis of the number of aircraft delivered during the year, divided by an estimated number of aircraft to be delivered under the program.

Useful lives

Initial useful lives are determined as follows:

| | |
|-------------------------------------|--|
| Software | 3-4 years |
| Development costs | depend on the number of units to be produced |
| Industrial buildings | 20-25 years |
| Office buildings | 20-25 years |
| Fixtures and fittings | 7-15 years |
| Plant, equipment and machinery | 3-10 years |
| Aircraft | 4-15 years |
| Rolling stock | 4 years |
| Other property, plant and equipment | 3-10 years |
| Used property | on a case-by-case basis |
| Rights of use | based on the duration of each lease contract |

The initial useful life of an asset is extended or reduced if the conditions in which the asset is used justify it.

Derecognition

Any gain or loss arising from the derecognition of an asset (difference between the net disposal gain and the net carrying value) is included in the income statement in the year of derecognition.

1.3.3. Impairment and recoverable value of intangible assets, plant, property and equipment and goodwill

In accordance with IAS 36 "Impairment of Assets," all non-current assets (tangible and intangible) and goodwill are subject to an impairment test when an indication of impairment is detected, and at least once a year on December 31 for goodwill and intangible assets with an indefinite useful life.

Indications of impairment derive from significant adverse changes of a lasting nature, affecting the economic environment or the assumptions or objectives used by the Group.

Impairment tests consist in ensuring that the recoverable values of the property, plant and equipment, intangible assets and cash-generating units or group of cash-generating units to which the goodwill is assigned are at least equal to their net book value. Otherwise, impairment is recognized in net income and the net book value of the asset is reduced to its recoverable value.

The recoverable value of property, plant and equipment or an intangible asset is the higher value between its fair value, less the costs of disposal, and its value in use.

The recoverable amount of a cash-generating unit corresponds to its value in use. Each consolidated company represents a cash-generating unit, i.e. the smallest identifiable group of assets that generates cash inflows and outflows.

The value in use is calculated using the discounted future cash flow method. Discount rates are reviewed each year. As of December 31, 2022, the Group's after-tax discount rate was 9.9% (8.4% as of December 31, 2021). Value in use is determined on the basis of projected after-tax cash flows resulting from economic assumptions and estimated operating conditions used by Management and takes into account a terminal value.

When a cash-generating unit needs to be impaired, the impairment is first of all applied to the goodwill then, if appropriate, to the other assets of the cash-generating unit proportionate to their net book value. Impairments may be reversed, except for those relating to goodwill.

1.3.4. Equity associates

Investments in equity associates undergo an impairment test once there are objective indications of any long-term loss in value.

An impairment is recognized if the recoverable value is lower than the carrying value, with the recoverable value being equivalent to the value in use, as defined in paragraph 1.3.3., or the fair value net of transaction costs, whichever is higher.

Concerning the equity investment in Thales, when an impairment test is carried out, the operational and financial assumptions used come directly from data provided by Thales management.

An impairment may be reversed if the recoverable value once again exceeds the carrying value.

1.3.5. Other non-current financial assets

Non-listed securities and Embraer shares

These securities are recognized at their fair value.

In the absence of any external valuation elements, the fair value of unconsolidated investments, non-listed, represents the share in net assets (calculated based on the most recent financial statements available at the time of accounting) plus any significant unrealized gains or it is based on the discounted future cash flow method (see Note 1.3.3). These items are classified as level 3 (according to IFRS 13).

The fair value of Embraer shares corresponds to the market price as of the balance sheet date. These items are classified as level 1 (according to IFRS 13).

Changes in fair value and gains or losses on disposal for these securities are recognized under other income and expenses directly recorded through equity, without any impact on income or loss. Only dividends continue to be recorded in income.

Other non-current financial assets

Other financial assets mainly comprise advance lease payments, loans granted to investments and loans granted to employees for a housing loan. Loans are recorded at amortized cost (historical cost less repayments). Other assets are recorded at their historical cost.

Other non-current financial assets also include Dassault Aviation's investments in investment funds, including the aeronautical investment fund, valued at fair value through income or loss.

1.3.6. Inventories and work-in-progress

Incoming raw materials, semi-finished and finished goods inventories are measured at acquisition cost for items purchased and production cost for items produced. Outgoing inventories are valued at the weighted average cost, except for used aircraft which are stated at acquisition cost. Work-in-progress is stated at production cost and does not include abnormal production costs.

Inventories and work-in-progress are impaired when their net realizable value is less than their carrying amount.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs for completion and making the sale. It takes into account the technical or commercial obsolescence of articles and the risks associated with their low turnover.

1.3.7. Contract assets and liabilities

For a given contract, the amount of cumulative revenue accounted for in respect of all performance obligations, less payments received and trade receivables which, in the balance sheet, are booked separately, is recognized under contract assets or contract liabilities.



1.3.8. Receivables

Trade and other receivables are presented separately on the balance sheet. They are systematically classified as current assets. Trade receivables include receivables arising from finance leases. These represent the discounted amount of the expected lease revenues, plus the residual value of the aircraft at the end of the finance lease.

A provision for impairment is recorded when the recoverable value of a receivable is lower than the book value.

The recoverable value of a receivable is estimated based on expected losses and takes into account the type of customer and the history of payments.

The receivable is impaired up to the amount of the estimated risk for the portion not covered by credit insurance (Bpifrance Assurance Export or collateral).

Non-impaired receivables are recent receivables and/or receivables with no material credit risk.

Foreign currency receivables, translated by each subsidiary into their local currency at the day's rate, are revalued at each closing on the basis of the closing rate. Revaluation differences are recognized in operating income.

1.3.9. Other current financial assets

Other current financial assets mainly consist of time deposits, debt securities and cash investments in the form of marketable securities.

The time deposits and debt securities are recorded at amortized cost, as the Group does not intend to convert these investments into cash in the short term for operational purposes. Other investments are measured at fair value through profit or loss.

The associated financial results are presented as income from other financial assets within net financial income.

1.3.10. Cash and cash equivalents

Cash and cash equivalents satisfy the criteria set forth in IAS 7, "Statement of Cash Flows": short-term investments that are readily convertible to known amounts of cash and that are not subject to a material risk of changes in value. Cash equivalents mainly consist of time deposits with a maturity of less than three months and cash investments in the form of marketable securities.

The time deposits are recorded at amortized cost and the cash investments in the form of marketable securities are measured at fair value in the income statement.

The associated financial results are presented as income from cash and cash equivalents within net financial income.

1.3.11. Treasury shares

Treasury shares

Treasury shares are deducted from equity at their acquisition cost. Any gains or losses from the sale of treasury shares are recognized directly in equity and do not contribute to the income for the fiscal year.

Share-based payments

Dassault Aviation has settled plans to grant performance shares. These allotments are recognized as an expense representing the fair value of the services rendered by the beneficiaries.

The fair value of the services is determined by reference to the fair value of the shares on the grant date, adjusted for dividends not received during the vesting period.

The performance conditions are taken into account when estimating the number of shares to be granted at the end of the vesting period.

The benefits granted constitute personnel expenses and are recognized on a straight-line basis over the vesting period. This expense is recognized against consolidated reserves.

1.3.12. Provisions for contingencies and charges

Provisions for warranties and other contract risks

Dassault Aviation has formal obligations under sales or procurement contracts relating to the equipment, products and/or services delivered (software development, systems integration, etc.).

These obligations can be distinguished between:

- “current” warranty: repair of defective equipment during the contractual warranty period or by implicit obligations, handling hardware or software malfunctions identified following qualification and handover to users, etc.,
- “regulatory” warranty: treatment by the manufacturer of any changes to the regulatory framework determined by the regulatory authorities or any regulatory non-compliance identified by the manufacturer or a user after delivery of materials or products,
- other risks in connection with the performance of the contract.

The amount of provisions is mainly determined as follows:

- on the basis of feedback on the costs incurred,
- on the basis of quotes provided by specialists in the relevant fields.

Retirement costs

Commitments to employees for retirement costs are provisioned for the remaining obligations. The commitments are estimated for all employees on the basis of vested rights and a projection of current salaries, after taking into account the mortality risk, employee turnover, and a discounting assumption. The rates used have been determined based on the yield for top-ranking corporate long-term bonds, with maturity equivalent to the duration of the calculated liabilities.

The Group applies the revised IAS 19 which stipulates:

- the recognition of all actuarial adjustments in income and expense recognized directly through equity,
- immediate recognition of the cost of past services,
- alignment of the expected return from the plan’s assets to the discount rates,
- the recognition of the sole administrative costs relating to management of the assets as a deduction from their actual return.

The provision or asset that appears in the balance sheet corresponds to the total commitment net of plan assets. The impact on the income statement is fully recognized in operating income.

1.3.13. Borrowings and payables

Foreign currency borrowings and payables, translated by each subsidiary into their local currency at the day's rate, are revalued at each closing based on the closing rate. Revaluation differences are recognized in operating income.

Loans taken out by the Group are initially recorded at the amount received net of transaction costs, and subsequently at the amortized cost, calculated using the effective interest rate.

Lease liabilities relating to leases as defined by IFRS 16 are recognized on the balance sheet at the origin of the lease for the discounted value of future payments.

1.3.14. Discounting of receivables, payables and provisions

Receivables and payables are recognized for their discounted amounts when the payment date is more than one year and the effects of the discounting are significant.

The provision relating to retirement severance payments and related benefits is discounted in accordance with IAS 19 "Employee Benefits" and the lease liabilities are discounted in accordance with IFRS 16 "Leases."

Other provisions are stated at their current value.

In accordance with IFRS standards, deferred tax assets and liabilities are not discounted.

1.3.15. Derivative financial instruments

Derivative financial instruments subscribed by the Group

The Group uses derivatives to hedge its exposure to the risk of changes in foreign exchange rates.

Exchange rates risks mainly arise from US dollar-denominated sales. The corresponding future cash flows are partially hedged using forward exchange contracts and currency options.

Evaluation and recognition of derivatives

Upon initial recognition, derivatives are booked at acquisition cost in the balance sheet under "Derivative Financial Instruments."

They are subsequently stated at fair value, calculated on the basis of the market price communicated by the relevant financial institutions and the market parameters observed on the closing date, taking into account any counterparty risks. The valuation of financial instruments is level 2 (according to IFRS 13).

The Group applies hedge accounting when the criteria defined by IFRS 9 "Financial Instruments" are met. Foreign exchange derivatives are documented, on a case-by-case basis, on the basis of spot or forward prices.

Derivatives eligible for hedge accounting are recognized as follows:

- changes in fair value of hedging instruments are posted, net of tax, to other income and expense recognized through equity, with the exception of the ineffective amount of the hedge, if any, which is recognized in income,
- when the cash flow is received, the gain or loss on the foreign exchange hedging instrument is recognized in income.

If a derivative, chosen for the effectiveness of the economic hedging it provides to the Group, does not meet the conditions required by the hedge accounting standard (foreign exchange options), then changes in its fair value are recognized in financial income.

1.3.16. Net sales and income

Recognition of net sales and operating income

The results on completion are based on estimates of net sales and costs at completion (taking into account the program departments' forecasts) which are revised as the contract progresses and take into account the latest known events at the closing date. The potential losses on completion are recognized as soon as they are known.

Sale of goods

Net sales and net income are recognized over time if the transfer of control of goods is gradual and at a point in time otherwise.

For the majority of its contracts, the IFRS 15 criteria for the recognition of revenue over time are not met, in particular for Rafale and Falcon sales whose alternative use could be demonstrated. Revenue is therefore recognized when the goods are delivered in the majority of cases.

Finance leases are recognized as credit sales in application of IFRS 16, "Leases."

Sale of services

Revenue from performance of services is recognized over time, if the criteria of IFRS 15 are met, as it is the case for maintenance contracts. The percentage-of-completion method used by the Group will be the cost-to-cost method: whereby revenue is recognized based on costs incurred at a given date divided by total costs expected at completion.

Services for which the criteria of IFRS 15 are not met, as is the case for certain development contracts, are recognized at the end of the service provided.

Agent/principal

Contracts involving co-contractors and for which Dassault Aviation is the sole signatory are analyzed to determine the Company's status as a principal or agent. If the analysis classifies the Company as an agent, only the proportionate share of net sales due to the agent is recognized. Otherwise, the entirety of net sales and related expenses (including the share attributable to co-contractors) is recognized.

Backlog

The backlog (see Note 25) corresponds to the transaction price allocated to the remaining performance obligations on the closing date.

Government grants

Research tax credits are included in operating income in "other revenue" when obtaining them does not depend on the realization of a tax profit.

Allowances received under partial activity schemes are also classified as "other revenue."

Net financial income/expense

Net financial income/expense primarily represents:

- financial income related to cash and cash equivalents and other current and non-current financial assets,
- financial expenses related to loans taken out by the Group and locked-in employee profit-sharing funds,
- the financing component when there is, for a given contract, a significant difference between the moment when the cash is received and the moment when the revenue is recognized,
- interest expenses related to lease liabilities under IFRS 16,
- dividends from non-consolidated companies recognized when the Group – as shareholder – is entitled to receive payment,
- financial income from finance lease contracts,
- losses and gains on derivative instruments that do not meet the conditions required by the standard for hedge accounting.

1.3.17. Deferred tax

Deferred taxes linked to temporary differences are calculated per company.

In accordance with the requirements of IAS 12 “Income Taxes,” deferred tax assets are only recognized, for each company, insofar as the estimated future income is sufficient to cover these assets and their maturity does not exceed ten years.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is paid, based on local tax rates (and tax laws) that have been enacted by year-end.

Taxes on items recognized directly through equity are charged or credited to equity.

Deferred tax assets and liabilities are offset per entity for presentation on the balance sheet.

Note 2 - Scope of consolidation

2.1. Scope as of December 31, 2022

Dassault Aviation is a French group that designs and manufactures military aircraft, business jets and space systems. The Group mainly operates in France.

The consolidated financial statements comprise the financial statements of Dassault Aviation and the following entities:

| Name | Country | % interest (1) | | Consolidation method (2) |
|--|----------------------|-----------------------|-----------------------|--------------------------|
| | | 12/31/2022 | 12/31/2021 | |
| Dassault Aviation (3) | France | Parent company | Parent company | |
| Dassault Aviation Business Services (4) | Switzerland | 100 | 100 | FC |
| - Dassault Aviation Business Services Le Bourget | France | 100 | 100 | FC |
| - Dassault Aviation Business Services UK | United Kingdom | 100 | 100 | FC |
| - Dassault Aviation Business Services Portugal | Portugal | 100 | 100 | FC |
| Dassault Aviation Business Services FBO (4) | Switzerland | 100 | 100 | FC |
| Dassault Falcon Jet | United States | 100 | 100 | FC |
| - Dassault Falcon Jet Wilmington | United States | 100 | 100 | FC |
| - Dassault Aircraft Services | United States | 100 | 100 | FC |
| - Dassault Falcon Jet Leasing | United States | 100 | 100 | FC |
| - Aero Precision | United States | 50 | 50 | EM |
| - Midway | United States | 100 | 100 | FC |
| - Dassault Falcon Jet Do Brazil | Brazil | 100 | 100 | FC |
| Dassault Falcon Service | France | 100 | 100 | FC |
| - Falcon Training Center | France | 50 | 50 | EM |
| Dassault Reliance Aerospace Ltd | India | 49 | 49 | EM |
| ExecuJet | | | | |
| - ExecuJet MRO Services Australia | Australia | 100 | 100 | FC |
| - ExecuJet MRO Services New Zealand | New Zealand | 100 | 100 | FC |
| - ExecuJet MRO Services Belgium | Belgium | 100 | 100 | FC |
| - ExecuJet Services Malaysia | Malaysia | 100 | 100 | FC |
| - ExecuJet Handling Services Sdn Bhd | Malaysia | 49 | 49 | FC |
| - ExecuJet MRO Services | South Africa | 100 | 100 | FC |
| - ExecuJet MRO Services Middle East | Dubai | 100 | 100 | FC |
| Sogitec Industries | France | 100 | 100 | FC |
| Thales | France | 25 | 25 | EM |

(1) the equity interest percentages are identical to the percentages of control for all Group companies except for Thales, in which the Group held 24.62% of the capital, 25.00% of the interest rights and 29.92% of the voting rights as of December 31, 2022.

(2) FC: full consolidation, EM: equity method.

(3) identity of the parent company: Dassault Aviation, a Société Anonyme (limited company) with capital of EUR 66,789,624, listed and registered in France, Paris Trade and Companies Register No. 712 042 456 – 9, Rond-Point des Champs-Élysées Marcel Dassault – 75008 Paris.

(4) following changes in name, TAG Maintenance Services and Dassault Aviation Business Services are now Dassault Aviation Business Services and Dassault Aviation Business Services FBO, respectively.

2.2. Changes in scope

There were no changes in scope in 2022. In 2021, Dassault Reliance Aerospace Ltd had joined the scope of consolidation of the Dassault Aviation Group.

Note 3 - Goodwill

Goodwill as of December 31, 2022 breaks down as follows:

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|---|---------------|---------------|
| Dassault Aviation Business Services | 10,052 | 10,052 |
| Dassault Aviation Business Services FBO | 6,625 | 6,625 |
| Dassault Falcon Jet | 5,887 | 5,887 |
| Dassault Falcon Service | 3,702 | 3,702 |
| ExecuJet | 34,914 | 34,914 |
| Sogitec Industries | 4,777 | 4,777 |
| Goodwill | 65,957 | 65,957 |

As the tests performed in accordance with IAS 36 "Impairment of Assets" (see Note 1.3.3 on accounting principles) did not indicate any impairment loss, no provision for goodwill impairment was recognized.

A 10% increase in the discount rate, a 10% reduction in the growth rate or a 1-point decrease in profitability would not lead to any impairment.

Pursuant to IFRS, the goodwill for Thales, which is consolidated under the equity method, is included under "Equity associates" (see Note 5).

Note 4 - Intangible assets and property, plant and equipment

4.1. Geographic breakdown

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|--|------------------|------------------|
| Net value | | |
| France | 955,621 | 920,605 |
| United States | 210,515 | 191,775 |
| Other | 90,050 | 89,296 |
| Total | 1,256,186 | 1,201,676 |
| of which intangible assets | 54,730 | 62,377 |
| of which property, plant and equipment | 1,201,456 | 1,139,299 |

4.2. Intangible assets

4.2.1. Changes in net intangible assets

| (in EUR thousands) | Intangible assets acquired (PPA) | Other intangible assets | Total |
|--|----------------------------------|-------------------------|---------------|
| Net value as of December 31, 2021 | 8,461 | 53,916 | 62,377 |
| Acquisitions/increases | 0 | 17,359 | 17,359 |
| Disposals/decreases | 0 | -1,587 | -1,587 |
| Depreciation and amortization | -2,189 | -21,838 | -24,027 |
| Currency translation adjustments | 108 | 389 | 497 |
| Other | 0 | 111 | 111 |
| Net value as of December 31, 2022 | 6,380 | 48,350 | 54,730 |

4.2.2. Breakdown by type

| (in EUR thousands) | 12/31/2022 | | | 12/31/2021 |
|---|----------------|-----------------|---------------|---------------|
| | Gross | Amortization | Net | Net |
| Intangible assets acquired | 14,950 | -8,570 | 6,380 | 8,461 |
| Development costs (1) | 162,924 | -159,218 | 3,706 | 5,595 |
| Software, patents, licenses and similar assets | 207,271 | -174,849 | 32,422 | 42,572 |
| Intangible assets in progress, advances and progress payments | 12,222 | 0 | 12,222 | 5,749 |
| Intangible assets | 397,367 | -342,637 | 54,730 | 62,377 |

(1) see note 1.3.2 of accounting principles.

4.3. Property, plant and equipment

4.3.1. Changes in net tangible assets

| (in EUR thousands) | Rights of use (1) | Other property, plant and equipment | Total |
|--|----------------------|---|------------------|
| Net value as of December 31, 2021 | 113,182 | 1,026,117 | 1,139,299 |
| Acquisitions/increases | 46,417 | 157,662 | 204,079 |
| Disposals/decreases | -3,437 | -1,864 | -5,301 |
| Depreciation and amortization | -35,435 | -115,068 | -150,503 |
| Provision for impairment | -38 | 721 | 683 |
| Currency translation adjustments | 2,469 | 10,841 | 13,310 |
| Other | 0 | -111 | -111 |
| Net value as of December 31, 2022 | 123,158 | 1,078,298 | 1,201,456 |

(1) mostly real estate leases (land and buildings).

4.3.2. Breakdown by type

| (in EUR thousands) | 12/31/2022 | | | | 12/31/2021 |
|---|------------------|-------------------|----------------|------------------|------------------|
| | Gross | Depreciation | Impairment | Net | Net |
| Rights of use | 411,194 | -286,432 | -1,604 | 123,158 | 113,182 |
| Land | 154,926 | -9,075 | 0 | 145,851 | 140,660 |
| Buildings | 1,031,656 | -480,106 | -5,049 | 546,501 | 558,510 |
| Plant, equipment and machinery | 785,353 | -595,779 | -999 | 188,575 | 184,800 |
| Other property, plant and equipment | 184,213 | -139,456 | -4,900 | 39,857 | 45,304 |
| Intangible assets in progress, advances and progress payments | 157,514 | 0 | 0 | 157,514 | 96,843 |
| Property, plant and equipment | 2,724,856 | -1,510,848 | -12,552 | 1,201,456 | 1,139,299 |

Note 5 - Equity associates

5.1. Group share in net assets and net income of equity associates

As of December 31, 2022, Dassault Aviation held 25.00% of the interest rights of the Thales Group, compared with 24.67% as of December 31, 2021. Dassault Aviation has significant influence over Thales, especially with regard to the shareholders' agreement between Dassault Aviation and the Public Sector.

| (in EUR thousands) | Equity associates | | Share in net income of equity associates | |
|--------------------|-------------------|------------------|--|----------------|
| | 12/31/2022 | 12/31/2021 | 2022 | 2021 |
| Thales (1) | 2,317,194 | 2,064,714 | 274,893 | 265,604 |
| Other | 33,947 | 30,868 | 7,456 | 6,007 |
| Total | 2,351,141 | 2,095,582 | 282,349 | 271,611 |

(1) The Group share in Thales net assets and net income is detailed in Note 5.3.

Thales' net income, accounted for under the equity method, was included at a rate of 24.81%, the 2022 average for the interest rights held by Dassault Aviation.

5.2. Change in equity associates

| (in EUR thousands) | 2022 | 2021 |
|---|------------------|------------------|
| As of January 1 | 2,095,582 | 1,753,928 |
| Share in net income of equity associates | 282,349 | 271,611 |
| Elimination of dividends paid (1) | -145,464 | -107,590 |
| Income and expense recognized directly through equity | | |
| - Securities at fair value | -7,657 | 10,738 |
| - Derivative financial instruments (2) | -5,320 | -28,643 |
| - Actuarial adjustments on pension benefit obligations | 141,033 | 179,383 |
| - Currency translation adjustments | -9,712 | 18,451 |
| Share of equity associates in other income and expense recognized directly through equity | 118,344 | 179,929 |
| Other movements (3) | 330 | -2,296 |
| At period-end | 2,351,141 | 2,095,582 |

(1) In 2022, Thales paid the Group EUR 102,962 thousand in dividends for 2021 and EUR 36,772 thousand in interim dividends for 2022. In 2021, Thales had paid the Group EUR 71,443 thousand in dividends for 2020 and EUR 31,519 thousand in interim dividends for 2021.

(2) the amounts stated correspond to the change in the market value of the portfolio over the period. They are not representative of the actual gain/loss that will be recognized when the hedges are exercised.

(3) other movements notably include the impact associated with the change in Thales' integration percentage, resulting from Thales' share buyback programs, as well as the impact from the change in scope. In 2021, other changes included the impact of including Dassault Reliance Aerospace Ltd in the scope of consolidation.



5.3. Thales financial statements summary (100%) and share in net assets and in net income of Thales, accounted for under the equity method by Dassault Aviation

Thales Group operates in the fields of aerospace, transport, defense and security and provides integrated solutions and equipment designed to increase reliability and secure, monitor and control, protect and defend (see <http://www.thalesgroup.com>). The headquarters of Thales Group is located at Tour Carpe Diem, 31 place des Corolles, 92098 Paris La Défense, France.

The Thales financial statements summary is as follows:

Balance sheet

| (in EUR thousands) | 2022 | 2021 |
|---|-------------------|-------------------|
| Non-current assets | 13,407,000 | 13,137,200 |
| Current assets | 21,013,500 | 19,703,600 |
| <i>of which cash and cash equivalents</i> | 5,099,600 | 5,049,400 |
| Total assets | 34,420,500 | 32,840,800 |
| Equity attributable to the owners of the parent company | 7,173,900 | 6,480,100 |
| Non-controlling interests | 207,600 | 244,400 |
| Non-current liabilities | 6,296,400 | 7,548,400 |
| <i>of which non-current financial liabilities</i> | 3,992,100 | 4,609,700 |
| Current liabilities | 20,742,600 | 18,567,900 |
| <i>of which current financial liabilities</i> | 1,808,500 | 1,533,100 |
| Total equity and liabilities | 34,420,500 | 32,840,800 |

Income statement

| (in EUR thousands) | 2022 | 2021 |
|---|------------|------------|
| Net sales | 17,568,800 | 16,192,000 |
| Net income attributable to the owners of the parent company | 1,120,600 | 1,088,800 |
| <i>of which amortization and depreciation allowances</i> | -1,058,800 | -1,062,600 |
| <i>of which financial interest on gross debt</i> | -75,900 | -54,100 |
| <i>of which financial interest related to cash and cash equivalents</i> | 25,800 | -2,500 |
| <i>of which income tax</i> | -225,100 | -147,700 |

Statement of recognized income and expense

| (in EUR thousands) | 2022 | 2021 |
|--|-----------|-----------|
| Other items of comprehensive income, net of tax attributable to the shareholders of the parent company | 477,000 | 692,900 |
| Total comprehensive income attributable to the shareholders of the parent company | 1,597,600 | 1,781,700 |

The breakdown between the net assets, attributable to owners of the parent company, published by Thales and the carrying amount of the Group share in Thales is shown in the table below:

| (in EUR thousands) | 2022 | 2021 |
|---|------------------|------------------|
| Share of Thales equity, attributable to owners of the parent company | 7,173,900 | 6,480,100 |
| Homogenization restatements and PPA | -2,587,490 | -2,574,885 |
| Thales restated equity, attributable to owners of the parent company | 4,586,410 | 3,905,215 |
| Group share | 1,146,603 | 963,417 |
| Goodwill (1) | 1,170,591 | 1,101,297 |
| Share in net assets of Thales | 2,317,194 | 2,064,714 |

(1) The change in goodwill in 2022 is a result of the increase in interest percentages, after Thales bought back its own shares with a view to canceling them.

The breakdown between the net income, attributable to owners of the parent company, published by Thales and the Group share in net income is as follow:

| (in EUR thousands) | 2022 | 2021 |
|---|------------------|------------------|
| Thales net income (100%) | 1,120,600 | 1,088,800 |
| Group share in Thales net income | 278,021 | 268,607 |
| Post-tax amortization of the purchase price allocation (1) | -3,128 | -3,003 |
| Dassault Aviation share in net income of equity associates | 274,893 | 265,604 |

(1) amortization of identified assets for which the modes and periods of amortization are identical to those used for the year ended December 31, 2021.

5.4. Impairment

Based on the Thales share price as of December 31, 2022 (EUR 119.30 per share), Dassault Aviation's stake in Thales is valued at EUR 6.267 billion. In the absence of any objective indication of impairment, the Thales investment was not subject to an impairment test as of December 31, 2022.

Note 6 - Other non-current financial assets

| (in EUR thousands) | 12/31/2021 | Increase | Decrease | Change in fair value | Other | 12/31/2022 |
|---|----------------|---------------|---------------|----------------------|-----------|----------------|
| Non-listed securities ⁽¹⁾ | 124,180 | 138 | 0 | -22,438 | -15 | 101,865 |
| Embraer shares ⁽¹⁾ | 26,242 | 0 | 0 | -9,310 | 0 | 16,932 |
| Other financial assets ⁽²⁾ | 40,659 | 19,926 | -1,214 | 287 | 8 | 59,666 |
| <i>Receivables related to investments</i> | <i>21,853</i> | <i>1,216</i> | <i>-73</i> | <i>0</i> | <i>0</i> | <i>22,996</i> |
| <i>Advance lease payments</i> | <i>16,352</i> | <i>1,308</i> | <i>-887</i> | <i>0</i> | <i>8</i> | <i>16,781</i> |
| <i>Other</i> | <i>2,454</i> | <i>17,402</i> | <i>-254</i> | <i>287</i> | <i>0</i> | <i>19,889</i> |
| Other non-current financial assets | 191,081 | 20,064 | -1,214 | -31,461 | -7 | 178,463 |

(1) unconsolidated investments, non-listed, and Embraer shares are measured at fair value against other income and expenses recognized directly through equity, which are not recyclable to income. The risk analysis relating to Embraer shares is described in Note 24.

(2) maturing at more than one year: EUR 38,053 thousand

Historical costs of non-current assets and related unrealized gains/losses are presented below:

| (in EUR thousands) | 12/31/2022 | | | 12/31/2021 | | |
|---|-----------------|----------------------|----------------|-----------------|----------------------|----------------|
| | Historical cost | Capital gain or loss | Asset value | Historical cost | Capital gain or loss | Asset value |
| Non-listed securities | 82,934 | 18,931 | 101,865 | 82,811 | 41,369 | 124,180 |
| Embraer shares | 32,120 | -15,188 | 16,932 | 32,120 | -5,878 | 26,242 |
| Other financial assets | 59,694 | -28 | 59,666 | 40,974 | -315 | 40,659 |
| Other non-current financial assets | 174,748 | 3,715 | 178,463 | 155,905 | 35,176 | 191,081 |

Note 7 - Inventories and work-in-progress

| (in EUR thousands) | 12/31/2022 | | | 12/31/2021 |
|---|------------------|-----------------|------------------|------------------|
| | Gross | Impairment | Net | Net |
| Raw materials | 330,852 | -88,565 | 242,287 | 180,219 |
| Work-in-progress | 2,581,403 | -18,405 | 2,562,998 | 2,374,841 |
| Semi-finished and finished goods | 1,451,954 | -335,081 | 1,116,873 | 925,349 |
| Inventories and work-in-progress | 4,364,209 | -442,051 | 3,922,158 | 3,480,409 |

The increase in inventories and work-in-progress is mainly linked to the performance of Defense contracts and the ramp-up of the Falcon 6X.

Note 8 - Trade and other receivables

8.1. Details

| (in EUR thousands) | 12/31/2022 | | | 12/31/2021 |
|------------------------------------|------------------|----------------|------------------|------------------|
| | Gross | Impairment | Net | Net |
| Trade receivables (1) | 1,342,220 | -81,947 | 1,260,273 | 1,164,104 |
| Corporate income tax receivables | 82,662 | 0 | 82,662 | 76,151 |
| Other receivables (2) | 334,329 | 0 | 334,329 | 311,563 |
| Prepaid expenses | 103,621 | 0 | 103,621 | 864,481 |
| Trade and other receivables | 1,862,832 | -81,947 | 1,780,885 | 2,416,299 |

(1) see Note 8.3 for receivables relating to finance leases.

(2) Other receivables include the net assets resulting from the overfunding of Dassault Falcon Jet's pension plans for EUR 43,687 thousand (see Note 12.3).

The part of outstanding receivables not written-down at year-end is subject to regular individual monitoring. Dassault Aviation's exposure to credit risk is presented in Note 24.2.

8.2. Schedule

| (in EUR thousands) | 12/31/2022 | | | 12/31/2021 | | |
|------------------------------------|------------------|------------------|----------------|------------------|------------------|----------------|
| | Total | Within one year | In more than | Total | Within one year | In more than |
| Trade receivables (1) | 1,342,220 | 1,265,051 | 77,169 | 1,239,486 | 1,130,540 | 108,946 |
| Corporate income tax receivables | 82,662 | 82,662 | 0 | 76,151 | 76,151 | 0 |
| Other receivables | 334,329 | 287,036 | 47,293 | 311,563 | 294,273 | 17,290 |
| Prepaid expenses (2) | 103,621 | 52,475 | 51,146 | 864,481 | 841,163 | 23,318 |
| Trade and other receivables | 1,862,832 | 1,687,224 | 175,608 | 2,491,681 | 2,342,127 | 149,554 |

(1) see Note 8.3 for receivables relating to finance leases.

(2) the decrease in prepaid expenses reflects the co-contractors' share of the decrease in deferred income (see Note 14).

8.3. Receivables relating to finance leases

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|---|---------------|----------------|
| Minimum lease receivables | 61,869 | 114,031 |
| Unearned financial income | -5,390 | -8,284 |
| Provisions for impairment | 0 | 0 |
| Receivables relating to finance leases | 56,479 | 105,747 |

The amount of lease receivables due within one year is EUR 7,638 thousand as of December 31, 2022.

Note 9 - Cash

9.1. Net cash

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|--|------------------|------------------|
| Cash equivalents (1) | 2,705,581 | 2,784,943 |
| Cash at bank and in hand | 1,274,946 | 1,237,608 |
| Cash and cash equivalents | 3,980,527 | 4,022,551 |
| Bank overdrafts | 0 | 0 |
| Net cash in the cash flow statement | 3,980,527 | 4,022,551 |

(1) primarily time deposits and cash equivalent marketable securities. The corresponding risk analysis is described in Note 24.1.

9.2. Available cash

The Group uses an alternative performance indicator called "Available cash," which reflects the amount of total liquidity available to the Group, net of financial debts except for lease liabilities. It is calculated as follows:

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|---|------------------|------------------|
| Other current financial assets (1) | 5,646,045 | 955,281 |
| Cash and cash equivalents | 3,980,527 | 4,022,551 |
| Sub-total | 9,626,572 | 4,977,832 |
| Borrowings and financial debts, excluding lease liabilities (2) | -97,947 | -98,374 |
| Available cash | 9,528,625 | 4,879,458 |

(1) other current financial assets notably include time deposits, debt securities and cash investments in the form of listed marketable securities. These investments could be converted into cash depending on Group's operational purposes.

(2) see detail of financial debts in Note 11.

A full analysis of the performance of investments classified as other current financial assets and cash equivalents is performed at each closing date. The investment portfolio does not show, line-by-line, any objective indication of significant impairment as of December 31, 2022 (as was the case on December 31, 2021). The corresponding risk analysis is described in Note 24.

Note 10 - Equity

10.1. Share capital

The share capital stands at EUR 66,790 thousand and consists of 83,487,030 common shares of EUR 0.80 each as of December 31, 2022, as was the case on December 31, 2021. The distribution of share capital as of December 31, 2022 is as follows:

| | Shares | % Capital | % Voting rights |
|-------------------------------------|-------------------|-------------|-----------------|
| GIMD (1) | 51,960,760 | 62.3% | 77.1% |
| Float | 22,561,478 | 27.0% | 16.8% |
| Airbus SE | 8,275,290 | 9.9% | 6.1% |
| Dassault Aviation (treasury shares) | 689,502 | 0.8% | - |
| Total | 83,487,030 | 100% | 100% |

(1) the parent company, Groupe Industriel Marcel Dassault (GIMD), located at 9, Rond-Point des Champs-Élysées - Marcel Dassault - 75008 Paris, fully consolidates the Group financial statements.

10.2. Treasury shares

Movements on treasury shares are detailed below:

| (in number of shares) | 2022 | 2021 |
|--|----------------|----------------|
| Treasury shares as of January 1 | 310,130 | 334,210 |
| Purchase of treasury shares | 409,072 | 0 |
| Share-based payments | -29,700 | -24,080 |
| Treasury shares at the closing date | 689,502 | 310,130 |

Amount recognized in less from equity (in EUR thousands) -80,855 -30,393

The impact of treasury shares on the Group's consolidated financial statements is detailed in the statement of changes in equity.

The Annual General Meeting of May 18, 2022 authorized the board of directors to implement a share buyback program, capped at 10% of Dassault Aviation's share capital. The maximum purchase price authorized under the program is EUR 170 per share excluding acquisition costs, subject to adjustments relating to capital transactions. The maximum amount to be used to buy back the Company's shares cannot exceed EUR 1,419,280 thousand, this condition is combined with the condition for a 10% cap on the Company's capital.

Under the terms of the share buyback program, the treasury shares will mainly be used to increase the return on equity through the cancellation of shares, to stimulate the market for Dassault Aviation shares and improve their liquidity, to be granted to employees and corporate officers or to be held for future use (limited to 5% of the share capital).

In 2022, Dassault Aviation acquired 409,072 shares for a total of EUR 53,373 thousand (average price of EUR 130.47 per share). On March 8, 2023, the board of directors decided to cancel those shares, as provided for in the buyback program.

The 280,430 remaining treasury shares held as of December 31, 2022 were allocated to potential performance share awards and to a potential liquidity contract to guarantee market activity.

10.3. Share-based payments

The Group grants performance shares to corporate officers. The characteristics of these allocation plans are described in the directors' report.

| Grant date | Vesting period | Number of shares allocated | Share price on the grant date | Number of shares delivered in 2022 | Number of shares canceled (1) | Balance of performance shares as of 12/31/2022 |
|------------|-------------------------------|----------------------------|-------------------------------|------------------------------------|-------------------------------|--|
| 03/04/2021 | from 03/04/2021 to 03/03/2022 | 27,000 | EUR 94.40 | 29,700 | 0 | 0 |
| 03/03/2022 | from 03/03/2022 to 03/02/2023 | 34,500 | EUR 130.60 | 0 | 0 | 34,500 |

(1) shares canceled in the event of partial or total non-achievement of performance conditions.

The Group did not grant any stock-option plans to its employees and corporate officers.

2021 plan

An expense of EUR 1,631 thousand was recorded in 2022 in respect of this plan, the fair value of which totaled EUR 2,614 thousand (average value of EUR 88.00 per share).

2022 plan

An expense of EUR 1,747 thousand was recorded in 2022 in respect of this plan, the fair value of which totaled EUR 4,199 thousand (average value of EUR 121.70 per share).

Note 11 - Borrowings and financial debt

| (in EUR thousands) | Bank borrowings | Lease liabilities | Other borrowings and financial liabilities (1) | Borrowings and financial debt |
|--------------------------------|-----------------|-------------------|--|-------------------------------|
| As of December 31, 2021 | 0 | 127,980 | 98,374 | 226,354 |
| Increase | 0 | 46,417 | 21,763 | 68,180 |
| Decrease | 0 | -41,810 | -22,190 | -64,000 |
| Other | 0 | 3,118 | 0 | 3,118 |
| As of December 31, 2022 | 0 | 135,705 | 97,947 | 233,652 |

(1) other financial liabilities mainly includes locked-in employee profit-sharing funds. Employee profit-sharing corresponds to "other long-term benefits," and should be valued and discounted according to the principles of IAS 19 (revised). However, in view of the low historical differences between remuneration rate and discount rate, the Group considers that the valuation method by amortized cost constitutes a reasonable approximation of the profit-sharing liability.

By maturity, the distribution of financial debt is as follows:

| (in EUR thousands) | Total as of 12/31/2022 | Amount due within one year | Amount due in more than 1 year | | |
|--|---------------------------|----------------------------------|--------------------------------|-------------------------|---------------|
| | | | Total | >1 year and <5 years | > 5 years |
| Bank borrowings | 0 | 0 | 0 | 0 | 0 |
| Lease liabilities | 135,705 | 28,642 | 107,063 | 34,636 | 72,427 |
| Other borrowings and financial liabilities | 97,947 | 14,321 | 83,626 | 83,626 | 0 |
| Borrowings and financial debt | 233,652 | 42,963 | 190,689 | 118,262 | 72,427 |

| (in EUR thousands) | Total as of 12/31/2021 | Amount due within 1 year | Amount due in more than 1 year | | |
|--|---------------------------|--------------------------------|--------------------------------|-------------------------|---------------|
| | | | Total | >1 year and <5 years | > 5 years |
| Bank borrowings | 0 | 0 | 0 | 0 | 0 |
| Lease liabilities | 127,980 | 28,434 | 99,546 | 31,815 | 67,731 |
| Other borrowings and financial liabilities | 98,374 | 12,418 | 85,956 | 85,956 | 0 |
| Borrowings and financial debt | 226,354 | 40,852 | 185,502 | 117,771 | 67,731 |

The change in borrowings and financial debt between 2021 and 2022 breaks down as follows:

| (in EUR thousands) | 12/31/2021 | Cash flow | Lease liabilities ⁽¹⁾ | Other movements | 12/31/2022 |
|--|----------------|----------------|-------------------------------------|--------------------|----------------|
| Bank borrowings | 0 | 0 | 0 | 0 | 0 |
| Lease liabilities | 127,980 | -38,374 | 42,981 | 3,118 | 135,705 |
| Other borrowings and financial liabilities | 98,374 | -427 | 0 | 0 | 97,947 |
| Borrowings and financial debt | 226,354 | -38,801 | 42,981 | 3,118 | 233,652 |

(1) liabilities from new leases entered on the balance sheet over the period and termination of leases, with no impact on cash.

Note 12 - Provisions

12.1. Provisions for contingencies and charges and for impairment

| (in EUR thousands) | 12/31/2021 | Allocations | Reversals | Other (1) | 12/31/2022 |
|--|------------------|----------------|-----------------|----------------|------------------|
| Provisions for contingencies and charges | 1,786,231 | 364,793 | -341,282 | -83,631 | 1,726,111 |
| Provisions for impairment | 478,867 | 532,382 | -477,470 | 2,965 | 536,744 |
| <i>Non-current financial assets</i> | 154 | 40 | 0 | 0 | 194 |
| <i>Property, plant and equipment</i> | 12,434 | 7,563 | -8,246 | 801 | 12,552 |
| <i>Inventories and work-in-progress</i> | 390,897 | 443,338 | -394,234 | 2,050 | 442,051 |
| <i>Trade receivables</i> | 75,382 | 81,441 | -74,990 | 114 | 81,947 |
| Provisions for contingencies and charges and for impairment | 2,265,098 | 897,175 | -818,752 | -80,666 | 2,262,855 |

(1) notably includes foreign exchange differences and actuarial adjustments recorded as income and expense recognized directly through equity.



12.2. Details of provisions for contingencies and charges

| (in EUR thousands) | 12/31/2021 | Allocations | Reversals | Other | 12/31/2022 |
|---|------------------|----------------|-----------------|----------------|------------------|
| Warranty (1) | 920,634 | 183,739 | -133,508 | 1,877 | 972,742 |
| Other risks related to contract (1) | 618,095 | 137,055 | -134,205 | 4,508 | 625,453 |
| Retirement severance payments (2) | 229,122 | 41,189 | -64,132 | -90,698 | 115,481 |
| <i>French companies</i> | 149,560 | 39,177 | -9,480 | -63,776 | 115,481 |
| <i>US companies</i> | 79,562 | 2,012 | -54,652 | -26,922 | 0 |
| Other operational risks (3) | 18,380 | 2,810 | -9,437 | 682 | 12,435 |
| Provisions for contingencies and charges | 1,786,231 | 364,793 | -341,282 | -83,631 | 1,726,111 |

(1) provisions are updated to reflect changes to the fleet in service, deliveries during the period and contractual obligations induced by the execution of contracts.

(2) actuarial adjustments contributed to the decrease in the provision for retirement severance payments in the amount of EUR -140,964 thousand. They are distributed as follows:

| | |
|------------------------------------|-----------------|
| <i>French companies</i> | -63,776 |
| <i>US companies</i> | -77,188 |
| <i>Total actuarial adjustments</i> | <u>-140,964</u> |

Net assets resulting from the overfunding of Dassault Falcon Jet's pension plans are posted in other receivables (see Note 8).

(3) As of December 31, 2022, the other long-term benefits relating to long-service awards amounted to EUR 2,956 thousand, compared with EUR 3,484 thousand at the end of 2021.

12.3. Provisions for retirement severance payments

12.3.1. Calculation methods (defined benefit plans)

Commitments relating to retirement severance payments are calculated for all Group employees using the projected unit credit method. They are provisioned in full for the remaining obligations.

Employment projections are weighted using French insurance code mortality rates and the recorded employee turnover rate (this may vary according to age). The obligation estimate depends on the employee's length of service at the end of the fiscal year in relation to their total career expectancy.

For the record, none of the Group companies have commitments for medical insurance plans.

12.3.2. Assumptions used

| | French companies | | US companies | |
|---------------------------------|------------------|----------|--------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| Inflation rate | 3.20% | 2.00% | 2.19% | 2.21% |
| Discount rate | 3.40% | 1.00% | 5.30% | 3.10% |
| Average duration of commitments | 13 years | 14 years | 16 years | 16 years |

The discount rates were based on the yield for top-ranking corporate long-term bonds corresponding to the currency and the maturity of the commitments.

12.3.3. Changes in commitments and plan assets

Changes in commitments and plan assets over the last five years are as follows:

| (in EUR thousands) | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------------|---------------|----------------|----------------|----------------|----------------|
| Total commitment | 745,271 | 996,513 | 1,029,185 | 965,305 | 794,245 |
| Plan assets | 673,477 | 767,391 | 694,085 | 621,028 | 600,230 |
| Net commitment | 71,794 | 229,122 | 335,100 | 344,277 | 194,015 |
| <i>underfunding</i> | 115,481 | 229,122 | 335,100 | 344,277 | 194,015 |
| <i>overfunding</i> | 43,687 | 0 | 0 | 0 | 0 |

Changes in commitments over the year break down as follows:

| (in EUR thousands) | 2022 | | | 2021 | | |
|--|----------------|----------------|----------------|----------------|----------------|------------------|
| | France | United States | Total | France | United States | Total |
| As of January 1 | 563,447 | 433,066 | 996,513 | 629,372 | 399,813 | 1,029,185 |
| Current service cost (1) | 37,470 | 0 | 37,470 | 34,128 | 13,065 | 47,193 |
| Interest expense | 5,810 | 14,101 | 19,911 | 1,978 | 11,679 | 13,657 |
| Benefits paid ⁽²⁾ | -30,613 | -136,012 | -166,625 | -29,059 | -11,629 | -40,688 |
| Actuarial adjustments | -55,745 | -116,133 | -171,878 | -72,972 | -13,217 | -86,189 |
| Foreign exchange differences and other | 0 | 29,880 | 29,880 | 0 | 33,355 | 33,355 |
| As of December 31 | 520,369 | 224,902 | 745,271 | 563,447 | 433,066 | 996,513 |

(1) as of December 31, 2022, Dassault Falcon Jet froze employees' acquired rights with respect to pension plans. This defined benefit plan has been replaced by a defined contribution plan for which Dassault Falcon Jet's only obligation is to pay the contributions.

(2) in 2022, Dassault Falcon Jet transferred a part of its obligations relating to pension to an insurer.

A 0.5-point decrease in the discount rate would increase the total commitment by EUR 54,641 thousand, while a 0.5 point increase in the discount rate would decrease the total commitment by EUR 48,790 thousand.

Changes in plan assets during the period are as follows:

| (in EUR thousands) | 2022 | | | 2021 | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | France | United States | Total | France | United States | Total |
| As of January 1 | 413,887 | 353,504 | 767,391 | 407,739 | 286,346 | 694,085 |
| Expected return on plan assets | 4,103 | 12,089 | 16,192 | 1,215 | 9,136 | 10,351 |
| Actuarial adjustments | 8,031 | -38,945 | -30,914 | 10,488 | 12,186 | 22,674 |
| Employer contributions | 20,000 | 54,652 | 74,652 | 0 | 31,740 | 31,740 |
| Benefits paid (1) | -41,133 | -136,012 | -177,145 | -5,555 | -11,629 | -17,184 |
| Foreign exchange differences and other | 0 | 23,301 | 23,301 | 0 | 25,725 | 25,725 |
| As of December 31 | 404,888 | 268,589 | 673,477 | 413,887 | 353,504 | 767,391 |

(1) in 2022, Dassault Falcon Jet transferred part of its obligations relating to pension to an insurer.



The costs for defined benefit plans can be analyzed as follows:

| (in EUR thousands) | 2022 | | | 2021 | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | France | United States | Total | France | United States | Total |
| Current service cost | 37,470 | 0 | 37,470 | 34,128 | 13,065 | 47,193 |
| Interest expense | 5,810 | 14,101 | 19,911 | 1,978 | 11,679 | 13,657 |
| Expected return on plan assets | -4,103 | -12,089 | -16,192 | -1,215 | -9,136 | -10,351 |
| Costs for defined benefit plans | 39,177 | 2,012 | 41,189 | 34,891 | 15,608 | 50,499 |

Plan assets are invested as follows:

| | 2022 | | 2021 | |
|---------------------------|-------------|---------------|-------------|---------------|
| | France | United States | France | United States |
| Bonds and debt securities | 78% | 100% | 84% | 100% |
| Real estate | 15% | 0% | 8% | 0% |
| Shares | 7% | 0% | 8% | 0% |
| Liquidities | 0% | 0% | 0% | 0% |
| Total | 100% | 100% | 100% | 100% |

The fund invests largely in bonds with a minimum guaranteed annual yield.

Note 13 - Operating liabilities

| (in EUR thousands) | 12/31/2022 | | | 12/31/2021 | | |
|--|------------------|------------------|-----------------------|------------------|------------------|-----------------------|
| | Total | Within one year | In more than one year | Total | Within one year | In more than one year |
| Trade payables | 1,123,955 | 1,123,955 | 0 | 1,062,948 | 1,062,948 | 0 |
| Other liabilities | 227,710 | 227,710 | 0 | 135,865 | 135,865 | 0 |
| Deferred income | 2,095 | 1,500 | 595 | 2,391 | 1,500 | 891 |
| Trade and other payables | 1,353,760 | 1,353,165 | 595 | 1,201,204 | 1,200,313 | 891 |
| Corporate income tax | 5,922 | 5,922 | 0 | 3,147 | 3,147 | 0 |
| Other tax and social security liabilities | 341,078 | 341,078 | 0 | 323,181 | 323,181 | 0 |
| Tax and social security liabilities | 347,000 | 347,000 | 0 | 326,328 | 326,328 | 0 |

Note 14 - Contract assets and liabilities

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|--|--------------------|-------------------|
| Unbilled receivables | 25,205 | 72,566 |
| Deferred income | 0 | -8,290 |
| Advances and progress payments received from customers | -21,415 | -57,787 |
| Contract assets | 3,790 | 6,489 |
| Unbilled receivables | 418,718 | 292,176 |
| Deferred income | -1,054,320 | -2,062,261 |
| Advances and progress payments received from customers | -12,123,809 | -5,519,248 |
| Contract liabilities | -12,759,411 | -7,289,333 |

For a given contract, a contract asset (liability) represents the unbilled receivables, less deferred income and advances and progress payments received from the customer.

The increase in contract liabilities is essentially due to the increase in advances and progress payments received from customers. This is mainly because of the advances received on Export contracts (including from the United Arab Emirates) and the good performance of the Falcon commercial business.

As Dassault Aviation acts as "principal" on the Rafale Export contracts, the progress payments received include the co-contractors' share. The progress payments paid reflect the repayment of the co-contractors' share:

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|---|-------------------|-------------------|
| Advances and progress payments received | -12,145,224 | -5,577,035 |
| Advances and progress payments paid | 2,938,414 | 1,390,293 |
| Advances and progress payments received net of advances and progress payments paid | -9,206,810 | -4,186,742 |

Note 15 - Net sales

By origin, net sales break down as follows:

| (in EUR thousands) | 2022 | 2021 |
|--------------------|------------------|------------------|
| France | 5,925,334 | 6,186,779 |
| United States | 828,529 | 895,454 |
| Other | 196,053 | 163,964 |
| Net sales | 6,949,916 | 7,246,197 |

The breakdown of net sales by geographical area is as follows:

| (in EUR thousands) | 2022 | 2021 |
|--------------------|------------------|------------------|
| France (1) | 1,238,868 | 794,465 |
| Export (2) | 5,711,048 | 6,451,732 |
| Net sales | 6,949,916 | 7,246,197 |

(1) mainly the government, with whom the Group realized more than 10% of its total net sales in 2022 and in 2021.

(2) more than 10% of Group net sales were made with Qatar and India in 2022, as in 2021. The net sales from Rafale Export contracts are recognized on a gross basis (including the co-contractors' parts).



By activity, net sales break down as follows:

| (in EUR thousands) | 2022 | 2021 |
|-----------------------|------------------|------------------|
| Falcon | 2,124,963 | 1,965,248 |
| Defense | 4,824,953 | 5,280,949 |
| <i>Defense France</i> | <i>1,208,850</i> | <i>731,940</i> |
| <i>Defense Export</i> | <i>3,616,103</i> | <i>4,549,009</i> |
| Net sales | 6,949,916 | 7,246,197 |

By revenue recognition method, net sales break down as follows:

| (in EUR thousands) | 2022 | 2021 |
|--------------------|------------------|------------------|
| At a point in time | 5,510,405 | 6,136,026 |
| Over time | 1,439,511 | 1,110,171 |
| Net sales | 6,949,916 | 7,246,197 |

Note 16 - Other revenue

| (in EUR thousands) | 2022 | 2021 |
|------------------------|----------------|----------------|
| Research tax credits | 33,250 | 33,651 |
| Interest on arrears | 975 | 623 |
| Capitalized production | 4,573 | 6,611 |
| Other income | 112,641 | 64,894 |
| Other revenue | 151,439 | 105,779 |

Note 17 - Other operating income and expenses

| (in EUR thousands) | 2022 | 2021 |
|---|----------------|--------------|
| Income or losses from disposals of non-current assets | -2,284 | -2,906 |
| Foreign exchange gains or losses from business transactions (1) | -6,295 | 8,062 |
| Other operating expenses | -4,908 | -50 |
| Other operating income and expenses | -13,487 | 5,106 |

(1) particularly foreign exchange gains and losses on trade receivables and payables.

Note 18 - Research and development costs

Self-financed research and development costs are recognized as expenses for the fiscal year in which they are incurred, except for development costs whereby the criteria for being shown as an asset are met (see Note 1.3.2).

| (in EUR thousands) | 2022 | 2021 |
|--------------------------------|----------|----------|
| Research and development costs | -571,977 | -551,366 |

The Group's research and development strategy and initiatives are described in the directors' report.

Note 19 - Net financial income/expense

| (in EUR thousands) | 2022 | 2021 |
|--|----------------|----------------|
| Income from cash and cash equivalents | 11,934 | 3,134 |
| Cost of gross financial debt | -4,128 | -3,943 |
| Cost of net financial debt | 7,806 | -809 |
| Dividends and other investment income | 1,602 | 0 |
| Income from other financial assets (1) | 35,526 | 662 |
| Foreign exchange gain/loss (2) | -22,739 | -42,609 |
| Financing component (3) | -33,752 | -25,756 |
| Other financial income and expenses | -19,363 | -67,703 |
| Net financial income/expense | -11,557 | -68,512 |

(1) includes the change in fair value of other current and non-current financial assets (EUR 2,629 thousand in 2022 and EUR -3,080 thousand in 2021), which was classified as cost of net financial debt in 2021.

(2) the foreign exchange loss for the period includes the change in market value and the loss associated with the exercise of foreign exchange hedging instruments not eligible for hedge accounting as defined in IFRS 9 "Financial Instruments." The amounts are not representative of the actual gain/loss, which will be recognized when the hedges are exercised.

(3) under IFRS 15, the financing component recognized for long-term Defense contracts.

Note 20 - Taxes

20.1. Income tax

| (in EUR thousands) | 2022 | 2021 |
|--------------------|-----------------|-----------------|
| Corporate tax | -178,019 | -191,846 |
| Deferred tax | 32,049 | 49,070 |
| Income tax | -145,970 | -142,776 |

20.2. Taxes recognized directly through equity

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|---|----------------|--------------|
| Derivative financial instruments | -256 | 34,189 |
| Other non-current financial assets | 3,021 | -4,503 |
| Actuarial adjustments | -34,653 | -27,334 |
| Taxes recognized directly through equity | -31,888 | 2,352 |

20.3. Reconciliation between theoretical and recognized income tax expense

| (in EUR thousands) | 2022 | 2021 |
|--|-----------------|-----------------|
| Net income | 716,225 | 605,392 |
| Less tax expense | 145,970 | 142,776 |
| Less share in net income of equity associates | -282,349 | -271,611 |
| Income before tax | 579,846 | 476,557 |
| Theoretical tax expenses calculated at the current rate⁽¹⁾ | -149,745 | -135,390 |
| Effect of tax credits (2) | 10,507 | 11,009 |
| Effect of differences in tax rates (3) | 386 | -18,937 |
| Other | -7,118 | 542 |
| Income tax recognized | -145,970 | -142,776 |

(1) a rate of 25.83% applies for 2022. The rate applied for 2021 was 28.41%.

(2) includes the impact of the Research Tax Credit, recognized in other revenue. This amounted to EUR 33,250 thousand in 2022, compared with EUR 33,651 thousand in 2021.

(3) in 2021, includes the impact of the decrease in the corporate tax rate in France.

20.4. Deferred tax sources

| (in EUR thousands) | Consolidated balance sheet | | Consolidated income statement | |
|---|----------------------------|----------------|-------------------------------|---------------|
| | 12/31/2022 | 12/31/2021 | 2022 | 2021 |
| Provisions (profit-sharing, pensions, etc.) | 282,893 | 293,415 | 21,444 | 68,207 |
| Other current and non-current financial assets and cash equivalents | -1,319 | -3,376 | -1,491 | 4,799 |
| Derivative financial instruments | 20,161 | 19,988 | 429 | 7,731 |
| Other temporary differences | 88,136 | 74,934 | 11,667 | -31,667 |
| Net deferred taxes | 389,871 | 384,961 | 32,049 | 49,070 |
| Deferred tax assets | 392,849 | 389,443 | | |
| Deferred tax liabilities | -2,978 | -4,482 | | |

20.5. Deferred tax assets not recognized on the balance sheet

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|------------------------------------|------------|------------|
| Deferred tax assets not recognized | 1,687 | 2,131 |

These are temporary differences for which reversal is not expected before 10 years.

Note 21 - Earnings per share

| Earnings per share | 2022 | 2021 |
|--|-------------|-------------|
| Net income attributable to the owners of the parent company (in EUR thousands) (1) | 716,225 | 605,392 |
| Average number of shares outstanding | 83,117,272 | 83,172,810 |
| Diluted average number of shares outstanding | 83,134,522 | 83,186,310 |
| Earnings per share (in EUR) | 8.62 | 7.28 |
| Diluted earnings per share (in EUR) | 8.62 | 7.28 |

(1) net income is fully attributable to income from continuing operations (no discontinued operations).

Earnings per share are calculated by dividing the net income attributable to the owners of the parent company by the weighted average number of common shares outstanding during the year, minus treasury shares.

Diluted earnings per share correspond to the net income attributable to the owners of the parent company divided by the diluted weighted average number of shares. This corresponds to the weighted average number of common shares outstanding, increased by performance shares granted.

Note 22 - Dividends paid and proposed

| Dividends on ordinary shares | 2022 | 2021 |
|---|---------|---------|
| Decided and paid during the year (in EUR thousands) (1) | 207,184 | 102,308 |
| i.e. per share (EUR) | 2.49 | 1.23 |
| Submitted to the AGM for approval, not recognized as a liability as of December 31 (in EUR thousands) (2) | 249,234 | 207,883 |
| i.e. per share (EUR) | 3.00 | 2.49 |

(1) net of dividends on treasury shares.

(2) dividends proposed were calculated on the basis of the number of shares making up the share capital as of December 31, 2022, less shares canceled pursuant to the decrease in capital decided by the board of directors meeting on March 8, 2023.

Note 23 - Financial instruments

The valuation method on the balance sheet (cost or fair value) of financial instruments (assets or liabilities) is detailed in the tables below.

The Group used the following hierarchy for the fair value valuation of financial assets and liabilities:

- Level 1: quoted prices on an active market,
- Level 2: valuation techniques based on observable market data,
- Level 3: valuation techniques based on non-observable market data.

23.1. Financial instruments (assets)

| (in EUR thousands) | Balance sheet value as of 12/31/2022 | | | |
|---|--------------------------------------|----------------------|------------------|-------------------|
| | Cost or amortized cost (1) | Fair value | | Total |
| | | Impact on net income | Impact on equity | |
| Non-current assets | | | | |
| Other non-current financial assets | 41,010 | 18,656 | 118,797 | 178,463 |
| Current assets | | | | |
| Trade and other receivables | 1,780,885 | | | 1,780,885 |
| Derivative financial instruments | | 0 | 23,086 | 23,086 |
| Other current financial assets | 5,008,904 | 637,141 | | 5,646,045 |
| Cash equivalents | 2,355,392 | 350,189 | | 2,705,581 |
| Total financial instruments (assets) | 9,186,191 | 1,005,986 | 141,883 | 10,334,060 |
| Level 1 | | 1,005,986 | 16,932 | |
| Level 2 | | 0 | 23,086 | |
| Level 3 | | 0 | 101,865 | |

(1) the carrying amount of the financial instruments (assets) recognized at cost or amortized cost corresponds to a reasonable approximation of the fair value.

As of December 31, 2021, the data were as follows:

| (in EUR thousands) | Balance sheet value as of 12/31/2021 | | | |
|---|--------------------------------------|----------------------|------------------|------------------|
| | Cost or amortized cost (1) | Fair value | | Total |
| | | Impact on net income | Impact on equity | |
| Non-current assets | | | | |
| Other non-current financial assets | 39,674 | 985 | 150,422 | 191,081 |
| Current assets | | | | |
| Trade and other receivables | 2,416,299 | | | 2,416,299 |
| Derivative financial instruments | | 0 | 802 | 802 |
| Other current financial assets | 35,063 | 920,218 | | 955,281 |
| Cash equivalents | 1,336,396 | 1,448,547 | | 2,784,943 |
| Total financial instruments (assets) | 3,827,432 | 2,369,750 | 151,224 | 6,348,406 |
| Level 1 | | 2,369,750 | 26,242 | |
| Level 2 | | 0 | 802 | |
| Level 3 | | 0 | 124,180 | |

(1) the carrying amount of the financial instruments (assets) recognized at cost or amortized cost corresponds to a reasonable approximation of the fair value.

23.2. Financial instruments (liabilities)

| (in EUR thousands) | Balance sheet value as of 12/31/2022 | | | |
|--|--------------------------------------|----------------------|------------------|------------------|
| | Cost or amortized cost (1) | Fair value | | Total |
| | | Impact on net income | Impact on equity | |
| Non-current liabilities | | | | |
| Bank borrowings | 0 | | | 0 |
| Lease liabilities | 107,063 | | | 107,063 |
| Other financial liabilities (2) | 83,626 | | | 83,626 |
| Current liabilities | | | | |
| Bank borrowings | 0 | | | 0 |
| Lease liabilities | 28,642 | | | 28,642 |
| Other financial liabilities (2) | 14,321 | | | 14,321 |
| Trade and other payables | 1,353,760 | | | 1,353,760 |
| Derivative financial instruments | | 15,557 | 95,462 | 111,019 |
| Total financial instruments (liabilities) | 1,587,412 | 15,557 | 95,462 | 1,698,431 |
| Level 1 | | 0 | 0 | |
| Level 2 | | 15,557 | 95,462 | |
| Level 3 | | 0 | 0 | |

(1) the carrying amount of the financial instruments (liabilities) recognized at cost or at amortized cost corresponds to a reasonable approximation of the fair value.

(2) primarily locked-in employee profit-sharing funds.

As of December 31, 2021, the data were as follows:

| (in EUR thousands) | Balance sheet value as of 12/31/2021 | | | |
|--|--------------------------------------|----------------------|------------------|------------------|
| | Cost or amortized cost (1) | Fair value | | Total |
| | | Impact on net income | Impact on equity | |
| Non-current liabilities | | | | |
| Bank borrowings | 0 | | | 0 |
| Lease liabilities | 99,546 | | | 99,546 |
| Other financial liabilities (2) | 85,956 | | | 85,956 |
| Current liabilities | | | | |
| Bank borrowings | 0 | | | 0 |
| Lease liabilities | 28,434 | | | 28,434 |
| Other financial liabilities (2) | 12,418 | | | 12,418 |
| Trade and other payables | 1,201,204 | | | 1,201,204 |
| Derivative financial instruments | | 7,277 | 74,172 | 81,449 |
| Total financial instruments (liabilities) | 1,427,558 | 7,277 | 74,172 | 1,509,007 |
| Level 1 | | 0 | 0 | |
| Level 2 | | 7,277 | 74,172 | |
| Level 3 | | 0 | 0 | |

(1) the carrying amount of the financial instruments (liabilities) recognized at cost or at amortized cost corresponds to a reasonable approximation of the fair value.

(2) primarily locked-in employee profit-sharing funds.

Note 24 - Financial risk management

24.1. Cash and liquidity risks

24.1.1. Financial debts

The Group has no significant risk in relation to its financial debt. A description of the financial debts appears in Note 11.

24.1.2. Cash, cash equivalents and other current financial assets

The Group has a solid financial structure and works only with top-tier banks.

The Group investment portfolio is primarily composed of time deposits and money market investments with no significant risk of impairment.

| (in EUR thousands) | Market value | % |
|--|------------------|-------------|
| Cash at bank and in hand, money market investments and time deposits | 8,289,538 | 86% |
| Investments in bonds and other debt securities | 842,835 | 9% |
| Unspecified investments | 494,199 | 5% |
| Total | 9,626,572 | 100% |

A full analysis of the performance of investments is performed at each closing date. The investment portfolio does not show, line-by-line, any objective indication of significant impairment as of December 31, 2022 (as was the case on December 31, 2021).

These investments could be converted into cash depending on Group's operational purposes. Cash resources and its portfolio of marketable securities therefore allow the Group to meet its commitments without any liquidity risk. The Group is not faced with restrictions with regard to the availability of its cash and its portfolio of marketable securities.

24.2. Credit and counterparty risks

24.2.1. Credit risk on bank counterparties

The Group allocates its investments and performs its cash and foreign exchange transactions with recognized financial institutions. The Group has no investments or accounts with financial institutions presenting a significant risk of default.

24.2.2. Customer default risk

The Group limits counterparty risk by conducting most of its sales in cash and ensuring that the loans are secured by export insurance guarantees (Bpifrance Assurance Export) or collaterals. The share of receivables not covered by these procedures is subject to regular individual monitoring and, if necessary, a provision for impairment.

Given the arrangements in risk mitigation that are in place, and the provisions made in its accounts, the Group's residual exposure to the risk of default by a customer in a country subject to uncertainties is limited.

The Bpifrance Assurance Export guarantees and collateral obtained and not exercised as of the closing date are of the same nature as those as of December 31, 2021.

The amount of Bpifrance Assurance Export guarantees and collaterals obtained and not exercised at year-end appears in the table of off-balance sheet commitments (see Note 25).

The manufacturing risk is also guaranteed with Bpifrance Assurance Export for major military export contracts.

24.3. Other market risks

24.3.1. Market risks

The Group covers risks from exchange rates and interest rates using derivative financial instruments whose book value is presented below:

| (in EUR thousands) | 12/31/2022 | | 12/31/2021 | |
|---|------------|---------------|------------|---------------|
| | Assets | Liabilities | Assets | Liabilities |
| Exchange rate derivatives | 23,086 | 111,019 | 802 | 81,449 |
| Net derivative financial instruments | | 87,933 | | 80,647 |

The Group is exposed to a foreign exchange risk through the parent company in relation to its Falcon sales, which are mainly denominated in US dollars. This risk is partially hedged by using forward currency contracts and foreign exchange options.

The Group partially hedges its cash flows that are considered highly probable. It ensures that the initial future cash flows will be sufficient to use the foreign exchange hedges in place. The hedged amount may be adjusted in accordance with changes over time in expected net cash flows.

This risk is permanent, taking into account exchange rate fluctuations and volatility. This is a significant risk for the Group, since the measures put in place to limit this risk are not sufficient to make the net risk zero (periods not covered by hedges, possible financial impact of hedges already taken out the event of reversal of market assumptions).

The foreign exchange derivatives subscribed by the Group are not all eligible for hedge accounting under IFRS 9 "Financial instruments." The breakdown is presented in the table below:

| (in EUR thousands) | Market value as of 12/31/2022 | Market value as of 12/31/2021 |
|---|-------------------------------------|-------------------------------------|
| Instruments which qualify for hedge accounting | -72,376 | -73,370 |
| Instruments which do not qualify for hedge accounting | -15,557 | -7,277 |
| Exchange rate derivatives | -87,933 | -80,647 |

The breakdown of the fair value of the derivative financial instruments by maturity rate is as follows:

| (in EUR thousands) | Within one year | In more than one year | Total |
|---------------------------|--------------------|--------------------------|----------------|
| Exchange rate derivatives | -94,669 | 6,736 | -87,933 |

24.3.2. Impacts of derivatives on the Group's financial statements

The impact on net income and equity of the change in fair value in hedging instruments over the period is as follows:

| (in EUR thousands) | 12/31/2021 | Impact on equity (1) | Impact on net financial income (2) | 12/31/2022 |
|---------------------------|------------|----------------------|------------------------------------|----------------|
| Exchange rate derivatives | -80,647 | 994 | -8,280 | -87,933 |

(1) recognized directly under income and expenses recognized directly through equity, share of fully consolidated companies.

(2) change in fair value of foreign exchange hedging instruments which do not qualify for hedge accounting under the terms of IFRS 9 "Financial Instruments."

The impact on the change in fair value of foreign exchange derivatives related to the change in the closing price between December 31, 2021 (USD/EUR 1.1326) and December 31, 2022 (USD/EUR 1.0666) was largely offset by an improvement in the average rate of the foreign exchange hedging portfolio.

24.3.3. Sensitivity testing of foreign exchange derivatives

A sensitivity analysis was conducted to determine the impact of a 10 cent increase or decrease in the US dollar/euro exchange rate.

| Market value of the portfolio (in EUR thousands) | 12/31/2022 | |
|---|------------|------------|
| Net balance sheet position | -87,933 | |
| Closing US dollar/euro exchange rate | \$1.0666/€ | |
| Closing US dollar/euro exchange rate +/-10 cents | \$0.9666/€ | \$1.1666/€ |
| Change in net balance sheet position ⁽¹⁾ | -215,241 | 176,599 |
| Impact on net income | -20,276 | +15,059 |
| Impact on equity | -194,965 | +161,540 |

(1) data calculated based on existing market conditions on the balance sheet dates. They are not representative of the actual gain/loss that will be recognized when hedging is carried out.

24.3.4. Risks related to Embraer shares

On December 31, 2022, Embraer shares were valued at EUR 16,932 thousand (see Note 6). The Group is exposed to a currency risk on its stake in Embraer, which is listed in reais on the Brazilian market, and a price risk related to the fluctuation in the stock market price. A 10% upward or downward variation in the exchange rate and/or share price would not have a significant impact on the Group financial statements.

Note 25 - Off-balance sheet commitments

The off-balance sheet commitments of the Group relate essentially to its operational activities and can be analyzed as follows:

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|--|-------------------|-------------------|
| Commitments given under commercial contracts | 15,740,867 | 9,846,854 |
| Guarantees and deposits | 68,502 | 21,052 |
| Commitments given secured by bank guarantees | 3,617,843 | 1,770,381 |
| Commitments given | 19,427,212 | 11,638,287 |

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|---|-------------------|-------------------|
| Backlog | 35,008,039 | 20,761,506 |
| Other commitments received under commercial contracts | 2,011,281 | 1,633,129 |
| Collateral | 56,605 | 60,335 |
| Bpifrance Assurance Export guarantees | 10,601 | 14,243 |
| Commitments received secured by bank guarantees | 44,637 | 20,331 |
| Commitments received | 37,131,163 | 22,489,544 |

The breakdown of the backlog by maturity is as follows:

| (in EUR thousands) | Less than three years | Between three and five years | More than five years | Total |
|--------------------|-----------------------|------------------------------|----------------------|-------------------|
| Backlog | 14,121,598 | 8,993,377 | 11,893,064 | 35,008,039 |

Note 26 - Contingent assets and liabilities

There are no contingent assets or liabilities as of December 31, 2022.

Note 27 - Related-party transactions

The Group's related parties are:

- Groupe Industriel Marcel Dassault and its subsidiaries,
- equity associates, including the Thales group and its subsidiaries,
- the Chairman and Chief Executive Officer and the Chief Operating Officer of Dassault Aviation,
- the directors of Dassault Aviation.

Terms and conditions of related-party transactions

Sales and purchases are made at market price. Balances outstanding at year-end are not guaranteed and payments are made in cash. No guarantees were provided or received for related-party receivables. For 2022, the Group did not recognize any provisions for bad debts relating to amounts receivable from related parties. This assessment is performed each year by examining the financial position of the related parties and the market in which they operate.

27.1. Details of transactions

| (in EUR thousands) | 2022 | 2021 |
|--------------------|-----------|-----------|
| Income | 7,483 | 8,271 |
| Expenses | 1,615,416 | 1,301,868 |
| Receivables | 1,493,275 | 664,594 |
| Payables | 199,616 | 332,318 |

27.2. Compensation of corporate officers and benefits in kind

The compensation and benefits in kind paid by the Dassault Aviation Group to the corporate officers can be analyzed as follows:

| (in EUR thousands) | 2022 | 2021 |
|--|--------------|--------------|
| Fixed compensation | 3,163 | 3,068 |
| Directors' fees | 487 | 563 |
| Benefits in kind | 19 | 19 |
| Allocation of performance shares | 2,614 | 2,324 |
| Compensation of corporate officers and benefits in kind | 6,283 | 5,974 |

Note 28 - Average number of employees

The Group's average number of employees was 12,461 in 2022. It was 12,387 in 2021.

Note 29 - Auditors' fees

The statutory auditors' fees certifying the Group's financial statements as of December 31, 2022, recognized as expenses for 2022 and 2021, are as follows:

| (in EUR thousands) | PwC | | Mazars | |
|-------------------------------|------------|------------|------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Certification of accounts (1) | 347 | 274 | 626 | 586 |
| Other audit services (2) | 15 | 55 | 156 | 125 |
| Auditors' fees | 362 | 329 | 782 | 711 |

(1) these fees primarily include the review and certification of the Group's consolidated financial statements, certification of the financial statements of the parent company Dassault Aviation and its subsidiaries and compliance with local regulations.

(2) these fees are mainly for services related to non-financial performance declaration checks, drafting of specific certifications and technical consultations.

Note 30 - Subsequent events

No other events likely to have a material impact on the financial statements occurred between December 31, 2022 and the date the financial statements were approved by the board of directors.



Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2022

To the General Meeting of Dassault Aviation Company,

Opinion

In compliance with the engagement entrusted to us by your general meeting, we have audited the accompanying consolidated financial statements of Dassault Aviation Company for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code and in the French Code of Ethics (*Code de Déontologie*) for statutory auditors, for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 paragraph 1 of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

| Risk identified | Our response |
|---|---|
| <p>Accounting for the revenue and the result to be recognized on Defense contracts</p> <p><i>(Notes 1.3.12, 1.3.16, 12.2, 14 and 15 of the consolidated financial statements)</i></p> <p>A significant share of Dassault Aviation's consolidated revenues is generated through Defense Contracts for which revenue and result are recognized in accordance with the principles set out in note 1.3.16 "Net sales and income" to the consolidated financial statements</p> <p>Defense contracts' analysis, which as of December 31 2022 represent 4,825 million i.e. 69% of the Group's activity, required judgement in order to identify the performance obligations under the contract, the allocation of the transaction price to each of the performance obligations, the existence or not of a financing component and a price variable component, and the determination of the revenue recognition method (over time or at a point in time).</p> <p>In addition, the results at completion on Defense contracts, as well as any provisions for loss on completion and provisions for risks and charges at the closing date depend on the capacity of the entity:</p> <ul style="list-style-type: none"> to measure the costs incurred on a contract, and to reliably estimate the costs yet to be incurred until the end of the contract. <p>The estimates of the costs to be incurred are based on a program monitoring process ensured by the Programs Department and Finance Department under the control of the Executive Management. The estimates of results at completion of the contracts are updated at each closing date.</p> <p>Accounting for the revenue and the result to be recognized of Defense contracts is seen as a key point of the audit because of the high level of judgment and of estimates required to determine the methods on the recognition of revenue and of results at completion of contracts, and consequently, their potentially significant impact on consolidated profit and loss and equity.</p> | <p>Based on discussions with the relevant Operational Departments, we took note of the procedures to identify the costs and valuation of margins at completion. We also tested the functioning of internal key controls that we considered relevant to our audit.</p> <p>Our work consisted of:</p> <ul style="list-style-type: none"> testing controls for net sales and cost to be incurred forecasts with respect to contracts; conducting interviews with program monitoring managers and Financial Department and carry out tests on sampled documents for a selection of the contracts that contributed most to the results of the period, in order to: <ul style="list-style-type: none"> assessing the adequacy of the analyses performed by the Group to determine the methods of revenue recognition, in particular the identification of performance obligations, the evaluation of the materiality or not of the financing components, the allocation of the transaction price between the performance obligations and the rate of revenue recognition confirm the performance of the contract benefits when the revenue is recognized at a point in time; test the costs incurred and thus corroborate the degree of progress as revenue is gradually recognized; appreciate the reasonability significant assumptions used for the determination of results at completion, of provisions for risks and charges and test by survey observed data and costs retained for the valuation of provisions as well as the calculations made. reconciling the accounting data with their operational analytical monitoring for these contracts; verifying the correct analytical allocation of costs to contracts; reconciling the basic data used to determine the impacts of IFRS 15 on the financial statements and backlog with accounting and contractual data. <p>For a selection of contracts, for which there was a significant change in the estimated results at completion compared with previous estimates, we sought to explain the origin of the changes observed in order to corroborate these with technical and operational justifications for the basis of our experience and interviews with the relevant management.</p> |

| Risk identified | Our response |
|--|---|
| <p>Valuation of warranty provisions</p> <p><i>(Note 1.3.12 and 12.2 of the notes to the consolidated financial statements)</i></p> <p>Dassault Aviation provides warranties for its aircraft deliveries against hardware or software defects and is required to correct any regulatory non-compliance identified after the delivery of the equipment. These warranties therefore constitute a commitment for the Company. The costs of this commitment must be provisioned upon delivery of the airplane.</p> <p>The estimated amount of the provisions is based on the data and expenses recorded by airplane model and type of transactions warranted and on estimated costs, in particular cost estimates for specialists, handling of malfunctions and regulatory non-compliance. Given the fleet in service and the variety of costs potentially incurred, provisions for warranties are determined by complex models that require judgments by several Operational Departments.</p> <p>Management's valuation of these commitments caused Dassault Aviation to recognize provisions for warranties of EUR 973 million as at December 31, 2022.</p> <p>The valuation of these provisions is a key point of the audit due to:</p> <ul style="list-style-type: none"> • the high level of judgment required for their determination, • the complex nature of their valuation, • their significant amount, • and, consequently, the potentially significant impact on earnings and consolidated equity if their estimates vary. | <p>On the basis of discussions with the relevant operational departments, we took note of the procedures to identify the risks to be guaranteed and the procedures put in place to determine the costs and other data used as a basis for the valuation of provisions for guarantees. We also tested the functioning of key controls that we considered relevant to our audit.</p> <p>In addition, our work consisted of:</p> <ul style="list-style-type: none"> • assessing the adequacy of the funding methodology used by the Group's management and the judgments exercised by it, • assessing, through discussions with the relevant operational departments, the reasonableness of the main assumptions used to determine provisions for guarantees, • randomly testing the source data and observed costs used for the valuation of the provisions and the accuracy of the calculations made. |

Specific Verifications

We have also verified, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance declaration required by Article L.225-102-1 of the French Commercial Code (*Code de commerce*) is included in the information pertaining to the Group presented in the management report. Pursuant to Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. A report will be issued on this information by an independent third-party.

Other verification or information stipulated in Legal and Regulatory documents

Annual accounts lay-out to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Group Managing Director, complies with the single electronic format defined in the European Delegated Regulation n° 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limits inherent in the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

In addition, we have no responsibility to verify that the annual accounts that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Dassault Aviation Company by the General Meetings held on June 19, 1990 for Mazars and held on May 12, 2020 for PricewaterhouseCoopers Audit.

As at December 31 2022, audit firm Mazars and audit firm PricewaterhouseCoopers Audit were in the 33rd year and 3rd of total uninterrupted engagement respectively.

Responsibilities of Management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for

such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were closed by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N°537-2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. When appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, March 10, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit

Mazars

Edouard Demarcq

Mathieu Mougard

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report also includes information relating to the specific verification of information given in the management report.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.



**COMPANY FINANCIAL STATEMENTS
PARENT COMPANY
AS OF DECEMBER 31, 2022**

ASSETS

| (in EUR thousands) | Notes | 12/31/2022 | | | 12/31/2021 |
|---|-------|-------------------|---|-------------------|-------------------|
| | | Gross | Depreciation, amortization and provisions | Net | Net |
| Intangible assets | 2 | 141,747 | -126,790 | 14,957 | 17,104 |
| Property, plant and equipment | 2 | 1,680,062 | -859,496 | 820,566 | 821,656 |
| Financial assets | 3 | 2,537,712 | -63,379 | 2,474,333 | 2,433,584 |
| TOTAL NON-CURRENT ASSETS | | 4,359,521 | -1,049,665 | 3,309,856 | 3,272,344 |
| Inventories and work-in-progress | 4 | 3,926,709 | -317,894 | 3,608,815 | 3,250,271 |
| Advances and progress payments to suppliers | | 2,995,029 | 0 | 2,995,029 | 1,421,665 |
| Trade receivables | 6 | 1,533,690 | -62,837 | 1,470,853 | 1,255,326 |
| Other receivables and prepayments | 6 | 559,865 | 0 | 559,865 | 1,329,707 |
| Marketable securities and cash instruments | 9 | 4,901,643 | 0 | 4,901,643 | 2,052,006 |
| Cash at bank and in hand | | 3,168,126 | 0 | 3,168,126 | 1,550,941 |
| TOTAL CURRENT ASSETS | | 17,085,062 | -380,731 | 16,704,331 | 10,859,916 |
| TOTAL ASSETS | | 21,444,583 | -1,430,396 | 20,014,187 | 14,132,260 |

EQUITY AND LIABILITIES

| (in EUR thousands) | Notes | 12/31/2022 | 12/31/2021 |
|---|--------|-------------------|-------------------|
| Capital | 10, 13 | 66,790 | 66,790 |
| Share premiums | | 137,186 | 137,186 |
| Reserves | 12 | 3,193,426 | 3,036,302 |
| Net income for the year | | 540,142 | 364,323 |
| Investment subsidies | | 870 | 1,143 |
| Regulated provisions | 14 | 141,780 | 127,386 |
| TOTAL EQUITY | 13 | 4,080,194 | 3,733,130 |
| PROVISIONS FOR CONTINGENCIES AND CHARGES | 14 | 1,662,895 | 1,648,638 |
| Borrowings and financial debt (1) | 15 | 97,267 | 97,043 |
| Advances and progress payments received on orders | | 11,856,291 | 5,500,250 |
| Trade payables | 16 | 1,059,364 | 985,523 |
| Other liabilities, cash instruments, accruals and deferred income | 17 | 1,258,176 | 2,167,676 |
| TOTAL LIABILITIES | | 14,271,098 | 8,750,492 |
| TOTAL EQUITY AND LIABILITIES | | 20,014,187 | 14,132,260 |

(1) including bank overdrafts:

0

0

INCOME STATEMENT

| (in EUR thousands) | Notes | 2022 | 2021 |
|---|-------|-------------------|-------------------|
| NET SALES | 20 | 6,305,411 | 6,357,665 |
| Change in work-in-progress | | 126,917 | 209,318 |
| Reversals of provisions, depreciation and amortization, charges transferred | | 704,287 | 665,572 |
| Other income | | 99,985 | 59,933 |
| OPERATING INCOME | | 7,236,600 | 7,292,488 |
| Purchases consumed | | -4,321,047 | -4,307,628 |
| Personnel expenses | | -868,060 | -832,545 |
| Other operating expenses | | -441,449 | -440,657 |
| Taxes and other contributions | | -56,550 | -55,894 |
| Depreciation and amortization | 2 | -93,741 | -83,107 |
| Allocations to provisions | 14 | -742,493 | -1,081,111 |
| OPERATING EXPENSES | | -6,523,340 | -6,800,942 |
| NET OPERATING INCOME | | 713,260 | 491,546 |
| NET FINANCIAL INCOME/EXPENSE | 22 | 139,811 | 119,070 |
| CURRENT INCOME | | 853,071 | 610,616 |
| Non-recurring items | 23 | -17,762 | 1,952 |
| Employee profit-sharing and incentive schemes | | -167,752 | -108,362 |
| Income tax | 24 | -127,415 | -139,883 |
| NET INCOME | | 540,142 | 364,323 |

CASH FLOW STATEMENT

| (in EUR thousands) | Notes | 2022 | 2021 |
|--|----------|------------------|------------------|
| I – NET CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| NET INCOME | | 540,142 | 364,323 |
| Elimination of gains and losses from disposals of non-current assets | 23 | 487 | -379 |
| Net allocations to and reversals of depreciation, amortization and provisions (excluding those related to Working Capital Requirement) | 2, 14 | 148,761 | 492,761 |
| Net cash from operating activities before working capital changes | | 689,390 | 856,705 |
| Change in inventories and work-in-progress (net) | 4 | -358,544 | -210,769 |
| Change in advances and progress payments to suppliers | | -1,573,364 | 368,994 |
| Change in trade receivables (net) | 6 | -215,527 | -335,225 |
| Change in other receivables, cash instruments and prepayments | 6 | 767,354 | -599,369 |
| Change in customer advances and progress payments received | | 6,356,041 | -76,451 |
| Change in trade payables | | 73,841 | 251,684 |
| Change in other liabilities, cash instruments, accruals and deferred income | 17 | -909,500 | 1,294,465 |
| Increase (-) or decrease (+) in working capital requirement | | 4,140,301 | 693,329 |
| Total I | | 4,829,691 | 1,550,034 |
| II - NET CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of intangible assets and property, plant and equipment | 2 | -139,223 | -135,253 |
| Increase in financial assets | 3 | -73,430 | -25,061 |
| Change in investment subsidies | | -273 | -695 |
| Disposals of or reductions in non-current assets | 2, 3, 23 | 51,731 | 59,963 |
| Total II | | -161,195 | -101,046 |
| III - NET CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Change in capital | 13 | 0 | 0 |
| Change in other equity items | 13 | -15 | 0 |
| Increase in financial debt | 15 | 21,752 | 43,657 |
| Repayment of financial debt | 15 | -21,528 | -66,368 |
| Dividends paid during the year | 32 | -207,184 | -102,308 |
| Total III | | -206,975 | -125,019 |
| CHANGE IN NET CASH AND CASH EQUIVALENTS (I + II + III) | | 4,461,521 | 1,323,969 |
| Opening net cash and cash equivalents (1) | | 3,605,127 | 2,281,158 |
| Closing net cash and cash equivalents (1) | | 8,066,648 | 3,605,127 |

(1) cash comprises the following balance sheet items:

[cash at bank and in hand] + [gross marketable securities] – [bank overdrafts]



NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

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DASSAULT AVIATION

9, Rond-Point des Champs-Élysées Marcel Dassault - 75008 Paris

A French société anonyme (Corp.) capitalized at EUR 66,789,624, listed and registered in France

Paris Trade Register number 712 042 456

Note 1 - Accounting rules and methods

1.1. General principles

1.1.1. General basis

The financial statements of the Parent Company as of December 31, 2022 were closed by the board of directors on March 8, 2023, and will be submitted for approval to the Annual General Meeting on May 16, 2023. The company financial statements are prepared in accordance with ANC Regulation 2014-03 on the French General Accounting Plan, which has since been updated by a series of amending regulations and by the subsequent opinions and recommendations of the French Accounting Standards Authority.

The methods used to present the financial statements are comparable year-on-year.

The general accounting conventions have been applied, in compliance with the principle of prudence, and in line with the following basic assumptions:

- going concern of operations,
- permanence of the accounting methods from one year to the next,
- independence of fiscal years,

and in line with the general rules for the establishment and presentation of annual financial statements. The individual financial statements have been prepared on the basis of historical cost.

The preparation of the Company's financial statements requires management to make estimates and assumptions that could have an impact on the amounts reported in the balance sheet and in the income statement. Those estimates concern, in particular:

- the results of contracts in progress,
- the calculation of provisions for contingencies and charges and of impairments.

These estimations are calculated by taking into account past experience, items known at the closing date and any reasonable change assumptions. Subsequent results may therefore differ from such estimates.

1.1.2. Impact of the conflict between Ukraine and Russia

The war in Ukraine, which Russia started on February 24, 2022, triggered a major crisis in the aviation sector, leading to shortages and putting significant pressure on supplies. The risk is that it could have a lasting impact on the Company and its partners, sub-contractors and customers. The regulations adopted by the European Union and the United States are strictly enforced by the Company, especially the ban on commercial transactions and the restriction on financial transactions with sanctioned persons or entities. Some entities in the maintenance network in Europe have been significantly affected by the loss of Russian customers. Operations in Russia, the Moscow office and the Dassault Falcon Service maintenance subsidiary, have stopped doing business.

As of December 31, the effects of the Russia-Ukraine conflict had no material impact on the Company's financial statements.

1.2. Valuation principles

1.2.1. Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are recognized at acquisition or production cost, less accumulated depreciation or amortization and impairment. Interest expense is not capitalized.

Each identified component of an intangible asset or item of property, plant and equipment is recognized and depreciated or amortized separately.

Depreciation and amortization are calculated using the straight-line method. No residual value is taken into account, except for aircraft.

Depreciation and amortization periods depend on their estimated useful lives. Useful lives are reviewed at each year-end for material assets. The initial useful life of an asset is extended or reduced if the conditions in which the asset is used justify it.

Useful lives are as follows:

| | |
|-------------------------------------|-------------------------|
| Software | 3-4 years |
| Industrial buildings | 20-25 years |
| Office buildings | 20-25 years |
| Fixtures and fittings | 7-15 years |
| Plant, equipment and machinery | 3-10 years |
| Aircraft | 10-15 years |
| Rolling stock | 4 years |
| Other property, plant and equipment | 3-10 years |
| Pre-owned assets | on a case-by-case basis |

1.2.2. Impairment of assets

The Company conducts an impairment test if an indication of loss of value has been detected. Indications of impairment come from significant long-term adverse changes that affect the economic environment or the assumptions or objectives used by the Company.

Intangible assets and property, plant and equipment are impaired by the Company when the net carrying amount exceeds their current value. The amount of impairment recognized in income is equal to the difference between the net carrying amount and current value. The current value of an asset is the higher of its market value (less selling costs) and its value in use.

The value in use is calculated using the discounted future cash flow method. Discount rates are reviewed each year. As of December 31, 2022, the after-tax discount rate was 9.9% (8.4% as of December 31, 2021). The value in use is determined on the basis of projected after-tax cash flows resulting from economic assumptions and estimated operating conditions used by Management and takes into account a terminal value.

1.2.3. Equity investments, other non-current and marketable securities

Gross values are represented by the purchase cost excluding incidental charges, except in the case of those subject to the 1976 legal revaluation. An impairment is recognized when the book value is lower than the gross value. The book value is the higher of its market value and its value in use.

Dassault Aviation assesses the book value for listed investment securities on the basis of the average quotation for the reporting month and for non-listed securities, in the absence of any external valuation elements, according to the share in net assets or the discounted cash flow method.

Concerning the equity investment in Thales, when an impairment test is carried out, the operational and financial assumptions used come directly from data provided by Thales management.



1.2.4. Inventories and work-in-progress

Incoming raw materials, semi-finished and finished goods inventories are measured at acquisition cost for items purchased and production cost for items produced. Outgoing inventories are valued at the weighted average cost, except for used aircraft which are stated at acquisition cost. Work-in-progress is stated at production cost and do not include abnormal production costs.

Inventories and work-in-progress are impaired when their net realizable value is less than their carrying amount.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs for completion and making the sale. It takes into account the technical or commercial obsolescence of articles and the risks associated with their low turnover.

1.2.5. Receivables

Receivables are stated at nominal value. A provision is recognized when the recoverable value is lower than the carrying amount. The Company did not have to recognize any significant provisions, since its military trade receivables are represented by government customers and the vast majority of Falcon's sales are in cash.

1.2.6. Borrowings

Borrowings are recorded at the amount received. Transaction costs are posted to expenses for the year.

1.2.7. Regulated provisions

Regulated tax provisions appearing on the balance sheet include provisions for price increases and depreciation by derogation.

1.2.8. Provisions for contingencies and charges

Warranty provisions and other contract risks

Within the framework of sales or procurement contracts, Dassault Aviation has formal obligations under sales or procurement contracts relating to the equipment, products and/or services (software development, systems integration, etc.) delivered.

These obligations can be distinguished between:

- "current" warranty: repair of defective equipment during the contractual warranty period or based on a constructive obligation, correcting hardware or software malfunctions identified following qualification and handover to users, etc.,
- "regulatory" warranty: implementation by the manufacturer of any changes to the regulatory framework determined by the regulatory authorities or any regulatory non-compliance identified by the manufacturer or a user after delivery of equipment or products,
- other risks in connection with the performance of the contract.

The amount of the provisions is mainly determined as follows:

- on the basis of feedback on the costs incurred,
- on the basis of quotes provided by specialists in the relevant fields.

Retirement payments and related benefits

A provision for remaining obligations of commitments to employees for retirement payments and related benefits is recorded. The commitments are estimated for all employees on the basis of vested rights and a projection of current salaries, after taking into account the mortality risk, employee turnover, and a discounting assumption. The rates used have been determined based on the yield for top-ranking corporate long-term bonds, with maturity equivalent to the duration of the calculated liabilities.

Actuarial gains or losses, or those gains or losses that are analyzed as such, are fully recognized in operating income in the period during which they are incurred. The provision that appears in the balance sheet is the amount of the total commitment net of outsourced amounts.

1.2.9. Hedging instruments

The Company uses derivatives to hedge its exposure to the risk of changes in foreign exchange rates.

Exchange rate risks mainly arise from US dollar-denominated sales. The corresponding future cash flows are partially hedged using forward exchange contracts and currency options.

The Company reviewed the highly probable nature of the flows associated with financial instruments which qualify for hedge accounting and could find no evidence challenging this position at the end of December 2022.

The effects of the hedge, including the carrying forward/backwardation, are recorded at the rhythm of the hedged item and follow the same classification as the hedged item, i.e. the operating profit.

Premiums paid or received on the purchase or potential sale of options are recognized as income only at the expiration of these options, with the exception of the premiums relating to "zero premium" hedging strategies, which are immediately recognized as income to avoid temporary timing differences.

Hedging instruments that hedge balance sheet positions are accounted for in cash instruments.

1.2.10. Foreign currency transactions

Expenses and income in foreign currencies are recognized at their equivalent value in euros on the date of the payment or settlement transaction, with the exception of the net flows associated with global foreign exchange hedging, which are recorded at the hedge rate for the year.

Currency receivables and payables outstanding at year-end are revalued into euros at the closing rate of exchange.

When the application of the translation rate on the closing date has the effect of modifying the amounts in euros previously recognized, the currency translation differences are booked to transitory accounts:

- under assets, when unrealized translation balance is a loss,
- under liabilities, when unrealized translation balance is a gain.

An overall foreign exchange position is calculated by maturity of unhedged receivables and payables. When an overall foreign exchange position by maturity is an unrealized loss, a provision is set up for that risk.

Translation gains and losses arising on cash at bank and in hand as of December 31 are recognized on the income statement.

1.2.11. Net sales and income

The results on completion are based on estimates of net sales and costs at completion (taking into account the program departments' forecasts). These are revised as the contracts progress and take into account the latest known events at the closing date. The potential losses on completion are recognized as soon as they are known.

Sales of goods and development contracts

Net sales and net income are recognized when Dassault Aviation has transferred the main risks and benefits of ownership to the buyer, and it is probable that the future economic benefits will benefit the Company.

As a general rule, net sales are recognized upon delivery of goods or development services. The corresponding costs are valued on the basis of net income at completion estimated in the contract. If the estimated costs are lower than the actual costs, the difference is classified as work-in-progress. If the estimated costs are higher than the actual costs, a provision for services and work still to be performed is recognized at closing.

Other service contracts

Income from sales of services is recognized under the percentage of completion method according to the milestones set forth in contracts. Income or loss is recognized at each stage of completion if it can be reliably measured.

Contracts involving co-contractors for which Dassault Aviation is the only signatory are recognized for the entire amount of net sales and related expenses (including the co-contractors' share).

1.2.12. Marketable securities and cash instruments

The item includes term deposits and debt securities which the Company does not intend to convert into cash in the short term for operational purposes. The item also includes cash investments in the form of marketable securities.

Unrealized capital gains on marketable securities are not recognized in the income statement until effectively realized. The tax charge relating to unrealized gains is recorded under prepayments until the gain is recognized in financial income.

This method, which constitutes an exception to the general principle of full recognition of deferred taxes, has been adopted to provide a fairer presentation of the Company's results.

Unrealized capital losses on marketable securities are subject to a provision.

1.2.13. Treasury shares

The book value of treasury shares at year-end is determined by the average market price in the month before closing. If the market price is lower than the purchase value, an impairment is recorded, with the exception of securities being canceled or shares held for allotment under a defined plan.

1.3. Tax consolidation

The Company opted for the tax consolidation scheme in 1999, pursuant to Articles 223-A and following of the French General Tax Code. As of January 1, 2012, the tax consolidation scope of the Group includes Dassault Aviation, Dassault Aéro Service and Dassault Aviation Participations.

This tax consolidation arrangement is tacitly renewable per period of five fiscal years.

By agreement, it does not have an impact on the results of consolidated companies: tax liabilities are borne by the tax group companies as if no tax consolidation existed.

Note 2 - Intangible assets and property, plant and equipment

2.1. Intangible assets

| (in EUR thousands) | 12/31/2021 | Acquisitions Allocations | Disposals Reversals | Other | 12/31/2022 |
|--|-----------------|-----------------------------|------------------------|----------|-----------------|
| Gross value | | | | | |
| Software, patents, licenses and similar assets | 143,514 | 6,131 | -9,475 | 1,038 | 141,208 |
| Assets in progress; advances and progress payments | 1,038 | 539 | 0 | -1,038 | 539 |
| | 144,552 | 6,670 | -9,475 | 0 | 141,747 |
| Depreciation, amortization | | | | | |
| Software, patents, licenses and similar assets | -127,448 | -8,808 | 9,466 | 0 | -126,790 |
| | -127,448 | -8,808 | 9,466 | 0 | -126,790 |
| Net value | | | | | |
| Software, patents, licenses and similar assets | 16,066 | | | | 14,418 |
| Assets in progress; advances and progress payments | 1,038 | | | | 539 |
| Total | 17,104 | -2,138 | -9 | 0 | 14,957 |

2.2. Property, plant and equipment

| (in EUR thousands) | 12/31/2021 | Acquisitions Allocations | Disposals Reversals | Other | 12/31/2022 |
|--|------------------|-----------------------------|------------------------|----------|------------------|
| Gross value | | | | | |
| Land | 132,139 | 5,341 | -169 | 472 | 137,783 |
| Buildings | 636,071 | 413 | -8,046 | 27,529 | 655,967 |
| Plant, equipment and machinery | 647,035 | 16,028 | -55,639 | 29,101 | 636,525 |
| Other property, plant and equipment | 177,581 | 1,283 | -70,581 | 1,430 | 109,713 |
| Assets in progress; advances and progress payments | 89,118 | 109,488 | 0 | -58,532 | 140,074 |
| | 1,681,944 | 132,553 | -134,435 | 0 | 1,680,062 |
| Depreciation, amortization | | | | | |
| Land | -7,948 | -1,263 | 136 | 0 | -9,075 |
| Buildings | -259,753 | -35,330 | 7,814 | 0 | -287,269 |
| Plant, equipment and machinery | -492,650 | -41,750 | 55,120 | 0 | -479,280 |
| Other property, plant and equipment | -97,327 | -6,590 | 20,045 | 0 | -83,872 |
| | -857,678 | -84,933 | 83,115 | 0 | -859,496 |
| Impairment (1) | | | | | |
| Other property, plant and equipment | -2,610 | 0 | 2,610 | 0 | 0 |
| | -2,610 | 0 | 2,610 | 0 | 0 |
| Net value | | | | | |
| Land | 124,191 | | | | 128,708 |
| Buildings | 376,318 | | | | 368,698 |
| Plant, equipment and machinery | 154,385 | | | | 157,245 |
| Other property, plant and equipment | 77,644 | | | | 25,841 |
| Assets in progress; advances and progress payments | 89,118 | | | | 140,074 |
| Total | 821,656 | 47,620 | -48,710 | 0 | 820,566 |

(1) impairment tests on property, plant and equipment (see Note 1 of the accounting rules and methods):

- No impairment loss on capitalized aircraft was recognized as of December 31, 2022.
- In the absence of any objective evidence of impairment, other property, plant and equipment had not been subject to an impairment test as of December 31, 2022.

Note 3 - Financial assets

| (in EUR thousands) | 12/31/2021 | Acquisitions Allocations | Disposals Reversals | Other | 12/31/2022 |
|------------------------------------|------------------|-----------------------------|------------------------|----------|------------------|
| Subsidiaries and associates (1) | 2,392,526 | 138 | 0 | 0 | 2,392,664 |
| Receivables related to investments | 21,853 | 1,216 | -73 | 0 | 22,996 |
| Other investment securities | 35,621 | 70,757 | 0 | 0 | 106,378 |
| Loans | 1,623 | 18 | -255 | 0 | 1,386 |
| Other financial assets | 13,548 | 1,301 | -561 | 0 | 14,288 |
| Total | 2,465,171 | 73,430 | -889 | 0 | 2,537,712 |
| Impairment | -31,587 | -63,225 | 31,433 | 0 | -63,379 |
| Net value | 2,433,584 | 10,205 | 30,544 | 0 | 2,474,333 |

(1) inc. Thales: EUR 1,984,272 thousand.

Thales share price and impairment test

Based on the Thales share price as of December 31, 2022 (EUR 119.30 per share), Dassault Aviation's stake in Thales is valued at EUR 6,267 million.

In the absence of any objective evidence of impairment, the Thales investment had not been subject to an impairment test as of December 31, 2022.

Maturity of financial assets

| (in EUR thousands) | Total | Within one year | In more than one year |
|------------------------------------|---------------|--------------------|--------------------------|
| Receivables related to investments | 22,996 | 18,996 | 4,000 |
| Loans | 1,386 | 123 | 1,263 |
| Other financial assets | 14,288 | 0 | 14,288 |
| Total | 38,670 | 19,119 | 19,551 |

Information relating to subsidiaries, associates and other investment securities

Since the Company publishes consolidated financial statements, the table of subsidiaries, associates and other investment securities is presented in an aggregate form.

| (in EUR thousands) | Book value of securities held | | Loans and advances granted by the Company | Amount of deposits and guarantees provided by the Company | Dividends received by the Company during the fiscal year |
|--|-------------------------------|-----------|---|---|--|
| | Gross | Net | | | |
| Subsidiaries | | | | | |
| French subsidiaries | 119,156 | 119,156 | 0 | 0 | 0 |
| Foreign subsidiaries | 240,525 | 220,525 | 0 | 68,502 | 1,097 |
| Total | 359,681 | 339,681 | 0 | 68,502 | 1,097 |
| Associates and other investment securities | | | | | |
| French companies | 2,059,800 | 2,057,383 | 0 | 0 | 140,234 |
| Foreign companies | 79,561 | 38,753 | 22,996 | 0 | 5 |
| Total | 2,139,361 | 2,096,136 | 22,996 | 0 | 140,239 |
| Grand total | 2,499,042 | 2,435,817 | 22,996 | 68,502 | 141,336 |

Note 4 - Inventories and work-in-progress

| (in EUR thousands) | 12/31/2022 | | | 12/31/2021 |
|----------------------------------|------------------|-----------------|------------------|------------------|
| | Gross | Impairment | Net | Net |
| Raw materials | 324,917 | -86,444 | 238,473 | 177,682 |
| Work-in-progress | 2,406,749 | 0 | 2,406,749 | 2,279,832 |
| Semi-finished and finished goods | 1,195,043 | -231,450 | 963,593 | 792,757 |
| Total | 3,926,709 | -317,894 | 3,608,815 | 3,250,271 |

Note 5 - Interest on assets

No interest is included in the value of inventories and work-in-progress.

Note 6 - Trade and other receivables

6.1. Details

| (in EUR thousands) | 12/31/2022 | | | 12/31/2021 |
|--|------------------|----------------|------------------|------------------|
| | Gross | Impairment | Net | Net |
| Trade receivables | | | | |
| Trade receivables | 1,533,690 | -62,837 | 1,470,853 | 1,255,326 |
| | 1,533,690 | -62,837 | 1,470,853 | 1,255,326 |
| Other receivables and prepayments | | | | |
| Other receivables | 317,204 | 0 | 317,204 | 317,470 |
| Prepayments | 224,311 | 0 | 224,311 | 1,003,901 |
| Adjustment accounts | 18,350 | 0 | 18,350 | 8,336 |
| | 559,865 | 0 | 559,865 | 1,329,707 |
| Total | 2,093,555 | -62,837 | 2,030,718 | 2,585,033 |

The percentage of outstanding receivables not written-down at year-end is regularly monitored individually.

6.2. Aged debtor schedule

| (in EUR thousands) | 12/31/2022 | | | 12/31/2021 | | |
|-----------------------|------------------|------------------|-----------------------|------------------|------------------|-----------------------|
| | Total | Within one year | In more than one year | Total | Within one year | In more than one year |
| Trade receivables (1) | 1,533,690 | 1,456,522 | 77,168 | 1,321,513 | 1,234,351 | 87,162 |
| Other receivables | 317,204 | 317,204 | 0 | 317,470 | 317,470 | 0 |
| Prepayments (2) | 224,311 | 173,165 | 51,146 | 1,003,901 | 980,583 | 23,318 |
| Adjustment accounts | 18,350 | 18,350 | 0 | 8,336 | 8,336 | 0 |
| Total | 2,093,555 | 1,965,241 | 128,314 | 2,651,220 | 2,540,740 | 110,480 |

(1) including receivables represented by commercial paper: EUR 11,159 thousand as of December 31, 2022, and EUR 14,993 thousand as of December 31, 2021.

(2) see Note 8.



Note 7 - Accrued income

| Accrued income included in the following balance sheet items (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|--|----------------|----------------|
| Receivables from equity investments | 101 | 51 |
| Trade receivables | 624,880 | 589,617 |
| Marketable securities and cash instruments | 22,792 | 63 |
| Cash at bank and in hand | 620 | 1,047 |
| Total | 648,393 | 590,778 |

Note 8 - Prepaid expenses and deferred income

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|--|------------|------------|
| Operating income | 730,452 | 1,757,072 |
| Operating expenses (1) | 224,311 | 1,003,901 |
| (1) including income tax on unrealized capital gains | 143,087 | 142,560 |

The decrease in prepaid expenses reflects the co-contractors' part decrease in deferred revenue.

Note 9 - Difference in measurement of marketable securities

| Marketable securities and cash instruments (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|--|------------|------------|
| Marketable securities and cash instruments - gross balance sheet value (1) | 4,874,161 | 2,024,426 |
| Marketable securities and cash instruments - market value | 5,257,245 | 2,404,461 |

(1) net of treasury shares recognized under marketable securities (see Note 10).

The item includes term deposits and debt securities which the Company does not intend to convert into cash in the short term for operational purposes. The item also includes cash investments in the form of marketable securities.

Note 10 - Share capital and treasury shares

10.1. Share capital

The share capital stands at EUR 66,790 thousand and comprises 83,487,030 common shares with a par value of EUR 0.8 each as of December 31, 2022.

10.2. Treasury shares

Movements on treasury shares are detailed below:

| (in number of shares) | 2022 | 2021 |
|--|----------------|----------------|
| Treasury shares as of January 1 | 310,130 | 334,210 |
| Purchase of treasury shares | 409,072 | 0 |
| Cancellation of shares | 0 | 0 |
| Share-based payments | -29,700 | -24,080 |
| Treasury shares as of December 31 | 689,502 | 310,130 |

The Annual General Meeting of May 18, 2022 authorized the board of directors to implement a share buyback program, capped at 10% of Dassault Aviation's share capital. The maximum purchase price authorized under the program is EUR 170 per share excluding acquisition costs, subject to adjustments relating to capital transactions. The maximum amount to be used to buy back the Company's shares cannot exceed EUR 1,419,280 thousand; this condition is combined with the condition for a 10% cap on the Company's capital.

Under the terms of the share buyback program, the treasury shares will mainly be used to increase the return on equity through the cancellation of shares, to stimulate the market for Dassault Aviation shares and improve their liquidity, to be granted to employees and corporate officers or to be held for future use (limited to 5% of the share capital).

In 2022, Dassault Aviation acquired 409,072 shares for a total of EUR 53,373 thousand (average price of EUR 130.47 per share). On March 8, 2023, the board of directors decided to cancel those shares, as provided for in the buyback program. These shares are recorded in other investment securities.

The 280,430 remaining treasury shares held as of December 31, 2022 are allocated to potential performance share awards and to any liquidity contract to guarantee market activity. These shares are recorded in marketable securities.

10.3. Share-based payments

Performance shares were granted to corporate officers at the board of directors' meetings of March 4, 2021 and March 3, 2022 (the plan features are described in paragraph 5.5 of the directors' report).

Shares granted and not yet vested are subject to performance conditions.

| Grant date | Vesting period | Number of shares allocated | Number of shares delivered in 2022 | Number of shares canceled (1) | Balance of performance shares as of 12/31/2022 |
|------------|-------------------------------|----------------------------|------------------------------------|-------------------------------|--|
| 03/04/2021 | From 03/04/2021 to 03/03/2022 | 27,000 | 29,700 | 0 | 0 |
| 03/03/2022 | From 03/03/2022 to 03/02/2023 | 34,500 | 0 | 0 | 34,500 |

(1) shares canceled in the event of partial or total non-achievement of performance conditions.

Note 11 - Identity of the consolidating Parent Company

| | % |
|---|--------|
| Groupe industriel Marcel Dassault (GIMD) 9, Rond-Point des Champs-Élysées - Marcel Dassault 75008 Paris | 62.76% |

Note 12 - Reserves

12.1. Reserves

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|------------------------|------------------|------------------|
| Revaluation difference | 4,121 | 4,136 |
| Legal reserve | 6,679 | 6,679 |
| Retained earnings | 3,182,626 | 3,025,487 |
| Total | 3,193,426 | 3,036,302 |

12.2. Revaluation reserves

| (in EUR thousands) | Change in revaluation reserves | | | |
|-----------------------------------|--------------------------------|----------------------------|---------------|--------------|
| | 12/31/2021 | 2022 movements | | 12/31/2022 |
| | | Decreases due to disposals | Other changes | |
| Land | 3,615 | -15 | 0 | 3,600 |
| Equity investments | 521 | 0 | 0 | 521 |
| Total | 4,136 | -15 | 0 | 4,121 |
| Revaluation reserve (1976) | 4,136 | -15 | 0 | 4,121 |

Note 13 - Statement of changes in equity during the year

13.1. Net income for the year

| | 2022 | 2021 |
|---|-------------|-------------|
| Accounting income | | |
| In EUR thousands | 540,142 | 364,323 |
| In EUR per share | 6.47 | 4.36 |
| Change in equity excluding net income for the year | | |
| In EUR thousands | 14,106 | -1,959 |
| In EUR per share | 0.17 | -0.02 |
| Dividends | | |
| In EUR thousands | 249,234 (1) | 207,883 (2) |
| In EUR per share | 3.00 (1) | 2.49 (2) |

(1) the dividends were calculated on the basis of the number of shares making up the share capital as of December 31, 2022, less shares canceled pursuant to the decrease in capital decided by the board of directors' meeting on March 8, 2023 (see Note 10.2).

(2) dividends of EUR 207,184 thousand were paid for the year ended December 31, 2021, net of dividends on treasury shares.



13.2. Statement of changes in equity excluding net income for the year (in EUR thousands)

| | Before allocation of 2021 earnings 12/31/2022 | After allocation of 2021 earnings 12/31/2022 |
|---|---|--|
| A - | | |
| 1. 2021 closing equity excluding net income for the year | 3,368,807 | 3,368,807 |
| 2. 2021 net income before appropriation | 364,323 | |
| 3. Appropriation of 2021 net income to net equity by the AGM | | 157,139 |
| 4. 2022 equity at opening | 3,733,130 | 3,525,946 |
| B - Additional paid-in capital, effective retroactively to beginning of 2022 | | 0 |
| 1. Change in capital | | 0 |
| 2. Change in other items | | 0 |
| C - (= A4 + B) Equity at 2022 opening | | 3,525,946 |
| D - Changes during the year excluding 2022 net income | | 14,106 |
| 1. Change in capital | | 0 |
| 2. Change in additional paid-in capital, reserves, retained earnings | | 0 |
| 3. Revaluation offsetting entries – reserve | | -15 |
| 4. Change in tax provisions and investment subsidies | | 14,121 |
| 5. Other changes | | 0 |
| E - 2022 closing equity excluding 2022 net income before AGM (= C + D) | | 3,540,052 |
| F - Total change in equity in 2022 excluding 2022 net income (= E - C) | | 14,106 |

Note 14 - Provisions

14.1. Provisions

| (in EUR thousands) | 12/31/2021 | Allocations | Reversals | Other | 12/31/2022 |
|---|------------------|----------------|-----------------|----------|------------------|
| Regulated provisions | | | | | |
| For price increases | 55,022 | 16,728 (3) | -8,560 (3) | 0 | 63,190 |
| Depreciation by derogation | 72,346 | 25,386 (3) | -19,160 (3) | 0 | 78,572 |
| Realized gains reinvested | 18 | 0 (3) | 0 (3) | 0 | 18 |
| | 127,386 | 42,114 | -27,720 | 0 | 141,780 |
| Provisions for contingencies and charges | | | | | |
| Operating | 1,648,638 | 361,762 (1) | -347,505 (1) | 0 | 1,662,895 |
| Financial | 0 | 0 (2) | 0 (2) | 0 | 0 |
| Non-recurring | 0 | 0 (3) | 0 (3) | 0 | 0 |
| | 1,648,638 | 361,762 | -347,505 | 0 | 1,662,895 |
| Provisions for impairment | | | | | |
| On intangible assets | 0 | 0 (1) | 0 (1) | 0 | 0 |
| On property, plant and equipment | 2,610 | 0 (1) | -2,610 (1) | 0 | 0 |
| On financial assets | 31,587 | 63,225 (2) | -31,433 (2) | 0 | 63,379 |
| On inventories and work-in-progress | 287,985 | 317,894 (1) | -287,985 (1) | 0 | 317,894 |
| Trade receivables | 66,187 | 62,837 (1) | -66,187 (1) | 0 | 62,837 |
| On marketable securities | 2,813 | 0 (2) | -2,813 (2) | 0 | 0 |
| | 391,182 | 443,956 | -391,028 | 0 | 444,110 |
| Total | 2,167,206 | 847,832 | -766,253 | 0 | 2,248,785 |

| | | | |
|---------------------------|-------------------|----------------|-----------------|
| | { - Operating | 742,493 (1) | -704,287 (1) |
| Allocations and reversals | { - Financial | 63,225 (2) | -34,246 (2) |
| | { - Non-recurring | 42,114 (3) | -27,720 (3) |
| | | 847,832 | -766,253 |

14.2. Details of provisions for contingencies and charges

| (in EUR thousands) | 12/31/2021 | Allocations | Reversals | Other | 12/31/2022 |
|---|------------------|----------------|-----------------|----------|------------------|
| Operating | | | | | |
| Retirement payments and related benefits (1) | 141,008 | 79,201 | -111,560 | 0 | 108,649 |
| Early retirement | 1,740 | 63 | -852 | 0 | 951 |
| Warranties (2) | 884,000 | 167,900 | -119,900 | 0 | 932,000 |
| Other contract risks (2) | 617,518 | 106,152 | -110,821 | 0 | 612,849 |
| Foreign exchange losses | 4,372 | 8,446 | -4,372 | 0 | 8,446 |
| | 1,648,638 | 361,762 | -347,505 | 0 | 1,662,895 |
| Financial | | | | | |
| Other | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 |
| Non-recurring | | | | | |
| Other | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 |
| Total provisions for contingencies and charges | 1,648,638 | 361,762 | -347,505 | 0 | 1,662,895 |

(1) provisions for retirement payments and related benefits:

Retirement payment commitments are calculated for all employees using the projected unit credit method. They are provisioned in full for the remaining obligations.

Employment projections are weighted using French insurance code mortality rates and the recorded employee turnover rate (this may vary according to age). The obligation depends on the employee's length of service at the end of the period relative to total career expectancy (see Note 1.2.8 of the valuation principles).

The calculation takes into account the following annual assumptions: discount rate of 3.4% and inflation rate of 3.2%.

As of December 31, 2022, the balance of the provision for long-service awards was EUR 2.9 million.

(2) provisions for warranties and other contract risks:

Provisions are updated to reflect changes to the fleet in service, deliveries during the period and contractual obligations induced by the execution of contracts.

Note 15 - Borrowings and financial debt

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|---|---------------|---------------|
| Bank borrowings | 0 | 0 |
| Other borrowings and financial debt (1) | 97,267 | 97,043 |
| Total | 97,267 | 97,043 |

(1) as of December 31, 2022, and December 31, 2021, other financial debt mainly includes locked-in employee profit-sharing funds.

There are no participating loans.

Note 16 - Maturity of borrowings

| (in EUR thousands) | Total | Within one year | Between 1 and 5 years | More than 5 years |
|--|------------------|------------------|-----------------------|-------------------|
| Bank borrowings (1) | 0 | 0 | 0 | 0 |
| Other borrowings and financial debt (1) | 97,267 | 13,556 | 83,621 | 90 |
| Trade payables (2) | 1,059,364 | 1,059,364 | 0 | 0 |
| Tax and social security liabilities | 274,161 | 274,161 | 0 | 0 |
| Liabilities on fixed assets and related accounts | 26,512 | 26,512 | 0 | 0 |
| Other liabilities | 200,256 | 200,256 | 0 | 0 |
| Total | 1,657,560 | 1,573,849 | 83,621 | 90 |

(1) see Note 15.

(2) including liabilities represented by commercial paper: EUR 65,596 thousand.

Note 17 - Other liabilities, cash instruments, accruals and deferred income

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|--|------------------|------------------|
| Tax and social security liabilities | 274,161 | 267,450 |
| Liabilities on fixed assets and related accounts | 26,512 | 21,514 |
| Other liabilities | 200,256 | 108,546 |
| Deferred income (1) | 730,452 | 1,757,072 |
| Accruals and deferred income | 10,481 | 7,038 |
| Cash instruments | 16,314 | 6,056 |
| Total | 1,258,176 | 2,167,676 |

(1) see Note 8.

Note 18 - Accrued expenses

| Accrued expenses included in the following balance sheet items (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|--|----------------|----------------|
| Borrowings and financial debt | 566 | 57 |
| Trade payables | 561,907 | 545,229 |
| Other payables and deferred income | 357,722 | 282,350 |
| Total | 920,195 | 827,636 |

Note 19 - Notes on affiliated companies

All affiliated company transactions were concluded under normal market conditions.

Note 20 - Net sales

| (in EUR thousands) | 2022 | 2021 |
|--------------------------|------------------|------------------|
| A) By product: | | |
| Finished goods | 3,289,345 | 4,988,468 |
| Services | 3,016,066 | 1,369,197 |
| Total | 6,305,411 | 6,357,665 |
| B) By geographic region: | | |
| France | 1,208,258 | 746,383 |
| Export (1) | 5,097,153 | 5,611,282 |
| Total | 6,305,411 | 6,357,665 |

(1) the net sales from Rafale Export contracts are recognized on a gross basis (including the co-contractors parts).

Note 21 - Research and development costs

Self-financed research and development costs are recognized as expenses for the fiscal year in which they are incurred and represent:

| (in EUR thousands) | 2022 | 2021 |
|--------------------------------|----------|----------|
| Research and development costs | -545,623 | -530,821 |

The Company's research and development strategy and initiatives are described in the directors' report.

Note 22 - Net financial income/expense

| (in EUR thousands) | 2022 | 2021 |
|---|----------------|----------------|
| Equity investment income (1) | 140,232 | 103,382 |
| Income from other securities and assets | 1,618 | 22 |
| Other interest and similar income | 34,561 | 4,562 |
| Reversals of provisions for equity investments | 20,000 | 20,000 |
| Reversals of provisions for other investment securities | 11,433 | 24,612 |
| Reversals of provisions for marketable securities | 2,813 | 2,574 |
| Net income on sales of marketable securities | 7 | 0 |
| Financial income | 210,664 | 155,152 |
| Allocations to provisions for equity investments | -44,962 | -20,000 |
| Allocations to provisions for other investment securities | -18,263 | -11,433 |
| Allocations to provisions for marketable securities | 0 | -2,813 |
| Interest and similar expenses | -806 | -215 |
| Net losses on sales of marketable securities | -6,822 | -1,621 |
| Financial expenses | -70,853 | -36,082 |
| Net financial income/expense | 139,811 | 119,070 |

(1) in 2022, Thales paid the Company EUR 102,962 thousand in dividends for fiscal year 2021 and EUR 36,772 thousand in interim dividends for fiscal year 2022. In 2021, Thales paid EUR 31,519 thousand in interim dividends for fiscal year 2021 and EUR 71,443 thousand in dividends for fiscal year 2020.

Note 23 - Non-recurring items

| (in EUR thousands) | 2022 | 2021 |
|---|----------------|----------------|
| Gains on sales of assets | | |
| - Intangible assets | 1 | 0 |
| - Property, plant and equipment | 50,841 | 38,203 |
| - Financial assets | 0 | 0 |
| | 50,842 | 38,203 |
| Other non-recurring income | 116 | 539 |
| Reversals of regulated provisions | | |
| - For price increases | 8,560 | 17,629 |
| - Depreciation by derogation | 19,160 | 11,893 |
| | 27,720 | 29,522 |
| Non-recurring income | 78,678 | 68,264 |
| Non-recurring expenses on operating activities | -18 | 0 |
| Carrying value of assets sold | | |
| - Intangible assets | -9 | 0 |
| - Property, plant and equipment | -51,320 | -37,824 |
| - Financial assets | 0 | 0 |
| | -51,329 | -37,824 |
| Other non-recurring expenses | -2,979 | -230 |
| Allocations to regulated provisions | | |
| - For price increases | -16,728 | -8,594 |
| - Depreciation by derogation | -25,386 | -19,664 |
| | -42,114 | -28,258 |
| Other non-recurring provisions | 0 | 0 |
| Non-recurring expenses | -96,440 | -66,312 |
| Non-recurring items | -17,762 | 1,952 |

Note 24 - Analysis of corporate income tax

| (in EUR thousands) | Income before tax | Corporate income tax | Income after tax |
|--|-------------------|----------------------|------------------|
| Current income | 853,071 | -159,982 | 693,089 |
| Non-recurring items (including profit-sharing and incentive schemes) | -185,514 | 32,567 | -152,947 |
| Net income | 667,557 | -127,415 (1) | 540,142 |

(1) including Research Tax Credit: EUR 32,493 thousand.

Note 25 - Off-balance sheet commitments

The Company's off-balance sheet commitments essentially concern its operating activities and break down as follows:

| Commitments given (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|---|-------------------|-------------------|
| Commitments in connection with the performance of operating contracts | 15,878,461 | 9,968,868 |
| Guarantees and deposits | 68,502 | 21,052 |
| Commitments secured by bank guarantees | 3,614,750 | 1,770,381 |
| Total | 19,561,713 | 11,760,301 |

| Commitments received (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|--|-------------------|-------------------|
| Backlog | 31,237,010 | 19,481,463 |
| Other commitments in connection with the performance of operating agreements | 2,011,281 | 1,633,129 |
| Collateral | 56,605 | 60,335 |
| Bpifrance Assurance Export guarantees | 10,601 | 14,243 |
| Commitments secured by bank guarantees | 44,637 | 20,331 |
| Total | 33,360,134 | 21,209,501 |

| Operating leases (in EUR thousands) | Total | Less than one year | More than one year |
|--|---------------|--------------------|--------------------|
| Minimum future payments not subject to cancellation (not discounted) | 48,159 | 20,494 | 27,665 |

The Company's main operating leases concern industrial office buildings.

Note 26 - Contingent assets and liabilities

There are no contingent assets or liabilities as of December 31, 2022.

Note 27 - Financial instruments: dollar foreign exchange transaction portfolio

Dassault Aviation is exposed to a foreign exchange risk on its Falcon sales that are almost all denominated in US dollars. This risk is partially hedged by using forward currency contracts and foreign exchange options.

The financial instruments held by Dassault Aviation are valued below at market value.

Market value represents the amounts received or paid in the event of total liquidation of the portfolio; the equivalent in euros is calculated on the basis of the closing US dollar/euro exchange rate. This is not representative of the actual gain/loss which will be recognized when the transactions are made.

The market value of the portfolio is therefore provided for information only. All derivatives subscribed by the Company are for hedging purposes. The subscribed options are derivatives with an optimization component without additional risk taking.

| Market value | 12/31/2022 | | 12/31/2021 | |
|--------------------------|------------------|------------------|------------------|------------------|
| | In USD thousands | In EUR thousands | In USD thousands | In EUR thousands |
| Foreign exchange options | -16,593 | -15,557 | -8,242 | -7,277 |
| Forward transactions | -77,196 | -72,376 | -83,099 | -73,370 |
| Total | -93,789 | -87,933 | -91,341 | -80,647 |

Sensitivity testing of foreign exchange derivatives

A sensitivity analysis was conducted to determine the impact of a 10 cent increase or decrease in the US dollar/euro exchange rate.

| Market value of the portfolio (in EUR thousands) | 12/31/2022 | |
|---|-------------|-------------|
| Market value | -87,933 | |
| Closing US dollar/euro exchange rate | 1.0666 \$/€ | |
| Closing US dollar/euro exchange rate +/-10 cents | 0.9666 \$/€ | 1.1666 \$/€ |
| Change in net balance sheet position (1) | -215,241 | +176,599 |

(1) data calculated based on existing market conditions on the balance sheet dates. They are not representative of the actual gain/loss to be recognized when hedging is carried out.

Note 28 - Impact of tax valuations by derogation

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|---|----------------|----------------|
| Net income for the year | 540,142 | 364,323 |
| Income tax | 127,415 | 139,883 |
| Income before tax | 667,557 | 504,206 |
| Depreciation by derogation | 6,226 | 7,771 |
| Provision for price increases | 8,168 | -9,035 |
| Change in regulated provisions | 14,394 | -1,264 |
| Net income excluding tax valuations by derogation (before tax) | 681,951 | 502,942 |

Note 29 - Increases and reductions in deferred tax

| (in EUR thousands) | 12/31/2022 | 12/31/2021 |
|--|------------------|------------------|
| Regulated provisions: | | |
| - For price increases | 63,190 | 55,022 |
| - Depreciation by derogation | 78,572 | 72,346 |
| - Realized gains reinvested | 18 | 18 |
| Basis for increases | 141,780 | 127,386 |
| <i>Increases in deferred tax</i> | 36,622 | 36,190 |
| Items not deductible in the current year: | | |
| - Employee profit-sharing | 147,752 | 88,362 |
| - Retirement payments and related benefits | 103,904 | 136,296 |
| Other temporary timing differences | 1,036,871 | 971,029 |
| Basis for reductions | 1,288,527 | 1,195,687 |
| <i>Reductions in deferred tax</i> | 332,827 | 339,695 |
| Long-term capital losses | 0 | 0 |

Tax rate at December 31, 2022 of 25.83% compared with 28.41% as of December 31, 2021.

Note 30 - Compensation of corporate officers

Total compensation received by corporate officers, as detailed in the board of directors' report on corporate governance, amounted to EUR 6,453,883 for 2022.

Note 31 - Average headcount

The Company's average headcount was 8,954 in 2022. It was 8,731 in 2021.

Note 32 - Financial summary over the last five fiscal years

| Nature of information (in EUR thousands except for point 3, stated in EUR/share) | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|----------------|----------------|---------------|---------------|----------------|
| 1/ Financial position at year-end | | | | | |
| a. Share capital | 66,790 | 66,790 | 66,790 | 66,790 | 66,790 |
| b. Number of shares outstanding | 83,487,030 | 83,487,030 | 83,487,030 | 83,487,030 | 83,487,030 |
| 2/ Summary of operating results | | | | | |
| a. Net sales, excluding tax | 4,398,911 | 6,976,456 | 4,816,505 | 6,357,665 | 6,305,411 |
| b. Earnings before tax, depreciation, amortization and provisions | 734,937 | 929,034 | 81,763 | 989,954 | 842,877 |
| c. Corporate income tax | 158,003 | 194,812 | -34,285 | 139,883 | 127,415 |
| d. Earnings after tax, depreciation, amortization and provisions | 442,438 | 490,290 | 175,761 | 364,323 | 540,142 |
| e. Dividends paid (1) | 176,993 | 0 | 102,689 | 207,883 | 249,234 (2) |
| 3/ Earnings per share in euros | | | | | |
| a. Earnings after tax, but before depreciation, amortization and provisions | 6.91 | 8.79 | 1.39 | 10.18 | 8.57 |
| b. Earnings after tax, depreciation, amortization and provisions | 5.30 | 5.87 | 2.11 | 4.36 | 6.47 |
| c. Dividend paid per share | 2.12 | 0 | 1.23 | 2.49 | 3.00 (2) |
| 4/ Personnel | | | | | |
| a. Average number of employees during the year | 8,108 | 8,563 | 8,811 | 8,731 | 8,954 |
| b. Total wages and salaries | 492,506 | 517,276 | 514,106 | 539,291 | 556,323 |
| c. Social security and other staff benefits | 266,212 | 288,862 | 265,718 | 293,254 | 311,737 |
| 5/ Employee profit-sharing | 110,835 | 127,306 | 47,990 | 88,362 | 147,752 |
| 6/ Incentive payments | 20,000 | 20,000 | 16,909 | 20,000 | 20,000 |

(1) dividends of EUR 207,184 thousand were paid for the year ended December 31, 2021, of EUR 102,308 thousand for the year ended December 31, 2020, and of EUR 176,238 thousand for the year ended December 31, 2018, net of dividends on treasury shares. Due to the pandemic, no dividends were paid for 2019.

(2) the dividends were calculated on the basis of the number of shares making up the share capital as of December 31, 2022, less shares canceled pursuant to the decrease in capital decided by the board of directors' meeting on March 8, 2023 (see Note 10.2).

Note 33 - Subsequent events

No other events likely to have a material impact on the financial statements occurred between December 31, 2022 and the date the financial statements were approved by the board of directors.

Statutory auditors' report on the financial statements

Year ended December 31, 2022

To the General Meeting of Dassault Aviation Company,

Opinion

In compliance with the engagement entrusted to us by the General Meetings of Dassault Aviation, we have audited the accompanying financial statements of Dassault Aviation Company for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules stipulated in the French Commercial Code and in the French Code of Ethics (*Code de Déontologie*) for statutory auditors, for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 paragraph 1 of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

| Risk identified | Our response |
|---|--|
| <p>Accounting for net sales and the recognition of revenue on Defense contracts</p> <p><i>(Notes 1.2 .8, 1.2.11, 14.2 and 20 to the annual financial statements)</i></p> <p>As described in note 1.2.11, the profit or loss at completion on Defense contracts, as well as any provision for losses on completion and provisions for risks and charges at the closing date depend on the capacity of the entity:</p> <ul style="list-style-type: none"> • to measure the costs incurred on a contract, and • to reliably estimate the costs yet to be incurred until the end of the contract. <p>The estimates of the costs to be incurred are based on a program monitoring process ensured by the Programs Department and Finance Department under the control of the Executive Management. The estimates of profit or loss at completion of the contracts are updated at each closing date.</p> <p>Accounting of the net sales and recognition of revenue of Defense contracts is seen as a key point of the audit because of the high level of judgment and of estimates required to determine the methods on the recognition of net sales and profit or loss at completion of contracts, and consequently, their potentially significant impact on consolidated profit and loss and equity.</p> | <p>Based on discussions with the relevant Operational Departments, we took note of the procedures to identify the costs and valuation of results at completion. We also tested the functioning of internal key controls that we considered relevant to our audit</p> <p>Our work consisted of:</p> <ul style="list-style-type: none"> • testing controls relating to net sales and cost to be incurred forecasts with respect to contracts; • conducting interviews with program monitoring managers and Financial Management and carry out tests on sampled documents for a selection of the contracts that contributed most to the results of the period, in order to: <ul style="list-style-type: none"> ◦ confirm the performance of the contract benefits when the revenue is recognized upon completion; ◦ test the costs incurred and thus corroborate the applied degree of progress when the revenue is gradually recognized; ◦ appreciate the reasonability of significant assumptions used for the determination of results at completion and of provision for risks and charges, then test by sampling observed data and costs retained for the valuation of provisions as well as for the calculations made. • reconciling the accounting data with their operational analytical monitoring for these contracts; • verifying the correct analytical allocation of costs to contracts; <p>For a selection of contracts, for which there was a significant change in the estimated results at completion compared with previous estimates, we sought to explain the origin of the changes observed in order to corroborate these with technical and operational justifications for the basis of our experience and interviews with the relevant management.</p> <p>In addition, we assessed the adequacy of the information given in Notes 1.2.8, 1.2.11, 14.2 and 20 to the annual financial statements.</p> |

| Risk identified | Our response |
|--|--|
| <p>Valuation of warranty provisions</p> <p><i>(Note 1.2.8 and 14.2 to the annual financial statements)</i></p> <p>Dassault Aviation provides warranties for its aircraft deliveries against hardware or software defects and is required to remedy any regulatory non-compliance identified after the delivery of the necessary equipment. These warranties therefore constitute a commitment for Dassault Aviation. The costs of this commitment must be accrued upon delivery of the airplane.</p> <p>The estimated amount of the provisions is based on the data and expenses recorded by airplane model and type of transactions taken as collateral and on estimated costs, in particular cost estimates for specialists, handling of malfunctions and regulatory non-compliance. Given the fleet in service and the variety of costs potentially incurred, warranty provisions are determined by complex models that involve the judgment of several Operational Managements.</p> <p>Management's valuation of these commitments caused Dassault Aviation to recognize warranty provisions of EUR 932 million as at December 31, 2022.</p> <p>The valuation of these provisions is a key point of the audit due to:</p> <ul style="list-style-type: none"> • the level of judgment required for their determination, • the complexity of their valuation, • their significant amount, • and, consequently, the potentially significant impact on earnings and equity if their estimates vary. | <p>Based on discussions with the relevant Operational Managements, we took note of the procedures to identify the risks to be guaranteed and the procedures put in place to determine the costs and other data used as a basis for the valuation of provisions for guarantees. We also tested the functioning of key internal controls that we considered relevant to our audit.</p> <p>In addition, our work consisted of:</p> <ul style="list-style-type: none"> • assessing the adequacy of the accruing methodology used by the Dassault Aviation's Management and of the judgments exercised by it, • assessing, through discussions with the relevant Operational Managements, the reasonableness of the assumptions used to determine provisions for guarantees, • testing by sampling the observed data and costs used for the valuation of the provisions and the calculations made. |

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents provided to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors report on corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code relating to remunerations and benefits received or attributed to the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information related to factors that your company have considered as likely to have an impact in case of a public takeover or swap bid, given in accordance with the requirements of Article L.22-10-11 of the French Commercial Code, we have verified its conformity with the source documents which we were provided. Based on this work, we have no remarks to make on this information.

Other Information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other verification or information stipulated in Legal and Regulatory documents

Annual accounts lay-out to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Group Managing Director, complies with the single electronic format defined in the European Delegated Regulation n° 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Dassault Aviation Company by the General Meetings held on May 12, 2020 for PricewaterhouseCoopers Audit and held on June 19, 1990 for Mazars.

As at December 31, 2022, audit firm Mazars and audit firm PricewaterhouseCoopers Audit were in the 33rd year and 3rd of total uninterrupted engagement respectively.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit.

Furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee that includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement which, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N°537-2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics (*Code de Déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, March 10, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit

Mazars

Edouard Demarcq

Mathieu Mougard

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report also includes information relating to the specific verifications of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.